

## THE PROBLEMS OF THE EXPORTERS FROM REPUBLIC OF MOLDOVA RELATED TO THE MANAGEMENT OF EXPORT PROMOTION

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### **Abstract**

*Moldova is one of the smallest European countries, with an appropriate sales market. Because of the decline in agriculture in recent decades, domestic sales became even smaller. In this way the sustainable development of agriculture could only be based on export promotion. It is absolutely clear the urgent need to diversify the range of exported products and markets. Sustainable development of the country depends on the ability to develop those branches of the national economy, which represent a great export potential of the country. The analysis is based on research management issues promoting the export of agricultural products from Moldova and its prospects for improvement. The methodology for conducting research is to investigate business managers. The direct contact method was used in the investigation. Most enterprises export their products to CIS countries, especially to Russian Federation, Ukraine and Belarus. As for the EU countries, the most requested are Germany, Romania, and Italy. One of the basic problems our exporters face on the foreign markets is that most products are not competitive compared to those of the origin country. We can say that, there are numerous problems encountered by local exporters. And they need support from the state in order to achieve a successful export.*

*Key words:* competitiveness, export, foreign economic relations, management, promotion, quality

### **INTRODUCTION**

Moldova is one of the smallest European countries. Agriculture is one of the driving forces that form the image of Moldova, nature and culture of the country for several centuries. [6]

Agriculture in Moldova traditionally serves as a safety belt, which ensures the existence of a cash income source from sales of agricultural products.

Because of the decline in agriculture in recent decades, domestic sales became even smaller.[2]

Developing a competitive and effective country depends directly on the insurance of favorable conditions for producers, stimulating the export of agri-food products and attracting investments. [4]

In this way the sustainable development of agriculture could only be based on export promotion. [3]

### **MATERIALS AND METHODS**

The analysis is based on research management

issues promoting the export of agricultural products from the Republic of Moldova and its prospects for improvement.

The research was conducted in different regions of Moldova. Mostly, the questionnaires have been completed by the local producers who export agricultural products.

The methodology for conducting research was focused on investigating business managers. The direct contact method was used in the investigation.

### **RESULTS AND DISCUSSIONS**

It is absolutely clear the urgent need to diversify the range of exported products and sale markets. Sustainable development of the country depends on the ability to develop those branches of the national economy, which have a great export potential. [5]

In order to study and obtain information on the business of agri food enterprises and their main problems it was made a questionnaire.

One of the conditions for participating in the investigation was the principle of confidentiality.

The questionnaire contains 22 questions divided into three sections (Fig. 1).

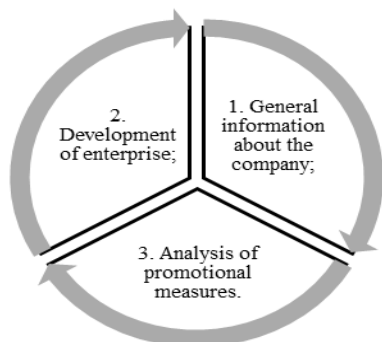


Fig. 1. Compartments of the questionnaire

The questionnaire was elaborated in the way that would enable the analysis of obtained results and show the problems encountered by local exporters in the activity.

The questionnaire was completed by 75 local exporters who produce and export the following products:

- ✓ honey and apiarian products,
- ✓ sweets,
- ✓ dairy products,
- ✓ vegetables,
- ✓ sunflower oil,
- ✓ cereals, etc.

The entrepreneurs should determine two main targets: which markets they have to penetrate and how to enter the chosen markets.

The most attracting sale markets for the majority of our respondents are the following:

- CIS countries - 55%
- EU countries - 30%
- USA - 10%
- Other countries - 5%. [3]

Most enterprises export their products to CIS countries, especially to the Russian Federation, Ukraine and Belarus. As for EU countries, the most requested markets are those from Germany, Romania and Italy. [9] CIS markets are the most popular because, firstly, the requirements for quality goods differ from those submitted by the European Union and, secondly, the language of communication is better known. [7]

In order to survive in the competition, the products offered on these markets must be competitive. One of the basic problems our exporters face on the foreign markets is that most products are not competitive compared

to those of the origin country. This problem is quite severe in European Union.

Figure 2 presents the most common barriers local producers encounter when exporting agri-food products.

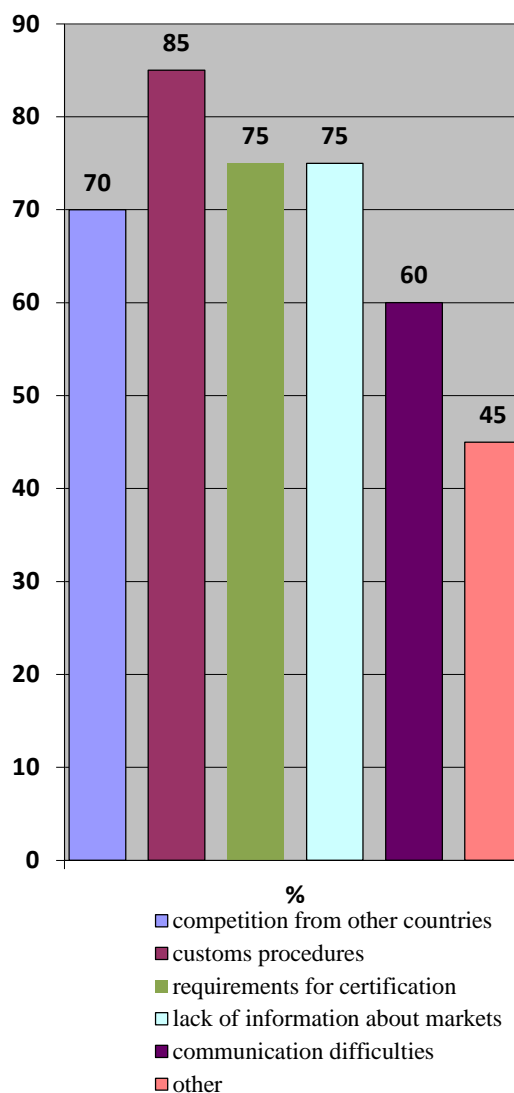


Fig. 2. Factors that negatively affects foreign market penetration

Source: Authors' calculations.

Cultural differences and, especially, language level skills also play a significant role in the success of a business.

Other problems that have been mentioned most of all are the following:

- The lack of state support,
- The undeveloped infrastructure of export promotion,
- Imperfection of national legislation etc.

In order to be successful on the foreign markets, the country needs not just to produce

more quality goods, but also the goods required on the market.

One of the measures that would help Moldova's economy to compete in the contemporary environment is promoting local quality goods and services on the foreign markets. [1]

In order to strengthen Moldova's image and promoting agri-food products on the foreign markets runs, it is necessary to carry on a series of promotional measures as international exhibitions and permanent economic exhibitions within Moldova's embassies.

In addition to this, local producers propose a series of measures required for a successful export, which are presented in Figure 3.

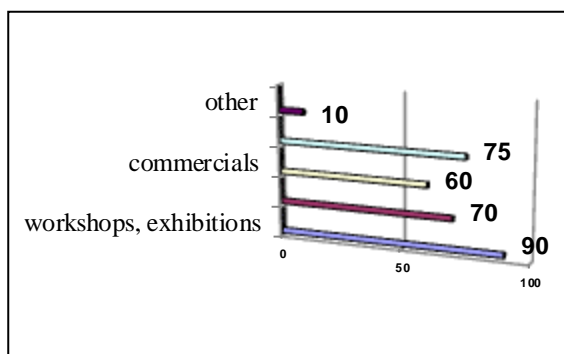


Fig. 3. Necessary measures for export promotion  
 Source: Authors' calculations.

The most effective promotional measure, according to the exporters, is organizing round tables and exhibitions.

Among the factors stagnating the export, the majority of exporters mentioned the occurrence of different barriers both internal and external (Fig. 4). [3]

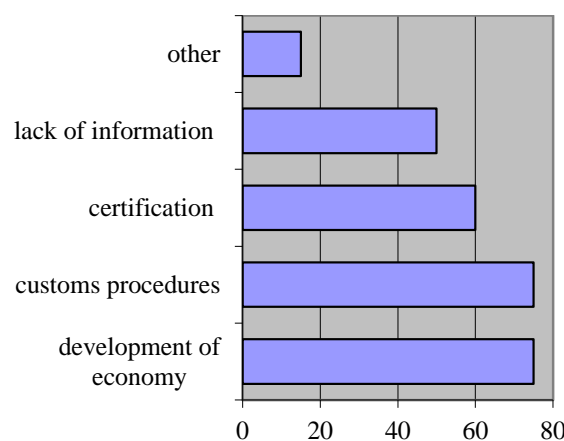


Fig. 4. Internal barriers hindering the export development  
 Source: Authors' calculations.

The level of economic development of the country has a great influence on the activity of each entrepreneur. [8]

75% of respondents believe that the low level of our country's economy represents an important barrier for export development.

Another internal barrier that occurs in export activity is related to customs procedures. 75% of respondents think that customs procedures are too complicated.

Requirements for certification are considered by 60% of respondents as a quite serious barrier.

50% of respondents believe that another barrier for their export development is connected with the lack of information about foreign markets. We should mention that in this case, the entrepreneurs should work by themselves, i.e., to seek independently different sources of information about foreign markets.

15% of respondents indicated other internal barriers that negatively affect export development, such as:

- ✓ delayed tax refund;
- ✓ excessive controls by various government agencies;
- ✓ internal political situation etc.

Further we present what external problems local exporters face in their foreign economic activity (Fig. 5). [3]

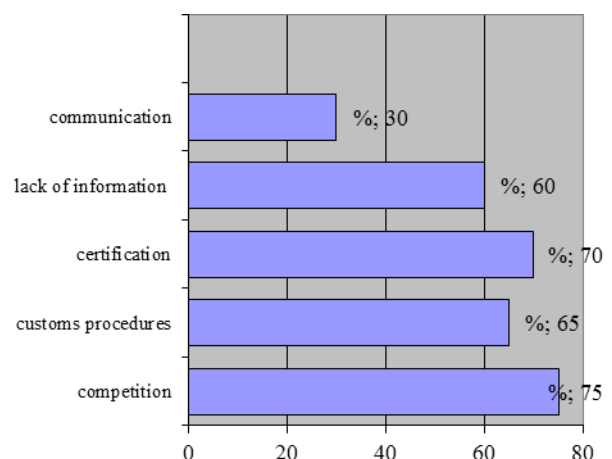


Fig. 5. The problems which intervene in foreign economic activity  
 Source: Authors' calculations.

The information presented in Figure 5 confirms the fact that local exporters face practically the same problems as on the internal market, except competition,

especially occurring on the foreign market. [3]

„Agricultura Modernă – Realizări și Perspective”,  
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[9] [www.statistica.md](http://www.statistica.md)

## CONCLUSIONS

There are numerous problems encountered by local exporters.

In order to have a successful export the following support measures from the state are required: improving the legislative base; reducing bureaucracy; solving internal problems; granting subsidies for renewable energy sources; making state orders for agricultural products; granting cheap loans; removal of export barriers; repatriation of capital; keeping the rate “0” on reinvested profits; adjustment of national legislation to European standards; granting grants for development; granting aid in finding business partners; agricultural products insurance; forest fund and general environmental protection etc.

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