

What does DCFTA mean?

DCFTA is a new trade tool beyond the traditional concept of trade liberalization, based on two key elements:

1. Trade liberalization by eliminating the customs duties, the import quotas and other procedural, legal and technical barriers to trade, including new liberalized regulations on investment and services;
2. Assumption of the EU norms and standards, thus, ensuring premises for a deep integration on the community market, which, for that matter, is the largest worldwide, with 500 million consumers and a cumulative nominal GDP of about USD 20 trillion.

The sectors that will benefit from the DCFTA implementation

● Access to the market

- Major liberalization of the import duties. In the long run, 95% of the fees will be reduced to the zero quota, while for the remaining positions, the fees will be reduced or a quota for the duty-free export will be established. *Results: lower prices for the consumers, productivity increase, import of new technologies, higher wages, new employment opportunities.*
- The Moldovan exports to the EU will increase by 15% in the short term and by 16% in the long term, while the imports will grow by only 6%, and 8%, accordingly. *Results: an increase by 30% for the agri-food products such as sugar, cereals and grains is expected in the agricultural sector etc.*

● Service Provision

- The harmonization with the EU practices will lead to an increased level of foreign investments and, respectively, to the increase of the labour standards and wages.

● Competition

- The institutional and legal approximation of the rules relating to the competition and state aid will help: improve the competitiveness of the businesses, lower the prices, improve the quality of products and services, strengthen the environment, modernize the economy, restructure the business and create jobs.

● Intellectual Property Rights (IPR)

- Create an open to the innovations environment, provide an effective protection of the IPR.
- Protect the Geographical Indications and Designations of Origin.
- Strict adherence to the requirements in the fight against the counterfeit goods and piracy.
- Results: increased security of the companies carrying out business activities in the Republic of Moldova.

● Technical Regulations

- The adjustment of the technical regulations to those of the EU will have a multidimensional impact on the economy. *Results: a mechanism for mutual recognition of the conformity assessment procedures will be set up, thus, diminishing the product promotion costs. As for the agricultural products, the reductions could reach 50%, while the industrial ones will register a 35% level of reductions.*

● Sanitary and Phytosanitary Measures

- Facilitate the exports and access to the products of a European quality and security.

The social impact of the DCFTA

- Reduce poverty by creating new employment opportunities for both skilled and unskilled personnel.
- Reduce the labour force exodus as a result of improving the working conditions and wage growth, particularly in the rural areas.
- In the short term, the DCFTA will lead to an increase in the national product by EUR 71 million for the EU and EUR 75 million for the Republic of Moldova.
- In the long term, the expected change of the national product for the Republic of Moldova would double and would reach 142 million. The changes for the Republic of Moldova are profound, as the growth of the national product is expressed by a GDP growth of 3.2% in the short term and 5.4% in the long term.

What about the Transnistrian Region?

- Given the fact that the Republic of Moldova is limited in its possibilities to prepare and implement the provisions of the DCFTA in the Transnistrian Region, it has been decided, as an exception, to extend the current ATP preference regime for the region on the left bank of the Nistru River for another two years, until 2016.
- According to the expert estimates, the benefits for the Transnistrian Region that will result from the DCFTA represent an increase by 3.6% of the local GDP, while the refusal to receive this commitment would result in a reduction by 5.2% of the region's GDP.
- *Results: the ability to maintain exports to the EU, plus their extension; including a number of new liberalized positions, including some in the agri-food sector; substantially reduce the non-tariff barriers that will diminish the production costs and will enhance the trade; stable and long-term access to one of the largest export markets.*

DCFTA concrete benefits for the Republic of Moldova

- DCFTA provides a framework for modernization and development.
- Upon the full implementation of the DCFTA, about 95% of the duties will be set at zero, while the remaining duties will be reduced.
- Lower duties will lead to a more intense competition and, accordingly, lower prices for the consumers.
- A more freely movement of the capital will enhance the economic growth through a facilitated access to the capital and a more productive allocation of the capital.
- DCFTA provides for the comprehensive harmonization between the Republic of Moldova and the EU standards for both the industrial goods and the agricultural products. In time, this alignment will reduce the costs for the companies that have to comply today with two different sets of rules and regulations and apply different standards for the certificates.
- The new regulations will stimulate the modernization of the enterprises and improve the production process, as well as the investments in new technologies.

- Adjustments will be made related to the procurement, competition and intellectual property rights - all these changes will improve the business environment by eradicating the corrupt practices by creating new investment opportunities and by modernizing the economy.
- The harmonization in such areas as procurement will enable the Moldovan companies to participate in tenders for supply, works and services in the EU, both regionally and nationally – which reach an annual total of about EUR 2000 billion per year.

EU approach to agriculture

- The approach within the Agreement with the Republic of Moldova is to substantially liberalize all imports of the agricultural and food products in the Republic of Moldova.
- DCFTA proposes 0% customs duties on most goods upon the entry into force of the agreement and an improved market access for the remaining goods (the most sensitive ones) by offering a 0% duties level to the Republic of Moldova for certain quantity of imports, the so-called Tariff Rate Quotas (TRQ).
- All companies in the country, regardless of their size, will benefit from the implementation of the EU standards and norms. In the long run, even the SMEs will benefit from a more competitive environment, thus, having a facilitated access to the Community market.

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