

євро), Данія (227 євро), Швеція (197 євро), Люксембург (188 євро) (рис. 4). Встановлено, що середній європейець на органічні продукти витрачає 40,8 євро на рік, а мешканець ЄС – 60,5 євро.

За оцінками Продовольчої та сільськогосподарської організації ООН (ФАО) у перспективі попит на органічну продукцію у світі зростатиме в міру розвитку економіки країн, підвищення рівня освіти та доходів населення.

Дослідження показали, що передумовами успішного розвитку органічного виробництва у країнах-членах ЄС є: міцна інституційно-правова база, фінансова допомога виробникам органічної продукції, сприяння популяризації органічного виробництва, підтримка розвитку науки і дорадництва, довіра до маркування екологічного сільського господарства, зростання попиту на екологічну продукцію за кордоном та всередині країн, адміністративна підтримка через державні замовлення та держзакупівлі, надання пільгових кредитів агровиробникам тощо.

**Висновки.** Ринок органічної продукції є перспективним сегментом агропродовольчого ринку розвинутих країн світу. Нині значно зріс інтерес споживачів до якісної екологічно безпечної продукції. Органічне агровиробництво, як перспективна для більшості країн світу галузь, дозволяє реалізувати концепцію сталого розвитку агросфери за рахунок соціально-економічної й природно-ресурсної збалансованості.

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### AGRI-FOOD TRADE AND THE E.U. MARKET: OPPORTUNITIES AND CHALLENGES FOR MOLDOVA

The aim of this paper is to assess the development on Moldova's agri-food trade flows on the E.U. market. Thus the main changes and tendencies in the agri-food trade structure and distribution markets is analyzed. The research is based on the analysis of secondary data, provided by National Bureau of Statistics. The examined time series belong to 2012-2017. Trade liberalization has as a positive outcome an increase in the volume of agri-food exports of Moldova, particularly in terms of specialization and concentration of production and diversification of the geographical distribution. Another positive result is the decrease in the dependence on traditional markets. This fact imposed the increase in both quality and variety of exported articles. Due to the DCFTA there is an increase in trade flows with E.U. The agri-food market is important for the stabilization of the national economy, because of its valuable contribution to GDP. Thus is important that the government supports the modernization of the agri-food sector and stimulates to attract investments which will run its further orientation.

**Key words:** agri-food products, DCFTA, trade.

### АГРОПРОМИСЛОВА ТОРГОВЛЯ И Е.С. РЫНОК: ВОЗМОЖНОСТИ И ВЫЗОВЫ МОЛДОВЫ

Целью данного исследования является оценка развития потоков сельскохозяйственной и продовольственной торговли Молдовы на рынок ЕС. Таким образом, анализируются основные

изменения и тенденции в структуре агропродовольственной торговли и на рынках сбыта. Исследование основано на анализе вторичных данных, предоставленных Национальным Бюро Статистики. Рассмотренные данные относятся к 2012-2017 гг. Положительным результатом либерализации торговли стало увеличение объемов агропродовольственного экспорта Молдовы, особенно с точки зрения специализации и концентрации производства и диверсификации географического распределения. Еще один положительный результат - снижение зависимости от традиционных рынков. Этот факт обусловил увеличение как качества, так и разнообразия экспортируемых товаров. Благодаря соглашению о свободной торговле наблюдается увеличение торговых потоков с ЕСю Агропродовольственный рынок важен для стабилизации национальной экономики, поскольку он вносит ценный вклад в ВВП. Таким образом, важно, чтобы правительство поддерживало модернизацию агропродовольственного сектора и стимулировало привлечение инвестиций, что будет способствовать его дальнейшей ориентации.

**Ключевые слова:** агропродовольственные товары, соглашение о свободной торговле, торговля.

## АГРОПРОМИСЛОВА ТОРГІВЛЯ ТА Е.С. РИНОК: МОЖЛИВОСТІ ТА ВИКЛИКИ МОЛДОВИ

Метою даного дослідження є оцінка розвитку потоків сільськогосподарської та продовольчої торгівлі Молдови на ринок ЄС. Таким чином, аналізуються основні зміни і тенденції в структурі агропродовольчої торгівлі і на ринках збуту. Дослідження засноване на аналізі вторинних даних, наданих Національним Бюро Статистики. Розглянуті дані відносяться до 2012-2017 рр. Позитивним результатом лібералізації торгівлі стало збільшення обсягів агропродовольчого експорту Молдови, особливо з точки зору спеціалізації і концентрації виробництва та диверсифікації географічного розподілу. Ще один позитивний результат - зниження залежності від традиційних ринків. Цей факт зумовив збільшення як якості, так і різноманітності товарів, що експортуються. Завдяки угоді про вільну торгівлю спостерігається збільшення торговельних потоків з ЄСю Агропродовольчий ринок важливий для стабілізації національної економіки, оскільки він вносить цінний внесок у ВВП. Таким чином, важливо, щоб уряд підтримував модернізацію агропродовольчого сектору та стимулювало залучення інвестицій, що сприятиме його подальшій орієнтації.

**Ключові слова:** агропродовольчі товари, угода про вільну торгівлю, торгівля.

**The problem presented in general terms and its connection with important scientific and practical tasks.** Major changes occurred in the international trade flows both for developed and developing countries. If developed nations are viewed on the international arena as important producers and traders, often net exporter, the role of developing countries had increased considerable during the last decades. Particularly those changes referred to the trade with agri-food products where important positions are maintained by developing nations. Given the new circumstances the competition on the markets for agri-food products is strong, which requires exporters to constantly improve products quality and offer the most advantageous price.

**Analysis of the latest research in which the problem was initiated.** Continuous trade liberalization and transition process imposed change in the agricultural and food trade environment. The level of reintegration in world economy for countries which passed through similar transition period was appreciated by many economists [1,2]. The integration of these countries into the world trade flows took place due to joining the World Trade Organization (WTO), or signing various Free Trade Agreements (FTA) with E.U. [2,3]. In their works the level of competitiveness of one or another branch or country are established. Other results [4, 5] examine how these achievements were achieved using the labor division advantages by branches or countries, or as result of the transition process.

Competitiveness has become a key issue on international markets since it can be considered as the major source of export development. A country that utilizes the best its resources within its agricultural sector may benefit from comparative advantage on international agricultural markets [6].

Agri-food trade plays an important role in Moldova's economy. The share of agriculture in GDP is currently 12% and about 40% of population is economically active in this sector. Agri-food products have a share of total 45% of country's total exports.

Due to the Deep and Comprehensive Free Trade Agreement (DCFTA) signed between Republic of Moldova and European Union, it is important for the agri-food products to be competitive on the EU market and to assess the potential gains of the increased demand. As result of DCFTA is expected an increase in trade flows with E.U. market.

**Article targets.** The aim of this paper is to assess the development on Moldova’s agri-food trade flows on the E.U. market. Thus the main changes and tendencies in the agri-food trade structure and distribution markets is analyzed. The research is based on the analysis of secondary data, provided by National Bureau of Statistics. The examined time series belong to 2012-2017. The changes in agri-food trade structure is based on the international nomenclature for the classification of products Harmonized Sections (HS 2012) in two digits (chapter 01-24 for agri-food commodities).

**Presentation of the main research material with full justification of the received scientific results.** Both exports and imports flows developed positively in the recent years. The amount of exported goods and services on average during 2012-2017 were 2.227,6 million USD, while the amount of imported goods were 4.810,3 million USD. The overall trade balance is still negative (2.582,4 million USD), due to large imports of energy and gas resources. For both imports and exports is obvious a decrease in 2015 followed by an immediate increase in the next period.

If overall trade balance is still negative, an opposite picture is characteristic for the agri-food products.

Table 1

Main trade dynamics (2012-2017)

|                         | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     | average      |
|-------------------------|----------|----------|----------|----------|----------|----------|--------------|
| Total export            | 2161880  | 2428303  | 2339530  | 1966837  | 2044611  | 2424972  | 2227688.765  |
| Total import            | 5212928  | 5492393  | 5316959  | 3986820  | 4020357  | 4831335  | 4810132.142  |
| Trade balance           | -3051048 | -3064090 | -2977429 | -2019983 | -1975746 | -2406363 | -2582443.377 |
| Total agri-food exports | 878881.1 | 1015546  | 1065351  | 914488.7 | 945477.8 | 1130872  | 991769.4267  |
| Total agri-food imports | 743339.7 | 783795.6 | 719325.6 | 586576.3 | 608048.5 | 705206.9 | 691048.765   |
| Agri-food trade balance | 135541.4 | 231749.9 | 346025.4 | 327912.4 | 337429.3 | 425665.6 | 300720.6617  |

Source: based on National Bureau of Statistics data

Agri-food products are the main exported commodities and maintain almost half of the share in the exported goods. The changes in the overall trade tendencies are reflected also in the agri-food trade flows. On average, related to agri-food trade, Moldova exported commodities with a value of 991,7 million USD, while imported 691,0 million USD, maintaining a surplus of 300 million USD.

Since the Deep and Comprehensive Free Trade Agreement in 2014, the trade relations with E.U. countries became even closer. Earlier, Moldova was gathering already trade preferences with E.U. market through General System of Preferences (GSP), GSP plus (GSP+), and Autonomous Trade Preferences (ATP) for some agricultural and food products (alcoholic drinks, sugar). The DCFTA agreement increased even more the trade flows with European Union, reaching the greatest level in 2017. During 2012-2017 the agri-food exports to E.U. countries on average reached 472,6 million USD with a trade surplus of 212,3 million USD.

Table 2

Geographical distribution of agri-food trade flows

| Groups of countries |               | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     | average  |
|---------------------|---------------|----------|----------|----------|----------|----------|----------|----------|
| E.U. countries      | exports       | 339642.7 | 379516.1 | 441327.2 | 488314.5 | 537857.8 | 649508.7 | 472694.5 |
|                     | imports       | 258716.4 | 267766.1 | 270790.7 | 212012   | 249848.6 | 303170.7 | 260384.1 |
|                     | trade balance | 80926.3  | 111750   | 170536.5 | 276302.5 | 288009.1 | 346338   | 212310.4 |
| C.I.S. countries    | exports       | 406672   | 396538.9 | 367881.1 | 238982.4 | 173891.6 | 220394.3 | 300726.7 |
|                     | imports       | 314839.8 | 339730.8 | 283720.2 | 223001.7 | 247482.3 | 275583.9 | 280726.4 |
|                     | trade balance | 91832.2  | 56808.1  | 84160.9  | 15980.7  | -73590.7 | -55189.6 | 20000.27 |
| rest of the world   | exports       | 132566.4 | 239490.5 | 256142.7 | 187191.8 | 233728.5 | 260969.5 | 218348.2 |
|                     | imports       | 169783.5 | 176298.7 | 164814.7 | 151562.6 | 110717.6 | 126452.3 | 149938.2 |
|                     | trade balance | -37217.1 | 63191.8  | 91328    | 35629.2  | 123010.8 | 134517.2 | 68409.99 |

Source: own calculations based on National Bureau of Statistics data

An opposite situation in regard to C.I.S. countries trade flows is observed. Both agri-food exports and imports to/from C.I.S. markets decreased during 2012-2017. On average Moldova exported to C.I.S. countries agricultural and food products in value of of 300,7 million USD and imported from them a value of 280,7 million USD. Particularly decreased almost twice the share of exports to C.I.S. countries, while imports diminished with 20 percent. These decrease in exports was influenced by Russia's interdictions since 2013 on Moldavian wines and other agricultural and food products. Other important trade partners for Moldova are Ukraine and Belarus.

The main exported commodities are beverages, edible fruits and nuts and oil seeds. These three agricultural and food products have a share of 57% in agri-food exports on average during 2012-2017. Imports are more diversified. More than a half of imported agri-food products belong to eight commodities: tobacco, edible vegetables, edible fruits and nuts, beverages, dairy products, preparations of cereals, fish and meat (Table 3).

Table 3

Structure of agri-food trade flows by commodities

|  | average 2012-2017 |          |
|--|-------------------|----------|
|  | export            | import   |
| 01 Live animals  | 8386.618          | 9096.195 |
| 02 Meat and edible meat offal                            | 17301.46          | 37449.35 |
| 03 Fish and crustaceans                                  | 38.68167          | 38155.41 |
| 04 Dairy produce   | 17332.65          | 40780.77 |
| 05 Products of animal origin                             | 180.4833          | 3519.472 |
| 06 Live trees and other plants                           | 1772.535          | 12366.69 |
| 07 Edible vegetables                                     | 11855.49          | 30713.83 |
| 08 Edible fruit and nuts; peel of citrus fruit or melons | 195393.9          | 62928.52 |
| 09 Coffee, tea, mate and spices                          | 968.3317          | 12892.6  |
| 10 Cereals   | 132255            | 14467.41 |
| 11 Products of the milling industry                      | 1674.475          | 29627.32 |
| 12 Oil seeds and oleaginous fruits                       | 174078.9          | 29549.57 |
| 13 Lac; gums, resins and vegetable saps and extracts     | 58.94833          | 1434.81  |
| 14 Vegetable plaiting materials                          | 428.0467          | 117.1033 |
| 15 Animal or vegetable fats and oils                     | 65214.45          | 25734.23 |
| 16 Preparations of meat                                  | 83.35167          | 12922.49 |

Продовж.. табл. 1

| 1   | 2        | 3        |
|---|----------|----------|
| 17 Sugars and sugar confectionery               | 38480.33 | 26860.26 |
| 18 Cocoa and cocoa preparations                 | 6023.062 | 23853.4  |
| 19 Preparations of cereals                      | 15467.08 | 40091.79 |
| 20 Preparations of vegetables, fruit, nuts      | 59481.99 | 21382.82 |
| 21 Miscellaneous edible preparations            | 8176.777 | 64507.32 |
| 22 Beverages, spirits and vinegar               | 200222.4 | 58208.47 |
| 23 Residues and waste from the food industry    | 16679.1  | 26745.68 |
| 24 Tobacco and manufactured tobacco substitutes | 20215.36 | 67643.25 |

Source: own calculations based on National Bureau of Statistics data

The most exported agri-food commodities on E.U. market were oil seeds and oleaginous fruits, edible fruits and nuts and cereals. These three products had a share of 57% of Moldova's agri-food exports to E.U. countries. The main trade partner of Moldova's exports among E.U. countries remains Romania (28%). Other important export markets among E.U. partners are United Kingdom, Poland, Italy, France and Germany. Together they have a share of over 40% from Moldavian agri-food exports.

The top imported agricultural and food products from E.U. countries were: beverages, edible fruits and nuts, miscellaneous edible preparations, dairy products, oil seeds and oleaginous fruits, preparations of cereals, preparations of vegetables, fish. These commodities account more than 50% of total imported agri-food commodities from E.U. market. Still the main trade partners remains Romania (23%), followed by Germany, Poland, France, Italy and Spain.

**Conclusions.** Analyzing agri-food trade trends in Moldova is obvious that important changes happened. Both Moldova's exports and imports experienced important changes during 2012-2017.

Moldova is a landlocked country, and its geographic position imposes difficulties in terms of costs for trade collaboration with many countries. In the same time close trade relations with neighboring countries are maintained. Concerning the geographical distribution in the analyzed period important changes occurred. If recently most of agri-food export were oriented to the traditional markets (Russia and other C.I.S.), after several interdiction imposed on agri-food products (wines and other alcoholics beverages, fruits) their share decreased sharply in favor of E.U. and other countries. The DCFTA had a key role in strengthen the trade relations toward E.U. market. Romania is the main trading partner both for agri-food exports and imports among the E.U. market.

The analysis of the commodity structure in Moldova's agri-food trade flows indicate that exports are based on mainly some commodities that have a share of 80%. Among them are: beverages, edible fruits and nuts, cereals, oil seeds and oleaginous fruits, animal or vegetable fats and oils. The share of the foodstuffs had decreased in favor of agricultural products. The increasing in agri-food trade coverage ratio for the above mentioned commodities is also a positive aspect. For agri-food imports larger values are typical for commodities that are not competitive and have negative trade balance.

Trade liberalization has as a positive outcome an increase in the volume of agri-food exports of Moldova, particularly in terms of specialization and concentration of production and diversification of the geographical distribution. Another positive result is the decrease in the dependence on traditional markets. This fact imposed the increase in both quality and variety of exported articles. Due to the DCFTA there is an increase in trade flows with E.U. This will impose facing with higher demanding standards for Moldavian producers and an increased competitiveness. It is important to maintain the positions in relation with the main trading partners and to gather new market shares. The agri-food market is important for the stabilization of the national economy, because of its valuable contribution to gross domestic

product. Thus is important that the government supports the modernization of the agri-food sector and stimulates to attract investments which will run its further orientation.

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