

**Annex A**

**Business process analysis**

**Wines export**

**Republic of Moldova**

## Contents

<b>A1. Introduction .....</b>	<b>2</b>
<b>A2. Domain of interest .....</b>	<b>4</b>
<b>A2.1 Product selection .....</b>	<b>4</b>
<b>A2.2 Scope of the business processes .....</b>	<b>9</b>
<b>A3. Core business processes .....</b>	<b>10</b>
<b>3.1 Buy .....</b>	<b>11</b>
<b>Core business process area 1.1: Negotiate and Conclude the Sales Contract .....</b>	<b>11</b>
<b>3.2 Ship .....</b>	<b>16</b>
<b>Core business process area 2.1: Obtain the Certificate of Conformity .....</b>	<b>16</b>
<b>Core business process area 2.2: Obtain the Certificate of Origin .....</b>	<b>21</b>
<b>Core business process area 2.3: Arrange Transport .....</b>	<b>28</b>
<b>Core business process area 2.4: Customs Clearance .....</b>	<b>31</b>
<b>3.3 Pay .....</b>	<b>35</b>
<b>Core business process area 3.1: Claim Payment .....</b>	<b>35</b>
<b>A4. Export documents .....</b>	<b>37</b>
<b>A5. Time process chart .....</b>	<b>40</b>
<b>A6. Recommendations .....</b>	<b>41</b>

## A1. Introduction

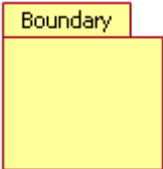




This annex provides a detailed assessment of the administrative processes associated with exporting wine from the Republic of Moldova using the UNECE-UNESCAP business process analysis (BPA) methodology described in chapter one.<sup>1</sup> The product was selected based on its contribution to the Moldovan economy, measured in terms of its:

- Share in GDP.
- Share in total exports.
- Development prospects in terms of product and market diversification.







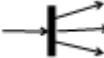

The analysis covers all the business processes typically undertaken by wine exporters during the buy-ship-pay operations. These processes are mapped using:

- Use-case diagrams (See table A1.1)
- Business process flowcharts (using the Buy-Ship-Pay reference model)
- Time procedure charts

**Table A1.1 Use case and activity diagram notations**

Notation	Description and Instruction for Use
<b>Use Case Notations</b>	
	<b>Subject Boundary</b> <ul style="list-style-type: none"> <li>– Represents a process area</li> <li>– Includes the name of a subject boundary on top</li> </ul>
	<b>Actor</b> <ul style="list-style-type: none"> <li>– Is a person who participates in a particular business process</li> <li>– Is labelled with a role</li> <li>– Is placed outside the subject boundary which represents a process area</li> </ul>
	<b>Use Case</b> <ul style="list-style-type: none"> <li>– Represents a business process</li> <li>– Is labelled with a descriptive verb-noun phrase</li> <li>– Is placed inside the subject boundary which represents a process area</li> </ul>
	<b>Association Relationship</b> <ul style="list-style-type: none"> <li>– Link actors with business processes that they participate in</li> </ul>
<b>Activity Diagram Notations</b>	
	<b>Initial State</b> <ul style="list-style-type: none"> <li>– Represents the beginning of a set of actions</li> </ul>

<sup>1</sup> The joint UNECE/ESCAP Business Process Analysis Model (2012) is available online at: [www.unescap.org/unnext/tools/business\\_process.asp](http://www.unescap.org/unnext/tools/business_process.asp)

Notation	Description and Instruction for Use			
	<ul style="list-style-type: none"><li>There is only one initial state for each activity diagram</li></ul>			
	<p>Final Flow State</p> <ul style="list-style-type: none"><li>Is used to stop the flow of actions in an activity diagram</li><li>Indicates that further actions cannot be pursued</li></ul>			
	<p>Final Activity State</p> <ul style="list-style-type: none"><li>Is used to indicate the completion of activity i.e. no further action is needed after this point</li></ul>			
<table border="1" data-bbox="280 582 606 692"><tr><td>Process Participant 1</td><td>Process Participant 2</td><td>Process Participant n</td></tr></table>	Process Participant 1	Process Participant 2	Process Participant n	<p>Swim lane</p> <ul style="list-style-type: none"><li>Is used to break up individual actions to individuals/ agencies that are responsible for executing their actions</li><li>Is labelled with the name of the responsible individual or agency</li></ul>
Process Participant 1	Process Participant 2	Process Participant n		
	<p>Action</p> <ul style="list-style-type: none"><li>Represents a non-decomposable piece of behaviour</li><li>Is labelled with a name that 1) begins with a verb and ends with a noun; and 2) is short yet contain enough information for readers to comprehend.</li></ul>			
	<p>Object</p> <ul style="list-style-type: none"><li>Represents a document or information that flows from one action to another action</li><li>Is labelled with a name of a document</li></ul>			
	<p>Decision</p> <ul style="list-style-type: none"><li>Represents the point where a decision, depending on the outcome of a specific prior action, has to be made</li><li>Has multiple transition lines coming out of a decision point and connecting to different actions</li><li>Attach label with the condition on each transition line that comes out of an action and connects to a decision point</li></ul>			
	<p>Transition line</p> <ul style="list-style-type: none"><li>Indicates a sequence flow of actions and information in an activity diagram</li></ul>			
	<p>Fork (Splitting of Control)</p> <ul style="list-style-type: none"><li>Is used to visualize a set of parallel or concurrent flow of actions</li></ul>			
	<p>Join (Synchronization of Control)</p> <ul style="list-style-type: none"><li>Is used to indicate the termination of a set of parallel or concurrent flow of actions</li></ul>			

One company was selected to serve as a case study, based on its export profile. The selected company is a major Chişinău-based wine exporter, with established clients in the EU and CIS countries. It also has two production facilities in the Southern parts of the Republic of Moldova, namely the autonomous region of Gagauzia (Gagauz Yeri) and the region of Transnistria.

The BPA was conducted in late April – early May 2016 by a UNECE consultant, who visited the company and conducted extensive interviews with its management. In addition, the consultant carried out interviews and consultations with officials from the following State agencies:

- Customs Department;
- National Vine and Wine Office;
- National Centre for Alcoholic beverages testing;

The annex is divided in six sections. The introduction is followed by a brief overview of the Republic of Moldova's wine industry and the scope of the BPA. Section three provides the analysis of the business processes associated with the export of wine from the country. An overview of the export documents and time process charts comes next, leading to recommendations for the Government's consideration.

## **A2. Domain of interest**

### **A.2.1 Product selection**

The wine industry is one of the Republic of Moldova's main pillars of economic growth. It is anchored in local traditions<sup>2</sup> with well-established backward and forward linkages that drive job creation in rural areas that are home to 58 percent of the population.<sup>3</sup> The industry's strategic importance also stems from the fact that the full range of value chain activities are carried out locally.<sup>4</sup>

In Moldova, the vineyards are concentrated in the central and southern parts and are divided into four regions, including Valul lui Traian (southwest), Stefan Voda (southeast) Codru (center) and Balti (North). The vineyards endow the industry with a significant comparative advantage, bearing over 100 grape varieties, of which 70 percent is white grape varieties and 30 percent is red grape, with the majority (90 percent of the total grape varieties) recognized internationally.<sup>5</sup>

However, the industry's contribution to exports have been assuming a declining trend over the past decade, even as Moldova ranked as the 20<sup>th</sup> wine producing country in the world in 2016, with an estimated production volume of 1.7 million hectolitres. <sup>6</sup> Exports accounted for only 4

---

<sup>2</sup> Moldova's national wine day is celebrated on the 1st of October.

<sup>3</sup> National Bureau of Statistics of the Republic of Moldova. The Statistics do not include data on enterprises and organizations on the east bank of the river and the municipality of Bender.

<sup>4</sup> For an informative discussion of the wine industry's value chain activities, see, "Moldova competitive enhancement and enterprise development project", Final report, May 2015.

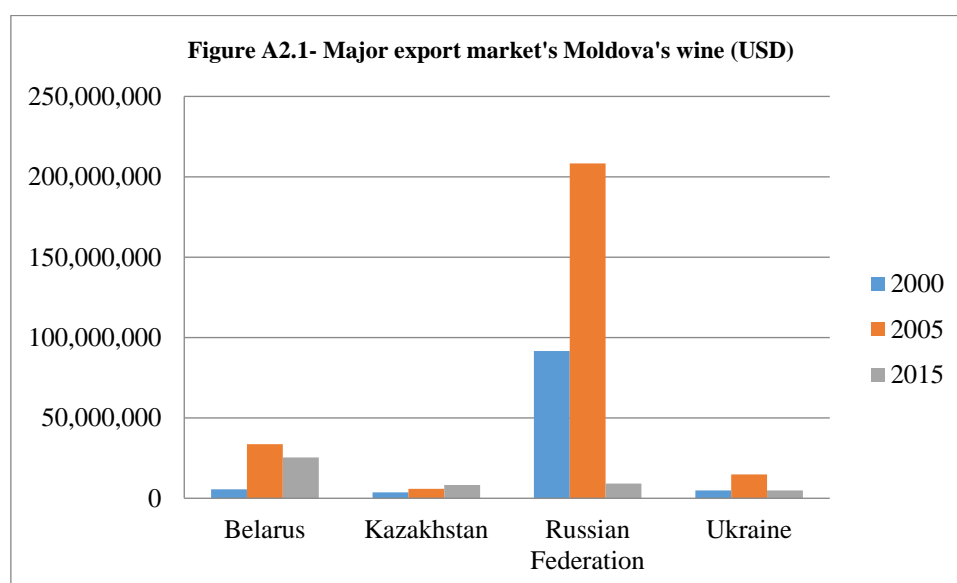
<sup>5</sup> Wine of Moldova (<http://wineofmoldova.com/en/>).

<sup>6</sup> OIV report on the world vitivinicultural situation 2016.

percent of total exports in 2015, down from 20 percent in 2005.<sup>7</sup> The unfavourable weather conditions aside, this trend cannot be understood in isolation of the changes in the industry's export profile.

The CIS countries, particularly Belarus, Kazakhstan, the Russian Federation and Ukraine, have historically constituted the main market for Moldovan wine, with the Russian Federation accounting for the largest share of total wine exports. This was the case until mid-2000s, which saw the Russian Federation introduce reinforced quality and safety requirements on agricultural imports. Moldovan wineries were unable to meet these requirements, with traders interviewed as part of this assessment noting that their shipments were rejected for containing high levels of heavy metals and pesticides (Chapters three and four).

As a result, exports to the Russian Federation, which accounted for 75 percent of Moldova's total wine exports in 2005, assumed a declining trend.<sup>8</sup> The requirements<sup>9</sup> were eased in late 2007, thereby bringing about a revival in wine exports to the Russian Federation. However, and as shown in figures A2.1 and A2.2, exports have remained well below their pre-2006 level, and registered negative growth in 2011, 2014 and 2015, which saw the Russian Federation imposing temporary restrictions on the Republic of Moldova's agricultural exports for failing to meet SPS requirements.<sup>10</sup>



Exports to the Russian Federation remained well below the previous, even as the restrictions were eased by lifting restrictions on wine originating from Gagauzian autonomy and the Transnistrian region in 2014 and 2015 (Figure A.2.2). The share of the Russian Federation in

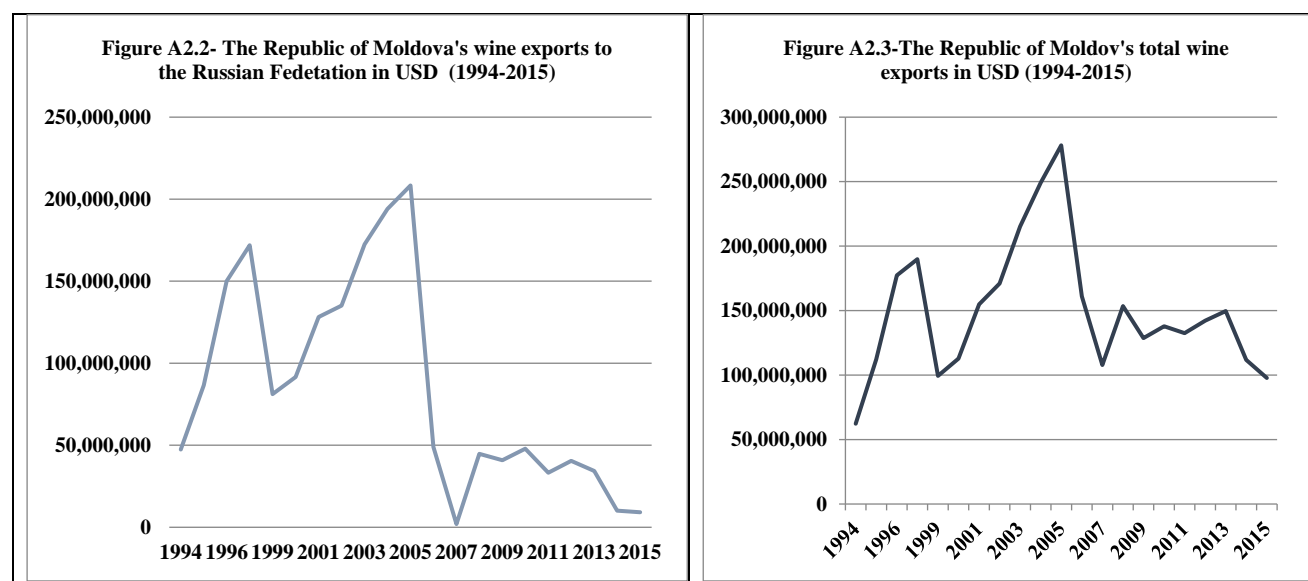
<sup>7</sup> Calculations based on the United Nations Commodity Trade Statistics Database (UN Comtrade) statistics.

<sup>8</sup> Calculations based on UN Comtrade statistics.

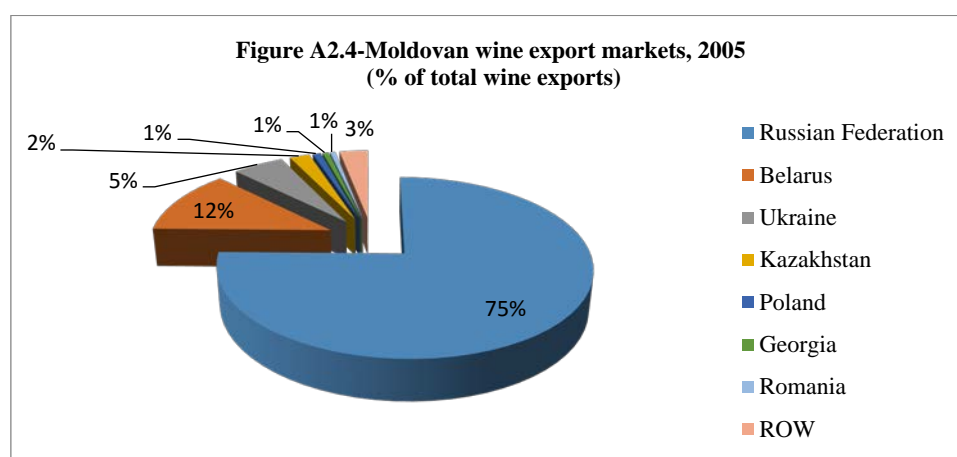
<sup>9</sup> These requirements were seen as amounting to a ban. See, for example, the World Bank, Moldova: Trade Brief, at: <http://documents.worldbank.org/curated/en/472201468287738049/pdf/71152020080Mol0Box0371948B00PUBLIC0.pdf>

<sup>10</sup> See the Russian Federation's Notifications to the WTO G/SPS/N/RUS/67 and G/SPS/N/RUS/57, published at the SPS and TBT Notification Alert System (ePing) at: <http://www.epingalert.org/en#>

the country's wine exports plummeted to 9 percent in 2015, <sup>11</sup> with the consequence of further accentuating the declining trend of the industry's overall exports (Figure A2.3). Indeed, wine exports fell by 65 percent in 2015 in relation to 2005, causing the industry's position in the country's list of top exports to drop from the first to the fourth position in 2016.<sup>12</sup>



The decline in wine exports masks positive developments that need to be strengthened. Most notable are the new export markets, which emerged out of the wineries concerted efforts to change the widely held perception of Moldovan wine as a traditional product and launch a new generation of high-quality, unique-flavoured wines. These efforts, which were driven by 240 companies in 2016,<sup>13</sup> have borne fruit with Moldovan wineries winning international awards<sup>14</sup> and expanding into new markets in Europe and beyond (Figures A2.4 and A2.5). Most notable among the new exports markets are China, Georgia, Germany, Latvia and the USA (Figure A2.6)



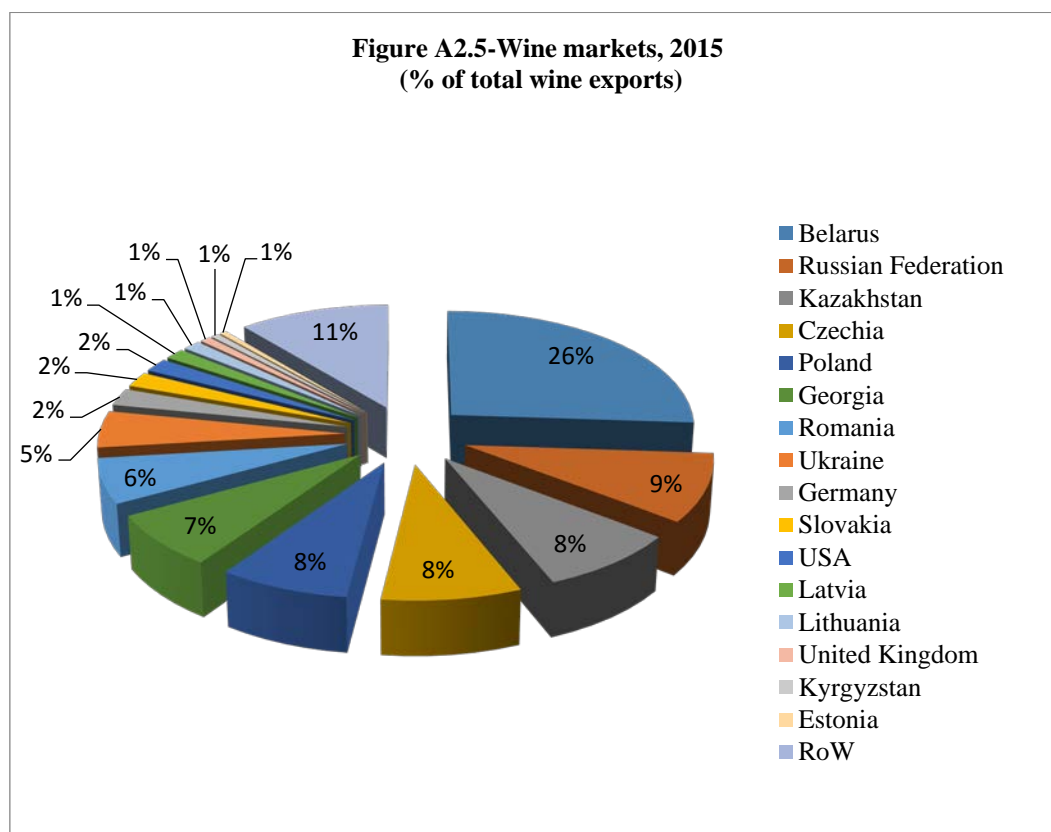
<sup>11</sup> Calculations based on the United Nations Commodity Trade Statistics Database (UN Comtrade) statistics.

<sup>12</sup> National Bureau of Statistics of the Republic of Moldova

<sup>13</sup> The list of wine producing companies is available at: <http://www.vinmoldova.md/index.php?mod=catalog>

<sup>14</sup> <http://wineofmoldova.com/en/>

The expansion in export markets was underpinned by increased specialization in the production of red wine and rose, which accounted for 38 percent of total exports in 2014 up from 31 percent in 2008.<sup>15</sup> The wineries' efforts combined investments in modern production with extensive promotional campaigns and were backed by the Government, which has been consistent in its support of the wine industry as part of a broader effort to boost economic growth.



The Government's support entered in new phase in 2013, which saw the establishment of the National Office for under the guidance of MAFI, which operates as a public public-private partnership with joint management<sup>16</sup> and funding through the National Vine and Wine Fund.<sup>17</sup> ONVV marked its first year by launching the "Wine of Moldova" campaign to promote Moldovan wines in international markets. The establishment of the ONVV was part of broader legislative reforms that set the context for bringing wine production rules (including those related to labelling, traceability, and oenological practices) and technical regulations in line with EU legislative requirements and international best practices.<sup>18</sup> The extension of duty-free

<sup>15</sup> Wine of Moldova (<http://wineofmoldova.com/en/>).

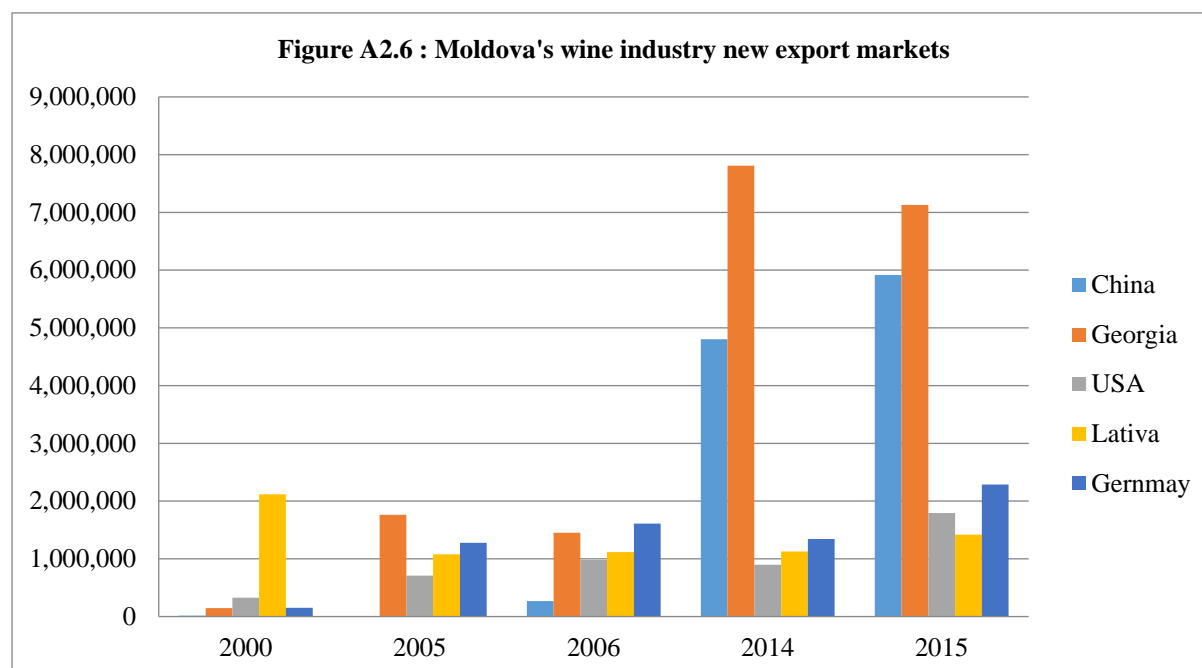
<sup>16</sup> The ONVV is managed by a coordination council, which brings together 10 representatives of the wine industry and three government representatives from the MAFI.

<sup>17</sup> The ONVV took over the functions of the Moldova-Vine agency that was dismantled in 2009. It was established pursuant to Law No. 262/12 of November 2012, which amended the Vine and Wine Law No. 57-XVI of 10 March 2006.

<sup>18</sup> See the new Vine and Wine Law No. 262/12 of November 2012, which amended the Vine and Wine Law No. 57-XVI of 10 March 2006. These reforms benefited from extensive support by the USAID. A brief overview of these reforms is available at: [http://pdf.usaid.gov/pdf\\_docs/PA00KHSJ.pdf](http://pdf.usaid.gov/pdf_docs/PA00KHSJ.pdf)



treatment to Moldovan wine under the ATP,<sup>19</sup> which until 2013 only covered industrial goods, was another factor contributing to the expansion of the industry's export markets. Thus, since January 2014, Moldovan wine has been enjoying duty and quota free access to the EU markets.



In 2015, the government approved a number of laws, which harmonized Moldovan wine production rules with those of the European Union; streamlined conformity assessment procedures by eliminating outdated standards and orders and decreasing the number of indicators to be assessed; and, established a framework for the production of protected geographical indication (PGI) wines in accordance with EU standards.<sup>20</sup>

The legislative reforms came on the heels of measures, which were implemented in May 2014 to reduce the financial burden assumed by wine exporters. These included the reduction of certification fees from 3400 MDL (around €180) to 2700 MDL (€140) and the fees associated repeated certification to 190 MDL (€10).

Yet, more needs to be done. The wine industry is characterised by suboptimal productivity levels.<sup>21</sup> Moreover, exports are dominated by bulk wine, which accounted for 65 percent of the

<sup>19</sup> See Regulation (EU) 1383/2014 on amending Council Regulation (EC) 55/2008, which provided autonomous trade preferences to the Republic of Moldova. The ATP, which set the context for the DCFTA, expired on 31 December 2015.

<sup>20</sup> See, for example, Government Decision No. 356 of 11.06.2015 regarding the approval of the Technical Regulation "Wine market organization"; and, Government Decision No. 810 of 29.10. 2015 on the approval of the Regulation on the evaluation of the organoleptic characteristics of wine products through sensory analysis

<sup>21</sup> According to the MAFI around 85 wineries were found in need of full or partial modernisation in 2011, of which only 28 wineries were at different stages of modernization efforts. See, MAFI (2011) Strategic priorities for the activities of the Ministry of Agriculture and Food Industry of the Republic of Moldova in the years 2011 – 2015. A more recent study by the World Bank shows that while the industry's productivity level is comparable to some of the new EU member states (Romania, Poland, Bulgaria and the Slovak Republic, it remains lower than productivity in the eastern neighbouring countries (Armenia, Azerbaijan, Belarus, and Georgia) and well below the productivity of more advanced wine-making countries like France, Italy, and Spain. World Bank (2016), Moldova Trade Study Note 3: Competitiveness in Moldova's Agricultural Sector.

country's exports in 2013. The shrinking size of vineyards, from 149,000 hectares in 2000 to around 135,000 hectares in 2015, or 4 percent of total agricultural land, is another area that should be accorded priority treatment.<sup>22</sup> The recessionary pressures generated by the market access conditions described earlier aside, the shrinking size of vineyards can be explained by the slow implementation of land tenure reforms and the suboptimal plantation and management systems used by farmers.<sup>23</sup>

The imperative for addressing these shortfalls cannot be over-emphasized in order to capitalize on achievements to date. Efforts should also focus on removing regulatory and procedural trade barriers. This BPA shows that while much has been done to remove such barriers, there remains room for improvement. It also highlights a number of areas that should be accorded priority treatment to allow traders to reap the expected benefits from achievements to date.

## A2.2 Scope of the business processes

The analysis maps the day-to-day activities typically undertaken by wine exporters against the core buy- ship- pay business processes, taking into account existing legislation and based on the following assumptions:

- Wine is exported to CIS countries and the EU
- Wine is transported by trucks, which represent the transport mode of choice by the majority of exporters
- Wine is delivered under Carriage paid to (CPT) terms.<sup>24</sup>
- The payment is made through wire transfer, since trade finance instruments, such as letters of credit, bank guarantees and leasing, are not available.
- The organization of transport is undertaken by a freight forwarder company, which provides the following services:
  - contracting the carrier (and paying the carrier for its services);
  - arranging cargo insurance;
  - establishing the route of transport and supervising the actual transport of goods; and,
  - overseeing the preparation and the transportation of the cargo.
- The exporter does not handle customs clearance. His involvement ends once the cargo leaves the warehouse.

---

<sup>22</sup> National Bureau of Statistics of the Republic of Moldova

<sup>23</sup> For further details, see Novitchi-Antohti, L. and M. Turtoi (2013) "Development and trends of viticulture and winemaking in the Republic of Moldova", Sibiu Alma Mater University Journals, Series A, Economic Sciences, Volume 6, No 1, March; and Stratan, A *et al.* (2014) "Impact of economies of scale in the horticulture sector of the republic of Moldova, Munich Personal RePEc (MPRA) Paper, No. 53382.

<sup>24</sup> Under CPT terms, the seller delivers the goods to a carrier or to another person nominated by the seller, at an agreed upon place, and that the seller pays the freight charges to transport the goods to the specified destination. This means that the risk of damage or loss to the goods being transported is assumed by buyer once the goods are delivered to the carrier.

### A3. Core business processes

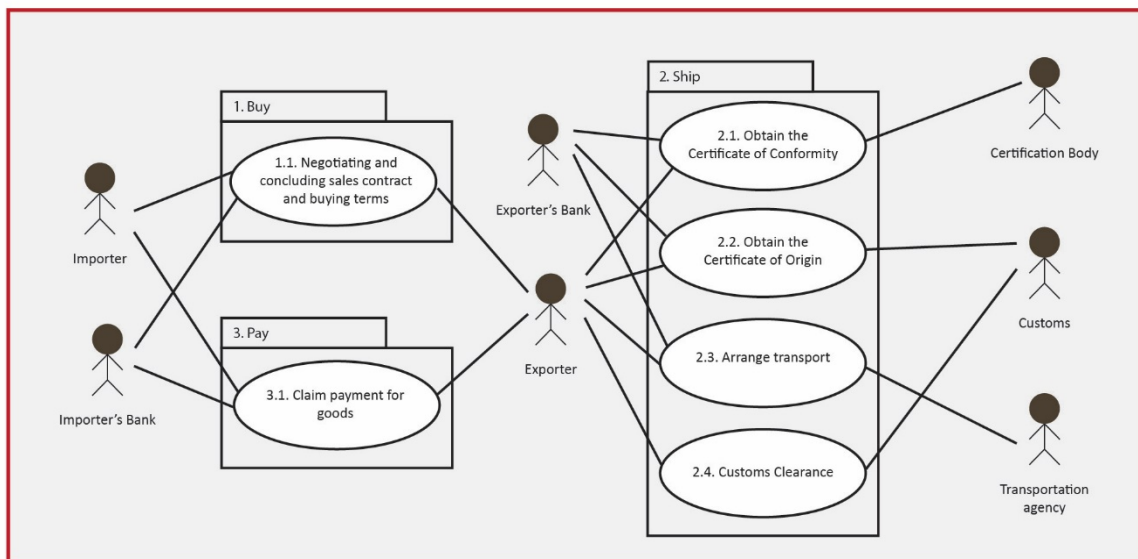
As shown in table A3.1, the export of wine from the Republic of Moldova involves 6 core business processes and 7 participants.

Table A3.1- Core business processes and stakeholders involved in wine exports

Core business process \ Party	Transporter	Customs	Certification Body	Exporter's Bank	Exporter	Importer	Importer's Bank
1. Buy							
1.1. Negotiating and concluding sales contract and buying terms					X	X	
2. Ship							
2.1. Obtain the Certificate of Conformity			X	X	X		
2.2. Obtain the Certificate of Origin		X		X	X		
2.3. Arrange transport	X			X	X		
2.4. Customs Clearance		X		X	X		
3. Pay							
3.1. Claim payment for goods					X	X	X

The core business processes are mapped in a use case diagram in figure A3.1, followed by a detailed analysis of each process.

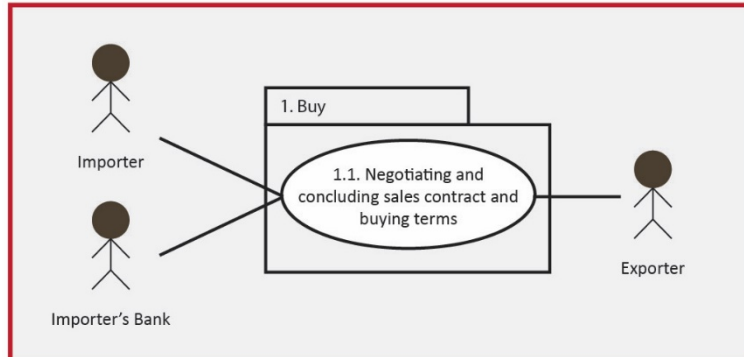
Figure A3.1- Core business processes associated with exporting wine from the Republic of



### 3.1 Buy

#### Core business process area 1.1: Negotiate and Conclude the Sales Contract

Figure A3.2- Negotiate and conclude the sales contract use case diagram



As shown in figure A3.2, the negotiations over the sales contract involve:

- Importer
- Exporter
- Importer's Bank

The negotiations over the sales contract are the most challenging process, which is complicated by the following factors:

- The Republic of Moldova's position in global wine markets: The Republic of Moldova is yet to consolidate its position in global markets as a major wine producer. Wineries have established clients in the CIS region. However, extending this list to other markets remains difficult as consumers are not familiar with Moldovan wine and, in some cases, are not aware that Moldova is a wine producing country. This constitutes a major barrier, since the country of origin is an important choice factor in the wine-buying decision making process of buyers.

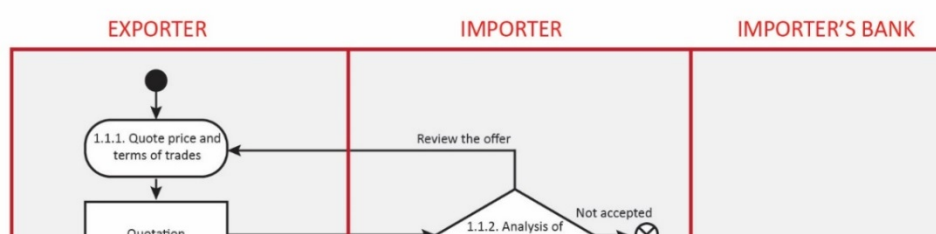
- The absence of trade finance instruments and the limited range of insurance services: The shipment of wine, which is temperature and time sensitive in nature, requires significant financial resources that can only be secured at an additional cost given the absence of trade financing instruments. The selected company reported that it usually secures these resources through loans with high interest rates, noting that commercial loans are also the main source of funds for the majority of wine exporters. The additional costs could be mitigated if buyers would agree to provide advance payments. However, this option is often rejected by buyers, especially first time buyers, as this increases commercial risks (non-delivery).
- Financial constraints: Most of the wineries operate under binding financial constraints. Several have lost their traditional markets, and/or are struggling to improve their production processes, so that they have limited resources to spare for marketing and promotional campaigns.

These factors, which put wine exporters at a disadvantage, prolong the negotiations, rendering it a lengthy process that could extend over several months. As explained by the selected company, Moldovan wines are relatively unknown in global markets, and companies usually request advanced payments given the absence of trade finance instruments and the limited resources that the company could allocate for marketing (the majority of companies do not have marketing budgets). This means that their offers are less attractive than those proposed by international companies, which have products with established reputations (in terms of region name, wine type and grape variety); offer competitive terms of sale; and, have significant marketing budgets (often supplemented by non-refundable grants provided by Governments or donors). In most cases, the buyers' decision comes to the detriment of the Moldovan exporters.

To conclude the negotiations, Moldovan producers have to either provide terms that are similar to those offered by international companies or accept unfavourable terms of sales in order to speed up the negotiations and initiate the collaboration with potential buyers. Others opt to focus on small international buyers, who perceive cooperation with Moldovan exporters as an opportunity to initiate or expand their businesses. These buyers often represent sole-proprietorship businesses, founded by Moldovan citizens. These companies show a readiness to collaborate, but tend to have a weak financial strength.

The selected company usually succeeds, after several rounds of negotiations, to divide the payment into two instalments. The first instalment, equivalent to 30 percent of the agreed upon price, is paid upfront after signing the contract, while the remaining 70 percent are paid once the goods are loaded onto trucks for dispatch to the final destination. The company uses the first payment to purchase bottles and cover such operational costs as those associated with the preparation of the labels. Figure A3.3 maps the activities associated with negotiating and concluding the sales contract.

Figure A3.3- Negotiate and conclude the sales contract activity diagram





<b>Name of process area</b>	1. Buy
<b>Name of Business process</b>	1.1 Negotiating and concluding sales contract and buying terms
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Importer</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• Incoterms 2010</li> <li>• Civil Code</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• Exporter has a list of potential buyers.</li> <li>• Exporter represents an licensed wine producer</li> <li>• Potential importers have agreed to consider the possibility of purchasing Moldovan wines</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>1.1.1. The Exporter prepares a quotation and sends it by email to the potential buyer along with the company's product portfolio.</p> <p>1.1.2. The Importer reviews the quotation and either accepts the terms of sales or proposes revisions. It is often the case that the buyer rejects the offer. In this case, the exporter approaches other potential buyers.</p> <p>1.1.3. If the terms of sales offered by the exporters meet the importer's demands, the Importer requests wine samples.</p> <p>1.1.4. Exporter prepares and ships the wine samples.</p> <p>1.1.5. Based on the evaluation of the wine samples, the Importer decides as to whether he should proceed or terminate the negotiations.</p> <p>1.1.6. If the importer decides to proceed, he provides the exporter with a letter of intent confirming his commitment and willingness to purchase.</p> <p>1.1.7. The Exporter acknowledges the letter intent and prepares the a draft Sales Contract.</p> <p>1.1.8. The Importer reviews the draft, and communicates his comments and proposed revisions to the exporter or declines the terms and terminates the negotiations.</p> <p>1.1.9. If the terms are accepted by the importer, he/she signs the contract and a purchase order. The purchase order, which is annexed to the Sales Contract, sets out the details and conditions for each shipment. The Importer also provides the labelling requirements.</p> <p>1.1.10. The Exporter acknowledges the purchase order and issues the Pro Forma Invoice, and returns a sends a signed copy of the contract.</p> <p>1.1.11. The Importer receives the Pro Forma Invoice and makes the advanced payment (30 percent of the agreed upon price).</p> <p>1.1.12. The Importer's Bank issues the payment receipt.</p> <p>1.1.13 The Importer sends the payment receipt to the Exporter.</p>

	1.1.14. The Exporter acknowledges the advanced payment. 1.1.15. The Exporter prepares the goods for delivery.
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• Importer and exporter have concluded the sales contract.</li> <li>• The importer has received the advance payment.</li> </ul>
<b>Costs and resources</b>	Costs associated with shipping the samples (express delivery): € 100-200, depending on the size of the shipment and final destination
<b>Average time required to complete the business process</b>	1-3 months

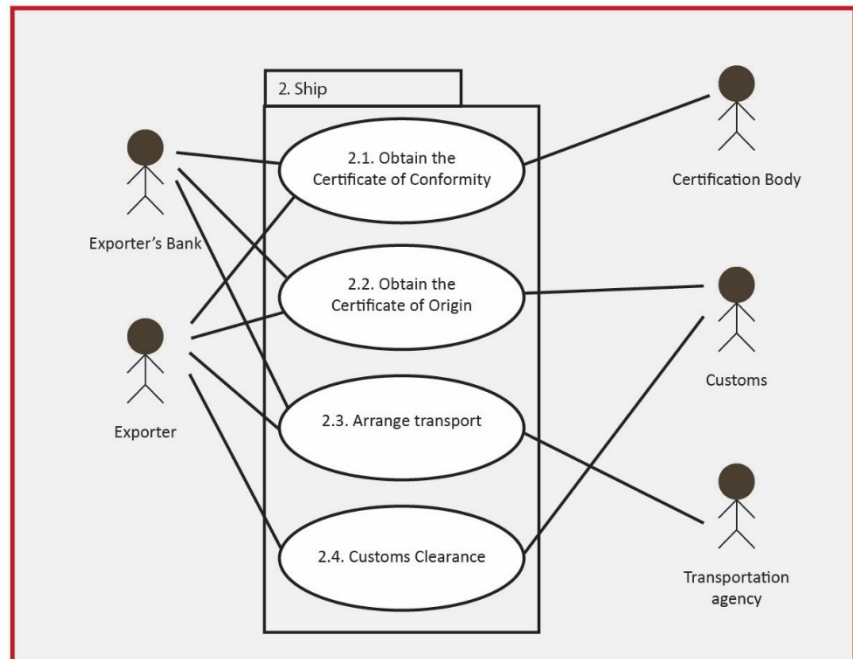


### 3.2 Ship

Figure A3.4- Ship use case diagram

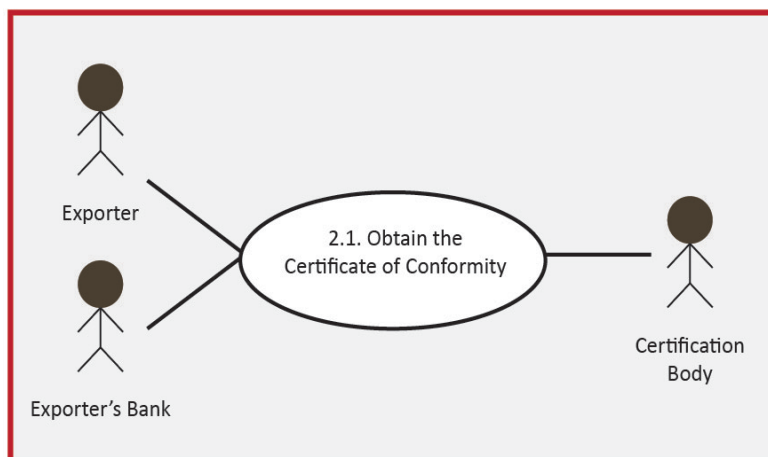
As shown in figure A3.4, the ship process area involves four activities, including: obtaining the certificate of conformity, obtaining the certificate of origin, arranging transport and customs clearance. These activities require the participation of:

- Exporter or his/her representative
- The product certification body
- Customs
- The exporter's bank
- The transport agency (the freight forwarder)



#### Core business process area 2.1: Obtain the Certificate of Conformity

Figure A3.5- Obtain the certificate of conformity use case diagram



As shown in figure A3.5, obtaining the conformity certificate involves:

- Exporter or his/her representative
- National Centre for Quality Testing of Alcoholic Beverages (the only accredited product certification body for wine)
- The exporter's bank

The conformity certificate, which is mandatory for wine and wine products destined for exports, is obtained from the National Centre for Quality Testing of Alcoholic Beverages. The centre issues two types of conformity certificates. The first applies for wine and wine products destined to CIS countries, and the second, namely VI-1 certificate, applies for commonly traded wine and wine products destined to EU markets.<sup>25</sup>

The exporter submits the request for the conformity certificate in hard copy along with the support documents (in 2016, the center was in the process of developing an online application system). Figure A3.6 maps the activities associated with obtaining the conformity certificate

---

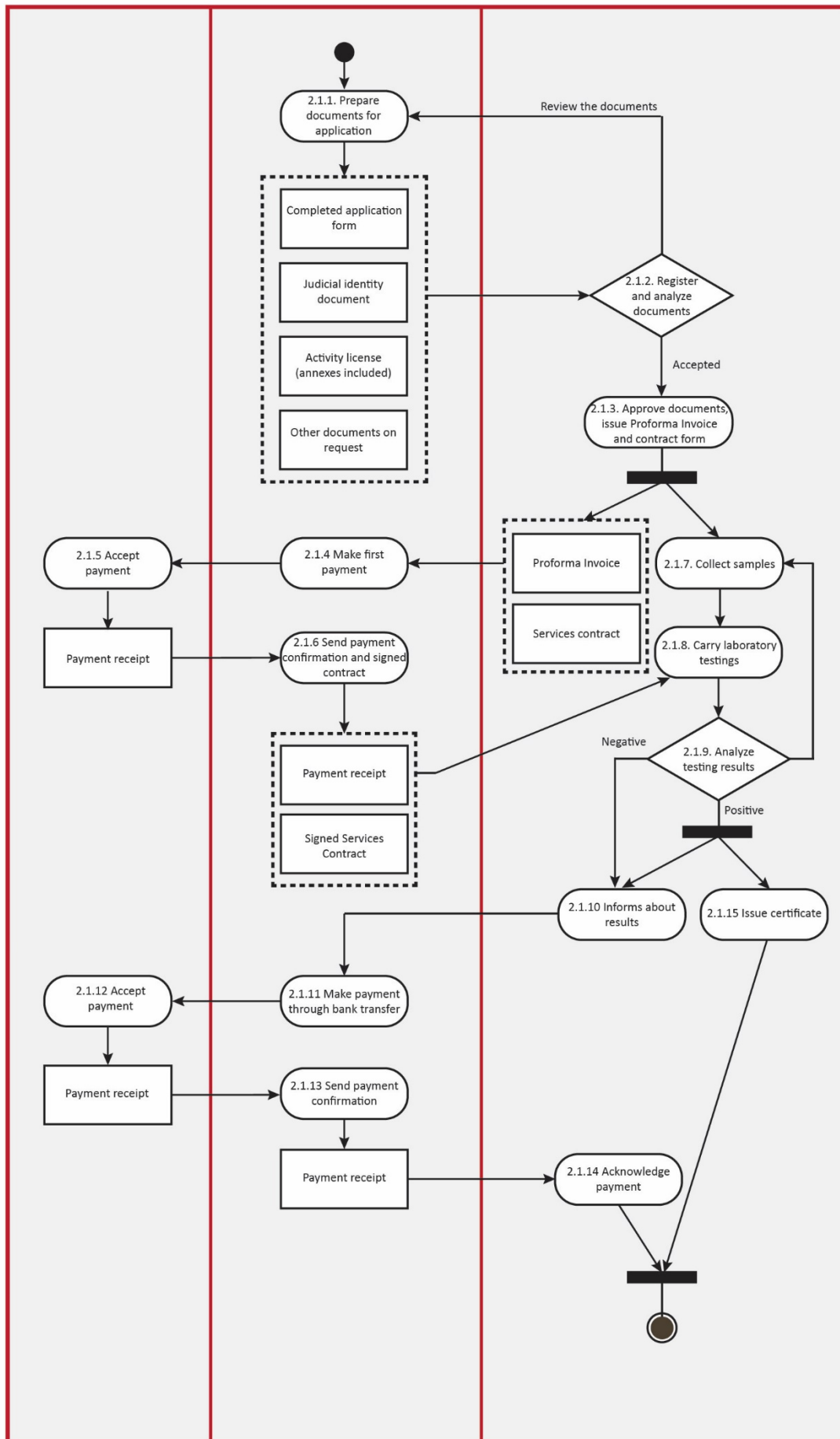
<sup>25</sup> The VI-1 serves as a certificate of analysis and compliance with EU regulations in regard to enological practices

Figure A3.6- Obtain the Certificate of Conformity activity diagram

# EXPORTER'S BANK

# EXPORTER

# CERTIFICATION BODY





<b>Name of process area</b>	2. Ship
<b>Name of Business process</b>	2.1. Obtain the Certificate of Conformity
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Certification Body</li> <li>• Exporter's Bank</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• Law no. 235/01.12.2011 on accreditation and conformity assessment.</li> <li>• Vine and Wine Law No. 57-XVI of 10 March 2006 with subsequent amendments.</li> <li>• Law no. 1100-XIV/30.06.2000 on the manufacture and circulation of ethyl alcohol and alcohol production.</li> <li>• Government Decision no. 356 of 11.06.2015 regarding the approval of the Technical Regulation "Wine market organization".</li> <li>• Government Decision no. 317 of 23.05.2012 regarding the approval of the Technical Regulation "Definition, description, presentation and labelling of alcoholic beverages".</li> <li>• Government Decision no. 708 of 20.09.2011 regarding the approval of the Technical Regulation "Analytical methods in the manufacture of wines".</li> <li>• Government Decision No. 282 of 11.03.2016 on approval of the technical concept of the automated information system "Register of Wine".</li> <li>• Government Decision no. 810 of 29.10. 2015 on the approval of the Regulation on the evaluation of the organoleptic characteristics of wine products through sensory analysis;</li> <li>• Government Decision no. 1481 of 26.12.2006 on the marking of alcohol products.</li> <li>• SM SR EN ISO/CEI 17000:2006.</li> <li>• SM SR EN ISO/CEI 17065:2013.</li> <li>• SM SR EN ISO/CEI 17020:2012.</li> <li>• SM SR EN ISO/CEI 17021-1:2015.</li> <li>• SR EN ISO 17067:2014.</li> <li>• SM SR EN ISO 9001:2015.</li> <li>• SM SR EN ISO 22000:2006.</li> <li>• SM SR ISO/TS 22003:2014.</li> <li>• SM SR EN ISO/CEI 17025:2006.</li> <li>• SM SR EN ISO/CEI 17030:2011.</li> <li>• SM GOST R 51144-11.</li> <li>• GOST 26313-84.</li> <li>• SM 192:1999.</li> <li>• EA-6/04:2011 Mandatory – EA Guidelines on the Accreditation of Certification of Primary Sector Products by Means of Sampling of sites.</li> </ul>

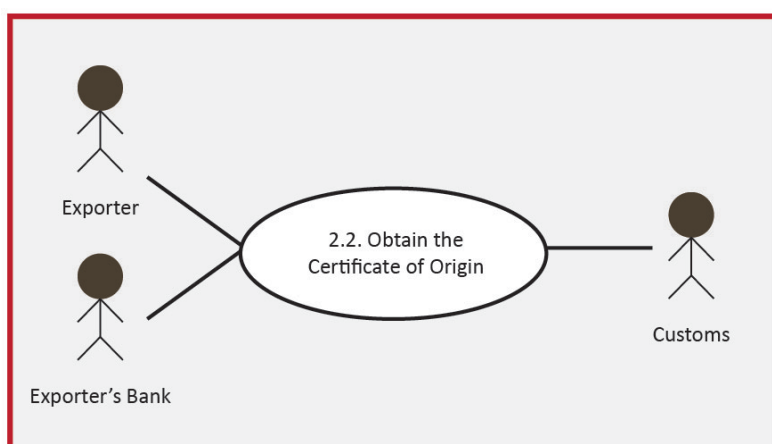
	<ul style="list-style-type: none"> <li>• Order no. 84 of 05.05.2015 of the Ministry of Agriculture on measures to improve the effectiveness and costs of certification of wine products.</li> <li>• Order no. 24 of 28.03.2008 of the Agency "Moldova - Vin" on approval of tariffs for certification, developed in accordance with the Methodology for calculation of tariffs for services provided by the Certification Body and Testing Laboratory.</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• The Sales Contract has been signed</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>2.1.1. The Exporter submits the completed request from and support documents for every shipment.</p> <p>2.1.2. The Certification Body registers the application and determines if the information provided in the submitted documents meet the legislative requirements and is sufficient for commencing the certification process. If the documents are in order, the Certification Body proceeds to decide on the appropriate certification scheme. If the documents are not in order, the Certification Body informs the exporters, and request for additional documents as needed. Other documents, depending on the type of certificate, such as quality certificate, the certificate of analysis and the company's product portfolio.</p> <p>2.1.3. If all documents are in order, the Certification Body approves the request and starts the certification procedure. The Certification Body also determines the fees, which are calculated depending on the number and type of products to be certified and the targeted market, and provides the exporter with the Pro Forma Invoice along with the Services Contract. The contract, which should be signed by the exporter and the Certification Body, divides the payment in two instalments (70 percent upfront and the remaining 30 percent upon the completion of the release of the laboratory test results). The Certification Body often exempts the trader from the advanced payment.</p> <p>2.1.4. The Exporter makes the advanced payment by bank transfer.</p> <p>2.1.5 The Exporter's bank issues the payment receipt.</p> <p>2.1.6. The Exporter sends the payment receipt to the Certification body.</p> <p>2.1.7. The Certification Body collects the necessary samples. The sampling is undertaken by a representative of the Certification Body, who visits the Exporter's production facility. Depending on the certification scheme, the sampling process involves the verification of the product information (product name, year of harvest, batch number, blending), the production methods and the conditions of the production and storage facilities. The Certification Body accepts samples provided by the Exporter, only if it is familiar with the Exporter's products, production methods and storage facilities</p>

	<p>and provided that the samples fulfil the requirements of the certification scheme.</p> <p>2.1.8. The certification team carries out the laboratory testing. For products destined to the EU (V-1 certificates), the products are tested against 9 quality parameters. For products destined to CIS markets, the laboratory tests cover 11 parameters.</p> <p>2.1.9. If the results do not provide conclusive results that cover all the test parameters, the team performs another laboratory test to detect human error. If, after multiple tests, the results are still unsatisfactory, the Certification Body does not issue the conformity certificate.</p> <p>2.1.10. The Certification Body provides the Exporter with the test results and request him/her to make the final payment. The Exporters makes the payment, even if the Certification Body decides against issuing the certificate. In this case, the Certification Body offers advice to assist the exporter in improving the product quality, so that his/her product passes all the test parameters.</p> <p>2.1.11. The Exporter makes the payment by bank transfer.</p> <p>2.1.12 The Exporter's bank issues the payment receipt.</p> <p>2.1.13 The Exporter sends the payment receipt to the Certification Body. The payment should be made immediately after the publication of testing results. However, in practice, wine producers are accorded time to process the payment at their convenience with the undersading that the certificates will only be issued upon the payment of the full amount established under the Services Contract.</p> <p>2.1.14. The payment is acknowledged by the Certification Body and the Exporter obtains the Certification of Conformity.</p>
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• The Certificate of Conformity is received.</li> </ul>
<b>Costs and resources</b>	<p>For VI-1 Certificate, including evaluation and laboratory testing:</p> <ul style="list-style-type: none"> <li>• White wine – 785,09 MDL + VAT</li> <li>• Red wine – 940,41 MDL + VAT</li> </ul> <p>Product certification, including evaluation and laboratory testing:</p> <ul style="list-style-type: none"> <li>• White wine – 831,69 MDL + VAT</li> <li>• Red wine – 955,95 MDL + VAT</li> </ul> <p>The costs for other types of certification services are calculated depending on the complexity of the process and the number of test parameters.</p>
<b>Average time required to complete the business process</b>	3-4 (from the moment of sampling)



## Core business process area 2.2: Obtain the Certificate of Origin

Figure 3.7- Obtain the certificate of origin use case diagram

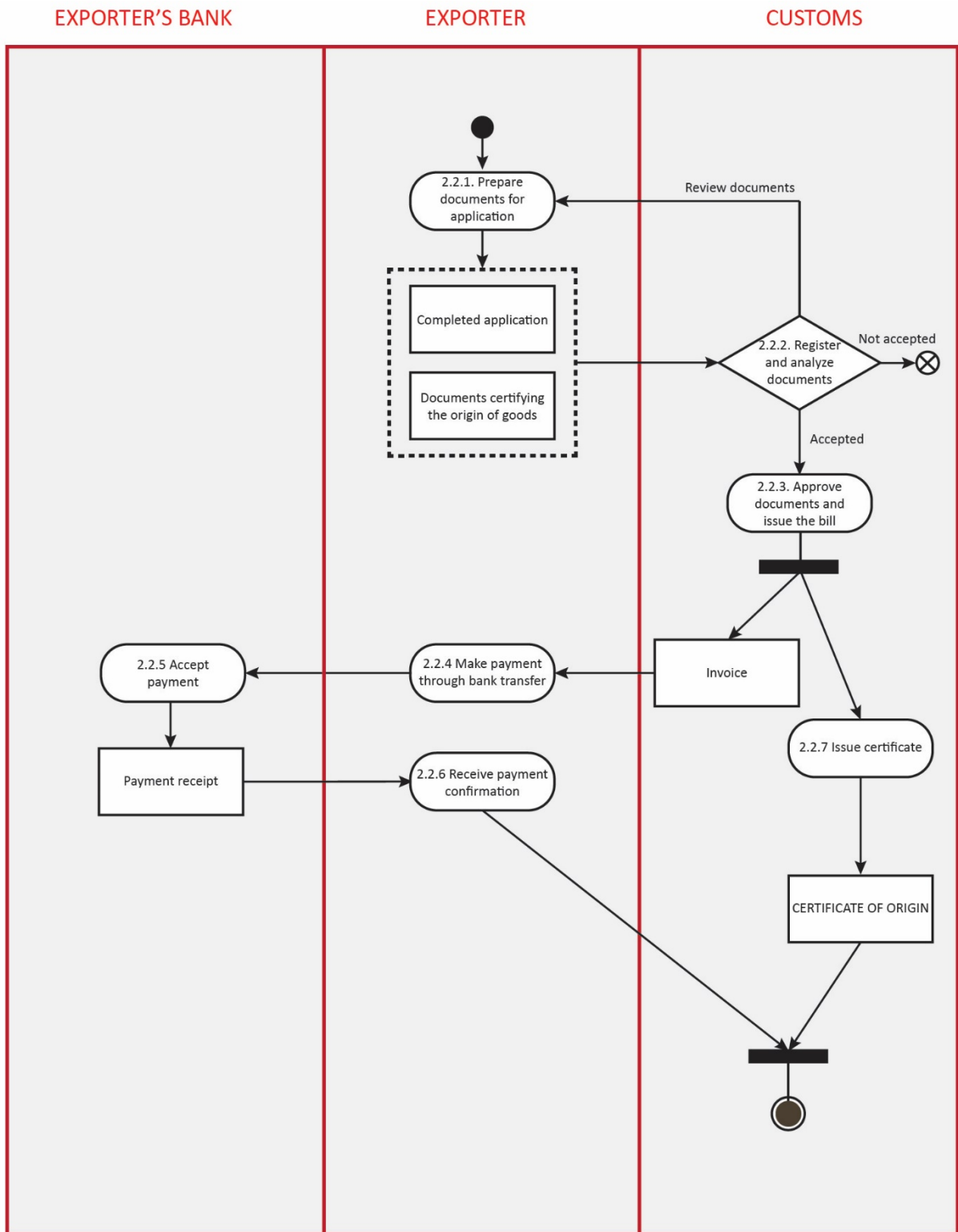


As shown in figure 3.7, obtaining the certificate of origin (CoO) requires participation of:

- Exporter or Representative
- Exporter's Bank
- The Customs Service of the Republic of Moldova

As explained in chapter two (section 2.4.3), national authorities two types of preferential and non-preferential CoO, depending on the established trade and cooperation agreements with trade partners, with the preferential CoOs issued by the Customs authorities and the non-preferential CoOs by the Chamber of Commerce and Industry of the Republic of Moldova. The selected company is eligible for preferential CoOs. Figure A3.8 maps the activities associated with obtaining the preferential CoO, which the exporter commences in tandem with the previous business process.

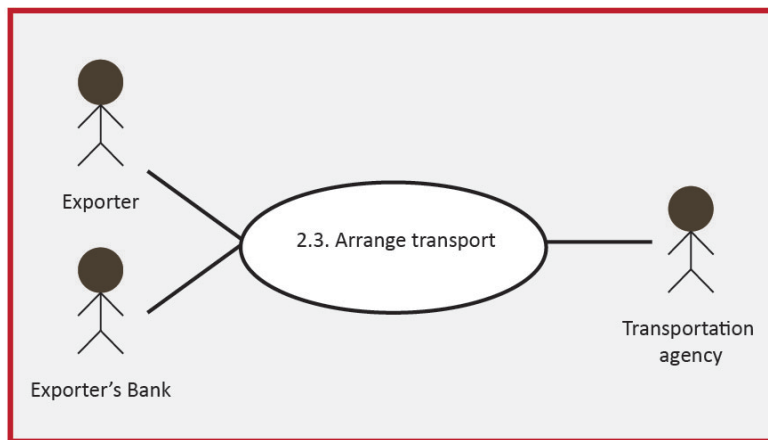
Figure A3.8- Obtain the certificate of origin activity diagram



<b>Name of process area</b>	2. Ship
<b>Name of Business process</b>	2.2. Obtain the certificate of origin
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Customs</li> <li>• Exporter's Bank</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• Custom Code no.1149-XIV of 20.07.2000</li> <li>• Law no. 1380 of 20.11.1997 on Customs tariff</li> <li>• Government Decision no. 1599 of 13.12.2002 regarding rules of origin of goods</li> <li>• Government Decision no.761 of 17.09.2014 regarding the approval of the Regulation on completion, authentication, issuing and control of preferential certificates of origin of goods</li> <li>• Customs Service Order no. 412-O of 23.09.2014 regarding norms for completion of preferential certificates of goods.</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• Exporter has already booked a vehicle for the transportation of wines and started loading</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>2.2.1. The exporter or his/her legal representative submits the complete "request – declaration" form, filled out in block letters and duly signed and stamped along with the support documents</p> <p>2.2.2. The Customs authority registers the request and reviews the form and support documents.</p> <p>2.2.3. If the documents are in order, the customs officer authenticates the CoO, filling in page 9 of the application-declaration with the customs entries, signs and stamps it (using his/her personal stamp) and then issues the payment order.</p> <p>2.2.4. The Exporter makes the payment by bank transfer.</p> <p>2.2.5. The Exporter's bank issues the payment receipt.</p> <p>2.2.6. The Exporter presents the payment confirmation, proving that the fees charged for issuing the CoO as well as the amount of duty to be paid have been transferred.</p> <p>2.2.7. The exporter , or his/her representative, fills in page 10 of the application-declaration signs and stamps the declaration</p> <p>2.2.8. The Customs Office issues the CoO.</p>
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• The CoO is issued.</li> </ul>
<b>Costs and resources</b>	6 EUR + VAT
<b>Average time required to complete the business process</b>	3 days

## Core business process area 2.3: Arrange Transport

Figure 3.9- Arrange transport use case diagram

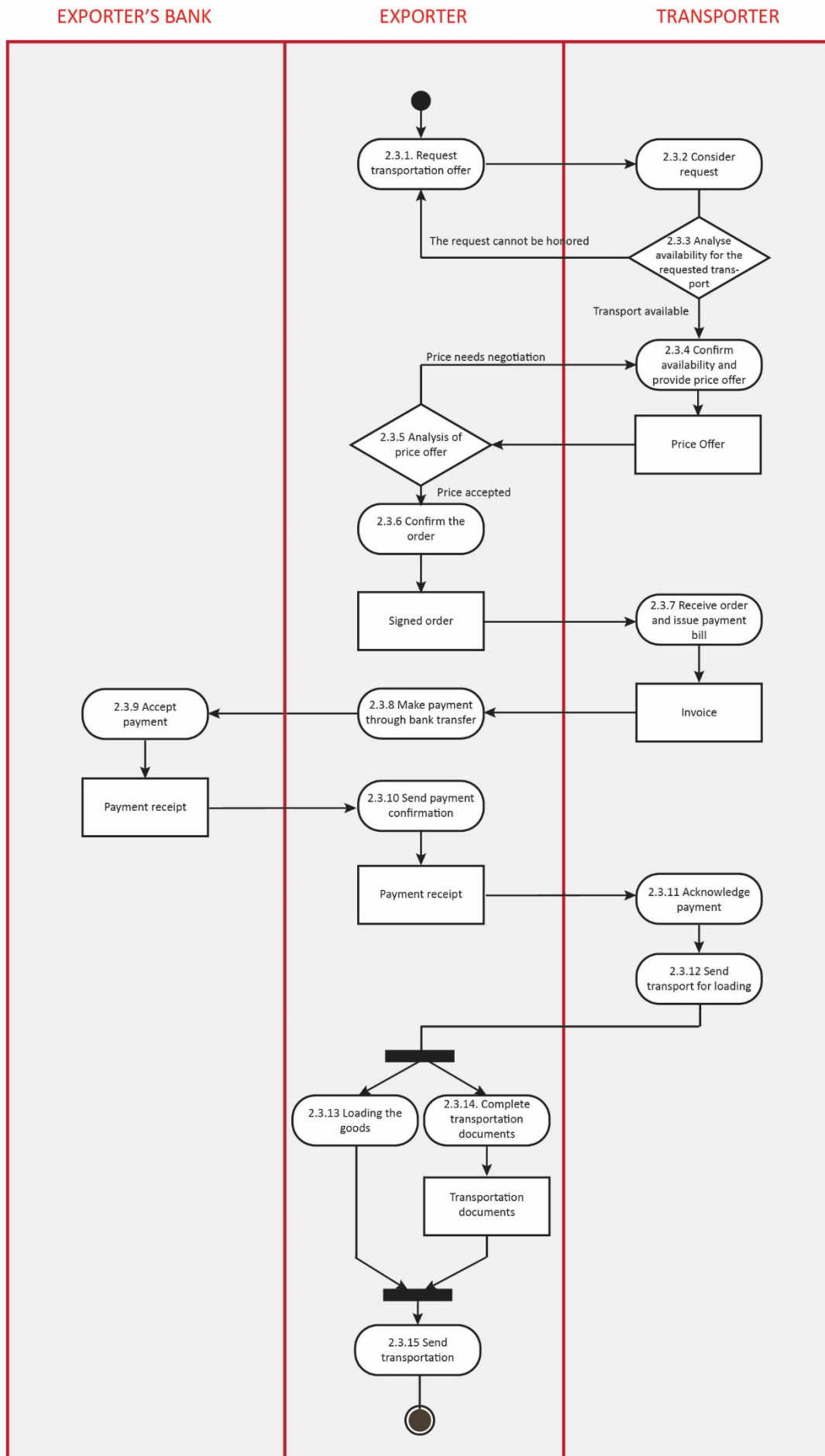


As shown in figure 3.9, arranging transport requires the participation of:

- Exporter or Representative
- Exporter's Bank
- Transportation agency (freight forwarder)

Figure A3.10 maps the activities associated with arranging transport

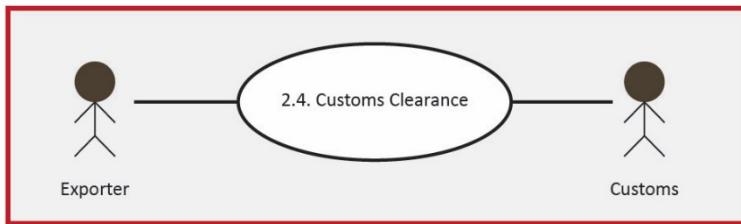
Figure 3.10- Arrange transport activity diagram



<b>Name of process area</b>	2. Ship
<b>Name of Business process</b>	2.3. Arrange transport
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Transport agency (freight forwarder)</li> <li>• Exporter's bank</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• National Transport Code</li> <li>• TIR Convention.</li> <li>• Convention of International Carriage of Goods by Road</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• The cargo is ready for shipment.</li> <li>• The transport documents are in order.</li> <li>• The CoO and the conformity certificate are issued.</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>2.3.1. The Exporter communicates the details of the shipment and destination to the freight forwarder by email and requests an offer.</p> <p>2.3.2. The freight forwarder considers the offer request.</p> <p>2.3.3. The freight forwarder informs as to the availability of carriers. Should the freight forwarder fail to find a carrier, he/she informs the exporter in order to reschedule the delivery.</p> <p>2.3.4. If the vehicle is available, the freight forwarder confirms the availability and submits an offer to the exporter.</p> <p>2.3.5. The Exporter reviews the offer. If the offer doesn't meet the Exporter's requirements or exceeds the allocated budget, the Exporter informs the freight forwarder and negotiates the offer .</p> <p>2.3.6. If the forwarder agrees to revise the offer, the Exporter confirms and sends a Signed Order.</p> <p>2.3.7. The freight forwarder acknowledges the receipt of the signed order and issues the payment invoice.</p> <p>2.3.8. The Exporter makes the payment by bank transfer.</p> <p>2.3.9. The Exporter's bank issues the Payment Receipt.</p> <p>2.3.10. The Exporter sends the Payment Receipt to the freight forwarder.</p> <p>2.3.11. The forwarder completes all the necessary procedures associated with arranging transport according to the terms established under the Signed Order.</p> <p>2.3.12. The forwarder sends the vehicles to the exporter's facility for loading.</p> <p>2.3.13. The Exporter loads the cargo onto the vehicles.</p> <p>2.3.14. During the loading of goods, the freight forwarder completes the necessary transportation documents, including the bill of lading, the shipping guarantee and the packing list.</p> <p>2.3.15. The vehicle is ready to transport the goods.</p>
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• The transport documents have been obtained</li> <li>• The vehicle is dispatched to the exporter's warehouse.</li> </ul>
<b>Costs and resources</b>	<ul style="list-style-type: none"> <li>• The transport costs are born by the Importer (they are deducted from the payment).</li> </ul>
<b>Average time</b>	3 days

## Core business process area 2.4: Customs Clearance

Figure 3.11- Customs Clearance use case diagram



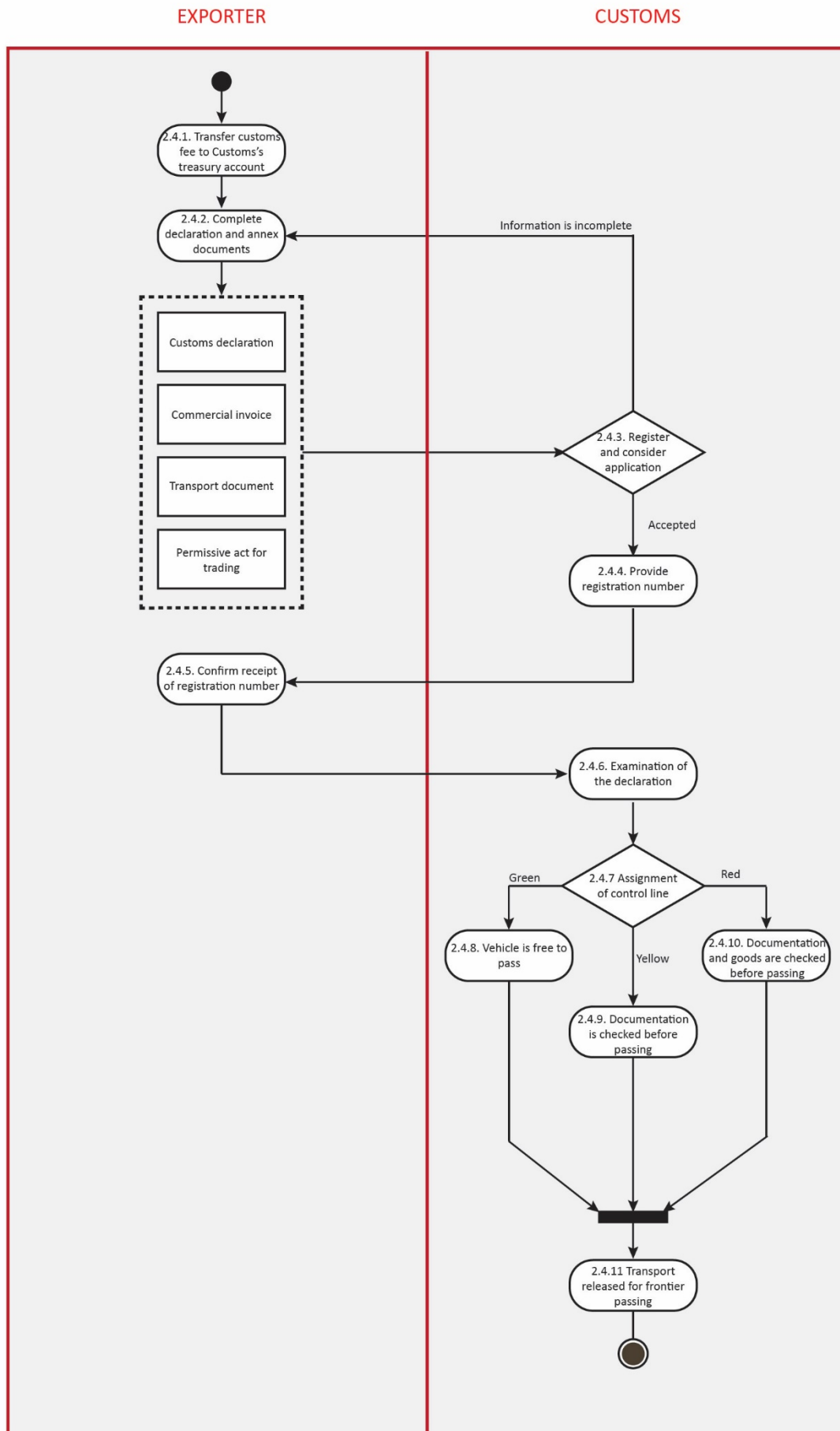
As shown in figure 3.11, customs clearance process requires the participation of:

- Exporter or Representative
- Custom Service of the Republic of Moldova

Figure 3.12 maps the activities associated with customs clearance



Figure 3.12- Customs clearance activity diagram



After submission and approving custom declaration within one-hour exporter get an email with the information to present goods to the custom border post. However, the rule had an exception based on risks assessment and goods might be directed for examination to the internal custom post. This option has not been reflected in the business process chart, as the investigation procedure is similar to those applied on the border customs post for trucks directed through red line.

If during performing customs procedures there are found discrepancies or errors, the custom declaration might be invalidated. In this case, goods are not allowed to pass the border. After, the validation of the export declaration, on the request of the exporter, custom officer may print the declaration, stamp it and transmit to the exporter.

The process of documents preparation (i.e. electronic declaration) takes 1 hour. The real time spend at the crossing custom border point is not known by exporter due to the fact that usually the actions taken by exporter are ended as truck leaves his warehouse

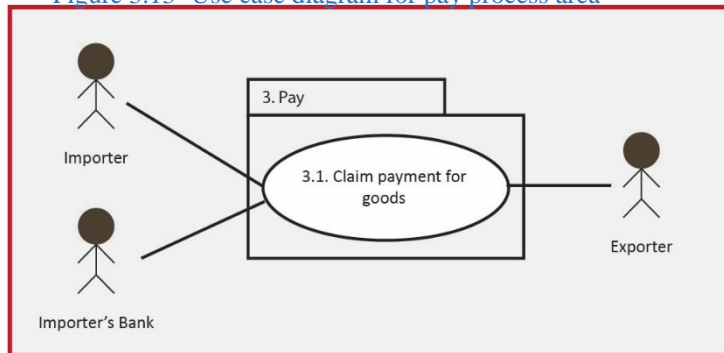
<b>Name of process area</b>	2. Ship
<b>Name of Business process</b>	2.4. Customs Clearance
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Customs</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• Law no.172 of 25.07.2014 on Combined nomenclature of goods;</li> <li>• Customs Service Order no. 346-A of 24.12.2009 on approving the technical norms regarding the printing, use and completing the customs declaration in detail;</li> <li>• Government Decision no. 1140 from 02.11.2005 on approval of Regulation for application of custom destinations;</li> <li>• Government Decision no 904, June 13, 2013 “Regulation on electronic customs procedure applied to exported goods”;</li> <li>• Customs Service Order no.292, June 25, 2013 “Regarding the facilitation of exports of goods”.</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• The exporter/customs broker is registered with Customs as a user of ASYCUDA <i>World</i>.</li> <li>• Goods have been loaded and are ready for shipment.</li> <li>• Customs duties have been paid and the shipment has been approved.</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>2.4.1. The Exporter pays the full amount of customs duty by bank transfer.</p> <p>2.4.2. The Exporter submits the required support documents</p> <p>2.4.3. The system registers the online application. If the information is incomplete, the system automatically alerts the Exporter for immediate action.</p> <p>2.4.4. If the application and the support documents are in order, the system generates a registration number.</p> <p>2.4.5. The Exporter acknowledges the registration number and inputs his/her digital signature.</p>

	<p>2.4.6. Within a maximum one hour, the system generates information as to the clearance/control channels (green for clearance without examination; yellow for documentary examination required; red for documentary and physical examination) that the cargo should be assigned to and the Customs declaration is examined by a Customs officer.</p> <p>2.4.7. The cargo is assigned automatically to one of the SIIV ASYCUDA <i>World</i> processing lanes: red, yellow and green.</p> <p>2.4.8. If the cargo was assigned to the green lane, goods are cleared without any further control.</p> <p>2.4.9. If the cargo is assigned to the yellow lane, goods are cleared after a documentation control.</p> <p>2.4.10. If the cargo is assigned to the red lane, goods are cleared after the documentation control and the physical control of goods.</p> <p>2.4.11. If the cargo meets the assigned lane's requirements, the shipment is released for frontier passing.</p>
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• Exporter receives a message from system inclusive of a Declaration's reference number notifying that the Export Declaration has been accepted.</li> <li>• The status of Export Declaration has been updated to Export Declaration ready for customs release.</li> <li>• Goods are released</li> </ul>
<b>Costs and resources</b>	0,1% from custom value of exported goods, but not more than €500
<b>Average time required to complete the business process</b>	<p>1 hour – electronic declaration</p> <p>Less than 1 day for customs clearance (including time spent at the border)</p>

### 3.3 Pay

#### Core business process area 3.1: Claim Payment

Figure 3.13- Use case diagram for pay process area



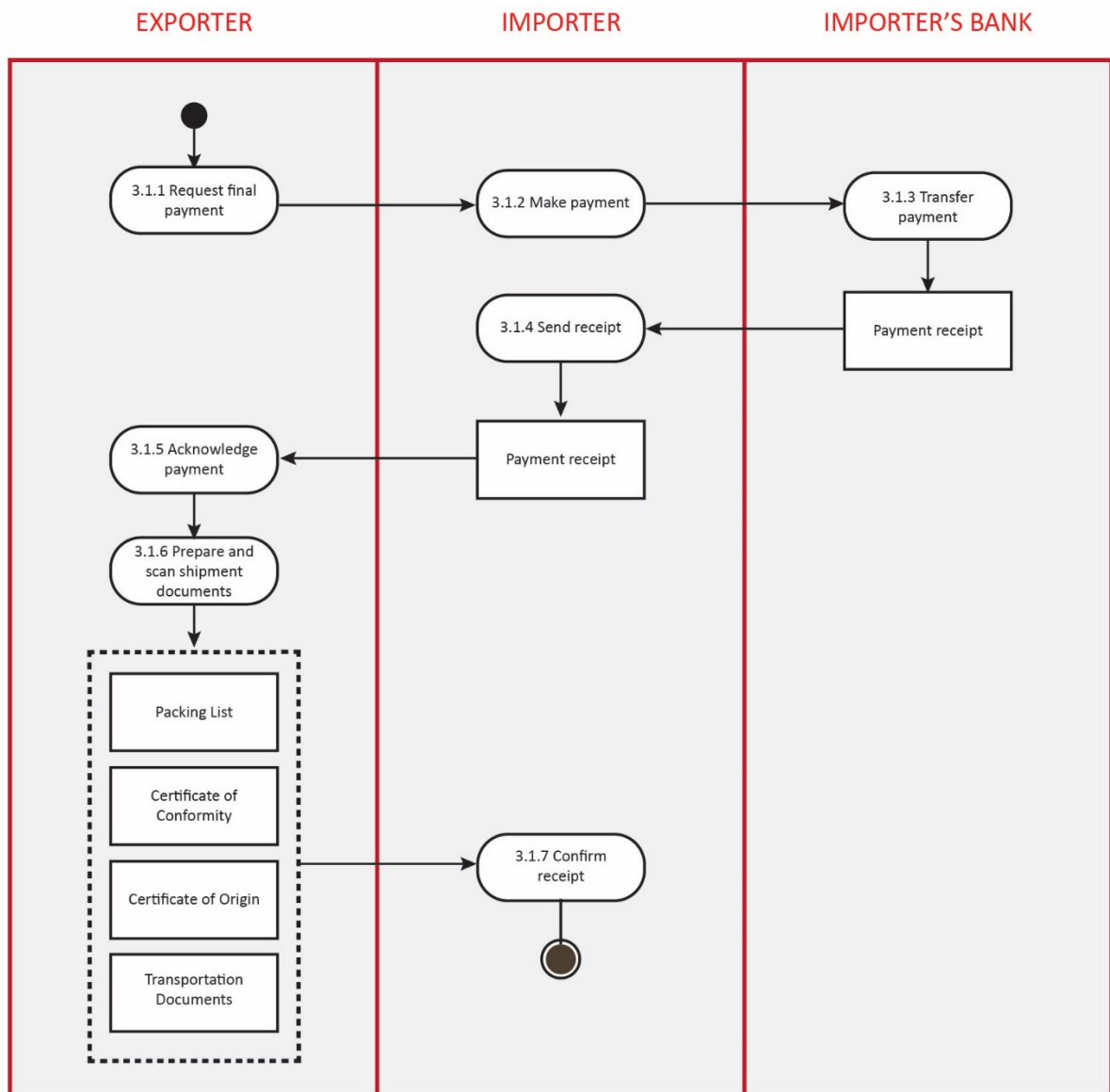
As shown in figure 3.13, the payment process requires the participation of:

- Exporter or Representative
- Importer
- Importer's Bank

As previously mentioned, the exporter receives the payment in two instalments, with the second scheduled for disbursement within 5 days before goods are loaded. The payments are arranged in a few hours. However, exporters experience delays of up to 3 days in receiving the payments, causing delays in the delivery, as the exporter does not load the goods if his bank does not receive the final instalment. It is often the case that the exporter proceeds to ship the goods before receiving the bank's payment confirmation, with the consequence of assuming significant risks. As previously mentioned, exporters operate in the absence of proper insurance schemes and trade finance instruments.

Figure 3.14 maps the activities associated with the payment process.

Figure 3.14- Claim payment activity diagram



<b>Name of process area</b>	3. Pay
<b>Name of Business process</b>	3.1. Claim payment
<b>Process participants</b>	<ul style="list-style-type: none"> <li>• Exporter</li> <li>• Importer</li> <li>• Importer's Bank</li> </ul>
<b>Related laws, rules, and regulations</b>	<ul style="list-style-type: none"> <li>• Low Nr. 62 from 21.03.2008 on currency regulation</li> <li>• The Civil Code of Republic of Moldova</li> </ul>
<b>Input and criteria to enter/begin the business process</b>	<ul style="list-style-type: none"> <li>• Exporter has already fulfilled contractual obligations.</li> </ul>
<b>Activities and associated documentary requirements</b>	<p>3.1.1 Exporter informs the buyer the moment the goods are ready for shipment to destination and requests the final payment instalment.</p> <p>3.1.2. The Importer makes the payment through bank transfer.</p> <p>3.1.3. The Importer's bank issues the payment receipt.</p> <p>3.1.4. The Importer sends the confirmation of payment to the Exporter.</p> <p>3.1.5. The Exporter acknowledges the payment receipt.</p> <p>3.1.6. The Exporter sends scanned copies of the necessary trade documents:</p> <ul style="list-style-type: none"> <li>- Packing List</li> <li>- Certificate of Conformity</li> <li>- Certificate of Origin;</li> <li>- Transportation documents.</li> </ul> <p>3.1.5. Importer confirms the receipt of documents.</p>
<b>Output criteria to exit the business process</b>	<ul style="list-style-type: none"> <li>• Exporter received the final payment instalment.</li> <li>• Importer received documents.</li> <li>• Goods are shipped to their final destination</li> </ul>
<b>Costs and resources</b>	N/A
<b>Average time required to complete the business process</b>	2 days

#### A4. Export documents

As shown in table A4.1, the company has to present 7 documents for meeting the information requirements associated with the export of wine. Another 10 documents are required for obtaining the CoO and the conformity certificate, bringing the total number of trade documents to 17. Moreover, some documents are submitted more than once.

Table A4.1- List of main and supporting document required for exports

Document	Required by	Issued / filled by	Input in process	Comments
<b>1. Key documents (needed for export and import in the destination country)</b>				

<b>Customs Declaration</b>	Customs	Exporter	Ship	For customs clearance
<b>Certificate of Origin</b>	Customs	Customs	Ship and pay	Ship: For customs clearance Pay: required by the buyer
<b>Certificate of Conformity</b>	Customs	National Centre for Quality Testing of Alcoholic beverages	Ship	Required by the buyer
<b>Laboratory test results (certificate of analysis)</b>	Customs	National Centre for Quality Testing of Alcoholic beverages	Ship	Required by the buyer
<b>Commercial Invoice</b>	Customs	Exporter	Ship	For customs clearance
<b>Packing list</b>	Customs	Freight forwarder	Ship and pay	Ship: For customs clearance Pay: required by the buyer
<b>CMR</b>	Customs	Freight forwarder	Ship and pay	Ship: For customs clearance Pay: required by the buyer
<b>2. Inputs for obtaining the conformity certificate</b>				
<b>Application for Certificate of conformity</b>	National Centre for Quality Testing of Alcoholic beverages	Exporter	Ship: Obtain certificate of conformity	
<b>Services Contract</b>	National Centre for Quality Testing of Alcoholic beverages	National Centre for Quality Testing of Alcoholic beverages/ Exporter	Ship: Obtain certificate of conformity	Exporter counter-signs the document
<b>Laboratory test results (certificate of analysis)</b>	National Centre for Quality Testing of Alcoholic beverages	National Centre for Quality Testing of Alcoholic beverages	Ship: Obtain certificate of conformity	Carried out by Laboratory of National Centre for Quality Testing of Alcoholic beverages
<b>Internal registers showing the movement of wines</b>	National Centre for Quality Testing of	Exporter	Ship: Obtain certificate of conformity	

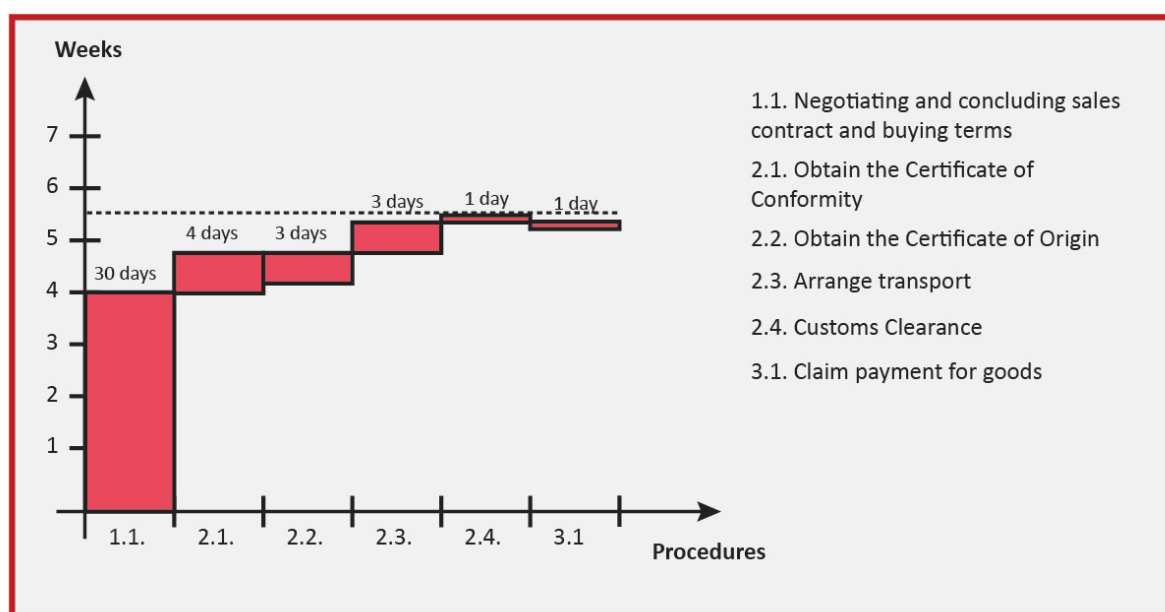
	Alcoholic beverages			
<b>Activity license</b>	National Centre for Quality Testing of Alcoholic beverages		Ship: Obtain certificate of conformity	
<b>Identity document</b>	National Centre for Quality Testing of Alcoholic beverages		Ship: Obtain certificate of conformity	
<b>4. Inputs for obtaining the CoO</b>				
<b>Application - declaration</b>	Customs	Exporter	Ship: Obtain CoO	Request for confirmation of the goods origin
<b>Sales contract</b>	Customs	Exporter	Ship: Obtain CoO	
<b>Commercial invoice</b>	Customs	Exporter	Ship: Obtain CoO	
<b>Technical report prepared detailing the production process and the use of raw material</b>	Customs	Exporter	Ship: Obtain CoO	
<b>Customs declarations for imported raw materials used in the production process</b>	Customs	Customs	Ship: Obtain CoO	
<b>Act of production inspection (only if the origin of goods is difficult to establish)</b>	Customs	Customs	Ship: Obtain CoO	
<b>Certificate of Appraisal issued by the CCI (valid for one year)</b>	Customs	CCI	Ship: Obtain CoO	



## A5. Time process chart

As shown in figure A5.1, it takes the company 42 days to load its products to the final destination, with negotiating and concluding the sales contract constituting the most challenging business process. It takes 30 working days to complete this process. The selected exporter noted that this period could go up to three months, especially if the buyer is not familiar with the Moldovan wine, which is the case with the majority of the potential buyers approached by the exporter. Gaining the trust of potential buyers takes time and a lot of hard work, and Moldovan wineries often find themselves in a position whereby they have to organize rounds of several sampling and testing before landing a potential buyer. These rounds are usually followed by lengthy negotiations over price and payment terms. The exporter has to also assume additional delays, which could go up to three days, pending the receipt of the first payment. In order to avoid delays, the selected company, just like other exporters, start preparing the goods for export upon issuing the Pro Forma Invoice. The exporters are fully aware of the significant risks they are assuming, and consider such risks as necessary to gain the trust of the buyers.

Figure A5.1- Time-process chart for exporting wine from the Republic of Moldova



The second most challenging process is obtaining the conformity certificate, which takes up to 4 days, even though the selected company. Exporters are of the view that this process could be further streamlined and noted that, once launched, the online application system is likely to reduce the time associated with completing this business process by up to two days. An equally challenging process is obtaining the CoO, which takes up to 3 days to complete if the supporting documents are in order.

Once the above documents are obtained, the trader proceeds to arrange for the transport of the cargo by contracting a freight forwarder in a process that three days to complete. The most efficient process is customs clearance, which has been streamlined by automating customs

procedures. The ASYCUDA *Word* system allows exporters to complete the procedures associated with customs declaration in one hour.

However, efficiency gains are undermined by delays in receiving the first payment instalment, which could extend over a period of three days. To ensure compliance with the delivery schedule, the exporter accept the SWIFT banking document as a proof of payment and gives the green light to the freight forwarder to proceed with transporting the cargo to the final destination.

Barring the challenging process of negotiating and concluding the sales contract, it takes 11 to 12 days to complete the business processes associated with exporting wine from the Republic of Moldova. This time frame could go up to 16 days, when taking into account the delays associated with receiving the final payment. Table A5.1 maps the sequence of the business processes, highlighting those that could be carried out simultaneously.

**Table A5.1- Sequencing of business processes for exporting wine from the Republic of Moldova**

<b>Core business process</b>	<b>Duration</b>	<b>Previous business process</b>	<b>Simultaneous business processes</b>
<b>1. Buy</b>			
1.1. Negotiating and concluding sales contract	1 month	-	-
<b>2. Ship</b>			
2.1. Obtain the Certificate of Conformity	4 days	1.1	2.2
2.2. Obtain the Certificate of Origin	3 days	1.1	2.1
2.3. Arrange transport	3 days	2.1	3.1
2.4. Customs Clearance	1 day	2.1, 3.1	-
<b>3. Pay</b>			
3.1. Claim payment for goods	1 day	2.1, 2.2	2.3

## **A6. Recommendations**

The BPA shows that the Republic of Moldova has achieved important milestones in removing regulatory and procedural barriers to trade in wine and wine products, which need to be complemented by further simplification and streamlining of administrative procedures. In particular, those procedures associated with obtaining the conformity certificate and the CoO, which constitute the most critical business processes for the selected exporter just like the majority of traders interviewed over the course of the assessment. The selected exporter embarks on the two business processes in tandem immediately upon concluding the sales contract in order to allow enough time in the case of unexpected delays. The selected exporter was of the view that the time required for completing these business processes could be reduced if exporters had detailed up-to-date information on the legislative safety and quality requirements, as this would help speed up the sampling and testing process. The exporter noted that there is also a need to reduce the number of support documents.

The BPA also shows that the regulatory and procedural barriers facing exporters also stem from the lack of support services in the area of marketing and promotion, trade finance, insurance and production upgrading. Table A6.1, provides a number of recommendations for the Government's consideration.

**Table A6.1- Capacity needs and recommendations for strengthening the export competitiveness of Moldovan wineries**

<b>Needs</b>	<b>Recommendations</b>
<b>Streamlining and simplification of administrative procedures associated with obtaining the conformity certificate and the CoO.</b>	In addition to the recommendations provided in chapter 3, the Government could consider authorizing more accredited private laboratories to provide product certification purposes
<b>Wine promotion and marketing</b>	Continue assisting exporters in their efforts to transform the image of Moldova as a wine producing company and in entering new markets. This requires targeted promotional campaigns tailored to the consumer preferences in each target market and taking into account the competing brands. The emphasis should be on bringing forward the specific qualities of Moldovan wine, improving product labelling and on increasing the participation of Moldovan wineries in international fairs. Efforts should also focus on networking the wineries with potential buyers through, for example, hosting international events and the provision of up-to-date information on industry trends and export opportunities.
<b>Production upgrading</b>	Barring major wineries, which have modern production facilities, quality issues constitute a critical barrier to export competitiveness and market diversification for most of the wineries. Donor funded production upgrading projects should be therefore intensified and be supported by targeted legislative reforms to attract foreign direct investments.
<b>Develop trade finance instruments</b>	The BPA suggests the necessity of embarking on strategic legislative reforms to support the development of sophisticated trade finance instruments. In so doing, it could consider tapping into the Export-Import Banks (EXIM) in target countries. These banks organize credit facilities with the national banks in trade partner countries, which traders can access. Normally, the credit is available if traders in the partner country are exporting or importing goods and services to/ from the target country. The Government could also consider setting

Needs	Recommendations
	the context, through legislative reforms and donor-funded technical assistance projects, for the creation of export credit guarantees, export credit insurance and forfeiting. These services rank among the most commonly used trade finance instruments, which could help mitigate the commercial risks assumed by Moldovan exporters and contribute to reducing the time invested in negotiating and concluding the sales contract.
<b>Expand the range of insurance schemes available to exporters</b>	The BPA shows that wineries export their products without taking out an insurance policy on the cargo. The exporter noted the lack of competitive schemes, which provide the necessary coverage at acceptable prices. This is an area that should be accorded priority treatment. <sup>26</sup>

---

<sup>26</sup> For a brief overview of the insurance market in the Republic of Moldova, see WTO (2015) Trade Policy Review of the Republic of Moldova (WT/TPR/S/323)