

Moldova's Government proposals to overcome the global financial and economic crisis

The Republic of Moldova is withholding the ongoing world crisis observing all its external and domestic commitments. The current Government of Moldova has recently elaborated an anti-crisis program which is to be submitted to the Parliament for adoption. The Plan in cause is focused on sectors of national economy, such as construction, transportation and export, were the one most affected by recession's consequences. The state authorities shall undertake in nearest future a number of measures and actions to protect the domestic market, and one the parliament becomes fully operational, the legal framework in this field shall be revised.

The plan includes the follows blocks:

Stimulation of the real sector of economy

In this context for this year it is planned to review the budgetary indicators. Thus, budgetary expenditures shall be diminished by minimum 20%, on the account of projects that are not a matter of urgency. More actions of budgetary and fiscal nature to maintain domestic economic stability, together with the National Bank, which monitors strictly the developments in the banking sector.

For this, the proposal of Moldova's Government are to consider and calculate the following scenarios: to introduce a universal rate of the income tax on real persons at a level of 15%; to lower the social tax rate to 5%; and in order to ensure for the Social Fund a coverage for shrinking revenues - to build up the VAT rate by 2%, i.e. up to 22%.

The mentioned measures may lead to a growth of citizens' real incomes or, at least, to their preservation and thus to maintaining the domestic demand, as well as to

lowering the cost of production because labor remuneration constitutes a considerable proportion in the added value.

Other important actions:

- simplifying the procedures of repatriation of the currency and stimulate migrants returned to the country to make investments through the creation of small and medium enterprises in the free economic zones and industrial parks (Mărculești, Giurgiulesti other free economic zones);
- expanding private financial projects in the framework of support and development of the sector of small and medium enterprises, financed by the Government of Japan, National Program of Developing of Youth;

Attracting investments

- Adjusting the existing legal provisions of the Law on public - private partnerships (PPP) in order to accelerate the PPP in infrastructure projects funded from private investors;
- Launch business Free International Airport "Mărculești" by creating a center for air transportation and providing logistical services.
- Make working of all transport terminals of International Free Port "Giurgiulesti" and the creation of industrial park in it;
- Privatization of inefficient state companies;

Infrastructure

- Construction and development planning
- Development of road infrastructure

Trade Promotion

- Negotiation and extension of trade preferences in agricultural products under the Central European Free Trade Agreement (CEFTA) ;
- Development of regulatory instruments of foreign trade through non-tariff instruments (authorisation, certification, licensing, etc.).
- Expanding practice of using contemporary instruments in order to protect domestic markets (safeguard, antidumping or compensatory measures);
- Reduction of the period for returning of the VAT on export up to 30 days;
- Creation of the legislative framework through the development of technical regulations, based on European and international practices;
- Development of the regulatory framework necessary for the transposition of European directives in the field of consumer protection related to the indication of prices, guarantees and misleading advertising;
- Stimulation of exports through the following activities: partial coverage of expenses incurred by transport operators for exported goods originating from Moldova, coverage of the insurance costs of the exported production and partial coverage of the interest rate.