

SUSTAINABLE DEVELOPMENT AND FOOD SECURITY IN THE CONTEXT OF AGRO-FOOD SECTOR OF MOLDOVA'S INTEGRATION INTO THE EUROPEAN UNION

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Abstract

In this research we intend to do an analysis of the economic and commercial policies development of the agro-food sector, in terms of ensuring the food security of the Republic of Moldova, in the context of integration into the European Union. We will mention international best practices, but also the EU member countries to assess the process of modernization of agriculture; marketing analysis of domestic agricultural products compared to other EU member countries, policy analysis for the development of agro-food production necessary to ensure Moldova's food; elaboration of recommendations to reduce the risks in the agro-food sector of Moldova.

Key words: agricultural protectionism, commercial policies, food security, health security

INTRODUCTION

The evolution of society, in general of global economic situation, as well as all the major problems facing the world, currently requires the identification of certain viable solutions designed to solve its problems. It is well known that we are going through a stage of fundamental, structural and conceptual changes in many fields, if not in all life field.[1]

At the same time, it is becoming more obvious that classical economic theory has been overtaken by economic practice and it is trying to outline a new theory that will be able to analyze and explain economic phenomena taking place today and, at the same time to be able to forecast their trends and developments towards a sustainable development. At the moment we can say that sustainable development can be considered as a transitional solution in this period of change where "economic theories finds a small background, remaining only economic theorems, ie formulas and formulations through which are described or explained specific phenomena or are solved concrete problems without surprising the economy as a unitary system.[2]

MATERIALS AND METHODS

During the development of this research, we used different research methods, such as: method of comparison, logical method, the method of analysis and synthesis, etc., to determine the extent of comparing the situation of agro-food sector of the Republic of Moldova with the recommendations for a sustainable development

RESULTS AND DISCUSSIONS

The concept of sustainable development has deep roots in economic theory, but currently sustainable development can be addressed through profit growth theory. In order to shape a real theory, it is necessary to use a certain principle that will unify four economic spheres: companies and individuals' microeconomics, national state macroeconomics, economy of cross border corporations and global economy.[3]"The practical approach of the concept of sustainable development involves the use of certain important resources, which unfortunately not all countries are able to mobilize them. If developed countries can face easily the mobilization of these resources and the experienced effort is not significant,

in case of least developed countries or undeveloped countries things are more complicated.

It is easy to observe that during the analysis of the concept of sustainable development, this is basically the result of global economic integration. However, the concept of sustainable development has no meaning apart or without the contribution of international economic exchanges. At the same time, trade cannot be thought outside the parameters imposed by concept of sustainable development. It is certainly that, in the opportunity analysis of certain trade operations are definitely considered aspects related to sustainable development of the exporter country and also of the importer country. We can state, that the systemic approach of sustainable development coordination represent the only way to be followed, whereas its components, although important, is only the skeleton based on which can be developed strategies in the future. The correlations and addressing these components are very important through their interaction and their dynamics for sustainable development strategy of agro food sector.

On the global level shall be identified a moment of transformation, new long term challenges come out strong in the foreground and require view and decisive action. Global population (becoming more numerous), increasing pressure on natural resources and global warming causes a new framework of work. In Europe, aging is also an additional challenge. All these shall have profound implications on agriculture and rural areas. While global demand for food is rising, increased urbanization, rising prices on inputs, exercised pressure on water resources and increased vulnerability of crops and animals to climate changes shall limit food production. It is forecast that on the global level, demand for food shall increase with 70% till 2050, due to population becoming more numerous and due to increased incomes. Developed countries shall contribute mostly to this trend; their demand for food shall double in the following years. It is forecast that global population shall increase from 7 billion, as is in present to 9 billion until the middle of this

century, and 95% of this growth shall occur in least developed countries (in 50 of the least developed countries through all over the world). Increased global incomes shall be largely associated with increased urbanization (expect 70% of the world population to live in urban areas until 2050, compared to 49%, nowadays) and with a rapid economic growth in some of most popular countries (for instance, Brazil, China, India and Russia). For agro-food sector, these aspects are both an opportunity and a challenge. Growth outlooks of agro-food market are significant advantages to farmers from all over the world. However, it is expected that infrastructures of the incomplete market and socio-economic vulnerabilities of the most densely populated areas of the world shall increase food insecurity. In addition, global agricultural systems shall face increasingly with negative effects of climate changes (changing patterns of rainfall, extreme weather events, and water shortages) as well as with price volatility. On the other side, increased agricultural productivity can be achieved through investment, research and innovation, good agricultural practices and appropriate public policies. In this global context, the northern hemisphere (including Europe) shall be well positioned in order to continue the supply of global markets with many essential agro-food products.[10] The outlooks are positive, for instance, for grain production in temperate areas and for crop production in favorable areas might extend even on the north as temperatures rise. In turn, the countries of the southern hemisphere as well as those in the (sub) tropical dry areas shall probably be strongly affected by climate changes through reducing yields and increasing frequency of extreme weather events (droughts and floods). Although agriculture has always focused on agro-food security and has been a positive driver of economic growth, the company's concern for the environment in the last decades has affected agricultural policies on the global level. The desire to know where food comes from, how it was produced and if agricultural practices complies with the environment are some of today's consumer demands. On global level is registered an

increased demand for food products while the supply is relatively the same.

The Republic of Moldova, along with other Eastern European countries, is in the transition process to a market economy and European integration, which suppose significant changes in the structure of civil society, and the economy as a whole. For the Republic of Moldova the adherence to the EU shall give access to substantial funding as well as access to major markets, given the fact that 17.2% of GDP was allocated to agricultural sector, and other 41% - exports. This trend is maintained because agriculture is the only sector in the country with a positive trade balance of about 1 billion US dollars. In this case, it is inevitable to neglect a state action that tries to support this sector through certain action plans encouraging sustainable development for the Republic of Moldova on European course.[9]

National Action Plan for Moldova's adherence to the EU, National Strategy for Sustainable Development of agro-industrial complex (2008- 2015), Food Security Strategy for 2011-2015, etc., are also documents underlying resizing efforts in the field of trade with agro-food:

1.National Strategy for Sustainable Development of agro-industrial complex (2008- 2015) was an attempt to summarize the major challenges of the agricultural sector and to propose objectives and instruments for their achievement. The general purpose of the strategy is to ensure sustainable growth of the agro-industrial sector with a consequent improvement of life quality in rural areas through increasing the competitiveness and productivity of the sector. Another strategy developed by our state is "Food Security Strategy"[4];

2.Food Security Strategy for 2011-2015 is a prerequisite for adoption of EU food security principles and for achieving integrated approach "from fork to fork" in order to ensure public health and to allow export growth. This strategy has established three main objectives: (1) improving the legal framework for food safety; (2) establishing a certain national authority for food safety and (3) ensuring adequate control over food

safety.[5]

Thus, we can mention, that currently shortcomings from food security management system of the country is the most serious impediments to access the EU market and a competitive presence of Moldovan agricultural products in international markets, as well as in the context of national public health considerations. Existing institutional organization is based on a fragmented structure, with several institutions and with a number of agencies on central, municipal and district level responsible for food security.[7] Overlapping functions caused repetitive requirements related to inspections, laboratory testing, certification, etc., thus leading to increase costs for private sector and institutional confusion allowing rent seeking. Food Security Strategy and new legislation started the process of transparency and credibility of the system and are looking for necessary resources for realizing laboratory investments in order to comply with the National Strategy for Modernization the System Laboratory. Also, Border Inspection Points and other infrastructure shall require significant investment to bring them in accordance with EU requirements.

Development Strategy of Agriculture and Rural Development for 2014-2020 aims to achieve a view based on consistency between agriculture, environment and rural development, which represent economic, environmental and social problems. Strategic view: "A competitive agro-business sector shall contribute to rural areas of the Republic of Moldova to become more attractive for work and live, having the necessary infrastructure. Agriculture and rural areas shall provide goods and services and at the same time preserving biodiversity, cultural and traditional values for future generations." The main purpose of the Strategy is based on achieving synergies between economic, environmental and social fields.[9] The purpose of the Strategy: "To enhance the competitiveness of agro-food sector through a restructuring and extensive modernization and to improve life quality and work in rural areas through realizing certain synergy between agro-food activities and natural environment".

In order to achieve the nominated purpose and taking into consideration the performed analysis of agro-food sector, we identified three priorities and nine measures, namely:

1. Increasing the competitiveness of agro-food sector in the Republic of Moldova, through restructuring and modernization. The competitiveness of Moldovan agriculture is low due to several factors. Taking into consideration this reason, as well as from strategic view of the sector, is indicative that the Republic of Moldova shall increase the competitiveness of agriculture through focusing on agricultural products with high added value. In this respect, the strategy places a special emphasis on modernization of the sector, improving the education level and associated systems, as well as on facilitating access to markets for inputs and outputs.

2. Increasing investment in modernization of agro-food chain, including compliance with EU food security and quality requirements. First, it is necessary to support modernization and restructuration of farms specialized in the production of traditional agricultural products (fruits and vegetables, milk, meat) and other competitive agricultural products. Secondly, processing agro-food products, together with marketing of Moldovan products shall be supported through investments in modern technologies, in order to comply with EU standards on food security and quality requirements. Third, shall be enhanced the cooperation between farmers and agro-business representatives (wholesalers, retailers) to increase income opportunities and to provide access of Moldovan agro-food products on national and international markets.

3. Facilitating the access to capital, inputs and outputs markets for farmers. Actual investment support programs provide important tools for improving farmers' access to capital. Increased efforts to improve farmers' access to credit shall be directed to: (i) create a certain framework of functioning for secured transactions of goods (guarantee funds, certificates of deposit); (ii) dynamic land markets in order to transform the country in an asset more attractive to banks, and (iii) reduce the agricultural risks (through

mitigation effects and risk insurance in agriculture). Markets of production factors shall benefit of an open regime for the import of seeds and seedlings, as well as for products of plant protection and fertilizers, and shall help national producers to be competitive on global markets. Producers' access to outputs markets, especially problematic for small and medium producers shall be addressed by supporting the integration of farmers in supply chains, for instance through facilitating their relationship with the involved participants, including processors, but also supermarkets; through association of producers to allow, among other things, to improve access to post-harvest infrastructure, and to facilitate their access to places / facilities on the market.

Ensuring sustainable management of natural resources and products of agro-food sector

Although the Republic of Moldova has fertile soils and a favorable climate for agricultural production, it is facing with many environmental challenges described above. Therefore, a priority for the Republic of Moldova is adapting to climate changes at national and capacity consolidation. Such an approach shall include improving farmers' access to new varieties, technologies and information through farmer training; improving dissemination of weather forecasts for manufacturers, especially for extreme events; investigating options to reform the process of crops insurance in order to reduce administration costs and improving accessibility and encourage the private sector involvement in adaptation efforts to climate changes. Improving institutional capacity shall focus on identifying varieties resistant to drought and temperatures, animal breeds more tolerant on current international market for adoption in the Republic of Moldova, as well as training farmers to use water more efficiently and to make use of new information on weather forecast.

The Strategy proposes the following 3 measures in the following way, namely:

1. Supporting the practices of managing the agricultural land and water. One of the most effective ways to ensure sustainable management of natural resources in

agriculture is to use modern management practices of agricultural land and water. Support needs to use modern practices of land cultivation through agricultural land rotation and agricultural diversification. Investments in irrigation services are also of great importance, together with a better access to irrigation infrastructure and modern equipment.

2. Supporting production technologies and ecological products, including biodiversity. Another way to ensure sustainable management of agro-food products in agriculture is to provide ecological production technologies and ecological products. In this regard, ecological production shall be supported, especially that the demand for such products is growing on international markets. Supporting the production of energy crops is another way to make sustainable the agricultural production and also profitable. Moreover, low-quality agricultural land or unproductive shall be forest, in order to increase biodiversity and reduce soil erosion, simultaneously helping to conserve water resources.[6]

3. Supporting adaptation to specific climatic conditions. Sustainable management of natural resources shall also be ensured by measures of mitigation the effects of climate changes. In this regard, risk management tools shall be supported in order to reduce exposure to climate risks and negative effects of natural disasters on agricultural production and agricultural competitiveness. It is necessary to grant assistance to farmers in the promotion and adoption of relevant technologies, which will help adapting to climate changes. Moreover, supporting a certain insurance fund for farmers against natural disasters shall increase farmers' confidence and shall attract investment in new technologies.[8]

Food safety indicators show that in recent years in the Republic of Moldova the consumption level of product per capita has stabilized. However, the current consumption level is much lower than in neighboring countries or other countries in the region. In these circumstances, it is reasonable to protect domestic grain market from price volatility on international markets but also from massive

exports of grain in neighboring countries. In 2004 and 2008, administrative methods of management of grain market were practiced in the Republic of Moldova. Grain export restrictions imposed during these years to economic agents from the Republic of Moldova allowed stabilizing domestic grain market and ensuring food safety of the country.

The current situation meets much similarities with that from the years mentioned, fact that confirms the appropriateness of similar measures. Simultaneously, these administrative measures also would include certain shortcomings. Arguments against such measures may be the following:

a) reduction of farmers' income, which occurred in 2004 and 2008.

b) termination of delivery contracts of cereals and imposed respective penalties may affect the credibility of economic agents and the country's overall image.

The situation of the Republic of Moldova is characterized by continue growth of prices to energy prices, utility rates and also food products. Rising prices in neighboring countries has as consequences the increase of illegal cross-border trade with these products. In the given circumstances are necessary emergency measures on stabilizing in general the domestic market and in particular of the market for cereal products.[10]

CONCLUSIONS

Sustainable development and ensuring food security of the country depends on the ability to develop those branches of the national economy in which the Republic of Moldova has or may have great potential for export. The economical stability of the Republic of Moldova and overcoming of profound crisis through which it passes, can be guaranteed only by developing an effective agro-food sector, ensuring competitiveness to Moldovan products on all markets, and respectively, shall contribute in raising the country's prosperity. Primary problem with which the humanity faces is to provide a certain food security at EU level. In such circumstances, a special role lays to strategies which are used

by our state for ensuring sustainable development and ensuring pure ecological food. From these reasons appears the importance of agro-food product of the Republic of Moldova as a vital priority in ensuring a certain sustainable and upward development of the economy. This priority is confirmed also by statistical data according to which 17.2% of GDP was allocated to agricultural sector, and other 41% - exports. This trend shall be maintained because agriculture is the only sector from the country with a positive trade balance of about 1 billion US dollars. The initiatives provided by the government on European course shall hopefully result, and from the implementation of the mentioned strategies that shall boost not only the development of agro-food sector, but also the national economy as a whole.

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