

REPUBLIC OF MOLDOVA

Since 2000, Moldova's strong growth performance has reversed a decade of economic decline and rising poverty. Between 2000 and 2004, real GDP has increased by more than 30 percent and the poverty rate has been cut by more than half. Moldova's agricultural resources and skilled labor forces, when combined with its attractive geographic location - close to the bigger CIS countries and the much larger European Union (EU) market - and the emerging networks of migrants in important overseas markets, provide the country with ample opportunities for continued economic expansion.

The economy suffered a severe contraction in 2009, as the global economic crisis has hit Moldovan exports and remittances. The industrial and construction sectors will continue to be the most severely affected. Financing the large budget deficit in 2009 will be challenging, even if expenditure is cut significantly. The return to positive economic growth in 2010 and beyond partly depends on the pace of the expected recovery in Moldova's main trading partners, but it will also need to be underpinned by further improvements in the business environment.

Moldova Railways (Calea Ferată din Moldova - CFM) is the state owned company responsible for passenger and cargo transportation, as well as railway infrastructure maintenance. It is the successor of MZhd, a subdivision of the USSR railway. The network is not electrified and almost the entire network is single track.

CFM is currently confronted with a fuel crisis and reduced passenger transport after the oil crisis and rise in the price of diesel fuel. Although CFM's privatisation was considered, official declarations in the past year exclude this possibility. A reorganisation of the company, next to massive infrastructure repairs, are among necessary measures for reviving railway transport in Moldova.

"Transnistrian Railways", in the separatist region of Transnistria, was established in 2004, after the authorities of the self-proclaimed Republica Moldovenească Nistreană declared that CFM's goods located on its territory are its property. In March 2006, railway traffic on the 42-km long Transnistrian section was ceased because Moldova cannot

ensure control in the region. Currently, the region is crossed by a single passenger train running on Moscow-Chisinau route and transit freight trains belonging to Russia and Ukraine. The export of Transnistrian freight on railways is carried out only through Moldova, bypassing the region. The authorities in Moldova and Transnistria are negotiating the reopening of border points to Ukraine for railway transport.

Background figures in railways (2009):

1,157 km length of lines

0 km electrified lines

5,187 x 1 000 passengers carried

423 x 1 000 000 passenger-km

4,415 x 1 000 tonnes carried

1,017 x 1 000 000 tonne-kilometres

Economics

	2008	2009
GDP (current billions US\$)	6.05	5.4
GDP growth (annual %)	8	-6
Exports of goods and services (% of GDP)	41	37
Imports of goods and services (% of GDP)	91	72
Industry, value added (% of GDP)	15	10

Ease of Doing Business Rank 2010

World	rank 94
Eastern Europe & Central Asia	rank 20

