



The Economic Council is established as an advisory body to the Prime Minister.

Quarterly

Info Bulletin

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form the functions of the Advisory Council for small and medium-enterprises. Based on the additional mission, the Economic Council to the Prime minister, among other things, will have to identify key issues, concerns and needs of small and medium-enterprises in the Republic of Moldova; submit to the Ministry of Economy and Infrastructure the opinion of the business community regarding the issues and interests of SMEs, debate and put forward proposals for the improvement of the legal framework with an impact on the creation and development of small and medium-enterprises.

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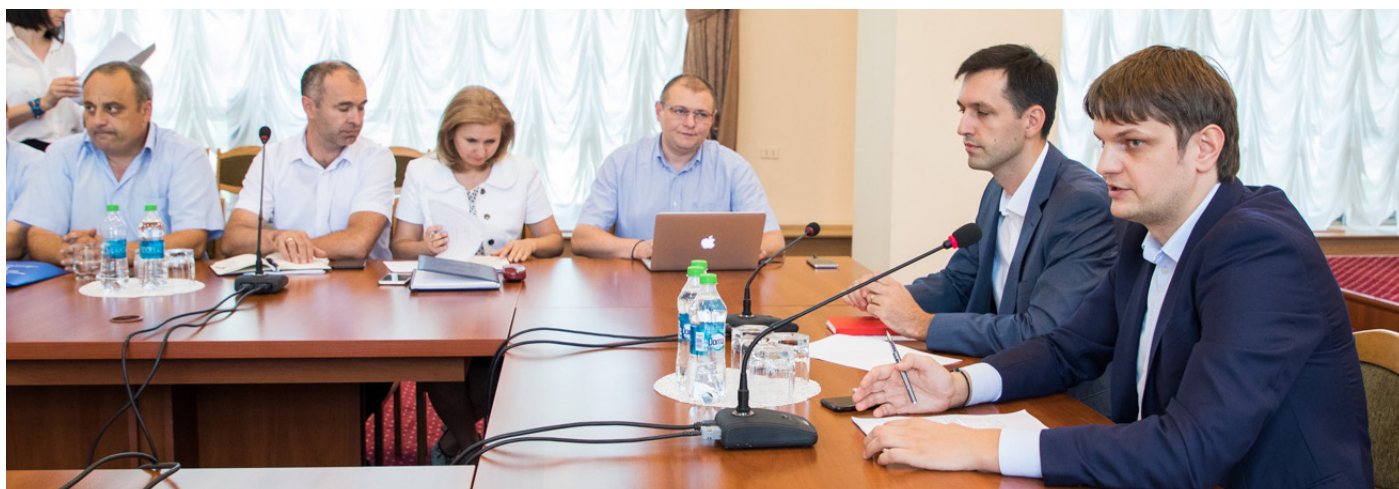
The results of the semi-annual opinion poll among the members of the Economic Council have been summarized.



The Economic Council will exercise the functions of Advisory Council for SMEs, as well

A decision to this effect was taken at the meeting of the Executive on August 21, 2019, at which the Regulation on the organization and functioning of the Economic Council was amended. According to the document, a new working group headed by the Minister of Economy and Infrastructure would be created to perform the functions of the Advisory Council for small and medium-enterprises. Based on the additional mission, the Economic Council to the Prime minister, among other things, will have to identify key issues, concerns and needs of small and medium-enterprises in the Republic of Moldova; submit to the Ministry of Economy and Infrastructure the opinion of the business community regarding the issues and interests of SMEs, debate and put forward propos-

als for the improvement of the legal framework with an impact on the creation and development of small and medium-enterprises. Since 2017, the Economic Council to the Prime Minister of Moldova, has also performed the functions of the National Committee for Trade Facilitation. As such, the Secretariat of the Economic Council shall provide the organizational activities of the three platforms – the Economic Council to the Prime Minister, the National Committee for Facilitation of Trade and the advisory Council for small and medium-sized enterprises. Through the changes made, the management of the Council is established, the Prime Minister being the Chairman of the Council, while the Minister of Economy and Infrastructure – Deputy-chairman of the Council.



Recommendations of the Economic Council were included in the Government Action Plan for 2019-2020

The Government approved the Government's Action Plan for 2019-2020 on August 30, 2019. The document includes actions for all areas of development of the state. The plan has been debated publicly for a month both on online platforms and at meetings organised by ministries. The members of the Economic Council, together with the Prime Minister of the Republic of Moldova and experts of its Secretariat, participated with recommendations. Thus, when finalizing the document, recommendations from the Economic Council were included on the following topics:

- Drafting and signing of agreements on inter-institutional co-operation in order to ensure automated access of banks to private data from the resources held by the Public Services Agency, in the context of compliance with requirements imposed on private data operators.
- Integration of the last 3 electronic statistical and financial reports (out of 26 existing) on the one stop shop platform (raportare.gov.md).
- Amendment of the legislation regarding the amount of tax and customs obligations of taxpayers established during the control procedures that are challenged in the dispute resolution councils.
- Optimizing the way of assessing goods in customs by amending the Government Decision no. 974/2016 for the approval of the Regulation on the declaration of customs value of goods.
- Simplification of export procedures for postal shipments of goods whose invoiced value per delivery does not exceed EUR 1000, by submitting a single customs declaration for all transactions operated within one month.
- Continuing negotiations with the European Commission to obtain permission for the transit and export of composite products (eg. ice cream) through EU countries
- Development of a new mechanism for determining the amount of insurance of hazardous industrial objects, based on the regulatory impact analysis.

The subject of these topics is addressed at the Economic Council by the business community, donor institutions and state representatives who jointly seek solutions for these and other topics.

Experts of the Economic Council will ensure the involvement and contribution of Council members to the implementation of actions that were recommended by the Platform for the Government Action Plan.



Parliament approved the draft law on animal by-products and by-products not intended for human consumption

The document was adopted on 19 September 2019.

This document was expected by the business environment, as it clearly sets out the procedures for managing these types of waste in Moldova. One of procedures involves the incineration of these types of waste, which has been impossible in Moldova so far. By the time the new rules appeared, all of this waste has been burning in an uncontrolled man-

ner, buried in the soil, stowed away in landfills and dumped into rivers. At the same time, the law establishes the use of each type of waste, ensuring a civilized way of destruction, which does not cause harm to the environment and human health. The complex management of animal waste is one of the important steps for launching exports of these products from Moldova, as it ensures the complexity of the production chain in this field. The issue was discussed on the platform of the Econom-

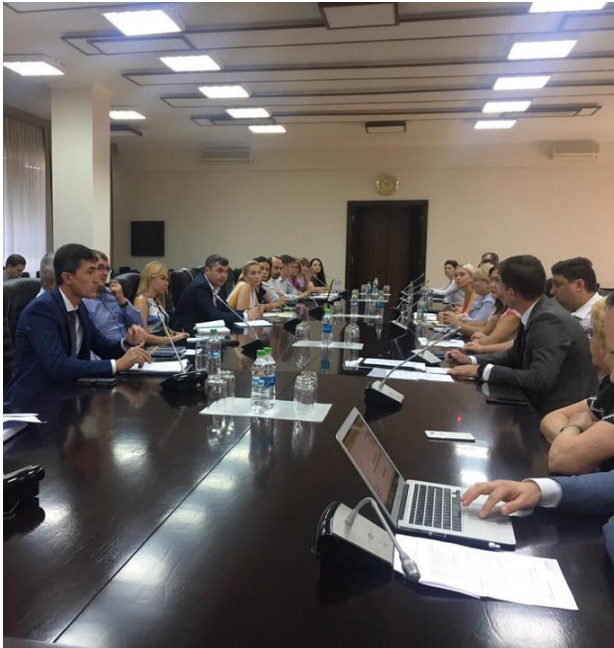
ic Council in May 2017, following a request addressed to the Prime Minister by the European Business Association. During this period, experts of the Secretariat of the Economic Council have ensured the promotion of this document together with the changes made to the law on incineration and co-incineration of waste. The experts of the Secretariat who were present at the public debates held in the Parliament, stressed the need for the promotion of the law on waste management, jointly with the

draft law on animal by-products and derived products not intended for human consumption. The incineration of waste from the agri-food sector can substantially reduce the risk of environmental pollution with food and animal residues that are buried in the ground today or thrown in landfills. To enter into force, the document must be promulgated by the President of the country.



Parliament voted in two hearings on amendments to legislation on waste incineration

Economic Council was alerted about the subject two years ago by the business community. Business associations jointly with the relevant ministry and environmentalists have examined a number of proposals to amend the legislation, which have been discussed within the platform. The final version of these proposals was suggested to MPs for adoption. Under the new law, waste (except for used tyres) can only be incinerated or co-incinerated by companies that meet the rigorous waste-burning criteria laid down in the law. They should have installations which, inter alia, must comply with the rigors of air pollution with heavy metals, dioxins, furans, etc. resulting from the incineration or co-incineration of waste. The business community said the problem is very big for Moldova. According to some data, only 10% of recyclable waste is recovered in the country. The remaining 90% are stored in landfills. To enter into force the law must be promulgated by the President of the country.



Importers face difficulties in introducing food products into the country

Some foreign companies, which operate in Moldova, said at the meeting of the Economic Council from 14th of august 2019, where the topic has been discussed that just for the notification in the information system TRACES regarding the importation of a truck with 1000 types of products of animal, non-animal and phyto origin there were generated around 60 notifications.

Investors are saying that the whole notification procedure took 20 hours for just one truck, an enormous amount of manual processing in the TRACES application by the importer. Another 13 hours took the procedure for National Agency for Food Safety Inspector to check the documentation generated from TRACES. That is because inspectors have to print hundreds of pages of generated notifications, check and validate them.

This difficult procedure

takes place because of the difficulties in implementing some provisions of the regulation on the way of crossing the state border of goods controlled by National Agency for Food Safety, which provide some procedures and obligations that do not apply in the EU, say representatives of the business community.

The participants in the discussions suggested, among other things,

that the notification in the TRACES information system should only be done for products of animal origin, as is done in the EU, while for food products of non animal-and-plant origin, reporting is to be carried out through e-mail or fax by the company that runs import operations, while submitting the declaration on oath. At the same time, the business community requires ANSA to carry out checks at the border only according to the methodology of planning control at the border based on the risk criteria to be developed.

Representatives of the Ministry of Economy and Infrastructure,

at the request of which the subject has been discussed at the Economic Council, have expressed their openness to solving the problem, and noted the need to overcome the urgency of the situation in order to ease congestion at the border and to not create artificial hindrances to businesses.

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The Ministry of Economy and Infrastructure: the situation needs to be overcome urgently, in order to ease congestion at the border and to not create artificial hindrances to businesses.

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The mechanism of determining the amount of insurance of hazardous industrial objects makes the business unhappy

The business community is calling for a review of the law on industrial security of hazardous industrial objects.

The subject was discussed at the request of the Ministry of Economy and infrastructure on August 9, 2019. Business representatives say that the changes made almost a year ago have led to an almost tenfold increase in insurance premiums. The latest amendments to the law on industrial safety of hazardous industrial objects expressly regulate the amount of insurance, which varies depending on the category from 5 mil-

lion lei to 100 million lei. Previously, the size of the amount of liability insurance for any damages was set based on the results of the assessment of risks related to the insurance contract for hazardous industrial objects but in the absence of clear regulations, it could be influenced more by the competition between insurance companies and the wish of economic operators to pay as low as possible insurance premiums. The representatives of

the Ministry of Economy and Infrastructure said the legislative changes should be reviewed because they generate confusion and exaggerated expenses for the business community.



Experts of the Economic Council Secretariat have been monitoring the subject for a year and a half, holding meetings with all stakeholders and ensuring the communication and understanding of the subject by all stakeholders.

The new provisions will enter into force at the end of October 2019.



The export procedure for some categories of postal goods has been simplified

On 30 September 2019 the Order of the Customs Service was published in the Official Gazette simplifying export procedures for postal goods, with the invoiced value per delivery not exceeding EUR 1,000, by submitting a single customs declaration for all transactions made in a month.

The issue was discussed on the Economic Council platform in May 2018. At the time, representatives of small businesses said they were incurring exces-

sive costs when making such exports, particularly those delivering small consignments of goods by post.

Representatives of small businesses said they incur excessive costs when exporting, especially those exporting small batches of goods.

They were put in the same conditions with large sellers who turn to brokers for their communication with customs. Small entrepreneurs have indi-

cated that they cannot afford these additional costs that increase the cost of products and, therefore, are no longer competitive in the market.

Second hand footwear could return to Moldovan markets

Importers of second hand goods demand the removal of restrictions on the introduction of used footwear into the country. Businessmen say that prohibitions were imposed unjustifiably and favored unfair competition over the years, and the consumer was deprived of diversity of quality in these types of products at affordable prices. The topic was discussed on the platform of the Economic Council to the Prime Minister of Moldova at the request of the Ministry of Economy and infrastructure and the Adviser to the Prime minister on economic issues, on August 16, 2019. According to importers, currently al-

though the import and marketing of second hand footwear is prohibited, it is freely sold in the markets of the country. Businessmen say that by imposing prohibitions, smuggling of these products increases and the state has only to lose. Importers ask the state authorities to remove the prohibitions on the import of second hand shoes in Moldova by making the necessary changes to GD no. 427 of 07.06.2001. The topic is to be subject to public debates, after which a consolidated position on the topic will be developed.



The Secretariat of the Economic Council will monitor the development of the subject, it will hold further discussions on partnership with the relevant institutions.



Exclusion of Notary authentication in the process of real estate transactions

Experts of the Secretariat of the Economic Council propose to simplify procedures on real estate transactions, excluding mandatory notary authentication. The topic was discussed at a technical meeting attended by experts from the Secretariat, representatives of the Prime Minister's Control Unit, State Chancellery and the Ministry of Justice. Experts of the Secretariat suggest that all procedures on real estate agreements should be limited to one authority - the Public Services Agency. According to experts, an optional notary authentication, will bring particular benefit to the business community, which is adversely affected by bureaucracy and presents an unnecessary financial burden. Discussions on the subject continue with the proposal of solutions for legislative changes in this regard.

85% of salaries and social allowances received on the card are spent in cash

The subject of electronic payments was discussed at the Economic Council on 17 September 2019. One of the issues was card payments. In Moldova there are 1.9 million bank cards in circulation. 76% of them represent salary and social cards. 85% of those payments are withdrawn from ATMs and spent as cash. This is what the World Bank data presented in the Economic Council by the National

Bank of Moldova representative shows. The experts noted that a number of measures are needed to increase the share of electronic payments in the country. Among them, the introduction of tax incentives, which would increase the share of e-payments, regulation of both commissions, stimulation of the development of innovative methods of electronic payment.





AUGUST 2019



OPINION POLL



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The results of the semi-annual opinion poll among the members of the Economic Council have been summarized

94% of respondents to the survey believe that the Economic Council platform promotes only initiatives that correspond to business interests, good international practices and are supported by the international community.

And 96% mentioned that topics and issues discussed at the Economic Council are relevant and current. All respondents believe that the Economic Council is perceived as a platform that promotes the interests of the business community, and not the narrow interests of groups, including political parties. 88 percent of

those who answered the survey's questions noted that trust between the government and the business community has improved as a result of the Economic Council's work.

In total respondents to the survey had to answer 11 questions, which related, among other things to the popularity of this platform among the business environment, the transparency of the Council's work and not least for it operate in the coming period.

The survey was attended by 50 out of 100 members of the Economic Council, which

includes business associations, international organizations active in the field of business reforms, civil society, academia and state institutions.

The survey was conducted during august 2019. The questionnaire is conducted every half year and is addressed to all members of the Economic Council.



OUR CONTACTS

MD-2033, Chişinău, Piaţa Marii
Adunări Naţionale, 1 str.

Tel: 022-250-373
consecon@gov.md
f Consiliul Economic



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