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THE TENDENCY OF IMPORTS AND EXPORTS OF THE REPUBLIC OF MOLDOVA IN THE CONTEXT OF COVID-19 AND THE WAR IN UKRAINE

TENDINȚA IMPORTURILOR ȘI EXPORTURILOR REPUBLICII MOLDOVA ÎN CONTEXTUL COVID-19 ȘI RĂZBOIULUI DIN UCRAINA

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Abstract: Anii 2020 și 2022 au fost marcați la nivel mondial de Covid-19 și războiul Ucrainei, care în momentul de față încă se desfășoară. Aceste două evenimente majore, fără îndoială, au afectat considerabil comerțul Republicii Moldova. Obiectivul acestui articol este analiza Exporturilor și Importurilor Republicii Moldova în contextul Covid-19 și războiul din Ucraina, precum și informarea despre consecințele acestor două evenimente majore asupra comerțului Republicii Moldova, precum și despre tendința ratei față de alți ani. Astfel, acest raport tinde să comunice despre importanța păcii în lume.

Keywords: Covid-19, Războiul din Ucraina, export, import, tendință, Republica Moldova.

JEL CLASSIFICATION: F1, C1

INTRODUCTION

Over the years, there have been major changes and events in the world, such as COVID 19 and the war in Ukraine, which have affected and continue to affect the world economy. As a result, Moldova was not forgotten but affected, especially in the trade sector, but each contributing with different consequences.

This topic will be analyzed extensively considering that foreign trade and import are factors that stimulate the country's economy. Regarding foreign trade activity (import and export flows), it is possible to calculate the share of each country in exports and total world imports, industrial and/or agricultural, and/or services. Based on these results, assessments can be made on capitalizing on the country's economic potential through international trade relations. According to statistical data, was found out that, following the pandemic, imports and exports decreased, but as a result of the current war, the percentage of trade increased.

CONTENT

Foreign trade is one of the determining factors of economic growth, which contributes to the GDP growth rate. In order for the countries to have economic relations, they should engage in activities that will provide inflow of foreign currency, such as export.

Also, from the source (Chand, n.d.) there some factors that influences the value of a country's exports and imports are as follows:

1. **The country's inflation rate:**

If the country has a relatively high rate of inflation, domestic households and firms are likely to buy a significant number of imports. The country's firms are also likely to experience some difficulties in exporting. A fall in inflation, however, would increase the country's international competitiveness and would be likely to increase exports and reduce imports.

2. **The country's exchange rate:**

A fall in a country's exchange rate will lower export prices and raise import prices. This will be likely to increase the value of its exports and lower the amount spent on imports.

3. **Productivity:**

The more productive a country's workers are, the lower the labour costs per unit and cheaper its products. A rise in productivity is likely to lead to greater number of households and firms buying more of the country's products – so exports should rise and imports fall.

4. **Quality:**

A fall in the quality of a country's products, relative to other countries' products, would have an adverse effect on the country's balance of trade in goods and services.

5. **Marketing:**

The amount of exports sold is influenced not only by their quality and price but also by the effectiveness of domestic firms in marketing their products. Similarly, the quantity of imports purchased is affected by the efficacy of the marketing undertaken by foreign firms.

6. **Trade restrictions:**

A relaxation in trade restrictions abroad will make it easier for domestic firms to sell their products to other countries.

7. **Foreign GDP:**

If incomes abroad rise, foreigners will buy more products. This may enable the country to export more.

8. **Domestic GDP**

The rise in domestic demand may also encourage some domestic firms to switch from the foreign to the domestic market. If this does occur, exports will fall.

Research objectives:

- Analysis of foreign trade during the period of Covid-19 and the war in Ukraine
- The evolution of trade in the context of Covid-19
- The evolution of trade in the surroundings of the actual war
- Determining the consequences on foreign trade
- A thesis about the trend of trade's Moldova in the future.

The bibliographic sources of the thesis are the normative acts and the data provided by the National Bureau of Statistics of the Republic of Moldova.

Statistics of international trade in goods in the Republic of Moldova are developed based on administrative data sources (information obtained from customs declarations), in accordance with international standards (including European ones).

For exports and imports of material goods that are the subject of commercial transactions, the basic document for statistical records is the detailed customs declaration, which is drawn up at customs points, when the goods enter or leave the country (BNS, 2023).

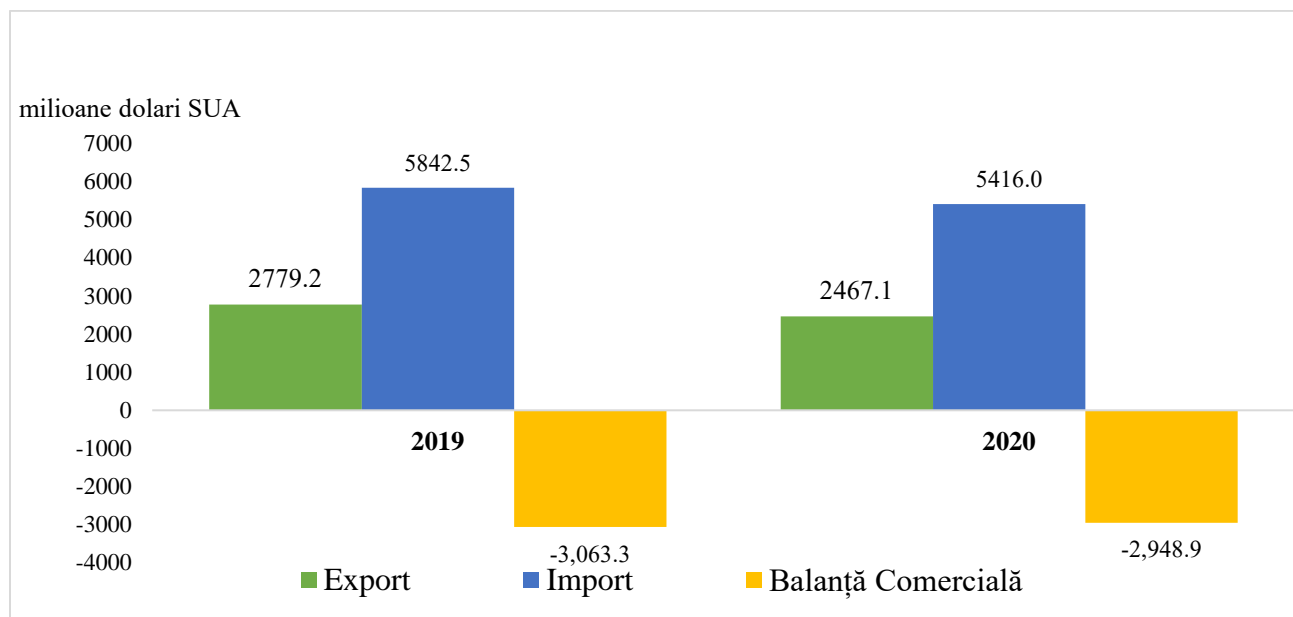


Figure 1. Trends in the international trade in goods of the Republic of Moldova, 2019-2020

Source: Elaborated by the author, based on (BNS, 2023), accessed on 15.03.2023

According to the Figure 1, can be noted a decreasing tendency during the Covid-19. According to the statistics, in 2022, exports of goods dropped to 2467.1 million US dollars, a value lower by 11.5 % compared to the one recorded in 2021. Further, the imports, in the same way as exports, the rate fallen considerably, with the value by 7,3%. Regarding the trade balance, there are negative values, because, if remarked that the imports are higher than the exports, that meant to a negative value of trade balance. Despite Covid-19, is noticed a slight decrease of balance, with the esteem of 3,7%. So, the Covid-19 had affected the trade of Republic of Moldova, because according to the data, there are diminuations. The primary causes of these lower values in trade are, the reduction in external demand from the main partners of the Republic of Moldova resulted in a decrease in exports of goods and services by 15.5%, and the decrease in consumption led to a decrease in imports - by 8.9%, respectively, these changes generating contributions to the GDP of - 4.9 %, and -5.0%.

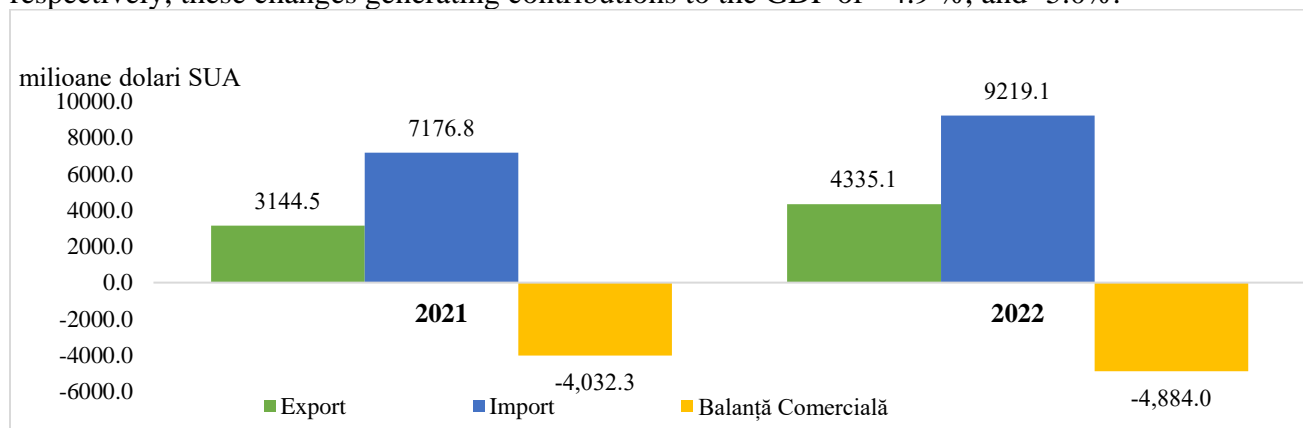


Figure 2. Trends in the international trade in goods of the Republic of Moldova, 2021-2022

Source: Elaborated by the author, based on (BNS, 2023), accessed on 15.03.2023

Analyzing figure 2, can be observed an increasing tendency during the actual war. According to statistical data, in 2022, exports of goods amounted to 4335.1 million US dollars, a value higher by 37.9%, compared to the one recorded in 2021. Exports of domestic goods in 2022 amounted to 2966.3 million US dollars (68.4% of total exports), increasing by 21.9% compared to 2021, which contributed to increasing the total value of exports by 17, 0%.

About the imports, also, studying the figure 2, there is an increasing, too. In 2022, goods imports totaled 9219.1 million US dollars, a level higher than in 2021, by 28.5%.

If is taken a look more closely at the Figure 2, there is a considerable gap between exports and imports of goods determined the accumulation in 2022 of a trade balance deficit amounting to 4884.0 million US dollars, or 851.7 million US dollars (+21.1%) more, compared to the one registered in 2021.

CONCLUSION

The effects of Covid-19 on foreign trade, Moldovan exports were negatively influenced by the pandemic crisis in the context of reduced market demands. Consequently, we see some diminutions in exports and, also, in imports.

The consequences of the war on Moldova's trade, as we have analyzed and observed, the import and export rate has increased significantly. The spectacular increase is explained by the re-exports of oil products, but also other goods. However, as a result of the war, a large part of the transport infrastructure in Ukraine was affected, and respectively part of the goods are now imported through our country. Despite the increase in trade, the war in Ukraine directly hit Moldova's economy, which as a result was affected and still is. We cannot deny the fact that Ukraine is a neighboring country and any radical change influences us as well, especially, being trading partners.

The war in Ukraine generated both imports and exports for the Republic of Moldova. This is the worrying signal. If we exclude the part with Ukraine, then the volume of our exports decreases. Most likely in the coming months a downward trend of our exports will continue, unfortunately, in the near future there will be a constant decrease. (Ioniță, 2023)

So, despite all the increases, the year 2022 should not be seen as a positive year, in fact, it is a worrying year, which should teach us to make correct decisions. Our foreign trade should be a reflection of the positive situation in the economy. Currently, our foreign trade shows us that our economic situation is quite complicated. (Ioniță, 2023)

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