

THE GRAPES AND WINE MARKET IN THE REPUBLIC OF MOLDOVA: TRENDS AND INSIGHTS

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Abstract

Grapes and wine products were and are symbolizing both the agriculture and economy of Moldova. Until the 90s of last century the main consumer of our drinks was the Russian Federative Republic. On its markets we sold more than four fifths of wines from grapes and more than 90 percent of sparkling wine. After the approval of the Declaration of Independence (August 27, 1991), our country has made considerable efforts to reform the national economy, to transition from centrally managed economy to a market economy that - and allows the manufacturer to direct activities according to demand and primarily domestic market. The request of grapes and grape products on the domestic market rules according to our traditions and previous practice and must be covered entirely by the local production. The national market for vine products is characterized by excessive fluctuations generated by the dynamics of production of grapes and processed products thereof, price volatility, increased competition, etc. Grapes and grape products obtained in Moldova exceed the domestic market demand and our country is doomed to commercial relations with other countries and/or groups of countries. The emergence of new socio-economic system open to the world triggered the joint efforts of the international community's own produced undoubtedly important changes not only in shape, but also background in trade flows and wine grapes. The European Union has been and remains an important actor of major interest to us. The signing and ratification in 2014 of the Association Agreement between Moldova and the European Union will definitely contribute to increase the sales in the Common Market of the European Union, but our country is required to know the trade policies of the EU and should adjust its national trade policy to the EU requirements. In the paper the authors reflect on the grapes and grape products market, studying the import and export of such products, seek practical operation of the CIS market and Common Market. According to this study the authors come up with some proposals that would change the situation on the national market for the better and would accelerate the integration of the national market in the European Union Common Market.

Key words: efficiency, grapes, integration, market, policies, price, resources, wine

INTRODUCTION

After the approval of the Declaration of Independence (August 27, 1991), the Republic of Moldova is making significant efforts to reform the national economy. The emergence of new socio-economic system open to the world has produced undoubtedly important changes not only in form, but also contextual in trade flows of grapes and wine.

The starting point for the effective development of any branch of the national economy, including horticulture is the national market's development of grapes and wine. The national market for products of the vine usually is fully satisfied from domestic production. It is characterized by price

volatility, increased competition, principles and mechanisms adapted to the realities of the period we are experiencing.

Grape production and products processed in our country exceeds the requirements of the internal market and we are forced to orient producers to international markets. Integration, including that in the Common Market usually occurs and is born where common interests are accompanied by similar economic policies of countries that intend such purposes. Obviously, it requires the study of foreign markets' development, our country's opportunities to join the Common Market of the European Union.

The study of the national market integration of grapes and wine in the Common Market

can be found in national and international researches. However, even if this issue has been discussed at various official meetings in our country, addressed to the scientific sessions, presented in various national and international publications, national market integration of grapes and wine in the Common Market develops in a difficult and controversial manner.

This situation urged us to estimate the evolution of the national market integration of grapes and wine in the Common Market. This study has enabled us to come up with some modest recommendations on the practical application of the Association Agreement of the Republic of Moldova to the European Union on the national market of grapes and wine.

MATERIALS AND METHODS

Among the materials used in research are the normative acts of the European Union and Republic of Moldova, textbooks, monographs and other publications specific to the theme, national and international conferences materials which helped us to understand and explain both the evolution of the national market integration processes of grapes and wine in the Common Market, and allowed us to identify the factors that influence these processes.

The quantitative analysis is performed on selected data and processed by the authors based on Eurostat, the statistical yearbooks

and other publications of the National Bureau of Statistics, other official communications of the institutions of the Republic of Moldova. The empirical study, analysis of the links provided us meanings and explanations pertinent to the phenomena and processes occurring in the national market integration of grapes and wine in the Common Market.

RESULTS AND DISCUSSIONS

Production of grapes and winemaking in the Republic of Moldova

The Republic of Moldova's economy passes through a difficult phase of changes initiated on July 25, 1990 when the Moldovan Parliament decided "to qualify the transition to a market economy as a model of management and the main measure for the economic recovery of the republic."

In terms of transition from centrally managed economy to a market economy, agricultural holding, irrespective of the organization form, determines what and how much to produce according to the market demand. The market demand is the result of a complex of political, legal and economic factors.

The national economy is characterized by the growth of gross domestic product of the Republic of Moldova to Lei billion 6.48 in current prices in 1995 (Table 1) to Lei billion 100.51 in 2013 or 15.5 times and in comparable prices - from Lei billion 4.67 in 1995 to Lei billion 96.52 in 2013 or 20.6 times.

Table 1. The gross domestic product of the Republic of Moldova

	1995	2000	2005	2010	2011	2012	2013
Total GDP, billion lei, current prices	6.48	16.02	37.65	71.89	82.35	88.23	100.51
Total GDP, billion lei, prices comp. to 2005	4.67	12.58	34.43	64.72	76.78	81.74	96.52
Agriculture, value added (% of GDP)	33.0	29.0	19.5	14.4	14.8	13.1	15.0
Grapes, % of the agricultural production	*	12.0	12.8	12.1	14.4	15.8	*

Note*= lack of data

Source: Elaborated by authors based on selected information from www.statistica.md

For all countries, including the Republic of Moldova, agriculture was and remains the support of human existence and, therefore, is the most powerful steady factor in the

harmonization of the economic development. The share of agriculture in GDP generally tends to decrease from 33.0% in 1995 to 13.1% in 2012 and 2.52 times and increases to

15% or 1.9 percentage points. The share of grapes in the added value of agricultural production tends to increase slightly from 12.0% in 2000 to 15.8 % in 2012.

The total area of vineyards in Moldova reduces from 256,000 ha in 1980 to 137,000

ha in 2013 (Table 2) or about 46.5 %. The vineyard plantings in fruit decreased from 200,000 ha in 1980 to 128,000 ha in 2013 or by 36 % which showed that planting new areas with vines fell catastrophically.

Table 2. Area, production and productivity of vineyard plantations

Specification	1980	1985	1990	1995	2000	2005	2010	2011	2012
Total area, thousand ha	256	220	201	186	149.1	148	145	140	141
Including those in fruit	200	170	171	172	141.5	140	133	128	129
Of the total mass varieties	-	16.6	31.1	24.9	21.4	20.0	20.0	20.0	20.0
Production of grapes, thousand tons	1201	654	940	852	703.8	518.5	481.6	594.8	505.9
Of which table varieties		23.5	82.5	105.9	112.0	57.0	46.0	86.0	70.0
Average production per ha, quintals	60.0	37.5	53.8	49.2	49.5	36.2	34.9	45.5	38.6
Production of table grapes per ha quintals	-	23.5	40.3	44.6	57.0	29.0	26.0	51.0	41.0

Source: Elaborated by authors based on selected information from www.statistica.md

If in 1980 young vineyard plantings were 21.88% of the total vineyard area then in 2013 they formed only 6.57 per cent.

Horticulture development is considerably influenced by available resources, particularly natural resources. Over 58% of the vineyards are located in the Republic of Moldova on land sloping down to 5 degrees. At the same time almost half of the lands with inclination of 5-10 degrees are arable. Of all the arable land, 45 per cent is severe slope of 5-10 degrees. Surprisingly, 24% of the lands above 10 degrees are arable lands.

Reducing newly planted vines surfaces, in utmost, was influenced by the situation that was created in vineyard nurseries. The volume of planting material production fell from 70 million pieces in the seventies to almost 3 million - currently. Today, basically, we do not have rootstock plantations.

Reducing areas planted with vines expresses a dangerous trend for the judicious exploitation of agricultural lands, to ensure sufficient economic efficiency, to maintain ecological balance and influenced the production of

grapes.

The total production of grapes varies from 1.201 million tonnes in 1980 to 481,600 tons in 2010. Obviously, grape production volume was determined by surface vine groves and grape production per unit area of plantations in fruit with which it perfectly correlated. The grape production per unit area of plantations in fruit varies between 60 quintals per hectare in 1980 to 34.9 quintals per hectare in 2010.

Grape production in agricultural enterprises is reduced from 472 600 tons in 1996 (Table 3) to 69 100 tons in 2010 and then oscillates reaching 168,300 tons in 2013. The share of grapes harvested in farms in total is reduced categorically from 61.6 % in 1996 to 14.3 in 2010, and then slightly increased to 27.5% in 2013. During 2010 – 2013 dominates the production of grapes harvested in households which decreases from 48.4% in 2010 to 39.5% to 2013.

Most grapes per each hectare were harvested in households from 46.8 quintals in 2005 to 63.5 quintals in 2011, followed by peasant households (farms) with a surface up to 10 ha

with 33.6 quintals in 2005 and 27.0 quintals in 2010 and agricultural enterprises with 41.9 – 64.6 quintals in 2011-2013.

Table 3. Grape production in agricultural holdings

Indicators	1996	2000	2005	2010	2011	2012	2013
Global production, all categories of farms, thousand tons	767.3	703.8	518.5	481.6	594.8	505.9	612.7
Average production per ha, quintals	45.2	49.5	36.2	34.9	45.5	38.6	47.3
Global production in agricultural enterprises, thousand tons	472.6	218.0	122.8	69.1	127.3	110.4	168.3
Share in total, %	61.6	31.0	23.7	14.3	21.4	21.8	27.5
Average production per ha, quintals	39.7	44.6	31.3	23.7	46.0	41.9	64.6
Grape production in peasant households (farms) with a surface up to 10 ha, thousand tons	*	*	217.2	176.7	201.5	176.6	192.7
Share in total, %	*	*	41.9	36.7	33.9	34.9	31.4
Average production per ha, quintals	*	*	33.6	27.0	33.6	29.1	32.6
Population households, thousand tons	*	*	172.2	233.0	260.7	213.4	242.2
Share in total, %	*	*	33.2	48.4	43.8	42.2	39.5
Average production per ha, quintals	*	*	46.8	56.0	63.5	51.0	58.1

Note*= lack of data

Source: Elaborated by authors based on selected information from www.statistica.md

The volume production of grapes undoubtedly influenced wine production. Production of natural wines, as is apparent from Table 4, varies from 9.3 mil dal in 1995 to 36,3 mil dal in 2005, forming a gap from 1 to 3.9. In the past four years, it practically stabilized at 12.5 mil dal in 2011 and 14.8 million in 2012. Sparkling wines vary from 416 ths dal in 2000 to 1190 ths dal in 2005 forming a gap in four

years from 556 ths dal in 2010 to 686 ths dal in 2011.

Production of divine varies from 240 ths dal in 2011 to 1394 ths dal in 1990.

The organization of horticulture, production of grapes and processed products influenced both the domestic and foreign market.

Table 4. Production of wine and divine

	1985	1990	1995	2000	2005	2010	2011	2012	2013
Natural wine of grapes, million dal	12.8	16.3	9.3	10.7	36.3	13.0	12.5	14.8	14.0
Sparkling wine, thousands dal	864	804	948	416	1051	556	686	654	596
Cognac (divine), thousands dal	828	1394	589	427	1190	439	240	308	345

Source: Elaborated by authors based on selected information from www.statistica.md

Grape and Wine Trade

The national market for vine products is characterized by excessive fluctuations generated by the dynamics of production of grapes and processed products thereof, price volatility, increased competition, etc. If the value of retail sales of food products has increased to 3.6 billion lei in 2005 to about 8

billion lei in 2010, or by 2.2 times and alcoholic beverages and other beverages – of about 2 times. Table grapes harvested in plantations from the Republic of Moldova that even in 2013 amounted to about 20 kg per capita practically do not cover the recommended amount.

The value of sales of alcoholic beverages on

the domestic market has steadily increased from 140.5 mil lei in 1996 (Table 5) to 868.0 mil lei in 2013 or by 6.2 times. The share of sales of alcoholic beverages in food products leaped from 1.25% in 1996 to 5.61% in 2013 and by 4.5 times.

Table 5. Value of retail sales of wines, million lei

	1996	2000	2005	2010	2011	2012	2013
Food products	1,123.4	1,442.9	3,611.4	8,049.2	10,170.1	10,958.1	13,004.3
Of which: - alcoholic beverages	140.5	236.1	415.5	698.6	741.0	759.3	868.0
Including: - Wines	22.80	33.97	58.4	132.3	169.0	168.5	196.8
- Sparkling wines	18.90	23.64	62.5	139.3	169.0	168.5	196.8
- Cognac (divine)	17.97	40.27	100.8	176.4	202.9	202.2	236.2

Source: Elaborated by authors based on selected information from www.statistica.md

Table 6. Export and import, \$ million

	2005		2010		2011		2012		2013	
	mil \$	%	mil \$	%	mil \$	%	mil \$	%	mil \$	%
Export total	1,090.9	100	1,541.5	100	2,216.8	100	2,161.9	100	2,428.3	100
Food products	396.0	36.3	316.9	20.6	330.6	14.9	390.9	18.1	427.3	17.6
Alcoholic beverages	314.5	28.8	178.2	11.6	181.3	8.2	215.0	9.9	252.3	10.4
Wine and grape must	278.2	25.5	137.9	8.9	132.5	6.0	142.1	6.6	149.6	6.2
Import total	2,292.3	100	3,855.3	100	5,191.3	100	5,212.9	100	5,492.4	100
Food products	147.5	6.4	308.6	8.0	355.8	6.9	380.0	7.3	403.5	7.3
Alcoholic beverages	34.0	1.48	45.0	1.17	50.3	0.97	68.3	1.31	76.1	1.4
Wine and grape must	8.18	0.36	3.16	0.82	2.43	0.47	1.38	0.26	1.94	0.35

Source: Elaborated by authors based on selected information from www.statistica.md

The value of retail sales of wines has increased by 8.6 times in the reference years, sparkling wines – by 10.4 times, the divine – by 13.1 times.

If in 1996 in the structure of alcoholic beverages sold domestically dominated the wines made from grapes with 16.2% then in 2013 dominate the cognac with 27.2 per cent. Internal market, including that of grapes and processed products is limited to the approximately 4.0 million consumers, by the production and consumption of table grapes and alcoholic beverages in households of the

population, the modest income and other factors. Thus our country is doomed to export grapes and processed products.

The value of exported goods increased by \$ 1.0909 mil in 2005 (Table 6) to \$ 2.4283 mil in 2013 or by 2.23 times.

The value of goods imported by our country basically has the same behaviour as exports. However, the import's growth is faster. Thus, the value of imported goods in 2013 increased by 2.4 times compared to 2005.

Obviously, this situation influenced greatly the trade balance. The trade deficit increased

from \$ 1201.4 mil in 2005 to \$ 3064.1 mil in 2013 or by 2.4 times. The rapid increase in the trade deficit is extremely dangerous for the national economy.

The value of the agricultural production exported by our country ranges from \$ 316.9 mil in 2010 to \$ 427.3 mil in 2013, but their share decreased from 20.5% respectively to 17.6% of the total exports. Export of fresh or dried grapes (raisins) increased from 10.8 ths tons in 2005 to 37.5 ths tons in 2013.

The export of food products dominates categorically the alcoholic beverages, even though their share decreased from 79.4% in 2005 to 59.0% in 2013. The materials presented in Table 6 undeniable show that the

most important alcoholic product exported by Moldova was and remains wine and grape must which formed 88.5% in 2005 and in 2013 - 59.3 per cent.

A special interest is the orientation of trade flows. *Export of fresh or dried grapes (raisins)* was and remains oriented mainly towards markets of Commonwealth of Independent States (CIS). So, in 2005 the export of fresh or dried grapes (raisins) on CIS markets (Table 7) made up 57.8%. In all the years shown in Table 7 export of grapes exported to CIS markets exceeds that of the EU market and in 2013 it reached the highest level - 94.9 per cent of the total.

Table 7. Export and import of fresh or dried grapes (raisins)

	2005		2010		2011		2012		2013	
	ths t	\$ mil	ths t	ths \$	ths t	ths \$	ths t	ths \$	ths t	ths \$
Export total	10.80	2.45	26.74	12.99	32.99	17.55	31.18	14.50	37.50	17.03
including: - CIS	6.24	1.60	26.18	12.73	30.87	16.54	26.66	13.02	35.60	16.11
- EU	4.55	0.86	0.56	0.26	2.10	0.97	4.44	1.44	1.79	0.86
- other countries	0.01	0.002	0.0	0.0	0.02	0.04	0.08	0.04	0.11	0.06
Import total	0.71	0.46	2.11	2.72	6.54	6.16	3.24	3.41	4.44	4.68
including: - CIS	0.002	0.001	0.23	0.35	0.19	0.27	0.17	0.33	0.12	0.32
- EU	0.026	0.02	0.21	0.28	0.13	0.20	0.23	0.36	0.06	0.10
- other countries	0.68	0.44	1.67	2.09	6,23	5.69	2.84	2.72	4.26	4.35

Source: Elaborated by the authors based on data of the National Bureau of Statistics of the Republic of Moldova

Both in CIS and EU the export of fresh or dried grapes (raisins) is greater than import, except the year of 2005. In 2005 export of fresh or dried grapes (raisins) on the CIS markets outruns the import by more than 3000 times, then in 2013 – only about 300 times.

Export of wine and grape must was decreased from 32.15 mil dal in 2005 to 12.69 mil dal in 2010, then it is held practically at less than 12 mil dal till 2013.

Wine and grape must is primarily exported to CIS markets. But the share of wine and grape musts exported to CIS markets (Table 8) is reduced from 97% in 2005 to 71 per cent in 2013. If in 2005 to the Russian Federation are

exported 25.09 mil dal of wine and grape must (80.4% of the total exports to CIS markets), then in 2013 – 2.67 mil dal (30.4% of the total exports to CIS markets).

The export of wine and grape must to the EU markets has increased steadily from 0.66 mil dal in 2005 to 1.94 mil dal in 2013 or by 2.94 times.

In 2005 about 40% of wine and grape must exported to the EU were to Czech Republic and Romania, and in 2013 on the markets of these countries – 58.8% or by 1.5 times more.

Table 8. Export and import of wine and grape musts

	2005		2010		2011		2012		2013	
	mil dal	mil \$	mil dal	mil \$	mil dal	mil \$	mil dal	mil \$	mil dal	mil \$
Export, total	32.15	278.2	12.69	137.9	12.12	132.5	12.19	142.1	12.35	149.6
including: CIS	31.19	265.5	10.73	110.6	9.86	100.9	9.41	106.4	8.81	103.5
of which RF	25.09	208.4	4.23	47.9	2.53	33.2	3.14	40.5	2.67	34.4
- EU	0.66	9.46	1.12	18.3	1.47	20.7	1.62	20.9	1.94	27.5
of which Check Republic	0.09	1.25	0.27	4.06	0.38	5.52	0.37	4.83	0.64	8.18
Romania	0.17	2.39	0.12	1.86	0.32	2.93	0.47	3.86	0.50	4.58
Germany	0.08	1.28	0.07	1.36	0.06	1.20	0.06	1.08	0.06	1.24
Italy	0.002	0.03	0.01	0.02	0.15	1.05	0.01	0.13	0.005	0.07
other countries	0.31	3.20	0.76	8.91	0.78	10.8	1.17	14.9	1.59	18.8
of which USA	0.04	0.70	0.05	0.89	0.11	1.94	0.09	1.66	0.04	0.82
Import, total	2651	8.18	425.2	3.16	273.9	2.43	38.7	1.38	60.5	1.94
including: CIS	-	-	3.92	0.08	-	-	-	-	2.5	0.07
- EU	2049	7.97	294.9	1.81	204.9	2.02	25.6	1.14	18.2	1.28
- other countries	11	0.21	126.3	1.27	37.8	0.41	13.1	0.34	39.8	0.58

Source: Elaborated by the authors based on data of the National Bureau of Statistics of the Republic of Moldova

Considerations on trade relations perspective

In a country like Moldova which tends to establish relations based on market economy, money and profit usually dictates things. The same country, if you intend to own the joint efforts of the international community you should not neglect the political factor and the behaviour of those who have trade relations.

The South - Eastern area from which a part is the current territory of the Republic of Moldova over the years has been "in the way of all evils". Beginning with the third century this area was crossed by various hordes that have caused division and political organization in small states. The following centuries witnessed continuous struggles between the great European powers of the time - Austria, Turkey and Russia for possession of these territories. Currently we are in the geopolitical interests having business relations with two groups of markets:

on the East the Commonwealth of Independent States (CIS) and on the West the European Union member states (EU-27).

After the approval of the Declaration of Independence (August 27, 1991) the country's trade relations with these markets underwent major changes. In 2000 Moldova exported goods and services on the Eastern market worth \$ 276 mil (including on the Russian market worth \$ 210 mil, or 76%), respectively in 2010 – 624; 404; 65% in 2013 – 923; 632; 68%. Russian Federation was the main consumer of our wines.

After the Russian "embargo" in 2006, the total balance changes. The European Union is the main destination of exports: 536 mil USD compared to 423 mil USD in the CIS. In 2013 Russia blocked access to our wines on its market and subsequently many other products. For 2014 we forecast a decline in exports to Russia which requires us to export our products, including grapes and wines in

other markets.

Firstly, the market must ensure free movement of products between countries and/or groups of countries. To these requirements perfectly corresponds the European Union with which the Republic of Moldova signed the Association Agreement whose main objective is to establish the Deep and Comprehensive Free Trade Area (DCFTA).

In accordance with Article 67 of the ratified version of the Association Agreement between the EU and Moldova, "Parties shall cooperate to promote agricultural and rural development, notably through gradual approximation of policies and legislation." Furthermore Article 70 states that "The Republic of Moldova shall carry out approximation of its legislation to the EU acts and international instruments referred to in Annex VII to this Agreement according to the provisions of that Annex." Chapter 5 of the Agreement regulates the customs and trade facilitation.

In the context of the agreement to export grapes and processed grape products on the Common Market it is required that Moldova shall adjust the normative acts of Regulation (EC) no. 1493/1999, Regulation No. 753/2002 of the Committee, and Regulation No. 1234/2007 of the European Parliament and the Council which include **administrative regulations** regarding *new planting rights, restrictions* that require application of the methods, rules, practices and oenological standards recommended by the International Organization of Vine and Wine (IOVW), **generalities** on fresh grapes, grape and grape juice, wine mixture, specific **rules** regarding

the presentation and product names, marketing **norms** to improve and stabilize the operation of the common market in wines; **levers and economic instruments** such as how to get financial resources to promote agricultural and rural development, support measures aimed at consolidating the wine sector, **aid** for the Member States to ensure the quality of wine and others.

Secondly, it must provide to each participant the materialization of the comparative advantage. David Ricardo back in 1817 showed that although the nation had an absolute advantage over another in the production of two different commodities, the less efficient nation cannot be *equally* less effective in the production of both goods. In the production of one of them it will be more effective. Thus, the comparative advantage occurs.

The international trade could create a benefit for each country, representing a positive assessment game, or one where both countries 'gain' from their employment in commerce. The only limitation to such a creative benefit trade is that the nation less effective cannot be *equally* less efficient in the production of both goods. The comparative advantage is reflected in the structure of exported and imported goods, prices etc.

The price of grapes sold on the domestic market (Table 9) oscillates between 1782 EUR/ton in 2009 and 4308 EUR/ton in 2012, the ratio was 1 to 2.4. The cost price of the grapes varies between 1809 EUR/ton in 2009 and 3361 EUR/ton in 2010.

Table 9. Prices of grapes sold by agricultural enterprises on the domestic market

Indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013
Selling price, lei/ton	3,181	2,754	2,724	2,487	1,782	3,258	3,260	4,308	3091
Cost price, lei/ton	2,410	2,384	2,346	2,361	1,809	3,361	2,514	2,839	*
Level of profitability,%	31.0	15.9	22.0	9.6	6.0	8.6	36.5	37.0	*

Source: Elaborated by the authors based on data selected from www.statistica.md

The price is also an important tool to balance the interests of insurance consumers and producers of grapes. Complex vine and wine production is developing normally if the price exceeds the cost of them. In the recent years there has emerged a dangerous trend in the

ratio between costs and selling price. If in 2003 the ratio selling price:the cost price was 1.8 to 1, then in 2009 it was 0.98 to 1 and in 2010 -0.97 to 1.

Obviously, the ratio formed between the cost and price cannot provide the manufacturer a

profitable activity. This even imposes him to losses and into the arms of bankruptcy. Of course, in such circumstances when the cost price exceeds the selling price, the manufacturer of grapes is no longer motivated, which encourages him to look for other activities or to grub up vineyards and cultivate other plants.

For us, a country exporter of wine and grape must the realization price in foreign markets is crucial. The price of a decalitre of wine and grape must (Table 10) exported increased steadily from \$ 8.65 in 2005 to \$ 12.11 in 2013 or by 1.4 times.

Table 10. The price of a decalitre of wine from grapes exported, USD

	2005	2010	2011	2012	2013
Total	8.65	10.86	10.93	11.66	12.11
including: - CIS	8.51	10.31	10.23	11.31	11.75
of which RF	8.31	11.32	13.12	12.90	12.88
- EU	14.33	16.34	14.08	12.90	14.17
of which Check Republic	13.89	15.04	14.53	13.05	12.78
Germany	16.00	19.43	20.00	18.00	20.67
Italy	15.00	20.00	7.00	13.00	14.00
Romania	14.06	15.50	9.16	8.21	9.16
Other countries	10.32	11.72	13.85	12.74	11.82
of which USA	17.50	17.80	17.64	18.44	20.50

Source: Elaborated by the authors based on data of the National Bureau of Statistics of the Republic of Moldova

The price of a decalitre of wine exported to CIS countries increased from \$ 8.51 in 2005 to \$ 11.75 in 2013 or by 1.38 times. But it is below average by 1.6% in 2005 and 3 per cent in 2013.

Much more accelerated, and namely by 1.55 times, increased the price of a decalitre of wine and grape must exported to the Russian Federation, and if in 2005 it made up 96% from the average, then in 2013 it exceeded the average by 6.36 per cent.

The price of a decalitre of wine and grape must exported to EU Member States ranges from \$ 12.90 in 2005 to \$ 16.34 in 2010.

However, it was higher in the EU Member States than in CIS countries by 1.68 times and in 2013 – by 1.21 times.

The price of a dekalitres of wine and grape must exported to Germany exceeded the EU average by 11.6% in 2005 and by 45.9% in 2013. Thus, we can see the advantage of exports of wine and grape must to the EU Member States markets.

In order to select the target markets it is required to know the export-import ratio of each Member State of the European Union. Wine imports into the EU-27 (Table 4) are maintained at 51541 million hl in 2010 and 52.058 million hl in 2007.

The largest importers are Germany with 13.739 million hl in 2010, making up 26.6% of total imports and the UK with 11.915 million hl in 2010, making up 23.1% of total imports, Netherlands with 3.409 million hl forming 6.6% of total imports, Sweden with 1.845 million hl forming 3.6% of total imports and Denmark with 1.847 million hl forming 3.6% of total imports.

The main suppliers of wine to the EU are the United States, Chile, Argentina, South Africa and Australia. These countries have developed aggressive marketing strategies by which promote on the Common Market their products at competitive prices.

EU is the largest exporter of wine, even if the wine export was reduced from 59,825,000 hl in 2007 to 57,360,000 hl in 2010 and by 4.2 per cent. If the ratio between export and import in 2007 was 1.15:1, then in 2010 it was 1.11:1. The largest wine exporters in 2010 were Italy with 18.223 million hl or 31.77% of total EU exports of wine, Spain with 15.833 million hl, or 27.6%, France with 12.175 million hl, or 21.2 per cent, Germany with 3.587 million hl or 6.25%, Portugal with 2.452 million hl or 4.27 per cent of total exports in 2010.

The main recipients are the USA, Canada, Japan and Switzerland.

CONCLUSIONS

In order to improve and stabilize the operation of the common market of wines including the grapes, musts resulting in wines, the Member States may lay down marketing rules to regulate the offer. We obviously consider that by applying certain mechanisms are made

efforts to regulate the common market, including the production, consumption, import and export of grapes and wine.

Through this, Moldova will find solutions as not losing the Association Agreement on free trade in the agricultural sector, and how to financially support the development of competitiveness of agriculture. "Therefore, states the European Commissioner for Agriculture, Dacian Cioloș, we insisted to adopt this strategy because it includes investment measures in agriculture and agri-food sector of alignment with European norms and standards for food products".

Hence, the agreement will help to strengthen relations between the EU and Republic of Moldova, to gradual economic integration and leaves open the way for further progressive developments in EU– Republic of Moldova relationships.

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