



FOOD PROCESSING AND LIVESTOCK

Republic of Moldova

Key facts



Name:
Republic of Moldova

Doing Business
2020 Rank **48**



Capital:
Chisinau ca. 814,000

Employment
rate, 2019 **40.1%**



Population:
4.23 million
June 1st, 2020

Inflation rate,
2019 **4.23%**



Area:
33,847 km²

GDP per capita
at PPP, 2019 **€13,574**



Language:
Romanian (official)

Other spoken languages:



GDP current
prices, 2019
billion **€10.577**



Currency MDL:
1 EUR = 20 MDL
October, 2020

FOOD PROCESSING & LIVESTOCK



2020/2021

8% VAT

in Agriculture,
standard VAT rate - 20%

12% CIT

standard Corporate Income
Tax, 6% in FEZ

Subsidies

National Support Programs
in Agriculture

www.aipa.gov.md/en



The biggest wine collection in the world with over 1.5 million bottles, recorded in the Guinness Book in 2005 belongs to Moldova.

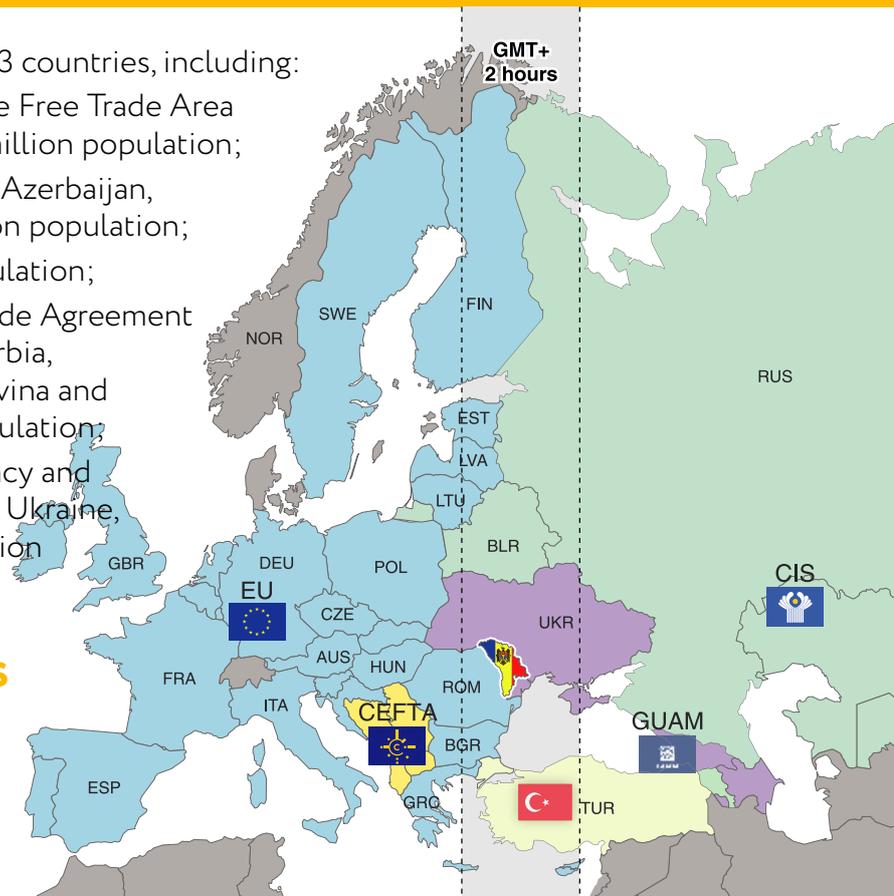


Only 7% of the world territory is suitable for walnuts cultivation. Moldova is fully included in these 7%, remaining one of the largest supplier of walnuts to the EU.

Free Trade Agreements signed with 43 countries, including:

- **DCFTA** (Deep and Comprehensive Free Trade Area with the European Union) - 500 million population;
- **FTA with CIS countries** (Armenia, Azerbaijan, Tajikistan, Uzbekistan) - 250 million population;
- **FTA with Turkey** - 80 million population;
- **CEFTA** Central European Free Trade Agreement (Moldova, Macedonia, Albania, Serbia, Montenegro, Bosnia and Herzegovina and UNMIK (Kosovo) - 30 million population;
- **GUAM** Organization for Democracy and Economic Development (Georgia, Ukraine, Azerbaijan and Moldova) - 60 million population

880 million customers
duty-free market



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Executive Summary

With its favorable climate and geographical conditions, rich soil resources and biological diversity, agriculture is the main pillar of the Moldovan national economy. The share of agricultural production in Moldova's Gross Domestic Product stood at around 12 percent during the last years. Together with the processing industry it represents more than 16 percent of the Gross Domestic Product and approximately 45 percent of total exports. The most export-oriented products are wine and spirits, as well as fruit and vegetables, both fresh and processed. At the same time, agriculture still constitutes the most important social sector of the national economy, using circa 21 percent of country's labor force.



34,500,000,000 MDL

From 2016 to 2019, the agricultural production grew by 14%, reaching the value of ca. 34,500 million MDL.

2,499,800,000 ha

The entire agricultural lands cover 2.5 million hectares or 75 percent of the country's territory. Out of which 1.82 million hectares are arable land, 0.3 million hectares are perennial plantations.

75 %

Black soils amount to around 75 percent of the overall territory.

33,847 km

Total area of the Republic of Moldova is 33,847 km².

370,000 ha

Meadows & pastures 370 thousands hectares.

To achieve stable growth in agro-food exports, there is a need to diversify and increase access to high value markets. Increasing exports to the EU would help achieve this diversification and provide access to higher-value markets. Moldova supplies agricultural products in more than 70 countries. Moldova's main trade partners are the EU and CIS, which together account for 81% of the country's foreign trade. In 2019, the Republic of Moldova's exports to EU countries constituted 1.8 billion USD, while imports from the EU represented 2.9 billion USD.

Moldova offers a large range of agricultural products, such as fruits, vegetables, grains, and livestock. Basic crops are winter and spring grains (wheat, barley, maize) sunflower, sugar beet, potatoes and vegetables, horticultural crops and fruits. The main products in the Moldovan livestock sector are poultry, pork, and beef. In 2019, the livestock production registered a decrease of 12% compared to 2017.

Main varieties of vegetables grown are: tomatoes, onions, cabbage, cucumbers, pumpkins, peppers, carrot, red beet, garlic, squash, aubergine, potherb, and green peas.

Fruit production concentrates on: apples, plums, sweet and sour cherries, pears, peaches & nectarines, quinces, apricots, soft fruit, walnuts, table and technical grapes.



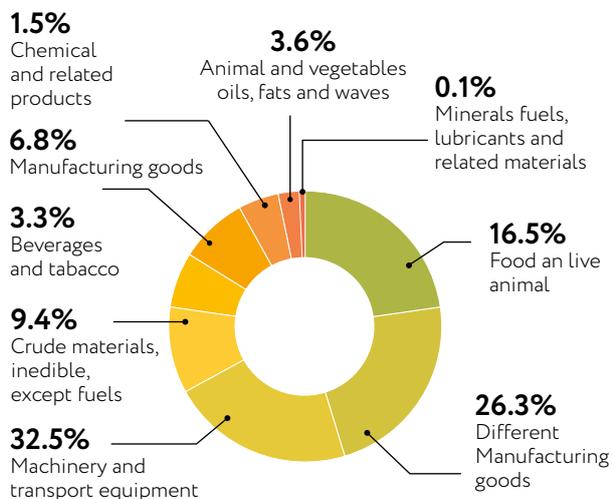
Domestic Sector Overview

Agriculture has always been one of the leading sectors in the Moldovan economy, largely for natural reasons: the rich soil resources, biological diversity, good climate, and geographical conditions. There is also a tradition of hardworking farmers and, more recently, private entrepreneurs interested in investing in Moldova's agriculture. Agriculture has an important impact on the social and economic development of Moldova, since it meets the majority of the population's food requirements domestically and prevents the country from being dependent on international sources, while supplying raw materials of other sectors dependent on agriculture.

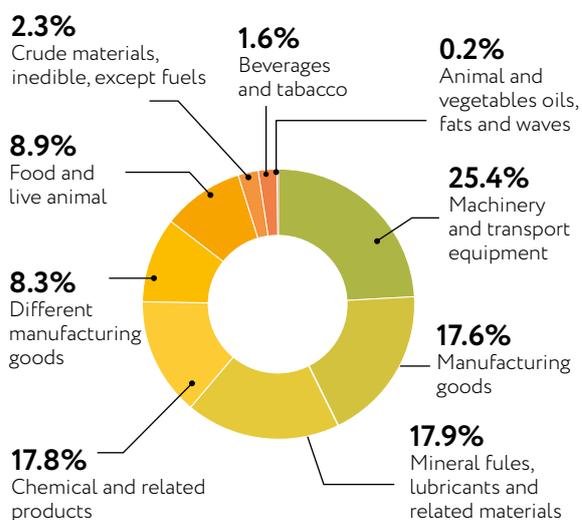
Moldova has exceptional resources that are highly favorable to agricultural production. Its black, fertile soil is ideal for growing corn, fruit, and vegetables. Traditionally, the agriculture and processing industry represented the main branches of the national economy, placing Moldova among the main suppliers of agricultural products and foodstuffs on the huge ex-USSR market.

Agriculture represents the dominant land use in Moldova. By far the most significant land used is arable land for annual crop production. Much of this arable land sits on highly fertile and productive black chernozem soils, which cover 75 percent of the country, especially in the northern districts. High quality soil resources, along with various microclimates, support a wide array of annual and perennial crop production across the country.

Exports to EU countries, 2018



Imports from EU countries, 2018



Source: National Bureau of Statistics, 2018



The major advantages of doing agriculture in Moldova are:

- ✓ Favorable geographical location and climate, it is possible to grow early varieties of vegetables, which is a competitive advantage for Moldova. The country has moderate continental climate with short and relatively mild winters and long summers. Moldova has good humus soils and sufficient water resources.
- ✓ Moldova's population accumulated affluent experience and knowledge in growing high value crops such as: fruits and vegetables, tobacco, as well as in viticulture and wine production.
- ✓ The fertile soil and adequate labor force are able to ensure efficient specialization in growing products for export with high profitability and productivity.

Land Use

The most important natural resource for the country's economy is the soil. The chernozem types account for about 2/3 of the approximate 10 soil types found in the country. These soil types are some of the most fertile soils, but they are also among the most receptive, and thus vulnerable to certain risk phenomena (rain showers, droughts, etc.), as well as to the technogenic impact.

Agricultural land use in the Republic of Moldova, 2019, thousands hectares

Land area, total	3,384.6
Agricultural land, including:	2,496.6
Arable land	1,832.3
Perennial plantation of which:	290.1
Orchards	132.5
Vineyards	135.8
Pastures	340.2
Hayfields	2.1
Lands provided with irrigation facilities of which:	228
Arable land	213
Perennial plantation	13



Source: Statistical Yearbook "Agricultura Republicii Moldova", 2019

Photo credit: Orhei- Vit

Farm Structure

Moldovan agricultural sector is composed of two major sub-sectors: the corporate sector comprising large companies and the individual sector that includes peasant farms and household land in private property. Small farms, especially subsistence and semi-subsistence farms generate a limited surplus of high value added crops (fruits, nuts, grapes, vegetables, potatoes) that are mostly sold in open air agricultural markets.

At the same time, large scale agricultural companies are specialized in the production of low value added crops (such as cereals, oilseeds, sugar beet), and employ limited labour force due to the high level of mechanized agricultural operations. This specialization has been driven by a number of factors, such as the relatively low production cost of these crops, the availability of agricultural machinery allowing the rapid cultivation on large areas, relatively simple and cheap post-harvest facilities, as well as assured markets for these commodities.

Agriculture holdings by size classes

	Area (ha)	No. of agricultural holdings
Total	2,243,540	902,214
<50 ha	24,568	638
100<200 ha	89,859	621
200<500 ha	314,416	963
500<1000 ha	378,418	550
1,000<2,500 ha	338,692	229
>2,500 ha	187,953	49

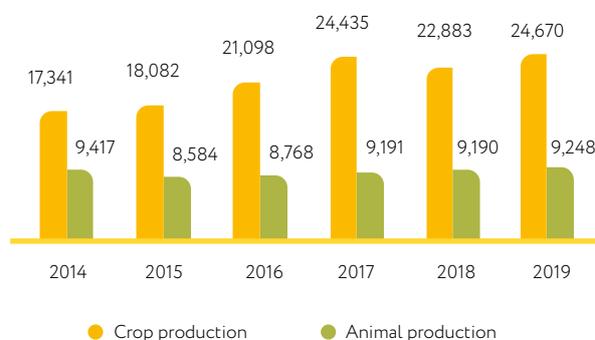
Source: General Agricultural Census, 2019

Major Agricultural Products

With its rich soil, vast arable land and favorable climate, the Republic of Moldova offers a wide range of agricultural product groups, including fruits, vegetables, grains, and livestock. In 2019, agriculture output reached 34,597 million MDL.

Plant growing has a dominant position in the structure of agricultural production; its share in the total agricultural production is about two-thirds. The share of animal production has declined in the 1990s as a reaction to increased energy prices and liberalization of the market. Cereals and industrial crops occupy about 90% of the area. Production of fodder crops on arable lands has decreased, which leads to the disruption of crop rotation patterns, deterioration of livestock forage, increasing the pressure on the lands to a level that leads to their degradation. Production increases can be realized in future by further diversification of crop varieties, which as a result will also allow for optimized crop rotation patterns.

Global agricultural production in current prices, million MDL



Source: National Bureau of Statistics, 2020

Fruits, Vegetables and their Processing

Moldova has all natural conditions necessary for intensive development of horticulture. From old times, this branch has been and is likely to remain one of the main pillars of the national agriculture, because it is a source of wealth, leading to efficiency of the entire agricultural sector of the country.

Fruit-growing represents one of the main strategic branches of the national economy, accounting for around 40 percent of the agricultural production value. Moldova is a net exporter of fruits, and from 2003 a net importer of vegetables. With vegetables, however, being a net importer is due to the off-season import of products that are grown seasonally (May-November) in Moldova. The local production and marketing season could be extended to provide more competition to imports over a greater time period.

The market structure for fruits and vegetables in Moldova includes the following distribution channels: approximately one hundred open air markets, four wholesale markets, one hundred supermarkets, and a myriad of small kiosks. In addition, there is HoReCa (Hotels, Restaurants, Cafes, the foodservice sector) that buys directly from the open air and wholesale markets, as well as directly from growers and retailers. Besides those commercial channels, a large portion of rural households consume and preserve their production for their own consumption or informal exchange with their neighbors.

It draws a picture of a relatively stable consumption pattern with some small variations from year to year.

Overall Moldova has very good conditions for producing horticultural crops. Official statistics in 2019 indicated that the total area of fruit and nut plantations is 143 thousand hectares, including 57 thousand hectares of apple orchards, 23 thousand hectares of plums, 35 thousand hectares of nuts, 7 thousand hectares of peaches, 4 thousand hectares of berries, which combined account for about 5.5 percent of agricultural land area.

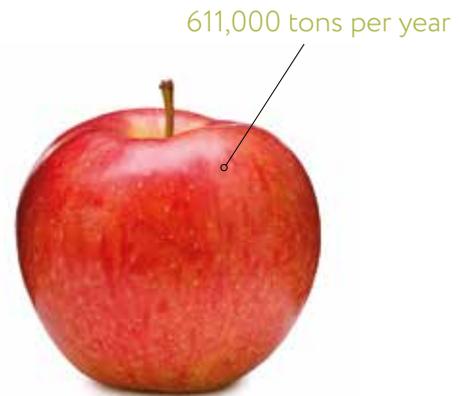




Photo credit: Invest Moldova

Total production of vegetables and fruits, thousands of tons

	2014	2015	2016	2017	2018	2019
Vegetables	327	246	293	310	283	307
Fruits	497	486	596	666	894	846

Source: National Bureau of Statistics

Vegetable production remains one of the main branches of the horticultural sector in the Republic of Moldova, aimed to ensure the population with fresh vegetables and the canning industry with raw material. Relatively favourable climatic conditions of the country, traditions and experience allows the cultivation of over 60 species of vegetable crops, obtaining high yields and good profit for most vegetable crops. This is confirmed by vegetable development indices registered in the period of 80 – 90s of the last century, when the annual gross harvest of vegetables constituted 1,200 – 1,300 thousand tons, including 700 thousand tons processed by canneries and more than 250 thousand tons exported fresh. However, over the years the vegetable production has dropped considerably. According to statistical data, it declined to 307 thousand tons in 2019.

The average annual area of planted open field vegetables is 63 thousand hectares, while the protected area (greenhouses) for growing vegetables has a surface area of 170 hectares.

Geographically, the main zones for production of apples and potatoes are in the Northern part of the country. Plums mainly are produced in the Central part, peaches in the South and table grapes in the Southern and Central areas. Vegetable production, greenhouse and open field are scattered throughout the country,

based on water accessibility and soil quality.

The total annual production of fruits in 2019 was about 846 thousand tons, with apples the first most important crop accounting for 72 percent of total production (ca. 611 thousand tons). Plums are the second most important crop with annual volumes of around 132 thousand tons, followed by peaches (22 thousand tons), and sour cherries (9 thousand tons). Approximately 110 thousand tons of table grapes are produced annually. The production of berries amounts to circa 16 thousand tons annually.

The total annual production of vegetables is about 307 thousand tons excluding potatoes, which alone account for another 177 thousand tons. The main vegetable crops produced in open fields are tomatoes (38 thousand tons), cabbage (18 thousand tons), onions (50 thousand tons), peppers (14 thousand tons), cucumbers (45 thousand tons), pumpkins (33 thousand tons), and other vegetables (144 thousand tons), with averages fluctuating by 10 percent year by year. In greenhouses, total production approximates 2 thousand tons of vegetables.



Photo credit: Invest Moldova

Vine and wine

Wine-making is an essential branch of the economy. The share of viticulture and winemaking in global agricultural output is about 15 percent and respectively 23 percent from the total agro food export.

In 2019, the vineyards covered a total area of 126,000 hectares, over 95 percent of the areas being privately owned. The existing wine production companies have a wine grape processing capacity of 1 million tons and storage of wines over 800 million liters. Over 80 percent of companies processing grapes are equipped with modern machinery and technology. Secondary wine units have been reassembled almost entirely with modern bottling lines. The volume of grape processing and wine production from raw material increased to the level of 500,000 tons and approximately 250 million liters of wine. Exports progress depends on the markets. Total exports in 2019 amounted to ca. 220 million USD, mainly because of lower exports to Russia. 33 percent of the exported wine went to CIS countries, accounting for a value of approximately 74 million USD.

Walnut production and processing

According to the International Trade Centre in Geneva, Moldova is one of the largest exporters of walnuts to Europe, after USA, Mexico, and China.

Walnuts plantations have registered a rapid growth since the year 2000, from an area of 4,000 hectares up to 35,000 hectares in 2019 compared to 14 thousand hectares in 2013. Thus, the amount of exports grew from 39 million USD in 2007 to circa 100 million USD in 2019.

Average productivity varies from 2 to 3 tons per hectare, depending on the variety and climatic conditions.

35,000 ha in 2019



Processing

Fruit and vegetable processors can be divided into two main groups: the first comprises a small number of large firms, focused on export markets and producing about 80% of the total sector output; and about 80 small and medium canneries, mainly serving the domestic market. Together these firms process from 300,000 to 350,000 tons of raw material, mainly apples, plums, and vegetables. The main products are concentrated apple juice, fruit and tomato paste, canned fruits and vegetables. However, the potential of the fruit and vegetable processing industry is utilized at only one third of its capacity.

Moldova's meat-processing industry is highly consolidated, while official statistical data indicate there were 90 meat processing enterprises and production units in 2019. "Carmez" in Chisinau and 29 "Basarabia Nord" in Balti dominate the domestic market, together representing about 2/3 of the local market. Along with "Carmez International" (Belgian joint venture separated from "Carmez"), these companies dominate the export market and have strong brands. All three companies import about 85-95% of their meat and offal raw material, and nearly all of their ingredients are used for manufacture of sausages and ham. A handful of other manufacturers supply sausages and smoked meats to the supermarket and small shop outlets in cities and towns. Meat companies operate their abattoirs on an intermittent basis, because domestic stock is more expensive than imported frozen meat. The production of the processing industry is exported mainly to the CIS states. Animal products exported from Moldova to the EU are currently restricted to honey, egg powder, and animal by-products. Moldovan authorities cooperate intensively with the EU in order to enable meat exports in a short period of time. In 2019, in the Republic of Moldova were produced 12,700 tones beef, 82,700 tones pork, and 57,600 tones poultry in live weight.

The dairy industry is based primarily on the supply of raw milk from small producers, company-owned collection centres and dairy cooperatives with collection centres financed by the dairy companies or through donor programs. Further investments in milk processing facilities will lead to increase the subsector efficiency, both productivity and quality of the milk.

Annually, approximately 20 percent of all vegetables and 55 percent of all fruits are processed. The total volume of fruits and vegetables processed is approximately 300-350 thousand tons per year.

Eight companies (Orhei-Vit, Alfa-Nistru, Ecovit, Natur Bravo, Fortuna Plus, Covali & Co, VM PlumCom, and Monsterax-GSG) export

a diverse range of products, including apple juice (clarified and with pulp), fruit nectars, fruit drinks, and preserved fruits and vegetables. Canned fruits and vegetables have the most significant export volumes including peas, corn, and whole tomatoes. Additional processed items are tomato pastes and ketchups, purees for babies, jams, preserves, and specialty items, while more than 90 percent of production is for export. Manufacturing branch has a quite extended market, about 25 countries, including CIS countries, USA, China, Switzerland, Germany, Kazakhstan, Czech Republic, and Mongolia.

Just one tenth of cereals are milled, the rest being used as fodder. Around one fourth of milk is processed and less than 10% of meat and pulses. Most sugar beets are processed, as are 70% of oil crops.



Photo credit: Invest Moldova

Dried fruits production

The Moldovan dried fruit sector includes a few large and medium sized companies and a larger number of smaller companies, all competing amongst each other. Over the past three years, Moldova produced between 2,000 – 3,500 tons of dried fruits (mostly plums, but also apples, cherries, pears, etc.) per year, depending on the growing conditions and availability of raw materials. Export levels are usually about 70 percent of production. The EU absorbs about 80 percent of Moldova's dried fruit exports; CIS countries, primarily Russia, Belarus, and Ukraine, accounting for the remaining 20 percent.

4,000 tons during 2014-2019 (per annum)



Grains

The sector producing cereals and cereal-based products in the Republic of Moldova has quite a diverse composition and includes both small and large operators, state owned and private companies. The task of the agricultural sector in the development of the cereals and cereal-based production is to ensure both, the food security of the country and sustain the employment level.

Currently, the cereals and cereal-based production is not operating at its full capacity due to a series of problems existing in this field. In comparison with the EU countries, yields obtained in the Republic of Moldova from one hectare are lower, but are close to those obtained in neighbouring countries. The structural and technical aspects of the sector correspond to the nature of agriculture in the Republic of Moldova and the extensive character of subsistence farming. In the Republic of Moldova, cereal crops account for 35% of the total area of agricultural land and even more of the total sown area – about 60 – 65%. The most important role in the value chain of cereals and cereal-based products is held by traders and to a less extent by operators of the bakery industry.

3,3 tons per hectare in 2019



The main crops cultivated in Moldova include wheat, barley, and corns. The majority of products produced within this sub-sector are provided for the domestic market. The main trade markets are Romania, Russia, Germany, Italy, and Turkey.

The majority of products manufactured within this sub-sector are provided for the domestic market, except for small/minor quantities of biscuits, which are exported. Although Moldova is an important producer of grains, with a wheat yield of 3.3 tons per hectare in 2019, it is still lagging behind the EU-27 average yield of 5.66 tons per hectare. The main reasons behind this deficiency are the production in small-sized farms and the inefficiency in input usage.

Livestock

Between 1995 and 2015, cattle livestock decreased by 75 percent, pig production by 50 percent, and sheep and goats by 50 percent. The fall in livestock numbers was the consequence of inefficient restructuring of large animal and bird farms, and also the consequence of a lack of investment funds. During the last years, this trend slowed down.

Livestock production in Moldova is very sensitive to climate changes, mainly through a lack or shortage of fodder.

Moldova is importing approximately 60 percent of its consumption of dairy and beef products, with only 40 percent coming from domestic production. Pork is the most extensively produced type of meat.

In particular, pork is one of the most popular meat types for Moldovan customer, since it is much more affordable than beef. Moldova's pork production was 54 thousand tons in 2009 and increased by 65 percent in 2019, reaching 83 thousand tons in live weight.

Production of wheat, barley, and corn, thousands of tons

	2015	2016	2017	2018	2019
Wheat	922	1,293	1,251	1,163	1,148
Barley	179	256	249	175	168
Corn	1,077	1,392	1,773	2,074	2130
Sun- flower	485	677	804	789	811
Soy	48	42	47	58	64

Source: National Bureau of Statistics, 2019

Livestock by categories of producers, thousands heads

	2014	2015	2016	2017	2018	2019
Cattle	189	191	186	182	167	145
Swine	420	473	453	439	406	397
Sheep and goats	849	875	868	870	842	769

Source: National Bureau of Statistics, 2019



Photo credit: Millstream Dairy



Photo credit: Invest Moldova

Organic Agriculture

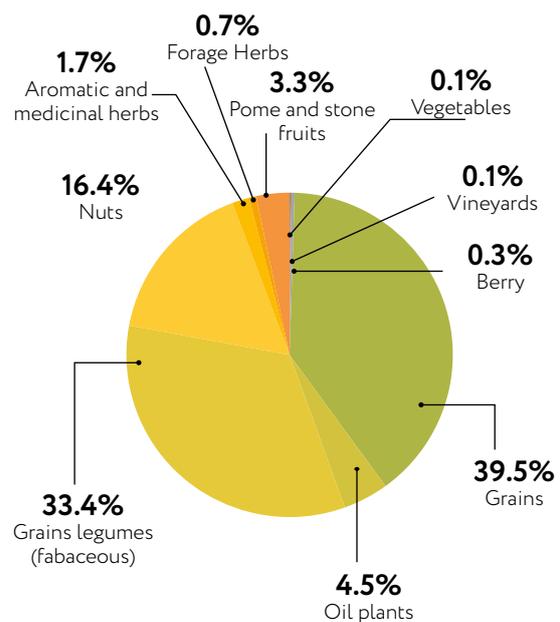
Currently, sales of organic processed foods are growing in Europe, amounting to more than 37 billion EUR in 2018.

Turning production over to organic products might revitalize the Moldovan food processing sector. Organic agriculture demands considerable manual work and non-use of chemicals. The governmental institutions are fully aware of the enormous export potential of organic agricultural and food products.

Moldova is the country in the Eastern Europe, Caucasus and Central Asia region (EECCA) with the most developed organic sector, both commercially and in terms of policy and government involvement. The organic sector does not have a long history, but combined efforts by NGOs, private investors, and the Government has led Moldova exporting to the European Union over 50 thousand tons of organic products.

Group of organic crops-2019, hectares

Grains	11,271.0
Grains legumes (fabaceous)	9,534.3
Oil plants	1,299.0
Aromatic and medicinal herbs	482.0
Forage herbs	198.0
Vegetables	23.0
Pome and stone fruits	948.4
Berry	84.6
Nuts	4,690.4
Vineyards	17.6



Source: Ministry of Agriculture, Regional Development and Environment

In 2019, the area of certified organic land covered over 28,500 hectares. Moldova has had an organic marketing law and the implementing regulations since 2006.

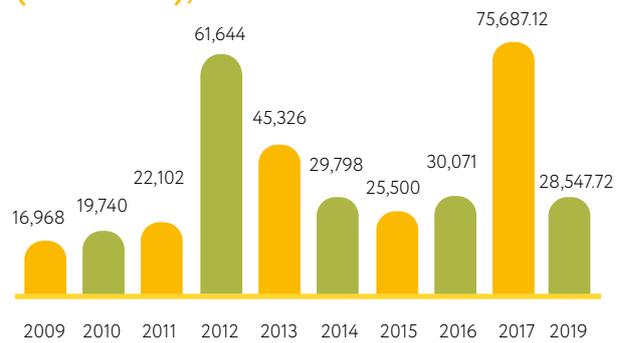
There are 3 national and 12 international certification bodies. What is striking is the high level of government support, surpassing even many Western European governments and featuring unique interventions, such as government support to market 20 percent in value of domestic sales.

The Republic of Moldova holds many of the various prerequisites necessary for organic agro-food production development. These include the following: favorable conditions for the cultivation of a large spectrum of ecological and organic value-added agricultural plants (vegetables, fruits and vines, essential and oleaginous crops, etc.); ecological soil conditions, mainly based on large reduction of chemicals used in agriculture over the last 10 years; protection of agricultural plants against diseases and pests, which can be ensured through the application of integrated organic systems and crop rotation etc.

Among the major certified products exported are grains, walnuts, dried fruit, sunflower and pumpkin seeds, soybeans, essential lavender oil, etc. The market of Moldovan organic products is mainly the European Union. 95 percent of vegetal organic products are exported to Czech Republic, Great Britain, Sweden, Germany, Italy, Poland, Austria, Romania, and France. In 2006, the export volume of organic products amounted to 4,165 tons, while in 2017 it raised up to circa 52 thousand tons.

Legislation has recently been harmonized with the EU requirements, in particular there were regulations adopted on ecological principals and methods of processing organic food production, inspection and certification system in the field, and organic food products import and export. There are 152 companies registered at the Ministry of Agriculture and Food Industry, owning lands with ecologic production.

Evolution of organic surfaces (2009-2019), ha



Bio Energy Production

The main goal of the policy prepared by the Ministry of Agriculture and Food Industry on the use and exploitation of the energy potential of biomass is the partial and gradual substitution of fossil fuel, by processing biomass into briquettes and pellets to be used for domestic and social purposes (heating social institutions: kindergartens, schools, culture houses, hospitals, clinics, medical centres etc.), ensuring durability, efficiency, and competitiveness.

Demonstration projects that raise awareness of the population to use biomass and remove technical barriers for biomass use will contribute to a more sustainable development of agriculture. The strategy is developed based on the provisions stipulated by the Renewable Energy Law, no.160 from 12.07.2007.



Photo credit: Impex Business Grup



International Trade

The Republic of Moldova has a range of foreign trade agreements that create opportunities for commercial relations with 93 countries. The main trade partners for export of agri-food products are Russia, Ukraine, Belarus, Romania, Italy, France, Poland, and Turkey. During the last years, agri-food exports have had a stable increasing trend. However, the sanctions imposed by the Russian authorities could negatively affect the agri-food exports of the country, economic stability, and food security.

The agrifood trade had a positive balance of 368 million USD in 2019 and the share of agrifood exports in total exports of 45 percent, while the share of agrifood imports in total imports stood at 14 percent.

Export

The main exported goods are wines and spirits, cereals, fruits and nuts, and oilseeds. The largest deficits are generated by meat, fish products, flour, dairy, pastas, chocolate, and tobacco.

In 2019, agricultural and agrifood products were exported for a total value of 1.21 billion USD, with 4,3 million USD more than in the previous year.

Whithin the total Agriculture export of the country in 2019, the largest share was held by the plant products, accounting for 59 percent (721 million USD).

Foodstuffs, alcoholic drinks, tobacco and tobacco, articles amounted to 381 million USD, ca. 32 percent of the total agriculture exports. Animal oils and fat forms amounted to

70 million USD or circa 6 percent of the total agriculture exports.

Exported livestock products amounted to 38 million USD or 3 percent of total value of agriculture exports.

Import

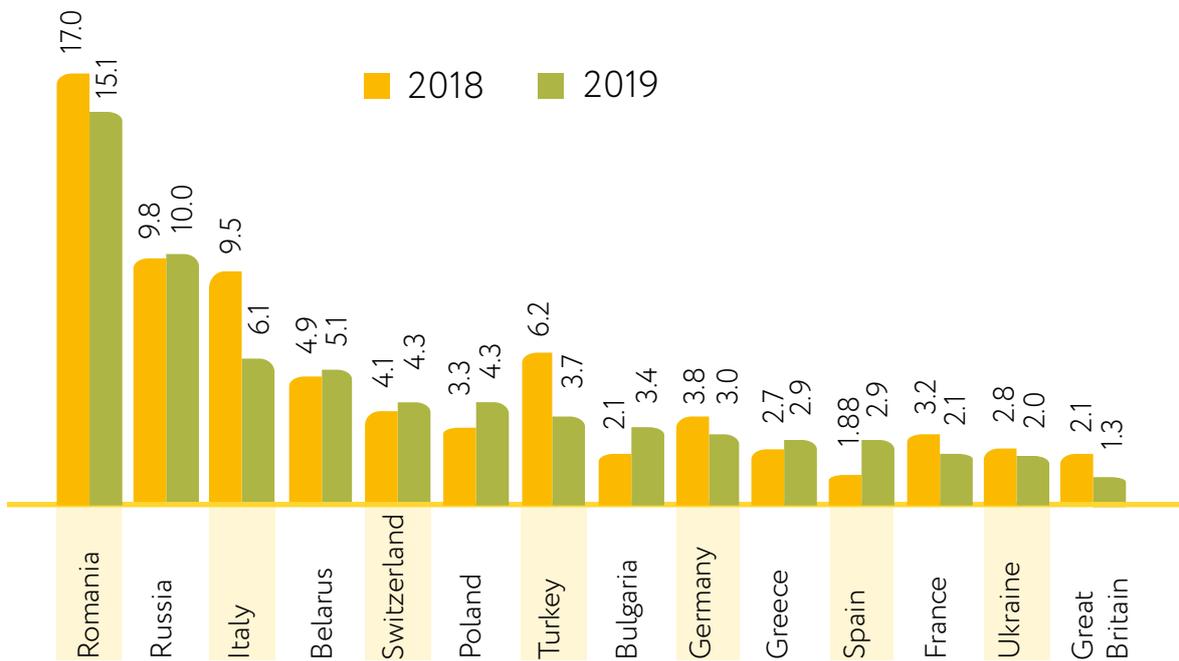
In 2019, the Republic of Moldova imported agrifood products of a total value of 816 million USD, with 41 million USD more than in 2018. Within the total volume of imports, foodstuffs, alcoholic drinks, tobacco and tobacco products prevail, accounting for 45 percent (369 million USD). Imported plant products amounted to 260 million USD, accounting for 32 percent of total imports.

Animal, plant oils and fat imported in the Republic of Moldova constitute 3 percent of total agriculture imports, amounting to 20 million USD.

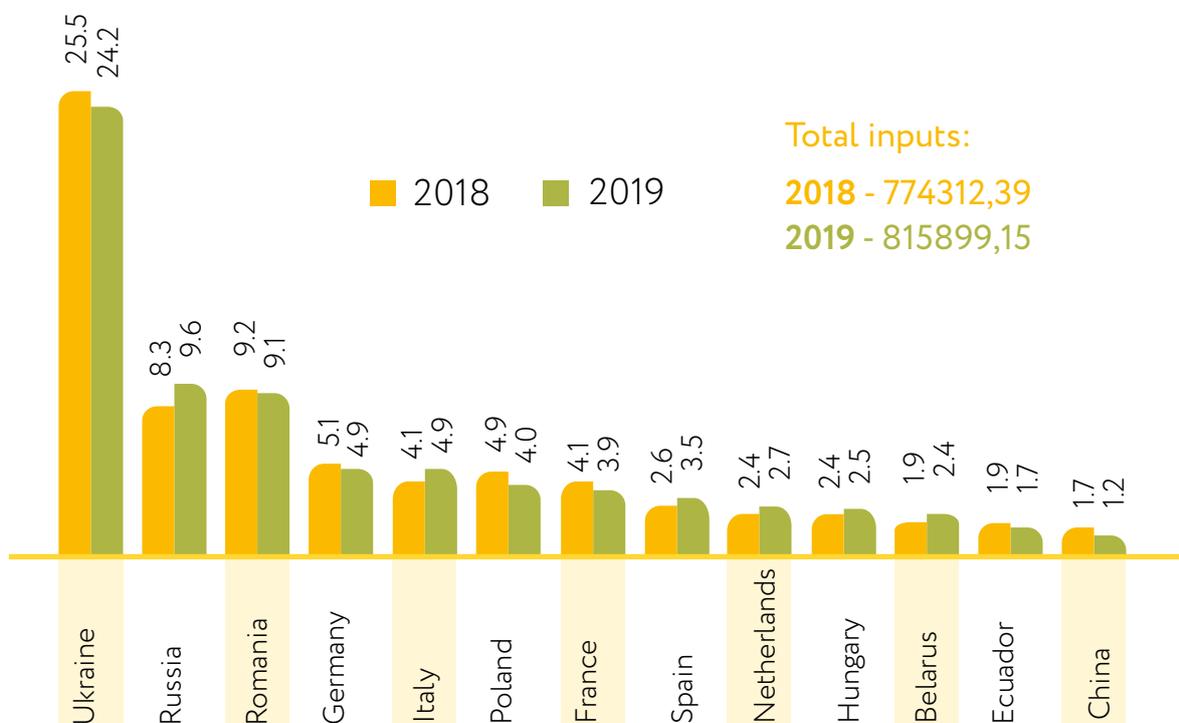
Imported livestock products amounted 166 million USD in 2019, or 20 percent of total import value.



Share of the main partner countries
in total agricultural export, %



Share of the main partner countries
in total agricultural import, %





Grain silos and container terminal at Giurgiulesti Port

Main Trade Agreements

The trade policies promoted by the Republic of Moldova are mostly geared towards attracting investment in the national economy, which can stimulate innovation, transfer of know-how and production of competitive goods for domestic and foreign markets, creation of high added value and efficient technical and economic infrastructure, in order to maximize the existing economic potential. Due to its favourable geographical position, Republic of Moldova is an attractive location for international organizations and trans-national corporations, and the country is becoming increasingly important as a place to conduct business between western and eastern markets.

Deep and Comprehensive Free Trade Area (DCFTA)

The DCFTA sets up a free-trade area between the EU and Moldova, in line with the principles of the World Trade Organisation. It removes import duties for most goods traded between the EU and Moldova and provides for broad mutual access to trade in services. It also includes provisions on establishment, which allow EU and Moldovan companies to set up a subsidiary or a branch office on a non-discriminatory basis, benefitting from the same treatment as domestic companies in the

partner's market.

An important part of the DCFTA is aligning Moldovan trade-related laws to selected EU legislative acts. Adoption by Moldova of EU approaches to policy-making will improve governance, strengthen the rule of law and provide more economic opportunities by opening further the EU market to the Moldovan goods and services. It will also attract foreign investment to Moldova.

Commonwealth of Independent States (CIS)

Moldova is part of the CIS Free Trade Area (FTA). The respective FTA Agreement entered into force on 20th of September, 2012 and repealed the previous bilateral free trade agreements within the CIS. The CIS FTA is currently applicable for six CIS countries. The aim of this Agreement is to establish conditions for a free transfer of goods and services, to provide mutual trade balance, to stabilize domestic economic conditions and to promote growth of the economic potential of the member states on the basis of mutual cooperation. Although the FTA provides for a free tax trade regime, there are still certain exceptions, usually asymmetric in nature. In 2002, Georgia, Ukraine, Azerbaijan, and Moldova signed the GUAM agreement

regarding the creation of a free trade zone. Its scope is to eliminate customs fees and other taxes with equivalent effect and quantitative limitations on trade, as well as to eliminate the barriers for free movement of goods and services.

Central European Free Trade Agreement (CEFTA)

In 2006, Moldova signed the Central European Free Trade Agreement (CEFTA), which came into force on 1st of May, 2007. CEFTA allows duty free access to the market of countries of the South-Eastern part of Europe. At this stage, the present signing parties are Moldova, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia, Montenegro, and Kosovo. Although the exports from Moldova to CEFTA countries are fairly low, they have an important role in supporting Moldova's efforts to be included in the Western Balkans perspective of joining the EU, thus reinforcing the relevance of the CEFTA agreement in achieving the objective of Moldova's accession to the EU. The commercial relations of Moldova with CEFTA countries are governed by the preferential trade arrangements provided by CEFTA, which require almost total liberalization of imports of industrial and agricultural products from CEFTA countries, except for imports of wine from the Republic of Macedonia, which carry a



1,000 hectolitres duty free tariff quota. CEFTA also provides an individual mechanism for trade disputes settlement or usage of the instrument provided by the WTO.

Double Tax Treaties and Mutual Protection of Investments Treaties

Moldova has signed comprehensive double taxation agreements with 48 countries, of which 45 are in force. The Double Tax Treaties may provide for more favorable tax regimes than those provided by the local legislation. As guidance on the interpretation of Double Tax Treaties and, correspondingly, for tax administration purposes, the Commentaries to the OECD Model Tax Convention on Income and on Capital are used by the tax authorities and taxpayers. Additional guarantees and support to investors are offered by 40 bilateral treaties signed between Moldova and various countries for the mutual guarantee of investments.





Photo credit Invest Moldova

Investment Opportunities

Viticulture and Wine industry investment opportunities

The wine industry represents an essential branch of the Moldovan economy. Approximately 15 percent of the national annual budget is formed of incomes generated by viticulture. The total area of wine-producing plantations is 130 thousand hectares of vineyards, with over 30 types of technical varieties. There are 4 historical wine regions: Valul lui Traian (south west), Stefan Voda (south east), Codru (center), and Balti (north); first three are destined for the production of wines with protected geographic indication.

The annual vintage is 400 – 500 thousand tons. The Moldovan viticulture can be characterized



as including a large variety of species, 90 percent of which represents European ones. Around 20 percent of produced wine is consumed by the domestic market, while 80 percent is being exported.

Advantages:

Geographical area: Natural factors of Moldova as a combination of a unique microclimate (sun, rain, and temperature), fertile soil, favorable geographical position on the same latitude as France and Northern Italy.

Traditions: Viticulture and winemaking is an activity, which has been practiced in Moldova over millenia.

Novel variety: The wine produced in Ialoveni is actually a Xeres wine, Prometheus is in fact a Porto wine, the Moldovan equivalent of Cahor are red and rosé dessert wines; “Pastoral”, “Bouquet of Moldova” is produced according to the same technology as vermouth. Sparkling wines production technologies are the same as Champagne while Divines are using the Cognac technology process.

Unique collection: The collection of wine from Milestii Mici was included in the Guinness Book at the category “The largest collection of quality wines in the world” (1.5 million bottles).

Quality: Distinct qualities: taste, flavor, properties, varieties.

Investment opportunities:

- Implementing product’s quality and safety standards in wineries
- Re-equipment of wineries
- Installation of seven zone laboratories to determine products’ safety
- Vineyard replanting

Fruit and vegetables sector

Overview:

Fruit-growing represents one of the main strategic branches of the national economy, accounting for around 40 percent of the agricultural production value. The area under fruit and nut plantations in 2019 accounted 143,000 hectares. As for the vegetables production, the annual harvest registers around 458 thousand tons, on average. Vegetables are exported into 23 countries of the world.

Advantages:

Raw material availability; Raw material quality, in adequate varieties for the types of finished products that will be manufactured; Harvesting and transport practices, and organisation from the field to the processing centre; Availability of workforce in the area and training resources; Availability of utilities: electricity, etc.

Investment opportunities:

- Planting new orchards
- Fruit and vegetables storage
- Fruit and vegetables processing: Canning facilities for production of fruit puree and concentrated juices; equipment and technology are required for storage, packaging and, long distance transportation of fresh products; drying; instant freezing; production of ingredients and additives.

Livestock sector

Overview:

Livestock is an important branch of agriculture, which is focused on breeding, reproduction, improvement of breeds, and exploitation of agricultural animals. Growing and improvement of animal breeds is necessary to ensure the population with animal products, of the food industry and light industry – with raw material, of the agriculture – with organic fertilizers.

Livestock sector consists of the following main branches: breeding and fattening cattle, pigs, sheep and goats, poultry, and horses. Today, Moldova is importing approximately 60 percent of its consumption of dairy and

meat products, with only 40 percent coming from domestic production. In 2019, the total value of imported meat into the country was approximately 41.7 million USD.

Investment opportunities:

Renovation and operation of existing farms.

The Republic of Moldova used to have a very strong livestock sector when it formed part of the USSR. Existing infrastructure allows investors to start operations in a very short time.

Cattle feed mills.

Cattle feed industry is now emerging, but it is still produced below potential. The demand for livestock feed of various types (dairy, fattening, bulls, etc.) potentially increase further, thus cattle feed industry will probably grow.

Integrated meat production and processing.

Meat consumption is increasing fast. The most feasible way to meet the demand of pork and beef in the country is conversion to feedlot fattening. Thus feedlot fattening offers a good investment opportunity. Furthermore, establishment of slaughterhouses and model butcheries with grading system and commercial cuts will add value. Moreover, there is tremendous scope and need to establish slaughterhouse by-product plants for further profitability.

Setting up new large breeding and fattening farms.

Large farms can serve as primary source of sale of genetically superior animals for new farms, dairy colonies (which have high turnover of animals), and export.

Other strategic sectors for potential investment

Walnut: Moldova is one of the largest European exporters of walnuts (shelled and nut kernel), accounting for a total value of 100 million USD. The walnut growing area constitutes around 35,000 hectares, and is constantly expanding over the last years, especially through plantation of walnut industrial orchards. The sector has an enormous non-used potential in terms of extension of orchard areas.

To make this potential efficient and operating, an adequate storing and processing infrastructure, as well as relevant market diversification are needed.

Sugar Industry: The complex includes two main segments – sugar beet producers and sugar beet seeds producers and traders. Currently, sugar beet in Moldova is processed by 2 companies – JSC “Südzucker Moldova” and “Moldova Zahar”, which supply sugar in the domestic market, while the sugar surplus is being exported. The annual domestic market demand is around 85 to 90 thousand tons of sugar and the country export potential about 70 - 90 thousand tons.

Oleaginous plants and industry: The main oleaginous plants in Moldova are sunflower, soy, and rape. The overall production volume of these plants in 2018 amounted to 789, and 86 thousand tons respectively. The oleaginous sector includes around 300 small- and medium-sized enterprises (oil mills), which annually process approximately 80-90 thousand tons of sun-flower, partially satisfying the domestic market demand. The JSC “Floarea-Soarelui” is the main oil producer (of both sun-flower and soy oil), having a production capacity of 300 thousand tons per year.

Organic farming: The rich soils and the skilled, available, relatively cheap labor force represent an opportunity for the increase of the demand for organic farming products in western markets, providing huge investment opportunities in this area.

Why invest in the agricultural sector in Moldova?

- Encouraging investments through a subsidy fund, which is very competitive and covers the entire spectrum of agricultural activities.
- Moldova’s location: access to EU and CIS markets (free trade regimes and geographical location);
- The fertile soil and favorable climate conditions: the main conditions required to develop intensive agriculture;
- High efficiency of a profitable agro-industrial sector;
- Large popularity of Moldovan brands on CIS markets: high quality of Moldovan products recognized in all former USSR regions;
- Ecologically pure products in Moldova: the products in Moldova have remarkable gustative quality provided at exclusively accessible prices. The production capacities of the agro-industrial complex are located at short distance from raw material location and are placed uniformly within the country territory;
- Extremely competitive labor force and availability of qualified staff;
- Possibility of setting up joint ventures;
- Potential to develop the local market.





Success stories

Demonstration field Südzucker Moldova

Südzucker

Südzucker AG is a very well known German company. With a production of some 5 million tons, Südzucker Group is the market leader in the sugar sector. The Group's European factories are based in France, Belgium, Germany, Austria, Poland, the Czech Republic, Slovakia, Romania, Hungary, and Moldova. It operates 43 sugar factories and 2 refineries.

In 2001, on the basis of the earlier purchase of Moldovan sugar processing facilities in Drochia, Alexandreni, and Falesti, Südzucker-Moldova JSC was established. Südzucker-Moldova JSC produced 83,000 tons of sugar last year, 56 percent of the production of the Moldovan sugar sector. In monetary terms, Südzucker's annual turnover in Moldova grew to 37 million EUR during the last year of operation. Südzucker set constructive relations with the public, growers and government authorities, contributing to serious changes in legal frame conditions of the industry.

Soon after Südzucker's arrival, thousands of people obtained stable employment. Understanding Moldovan realities, Südzucker undertook managerial and organizational steps to make sure its investments reaped proper results within optimal time frames. In its effort to increase the quality of the raw material supplies, Südzucker completely changed the system. It established a raw material supply development division to help growers. The division organizes regular workshops and field-days where the company and its suppliers discuss methods of obtaining optimal yields. As a result of this approach, local growers have changed to new varieties of sugar beet and learned new pest management, maintenance and harvesting technologies. Regardless of the fact that energy is slightly cheaper in Ukraine and Russia, Südzucker has managed to make the product competitive on those markets. In almost five years, the company invested over 12 million EUR in renovating production, marketing, and institutional facilities. The equipment is powered by hot water and electricity produced by the bio gas plant. The bio gas plant is an investment implemented by the company in 2013.



“ Südzucker Moldova has worked with the Government of the Republic of Moldova on the development of the regulatory background for the “Green Energy”, so that projects of this level can be implemented. We have invested already more than 14 mil. Euro in the Green Energy projects. One of the examples is the biogas plant, located at the company's facility in Drochia. It represents the country's largest green energy supplier.

Dr. Alexander Koss,

Speaker of the Board of the Moldovan-German company Südzucker Moldova



Photo credit: Millstream Dairy

Millstream

In 2010, Millstream started to develop a plan for setting up a dairy farm in Moldova. Years of preparation have finally led, in 2013, to the launch of a dairy farm, with the purpose to have 250 cows on average at full production.

In the village Goleni (Edinet region in the Northern part of Moldova) the yard and buildings of an old state farm were purchased, with the objective to develop a modern dairy

farm. For this purpose, a totally new dairy stable has been constructed by a local construction company. This new stable is based upon dutch design, machinery, and equipment. Besides the farm and constructed buildings, Millstream Moldova has 250 ha of agricultural land at its disposal, for growing crops to feed the cows.

Main purpose of the dairy farm is to provide high quality milk during every month of the year. This high quality milk is collected by the major dairy producers in Moldova.



“We picked Moldova as an investment destination due to the benefits the Government offers to the foreign investors, the costs of production and the strategic market for us. Favorable climate and geographical conditions are factors that help us achieve our goals.”

Jim Boet,
Millstream Dairy

Regional Meat

Regional Meat entered Moldovan market in 2014, by renting a pig farm to test the business climate and the market. After one year of experience, the Danish businessmen decided to invest in livestock sector. The main objective was to develop a modern pig farm by implementing danish technologies.

At the beginning of 2015, Regional Meat purchased an existing pig farm, with a production surface of 54,000 m², which allows them to have a capacity of 100,000 piglets per year. The farm is located in the village of Cinisauti, Rezina district.

At this moment, Regional Meat has 40 employees and a total production capacity of

30,000 pigs. All the pigs are sold locally.

Main purpose of the farm is to deliver high quality meat to the costumers locally and internationally.



Photo credit: Regional Meat

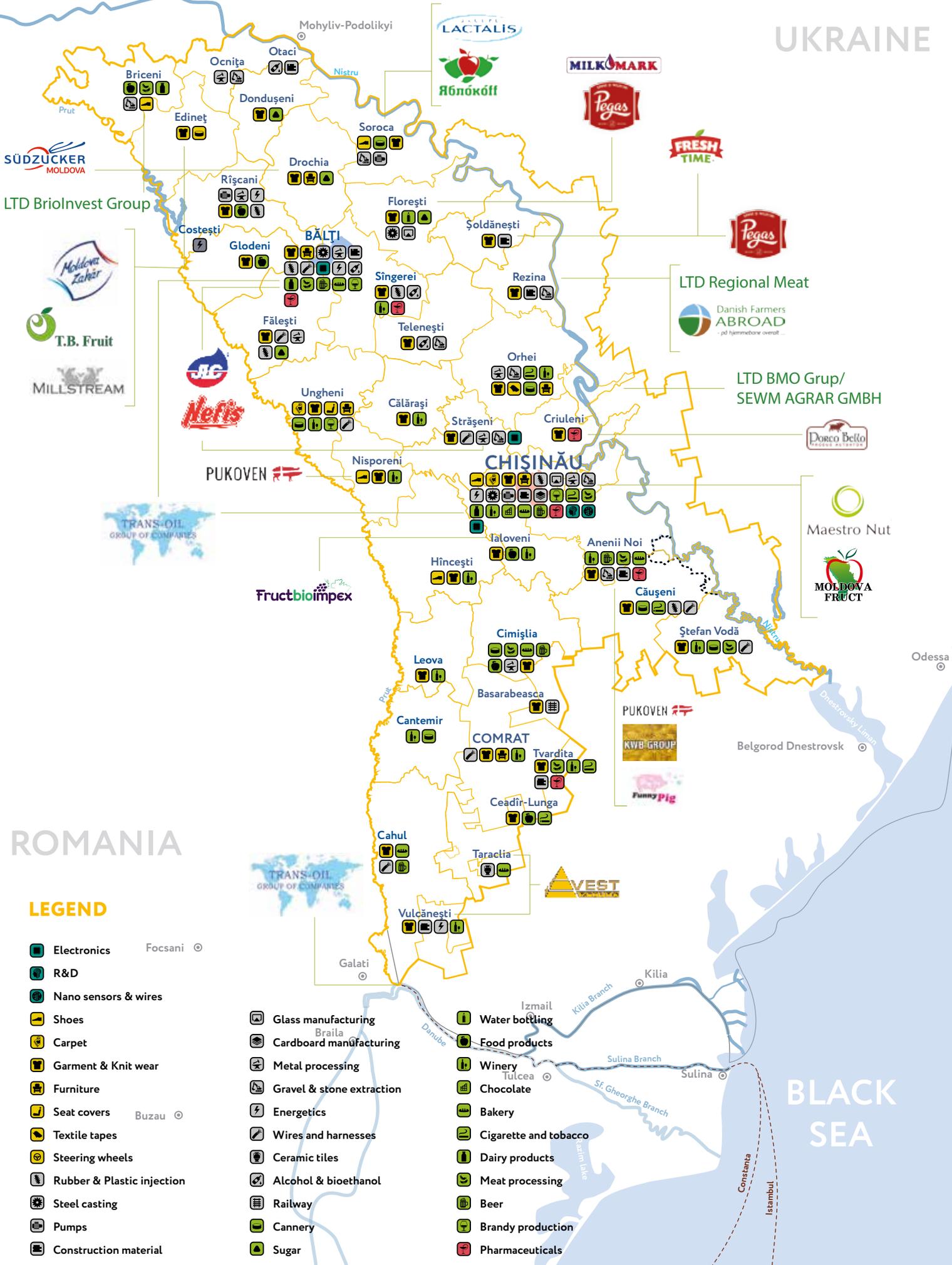


“Moldova works hard on encouraging foreign companies to review it as a possible investment option. Moldova offers competitive financial support for the investments into agriculture sector and very cooperative state institutions, and, what is most important for us, a market with a high potential.”

Perebinos Ecaterina,
Pukoven

Success stories & Agricultural competences

UKRAINE



SÜDZUCKER MOLDOVA
LTD BriolInvest Group

Moldova Zahar
T.B. Fruit
MILLSTREAM

TRANS-OIL GROUP OF COMPANIES

PUKOVEN

Fructbioimpex

TRANS-OIL GROUP OF COMPANIES

LACTALIS
Яблокоff

MILKOMARK
Pegas

FRESH TIME

Pegas

LTD Regional Meat
Danish Farmers ABROAD
- på hjemmebane overalt -

LTD BMO Grup/
SEWM AGRAR GMBH

DORCO BELLO

Maestro Nut
MOLDOVA FRUIT

PUKOVEN
KWB-GROUP
Funny Pig

VEST

ROMANIA

LEGEND

- Electronics
- R&D
- Nano sensors & wires
- Shoes
- Carpet
- Garment & Knit wear
- Furniture
- Seat covers
- Textile tapes
- Steering wheels
- Rubber & Plastic injection
- Steel casting
- Pumps
- Construction material

- Glass manufacturing
- Cardboard manufacturing
- Metal processing
- Gravel & stone extraction
- Energetics
- Wires and harnesses
- Ceramic tiles
- Alcohol & bioethanol
- Railway
- Cannery
- Sugar

- Water bottling
- Food products
- Winery
- Chocolate
- Bakery
- Cigarette and tobacco
- Dairy products
- Meat processing
- Beer
- Brandy production
- Pharmaceuticals

BLACK SEA

Free economic zones & Industrial parks

Tychy, PL - 771km
 Katowice, PL - 768km
 Lviv, UA - 341km
 Ivano-Frankovsk, UA - 215km
 Chernivtsi, UA - 105km
 MD: Criva
 UA: Mamaliga

Kaluga, RU - 1063km
 Kiev, UA - 385km
 Vinnytsa, UA - 120km
 Mohyliv-Podolskiy, UA - 0.5km
 MD: Otaci
 UA: Mogiliov-Podolisc



ROMANIA

UKRAINE

FEZ Location name

- FEZ Otaci Business
- FEZ Mărculești Hub Airport (Florești)
- FEZ Bălți

- Subzone Strășeni
- Subzone Pănășești
- Subzone Căușeni
- Subzone Orhei
- Subzone Cahul
- Subzone Rezina
- Subzone Fălești
- Subzone Cimișlia
- Subzone Ștefan Vodă
- Subzone Chișinău
- Subzone Pîrîta

- FEZ Ungheni Business
- Subzone Călărași
- Subzone Nisporeni
- Subzone Hâncești
- Subzone Soroca

- FEZ Expo Business Chișinău
- Subzone Sângera
- FEZ Tvardița
- FEZ Taraclia
- FEZ Valkanes (Vulcănești)
- Subzone Comrat
- Subzone Ceadăr Lunga

- FEZ Giurgiulești Free International Port

Arad, RO - 654km
 Craiova, RO - 641km
 Pitești, RO - 531km
 Bucharest, RO - 407km
 MD: Leușeni
 RO: Albița

Timișoara, RO - 697km
 Craiova, RO - 481km
 Pitești, RO - 370km
 Bucharest, RO - 255km
 Constanța, RO - 215km
 Galați, RO - 10km
 MD: Giurgiulești
 RO: Galați

MD: Basarabasca
 UA: Serpniovoe 1

MD: Ceadăr-Lunga
 UA: Novie Troiani

MD: Mirnoe
 UA: Tabachi

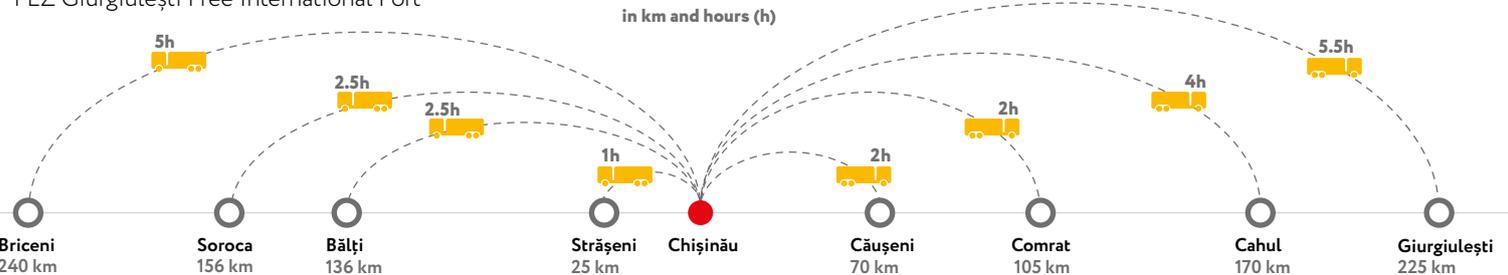
MD: Vulcănești
 UA: Vinogradovca

MD: Giurgiulești
 UA: Reni

LEGEND:

- FEZ
- FEZ Subzone
- Industrial Park
- Border Pass
- Airport
- Sea/River port
- Route number
- Motorway Project

Main distances in km and hours (h)



INVEST MOLDOVA AGENCY



THE ONE-STOP SHOP FOR ALL YOUR INVESTMENT QUESTIONS

ASSISTANCE & INFORMATION



Provide

- Information on the investment climate
- Sector-specific information
- Consulting on suitable locations – FEZ, IP (Invest Moldova database)
- Information on relevant tax, legal and administrative issues



Assist

- Scoping missions (agenda, logistics, follow up)
- Investment incentive application
- Information on business providers - HR, Legal, Consulting, etc.



Connect

With relevant partners:

- Embassies
- Government authorities
- Business associations
- Existing investors

INVESTMENT ATTRACTION & PROMOTION ACTIVITIES

G2B and B2B Missions abroad

International events- promotion of the investment climate of the Republic of Moldova

Moldova Business Week

AFTERCARE

Platforms for Investors

Council for the promotion of projects of national importance, chaired by Prime Minister

Economic Council to the Prime Minister of the Republic of Moldova

- 41 associative structures of the business community
- 43 state institutions
- 16 representatives of the scientific and research community
- 6 Working groups:

Eliminating constraints in entrepreneurial activity: Coordinator - American Chamber of Commerce (AMCHAM)

Facilitation of trans-border trade: Coordinator - European Business Association (EBA)

Stimulation and retention of private investments : Coordinator - Foreign Investors Association (FIA)



CONTACT US:

134, Ștefan cel Mare bd., Chișinău,
Republic of Moldova, MD-2012,
Tel.: +373 22 27 36 54
Fax: +373 22 22 43 10
office@invest.gov.md
www.invest.gov.md
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Invest Moldova Agency is the prime source of information and assistance for potential investors.

We provide tailored services for potential investors throughout the investment decision process. We also support existing investors in extending their operations.

Our team consists of permanent investment attraction staff, sectorial consultants, as well as regional officers. Combining our experience, we are able to provide you with information relevant for your decision making, as well as links to businesses and government.



In close cooperation with, and supported by:

