

## EVOLUTION AND TRENDS IN TRADE IN AGRICULTURAL PRODUCTS

Daniela POPA<sup>1</sup>

<sup>1</sup>State Agrarian University of Moldova 44, Mircești St., MD – 2049, Chisinau, Republic of Moldova, Phone: +373 795 74 780, Fax: (+373 22)31-22-76, E-mail: d.popa@uasm.md

*Corresponding author:* d.popa@uasm.md

### *Abstract*

*Moldova's foreign trade value will exceed 10 billion U.S. dollars, exports increased by 12 percent annually and imports by about 9, 4 percent in the years 2014 to 2016, according to preliminary forecasts prepared by the Ministry of Economy. For 2013, an increase of 7,5 percent and 6 percent of exports imports. The foreign trade trends may come back in 2011, when supplies of Moldovan goods to foreign markets grew faster than imports. In 2012 exports fell by 2,5%, while imports rose 0,4%.*

*Key words:* competitiveness, export, food products, import, trend, trade balance

### INTRODUCTION

The main sector of economy of the Republic of Moldova represents, of course, agriculture. In this sector almost half of the working population. The author believes that the research topic is very timely given the following three reasons: first, the development of agricultural sector directly influences the living standards of people employed in agriculture, or in other words, the economic development of agriculture depends on the welfare of more than half the population of our country. Secondly, the development of agriculture depends largely on the possibilities for agricultural production in foreign markets, foreign trade.

### MATERIALS AND METHODS

At the basis of this scientific paper served the information from the Statistics National Bureau of Republic of Moldova, Ministry of Economy of Moldavian Republic, different groups of national and international experts and also our own researches in this domain, were applied the following methods: selective, comparison and tabular methods.

### RESULTS AND DISCUSSIONS

Compared to the previous year 2013, national production has experienced more support

from external demand, in January-May of 2013, exports increasing by 8.9 %, becoming more pronounced role of non-traditional partners - eg . Turkey. However, since April increase reserves began to run out, tempering it exports two important markets Russian Federation and Italy. Reducing global prices for a range of products including energy , decreased volumes of imported products in the country for processing and reduced demand for exported products , maintained a moderate growth in imports. Although external factors seem to make the situation a moderation of both exports and imports this year, at the end we could have a slight improvement in the current account is estimated revitalization of agrifood exports.

Restoring external demand, increasing the quality of exports, mainly due reânnoirea investments in expansion and technological base are factors that will lead to higher exports during 2014-2016. The increase in imports will be subject to re-establish domestic demand, particularly for raw materials imported from the business environment, increase investment flows in machinery, electrical appliances, mineral products.

During the period January-October 2013 most types of economic activities recorded progress. After the recession last year , Moldova's economy entered a period of stabilization , GDP grew at 4.9 % (amounting

to 43.4 billion lei ) compared to the same period in 2012 .

A self- determined growth and accelerating inflation process , so the October 2013 inflation rate was 3.6 % during the same period of 2009-2013, according to the National Bureau of Statistics, with a 0.38 % average annual fluctuation [4,5].

The external report, the Moldovan leu depreciated due remittances inflows and fluctuations in the U.S. dollar on international currency markets, which led to an increase in consumer prices by about 3.6 % . Food prices in October 2013 rose by 4.8 % , mainly due to the seasonal nature of the economy. The price of non-food products increased by 3.7 % due to currency depreciation , higher excise duties and the dynamics of world oil prices .

Data from the National Bureau of Statistics show that in 2011 the value of foreign trade of the Republic of Moldova has exceeded \$ 7.4 billion, after the largest increase in trade in the last decade, more than 35 percent [4].

Evaluation Moldovan agro export competitiveness in the EU market:

- ▶ Natural resources and human capital are the main competitive advantages of Moldova.
- ▶ Potential international competitiveness can be measured by comparing costs agricultural production costs in foreign markets.
- ▶ Competitiveness and farm subsidies Quality management systems: ISO, HACCP, EuroGAP.
- ▶ Moldova's agro exports constitute 50-55% of the country's exports, confirming the dominance of agri-food sector in the economy.
- ▶ Exports of high added value: wine and strong drink, fresh and processed fruits and vegetables.
- ▶ Positioning the country in the top 10 countries in the world specializing in the export of wines and top 20 in the fruits, vegetables and nuts.

Moldova exported most commodities in the European Union, the National Bureau of Statistics data show. According to statistics, in 2013, Moldova has made exports worth over one billion 500 million dollars, almost 13 percent more than the same period last year. In the period January-August, Moldova

exported to European countries goods worth over 700 million dollars, nine percent more than the same period last year. Meanwhile, exports to CIS countries amounted to over 600 million dollars, and in other countries, more than 200 million dollars. Statistics show that Moldova exported to Russia nearly 30 percent of totate goods, which corresponds to more than 400 million dollars. In second place is Romania, where export goods worth nearly 300 million dollars. Followed by Italy and Turkey - with exports worth over 100 million dollars, and Ukraine with nearly \$ 90 million. Moldovan economy with an agricultural area of 2.5 million hectares, five times lower than in Romania, managed in six of the past seven years to be a net exporter of agricultural products in Romania [3].

In the first ten months of this year, Romania imported from Moldova agrifood 35.2 million and recorded a trade deficit this line of 9.5 million. In 2012, imports from Moldova amounted to 46.6 million and 18.3 million deficit. Romania had trade surplus in trade of agricultural products to Moldova only in 2010 when exports 24 million were only 2.4 million higher than imports. In the past seven years the cumulative trade deficit for these product categories was 72.3 million.

In the first nine months of 2013 year, Romania has managed to become a net exporter of agricultural products for the first time in 24 years, with a surplus of about 3 million. Evolution of exports, imports and the trade deficit or surplus food products between Romania and Moldova in the period 2007-2012 and in the first ten months of 2013 (Table 1).

Table 1. Deficit in six of the past seven years

Year	Exports (million)	Imports (million)	Deficit / Exccendent (million)
2007	21,5	32,5	-11
2008	27,4	41,2b	-13,8
2009	22	28,9	-6,9
2010	24	22,4	2,4
2011	25,4	40,6	-15,2
2012	28,3	46,6	-18,3
2013	25,7	35,2	-9,5

Source: Eurostat, 2013 data are for the first ten months

According to the National Bureau of Statistics, most were exported electrical

equipment, furniture and clothing, accounting for over 20 percent of total exports.

Also, exports of food and live animals were ranked second and the value exceeds 100 million dollars.

However, among the most exported goods are found to transport machinery and equipment, alcoholic beverages, tobacco, inedible crude materials and fuels.

Both adverse weather conditions and background of a crisis that seems to have no end, generates a steady rise in the price of agricultural products.

It is, of course, and the Republic of Moldova. However, in addition to price uncertainty, better felt in the place where we should do shopping. Market, its classical form, as we know it for decades, is more embarrassed than retail networks, especially in conditions which require more stringent monitoring conditions to have a marketing and regulatory agro-food prices.

Among the key prerequisites for the positive development of agri-food trade represents efforts to boost the agriculture with high added value, creating marketing infrastructure for producers, joint efforts liberalization and export promotion of these products.

Additionally, point out that the share of exports to the EU market is growing compared to the same period last year, which is a huge advantage in terms of profit and stability for local producers and exporters.

For the near future, the Ministry of Agriculture estimates of export growth in wine production given the European Commission's permission to double quotas for these products in the EU market.

## CONCLUSIONS

Prospects for agriculture in Moldova are clearly positive because: export demand is high - manifested by the fact that most of the production is exported which gives farmers and investors opportunities to gain significant, the cost of labor, land and the capital is still lower than in the countries of origin of potential investors, the local market is a relatively young market with many opportunities for exploitation. Would also be

recalled here that are still insufficient regulations to ensure proper traceability and authenticity of organic products in particular and that of the local consumer often has an accurate perception of what really means an ecological product with although it claims to be the actual consumer of organic products.

Agri-food sector in Moldova has greatly expanded in recent years, and there is a constant interest in encouraging this area, interest should develop into a competitive advantage for local agriculture in the next period if all EU conditions quality assurance, harmonized standards, product safety and consumer protection are met. As we conclude the paper synthesizing information, it outlines the idea that global economic globalization and the enlargement of the European Union to achieve the desire linked to the attainment of a quality culture based on a common infrastructure, eliminating technical barriers barriers to trade, certification and food quality certification have an increasingly important role in consumer protection policies.

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