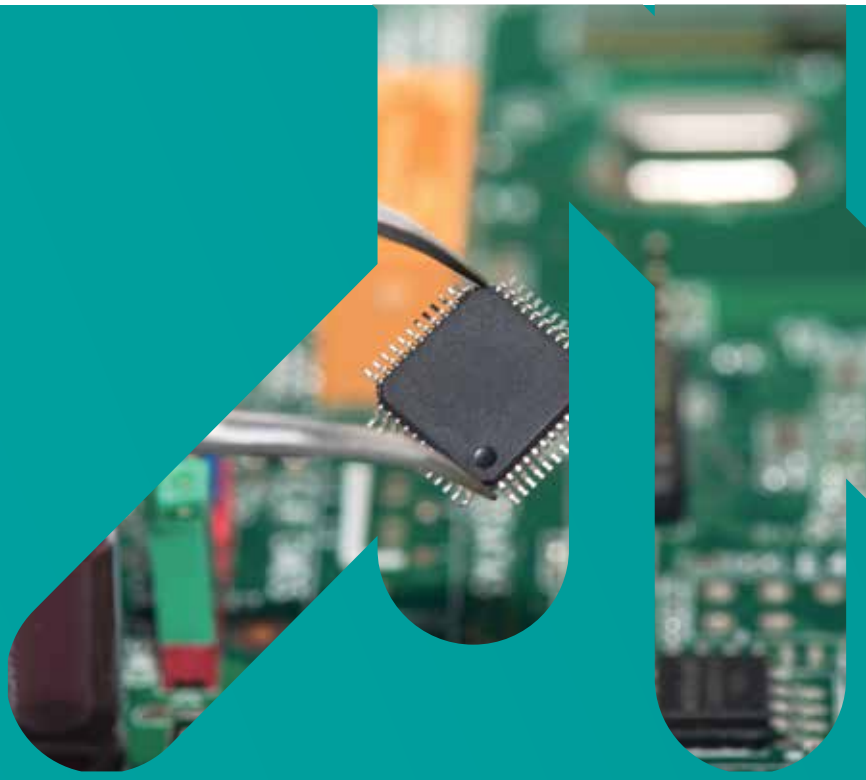
INVEST MOLDOVA

ELECTRONICS SECTOR OVERVIEW

Republic of Moldova



Key facts

Name
Republic of Moldova

Capital:
Chisinau ca. 673,000

Population:
2.51 million
January 1st, 2023

Area:
33,847 km2

Language:
Romanian
Other spoken languages:

Currency:
MDL: 1 EUR = 19.3 MDL
Average annual rate 2023

EU candidate status
June 2022

Open EU accession negotiations
December 2023

Employment rate, 2023
43.1%

GDP per capita at PPP, 2023
$6,830

GDP current prices, 2023, billion
$17.05

Inflation:
2023: 13,9%

ELECTRONICS 2024

7%
single tax for IT companies

705 EUR
Forecasted Labor Cost, 2024

1,000 EUR (ATU Gagauzia)
Job creation incentive*
*Subject to special conditions.

200 + ha
FEZ free buildable area

4.18 EUR/hour
Full load labor cost, 2023

258 EUR/month
Minimum salary, 2024

Free Trade Agreements

DCFTA - Deep and Comprehensive Free Trade Area with the European Union;

CEFTA - Central European Free Trade Agreement (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia, and UNMIK Kosovo);

EFTA - European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland);

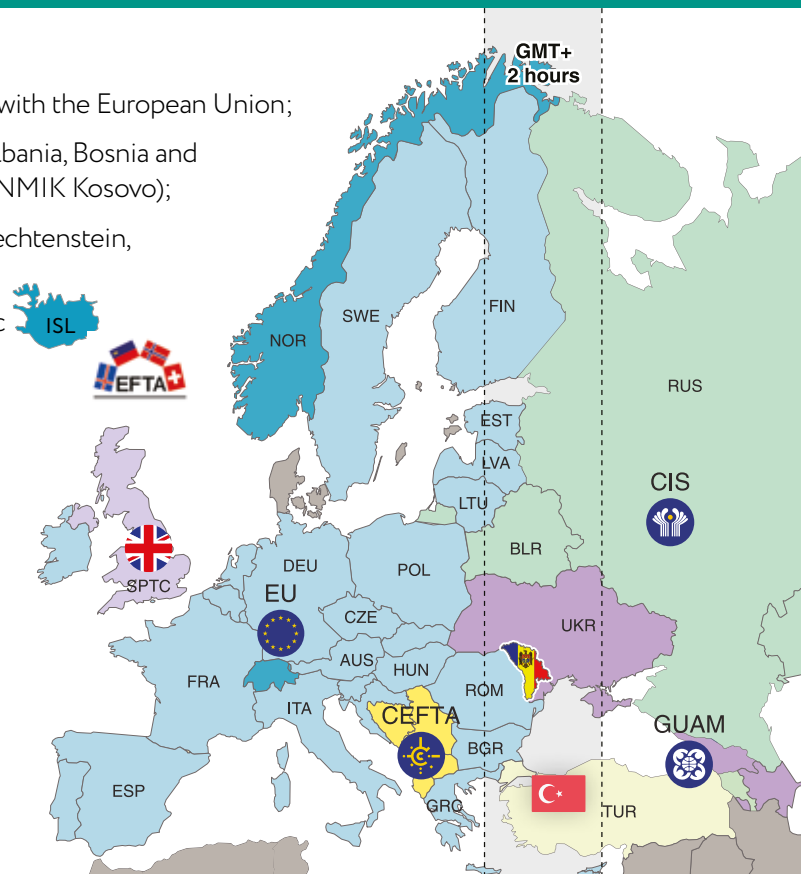
GUAM - Organization for Democracy and Economic Development (Georgia, Ukraine, Azerbaijan);

SPTC - Strategic Partnership, Trade and Cooperation Agreement between The United Kingdom of Great Britain and Northern Ireland and The Republic of Moldova UK;

FTA with Turkey;

FTA with CIS countries - Armenia, Azerbaijan, Tajikistan, Uzbekistan

One billion customers duty-free market



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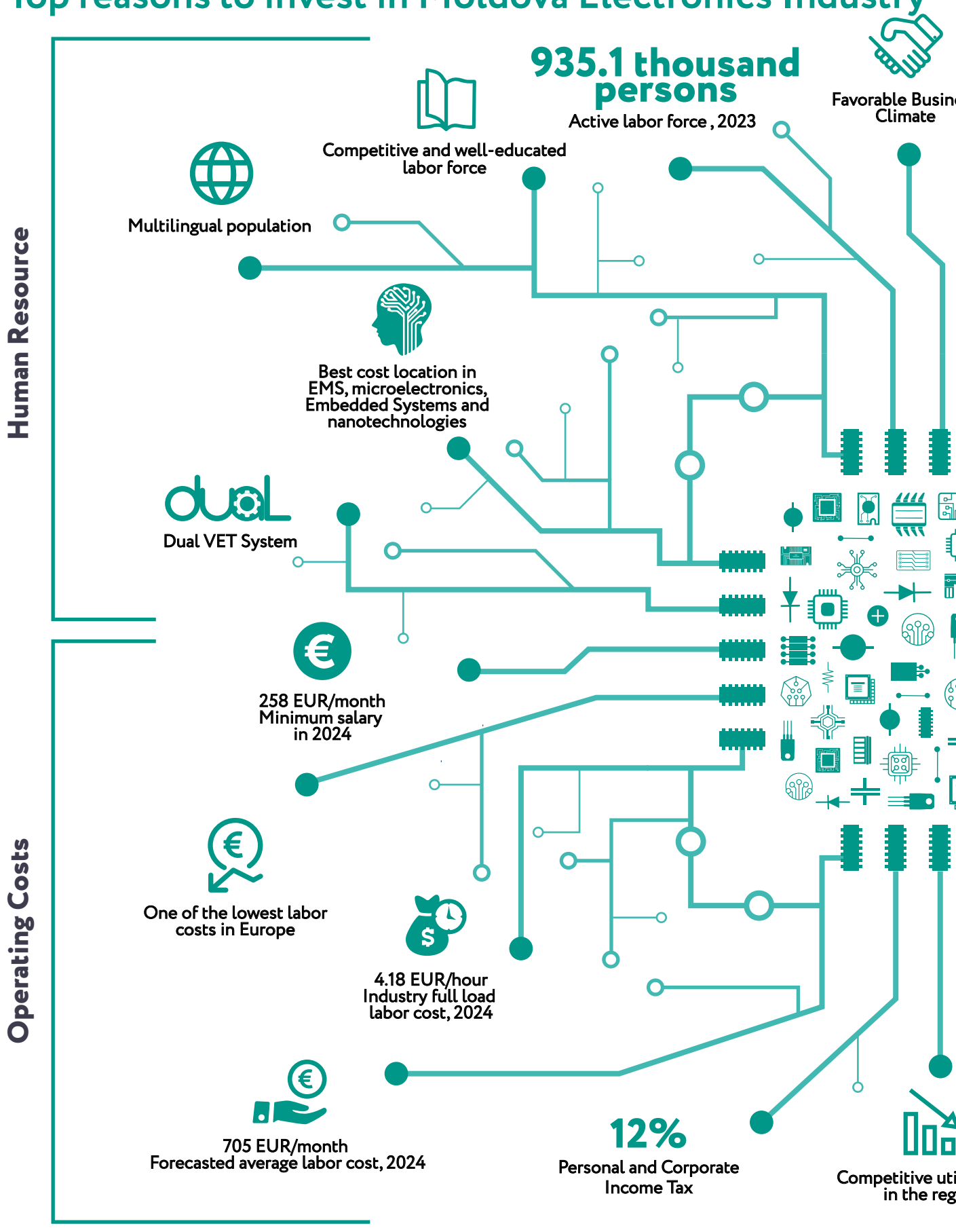
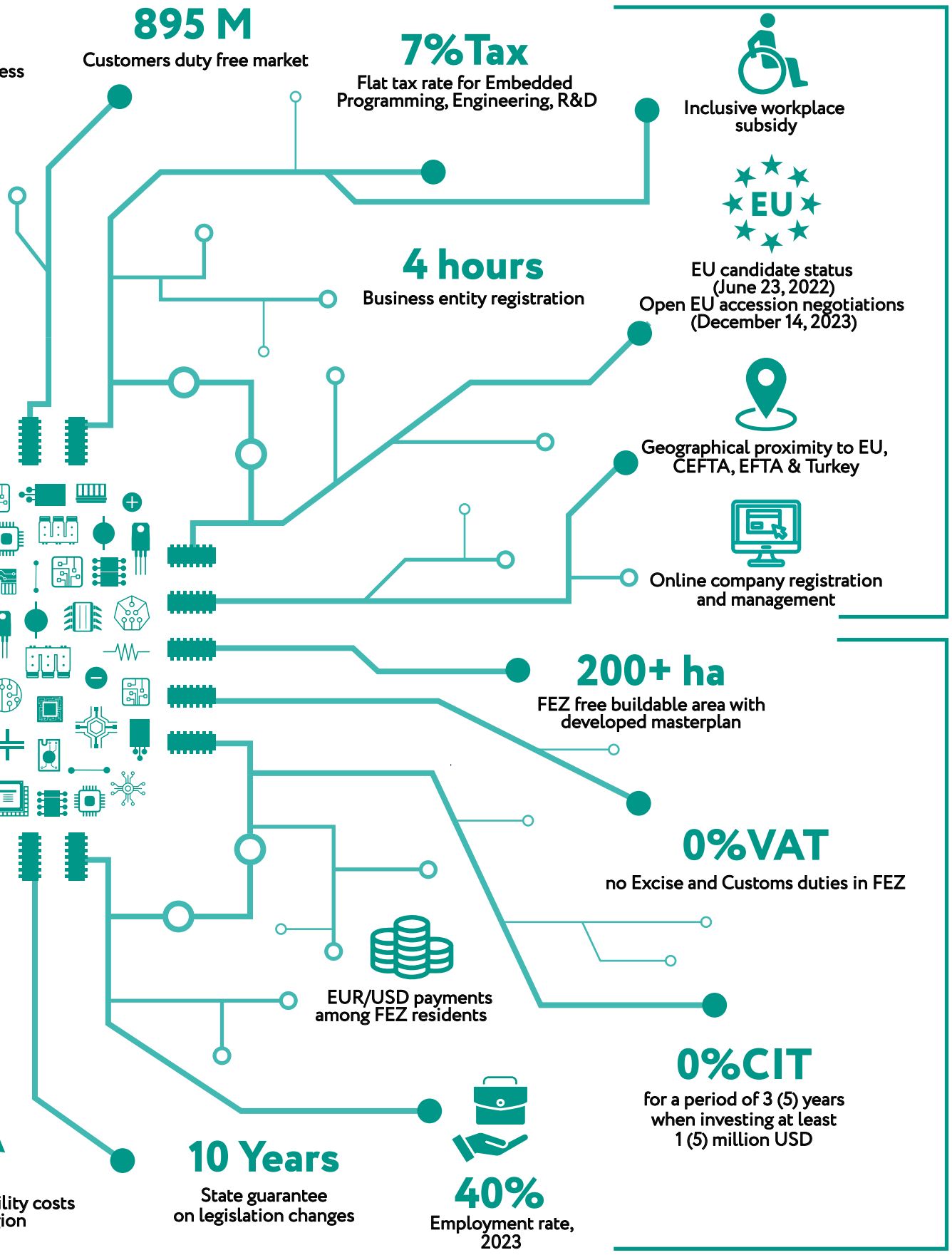
Top reasons to invest in Moldova Electronics Industry




895 M
Customers duty free market
7%Tax
Flat tax rate for Embedded Programming, Engineering, R&D
Inclusive workplace subsidy
EU
EU candidate status (June 23, 2022)
Open EU accession negotiations (December 14, 2023)
4 hours
Business entity registration
Geographical proximity to EU, CEFTA, EFTA & Turkey
Online company registration and management
Incentives & Business Climate
200+ ha
FEZ free buildable area with developed masterplan
0%VAT
no Excise and Customs duties in FEZ
EUR/USD payments among FEZ residents
0%CIT
for a period of 3 (5) years when investing at least 1 (5) million USD
10 Years
State guarantee on legislation changes
40%
Employment rate, 2023
Free Economic Zones

ACEM - The Association of Electronics Companies in Moldova

Who we are?

The Association of Electronics Companies in Moldova (ACEM) is a non-profit organization founded in May 2019 to represent its associates' interests in relations with the central authorities, to facilitate sharing the best practices among its members, and to increase competitiveness and development of the electronics industry, including such spheres as microelectronics, nanotechnologies, integrated systems, software, and research and development in the Republic of Moldova. ACEM is the catalyst for the electronics industry and a reliable dialogue partner for Moldovan decision-makers.

ACEM Goals

Cooperation & Matchmaking

Identify and facilitate meetings with potential local/international business partners

Exhibitions & Events

Open calls for members to attend the relevant industry fairs and exhibitions

Lobby & Advocacy

Facilitate contact with state institutions and decision makers

Education & Career

Support and promote the career in electronics by offering development opportunities for young specialists in the field of electronics and microelectronics

- Promote & represent members' interest
- Increase the competitiveness of the electronics industry
- Facilitate investment opportunities
- Strengthen the cooperation between the Association members
- Support the Government to improve the business climate
- Organize joint marketing activities for Association members

www.acem.md

Electronics industry overview

In recent years, Moldova's electronics sector has evolved, as demonstrated by key performance metrics in the corporate landscape. The data from 2018 to 2022 outlines the sector's progress and underscores aspects of stability and adaptation. Over this period, the sector witnessed a nominal increase in active companies and turnover, alongside a rationalization in the number of sector employees.

Key Performance Indicators of Electronics Industry Companies

Indicator	2018	2022
Active companies	206	210
Employees	14,096	13,642
Turnover, (Million Euro)	327	377
Profit, (Million Euro)	-5.7	18.0

Note: The sector's size estimation utilizes NACE codes 26, 27, 29.31, 33.13, 46.52, and 95.21.

Source: National Bureau of Statistics.

Examining the core areas of the electronics industry, including production and development of electronic devices and components, reflects growth and modernization, a trend substantiated by critical indicators.

2022 Electronics Sector Snapshot in Moldova

12.8 thousands employees in 2022 (1.8 times more compared to 2015)

Employees

Exports (HS code 85 - equipment and electronics) of USD **535.0** million in 2022 (double compared to 2016)

Export

Companies

47 active copanies in 2022 (-32.9% compared to 2021)

Income

EUR 307 million turnover in 2022 (2.7 times more compared to 2015)

Products

88.9% of Moldova's electronics exports are wire harnesses, while **6.2%** are transformers & inductive components)

The workforce in the electronics sector reached approximately 12,800 in 2022, a 1.8-fold increase from 2015. Exports, under HS code 85, achieved USD 35.0 million in 2022, marking a doubling since 2016.

The sector's employment growth signals a maturing industry with increasing opportunities and a rising demand for skilled professionals.

Moldova Innovation Technology Park

EUROPE'S FIRST E-PARK

Moldova Innovation Technology Park (MITP), Europe's first e-Park, catalyzes innovation and growth in the IT, R&D, and Engineering sectors through strategic incentives.

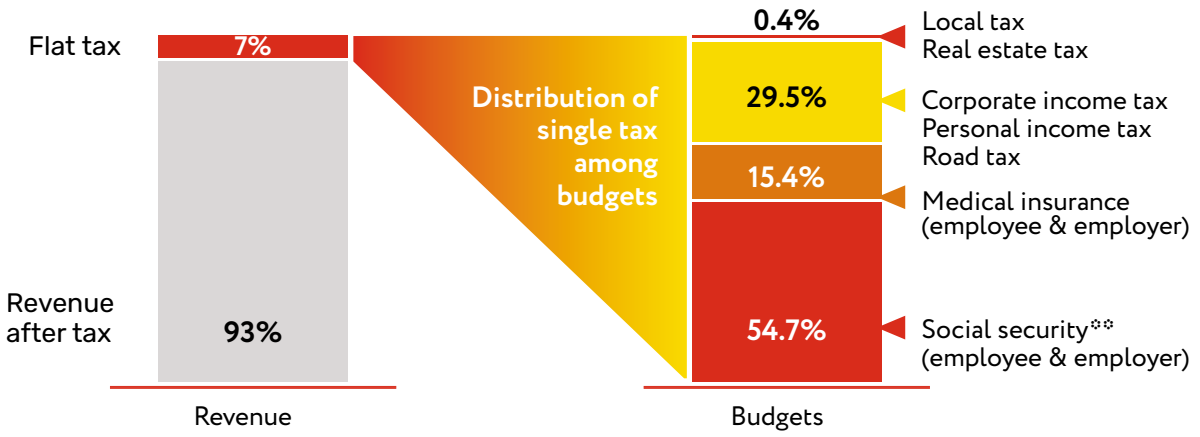
Unique Taxation: MITP residents benefit from a flat tax rate of 7% on turnover, which encompasses and simplifies multiple tax categories, including corporate income, personal income, social security, medical insurance, local, real estate, and road taxes.

Simplified Processes: Compliance with tax obligations is simplified to a monthly declaration of income, with no need to aggregate data over the year. An annual audit by a Moldovan-accredited firm ensures compliance, while minimizing the administrative burden on companies.

Extended Guarantees: MITP offers a state-backed guarantee on the tax and legal regime, securing the preferential treatment outlined upon activity inception. The government's approval of extending MITP's operational term from 10 to 20 years, effective until 2037, alongside the extension of the state guarantee until 2035, ensures long-term stability and growth potential for the sector.

Ease of Business: The Virtuality provision allows MITP residents to operate throughout Moldova without a mandatory physical presence within the park premises, granting operational flexibility and reducing overhead costs.

IT Visa: The MITP framework facilitates a simplified visa process for IT specialists and managers, granting up to four years of residency with options for extension, encouraging the attraction of top global talent to Moldova's tech sector.



At the same time, the Law on IT Parks and the Tax Code stipulate the minimum amount of the single tax to be paid by Park's residents, which is: 30% of the average monthly salary in the economy, forecasted for the year of the tax period of the tax concerned per employee (who worked during the tax period for at least one day on the basis of an individual employment contract).

The status of the MITP resident may be obtained by any legal or natural person who is registered in the Republic of Moldova as subject of the entrepreneurial activity and who carries out or intends to carry out as main business activity one or more types of business activities indicated in Article 8 of IT Park's Law. The main business activity should be the one that generates 70% or more of the revenue from sales.

What Activities Are Eligible for IT Park Residents?

Custom software development, specifically client-oriented software (62.01)*;

Editing activities related to other software products (58.29)*;

Other information technology service activities (62.09)*;

Other research and experimental development on natural sciences and engineering (72.19)*;

Other educational activities with a focus on computer training (85.59)*;

Editing of computer games (58.21)*;

Call center operations (82.20)*, with a focus on export-oriented services;

Motion picture, video and television programme post-production activities (59.12)*, exclusively for the computer games industry, limited to the following services:

- digital color correction and rewrapping services (59.12.13);
- sound editing and design services (59.12.17);
- sound recording and music publishing activities (59.20)*, exclusively for the computer game industry, limited to original sound recordings (59.20.13).

Data processing, web page management and related activities (63.11)*;

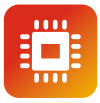
IT consulting services (62.02)*;

Management activities (management and operation) of computing means (62.03)*;

Research and experimental development on biotechnology (72.11)*;

Specialised design activities that employ high-performance computers (74.10)*;

Web portal activities (63.12)*;



Manufacturing of electronic components restricted to microprocessors and integrated circuits. (26.11)*;

Other labor supply services (78.30)*, provided exclusively for international markets;

Post - production stage of production of movies, video and television programs (52.12)*,based on the use of high – quality specialized computer equipment, limited to:

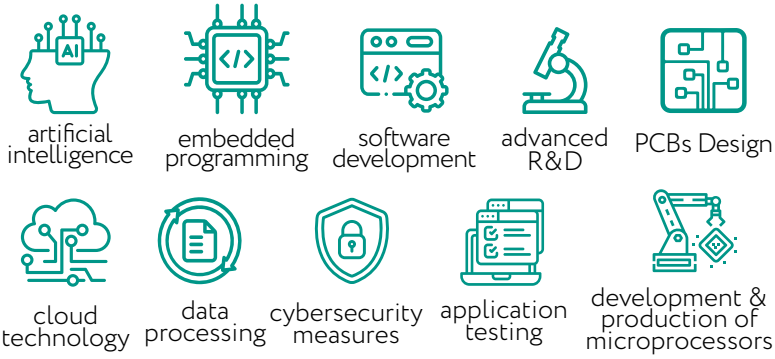
- services for creating video effects (59.12.14);
- services in the field of animation (59.12.15)

*According to the Classification of Activities in the Moldovan Economy (CAEM Rev 2 and CSPM 2)

Overview of the 7% Single Tax Regime and its Implications for the Moldovan Tech Industry

The examples provided illustrate the transparency and simplicity of the single tax regime, set at 7%, for companies operating within MITP. Each entity must undergo an annual independent audit to ensure adherence to Law 77/2016, which may incur costs starting from 300 €.

Permitted operations within the MITP encompass a broad range of technological and research activities crucial to the automotive industry, such as:



In light of the semiconductor crisis, the inclusion of semiconductor manufacturing as an eligible activity for the 7% single tax is particularly noteworthy. This consideration signals the program's responsiveness to evolving industrial trends. Multinational corporations are also able to establish Shared Service Centers, enhancing their operational efficiency.

Comparative analyses of IT salary costs in Romania and Republic of Moldova

	Romania (as of 1 November 2023)	Republic of Moldova (now – 2035)
Gross salary (EUR)	4,783	3,000
Taxes, employee (EUR)	1,783	0
Taxes, employer (EUR)	108	0
Net salary (EUR)	3,000	3,000
Total labour cost	4,891	3,000

1,891 EUR difference on a net sallary of 3,000 EUR

One significant outcome of the MITP initiative and the 7% tax policy is its impact on the local labor market, particularly the electronics engineering sector. Moldova's competitive positioning is fortified by this tax structure, which contributes to the elevation of salary levels for skilled professionals, thereby promoting talent retention and attraction within the region.

The favorable tax policy has catalyzed the enthusiasm of the workforce, particularly amongst the younger demographic, encouraging them to pursue careers in IT and engineering. As the next wave of graduates prepares to enter the job market, Moldova's talent pool is poised for expansion, offering a wealth of opportunities for both domestic and international enterprises seeking to invest in human capital.

Gross IT Salary, USD 2023 (PayWell)

This survey provides a comparative analysis of gross IT salaries in the Republic of Moldova and Romania, reflecting the findings from 4,800 employees in 250 job roles. Data sourced from PwC's Salary and Benefits Study, PayWell 2023, with contributions from 46 entities.

	Republic of Moldova	Romania
Software Developer Java Script	2,330.39	3,408.3
Software Developer sr..NET	3,304.75	5,143.63
Software Developer sr. Java	3,714.56	5,218.19
Testing/ QA Engineer	2,082.34	2,665.73
Testing/ QA Team Leader	3,364.91	4,348.76
UI/UX Designer	2,510.98	3,119.33

Moldova Innovation Technology Park in numbers

ACTIVE RESIDENTS	FORECASTED REVENUE FOR 2023	EMPLOYEES	COMPANIES WITH FOREIGN CAPITAL	COUNTRIES	NEWLY CREATED COMPANIES
1,700+	552 M EUR	20,700+	230+	39	1,200+

6% GDP share
*of Moldova IT sector

11 % country's export
*of Moldova IT sector

Find Everything You Need to Know about MITP in One Place

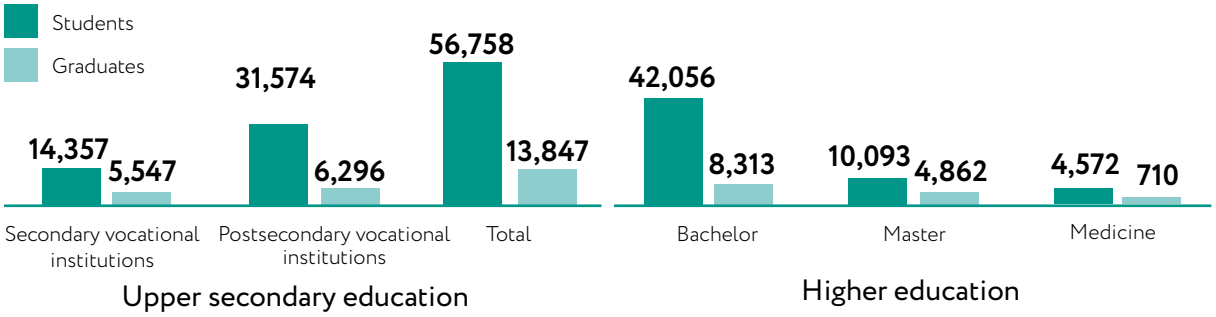
www.why.mitp.md

Education

Moldova's educational landscape has sector-specific faculties that are instrumental in cultivating a workforce ready to enhance company productivity. The electronics sector benefits from a comprehensive educational system, which includes dual VET, specialized colleges, and the esteemed Technical University of Moldova, renowned for producing adept professionals equipped for R&D demands.

The nation's commitment to research in cutting-edge fields is exemplified by the Institute of Electronic Engineering and Nanotechnologies, affiliated with the Technical University.

Students and graduates in educational institutions, 2022/2023



Source: National Bureau of Statistics

Technical education is bolstered by institutions like Balti Polytechnic College and the Technical University College, as well as specialized Centers of Excellence such as the Center in Power Engineering and Electronics. These establishments are pivotal in maintaining a continuous flow of skilled graduates into the workforce.

Post-secondary professional technical education students 2022/23 and graduates 2022 distributed by fields

Postsecondary vocational institutions	Students 2022/23	Graduates 2022
Economics	5,210	1,036
Information Technologies & Communication	3,517	749
Electronics and energetics	945	221
Mechanics & metal working	1 069	259
Services	3,075	643
Electronics and automation	891	197

Source: National Bureau of Statistics

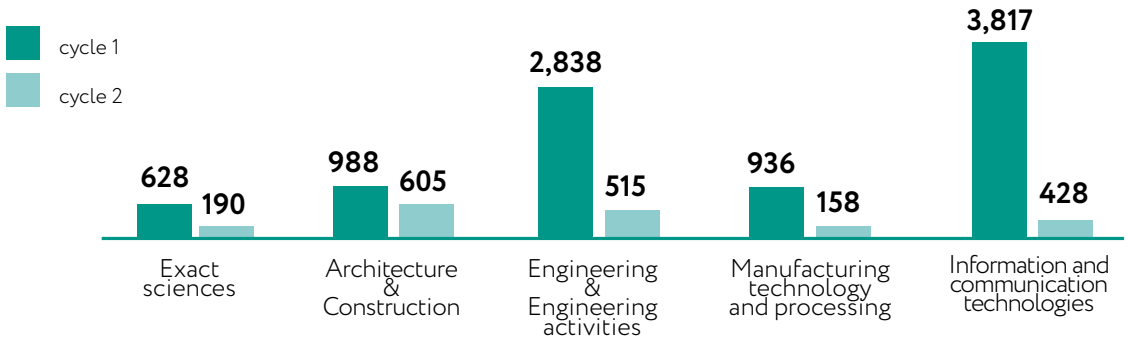
With a population of approximately 2.51 million, of which around 2 million are above the age of 15, Moldova presents a sizeable pool of potential talent. The active labor force, representing some 935,000 individuals, is a testament to the country's robust human capital.

Higher education students 2022/23 and graduates 2022 distributed by fields

Higher Education	Students		Graduates	
	Cycle I	Cycle II	Cycle I	Cycle II
Economic science	10 032	1 778	2 204	846
Law	8 067	2 145	1 202	1 175
Engineering and Engineering activities	2 838	515	594	226
Architecture and construction	988	605	176	131
Manufacturing technology and processing	936	158	207	79
Exact Sciences	628	190	136	69
Information and communication technologies	3 817	428	614	226

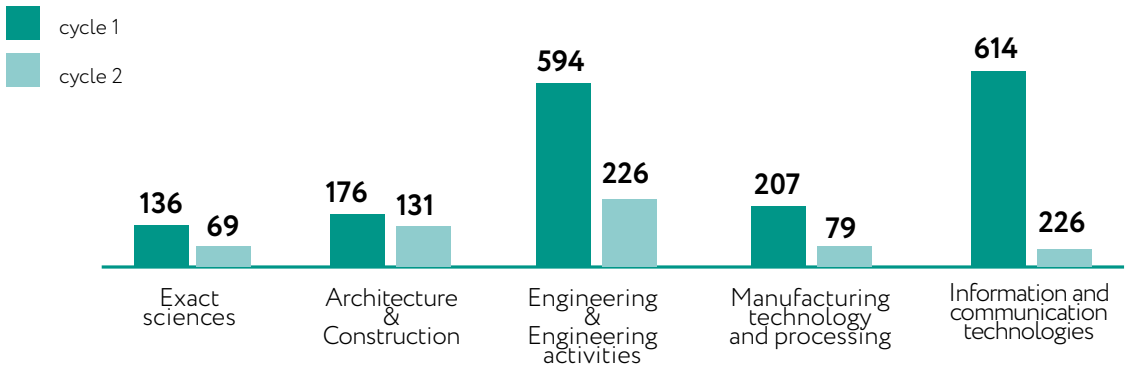
Source: National Bureau of Statistics

Number of students in universities (Engineering & Exact Sciences), 2022/2023



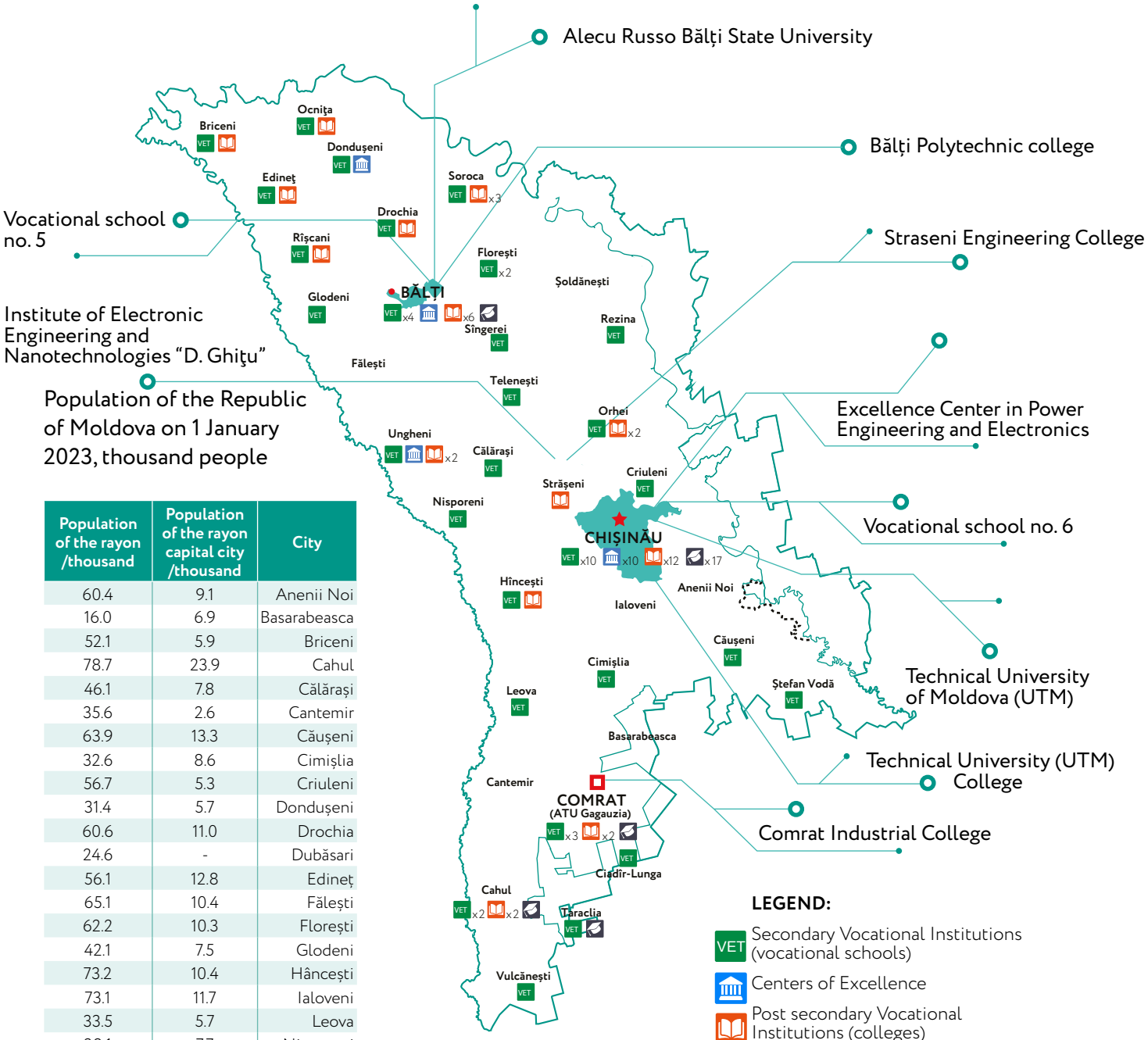
Source: National Bureau of Statistics

Number of graduates in universities (Engineering & Exact Sciences), 2022



Source: National Bureau of Statistics, 2022

Educational institutions



Population of the Republic of Moldova on 1 January 2023, thousand people

Population of the rayon /thousand	Population of the rayon capital city /thousand	City
60.4	9.1	Anenii Noi
16.0	6.9	Basarabeasca
52.1	5.9	Briceni
78.7	23.9	Cahul
46.1	7.8	Călărași
35.6	2.6	Cantemir
63.9	13.3	Căușeni
32.6	8.6	Cimișlia
56.7	5.3	Criuleni
31.4	5.7	Dondușeni
60.6	11.0	Drochia
24.6	-	Dubăsari
56.1	12.8	Edineț
65.1	10.4	Fălești
62.2	10.3	Florești
42.1	7.5	Glodeni
73.2	10.4	Hîncești
73.1	11.7	Ialoveni
33.5	5.7	Leova
38.1	7.7	Nisporeni
38.3	5.7	Ocnița
78.7	18.2	Orhei
34.3	9.4	Rezina
49.5	7.2	Rîșcani
65.2	10.5	Sîngerei
28.8	4.8	Șoldănești
64.0	19.1	Soroca
46.8	5.4	Ștefan Vodă
63.8	14.7	Strășeni
31.3	12.0	Taraclia
43.4	5.3	Telenești
82.0	25.2	Ungheni

LEGEND:

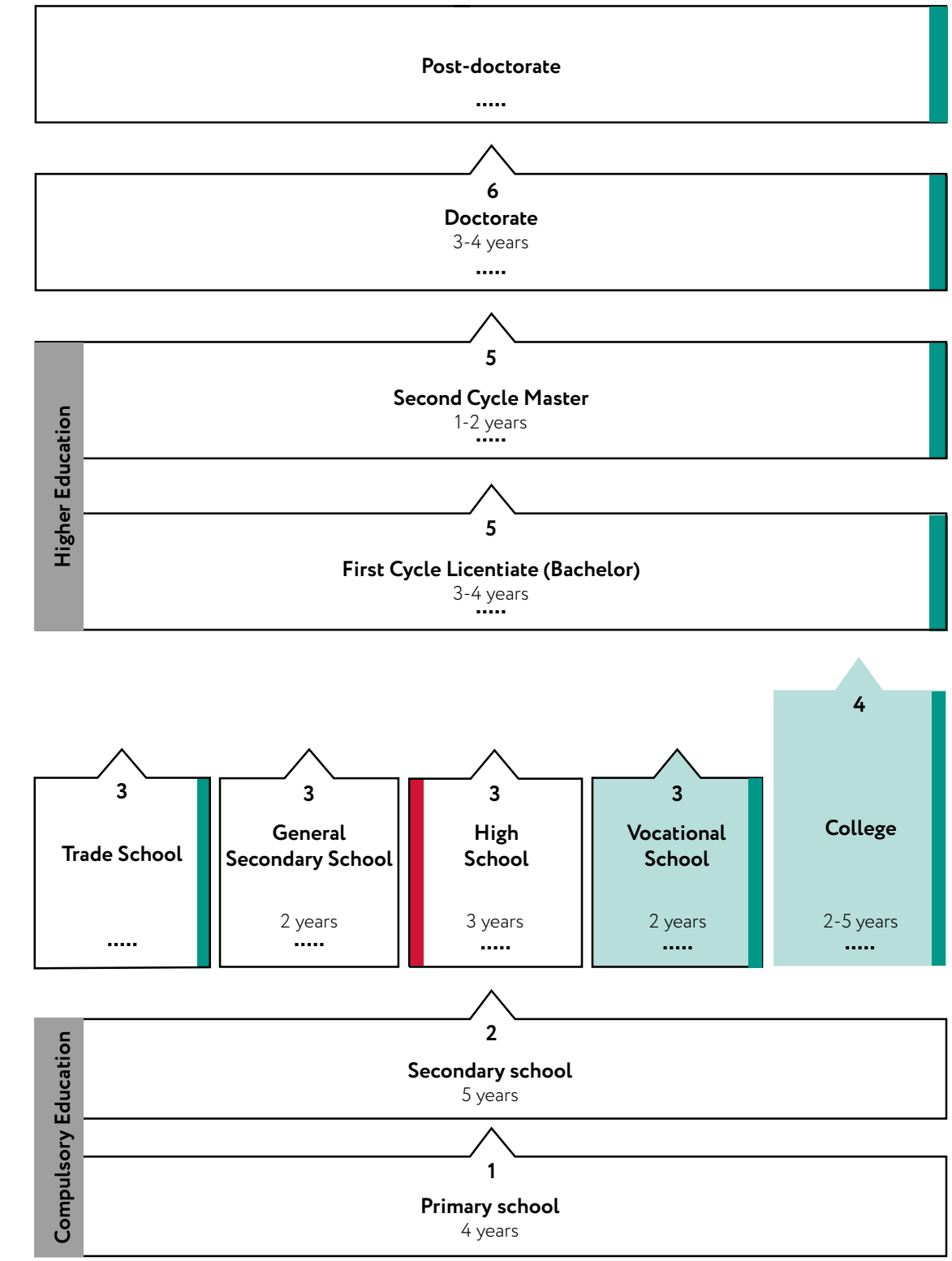
- VET — Secondary Vocational Institutions (vocational schools)
- Centers of Excellence
- Post secondary Vocational Institutions (colleges)
- Higher Education Institutions (universities)

Source: Ministry of Education and Research of the Republic of Moldova

Population, thousand people	
2,512.7	Republic of Moldova, total
673.0 550.9	Chișinău Municipality, Chișinău City
94.6 90.5	Bălți Municipality, Bălți City

Population of ATU Găgăuzia, thousand people	
117.2	ATU Găgăuzia
20.2	Comrat Municipality
16.0	Ciadâr-Lunga
12.1	Vulcănești

Education System in Moldova



ISCED level

..... Competition based enrolment

The baccalaureate exam

Exit to labor market

Dual Vocational Education

The Dual VET System

Învățământul profesional tehnic dual

Moldova initiated dual VET programs in 2014, and following the 2018 Regulation on dual VET, this practice was systematically implemented to address contemporary labor market demands, thereby cultivating a workforce with the requisite skills and qualifications. This approach is instrumental in smoothing the transition from education to employment by imparting job-relevant competencies.

Cooperation between private companies and educational providers is a hallmark of dual VET, ensuring that learning is directly applicable to the needs of industry.

Partnerships within the dual VET system are formalized through agreements that define the responsibilities of each entity involved, as stipulated by existing regulations. Companies engage apprentices under contractual arrangements, taking on the duty of delivering both theoretical and practical instruction.

Dual VET Main Elements

Apprentices	VET Institutions	Companies	CCI (Chamber of commerce)
· Practical training included in the employment contract · Apprentice salary: min. 2/3 from minimum salary (+ scolarship) · Enrollment from 15 years old	· Expansion for qualification level 4 · Possibility to create consortium	· Deductibility of Dual VET costs · Selection of the candidates · Public Authorities can become dual partners	· Ensuring the quality of practical training · Qualification of the supervisors in production · Digital record of apprentices and dual partners

Typically, apprentices allocate 30% to 50% of their training time to vocational school studies, while the remaining 50% to 70% takes place within the company, in a practical setting. The distribution of training time varies based on the qualification level being pursued.

Dual VET programmes for Electronics

- Electronics & Mechatronics
- Electrical networks
- Technologies and telecommunications networks

Apprenticeships in these areas are tailored to propel the electronics sector forward, ensuring a steady influx of adept individuals into the workforce.

Law no 110 on dual **Vocational Education of the Republic of Moldova,** April 2022

Governmental Decision No. 97/ 2023, Secondary normative framework

Government Decision 693/2018, On the determination of tax liabilities related to corporate income tax

Regulation on how to compensate the costs of dual vocational education establishments **www.oda.md**

Additional state support for Dual VET Education

Recent years have seen the modernization of dual VET education legislation in Moldova, providing enhanced incentives from the state. Under the auspices of Law 110/2022 on dual education and accompanying normative acts by the Ministry of Education and Research, dual VET education is comprehensively structured.

Oversight and support of dual education are executed by the Chamber of Commerce and Industry of the Republic of Moldova in tandem with the Ministry of Economic Development and Digitisation, which subsidizes expenses through the Organization for Entrepreneurship Development (ODA). These subsidies support costs associated with dual education, such as training remuneration, materials required for vocational training, and other essential expenditures.

Compensation from state funds may cover up to 50% of expenses incurred by dual education units for organizing and executing vocational training programs.

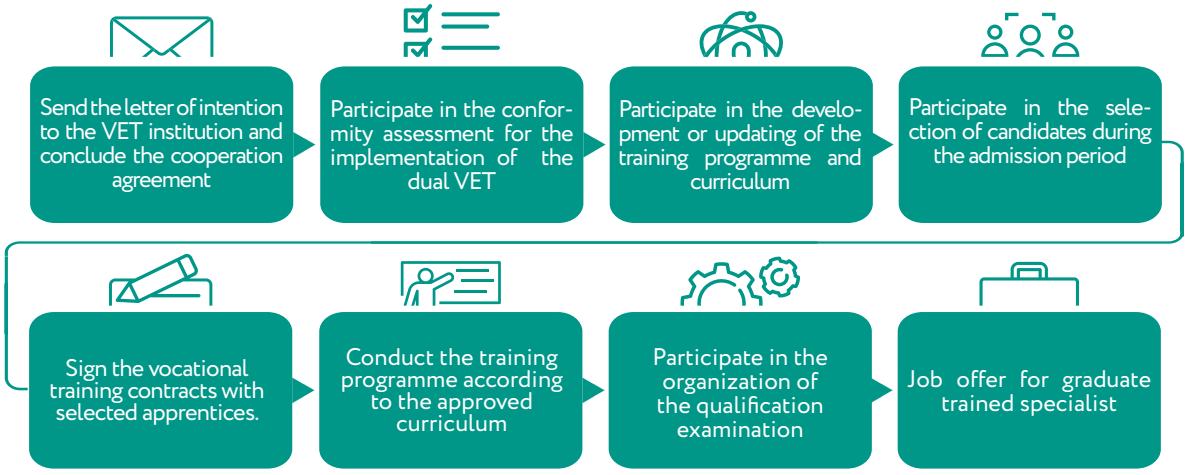
Eligible Expenses for Compensation Include:

- Training pay, up to 30% of the national minimum wage recorded at the time of incurring the expense.
- The basic monthly salary of the instructor, limited to the national minimum wage.
- Organizational costs for training facilities, including depreciation of assets and utilities.
- Costs for vocational training services rendered by the technical vocational institution.
- Expenses associated with the pedagogical training of instructors, up to 20 credits.
- Miscellaneous costs necessary for the dual education process, such as office equipment and transport.

Engagement in the Dual VET System

Entities may become partners in the Dual VET System by fulfilling roles such as sending letters of intent, participating in community assessment, contributing to the development of training programs, and engaging in the selection of candidates. This collaborative effort culminates in the signing of apprenticeship contracts, delivery of training, and coordination of qualification examinations, with successful graduates receiving job offers.

Becoming partner in Dual VET System



Technical Vocational Education in Electronics

The Center of Excellence in Power Engineering and Electronics is a postsecondary technical vocational institution, which ensures the training of specialized staff assuring an applicative character of the educational approach (practical environment).

Today it is a leading school in the field, which has established its authority among similar high schools in Chisinau and in the country.

Studies at CEEE within the Electronics Vocational Training Program are organized on the basis of secondary education, with a duration of studies of 4 years.

Straseni Engineering College

The Engineering College from Straseni, founded in 2019, aims at training specialists and skilled workers for resident multinational companies, as well as for the branches of the national economy, by using the methods of the dual training system, according to the German model.

Dual VET study programs:

- Industrial technological equipment and accessories
- Mechatronics.

The Polytechnic College of Balti

The Polytechnic College of Balti, founded in 1964, is one of the leading undergraduate educational institutions located in the north of the country.

The College provides education and development of professional skills in the following areas of study: Electrical Engineering, Electronics and Automatics, Mechanical Engineering and Metalworking, Information and Communications Technology.

Chisinau Vocational School no. 6

The school meets society's needs by creating conditions for learning the profession. It trains specialists knowledgeable and able to work in the field of transport, in both – state and private sector.

Study programs:

- Radio-electronic devices
- Electronics and Microelectronics
- Automation of technological processes

Balti Vocational School no. 5

The Vocational School was founded in 1971. During its activity, the institution trained over 15,633 skilled workers.

Currently, the Vocational School trains qualified workers in the following study programs:

- Computer support operator
- Repair and maintenance of electrical equipment specialist
- Commercial refrigeration equipment specialist
- Vehicle electrician
- Automotive service technician and mechanic
- Welder (gas & electric)
- Lathe operator

Study programs with Dual VET system:

- Electrical and electronics installer
- CNC machine - tools operator
- Operator in mechanized and automated warehouses

College of the Technical University of Moldova

The college is an institution subordinated to the Technical University of Moldova, which has its location on a campus of the university. The specialties of the college find a direct continuity in the range of programs of the Technical University of Moldova. In 2022, the UTM College has updated its educational offer, coming with modern specialties, in step with new trends. The college's specialties include:

- Computers
- Machines and production systems
- Administration of web applications
- Computer Networks
- Programming and program product analysis
- Telecommunications Technologies and Networks
- Technical diagnostics of motor transport
- Technology of public catering
- Motor Traffic
- Industrial technological machinery and accessories
- Materials processing technology

Industrial College in ATU Gagauzia

- Greenfield construction in the proximity of the Free Economic Zone Valcanes in Comrat. The investment is planned to be accomplished in 2024. The capacity of the Industrial College is ca. 900 students in the following specialities:
- Information Technology (IT), Systems & Programming
- Maintenance of Electrical, Electromechanical Equipment
- Electronics and Mechatronics
- Mechanics, Robotics

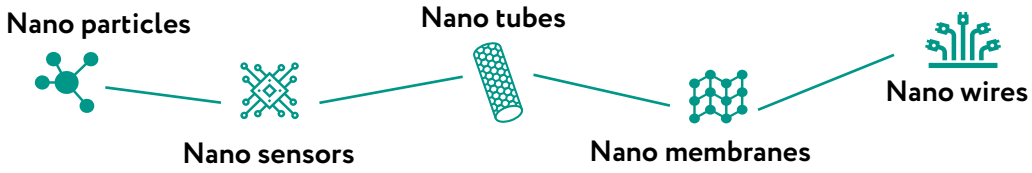
A new college in electronics technologies from 2025

In the conditions of the accelerated development of technologies in the electronics industry and to ensure a competitive professional-technical educational system, the authorities facilitate the development of these institutions, but also the creation of others.

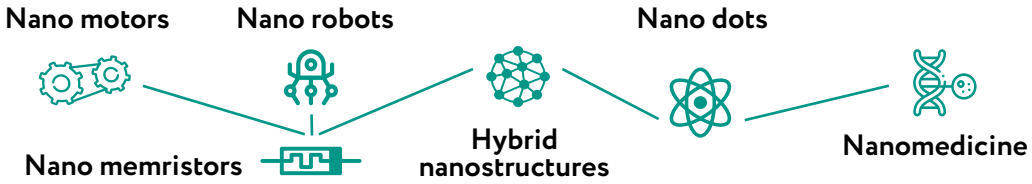
Thus, following the extension of a Memorandum of collaboration with the Austrian authorities, the Ministry of Education and Research of the Republic of Moldova announced the creation of a new college, which will begin its activity on September 1, 2025. The college will offer professional-technical training programs in the field of electronics in accordance with Austrian standards.

Photo credit: Technical University of Moldova. E mobility Laboratory (Fundamentals of hybrid and EV, battery charging)

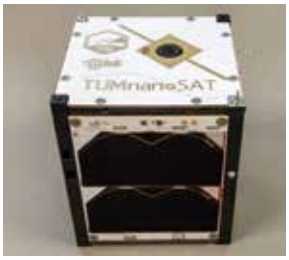
Research & Development



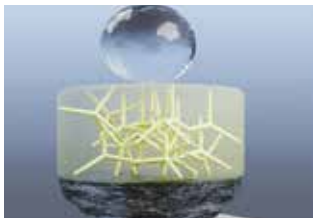
Center for Nanotechnology and Nanosensors in Moldova is only one in this region who can design and fabricate nanosensors on individual nanowires (or nanotubes, nanoflakes, nanorods) with diameters from 10 nm and up to micrometers.



Did you know that?



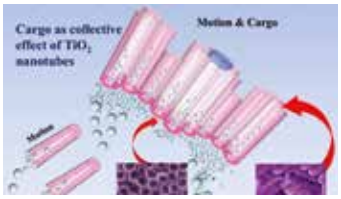
- First Moldovan satellite successfully placed into orbit. In 2022 the nanosatellite TUMnanoSAT, built by the Technical University of Moldova was successfully launched into orbit by astronauts from the International Space Station (ISS).
  https://gov.md/en/content/first-moldovan-satellite-successfully-placed-orbit
  https://nanosat.utm.md/

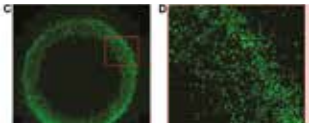


Moldovan researchers have made the first ever highly porous, mechanically flexible and stretchable inorganic nanomaterial that is both hydrophilic and hydrophobic at the same time. The material is called aerogalnite (aero-GaN) and could be used in many practical applications due to its unique properties.

https://physicsworld.com/a/hydrophobic-or-hydrophilic-aero-gallium-nitride-is-both/

- The first nanostructured micro-submarine exhibiting both light-driven motion and cargo capabilities has been invented by Moldovan researchers. The micro-submarine consists of arrays of TiO2 nanotubes working as nanoengines under UV illumination.
  https://onlinelibrary.wiley.com/doi/abs/10.1002/smll.201670203





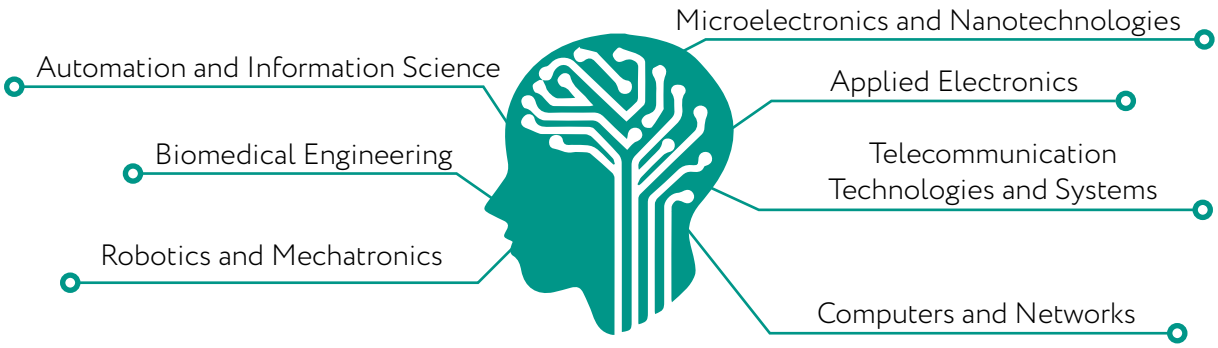
Moldovan researchers demonstrated that living cells can be rearranged and transported using GaN nanoparticles and magnetic field.

https://nanoscalereslett.springeropen.com/articles/10.1186/s11671-017-2262-y

- Ultra-lightweight pressure sensors have been developed by joint efforts of Moldovan, Romanian and German scientists.
- First ultrathin membrane based on Gallium Nitride (GaN) has been made at National Center for Materials Study and Testing, Technical University of Moldova.
- Fundamental and applied research into physics and physico-chemistry of condensed matter: crystalline, noncrystalline and nanostructured materials, of atoms and nucleus; electronics and quantum optics, design of high technologies and multifunctional electronic, optoelectronic and photonic devices.

Competences in Electronics

The electronics industry is based on wide range of activities and niche knowledge such as semiconductors, PCBs, transformers, sensors, nano wires, as well as R&D and engineering.



Did you know that?

The electronics industry covered a wide range of activities such as semiconductors, PCBs, transformers, sensors, navigation systems and electronics for naval ships and submarines.

Electronics competitive activities

PCBs Design & Manufacture

EMS & ECM

PCBA, SMD & THT montage

Electronic devices design & manufacture

Inductive Components

Nano Sensors & Micro Wires

Torroid cores & common mode chokes

Emmbedded systems and R&D

Cable assemblies and wiring harness

PCB laminates

Electronic components and systems

Photo credit: Steinel Electronic

The Technical University of Moldova (UTM)

UTM is distinguished as the premier technical higher education institution in Moldova, accredited in accordance with national standards. UTM's academic structure encompasses 11 faculties, including:

- Faculty of Electronics and Telecommunications;
- Faculty of Energetics and Electrical Engineering;
- Faculty of Computers, Informatics and Microelectronics;
- Faculty of Food Technology;
- Faculty of Mechanical Engineering and Transport;
- Faculty of Architecture and Urban Planning;
- Faculty of Constructions, Geodesy and Cadastre;
- Faculty of Economic Engineering and Business;
- Faculty of Design;
- Faculty of Veterinary Medicine;
- Faculty of Agricultural, Forestry and Environmental Sciences.

UTM has integrated three specialized Research Institutes:

1. The Institute of Electronic Engineering and Nanotechnology "D. Ghîtu";
2. The Institute of Energy;
3. The Institute of Microbiology and Biotechnology.

The university employs approximately 831 faculty members, two-thirds of whom possess advanced scientific and didactic titles, such as "academician," "university professor," "associate professor," "doctor habilitate," and "doctor in science." These educators are responsible for the instruction of roughly 12,000 students across undergraduate, graduate, and doctoral levels, encompassing the three-tiered Bologna cycle system.

UTM has built a formidable reputation in technical education, contributing to Moldova's engineering excellence and producing professionals who lead in various sectors nationally and globally. Key achievements include:

- Over 80,000 engineers trained since 1964;
- 206 study programs, including options in French and English;
- Establishment of 3 Doctoral schools;
- Formation of 3 Research centers.

80,000+
engineers
trained since 1964

103
Study programs
including 2 in French & 1 in English

3
Doctoral schools

6
Research centers

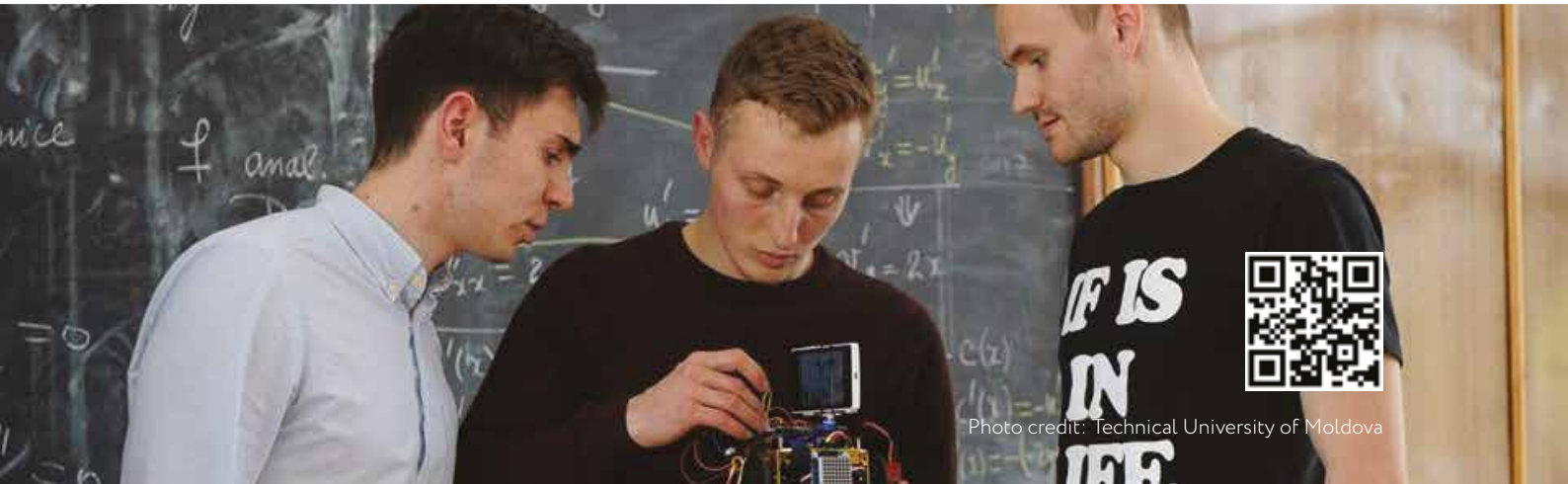


Photo credit: Technical University of Moldova

Operating costs and taxes

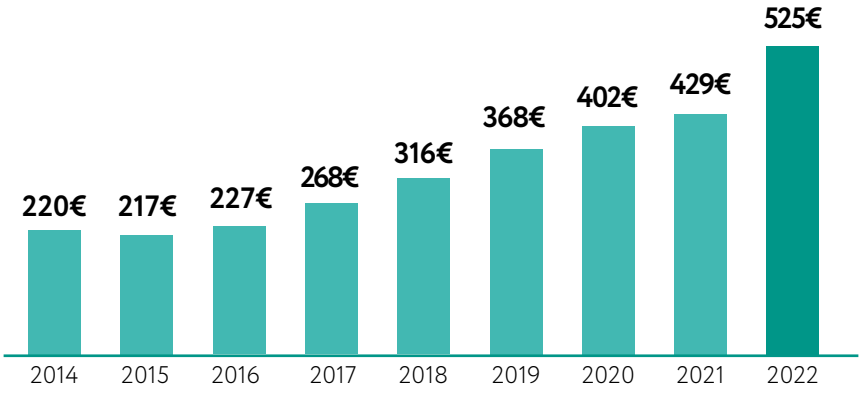
Moldova is recognized for its highly-skilled yet competitively priced workforce. Labor costs in Moldova are among the most favorable in the region, enabling cost-efficient operations and providing a solid foundation for business success.

In 2022, the industry sector's average gross salary in Moldova was approximately 480 EUR, varying from 326 EUR to 629 EUR based on regional and qualification differences. This is considerably more cost-effective than regional averages. Projections place the anticipated average labor cost for the national economy at about 705 EUR by 2024.

Economic Salary Trends

The progression of the average gross salary in Moldova's economy exhibits consistent growth, with a notable increase to 529 EUR in 2022.

Evolution of the average gross salary in the economy

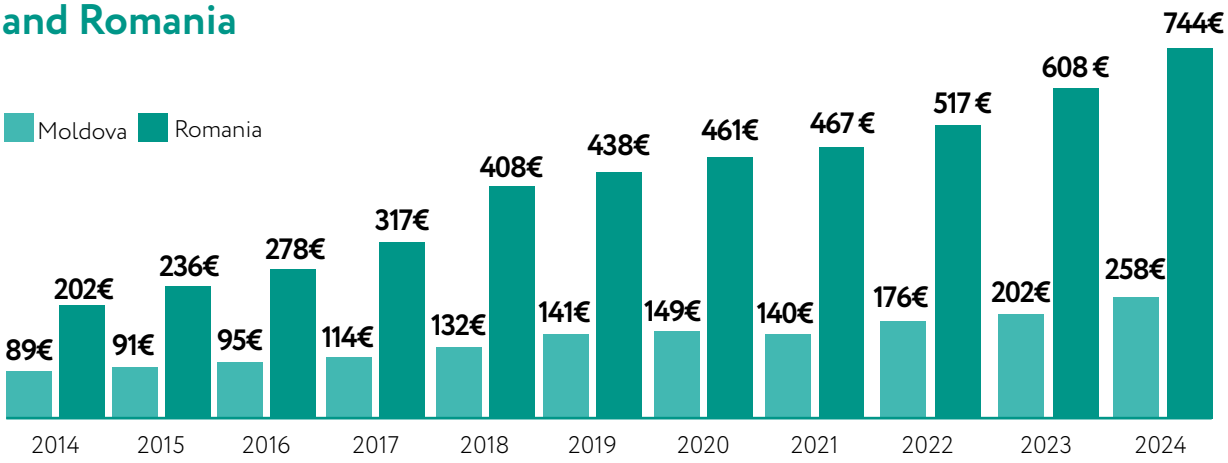


Source: National Bureau of Statistics, 2022

Minimum Wage Trajectory

Comparatively, the growth rate of Moldova's minimum wage has been more modest than neighboring countries, reflecting a slower yet steady economic adjustment.

Evolution of the minimum wage in the Republic of Moldova and Romania

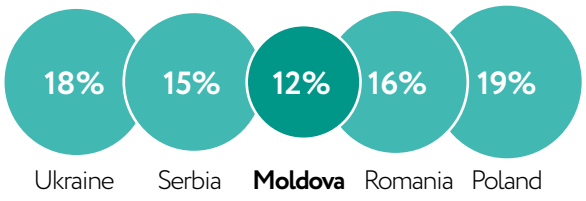


Source: National Bureau of Statistics Moldova, Romania

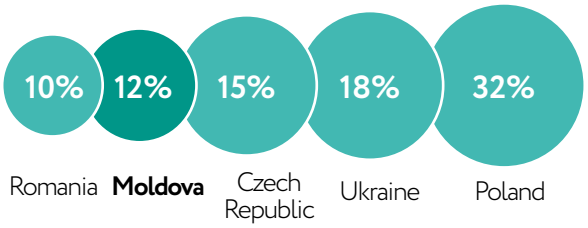
Taxation Overview

Corporate and personal income tax rates in Moldova remain competitive within the region, indicating an attractive fiscal environment for businesses.

Corporate Income Tax



Personal Income Tax



Source: PwC (https://taxsummaries.pwc.com)

Utility costs in 2023

Utility costs, an important consideration for operational budgeting, are detailed below (excl. VAT). Please note that water and sewage rates may vary by region:

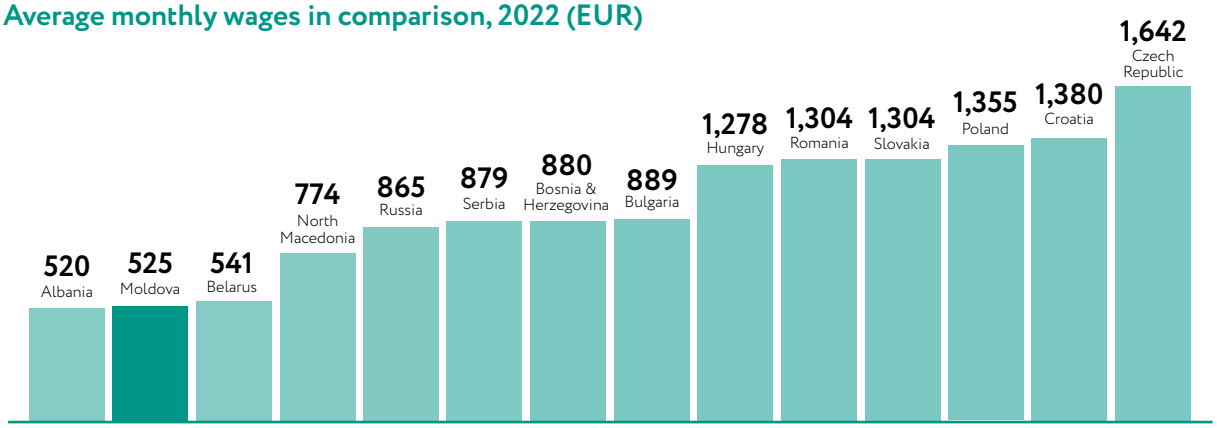
- Electricity: Prices range depending on voltage levels and providers.
- Water: Rates are stipulated per cubic meter, differing from city to city.
- Sewerage: The charges are specified for various regions, subject to potential alterations.
- Gas: Costs vary depending on pressure requirements and usage.

Electricity*	Water	Sewerage	Gas
"Premier Energy"	1.19 EUR/m3 - Balti	0.85 EUR/m3 - Balti	0.69 EUR/m3 - high pressure
0.12 EUR/kWh - 0.4 kV	0.99 EUR/m3 - Comrat	0.75 EUR/m3 - Comrat	0.72 EUR/m3 - medium pressure
0.10 EUR/kWh - 6-10 kV	2.53 EUR/m3 - Hincesti	1.13 EUR/m3 - Hincesti	0.84 EUR/m3 - low pressure
"FEE Nord"	0.94 EUR/m3 - Ceadir-Lunga	1.51 EUR/m3 - Ceadir-Lunga	
0.10 EUR/kWh - 0.4 kV	1.26 EUR/m³ - Calarasi	1.02 EUR/m³ - Calarasi	
0.15 Eur/kWh - 6-10 kV	1.77 EUR/m³ - Soroca	0.62 EUR/m³ - Soroca	

All prices reflect the commitment to maintain economic viability for businesses operating within Moldova.

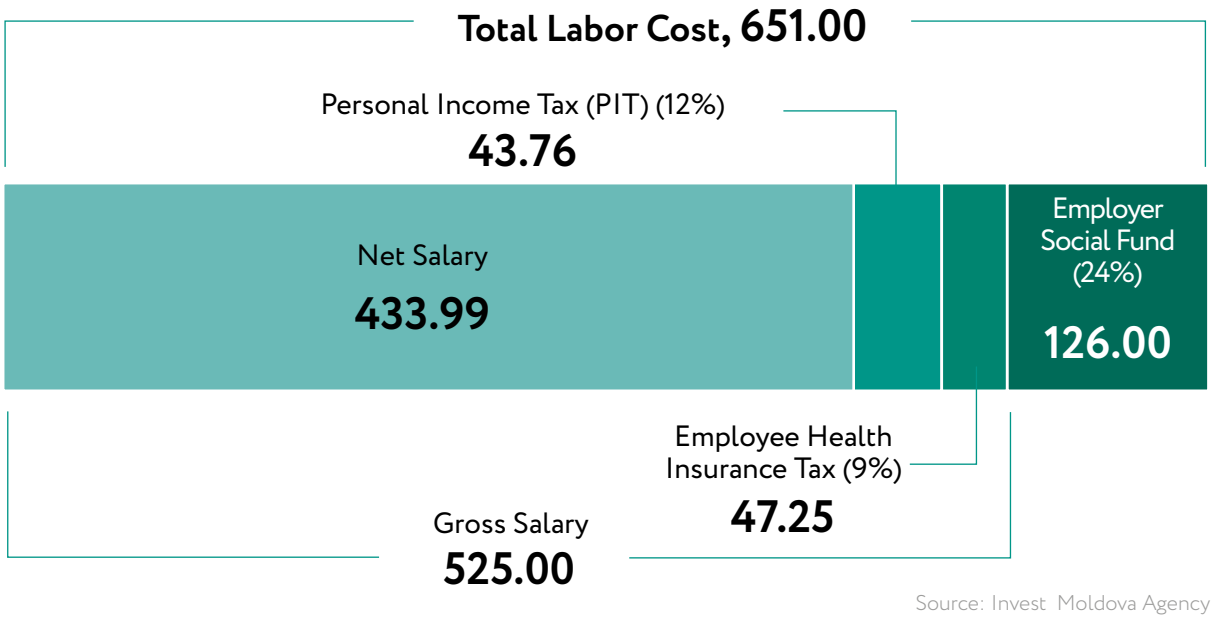
Source data is obtained from the National Bureau of Statistics and PwC for tax figures. This comprehensive overview provides stakeholders with a clear understanding of Moldova's competitive position in terms of operating costs and taxation.

Average monthly wages in comparison, 2022 (EUR)



Source: Trading Economics, Wages, 2022

Structure of the average salary in Moldova, 2022 (EUR)

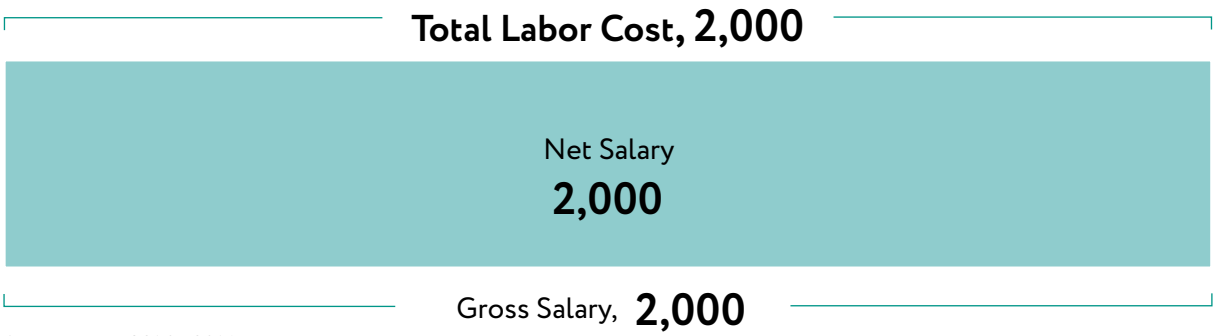


Source: Invest Moldova Agency

* This table is using the average salary for 2022 – ca. 525 EUR (10,447 MDL)
** The calculation was made using the personal allowance for the employee (2,250 MDL/month)
Annual personal allowance 27,000 MDL is valid only for residents with annual taxable income under 360,000 MDL.

Structure of the average salary for IT Park residents, 2022 (EUR)

The calculation of the salary for the residents of IT Parks with the single tax in the amount of 7% of the sales income, replacing all the taxes contributions of the employees and employers.



* Law no. 77 of 21.04.2016 on IT Parks;

Inclusive Workplace Subsidy Framework

50% Employers are granted a 6-month subsidy equal to 50% of the average monthly salary from the previous year for each unemployed individual hired.

Employer Subsidy Allocation:

This subsidy is applicable for a single disbursement within any 36-month period.

50% The government provides a subsidy covering 50% of costs for workplace modifications to accommodate employees with disabilities.

Workplace Modification Subsidy:

The maximum grant will not exceed the cumulative amount of 10 average monthly salaries from the previous year for each position created or modified.

Subsidy Qualifications:

Employers who hire individuals with disabilities or those from specified target groups (as delineated by Law no. 105, art. 23) are eligible for these subsidies. Target groups include:

- Youths aged 16 to 18 without parental care
- Persons over 50
- Human trafficking victims post-rehabilitation
- Individuals recovering from narcotic or psychotropic substance abuse
- Victims of domestic violence
- Other at-risk groups identified by the government

Employer Obligations:

Positions created or adapted for people with disabilities must be maintained for at least one year to qualify for the subsidy.

Corporate Advantages:

- Reduction in staff turnover
- Lower absenteeism rates
- Enhanced productivity and workplace safety
- Access to a broader talent pool

Endorsement of Best Practices:

Prominent industry leaders acknowledge the value of integrating people with disabilities into the workforce. An example citation from an HR manager underscores the positive impact and value of such practices within the electronics sector.

Best practices in employing people with disabilities in the Electronics Sector

"26 young people with hearing impairment are part of Steinel Electronics family. We strongly believe that they are a valuable asset for business since their loyalty and dedication has exceeded our wildest expectations. They are talented people with high productivity that are contributing to Steinel reputation in the community as a great place to work."

Clementina Sarateanu
HR manager, Steinel Electronic S.R.L.

Industrial platforms development

Master Plans

Development plan

Geologic survey

Topographic survey

On-site infrastructure networks

Zoning regulations/ layout

Project documentation for infrastructure

Gas supply

Power supply

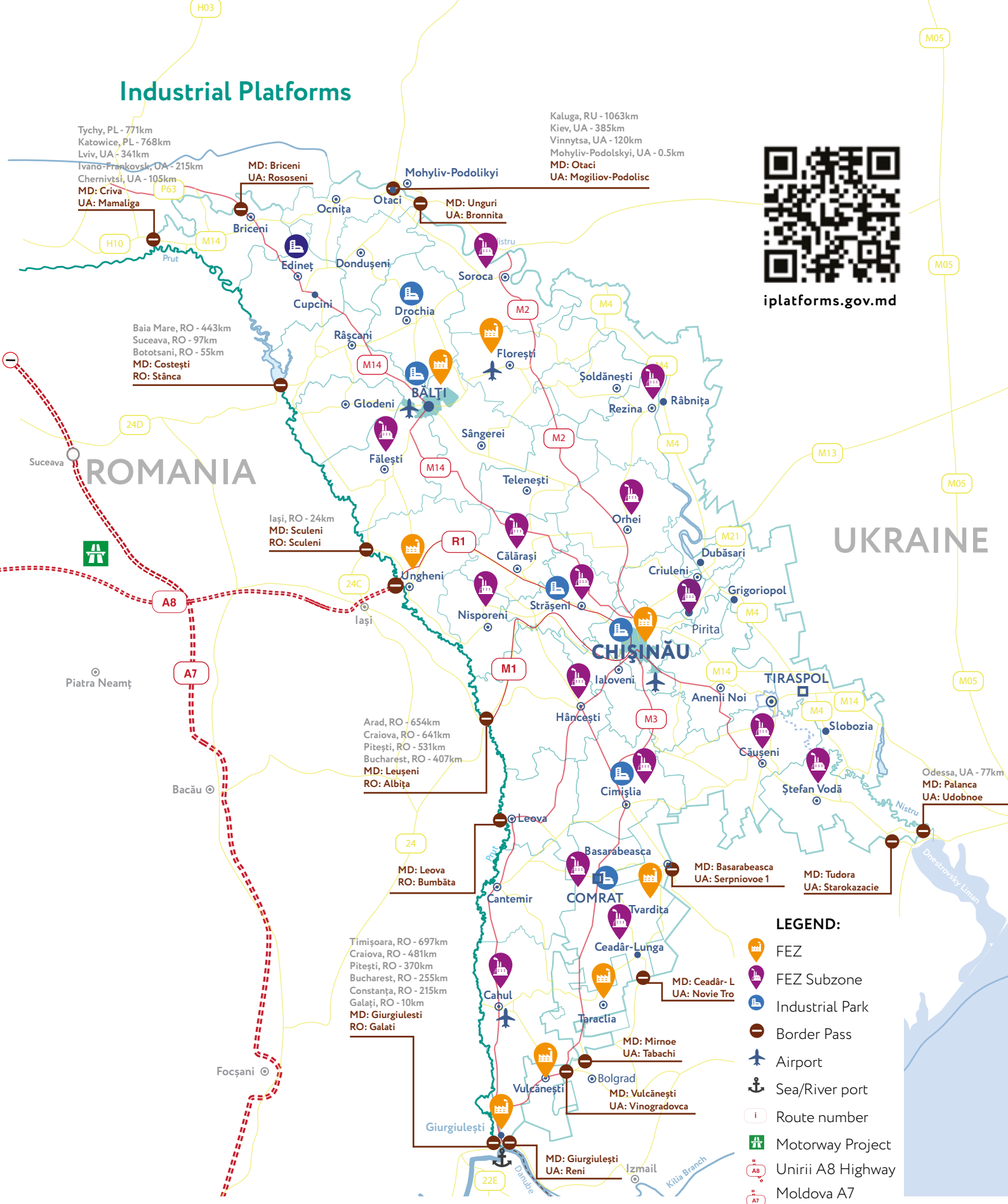
Water & Sewerage supply

Feeder road

8 Industrial halls blueprint

Project documentation for industrial halls: available construction permits and authorization

Industrial Platforms



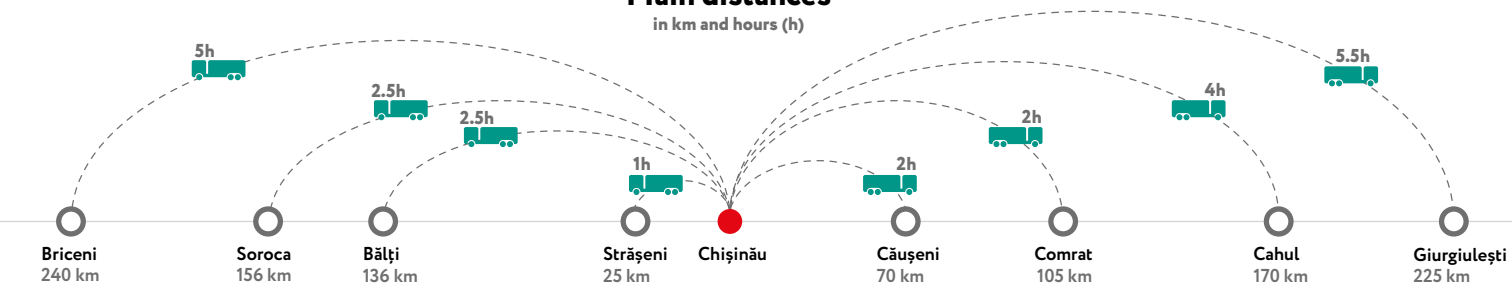
iplatforms.gov.md

LEGEND:

- FEZ
- FEZ Subzone
- Industrial Park
- Border Pass
- Airport
- Sea/River port
- Route number
- Motorway Project
- Unirii A8 Highway
- Moldova A7 Highway

Main distances

in km and hours (h)



Free Economic Zones

Free Economic Zones (FEZ) in Moldova serve as strategic platforms for export-oriented manufacturing entities seeking advantages from a beneficial customs and tax framework. The country hosts six FEZs strategically positioned either in proximity to national borders or within major urban centers, offering preferential operational conditions coupled with dedicated administrative support aimed at customer satisfaction.

Industrial Parks

Industrial Parks (IP) are specifically designated areas dedicated to fostering industrial production, service provision, and advancement in applied research and technological development. Moldova has developed ten Industrial Parks, aiming to stimulate industrial growth within its borders.

Multifunctional Industrial Platforms

Spanning approximately 300 hectares, the Multifunctional Industrial Platforms are designed to function as pivotal industrial hubs. They facilitate robust networks among suppliers and producers, thereby integrating Moldova more deeply into the global economic ecosystem.

Incentives	Free Economic Zones	Industrial Parks	Multifunctional Industrial Platforms	General Regime
CIT	**0%** for a period 3 (5) years when investing at least 1 (5) M USD	**12%**	**12%**	**12%**
VAT	**0%** no Excise no Customs duties	**20%**	**20%**	**20%**
10y State Guarantee	✓	n/a	n/a	n/a
24/7 Customer Service	✓	n/a	n/a	n/a
Professional suppot	✓	✓	n/a	n/a
EUR/USD Payments Allowed	✓	n/a	n/a	n/a
Reduced Inspections	✓	✓	n/a	n/a
AEO	✓	✓	✓	✓
Dual VET	✓	✓	✓	✓
Free Zoning	n/a	✓	n/a	n/a

Strategic Logistics and Nearshoring in Moldova

Moldova's prime location and robust transportation infrastructure facilitate seamless access to both Central Asian and European Union markets. This strategic positioning ensures efficient just-in-sequence delivery of goods; for example, transit from Germany to Moldova can typically be completed in approximately two days.

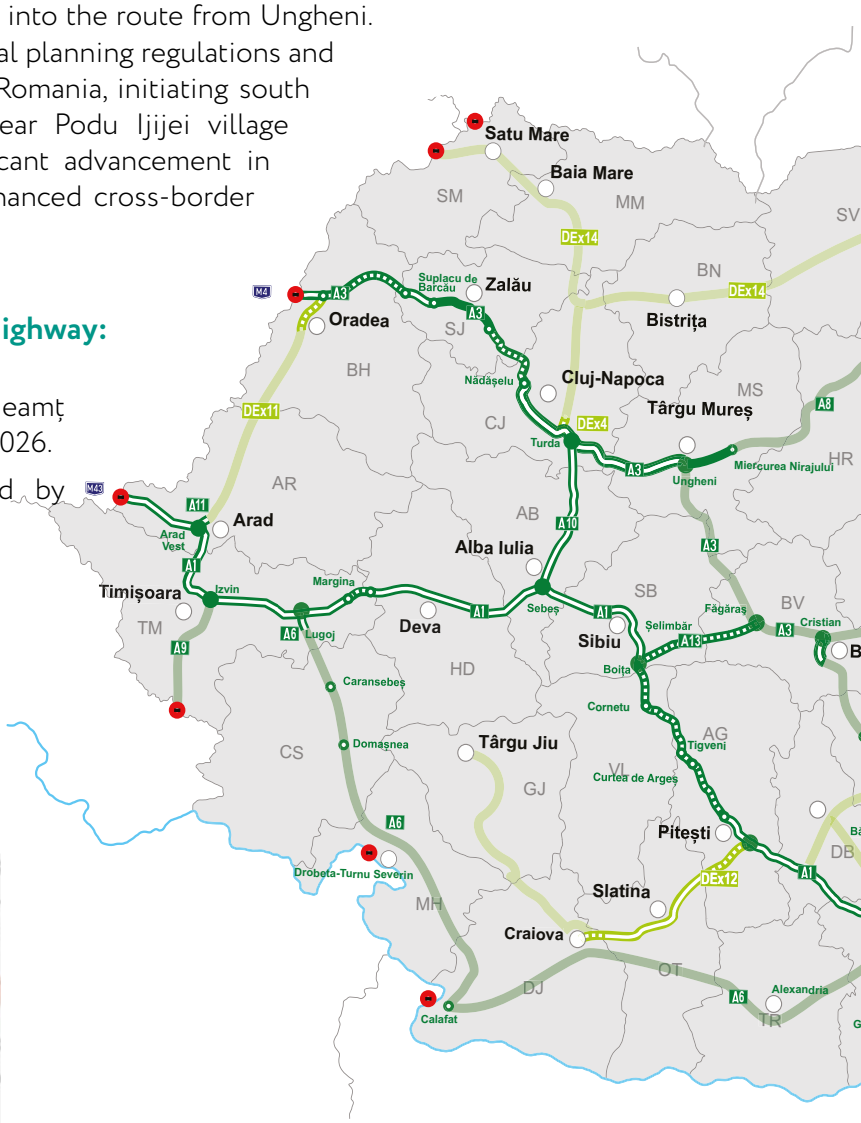
The vital Pan-European Corridor traverses Moldova, enhancing connectivity with important regional hubs. Key rail and road routes—spanning from Helsinki to Greece—cross the nation, linking Moldova with crucial economic partners.

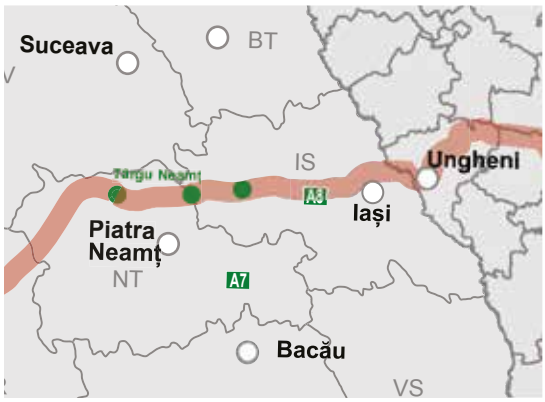
Unirii A8 Highway (Romania)

The development of the Unirii A8 Highway, spanning over 304 km from Târgu Mureș to Ungheni, is set to fortify connections between Romania and the Republic of Moldova, specifically tying into the route from Ungheni. This arterial road aligns strictly with regional planning regulations and is anticipated to cross the Iași county in Romania, initiating south of Boureni commune and concluding near Podu Ijijei village in Golaiești commune. It marks a significant advancement in transnational infrastructure, promising enhanced cross-border flow of goods and personnel.

Projected deadlines for the Unirii A8 Highway:

- Completion of the section up to Târgu Neamț and the Prut river bridge by December 31, 2026.
- Extension to Târgu Mureș scheduled by December 31, 2030.

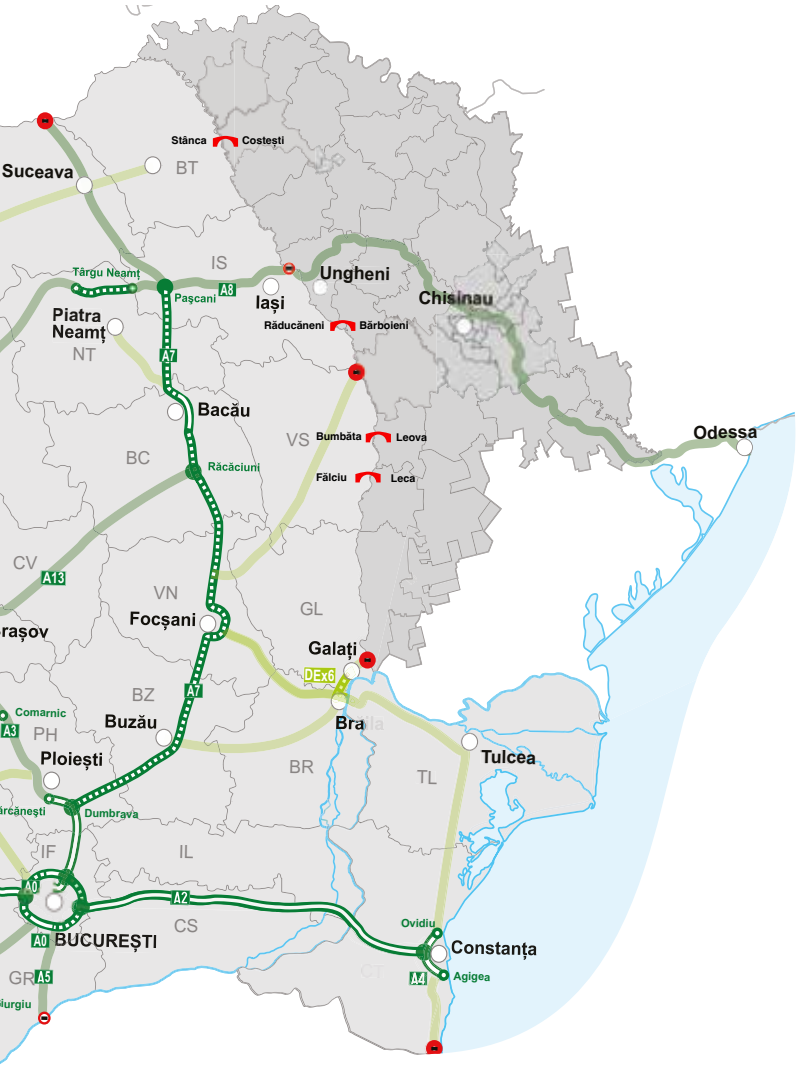




Overview of Iași, RO – Ungheni, MD – Chișinău, MD – Odessa, UA Highway Development

The strategic highway project in Moldova aims to connect Iași, Ungheni, and Chișinău, subsequently extending to Odessa. This initiative gained momentum during the Republic of Moldova Infrastructure Reconstruction Plan and was showcased at the Support Platform for Moldova. A comprehensive plan including a detailed route and financial projections has been developed, with the first segment connecting Ungheni to Chișinău budgeted at EUR 1.1 billion for 100 km. The extended route to Odessa is estimated at EUR 1.6 billion, reflecting the broader scope and greater distance of approximately 245 km.

Photo: This will be the route of the entire highway in the Republic of Moldova



Moldova A7 Highway (Romania) Connectivity

The Moldova Highway A7 project will create a vital link between the Black Sea and via A2, extending towards Central Europe. This route, part of the larger "Via Carpatia" network, is envisioned to enhance connectivity between the Mediterranean Sea, the Black Sea, and the North Sea.

Republic of Moldova will gain access to this expansive corridor, facilitating commerce and transit through key European nations. It will intersect with several major highways, notably the Via Carpatia, enhancing Moldova's integration into the European transport network and boosting the movement of goods.

This highway will serve as a connector to major Romanian routes: the A7 (east-west) and the A8 (north-south towards Bucharest).

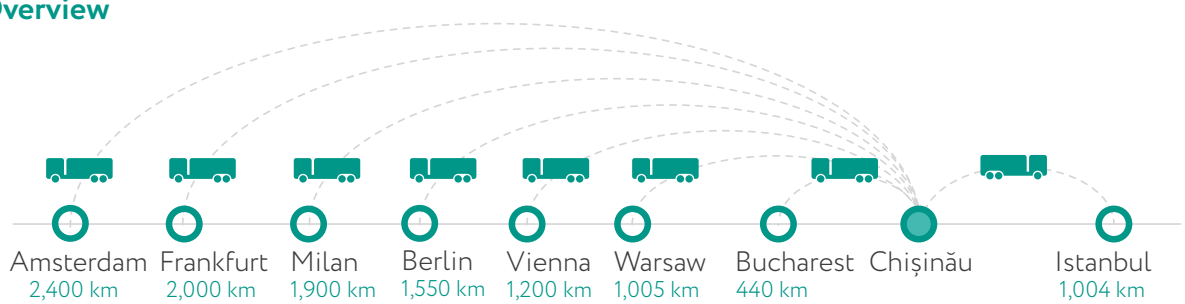
LEGEND:

Motorways
- In service
- Under construction
- Tenendered
- Planned

Expressways
- In service

Bridges
- Under construction

Road Distances to Major European Cities and Giurgiulesti International Free Port (GIFP) Overview



Connecting Moldova to Europe:

Moldova is integral to the European transportation network, as evidenced by its link to Corridor VII (Danube Corridor), stretching from Passau, Germany, to the Black Sea. The Giurgiulesti International Free Port (GIFP), strategically located at km 133.8 of the River Danube, serves as a vital transshipment and distribution point connecting Moldova to this corridor. GIFP is accessible via multiple transport modes, reinforcing its status as a key logistics hub at the EU's doorstep, offering diversified terminal services including container, bulk, oil terminals, and forwarding services.

GIFP's Strategic Logistics Role:

As a pivotal node for Moldova's import and export activities, GIFP delivers extensive transshipment and warehousing solutions, supported by a trilateral transport infrastructure. It enables the docking of sea-going and river vessels, with capacities of up to 7m draught and 10,000 tons, respectively. The facility streamlines container transit to and from Moldova, liaising with the DPW container terminal in Constanta, thereby mitigating road congestion at border crossings.

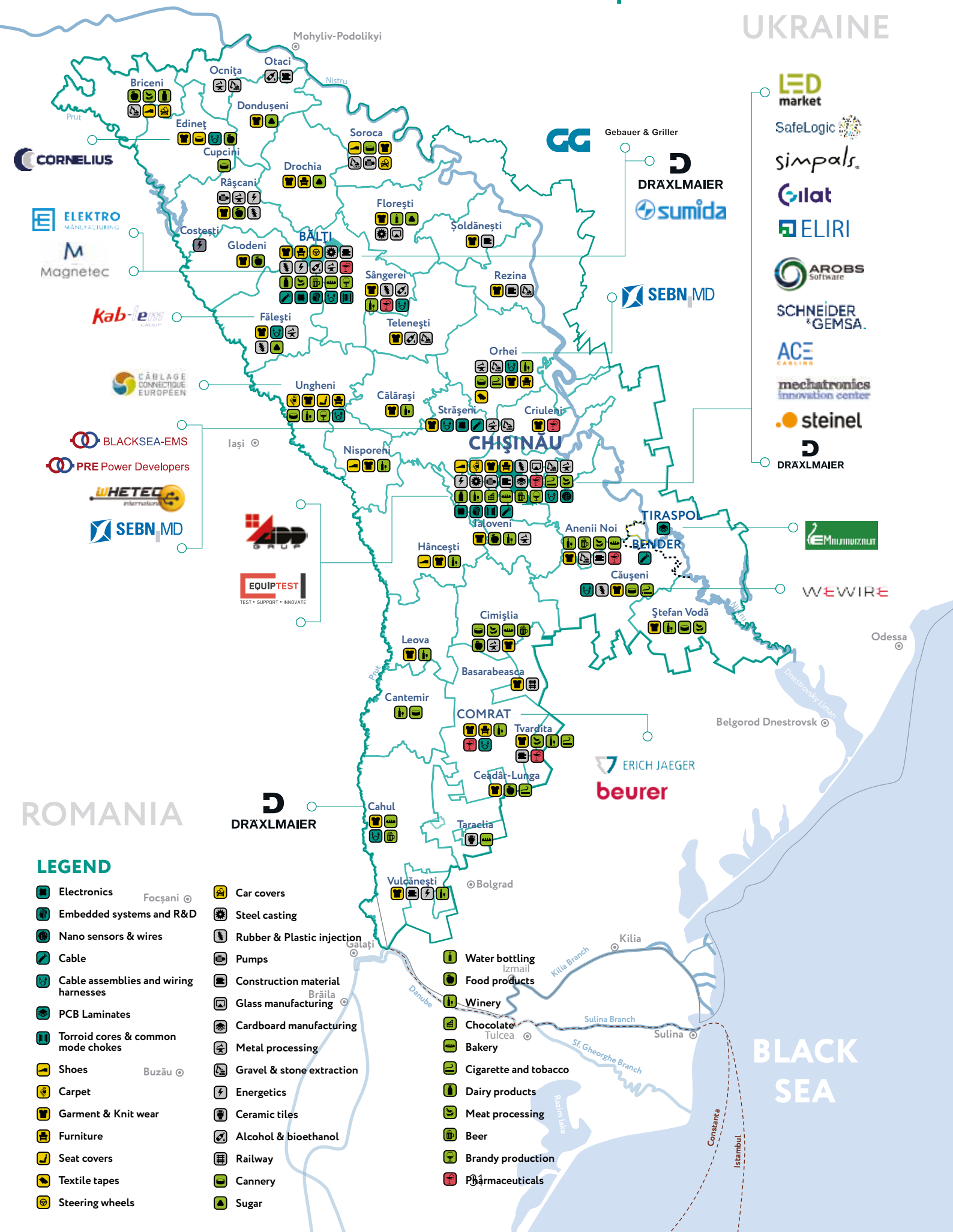
During recent events impacting the Ukrainian Danube ports, GIFP saw a substantial increase in transshipment volumes, demonstrating its resilience and strategic importance. Although regional restrictions affect the free port, its design and operations continue to satisfy Moldova's trade requirements comprehensively.

Impact of Regional Developments:

The conflict involving Ukraine has prompted significant adjustments in regional logistics, with the Danube corridor emerging as a critical channel, particularly for Ukrainian trade flows. GIFP has become an instrumental part of these redirected supply chains, underscoring its capacity and adaptability, even as volume fluctuations occur.

Photo credit: Giurgiulesti International Free Port at present, www.gifp.md

Success Stories & Industrial Competences



LEGEND

- Electronics
- Embedded systems and R&D
- Nano sensors & wires
- Cable
- Cable assemblies and wiring harnesses
- PCB Laminates
- Torroid cores & common mode chokes
- Shoes
- Carpet
- Garment & Knit wear
- Furniture
- Seat covers
- Textile tapes
- Steering wheels
- Car covers
- Steel casting
- Rubber & Plastic injection
- Pumps
- Construction material
- Glass manufacturing
- Cardboard manufacturing
- Metal processing
- Gravel & stone extraction
- Energetics
- Ceramic tiles
- Alcohol & bioethanol
- Railway
- Cannery
- Sugar
- Water bottling
- Food products
- Winery
- Chocolate
- Bakery
- Cigarette and tobacco
- Dairy products
- Meat processing
- Beer
- Brandy production
- Pharmaceuticals

BUSINESS LINK.MD

Powered by ODA ORGANIZATION FOR ENTREPRENEURSHIP DEVELOPMENT

BusinessLink.md: Moldova's Premier B2B Platform

BusinessLink.md stands as Moldova's inaugural online platform dedicated to streamlining the connection between local suppliers and international buyers. This digital marketplace allows Moldovan suppliers to register, detailing their company profiles and technological capabilities, thereby joining an expansive database accessible to global purchasers.

Services Offered by ODA through BusinessLink.md:

Matchmaking: The ODA team conducts thorough market analysis to pinpoint suppliers that align with your specific criteria. Following this, we curate a select list and coordinate one-on-one meetings tailored to your business needs.

Business visits: Facilitating reconnaissance missions, enabling you to visit and engage with potential partners and suppliers directly. This service includes establishing vital connections with pertinent authorities and organizations.

Supplier development: ODA is committed to aiding SMEs) with aspirations towards global market integration. It provides strategic assistance designed to expand their operational capabilities and position them within international value chains (GVC).

Access the platform to identify potential supplier suitable for your needs. ODA offers relevant programs, support tools to develop the SMEs to qualify and meet your specific requirements.

Relevant sectors on the platform to explore the potential suppliers

- Electronics
- R&D and Engineering
- ICT
- Metal working
- Plastic and rubber processing

How to create the company profile as buyer or supplier, on the platform?

1. Sign in or Register
2. Complete the company profile
3. Profile checked by an operator/expert
4. Profile published
5. The profile is listed and searchable

Process Flow for Partner Engagement

General Information Submission

Begin by providing fundamental details such as the company name, location, and contact information.

Detailed Request for Quotation (RFQ)

Specify the salient attributes of the requested products or services, including their main features and potential applications.

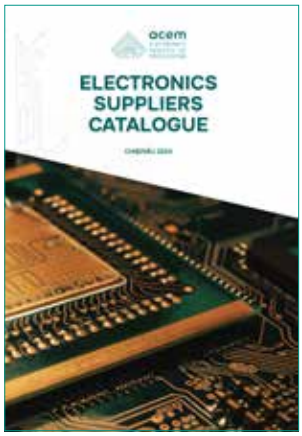
Partnership Experience Disclosure

Disclose prior partnership experiences, overall turnover, and expertise, such as knowledge of foreign languages.

Technology and Equipment Specification:

Detail the technological capabilities and equipment you seek in a potential partner, including parameters like workforce expertise and technological infrastructure.

Electronics Suppliers Catalogue



https://acem.md/en/electronics-suppliers-catalogue/

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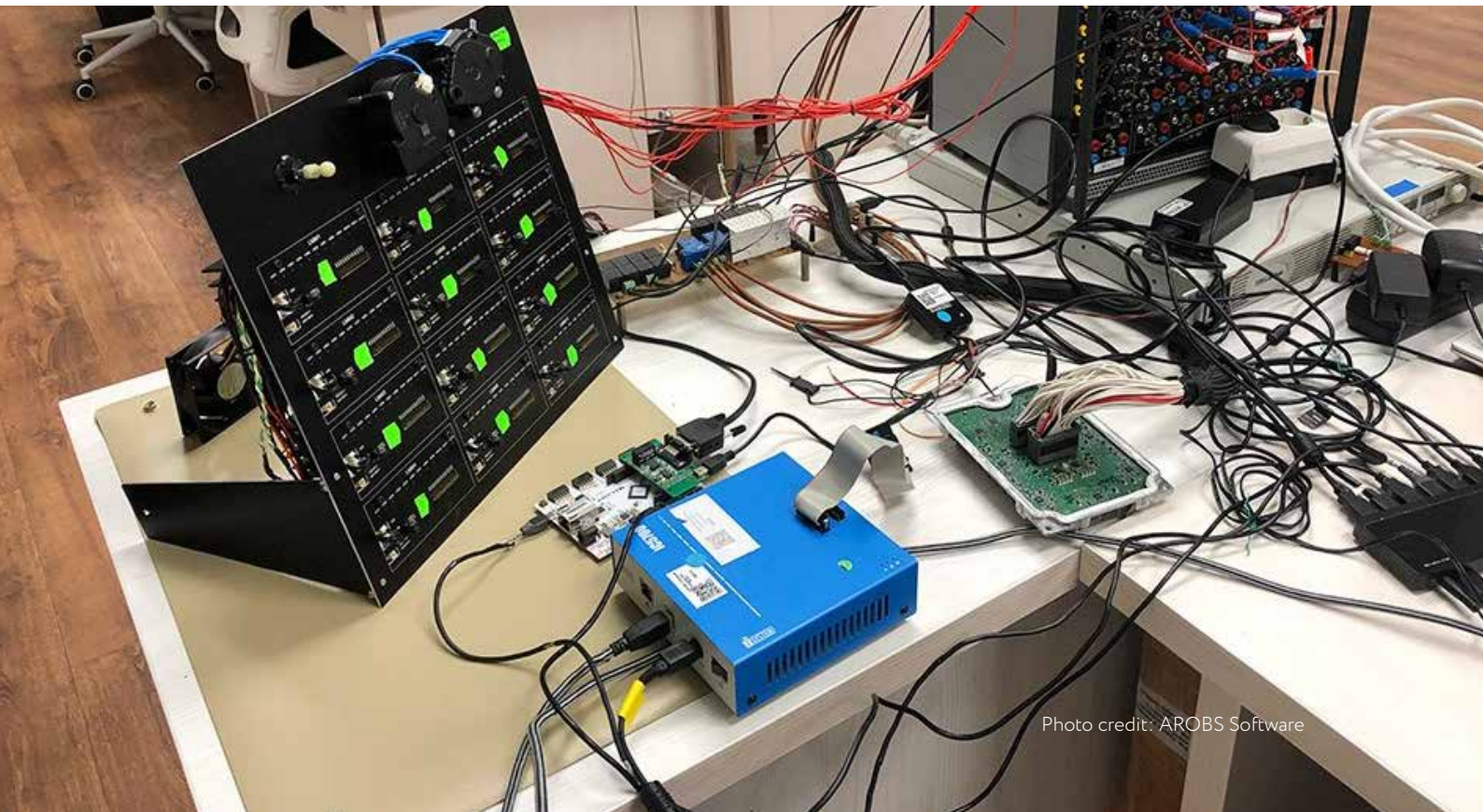

Photo credit: AROBS Software

Testimonials

"We are on the Moldavian market since 2005, and we have to admit that we chose Moldova also because it is very well located geographically at the border with European Union.

It was not easy, but we appreciated the adaptation of our employees to our requirements. Our company always had a positive dynamic: production, the number of employees, employee qualification.

At the beginning, the banking sector wasn't as developed as it is now and there were not many banking products to use which for a business means a lot. The real estate sector was also very weak, so it was difficult for us to find, for example, a proper production building. There were many challenges, but we say that we managed to convert many of them into opportunities.

In 2022 we opened the second factory here, a fact that proves to us that we went on the right path when we chose Moldova.

We are in a continuous development all these years and we always try to make a quality product for the whole globe."

"Moldova offers attractive investment opportunities, in both manufacturing and services industries, advantageous for international businesses. Whetec is in Moldova for more than 5 years, and discovered great people with excellent industrial competences. We work with largest automotive groups because the local workforce brings largest value-added to our products and our company. We are continuously growing and increasing our business and complexity of our manufacturing in Moldova."

"We, AROBS Software, are proud to be part of AROBS Group, the most significant technology company listed on the Bucharest Stock Exchange. We specialize in software engineering for the latest automotive technologies, including electric and autonomous cars, and projects for IoT and Life Sciences. Our team has established strong partnerships with the academic environment, providing students with ongoing internship opportunities, inspiring them to become highly skilled professionals. We also value being part of ACEM and growing together the Moldavian tech ecosystem. Our plans are to continue to expand here as we find well-grounded specialists whose passion for innovation comes together with the desire to shape the world through technology."

"Steinel has been present in the Republic of Moldova since 2007 with a production unit. More than 15 years have passed, during which, year after year, our factory has continuously progressed. We started with the production of components for Steinel products, and today the brand "Made in the Republic of Moldova" is found on many Steinel products sold all over the world.

The investment in infrastructure, in technology, but especially in people, has been welcome. This is proven by the complexity of the products made in Chisinau and the commitment of the local team.

Thank you Steinel Moldova, thank you Republic of Moldova!

Dankeschön Moldau!"

"Gilat took a strategic decision, back in 2010 - to open an R&D site here in Moldova. In today terms, what can Moldova offer to foreign investors? Talented and highly skilled employees, passionate and dedicated colleagues, and a favorable predictable investment climate backed by government commitment. Today, after 13 years of activity, we serve as an example in our group of companies of a successful externalized R&D operation."

"The growth of our company in the Netherlands (PR-Electronics) motivated us to find additional location to produce power modules for electrical vehicles fast charges. Since 2017, we are fully operational in Moldova. Located in the Free Economic Zone Bălți (subzone Strășeni), we succeeded to tap into key advantages and incetives offered by FEZ."

"We are thrilled to share the news of our remarkable success in the field of electronic manufacturing. Our journey has been a remarkable one, and it is a moment of immense pride and gratitude to all who have contributed to these 10 years of achievement.

In an ever evolving and dynamic industry, we have consistently set the bar high and exceeded expectations. We have not just kept pace with technological advancements but have often been at the forefront, driving innovation and excellence.

Our success is a testament to the dedication, hard work, and creativity of our team. It is a result of countless hours of research, development, and manufacturing. Our commitment to quality, precision, and meeting deadlines has been unwavering.

We are immensely thankful to our business partner who have trusted us with their projects and have been an integral part of our journey."

mechatronics innovation center

"We opened Mechatronics Innovation Center Moldova five years ago and are very pleased with how things evolved. We appreciate the stability, fiscal situation and the proximity to Europe. Moldova managed to pleasantly surprise us as an investment destination".

"MAGNETEC Moldova – Confident in the future!

Considering the expected strong growth in our business sectors, especially in the areas of E-mobility and renewable energy, we ventured into Moldova for the first time in February 2019 to explore a new location for our assembly activities

Our expectations for the motivated and highly qualified people in the country were exceeded. With active support from the Moldavian Investment Agency, GIZ Moldova, and the FEZ administration, we were able to commence production in April 2020. In 2023, we can look back positively on our development and confidently look towards the future of MAGNETEC Moldavia.

Exciting developments are on the horizon as we introduce our state-of-the-art Global Competence Center of Product Validation in Bălți, Moldova where product tests will be done as a service for our global production plants from Hungary, China, and Vietnam. Equipped with two large temperature chambers - one for temperature shock tests, simulating rapid transitions between hot and cold environments, and one for long-term humidity and temperature tests - our facility is designed to push the boundaries of technology.

In expanding our influence, we are preparing to collaborate with the Technical University of Moldova in Chisinau, supported by the German Agency for International Cooperation (GIZ). Our recent meeting with Rector Prof. Viorel Bostan, alongside our MAGNETEC partners, emphasizes our dedication to fostering meaningful relationships in our pursuit of groundbreaking advancements.

MAGNETEC continues its growth trajectory and warmly welcomes all suppliers, cooperation partners, employees, and customers who wish to accompany us on this journey.

Magnetec

beurer

"Beurer is a well-known German family-owned company covering a range of more than 500 products for health, wellbeing & beauty. Beurer started its operations in Comrat in March 2022. Within three months we were able to set-up successfully the company and operations. The whole project was very well supported by ATU Gagauzia Authorities, GIZ and Invest Moldova / Gagauzia.

We are now employing 40 very motivated and educated employees and are planning a significant growth in the future.

INVEST MOLDOVA
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THE ONE-STOP SHOP FOR ALL YOUR INVESTMENT QUESTIONS

Invest Moldova Agency is a public institution under the Prime Minister's Office, serving as primary source of information and assistance for investors and exporters in Moldova.

ASSISTANCE & INFORMATION

Provide

- Information on the investment climate
- Sector-specific information
- Consulting on suitable locations – FEZ, IP (Invest Moldova database)
- Information on relevant tax, legal and administrative issues

Assist

- Scoping missions (agenda, logistics, follow up)
- Investment incentive application
- Information on business providers - HR, Legal, Consulting, etc.

Connect

With relevant partners:

- Embassies
- Government authorities
- Business associations
- Existing investors

INVESTMENT ATTRACTION & PROMOTION ACTIVITIES

- G2B and B2B Missions abroad
- International events - promotion of the investment climate of the Republic of Moldova
- Moldova Business Week

AFTERCARE

- **Assistance** with permits, and regulatory compliance.
- **Provide** strategic, operational and administrative assistance.
- **Supporting** business growth, Mergers and Acquisitions.
- **Fostering** the process of finding suitable industrial sites and commercial properties.
- **Connecting** investors with universities and relevant institutions.
- **Organizing** informative events and conferences for foreign investors.
- **Stimulating** a fruitful collaboration between private sector and Industrial Parks.

INVEST MOLDOVA

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Invest Moldova Agency is the prime source of information and assistance for potential investors.

We offer customized services to guide you through every step of the investment decision process and provide ongoing support for existing investors looking to expand their operations.

Our team consists of permanent investment attraction experts, sector-specific consultants, and regional officers. Together, we leverage our collective experience to furnish you with pertinent information and establish connections with both businesses and government entities, empowering your decision-making process.

Edition 2024