

H.E. Speaker of the Parliament
Zinaida Greceanii
Chisinau
Republic of Moldova

4 July 2019

Your Excellency,

I would like to congratulate you to your recent appointment and to wish you success in your efforts to address the numerous challenges the Republic of Moldova is facing.

I refer to Law No. 7-XV dated 17.02.2005 on the Host Investment Agreement on Giurgiulesti International Free Port (Law on HIA-GIFP) dated 27 December 2004 between the Moldovan Government and three, at the time affiliated companies - Danube Logistics SRL (formerly called Azertrans SRL), BEMOL Refinery SRL (formerly called Azpetrol Refinery SRL) and BEMOL Retail SRL (formerly called Azpetrol SRL).

The Law on HIA-GIFP regulates the strategically important investment undertakings of Danube Logistics SRL (Article 7) and BEMOL Refinery SRL (Article 8) within Giurgiulesti International Free Port as well as BEMOL Retail SRL's voluntary investments in a nation-wide petrol station network developed through the construction or lease of petrol stations. In support of the investments of the three companies stipulated in the Law on HIA-GIFP, the Government granted a financial subsidy that BEMOL Retail SRL was able to collect by having been granted the right to import fuel via GIFP without paying import VAT and to collect and keep the VAT receipts deriving from the sale of fuel via the first 50 points of sales it registered with the Ministry of Economy for a period of 8 years (Art. 5).

As of today Danube Logistics SRL is no longer affiliated to BEMOL Retail SRL and BEMOL Refinery SRL. While BEMOL Retail SRL and BEMOL Refinery SRL are ultimately owned by the Azerbaijani national Rafiq Aliyev, Danube Logistics SRL is a wholly owned subsidiary of the Dutch company Danube Logistics Holding BV, which is ultimately owned by the German national Thomas Moser. Furthermore, Danube Logistics Holding BV's shareholding in Danube Logistics SRL is subject to a participation agreement with the European Bank for Reconstruction and Development (EBRD), which entitles the EBRD to 65% of eventual shares sales and dividend proceeds.

Unfortunately I must inform you that numerous misinterpretations of the Law on HIA-GIFP by the previous Government and by ANRE have not only obstructed the investments and activities of Danube Logistics SRL but have also unduly facilitated a hostile take-over attempt of Danube Logistics SRL by Rafiq Aliyev, which has resulted in substantial financial damages for Danube Logistics SRL and its affiliates.

For example it is stated in Section 3.2 of the ANRE Report on BEMOL Retail SRL's activities in 2010-2012 that the authors of the report requested a copy of the Law on HIA-GIFP and/or the investment plan in compliance with the Law on HIA-GIFP, but that such request was denied by BEMOL Retail SRL on the grounds that the Ministry of Economy is monitoring the compliance with the Law on HIA-GIFP. Due to the fact that the authors of the ANRE reports did not have access to the Law on the HIA-GIFP, they concluded that the management of BEMOL Retail SRL, which was led by Thomas Moser until August 2012, caused substantial damages to BEMOL Retail SRL by unduly utilizing part of the collected subsidy to provide a MDL 151m interest bearing loan to Danube Logistics SRL until December 2011 in order to support Danube Logistics SRL in fulfilling its investment obligations in accordance with the Law on the HIA-GIFP. Without having reviewed the Law on the HIA-GIFP, the authors of the ANRE Reports furthermore wrongfully assumed that BEMOL Retail SRL had an obligation to construct 50 petrol stations. Based on this false assumption and other dubious hypotheses, ANRE concluded that BEMOL Retail SRL would have been considerably more profitable if the company would have fulfilled its alleged investment obligation in accordance with the Law on the HIA-GIFP and constructed instead of leased 34 petrol stations.

Apart from the flawed ANRE Reports, the Ministry of Economy and Infrastructure stated in a letter dated 16 May 2019 to Danube Logistics SRL that the obligations and benefits deriving from the Law on the HIA-GIFP were individual to each company signing the HIA-GIFP. In other words the Ministry of Economy and Infrastructure stated that the VAT subsidy that BEMOL Retail SRL collected until the end of 2015 was solely provided in order to support the voluntary development of a petrol stations network and not also to support the strategically important investment commitments of Danube Logistics SRL and of BEMOL Refinery SRL in Giurgiulesti International Free Port.

These interpretations of the Law on the HIA-GIFP of the Ministry of Economy and Infrastructure and of ANRE are clearly false as they (i) contradict the wording of the Law on HIA-GIFP, (ii) contradict the intention of the Government that signed the HIA-GIFP in 2004, (iii) contradict the intention of the Parliament that approved the Law on the HIA-GIFP in 2005 and as (iv) these interpretations would mean that it was the intention of the Government and of the Parliament upon the signature of the HIA-GIFP to provide a subsidy to BEMOL Retail SRL that substantially exceeded the total estimated investment in a network of 50 petrol stations.

Against the background of the false interpretation of the HIA-GIFP by the previous Government and by ANRE we hereby seek the Parliament's clarification of the following matters related to Law No. 7-XV dated 17.02.2005 on the HIA-GIFP:

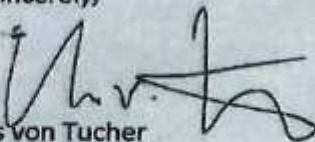
- A. Does the Law on the HIA-GIFP provide that the Government granted VAT Subsidy exclusively to support BEMOL Retail SRL's voluntary investment in a petrol station network?
- B. Does the Law on HIA-GIFP prohibit BEMOL Retail SRL to use part of the collected subsidy to support Danube Logistics SRL and BEMOL Refinery SRL in fulfilling their investment commitments at Giurgiulesti International Free Port?
- C. What are BEMOL Retail SRL's, Danube Logistics SRL's and BEMOL Refinery SRL's investment commitments in accordance with Articles 6, 7 and 8 of the Law on HIA-GIFP?
- D. Are the expenditures related to the lease, refurbishment and repair of petrol stations considered an "Investment" of BEMOL Retail SRL in accordance with Article 4.1.b of the Law on HIA-GIFP?

Apart from the Parliament's interpretation of the Law on HIA-GIFP we hereby furthermore request the Parliament's formal investigation into the conduct of ANRE, a state regulatory institution subordinated to the Parliament, in relation to the preparation of the flawed audit reports on BEMOL Retail SRL's activities in 2010-2012 and in 2013. In particular the Parliament should establish:

- A. Why ANRE did not seek a copy of the Law on HIA-GIFP from the Parliament and seek the Parliament's clarification on important aspects of this law when assessing BEMOL Retail SRL's activities?
- B. Why ANRE was willing to draw conclusions on important aspects of the Law on HIA-GIFP without reviewing the Law on HIA-GIFP?
- C. Whether the ANRE Reports on BEMOL Retail SRL's activities in 2010-2012 and 2013 must be withdrawn or annulled, as they did not consider the applicable legislation?

In order to prevent further damages to Danube Logistics SRL and to its affiliates, we kindly request the Parliament to urgently clarify these important matters.

Yours sincerely,


Mathias von Tucher
General Director

Annexes

- 1) Adresare ANRE 11Dec2018;
- 2) ANRE raspuns 7-22 din 9Dec2018;
- 3) Adresare MEI 8Dec2018;
- 4) MEI raspuns 15Mai2019;
- 5) Adresare Min Just_18Dec2018
- 6) Min Just raspuns 04-14609 18.12.2018 - 8Feb19;
- 7) Raport ANRE pentru anii 2010 - 2012 -9Aug13;

cc Angela Sax, Head of EBRD Moldova
Thomas Moser, Managing Director, Danube Logistics Holding BV
HE Peter Michalko, Ambassador, EU Delegation
HE Stella Ronner-Grubačić, Ambassador, The Kingdom of the Netherlands
HE Angela Ganninger, Ambassador, Federal Republic of Germany