

Foreign Investment Guide

Labour

Moldova's economically-active population numbered 1.26 million persons in 2009, which represented 42.8 % of the total population. Of this total, 69.7 % worked in the private sector. Workers with general secondary and professional levels of education constituted 24,4 % of the work force, while persons with higher education made up 20.4 %. Among employed persons with higher education, women represented 11.1 % of the total work force. In rural localities, those with higher education constituted one third of the total working population.

The Labour Code

Employer/employee relations in Moldova are governed by the Labour Code, which includes basic principles regarding individual labour agreements, working hours, grounds for dismissal, holidays, salaries and compensations, guarantees and responsibilities, special protection measures for certain categories such as expectant mothers and young persons, and resolution of labour conflicts. A Collective Labour Agreement is concluded every year between the Government, the Federation of Professional Unions and the National Confederation of Patronage (independent union of employers).

Equal Opportunity

It is not acceptable under the Labour Code to refuse work or to give preference to workers based on differences in sex, nationality, religion, language, social situation, or other non-business characteristic, except in cases where this is compulsory for specific working conditions.

Trade Unions

Trade union activities are regulated by the Law on Trade Unions. All trade unions have the status of a corporate body and must be officially registered. Generally, unions are organised in accordance with the branch of industry to which they belong. Membership in a trade union is not compulsory, but among large and mainly state-owned enterprises unions have a high-level of influence, and historically have been very strong in negotiations on labour relations, being particularly effective in negotiating minimum wage legislation as well as other basic rights for employees. In small private companies unions tend to be less active. Unions have no right of participation in the management of a company and its commercial activities. Despite this, business decisions are sometimes discussed with unions, because of potential negative social consequences for employees.

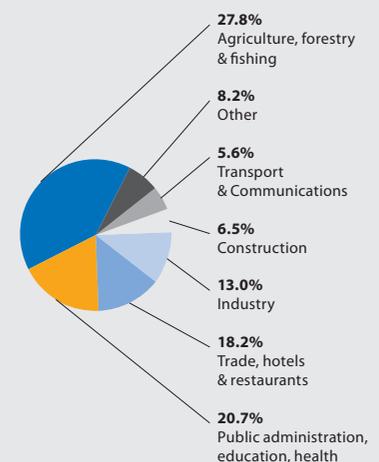
Lowest cost of labour in the region

Average monthly wage



Sources: National Bureau of Statistics, Moldova
State Statistics Committee of Ukraine
Romanian National Institute of Statistics

Labour force distribution by occupation, 2009



Statutory Holidays

New Year's Day:

1 January

Orthodox Christmas:

7 and 8 January

International Women's Day:

8 March

Orthodox Easter:

1st and 2nd day of Easter (dates depending on religious calendar)

Memorial Day:

2nd Monday after Easter

International Labour Day:

1 May

Victory Day:

9 May

Independence Day:

(Republic Day) 27 August

Language Day:

31 August

City Day:

Each city has its own City Day, which is a statutory holiday.

Employment Contracts

All employees conclude an Employment Contract, either individual and /or collective depending on the enterprise. Employment Contract clauses may not be stricter than equal provisions in the Labour Law. The contract has to be concluded in written form, indicating the position of the employee, salary level and other details. There are three basic types of employment contract:

- Indefinite length contracts;
- Contracts for a definite time period but extending to no more than five years;
- Project-specific contracts, which terminate when the task has been completed.

Moldovan labour legislation also provides for a probationary period of employment which can be extended for up to three months, and in certain cases up to six months.

Employment of Foreign Personnel

All citizens who stay in the country more than 90 days must be registered with the local authorities and must obtain a temporary immigration certificate and a residence permit. Those who intend to work in the country also have to obtain a work permit. Foreign personnel can obtain visas and residency permits when they are employed in enterprises with foreign investments. In general, foreign citizens have the same rights and obligations as Moldovan citizens. Foreign who intend to work in the country have to obtain the permit for temporary stay for labor purposes. The permit for temporary stay for labor purposes is issued based on the decision of National Employment Agency on granting of the right to work and the decision of the Ministry of Home Affairs on granting the right to temporary stay for labour purposes.

For the foreign citizen/stateless person or the representative of the foreign juridical person, holding the position of manager of enterprise that made investments:

- exceeding 10 thousand USD, but not more than USD 100 thousand, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 2 years with the possibility to extend it for a new period;
- exceeding 100 thousand USD, but not more than USD 250 thousand, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 3 years with the possibility to extend it for a new period;
- exceeding 250 thousand USD, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 5 years with the possibility of extending it for a new period not exceeding the validity term of the national ID card.

The right to work shall be revoked if:

- a) the employment contract was terminated;
- b) a decision to diminish the period of stay for labour purposes;
- c) upon the verification and/or notifications received from the competent authorities, it was concluded that the holder does not meet anymore the requirements under which the right to work was conferred/extended;
- d) at the holder's request.

Wages and benefits

The average gross monthly wage amounted to MDL 2,529 (€ 156) in 2009. Average wages for 2009, in selected economic activities and by ownership structure is as follows:

Activity Area	Average gross monthly wage, (€)	Foreign-Owned Companies (€)	Joint (Moldovan + foreign investments) (€)
Total	156	247	257
Agriculture, hunting and forestry	79	183	115
Fishing	115	-	-
Industry	167	-	-
mining and quarrying	150	-	-
processing	181	167	196
electric, thermal energy, gas and water	234	403	516
Construction	166	541	198
Wholesale and retail trade	133	267	213
Hotels and restaurants	116	255	175
Transport and communications	191	227	576
Financial activities	292	470	398
Real estate activities	237	473	265
Public administration	169	-	-
Education	130	-	180
Health and social assistance	150	406	171
Other public, social and personal services	140	246	131
Entertainment, cultural and sports activities	125	103	290

Source: National Bureau of Statistics

Paid Holidays and Vacations

Workers are entitled to standard paid vacations at a minimum of 28 calendar days a year (not including statutory holidays). Additionally, the period between New Year and Christmas is characterised by very limited business activity. In summer, some companies, government agencies and the courts operate with reduced hours and staff, especially during the month of August. Additional paid leave may be given to employees for special occasions such as a marriage, birth of a child, death of relatives, study, etc. Sick and maternity leaves are paid from the Social Insurance Budget. In the first year of employment holiday leave must be delayed until six months of employment have been completed.

Standard Working Hours

The standard working week set out in the Labour Code is 40 hours, over five or six working days, although this is usually Monday to Friday. Overtime may be accepted only in certain cases but is not allowed to exceed 120 hours per year, or 240 hours per year in

The Government of the Republic of Moldova has established the amount of the minimum salary applicable for the whole country irrespective of the industry, economic area, legal organizational form etc.

Starting on 2009, the minimum salary for non-governmental employees is MDL 1100 (€68) per month.



exceptional cases. Working hours on weekends or holidays, as well as overtime during the working week, can be either compensated with free time or paid. Overtime compensation is generally paid at 150% of the hourly-rate for up to a specified number of hours and 200% beyond this, although this is specific to individual enterprises. Certain other conditions apply to pregnant women, women with children, persons under 18 years of age and disabled persons in regard to working conditions, including holidays and limitations on overtime.

Health and Safety

Employers have to ensure necessary levels of safety at work. Where the health of an employee is affected negatively, the company is considered responsible. Those working under hazardous conditions must be supplied with special clothing, boots and other protection where necessary.

Social Insurance

All employers and employees must contribute to the state social insurance system. Employers must pay into the Social Security Fund a contribution in the amount of 23% of the total salaries of their employees and 3.5% for medical insurance. Employees pay a contribution in the amount of 6% of gross salary for pension fund and 3.5% for medical insurance, which is deductible for income tax purposes. Contributions to the social insurance system provide an employee with rights to pensions; illness, pregnancy and child care benefits; professional accident and unemployment insurance; and other social care services. Medical insurance for foreign citizens in Moldova is compulsory. The social insurance system covers only those foreign employees who have personally applied for it, with the same rule applying for contributions to the pension fund.

Termination of Employment

An employee may terminate his/her relationship with an employer, and thereby be released from the Employment Contract by giving a minimum of two weeks written notice. No reason need be offered for leaving. In the event that both parties are in agreement, the Employment Contract may be terminated earlier. In the case of an employer who wishes to terminate an employee, the conditions for dismissal may include lack of qualifications for the position; legal restructuring of the business unit. In the case of liquidation of the unit or reduction in the number of personnel the employer is required to notify the employee two months in advance of dismissal. In the case where the employee proves unsatisfactory for the position one month's notice is required.