

THE DEVELOPMENT OF THE VITICULTURE AND WINE SECTOR EXPORT IN THE REPUBLIC OF MOLDOVA

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Abstract

The global viticulture and wine export competition is growing exponentially, manifested by the spread of new advanced technologies. These technologies have resulted in improved control over production processes and in the quality improvement of even cheap wines, in the massive entry of exporters from the "New World", whose sales have tripled since 1992. That's why, the emergence of new import and export markets requires original and well-targeted strategies and approaches.

Today the wine and viticulture sector in the Republic of Moldova depends on exports. Wine is one of the country's main export products. Over 90 percent of the produced wine production is exported. The wine industry has traditionally been the most powerful sector of the national economy of Moldova. In the past, our country was the largest wine exporter on the USSR market, because every second bottle of wine and every third bottle of sparkling wine was produced in our country.

Key words: export, viticulture and wine sector, viticulture and wine industry

Increased competition on the market from other beverages, especially from over-saturated European markets such as France, Italy, Spain, etc., makes the Republic of Moldova look for other markets for its domestic production. At the same time, there is a marked increase in consumption on non-traditional markets (northern European countries, USA, Russia, China, Japan, etc.) and each new market has different tastes with consumers who have only recently discovered the wines and who don't have wine consumption culture. Annually, the area of vines is reduced by 1-2%, and in the Republic of Moldova this process influences the quantity of alcoholic products. Improved access to the European and world markets is the main objective of trade policies, and foreign trade in grapes and wine is one of the key targets of our country, reflected in a positive trade balance. (Bostan I. 1998)

MATERIAL AND METHOD

We used as research method the analysis and processing of data from official statistics. We made calculus based on site of International Organisation of Vineyard and Wine We studied the data provided by both the National Bureau of Statistics of the Republic of Moldova, Ministry of Agriculture and Food Industry. We studied evolution of export in our country and other

countries of the world. The dialectical method was applied with such elements as: induction and deduction, analysis and synthesis; specific methods of economics were used: research, observation, comparison.

RESULTS AND DISCUSSIONS

According to the International Organization of Vine and Wine (IOV) due to extreme weather conditions, 2016 is the year with the worst results in the last hundred years. Significant decreases in wine production are recorded worldwide, with the exception of Southeastern Europe, where Romania registered an increase of more than 35% while the Republic of Moldova retained its position.

Warm areas, especially those in South America, are extremely affected by this phenomenon, as the rise in temperatures is alarming for the ability to adapt to these temperatures in these areas. (Olteanu I., 2000).

Global wine production declined by 5% in 2016 (15 million hectoliters) compared to 2015, from 274.4 million hectoliters to 259.5 million hectoliters, and by the year 2027 the highest demand will come from Asia.

In 2016 global wine production amounted to 259 mhl. The main wine-producing country in the first place is Italy - 48.8 mhl decreasing by 2% from 50 million hectoliters in 2015, followed by

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France - 41.9 mhl (-12%), and Spain – 37.8 mhl (+1%).

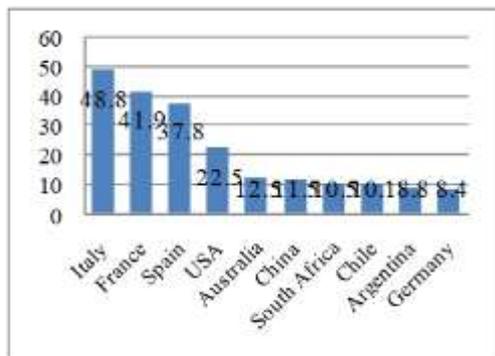


Figure 1. Wine production in 2016, mhl

The source: data processing after O.I.V., 2016

The world wine industry has become increasingly sophisticated and internationalized, and wine production dictates exports.

World wine exports and imports have steadily grown since 2000, although they have declined slightly in 2012. Over time, it appears that wine value has decreased. Winemakers earn less today than they did in 2000.

Table 1

Top exporters/importers (in volume) in 2015, mhl

Exporters		Importers	
Spain	24	Germany	15,1
Italy	20	UK	13,6
France	14	USA	11
Chile	8,8	France	7,8
Australia	7,4	China	5,6
South Africa	4,2	Canada	4,1
		Russian Federation	4
USA	4,2		
World Total	104	World Total	102

The source: data processing after O.I.V., 2016

In 2016, the main wine exporting country is France with a revenue figure of 9.1 billion USD, Italy - 6.2 billion USD, Spain - 3 billion USD. The largest importers are the USA - 5.8 billion USD, the UK - 4.1 billion USD, Germany - 2.7 billion USD, China - 2.4 billion USD, Canada - 1.8 billion USD, Moldova – 1.8 million USD, which ranked 149th in the world.

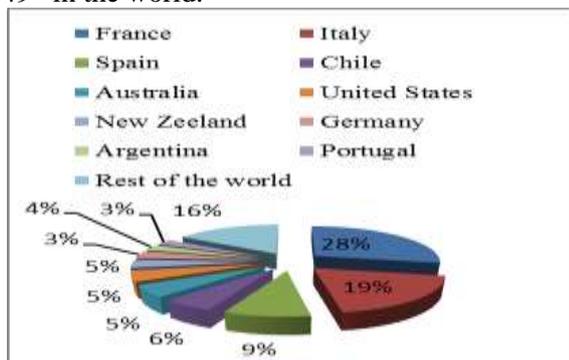


Figure 2. Top 10 wine exporters in 2016 (in value)

The source: data processing after O.I.V., 2016

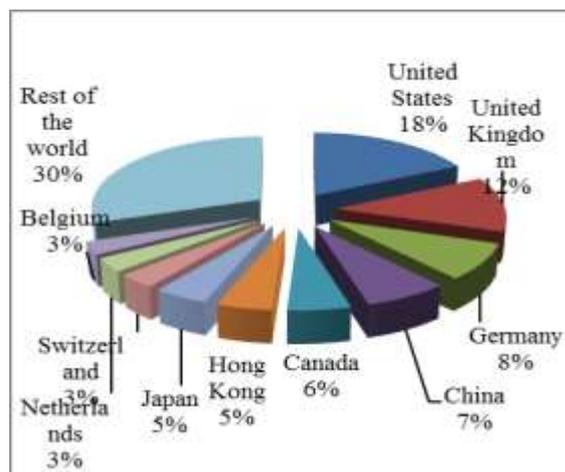


Figure 3. Top 10 wine importers in 2016 (in value)

The source: data processing after O.I.V., 2016

The viticulture and wine sector of the Republic of Moldova is 3.2% of GDP and about 7.5% of total exports, and in order to ensure a sustainable growth of this sector, where more than 250 thousand employees work in about 140 enterprises, it is necessary to review the size of subsidies and to promote winemaking at international level.

In 2016, Moldova exported more than 133 thousand tons of wine to 63 countries, worth over 107 million dollars. This is 10.2 million dollars more than in 2015, but by 3.9 million dollars less than in 2014. These results ranked Moldova 22nd in the world in the export of wines, with a weight of 0.3% of world wine exports.

Table 2

Moldovan exports of alcoholic beverages, mln

Country/year	2015	2016	+/-
Poland	4.748.035	5.346.899	+598864
Romania	3.186.970	4.389.428	+1202458
Czech Republic	4.023.258	4.268224	+244966
China	2.308.542	3.826.307	+1517765
SUA	673.484	580.456	-93028
Germany	596.296	488.356	-107940
UK	283.119	254.355	-28764
Total	19.876.754	23.339.111	+3462357

The source: developed by the authors based on the data of the NBM and the National Bureau of Statistics

Uzbekistan, Singapore or Chile became new Moldovan wine importers in 2016.

At the same time, the largest importers of alcoholic production in Moldova in January-September 2016 are Belarus - 24.75 million dollars, Ukraine - 11.92 million dollars, US - 9.03 million dollars, Russian Federation – 8.74 million dollars, Poland - \$ 8.58 million, China - 6.61 million dollars, Romania - 6.49 million dollars, Czech Republic - 6.44 million dollars, Georgia - 6.29 million dollars, Kazakhstan - 2.96 million

dollars, UK - 1.79 million dollars, Germany - 2.08 million dollars.

Having overcome the Russian embargoes, imposed on Moldovan beverage exports in 2006 and 2013, the wine sector has practically achieved a "second life" and it is currently a very good example of market reorientation, but above all it is an example of the development of modernization of production capacities and of best practices in producing quality wine.

In 2015 the global grapes production, according to I.O.V. constituted 75.7 mt, of which 40% - Europe, 31% - Asia and 20% - America.

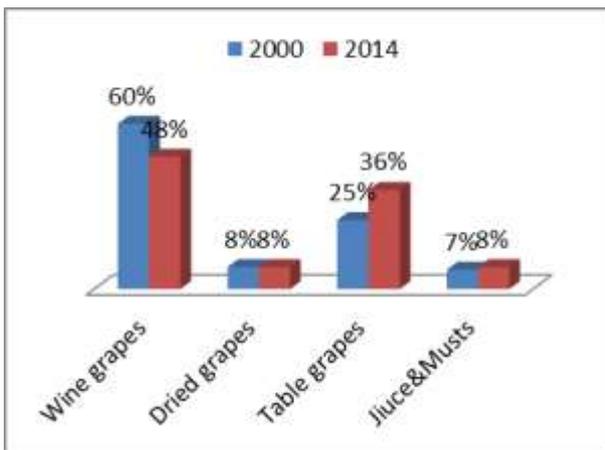


Figure 4. Share of total world grape production by type of product

The source: data processing after O.I.V., 2016

The table grapes industry in the Republic of Moldova is growing. We have a trend of growing consumption or export of table grapes each year on this market. The producers' demand is to identify the possibilities for doubling this quota in the future.

However, there are some challenges to this chapter. More specifically, it is about producing a homogeneous amount of table grapes to be exported to the foreign market. Moldova produces annually about 100,000 tons of table grapes, but not the entire quantity is eligible for foreign markets. To be exported, table grapes must have the same quality in large quantities.

Table 3

Export directions for table grape varieties		
Country	Quantity, tons	Value, thousands USD
CIS countries, total	37984.9 (79.8%)	9986.0
Belarus	20608.2	4246.3
Russian Federation	16594.5	5237.4
Kazakhstan	117.3	34.4
Ukraine	664.9	467.9

EU countries, total	9194.9 (19.4%)	5764.1
Estonia	140.4	98.8
Poland	62.1	75.3
Spain	131.2	97
Czech Republic	44	6.7
Romania	8738	5433.8
Lithuania	5.0	3.9
Latvia	32.6	29.4
Sweden	41.6	19.2
Other countries, total	339.9 (0.8%)	99.7
United Arab Emirates	0.1	0.4
Irak	322.2	93.7
Mongolia	17.6	5.6
Total export	47519.7 (100%)	15849.8
Reexport (Belarus)	1296	1104.2

The source: maia.gov.md

Our country has exported the largest quantity of table grapes to the CIS market, which constituted 79.8% (9986.0 thousand USD). The main export markets were those of Belarus, Russia, Kazakhstan and Ukraine.

In 2015, the Republic of Moldova exported production worth USD 5764.1 thousand (19.4), to such countries of the European Union as Estonia, Poland, Spain and so on. In the United Arab Emirates, Iraq and Mongolia there were exported 339.9 tons, which constituted 0.8% of the quantity of the exported grapes.

CONCLUSIONS

The Moldovan wine sector needs immediate anti-crisis solutions. At the same time, the sector also needs a strategic development vision that takes into account the realities of Moldova, as well as the long term trends in the global wine market. Of course, the design and implementation of this vision requires the involvement of the joint efforts of wine companies, public authorities and international organizations that support the economic development of the Republic of Moldova.

Consumers tend to new varieties of wine which require an increase in the degree of innovation. The increasing power of vendor networks makes manufacturers adapt to a series of measures to increase price competitiveness, to ensure high volumes of consistently high quality

wines at a reasonable price. to find suitable retailers that would sell wine on the market. to increase the role of brands as a landmark for "young" consumers.

Increasing the efficiency of wine production depends on the development strategy. chosen for the enterprises of the branch. The elaboration of the wine development strategy must contain a coherent development concept. Achieving it is a complicated social and economic task that has to solve a complex problem. Awareness of the problems to be solved must be based on the understanding of the strategy. the nature of the objectives of the transformations made. the record of the political situation and the economic conjuncture of the present moment. As the main strategic directions for increasing the efficiency of the wine branch can be mentioned:

- Agroecological systematization and specialization of the areas from which the raw material comes from. the cooperation and organization of the household relations. the improvement of the assortment;

- Elaboration of new technologies for grape cultivation. harvesting and processing and. due to

their application. reduction of material and labor expenses;

- Developing and implementing resource-saving technologies for the non-waste processing of grapes resulting in different types of production;

- Increasing the economic efficiency of the branch. based on the elaboration and implementation of the progressive forms of organization of the production in the conditions of the market economy;

- Creating a favorable legal environment for the sustainable development of the branch and for the defense of the economic interests of the state in the respective field;

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