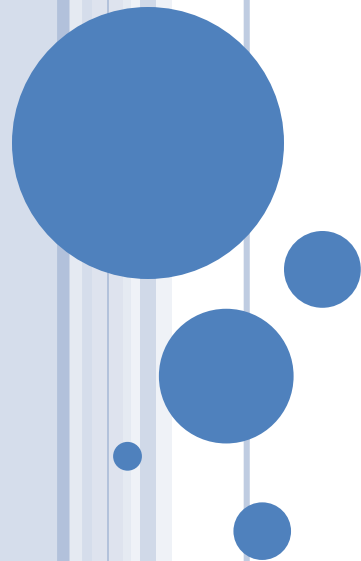


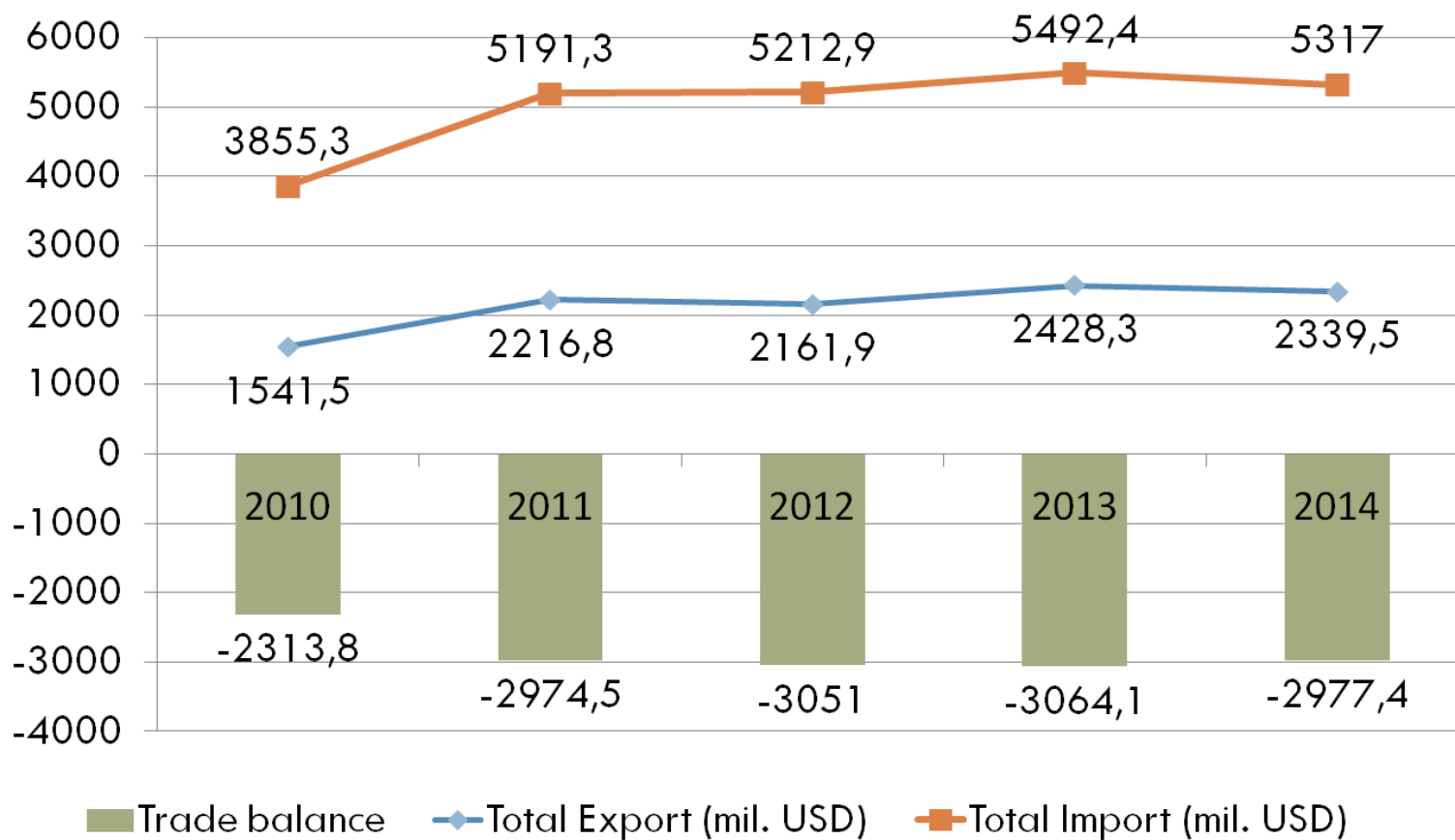
DESIGN OF THE NATIONAL PROGRAM FOR THE AGRI-FOOD EXPORT PROMOTION IN THE REPUBLIC OF MOLDOVA

ALEXANDRU STRATAN, REPUBLIC OF MOLDOVA

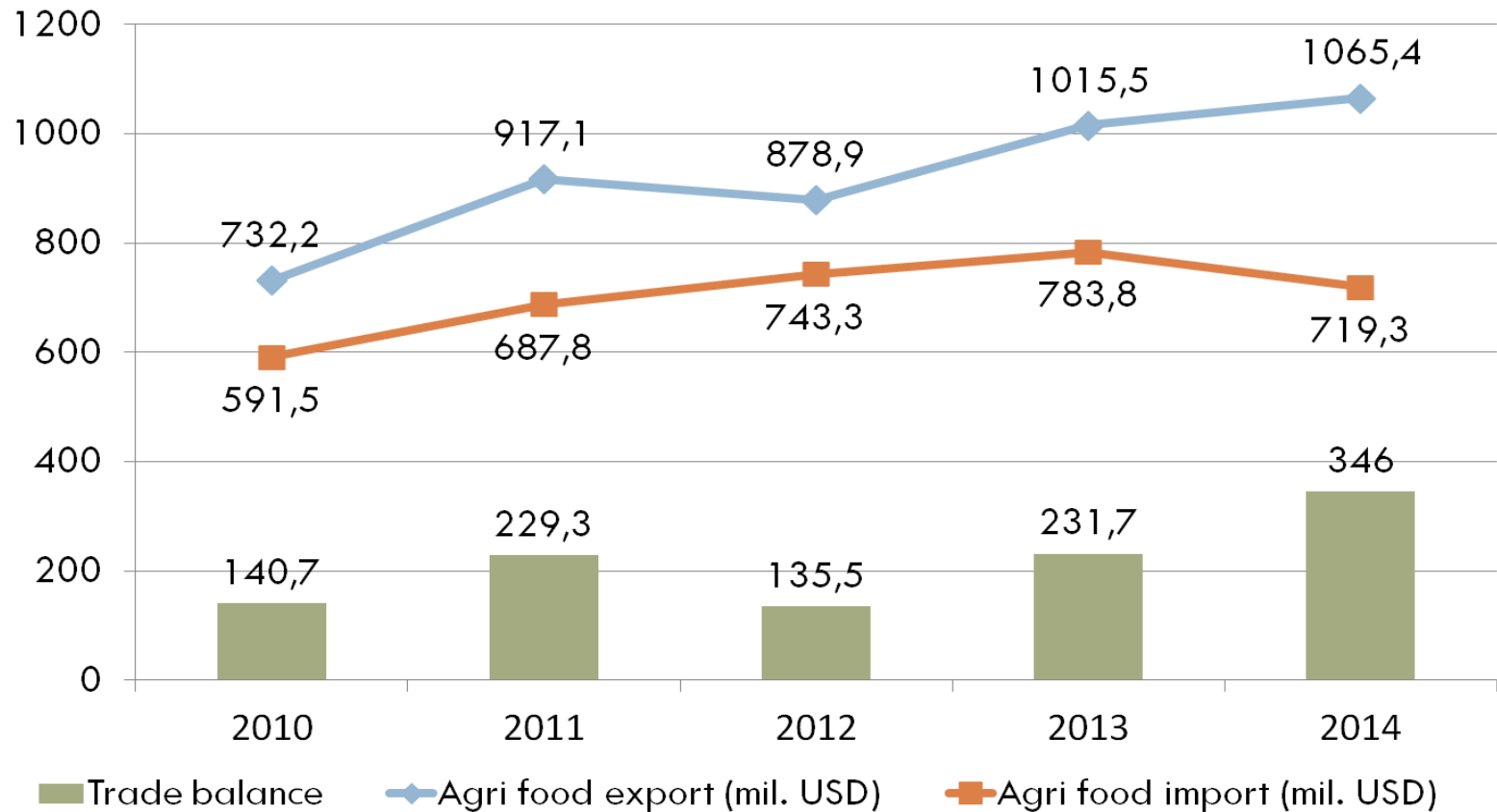


**Expert Round Table
“Best practices in export promotion:
Experiences in Latin America,
Eastern Europe and Central Asia”
May 24-25, 2016
IAMO Halle (Saale), Germany**

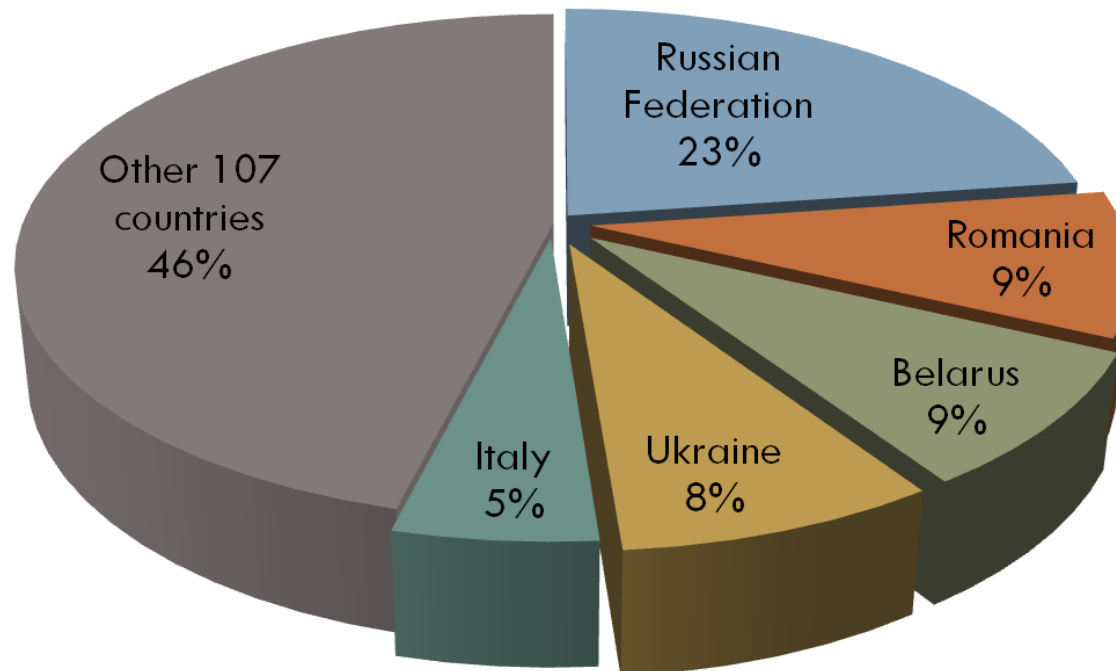
TOTAL EXPORT, IMPORT AND TRADE BALANCE



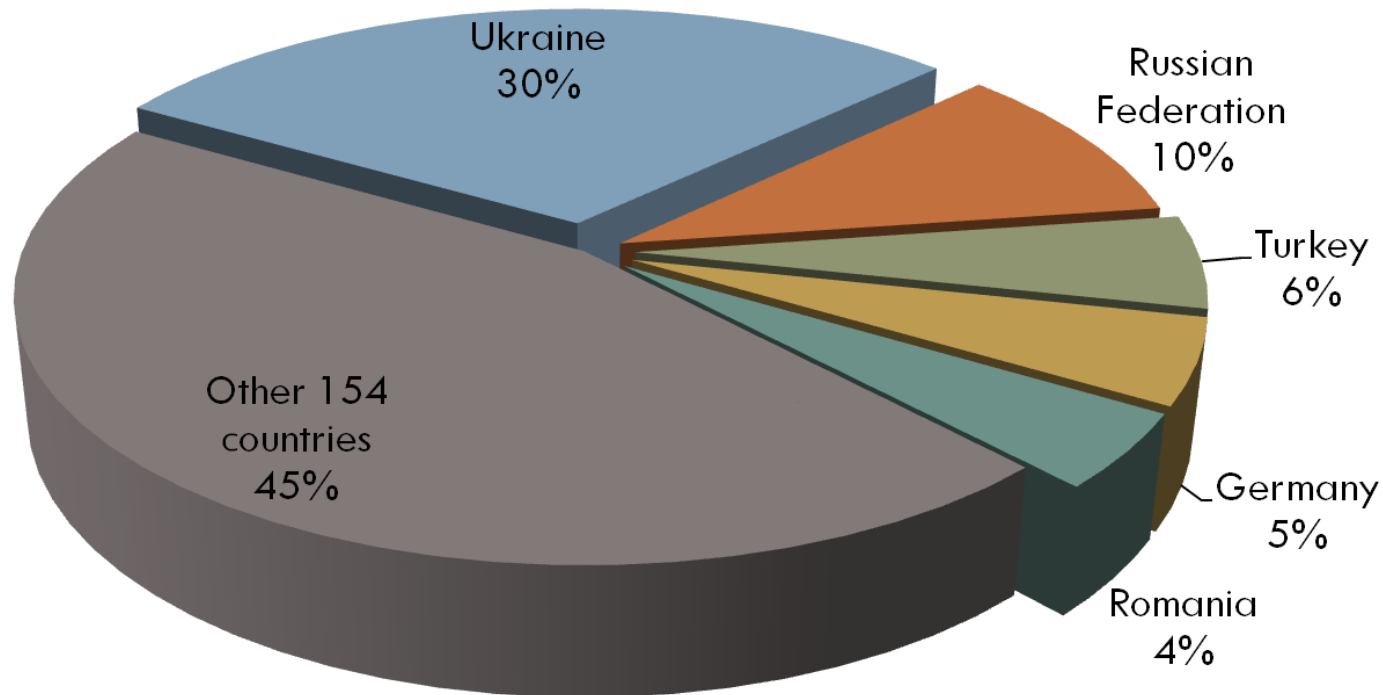
AGRI FOOD EXPORT, IMPORT AND TRADE BALANCE (HS 1-24), 2010-2014, MIL USD



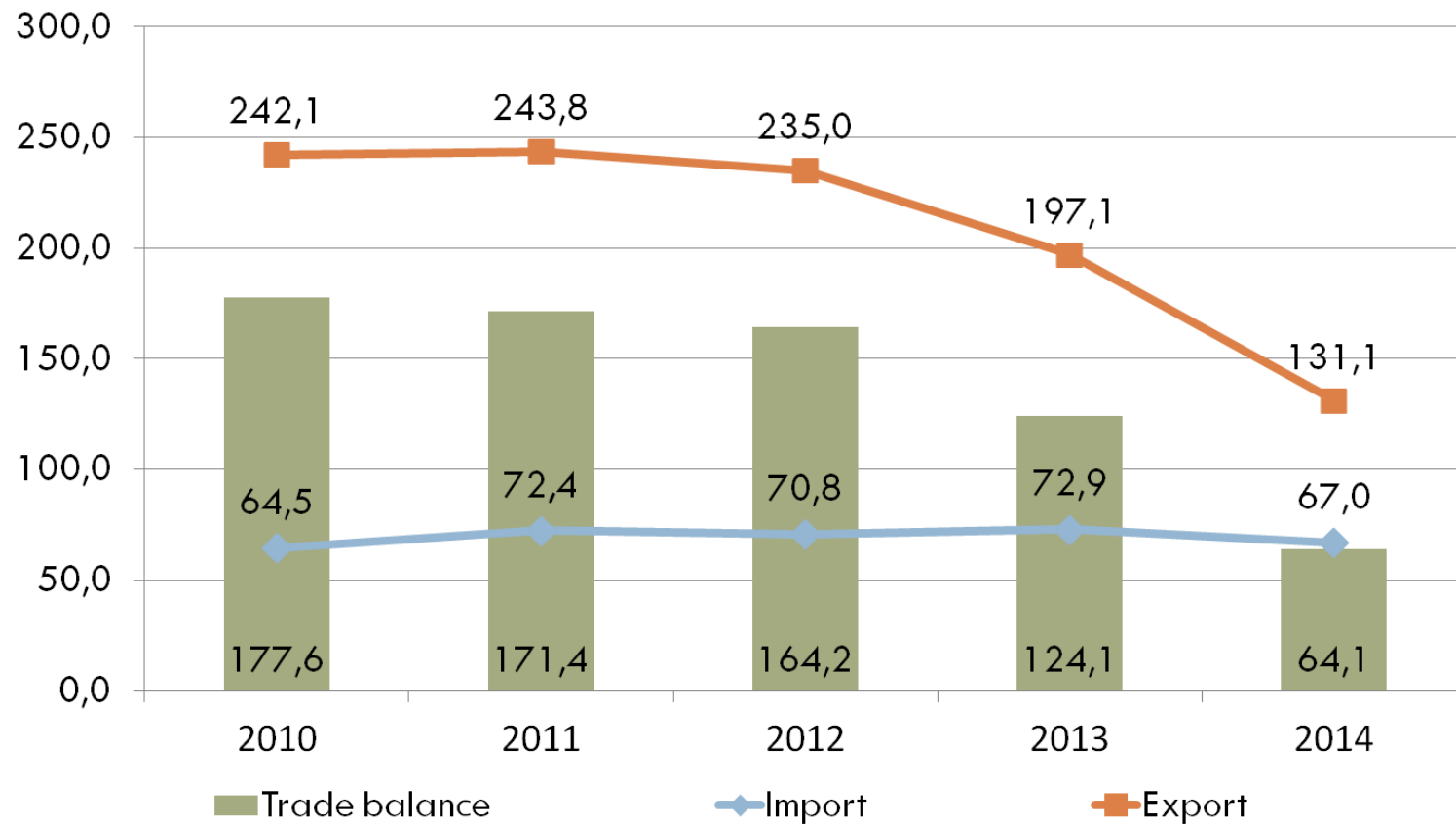
GEOGRAPHICAL DISTRIBUTION OF THE AGRI-FOOD EXPORTS, 2010-2014, MIL. USD, %



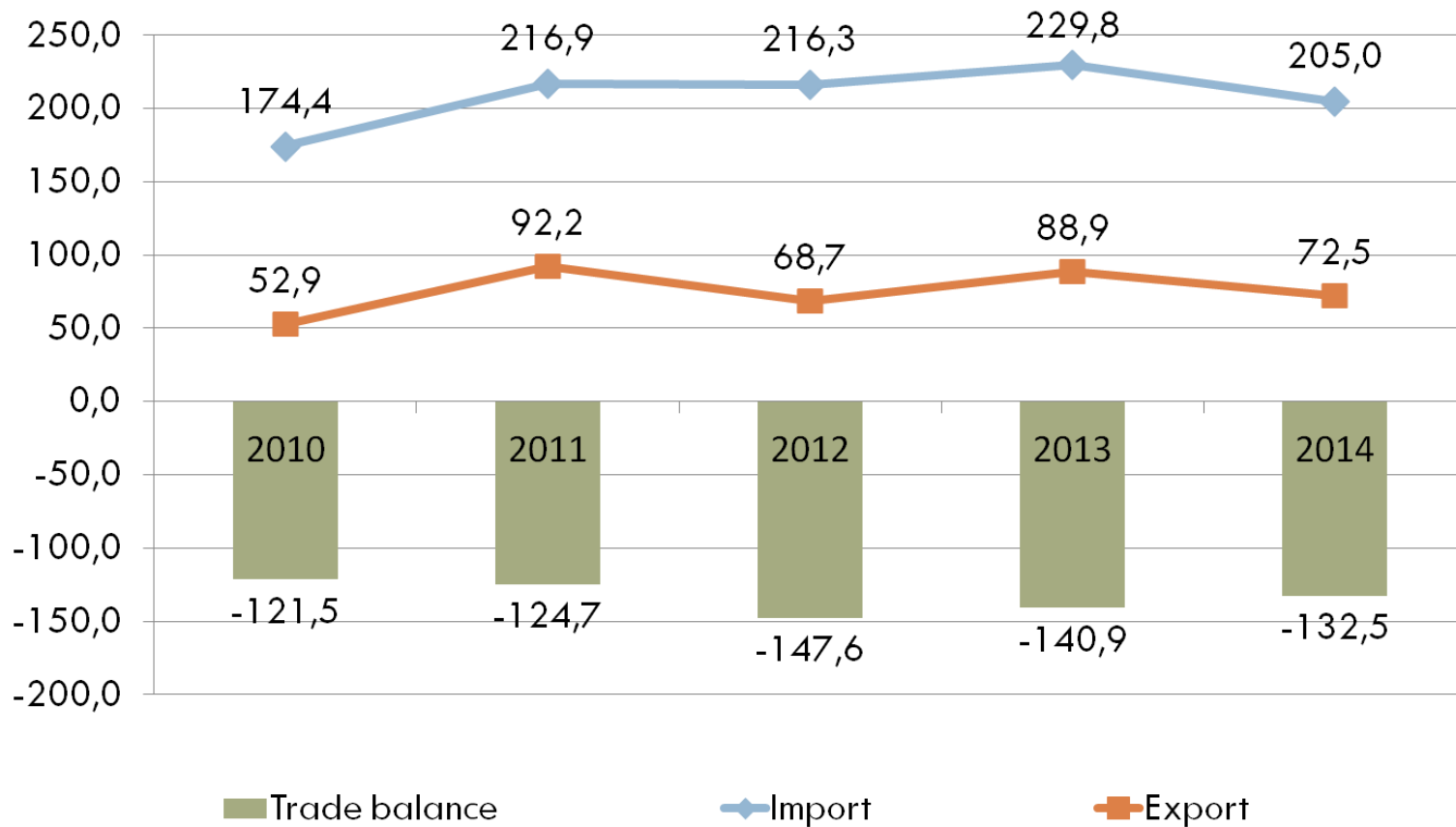
GEOGRAPHICAL DISTRIBUTION OF THE AGRICULTURAL FOOD IMPORTS, 2010-2014, MIL. USD, %



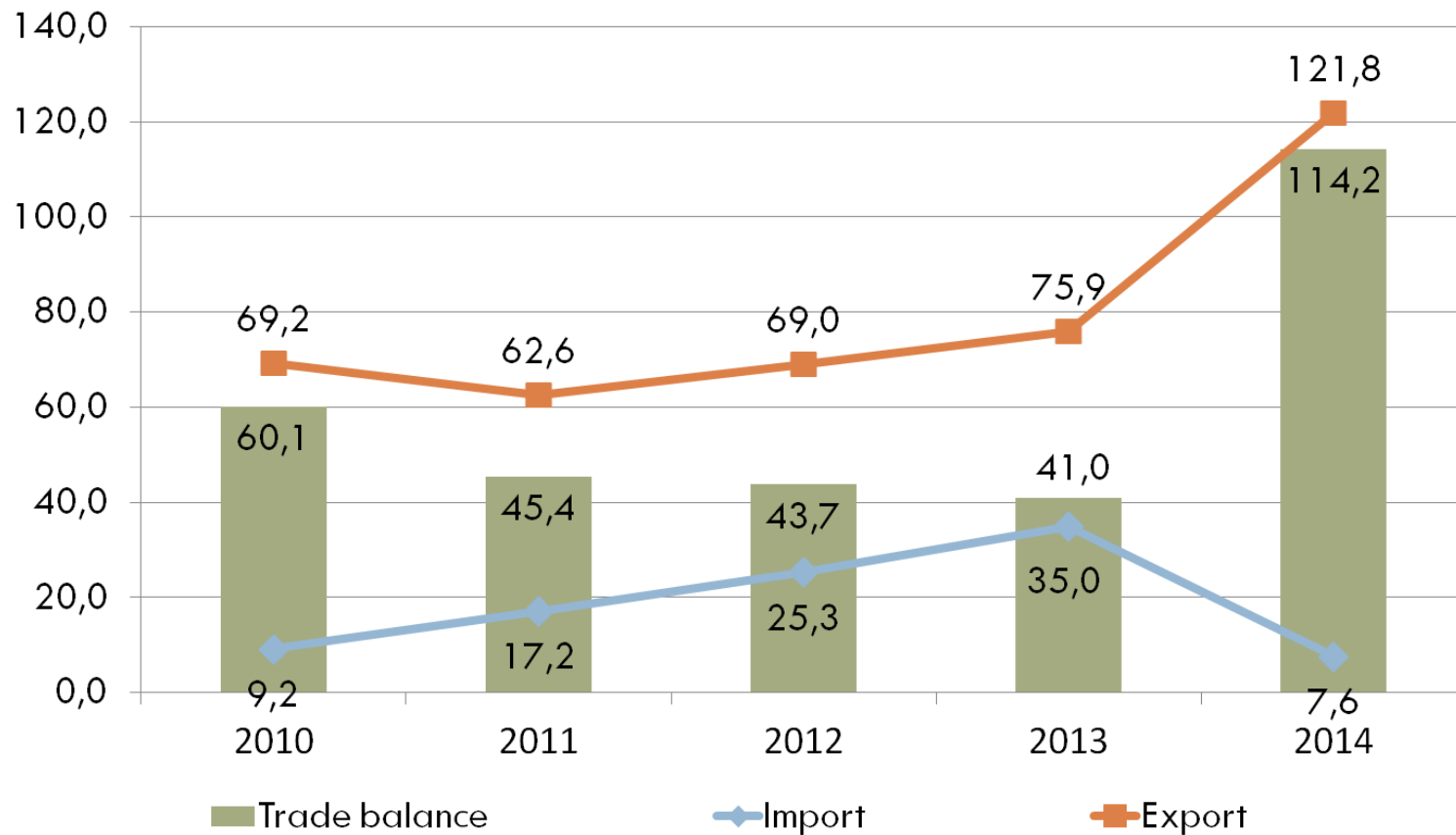
AGRI FOOD TRADE WITH RUSSIAN FEDERATION (HS 1-24), 2010-2014, MIL USD



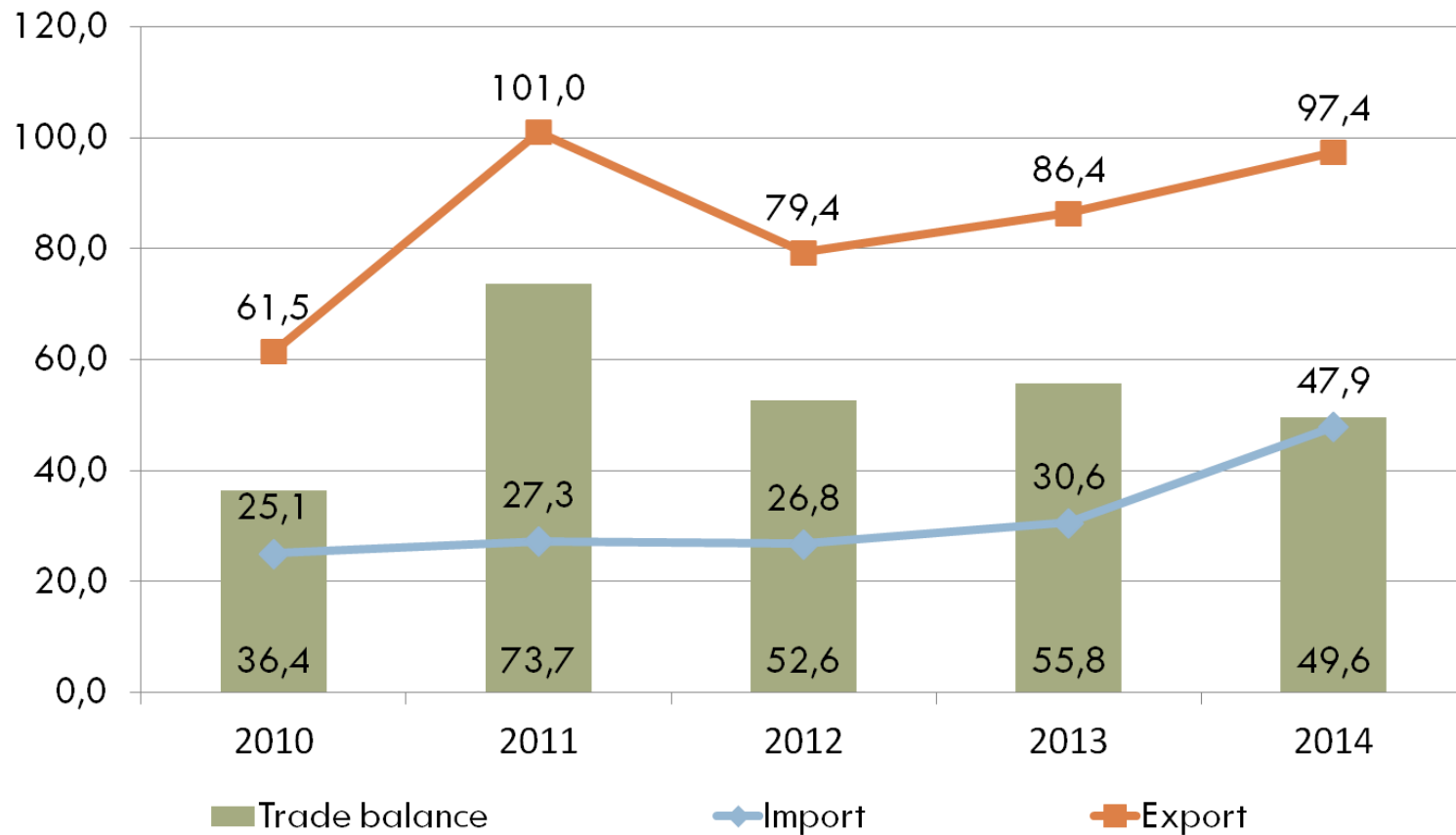
AGRI FOOD TRADE WITH UKRAINE (HS 1-24), 2010-2014, MIL USD



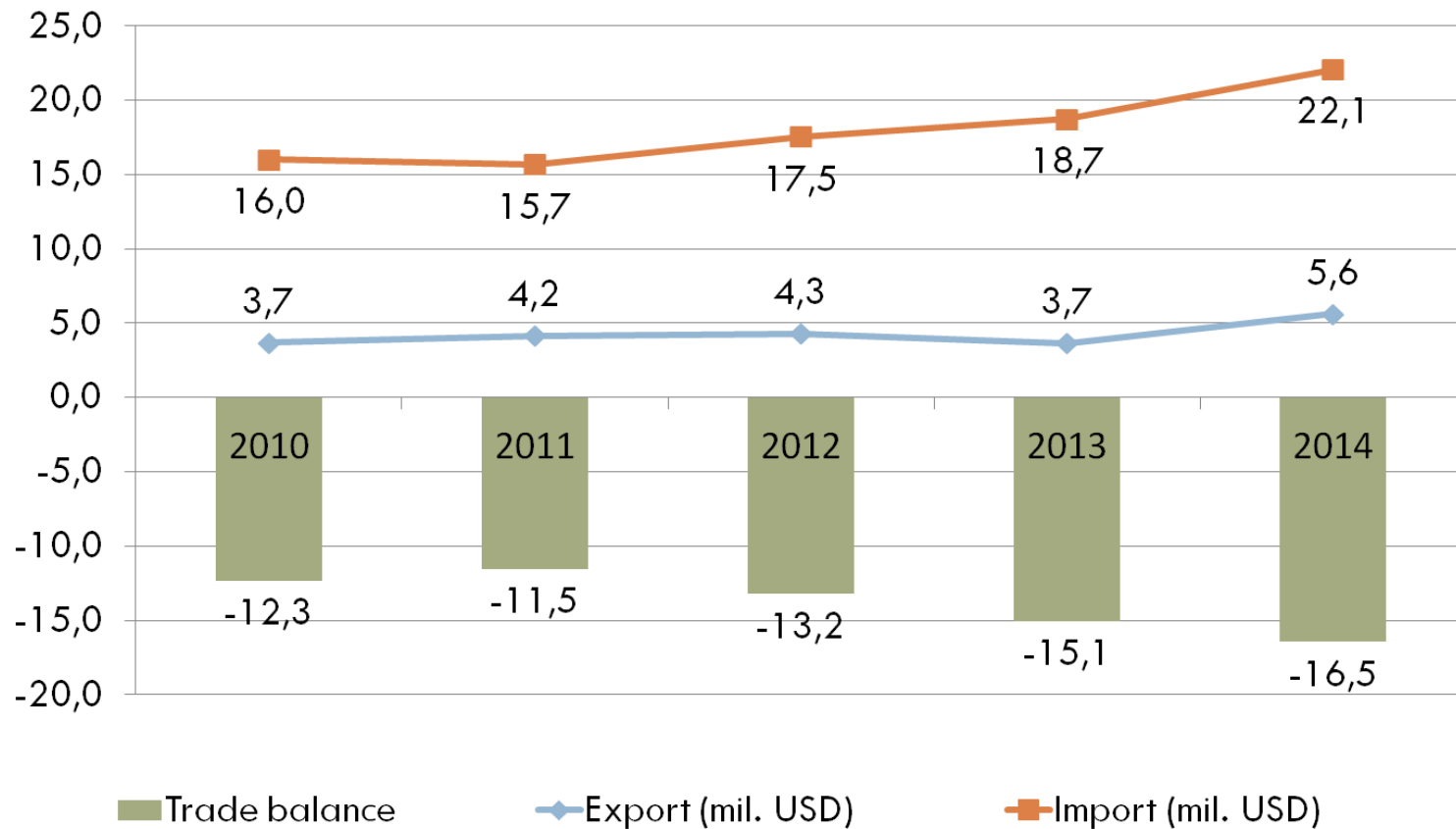
AGRI FOOD TRADE WITH BELARUS (HS 1-24), 2010-2014, MIL USD



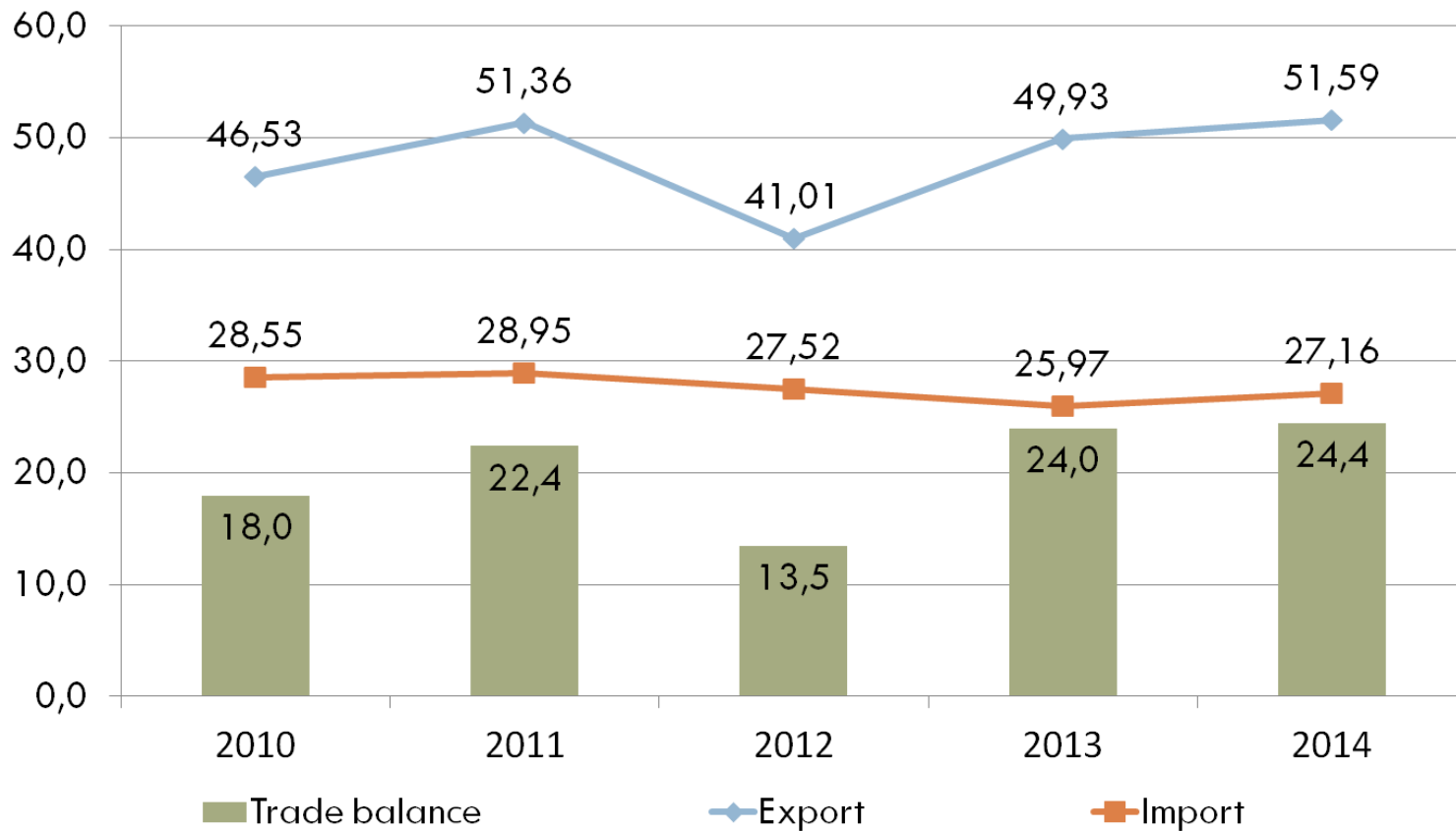
AGRI FOOD TRADE WITH ROMANIA (HS 1-24), 2010-2014, MIL USD



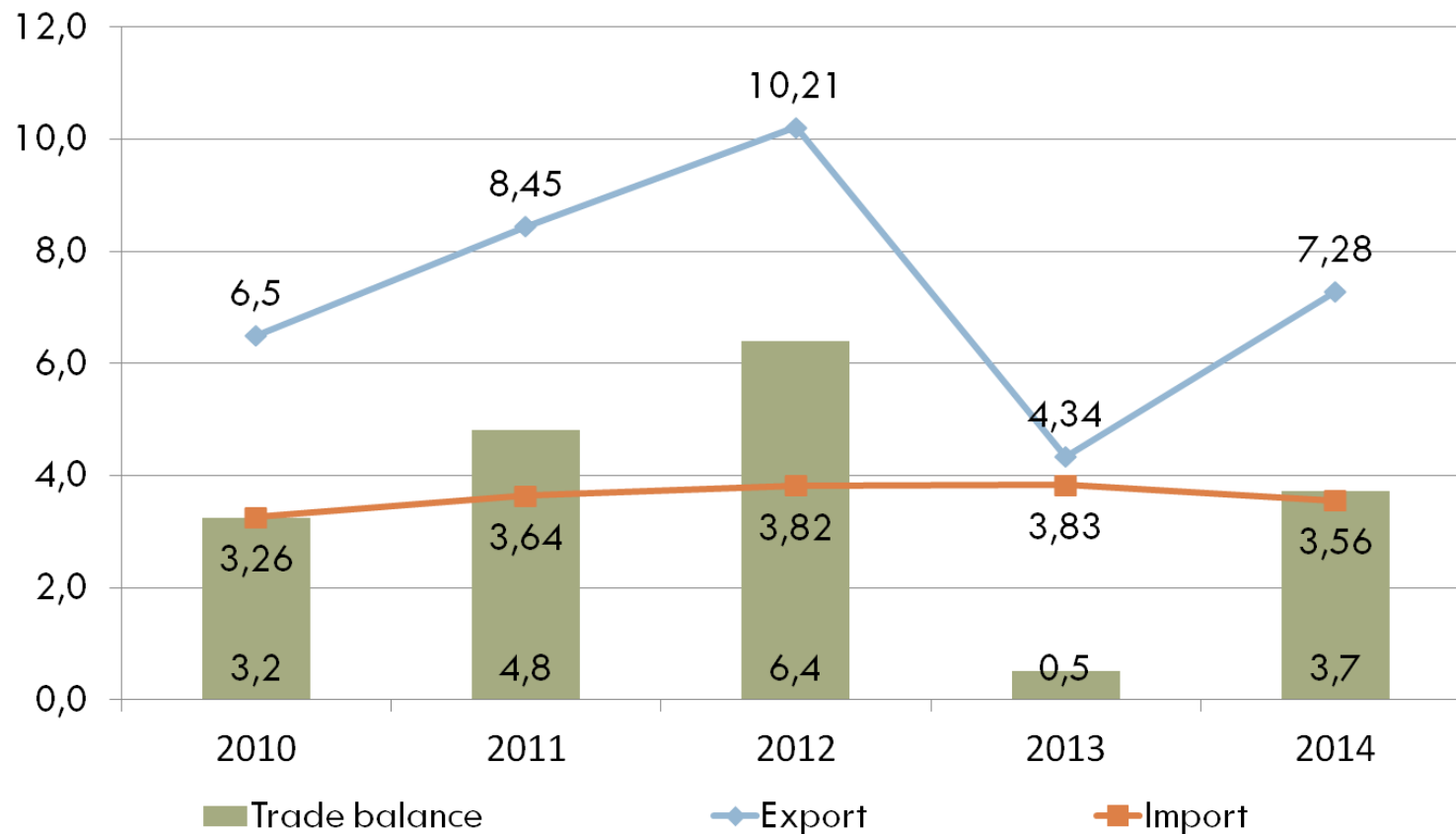
LIVE ANIMALS AND ANIMAL PRODUCTS. EXPORT, IMPORT AND TRADE BALANCE, 2010-2014, MIL USD



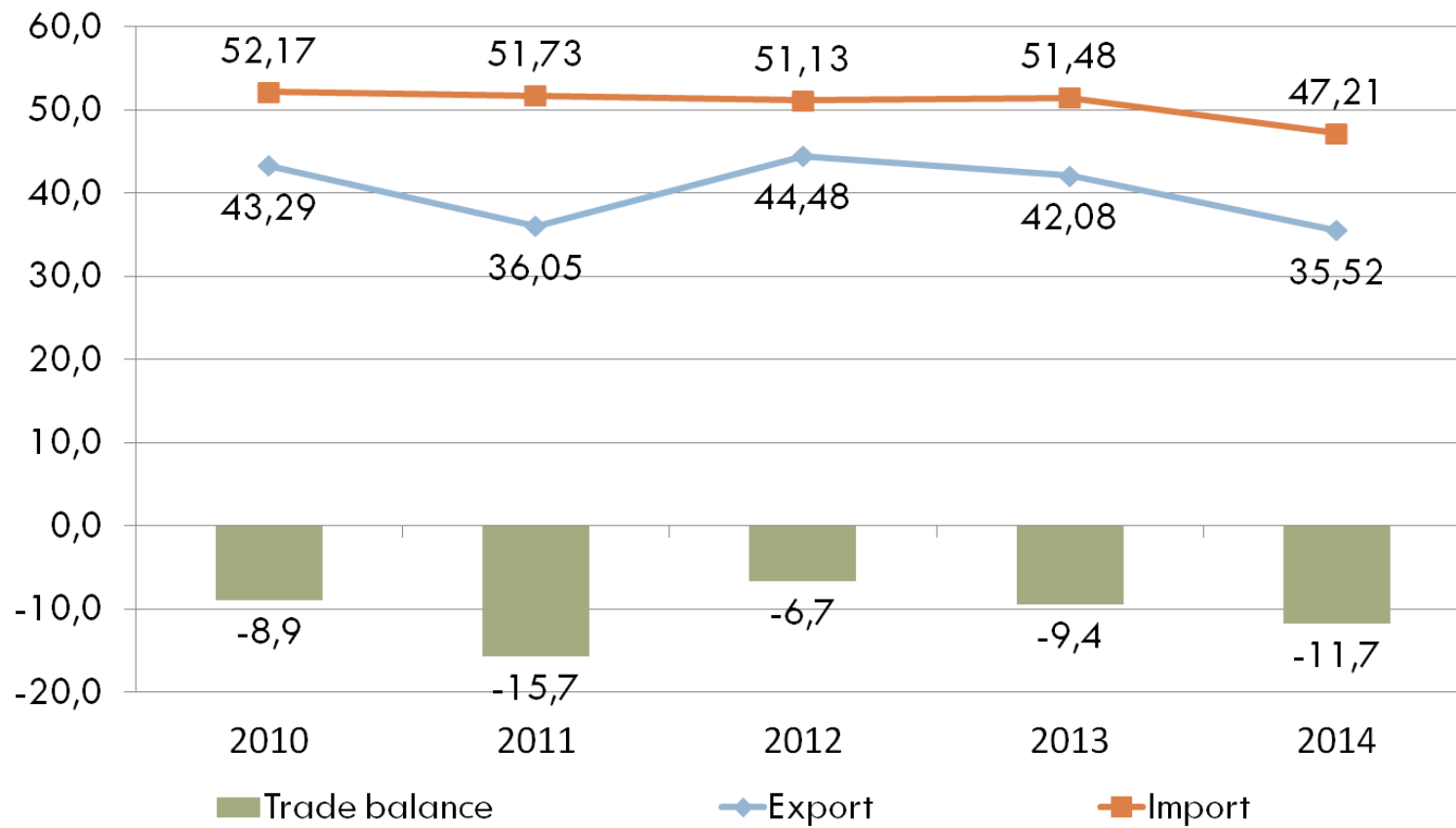
II. VEGETABLE PRODUCTS. EXPORT, IMPORT AND TRADE BALANCE, 2010-2014, MIL USD



III. ANIMAL OR VEGETABLE FATS AND OILS. EXPORT, IMPORT AND TRADE BALANCE, 2010- 2014, MIL USD



IV. PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES (MIL USD)



TRADE POLICIES OF THE REPUBLIC OF MOLDOVA

- The Republic of Moldova is a member of the WTO and has signed trade agreements with 93 countries
- The EU has opened its market for Moldova in 2008 through the autonomous trade preferences
- Association Agreement includes a deep and comprehensive free trade area (DCFTA) between the EU and Moldova on September 1, 2014;
- Continued cooperation with the countries of the former Soviet Union



STATE POLICY IN THE FIELD OF TRADE

- The state policy in the field of foreign trade is carried out by means of customs tariff and non-tariff regulation (quotas and licensing), the introduction of the established procedure of special duties in the foreign trade activity in accordance with the legal framework and the international treaties signed by the Republic of Moldova.
- The Republic of Moldova does not apply export duties, however, depending on the situation on the domestic market limitations for export or import of certain goods could be introduced.
- Import duties on agricultural products are on average 12%, with an average duty on all imported products in 5%.
- Non-tariff protection methods are mostly limited to product labeling in the official language.
- DCFTA agreement involves the removal of import duties on all products imported from the Republic of Moldova to the EU. For some fruits and vegetables this liberalization would imply some quantitative restrictions (tariff quotas), established in accordance with the production and export capacity of Moldova.
- In July 2014 Russian Federation raised the tariff duties on 19 commodity groups. Along with the increase in tariffs a temporary ban on imports of certain types of fruit and vegetable and animal products was introduced.



MAJOR EXPORT DEVELOPMENT CONSTRAINTS

- The high level of businesses fragmentation in the agricultural sector, food processing and foreign trade
- Low level of productivity in all areas of agri-food sector, as a consequence of the use of outdated technologies
- Unbalanced marketing activities, expressed in excessive concentration of the agricultural and food products trade in certain directions, and the sporadic nature of this trade with other countries and regions
- Lack of interaction in the field of technology transfer between business, academic and university centers



PLANNED EXPORT SUPPORT POLICIES

- Attract additional funds from development partners for funding the access strategy.
- Increase investments in production technologies, including technologies to reduce effect from droughts and other climate related events.
- Use EU financing to improve links between producers and consumers by internal and external marketing and promotion.
- Facilitate access to EU markets by improving transportation technologies, energy efficiency and environmental protection using EU and development organizations' financing available for this purpose.
- Conduct regular policy reviews and eliminate excessive regulations hampering competitiveness.



RECOMMENDATIONS

- Increased participation in promotional events in target markets.
- Supporting participation of local companies in fairs, exhibitions, forums, workshops, seminars and other local and international business events
- Supporting establishment of new business partnerships within the EU community.
- Strengthening participation of local agri-food exporters in mobility programs among universities, business entities and research centers.
- Further promotion of Moldovan agricultural and food products in target markets through trade representatives and diplomatic missions of the Republic of Moldova
- Extension of the range of agri-food products with protected geographic origin and improved information of the customers about the quality of the Moldovan products
- Develop a strategy and mechanisms to improve access to EU markets and compliance with EU food-safety requirements, including EU technical regulations and SPS measures

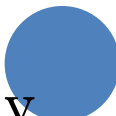


SHORT INTRODUCTION IN THE CAPACITY BUILDING FOR AGRICULTURE EXPORT DEVELOPMENT PROGRAMME

- In 2014, having received various requests from farmers and farmer associations, the Ministry of Agriculture and Food Industry (MAFI) has agreed to consider broader support to Moldovan food exports and geographic diversification of food exports to the third countries through improved institutional support and induced cooperation along export-oriented value chains
- By the end of 2014, MAFI has requested FAO support to develop empirical evidence and provide policy guidance in the process of drafting a National Program for internal and external market food promotion
- In 2015 MAFI has formed a working group
- FAO has provided international and national experts to assess situation in key export oriented sectors, evaluate export potential for diversification and the experience in export and internal market promotion in countries outside Moldova



EXPECTED OUTPUTS

- Study on the value chain analysis for the sectors of fruits, vegetables and wine, policy recommendations for export promotion.
 - Study on the value chain analysis for the sectors of dairy and meat products, policy recommendations for export promotion.
 - Report on the evaluation of public support to agriculture and policy recommendations.
 - Internal market support in the Republic of Moldova study.
- 

MAIN EXPECTED OUTCOMES

- Organization of Working Group meetings for consulting the existing materials and international experience
- Development of the National Program for the agri-food export promotion in the Republic of Moldova




INITIAL STAGES

- Identification of the local experts
- Preliminary training of the local experts based on previously elaborated studies and foreign expertise
- Initiating meetings at MAFI of the key-experts and MAFI representatives



INFORMATIVE, TECHNICAL AND ORGANIZATIONAL PREPARATIONS AND MEETINGS

- Elaboration of questionnaires for key value chain actors (agricultural producers, processing industries, retailers, wholesalers and final consumers) interviewing
 - Organization of meetings of the local team and representatives of MAFI, and other institutions (ACED USAID, MIEPO, etc.) regarding the project implementation
 - Experience exchange with foreign experts (Brazil, Serbia, Poland, Austria, Chile) regarding export promotion
 - Technical assistance of the external expert (Piotr Kondraciuk), who participated in individual meetings with national experts and discussed the existing progress in the development of studies
- 

DATA COLLECTION AND ANALYSIS

- Data collection from public sources (National Bureau of Statistics, MAFI departments, other government bodies) for the draft of the Policy report, namely:
 - - Production values;
 - - Farm-gate prices;
 - - Consumption data;
 - - Trade policy (import tariffs and quotas), situation update from the Ministry of Economy;
 - - Budget expenditures using the Ministry of Finance's database (BOOST).



FIRST OUTCOMES

- By the beginning of the 2016, there have been finished the four studies, namely on the value chain analysis for the sectors of fruits, vegetables and wine; the value chain analysis for the sectors of dairy and meat products; the policy analysis report and internal market support study
- The Concept note on the technical structure of the agri-food promotional program in the Republic of Moldova was developed



BRIEF RESULTS OF THE VALUE CHAIN ANALYSIS FOR THE SECTORS OF DAIRY AND MEAT PRODUCTS

The value of exports, RCA and the annual growth rate of Moldovan animal exports

2-digit chapter of HS	Trade Value (2014), mil USD	RCA (2005)	RCA (2014)	CAGR (2005-2014)
02 Meat and edible meat offal	35,30	0,27	2,08	38,33
04 Dairy produce; birds' eggs; natural honey	17,89	0,04	1,44	3,49
01 Live animals; animal products	6,42	1,39	2,18	14,10
16 Preparations of meat, of fish or of crustaceans	0,29	2,72	0,05	-15,62
05 Products of animal origin, not elsewhere specified	0,12	0,49	0,09	19,11
03 Fish and crustaceans, molluscs and other aquatic invertebrates	0,01	0,03	0,00	-29,15



THE VALUE OF EXPORTS, RCA AND THE ANNUAL GROWTH RATE OF EXPORTS OF LIVE ANIMALS

4-digit chapter of HS	Trade Value (2014), thous USD	RCA (2005)	RCA (2014)	CAGR (2005-2014)
0102_Live bovine animals	1284,03	2,31	3,86	15,57
0104_Live sheep and goats	667,86	5,67	11,31	10,88
0106_Other live animals	4,88	0,08	0,02	-4,43



THE VALUE OF EXPORTS, RCA AND THE ANNUAL GROWTH RATE OF EXPORTS OF MEAT

4-digit chapter of HS	Trade Value (2014), thous USD	RCA (2005)	RCA (2014)	CAGR (2005-2014)
0203_Meat of swine, fresh, chilled or frozen	22266,56	0,04	5,42	89,07
0204_Meat of sheep or goats, fresh, chilled or frozen	3298,04	1,04	3,51	24,08
0202_Meat of bovine animals, frozen	2335,21	1,25	0,72	8,22
0209_Pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled, frozen, salted, in brine, dried or smoked	1802,87	0,00	19,58	192,51
0205_Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	313,75	0,75	5,13	26,76
0206_Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	103,63	0,08	0,10	17,25
0207_Meat and edible offal, of the poultry of heading 01.05, fresh, chilled or frozen	0,61	0,10	0,00	-45,72



THE VALUE OF EXPORTS, RCA AND THE ANNUAL GROWTH RATE OF EXPORTS OF DAIRY PRODUCTS, EGGS AND HONEY

4-digit chapter of HS	Trade Value (2014), thous USD	RCA (2005)	RCA (2014)	CAGR (2005-2014)
0409_Natural honey	9698,68	4,60	32,90	44,50
0406_Cheese and curd	5367,07	0,57	1,25	19,80
0405_Butter and other fats and oils derived from milk; dairy spreads	1641,06	3,82	1,47	-0,80
0402_Milk and cream, concentrated or containing added sugar or other sweetening matter	823,70	5,84	0,24	-20,63
0407_Birds' eggs, in shell, fresh, preserved or cooked	298,51	19,60	0,52	-23,62



RECOMMENDATIONS FOR LIVESTOCK SUB-SECTOR

- Elaboration of sub-sector development programs, action plans, and road maps addressing more concrete problems, indentifying achievable targets and planning necessary activities
- Additional support for improvement of the pasture management and strengthening forage production capacities
- Further development of the local market for livestock products using the best practices applied by other European countries with a comparable structure of agricultural production.
- Implementation of specific tourism programs that could create additional opportunities for the enlargement of local markets for livestock products
- Strengthening the Government involvement in the development of policy documents aimed at developing livestock value chains using bottom-up approaches through an efficient dialog between small scale livestock producers and Government institutions
- Strengthening the capacity building of livestock producers' associations in order to improve their abilities to provide services to association members



ANALYSIS OF THE PERSPECTIVE MARKETS FOR EXPORT OF MOLDOVA'S FRUITS, VEGETABLES AND WINE

Country	RM exports share (%)	Total increase of exports 2010-2014 (%)	RCA
Belarus	29,31	46.12	0.05
Kazakhstan	11,08	87.15	0.01
Russian Federation	9,08	16.20	0.00
Poland	7,9	12.34	0.03
Georgia	6,98	46.47	32.67
Czech Republic	6,46	13.66	0.12
Ukraine	6,44	-13.79	0.34
China	4,3	52.50	0.03
Romania	4,12	8.69	0.18
Slovak Republic	2,29	11.52	0.13
Lithuania	1,6	27.44	3.46.
Germany	1,2	3.63	0.45
Latvia	1,01	17.53	4.01
United States	0,8	7.36	0.47
Azerbaijan	0,59	10.70	0.14
Italy	0,4	6.95	6.63
Serbia	0,35	6.62	0.59
United Kingdom	0,28	3.20	0.76

SUGGESTED PERSPECTIVE MARKETS FOR FRUITS, VEGETABLES AND WINE

Country / Product	Wine	Grapes	Apricots, cherries, peaches, nectarines, plums	Apples, pears, quinces	Canned vegetables and fruits
<i>Belgium</i>	x				x
<i>Canada</i>	x			x	x
<i>China</i>	x		x		
<i>United Arab Emirates</i>		x	x	x	
<i>Germany</i>	x	x	x	x	x
<i>Japan</i>	x				x
<i>UK</i>	x	x	x	x	x
<i>Netherlands</i>	x		x	x	x
<i>Poland</i>		x	x		x
<i>USA</i>	x	x		x	x
<i>Sweden</i>	x				

RECOMMENDATIONS FOR FRUITS AND VEGETABLES SUB-SECTORS

1. Increase the competitiveness of horticultural products and services in order to obtain profits;
2. Closer vertical and horizontal integration of the value chains
3. Enhance investment and innovation flows in order to meet market requirements
4. Further sector development based on the principles of sustainable agriculture



RECOMMENDATIONS FOR WINE SUB-SECTOR

- Creation of a fund for restructuring of loans obtained by winemakers from local commercial banks
- Subsidizing interest on loans accessed by winemakers (easing credit conditions in "Filiera Vinului")
- Promote and stimulate the production of quality wines, including wines with designated origin
- Rational use of land best suitable for wine growing
- Supporting plantations with most precious varieties of classical and local selection with resistance to low temperatures, droughts, diseases and require minimal cultivation costs
- Supporting establishment of irrigated vine plantations
- Strengthening cooperation between winemakers and viticulturists
- Strengthening the support for wine promotion activities on European Union, USA, China and other important markets



CONCEPT NOTE CONTENT

- The goals of the program
- Internal market outlook for particular products or products groups
- External trade – current situation on markets on which export is conducted
- Analysis of particular groups or product groups and its prospects on internal market and external markets (SWOT or similar methods)
- Strategy of actions (separate for internal and external markets)
- Activity plan including those on political level
- Evaluation methods



PROGRAM STRUCTURE

According to Government Decision of the Republic of Moldova, no.33, of January 11th, 2007, On Rules of Elaboration and Unified Requirements towards Policy Documents

- Problem definition
- Programme specific objectives (strategic actions)
- Actions to be taken
- Stages and terms for implementation
- Persons responsible for implementation
- General estimation of costs
- Foreseen results
- Performance and progress indicators
- Reporting and monitoring procedures



MEMBERS OF THE WORKING GROUP FOR THE DEVELOPMENT OF THE PROGRAM FOR FOOD PRODUCTS EXPORT PROMOTION

- MAFI head of departments and other representatives
- Moldova's Association of Poultry Producers
- “Speranta-Con” Association of Canned Goods Producers
- National Association of Dairy and Dairy Products
- Association of Moldovan Grape Producers and Exporters
- “Moldova-Fruct” Association of Fruit Producers and Exporters
- The National Office for Vine and Wine



WORKING GROUP MEETINGS

1st WG meeting – 05.02.2016

- Discussion of the Questionnaire for Moldovan food promotion
- Presentation of studies developed by Moldovan experts

2nd WG meeting – 10.03.2016

- Presentation by foreign experts of country experience and lessons to be learnt (Serbia, Estonia and Poland) and discussion
- Presentation of country experience and lessons learnt (Brazil, Chile and Austria) and discussion at the round-table with members of the working group regarding the specific cases applicable for Moldova



Thank you for your attention!

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