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STATISTICAL ANALYSIS OF TRENDS AND CHALLENGES OF MOLDOVAN WINE EXPORTS TO THE EUROPEAN UNION MARKET

ANALIZA STATISTICĂ A TENDINȚELOR ȘI PROVOCĂRILOR EXPORTURILOR DE VINURI MOLDOVENEȘTI PE PIAȚA UNIUNII EUROPENE

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Abstract: Acest studiu analizează exporturile de vinuri din Moldova în Uniunea Europeană, piață care a devenit în ultimii 10 ani principalul importator de produse vinicole moldovenești. Articolul explorează factorii cheie care contribuie la această tendință, cum ar fi acordurile comerciale preferențiale și accentul primordial al producătorilor pe calitate. Cu toate acestea, încă se atestă numeroase provocări precum concurența, volatilitatea prețurilor și recunoașterea limitată a mărcii care împiedică maximizarea exporturilor. Actualitatea temei de cercetare se datorează potențialului industriei vitivinicole din Moldova în cadrul unei piețe impunătoare precum cea a Uniunii Europene. Înțelegerea tendințelor și provocărilor cu care se confruntă vinul moldovenesc de export pot contribui la stabilirea strategiilor de consolidare a poziției industriei în UE și va duce la avântul economic al Moldovei.

Keywords: competitivitate, Uniunea Europeană, export, vinuri moldovenești, parteneriat.

JEL CLASSIFICATION: L66, C4, B17

INTRODUCTION

The historical significance of Moldovan winemaking is vital to understanding the context of its current trends and challenges in exports to the European Union. Moldova boasts a rich winemaking heritage dating back thousands of years, with evidence of viticulture and winemaking techniques found in archaeological discoveries. In modern times, Moldova's wine industry faced challenges during the Soviet era due to centralized control and the prioritization of quantity over quality. However, since gaining independence in 1991, Moldova has been striving to reclaim its position as a quality wine producer. This includes efforts to modernize winemaking practices, revive the grape varieties, and adhere to European standards. All these provide insights into Moldova's unique grape varieties, traditional winemaking techniques, and cultural significance, all of which contribute to the country's efforts to increase its presence in the European wine market.

MAIN CONTENT

Moldova's wine export to the European Union is on a positive trend nowadays. In 2022, the EU became the leading market for Moldovan wines, with exports reaching nearly \$55 million (euneighbourseast.eu, 2023). However, challenges remain, Moldovan wineries need to maintain quality and potentially face competition within the vast EU market. Hence, since Independence of Moldova, the share of Moldovan wine exported on European market increased considerably in comparison to CSI and other countries, EU being currently its major outlet market (figure 1) where is exported more than 55% of Moldovan wine production (euneighbourseast.eu, 2023).

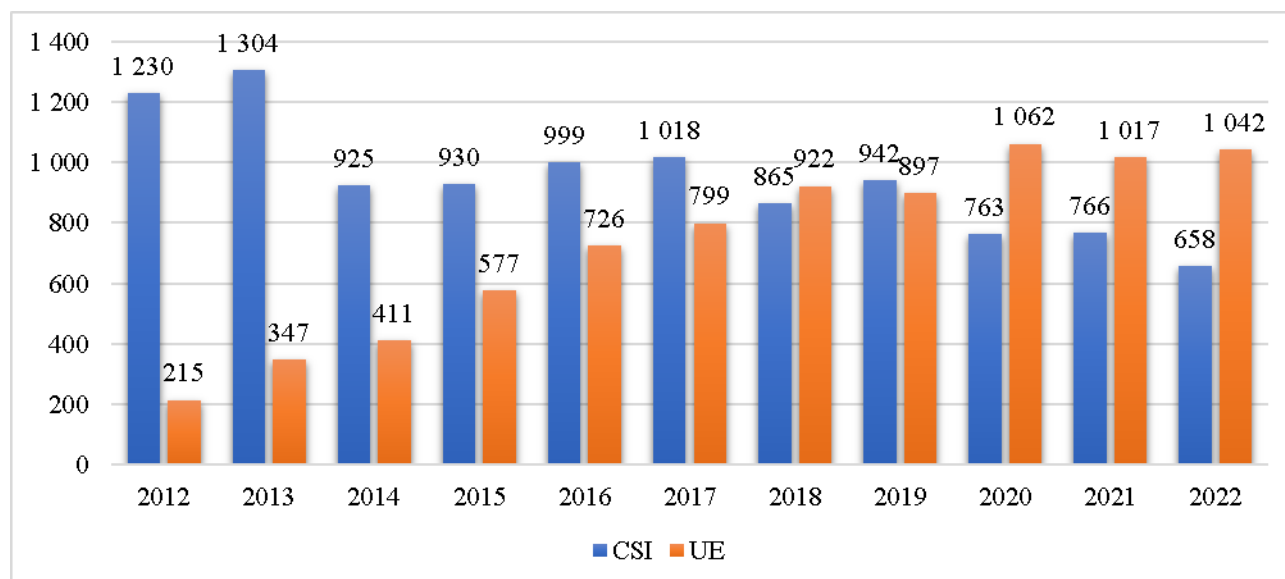


Figure 1: Share of Moldovan wine exports to CSI and EU markets (thousands USD)

Source: Elaborated by the author based on (Nica, 2023)

Currently, the growing vitality of the EU market for Moldovan wine exports is an important trend, in recent years, the European Union developed as a significant destination for Moldovan wine exports because of several factors as large market access, demand for quality wine, geographical indications (GLS), strategic partnership and, of course, promotion. Market access for Moldovan wine producers has improved a lot as a result of preferential trade agreements with the European Union, notably the Deep and Comprehensive Free Trade Area (DCFTA) that was established in 2014. This agreement played a crucial role in enhancing Moldova's trade relationship with the European Union countries by reducing the products barriers to entry. Tariffs and non-tariff barriers was diminished, boosting the export process and making it more economically feasible for Moldovan wine producers to access EU markets (EU-Moldova Deep and Comprehensive Free Trade Area, 2022). As a result, Moldova has seen a remarkable increase in its wine exports to EU countries (table 1), marking a major shift towards deeper integration into the European wine market.

Table 1: Main European countries importers of Moldovan Wine, USD

	<i>Romania</i>	<i>Italy</i>	<i>Germany</i>	<i>France</i>	<i>Austria</i>	<i>Poland</i>	<i>Slovakia</i>	<i>Bulgaria</i>
2022	26.800.000	165.000	2.570.000	890.000	19.700	9.120.000	1.260.000	165.000
2017	13.000.000	558.000	2.550.000	258.000	25.800	9.280.000	1.810.000	30.600
2012	3.860.000	124.000	1.080.000	18.800	11.100	7.680.000	1.040.000	178.000

Source: Elaborated by the author based on (Moldovan wine export to the world, 2023)

The demand for high-quality wines in the EU market presents a significant opportunity for Moldovan winemakers. Europe, as an economic union, is well-known for its special consumers who appreciate premium and niche wine products of miscellaneous types (figure 2). If Moldova adhere to rigid EU standards and regulations, Moldovan winemakers will position their products as advantageous choices for European consumers seeking excellence in taste and craftsmanship. This dedication to quality not only boosts the competitiveness of Moldovan wines in the EU market but also opens up many possibilities to cater to specific preferences and niche segments. As Moldova continues to develop its winemaking techniques and sustain rigorous standards, it stands poised to meet the increasing demand for high-quality wines within the EU. Thus, this shows that still wines are the most popular type of Moldovan wine exported to the EU, both by volume and value.

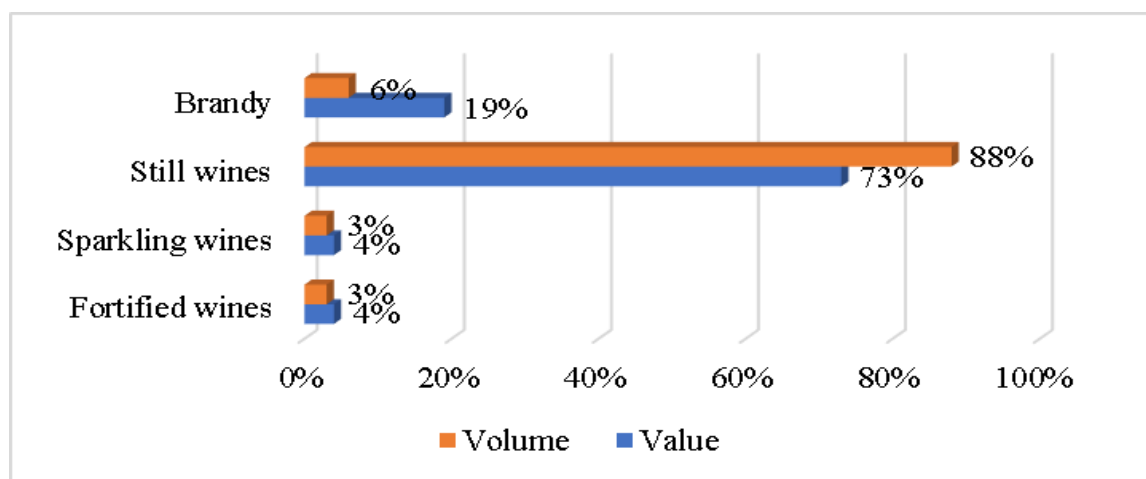


Figure 2: Share of wine exports by product category in 2022

Source: Elaborated by the author based on (Breahnă, 2023)

In this framework, sparkling wine is the second most popular type, while fortified wines and brandy form a much smaller portion of export, but are very significant in export trend of Moldova. By obtaining Geographical Indicators status, the wine from Moldova can differentiate, commanding higher prices and appealing to consumers seeking authenticity. GIs also serve as a significant marketing tool, allowing Moldovan wines to tell an attractive story of origin and tradition, enhancing their competitiveness in the EU market and also preserving cultural story (Vieru, 2021).

To continue, the efforts between Moldovan wine industry stakeholders and EU institutions increased the awareness of Moldovan wines via European consumers. But, based on a statistical analysis could be mentioned several key challenges in Moldovan wine exports to the European Union such as market competition, price volatility, limited brand recognition, regulatory compliance. In the EU market, Moldovan wines face a lot of competition from well-established wine-producing countries. Nations such as France, Italy, and Spain (figure 3) have long dominated the European wine market, presenting challenges for Moldovan wine exporters.

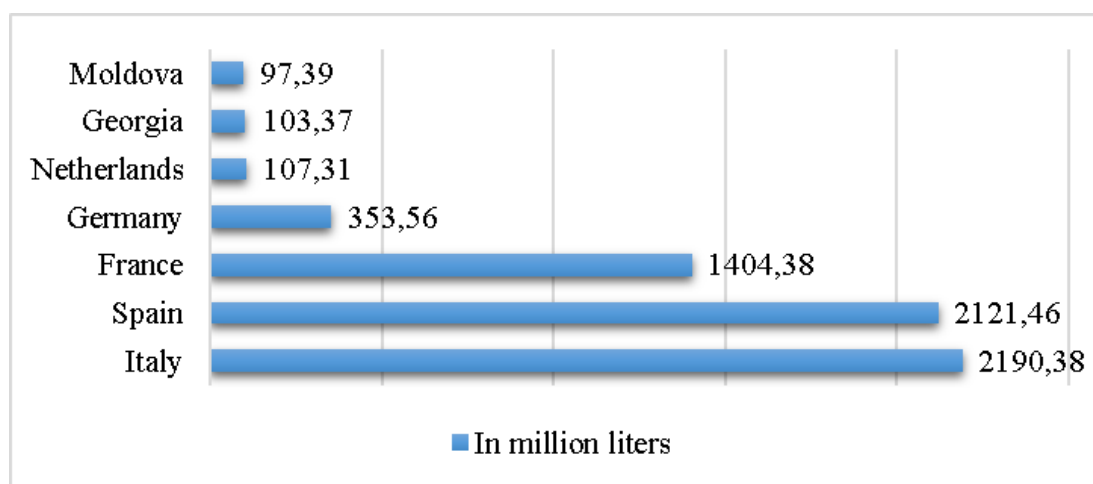


Figure 3: Main competitors of Moldovan wines on EU market in 2022

Source: Elaborated by the author based on (Conway, 2023)

These established wine-producing nations increase renowned wine regions, strong brand recognition, and a wide range of wine varieties. Fluctuations in prices everytime impact the competitiveness and profitability of Moldovan wine exports, making it difficult for exporters to predict and effectively manage the costs. Likewise, the diminishing of vineyard areas in recent times represents a problem of decreasing the quantity of wine produced and, consequently, exported to the EU market (figure 4), but also the fact that these vineyard plots are older and their productivity per hectare decreases as a result (figure 5).

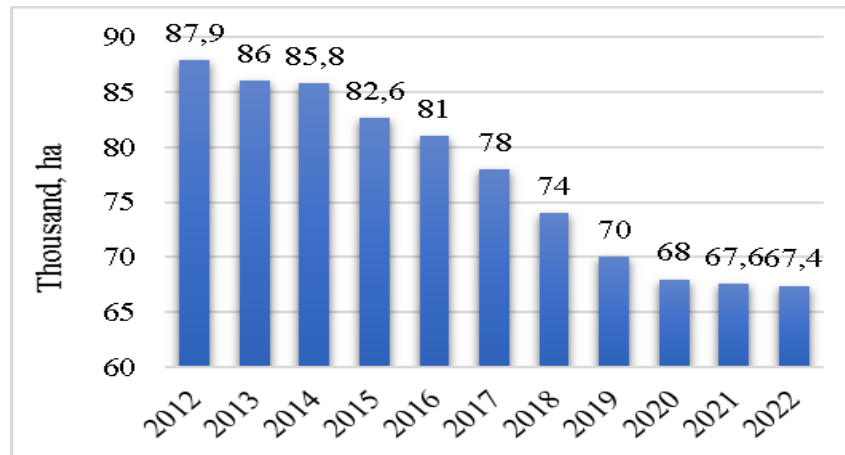


Figure 4: Vineyard areas in the last 10 years
 Source: Elaborated by the author based on (Breahnă, 2023)

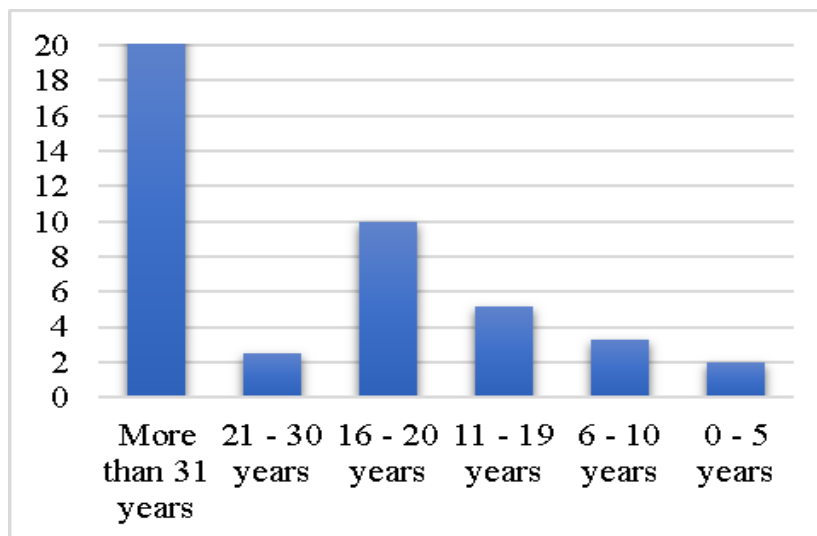


Figure 5: Area of vineyard plots by age (44 th. ha)
 Source: Elaborated by the author based on (Breahnă, 2023)

In addition, limited brand recognition is also a significant problem for Moldovan wines in the EU. Despite Moldova's rich winemaking heritage, its brands struggle to gain visibility against well-established competitors. To overcome this problem, Moldovan wine producers need to invest a lot in targeted branding and marketing to highlight their unique, special qualities and be in the same trend with EU consumers. Lastly, regulatory compliance poses a notable challenge for Moldovan wines exported to the EU market. Moldova's adherence to EU standards and regulations is crucial for ensuring market access and competitiveness.

CONCLUSION

To conclude, Moldova's wine exports to the European Union passed through a significant, positive trend where the EU became the leading market in recent times despite all problems and difficulties. This growth is, first of all, due to preferential trade agreements and, second of all, Moldova's efforts and interest to modernize its winemaking practices. The industry analyzed exhibits major potential, by revealing its unique heritage, focusing on quality and, undoubtedly, implementing strategic marketing and compliance measures, Moldova will obtain a preferential niche within the competitive European wine landscape. Continued collaboration with EU countries might further solidify Moldova's position as a reliable source of high-quality and distinctive wines where both Moldovan and European market will benefit a lot.

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