

MOLDOVA

- Country
- Government
- Economy
- Energy Sector
- ANRE

1



COUNTRY

- Landlocked between Romania and Ukraine, previously most South-Western republic of the Soviet Union
- Territory of 13,011 sq. miles (33700 sq. km), slightly larger than Maryland
- Major rivers: Nistru and Prut
- Rich in arable land (53% of territory), rocks (sand, gravel, gypsum, limestone)

2

POPULATION

- Population of 4.3 million
- Multiethnic (Moldovan/Romanian, Ukrainian, Russian, Gagauz, Jewish, Bulgarian), culturally diverse society, predominantly Eastern Orthodox
- High literacy rate

3

GOVERNMENT

- Parliamentary Republic
- Independence from the Soviet Union since August 27, 1991
- Capital - Chisinau with a population of 750K
- Government system based on separation of legislative, executive and judicial powers
- Legal system based on Civil Law
- Ambassador to the U.S. - Mihai Manole

4

ECONOMY

Data as of 2001

- GDP of \$1.5 bln split mainly by agriculture, industry and services. GDP growth 6.1%
- High poverty rate
- Main exports are agricultural products and food processing - fruits, vegetables, wine and tobacco. Main imports are fossil fuels and power, durable goods
- Moderate inflation. GDP deflator 11.9%

5

ECONOMY (cont'd)

Data as of 2001

- Free-floating currency Leu. Current Rate of Exchange is 13.75 lei per USD. Monetary authority is independent National Bank of Moldova
- Land privatization largely accomplished. Industrial privatization underway, to a large extent accomplished
- Energy System Privatization underway

6

CURRENT ISSUES

- Economic growth and poverty reduction
- Resolution of the Transnistrian conflict
- Strengthening of democratic values and rule of law

7

ENERGY SECTOR

- Power consumption dropped from 6 bln kWh in 1993 to 3.2 bln kWh in 2001 (right bank of Dniester)
- Gas consumption dropped from 2.1 bln cm in 1993 to 1.2 bln cm in 2001 (right bank of Dniester)
- Conditions leading to slowdown of energy demand:
 - Industrial contraction resulting from disruption of business relations with other former Soviet republics
 - Limited export capability of finished products
 - Declining consumer purchasing power

8

ENERGY SECTOR - POWER

- Local generation:
 - Two CHPs in Chisinau, 306 MW
 - One CHP in Balti, 24 MW
 - Moldavskaya GRES controlled by break-away Transnistria, 2500 MW
 - Other minor generators - hydro, sugar factories
- Bulk of power supplied by Russian Itera from Ukraine and Moldavskaya plant in Transnistria

9

ENERGY SECTOR - POWER (cont'd)

- Moldelectrica - National transmission and dispatch company: state-owned
- Distribution:
 - Three discos (RE Chisinau, RED Centru, RED Sud) owned by Spanish Utility Union Fenosa with 746,000 consumers
 - Two discos (RED Nord and RED Nord-West) with 400,000 consumers presently offered for privatization

10

ENERGY SECTOR - GAS

- All natural gas imported from Russia
- Major suppliers Gazprom and Itera LLC
- HP pipelines thru Ukraine
- No storage capacity within Moldova
- Transit gas thru Moldova to SW Europe: currently about 18 bln cm