



**EIB provides EUR 75 million to support wine industry; EU27 employment up by 0.2% in 2q I I; Industrial production 1.1% in EU27 in July etc.**

## **Economy**

**CPI down 0.1% MoM and up 9.2% YoY in August; Real salary up 2.5% YoY in July; Exports at USD 1181.5 million in Jan-Jul 2011, Imports at USD 2790.2 million; Moldova – world's 93rd economy; IMF missions starts visit in Moldova.**

## **Legal**

**Decree by the State Tax Inspectorate on the form and submission method of tax reports through automated reporting methods, no. 698 of 22.08.2011; Decision by the Administration Council of the National Bank of Moldova on interest rates of the National Bank of Moldova, no. 180 of 25.08.2011, etc. etc.**

## **EIB provides EUR 75 million to support wine industry**



The first loan will address the structural weaknesses of the Moldovan wine industry - re-equipment of enterprises and expansion of market outlets. This loan will finance projects of small and medium sized enterprises that are active in this sector, including local growers, winemakers and associated industries such as bottle production. This project is being implemented between the beginning of 2011 and the end of 2014.

Winemakers will be able to take out loans at a 6 percent interest rate, while the Government - at 1 percent. The Government intends to invest the money primarily in the energy sector. The Bank's commitments in Moldova total EUR 235 million so far.

**European Investment Bank**

## **Eurozone**

### **Euro area employment up by 0.3% and EU27 up by 0.2%, +0.4% and +0.3% respectively compared with the second quarter of 2010**

The number of persons employed increased by 0.3% in the euro area1 (EA17) and by 0.2% in the EU271 in the second quarter of 2011 compared with the previous quarter, according to national accounts estimates published by Eurostat, the statistical office of the European Union. In the first quarter of 2011, employment increased by 0.1% in both the euro area and the EU27. These figures are seasonally adjusted.

Financial services & business activities increased by 0.9% in the euro area and by 0.5% in the EU27. Trade, transport & communication services grew by 0.5% in the euro area and by 1.2% in the EU27. Manufacturing rose by 0.2% in the euro area and remained stable in the EU27. Construction gained 0.2% in the euro area, but fell by 1.0% in the EU27. Other services (which mainly include public administration, health and education) were stable in the euro area and fell by 0.3% in the EU27. Agriculture dropped by 0.5% in the euro area and by 0.6% in the EU27.

Compared with the same quarter of the previous year, employment grew by 0.4% in the euro area and 0.3% in the EU27 in the second quarter of 2011.

Eurostat estimates that, in the second quarter of 2011, 223.4 million men and women were employed in the EU27, of which 147.0 million were in the euro area. These figures are seasonally adjusted.

These quarterly data on employment provide a picture of labour input consistent with the output and income measure of national accounts.

## Industrial production up by 1.0% in euro area, up by 1.1% in EU27



In July 2011 compared with June 2011, seasonally adjusted industrial production rose by 1.0% in the euro area (EA17) and by 1.1% in the EU27. In June production fell by 0.8% and 1.2% respectively. In July 2011 compared with July 2010, industrial production increased by 4.2% in the euro area and by 3.6% in the EU27.

### Monthly changes

In July 2011 compared with June 2011, production of capital goods grew by 3.0% in the euro area and by 3.6% in the EU27. Durable consumer goods rose by 2.9% and 2.8% respectively. Intermediate goods increased by 0.8% in the euro area and by 1.4% in the EU27. Non-durable consumer goods fell by 0.6% and 0.3% respectively. Production of energy dropped by 0.8% in the euro area and by 1.3% in the EU27.

Among the Member States for which data are available, industrial production rose in fourteen, fell in eight and remained stable in the United Kingdom. The highest increases were registered in Estonia (+4.7%), Germany and Greece (both +4.1%) and the Netherlands (+3.5%), and the largest decreases in Slovakia (-3.4%), Portugal (-3.0%) and Slovenia (-2.2%).

### Annual changes

In July 2011 compared with July 2010, production of capital goods grew by 11.7% in the euro area and by 10.7% in the EU27. Intermediate goods increased by 4.1% and 4.0% respectively. Durable

consumer goods rose by 3.0% in the euro area and by 1.4% in the EU27. Non-durable consumer goods fell by 0.9% and 0.6% respectively. Production of energy decreased by 5.3% in the euro area and by 5.8% in the EU27.

Among the Member States for which data are available, industrial production rose in sixteen and fell in seven. The highest increases were registered in Estonia (+22.9%), Germany (+10.4%), Latvia (+9.2%) and Lithuania (+8.4%), and the largest decreases in Ireland (-4.9%), Portugal (-4.4%), Malta (-3.2%) and Greece (-2.9%).

Eurostat

## Euro area annual inflation stable at 2.5%, EU stable at 2.9%

Euro area annual inflation was 2.5% in August 2011, unchanged compared with July. A year earlier the rate was 1.6%. Monthly inflation was 0.2% in August 2011.

### Inflation in the EU Member States

EU annual inflation was 2.9% in August 2011, unchanged compared with July. A year earlier the rate was 2.0%. Monthly inflation was 0.2% in August 2011.

In August 2011, the lowest annual rates were observed in Ireland (1.0%), Slovenia (1.2%) and Greece (1.4%), and the highest in Estonia (5.6%), Latvia (4.6%) and the United Kingdom (4.5%). Compared with July 2011, annual inflation fell in thirteen Member States, remained stable in two and rose in twelve.

The lowest 12-month averages<sup>4</sup> up to August 2011 were registered in Ireland (0.4%), Sweden (1.6%), the Czech Republic and Slovenia (both 1.9%), and the highest in Romania (7.3%) and Estonia (5.1%).

### Euro area

The main components with the highest annual rates in August 2011 were transport (5.6%), housing (4.9%) and alcohol &

tobacco (3.1%), while the lowest annual rates were observed for clothing (-2.8%), communications (-1.8%) and recreation & culture (0.4%). Concerning the detailed sub-indices, fuels for transport (+0.52 percentage points), heating oil (+0.18) and electricity (+0.14) had the largest upward impacts on the headline rate, while garments (-0.27) and telecommunications (-0.14) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (1.8%) and health (0.5%), while the lowest were food and education (both -0.2%). In particular, garments (+0.09 percentage points) had the largest upward impact, while vegetables (-0.05) and fruit (-0.04) had the biggest downward impacts.

Eurostat

## Economy

### CPI down 0.1% MoM and up 9.2% YoY in August

Consumer price index (CPI) in August was 99.9% MoM and 109.2% YoY (in August 2010 CPI scored 99.1% MoM and 107.8% YoY). Since the beginning of the year (August 2011 to December 2010) consumer prices rose 4.8%. The month-on-month decrease in average consumer prices in August was determined by lower food prices - by 0.8%, higher non-food prices - by 0.4% and tariffs for public services - by 0.2%.

The abundance of seasonal vegetables and fruits in August determined significant price decreases for: watermelons and melons - by 13.7%, potatoes - by 11.6%, vegetables - by 8.7% (including : eggplants - 18.1%, onion - by 13.2%, carrot and table beet- by 25.0% each), grapes - by 4.7%, plums and peaches - 6.1%. each. Prices for pork increased 3.7%, beef and vodka - by each 1.8%, cow cheese - by 1.7%.

Most industrial goods and services prices have not changed during the reported period. Increases were reported for: fuels -

by 2.3% (including liquefied gas supplied in bottles - 10.3%), tobacco products - by 2.0%, writing accessories and other writing goods - by 1.8%, construction materials and jewelries made of precious metals - by 1.3% each.

The beginning of the educational year in August determined increases in charges for training in institutions of higher education - by 4.3%, payments for housing rental - 1.1% and interstate passenger rail services - by 4.6 %.

National Bureau of Statistics

### Real salary up 2.5% YoY in July



The gross nominal average salary was 3261.8 lei in July, increasing by 11.0% YoY and dropping 8.3% MoM. The real salary index in July 2011 was 102.5% YoY (calculated as the ratio of gross nominal earning index and consumer price index). The average salary in budgetary sector in July was 2905.2 lei (+8.9% YoY). The salary in the economic (real) sector was 3390.1 lei in July (+10.7% YoY).

National Bureau of Statistics

## **Exports at USD 1181.5 million, Imports at USD 2790.2 million in Jan- Jul 2011**



Exports amounted to 181.0 million dollars in July, up 4.9% MoM and 54.1% YoY. In January-July 2011 exports totaled 1181.5 million dollars, up 63.1% YoY. Exports of goods to EU countries (EU27) totaled 588.5 million dollars in January - July 2011 (up 64,2% YoY), accounting for 49.8% in total exports (49,5% in January-July 2010). Exports to the CIS countries accounted for 39.6% in total exports (in January-July 2010 - 38.7%), amounting to 467.6 million dollars. The export of goods to these countries increased by 67.0% YoY in January-July.

Exports of various manufactured articles (clothing and accessories; furniture and furniture parts; footwear) accounted for 24,3% in total exports, machinery and transport equipment - 16.7% per total exports, food and livestock – 16.6%, crude inedible materials, except fuels – 14.5%, Exports of manufactured goods classified mainly as raw materials – 9.6%, etc.

Imports of goods in July 2011 totaled 414.8 million dollars, down 0.7% MoM and up 32.1% YoY. In January-July 2011 imports totaled 2790.2 million dollars, up 40.2% YoY. Imports from EU countries (EU27) amounted to 1255.8 million dollars (+ 40.6% YoY), accounting for 45.0% in total imports (44.9% in January-July 2010). Imports of goods from CIS countries were worth 895.0 million dollars (+ 42.5% YoY), accounting for 32.1% in total imports (31,5% in January-July 2010). The structure of imports show that machinery and transport equipment accounted for

22.4% per total imports, mineral fuels, lubricants and derived materials – 21.6%, manufactured goods classified mainly by raw material – 18.9%, chemical and derived products – 13.4%, etc.

The considerable gap in the evolution of exports and imports in January-July 2011 led to the accumulation of a trade deficit amounting to 1608.7 million dollars, an increase of 343.0 million dollars (27.1%) YoY. The trade balance with the European Union (EU27) ended with a deficit of 667.3 million dollars (in January-July 2010 - 534.5 million dollars), and with the CIS countries - of 427.4 million dollars (in January-July 2010 - 348.0 million dollars).

The coverage rate of imports by exports in January-July 2011 was 42.3% (36.4% in January-July 2010).

**National Bureau of Statistics**

## **Moldova – world's 93rd economy**



According to The Global Competitiveness Index 2011-2012 study, prepared by the World Economic Forum, Moldova ranks 93 out of 142 world economies, moving up one position from last year. Switzerland still leads the world in competitiveness. Singapore and Sweden follow the lead. Northern and western European countries continue to dominate the top ten: Finland (4th), Germany (6th) Netherlands (7th), Denmark (8th) and Great Britain (10th). Japan, who finished in 9th place, remains second among Asian economies, despite falling three positions from last year. Slovenia ranking dropped the most (- 12 positions) – to 57th place, Montenegro -11 positions, to 60th place, Romania – 10 positions, to 77th place. Among countries of the former Soviet Union, Russia was

ranked 66th, being surpassed by Estonia (33), Lithuania (44), Azerbaijan (55) and Latvia (64). Competitiveness ranking is based on a combination of public statistics and the results of a survey of corporate directors. The questionnaire takes into account the 12 pillars of competitiveness: quality of institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, efficiency of goods and services market, labor market efficiency, financial market development, technological level, size of the domestic market, company competitiveness and innovative potential.

World Economic Forum

## **IMF missions starts visit in Moldova**

A mission of the European Department of the International Monetary Fund (IMF) led by Mr. Nikolay Gueorguiev is visiting Chisinau during September 13-21, 2011 with a staff visit. The mission is planning to take stock of the recent economic developments, update and assess the macroeconomic outlook, and discuss with the authorities their macroeconomic policies.

Moldova's Finance Minister Veaceslav Negruta said earlier that the goal of this visit is to discuss different aspects concerning the execution of the Law on 2011 state budget, available reserves, country's progress and the existing risks. According to him, the IMF experts will also take stock of the details concerning the draft Law on 2012 budget, that is to be approved by the Moldovan government in September and submitted for Parliament's examination by October 1. Moldova's three-year programme with the IMF was approved on 29 January 2010. The programme envisages a loan of 369.6 million Special Drawing Rights (SDR) (equivalent to 587 million dollars), of which over \$359 million had already been disbursed.

A mission to conduct the fourth reviews of the Moldova's IMF-supported program under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF)

arrangements is expected to take place sometime in October-November 2011.

International Monetary Fund

## **Legal**

### **Brief inside the Official Monitor no. 147-151 of 5 to 11 September 2011**

#### **Decree by the State Tax Inspectorate on the form and submission method of tax reports through automated reporting methods, no. 698 of 22.08.2011**

1. As of 1 January 2012, VAT taxable subjects served by the State Tax Inspectorate, the Chisinau State Tax Inspectorate, Balti State Tax Inspectorate, Comrat Tax Administration Department within the Gagauz ATU State Tax Inspectorate, will submit fiscal reports exclusively in electronic form, using the Electronic Declaration service.
2. SE Fiscservinform, acting as the technical&technological manager of the State Tax Service information system, will ensure the electronic submission of the tax reports submitted by the taxpayers via the Electronic Declaration service to the information system of the State Tax Service.
3. SE Fiscservinform will provide taxpayers with free connection to the Electronic Declaration service and its subsequent maintenance, according to the connection agreement.
4. Taxpayers mentioned in paragraph 1 of the decree are to be connected to the Electronic Declaration service throughout September to October 2011, according to the previously established schedule.
5. The mentioned taxpayers shall be notified by the Chisinau State Tax

Inspectorate, Balti State Tax Inspectorate and the Comrat Tax Administration within the Gagauz ATU State Tax Inspectorate about the necessity to report themselves to the SE Fiscservinform in order to sign the connection agreement and receive the authentication electronic signature for the use of Electronic Declaration.

6. As of 1 January 2012, taxpayers meeting the requirements in paragraph 1 shall ask, as established, to be connected to the Electronic Declaration service, following their registration as VAT taxable subjects.
7. Fiscal reports will be submitted via the portal [www.servicii.fisc.md](http://www.servicii.fisc.md) using the Electronic Declaration service.
8. The submission of fiscal reports shall be carried out according to the instructions for using the Electronic Declaration service, using the automatically provided tax forms by the Electronic Declaration service.
9. The receipt date of the report is the date that the taxpayer was notified through an electronic receipt confirming the acceptance of the report.

### **Decision by the Administration Council of the National Bank of Moldova on interest rates of the National Bank of Moldova, no. 180 of 25.08.2011**

1. The base rate applied for the main short term monetary policy operations is increased by 1.0 percentage points, from 9.0 to 10.0 percent annually.
2. Interest rates are being increased for:
  - a. overnight credits by 1.0 percentage points, from 12.0 to 13.0 percent annually;
  - b. overnight deposits by 1.0 percentage points, from 6.0 to 7.0 percent annually.
3. Rates mentioned in paragraph 1 and 2 are applied starting from the entry into

force of this decision until new rates are applied.

4. The required reserve ratio attracted by means of Moldovan lei and non-convertible currency and the required reserve ratio attracted in convertible currency are maintained at 14.0 percent of the base.
5. The next meeting of the administration Council on the monetary policy will take place on September 29, 2011 according to the approved schedule.

### **Government Decision on approval of the Regulation on the conduct of the contest for the selection of residents and investment projects for the industrial park, as well as of the model Report on the activity carried out in the industrial park, no. 652 of 01.09.2011**

The Regulations sets out the terms and methods of organizing and conducting the contests for the selection of residents and of the investment projects to be implemented in the industrial park, established under the public assets or based on public-private partnership.

The contest is organized for the selection of the most appropriate economic agent for the right to become a resident of the industrial park and the investment projects to be implemented here, compliant with the principles of legality, transparency, confidentiality and accessibility to information.

The conditions for the selection of residents should be developed taking into account:

1. the specialization of the industrial park;
2. infrastructure parameters and area of the park;
3. the need to ensure the environmental protection.

The Regulation also provide for:

1. The establishment and functioning ways of the contest Commission;
2. DUTIES OF THE CONTEST COMMISSION. ITS RIGHTS AND OBLIGATIONS;
3. Contest participants;
4. Announcement of the contest and receipt of the offer;
5. Terms and conditions of the contest;
6. Selection of residents;
7. Contract signing between the managing company and the contest winners.

# Stocks, Commodities & Currencies

	Sep 13	Sep 07	▲▼	%	2011 high	last (d/m)	2011 low	last (d/m)
S&P500	1172,87	1198,62	▼	-2,15	1363,61	29/4	1119,46	8/8
NASDAQ	2532,15	2548,94	▼	-0,66	2873,54	29/4	2341,84	19/8
CAC40	2894,93	3073,18	▼	-5,80	4157,14	18/2	2854,81	12/9
FTSE 100	5174,25	5318,59	▼	-2,71	6091,33	8/2	5007,16	10/8
M-DAX	8403,19	8714,97	▼	-3,58	11187,04	7/7	8303,87	12/9
BEL20	2070,07	2168,9	▼	-4,56	2770,81	17/2	2053,01	12/9
NIKKEI 225	8616,55	8763,41	▼	-1,68	10857,53	21/2	8535,67	12/9
SHANGHAI A	2588,43	2635,32	▼	-1,78	3201,55	18/4	2587,63	6/9
WTI CRUDE OIL, \$	90,21	89,34	▲	0,97	113,52	2/5	79,3	9/8
BRENT CRUDE OIL, \$	111,89	115,8	▼	-3,38	126,65	8/4	93,33	7/1
NATURAL GAS	3,98	3,94	▲	1,02	4,847	8/6	3,778	3/3
CARBON EMISSIONS	11,94	12,34	▼	-3,24	17,03	2/5	10,58	5/8
COPPER, \$	8794	8990,5	▼	-2,19	10123	14/2	8547,50	12/5
GOLD, \$	1820	1810	▲	0,55	1895	5/9	1319,00	28/1
CORN, \$	709,25	736,5	▼	-3,70	787	10/6	595,00	7/1
WHEAT, \$	688,75	714,75	▼	-3,64	886	9/2	584,50	1/7
COTTON, \$	111,56	110,24	▲	1,20	215,15	4/3	97,09	25/7
LIVE CATTLE, \$	119,6	117,65	▲	1,66	122,375	4/4	102,15	23/5
USD/EUR	1,3678	1,4036	▼	-2,55	1,4892	2/5	1,2930	11/1
POUND/EUR	0,8663	0,8803	▼	-1,59	0,9034	4/7	0,8310	10/1
YUAN/USD	6,3991	6,394	▲	0,08	6,6377	10/1	6,3782	31/8
MDL/EUR	15,6868	16,0364	▼	-2,18	17,1123	3/5	15,6868	13/9
MDL/USD	11,5306	11,3084	▲	1,96	12,4067	17/1	11,2919	6/9

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