

THE IMPACT OF COVID-19 ON COMPETITIVENESS OF AGRI-FOOD PRODUCTIS FROM THE REPUBLIC OF MOLDOVA

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Abstract

The World Economy was stricken by COVID-19 virus in 2020, which influenced negatively the economic processes determining the decreasing of the global productivity of labour, the decreasing of the productivity of agricultural products and at the end the decreasing of the competitiveness of states all over the World. In this scientific research is analysed the impact of COVID-19 on competitiveness of agri-food products from the Republic of Moldova, the problems regarding the exports of agri-food products, the markets of agri-food products and are proposed measures to get out from the crisis situation determined by the COVID-19.

Key words: agri-food products, competitiveness, exports, markets, COVID-19

INTRODUCTION

Competitiveness of products consists of the capacity to satisfy the customers of a market with products which have a high level of quality at lowest prices compared to the products of the competitors in order to satisfy the needs of the customers [7, 9, 3].

To be competitive means to be at least as good as the competitors in the market [2, 4].

The economy of the Republic of Moldova shows poor development conditions. Compared to the states from the European Union, in Republic of Moldova, the agricultural sector has the biggest share from GDP (10-14%), which determines a high level of export of agricultural products from the total export of the country [6].

In the same time, we can mention a low level of productivity of labour compared to our neighbours (Romania, Ukraine, Georgia, Russian Federation), in this sense, influencing negatively the competitiveness of the country. In 2020→ countries, all over the World were affected by the COVID-19 virus, which determined significant changes in World Economy [5, 8].

After introducing in 2020, during March, 17-May, 15, the state of emergency in Republic of Moldova, this influenced significantly the

economic development of the country, the way of running things.

The COVID-19 virus influenced the competitiveness of agri-food products, the agricultural producers, registering significant losses [10].

In this scientific paper was analyzed the impact of COVID-19 on the agri-food products competitiveness, the markets of agri-food products during COVID-19, the problems faced by agricultural producers and are proposed solutions to overcome this crisis situation.

MATERIALS AND METHODS

The scientific researches were performed based on the data from:

- ✓ *The National Bureau of Statistics of the Republic of Moldova,*
- ✓ *The National Institute for Economic Research,*
- ✓ *Ministry of Agriculture and Food Industry*
- ✓ *Other economic sources connected to the investigated area.*

In this scientific paper was used the following research methods:

- ✓ *Analysis,*
- ✓ *Deduction,*
- ✓ *Comparative method,*
- ✓ *Graphical method.*

RESULTS AND DISCUSSIONS

The pandemic restrictions imposed by the government of the Republic of Moldova during 2020 determined the decreasing of the economic activity of the majority of enterprises, especially the enterprises from HORECA domain of activity.

For agricultural producers, the pandemic situation also influenced very negatively their activity, because they could not sell their early production.

In the same time, they contribute to GDP more in the second and third quarter of the year, but this is directly linked to first quarter.

In this sense, because of pandemic situation, the agricultural works from first quarter was more difficult to be performed.

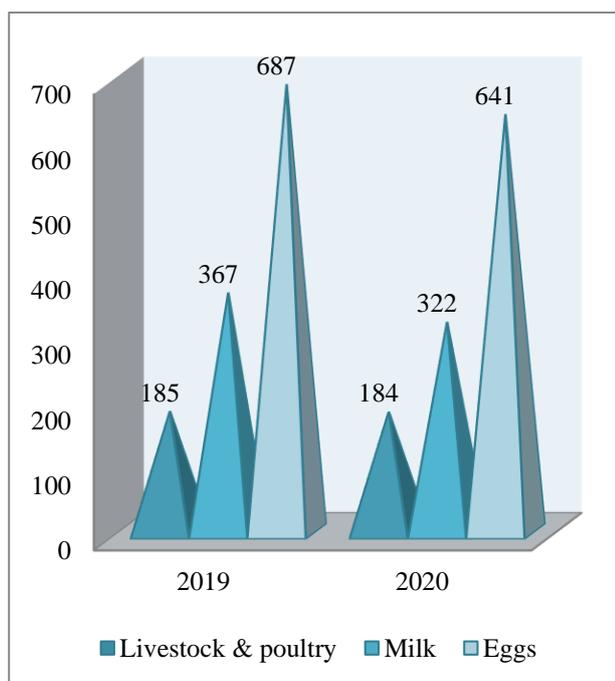


Fig. 1. Production of main agri-food products in households of all categories, (thousand tons)

Source: elaborated by authors based on data from [1].

Analysing the production of main agri-food products in households of all categories we can reveal that in 2020 the production of livestock and poultry constituted 184 thousand tons, which is less than in 2019 by 1 thousand tons; the production of milk constituted 322 thousand tons which is less than in 2019 by 45 thousand tons and the production of eggs also decreased in 2020 by 46 thousand pieces, constituting 641 thousand pieces.

From Fig. 2, livestock and poultry in 2020, was mostly produced in agricultural enterprises from - 94.2 thousand tons and in population households being produced 89.7 thousand tons; milk was produced mostly in population households – 298.5 thousand tons and in agricultural enterprises being produced 23.5 thousand tons and eggs were produced mostly in population households - 374 thousand pieces and in agricultural enterprises 267.3 thousand pieces.

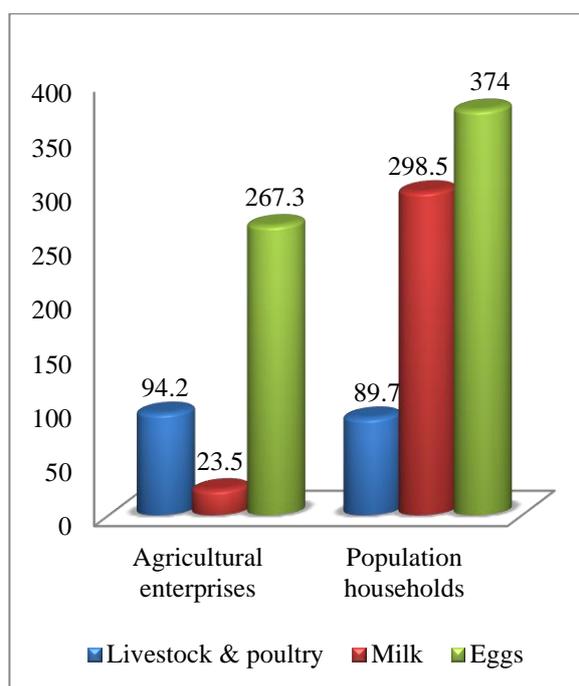


Fig.2. Agri-food production by categories of producers in 2020 (thousand tons/pieces)

Source: elaborated by authors based on data from [1].

Thus from the Fig.1 and Fig.2 we can reveal that the main agri-food production in 2020 decreased, this is because of the drought which affected the agricultural sector but also because of the difficult situation related to COVID-19, when the majority of the agricultural enterprises stopped their activity, registering low level of productivity and also low level of sales, in this sense influencing negatively the competitiveness of the agri-food products [8, 10].

The agri-food products from the Republic of Moldova are sold to the consumers in:

1. Open-air markets – here are sold the mostly of the agri-food products. The quality requirements for this channel are not so high, and the competitiveness is mostly based on

price. The consumers choose products based on their available incomes.

During the pandemic period of COVID-19 the open air markets of agri-food products suffered a lot, because of the restrictions: from the beginning of the pandemic period the open air markets were closed, after which the working hours were reduced by 2-3 hours. In this sense, the agricultural producers have no place to sell their agri-food products, influencing negatively the competitiveness of the agri-food products.

2. Supermarkets – here the agri-food products were sold mostly during the pandemic period COVID-19, because the open air markets were closed. The prices were higher compared to open air markets, but the advantage is that the agri-food products were sold well packed and the purchased products originate from delivery companies which respect all the ISO standards of quality.

3. Small vegetables/fruits/meat shops -these small shops were dedicated to intensely populated rayons of Chisinau. The prices are not so high compared to the prices from the open air markets. During the pandemic period, these markets also have customers, they worked in the same regime as the supermarkets – until 10 o'clock in the night.

4. Export markets – the agri-food products sold through export markets decreased during the pandemic period COVID-19, because of international travelling restrictions.



Fig. 3. Main agri-food markets from the Republic of Moldova
Source: elaborated by the authors.

The agri-food products are sold in Republic of Moldova through 4 large wholesale markets → 3 of them being located in Chisinau, →1 being located in Balti.

In the same time, in Republic of Moldova exist 138 retail markets, out of which 38 markets located in rayons and 100 local markets.

From the analysis above, we can reveal that the agricultural producers who sold their products in open air markets suffered because of the pandemic period COVID-19, because of the imposed restrictions by authorities they could not sell their products and other situation with the supermarkets, small vegetables/fruits/meat shops who sold their products in normal regime.

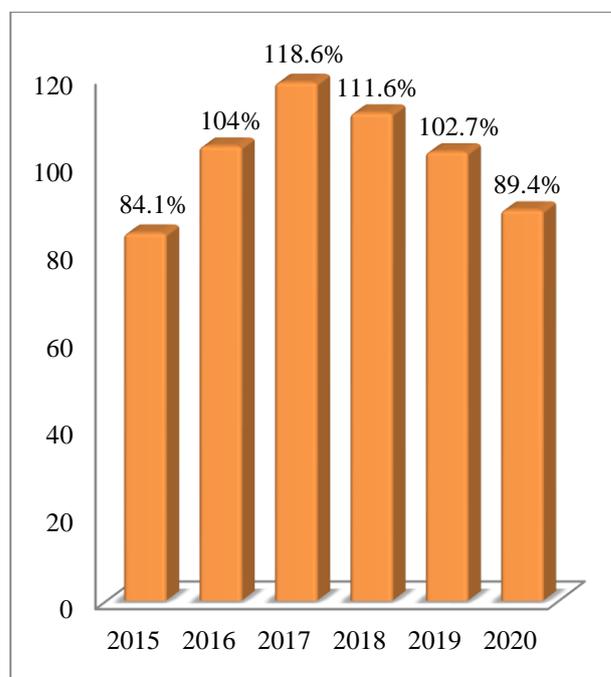


Fig. 4. The evolution of the value indices of the exports of goods during 2015-2020 (in % compared to the previous year)
Source: elaborated by authors based on data from [1].

Related to the export markets, the indices of exports of goods in 2020 compared to previous year, decreased by 13.3%, constituting 89.4%. This decrease was determined by the pandemic situation COVID-19, which imposed many restrictions to international trade.

In 2020, in Republic of Moldova was registered the lowest index of export compared beginning with 2017, when was

registered the highest level of exports: 118.6%.

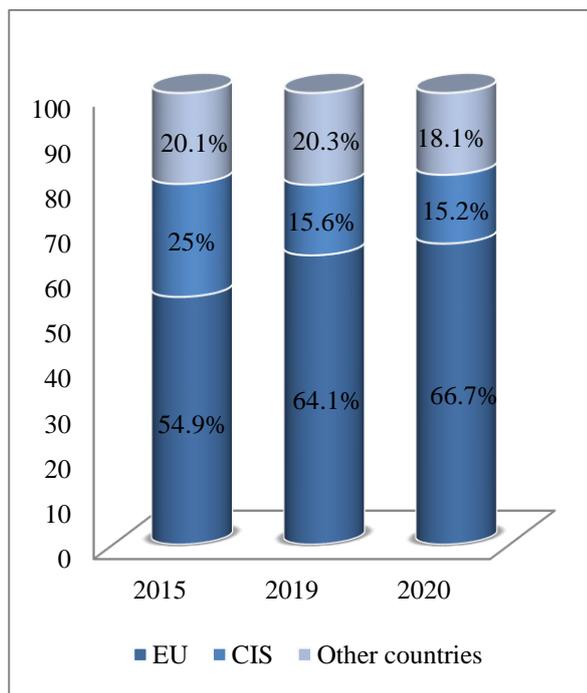


Fig. 5. The structure of exports of goods by groups of countries during 2015-2020 (%)
 Source: elaborated by authors based on data from [6].

Analyzing the Fig. 5 we can reveal that the exports of Republic of Moldova are mostly oriented to European Union countries, which constituted in 2020 → 66.7% exports, registering an increasing trend from 2015, when this indicator constituted 54.9%. The exports to CIS countries have a negative trend, registering in 2020 → 15.2%, compared to 2015, when this indicator constituted 25%.

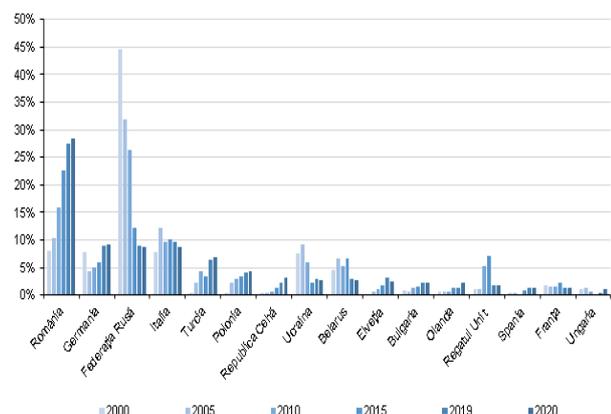


Fig. 6. The structure of exports of goods by countries of destination during 2000-2020 (%)
 Source: elaborated by authors based on data from [1].

The pandemic situation COVID-19 all over the World influenced negatively the exports of goods by countries of destination in 2020, which decreased by 11.9% compared to 2019. The delivery of goods decreased to the following countries (fig.6): Romania (-7.7%), Italy (-20%), Russian Federation (-13.2%), Belarus (-18.1%), Greece (-31.2%), Ukraine (-13.3%), Austria (26.7%), Lebanon (-19.1%), Armenia (-63.8%), China (-28.3%), UAE (-63.8%), Montenegro (-90.8%), Brasil (-63.2%), etc.

The restrictions generated by the COVID-19 virus affected the exports to the majority of partners of the Republic of Moldova, in this sense influencing negatively the economic development of the country and the competitiveness of the agri-food production.

Table 1. The structure of exports by types of goods during 2019-2020, %

Goods	Years		Deviation of 2020 compared to 2019
	2019	2020	
Agri-food products and live animals	22.9	21.2	-1.7
Beverages and tobacco	7.9	7.5	-0.4
Inedible Raw Materials	10.7	10.7	-
Mineral fuels	0.4	0.6	+0.2
Oils & fats	2.5	4.2	+1.7
Chemical products	5.2	5.1	-0.1
Manufacturing products	6.2	7.2	+1.0
Transport machines and equipments	23.3	22.8	-0.5
Manufacturing articles	20.9	20.9	-

Source: elaborated by the authors.

In 2020, the export of agri-food products and live animals reduced by 1.7% compared to 2019, especially decreased the exports of [1, 6]:

- cereals and solutions based on cereals by 47.3%,
- oilseeds and seeds by 14.7%,
- sugar, solutions based on sugar and honey by 14 %,
- meat and meat products by 30.1%,
- milk products and eggs by 17%.

The decreasing of exports of agri-food products determined low competitiveness of these products, all of this being result of the restrictions imposed by authorities due to pandemic situation COVID-19, which stricken the World Economy, as well as the

Republic of Moldova, being necessary to take urgently measures to overcome the effects of COVID-19 pandemic situation.

CONCLUSIONS

As a result of the performed investigation, we can reveal the following conclusions and recommendations:

- The Republic of Moldova as a result of the COVID-19 pandemic situation is facing a major economic crisis, being characterized by decreasing level of exports of agri-food products, low level of productivity which influences negatively the competitiveness of the country as a whole;
- Due to the fact many of the agricultural producers in 2020 could not sell their agri-food products on the local open air markets, registering high losses, it is necessary to offer support from state in form of subsidies to help the agricultural producers to perform agricultural activity, many of them being in bankruptcy situation;
- It is necessary to continue to support agricultural producers who registered high losses because of pandemic situation COVID-19 by offering tax incentives (reducing of rates, fiscal vacancies), guaranteeing loans for companies which are facing difficulties, exempting from paying the rent payments for the period of forced cessation of activity;
- It is necessary at the level of state to approve a competitiveness policy which will give possibility to identify the weak points in increasing the competitiveness and to act promptly to remove all the barriers in increasing the competitiveness of the country;
- The COVID-19 affected the World Economy, as well as the Republic of Moldova, in this sense being necessary a pro-active involvement from the state authorities as well as from the civil society in the removal of the negative consequences of this great danger.

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