

EMBASSY OF INDIA, BUCHAREST
REPUBLIC OF MOLDOVA MONTHLY REPORT FOR THE MONTH
OF APRIL 2017

Economy

Sectors

Agriculture

Moldova to receive over 18 million dollars to develop agriculture

Moldova will receive over 18 million dollars from the International Fund for Agricultural Development (IFAD) for the development of agricultural sector as per an agreement in this regard. The agreement will implement the Rural Resilience project, which provides for the agricultural sector's development.

IFAD's assistance stands at 18.2 million dollars in crediting sources, 500,000 dollars as grant and five million dollars in additional grant through the IFAD Adaptation for Smallholder Agriculture Programme.

The assistance will create opportunities for facilitating access to irrigation, enhancing the productivity of farmlands and developing business, especially oriented towards value added products. Starting from 2000, IFAD has provided Moldova with about 109 million dollars – from which over 134,000 people benefited.

Low temperatures to adversely affect harvest of cherries and plums

Snow and low outdoor temperatures will most affect the harvest of sweet-cherries, cherries and plums. According to the Institute of Genetics, Physiology and Plant Protection of the ASM, the low harvest is caused by low temperatures, heavy snowfall and strong winds.

External

Japanese investments to create about 1,200 jobs

Prime Minister Pavel Filip participated at the opening of the Fujikura Automotive MLD factory, set up in the Free Economic Zone Expo Business Chisinau. The factory with more than 1,200 jobs at international standards, which in the near future will increase to 1500, and to 3000 employees by 2020, is a Japanese investment in Moldova. The PM mentioned that the increase in investments in Moldova gave the Government possibility to increase salaries, pensions and social investments, as such improving the citizens' living conditions. He also referred to the measures already taken by the Executive to facilitate the business environment's activity, such as reducing the number of permissive acts and reducing the number of entities with control functions, assuring that these actions would continue for business conditions to develop. Mr Masahiko Ito, President of the Fujikura Group, appreciated the support of the Government, noting that the company found a suitable destination in the Republic of Moldova to expand its business. Fujikura is a global manufacturer of electrical systems in automotive, electronics and telecommunications. The company opened in 1885 and has over 54,000 employees worldwide.

European Commission approves macro-financial assistance worth 100 million euros for Moldova

The European Commission approved the initiation of negotiations on a macro-financial assistance worth 100 million euros for Moldova. EU ambassadors agreed on macro-financial support for Moldova, representing a financing operation worth up to 100 million euros, of which 60 million euros is to be provided as loan and 40 million euros as grant. This financial assistance will help Moldova fulfil its immediate needs in terms of financing and stabilize its economy. The financing offered by EU will contribute to the improvement of the country's economic governance and will encourage the carrying out of the vital reforms, as well as will cover the needs in foreign financing for the next two years. The European Commission's decision is subject to approval by the European Parliament and based on certain specific conditions. These include that Moldova observes the rule of law state and guarantees human rights, an efficient, transparency and responsibility of public money management, prevention of corruption and money laundering, as well as the governance and supervision of the financial sector.

The European money will be used to overcome the economic shock triggered by a worsening of the budget deficit and the balance of payments, as a result of the major banking fraud from November 2014, as well as the reduced exports and transfers of funds, caused by the recession at some regional trade partners of Moldova. Also, the EU assistance will lead to the promotion of macroeconomic stability and structural reforms in Moldova, and strengthening the government's commitment in favour of the reform and its aspirations towards a closer relation with EU.

Moldova-Germany government consultations

The meeting for Germany-Moldova governmental consultations was held in Chisinau, with objective to determine the areas of collaboration in their bilateral cooperation. Discussions included the ongoing Reform process in Moldova and review of status of all assistance programmes of the EU. The Moldovan side expressed its gratitude for the support which Germany has thus far extended in the Reform Process to bring Moldova in line with the EU and their financial assistance for the development of the country. The German side reiterated the importance of the Reforms to enable foreign investors and the citizens to have legal security, an independent justice, a well-shaped administration, with transparent and stable decision-making processes, de-politicized state institutions and a determined fight against corruption.

The discussions during the consultations were focused on Public administration reform; Sustainable economic development, especially in terms of attracting investments, including the reform of the vocational education; Regional Development, especially projects on water and sewerage, modernizing local public services; Justice and anticorruption.

Following the discussions both sides signed a report, affirming their commitment to continue the bilateral cooperation relations. The total German assistance to Moldova in the period 1992 – 2017 has amounted €200 million, through the International Cooperation Agency of Germany and the Credit Institute for Reconstruction (KfW).

Moldova

Foreign trade activity of the Republic of Moldova In January-March 2017 *

The National Bureau of Statistics informs that **exports of goods** made in March 2017 amounted to US \$ 212.1 million, 20.1% more than in the previous month and 31.5% - as compared to March 2016 .

In January-March 2017, **exports of goods** totaled US \$ **528.2 million** , **exceeding** the level achieved in the corresponding period of 2016 **by 26.8%** .

Exports of domestic goods amounted to US \$ **347.4 million** (65.8% of total exports), **up 31.8%** compared to January-March 2016, which contributed to the increase in total exports by 20.1 %.

Re - exports of foreign goods totaled **USD 180.8 million** (34.2% of total exports), **increasing by 18.1%** compared to January-March 2016. Re-exports of goods after processing accounted for 23.0% of Total exports, and re-exports of classical goods, which did not undergo major transformations - 11.2%.

Goods exports to EU countries (EU-28) amounted to **USD 335.6 million** (**26.4% more than** in January-March 2016), accounting for 63.5% of total exports (63 , 8% - in January-March 2016).

CIS countries were present in the **exports of Moldova** with a weight of 20.1% (20.4% - in January-March 2016), which corresponds to a value of **USD 106.0 million** . Exports to these countries **increased by 24.7%** , compared with January-March 2016.

Analyzing the evolution of **exports by country** in January-March 2017, compared to the similar period of 2016, shows the **increase in exports** to Romania (+ 29.3%), Russian Federation (+ 42.0%), Turkey (2.2 times) , Italy (+ 20.1%), Germany (+ 26.9%), Bulgaria (1.8 times), Spain (7.8 times), United Kingdom of Great Britain and Northern Ireland 1%), Switzerland (2.1 times), Belarus (+ 10.8%), Austria (+ 38.4%), Poland (+ 11.2% (+6.9 times), Greece (+ 26.9%), Belgium (+ 52.3%), Serbia (3.9 times), Jordan (14.4 times), Lebanon (+35.8), Malaysia (1.7 times) and the United Arab Emirates (3.7 times), which favored growth in total exports by 27.8%.

At the same time, **deliveries** to Iraq (-75.5%), France (-12.4%), Indonesia (-68.9%) and the United States (-17.4%) decreased, Thus increasing on total exports by 3.8%.

In January-March 2017, compared with the same period in 2016, **there were marked increases in exports** Of seeds and oil fruits (+ 59.7%), cereals and cereal preparations (2.1 times), electrical machinery (+ 33.8%), vegetables and fruit (+ 24.4%) , Medical and pharmaceutical products (2.6 times), clothing and accessories (+ 12.0%), alcoholic and non-alcoholic beverages (+ 9.7%), yarns, Petroleum, petroleum products and related products (3.5 times), sugar, sugar preparations, honey (+ 32.0%), organic chemicals (1.8 times), road vehicles (+38.6 %), Dairy products and poultry eggs (+ 54.6%), metal ores and

metal waste (1.6 times), prefabricated buildings; Other fittings and fittings for sanitary, heating and lighting (2.7 times), furniture and parts thereof (+ 5.1%), meat and meat products (2.2 times)

At the same time, **exports** of processed rubber (-86.7%), industrial machinery and apparatus with general applications **decreased**; Parts and spare parts of these machines (-29.6%), essential oils, resinoids and perfumed substances, toilet preparations, beauty products (-21.8%), professional, scientific and control instruments and apparatus (- 21.9%), specialized machinery and equipment for specific industries (-37.5%), thus lowering total exports by 2.6%.

Imports of goods made in March 2017 amounted to US \$ 431.3 million, 29.7% more than in the previous month and 17.6% - as compared to March 2016.

In January-March 2017, the **imports of goods** amounted to **US \$ 1030.8 million**, a **volume higher** than that achieved in the corresponding period of 2016 **by 19.7%**.

Goods imports from EU countries (EU-28) amounted to USD **490.7 million (23.2% more than** in January-March 2016), accounting for 47.6% of the total Imports (46.3% - in January-March 2016).

Imports of goods from CIS countries amounted to **US \$ 271.5 million (8.4% more** than in January-March 2016), which equates to a share of 26.3% in total imports (29, 1% - in January-March 2016).

Analyzing the evolution of **imports by country** in January-March 2017, compared to the same period in 2016, **increases in imports** from Romania (+39.2), China (+ 31.8%), Germany (+ 23.7%), United States of America (2.0 times), Ukraine (+ 16.3%), Belarus (+ 49.7%), Turkey (+ 14.2%), Italy (+ 43.0 per cent), France (+ 25.5 per cent), Poland (+ 23.3 per cent), Bulgaria (+ 43.4 per cent), Vietnam (2.6 times)), The Russian Federation (+ 0.9%), Spain (+ 12.2%), the Netherlands (+ 14.2%), Belgium (+ 31.8% South (+ 51.7%), Slovakia (+ 50.1%), Slovenia (+ 51.4%) and Macedonia (3.2 times), favoring the increase in total imports by 20.2%.

At the same time, **deliveries** from Austria (-22.5%), Lithuania (-33.6%) and the United Kingdom of Great Britain and Northern Ireland (-8.3%) decreased, which reduced the growth on total imports with 0.8%.

In January-March 2017, compared to the same period in 2016, **imports increased** Petroleum products, petroleum products and related products (1.7 times), medical and pharmaceutical products (1.7 times), electrical machinery and parts and their parts (+ 19.1%), telecommunications and telecommunication equipment and For recording and reproduction of sound and images (1.9 times), road vehicles (+ 21.2%), clothing and accessories (+ 42.8%), sugar, sugar preparations; Honey (2.7 times), industrial machinery and apparatus with general applications; Parts and spare parts of these machines (+ 31.2%), yarns, textiles and textile articles (+ 10.8%), travel goods; Bags and similar (6.6 times), footwear (1.9 times), specialized machinery and equipment for specific industries (+ 18.7%), dairy products and poultry eggs (+ 50.1%), seeds And oleaginous fruits (+ 22.7%), instruments and appliances, professional,

At the same time, **imports** of gas and industrial products obtained from gas (-23.6%), raw and processed tobacco (-27.7%), processed rubber (-11.5%) **were reduced, thus reducing the** increase on total imports With 3.4%.

Trade deficit in March 2017 was US \$ 219.2 million, US \$ 63.1 million (+ 40.4%) higher than in February 2017 and \$ 13.7 million US (+ 6.6%) - as compared to March 2016.

The considerable gap in the evolution of exports and imports led to the accumulation in January-March 2017 of a trade **deficit of USD 502.6 million**, with USD 58.0 million (+ 13.1%) **higher than Compared** to the one registered in the same period in 2016. **With the European Union (EU-28)** countries, the trade balance ended with a **deficit of US \$ 155.1 million** (January-March 2016 - US \$ 132.9 million) **And with CIS countries** - of **165.5 million US dollars** (in January-March 2016 - 165.5 million US dollars). **The coverage of imports with exports** in January-March 2017 was 51.2%, compared with 48.4% in the corresponding period of 2016.

India

I. TRADE IN GOODS

EXPORTS (including re-exports)

In continuation with the double digit growth exhibited by exports during February 2017, exports during March 2017 have shown a significant growth of 27.59 per cent in dollar terms valued at US\$ 29232.05 million as compared to US\$ 22911.74 million during March,2016. Cumulative value of exports for the period April-March 2016-17 was US\$ 274645.10 million as against US\$ 262290.11 million registering a positive growth of 4.71 per cent in Dollar terms over the same period last year.

Non-petroleum and Non Gems & Jewellery exports in March 2017 were valued at US\$ 21420.91 million against US\$ 17071.00 million in March 2016, an increase of 25.5 %. Non-petroleum and Non Gems and Jewellery exports during April - March 2016-17 were valued at US\$ 200557.90 million as compared to US\$ 192423.94 million for the corresponding period in 2016, an increase of 4.2%.

The growth in exports is positive for all major economies, USA (8.99%), EU(9.27%) , China(7.85%) and Japan(4.48%) for January 2017 over the corresponding period of previous year as per latest WTO statistics.

IMPORTS

Imports during March 2017 were valued at US\$ 39669.22 million which was 45.25 per cent higher in Dollar terms over the level of imports valued at US\$ 27310.28 million in March, 2016. Cumulative value of imports for the period April-March 2016-17 was US\$ 380367.65 million as against US\$ 381006.64 million registering a negative growth of 0.17 per cent in Dollar terms over the same period last year.

CRUDE OIL AND NON-OIL IMPORTS:

Oil imports during March, 2017 were valued at US\$ 9714.01 million which was 101.43 percent higher than oil imports valued at US\$ 4822.59 million in March 2016. Oil imports during April-March, 2016-17 were valued at US\$

86457.87 million which was 4.24 per cent higher than the oil imports of US\$ 82944.45 million in the corresponding period last year.

In this connection the global Brent prices (\$/bbl) have increased by 33.02% in March 2017 vis-à-vis March 2016 as per World Bank commodity price data.

Non-oil imports during March, 2017 were estimated at US\$ 29955.21 million which was 33.21 per cent higher than non-oil imports of US\$ 22487.69 million in March, 2016. Non-oil imports during April-March 2016-17 were valued at US\$ 293909.78 million which was 1.39 per cent lower than the level of such imports valued at US\$ 298062.19 million in April-March, 2015-16.

II. TRADE IN SERVICES (for February 2017, as per RBI Press Release)

EXPORTS

Exports during February 2017 were valued at US\$ 13060 Million registering a negative growth of 3.76 per cent in dollar terms as compared to negative growth of 1.70 per cent during January 2017 (as per RBI's Press Release for the respective months).

IMPORTS (Payments)

Imports during February 2017 were valued at US\$ 7235 Million registering a negative growth of 13.96 per cent in dollar terms as compared to positive growth of 1.39 per cent during January 2017 (as per RBI's Press Release for the respective months).

III. TRADE BALANCE

MERCHANDISE: The trade deficit for April-March, 2016-17 was estimated at US\$ 105722.55 million which was 10.95% lower than the deficit of US\$ 118716.53 million during April-March, 2015-16.

SERVICES: As per RBI's Press Release dated 13th April 2017, the trade balance in Services (i.e. net export of Services) for February, 2017 was estimated at US\$ 5825 million. The net export of services for April- February, 2016-17 was estimated at US\$ 59302 million which is lower than net export of services of US\$ 64429 million during April- February, 2015-16. (The data for April-February 2015-16 and 2016-17 has been derived by adding April-February month wise QE data of RBI Press Release).

OVERALL TRADE BALANCE: Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April-March 2016-17 is estimated at US\$ 46420.55 million which is 14.49 percent lower in Dollar terms than the level of US\$ 54287.53 million during April-March 2015-16. (Services data pertains to April-February 2016-17 as February 2017 is the latest data available as per RBI's Press Release dated 13th April 2017)

Bilateral Trade

(US\$ million)

| Product Groups | Export | Import | Total |
|---|---------|---------|---------|
| <i>Moldova's Trade with India 2015-2016 (Apl-March)</i> | 4.89 | 7.81 | 12.7 |
| <i>Moldova's Trade with India 2016-2017 (Apl-March)</i> | 6.72 | 11.73 | 18.46 |
| <i>Moldova's external trade in</i> | 2045.30 | 4020.30 | 6065.60 |

Moldova Top 8 items of Export to the World

(In US \$ Million)

| S. No. | Commodity | Period | Share in total Export in % of total Export |
|--------|--|----------------|--|
| 1. | Miscellaneous manufactured articles | Jan-March 2017 | 22.8 |
| 2. | Food and live animals | Jan-March 2017 | 23.1 |
| 3. | Machinery and transport equipment | Jan-March 2017 | 18.5 |
| 4. | Inedible crude materials except fuel | Jan-March 2017 | 12.6 |
| 5. | Manufactured goods | Jan-March 2017 | 7.3 |
| 6. | Beverages and tobacco | Jan-March 2017 | 7.4 |
| 7. | Chemical and derivatives | Jan-March 2017 | 5.1 |
| 8. | Oil, fats and waxes of animals or vegetables | Jan-March 2017 | 2.5 |

(Source: Moldova National Institute of Statistics)

Moldova Top 8 items of Import from the World

(In \$ Million)

| S. No. | Commodity | Period | Share in total Import of USD 1869 mn |
|--------|--|----------------|--------------------------------------|
| 1. | Manufactured goods | Jan-March 2017 | 18 |
| 2. | Machinery and transport equipment | Jan-March 2017 | 20.1 |
| 3. | Chemical derivatives | Jan-March 2017 | 16.6 |
| 4. | Minerals, fuels, lubricants and derivative | Jan-March 2017 | 17 |
| 5. | Food and live animals | Jan-March 2017 | 11.8 |
| 6. | Miscellaneous manufactured articles | Jan-March 2017 | 10.8 |
| 7. | Inedible crude materials except fuels | Jan-March 2017 | 3.7 |
| 8. | Beverages and tobacco | Jan-March 2017 | 1.7 |

(Source: Moldova National Institute of Statistics)

Top 10 items of Imports from India

(US\$. million)

| S. No. | Commodity | Period | Import Moldova from India. |
|--------|---|-----------------------|----------------------------|
| 1. | Pharmaceutical products | April 2016-March 2017 | 3.8 |
| 2. | Cereals | April 2016-March 2017 | 0.11 |
| 3. | Oil seeds and olea, fruits; misc. grains, seeds and fruit; industrial or medicinal plants; straw and fodder | April 2016-March 2017 | 0.21 |
| 4. | Rubber and articles thereof. | April 2016-March 2017 | 0.15 |
| 5. | Edible fruits and nuts; peel or citrus fruits or melons. | April 2016-March 2017 | 0.11 |
| 6. | Organic chemicals | April 2016-March 2017 | 0.18 |
| 7. | Articles of stone, plaster, cement, asbestos, mica or similar materials. | April 2016-March 2017 | 0.13 |
| 8. | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts. | April 2016-March 2017 | 0.29 |
| 9. | Plastic and articles thereof. | April 2016-March 2017 | 0.09 |
| 10. | Optic, Photographic, Cinematographic, checking, precision or medical equipment and devices. | April 2016-March 2017 | 0.45 |

(Source: Ministry of Commerce & Industry, Government of India)

Top 10 items of Export to India

(US\$ million)

| S. No. | Commodity | Period | Exports Moldova to India. |
|--------|--|-----------------------|---------------------------|
| 1. | Cereals | April 2016-March 2017 | 9.87 |
| 2. | Edible vegetables, roots and tubers | April 2016-March 2017 | 1.56 |
| 3. | Nuclear reactors, Boilers, Machinery and mechanical appliances; parts thereof. | April 2016-March 2017 | 0.07 |
| 4. | Electrical machinery and equipment and parts thereof; sound recorders and | April 2016-March 2017 | 0.02 |

| | | | |
|----|--|-----------------------|------|
| | reproducers, television image and sound recorders and reproducers and parts | | |
| 5. | Oil seeds and olea, fruits; misc, grains, seeds and fruit; Industrial or medicinal plants; straw and fodder. | April 2016-March 2017 | 0.19 |
| 6. | Iron and Steel | | 0.03 |

(Source: Ministry of Commerce & Industry, Government of India)

**Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:
Economic cooperation, the main aspect of Moldova and India: NIL**

Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country

| S. No. | Name of business house | Activity sector | Trade barrier issues if any | General Feedback |
|--------|---------------------------------------|-----------------|-----------------------------|------------------|
| 1. | Feedback has generally been positive. | | | |

Feedback on major trade fairs / BSM including Indian participation (whether or not supported by MAI funds) :

| S. No. | Particulars of Trade Fair, dates etc. | Number of participants from India | List of large participants | Feedback received |
|--------|--|-----------------------------------|----------------------------|-------------------|
| 1. | The Indian companies/delegation continues to participate in important trade fairs. The feedback has generally been positive. However, there is no record of any Indian company having participated in any Trade Fairs in Moldova in March, 2017. | | | |

Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:

| S. No. | Particulars of Trade Fair, dates etc. | Number of participants | List of large participants | Number of Business Visas issued | Feedback received |
|--------|--|------------------------|----------------------------|---------------------------------|-------------------|
| 1. | Feedback has been encouraging and positive. 01 business visa was issued by Embassy of India, Bucharest for Moldovan Nationals during April 2017. No Conference Visas were issued to Moldovan nationals during the month. | | | | |

Investment

India has a great potential to invest in the Republic of Moldova. Indian investment currently exists mainly in IT services and Pharma especially trading in drugs. Commodity trading is also present, though at not significant levels. Moldova offers good facilities for setting up especially in ICT and manufacturing sector through its Technology and Industrial Parks. Goods manufactured in Moldova can be exported all over Europe.

**Details of activities conducted out of Trade Promotion budget for Moldova in 2017-18 during the month of April:
(In Indian Rupees)**

| BE for 2017-18 | RE for 2017-18 | Amount utilized | Details of Activity |
|----------------|----------------|-----------------|---------------------|
| 1.00 | ----- | ----- | NIL |

Indian Trade inquiries for the month of April 2017

Trade enquiries: In the month of April 2017 Embassy of India, Bucharest did not received any trade enquiries from India and none from Moldova.

| <i>S. No.</i> | <i>Enquiry originator</i> | <i>Product</i> | <i>Nature Import/Export</i> | <i>Action Taken</i> |
|---------------|---------------------------|----------------|-----------------------------|---------------------|
| | NIL | | | |

(Ravi Chandar)
First Secretary (Com Rep)