



Business Consulting Institute

Study

„SOROCA ECONOMIC GROWTH AREA”

**DEVELOPED BY
BUSINESS CONSULTING INSTITUTE**

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Abbreviations

CAEM	Economic Activities' Classifier of Moldova
GDP	Gross Domestic Product
RGP	Regional Gross Product
SISARM	The name of the good according to Nomenclature of goods
SME	Small and Medium Enterprises
TCO	Territorial Cadastre Office
UNCITRAL	United Nations Commission for International Trade Right
VAT	Value Added Tax
WTO	World Trade Organization

Executive Summary

This report is developed according to the Contract no. 5471-400-04-009 from May 17 2004 signed between DAI DEVELOPMENT ALTERNATIVES INC. and Business Consulting Institute and represents the final report of the study „Soroca Economic Growth Area Assessment”.

The main objectives of the study consisted in the following: (a) to make an economic assessment of the region and to identify the chains of value; (b) to assess the legal and regulatory constraints that hinder SME development in Soroca area; (c) to identify potential for the creating new micro enterprises, especially in rural areas of this region, and (d) to elaborate the plan of recommendations for interventions.

The study was performed in 4 stages. The first stage consisted in accumulating statistical information on the Soroca region situation. In the frame of the second stage were used methods like processing and analysis of the information for identifying the basic industries from the region as well as for the elaboration of the main conclusions. As basic methods for the identification of the branches there were used the employees concentration method and export analysis of the region. In the process of the third stage there were surveyed a series of enterprises and analyzed the chains of value of the main branches in the region. The last stage consisted in identifying the problems and formulating intervention recommendations for the regulatory framework.

In the process of performing the study there were used official sources of information, given from the analytical reports in this field, as well as some assessments of the authors. In the study there were used information sources like: (1) Reports of Statistics and Sociology Department of the Republic of Moldova (Statistical Yearbook of the Republic of Moldova, 2003, External Trade Statistic Information Record, etc); (2) The main indices and the forecast of the socio-economic development for 2004-2006 (Soroca, Florești and Drochia districts); (3) Publications and analytical reports on socio economic development of the territories (Study on regional development in Moldova, Soroca Development Strategy, etc.)

On the base of the study performed the following main *conclusions and recommendations* can be formulated:

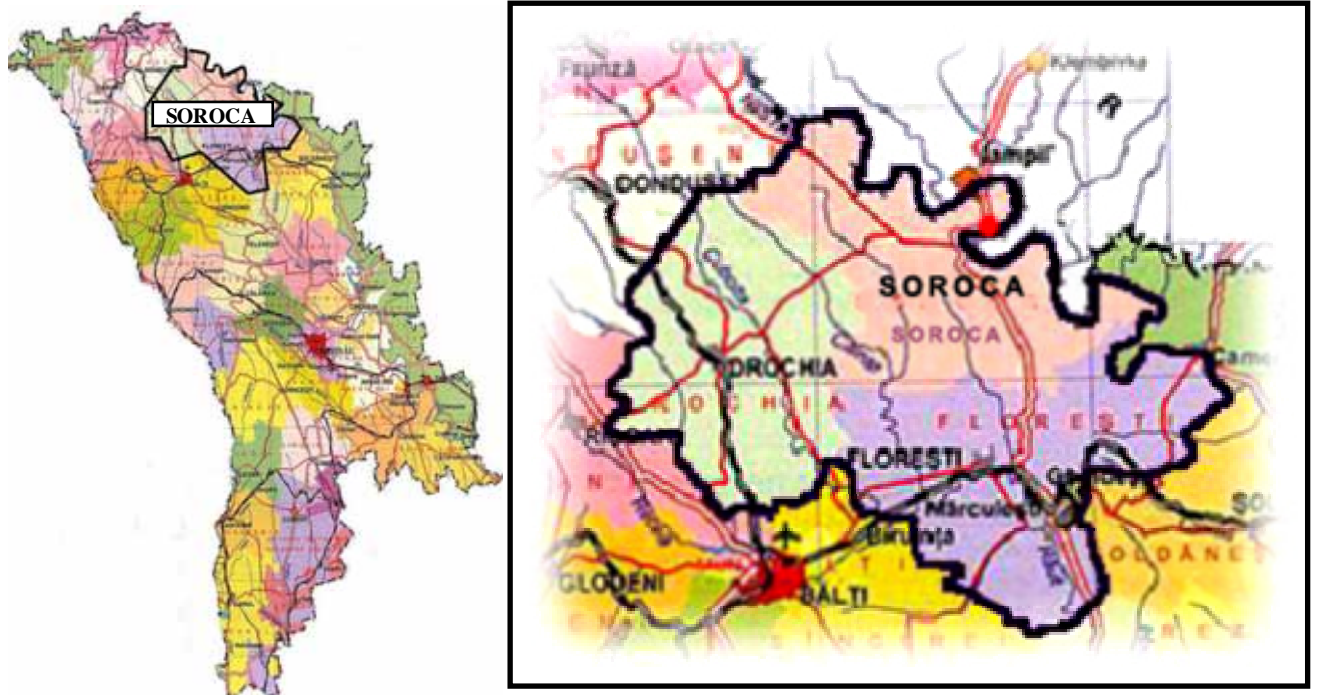
- The main indices characterize Soroca region at the average level per country. The SME Sector constitutes the economic base of the region and includes 95% from the total number of active enterprises and 85% from the total employees. The correlation between the agriculture and food industry represents a basic sector for the economic developments of the zone. The food industry represents the local generator of added value with a huge ratio in the regional gross product and demonstrates a high competition level. It holds an important share in the area export too. The agriculture both as share in the regional economy as from the competition point of view is well positioned, it also holds an important share in the exports. There are a series of branches that have a relatively small share in the region but well positioned in the national branches like tobacco, electric equipment, building materials and queries' exploitation as well as metals' processing.
- The main barriers for the activation of the economic increase as a whole and of the main branches from Soroca represent: (a) limited private initiative; (b) problematic access to financial resources; (c) unfair competition; (d) problems with the labor force; (e) limited access to target markets.
- In order to drag out these barriers it is proposed a plan of interventions to be taken in the following directions: (1) Improvement of the regulatory framework at the national and local level; (2) Development of entrepreneurial abilities and way of thinking; (3) strengthening institutional capacity for supporting small business; (4) Developing production and trade infrastructure; (5) Ensuring the access to financial sources

1. General Presentation of Soroca Economic Growth Area

1.1 Characteristics of the existent sources in the region

Soroca region is situated in the Northeastern side of the Republic of Moldova and comprises three Districts: Soroca, Drochia and Florești. Soroca region is bordered in the Southern side with Telenești and Șoldănești Districts, in North – with Dondușeni District, in West – with Râșcani and Sângerei Districts and in East – with the Districts from the left side of the Nistru River and Vinitsa oblast' (Ukraine). With a territory of 3 thousands km² the region holds cca. 9% from the country territory. The Region includes 169 localities, including 5 towns and 90 communes. The main towns in the region are Soroca, Florești, Drochia.

Figure 1-1 Soroca Region

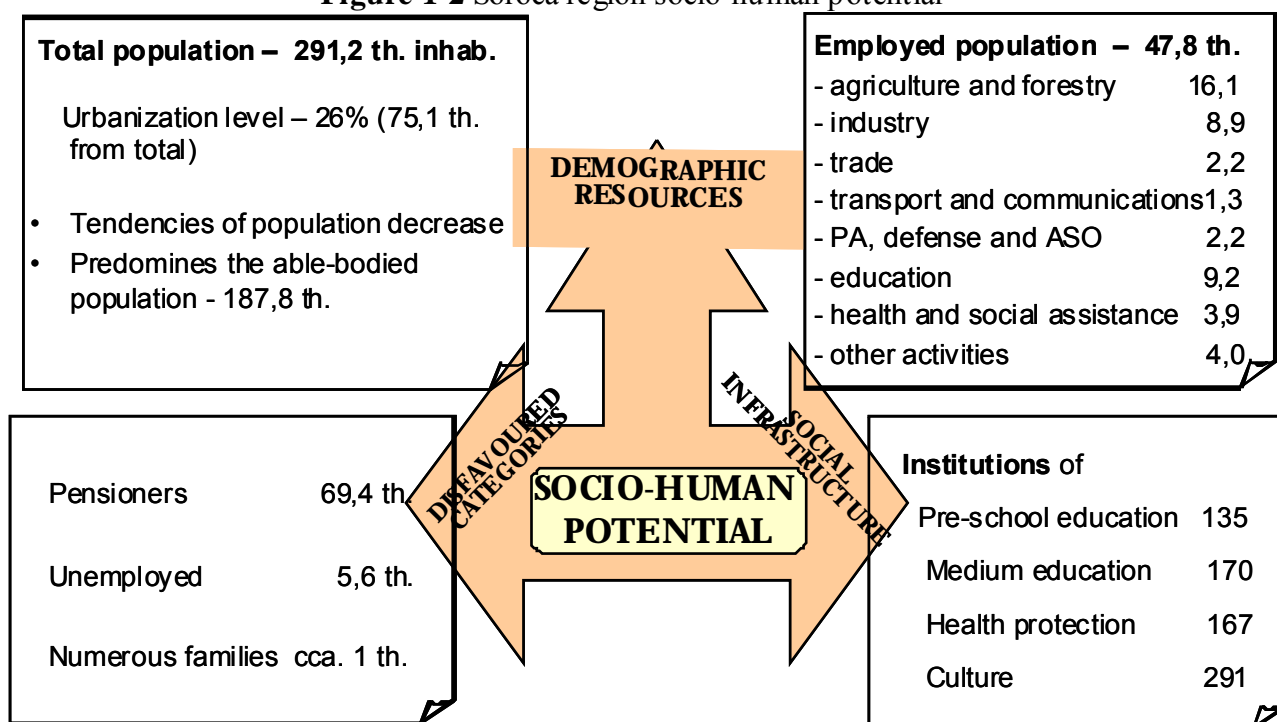


The population of the region constitutes 291,2 thousands inhabitants, from which 26% in urban localities and respectively 74% in the rural ones. Soroca District is the most populated District in the region (102,3 th. inhabitants or 35,3%), followed by Drochia (94,5 th.), Florești concentrating 93,6 th. inhabitants. The able-bodied population constitutes approximately 187,8 th. inhabitants or 65,4% from the total. But only 47,8 th. are hired. The unemployment level (share of the total number of unemployed people in the total number of economically active population) in the region corresponds in general to the average level per country (from the rural area) and constitutes 3%. The biggest part of the labor force is framed in the agriculture – 33,6% from the total hired population, followed with smaller shares – education – 19,2%, industry – 18,6%, in other spheres activate less than 29,6% from the total employees.

The share of pensioners in the total population is quite high and represents 238,3 pensioners per 1000 inhabitants, from which the majority of pensioners are age limit retired.

The education system comprises 135 pre-school institutions, 158 medium general schools, 12 lyceums, 11 professional and polyvalent schools, as well as 2 short-term superior institutions.

Figure 1-2 Soroca region socio-human potential



Source: Economy sections, data from enterprises

The total surface of the territory constitutes 315,1 th. ha, including 240,1 th. ha (76,2% from total) agricultural territories. Arable land represents 77,5% from the agricultural surfaces, orchard and vineyards' plantations - 8,4% and the pastures 14,1%. Besides the human and land resources, the zone holds important resources for producing building materials (granite rock from Cosăuți and Egoreni; rock for building from Ocalnda, Varancău; chalk and lime – Sănătăuca, Varancău, Cremenciug, Vasilcău and Visoca Villages). The region is rich in mineral water resources too – Soroca, Crișcăuți, Varăncău. The water and subaqueous resources are presented by the Nistru River (at the Eastern borders of Soroca and Florești with a length of cca. 120 km) and its tributaries. Soroca Zone has a considerable tourist heritage formed by:

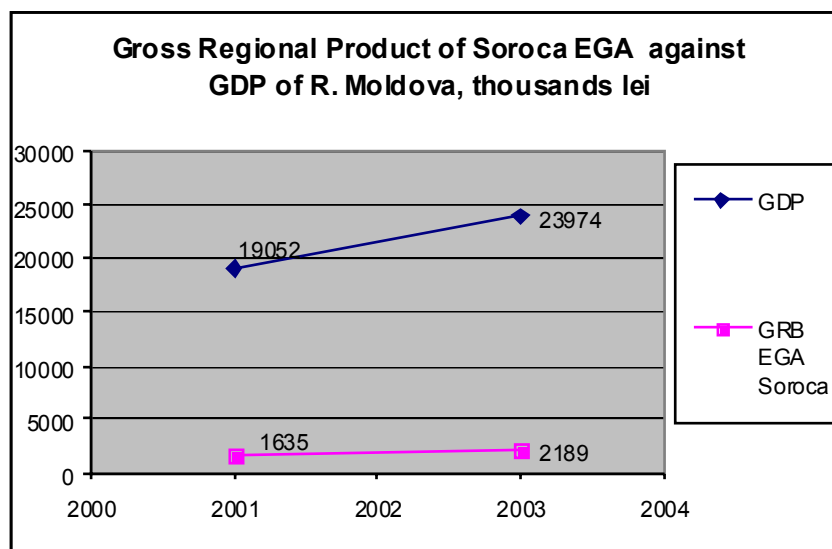
- **antropic** - Fortress, Military Hospital, School of arts, House of the Credit Society – Cosăuți Village, boyar's manors – Sofia, Hăsnășeni, Sănătăuca, museums – Florești, Drochia, Sofia, Pelenia, Catedrala from Drochia, House in rock of Gonța family – Țăra Village, ancient localities – Bobulești-Vărvăreuca, etc.
- **natural** (i) hydrologic – Varancău, Cotova spring (ii) geologic – Zgurița, Chetrosu, (iii) landscape reservations – Cosăuți, Holoșnița, Gura Camencii, (iv) natural reservations – Baxani, Popești, (v) natural-geologic – Bichir Cliff - Soroca, Nistru Thresholds and granite quarries – Cosăuți, etc.

As a whole in the zone there are approximately 721 monuments, from which 491 having a national value.

1.2 Economic Development of the Region

Regional Gross Product (RGP) of the zone in 2003 has constituted 2,2 bil. lei, registering an increase of 37% as regard 2000. The ratio of RGP of Soroca zone in Moldovan GDP register positive tendencies, so that in 2001 it constituted 8,6% and registers a slight increase till 9,1% in 2003. It's important to be remarked the tendency of high use of the local production potential, but it develops slower as the average per country.

Figure 1-3



Source: Statistical and Sociology department of Republic of Moldova

RGP per inhabitant registers a more active increase from 5,63 th lei/inhabitant in 2001 to 7,51 th lei/inhabitant in 2003, or with 1,88 th. lei more.

Over 53,5 th. enterprises activate in the region, the majority of which are Peasant Households (cca. 80%). From the total number of enterprises only 673 or 1,3% from the total present statistical and financial reports.

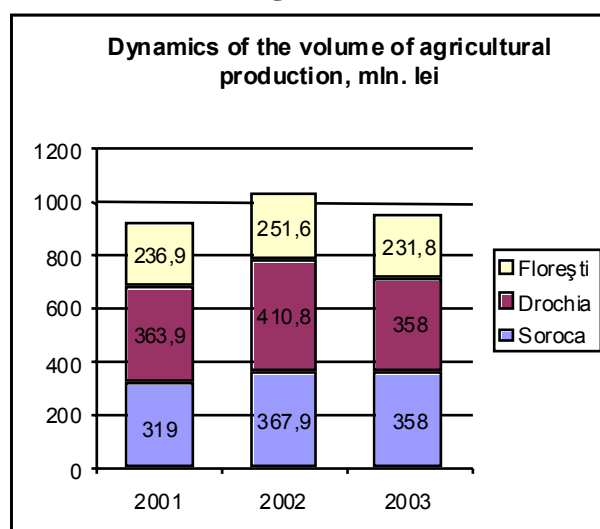
There is observed positive trends of increase for the biggest part of the indicators presented in the table – salary (although it is 2 times less than the average per country), the turnover, and number of enterprises. As a negative factor it is seen the decrease in the number of employees.

Table 1-1 Economic potential of the region

Indices	Soroca EGA 2000	Soroca EGA 2003	Total per country 2003	Soroca EGA Share in RM	Increase as compared 2000 Soroca EGA
Population, th pers.	616	673	25663	2,6%	109,3%
No. Employees, pers.	290,04	291,2	3618,3	8%	0,4%
Average salary, lei	37004	31146	524161	5,9%	84,2%
Inflation %	206	490	850	57,6%	237,9%
Turnover (Mio. lei)	1023,5	2264	62294,1	3,6	250,9%
Export (Mio. USD)	30,05	32,4	748,7	4,3%	139,2%

Agricultural production of the region in the period 2001-2003 had an insignificant increase tendency (from 919,8 to 947,8 Mio. lei) - with 3%. Drochia and Soroca hold approximately equal shares in the agricultural volume of production (358 Mio. lei or 37,8% each), and Florești District is 1,5 times less or 24,4% from total.

Figure 1-4



Source: Economy Sections

In numeric expression, vegetal production holds a share that is higher than the animal production and constitutes in 2003, 713 Mio. lei or 75,2%. The main agricultural products of the region are: corn, sugar beet, sunflower, wheat, fruits and berries, milk, eggs. The majority of these products were increasing in quantity during 2001-2003 excepting sugar beet and milk.

Table 1-2 Main agricultural products in 2003

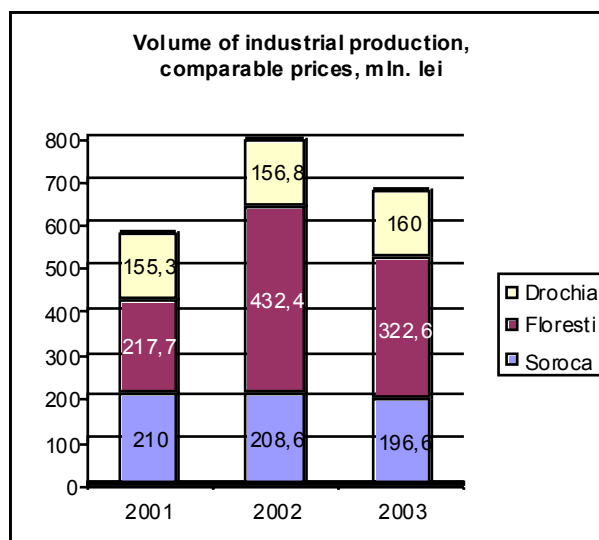
#	Agricultural products	Measure unit	2001	2003	Report 2003/2001, times
1.	Sugar beet	Th. tons	158,8	123,9	0,78
2.	Corn	Th. tons	56,4	123,4	2,19
3.	Sun flower	Th. tons	32,8	80	2,4
4.	Fruits and berries	Th. tons	40,8	75,8	1,8
5.	Eggs	Mio. Units	40,0	47,1	1,17
6.	Vegetables	Th. tons	19,9	42	2,1
7.	Milk	Th. tons	83,7	79	0,9
8.	Potatoes	Th. tons	16,6	23,2	1,4
9.	Wool	Tons	43,6	126	2,8

Source: Economy Sections

Industrial Sector of the zone is represented by 40 enterprises, including 12 large companies that represent industries like processing, light, building materials, furniture and glass. Industrial enterprises of the zone ensure cca. 5,5% from the total industrial production per country, 25% from the dairy national production, 25% from sugar production, 10% processed tobacco, 14% canned fruits and vegetables and 7% sausages.

The volume of industrial production in comparable prices had a non-uniform evolution in 2001-2003, being in 2003 - 679 Mio. lei or with approximately 119 Mio. lei less than in 2002. In the territorial structure the share of the manufactured production in Florești District is the highest and constitutes 47,5% from the total. This is due to the presence of some big enterprises (glass manufacture „Cristal Flor”, sugar manufacture „Ghindești”, cans manufacture „Natur Bravo”, bakery factory „Nefis”).

Figure 1-5



Source: Economy sections

Main products manufactured in the region are: glass bottles, power and heat, textiles (produced in lohn), sweets, canned fruits and vegetables. The evolution of the manufacturing of these products during 2001-2003 shows the fact that for their majority there are registered positive tendencies (excepting textiles – decrease with 6,9%, furniture – with 21,5%, tobacco - 3 times).

Table 1-3 Dynamics of the volume of main industrial products

No.	Products	Measure unit	2001	2003	Report 2003/201, %
1.	Electric Energy	mil. Kw/h	8,9	13,9	156,3
2.	Heating Energy	Th. Gcal	52,9	83	156,9
3.	Bottles	Mio. units	12,7	48	378,0
4.	Textiles	Mio. lei	1073	999	93,1
5.	Furniture	Mio. lei	586	460	78,5
6.	Cans and juices	th. tons	16,4	17,3	105,5
7.	Confectionery Products, farineaceous	th. tons	5,6	7,4	132,1
8.	Confectionery Products, sugary	th. tons	0,8	1,1	137,5
9.	Bread and bakery products	tons	1663	2437	146,5
10.	Processed tobacco	th. tons	3,88	1,3	33,5

Source: Economy sections

The volume of internal trade, in current prices, have constituted in 2003 over 303,9 Mio. lei or with 29% more than in 2001.

1.3 SME Sector

By de 01.01.2004 in the region only 673 enterprises were active. During the 2000-2003 years, the number of economic agents that activate in Soroca EGA knows a slow increase with 9%. The density of the enterprises in Soroca EGA constitutes 4,2 inhabitants per one official registered enterprise, per Moldova it is 7,1. The density of employees in Soroca zone constitutes 117 employees per 1000 inhabitants; on the country level it is 145. In Poland it reaches 181,1 and in Ukraine 229,2 employees per 1000 inhabitants. These figures show a higher level of development of the business sector in Ukraine as regard Moldova and subsequently a lower level of business potential of Soroca Region as compared per country. Geographical placement of the enterprises shows a strong concentration in the Districts Central.

Table 1-4 Number and structure of enterprises

Indices	Soroca EGA 2000	Soroca EGA 2003	Total per country 2003	Soroca EGA Share in RM	Increase as compared 2000 Soroca EGA
Total enterprises	616	673	25663	2,6%	109,3%
Large	39	32	355	9,0%	82,1%
Medium	117	101	1570	6,4%	86,3%
Small	129	131	4538	2,9%	101,6%
Micro	331	409	19200	2,1%	123,6%

Source: Data from enterprises that present statistic reports

SME sector from Soroca comprises circa 95% from the total active enterprises. The greatest part of this sector is represented by micro-enterprises - 61% that is lower than the average per country, however this sector is developing and represents a development potential for the zone. A much bigger share than the average per country registers medium and large enterprises that in Soroca zone represents 15% and respectively 5% from the enterprise's structure. In this context the micro-enterprise development contributes to the satisfaction of the demand in works, services, raw materials of medium and large enterprises. Total number of the enterprises registered in the zone in 2003 as compared 2000 has increased but there was a tremendous decrease of medium and large enterprises on the background of the increase of the number of micro and small enterprises. The cause of this phenomenon is the low potential of flexibility of large enterprises within market economy. The average salary in the zone has increased by times 2,4 in 2003 as regard 2000, but it represents only 57% from the average level per country.

1.4 Structure on Branches

The repartition of enterprises in Moldova shows that cca. 40% from the total enterprises activate in the en-gross and en-detail trade, 16% - building and 15,7% - diverse services. Only 1,2% of enterprises from Moldova activate in industry. The situation in Moldova is similar to that from Ukraine. 38,85% of the enterprises activates in trade at the same time in Ukraine 8,8% of enterprises activate in industry that is more than in Moldova. For Soroca zone it is specific also an important share of en-gross and en-detail trade 34,7%, a big share of industry – 22,3%, building and agriculture – 4,8% and 22,3% respectively. Thus Soroca zone holds an important industrial position as regard the average per country, being at the same time developed the trade and agriculture, this situation is confirmed by the number of employees on activity domains Soroca EGA:

Table 1-5 Number of employees on activity domains and share in the RM, 2003

Branches	2000		2003		2000		2003	
	EGA Soroca	%	EGA Soroca	%	RM	%	RM	%
Financial activities	18	0,05%	19	0,1%	1585	0,3%	7852	1,5%
Processing industry	9544	25,8%	8460	27,2%	123496	22,6%	122715	23,4%
Agriculture, hunting and forestry	19347	52,3%	16054	51,5%	182322	33,4%	149885	28,6%
Fishery	12	0,0%	16	0,1%	815	0,1%	745	0,1%
Extracting industry	261	0,7%	251	0,8%	2474	0,5%	2331	0,4%
Electric and thermo-energy gas and water	1102	3,0%	1025	3,3%	20551	3,8%	19514	3,7%
Constructions	1161	3,1%	923	3,0%	29987	5,5%	24548	4,7%
En-gross and en-detail trade	3144	8,5%	2212	7,1%	72708	13,3%	75456	14,4%

Branches	2000		2003		2000		2003	
	EGA Soroca	%	EGA Soroca	%	RM	%	RM	%
Hotels and restaurants	171	0,5%	243	0,8%	7167	1,3%	8619	1,6%
Transports and telecommunications	1573	4,3%	1316	4,2%	56435	10,4%	58857	11,2%
Real estate transactions	467	1,3%	430	1,4%	26837	4,9%	30568	5,8%
Education	127	0,3%	68	0,2%	5578	1,0%	5973	1,1%
Other collective services, social and individual	72	0,2%	126	0,4%	13112	2,4%	14364	2,7%
Total	37004	100,0%	31146	100,0%	545242	100,0%	524161	100,0%

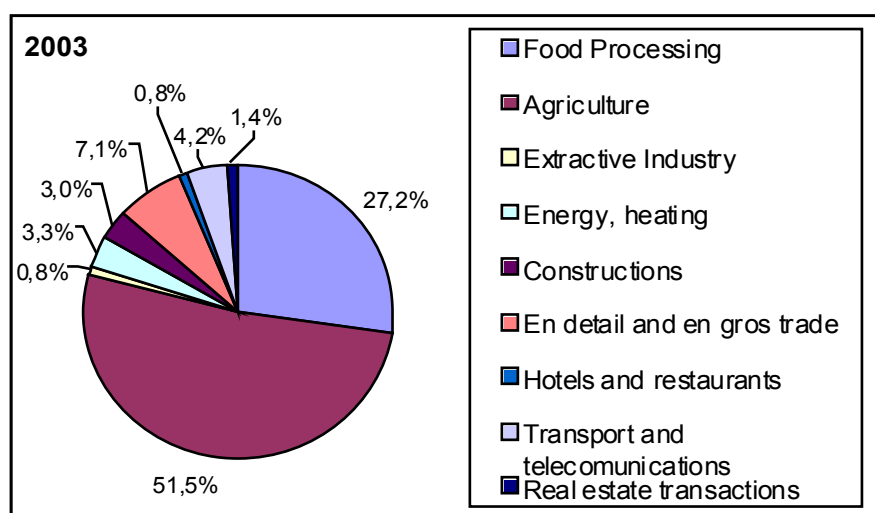
Source: Data from enterprises that present statistic reports

The absolute diminishing of the number of employees is explained especially by the decrease of employees in agriculture that in this case is a positive phenomenon. The decrease of the agricultural employees per country have constituted 17,8% in the region the decrease was 17%.

The increase of the average salary with 238% as regard 2000 is more than the average increase per country, which have constituted 219%. The salaries' increase that took place in this period, especially in the regions with a considerable share of agriculture has a strong adjustable character. Due to this motive it cannot be made conclusions as regard the increase of businesses in the region. In some domains the average salary calculated according to the reports presented by the enterprises are lower than the average salary per economy or even ridiculous salaries. These are the reasons why will not be used the results of the salary increase analysis. The data concerning the increase of the average salary per industries will be used in qualitative analyses on the characteristic of industrial branches.

In the structure of the employees in the period 2000-2003 there wasn't registered any significant modifications, the major part of the branches maintaining appreciatively the same number of employees, the exception is the processing industry and trade, which registers an increase and respectively a diminution of its share with 1,4% as regard 2000.

Figure 1-6 Structure on branches of the employees in Soroca EGA, 2003 (%)



Approximately 70% from the total number of employees are hired in SME sector and the remainder at large enterprises. The greatest part of employees from Small Business is employed in agriculture, trade and a reduced part in processing industry. En-gross and en-detail trade is represented totally by micro, small and medium enterprises, existing only 10 enterprises like „ASECOOP” with a number employees higher than ten. In constructions this tendency is maintained averaging in the construction branch with 29 employees in Soroca Region.

In the Annexes 6.1 and 6.2 are presented the top 50 enterprises by the turnover and number of employees in Soroca are.

1.5 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Favorable geographic position • Presence of the SME sector in the major part of economic activities • Agricultural potential for processing industry • Large unused production spaces • Water resources available for fishery and ensuring with potable water • Functional enterprises with foreign capital • Relatively developed infrastructure for supporting business 	<ul style="list-style-type: none"> • Tendencies of decrease in number of population and increase of emigrational processes • High level of technical and equipment wear and tear • Low implementation of qualitative systems • Unused economic potential • Lamentable state of the physic infrastructure • Minimal number of economic instruments used by LPA in the economic development • High interest rates for bank and micro finance credits
Opportunities	Threats
<ul style="list-style-type: none"> • Attraction and realization of different projects together with foreign partners • Zone development as a tourist area • Creation of conditions for land market development • Association of the enterprises in different legal and organizational forms • Launching the EU Program „Good Neighborhood” • Increasing capacity for business consulting services • Implementation of the entrepreneurial activity state regulation reform • Elaboration and approval of the normative acts at the regional level for supporting SMEs 	<ul style="list-style-type: none"> • Decrease of the standards of living of the population • Unfavorable investment dimate • Reduced buying power • Small dimensions of the internal market • Too expensive modern technologies for the financial possibilities of the enterprises • Instability of the legislation in force • Weak protection of internal market • Uncertainty of the entrepreneurs in the realization of SME supporting programs

2. Identification of the Basic Regional Branches

In order to identify the main branches that ensures the economic growth of the area there were applied employees' concentration methods and exports' analysis.

2.1 Employees concentration analysis

Economic activities from Moldova were grouped into 31 branches. This was made on the base of the activity classifier from Moldova (CAEM). National branches were built based on the aggregation of the codes up to 2 digits with some alterations and aggregation between divisions, and taking into consideration the specifics of our country. At their turn these are divided into sub-branches, which represent aggregation of codes on three, four or five digits. Thus the branches were divided in sub-branches in order to outline the specifics of this analyze as well as of realities from Moldovan economy.

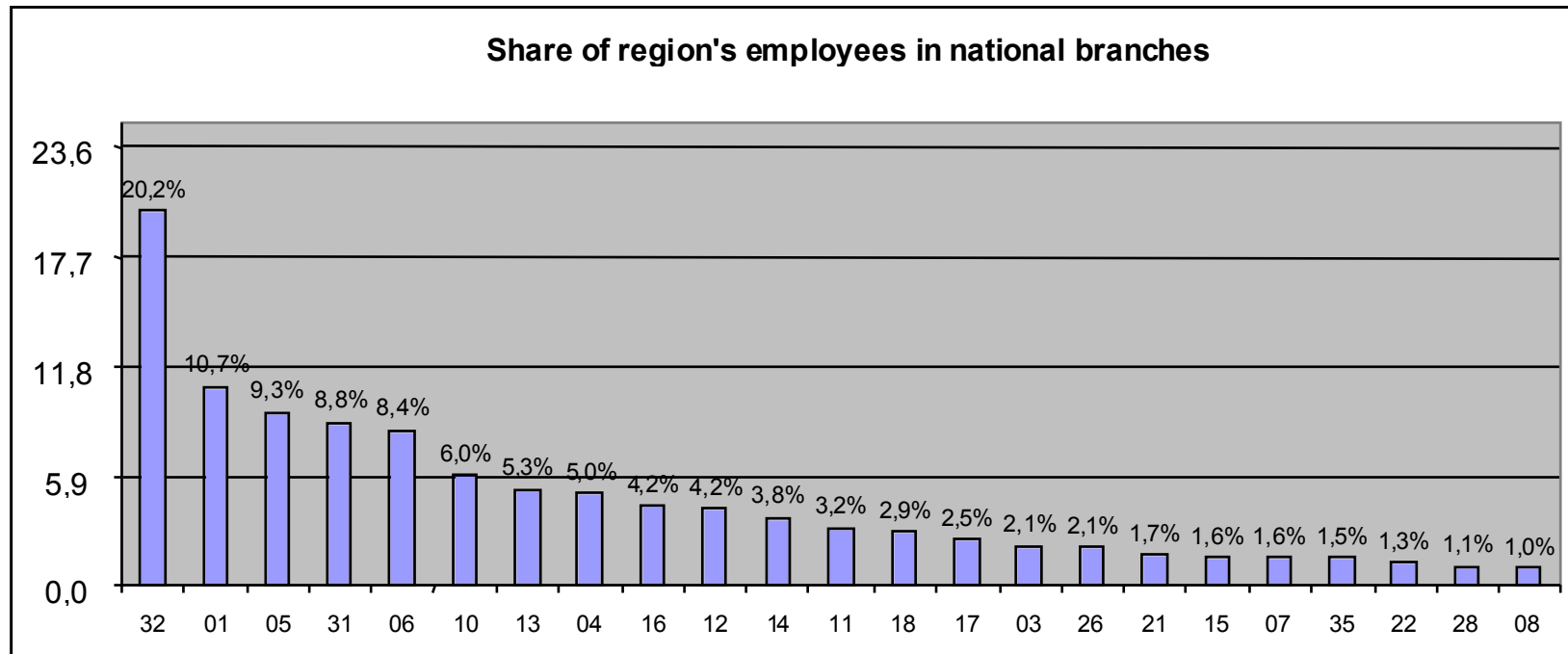
For the analysis there were used statistical data referred to the number of active enterprises that present statistical and financial reports and the number of employees.

For the analysis there were used statistical data referred to the number of active enterprises that present statistical and financial reports and the number of employees.

The following figure represents the share of the area's branches in national branches. Branches with a percentage more than 5,94% from the total branch shows that the area's contribution in the total of the country of this branch is higher than the average contribution of the area in the country. This fact shows that the area is exporting products in other areas. The zone branches' share in the Republic of Moldova denotes the existence of six Sorooca EGA branches that have a better position on the market, than the average per country. These are: glass manufacturing that holds 20,2 % per country, agriculture (10,7%), Food industry (9,3%), tobacco processing (8,8%), textile industry (8,4%), metal processing (6%).

The tourism is positioned with very low shares (although the zone has sufficient tourist attractions) – 2,7%, real estate transactions – 1,7% and other series of branches.

Figure 2-1

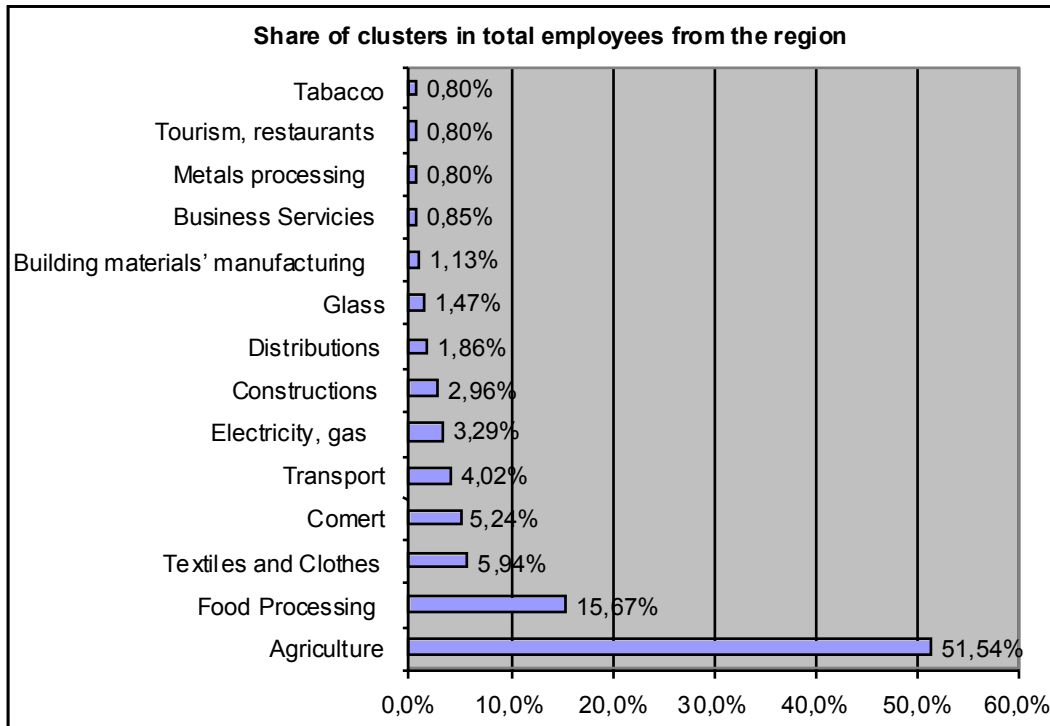


Source: Data from enterprises that present statistic reports

32 – Glass manufacturing	13 – Electricity, gas	18 – Mail and telecommunications	07 – Leather processing and shoes manufacturing
01 – Agriculture	04 – Building materials' manufacturing	17 – Tourism and restaurants	35 – Machines and equipment
05 – Food Industry	16 – En-detail trade	03 – Fishery	22 – Business Services
31 – Tobacco	12 – Furniture manufacturing	26 – Sanitation and waste processing	28 – Associative Sector
06 – Textiles and Clothes	14 – Constructions	21 – Real estate transactions	08 – Publishing and printing houses
10 – Metals processing	11 – Electric, electronic equipment and supplies	15 – Distribution	

A little different is the image the shows the importance of branches inside the region. Thus the activities with a bigger share at the country level could be glass manufacturing. Metal and tobacco processing have a very small share inside the zone. Agriculture, food and textile industry, which are important at the national level, hold a big share also in the local economy of the zone. Agriculture, food and textile industry, which are important at the national level, hold a big share also in the local economy of the zone.

Figure 2-2



Source: Data fom enterpises that present statistic reports

On the other side the en-gross and en-detail trade, constructions, transport have at a great extent a local target market, which is why they cannot serve as basic sectors for the region development.

It is important that the actual relation between agriculture and food industry represents a basic sector for the economic development of the zone, that is strengthens its positions yearly on internal and external markets, more than that, food industry is the local generator of added value with an important share in the RGP and demonstrates a high level of competitiveness.

A more complete image concerning the region competitiveness at the branch level can be obtained by using „Bubble diagram” (fig. 2-3). On the vertical axes is shown the quota of region branches in the national context, on the horizontal axes – the modification of this quota in the period 2000-2003, and the dimension of the bubble represents the number of employees. The intersection of the axes X and Y take place in the point of intersection with deviation 0% and 5,94% - share of the region in total employees per country.

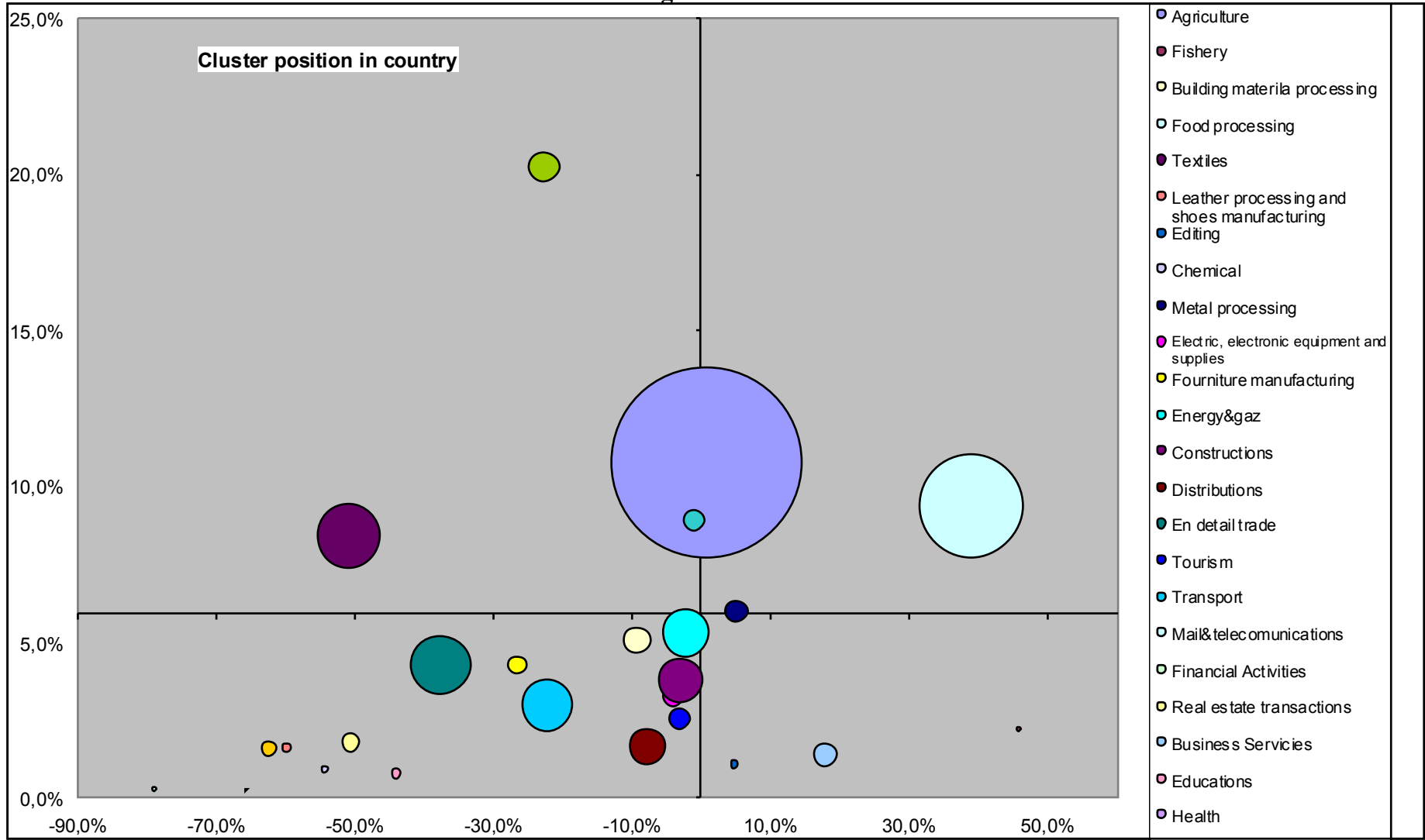
In such a way we got an image divided into four dials. Dial I comprises all the branches that have a strong share on the market (more than 5,94% - the average share of Soroca zone in total per R. Moldova) that have a positive evolution. Mainly these branches represent the development potential of the zone. Dial II comprises the branches that did not achieved an important position on the market (lower than 5,9%), but knows an increasing dynamics. Dial III comprises all the

branches that have a share in all the branches per country less than 5,9% and registers also a negative dynamics. Dial IV comprises the branches that have a good position on the market, but their development dynamics is negative.

Thus the food industry is the single branch that registers a positive evolution as in dynamics as in the position on the market. The agricultural activity holds a share that is also important on the market, but it have registered an extremely slow rhythm of increase - 0,9% in 2003 as regard 2001 (See Figure 2-3).

Although the textile, glass, tobacco-processing industries maintains their share on the market, they have a negative dynamics. The most dangerous thing is that the majority of activities developed in the zone registers negative tendencies as in dynamics as in their share on the market being very important for the region from the economic point of view. Thus, transport, en-gross and en-detail trade, business services, electricity, gas and water, constructions, tourism and restaurants, as well as other branches aren't developing, slowing down the rhythm of economic increase of the zone.

Figure 2-3



Source: Data from enterprises that present statistic reports

Due to the fact that national branches have a high level of aggregation these do not present a very clear internal situation. By using further, the concentration coefficient we'll identify industries with an enhanced concentration in the area, that show the existence of possible competitive advantages. The concentration (location) coefficient (LQ) is computed as a ration between the share of industry in the area and share of industry in the country. Each branch contains sub branches with different degree of competitiveness that may or may not exceed the branch's level. The results are presented below in Table 3. All sub branches with under unit concentration coefficient were not listed, as well as sub branches with the number of employees smaller than 50.

Table 2-1 Potential Branches and sub-branches identified

Branches	Sub branches	LQ	Employees
Agriculture	Cereals, technical crops and fodders	2,03	11320
	Animals' breed	2,70	594
	Agricultural services	3,00	983
	Forestry, wood exploitation	1,01	283
Production of building materials	Quarry exploitation	1,81	251
Processed Food	Fruit and vegetable processing	2,55	1084
	Milling	3,94	933
	Bakery	2,24	1015
	Sugar processing	6,10	1528
Textiles & Clothes	Crocheted artides	2,22	323
	Clothes	1,57	1526
Metal processing	Cast iron and steel production	4,07	73
	Metal Products	1,03	159
Electric and electronic supplies	Electric technological equipment	3,11	136
Furniture manufacturing	Furniture	1,39	182
Electricity, gas and water	Gases	1,10	241
	Heat supply	1,08	201
	Water	1,85	583
Constructions	Roads' building	1,13	117
	Hydro-technique constructions	6,82	309
Transport	Pipes	16,83	620
Business Services	Business services	3,06	161
Tobacco processing	Tobacco	1,49	248
Glass	Glass	3,40	458

The economic growth of the area is ensured first of all by industries that compete on the domestic or international market. From these considerations industries that assure their existence to satisfy local consumption can be removed from the list at this stage. These are en-gross and retail trade, constructions and transport.

2.2 Exports Analysis

The following iteration that is intended to precise the obtained results is the analysis of the export of Soroca zone. The analysis was performed on the basis of two types of information: (i) monitoring the exports according to the code of activity declared in the statistical reports by the enterprises (CAEM) and (ii) records according to codes from the harmonized system, performed by custom. The custom keeps records only for export of commodities.

The analysis according to the first type of records showed that there is a big gap between the declared activity and the exported goods. Due to this reason we've analyzed more the exported goods from the area being less demanding to the export regime. That's why the export data for the country in our analysis differs from the data provided by government.

According to the second method the export amounted 33,5 Mio. USD (111% in comparison with 2000), with a share in total export of 3,61%.

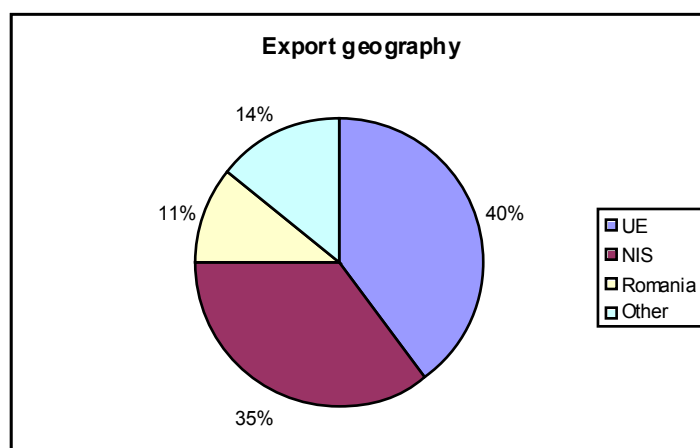
The goal of this analysis is to identify those products manufactured in the analyzed area and which are the most competitive on the international market. In reaching these goal are encountered several impediments related to the fact that the exporter is not always in the same area as the manufacturer, and so the origin of the goods is hard to determine. Taking into account that VAT recovery in Moldova is a complicated procedure a large number of exporters prefer exports to be made by the manufacturers, a fact that will not help us in our goal.

Bellow we present a short summary of the importing countries of the products exported by enterprises from Soroca area.

Table 2-2 Top 10 importing countries

Country	Amount (USD)
Russia	8,34
Italy	7,1
Romania	3,4
USA	1,8
Germany	1,6
Belarus	1,6
Austria	1,6
Ukraine	1,2
Canada	1,0
Great Britain	0,7

Figure 2-4



Source: Data from enterprises that present statistic reports

The structure of export in 2003 according to SIRSARM groups (Annex 3) show that the largest groups of goods, exceeding 1mil USD are:

- 1) Sugar (8,58 Mio. USD)
- 2) Canned fruits and vegetables (7,54 Mio. USD)
- 3) Clothes (6,98 Mio. USD)
- 4) Wine (1,9 Mio. USD)
- 5) Meat products (1,33 Mio. USD)
- 6) Grapes, berries and fresh fruits (1,33 Mio. USD)
- 7) Animals (1,26 Mio. USD)

The worst evolution was registered in tobacco exports that have dropped by 78 times or with 1,04 Mio. USD, seeds and medicinal plants that have decreased the volume 39 times, knitwear clothes knows a diminution by 3,6 times.

An increase in dynamics was registered by the exports of sugar, which have increased with 8 Mio. USD and holds 61,1% from the total export per region, greases and oils exports - 38 times, at the same time there was a considerable increase in the export of alcoholic beverages - 2 times, milk products, wool, leather, furniture. In the Annex 6.4 there are presented the modifications in the structure of exports for the period 2000–2003.

Below we present the situation of exports according to the above set branches and sub branches. To do that was made a correspondence between SISARM and CAEM codes. In table 2.3 we present the main exporting branches from the area. The areas' branches exceeding the areas share in country export are:

- Food industry
- Textiles
- Agriculture

At large extents branches with high shares in the area exceed the export share of the area. Also we have to mention that in the total country export there are exports that have a bigger share of re-export, that's why the contribution of the area in reality is much higher.

Table 2-3 Export on main branches from Soroca area, USD

Branch	Soroca 2003	RM	Share from the country	Share in the area
Processed food industry	22,0	383,3	5,74	66,09
Textile	7,33	188,16	3,90	22,02
Agriculture	2,94	95,2	3,09	8,83
Chemistry, rubber, plastic	0,44	16,35	2,69	1,32
Machinery and equipment	0,29	51,70	0,56	0,87
Glass	0,12	12,24	0,98	0,36
Leather for shoes	0,11	73,26	0,15	0,33
Electric and electronic equipment	0,04	32,18	0,12	0,12
Metal processing	0,02	15,24	0,13	0,06
Total on zone, USD	33,29	868,25	3,83	100,00

In annex 6.5 are presented exports on sub branches. Sub branches that exceed the share of the area in the export of the country also have a significant share in the structure of the areas exports, which is a good thing.

Table 2-4 Export on the main sub-branches from Soroca area in 2003, th. USD

Branch	Sub branch	Soroca	RM	Share in RM
Agriculture	Animal breeding	1268,3	5484,6	23,12
	Vegetables, fruit growing, nursery	85,5	3798,0	2,25
	Grape, berries, fruits growing	1331,4	53791,9	2,48
Processed food industry	Vegetable greases and oils	945,3	35274,1	2,68
	Sugar manufacturing	8586,8	14476,5	59,32
	Milling	183,7	1323,9	13,88
	Meat processing	1334,1	21753,1	6,13
	Fruits and vegetable processing	7541,4	43633,4	17,28
	Milk processing	633,6	4767,8	13,29
	Bakery	871,7	1752,1	49,75
	Wine	1905,2	218407,8	0,87
Machinery and equipment	Machines and equipment for industry	179,4	17595,2	1,02
	Engines, compressors, pumps	105,6	6785,9	1,56
Leather & shoes	Leather and leather articles	113,3	44802,5	0,25
Metal processing	Metal products	17,5	1126,3	1,55
	Metal products for constructions	7,5	4197,9	0,18
Glass	Glass	116,3	12244,8	0,95

Branch	Sub branch	Soroça	RM	Share in RM
Textiles	Textiles artides	45,7	31969,9	0,14
	Spinning mill, tissue, fibers	301,5	13944,9	2,16
	Clothes	6981,6	142125,5	4,91
Other		0,49	247891,0	0,0001
Total		33495,6	927147,3	3,61

2.3 Conclusions

Making a comparative analysis between the export analysis and LQ we can identify the basic sub branches from Soroça area. These are food industry, agriculture, clothes and textiles, glass, metals processing.

Table 2-5 The main branches and sub branches from Soroça area

	Branch	Sub-branch
1	Processed food Industry	1.1 Vegetable greases and oils
		1.2 Sugar manufacturing
		1.3 Milling
		1.4 Meet processing
		1.5 Fruits and vegetable processing
		1.6 Milk processing
		1.7 Bakery
2	Agriculture	2.1 Animal breeding
		2.2 Vegetables, fruit growing, nursery
		2.3 Grape, berries, fruits growing
		2.4 Cereals, technical crops and fodder
3	Textiles& Clothes	3.1 Textiles
		3.2 Spinning mill, tissue, fibers
		3.3 Clothes
4	Glass	4.1 Glass
5	Metal processing	5.1 Metal Products
		5.2 Metal Products for constructions

3. Analysis of the Main Branches' Chains of Value

In the frame of this division it is presented the analysis of three main branches from the region:

1. Culture of grapes, berries, fruits
2. Fruits and berries processing
3. Clothes and textiles

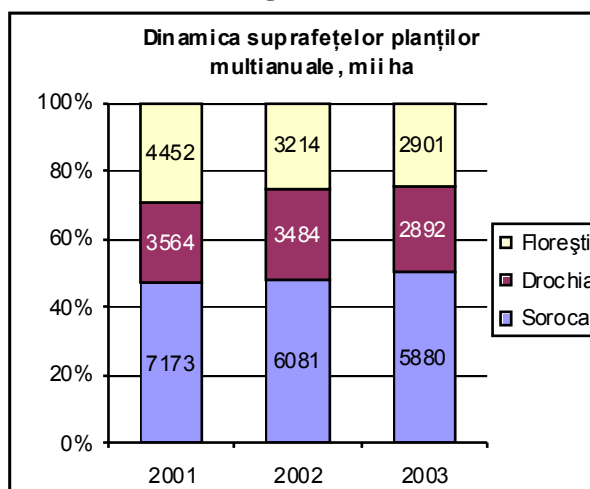
The analysis comprise the general characteristics of the branch, components of the chain of values and its factorial analysis on the base of the „Porter Diamond” method: (1) Input factors, (2) Demand (3) Competition and strategy, and (4) Suppliers. The research of all the elements was based on surveying the economic agents from the region.

3.1 Grapes Culture, Berries, Fruits

In the given domain in Soroça region activates 20 enterprises that present financial and statistic reports (annex 6.6). Soroça region is placed in the Northern part of the country and due to this fact the biggest part of the perennial surfaces are planted with orchards (cca. 93%). In the last years, in the region is maintained the tendency grubbing of the orchards and vineyards: in 2001-

2003 the perennial plantation surfaces decreased with 30,1% (from 15,2 to 11,6 th. ha). The majority of orchards are placed in Soroca region (over 50%), and vineyards in Florești District.

Figure 3-1



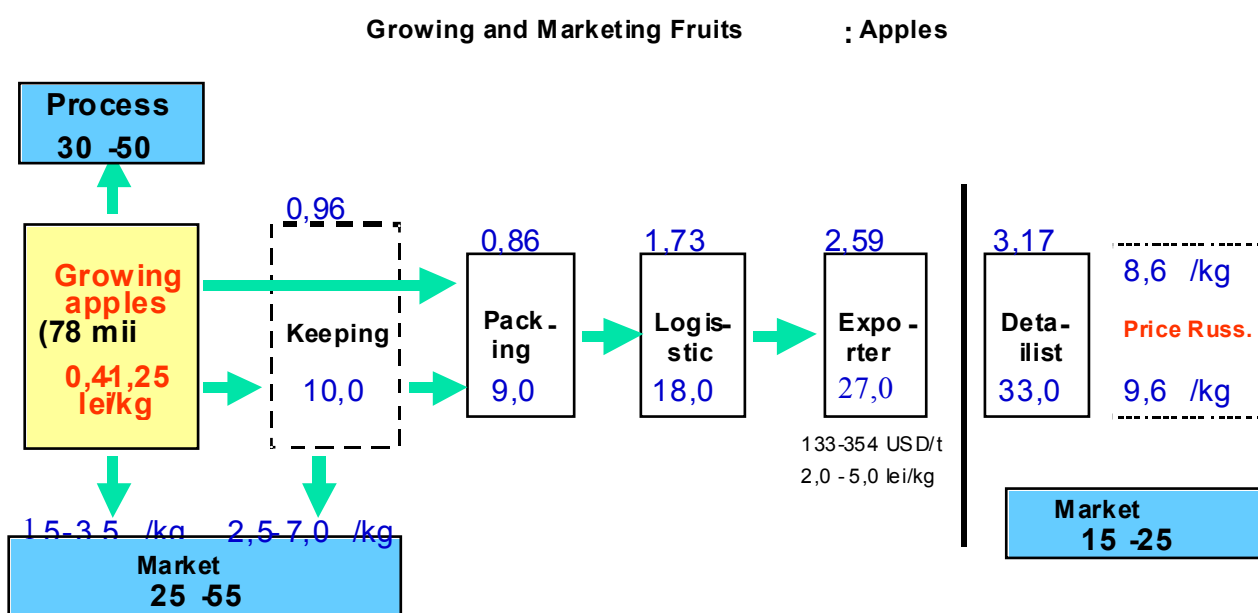
Source: Economy sections

The decrease in the perennial plantation surfaces, as well as the reduced use of modern technologies for their maintaining have lead in the last years to the decrease in the volume of fruits production, berries and grapes, excepting the year 2003, when the fruit harvest (especially apples) was 1,7 times greater than in 2002 and constituted approximately 73,5 th. tons.

The estimation of the production distribution show that for the internal market there are used 25-55% from the total volume, processing - from 30% to 50%, and on the external market up to 25% are commercialized. A big part of fruits producer SMEs function only grace to the fact that some enterprises, especially processing factories, offer credits for growing the fruits. That is why the association of SMEs for marketing and organizing the production process constitutes one of the main problems and opportunities in this sector.

It is remarked that the biggest part of the value is attributed to the intermediaries that have the higher profits (profitability 20-25%), producers having maximum 10-15% from the total profit on the chain.

Figure 3-2



In order to characterize the situation on the given branch we will use the “Porter Diamond” method, which is based on 4 different elements

Element	Details
Input factors	Soroca region is traditionally considered as an area specialized in growing fruits and vegetables. But in the last years due to a high intensity of migratory factor there appeared a shortage of labor force that is emphasized also by problems like the seasonal character of this sector. The development of this sector is slowed also by the fact that the transport and stocking infrastructure are in a bad situation. The extensive techniques and reduced use of scientific achievements in this field represents another negative aspect that is caused by the limited access to credits. At the same time the informational infrastructure is weakly developed.
Demand factors	The local market is small and it is characterized by such tendencies like substitution with imported agricultural products that have a better aspect. At the same time there is a stable demand for fruits from the intermediaries and exporters for CIS countries. Another negative aspect is the lack of specialized regional en-gross markets.
Suppliers and connected industries	There are several fruits and vegetable processing enterprises in the region. But the connection between farmers and cans' producers is complicated because on the one hand farmers market their production at low prices; on the other hand the quality is relatively low. Due to these motives some factories had acquired already agricultural lands in order to produce fruits and vegetables for industrial production.
Strategies context and competition	Low productivity and competitiveness of the agricultural production is due to misuse of technologies, reduced use of the quality certification systems, insufficient financial resources and reduced access to credits in order to procure agricultural technology. At the same time agricultural producers are confronted with unfair competition of the intermediaries. Central Public Authorities do not passes efficient policies for offering support to the farmers. As a consequence – it is an inadequate image of the products and the loss of this segment on the foreign markets, weak capacity to penetrate new markets and orienting to those traditional markets that are weakly developed and instable.

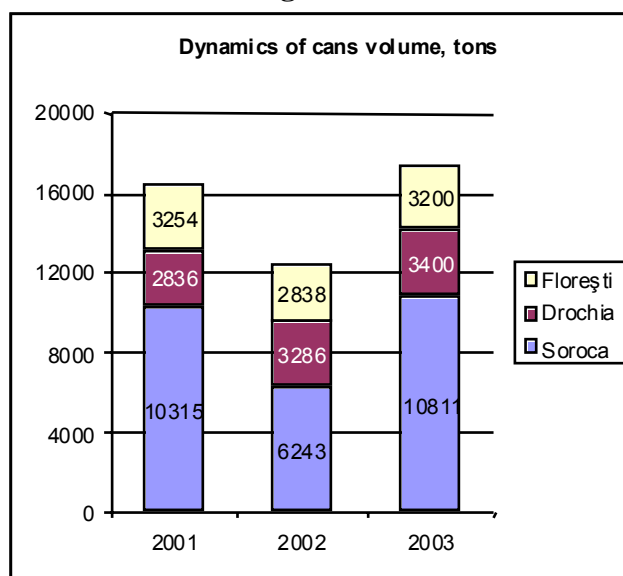
In order to overpass these obstacles there can be formulated the following **specific recommendations**:

- To develop service infrastructure (transport, stocking, en-gross market, marketing)
- To improve the cooperation mechanisms with processing factories
- To develop the qualitative seeds supply sector
- Use of the advanced technologies including ecologic agriculture
- Elaboration and implementation of a regional program for developing agriculture

3.2 Processing of fruits and berries

Processing fruits and berries represents a continuation of the first chain and includes the delivery of the raw materials at the enterprise, industrial processing, packing and marketing to en-gross and en-detail intermediaries. There are only several enterprises that are framed in the production of canned fruits and vegetables: „Alfa Nistru” J.S.Co, „Natur Bravo” J.S.Co, „B. Glavan” J.S.Co, Mixed enterprise „Balcas BT” Ltd the rest are intermediaries. Although increasing, the dynamics of the production volume shows an instable situation.

Figure 3-3



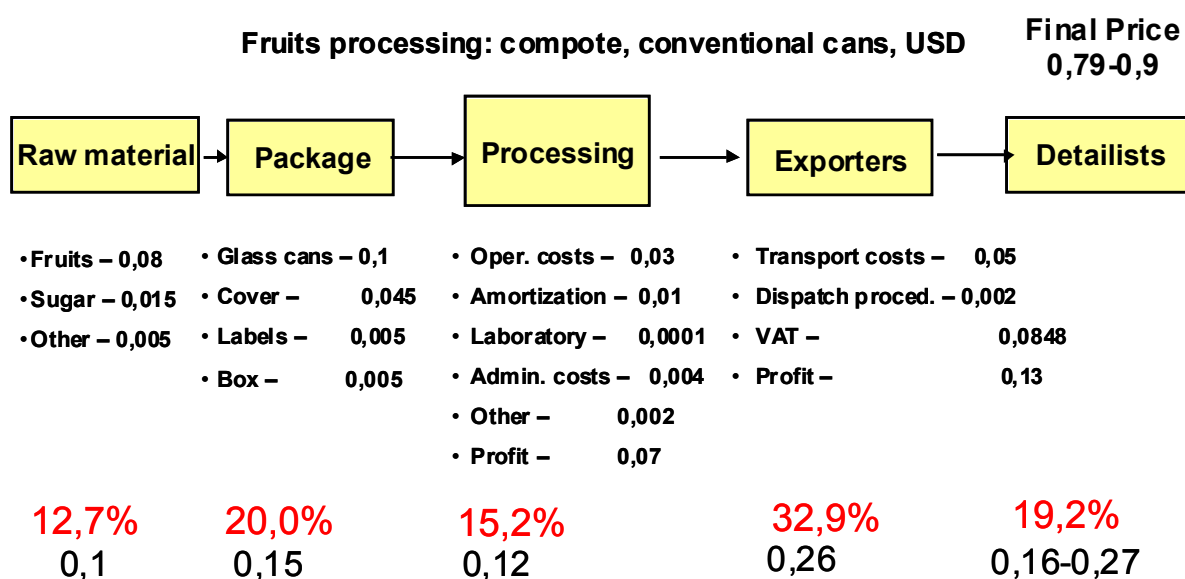
Source: Economy Sections

The main products are:

- Canned fruits and vegetables
- Concentrated juices
- Fruits and vegetables' puree
- Natural juices
- Fruits and vegetables paste

The analysis of the chain of value shows that en-gros and en-detail marketers gain over 52% from the final value of the product; the remainder is attributed to package suppliers – 20%, processing operations – cca. 15%, the fruits producers having the lowest share - 10-12%. The final price (consumer from the importer country) is practically 2-2,4 times more than the producer price.

Figure 3-4



In order to characterize the situation in the given branch we will apply the „Porter Diamond” method too:

Element	Details
Input factors	Lack of the labor force and the problems linked with the seasonal character of the sector generates a high fluctuation of employees. Low profitability of the producers on the one hand and high interest rates for credits on another hand, lead to the impossibility of contracting loans. As an effect the physical infrastructure is weakly developed and deteriorated that leads to the increase of the production costs.
Demand factors	The local market is small and the substitution tendencies with products from abroad are the main determinants of demand formation as on the national market as on the external market.
Suppliers and connected industries	The complicated connection between the farmers and cans producers is one of the main problems in this field. Low quality of the local package, reduce the number of orders for these local products. Another problem constitutes the low quality of the row material that is due to the fact that it is purchased from several fruits and vegetables suppliers that in the majority of cases do not use new technologies for growing fruits and vegetables.
Strategies context and competition	<p>Big quantity of counterfeited goods having an inadequate quality competes unfairly and compromises the image of the cans industry products. On the external markets the competition is intensifying from the producers from Hungary Ukraine, Poland and Bulgaria. The facilitation offered by the importer CIS countries to our cans is decisive for maintaining the sales at the actual level. On the other hand this factor have to be used very attentively, because the realization of our products at a low prices creates the impression of a low quality product for the consumer and in the conditions of equilibrating the import conditions we will confront with new marketing problems.</p> <p>It is extremely important for small producers to associate in order to market that at present is quite difficult to realize. Large producers possess their own marketing structures that develop long-term strategies, while small producers are forced to fulfill the “gaps” remained in each season.</p>

Basic Recommendations for overcoming these problems are the following:

- To elaborate a regional agriculture development program according to the processing sector requirements
- To organize training and retraining courses for farmers by means of Soroca Technical and Agricultural College, ACSA organization, National Federation of Farmers
- Realization of a feasibility study on the opportunity to develop the glass package production sector
- Strengthening consumer protection structures
- To develop supporting programs for small business at the local and regional level
- To attract financial resources for developing physic infrastructure
- To elaborate sample projects for processing mini-factories

3.3 Textiles and clothes

Peculiarity of the branch in Soroca region as well as in the majority of branch enterprises from all around the country is the production via the export of the labor force (lohn services). The beneficiary, the supplier of the raw materials, assumes practically all the added value. In such away in the region remains approximately 2% from the value of the production and marketing

chain. The remainder belongs to the undisclosed partners and suppliers of raw material from abroad.

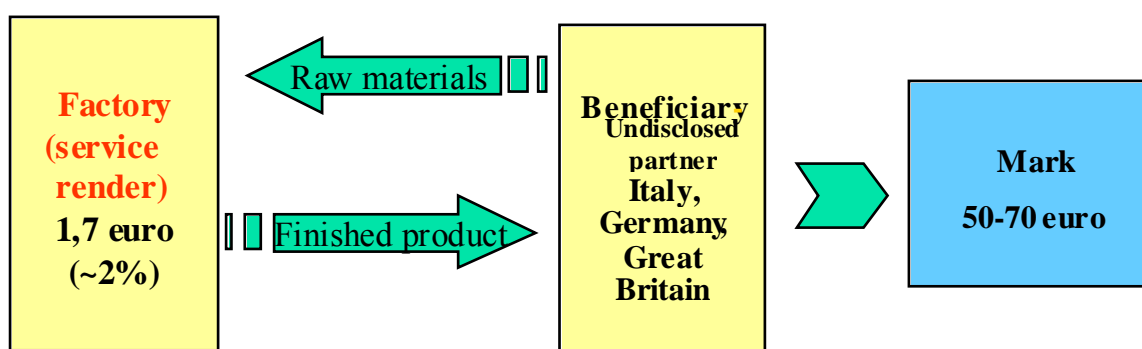
The most important enterprises in this domain are: Dana J.S.Co, „Noul Stil” Ltd, „Bevera Nord” Ltd, and “Floreşteanca” J.S.Co.

The production range is quite large, the main are:

- Parkas (for children and adults)
- Clothes for labor safety
- Trousers and dresses
- Sport suits

Figure 3-5

Production of clothes in lohn



Raw materials:

China, Pakistan, Turkey

The main aspects of this chain of values are:

Factors	Description
Input factors	Favorable geographic position – close to the main beneficiaries from EU and cheap labor force represent the main advantages of this sector. Low qualified labor force, weak professional training and high fluctuation of personnel at the majority of enterprises represent the key problem for sector development. At the same time this sector enterprises due to low profitability, have no possibility to purchase equipment and new technologies, even via leasing.
Demand factors	Small local market and the tendencies of substitution with products from abroad represent the main determinants of demand formation as on the national market as on the external market.
Suppliers and connected industries	There are practically no suppliers of local raw materials in this branch. The production is made using the client's raw material (there are only two textile producers in Moldova). Thus textiles companies depend on their beneficiaries, and there are no stable importers of raw materials. At the same time usually small quantities that the enterprises could import lead to excessive increase of prices to raw materials. Associated activities of textile producers that are weakly developed, subsequently the lack of an association or professional union in this field that would promote and advocate the enterprises' interests by the elaboration of a sector development policy, negotiating with foreign partners are the main problem of this domain.

Strategies context and competition	National producers are disadvantaged also by the fact that it is maintained an unfair competition via the massive import of textiles, which are low in quality as a rule. Small and separated producers and the lack of integration disadvantage the negotiation with foreign partners. Another severe problem that could have negative consequences is the lack of traditions in design and fashion, as well as slow transformation of the enterprises into workshops that works only by orders. The last problem is linked with the unfavorable VAT regulations.
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Recommendations:

- State support of the raw material producers
- Producer's orientation toward local market and taking measures for stopping the illegal import
- Creation of the Association of Clothes Producers at the national level
- Improving financing mechanisms
- Develop and implement a system of personnel training programs in this field

4. Legal and regulatory framework

Legislation related to the entrepreneurship activity in the Republic of Moldova (further – RM) includes a totality of legislative acts and acts of legislative subordination, which are regulating the relation in the business field. Taking into consideration the hierarchy and the juridical power of the normative acts that are determining the character, form and content of entrepreneurship activity in RM, these may be classified as following:

- 1) Normative acts of international law, Part of which RM is (European Union Partnership and Cooperation Agreement, United Nations Convention on Contracts for the International Sale of Goods (1980), WTO Regulations, Bilateral interstate agreements on free trade, on promoting and mutual protection of investments; International regulation of INCOTERMS-2000 symbols interpretation, etc.);
- 2) Fundamental legislative acts on entrepreneurship activity (Civil Code, Laws on entrepreneurship and enterprises, Joint-stock companies, State registration of enterprises and organizations etc.) (Annex 6.9);
- 3) Inter-sector fundamental legislative acts (Tax, Customs, Land Codes, legislation of book keeping, financial-banking one etc.) (Annex 6.10);
- 4) Legislative acts on entrepreneurship activity in the economic sectors (Law on vineyard and wine, nut, tourism, on fruit growing etc.) (Annex 6.11);
- 5) Normative acts of legislative subordination on entrepreneurship activity (Decisions of the Government about the state regulatory reform of entrepreneurship activity, approving of the regulation of economic societies in RM etc.) (Annex 6.12);
- 6) Normative acts of inter-sector legislative subordination (Annex 6.13);
- 7) Normative acts of legislative subordination of local public authorities (of Local Councils Mayoralties, Mayors) on the entrepreneurship activity and connected relations (local juridical and regulatory framework: decisions, regulations, rules, local/territorial normative instructions);
- 8) Local (intern) acts with normative character of the enterprises (issued and approved by the managing bodies of the respective enterprises: declarations and contracts of society, statutes, economic contracts, other documents of the enterprise with normative character).

The normative acts of international law, legislative ones and of legislative subordination are forming the juridical framework and determine directly/indirectly the form and content of the entrepreneurship activity in RM. In this great number of normative acts it is important to assure the concordance of normative acts according to the principle “**The hierarchically inferior**

normative acts could not contravene to hierarchically superior normative acts”. Thus, the legislative acts of the Parliament of RM (Civil Code etc) could not contravene to the Constitution of RM, and also to the International Agreements, Conventions (Universal Declaration of Human Rights, WTO Regulations), Part of which is RM. At the same time the normative acts of legislative subordination (Governmental, including of the Ministries and Departments could not contravene to the legislative acts adopted by the Parliament of RM and the normative acts of the local public authorities (Local Councils, Mayoralties, Mayors) could not contravene to Governmental normative acts and neither to legislative acts of the Parliament. Lastly, the local normative acts (declarations and contracts of society, civil/economic contracts, other intern documents with normative character) could not contravene to the provisions of the normative acts of the local public authorities and neither to governmental regulations and legislative acts of the Parliament of RM.

Taking into consideration the specific character of the legislative system of RM, the strict observance of the principle according which the hierarchically inferior normative acts could not contravene the hierarchically superior normative acts is of a special interest, because only in this way can be assured the legality and order of right in the business sector. It is important to identify the hierarchically inferior norms and normative acts (of legislative subordination) that contravene to the hierarchically superior normative acts (legislative acts) and removal of such provisions. The practice shows that some governmental normative acts, some of Customs Department, Tax authority, Department of Informational Technologies (orders, regulations, instructions, rules, etc.) can provoke situations of instability in business sector not less than those determined through the legislative acts. In such kind of juridical reality it is very simple to appear contradictions between the normative acts of different level, case in which may be inform the Constitutional Court of RM. Only on the basis of the principle according to which **“Hierarchically inferior normative acts should correspond to hierarchically superior normative acts”** may be assured:

- a) Development of entrepreneurship activity in a natural juridical regime, in the spirit of the laws of market economy;
- b) Legality and order of right in business sector.

4.1. Juridical framework related to the entrepreneurship activity

The fundamental juridical framework related to the entrepreneurship activity in RM is determined first of all in the Civil Code of RM, approved through the Law no. 1107-XV of 06.06.2002 and applied beginning with 12.06.2003, Laws about the property (no. 459-XII of 22.01.1991), about the entrepreneurship and enterprises (no.845 of 03.01.1992), about the investments in entrepreneurship activity (no.81-XV of 18.03.2004), about supporting and protecting the small business (no.112-XIII of 20.05.94), about the joint-stock companies (no.1134-XIII of 02.04.1997), about the state registration of enterprises and organizations (no.1265-XIV of 05.10.2000) and other legislative acts indicated in Annex 6.9.

The fundamental normative acts determines decisively the character, form and the content of the entrepreneurship activity, because they serve as base and point of starting for all normative acts of legislative subordination (governmental, departmental, of local authorities, etc.), which also, in the limits of the power of public authority that issues them, regulates the relations on the entrepreneurship activity.

Civil Code. Civil Code is the supreme legislative act in the regulation of the patrimonial relations. The Civil Code regulates the relations of property, determines the organizational-juridical forms of the entrepreneurship activity, their juridical statue (fundamental provisions), content and form of economic contracts, conditions of legality and effects of their nullity. The Civil Code includes a special chapter related to the rights of obligations and the ways of their

execution, including contractual ones, limits of applications of the legislation of the foreign states and international agreements on the territory of RM. The Civil Code regulates also many other patrimonial relations that appear in the entrepreneurship activity.

In contrast with the legislation of other state (Romania, etc, the Civil Code of RM regulates the patrimonial relation in their totality:

- a. Both of the citizens that don't practice entrepreneurship activity and
- b. Patrimonial relations of the citizens and their associations (economic agents) that practice entrepreneurship activity with the declared purpose to get profit.

Thus, the Civil Code of RM comprises and regulates the patrimonial relations in a plenary way, without making a distinction between those related to the entrepreneurship activity and those that cannot be classified as an entrepreneurship activity. In Romania and other countries there are except the Civil Code a special Commercial Code that regulates only the relations of the economic agents that appear in the process of commercial activities (of entrepreneurship), the direct goal of whom is profit.

The new Civil Code of RM in accordance with the Constitution of RM allows the functioning of market economy, being built on the principles of market economy, only that in contrast with the Constitution RM does not mention directly the forms of the right of property, private property (this notion in the new Civil Code does not exist) and the right of these to use the property in entrepreneurship activities, in spite of the fact that this contain special sections about the patrimony, right of possession (that is only an element of the right of property), property etc.

The civil code does not contain juridical guarantees of the right of property, of made investments. In relation with guarantees the provisions of the new civil code are net inferior to the provisions of the Constitution RM and of Universal Declaration of Human Rights (1948, part of which Moldova is), the norms of which directly guarantee the right of property, right of property use in entrepreneurship activity.

An actual problem is the problem of adjusting the other normative acts with economic character, approved earlier than new Civil Code (of the Law about the property, of the Regulation about the commercial societies, etc.) in accordance with the new Civil Code of RM, International Agreements and Conventions, part of which RM is.

Law on property. The Law about the property is one of the first laws in RM that assured the radical modification of the property relation in RM, being approved on 22 January 1991. The Law settles the forms of property, subjects, objects and guarantees of the right of property etc. This law in contrast with the new Civil Code guarantees the private property. As an object of the right of private property, for the first time in legislation of RM and of many other ex-soviet countries), are indicated directly the lands, means of production and other goods that can be used in entrepreneurship activity.

The Law guarantees the right of property of the persons from other countries, international organizations and of persons without citizenship, except the right of property over the agricultural lands and forest fund (that contravenes to the regulations of the European Union). For 1991 the Law about the property had a radical character and modified essentially both the relations of property and the economic-juridical of RM citizens, opened widely the opportunities of launching new businesses in RM, manifestation of economic initiative spirit. The Law about the property was one of the first laws conformable to the spirit and rules of market economy. Further it has been proved than some provisions of the Law (related to collective property, etc.) need to be adjusted to the Constitution RM and new Civil Code of RM.

Law on entrepreneurship and enterprises (no.845-XII of 03.01.1992) Law 854 settles the economic agents that have the right to perform entrepreneurship activity in RM. The Law determines the juridical, organizational and economic principles of entrepreneurship activity.

Entrepreneurship (entrepreneurship activity) means activity of production of products, execution of works and service rendering conducted by the citizens and their associations in an independent way, on their own initiative, on behalf of their name, on their own risk and under their patrimonial responsibility in order to assure a permanent source of income.

According to the Law, the organizational-juridical form of entrepreneurship activity in RM is enterprise. The enterprise has the right of juridical person or physical person that becomes subject of right from the moment of state registration.

The provisions of the Law 845 in many respects are relatively liberal ones. The state, according to the Law, creates to all enterprises equal juridical and economical conditions, guarantees the observance of their legal rights and interests, and contributes to the development of free competitions among them, not allowing the market monopolization. The interference of the state in the current economic activities of enterprises is interdicted. The central and local public authorities may intervene in the enterprises' activity only in cases directly stipulated by the law. The damages including the failed income, supported by the enterprise because of the public authorities should be reimbursed from the budget, etc. The enterprise has the right to practice all kinds of economic activity, except those interdicted by law.

Law on state registration of the enterprises and organizations (no.1265-XIV of 05.10.2000)

Law 1265 is a law with fundamental character in the measure in which regulates in a plenary way the relations related to the state registration of enterprises, including of commercial societies. Exceptions are only peasant farms, of persons that are conducting activity of the bases of license or patent of entrepreneur, registration of whom is taking place in a simplified way in the register of mayoralty or territorial tax authority.

The law stipulates a fee for state registration, providing data from the State Register of enterprises and other related services, which size is established by the Government. The State registration body is the Chamber of State Registration of the Department of Informational Technologies (further Chamber) and its territorial bureaus. The Chamber and its subdivisions act in the basis of the by-law approved by the Department of Informational Technologies.

The law stipulates the competences of the Chamber, determines the juridical statue of the State Registrar, rights and obligations, his responsibilities, procedure of enterprises' registration, necessary documents for registration. At the registration of joint stock companies and Ltds (enterprises with social capital) it is compulsory to pay the fee of (0, 5 % out of the social capital). The fee is collected and at further increase of the social capital of the enterprise, but is not reimbursed at its lowering

The law establishes the procedure of registration of stopping, resuming enterprise's activity, the way of registration of the enterprises created as a result of reorganization/transformation. The law includes norms on the State Register of the enterprises kept by the Chamber, procedure of the erasing of the enterprise from the State Register as a result of its liquidation.

Not less important from the point of view of the fundamental juridical framework that determines the form and the content of entrepreneurship activity are the Laws about the investments in the entrepreneurship activity, about supporting and protecting small business, about the joint stock companies, about cooperatives of production, entrepreneurship, about the state regulation of the extern commercial activities and other (see the Annex 6.9), we will talk about them in the respective chapters. For a plenary perception of the juridical framework on the entrepreneur activity should be taken into consideration and many other legislative acts (Annex 6.10-6.11), as well as of legislative subordination (Annexes 6.12-6.13).

4.2. Juridical framework and procedures for business launching

The procedures of business launching are regulated by many legislative acts and acts of legislative subordination among which the most relevant are the Civil Code, Law about the state

registration of the enterprises and organizations, about the entrepreneurship and enterprises, about the joint stock companies, cooperatives of production, of entrepreneurship, the Governmental Decisions about the approving of the regulation of the economic societies in RM, about the approving of the tariffs for the services rendered by the Chamber of State Registration and others (see Annexes 6.8, 6.11). These normative acts regulate the procedure of registration of the enterprises for 11 organizational-juridical forms of entrepreneurship activity.

Registration of peasant farms and of physical persons that are carrying entrepreneur activity in base of patent of entrepreneur is taking place in the way stipulated by the Law about the peasant farms (no.1353-XIV of 03.11.2000) and Law about the patent of entrepreneur (no.93-XIV of 15.07.98). These two forms of entrepreneur activity don't need to be registered at the State Registering Chamber and should be registered in the special registers kept by the local public authorities (in case of the peasant farms) and by the territorial tax authorities (in case of patents of entrepreneurs).

Launching of one business, according to the RM legislation takes place with the respecting of following procedures:

- 1) procedures of pre-registration;
- 2) proper procedures of registration;
- 3) procedures of post-registration.

Launching and development of a business can take place only after state registration of the enterprise at the Chamber of State Registration. Practicing entrepreneurship activity without the state registration of enterprise, implicitly without licenses, authorizations provided by law, are qualified as offence and entails juridical (administrative, etc.) responsibility.

State registration of the enterprise is made by the local/territorial bureau of the Chamber of Registration and is ending with the elaboration and issuing of the Certificate of State registration of the enterprise.

Duration of state registration of the enterprise. The procedure of pre-registration has no legal restrictions, each entrepreneur is doing them personally, but the law regulates the period of registration of the enterprise. The Chamber of State Registration has to register the enterprise in maximum 15 working days (not more than 3 weeks). The Governmental Decision no. 926 provides the possibility of enterprise's registration in reduced time, and in this case the registration fee is doubled. The state registration of the enterprise as a rule takes about 18-19 days.

Assessment of the registration procedures and business launching. The process of state registration of the enterprises and business launching contains some obstacles related to:

- 1) identification and legalization of the office/juridical address of further enterprise;
- 2) difficult procedures of registration;
- 3) total cost of the process of registration of the enterprise and business launching;
- 4) the size of the initial social capital of enterprise settled by law;
- 5) obtaining and the cost of numerous authorizations and licenses;
- 6) getting loans/credits in most acceptable conditions;
- 7) renting rooms, production buildings and their costs.

The biggest obstacles are the administrative barriers and the high cost of the procedures of registration and these difficulties don't decrease as intensity. Some positive tendencies are foreseen with the approving of the Governmental decision about the reform of the state regulation of the entrepreneurship activity (nr.141 from 17.02.2004) that provides implementation in practice of more measures to assure procedures of enterprises' registration and business launching less bureaucratized and less expensive, including by implementation with title of pilot project of the system of unique offices for complex servicing of starting of activities and launching of business by the economic agents, that could include not only the execution of

registration procedures but also issuing of licenses, authorizations, etc. (of procedures of registration and launching business of type “unique window”).

4.3. Tax legislation

Tax legislation includes a totality of legislative acts (Tax Code no.1163-XIII of 24.04.97; with further modifications and completions), Law about local fees (no.186-XIII of 19.07.94; **in force till 1a 31.12.2004**), Laws about the applications of some titles of Tax Code and of legislative subordination (instructions, regulations and rules, elaborated by the Minister of Finance/State Main Tax Authority, local public authorities), as well as international conventions about the taxing inter-state bilateral agreements about the avoiding double taxation, part of which Moldova is.

The normative acts of legislative subordination about taxes (of the Government, Minister of Finance/State Main Tax Authority, Customs Department, of local public authorities) could not contravene to Tax Code. In case of appearing of some contradictions between the acts of legislative subordination and Tax Code is applied. If an International Agreement to which RM is part, contains other provisions than those from the Tax Code of RM the International Agreement if applied.

The Tax Code regulates the relations on the execution of tax obligation, taxes and state general fees, establishes the general principles of determination and perception of the local taxes and fees. The tax is a compulsory payment with free title. The fee is also a compulsory payment with free title but it is not a tax. Other payments regulated by the non-tax legislation don't take part in the category of compulsory payments, named taxes and fees. In RM state and local general taxes and fees are collected.

The system of taxes and fees includes 6 state general taxes and fees (income tax, VAT, excise tax, etc.) and **16 local taxes and fees** (real estate tax, market tax, tax for territory arrangement etc.)

Tax Code (Chapter VII “Local fees” in force from 01.01.2005) settles that the local fee is a compulsory payment made to the local budget. Some local public authorities apply the local fees. The subjects of the fees are physical and juridical persons registered as entrepreneurs. Each Mayoralty has its own service of taxes and fees collecting. Besides this, the Tax Code provides a range of rights with tax character for the Center for fighting against economic crimes and corruption, as well as for Customs bodies. The maximum cote and the terms of payments of local fees, of presenting fiscal statements are settled in the Annex to the Chapter VII of the Tax Code, but the concrete cote of the local fees is settled by the local public authorities depending on the fee objects. The local public authority with the simultaneous modification of the local budget may:

- a) offer to fee subjects additional exemptions to those provided in the Tax Code;
- b) offer adjourns in payment of local fees for the respective tax year;
- c) provide facilities to the payment of local fees for social-vulnerable categories of population.

Fundamental tax legislation of RM is one included in a single Code – Tax Code. The last chapter of the Tax Code is the chapter VII “Local fee”, approved thorough the law 93-XV of 01.04.2004 that will enter in force on 01.01.2005. This is the positive aspect. Another is that the applying of the Tax Code takes place through different applicative instructions and rules approved by the Minister of Finance and State Main Tax Authority. These instructions, as a rule, reflect the viewpoint of the state on the taxation, ways of calculation the taxation basis, of production expenditures and their deduction. Despite more addressing of entrepreneurs on this problems to the Minister of Finance/State Main Tax Authority the problem of deduction of production expenditures, including those related to the reparation of the real estate, renovation and updating

the production technologies, etc. is still a major problem in the entrepreneurs' activity. The Minister of Finance/State Main Tax Authority in their instructions elaborated to apply the Tax Code interprets, as a rule, its provisions in disadvantage of economic agents.

Also the ways of taxation of entrepreneurs from the agricultural sector create some deficiencies. Mostly the taxation of this category of taxpayers is based on a probable income that they will receive from the land. The land tax and real estate tax is a priori calculated tax on basis of the fertilization of the agricultural lands possessed in using/property. As a positive fact may be appreciated that with title of pilot project takes place the implementation of a unique tax in agriculture, that according to the opinion of many experts is an acceptable measure both for state and for many taxpayers from the agricultural sector.

The conducted researches appreciate as difficult the modalities of filling and submitting the tax statements. Despite the amendments made to the Tax Code (to the Chapter "VAT") are still complicated the procedure of receiving VAT in case of economic contract with extraneous element. Not very perfect are also the modalities of collecting VAT at zero cote in relations of import of raw material, including in cases when raw material should be delivered according to the processing process to economic agents (within the technological process of type "branch").

4.4. Barriers and procedures of export

The procedures of export in RM are regulated by the Customs and Tax Codes, Laws about the customs tariff, about the way of introduction and exporting goods on the territory of RM by physical persons, about the repatriating of money, goods, works and services resulted from the extern economic transactions, the Decisions of Government about the approving of the Strategy of export promoting for 2002-2005, about the approving of the Regulation about the good transportation through the intern control customs posts and others (Annexes 2,5).

To avoid the penalties stipulated by legislation, economic agents have to follow, as a rule difficult procedures of signing and executing export contracts, of receiving certificates of corresponding and hygienic ones for foods and pharmaceuticals. The procedure of export of agricultural production is regulated through phyto-sanitary, and productions of meat are supposed to veterinary and radiological control. A serious obstacle that can be appreciated as an interference of the state in the current economic activity of economic agents is created through the Decision of the Government about compulsory selling-buying of some agricultural products only by means of goods bourse of RM.

In accordance with the Provision of the Customs Department about the customs procedural documents doe international transactions (no.76-0 of 24.10. 2002) the exporters have to present a great number of authorizations, authorized documents for customs procedures. About 13 certificates and authorizations accompany the export contract.

Mostly the barriers of export in RM appear in the process of:

- 1) elaboration, improving and legalization of the contract of selling-buying for export;
- 2) elaboration of documents for production transportation;
- 3) submitting documents and assessing the cost of exported production;
- 4) obtaining certificate of conformity, origin, phyto-sanitary one (for agricultural production), veterinary and radiological ones (for meat production), act of expertise, etc;
- 5) submitting numerous documents of identification of exporting enterprise, its manager and accountant;
- 6) collecting and paying the exaggerate costs of the customs procedures;
- 7) executing the customs procedures (exaggerate time duration, including in case of perishable agricultural production);
- 8) returning/non-returning VAT (non respecting the terms settled in the Tax Code);

- 9) repatriation of money, goods, works and services resulted from extern economic transactions and applying of sanctions in this case.

Law about the repatriation of money, goods, works and services resulted from the extern economic transactions imposes limits of time for transfer of money resulted from the export transaction. Thus, money resulted from the exported goods should be transferred in 180 days from the goods transportation. Breaking these provisions is punished with severe sanctions, very often-exaggerated ones. As a rule, penalties are equal with the value of the profit resulted from the export transaction.

Exporters are exposed to a severe control of prices. The Customs bodies impose to exporters indicative prices for exported goods and the economic agents are forced to change the customs declarations in case they don't have solid arguments to justify the indicated prices in contract.

The system of certification in RM has following gaps:

- a) doubling of the authorities of certification and agencies of sanitary registration that impose the companies to receive permits from both of them;
- b) both producer and seller are forced to certify the goods;
- c) absence of standards for some goods that are supposed to certification;
- d) very complicated procedures for recognizing of certificates issued by other states.

A problem is also the permission to seal the wagons only with a type of seal, that is made and may be obtained only at an enterprise from RM at very high costs.

Positive is the fact that through the governmental decision was decided examination of the national legislation related to export, identification of all gaps, contradictions, doubling and barriers that appear objectively/subjectively in the way of export in RM. Lastly the national legislation of RM related to export according to the declared objectives, should be adjusted to the regulations of the European Union in the field of export, including in relation with the costs and terms of customs procedures, number of justifying documents etc. It follows to be positively appreciated also intention of the Government to cancel the compulsory character of repatriation of money resulted from the extern economic transactions and sanctions provided by law in these cases. Thus, this problem follows to be examined and solved by the Parliament of RM.

4.5. Juridical framework on the attraction of investments in RM

The base legislative act on attraction of investments in RM is the Law about the investments in entrepreneurship activity (no.81-XV of 18.03.2004; further – Law 81). Law 81 is a relative new one. With its applying was abrogated the Law about the foreign investments (no.998-XII of 01.04.1992). The declared purpose of the Law 81 is attraction of investments in RM, their promoting and protecting, creation of stable juridical and economical conditions, settling of equal guarantees for local and foreign investors. Law establishes the juridical and economical principles of development of investment activity in RM, rights and obligations of investors, guarantees that state offers to investors, modality of solving the investment litigations. The law contains also special regulations related to the activity of enterprises with foreign investments.

Investments in RM are protected not only by the national legislation but also by the international conventions to which RM is part. If provisions of the international conventions to which RM is part are different that those of Law 81 then are applied the provisions of the international conventions. Is important the fact that RM ratified the Convention about the protection of the investor's rights (through the Law RM no.1259-XV of 19.07.2002), thus this became compulsory for RM, for public authorities and bodies of protecting the right norms of RM. This juridical reality should inspire the investors, including those from abroad, a higher rate of trust in their rights and real possibility of their juridical protection.

Law 81, extensively, in contrast with the abrogated law, establishes that investment may take form of rights of property, any right offered on the bases of law/contract, any license of authorization, derived rights from actions, share of participation, money, rights of monetary debts, rights of intellectual property, including know-how, goodwill types etc.

The local investors may make investments in form of monetary means only in national currency of RM and the foreign investors - in other convertible currency. RM assures in accordance with the law RM, international conventions to which RM is part, a regime of security and entire and permanent protection of all investments, indifferently of their form. It is declared with title of principle "Non-discrimination of investments".

The investors are forced to execute the legal requirements of the public authorities. At their turn, public authorities are obliged to respect the rights of investors. In case of violation the rights of investors by a public authority, the investor has the right to ask elimination of the violation and repairing of the caused damages.

The investments cannot be expropriated. However the activity of investment can be interrupted in forced way in cases stipulated by law. The damage, including the failed income supported by the investor because of the public authorities **will be reimbursed from guilty public authorities' account.**

Investors receive tax and customs facilities in accordance with the tax and customs legislation of RM, but the law doesn't include none a tax or customs facility offered to investors. The desire of the legislator is to solve possible litigations in a friendly way. If parts, however, agreed on the fact that the litigation should be solved by the arbitration at the establishment of the procedural rules are taken into consideration the Rules of arbitration of the United Nations Commission on International Trade Law (UNCITRAL rules), other rules settled and accepted by Parts. To solve the investment litigation is applied the RM legislation, if Parts has not agreed in other way.

Law 81 includes a separate chapter about the foreign investors and foreign investments. Law 81 made equal the joint enterprises and enterprises with foreign capital with the local enterprise with regards to the procedures and costs of registration, of conducting the activity and of enterprise's dissolving. Thus, discrimination of the foreign investors with regards to this was eliminated from the RM legislation.

The monetary means and goods received from foreign investment, after satisfying the tax obligations, may be transferred abroad. Foreign investors have the right to convert freely the national currency of RM in foreign currency or vice versa. Foreign investors may become owners of real estate in RM but this right is restricted. They cannot have in property agricultural lands, lands of forest fund, but they can rent these goods, including from the state. The restriction with regards to the agricultural lands contravenes to the regulations of European Union.

Law contains provisions that can protect investors of expropriation, nationalization, requisitioning and confiscation, which can take place only through a Court decision. However practice demonstrates that investments and the right of investors is not a stable and sure one. In case of many investors there is the problem of applying the right in practice, case in which more investors can not retrieve made investments and damages caused as a result of forced interruption by the state of the investor's activity. Thus, legislation contains provisions/juridical guarantees, but their applying in practice is extremely complicated.

4.6 Juridical Framework of Some Prior Domains of the Region

As an Economic Growth Area, Soroca region is important grace to its processing industry (fruits, berries), textiles, fruit growing and food industry. There are sufficient places attractive for tourists, but their development is very slow. The Legislation of RM includes a series of legislative acts and legislative subordination acts concerning entrepreneurial activity in the field

of horticulture, fruits and berries production, processing and marketing etc. Not less specific are for the region the activities from agricultural and agro-industrial domains. These relations are regulated at large by the legislation on horticulture, Law of the nut tree, concerning tobacco and tobacco products, agricultural rent, regarding subsidized insurance of production risks in agriculture, concerning plants protection, seeds, tourism, protection of industrial designs and models etc. (Annex 3).

Peculiarity of these normative acts consists in the presence of a lot of declarative norms, which are not always well argued. The Legislation on entrepreneurial activity is built on a significant economic freedom base. But neither the best legislation on horticulture, textiles industry, agricultural sector will not lead RM on a way of modern and advanced economic development, if the juridical framework will not be entirely based on market laws and principles.

Law on fruit growing (nr.728-XIII from 06.02.96) The Law regulates general and special conditions for producing and marketing fruits and berries, planting material. The goal of the Law is to preserve, develop and increase productive potential of fruit growing and berries plantations. The law establishes in an imperative way the competence of state bodies for the regulation of fruit growing, i.e. not only the elaboration of strategies, but also the regulation of production, relations connected to the commercialization of fruits and berries, sapling, that is in the competence of the Ministry of Agriculture and Food Industry.

The Law nr.728 includes concrete stipulations on the fruit growing plantations' cadastre, saplings, production, testing, control, certification and commercialization of saplings, the obligations of fruit growing saplings producers, imported saplings, projecting and creating fruit growing and berries plantations, passing to losses and grubbing plantations, production and commercializing fruits and berries, including agro-technical advices and recommendations, packing, marking, transportation and preserving fruits and berries, sapling. The law stipulates juridical responsibility, including of persons with culpable posts:

- a) for unauthorized importing and multiplying of sorts and types of mother plant;
- b) for unauthorized production and commercialization of saplings;
- a) counterfeiting the sapling;
- b) creating plantations with a surface over 0,5 ha without a project, with sapling that is not certified or sorts and types of tree stocks;
- c) unauthorized grubbing of fruit growing and berries plantations;
- d) non-respecting the phyto-sanitary and quarantine regime;
- e) infringement of the cultivation technique of fruit growing and berries plantations, that lead to considerable losses or plantation destruction.

A place apart in the regulation of entrepreneurial activity has the **Law on Designs and Industrial Models Protection** (nr.991-XIII from 15.10.96). This law regulates the connected property and non-property that appeared during the creation, juridical protection and use of industrial designs and models, including in those applied in textiles industry.

The rights on industrial designs and models are protected on the territory of RM and are confirmed via the **Registration Certificate of the Industrial Design or Model**. The certificate confirms the priority, author of the industrial design or model and the exclusive right of the certificate holder on the industrial design or model. The validity duration of the certificate is 5 years. The term of certificate validity can be prolonged for successive periods of 5 years. The protection of the designs or models cannot cease due to the lack of exploitation or the introduction of identical objects to those protected. Thus the Law no. 991 does not exclude also the possibility of applying in parallel the Law on Author's Rights and other connected.

According to the Law no. 991 can be protected as an industrial model the new aspect of a product, including textiles. The protection object could be industrial design/model, as well as their combination. An industrial model is new if it differs from the industrial models known in

RM and abroad. At the establishment of the “new” factor of industrial model there are considered all the applications for the registration of industrial models that have a previous date, applied by other persons. An industrial model has a utility function if the product can be used in useful aim, including decorative one. There cannot be protected industrial models that:

- a) are determined by technical or functional considerations;
- b) have instable forms;
- c) are contrary to public order or good sense.

The author of the design or industrial model is considered the physical person that via its work has realized the industrial model. The Certificate holder has the exclusive right on the industrial model protected, which consists in the right to use it. The law establishes exception cases too. Thus, it do not constitutes an infringement of the exclusive right of the certificate holder the use of the registered design or industrial model:

- a) in the construction or exploitation exclusively for transportation means;
- b) in performing scientific researches or experiments;
- c) during calamities or other exceptional situations;
- d) in a private frame for non-commercial goals.

The Certificate holder can apply on the product a warning mark that can include the name of the holder but the lack of the mark do not produce juridical effects.

4.7 Local Regulatory Framework

The local juridical and regulatory framework of the region includes in it the totality of legislative subordination acts, issued by LPAs and companies from the region, including:

- 1) Decisions, provisions of the District Council
- 2) Decisions, provisions of City or Village Councils
- 3) Decisions, provisions of Mayoralties, Mayors of cities, villages
- 4) Local (internal) acts of the enterprises from the region bearing a normative character, issued by the management of the company (declarations and contracts, statutes, economic contracts, Regulations on juridical status of the management, concerning internal labor order, other internal documents of the enterprise with normative character.

There was elaborated the Development Strategies of Soroca, Drochia and Florești Districts. They serve as starting point for elaborating recommendations, economic development policies and action plans for the Districts. The Strategy permits the improvement of the local juridical framework, including at the elaboration of the Local Councils, Mayoralties’ Decisions on the regulation of entrepreneurial activity in the region.

A negative factor, like in other regions too, is that for the Districts of Soroca EGA until now there were not adopted and implemented District Programs for supporting small business. Due to this fact there are no systematic and coordinated actions made by local authorities concerning the support, promotion and protection, including via priority offer of production spaces, local fiscal facilities etc. to micro, and small and medium enterprises in the region.

It is not also perfect the regulation of certificates, authorizations issuing activities including in the frame of local offices of the State Registration Chamber of enterprises, License Chamber, territorial outlets of the Chamber of Trade and Industry etc. The access of the entrepreneurs to the information is limited. Computerized databases for enterprise information are lacking. There are not ensured sufficiently the information of enterprises about the services rendered, their cost and duration. A situation apart exist in the territorial cadastre offices, taking into consideration that the Government Decision on approving the tariffs for the services rendered by the territorial cadastre offices (nr.718 from 20.07.2000) is permanently modified, the cost of services rendered

being established by applying some coefficients to other coefficients of tariffs' increase. In such a way the calculation of the cost of services rendered by territorial cadastral offices (TCO) becomes an extraordinarily sophisticated process. We consider as necessary to place in special arranged visible places the costs of the services rendered in absolute figures, not in percents, coefficients etc. It is necessary to inform the enterprises about the TCO obligation to reimburse 50% from the sums paid at the application for the registration in the cases when the registration of the property right and other real rights on real estate was protracted and performed in more than 7 working days. We consider that local authorities can be involved in solving these issues that are a fact in the activity of state bodies spread in territory.

It is not ensured methodologically neither the activity of the Council Secretaries in Villages what concerns the authorization of transactions with land and real estate. Some secretaries due to the lack of experience and special training just refuse to authorize such transactions, although the cost of authorization is favorable both for entrepreneurs (the fee charge by the Council Secretary is much cheaper than the fee settled by private or state notaries) and for the local council (accumulation of supplementary financial means in the Village budget).

At the regional level, a special importance have not only the legislation but also some moral laws, professional ethics of entrepreneurs, on the one hand, and of the civil servants, on the other hand, which are responsible for the organization and publicity of public auctions, fulfilling and issuing authorizations, certificates, licenses etc.

Constitutes a problem also the recent decision to transmit the right of issuing authorizations for the placement of commercial space from the competence of City and Village Mayoralties to the competence of the District Councils. We consider this decision as inadequate, because the situation about the placement, necessity of commercial spaces in the City, Village is very detailed known by the Mayoralty of that locality and much less known by the District Council. Besides that the entrepreneurs will pay more for coming several times to respective District Center.

A major problem in the activity of the local authorities represents the lack of special computerized services for public information. The elaboration of the Local Councils' decisions takes place at large after the proposal and insistence of the Mayors, and at a lower extent after the request or proposal of the local economic agents or their organizations.

5. Plan of Interventions

The analysis performed in the previous sections has shown that the main barriers for the activation of the economic increase as a whole and of the main branches from Soroca region are reduced to:

- Limited private initiative
- Problematic access to financial resources
- Unfair competition
- Labor force problems
- Reduced access to target markets

In order to overpass these impediments it is proposed a Plan of Interventions in the following directions:

1. To improve the regulatory framework a the national and local level
2. To develop entrepreneurial skills and way of thinking
3. To strengthen institutional capacity of small business support
4. To develop production and marketing infrastructure
5. To ensure the access to financial means.

5.1 Improvement of Regulatory Framework at National and Local Level

Considering the actual juridical reality, Moldovan economic legislation specifics, existent regulatory framework it is recommended the following:

- To minimize the tendency to regulate entrepreneurial activities via normative acts of legislative subordination (governmental, ministerial, departmental, etc.) and their regulation by means of organic laws, adopted by the Parliament;
- To make a complex analysis of economic legislation for excluding the lacunas as well as the contradictions between the legislative acts and legislative subordination acts. To harmonies economic legislation with the new Civil Codex provisions;
- To elaborate a national development strategy based on groups and which would include national regional and local level activities;
- To elaborate and implement the national strategy for business incubators' development, including the institutional-juridical and financial framework
- To elaborate and implement the export support program, for partial covering of some exporter expenses and promotion of the local production
- To elaborate and implement a program for increasing products competitively
- To complete Moldovan Civil Codex with stipulations on the forms of the property right, including the private property right, right to use property in the forms solicited by the owner and the guarantees of the property right
- To urge the process of elaboration and approval of the Small Business Support Program in Soroca District; to develop and approve such programs for the other Districts from Soroca EGA too
- To urge the implementation process of the unique office system for complete servicing of entrepreneurs that launch businesses („unique window”)
- To modify the legislation on external economic activity in order to reduce essentially the number of documents while executing international trade contracts. To simplify customs procedures and procedures for obtaining the necessary documents when performing export transactions (to harmonize export procedures and regulations of RM with those of European Union)
- To complete the Law on investments into entrepreneurial activity (nr.81-XV from 18.03.2004) with clear stipulations, which would guarantee the property right of investors on the investments made into the national economy of RM
- To complete the Law on entrepreneurship and enterprises (nr.845-XII from 03.01.1992) with a clear stipulation that would establish exhaustively the case and way in which public authorities, control bodies can intervene in the economic activity of the enterprise
- To complete the Fiscal Codex (Title III „Value Added Tax”) with a clear stipulation that would stipulate the perception of the VAT at „zero” quota not only for the raw material importer but also for the enterprise that process it in the frame of „branch” type technologic process.
- To complete Fiscal Codex (Title III „Value Added Tax”) with a clear stipulation that would establish clearly the procedure and terms of VAT reimbursement in the case of foreign trade contracts
- To modify the Administrative Contraventions Codex and Criminal Codex in order to harden the responsibility for wares' counterfeiting and smuggling

- To complete the law on small business support (nr.112-XIII from 20.05.1994) with norms and guaranties for SMEs at contracting state and local orders
- To modify essentially art.11 from Land Codex that would exclude the possibility to abusively attribute for the use/property of the land destined for construction
- To modify the Law on the licensing some economic activities that would stipulate the possibility to obtain a single license for a set of activities: production, export, import, en-gross and en-detail commercialization etc.
- To apply competition protection instruments and mechanisms and fighting local artificial monopoly (in manufacturing customs seal; in acquiring agricultural production etc.)
- To urge the procedure of canceling the obligation of enterprises to repatriation money, goods, works and services originated from external economic transactions
- To cancel the Governmental Decision on the obligation of agricultural entrepreneurs to sell cereals by means of Wares Exchange of RM.
- To cancel the Decision on the transfer of the right of issuing authorizations for the placement of commercial space from the competence of the locality Mayoralties to the competence of the District Councils.
- To improve the regulation framework of non-banking financial activities for SME support.

5.2 Developing Entrepreneurial Skills and Way of Thinking

- To organize trainings in order to increase professional skills in marketing, management and finance for entrepreneurs
- To organize free of charge training courses in the field of export operations
- To develop and present information and market studies
- To develop special programs for products quality improvement
- To retrain the labor force via the District Agencies for Labor Force Employment
- To promote entrepreneurial concept and culture via round tables, work shops, seminars, public debates
- To develop and place the Regional Web portal destined for Small Business support
- To inform entrepreneurs about the organizations and programs that support business development
- To organize and unfold as tradition „The Businessman of the Year”.

5.3 Strengthening Institutional Capacity for Small Business Support

- Creating National Council on Groups that would include the main state representatives; research and development sector, the employees and entrepreneurs will identify the barriers in their business environment and will suggest their resolution opinion.
- To create the National Agency for Small Business support on the base of the best international practices
- To create the SMEs Regional Council
- To create professional associations in different branches

- To develop the consulting centers network
- To create the Center for innovations and Business
- To create Soroca Business Incubator and examine the possibilities to open such institutions in Drochia and Florești
- To revitalize the activity of „North-East Regional Development Agency” foundation
- To develop and edit informational records about the small business
- To organize fairs and exhibitions of the local producers
- To facilitate local producers participation at national and international exhibitions and fairs
- To organize business contests for youth.

5.4 Developing Production and Marketing Infrastructure

- To create sample processing mini-factories models
- To create the records of investment offers for each locality
- To facilitate new technologies via organizing seminars and round tables
- To create stimulating mechanisms for renting production spaces
- To promote acquiring production equipment through leasing

5.5 Ensuring the Access to Financial Means

- To create National Exports Supporting and Guarantee Fund
- To set up the Innovations and Technology Supporting Fund
- To establish territorial structures of the National Fund for Supporting Entrepreneurship and Small Business
- To create a firm for “growing businesses”
- To establish credit and micro credit programs for SMEs with a subsidized interest rate
- To reassess the guaranteeing principles of the bank credits in order to increase their flexibility
- To extend mutual credit experience for SMEs by Savings and Loan Associations.

6. Annexes

Annex 6.1 Top 50 enterprises according to turnover

#	Name of the enterprise	Field of activity	Persons	Sales (lei)
1	SA IM "SUDZUCKER-MOLDOVA"	Food industry	1289	215970,5
2	SA "CRISTAL-FLOR"	Building materials	509	81538,2
3	SA "SEMINTE NORD"	Agriculture	1009	75651,4
4	SA "ALFA-NISTRU"	Food industry	541	67822,1
5	SRL "MOLDOVATRANSGAZ"	Auto Transport	597	59305,5
6	SRL "NEFIS"	Food industry	460	57430,4
7	SA "FABRICA DE BRINZETURI" Soroca	Food industry	150	26102,7
8	SA "CEREALE-FLORESTI"	Food industry	233	25656,9
9	CAP "B.GLAVAN"	Agriculture	839	25048,2
10	SA "COMLAC"	Food industry	83	24223,0
11	SA "FABRICA DE CONSERVE" Floresti	Food industry	244	23667,4
12	SRL FIRMA DE CONSULT."MILAGRO"	Other commercial activities	111	21953,2
13	SRL "CENTR. DE SERVICII CALMO"	Textiles	1573	21809,0
14	SRL "BOMI-SERVIS"	Food industry	293	21629,8
15	SRL "FLORESTI-GAZ"	Electricity, gas water	226	19172,8
16	SA "COMBI-MARCULESTI"	Food industry	311	18470,8
17	SRL "MAGROSELECT-PRIM"	Agriculture	2	18064,2
18	SRL PCF "CORSOR"	En-gross trade	55	15885,5
19	SRL "ANTADRO"	En-gross trade	101	15424,0
20	SRL "PRIETENIA-AGRO"	Agriculture	986	13753,8
21	UNIVERSALCOOP Floresti	En-detail trade	198	11957,4
22	SRL "ORSALIM-COM"	Agriculture	35	11829,0
23	SRL "ANTRATIT"	En-gross trade	39	10449,3
24	SRL "TETRACOM-AGRO"	Agriculture	397	10369,2
25	SA "CARIERA DE GRANIT SI PIETRIS"	Queries exploitation	178	9598,1
26	SRL "TEHCONTROL"	Food industry	33	9574,7
27	APEDUCTUL SOROCA-BALTI	Electricity, gas water	110	9201,4
28	SRL "PROCULT-AGRO"	Agriculture	297	8959,3
29	SRL "NAVSOR"	Auto Service Repair	30	8680,7
30	SA "MOLDGRE" IM	Food industry	58	8290,9
31	SRL "Glia Surenilor"	Agriculture	835	8208,6
32	SA "FAURITORUL"	Constructions	81	8030,8
33	SA "DANA"	Clothes	723	7753,0
34	SRL "POHOARNA AGRO"	Agriculture	220	7505,9
35	SRL "KERNEL GRUP"	Food industry	45	6751,7
36	SRL "VAMES BEISUG"	Food industry	351	6572,8
37	SRL "FLOGRAIN GROUP"	Constructions	50	6258,5
38	SRL "PAN CLIP"	Agriculture	159	6065,9
39	SRL "DISETINCOM"	Agriculture	501	5990,4
40	SRL "DEALUL OCHIULBEAN"	Agriculture	350	5862,4
41	SRL "MERCURII"	En-detail trade	4	5548,2
42	SRL "ALEX FLOR"	Agriculture	140	5465,6
43	SA "COMTIRAS"	En-detail trade	63	5215,7
44	SRL "FEBUS NORD"	En-detail trade	37	5124,6
45	SRL "MENORA"	En-detail trade	8	5079,6
46	SRL "SOR-ELITA"	Other commercial activities	65	4959,8
47	SRL "FINTINITA S.P."	Agriculture	436	4894,9
48	SRL "FERMNORDTUTUN"	Tobacco	5	4874,9
49	ASECOOP-ALIMENTARA Floresti	En-detail trade	73	4553,1
50	GT "LUPASCO GRIGORII"	Agriculture	385	4513,8
Total			15518	1066719,6

Annex 6.2. Top 50 enterprises according to the number of employees

#	Name of the enterprise	Field of activity	Persons	Sales(lei)
1	SRL "CENTR. DE SERVICII CALMO"	Textiles	1573	21809,0
2	SA IM "SUDZUCKER-MOLDOVA"	Food industry	1289	215970,5
3	SA "SEMINTE NORD"	Agriculture	1009	75651,4
4	SRL "PRIETENIA-AGRO"	Agriculture	986	13753,8
5	CAP "B. GLAVAN"	Agriculture	839	25048,2
6	SRL "Glia Surenilor"	Agriculture	835	8208,6
7	SA "DANA"	Clothes	723	7753,0
8	SRL "MOLDOVATRANSGAZ"	Auto Transport	597	59305,5
9	AGT "HLIA DROCHIANA"	Agriculture	589	3931,1
10	SA "ALFA-NISTRU"	Agriculture	541	67822,1
11	SRL "AGROSELECT VADENI"	Agriculture	512	4483,2
12	SA "CRISTAL-FLOR"	Constructions materials	509	81538,2
13	SRL "DISETINCOM"	Agriculture	501	5990,4
14	SRL "NEFIS"	Agriculture	460	57430,4
15	SRL "PLANTAJ-AGRO"	Agriculture	448	3429,3
16	SRL "CIMPIA OCHIULBEANA"	Agriculture	443	2921,0
17	SRL "FINTINITA S.P."	Agriculture	436	4894,9
18	SRL "TETRACOM-AGRO"	Agriculture	397	10369,2
19	GT "LUPASCO GRIGORII"	Agriculture	385	4513,8
20	SRL "ERVASAGRO"	Agriculture	364	4307,0
21	CAPC "SCHINEANCA"	Agriculture	360	1603,0
22	SRL "VAMES BEISUG"	Food industry	351	6572,8
23	SRL "DEALUL OCHIULBEAN"	Agriculture	350	5862,4
24	SA "COMBI-MARCULESTI"	Food industry	311	18470,8
25	SRL "PROCULT-AGRO"	Agriculture	297	8959,3
26	SRL "BADIALT"	Agriculture	294	1714,5
27	SRL "BOMI-SERVIS"	Food industry	293	21629,8
28	SRL "LUVANIC-SOR"	Agriculture	290	1049,4
29	SRL "CHIPAGRO"	Agriculture	260	3656,8
30	SRL "NOUL STIL"	Textiles	252	3719,0
31	SRL "AGROSELECT COSAUTI"	Agriculture	252	3229,4
32	SA "FABRICA DE CONSERVE" Floresti	Food industry	244	23667,4
33	INTREP.DE STAT PENTRU SILVIC.	Forestry	242	3384,6
34	SRL "BAHFLO"	Agriculture	241	4018,3
35	SA "CMM-28"	Constructions	235	3825,9
36	SA "CEREALE-FLORESTI"	Food industry	233	25656,9
37	SRL "FLORESTI-GAZ"	Electricity, gas water	226	19172,8
38	SRL "POHOARNA AGRO"	Agriculture	220	7505,9
39	SRL "AGROCIRIP"	Agriculture	220	3330,9
40	SRL "ANT AGRO CBS"	Agriculture	219	4068,5
41	Apa – Canal Soroca	Electricity, gas water	214	3810,1
42	SRL "BIRAROVCA"	Agriculture	203	2521,5
43	UNIVERSALCOOP Floresti	En-detail trade	198	11957,4
44	SA "SERVICII COMUNALE" Floresti	Electricity, gas water	194	2391,8
45	SRL "VASIGRUS"	Agriculture	186	1908,0
46	SRL "ZGURA-AGRO"	Agriculture	185	2609,0
47	SRL "BARONCIANCA"	Agriculture	185	2350,6
48	SRL "TERRA-NISTRU"	Agriculture	185	1666,0
49	GT "SUFRAI V."	Agriculture	181	2649,6
50	SA "CARIERA DE GRANIT SI PIETRIS"	Queries exploitation	178	9598,1
Total			20735	891691,3

Annex 6.3 Export on groups of goods in 2003, Soroca Region, 2003

Code	The name of the good according to Nomenclature of goods (SISARM)	Amount in th. USD
17	Sugar and sugar products	8378,37
20	Products from vegetables, fruits and from other parts of the plants	7538,67
62	Apparels and accessories, from knitwear	6086,44
22	Beverages, alcoholic drinks and vinegars	1905,24
02	Meat and entrails	1330,59
08	Eatable fruits; melon and citric skin	1323,89
01	Live animals	1267,60
15	Animal and vegetal greases and oils; products of their dissociation; food processed greases; animal and vegetal wax	945,26
61	Apparels and accessories, from knitwear	894,03
19	Cereal base products, flour, amidon or milk; backed products	871,68
04	Milk and dairy products, bird eggs; natural honey; eatable animal products, without name and not being included in other part	633,63
33	Essence oils; perfumery products or toilets, cosmetic preparates	423,27
84	Nuclear reactors, boilers, machines and mechanics; spare parts	284,99
23	Food industry wastes; fodder for animals	226,14
11	Products of mill industry; malt; amidon, inulina, gluten	166,01
12	Oil seeds and fruits; different fruits and seeds; industrial and medical plants; fodder and straws	155,12
51	Fur, animal tiny or bulk hear; horse hear tissues and fibers	153,22
94	Furniture; medico-chirurgical furniture; bed and similar artides; lighting equipment un-named and un-included elsewhere; lamps for advertising, light signs, light indicators and similar artides; pre-manufactured constructions	123,37
10	Cereals	120,03
70	Glass and glass items	116,26
55	Discontinued synthetic fibers	113,44
41	Leather	113,25
07	Vegetables, plants and roots	64,85
96	Diverse artides	57,82
85	Electric machines and devices and their parts; devices recording and reproducing the sound and TV images and parts and accessories for these devices	39,49
57	Carpets and other textile floor cover	24,86
54	Synthetic or artificial filaments	20,11
63	Other textile artides; sets; worn or used clothes	19,05
83	Diverse artides from common metals	17,44
39	Plastic and plastic items	14,25
24	Tobacco and tobacco processed substitutes	13,41
73	Cast iron, steel and iron	7,52
56	Cotton-wool, felt; special fiber; string, girdle, ropes	7,35
52	Baum-wool	6,88
68	Stone artides, ipsos, cement, asbestos	6,10
87	Automobiles, tractors, bicydes, motorcydes and other vehides, spare parts	5,21
16	Meat, fish	3,51
76	Aluminum and artides from aluminum	3,31
06	Live plants or flower products	2,74
44	Wood, charcoal and wood items	2,15
58	Special tissues; curly tissues	1,83
18	Cacao and cacao products	1,64
25	Salt; sulphur, sail and rocks; plaster, lime and cement	1,27
35	Albuminoidal substances; modified amidon; glues	1,13
43	Fur and fur items; artificial furs	1,12
48	Pepper and carton	0,89

Code	The name of the good according to Nomenclature of goods (SISARM)	Amount in th. USD
05	Other animal products	0,70
53	Other textile vegetal fibers	0,49
90	Optic, photographic, cinematographic, measuring, controlling and adjusting tools and devices, medical-surgical instruments, spare parts and accessories	0,03
82	Tools, covers (knives, spoons, forks), from common metal; parts of this items, from common metal	0,01
	Total	33495,65

Annex 6.4 Modifications in the export in the Soroca area during 2000-2003, th. USD

COD	Name according to SISARM	2000	2003	RM	Share in total	Change (2003 – 2000)
10	Cereals	10,97	120,03	18695,65	0,6%	109,06
17	Sugar and sugar products	345,71	8378,37	13702,85	61,1%	8032,66
19	Cereal base products, flour, amidon or milk; backed products	1136,78	871,68	1752,15	49,7%	-265,10
01	Live animals	0,00	1267,60	3770,85	33,6%	1267,60
11	Milling products; malt; amidon, inulina, gluten	134,62	166,01	854,16	19,4%	31,39
51	Fur, animal tiny or bulk hear; horse hear tissues and fibers	42,77	153,22	832,79	18,4%	110,45
55	Discontinued synthetic fibers	410,88	113,44	619,93	18,3%	-297,44
20	Products from vegetables, fruits and from other parts of the plants	3541,41	7538,67	41294,72	18,3%	3997,26
33	Essence oils; perfumery products or toilets, cosmetic preparations	114,64	423,27	2991,41	14,1%	308,63
04	Milk and dairy products, bird eggs; natural honey; eatable animal products, without name and not being included in other part	78,80	633,63	5613,51	11,3%	554,83
96	Different items	38,38	57,82	690,02	8,4%	19,44
83	Diverse artides from common metals	0,00	17,44	209,45	8,3%	17,44
02	Meet and eatable entrails	1372,18	1330,59	19141,86	7,0%	-41,59
62	Apparels and accessories, from knitwear	10986,88	6086,44	92141,55	6,6%	-4900,44
05	Other animal products	24,39	0,70	11,28	6,2%	-23,69
07	Vegetables, plants and roots	56,20	64,85	1825,05	3,6%	8,64
94	Furniture; medico-chirurgical furniture; bed and similar artides; lighting equipment un-named and un-included elsewhere; lamps for advertising, light signs, light indicators and similar artides; pre-manufactured constructions	88,85	123,37	3791,18	3,3%	34,52
23	Food industry wastes; fodder for animals	1,62	226,14	6966,60	3,2%	224,53
15	Animal and vegetal greases and oils; products of their dissociation; food processed greases; animal and vegetal wax	24,50	945,26	29622,64	3,2%	920,76
56	Cotton-wool, felt; special fiber; string, girdle, ropes	39,57	7,35	283,18	2,6%	-32,22
08	Eatable fruits; melon and citric skin	127,33	1323,89	54871,24	2,4%	1196,56
58	Special tissues; curly tissues	18,91	1,83	100,40	1,8%	-17,08
61	Apparels and accessories, from knitwear	3214,64	894,03	49950,13	1,8%	-2320,62
06	Living plants or flower products	0,00	2,74	262,19	1,0%	2,74
84	Nuclear reactors, boilers, machines and mechanics; spare parts	380,03	284,99	28904,37	1,0%	-95,04
70	Glass and glass items	241,69	116,26	12244,79	0,9%	-125,43

COD	Name according to SISARM	2000	2003	RM	Share in total	Change (2003 – 2000)
12	Oil seeds and fruits; different fruits and seeds; industrial and medical plants; fodder and straws	6076,12	155,12	16398,92	0,9%	-5921,00
53	Other vegetable textile fibers	0,00	0,49	54,78	0,9%	0,49
54	Synthetic or artificial filaments	130,96	20,11	2281,06	0,9%	-110,85
22	Beverages, liquids	23,68	1905,24	259091,08	0,7%	1881,57
43	Fur and fur items; artificial furs	23,32	1,12	210,31	0,5%	-22,21
57	Carpets and other textile floor cover	0,00	24,86	6834,70	0,4%	24,86
39	Plastic and plastic items	23,39	14,25	4405,06	0,3%	-9,14
41	Leather	4,25	113,25	37031,54	0,3%	109,00
68	Stone artides, ipsos, cement, asbestos	0,00	6,10	2118,58	0,3%	6,10
73	Cast iron, steel and iron	6,18	7,52	4197,89	0,2%	1,34
18	Cacao and cacao products	1,08	1,64	919,09	0,2%	0,56
44	Wood, charcoal and wood items	4,16	2,15	1275,62	0,2%	-2,01
85	Electric machines and devices and their parts; devices recording and reproducing the sound and TV images and parts and accessories for these devices	123,66	39,49	24573,59	0,2%	-84,17
24	Tobacco and tobacco processed substitutes	1052,04	13,41	9491,54	0,1%	-1038,63
16	Meat, fish	0,00	3,51	2525,19	0,1%	3,51
76	Aluminum and artides from aluminum	10,01	3,31	4308,42	0,1%	-6,70
63	Other textile artides; sets; worn or used clothes	4,44	19,05	24861,82	0,1%	14,61
52	Baum-wool	9,72	6,88	10082,86	0,1%	-2,84
87	Automobiles, tractors, bicydes, motorcydes and other vehides, spare parts	2,00	5,21	8329,30	0,1%	3,21
48	Pepper and carton	5,50	0,89	9492,54	0,0%	-4,61
25	Salt; sulphur, sail and rocks; plaster, lime and cement	0,61	1,27	15056,00	0,0%	0,66
82	Tools, covers (knives, spoons, forks), from common metal; parts of this items, from common metal	1,19	0,01	916,84	0,0%	-1,18
90	Optic, photographic, cinematographic, measuring, controlling and adjusting tools and devices, medical-surgical instruments, spare parts and accessories	79,19	0,03	7602,06	0,0%	-79,17
21	Diverse food preparations	26,76	0,00	844,18	0,0%	-26,76
40	Rubber and rubber items	1,21	0,00	2445,57	0,0%	-1,21
47	Wood paste, paper wastes	1,75	0,00	804,46	0,0%	-1,75
59	Technical articles from textile materials	0,36	0,00	133,41	0,0%	-0,36
60	Knitted or crocheted tissues	2,71	0,00	114,93	0,0%	-2,71
69	Chinaware products	3,22	0,00	1632,30	0,0%	-3,22
35	Air or space navigation	0,00	1,13	0,00		1,13
	Albuminoidal substances; modified amidon; glues	0,00	0,00	0,00		0,00
	Total	30052,73	33495,65	927147,29	3,6%	3442,92

Annex 6.5 Export of the main sub-branches made from Soroaca, th. USD

Branch	Sub branch	Drochia District	Floresti District	Soroaca District	Export SR 2003	Export RM 2003	Share in the country
Agriculture	Animal breeding		1267,6	0,7	1268,3	5484,6	23,12%
	Vegetable, fruit growing	20,6	9,9	55,0	85,5	3798,0	2,25%
	Grapes, berries	337,2	46,1	948,1	1331,4	53791,9	2,48%
	Cereal, technical plants		100,4	146,6	247,0	32134,8	0,77%
Total Agriculture		357,8	1424,0	1150,4	2932,2	95209,4	3,08%
Finished articles, other	Other manufactured products	139,3		41,9	181,2	5195,4	3,49%
Total other manufactured products		139,3		41,9	181,2	5195,4	3,49%
Chemistry, rubber, plastic	Other chemical products			1,1	1,1	1626,6	0,07%
	Plastic items		9,0	5,3	14,3	4405,1	0,32%
	Cosmetics		22,1	401,2	423,3	3255,9	13,00%
Chemistry, rubber, plastic Total			31,1	407,5	438,7	16353,5	2,68%
Distribution	Distribution			3,3	3,3	9924,7	0,03%
Distribution Total				3,3	3,3	9924,7	0,03%
Electric, electronic equipment	Other electric equipment			39,5	39,5	12844,3	0,31%
Electric, electronic equipment Total				39,5	39,5	32177,9	0,12%
Food industry	Other food products		1,6	0,0	1,7	1258,9	0,13%
	Vegetal oils and grease		565,1	380,1	945,3	35274,1	2,68%
	Sugar production	5750,5	2836,3	0,0	8586,8	14476,5	59,32%
	Milling	0,0	140,9	42,8	183,7	1323,9	13,88%
	Meat processing	0,0	1330,6	3,5	1334,1	21753,1	6,13%
	Fruits and vegetables processing	685,5	1287,4	5568,5	7541,4	43633,4	17,28%
	Milk processing	0,0	53,6	580,1	633,6	4767,8	13,29%
	Bakery products	0,0	871,7	0,0	871,7	1752,1	49,75%
	Wine	0,0	1905,2	0,0	1905,2	218407,8	0,87%
Food industry Total		6436,0	8992,5	6575,0	22003,5	383271,8	5,74%
Paper and package	Paper, package	0,0	0,0	0,9	0,9	9492,5	0,01%
Paper and package		0,0	0,0	0,9	0,9	9492,5	0,01%

Branch	Sub branch	Drochia District	Floresti District	Soroca District	Export SR 2003	Export RM 2003	Share in the country
Total							
Machines and equipment	Agricultural machines	0,0	0,0	1,4	1,4	3795,8	0,04%
	Machines and equipment for industry	12,9	131,4	35,1	179,4	17595,2	1,02%
	Engines, compressors, pumps			105,5	105,6	6785,9	1,56%
	Production and repair of transportation means			3,8	3,8	18974,9	0,02%
Machines and equipment Total		12,9	131,4	145,9	290,2	51675,1	0,56%
Construction Materials	Queries exploitation	1,3	0,0	0,0	1,3	14207,6	0,01%
	Construction materials, cement	0,0	0,5	5,6	6,1	4590,2	0,13%
Construction Materials Total		1,3	0,5	5,6	7,4	18797,8	0,04%
Furniture, wood processing	Wood products		2,1	0,0	2,1	1834,8	0,12%
Furniture, wood processing Total			2,1	0,0	2,1	2552,2	0,08%
Leather, shoes	Leather and leather items		113,3	0,0	113,3	44802,5	0,25%
Leather, shoes Total			113,3	0,0	113,3	73264,5	0,15%
Metal processing	Metal products		0,0	17,5	17,5	1126,3	1,55%
	Metal and construction materials		0,5	7,0	7,5	4197,9	0,18%
Metal processing Total			0,5	24,5	25,0	15241,5	0,16%
Glass total		0,7	115,5		116,3	12244,8	0,95%
Textiles	Textile items	0,7	115,5		116,3	12244,8	0,95%
	Tissues, fibers	24,9		20,9	45,7	31969,9	0,14%
	Clothes			301,5	301,5	13944,9	2,16%
Textiles Total				6981,6	6981,6	142125,5	4,91%
Tobacco	Tobacco	24,9		7303,9	7328,8	188155,2	3,90%
Tobacco Total		13,4			13,4	9491,5	0,14%
Grand Total		13,4			13,4	9491,5	0,14%
Branch	Sub branch	6986,2	10810,9	15698,5	33495,6	927147,3	3,61%

Annex 6.6 List of the greatest cans and juices exporters

Enterprise	Employees	Turnover, mln lei	Quantity, tons	Export, Th. USD
ALFA-NISTRU SA	541	67,82	7844	3279,7
SA"FABRICA DE CONSERVE"	244	23,67	1610	836,5
"BORIS GLAVAN" SA	839	25,04	136	54,4
G.T. CEBOTARI LEONID			135	8,5
II"FEODOR SCUTARI" j. Soroca,			41	12,0
"VAMAS-BELSUG" SRL			591	239,0
"GRIGORIANA-CV" SRL	5	67,83	196	59,6
"CORGHEN-TRANS" SRL	2	0,66	9	5,4
G/T"MIHAI TOMAC"PC			15	8,7
"TETRACOM-AGRO" SRL	397	10,37	116	33,2
Total General	2028	195.39	10693	4537,0

Annex 6.7 Clothes and textiles producers

6.7.1 Clothes

Enterprise	Employees	Turnover, mln lei	Quantity, Th. units	Export, Th. USD
"Dana" SA	723	7,75	187,3	1507,6
"SOR-ELITA" SRL	65	4,96	116,7	923,1
ICS"CALMO" SRL	1573	21,81	593,3	7408,5
"NOUSTIL" SRL	252	3,72	42,3	218,9
Total General	2613	38,24	939,6	10058,1

6.7.2 Textiles

Enterprise	Employees	Turnover, mln lei	Quantity, Th. m2	Export, Th. USD
"SORCATA LNORD" SRL	2	118,01	2,94	8,2

Annex 6.8 Fruits and vegetables producers

6.8.1 Fruits

Enterprise	Employees	Turnover, mln lei	Quantity, tons	Export, Th. USD
ALFA-NISTRU SA	541	67,82	65,0	16,0
II "FEODOR SCUTARI"			38	10,4
"I.REABOSAPCO" II			32	2,4
"GRIGORIANA-CV" SRL	5		530	116,2
SRL"ROTA CON"			33	9,8
II"ALA TOMAC"			17	5,1
"CORGHEN-TRANS" SRL	2	0,66	50	16,0
"TEHRUBSOR" S.R.L.	129	2,89	84	17,3
FEGARE SRL	1	0,33	47	11,7
"PIRVENCOL" SRL	2	0,20	29	2,9
"DUMITREANCA-AGRO" SRL	403	4,61	19	2,9
"OCLANDA AGRO" SRL	20	3,11	28	2,0

SRL TETRACOM-AGRO	397	10,37	110	6,9
"COLOSEO-COM" SRL FA			54,0	17,1
TOTAL GENERAL	1500	90,0	1136,0	236,7

6.8.2 Vegetables

Enterprise	Employees	Turnover, mln lei	Quantity, tons	Export, Th. USD
SRL "MAGROSELECT-PRIM"	2	18,06	9	1,3
II "FEODOR SCUTARI"			111	14,9
"BURDENIUC MIHAIL" GT			18	1,3
"VIACESLAV MAGALEAS" GT			120	13,7
"RECHIMCIUC" II			16	6,6
"NORD-DUMITRESTI" II			163	39,3
IP"V.PELIHOVSCHII"			5	0,5
"GHEVION" SRL	3	0,36	74	16,0
II"ALA TOMAC"			55	11,4
INTREPR.MUNICIPALA "PENTRU ACHIZITI	4	18,06	16	4,5
"PAVEL BILIC" GT			17	8,5
"CORGHEN-TRANS" SRL	2	0,66	21	4,6
"TEHRUBSOR"S.R.L.	129	2,88	83	16,1
GT „VICTOR REŞETNIC”	20			10,7
"FEGARE" SRL	1	0,33	19	3,9
II"C.JAMBA"			20	2,6
G/T"MIHAI TOMAC"PC			11	2,6
"PIRVENCOL" SRL	2	0,20	58	4,3
"DUMITRENCA-AGRO" SRL	403	4,61	120	49,6
TOTAL GENERAL	566	45,16	936	212,4

Annex 6.9 Fundamental Legislative Acts Concerning the Entrepreneurial Activity in RM

- 1) Civil Codex of RM (adopted by Law nr.1107-XV from 06.06.2002; in force starting with 12.06.2003).
- 2) Property Law (no. 459-XII from 22.01.1991).
- 3) Law on Entrepreneurship and Enterprises (nr.845-XII from 03.01.1992).
- 4) Law on Investments Into Entrepreneurial Activity (nr.81-XV from 18.03.2004).
- 5) Law for the Ratification of Convention on Protecting the Investor Right (nr.1259-XV from 19.07.2002).
- 6) Law on Small Business Support and Protection (nr.112-XIII from 20.05.1994).
- 7) Law on Joint Stock Companies (nr.1134-XIII from 02.04.1997).
- 8) Law on Production Cooperatives (nr.1007-XV from 25.04.2002)
- 9) Law on Entrepreneurship Cooperatives (nr.73-XV from 12.04.2001).
- 10) Law on Peasant Households (Farmers) (nr.1353-XIV from 03.11.2000).
- 11) Law on the State Registration of Enterprises and Organizations (nr.1265-XIV from 05.10.2000).
- 12) Law on Entrepreneurial Patent (nr.93-XIV from 15.07.1998).
- 13) Law on Electronic Commerce (nr.284-XV from 22.07.2004).
- 14) Law on State Regulation of External Commercial Activity (no. 1031-XIV from 08.06.2000).
- 15) Law on Commercial Secret (nr.171-XIII from 06.07.1994).
- 16) Law on licensing some domains of activity (nr.451-XV from 30.07.2001).
- 17) Law on Free Economic Zones (nr.440-XV from 27.07.2001)
- 18) Law on the way of introducing and drawing out of goods on the territory of the Republic of Moldova by physical persons (nr.1569-XV from 20.12.2002).
- 19) Law on repatriation of Money, Commodities, Works and Services originating from external economic transactions (nr.1466-XIII from 29.01.1998).
- 20) Law on Wares' Marketing (nr.134-XIII from 03.06.1994).
- 21) Law on the Normative Price and Land Sell/Purchase Way (nr.1308-XIII from 25.07.1997).
- 22) Law on Wares Exchanges (nr.1117-XIII from 26.02.1997).
- 23) Law on Leasing (nr.731-XIII from 15.02.1996).
- 24) Law on Franchising (nr.1335-XIII from 01.10.1997).
- 25) Law on Antidumping, Compensatory and Safeguarding Measures (nr.820-XIV from 18.02.2000).
- 26) Law on Trade Technical Barriers (no. 866-XIV from 10.03.2000).
- 27) Law on Competition Protection (nr.1103-XIV from 30.06.2000)
- 28) Law on Controlling Export, Re-export, Import and Transit with Strategic Goods (no. 1163-XIV from 26.07.2000).
- 29) Decision of Constitutional Court on Constitutionality Control art.73 pass.(6) from Law nr.1134-XIII from 2.04.1997 on Joint Stock Companies (nr.26 from 13.05.1999).

Annex 6.10 Fundamental Inter-branch Legislative Acts

- 1) Law on State Budget in 2004 (nr.474-XV from 27.11.2003).
- 2) Fiscal Codex (nr.1163-XIII from 24.04.1997; Title VII “Local Taxes” in force from 01.01.2005).
- 3) Law on Local Taxes (nr.186-XIII from 19.07.94; in force until 31.12.2004).
- 4) Customs Codex of the Republic of Moldova (nr.1149-XIV from 20.07.2000).
- 5) Law on Customs Tariff (nr.1380-XIII from 20.11.1997).
- 6) Land Codex (no. 828-XII from 25.12.1991).
- 7) Forest’s Codex (nr.887-XIII from 21.06.1996).
- 8) Waters Codex (nr.1532-XII from 22.06.1993).
- 9) Law on Collateral (nr.449-XV from 30.07.2001).
- 10) Law on State Tax (nr.1216-XII from 03.12.1992).
- 11) Law on Real Estate Cadastre (nr.1543 from 25.02.1998).
- 12) Law on Assessment Activity (nr.989-XV from 18.04.2002).
- 13) Law on Sanitary-epidemiological assurance of the population (nr.513-XII from 16.06.1993).
- 14) Law on Consumer Protection (no. 105-XV from 13.03.2003).
- 15) Law on expropriation for Public Utility Cause (nr.488-XIV from 08.07.1999).
- 16) Law on requisition of goods and performing labor obligations in the society’s interest (nr.1384-XV from 11.10.2002).
- 17) Law on fito-sanitary quarantine (nr.506–XIII from 22.06.1995).
- 18) Law on ecologic expertise and evaluation of the impact on the environment (nr.851 from 29.05.1996).
- 19) Law on local public administration (nr.123-XV from 18.03.2003).
- 20) Law on the Status of Chişinău Municipality (nr.431-XIII from 19.04.1995).
- 21) Law for the approval of the Frame-Regulation on establishing and functioning of Local and Districts Councils (nr.457-XV from 14.11.2003).
- 22) Law on Chamber of Commerce and Industry (nr.393-XIV from 13.05.1999).
- 23) Law on international treaties of RM (no. 595-XIV from 24.09.1999).

Annex 6.11 Legislative Acts on Entrepreneurial Activity in Economic Branches

- 1) Law on Food Products (nr.78-XV from 18.03.2004).
- 2) Law on vineyards and wine (nr.131-XIII from 02.06.1994).
- 3) Law on growing fruits (nr.728-XIII from 06.02.1996).
- 4) Law Nut tree (nr.658-XIV from 29.10.1999).
- 5) Law on tobacco and tobacco products (nr.386-XV from 19.07.2001).
- 6) Law on zootechnics (nr.412-XIV from 27.05.1999).
- 7) Law on Agricultural Rent (nr.198-XV from 15.05.2003)
- 8) Law on subsidized ensuring of production risks in agriculture (nr.243-XV from 08.07.2004).
- 9) Law on Plants Protection (nr.612-XIV from 01.10.1999).
- 10) Law on protection of plants sorts (nr.915-XIII from 11.07.1996).
- 11) Law on RM adhering at the International Convention for Plants Protection (nr.926-XIV from 13.04.2000).
- 12) Law on seeds (nr.659–XIV from 29.10.1999).

- 13) Law on Veterinary activity (nr.1538–XII from 1993).
- 14) Law on tourism (nr.798-XIV from 11.02.2000).
- 15) Law on urbanism and territorial arrangement principles (nr.835 from 17.05.96).
- 16) Law on Industrial Designs and Models Protection (nr.991-XIII from 15.10.96).
- 17) Law on the Ratification of the Agreement on Mutual Recognition of Licenses for Construction Activities issued by licensing authorities of the CIS countries (nr.1503-XV from 05.12.2002).
- 18) Law on quality in construction (nr.721-XIII from 02.02.1996).
- 19) Law on evaluation of products concordance (nr.186-XV from 24.04.2003).
- 20) Law on fito-sanitary products and on fertilizers (nr.119-XV from 22.04.2004).
- 21) Law on fito-sanitary quarantine (nr.506-XIII from 22.06.1995).
- 22) Law on certification (no. 652–XIV from 28.10.1999).
- 23) Law on trademarks (nr.588-XIII from 22.11.1995).
- 24) Law on the circulation of stocks and on Stocks Exchange (nr.1327-XII from 18.05.1993).
- 25) Law on Oil Products Market (nr.461-XV din 30.07.2001).
- 26) Law on Informatics (nr.1069-XIV from 22.06.2000).
- 27) Law on scientific and technical information (nr.1344-XV from 03.10.2002).
- 28) Law on Telecommunication (nr.520-XIII from 07.07.1995).
- 29) Law on IT and State Informational Resources (nr.467-XV from 21.11.2003).
- 30) Law on state policy for innovation and technological transfer (nr.289-XV from 10.07.2003).

Annex 6.12 Legislative Subordination Normative Acts on Entrepreneurial Activity

- 1) Governmental Decision on approving the regulation of enterprises from the Republic of Moldova (nr.500 from 10.09.1991).
- 2) Governmental Decision on improving the Specialized State Control System (nr.862 from 26.07.2004).
- 3) Governmental Decision about Entrepreneurial Activity State Regulation Reform (nr.141 from 17.02.2004).
- 4) Governmental Decision on the services rendered with payment by Central Public Administrations and Control Bodies (nr.1475 from 10.12.2003).
- 5) Governmental Decision on approval of tariffs for the services rendered by the State Registration Chamber of the Informational Technologies Department (nr.926 from 12.07.2002).
- 6) Governmental Decision on State Program for supporting Small Business for the period of 2002-2005 (nr.850 from 27.06.2002).
- 7) Governmental Decision on the Entrepreneurship Supporting and Small Business Development Fund (nr.659 from 21.10.1993).
- 8) Governmental Decision on applying the unique state identification number of the enterprises and organizations (nr.861 from 14.07.2003).
- 9) Governmental Decision on bookkeeping criteria by some categories of agents (nr.1476 from 14.11.2002).
- 10) Governmental Decision about the approval of the Regulation on the List of Suppliers (qualified entrepreneurs) (nr.1011 from 25.08.2003).
- 11) Governmental Decision on the confirmation of the legal origin of wares (nr.792 from 04.08.2000).

- 12) Governmental Decision approval of the Regulation on the method of introduction and drawing out of goods from the territory of Moldova by physical persons (nr.1185 from 30.09.2003).
- 13) Governmental Decision on selling/purchasing plots (nr.192 from 20.02.1998).
- 14) Governmental Decision on simulating Exchange Commerce (nr.889 from 09.07.2002).
- 15) Governmental Decision on the approval of Tourism Development Conception in the Republic of Moldova until 2005 (nr.912 from 08.10.1997).
- 16) Governmental Decision on introducing tourist contract, tourist voucher and statistical record of tourists' circulation at the border of the Republic of Moldova (nr.1470 from 27.12.2001).
- 17) Governmental Decision on the approval of Methodological Norms and classification criteria of tourists receipt structures that offer housing and meal functions (nr.643 din 27.05.2003).
- 18) Governmental Decision for the approval of the Regulation on Tourism Record (nr.615 from 11.07.2001).
- 19) Governmental Decision on the implementation of the Law on the Agricultural Rent (nr.72 from 30.01.2004).
- 20) Governmental Decision on the approval of tariffs for rendered services by territorial cadastral offices (nr.718 from 20.07.2000).
- 21) Governmental Decision on Cadastral Information Supply and Content (nr.58 from 24.01.2001).
- 22) Governmental Decision on some measures concerning freeing communication ways of commercial centers from Chisinau Municipality (nr.357 from 07.04.2004).

Annex 6.13 Inter-branch Legislative Subordination Normative Acts

- 1) Governmental Decision on the optimization of the organizational and functional structures of specialized central public authorities (nr.1600 from 13.12.2002).
- 2) Governmental Decision on local tax collecting service in the frame of Mayoralty (nr.998 from 20.08.2003).
- 3) Governmental Decision on the approval of the Export Promotion Strategy for the period 2002-2005 (nr.80 from 29.01.2002).
- 4) Governmental Decision on some regulations of repatriation of money wares and services originated from external economic transactions (nr.717 from 30.06.98).
- 5) Governmental Decision on the approval of the Conception for substituting import production (nr.1186 from 22.11.2000).
- 6) Governmental Decision on the creation of accreditation system in the field of evaluation of products' conformity (nr.1646 from 31.12.2003).
- 7) Governmental Decision on Supreme Council of Science and Technologic Development (nr.569 from 15.06.2000).
- 8) Governmental Decision on Ministry of Industry (nr.1607 from 30.12.2003).
- 9) Governmental Decision on the approval of the Regulation on the way of elaboration and approval of the List of enterprises from light industry and the types of services rendered by them on the territory of RM to the solicitors of placing the wares under the active improvement customs regime, taxed with VAT at zero quota and on the model of administration of the services rendered by these enterprises (nr.519 from 20.05.2004).
- 10) Governmental Decision on passing to voluntary standardization (nr.702 from 04.06.2002).

- 11) Governmental Decision on the approval of Information Society Edification Policy in the Republic of Moldova (nr.632 from 08.06.2004).
- 12) Governmental Decision on the approval of the Regulation on wares transportation through internal customs posts of control (nr.792 from 08.07.2004).
- 13) Governmental Decision on the approval of the National Social Program "Allocations and credits for dwelling" for the period of 2003-2008 (nr.422 from 08.04.2003).
- 14) Governmental Decision on the approval of the Program of employing new plots and increases of soil fertility (nr.636 from 26.05.2003).
- 15) Governmental Decision on the "Moldsilva" Forests State Agency activity (nr.1646 from 19.12.2002).
- 16) Governmental Decision on the re-organization of the Forest Stat Service (nr.557 from 28.06.2001).
- 17) Governmental Decision on the wares rules of origin (nr.1599 from 13.12.2002).
- 18) Governmental Decision on the approval of the Plan of Actions for ensuring the respecting the stipulations of the Law nr.835-XIII from 17.05.1996 on urbanism and territorial arrangement principles as well as other legislative-normative acts connected (nr.633 from 08.06.2004).
- 19) Governmental Decision on social-economic situation in Criuleni District and Local Public Administration activity for sustainable development of the territorial administrative units (nr.79 from 02.02.2004).
- 20) Governmental Decision on local public administration activity from Ocnîța District for entrepreneurship development, export promotion and cross-border cooperation (nr.1304 from 29.10.2003).
- 21) Governmental Decision on the approval of the Regulation of the National Committee Codex Alimentarius (nr.419 from 03.05.2000).
- 22) Governmental Decision on grubbing perennial plantations and their transformation into agricultural plots (nr.991 from 27.10.1997).
- 23) Governmental Decision on establishing the Dwelling National Agency (nr.639 from 27.05.2003).
- 24) Governmental Decision on the approval of the Regulation on urbanism certificate and the authorization of the construction or repeal of constructions and arrangements (nr.360 from 18.04.97).
- 25) Governmental Decision on the approval of the Regulation on consulting the population in the process of territorial arrangement and urbanism documentation elaboration (nr.951 from 14.10.1997).
- 26) Governmental Decision on endowing localities and territories with the territorial arrangement and urbanism documentation (nr.1362 din 07.12.2001).
- 27) Governmental Decision on the approval of the Regulation of the local architectural and urbanism bodies' activity (nr.499 from 30.05.2000).
- 28) Governmental Decision on the approval of the General Urbanism Regulation (nr.5 from 05.01.1998).
- 29) Governmental Decision on the approval of the Program for reestablishment and development of viticulture and winemaking in 2002-2020 (nr.1313 from 07.10.2002).
- 30) Governmental Decision on the approval of the Codex on winemaker practical activity (nr.22 from 10.01.2002).
- 31) Governmental Decision on the approval of Modifications and completions in the Codex on winemaker practical activity (nr.78 from 02.02.2004).

- 32) Governmental Decision on the approval of the Development Program of the complex "Cricova J.S." Wine Factory in 2004-2013 (nr.513 from 18.05.2004).
- 33) Governmental Decision on the reorganization of the National Vineyard and Wine Institute (nr.32 from 21.01.2004).
- 34) Governmental Decision on the approval of the regulation on wine collections from wine companies (nr.539 from 25.08.1993).
- 35) Governmental Decision on the approval of the National Program in the field of tourism "Wine Road in Moldova" (nr.554 from 24.05.2004).
- 36) Governmental Decision on the approval of the Regulation on production of wines and other wine products with the name of origin (nr.760 from 10.11.1995).
- 37) Governmental Decision on the approval of the Regulation on marketing control stamps and marking alcoholic beverages, beer and tobacco articles (nr.411 from 06.05.1997).
- 38) Governmental Decision on the approval of the rules of replacement non-food products and validity terms (nr.1465 from 08.12.2003).
- 39) Governmental Decision on the approval of the regulations on the use of customs regimes (no. 207 from 26.02.2003).
- 40) Governmental Decision on the interaction of services, regulation of perception fees and computerizing the recording system while performing the control at the state border passage points of the Republic of Moldova (no. 808 from 09.08.2000).
- 41) Governmental Decision on improving the regulation mechanism of the external trade (nr.777 from 13.08.1997).
- 42) Governmental Decision on establishing the Chamber of Licensing (no. 1327 from 03.12.2001).
- 43) Order of General Director of Customs Department on concluding customs acts while clearing customs of wares originating from external economic transactions (no. 276-O from 24.10.2002).
- 44) Order of General Director of Customs Department on the modification of the Order no. 276-O from 24.10.2002 (nr.58 from 06.03.2003).