

## MOLDOVA

*By Interfax-CNA*

**M**oldova's GDP showed a 6.1% year-to-year growth in 2001, with industrial growth at 14.2% and exports at 16%. Inflation was down to 4.5%. Fixed capital investment was down by 2%.

In 2002, Moldova will again depend on foreign financing. Moldova will continue to work with international financial organisations, which will enable this year's budget to be implemented. Reportedly, the World Bank is ready to allocate US\$40 million on its SAC-II programme and the International Monetary Fund is ready to provide US\$48 million. Besides, the budget law envisages significant revenue from privatisation, which will be used to service foreign debt of over US\$200 million.

Moldova plans to increase its GDP by 38% by 2005, according to the Economic Ministry's five-year socio-economic development strategy. The development strategy calls for a revival of industry, whose share in total GDP should be at least 50%, while now it barely exceeds 35%. The foreign trade balance is expected to remain in deficit, but it is targeted to narrow to US\$165 million in 2005. Industrial and agricultural production are targeted to grow by respectively 41% and 38% by 2005. The country is hoping that foreign investment will increase by US\$200 million to US\$250 million annually.

Moldova has a comparatively poor mineral resource base. Traditionally, it has not mined

metals or fuels producing only small quantities of a number of industrial minerals, including limestone flux, quartz, silicon, semi-refractory and refractory clay, chalk, gypsum, construction sand, brick clays, gravel and ceramicite.

In 2001, Moldovan Metallurgical Plant, Moldova's biggest steel works, signed a long-term contract with Insteel of the US to supply 3,000-5,000 t of high-carbon wire-rod per month. The US market was shut off for two years due to anti-dumping measures. It still consumes some 700,000-750,000 t/y of stainless steel.

The steel mill turns out approximately 1 Mt/y of products, exporting 95% of this to countries outside the CIS. Until 2001, it sold 70% of its output to the US. The works in 2000 idled for a month due to power cuts, but still managed to produce 905,000 t of raw steel and 635,000 t of roll. The company plans to achieve a new qualitative level of production by installations for electromagnetic mixing in the crystalliser and for vacuumisation. The company is currently developing production of welding and coiling rods, for which there is high foreign demand. There is also stable demand for high voltage rods and ultra-strong rope, which the company also plans to produce. The international Itera company owns 75% of the interest in the steel works, employees 9.4% and the Transdnestrian republic 15.6% of the shares.