



# EXPANDING MOLDOVAN EXPORT MARKETS

*“One Small Step” for a Fruit Producer, “One Giant Leap” for the Moldovan Horticulture Sector*



In July 2019, Moldovan cherry, plum and apricot producers started to ship their produce to Germany — a major milestone for Moldovan producers who were previously unable to sell to this highly exacting market. It might be considered “one small step” for the two companies whose fruit was exported, but it was “a giant leap” for the Moldovan horticulture sector.

Moldovan farmers have historically exported to Russia, where importers were willing to purchase lower-quality products and where farmers were accustomed to “traditional” logistics and payment terms. This business-as-usual approach to exports for Moldovan farmers abruptly ended in 2014, when Russia imposed an embargo on fruit imports from Moldova as retaliation for Moldova signing an Association Agreement with the European Union (EU). Deprived of the Russian market, many producers were forced to sell their products at a loss; some went out of business. It was a harsh lesson about the vulnerability of dependence on the traditional market model and about the need to diversify the export markets.

In addition to the experience in 2014, Russia’s move to increase cultivation of fruit crops as an import-substitution strategy, and the declining purchasing power of consumers in the Commonwealth of Independent States (CIS), motivated Moldova’s more entrepreneurial producers to target higher-value EU markets. Reaching those markets, however, would require improved production, post-harvest, and marketing practices in line with EU buyers’ more stringent quality, quantity, and farm-to-fork traceability requirements.

In response to these opportunities and challenges, USAID launched a complex project to assist Moldovan fruit and table grape producers to become more competitive in international markets. This required a rapid shift from outdated, Soviet-era production techniques toward modern

farming and business management practices that allow Moldovan growers to take full advantage of their fertile soil, sunny climate, and ample rainfall.



Through its High-Value Agriculture Activity (HVAA), USAID is implementing a holistic approach to diversifying markets for Moldovan fruit (apples and stone fruits such as plums, cherries and apricots) and table grapes, that capitalizes on years of previous USAID assistance to the sector. To improve product quality that meets the rigid demands of non-traditional buyers, USAID provides support that spans the supply cycle – from variety selection and planting to good orchard management and appropriate post-harvest handling practices.

In addition to supporting investments in infrastructure and training, USAID also helps producers to implement international standards such as ISO 22000/HACCP, GLOBALG.A.P., and GRASP that are required by many EU wholesalers and retailers. These standards certify compliance with sustainable quality fruit production processes, food safety and socially responsible operating practices. During the last two years the number for GLOBALG.A.P. certified fruit and grape growers in Moldova has doubled. Two producers have achieved GRASP certification — the first to be awarded in any CIS country.

With international certifications, the businesses now have access to higher paying markets, offering premiums as high as 15 percent more than traditional markets, which could easily increase their profit margins by 50 percent.

At the same time, the modern post-harvest infrastructure is pivotal to transform the Moldovan horticultural sector. USAID promotes the use of quality storage facilities, sorting equipment, and packing lines, which extends the market season and the shelf life for fruit and table grapes, enabling greater levels of flexibility to capitalize on higher prices and reducing vulnerability. With support from USAID, two leading sweet cherry grower/exporters installed the first sweet cherry grading lines in Moldova, allowing for compliance with the EU buyers' grading requirements. Seven grading lines for strawberry, plums and grapes, cooling and precooling equipment have also been provided by USAID's agriculture project to fruit producers from different regions of Moldova.

Meanwhile, USAID provides alternatives to traditional, less-stable markets, by supporting a series of buyer missions, trade missions and participation in international fairs to assess market opportunities and to strengthen linkages with high-paying buyers. Many trial shipments have been supported to the EU (Poland, Belgium, Spain, Germany, Great Britain) and the Middle East (Iraq, Dubai and Qatar).

Results show that USAID's holistic approach is working. The market development and diversification initiatives in the Moldovan high value agriculture sector, as well as quality improvement activities, have been successful as demonstrated by export statistics data. For example, table grape exports to the EU in 2017-2018 increased by 53 percent compared to the previous season, and fresh plums had an increase of 143 percent. For both crops, the exported volumes significantly surpassed the 10,000 tons duty-free quota under the Association Agreement and the establishing of Deep and Comprehensive Free Trade Agreement (with the EU) with Moldova in late 2014.

With the USAID's assistance, Moldovan producers are even reaching Middle Eastern markets, such as Dubai. By helping open up new markets, USAID ensures that Moldovan farmers have a say in where, how and with whom they do business – a key element of self-reliance. These results show that a series of small steps, taken together, can result in a significant leap forward for farmers.