

National Day of the Republic of Moldova



The Daily Star

SPECIAL SUPPLEMENT

AUGUST 27, 2002



Vladimir Voronin
President of the Republic of Moldova

Country Profile

Official Name	: Republic of Moldova
Capital	: Chisinau [more than 700 thousand inhabitants]
Geography	: Moldova is situated in south-eastern Europe between Romania and Ukraine.
Area	: 33.7 thousand square kilometre
Population	: 4320,000 as of 01-01-1997
Language	: Moldovan [identical to Romanian], Russian is also spoken
Form of Government	: Presidential (a) Mr Vladimir Voronin President (b) Mr Vasile Tarley Prime Minister (c) Mr Nicolae Dudau Minister of Foreign Affairs
Administrative Division	: Republic of Moldova consists of 11 Provinces [or Judet in local language], and the Municipality of Chisinau.
National Currency	: Moldovan lei divided into 100 bani
Exchange Rate	: 1 US dollar to 13.5 lei
Religion	: Mostly Christian orthodox
Climate	: Moderate continental, mild cold, dry winter and warm humid summer.
Adult Literacy Rate	: 96.4%
Gross Domestic Product	: Lei 19,019.3 million i.e. \$1408.84 million
Principal Exports	: Agricultural products, tobacco, wine and textiles.
Principal Industries	: Agrobased industries, engineering, pharmaceutical, medical equipment and instruments, bio-technology and glass industry.
Principal Crops	: Grains, sunflower, sugar, beet, tobacco, grapes, other fruits and berries.

A brief on the Republic of Moldova

THE Republic of Moldova, as an independent state, appeared on the map of the world in 1991 as a result of the break-up of the USSR.

On August 27, 1991, the Parliament of the Republic of Moldova adopted the Declaration of Independence.

According to the Constitution, which came into effect on July 29th, 1994, the Republic of Moldova is a sovereign and independent state, unitary and indivisible, with guaranteed supreme values of free development of personality, truth, dignity and pluralism.

The Republic of Moldova has separated legislative, executive and judicial branches. These branches co-ordinate to exercise the prerogative powers vested upon them. The Constitutional Court was set up in 1995; it guarantees the supremacy of the Constitution, separates the powers of legislative, executive and judicial bodies and it also guarantees the responsibility of the citizen towards the state (art. 134).

According to the fundamental Law, the Parliament is the supreme

representative body of the Republic of Moldova and the sole legislative authority of the state.

Macroeconomic Indicators: In 2001 the Moldovan economy has experienced a second consecutive year of real growth. According to the Department of Statistics and Sociology, GDP amounted to Lei 19,019.3 million in 2001, a year-on-year increase of 6.1% in real terms (in 2000 the real GDP growth was 2.1%).

In both 2000 and 2001, the main factor behind economic growth was domestic demand. On the supply side, the main contribution to the GDP growth came from industry and agriculture, as well from the measures taken to improve taxation of exports-imports. The Government forecast for 2002 is a 6% growth of the real GDP.

Inflation and Exchange Rates: The main objective of the National Bank of Moldova (NBM) is to maintain low inflation. Moldova's trade and exchange rate policy have contributed to price stabilisation. The authorities have followed a policy of trade liberalisation by removing restrictions on imports

and exports and allowing the exchange rate to reflect the demand and supply of foreign currency.

The Consumer Price Index (CPI) increased by 6.4% over 2001 (18.5% in 2000), which is the lowest level since the beginning of 1990s. The NBM forecasts a 10% annual rate of inflation for 2002.

During 2001 the exchange rate of the Moldovan Leu against the US dollar, in real terms, was stable. The low level of inflation offset slight nominal depreciation of the local currency. Yearly average exchange rate for 2001 was 12.87 Lei for 1 US\$ (in 2000 it was 12.43 US\$). By the end of December 2001 the exchange rate stood at Lei 13.091 US\$.

The foreign exchange policy of the NBM for 2002 provides for a continuing regime of free floating of the national currency, with the official exchange rate set on the basis of prevailing exchange rates on the foreign exchange market. The average estimated exchange rate for 2002, set in the NBM's Monetary Policy for 2002 is at the level of Lei 13.5 per 1 US\$.

MESSAGE

TODAY the people and government in the Republic of Moldova are celebrating 11th anniversary of its independence. On this day of 27 August in 1991 the Republic of Moldova which was a part of the Republics of the Union of Soviet Socialist Republics, declared independence. Since then the Republic of Moldova became a member of the United Nations and the Council of Europe. Being a member of international organizations and financial institutes the Government of the Republic of Moldova has been pursuing the policy of market economy for which it has adopted a series of measures. As a result of the measures taken by the government, there has been significant development in economic sector. The government is expected to achieve 6 per cent growth rate in terms of Gross Domestic Products [GDP] this year, which reflects government's successful reform programmes.

The Moldovan legal law on foreign investment protects industries in Moldova. Availability of inexpensive labour force, good access to transportation, developed telecommunication system and Moldova's strategic location are added attraction for foreign investment.

The Government of the Republic of Moldova has been taking increasing interest in developing relations with the Government of the People's Republic of Bangladesh. In this direction, the Government of the Republic of Moldova had initiated certain steps, which include signing of trade agreements, promotion and protection of investment agreements between the two countries.

I am indeed happy to say that the trade agreement is awaiting signing by both the countries while the proposed agreement on promotion and protection of investment is in the final stage.

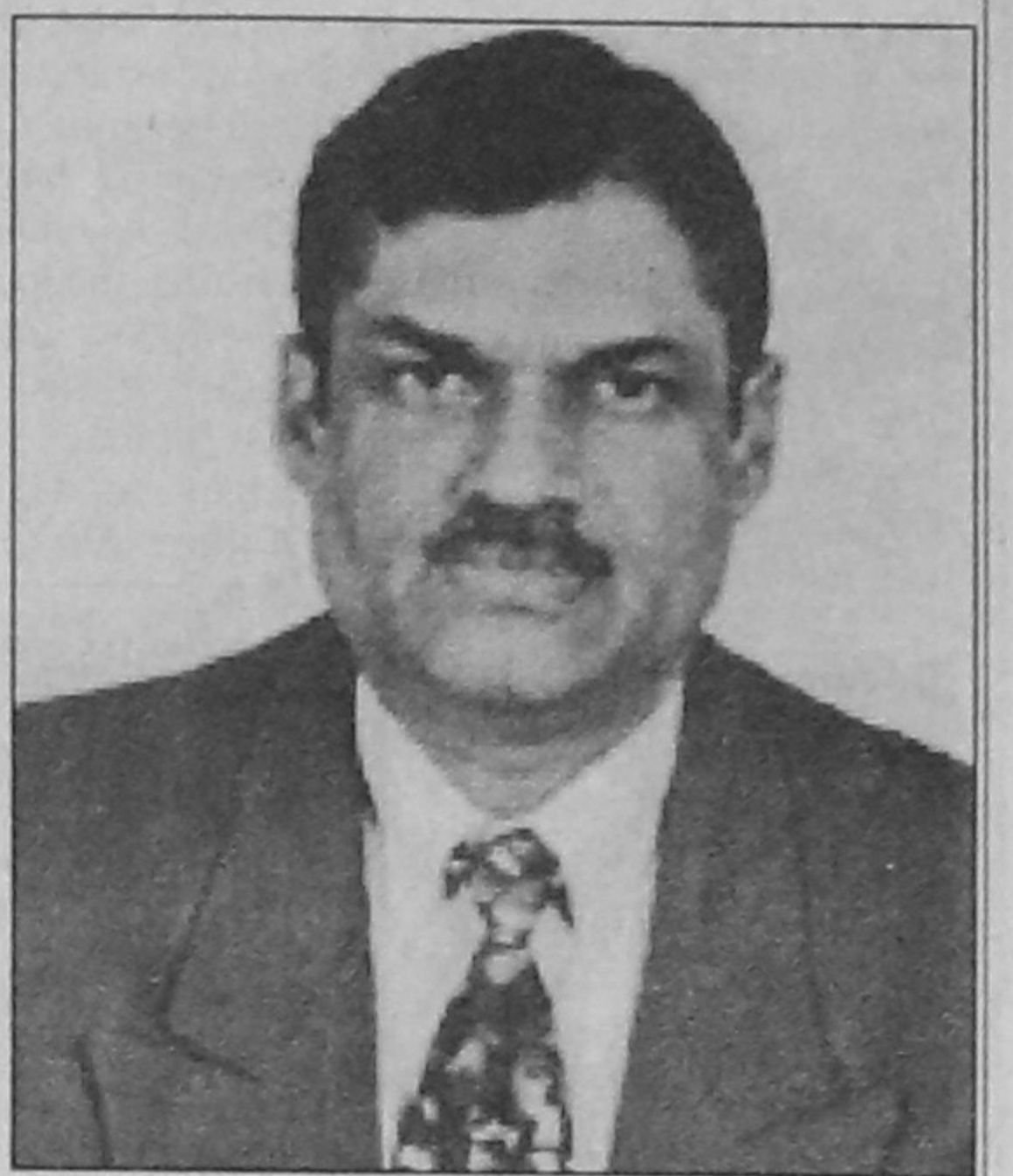
When both the agreements will be implemented bilateral trade relations will increase between the two countries. It is also expected that avenues for investment will also be opened.

The Government of the Republic of Moldova noted with satisfaction that the Government of

the People's Republic of Bangladesh has recently been accredited Bangladesh embassy in Ankara, Turkey concurrently to the Republic of Moldova, which will facilitate the scope of establishing communications between the two governments.

A sizable number of expatriate Bangladeshis in the Republic of Moldova are contributing towards promoting relations between the two countries. As an Honorary Consul I have constantly been making endeavours to promote relations between the two countries.

I, on behalf of the Republic of Moldova and its government headed by Mr Vladimir Voronin, President of the Republic of Moldova, express good wishes for the people and government of the People's Republic of Bangladesh in their endeavour towards peace, progress and prosperity in the years to come.



Mohammed Shajahan
Honorary Consul, Republic of Moldova



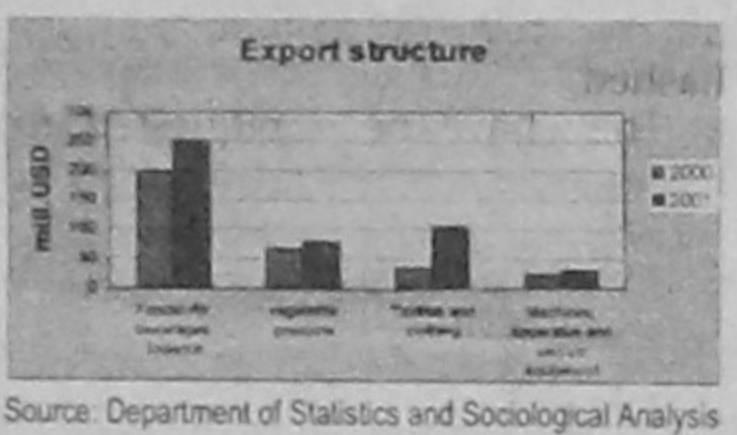
Foreign trade activities in the Republic of Moldova in 2001

IN 2001 the Republic of Moldova maintained commercial relations with 139 countries. The total value of foreign trade, based on customs declarations -- but excluding the commercial activities of economic agents from the eastern regions of the country -- during the period from 01.01.2001 to 31.12.2001 was \$US 1,467.3 million, an increase of 17.6% (\$US 219.4 million) compared to the previous year. Trade with CIS countries increased by 28.2% (\$US 151.4 million) as a result of increase in both exports and imports of goods. Trade with European Union countries increased by 13.1% (\$US 43.2 million). Trade with central and East European countries decreased by 0.4% (\$US 1.1 million).

In 2001 the Republic of Moldova exported goods to the value of 570.4 million \$US to 79 countries, an increase of 21% (98.9 million \$US) compared to 2000. Exports of goods to CIS countries increased by 25.6% (\$US 70.7 million) and to European Union countries increased by 19.7% (\$US 20.1 million). Exports to Central and East European countries decreased by 1.7% (\$US 1.1 million).

The main categories of goods exported in 2001, as compared to 2000, are shown in Graph below:

Food products, alcoholic beverages, tobacco and its products dominate the total exports of the Republic of Moldova, amounting to 44.1% (\$US 251.8 million) of the total. This includes fresh grapes, wine, raw tobacco, fruit and vegetables, juices, strong alcoholic beverages and canned fruit and vegetables.



Source: Department of Statistics and Sociological Analysis

"Vegetable products" were exported, 13.9% of total exports. The most exported goods are sunflower seeds, nuts, apples, grapes and soya beans.

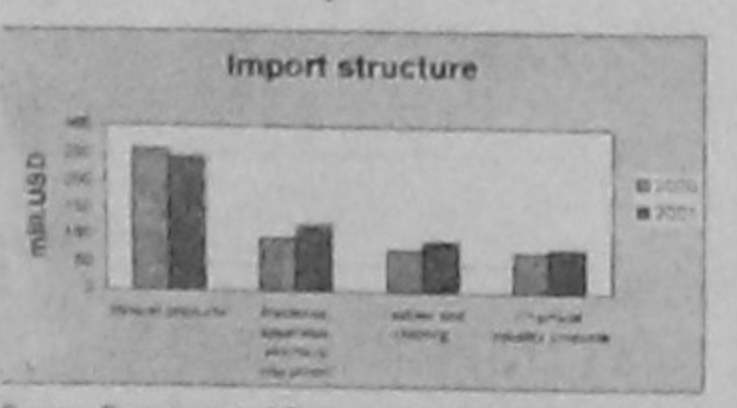
"Textiles and clothing" accounted for 18.5% of all exports. Clothes made from imported fabrics are the most important sub-sector within this group.

"Machines, apparatus and electrical equipment" to the value of \$US 31.8 million (5.6% of the total) were exported. These included pumps for liquids, batteries, tractors, radio equipment, washing machines, etc.

The Republic of Moldova imported goods to the value of \$US 896.9 million, from 130 countries during 2001. This increase of 15.5% over 2000 came from increased imports of chemicals, production equipment, tractors, textiles, etc.

Imports from CIS countries increased by 31% and from European Union countries by 10.2%. The most significant EU growth came from Austria, France, Italy, Belgium, Luxembourg, Holland and Finland. Imports from Central and East European countries decreased by 0.1%.

The main categories of imported goods in 2001, compared to 2000, are shown in Graph below:



Source: Department of Statistics and Sociological Analysis

The share of mineral products (energy resources and fuel) of total imports was 27.0% (\$US 242.3 million) a decrease of \$US 14.2 million compared to 2000.

Imports of "Machines, apparatus and electrical equipment" were 124.0 million (13.8%). Products included: electric equipment for fixed and mobile telephones, wires and cables, refrigerators and computers.

"Textiles and articles made of them" account for 10.4% (\$US 93.6 million). Fabrics for light industry predominated.

Imports of "Chemical industry products" increased during the year, including medicines, insecticides and fertilisers.

Trade regime

The export/import activities in the Republic of Moldova are liberal, without quantitative restrictions.

Licenses are required for export/import of a limited list of goods in order to protect state security human, animal and plant health. List of goods is given below:

- weapons, explosives, nuclear materials, technologies, equipment and installations to produce those articles; the relevant licenses are issued by the inter-governmental commission for export, reexport, import control and transition of strategic goods of the Government of the Republic of Moldova;
- pharmaceuticals, pharmaceutical products, medical and optical equipment, parts and accessories, bio-media for the development of micro-organisms, chemical reagents, diagnostic tests, disinfectants, drugs and substances with psychotropic effect, materials to produce such kind of substances; the relevant licenses are issued by the Ministry of Health;
- textiles (for export to the European Union, in accordance with the provisions of the Agreement between the European Economic Community and the Republic of Moldova on trade in textile products) -- the relevant licenses are issued by the Ministry of Economy.

In accordance with law on licensing for some kinds of goods nr. 451-XV of 30.07.2001, a Chamber of Licensing shall issue licenses for the following activities:

- importing and (or) wholesaling of imported alcoholic beverages, ethyl alcohol and beer;
- importing and (or) processing tobacco;
- importing and (or) commercialisation of chemical and biological preparations for plants protection and growth promoters;
- gathering and (or) keeping and exporting of remainders and refuses of ferrous and non-ferrous metals;
- importing and (or) exporting, commercialisation of weapons and ammunition;
- importing and (or) commercialisation and depositing of toxic substances and materials;
- importing and (or) wholesaling of gasoline, diesel oil and liquefied gas.

Certification: The products, processes and services are subject to certification, for which the effective regulations in the Republic of Moldova (technical requirements, obligatory standards, laws, regulations) are in operation to prevent damage to the consumer and to protect the environment. Certification of domestic and imported products is currently drawn up by 27 certification authorities and 71 test laboratories accredited in the National System of Certification (NSC MD) in accordance with the European standard requirements, series EN 45000. Appropriate evaluation procedures applied to imported products are similar to the procedures applied to domestic products and should correspond to the requirements of articles 2-9 of the WTO Agreement on technical barriers to trade.

General system of Preferences granted to the Republic of Moldova by the European Union (and others): The Republic of Moldova benefits from the Generalised System of Preferences (GSP) granted by the member states of the European Union, United States of America, Japan, Switzerland and Canada. The Ministry of Economy issues certificates of origin to exported goods that benefit from the GSP. According to the conditions of the GSP Moldovan goods imported by a member state of the EU are partly or totally exempt from import customs duty, according to the category to which they belong.

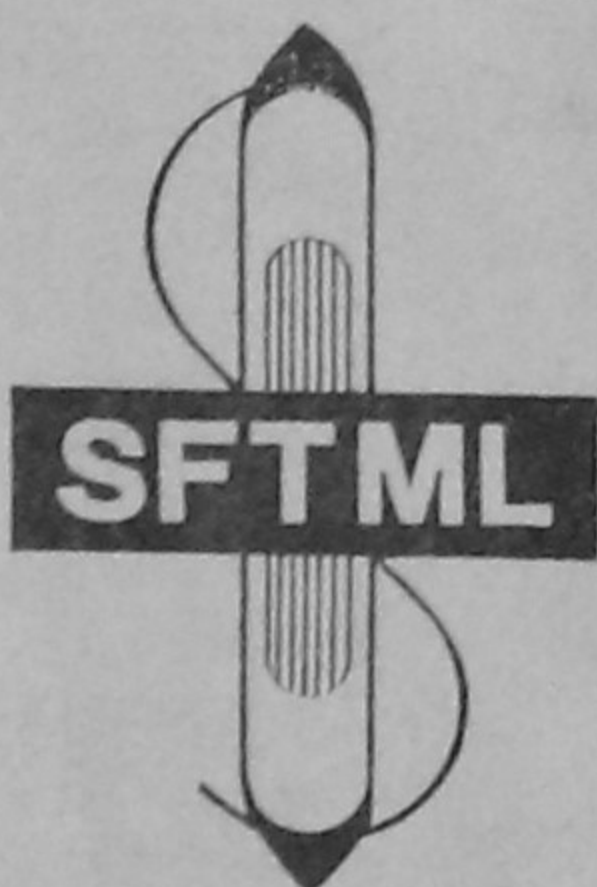
In 1998 the EU decided to introduce social aspects into the applica-

tion of GSP. Thus, countries already benefiting from these preferences were invited to ensure the supervision of certain international standards, settled by the conventions of the International Labor Organization (ILO) -- No. 87 and 98, referring to the right of collective organisations and negotiations -- and No. 138, regarding the minimum age of employment. Countries respecting these conventions benefit from a "stimulatory arrangement" stipulating the additional reduction of import taxes (the so called "social clause"). In practical terms, "the social clause" provides an additional reduction in import duties. The goods exported from the Republic of Moldova to the EU are

classified in two categories: sensitive and non-sensitive, according to which the level of customs duty reduction is determined. For sensitive category of goods the customs duty is reduced by 3.5 percentage points as compared to the applied general tariff, for products of chapters 50 to 63, the reduction shall be 20%. The second category-non-sensitive products -- is totally exempt of customs duties.

The Republic of Moldova was the GSP country to be granted the benefits of the "social clause". Starting from October 2000, products originating in Moldova, exported under the GSP, can qualify for these additional reductions in duties.

Warm Felicitations to the Government, Republic of Moldova on the Occasion of National Day



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Your Interest Is Paramount To Us.



Wishing all the Best

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