

THE MARKET OF ORGANIC FOOD PRODUCTION IN REPUBLIC OF MOLDOVA

Pavel MOVILEANU, Veronica MOVILEANU, Svetlana SASU

Universitatea Agrară de Stat din Moldova, 44 Mircești str., MD-2049, Chișinău, Republic of Moldova, phone: +(373)22432378, email: p.movileanu@uasm.md, s.sasu@uasm.md

Corresponding author: p.movileanu@uasm.md

Abstract

In this article the authors will analyze the development of Moldavian organic agriculture in European agriculture field. Organic farming is an agricultural system designed to provide consumers with fresh, tasty and authentic food, at the same time respecting the natural life cycle of the systems. Moldavian population needs organic production for its health and welfare. The authors consider the organic farming as a solution that is able to prevent a future food crisis, as world's population is increasingly facing an acute shortage of food. Based on the literature in the field the authors describe the extension of certified organic areas in the period of 2003-2011, that had increased by 270 times from 80 ha to 22 102 ha. Moldavian local market of selling the organic products is almost non-existent because of the small farming practice in the country. The conclusion is that the premises for the development of national organic sector should be connected, exclusively to export markets at least for medium term. These are mature and can "digest" the local organic products, offering fair prices to local producers.

Key words: organic farming, organic production, outlet market

INTRODUCTION

Organic food production is rising worldwide. It is practiced in approx. 154 countries spread over five continents, in an agricultural area of approx. 31.584.720 ha, of which 42.9% in Oceania (Australia), 23.8% in Europe, 23.5% in Latin America, 5.5% North America, 2.8% in Asia and 1.6% in Africa. In Europe, there are run approx. 7.6 million ha of environmental management in approx. 178 940 farms today, of which Austria 12.9%, Finland 7.22%, Italy 6.86%, Sweden 6.8%, Greece 6.24%, Denmark 6.2%, 5.97% Czech Republic, Estonia 4.59%, Slovenia 4.6%, UK 4.42%, Germany 4.3%. Organic products in the world market are about 3.1 to 4.3%:

Organic farming creates more value for farmers, noticeable not only in higher retail prices by 20%. As free economic zones and industrial parks are punctual methods of attracting private investment in the economy, farming is a niche to attract investment and innovation in agriculture. Both international capital and local regulations may participate in this process. Organic agriculture can contribute to the sustainability of agriculture in general.

MATERIALS AND METHODS

The material used for the study undertaken found in research, data analysis and interpretation of the scientific literature, report on the strategic development of agriculture in the years 2006-2013 published by Ministry of Agriculture and Food Industry of the Republic of Moldova, "local and regional perspectives" – information developed by the Organization of Finances Consulting and Moldovan Investment and Export Promotion Organization (MIEPO) about the importance of organic production.

RESULTS AND DISCUSSIONS

The ecological products and commercialization is a real chance for Republic of Moldova to penetrate foreign markets which are saturated with products from conventional agriculture and organic products supports missing [4]. Value added in the production and marketing of organic products, along with low cost to obtain them, allowing increased accumulated income of rural communities in order to address socio-economic problems in the villages. Thus, support for the promotion and

development of organic agriculture is a fundamentally new - a rural development policy, aimed to encourage many rural initiatives, helping, while farmers are restructuring their farms, to diversify the range of products and to penetrate different markets to sell the products. The interest in ecological food production has increased in recent years, confirmed by the fact of production increase surface and volume.

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.); good ecological soil conditions, mainly on large terrains, due to the essential reduction over the last 10 years of chemicals used in agriculture; protection of agricultural plants against diseases and pests, which can be ensured through the application of integrated organic systems and crop rotation etc.

Legislation has recently been harmonized with EU requirements, in particular there were adopted Regulations on ecological principles and methods of processing organic food production, inspection and certification system in the field and organic food products import and export.

Organic farming has a great contribution to long-term economic development and plays an important role in improving of the environment, preservation of soil, improving water quality and protecting nature. Thus, the promotion and development of organic farming can be a benchmark in the rural economy and make it viable by expanding high value-added economic activities and generating employment in rural areas.

The area of ecologic agro-food products, certified in organic farming is about 32 thousand ha in Moldova. The main organic products cultivated are peaches, grapes, soy, walnuts etc. There is an increasing trend in cultivating cereals (about 57.9 % in 2009) and oilseeds and protein (47.2%). The area certified in organic farming is increasing

because more and more farmers become interested in practicing organic farming.

There are 168 companies registered at the Ministry of Agriculture and Food Industry owning lands with pure ecologic production [1].

Marketing of organic agro- food differs from the conventional by factors of production. Marketing of organic products includes the following steps [3]:

- Determining of household purpose;
- Determination of objective factors:
- Unique of organic products;
- Limitation of natural resources;
- Dependence on natural and biological factors;
- Potential and character of fixed capital structure;
- Planning range of products;
- Development strategy:
- Intensive;
- Extensive;
- The integration;
- Strategy development - new product to new markets.

Pricing on organic foods requires a direct influence of the state in certain facilities, namely budgetary subsidies, tax / customs, state-guaranteed bank loans, long-term investments in accordance with national / international.

Considering the low level of farming practice in Moldova, the local market of organic products selling is almost non-existent.

Over the last 5 years Moldova has had a rapid growth in the export of organic certified products; in 2009, 32,374 tons of organic products with the value of 580,7 million lei (34,6 million Euro) were exported, which represented 11% of the total agriculture export value. The main certified and exported organic products are: wine, shelled walnuts, dried fruits, sunflower seeds, sunflower oil, soy seeds, wheat for animal fodder, lavender essential oil, beans, barley and other.

There are exported 95 percent of vegetal organic products (cereals, oilseeds and protein, berries and herbs) to Germany, Switzerland, Netherlands and Great Britain.

Moldova is currently exporting preponderantly raw material and products of the first step of processing. Moldovan companies have small capacities to manage final products.

Organic producer SRL “AT-ZIN”, located in community Barder, 25 km from Chisinau, is specialized in production of organic vegetables and organic vegetables seeds. Total production area is 60 Ha, out of which 40 ha are cultivated with organic cereals and 20 with organic vegetables [4]. The farm is certified since 2007 by organic certification companies CERPA-inspect and ICEA. There are 40 full time employees and additionally 12 seasonal workers. It had received state subsidy of 20% of the price for 200 tons of vegetables which have been purchased according to the law on Public acquisitions by the state for the social cantinas. There have been sold 400 tones of vegetables as conventional products in the open market. There were exported 120 tons of organic wheat to Italy, and the farmer received 25% higher price than on the local market.

Imported organic food, as well as a wide range of so-called (sometimes fraudulently) "environmentally clean products", with labeling that the product is produced on non-contaminated soils can be found in supermarkets, where they are sold at premium prices. There is an interest to develop and diversify the national market with Moldovan organic products on every level of the commodity chain. Until today, the institutional network between the potential organic market players has not been developed, because of no reliable supply of range and quantities of products, unavailability of grading and storing infrastructure, processing, packing and labeling.

Own dairy shop in Chisinau SRL “Logofat-Prim” is located in community Logofteni, in Falesti district 80 km distance from Chisinau. Total production area is 810 ha, and livestock farm with 160 milking cows. Milk processing factory was established with support from Netherlands. The farm is certified since 2007 by organic certification company CERPA-

Inspect and ICEA. Main crops are cereals, soybean, and sunflower and fodder crops. Last year 2009 it exported soybeans and sunflowers to Italy and received 25-30% higher prices comparing which the local prices. In the beginning of June 2010 it opened first small shop and trading with own organic milk products. The main product sold in the shop is a Gauda Cheese.

There are no specialized shops selling organic products, except one small organic dairy shop (see box), and not even separate shelves with organic products in the shops. It is the next step for the marketing of local organic products in the local food shops and supermarkets.

Table 1. Volumes of organic products sold in the local market 2009

wheat – 6500 t	barley – 1950 t
sun flower – 1750 t	soy bean – 450 t
corn – 2200 t	sweet corn – 150 t
pea beans – 269 t	tomatoes – 100 t
early cabbage – 420 t	late cabbage – 300 t
carrot – 60 t	beetroot – 80 t
onion – 120 t	potatoes – 600 t
sweet pepper – 200 t	

Prices in the local market do not vary much as compared with conventional agriculture. Prices for export are stipulated in long term contracts with buyers for the each product, a premium price is guaranteed compare to conventional. For example, in November 2009 when the price for conventional soy beans in the local market was about 0.28 euro/kg, organic producers exported soy beans to Italy and received 0.41euro/kg, which is 46 % higher than for conventional products. The same situation was registered for sunflower seeds: offered premium price was 23% higher then the conventional one.

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infrastructure, processing, packing and labeling.

Ministry of Agriculture, together with inspection and certification bodies accredited and authorized under existing legislation, implementing specific inspection and certification system for organic agricultural production conformity assessment in accordance with the regulations and international standards for operators in all parts of the country, is committed to implement the program. Above priorities and economic interest in developing organic food production there are basic components to enhance organic agricultural products in the country in the next five years by about 2 times. In order to develop sustainable agro-ecological and organic products to improve the competitiveness of local and export markets should be identified and implemented the following measures [5]:- Development of local markets and export promoting of organic products to existing market niche by covering also identifying new export markets and consolidation of existing markets;- Implementing legislation to strengthen control system with additional measures to supervise the inspection and certification bodies to increase quality;- Establishing an appropriate system of production, processing and marketing of organic products designed to meet the requirements of local and foreign markets;- Strengthening the training of all stakeholders in the organic sector, producers, processors, inspectors, experts from the ministry, exporters and importers etc.

The Ministry of Agriculture and Food Industry has authorized 3 Inspection and Certification Bodies in the field of organic farming, which are accredited in the national accreditation system: 1. CRPA –Inspect; 2. ICEIA –GROUP; 3. CERTIFICAT –Eco

These Bodies work with 65 economic agents from the Republic of Moldova, the total amount of agricultural land they operate on equals 10000 hectares and producing the volume of approximately 22469 tones.

Nevertheless organic production is affected by the fiscal, economic, trade, taxation and

policies sector in the same way as conventional agriculture.

CONCLUSIONS

As a result of studying the market of organic products in Moldova, there was found that:

Republic of Moldova holds many of the various prerequisites necessary for organic agro – food production development. These include following:

-Favorable conditions for cultivation of a large spectrum of ecological land organic value-added agricultural plants (vegetables, fruits and vines, essential and oleaginous crops,etc).

-Local market of organic products selling is almost non-existent

-The international market shows a great interest for ecological products

-Trading of organic products is a priority for Republic of Moldova.

The premises for the development of national organic sector should be connected, exclusively to export markets at least for medium term. These are mature and can "digest" the local organic products, offering fair prices to local producers [7].

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