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## Logistics Processes and Motorways of the Sea II

*LOGMOS Master Plan – Annex 9.1*

*Country Profile*

*MOLDOVA*

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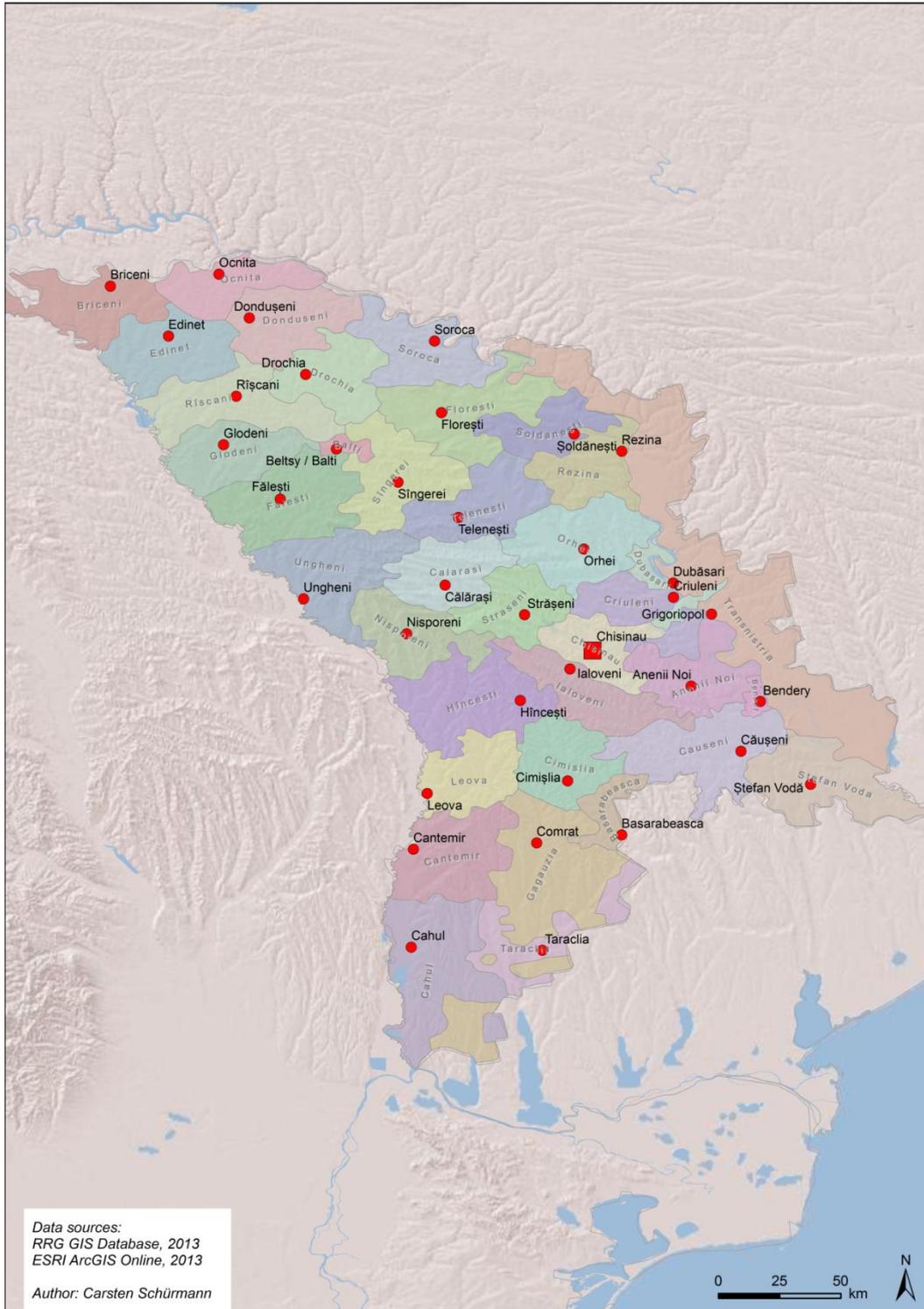
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**Figure 1: General Map of Moldova**  
Administrative division of Moldova



Source: TRACECA (2013)



## 1 INTRODUCTION

Moldova is a small south-eastern European country without any maritime borders. It borders Romania to the West and Ukraine to the North, East and South.

Almost 95% of Moldova's public roads are paved, though still not in good condition compared to EU road standards. "Moldova Railways" is the state enterprise that currently has 11,157 km of railway line in operation. Railway infrastructure is well developed and enables transit along the TRACECA corridor.

Two Moldovan inland waterways (Dniester and Prut Rivers) are of international importance. Moldova has a stretch of the Danube River bank, with a length of 430 m. The freight transport and logistics sector is small and has recently experienced a rapid decline. In 2007, the total freight transport volume was 40.8 Mt. In 2009 the figures dropped to 25.9 Mt, as a result of the GFC. The sector is now showing some recovery signs. The total freight volume amounted 27.7 Mt in 2010 and 30.1 Mt in 2011. The road and rail shares in transport are 82% and 17% respectively. The total freight transportation was 5,865 Mt-km in 2007. In 2009 this had fallen to 3,773 Mt-km only, with rail accounting for 28%. The air and river modes together accounted for less than 0.4% of total freight transport traffic. This eventually increased to 4,192 Mt-km by 2010 and 4,795 Mt-km by 2011.

There are three TRACECA links that are important for Moldova: Giurgiulesti–Chisinau; Ilyichevsk–Odessa–Tiraspol (main city of Transdnistria)–Chisinau–Ungeny (across the border from Iassy, Romania); and Klimentovo (Ukraine)–Rybnitsa–Ungeny.

In addition, the following corridors pass through Moldova:

- 2 TEN-T corridors (corridor VII–Danube and corridor IX–road/railway)
- 2 OSJD corridors (corridors 5d and 12) - rail

### World Trade and logistics performance indicators

In 2012, Moldova was ranked 76<sup>th</sup> out of 132 countries in the Enabling Trade Index developed by the World Economic Forum (average score of 3.9/7). It occupied, in particular, the 19<sup>th</sup> position for access to market, the 101<sup>th</sup> position for border administration, the 83<sup>rd</sup> position for transport and communications infrastructure and the 87<sup>th</sup> position for business environment.

In the World Bank logistics performance index of 2012, Moldova was ranked 116<sup>th</sup>, compared to 89<sup>th</sup> in 2010.

### TRACECA Framework

Moldova has been an active member of TRACECA since the Brussels Conference in May 1993, where the TRACECA programme started.

The ten direct beneficiary countries under review by the LOGMOS Project share a globally common legal and regulatory background for the transport sector, but also operate under different laws and rules that reflect their different contexts and policies.

International Conventions and regional or bilateral agreements complete the framework, and there are expected moves at both national and regional (TRACECA and other groups) levels.

Any legal issue related to the LOGMOS Project focuses on the transport laws and regulations as well as on the aforementioned national, international, regional and bilateral conventions and



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agreements that have a direct or indirect impact on surface transport modes, particularly maritime and intermodal transport<sup>1</sup>.

The TRACECA programme started out as one of the components of the intergovernmental TACIS programme. The active participation of Moldova started in September 1998, when it signed without any restriction the Basic Multilateral Agreement (MLA) on the development of the transport corridor Europe–Caucasus–Asia, which was also signed by Azerbaijan, Armenia, Bulgaria, Georgia, Kyrgyzstan, Kazakhstan, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan.

After the Intergovernmental Committee and Permanent Secretariat of TRACECA were established in 2000, Moldova set up a TRACECA National Commission headed by a National Secretary.

Moldovan representatives take an active part in all conferences and group meetings organised by IGC TRACECA.

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<sup>1</sup> More detailed information can be found on the separate [legal report of the LOGMOS Master Plan](#)



## 2 NATIONAL TRANSPORT POLICY

The policy of Moldova in the field of transport is set by the following documents:

- Concept for “The Establishment and Development of National Network of International Transport Corridors” (dated April 5th 2002)
- Moldova Land Transport Infrastructure Strategy for the period of 2008-2017 (dated February 1st 2008)
- The Freight and Logistics Strategy for the period 2013-2020 (approved on September 4<sup>th</sup> 2013)
- Water Transport Development Concept (dated of March 24<sup>th</sup> 2008)
- Civil Aviation Development Strategy of the Republic of Moldova

The **Concept for National Network of International Transport Corridors** outlines the development of the transport sector in Moldova till 2015. The Concept does not assign any particular priority to any transport mode, underlining only the importance of:

- water transport in terms of cost and safety of transportation;
- rail transport, i.e. long-distance and bulk cargo (oil, fuels, ores, etc.) transportation;
- road transport i.e. small shipments, especially of valuable and perishable goods.

In particular, the Concept indicates the following development priorities:

(a) in *railway transport*:

- rehabilitation and modernisation of railways infrastructure in order to increase the commercial speed of trains along TEN-T corridor IX;
- rehabilitation of existing border crossing stations;
- railways electrification;
- renewal and upgrade of rolling stock.

(b) in *road transport*:

- identification of clear priorities for the rehabilitation and maintenance of existing roads;
- upgrading technical characteristics of national roads to international requirements;
- improving conditions for transport operation along existing roads, including new road facilities, increased safety and reduced transport costs.

(c) in *inland water transport*:

- upgrading inland waterways infrastructure (IWW) along the Dniester and Prut Rivers to international requirements;
- carrying out the construction of an oil terminal in Giurgiulesti port;
- construction of port facilities for passenger and cargo traffic in the estuary of the Prut River.

(d) in *air transport*:

- upgrading airport facilities to meet international requirements.



(e) in *combined transport*:

- establishing cargo processing and storage capacities, including multimodal transport terminals, which will provide a complete package of custom clearance and cargo handling services;
- establishment of national intermodal transport operators capable of providing a full set of services based on through rates and control of cargo shipments along the whole route.

The **Land Transport Infrastructure Strategy** provides practical measures to support:

- road and railways infrastructure rehabilitation;
- elaboration and implementation of infrastructure development plans; restructuring of the national railways operator;
- reforming road maintenance sector.

A **Freight and Logistics Strategy for the period 2013-2020** was adopted on September 4<sup>th</sup> 2013 but, at the time of writing, not yet published on the official journal of the Republic of Moldova. It includes the development of the Free International Airport of Marculesti (FIAM) as one of the logistics centres to be developed in Moldova along with Giurgiulesti, Ungheni and Chisinau

The **Water Transport Development Concept** details further the priorities for the water transport of Moldova for the period of 2008-2011. In particular, the document addresses:

- improving shipping conditions along IWW;
- development (upgrade and renewal) of transport means;
- reconstruction of port facilities;
- development of port industry by means of attracting investments;
- improved interoperability with other modes of transport; ensuring safety of shipments along IWW, etc.



### 3 LEGAL ENVIRONMENT IN THE FIELD OF TRANSPORT

The core of **national legislation** in the Republic of Moldova’s transport sector includes:

- the Law On Transport, (June 22<sup>nd</sup>, 1995)
- the Regulation On the Public Institution “Giurgiulesti Port Administration”, (September 29<sup>th</sup>, 2006)
- the Commercial Maritime Shipping Code, (September 30<sup>th</sup> 1999)
- the Domestic Shipping Codethe Railways Transport Code, (July 17<sup>th</sup>, 2003)
- the Road Transport Code, (July 29<sup>th</sup>, 1998)
- the Regulation on Road Circulation, (July 27<sup>th</sup>, 1999)

A new law on water transport is currently being developed to establish a fair and transparent basis for river transport activities. The law will act in compliance with international and European rules. Although Moldova strives to gain active membership in international transport organisations, it is already a member of UNECE and has adopted 21 UNECE conventions, including: AETR, AND, ADR, AGC, AGN, AGR, AGTC, ATP, CMR, TIR and the Convention on Road Traffic. The last ratified agreements were the convention on the contract for the international carriage of passenger and luggage by road (CVR) and the customs convention on the temporary importation of commercial road vehicles.

Moldova is a member of the Danube Commission and makes its contribution towards improved connectivity between the Danube Region and other European countries through infrastructure and systems development. Moldova has established healthy bilateral relations with LOGMOS beneficiary countries (see Table 1) in road, rail and maritime transport, and has also developed a strong cooperation in the Customs field.

**Table 1: Bilateral Agreements with LOGMOS Beneficiary Countries**

Countries	Transport issues				Customs
	Maritime	Road	Railway	General	
<b>Armenia</b>		On international road transport 30.10.1996			On cooperation and mutual assistance in customs issues 15.02.1996
<b>Azerbaijan</b>		On international road transport 27.11.1997			On cooperation and mutual assistance in customs issues 22.05.2006
<b>Bulgaria</b>			On principles of cooperation in the field of railway transport 15.09.1998	On international carriage of goods and passengers 12.12.1994	On cooperation and mutual assistance in customs issues 16.01.2003
<b>Georgia</b>		On international	On principles of cooperation		



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		road transport, 11.07.2012	in the field of railway transport 26.12.1999		
<b>Kazakhstan</b>		On international road transport 15.07.1999			
<b>Kyrgyzstan</b>		On international road transport 10.06.1996			On cooperation on customs issues 10.06.1996
<b>Romania</b>		On international road transport 28.10.1992			On cooperation and mutual assistance in customs issues 24.04.2000
<b>Tajikistan</b>					
<b>Turkey</b>		On international road transport 03.06.1994			On cooperation and mutual assistance in customs issues 04.06.2003
<b>Turkmenistan</b>					
<b>Ukraine</b>		On international road transport 20.03.1993	On activities of railway transport 20.03.1993		On cooperation and mutual assistance in customs issues 18.08.1999
<b>Uzbekistan</b>		On international road transport 21.11.1995			On cooperation and recognition of customs documents and customs duties 30.03.1995



#### 4 NATIONAL POLICY AND LEGISLATION IN TRADE AND TRANSIT

The Customs Service is defined as a central public administrative body. Its role and work are prescribed in a number of laws passed in the period 1997-2002. In furtherance of its mission, the Customs Service operates eight Customs houses: three on the Romanian border, one on the Ukrainian border and four in major urban centres (see Figure 2 below).

The Customs Service has introduced significant changes (EDI and e-declarations) to the region. There is a 'traffic light' risk management system in place, clearance times are reasonable and operational meetings between the Customs Service and private operators' representatives ensure that any problems are dealt with quickly.

However, a special report by Transparency International indicates that corruption is widespread and frequent, albeit at a level bearable by the Trade.

**Figure 2: Location of Moldovan Customs Houses**



Source: Customs Service of the Republic of Moldova website

Key documents regulating **trade and transit operations** in Moldova include:

- The Customs Code (dated July 20th 2000)



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- The Law “On State Regulation of the Foreign Trade Activity” (dated June 8th 2000)
- The Regulation “On the Rules for Transit System Application at the Territory of the Republic of Moldova” (dated December 20th 2005).

According to private operators, the Customs Service fulfils its mission well and Electronic Data Interchange (EDI) is in place. In 2008, Moldova introduced a “single window” system (Regulation No 1073 dated of September 19<sup>th</sup> 2008), which meant passing through the sanitary-veterinary and phytosanitary controls was no longer required. Furthermore, in 2005, Moldova adopted a risk-management based approach to Customs checks (Regulation No 1144 dated of November 3<sup>rd</sup> 2005).

Many of the above mentioned initiatives have been implemented within the framework of the EU-Moldova Action Plan, the effective version of which was adopted in 2005. Also in 2005 the EU launched the Border Assistance Mission to Moldova and Ukraine (EUBAM). The objective of EUBAM is to improve the cooperation between Moldavian and Ukrainian Customs and border-crossing agencies and bring them in line with standards and procedures applied in the EU. Thanks to EUBAM, since April 2008, Customs authorities of Moldova and Ukraine share a single Pre-Arrival Information Exchange System (PAIES). PAIES allows both countries to exchange and coordinate import and export operations, speed up the border-crossing formalities, but also fight smuggling and fraud.

To complement this, the EU also targeted the implementation of an integrated approach to border management. In 2009-2011 it supported the purchase of special fixed and mobile communication equipment to improve communication between the border guard and the Customs services of Moldova.



## 5 INVESTMENTS IN TRANSPORT AND LOGISTICS SECTOR IN MOLDOVA

IGC TRACECA recognises the trade and transit potential of Moldova and actively supports technical assistance projects in the country.

Besides TRACECA, the European Union (EU), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Swedish International Development Cooperation Agency (SIDA), the World Bank (WB) and other IFIs contributed to the development of transport infrastructure across the country.

Moldova signed financial contracts with the International Development Association (2007), the EIB (2007), the EBRD (2007), the European Commission (2008) and the US Government through the Millennium Challenge Corporation (2010).

In 2013, EBRD committed a EUR 150 M loan to the Government of Moldova to finance the rehabilitation of its main road sections.

At the end of 2012, the Bank took steps to improve Moldova's water transport infrastructure by extending a USD 12 M to Danube Logistics, which operates Giurgiulesti International Free Port on the Danube River. The loan is aimed at financing improvements that raise the overall standard of port infrastructure as well as completing the railway link to the container, general and dry bulk cargo terminals. It aims to enable Moldovan railways to connect with Romania and the rest of the EU and to help build the port into a successful multipurpose logistics hub at the crossings of maritime trade routes between Eastern Europe and the European Union.

**Table 2: IFI Supported Projects in Moldova**

Title of project	Year of approval	Sub-sector	Total project cost	IFI funding
Moldova Road Rehabilitation Project IV	2013	Road	EUR 315.5 M	EUR 150 M (EBRD)
Danube Logistics – Giurgiulesti Port	2012	Maritime	USD 30 M	USD 12 M (EBRD)
Moldova Fleet Renewal	2012	Rail	EUR 30 M	EUR 25 M (EBRD)
Moldova Road Rehabilitation Project III	2010	Road	EUR 183 M	EUR 75 M (EBRD) EUR 75 M (EIB) EUR 16.2 M (EU through NIF)
Chisinau Public Transport Project	2010	Transport policy and management	n/a	EUR 3 M (EU)
Moldova Regional Development	2009	Road	USD 12.5 M	USD 12.5 M (WB)
Second Social investment Fund – Additional Financing	2009	Road	USD 5.85 M	USD 5 M (IDA)
Moldova Road Rehabilitation Project II	2008	Road	EUR 92.5 M	EUR 12 M (EU through NIF)
Moldova European Roads	2007	Road		EUR 30 M (EIB)
Social Investment Fund 2 project	2004	Road	USD 29.17 M	USD 20 M (IDA)



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				USD 3.7 M (SIDA) USD 200,000 (Soros Foundation)
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## 6 STRATEGIC CHALLENGES

### 6.1 Market Challenges

#### 6.1.1 National Trade: Exports and Imports

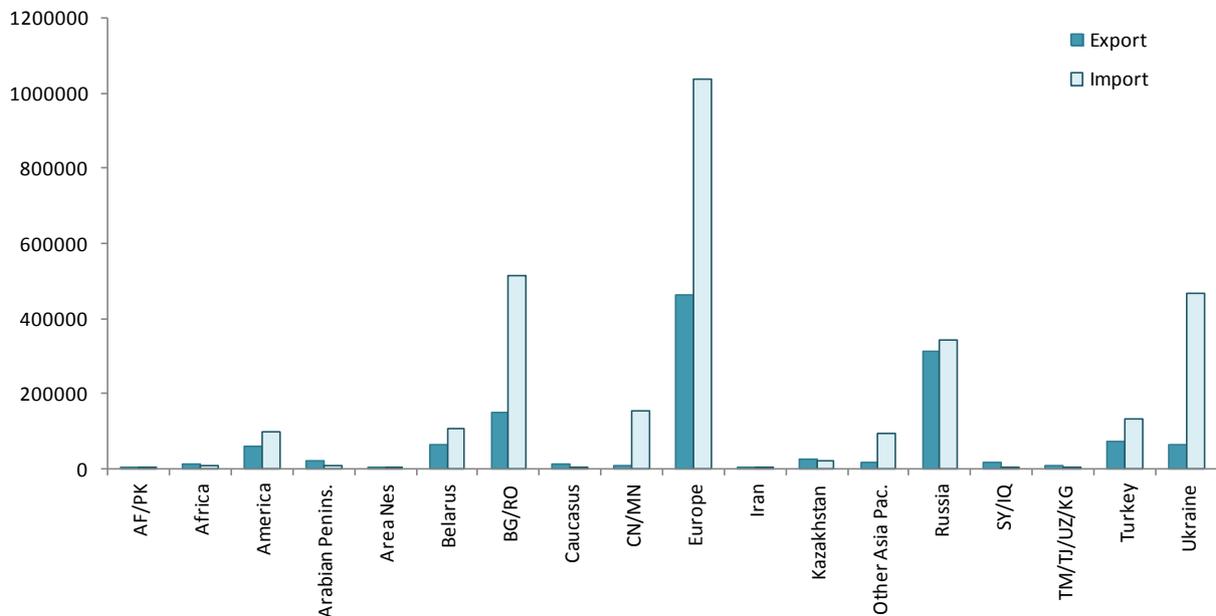
##### World Trade Partners

Located between Romania and Ukraine, Moldova is the only country among European TRACECA countries without maritime borders. The use of this term can be debated though, as the port of Giurgiulesti, which sits at the confluence of the Prut and the Danube, is of maritime importance. Moldova, along with Ukraine, belongs to the “North-Western TRACECA countries” group.

In 2010, Moldova’s total external trade amounted almost EUR 4.3 bn, split between 30% exports and 70% imports, which resulted in a negative merchandise trade balance. Figure 1 and Table 1 show the repartition of trade between partners. Regarding imports, the main trade partners are other European Countries (35%), Bulgaria-Romania (17%), Ukraine (16%) and Russia (11%). Together, they account for almost 80% of all imports. The same proportion of total exports (80%) is divided into three trade partners: other European Countries (36%), Russia (24%) and Romania-Bulgaria (12%).

It is worth noting that the great majority of trade flows from and to Moldova do not use TRACECA East-West main corridor. Imports from Caucasus and Central Asia countries account for 0.9 % of total imports while exports to these regions amount to 3.3 %. Conversely, trade with Turkey is much more important (4.5 % of total imports and 5.4 % of total exports) but constitutes a North-South trade flow.

Figure 3: Moldova Trade Partners, 2010, thousand EUR



Source: Computation based on Eurostat and UN Comtrade databases

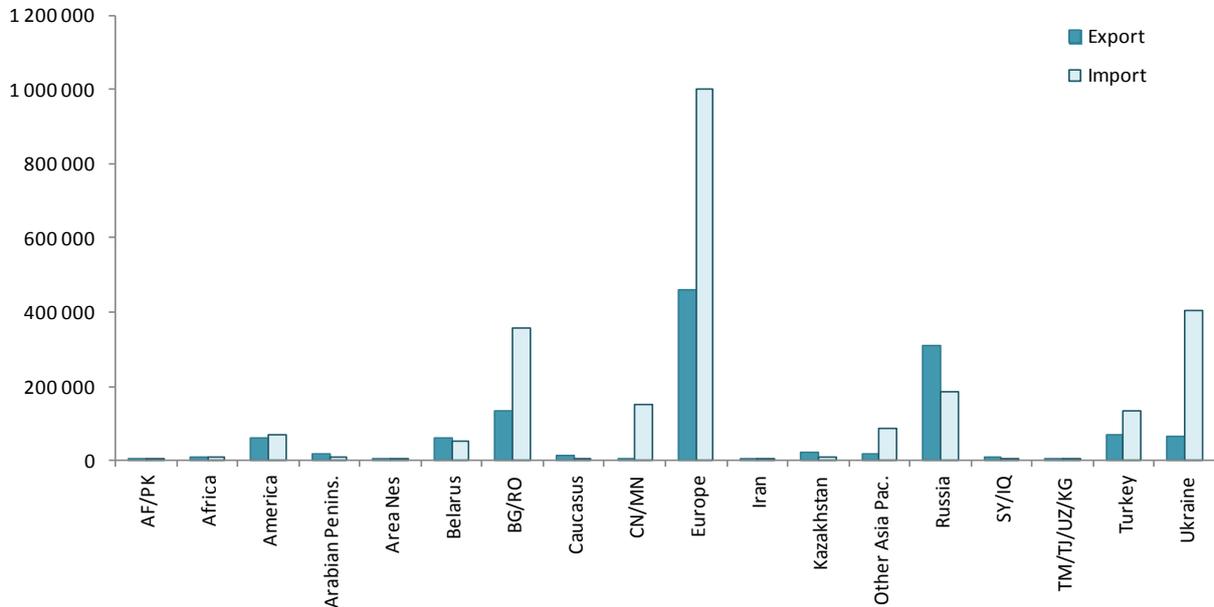
The analysis of Moldova’s potential trade, when taking into account only partially and totally containerizable products, does not show any significant change in the geographical repartition and the volumes of the country’s trade flows. The most remarkable difference is the drop of



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imports from Russia from 11.4% to 7.4%. It can also be underlined that trade transported in bulk as containerizable products represent 97% of Moldovan exports and 83% of imports.

**Figure 4: Moldova Trade Partners, Potential Trade, 2010, thousand EUR**



Source: Computation based on Eurostat and UN Comtrade databases

**Table 3: Distribution of Moldova Potential Trade Partners, 2010, % in Trade Value**

Zones	All products		Total all products	No min. fuel & ores		Total no min. fuel & ores
	Import	Export		Import	Export	
Afghanistan-Pakistan	0.07%	0.04%	0.06%	0.09%	0.02%	0.06%
Africa	0.30%	0.83%	0.46%	0.36%	0.62%	0.44%
America	3.23%	4.66%	3.66%	2.81%	4.79%	3.48%
Arabian Peninsula	0.28%	1.42%	0.62%	0.33%	1.34%	0.67%
Area Nes	0.09%	0.00%	0.07%	0.11%	0.00%	0.07%
Belarus	3.58%	4.81%	3.95%	2.07%	4.94%	3.04%
Bulgaria-Romania	17.14%	11.63%	15.48%	14.47%	10.63%	13.18%
Caucasus	0.14%	1.00%	0.40%	0.17%	1.03%	0.46%
China-Mongolia	5.08%	0.43%	3.68%	6.01%	0.44%	4.14%
Europe	34.68%	35.64%	34.97%	40.33%	36.49%	39.04%
Iran	0.02%	0.19%	0.07%	0.03%	0.20%	0.08%
Kazakhstan	0.61%	1.79%	0.97%	0.44%	1.84%	0.91%
KY-TJ-TM-UZ	0.16%	0.52%	0.27%	0.15%	0.54%	0.28%
Other Asia Pacific	3.08%	1.26%	2.53%	3.56%	1.29%	2.80%
Russia	11.38%	24.22%	15.25%	7.44%	24.67%	13.23%
Syria-Iraq	0.04%	1.22%	0.39%	0.05%	0.75%	0.28%
Turkey	4.46%	5.41%	4.75%	5.34%	5.38%	5.35%
Ukraine	15.64%	4.93%	12.41%	16.25%	5.03%	12.47%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Computation based on Eurostat and UN Comtrade databases





In regards to the tonnage of Moldova’s potential trade, the following features may be observed:

- Imports are 1.7 more important than exports in tonnage while the difference in values is almost double that.
- Domination of trade has occurred with the European Union in exports (40.5%) and with Ukraine in imports (39%).

Flows that affect LOGMOS East-West corridor represent only 4.4% of exports and 1.4% of imports. North-South flows with Turkey, Bulgaria and Romania amount to 46.4% of total exports and 32.5% of total imports. This predominance of West bounded and North-South oriented trade flows, is clearly illustrated in the Figure 5 below.

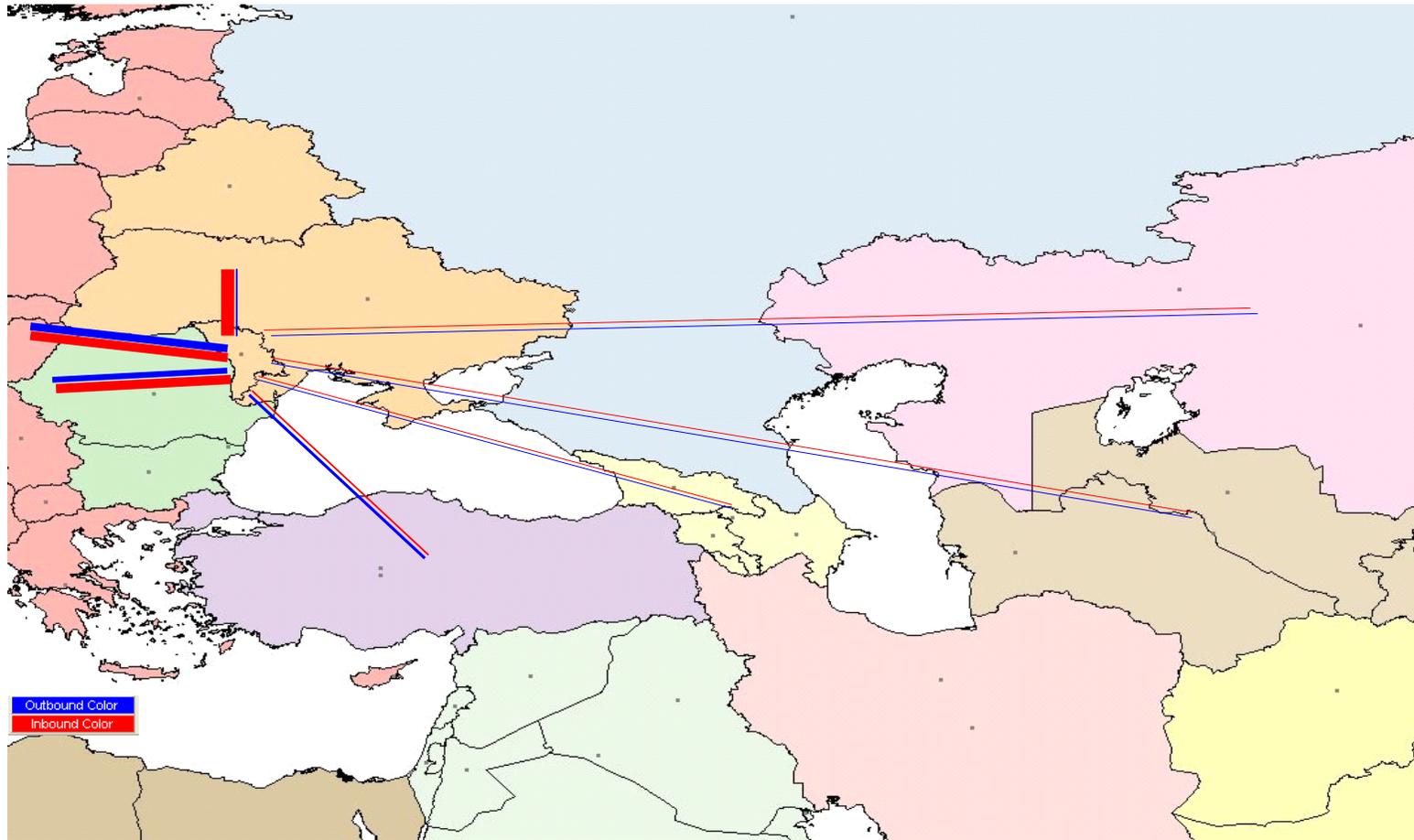
**Table 4: Moldova Potential Trade with TRACECA Countries and Europe, 2010, in tonnes and %**

Zones	Tonnage		Share in trade with TRACECA countries and Europe	
	Export	Import	Export	Import
Bulgaria-Romania	243,391.3	376,959.4	30.73%	27.42%
Caucasus	12,453.9	3,834.9	1.57%	0.28%
Europe	320,976.4	373,140.8	40.52%	27.15%
Kazakhstan	18,767.5	10,848.3	2.37%	0.79%
KY-TJ-TM-UZ	3,540.9	5,115.0	0.45%	0.37%
Turkey	124,151.1	69,001.7	15.67%	5.02%
Ukraine	68,784.1	535,689.5	8.68%	38.97%
<b>Total</b>	<b>792,065.1</b>	<b>1,374,589.5</b>	<b>100%</b>	<b>100%</b>

Source: Computation based on Eurostat and UN Comtrade databases



Figure 5: Moldova Potential Trade with TRACECA Countries and Europe, 2010, in tonnes



Source: Computation based on Eurostat and UN Comtrade databases





### 6.1.2 Regional TRACECA Trade

In order to develop transport infrastructure and logistics centres as a means to enhancing trade between TRACECA countries, it is essential to also consider the commodity structure of trade flows. Based on data available at the time, Figure 5 and Table 4 (below) detail the composition of imports to Moldova from others TRACECA countries and Europe.

The following analysis can be drawn from the data:

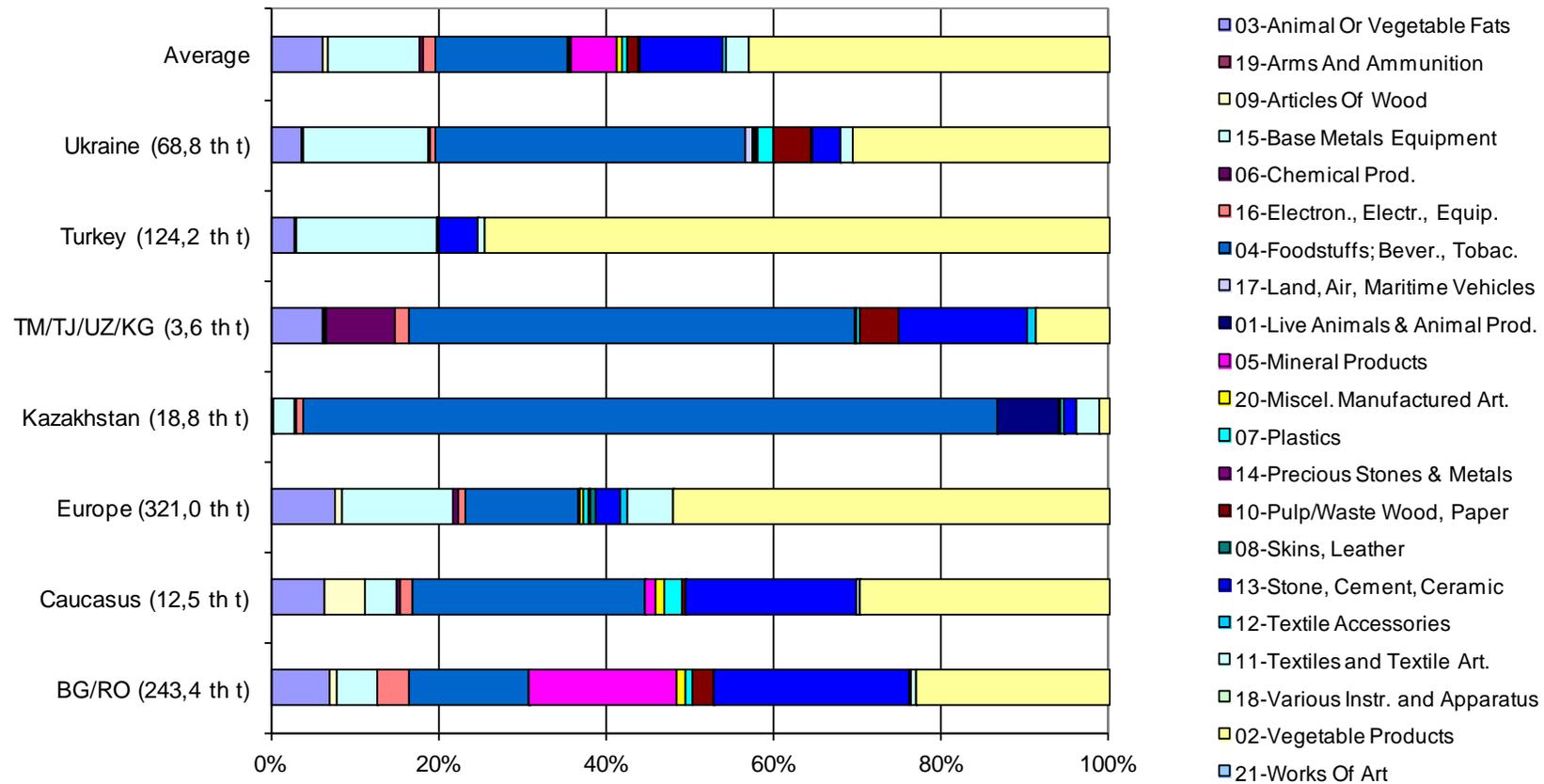
- Generally, the three main commodities are Mineral Products (20.6%), originating from Ukraine, Bulgaria/Romania and Turkey; Base Metal Equipment (12.7%) imported from Ukraine, Turkey, Bulgaria-Romania and Europe; and Vegetable Products (12.4%) transported from all trade partners.
- Imports from Caucasus, Kazakhstan and TRACECA South East countries make up the vast majority (over 70%) with each partner sending one commodity, which are “Foodstuffs, Beverage and Tobacco”, “Base Metal Equipment” and “Chemical Products” respectively.

In regards to exports, the commodity structure mainly consists of “Vegetable Products” destined for Europe, Turkey, Bulgaria-Romania and Ukraine (representing almost 43% of total exports). The second most exported commodity, by a great distance, is “Foodstuffs, Beverage and Tobacco” (16%), followed by “Base Metal Equipments” (11%) and “Stone, Cement, Ceramic” (almost 10%). Adding “Animal or Vegetable Fats” (6.2%) and “Mineral Products” (5.5%), the above six commodities brings Moldova’s export total to over 90%.



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Figure 6: Potential Trade with TRACECA Region – Commodity Structure of Imports to Moldova, 2010, in tonnes and %



Computation based on Eurostat and UN Comtrade databases

Source:





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**Table 5: Potential Trade with TRACECA Region – Commodity Structure of Imports to Moldova, 2010, in tonnes**

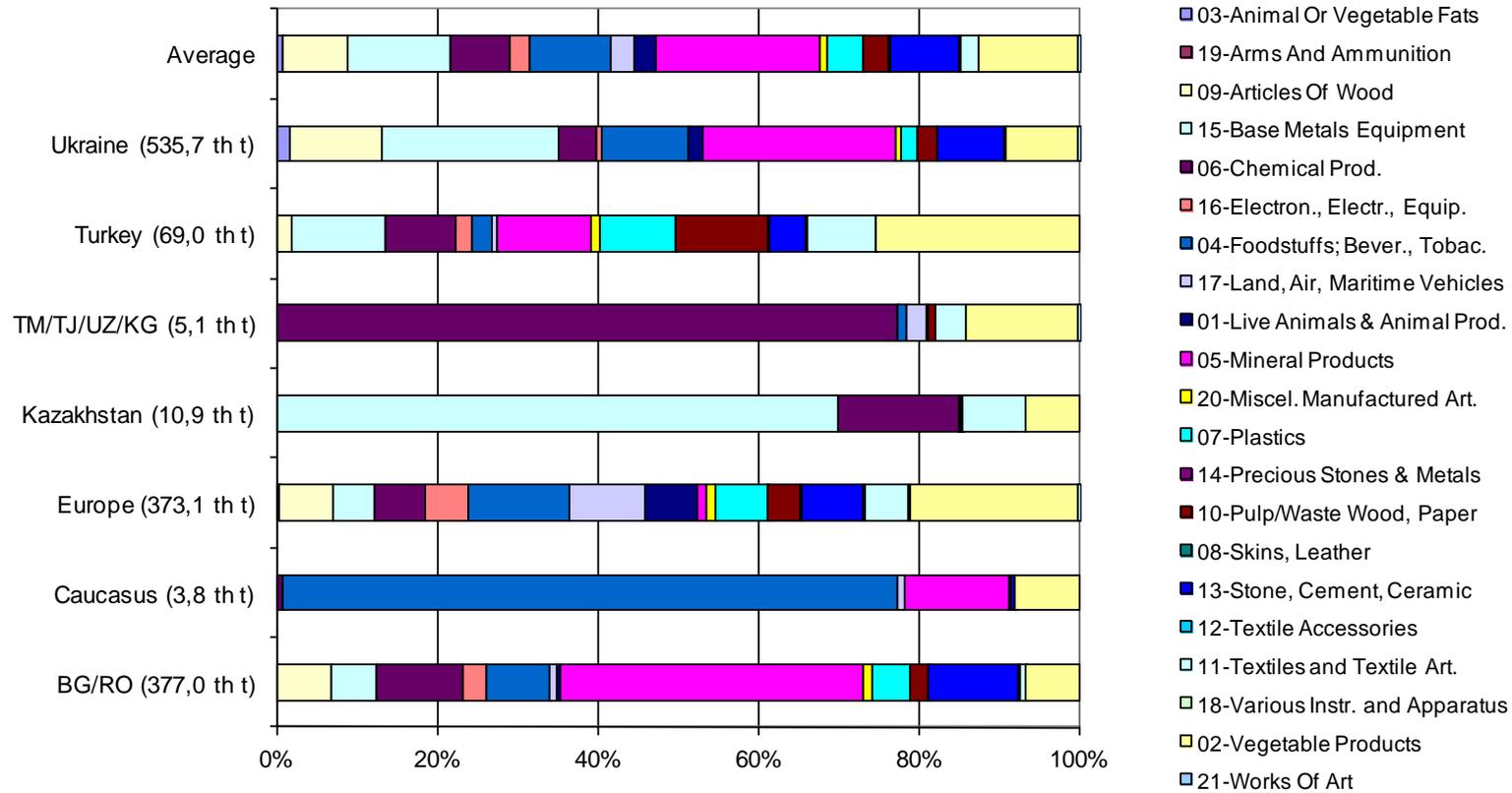
Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TJ-TM-UZ	Turkey	Ukraine
Animal Or Vegetable Fats	321.90	n/a	965.90	n/a	n/a	33.23	9,357.63
Arms And Ammunition	n/a	n/a	24.90	n/a	n/a	12.25	n/a
Articles Of Wood	25,565.50	n/a	25,334.41	n/a	n/a	1,320.18	60,565.20
Base Metals Equipment	21,494.70	0.79	19,375.33	7,606.04	0.85	7,992.78	118,456.30
Chemical Prod.	40,394.90	29.58	23,342.55	1,631.84	3,957.81	6,118.22	25,743.19
Electron., Electr., Equip.	10,532.10	2.13	19,883.56	4.44	0.52	1,346.45	3,437.94
Foodstuffs; Bever., Tobac.	30,398.70	2,936.58	47,200.26	13.38	57.64	1,737.46	57,454.66
Land, Air, Maritime Vehicles	2,814.00	35.55	35,305.12	n/a	122.76	496.96	592.45
Live Animals & Animal Prod.	1,707.60	n/a	24,180.20	n/a	n/a	14.21	9,720.25
Mineral Products	142,462.90	503.66	4,575.03	n/a	n/a	8,011.35	127,930.08
Miscel. Manufactured Art.	4,373.60	0.03	3,881.04	0.55	n/a	720.79	3,419.05
Plastics	17,731.50	0.07	24,342.74	n/a	16.00	6,614.57	11,394.38
Precious Stones & Metals	0.00	n/a	8.80	n/a	n/a	0.50	1.58
Pulp/Waste Wood, Paper	8,268.90	2.10	15,051.33	29.47	45.42	7,926.11	13,187.99
Skins, Leather	230.10	0.01	1,207.34	1.97	n/a	103.09	71.41
Stone, Cement, Ceramic	42,666.40	19.55	28,283.90	n/a	n/a	3,147.33	45,103.68
Textile Accessories	584.70	0.02	1,010.53	0.00	n/a	76.86	85.71
Textiles and Textile Art.	2,859.90	0.50	20,252.99	843.77	194.18	5,890.30	738.72
Various Instr. and Apparatus	85.10	0.38	974.78	0.00	n/a	20.36	44.33
Vegetable Products	24,466.90	303.96	77,939.98	716.80	719.80	17,417.72	48,384.87
Works Of Art	n/a	n/a	0.10	n/a	0.03	n/a	0.07
<b>Total imports</b>	<b>376,959.40</b>	<b>3,834.90</b>	<b>373,140.79</b>	<b>10,848.26</b>	<b>5,115.01</b>	<b>69,001.70</b>	<b>535,689.49</b>

Source: Computation based on Eurostat and UN Comtrade databases



Logistics Processes and Motorways of the Sea II

Figure 7: Potential Trade with TRACECA Region – Commodity Structure of Exports from Moldova, 2010, in tonnes and %



Based on Eurostat and UN Comtrade databases

Source: Computation





Logistics Processes and Motorways of the Sea II

**Table 6: Potential Trade with TRACECA Region – Commodity Structure of Exports from Moldova, 2010, in tonnes**

Commodity Groups	Bulgaria-Romania	Caucasus	Europe	Kazakhstan	KY-TJ-TM-UZ	Turkey	Ukraine
Animal Or Vegetable Fats	16,909.20	805.42	24,789.49	53.82	217.09	3,532.83	2,553.53
Arms And Ammunition	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Articles Of Wood	2,259.10	584.77	2,673.75	9.05	10.55	169.81	56.98
Base Metals Equipment	11,562.20	491.51	42,633.76	459.09	8.70	20,855.82	10,326.15
Chemical Prod.	371.30	49.60	2,015.95	60.60	291.14	4.54	172.88
Electron., Electr., Equip.	9,075.00	184.72	2,515.38	128.96	57.51	17.27	468.15
Foodstuffs; Bever., Tobac.	34,686.00	3,441.90	43,014.54	15,563.29	1,886.78	68.27	25,495.92
Land, Air, Maritime Vehicles	156.60	14.97	847.69	2.07	0.04	11.08	494.25
Live Animals & Animal Prod.	102.10	0.26	123.77	1,408.64	n/a	n/a	150.46
Mineral Products	42,948.20	146.08	24.60	n/a	n/a	n/a	203.54
Miscel. Manufactured Art.	2,688.20	142.06	1,534.83	29.75	7.62	1.02	60.06
Plastics	1,835.00	246.49	1,863.60	70.70	12.25	64.35	1,344.60
Precious Stones & Metals	n/a	0.00	7.10	0.00	n/a	0.44	0.00
Pulp/Waste Wood, Paper	5,974.80	55.00	475.07	0.92	160.98	26.39	3,084.42
Skins, Leather	23.80	0.19	2,182.44	0.03	n/a	128.58	31.11
Stone, Cement, Ceramic	56,984.90	2,541.04	9,041.39	279.04	544.64	5,926.83	2,330.81
Textile Accessories	396.10	0.09	3,214.80	0.40	36.69	13.53	40.84
Textiles and Textile Art.	1,477.50	64.79	17,432.81	506.04	0.08	945.27	943.85
Various Instr. and Apparatus	39.20	0.88	25.30	0.95	0.62	n/a	11.78
Vegetable Products	55,902.10	3,684.07	166,560.08	194.16	306.25	92,385.01	21,014.75
Works Of Art	n/a	n/a	0.00	n/a	n/a	n/a	n/a
<b>Total exports</b>	<b>243,391.30</b>	<b>12,453.85</b>	<b>320,976.36</b>	<b>18,767.52</b>	<b>3,540.94</b>	<b>124,151.05</b>	<b>68,784.09</b>

Source: Computation based on Eurostat and UN Comtrade databases



## 6.2 Intermodal Maritime Based Transport Challenges

LOGMOS aims to develop seamless door-to-door intermodal services, where all components of the transport chain may be considered as possible segments of LOGMOS projects, depending on their relevance for potential LOGMOS trade flows.

Port interfaces for operations, services, procedures etc. between land and sea are among the most critical points.

### 6.2.1 Port System and Maritime Links<sup>2</sup>

#### Moldova Waterways System – Main Features

Moldova's water transport system includes two key inland waterways (IWW): the Dniester and Prut Rivers as well as a 430 m bank on the Danube River. The Dniestr and Prut Rivers are suitable for waterborne transport at certain segments due to the natural sedimentation and lack of regular dredging works.

At present, the Dniester River is actively used for local transport needs; international (passenger and freight) traffic is limited to two ferry stations at Soroki and Koseuts. In 2012, the navigation on Prut River resumed after 25 years. Only the 83 km stretch between Giurgiulesti and Cahul are practical for use. The Prut River is used for transporting construction materials, e.g. sand, ballast, gravel and coal destined for the rehabilitation of roads in the South-West of Moldova.

The naval conditions of the Dniester and Prut Rivers allow for the transportation of cargo on barges or barge convoys with a total DWT of 1,000t and 600t, respectively.

According to the data from the Water Transport Direction of the Ministry of Transport and Road Infrastructure of the Moldovan Republic (for 2012), 50 vessels were operating along Moldavian IWW. In total, 378 vessels navigate along Moldavian IWW and at sea under the Moldavian flag. Most vessels are in poor technical condition and do not meet international norms and standards.

Moldova's water transport infrastructure includes 1 sea-river (on the Danube) and 3 river ports on the Dniester, which currently do not offer loading services, and 1 cargo area at Varnitsa (located on the Dniester River, which also does not offer loading services) and 1 river port in Ungheni (located on the Prut River).

Moldova's major port hub of is located in Giurgiulesti, thereby providing access via the Danube to the Black Sea region, open seas and international destinations. The legislation on maritime and river shipping is currently undergoing deep changes to ensure compliance with international rules and European standards. A new law on inland waterways navigation to regulate transport operation and set up a fair and transparent business framework has been drafted.

#### Moldovan Shipping Companies

The Moldavian shipping and freight industry is represented by a number of international and local companies, which includes but is not limited to the following: Cargo-Partner SRL, Elia, ELIA LTD, Itia-Sped International Srl, Iumbo-Trans L.T.D., MD-TRANS, Megatrans S.R.L., Moldcontainer Ltd, Movers-Auto S.R.L., Politrans, POLITRANS LOGIST, Pro-Logistic s.r.l., Quehenberger-Hellmann Moldova Srl, Rg-Cargo, Simplextrans Ltd, Simplextrans Ltd, Tbn Interlog Srl, Translogistic Ltd.

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<sup>2</sup> More information and data concerning the national port system (including port maps and technical descriptions as well as the regular maritime services operated can be found in the separate [maritime report of the LOGMOS Master Plan](#) and the [Danube case-study](#).

### Logistics Processes and Motorways of the Sea II

Most of the companies mentioned above provide land transport services and some are involved in multi-modal (land-ocean or air-ocean) transport. Only local operators, SE “Bacul Malovata” and private companies, and those that have been established due to privatisation, such as JSC Neptum-M, Gelecom Ltd and Laromalex Ltd, provide shipping services. Most of these companies do not own any vessels, but rather lease them from the State. The operated fleet is now obsolete and cannot be renewed in the foreseeable future due to the low financial capacity of operators.

SE “Bacul Malovata” provides Ro-Pax services connecting two settlements on Dniester River, Old Malovata and New Malovata (Dubossary region), 7 days a week. The company is 100% State-owned; it operates one single ferry vessel, which was produced in the 70s in Krasnoyarsk (Russian Federation). This vessel makes up to 7 round trips per day and is capable of transporting roughly 100 transport units and 400 passengers. According to ferry users, the service is operated free of charge and is very much the preference of passengers travelling between Chisinau and Dubossary. To make the service operational, the Ministry of Transport Infrastructure and Roads (MTIR) of the Republic of Moldova supports the company “Bacul Malovata” in terms of ensuring regular operational maintenance of ferry vessel, and covering the cost of fuel and spare parts.

### Port of Giurgiulesti

The Giurgiulesti International Free Port (GIFP) has a territory of 120 ha and the status of a free economic zone (FEZ). It consists of a petroleum terminal, cereal cargo handling and storage facilities and an industrial free zone. The petroleum and grain terminals are operational and new general cargo and container handling facilities were put in operation in 2011 and handled their first container ship early in 2012.

Figure 8: GIFP Master Plan



Due to its location on the Lower Danube, with water depths up to 7m, GIFP is capable of receiving both River and Sea going vessels (up to about 10,000 DWT). It is promoted as:

- the only direct sea/river-borne transshipment and distribution point to and from the Republic of Moldova;



## Logistics Processes and Motorways of the Sea II

- a regional logistics hub on the border of the EU with access to road, rail, river and sea;
- a good location for business development due to its strategic location, tri-modal transport infrastructure, low-cost environment and a unique Customs and tax regime.

The port is situated at 133.8 km (72.2 nautical miles) of the River Danube in the South of Moldova, between Romania (and therefore the European Union) and Ukraine. GIFP benefits from its location on international trade and transportation routes such as the Rhine–Main–Danube waterway corridor. It links the European standard, Russian railway systems and the international road network. It is connected by feeder services with the Commercial Sea Port of Constantza (Romania) twice a week. In 2012, feeder services also connected GIFP to Marport Istanbul, the leading port of the Black Sea Basin for container transshipment. The service was suspended due to a lack of profitability; however, effort is being made to revive the line.

The Master Plan (see Figure 8 above) forms the basis and guideline for the further planning and development of GIFP. There will be four different functional areas:

- The Oil Terminal (operating now).
- The Dry Cargo Terminal and Storage.
- The Industrial Free Zone.
- The Administration Centre.

The Oil Product Terminal (see Figure 9 below) consists of one berth, a tank farm consisting of eight tanks; tanker truck loading facilities (this refers to the loading infrastructure and storage of petroleum products, including equipment for the loading of petroleum products in road transport); and, as of the middle of 2008, rail tank car loading/unloading facilities. The berth can accept sea vessels and river barges with draughts of 7m and can load/unload up to three different types of oil products simultaneously. Its technical parameters are as follows:

- A tri-modal transport infrastructure consisting of a jetty with a minimum water depth of 7m, road access and a planned railway link.
- A total storage capacity of 63,600m<sup>3</sup>, divided between 8 tanks with capacities ranging between 4,200 and 12,600m<sup>3</sup>.
- A maximum transshipment capacity in excess of 2 M tonnes per annum.

**Figure 9: GIFP Oil Terminal Facilities**





## Logistics Processes and Motorways of the Sea II

In 2008-2010 the EBRD-supported port operator, Danube Logistics, constructed the first part of a multi-purpose Dry Cargo Terminal, which, once completed, will accommodate up to six berths, capable of handling typical bulk cargo such as grain and construction material as well as containers.

Gantry cranes are used for the transshipment of bulk cargo and containers. In 2007, Danube Logistics' business partner Trans Cargo installed specialised equipment to load grain onto vessels as well as grain cargo storage facilities with a total storage capacity of 45,000 tonnes.

The water depth at the six berths varies; one berth, with a water depth of 7m, is dedicated to sea vessels and the others, with a water depth of 3-5m, will be dedicated to river vessels.

It has the following technical parameters:

- A tri-modal transport infrastructure consisting of up to six berths, road access and railway links to CIS countries and European gauge railway systems.
- A storage capacity with a warehouse of 2,000m<sup>2</sup>.
- A bulk cargo open storage area: 160m x 35m = 5,600m<sup>2</sup>.
- A container and general cargo open storage area: 60m x 45m = 2,700m<sup>2</sup>.

**Figure 10: GIFP Container Handling Facilities (Preliminary Design)**



The Customs regime and services are designed to be attractive to potential users:

- Exports: Goods originating from GIFP<sup>3</sup> and exported to the rest of Moldova or abroad are exempt from any form of Customs duties, except for a nominal Customs procedure fee.
- Imports: Goods imported to GIFP from Moldova or from abroad are exempt from any form of Customs duties, except for a nominal Customs procedure fee.
- Autonomous Trade Preferences: Since the 1st of March 2008, the Republic of Moldova has benefitted from a new scheme of trade preferences granted by the European Union, known as Autonomous Trade Preferences (ATP). ATP allows virtually all products originating in the beneficiary countries to enter the EU without

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<sup>3</sup> Goods originating from GIFP mean any goods fully produced or sufficiently processed within GIFP, provided that they have changed their Customs position according to the classification code at the level of one of the first four figures, or the final value of the goods exported from GIFP exceeds the initial value of the goods imported to GIFP by at least 35%, due to the value added.



## Logistics Processes and Motorways of the Sea II

quantitative restrictions and Customs duties, the only exemptions being imports of wine, veal and some fishery products to which tariff quotas apply.

- Custom services at the Port have been reported as being highly professional, efficient and transparent.

Danube logistics offers a range of optional services to its clients, including residents of the planned Industrial Free Zone:

- Logistics: Transshipment, storage, distribution and other transportation services for oil products, dry bulk cargo, containerised cargo and general cargo. Danube Logistics has founded its own forwarding company that delivers and collects containers mostly from the Chisinau area.
- Port services: Vessel services include, but are not limited to, the supply of drinking water and food, agent, tug boat, pilotage services, communication and waste removal services.
- Land and office leasing: Short to long-term leases of land within GIFF, which is connected to the electricity, gas, water, and telecommunication grids, road infrastructure as well as lying in close proximity to rail and port infrastructure.
- Administrative services: Short to long-term lease agreements for fully furnished or unfurnished office space (see below).
- Representation services: Danube Logistics works as an agent for maritime companies in Moldova, with the exception of MSC, which already has a representation office.

**Figure 11: GIFF Office Facilities (Photo March 2009)**



The port management displays a high level of professionalism and abides by international security and environmental standards. It complies with all relevant EU Conventions, Regulations and Directives, which are strictly enforced by the Company's security personnel 24 hours per day. These include:

- Comprehensive Security Response Plan.



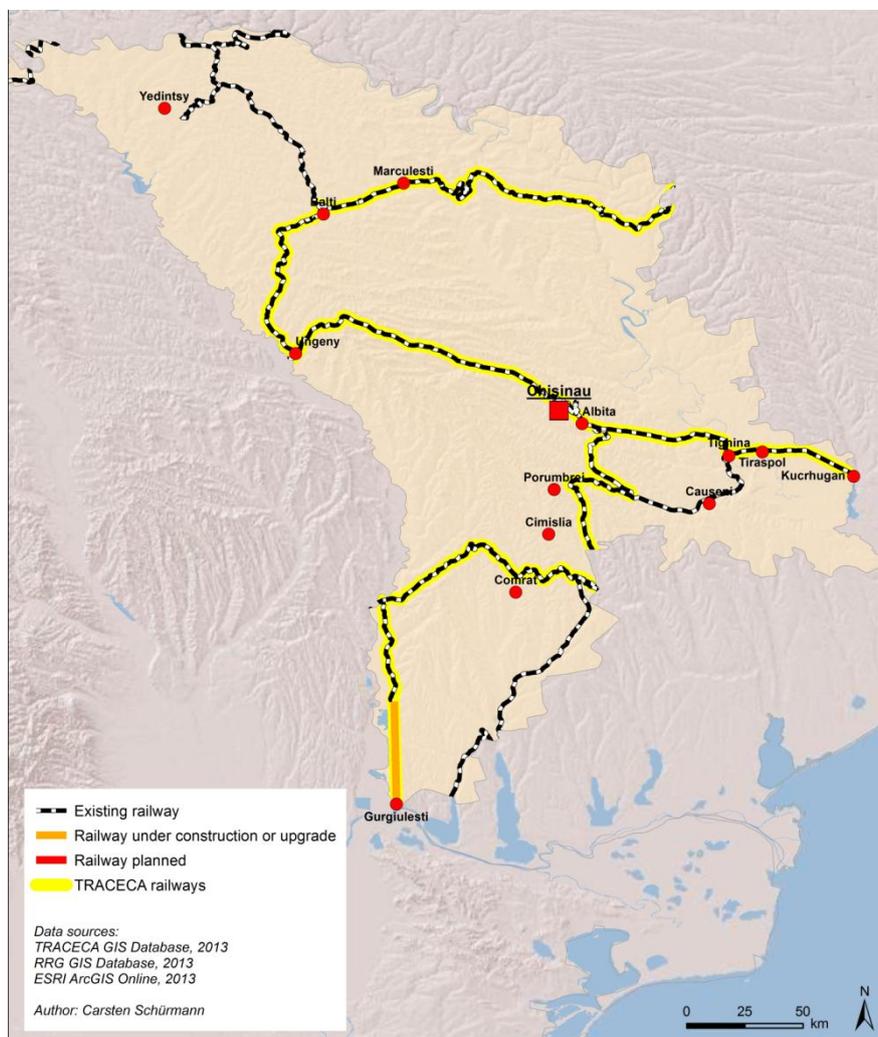
### Logistics Processes and Motorways of the Sea II

- Comprehensive Fire and Disaster Response Plan (the whole area and offices are a “non-smoking/open fire” restricted area).
- 3rd Tier Environmental Disaster Response Plan (in progress).
- In-house training programmes for all employees.

Constant growth in container traffic has been observed since the opening of the container terminal in 2011, despite the closure of the GIFP–Marport feeder services. In 2012, the total volume of containers that transited via GIFP, amounted 13,552 tonnes, including 11,300 tonnes of imports and 2,300 tonnes of exports. This trend can be explained by growing export in containers (grain, other products) and by attracting import container flows from the costly Odessa port region. Transit containers to Western Ukraine are also handled.

#### 6.2.2 Inland Transport Mode: Railways<sup>4</sup>

Figure 12: Moldova Railway Map



Source: TRACECA (2013)

<sup>4</sup> More detailed information on the railway sector of Moldova, figures and state of projects can be found in the separate [railway report of the LOGMOS Master Plan](#)



The Moldovan railway network, as presented on Figure 12 above, covers 1,157 km of exploited tracks (including the Cahul–Giurgiulesti section). It includes three railway lines crossing the territory of the country from East to West and two others going from South to North-East:

- Northern: from Ungheni on the Romanian border through Beltsi (Moldova's second city) to Slobidka in Ukraine.
- Central: from Ungheni through Chisinau and Tiraspol (in Transdnistria) to Odessa and Iliychevsk in Ukraine.
- Southern: from Kantenir on the Romanian border to Bessarabia on the Ukrainian border, and then on to Iliychevsk and Odessa from the South;
- Port Giurgiulesti–Cahul;
- Galati (Romania)–Giurgiulesti (Moldova)–Reni (Ukraine)–Căușeni (Moldova)–Novosavitscaia (Moldova)–Kuchurhan (Ukraine).

### **Railway Freight Terminal, Chisinau**

The terminal is extensive and reasonably well-equipped. It has gantry cranes capable of lifting 20' containers. Some are inoperable at present but could be repaired or replaced. There is a Soviet-era warehouse with a rail line to allow goods to be loaded onto and unloaded from railway wagons. There is no special provision for temperature controlled cargo or hazardous cargo.

Moldova's railway network is generally in good technical condition. However, works carried out three years ago to upgrade the track between Chisinau and GIFP have not yet achieved the required quality level. As a result, the weight of the trains, number of wagons and operational speed have all been reduced, which means on certain segments now the speed does not exceed 10-15 km/h.

The diesel locomotive park is quite old and recent measures have been taken to reduce illegal trade with fuel.

Railway tariffs in Moldova are generally high when compared to neighbouring countries and road transport.

Most railway tracks have CIS gauge (1,520 mm). However, in 2006 Moldova built a 14 km stretch of standard (1,435 mm) gauge track. At GIFP, there is a dual railway track (of 1,520 mm and 1,435 mm in width) allowing goods going through the port to arrive or depart at either of Moldova's neighbouring countries without subsequent bogey exchange or unloading/reloading. For other traffic a bogey exchange operates at Ungheni, near the Romanian border. There is capacity to handle 20' containers at Ungheni and Chisinau, but currently no container trains are operated for transit cargo and there is virtually no intermodal movement.

The Southern railway route (via Bessarabia to Ukraine) is important since it provides a link to the Ukrainian ports of Odessa and Iliychevsk and the mineral regions of Ukraine. The route via Tiraspol (through the separatist territory of Transdnistria) was closed for many years, and then re-opened in 2008 thanks to a EU mediation for passenger services.

The state enterprise 'Calea Ferată din Moldova' (CFM) is the sole rail operator for freight and passenger services. Over the last few years, it has focused on reviving the railway transport system in the country. Plans include increasing railway traffic speed, the modernisation of the company's rolling stock and the renewal of the railway passenger coaches used on international routes (passenger transport on international routes is the only segment currently profitable). The Company plans to open the rail transport market to private operators in the next five years. It also intends to initiate separation according to cost centres for freight and passenger transport and from the point of view of the public infrastructure. This last point has been implemented and



## Logistics Processes and Motorways of the Sea II

is already underway. The Company is currently working on the total restructuring and externalisation of the services considered non-profitable. In 2013, CFM started a process of restructuring with the set up of three companies: the railway infrastructure manager, the national railway passenger transport operator and the railway freight transport operator. Introduction of electronic accounting corresponding to international standards is also under implantation.

The only planned major infrastructural development is the conversion of the line from Chisinau to Ungheni and Iassyi in Romania to standard gauge and its electrification. The project is expected to amount to USD 400-536 M and the acquisition of rolling stock requires additional investments of USD 135 M. The extension of the Cantemir-Cahul line South to Giurgiulesti, which provides Chisinau with a direct connection to GIFP without transiting via Ukraine, was completed in September 2013.

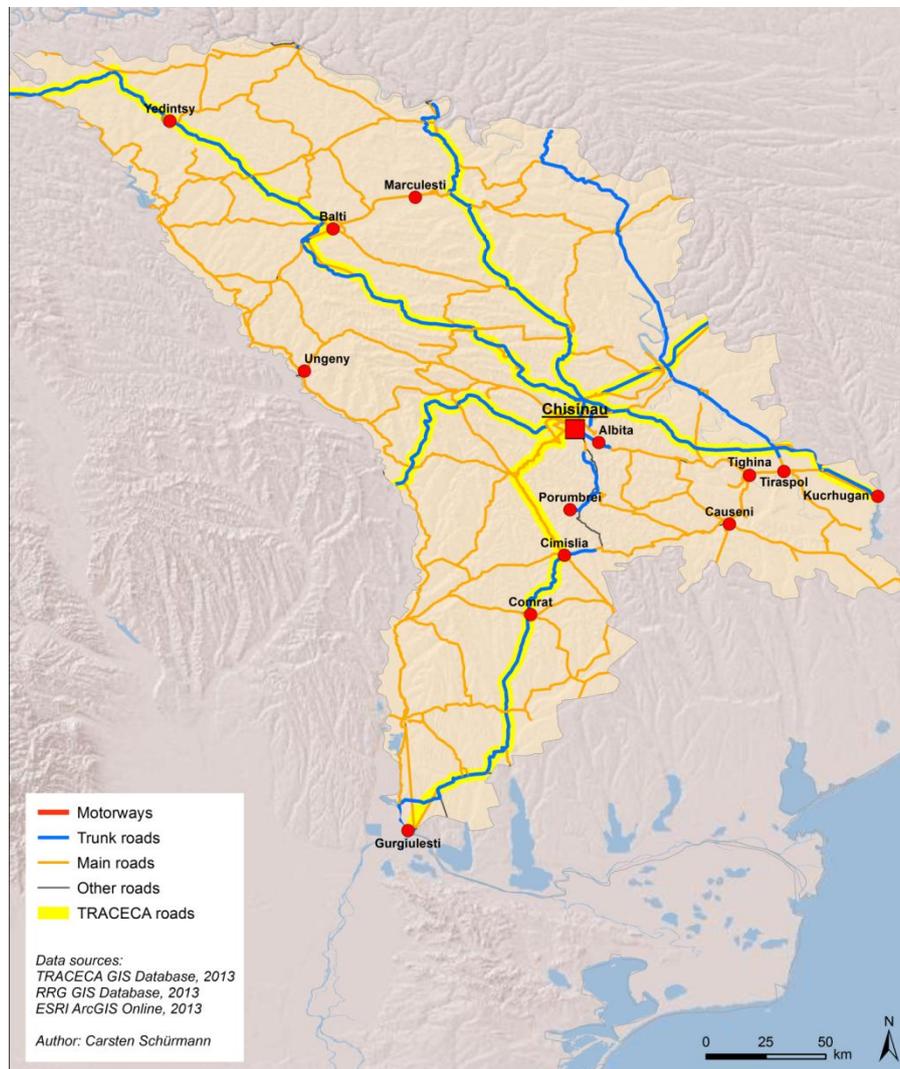
In 2012, Moldova Railways received a EUR 25 M loan from the EBRD to modernise the locomotive fleet. Moldovan Railways have a joint project with Remar Paşcani SA (Romania) for the complete overhaul of diesel units. Collaboration plans with Remar Paşcani also include modernisation of boogies to be used on the European 1,435mm gauge rail tracks.

In the same year, the GIFP received a USD 12 M loan from the EBRD to finance the construction of a mixed gauge rail terminal in Moldova, to improve the overall standard of the port infrastructure and to complete the railway link to the terminals that handle containers, general cargo and dry goods shipped in bulk such as grain and coal. As a result, transhipments onto/from railway wagons will no longer require internal transfer by truck and will avoid multiple lifts by cranes, making port operations much more cost and time efficient for Moldovan businesses.



### 6.2.3 Inland Transport Mode: Roads<sup>5</sup>

Figure 13: Moldova Road Map



Source: TRACECA (2013)

The Moldovan road network is composed of 12,800 km of roads including 3,670 km of national roads and 6,867 km of local roads. 6,037 km of roads are covered with asphalt, 480 km with cement concrete and 4,017 km with gravel (figures from 2012).

The motorway network is essentially cruciform with Chisinau at the centre of the cross. From Chisinau the M14 runs to the North past Beltsy; the M3 runs to the South to Giurgiulesti; the M1 runs to the West in the direction of Bucharest; and the M21 runs eastward through Transdnistria and into Ukraine to join the M5, which links Kiev to Odessa and Ilyichevsk.

There is one Pan-European corridor crossing Moldova: Pan-European corridor IX linking Helsinki, to the Mediterranean sea at Alexandroupolis in Greece, via Moscow, Kiev, Ljbasivka (in Ukraine on the Kiev–Odessa motorway), Chisinau and Bucarest.

<sup>5</sup> More detailed information on the road sector of Moldova, figures and state of projects can be found in the separate [road report of the LOGMOS Master Plan](#)



Moldova is also crossed by the TRACECA and TEN-T international road corridors, which follow the exact same routes spreading in all directions from Chisinau (see Figure 13). The road Chisinau–border to Romania at Ungheni is also part of the TEN-T network, although it is not included in the TRACECA network. At the beginning of the 21<sup>st</sup> century, the Moldovan road network was seriously deteriorated: 78% of the national roads and 88% of the local roads had reached the end of their economic life and were technically outdated. Today, the condition of the road network is far from being uniform. Some links are good and others are problematic to varying degrees. The problem of road maintenance has been addressed in previous reports. For example the World Bank's Moldova Transport Strategy Update (2002) classified most of the network as either 'poor' or 'extremely poor' and reported that annual funding for maintenance was equivalent to only 1% of the value of road assets. Another World Bank report (2004) and background information for a road sector support project (2007), indicate that the problem has persisted.

In order to remedy this major issue, which hampers the country's development, a number of projects, identified in the road rehabilitation programme for the period 2011-2016 (Figure 14), have been launched with the assistance of International Funding Institutions (EBRD, EIB, MCC among others).

The top investment priorities in the road sector are (by order of importance):

- Rehabilitation of the M3 from Chisinau to Giurgiulesti. A feasibility study has been completed with TRACECA funding and construction on some sections is already underway. The estimated cost of the rehabilitation works is EUR 750 M. The southern half (Comrat–Giurgiulesti) is funded by the EBRD and the EU through the NIF<sup>6</sup>. Some sections of the Northern part are financed by the EBRD and the EIB, some others (Cimislia-Comrat) are still waiting for financial securement.
- Improvement of the M2 from Soroca to Chisinau. this project aims to rehabilitate the entire length of the northern section of the South-North corridor between Chisinau and Soroca (160 km from KM 216 to KM 376); 45 km of road works are already completed and works are presently taking place along the remaining 115 km; they are planned to be completed in 2014; the total cost of this project is estimated to be EUR 103.4 M. The three financial contributors are the EIB, the EBRD and, for half of the length, the MCC.
- Other improvement projects have been completed or are underway on the M1, M21, R3, R1, R33, R34, R14, R16, R13, R6 and R9.
- For the long term, consideration is being given to the development of a road transport link through Moldova, linking western Ukraine to the ports of Odessa and Ilyichevsk, offering a more direct route than via the Ukrainian city of Vinnitsa (240 km South-West of Kiev).

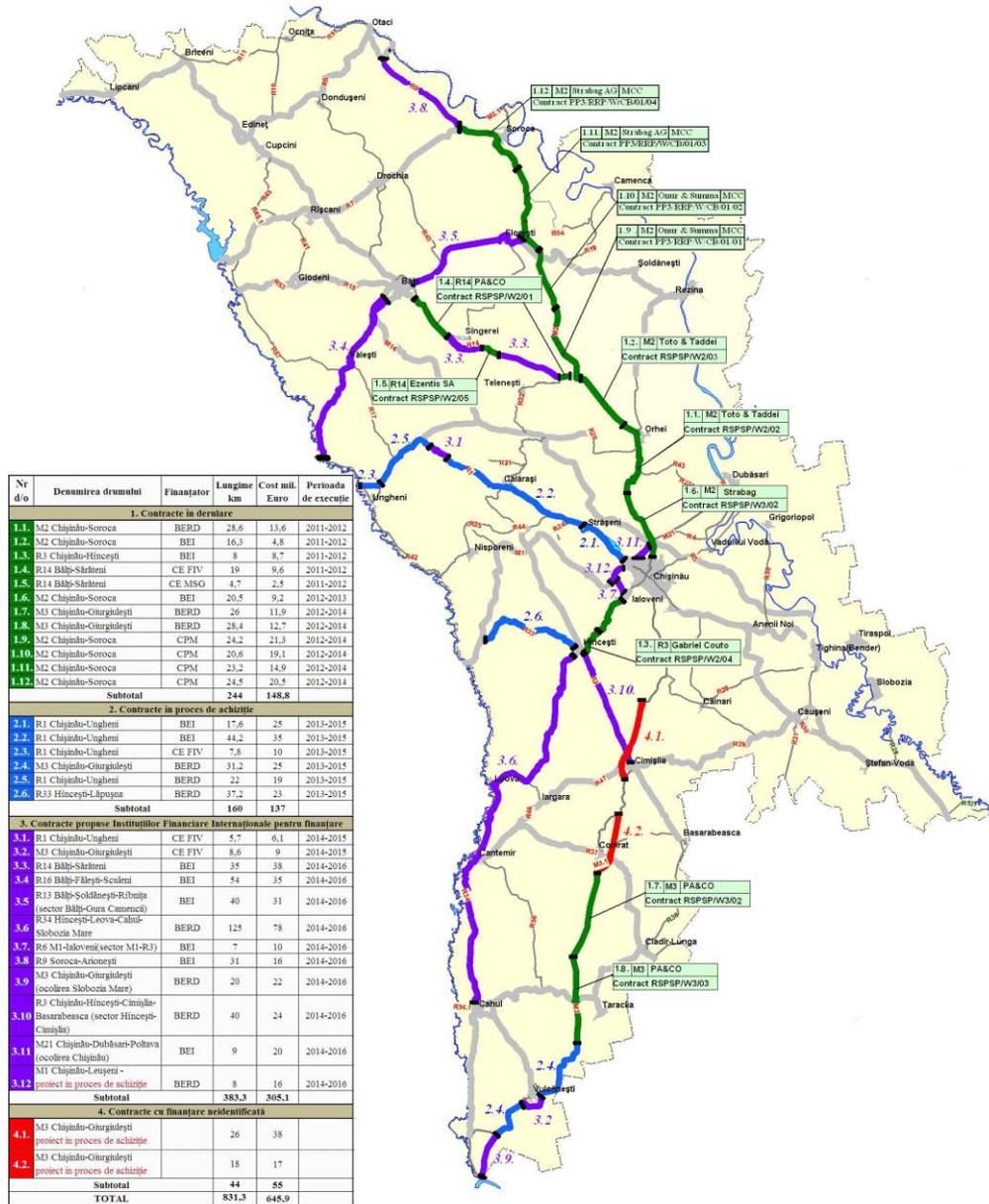
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<sup>6</sup> [http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/documents/reduced\\_nif\\_five\\_year\\_report\\_for\\_web\\_en.pdf](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/documents/reduced_nif_five_year_report_for_web_en.pdf)



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Figure 14: Moldova's Road Rehabilitation Programme for the period 2011-2016



Source: Ministry of Transport and Roads Infrastructure of Moldova

A major bottleneck remains the separation of Transdnistria, cutting off some of the most developed regions of the country and severing traditional connections to Ukraine. The solution of this problem is subject to political decisions.

### 6.3 Trade and Transit Facilitation

#### 6.3.1 General Presentation

- **Procedures and formalities** are among the **main barriers** that hamper the development of Motorways of the Sea:





## Logistics Processes and Motorways of the Sea II

- Several **border points** must be crossed, mostly in ports but also on land routes e.g. along the central land corridors. There is a minimum of two points in a single/one sea service, up to 5 points in inter-seas services that link western Black Sea Countries and Eastern Caspian Sea countries, and possibly more in the case of longer multicountry transit and transshipments trades.
- Several physical mode transfers, handling movements and intermediate storage take place along the sea based transport chains: most commonly 3 transfers and a minimum of 6 handling plus 2 storages in the case of a single sea leg, and several more handling operations in the inter-seas services
- Previous and ongoing experience of Motorways of the Sea in other regions as well as the global worldwide transport system of containers have demonstrated that the resolution of difficulties in this field is an essential factor in finding success.
- The procedural process in ports and at other border crossing points are **dominantly related to Trade Laws and Regulations**, but actors of the transport and transit chain are responsible for their fulfilment. A significant part of their activities is dealing with these complex issues and drawing the corresponding revenues out of their resources. Relationships between institutions on one side (Customs first, but also other Ministries and inspection bodies) operators and users on the other, are affected by these functions which mix with the physical transit and transport operations.
- The **impacts of administrative and regulatory barriers** are generally more important when there is a sea leg, because:
  - Maritime transport and port transits require more formalities than land transport modes, including specific exchange of information, paper documentation etc. which are rightly perceived as a factor of complexity.
  - This adds to the weakness of intermodal sea based transport, particularly when compared to the most simple unimodal road transport.
  - Transit times are increased if and when formalities and operations are mismatched, e.g. when the transport means of one mode is not coordinated with those of the next mode, which is a frequent situation between the maritime and railways legs in the TRACECA Region
  - Costs are not only direct but also indirect, and not only formal but also informal, and unofficial transit levies and other transaction costs add to the sum of official tariffs, taxes and dues.
- **Common weaknesses/barriers** have been identified in all LOGMOS project countries to various extents and at different degrees. This diagnosis has been shared under the key word “Facilitation” by country stakeholders and at bilateral and regional levels. Barriers in this field are referred to in the “W” (Weaknesses) list of the various SWOT analyses summarised in the following project documents:
  - Country profiles, as synthesised hereafter
  - Presentations for workshops and meetings
- Among the **solutions** discussed in the diagnosis phase, the following is a series of common **recommendations and targets** that are partly implemented, planned, or contemplated for the future LOGMOS projects and more generally for the development of intermodal transport including port / border crossing points:
  - I.T. systems and solutions electronic solutions / EDI for:
    - information (for users and operators)



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- declarations
- pre-alert (for Customs and other)
- duties, taxes and fees
- One stop scheme and extension to Single Window System (SWS)
- Risk management system and methods
- IT interchange solutions between MoS port/communities
- Tracking and Tracing (in coordination with operators)
- Upgrading/redesigning border points layouts
- Training (management, IT organisation etc...)

**6.3.2 SWOT Analysis**

The following table summarises key findings for national SWOT analysis in trade and transit facilitation procedures that have been adopted in Moldova.

**Table 7: SWOT Analysis in Trade and Transit Facilitation Procedures**

<b>STRENGTHS</b>	<ul style="list-style-type: none"> <li>• Serious, constructive attitude and support from the government towards the transport sector and waterborne transport in particular</li> <li>• Applying international best practices and engaging European experts (EU Policy Advice Team) in creating and implementing the country’s transport sector development strategy</li> <li>• Creating the Free Economic Zone as a legislative initiative and economic incentives to boost development of the transport sector and its infrastructure</li> <li>• Government’s willingness to bear costs to ensure operation of Giurgiulesti International Free Port (construction of a stand-alone railway, motorway upgrade)</li> <li>• Using international relations mechanisms to implement the waterborne transport development strategy (increasing clearance heights of the bridges linking with Romania in order to create an opportunity for port development and upstream cargo transportation along the river Prut to Ungheni)</li> <li>• Danube Logistics’ professional attitude towards establishment, construction and development of the Free Economic Zone and Giurgiulesti International Free Port, including usage of the state-of-the-art technologies and a priority development focus on high-tariff freight</li> <li>• Flexibility and attractiveness of freight flows (two types of rail tracks, tariffs, etc.)</li> <li>• Danube Logistics’ investments of own money into development and construction work at the port</li> <li>• Joint compromise solutions of the port administration and the operator as to the work arrangements and development of the transport hub</li> </ul>
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<b>WEAKNESSES (BARRIERS)</b>	<ul style="list-style-type: none"><li>• No modern logistics centres</li><li>• No special storage regime for temperature-controlled and dangerous goods</li><li>• The strategy does not accommodate the need to involve major international logistics operators (combined, intermodal transport)</li><li>• Transdnistria's influence on rail transit. Only passenger services from Chisinau to Odessa via Transdnistria are performed.</li><li>• No study has been made on the part of Moldova to objectively and comprehensively analyse advantages and drawbacks, as well as financial results of intermodal transport (including causes of cargo traffic decrease).</li></ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"><li>• Increase in earnings from intermodality and rail transit</li></ul>
<b>THREATS</b>	<ul style="list-style-type: none"><li>• The recent closing up of railroad and crane facilities in the Port of Reni may be indicative of Ukraine's discontinuing operating the port in the future. Putting operation of the Port of Reni at a standstill will lead to a decrease in Moldova's railroad potential and income from transit, loss of jobs, etc.</li></ul>



## 7 PILOT PROJECTS SELECTED FOR MOS I AND ILC PROJECTS

To address the existing challenges for MOS and ILC promotion, two TRACECA projects ran a pre-screening for potential pilot projects. The pre-screening was based on the multi criteria analysis of the proposed pilot, which helped to narrow down the pilot projects list.

The list of retained pilot included the following projects:

**Table 8: Selected Pilot Projects in Moldova**

Pilot project	Service proposed	Countries involved directly	Concerned TRACECA project
ILC at Free International Airport Marculesti	Cargo Facilities, warehousing, Customs terminal and other logistics related investment	Moldova	ILC project

As a result of the first phase of MOS I and ILC implementation, for the above mentioned pilot project, a feasibility study was elaborated. Short summary of this project can be found [here](#).