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DIRECTIONS AND MEASURES FOR THE PROMOTION OF AGRIFOOD PRODUCTS FROM THE REPUBLIC OF MOLDOVA ON THE EUROPEAN UNION MARKET

Rodica Burbulea¹, PhD., Svetlana Gangan², PhD.

^{1,2}*Technical University of Moldova, 168 Stefan cel Mare and Sfanta Boulevard, Chisinau, Moldova*

Abstract: Promoting agri-food products on foreign markets holds significant importance for economic development, the competitiveness of the agricultural and agri-food sector, and national income growth. It contributes to market diversification and product quality improvement, benefiting both producers and national economies. Here are some of these benefits: increased producer income, market diversification, enhanced competitiveness, job creation, and the promotion of sustainable development.

It is crucial that the promotion of agri-food products on foreign markets be managed responsibly and sustainably, considering both the economic benefits and the impact on the environment and local communities.

A major objective in promoting agri-food products on foreign markets is to amplify the role of the state by providing continuous support to agri-food producers and exporters. In this context, it is necessary not only to liberalize trade conditions but also to create mechanisms and tools for promoting these products. The research aims to study and analyze the directions and measures for promoting the agri-food products of the Republic of Moldova in the European Union market.

Keywords: *International trade, import, export, agri-food products, promotion.*

JEL code: *M37*

Promoting agri-food products in foreign markets plays a crucial role in the development and support of the agricultural and agri-food sector. It has several roles and significant importance, both for producers and national economies. Here are some of these:

Market expansion: Promoting agri-food products in foreign markets allows producers to expand their customer base and access new sales opportunities. This leads to increased sales and profits.

Risk diversification: Exporting agri-food products to multiple foreign markets helps reduce dependence on the domestic market and associated risks, such as demand changes or weather conditions.

Increasing national income: Agri-food product exports contribute to increasing national income, generating foreign currency, and stimulating economic development. This can significantly support the country's GDP.

Promoting food quality and safety: To compete in international markets, producers need to improve food quality and safety. This benefits both consumers and producers by promoting high standards.

Job creation and rural development: The agricultural and agri-food sector significantly impacts employment, especially in rural areas. Promoting exports can support job creation and rural community development.

Knowledge and technology transfer: To meet the requirements of international markets, producers must adopt modern agricultural technologies and practices. This can lead to a transfer of knowledge and technology from developed to developing countries.

Competition and innovation: Facing international competition encourages producers to innovate and improve their products and processes, which can have positive effects on the entire sector.

Economic diplomacy: The export of agri-food products can be used as an economic diplomacy tool, strengthening diplomatic and trade relations between countries [1].

Promoting agri-food products in foreign markets is of significant importance for economic development, the competitiveness of the agricultural and agri-food sector, and increasing national income. It contributes to market diversification and product quality improvement, benefiting both producers and national economies.

Developing foreign trade has a significant impact on a country's economy and can contribute to economic growth, innovation, and diversification. It is essential for governments to promote trade policies that support foreign trade development, facilitate access to international markets, and promote trade relations with strategic partners.

The increase in international prices for energy resources and food products, capitalizing on opportunities offered by cooperation agreements, a highly productive agricultural year, the continued increase in domestic demand, and the war in Ukraine are the basic factors that influenced the evolution of international goods trade in 2022. The total value of international goods trade in 2022 amounted to 13,554.2 million USD, registering an increase of 31.3% compared to 2021, both in exports by 37.9% and imports by 28.5%.

Exports in 2022 registered a significant increase, influenced by the war in Ukraine, which directed a significant flow of goods through Moldova, especially petroleum products, the record harvest of 2021, and the rising favorable prices.

The value of exports in 2022 amounted to 4335.1 mil. USD, 37.9% more than the same period of the previous year. Native goods exports in this period were 2966.3 mil. USD, 68.4% of total exports, 21.9% more than the same period in 2021, contributing to a 17.0% increase in the total value of exports.

Re-exports of foreign goods in 2022 (after processing and classic) amounted to 1368.8 mil. USD, 31.6% more than the same period in 2021. This growth influenced the increase in total exports by 20.9%. Re-exports of goods after processing accounted for 12.2% of total exports, and classic re-exports 19.4%.

In 2022, the significant gap between exports and imports resulted in a trade balance deficit of 4884.0 mil. USD, 21.1% higher than the same period in 2021. The coverage rate of imports by exports was 48.7%, up by 7.2 percentage points compared to 2021.

There were significant increases in exports to EU and CIS countries in 2022. Exports to EU countries amounted to 2540.4 mil. USD, 32.3% more than in 2021, representing 58.6% of total exports, decreasing by 2.5% compared to 2021. Exports to CIS countries were 1043.1 mil. USD, 2.2 times more than in 2021, accounting for 24.1% of total exports, an increase of 9.3 percentage points compared to 2021.

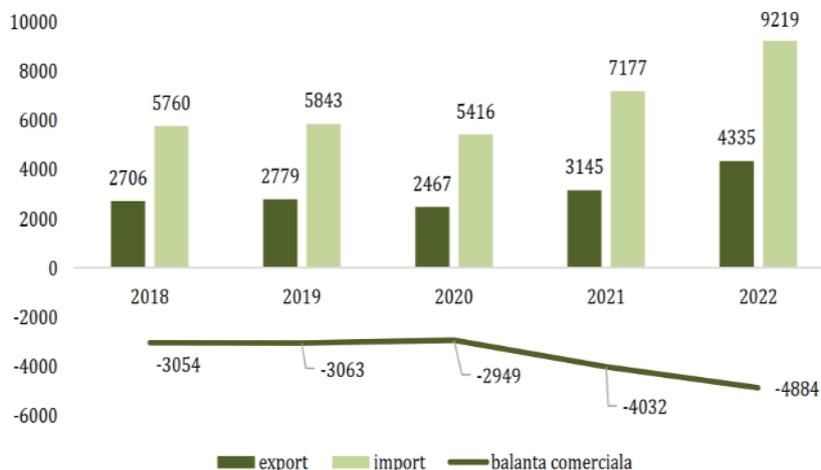


Figure 1. Trends of exports, imports, and the balance of the trade balance, in 2022, mil. USD
 Source: According to data from the National Bureau of Statistics [3].

Exports to other countries accounted for 17.3% of the total, 0.9% less than the previous year.

Exports to Romania and Ukraine accounted for 86.9% of the increase in exports. Romania, being Moldova's main trading partner, had a 28.6% share in total exports. Exports to Romania increased by 48.9% compared to 2021. The highest share, about 23.3%, was the export of wires and cables, which increased by 2.7% in value compared to 2021. Sunflower seeds accounted for about 13.4% of the total export value. Corn exports accounted for 10.8% of total exports, and in natural terms, the exported volume of corn increased 7.2 times compared to 2021.

The second largest trade partner for Moldovan production is Ukraine, accounting for 16.6% of total exports, with the export volume increasing about 7.8 times. Approximately 77% of exports to Ukraine consist of oil products or oils from bituminous minerals, with the exported quantity in tons increasing about 14.7 times. In addition to this, 164.3 million liters of petroleum oils were exported (such exports were not made in 2021). The top 10 destination partners for goods exports in 2022 accounted for 80% of exports: Romania with 28.6% of total exports, Ukraine 16.6%, Italy 7.6%, Turkey 7.0%, Germany 5.3%, Russian Federation 4.4%, Bulgaria 3.3%, Poland 2.8%, Czech Republic 2.4%, and Belarus 1.9%. The other partners included the Netherlands and Switzerland each with 1.5% of total exports, the United Kingdom of Great Britain and Northern Ireland with 1.4%, Hungary, Iran, and the United States each with 1.2%, Spain 1.0%, France 0.9%, Greece 0.8%, Kazakhstan 0.7%, Portugal and Austria each with 0.5%.

The analysis of the evolution of exports by country in 2022, compared to 2021, shows an increase in the exports of goods to Ukraine by 7.8 times, mainly due to the increase in deliveries (re-exports) of petroleum products and liquefied gases, Romania by 48.9%, Italy by 38.0%, and Bulgaria by 1.8 times. As a result of sunflower seed oil deliveries, export increases were recorded for countries such as Iran by 2910.1 times, Poland by 12.9%, Belarus by 19.7%, Iraq by 3.1 times, and the Netherlands by 1.9 times [5].

Due to the increase in deliveries of apples, grapes, fresh and dried plums, there were increases towards the Czech Republic by 32.0%, the USA by 1.6 times, and Kazakhstan by 2.1 times. Exports to Hungary saw an increase of 26.3%, Lithuania by 2.0 times, influenced by the increase in sunflower seed deliveries. Exports to Portugal increased by 37.3%, France by 16.9%, Canada by 1.7 times, Cyprus by 38.9%, Egypt by 1.8 times, due to the increase in maize deliveries and sunflower seed cakes, Kyrgyzstan by 2.8 times due to the increase in apple, grape, and fresh plum deliveries. Exports to Saudi Arabia increased by 1.6 times, contributing to an overall export growth of 45.3%.

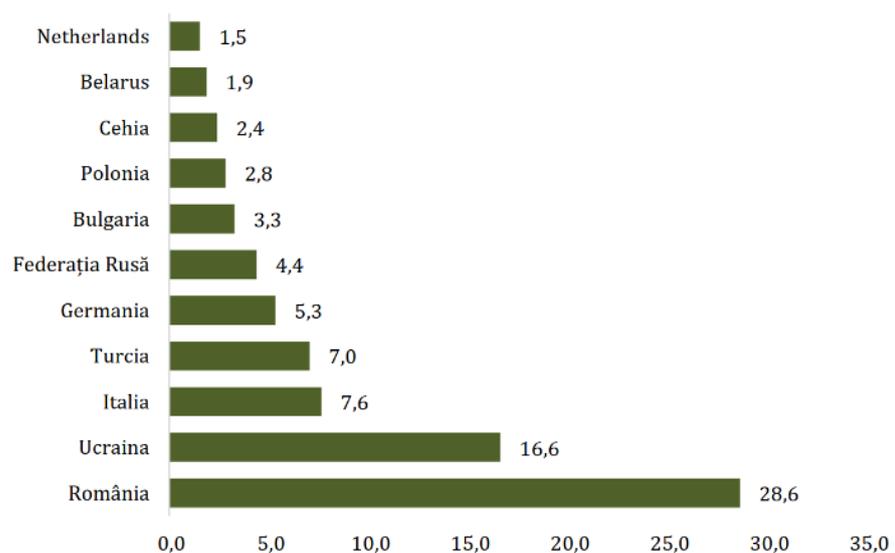


Figure 2. Main partner countries of the Republic of Moldova, in 2022, %

Source: According to the data from the National Bureau of Statistics [3].

At the same time, there was a decrease in goods exports to the Russian Federation by 31.2%, Switzerland by 45.7%, Spain by 31.6%, Germany by 6.0%, Greece by 25.8%, Turkey by 2.9%, United Arab Emirates by 52.4%, Indonesia by 95.6%, Serbia by 28.7%, Lebanon by 27.3%, Israel by 37.0%, Malaysia by 90.7%, the United Kingdom and Northern Ireland by 5.2%, and Belgium by 14.5%, thus mitigating the overall export increase by 7.6%.

International trade significantly contributes to a country's economic growth. By exporting goods and services to foreign markets, a country can expand its revenue, create jobs, stimulate production and domestic investments, and diversify its economy. Access to foreign markets allows a country to reduce dependence on a particular industry or sector and diversify income sources. Foreign trade offers opportunities to obtain resources and raw materials that a country may lack. This can drive the development of key industries and sectors. International trade facilitates technology and knowledge transfer between countries. By exporting goods and services, countries can learn from their foreign partners and enhance their technological and production capabilities. Moreover, exposure to international competition motivates companies within a country to become more competitive, leading to innovations, product and service quality improvements, and production cost reductions. Foreign trade also fosters diplomatic relationships and international cooperation. Through trade relations, countries can establish partnerships and collaborations with multiple benefits. By exporting to various countries, the risks associated with dependency on a single market can be reduced. In case of an economic crisis in a particular country or region, exports to other markets can compensate for the demand drop. The development of foreign trade brings tax benefits to the government through customs duties and taxes on the income generated by exports and imports.

Promoting Moldovan agri-food products in the European Union market is a complex process, involving both governmental efforts and the involvement of producers, trade promotion agencies, and other relevant actors. Here are some directions and measures to promote Moldovan agri-food products in the EU market:

Ensure compliance with EU standards: Make sure that agricultural and food products comply with the safety, quality, and packaging standards of the European Union. This includes implementing and maintaining production and quality control practices in line with EU requirements.

Certification and labeling: Obtain relevant certifications and accreditations for your products, such as Protected Geographical Indications (PGI) or Protected Designations of Origin (PDO), which can increase the confidence of European consumers and facilitate access to their markets.

Online promotion: Develop an online presence and promote your products on e-commerce platforms, food promotion sites, or social networks to directly reach European consumers and generate interest in Moldovan products.

Participation in fairs and exhibitions: Participate in fairs, exhibitions, and specialized events in the European Union to present your products to potential business partners and consumers.

Collaborate with distributors and importers: Identify distributors and importers specialized in agri-food products in the EU and develop partnerships with them to help distribute and promote your products.

Export promotion programs: The Government of the Republic of Moldova should develop and implement specific export promotion programs for agri-food products, including advertising campaigns, tasting events, and snack tables.

Financial support: Provide financial and technical support to local producers to improve the quality and packaging of products, as well as to help them meet EU compliance requirements.

Diversification of product range: Develop a varied range of Moldovan agri-food products to satisfy the diverse preferences and requirements of European consumers.

Education and information: Organize educational and information campaigns for consumers to increase awareness and trust in Moldovan agri-food products.

Support regional initiatives: Engage regions and local communities in promoting their distinctive agri-food products and support regional initiatives to promote these products in the EU.

CONCLUSIONS

Promoting agri-food products from the Republic of Moldova in the European Union market involves a comprehensive approach covering aspects related to quality, marketing, distribution, and external relations. With a well-thought-out strategy and adequate support, Moldova can benefit from the opportunities offered by the European market. These directions and measures can contribute to increasing the exports of agri-food products from the Republic of Moldova in the European Union market, thus improving the country's economic development and agriculture. It's important for government authorities, the private sector, and other stakeholders to collaborate in this promotional effort.

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