



AN INVITATION TO INVEST IN FREE ECONOMIC SUB-ZONE CRIHANA - CAHUL

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IGOR MICLAUȘ
Mayor of Crihana Veche
Municipality



MARIN CIOBANU
Chief Administrator of
Free Economic Zone Balti



NICOLAE DANDIȘ
Mayor of Cahul
Municipality

Dear Investors,

If you are looking for a new industrial investment project location, we invite you to consider Crihana-Cahul in the Republic of Moldova, where in 2018, the Parliament of Moldova created a greenfield-type Free Economic Sub-Zone. This Free Economic Sub-Zone offers consistent economic, customs and tax advantages for new export-oriented investment projects.

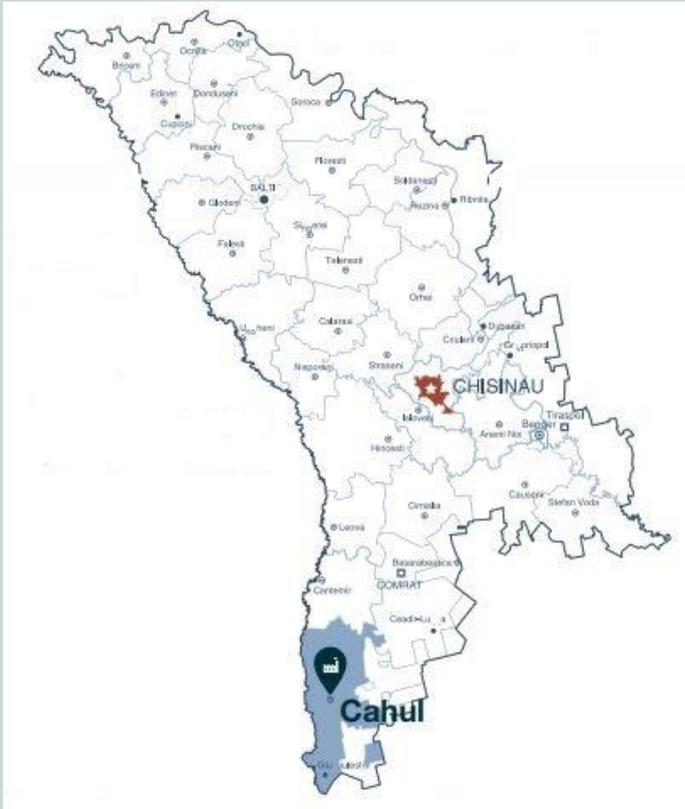
Choosing Cahul as the location for your investment will provide several economically sustainable advantages.

- ✓ There is a significant workforce available in the Cahul district. Based on modest estimations of independent experts, Cahul district currently has over 18,000 people of working age that are motivated to work, but not involved in any formal economic activity. About 12,000 of these working-age people are between 12 and 45 years old, who could be converted into low- and middle-skilled technical workers.
- ✓ The municipality of Cahul is the third largest educational center of the Republic of Moldova, where several higher and vocational education institutions operate and about 1,500 students are enrolled.
- ✓ Salary costs in the Cahul district are still 20-25% lower than the average in the Republic of Moldova.
- ✓ The FEZ land plot is fully equipped with all necessary urban and land use regulatory documentation, duly approved by the City Council, allowing the issue of design and building permits within 30 calendar days.

We are waiting for you in Cahul!

We guarantee that you will be welcomed and we will exceed your highest expectations!

Cahul District



The Cahul District is located in the southwestern part of the Republic of Moldova, on the borders of Romania and Ukraine. The district is composed of 55 localities (1 urban and 54 rural), organized administratively in 37 municipalities with a total population of approximately 110,000 inhabitants.

Located on the border with the European Union, Cahul district has the best connection to the Pan-European transport corridors (auto, rail, maritime) among all other districts of Moldova.

The administrative center of the district is the municipality of Cahul – the largest city in the south of the Republic of Moldova and one out of 6 regional cities with the status of "regional growth pole".

The municipality of Cahul has a population of more than 30,000. It is located 175 km from the capital city of Chisinau and 60 km from the Galati city (Romania).

Cahul is the only spa town in the Republic of Moldova.

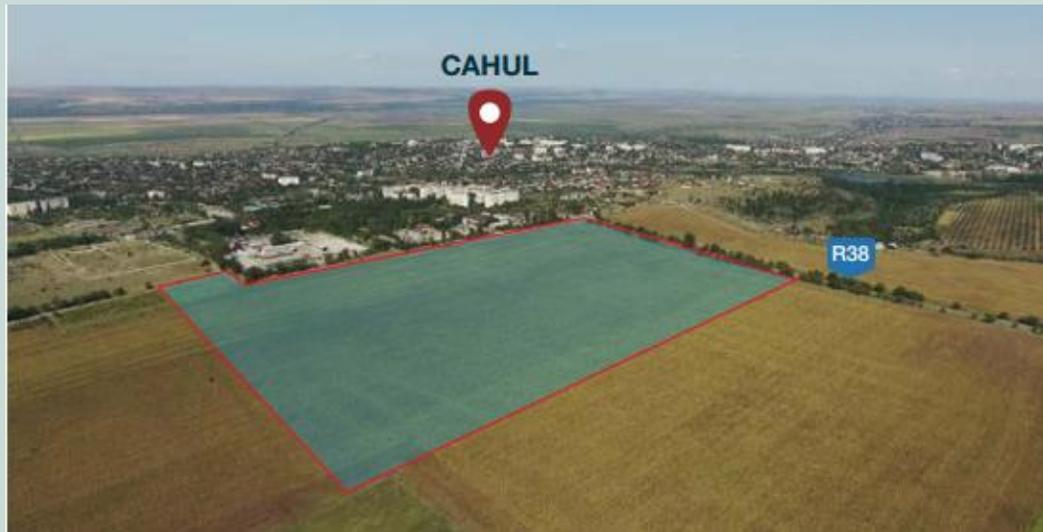
Additionally, the municipality of Cahul is the third largest university center of the Republic of Moldova, where a University, two colleges and two vocational technical schools operate. An extension (subsidiary) of the University "Dunarea de Jos" from Galați (Romania) is also located in Cahul.

The municipality of Cahul has access to the national railway network, which connects directly to the Giurgiulesti International Port, as well as Romanian and Ukrainian railway networks. The nearest customs post and border crossing point with Romania is 8 km away from the municipality, and the nearest border crossing point with Ukraine is located 40 km away.

The municipality is 175 km away from the Chisinau International Airport and 7 km away from the Cahul International Airport. The Cahul International Airport is not currently operational, but, it is in very good technical condition and it is anticipating re-opening in the near future.

Land Site Offer

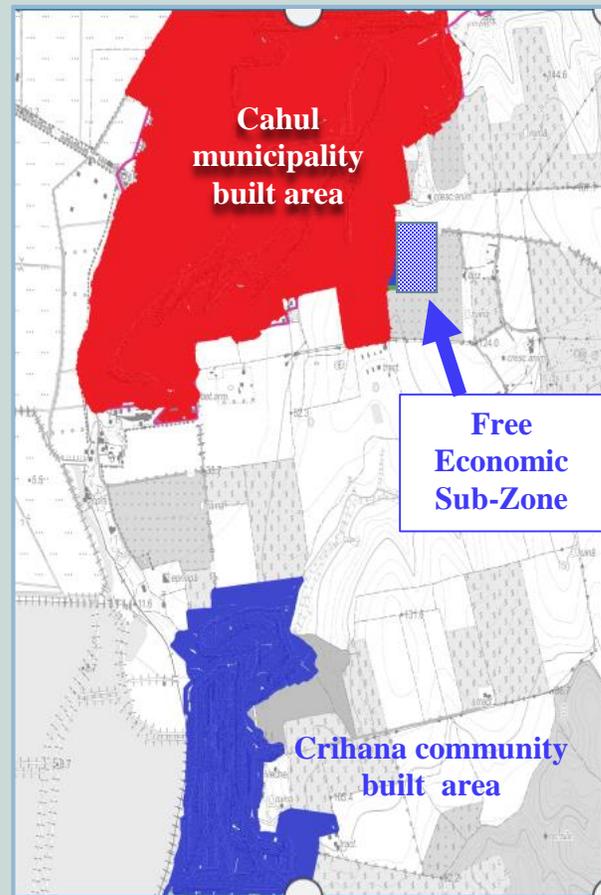
In 2018, the Parliament of Moldova decided to establish a greenfield-type Free Economic Sub-Zone (FEZ) in proximity to Cahul municipality (on the administrative territory of Crihana Veche community). The sub-FEZ has a surface of 23 hectares of free buildable area and is managed by the Administration of Balti Free Economic Zone.



FEZ Residency Eligibility:	Any natural or legal person registered according to the law as a subject of entrepreneurial activity in the Republic of Moldova.	
FEZ Residency Admission:	On the basis of an application submitted by a potential investor, the FEZ Administration is organizing a dedicated tailor-made tender.	<u>Necessary time:</u> maximum 3 months
	<p>Documents required for submission to the Evaluation Committee:</p> <ul style="list-style-type: none"> ✓ The official request addressed by a potential investor to the FEZ Administrator ✓ A copy of the certificate on registration as a subject of entrepreneurial activity in the Republic of Moldova, issued by the Public Services Agency. ✓ Short information about the participant ✓ Proof of the tender fee payment (€400) ✓ The investment project or business plan for the activity proposed in FEZ 	
FEZ Residence Cost:	Total €2,000 - a single payment for the entire period of activity in the Free Economic sub-Zone, including:	

	<ul style="list-style-type: none"> ✓ Tender Fee = €400 ✓ Registration fee = €600 ✓ Fee for business activity permit = €1000 	
Land Lease and Purchase	<ul style="list-style-type: none"> ✓ 0.5€ /m2 – land lease fee ✓ Simulative land purchasing price in accordance with the privileges provided by national legislation 	Land purchasing price (based on state norm price) is applicable after the investment finalization
Vacant Sites Availability:	23 hectares: dedicated land plots shall be segmented per specific request of individual investors	
Dotarea cu rețele tehnico-ingineresti	<p><u>Access Road:</u> 50 meters distance to highway R38 (Cahul – Vulcanesti)</p> <p><u>Centralized Water Supply:</u> the connection point is at 200 meters distance/ Ø110 mm pipeline (utility cost = €1,79/m3)</p> <p><u>Centralized Sewage System:</u> the connection point is at 300 meters distance /5000 m3/24h (utility cost = €1.08/m3)</p> <p><u>Electricity: on site:</u> the connection point is at 2,5 km distance /2,5 MV line (utility cost = €0.1/kWh).</p> <p><u>Natural gas:</u> on site: the connection point is at 360 meters distance 0,125-0,25 Mpa pipeline (utility cost = €0.2/m3)</p> <p><u>Note:</u> All necessary technical and design documents for engineering equipment are elaborated and duly endorsed by the authorities' in-charge. The related construction works will be financially co-financed by local authorities and development partners, in order to meet the expectations of each individual investor.</p>	
Local regulation of land use and construction	<p>The FEZ land plot is fully equipped with all necessary urban and land use regulatory documentation, duly approved by the Local Council of Crihana Veche:</p> <ul style="list-style-type: none"> ✓ <u>Issuing of land use certificate</u> = maximum 30 calendar days from the submission of the request ✓ <u>Issuing of building permit</u> = maximum 30 calendar days from the submission of the request 	
Fiscal and Economic Facilities:	<ul style="list-style-type: none"> ✓ Corporate income tax (CIT) rate: 6% ✓ Exemption from CIT for a period of 3 years, when investing 1 million USD in fix assets of the company and/ or in FEZ infrastructure development (for 5 years, when investing 5 million USD) 	

- ✓ VAT for equipment and machinery: 0%
- ✓ Customs procedures tax: 0.1% from customs value of goods
- ✓ Guarantee and protection from changes in legislation for a general period of up to 10 years, while under certain conditions this period may be extended to 20 years.
- ✓ Exemption from excise duties for goods introduced in the free zone from outside the Republic of Moldova, from other free zones, from the rest of the territory of Moldova, originating from this zone and exported outside the territory of the Republic of Moldova.
- ✓ Optimization the controls of residents by the state controlling institutions.
- ✓ A simplified procedure of work permits issuance for the foreign workers.
- ✓ Customs Office available on site, operating 7days/ week (if necessary 24 hours/day)



Available workforce

Despite a continuous migration flow in the Republic of Moldova, there is still a significant reserve of available workforce in Cahul district. Based on modest estimations, currently in Cahul district there are over 18,000 people of working age, motivated to work, but not involved in any formal economic activity. About 12,000 of them are between 17 and 45 years old, which could be relatively easily converted into low- and middle-skilled technical workers.

Estimation of the labor force availability in Cahul district, at the beginning of 2021

Indicators	Estimations	Comments
Total population	≈ 90,000 people	According to the official statistics ≈112,000 inhabitants. However, according to the estimates of independent experts, over 20,000 are residing permanently or temporarily abroad.
Number of working-age people currently living de facto in the agglomeration (excluding emigrants)	>55,000 people	≈ 60% of the total present population
Including: Number of people aged 17-45, living de facto in the agglomeration (without emigrants)	>36,000 people	≈39% of the total present population
Number of people officially employed	≈ 19,600 people	Employees from public and private sector, inclusively formally self-employed
Number of working-age inhabitants living de facto in the agglomeration (excluding emigrants) but not participating in any form in formal economic activities	>35,000 people	Including residents currently engaged in informal economic activities (seasonal and occasional), without social and medical guarantees, with an average remuneration of 200-250 MDL / day (€ 10-12)
The existing minimum (estimated) labor reserve pool that de facto lives in Cahul district, which is not yet involved in migration, has adequate work discipline and is motivated to work in a stable job	> 18,000 people, inclusively ≈12,000 in age of 17-45	

The labor cost in Cahul district is still lower than the average level in the Republic of Moldova. In 2020, the average monthly salary about 6,000 MDL (€285) or about 80% compared to the national average. Moreover, in the private sector, the monthly cost of unskilled and low-skilled labor is about 3-3.5 thousand MDL (<€150) for full-time positions and about 200-250 MDL/day (€10-12) for seasonal and occasional positions.

Cahul District has certain industrial traditions, in particular in the fields of light industry and agri-food, due to the functioning (in the past and/or in the present) of certain industrial entities. Thus, there are currently qualified staff in the Cahul district with experience working in industrial activities, especially in the following areas:

- Textile and sewing

- ✓ Agri-food industry (wine making, canning, beer production, grain processing)
- ✓ Automotive (cable production)
- ✓ Production of construction materials

Availability of industrial skills and experience in Cahul district

#	Industries	Specializations	
		Closed business entities	Functional business entities
1.	Light industry	N/A	<ul style="list-style-type: none"> ✓ Textile factory "Tricon" – <i>about 500 employees</i> ✓ Textile factory "Laboratorio Tessile Mol" – <i>about 3000 employees</i> ✓ Textile factory "Franco Rossi" (Colibași) – <i>about 100 employees</i> ✓ Textile factory "Tricon Fantasy" – <i>about 100 employees</i>
2.	Alcoholic beverage production	<ul style="list-style-type: none"> ✓ Almost in every village in the district there was a primary grape processing point, the absolute majority of which have been privatized and closed in the last 20 years. 	<ul style="list-style-type: none"> ✓ A cluster of 7 wineries – (Slobozia, Găvinoasa, Cahul, Burlacu, Moscow, Borceag, Cheese) – <i>over 300 employees</i> ✓ 2 breweries (Unitank Beer and Cahul-Pan)
3.	Grain processing	<ul style="list-style-type: none"> ✓ JSC "Cereale Cahul" – <i>under reorganization</i> 	<ul style="list-style-type: none"> ✓ Cahul Pan (bakery products + beer) – <i>about 180 employees</i> ✓ "Bezman" – <i>flour and oil production – about 15 employees</i> ✓ "Savit Sim" – <i>bakery products – about 75 employees</i> ✓ <i>About 20 low-scale mills</i>
4.	Fish processing	<ul style="list-style-type: none"> ✓ The fish nursery in Crihana – <i>in the past employ more than 150 workers, currently does not work</i> 	N/A
5.	Production of canned fruits and vegetables	<ul style="list-style-type: none"> ✓ Cahul canning factory (bankrupted – <i>presently does not function</i>) 	N/A
6.	Production of construction materials	<ul style="list-style-type: none"> ✓ The construction material factory – <i>closed</i> 	<ul style="list-style-type: none"> ✓ 6 small-scale producers – <i>a total of up to 50 employees (USBA, Fauras, Transgroup, Pound-2 Pick, Perimeter)</i>
7.	Furniture production	N/A	<ul style="list-style-type: none"> ✓ 5 mini-workshops for furniture assembly and wood working (up to 50 employees in total)/ "Gebhardt" and "Renaissanceco-Podvalenko", "Aster-Wood", "Silva-Sud", "Intersepcom".
8.	Milk processing	Cheese factory in Cahul – <i>in the past employ more than 150 workers, is currently in quasi-bankrupted state of affair</i>	
9.	Cable production (automotive)	N/A	Cable factory "Draxelmaier" – <i>over 600 employees</i>

Availability of Agricultural Raw Materials

The evaluation of the current agricultural production in Cahul district reveals the availability of a significant investment potential for the development of the following agri-progressing and food industries:

- Production of wine and alcoholic beverages
- Production of grits, dry breakfasts, cereal flakes, müsli, etc.)
- Production of fodder (possibly combined with livestock complexes development)
- Production of flour and flour products (biscuits, pasta, snakes, etc.)
- Production of ethyl spirit (from cereals)
- Milk processing
- Meat processing and sausage production
- Production of canned fruits and vegetables

Agricultural Raw Materials in the Cahul District

#	Items	Average Yearly Production	Nota Bene
1	Corn	> 40-50,000 tons	<input checked="" type="checkbox"/> Small-scale mills <input checked="" type="checkbox"/> Missing higher value-added processing lines
2	Grain	>40-50,000 tons	
3	Sunflower	>20-30,000 tons	
4	Barley	>15,000 tons	
5	Fruits	≈3,000 tons	<input checked="" type="checkbox"/> There is a significant development potential due to the existence of an irrigation base (Prut River) <input checked="" type="checkbox"/> There are currently 11 cold storage warehouses (refrigerators) in the district (with a total capacity of about 6,500 tons)
7	Vegetables	Insignificant level of production (covering partially the demand on local markeplaces)	
8	Wine grapes	≈ 35,000 tons	<input checked="" type="checkbox"/> In Cahul district there are currently 7 small wineries <input checked="" type="checkbox"/> There is a continuous tendency of vineyards expansion <input checked="" type="checkbox"/> There are currently 10 cold storage warehouses (refrigerators)
9	Table grapes	≈15,000 tons	
10	Wood	≈121 tons (over 30% of the total national production)	<input checked="" type="checkbox"/> Predominance of production in individual households (small farmers)
11	Mild	<1,000 tons	
12	Livestock	> 3,000 cattle > 10 mii pigs ≈ 75,000 sheep and goats	
13	Honey	> 35 tons	<input checked="" type="checkbox"/> There are over 5.5 thousand bee families in the district (estimated)

Availability of supporting services in education and logistics

In the Cahul municipality, there is a University, 2 colleges and 2 vocational schools, where they teach about 1,500 students in the following fields:

	Specializations	Yearly average number of graduates
State University "B.P. Haşdeu"	Law	80
	Accounting and Finances	47
	Business Administration	40
	Informatics and Math	30
	Foreign languages (English and French)	30
	Agri-food Engineering	8
	Engineering in transport	2
	Pedagogy	70
	Public Administration	10
College "Iulia Haşdeu"	Informatics	50
	Accounting	40
	Pedagogy	100
Medical College	Nursing and medical care	90
Vocational Schools	Seamstresses and tailors	20
	Electrician locksmiths	20
	Chefs, confectioners and food controllers	50
	Aluminum profiling	20
	IT Operators	27
	Mechanics	140
	Electrogazosudori	15
	Construction	30

To help attract new investors, educational institutions in Cahul have developed pathways to promote desired educational specializations (upon request) in the following categories.

- Mechanical Engineering
- The metal processing industry and metal construction

- ☑ The electro-mechanical assembly industry
- ☑ Information Technologies

In the Cahul district there is an established public transport system that promotes and supports labor mobility.

Provision of passenger transport services in the district

To/from Cahul	Daily frequency
Borceag, Frumușica, Andrușul de Jos, Brânza	1
Doina, Lopățica, Alexanderfild, Burlăceni, Văleni, Larga Veche, Ursoaia	2
Burlacu, Moscovei, Larga Nouă	3
Slobozia Mare, Taraclia de Salcie	4
Vadul lui Isac	6
Crihana Veche, Colibași	9
Andrușul de Sus, Baurci-Moldovenesc	11
Giurgiulești (transit through all the villages of Lunca Prutului)	13
Manta	18

In the municipality of Cahul the subsidiaries of most important Moldovan commercial banks operate, including CB "Moldova AgroIndbank", CB "Moldincombank" and CB "Victoriabank" (part of the Romanian financial-banking group "Banca Transilvania"), CB "Mibiasbanca", CB "Energbank", CB "Banca Comerciala Romana", CB "Eximbank", CB "CommerceBank", CB "EuroCreditBank", CB "FinComBank".

In the municipality, there are several two and three star hotels with over 100 accommodations.

Contacts:



CAHUL MAYORALTY

Republic of Moldova, Cahul municipality, Piața Independenței #6
primariacahul@gmail.com, +373 299 22400 +373 299-22919

www.primariacahul.md



CRIHANA VECHÉ MAYORALTY

Republic of Moldova, Cahul district, Crihana Veche community
iprimaria-crihana@mail.ru, +373 29972215



ADMINISTRATION OF BĂLȚI FREE ECONOMIC ZONE

Republic of Moldova, Bălți Municipality, #4 Industrială street,
administration@zelb.md, +373 231 88881, +373 231 88880

www.zelb.md



INVESTMENT AGENCY OF THE REPUBLIC OF MOLDOVA

Republic of Moldova, Chișinău Municipality, #134 Ștefan cel Mare bd.

office@invest.gov.md, +373 22 27 36 54,

www.invest.gov.md

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