Moldova's Economic Transition: Slow and Contradictory[1]

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The extent of Moldova's economic collapse exceeded that of all the other former Soviet republics following the break-up of the Soviet Union. This reflected not only dislocation related to the secession of Transdniestria shortly after independence, but also the unusually severe terms-of-trade shock suffered by Moldova at that time. During the communist era, Moldova had sent its agriculture-related output to markets throughout the Soviet Union and had received subsidised energy imports in return. This arrangement collapsed spectacularly with independence, when Moldova found itself cut off from export markets and, as Russian energy prices adjusted to world levels, faced with an exponential increase in import costs. By the late 1990s Moldova's official economy had shrunk to around two-fifths of its late-Soviet size, in contrast to most of the former communist economies in Central Europe, which had managed to return to 1990 levels. Among the former Soviet republics, only Georgia and Tadjikistan approached the scale of decline experienced in Moldova.

This poor showing belies a number of policy successes achieved in the early years of the transition period, when Moldova earned a reputation as one of the leading reformers in the region. By the mid-1990s, Moldova's policymakers had successfully tackled a number of first-generation reforms, such as freeing up the vast majority of prices and liberalising domestic trade. Similarly, responsible monetary policies had brought a relatively quick end to the hyperinflation experienced in the early 1990s, while liberalised trade policies (on paper at least) paved the way for Moldova to become one of the first CIS countries to join the WTO. In terms of privatisation, a mass voucher scheme launched in mid-1994 relatively quickly sold off the state-run small and medium-sized enterprise sector. As a result, Moldova's private sector now accounts for 80 per cent of official GDP, dominating not only the nascent services sector but also agriculture, following the break-up of collective farms in the late 1990s, and industry, following the post-privatisation restructuring of two-thirds of the country's manufacturing enterprises.

These achievements in moving towards a market, or at least a hybrid, economy have nevertheless failed to bring any significant improvements to the lives of most Moldovans. Despite the relatively strong economic growth recorded since 2000, Moldova still ranks as the poorest country in Europe. Malnourishment and disease have proliferated since independence, life expectancy has fallen, and per capita GDP is now equivalent to that of many third-world countries. Even though average wages rose by almost 50 per cent in real terms in 2000—2001, they remained under $2 per day and well below Romanian or Russian levels. As wages cover less than two-thirds of the minimum consumer budget, many Moldovans are forced to rely on the shadow economy or household garden plots to survive, and have yet to feel economically any more secure. According to an opinion poll conducted in early 2003, as much as 60 per cent of the population claimed that their personal situation had either not improved or had actually deteriorated over the previous year, despite the strong economic growth and rising real wages reported by official data.

The fall in Moldova's living standards since independence has produced a remarkable exodus of somewhere between one-fifth and one-quarter of the workforce in search of jobs abroad, primarily in Western Europe and Russia. The remittances that these workers send home through official channels amount to 15—17 per cent of the country's total GDP. Adding in the sums sent through unofficial channels (legal and illegal) would double that figure. Although this helps to stabilise the currency and to sustain family members left in Moldova, it underlines the extent of Moldova's brain drain, which has deprived the Moldovan economy of many of its youngest, most skilled and most entrepreneurial workers.

[1] *Source:* **The EU & Moldova.** On a Fault-line of Europe. Edited by Ann Lewis. Federal Trust. London 2000.

A narrow economic base

The scale of labour migration since independence, and of the country's poverty more generally, underlines the failure of elites and institutions to transcend Moldova's unfortunate Soviet inheritance. Notwithstanding the relative success of first-generation reforms, Moldova's leadership has for the most part dragged its feet in implementing the structural reforms needed to protect the country from economic shocks. The break-up of the Soviet Union left Moldova even more susceptible to these sorts of shock than most of the other republics. Unlike many of the Central Asian countries, for instance, Moldova lacked a readily exploitable fuel resource to drive economic growth, export earnings or investment inflows. Instead, Moldova entered the transition dependent on fuel imports and reliant on the sort of agriculture-related exports that struggle to penetrate hard-currency markets.

Moldova's narrow agricultural economy is partly a function of geography, which endowed it with a favourable climate and the fertile 'black earth' that covers more than three-quarters of its agricultural land. It is also a function of the extreme economic concentration favoured by Soviet economic planners. For decades, Moldova acted as a major supplier of food and beverages to the other republics, providing almost 20 per cent of the Soviet Union's grapes and wine, 30 per cent of its tobacco, and 10—15 per cent of its fruit and vegetables. This economic concentration intensified even further after independence, when Transdniestria's secession from the rest of the country deprived Moldova of much of its industrial capacity, since Soviet planners had situated most of the country's heavy industry and electricity-generating capacity in Transdniestria. The importance of the farming sector in the rest of Moldova rose sharply as a result, and the industrial sector become disproportionately reliant on agro-processing plants. These plants now account for over half of total industrial output, with wine alone responsible for one quarter of total manufacturing sales. In terms of exports, the economic concentration is even more extreme, with agriculture and agro-processing accounting for nearly two-thirds of export revenue. (Please note that all the statistics in this article, with the exception of the section on Transdniestria, refer to Moldova excluding Transdniestria.)

Moldova's unusually narrow economic base has rendered the need for meaningful structural reform that much more urgent. In order to reduce the serious risks posed by bad weather, Moldova needs to encourage the expansion of industries and services not related to the agricultural sector. Even then, as agriculture and agro-processing will inevitably remain of undeniable economic importance, Moldova also needs to boost competitiveness in these traditional sectors. Without greater competitiveness, these sectors will find it difficult to penetrate the EU market, which offers no concessions to key Moldovan exports such as wine, fruit or vegetables, yet appears to be the most obvious alternative to the less predictable Russian market. Shifts in Russian trade policies and import demands have repeatedly underlined the need to diversify into new markets, most notably following the collapse in exports to Russia during the rouble crisis in 1998, and more recently Russia's decision to introduce quotas for key Moldovan exports such as sugar, tobacco and liquor.

During the early transition period (the first 5—7 years), successive governments delayed the reform of the agricultural sector and the privatisation of key sectors such as wine production, in spite of the urgent need to address the economy's structural shortcomings. At the time of independence, Moldova inherited collectivised farms accustomed to operating in a centrally-planned environment in which market signals did not apply. Enterprises had responded to administrative targets rather than consumer preferences, and benefited from favourable procurement prices and subsidised inputs. Easy access to credit and soft budget constraints had obviated the need to consider profitability or efficiency. The agro-processing sector in Soviet times featured similar distortions, as it could rely on a centralised production and distribution system, captive markets within the Soviet Union and protection from competitors abroad.

Both the agro-processing and agricultural sectors were therefore woefully ill-suited to compete in a more market-oriented environment. They lacked efficient distribution and supply channels, expertise in packaging and marketing, and effective means of controlling quality. Not least, distorted Soviet energy prices had resulted in massively inefficient production techniques. Not needing to account for input costs, Moldovan producers had largely ignored efficiency concerns and consumed several times more energy per unit of production than Western producers.

On paper at least, Moldova's first attempts to tackle these structural issues came shortly after independence. As early as December 1991, Moldova approved a Land Code and began the process of transferring land from state to private ownership. However, these reforms sought only to restructure collective farms into joint-stock companies and ignored the need to reinvigorate the agricultural sector by breaking up collective structures. Moreover, for the next few years, the resistance of powerful vested interests among collective farm managers, who were well connected politically at both regional and national levels, effectively blocked consideration of more substantial sectoral reforms. Vested interests in wine and tobacco, two of the most important processing sectors, prevented any significant restructuring there as well, with parliament waiting until 2000 to approve at long last the legislation needed to privatise the large enterprises that the state still controlled in these sectors.

Meaningful reform in the agricultural sector began only slightly before the decision to privatise the large state-owned wine and tobacco enterprises. Attempts to break up collective farms picked up moderately during the second half of the 1990s, but only really began with the launch of the National Land Programme in 1998. This USAID-supported programme was designed to reduce the unwieldy scale of Moldova's inherited agricultural enterprises by turning coUectivised holdings over to individual farmers and business-like corporate farms. By the end of 2000, the National Land Programme had emerged as one of the most successful projects of its type in the former Soviet Union. Over a relatively short period of time, it liquidated almost 900 collective farms, creating more than a 1000 debt-free agricultural enterprises and hundreds of thousands of individual landowners. These new owners formed peasant farms and rural household farms, and now account for over 80 per cent of agricultural output. Despite concerns about excessive fragmentation in the newly-reformed sector, preliminary evidence suggests that newly-created small and medium-sized private farms are proving more productive than larger holdings.

The post-privatisation reforms under way in the agricultural sector since 2000 have proved more difficult than the initial privatisation programme. These follow-on reforms are needed to ensure effective regulation of the various new relationships that have emerged within the sector and to establish a market infrastructure, including networks of agro-stores and machinery stations, Western-style service co-operatives and an efficient commodity exchange. Farmers also need improved access to advice and expertise on legal, technical and marketing issues. Not least, the new private farmers require financial institutions able to serve their needs, including through mortgage lending and savings and credit associations.

The creation of viable market-based structures has proceeded only slowly. Although the process of transferring land from less efficient to more efficient agricultural producers is under way, it still occurs primarily through leasing arrangements due to limited progress in developing a viable land market. Similarly, the commodity exchange in operation since 2002 remains for the most part experimental, and has yet to result in a fully developed wholesale market for agricultural products. As a result, powerful local actors continue to capture sizeable rents through their local-level dominance, and show little interest in permitting the transparency which would be possible through more effective price signals and liberalised commodity trade.

Moldova's slow progress on post-privatisation reforms has precluded anything but limited progress towards addressing the negative trends apparent in the agricultural sector in recent years. These include a reduction in the area planted to high-value crops (such as peaches and apricots) and an increase in the area devoted to low-value crops (such as cereals and potatoes). There is also a continuing problem with low productivity of both land and labour. This is likely to have worsened over the last decade, as displaced industrial workers have gravitated towards the safety net offered by the agricultural sector. The government has lacked the means to invest in the irrigation system, and hardening budget constraints have sparked a sharp drop in investment in key inputs such as fertiliser.

A sustainable basis for growth

The agricultural sector's productivity problems, coupled with the slow pace of economic diversification, raise questions over the sustainability of the economic recovery under way in Moldova since 2000. At first glance this recovery seems impressive. The cumulative 16 per cent GDP growth recorded in 2000-2002 has drawn a line under the protracted decline of the preceding years. Annual inflation fell to a record low during this period, and the currency remained relatively stable, in contrast to the high inflation and extreme currency collapse of the late 1990s. This in turn allowed the central bank to boost liquidity and encourage lending by aggressively lowering interest rates and remonetising the economy.

The government, for its part, has achieved a remarkable fiscal correction. For years, Moldova's political elites resisted adjusting their unrealistic expenditure commitments to fit a shrinking revenue base. In particular, they proved unwilling or unable to tackle rent-seeking by vested interests eager to secure preferential treatment or subsidies. Only once external funding dried up during the financial crisis of the late 1990s did the government finally accept the need for fiscal consolidation. By 2002, it had narrowed its budget deficit to under 1 per cent, from as much as 10 per cent in the mid-1990s, and reduced expenditure to below 25 per cent of GDP, from almost 40 per cent in 1996. This proved possible only through a steep reduction in net lending to the enterprise sector, better targeting of social assistance, and the almost complete elimination of quasi-fiscal subsidies, including directed bank credits to favoured sectors.

However it is by no means clear that these impressive achievements will suffice to sustain the 6—7 per cent annual growth rates promised by the government over the medium term. Most importantly, the optimistic official forecasts ignore the extent to which a number of unusually fortuitous circumstances have converged to drive economic recovery. Not least, Moldova has benefited from favourable weather conditions. The importance of this should not be underestimated in an economy as concentrated as Moldova's, or with a similar past history of crises sparked by bad weather. An unusually strong recovery in three key export markets, Russia, Ukraine and Romania, has also proved crucial. Just as plummeting demand in these countries had catastrophic effects in Moldova in the late 1990s, so their robust recovery has buttressed Moldova's macroeconomic stability since 2000. Finally, Moldova has capitalised on a significant shift in relative exchange rates, caused by the leu's collapse during the regional financial crisis of the late 1990s. Faced with a sudden rise in the local-currency price of imports, and a corresponding improvement in the price competitiveness of exports, Moldova has succeeded at least in reducing the external imbalances that impeded growth in the 1990s.

Lagging investment

These favourable one-off factors cannot be counted upon to converge again in a similar fashion over the medium term. Instead, the economy still appears vulnerable. Most importantly, investment since independence has fallen well below what is needed to ensure the steady technological improvements needed to build a productive and broadly-based economy. Consumption, rather than investment, proved instrumental in achieving the economic recovery of 2000—2002, with the rise in consumption in 2002, for instance, considerably outpacing GDP growth. This reflects in part the increase in wages and pensions achieved by the communist government, which fuelled a surge in consumption-related imports. As a result, net exports remain a considerable drag on growth despite the currency's real depreciation and the export sector's recovery.

The moderate 4 per cent rise in investment reported in 2002 should therefore be viewed against a very low base. At under 17 per cent of GDP, fixed capital investment in Moldova remains extremely low even by regional standards. Neither the government nor the enterprise sector appears able to invest to the extent required, while inflows of foreign direct investment, let alone portfolio investment, are negligible compared with the more dynamic transition economies in the region. A total of only around $725m in

FDI has flowed into Moldova since independence. This translates into around $200 per head, compared with around $1000 in Poland and $2000 in Hungary.

Even Russian investors, who are most familiar with Moldova and relatively cash-rich after several years of high oil prices, have only belatedly begun to compensate for the limited interest showed by their Western counterparts. Russian companies have only recently begun to consolidate their presence in Moldova, which lies across key routes for Russian exports to South-Eastern Europe. In the last few years, Russian investment has begun to flow into infrastructure projects, including gas transportation, the production and distribution of electricity, rail transport, Danube port facilities, fuel storage and petrol stations. The presence of Russian companies is growing in Moldova's wine and machinery sectors.

However, without more interest from Western investors, investment inflows into Moldova remain insufficient. In theory, at least, the communist administration is open to Western investment. The government's programme acknowledges the importance of FDI, particularly in the light of Moldova's inadequate natural resources and low personal and corporate incomes. A series of conflicts between the Moldova authorities and foreign investors has nevertheless sent opposite signals. The government decided in early 2002 to review the list of foreign investors benefiting from income tax exemption (shortly after unveiling its 'Investment Strategy for the Republic of Moldova') and has presided over some controversial renationalisation plans since coming to power. Some of the worst publicity has involved the largest Western investor, Union Fenosa, which has seen the legality of its purchase of three of Moldova's five electricity distributors in 2000 questioned in court.

Reforming the business environment

Even without these high-profile cases, Moldova would still struggle to attract significant inflows of Western FDI. Not least, the country is handicapped by its less than ideal endowment, which includes a small domestic market and the unresolved issue of Transdniestria. Neither the current administration nor its predecessor has done much to compensate for this. To a large extent, this reflects the power of vested sectoral interests, and of state officials unwilling to surrender the prerogatives left over from their Soviet-era role in running the economy.

The continued power of these groups has helped to deter potential investors, and the expansion of the SME sector more generally, by perpetuating an unpredictable legal environment and convoluted procedures for obtaining licenses, permits, and certificates. For instance, the system of licensing businesses has changed little since the establishment of a chamber to licence most types of business activity in early 2002. The new chamber still needs to co-ordinate its decisions with the almost two dozen ministries and departments that it has theoretically replaced. Similarly, registration procedures remain costly and time-consuming. Entrepreneurs complain that it takes months to start a business, or that they are discouraged even before registering, due to the range of permits and authorisations required from local authorities. In a significant number of cases, this either precludes entrepreneurial activity completely or else drives it underground.

Investors are further put off by the unstable and opaque tax system, which remains hostile towards enterprises, and by problems of excessive inspections of enterprises. Although the authorities have reduced the number of inspecting bodies, the process has yet to become any more efficient. The various inspecting bodies are still not subject to legal limits on the number of times they can inspect a given enterprise, nor are they required to co-ordinate their activities with each other. Enterprises continue to complain about excessive controls and the lack of professionalism of the inspecting authorities, and generally avoid legal action in the knowledge that most court decisions favour the inspectors. Finally, pervasive corruption remains a major concern. On most major scales of corruption, Moldova continues to rank at or near the top for the region, generally ahead of countries such as Russia and Ukraine. Despite vowing to fight corruption on coming to power in 2001, the current communist leadership has so far done little to address the problem.

Moldova is not alone among transition countries in failing to address the shortcomings of its business environment. In line with most other former Soviet republics, Moldova has struggled to establish transparent and accountable institutions. As a result, powerful vested interests have become entrenched both in key economic sectors and within the bureaucracy. They have benefited from the country's weak and unaccountable political structures, which encourage rent-seeking rather than entrepreneurship, and have succeeded in slowing the structural reforms that might otherwise endanger their rents.

The reform process under the Communist Party of Moldova (CPRM)

Unlike much of Central Europe, Moldova's efforts to redress its skewed incentive structures and accelerate reforms have not benefited from any credible promise of imminent EU membership. In the more advanced transition countries, the promise of EU accession presented an effective means for constraining policy options and forcing through tough decisions, while at the same time providing a coherent framework for reform and technical assistance. Although Moldova has long sought closer integration, including through a PCA agreed in 1994, the EU has never been able to suggest that accession is anything more than a distant, abstract possibility.

In the absence of a broad consensus united behind the goal of EU accession, the progress of reform in Moldova has had to depend on the occasional appointment of reformers to key positions, as in the case of the reformist government in 1999, or on the harsh realities created by Moldova's financing constraints. The crisis in emerging markets in the late 1990s was a case in point. By putting an end to most external financing inflows, it forced the government to work more closely with multilateral organisations and to contemplate the sort of expenditure rationalisation it had long postponed.

The state's depleted financial resources have probably also helped to prevent a lurch away from reform since 2001, when the CPRM won decisive control of parliament and subsequently the presidency. The communists came to power on an anti-reform platform and with a long-standing antipathy towards the multilaterals. They tried initially to use their control of both executive and legislative branches to roll back reforms passed by previous centre-right administrations. In particular, the CPRM hoped to undo in part the break-up of collective farms, re-assert state control over the allocation of agricultural inputs and outputs, and reinstate a range of price controls. It is likely that financial constraints played a major role in forcing the CPRM to retreat, however unwillingly, from this agenda.

Unfortunately for Moldova, the constraints imposed by depleted government coffers or the promise of multilateral financing are hardly the same as a credible promise of imminent EU membership. The CPRM has only partially retreated from its state-centred economic agenda, and still hopes to achieve many of its goals not through radical reforms but through administrative methods, such as strengthened tax administration, increased domestic borrowing, and legislating minimum wage increases. Although some of these measures have helped to raise incomes and contributed to economic expansion since the CPRM came to power, the party's continued resistance to real reform is worrisome, and several of the most important structural reforms have slowed noticeably since 2001.

The CPRM authorities appear reluctant to admit this, and in 2003 were still rejecting IMF criticism of their slow progress in reform (reducing subsidies to agriculture, dismantling restrictions on exports and privatising key sectors). In the end, the IMF and World Bank decided to suspend credit to the Moldovan government due to its failure to comply with the co-ordinated terms. The government's attitude underlines the ongoing internal debate within the CPRM over the need to accept reforms, a debate that has resulted in considerable policy confusion. The results for 2003 are quite contradictory. While the country's GDP continued to expand, inflation intensified, the trade balance worsened, and state external and internal debts increased. Most importantly, the CPRM has been unable to develop clear answers to several basic questions, including how to improve the entrepreneurial and investment climate, how to bring the shadow economy into the open, and how to deal with the pervasive problems of corruption. Until the government finds answers to these questions, Moldova will struggle to establish a sustainable basis for growth.

Transdniestria as a 'parallel' developing region

The unresolved question of Transdniestria's political status has compounded this policy confusion. Despite more concerted efforts since 2002 to address the Transdniestria issue, the integration of the two economies remains a distant prospect. To some extent, the reintegration process will benefit from the range of economic links that have survived despite the protracted political stand-off. The rest of Moldova takes around a quarter of Transdniestria's exports, while the interests of private foreign investors have ensured that some links have been re-established in a number of key sectors. However, over more than 10 years of quasi-independence, Transdniestria has built up a full range of parallel structures and a legislative basis for its own banking sector, currency, tax system, trade regime and system of property rights. Even with international assistance, the alignment of two separate financial, economic and social systems promises to be a complicated and politically charged process.

Moreover, the process of reintegration will bring considerable short and medium-term costs for Moldova, due to the poor state of Transdniestria's economy. This has seen far fewer structural changes than in the rest of Moldova since the break-up of the Soviet Union. Although reform has speeded up somewhat over the last two years, Transdniestria's leaders still retain considerable economic control. They play a leading role in the joint-stock companies established in the industrial sector, and have only recently begun the process of reforming the agricultural sector, which has required significant government subsidies and directed credits to avoid complete collapse. Although the Transdniestrian government finally approved a Land Code in 2002, in order to begin reducing its role in the agricultural sector, a referendum on private land ownership in April 2003 failed to secure the turnout needed for approval.

Delays in the structural reform process have brought similar problems to those experienced in the rest of Moldova during the first decade of independence. These include extremely low levels of investment and productivity, insufficent working capital, and widespread non-payment or barter transactions between enterprises. Transdniestria has relied on only around a dozen exporting industrial enterprises to supply more than two-thirds of GDP and the bulk of budget revenue, and has needed easy credits and cheap energy imports from Russia to disguise the uncompetitiveness of these enterprises. Forced to loosen monetary and credit policies in order to compensate for the slow pace of reform and chronic external imbalances, the Transdniestrian leadership precipitated soaring inflation and a sharp currency decline in the second half of the 1990s, as well as a considerable contraction in output. Although Transdniestria's economy recovered briefly during the first three-quarters of 2001, the Moldovan government cut this short by introducing new customs procedures in September of that year as part of the country's WTO accession requirements. The introduction of new Moldovan customs seals, to which Transdniestrian exporters were denied access, precipitated a collapse in Transdniestria's exports.

Transdniestria's dire economic situation since late 2001 has at least helped to convince the region's leadership of the need for some reforms, in the hope of securing the investment inflows needed to stabilise the economy and shore up the public finances. In addition to approving a new Land Code, the Transdniestrian government has begun cash privatisation sales of major industrial enterprises, including the region's fixed-line telephone monopoly sold in January 2003. Other planned sales include stakes in major strategic enterprises, including in the metallurgy and electricity sectors. Perhaps even more importantly, the dislocation caused by the introduction of the new Moldovan customs seals in 2001 might also have spurred a greater interest in economic co-operation. Although Transdniestria denounced the Moldovan government for imposing what it considered to be an economic blockade, the region's leadership subsequently appeared more open to expanding bilateral ties. Transdniestria is more reliant on exports than the rest of Moldova, and recognises that increased co-operation could help to overcome its uncertain international status, which has impeded the investment and exports needed to ensure macroeconomic and social stability.

For the whole of Moldova, closer economic co-operation and eventual reintegration promise obvious benefits. Resolution of the Transdniestria issue would eliminate a major source of distraction and permit greater investment and political stability. It would also help to broaden the country's narrow economy, through access to the machine-building, light industry, electricity and metal sectors that are at the core of Transdniestria's economy. However, reintegration on its own is unlikely to solve Moldova's problems. In

order to tackle its considerable economic difficulties, Moldova will above all need to improve its administrative capacity and strengthen its existing institutions. In particular, Moldova needs a more effective state administration in order to tackle widespread tax evasion and exemptions, and to ensure the allocation of resources based on more strategic priorities. More generally, it needs administrative reforms to ensure a government responsive to citizens and less beholden to the powerful interests currently entrenched within state structures and atop key sectors. Reforms of this kind will prove critical if Moldova is to achieve the robust long-term growth needed to address problems of widespread impoverishment, declining provision of even basic government services, and the continuing exodus of much of the workforce.

Moldova's Main Macroeconomic Indicators

	1994	1995	1996	1997	1998	1999	2000	2001	2002
"Real GDP (% change, year on year) "	-30.9	-1.4	-5.9	1.6	-6.5	-3.4	2.1	6.1	7.2
as % of 1993	-30.9	-31.9	-35.9	-34.8	-39.9	-41.1	-39.9	-36.2	-31.6
Nominal GDP (Lei million)	"4,737"	"6,479"	"7,798"	"8,917"	"9,122"	"12,322"	"16,020"	"19,052"	"22,040
Nominal GDP (USD million)	"1,165"	"1,441"	"1,694"	"1,929"	"1,698"	"1,171"	"1,288"	"1,481"	"1,624"
GDP per head (USD)	323	400	471	537	473	327	354	408	448
"Industrial output (% real change, year	-27.8	-3.9	-6.5	0.0	-15.0	-11.6	7.7	13.7	10.6
as % of 1993	-27.8	-30.5	-35.0	-35.0	-44.8	-51.2	-47.4	-40.2	-33.9
"Agricultural output (% real change,	-24.6	1.9	-11.9	11.4	-11.6	-8.4	-3.3	6.4	3.0
as % of 1993	-24.6	-23.2	-32.3	-24.6	-33.3	-38.9	-41.0	-37.2	-35.3
"Investments in fixed capital (% real	-51.0	-16.0	-8.0	-8.0	10.0	-22.0	-15.0	11.0	4.1
as % of 1993	-51.0	-58.8	-62.1	-65.2	-61.7	-70.1	-74.6	-71.8	-70.6
Exports of goods (fob; USD million)	618	739	823	890	644	474	477	567	660
Imports of goods (fob; USD million)	672	794	"1,075"	"1,238"	"1,032"	611	770	879	"1,038"
Trade balance (USD million)	-54	-55	-252	-348	-388	-137	-294	-311	-378
as % GDP	-4.6	-3.8	-14.9	-18.0	-22.9	-11.7	-22.8	-21.0	-23.3
Current-account balance (USD million)	-82	-98	-191	-275	-335	-69	-97	-95	-103
as % GDP	-7.0	-6.8	-11.3	-14.2	-19.7	-5.8	-7.5	-6.4	-6.4
Foreign direct investment (nee yearly	18	73	23	78	76	38	129	156	110
State external debt (USD million)	506	659	766	"1,004"	"1,003"	935	997	930	971
as % GDP	43.4	45.7	45.2	52.1	59.1	79.8	77.4	62.8	59.8
State internal debt (Lei million)	270	477	737	984	"1,572"	"1,910"	"2,022"	"2,400"	"2,821"
Consolidated budget deficit (% of	-5.8	-5.8	-9.7	-7.5	-3.3	-3.2	-1.0	0.0	-0.5
Nominal wage (monthly average; USD)	26.7	31.9	40.7	47.5	46.6	28.9	32.8	42.3	51.0
"Real wage (monthly average; %	-40.8	1.6	5.4	4.9	5.5	-12.5	2.0	21.6	21.0
Consumer price inflation (end-period;	104.6	23.8	15.1	11.2	18.3	43.7	18.4	6.3	4.4
Consumer price inflation (annual	487.0	30.0	24.0	12.0	8.0	39.0	31.1	9.6	5.2
Exchange rate (end-period; Lei/ USD)	4.27	4.50	4.65	4.66	8.32	11.59	12.38	13.09	13.82
Exchange rate (annual average; Lei/ USD)	4.07	4.50	4.60	4.62	5.37	10.52	12.43	12.87	13.57

"Source: National Bank of Moldova, Department of Statistics and Sociology, C1SR" 'All figures exclude Transdniestria, for which no suitable figures are available." The data start from 1994 because previous years' statistics are unreliable.