



THE PLENUM OF THE COMPETITION COUNCIL

DECISION

Nr. ASER- 25

As of 17.07.2014

Chișinău

Acting according to art. 41 of Law of Competition no. 183 from 11.07.2012, and article 10 of State Aid Law no. 139 from 15.06.2012 also Parliament Decision no. 179 from 12.07.2013 regarding the appointment of members of the Competition Council, Parliament Decision no. 220 from 09.27.2013 concerning the appointment of a member of the Competition Council; in accordance with the Regulation on the notification from, the procedure for examining and taking decisions on state aid, approved by the Decision of the Competition Council no. 1 from 08.30.2013, the State Aid Regulation for beneficiaries providing services of general economic interest, approved by the Decision of the Competition Council no. 11 of 08/30/2013,

DECIDED

By letter no. 16-04 / 611 of 07.16.2014, registered at the Competition Council no. 1225 from 16.07.2014, under art. 8 of State Aid Law no. 139 from 15.06.2012 , the Ministry of Finance notified support measures to company IPNA Teleradio Moldova public broadcaster, by presenting the general form of notification and special form of notification of state aid for providing services of general economic interest, regarding import taxes exemption (VAT, customs duties) for compulsory equipment import:

- a) LED panels, graphic stations and licenses for integration;
- b) Studio decoration, furniture for Studio no.1 TV;
- c) projector, video controller and auxiliary equipment for integration and interconnection;
- d) satellite station.

The notification became effective on 16.07.2014, and Ministry of Finance was informed officially by letter no. ASER-02 / 83-1041 of 07/16/2014.

State aid measure beneficiary is IPNA Teleradio-Moldova company that was authorized to provide public service broadcasting editorially independent, autonomous institution, established by public capital, which according to art. 50, 51 of the Broadcasting Code, provides program services to whole society covering the entire territory of the Republic of Moldova.

Company Teleradio Moldova is an independent news organization serving the interests of all citizens. The company operates in accordance with the Constitution of Republic Moldova, taking into account conventions, resolutions and recommendations of the Council of Europe, UN, EU, UNESCO, the European Broadcasting Union (hereinafter EBU), the public broadcaster will ensure editorial independence, freedom of expression and creation.

The mandatory duties for providing service of general economic interest are foreseen in the Broadcast Code of the Republic of Moldova and comply with the international obligations of the company IPNA Teleradio Moldova committed by joining the EBU which were approved by the Government Decision no. 585 from 09.14.1993 and Parliament Decision no. 96-XIII of 12.05.1994, by signing the International Telecommunication Union Convention, Geneva 2006 also via signing the EBU Agreement on the 11.04.2014.

Services of general economic interest performance imposes to IPNA Teleradio Moldova following requirements related to:

- thematic diversity and adjustment to public interest;
- independence from private interests and reliability to the community subjects;
- significant share of local production;
- media diversity (news, analyzes, comments, debates, investigations, documentary);
- production of programs for ethnic minorities, senior groups, people with disabilities, focusing on social and cultural fields;
- Availability of diverse programs due to technical platforms zone.

In order to provide services of general economic interest by IPNA Teleradio-Moldova Company EBU membership is mandatory, but it requires some technical adjustment. Due to the company's international commitments by signing EBU membership Boarding Council has elaborated " strategy for 2010-2015"which persuades following actions for the 2014 year: new technology, mobile technology application (SNG, mobile radars, etc), radio and TV studios digitization studio Number 1 renovation and enhancement. These priorities are

motivated by the fact that currently IPNA Teleradio Moldova has equipment that does not meet current standards and from 06.17.2015 will out of usage according to new requirements and commitments made by the company IPNA Teleradio Moldova via signing the Convention International Telecommunication Union in Geneva, 2006.

Currently, according to the company balance sheet IPNA Teleradio Moldova equipment usage is 73.5% - value of 88 071 600 lei, and the decor and furniture is usage is 88.0% - value of 4 073 800 lei. Due to the fact that machine is 57.3% in the definition of fixed assets the modernization of technical equipment and furniture decoration is an essential measure. If mentioned above measures are implemented, the company IPNA Teleradio-Moldova will be able to perform obligations of services of general economic interest imposed by the law. Measure of financial support to be granted to the company IPNA Teleradio Moldova is provided in the draft law for equipment import, notified to Competition Council by the Ministry of Finance of the Republic of Moldova.

Support measure supposes the tax exemption in order to import of equipment in amount of 1945 714,81 lei , as specified below:

- Exemption from VAT, customs duties on imports for LED panels, graphic stations and licenses integration 595 626,94 lei, equipment has been purchased with the financial support of the Embassy of Poland in Chisinau under contract no. 145 of 26.03.2014. The main task of the project involves upgrading the studio with modern equipment to support potential public television.
- Exemption from VAT, excise and customs duties on imports of decor and furnishings specifically for studio no. 1 TV in amount of 343 126,11 lei, mentioned goods were purchased from budgetary sources. The project objective is to achieve a new decor in alliance with the highest standards and offer the opportunity of interactions between studios of news broadcasting programs by implementing latest technologies.
- Exemption from VAT, excise and customs duties on imports for projector, video controller and auxiliary equipment for the integration and interconnection in amount of 347 234,16 lei the equipment was purchased with the financial support of the Norwegian Ministry of Foreign Affairs under letter of grant MDA-140/0004. The project objective is to support the enhancement of debate emissions and shows which can be achieved only via technological modernization of the studio.

- Exemption from VAT, excise and customs duties on imports of satellite station in amount of 659 727,6 lei which was acquired in accordance with the obligations imposed by the Project on Mandatory News Network and Radio Network Architecture for the Future, the agreement signed between EBU and its members. The project aims Mandatory News Network and Radio Network Architecture of the Future is to provide a modern infrastructure with hybrid terrestrial fiber network and satellite in order to manage and distribute content. This new infrastructure will support the exchange of current materials, online and file, between members of the EBU.

Equipment exemption of IPNA Teleradio-Moldova confer an economic advantage which is selective, is granted through State resources and is likely to distort competition. Therefore the measure falls under the art. 3 of State Aid Law no. 139 from 15.06.2012. State aid measure can be deemed compatible with the normal competitive environment in accordance with art. 5 letter f) and examined in accordance with the Regulation on State aid to recipients that provide services of general economic interest, approved by the Decision of the Competition Council no. 11 from 30.08.2013, which sets the conditions that has to be obeyed within state aid.

According to art. 9 of Regulation, State aid measure (exemption from import duties, excise and VAT) may constitute State aid compatible with the normal competitive environment if the following conditions are met:

- State aid is necessary to operate the service of general economic interest;
- State aid does not distort competition unduly.

Exemption of import related machinery purchased from EU funds does not exceed the compensation which would facilitate the implementation of new services and new equipment to the company, but is in alignment with the primary needs of the company's commitments of IPNA Teleradio Moldova by joining the EBU and provide information services in accordance with fundamental right of society to objective, unbiased and pluralistic in the socio-political, cultural and international media. Also, granting state aid measure to IPNA Teleradio-Moldova company will provide an efficient way of public resources distribution for the service of general economic interest in the long term by providing a free interaction between studios via implementing new technologies and equipment for decoration. Due to the fact that company's market share is from 7% to 10% and its revenue is restricted by imposed obligations of providing the service of general economic interest, therefore, exemption from import duties, excise duties and VAT may not

significantly distort competition. Separate accounting records should reflect services and products for which the state has provided exclusive rights for general economic interest services and on the other hand, other products and services that enterprise is providing. This will allow proper monitoring of state aid and obligations assumed by the Republic of Moldova according to art. 342 of the Association Agreement between the European Community and the European Atomic Energy Community and its Member States, of the one part, and the Republic of Moldova, on the other hand.

According to above mentioned statements and taking into account the provisions of the legislation of the Republic of Moldova under art. 41 of the Competition Law no. 183 of 11.07.2012 and art. 10 sec. (2) b) of Law no. 139 from 15.06.2012 on State aid, the Plenum of the Competition Council

DECIDED:

1. Notified measure by the Ministry of Finance, beneficiary of which is company IPNA Teleradio Moldova constitutes State aid within the meaning of Art. 3 of Law no. 139 from 15.06.2012 on state aid in the amount of 1,945,714, 81 lei.
2. To authorize State aid service of general economic interest granted to IPNA Teleradio Moldova by tax exempting from import duties, excise duties and VAT.
3. To apprise the Government and Ministry of Finance on the need for a mechanism that would ensure the transparency of financial relations between the state and public enterprises by ensuring transparency of state aid.