

Economy

Overview: Moldova enjoys a favorable climate and good farmland but has no major mineral deposits. As a result, Moldova's economy is primarily based on agriculture, featuring fruits, vegetables, wine, and tobacco.

Moldova must import all of its supplies of oil, coal, and natural gas, and energy shortages have contributed to sharp production declines since the breakup of the Soviet Union in 1991. The Moldovan government is making steady progress on an ambitious economic reform agenda, and the IMF has called Moldova a model for the region. As part of its reform efforts, Chisinau has introduced a stable currency, freed all prices, stopped issuing preferential credits to state enterprises and backed their steady privatization, removed export controls, and freed interest rates. Chisinau appears strongly committed to continuing these reforms in 1995.

Meanwhile, privatization of medium and large enterprises got underway in mid-1994 and is expected to pick up speed in 1995. To improve its precarious energy situation, Chisinau reached an agreement with Moscow in December 1994 on gas deliveries for 1995. Gazprom, Russia's national gas company, has agreed to reduce prices for natural gas deliveries to Moldova from the world market price of \$80/thousand cubic meters (tcm) to \$58/tcm in return for part ownership of the Moldovan pipeline system.

National product: GDP - purchasing power parity - \$11.9 billion (1994 estimate as extrapolated from World Bank estimate for 1992)

National product real growth rate: -30% (1994 est.)

National product per capita: \$2,670 (1994 est.)

Inflation rate (consumer prices): 7.6% per month (1994)

Unemployment rate: 1% (includes only officially registered unemployed; large numbers of underemployed workers)

Budget:

revenues: \$NA

expenditures: \$NA, including capital expenditures of \$NA

note: budget deficit for 1993 approximately 6% of GDP

Exports: \$144 million to outside the FSU countries (1994); over 70% of exports go to FSU countries

commodities: foodstuffs, wine, tobacco, textiles and footwear, machinery, chemicals (1991)

partners: Russia, Kazakhstan, Ukraine, Romania, Germany

Imports: \$174 million from outside the FSU countries (1994); over 70% of imports are from FSU countries

commodities: oil, gas, coal, steel, machinery, foodstuffs, automobiles, and other consumer durables

partners: Russia, Ukraine, Uzbekistan, Romania, Germany

External debt: \$300 million (as of 11 December 1994)

Industrial production: growth rate -30% (1994 est.)

Electricity:

capacity: 3,000,000 kW

production: 8.2 billion kWh

consumption per capita: 1,830 kWh (1994)

Industries: key products are canned food, agricultural machinery, foundry equipment, refrigerators and freezers, washing machines, hosiery, refined sugar, vegetable oil, shoes, textiles

Agriculture: accounts for about 40% of GDP; Moldova's principal economic activity; products are vegetables, fruits, wine, grain, sugar beets, sunflower seed, meat, milk, tobacco

Illicit drugs: illicit cultivator of opium poppy and cannabis; mostly for CIS consumption; transshipment point for illicit drugs to Western Europe

Economic aid:

recipient: joint EC-US loan (1993), \$127 million; IMF STF credit (1993), \$64 million; IMF stand-by loan (1993), \$72 million; US commitments (1992-93), \$61 million in humanitarian aid, \$11 million in technical assistance; World Bank loan (1993), \$60 million; Russia (1993), 50 billion ruble credit; Romania (1993), 20 billion lei credit

Currency: the leu (plural lei) was introduced in late 1993

Exchange rates: lei per US\$1 - 4.277 (22 December 1994)

Fiscal year: calendar year