

Bilateral relations with the Republic of Moldova

Main Country Indicators 2013

	Moldova	EU28
Total area (in km2)	33.760	4.385.992
Population (million)	3,6	506,7
Population density (per km2)	124,0	120
GDP (current US \$)	7,9 billion	17,3 trillion
GDP per capita (current US \$)	2.229,6	34.240
GDP growth (% change with previous year)	8,9	0,1

Sources: Eurostat, World Bank

Economic importance of agriculture (2011)

	Moldova	EU28
Agricultural land (km2)	24.590	1.878.817
Agricultural land as proportion of land area (%)	74,9	44,3
Arable land as % of land area	55,1	25,6
Permanent cropland (% of land area)	9,04	2,8
Employment in agriculture (% of total employment)	26,4 *	5 *
Agriculture, value added (% of GDP)	14,6* *	1,6 *

Sources: World Bank

* year 2012

** year 2013

Agriculture in Moldova

The Republic of Moldova is endowed with rich black soils and a temperate climate. The country has relied heavily on agriculture throughout its history. The black soils (chernozem) of Moldova are amongst the most fertile soils in the world. Moreover, extensively de-forested for agriculture during the 19th and 20th centuries, Moldova has the lowest forest cover in Europe, 11.4%. Agricultural land accounts for around 75% of total land area, and most of that land is used to grow temporary crops. About one-tenth of the land is used to cultivate permanent crops. The Moldovan society is

predominantly rural with about 54% of the population living in towns and villages and approximately 22% in the capital, Chisinau.

Moldova's economy relies considerably on its agriculture sector. The agriculture sector employs 26.4% of the working population, and generates 14.6% of the country's GDP (when combined with the agro-processing sector this share goes up to approximately 36% of the GDP). Moldova experienced better than expected economic growth in 2013 (i.e. 8.9%) also due to increased agriculture production. Of the agriculture work force roughly one quarter is directly employed by agri-enterprises, while the other 75% are classified as self-employed.

As a result of the land reform, the structure of agriculture land use has changed. After privatization in the 1990s, a large share of land remains as small individual plots. The privatization process has resulted in an average landholding of 1.4 ha, further sub-divided into separate plots based on land type (arable, orchard, vineyard), to around 1m title holders. Of the total agricultural land 0.66 million Ha are under a public form of ownership (26.2%) and 1.84million Ha is held under a private form of ownership and / or use (73.8%)

In terms of the value of agricultural production, plant production contributes over two thirds of the overall value, while animal production and services around 30% and 2.4%, respectively. Viticulture, horticulture and other specialized farming activities (sunflower seeds and tobacco production for instance) are particularly important. Grapes and milk are the highest value agricultural products, underlining the importance of milk as a means of nutrition, cash flow and valuation for rural households. Grapes (for consumption and wine making) are Moldova's most important crops in value. The chief grain crops are winter wheat and corn (maize).

Agricultural exports account for a significant part of total exports (41% of exports in 2011). The most export-oriented products are wine and spirits, as well as, both fresh and processed fruit and vegetables. These two categories alone account for nearly 40% of exports.

EU- Moldova Relations

Since 1998, relations between the EU and the Republic of Moldova have been guided by the Partnership and Cooperation Agreement (PCA). Now, they will be replaced by the EU-Moldova Association Agreement (AA) (link to : http://eeas.europa.eu/moldova/pdf/eu-md_aa-dcfta_en.pdf) signed on 27 June 2014, including a Deep and Comprehensive Free Trade Area (DCFTA). Some provisions - including most of the DCFTA section – have been provisionally applied from 1 September 2014. The AA not only sets a new political framework for bilateral relations but it will also be of crucial importance to both sides as it will provide new opportunities for trade and gradual economic integration.

Overall, the EU is Moldova's first trading partner with 54% of Moldova's total trade - followed by Ukraine (15%) and Russia (12%). Overall trade with Moldova accounts for only 0.1% of EU's overall trade. EU exports to Moldova (€ 2 billion in 2012) are dominated by machinery, transport equipment, chemicals, fuels, mining products and agricultural products. EU imports from Moldova (€ 940 million in 2012) are mainly agricultural products, clothing, textiles and machinery.

The table below shows the value of bilateral trade in agricultural products between the EU and Moldova. Moldova exports to the EU mostly oilseeds, fruits and nuts, wines and cereals. The EU exports to Moldova mainly spirits, food preparations, cigarettes, some fruits and vegetables, including citrus fruits, pork meat and animal feed.

Trade Statistics

EU28 **exports** of agricultural products to Moldova (2013): €221 million

EU28 **imports** of agricultural products from Moldova (2013): €286 million

>> More statistical information (link to : http://ec.europa.eu/agriculture/trade-analysis/statistics/outside-eu/moldova_en.pdf)