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Key bottlenecks for Moldova's fruit exports to the EU

Fruits are some of the key export products of Moldova. Besides apples, which dominate fruit exports and are overwhelmingly exported to Russia, other key fruit export products include fresh grapes and plums. Considering that Russia has become an increasingly unreliable trade partner for Moldova, export diversification and especially expanding exports to the EU have become more important. GET identified the fruit products in Moldova with the highest export potential in the EU market, which includes fresh grapes, cherries, other stone fruits, and berries. In addition, we identified key bottlenecks that currently constrain fruit export expansion. The three most severe bottlenecks are labour availability, access to capital and customs procedures. For each of these bottlenecks, we outline options for addressing them.

Fruit production in Moldova

Moldova has traditionally been both a producer and exporter of fruits and vegetables. Currently, the main export product among the fruits is apples. In 2021, the German Economic Team (GET) analysed the export of apples. We showed that the Russian market, to which more than 90% of Moldovan exports went in previous years, does not represent promising long-term potential for Moldova. On the other hand, reorienting apples exports to the EU and other markets is challenging. In 2023, GET conducted a follow-up analysis of the export potential of fruits other than apples from Moldova to expand the view on the sector. We identified fruit products with the highest export potential on the EU market and key bottlenecks that constrain these exports' expansion.

Exports of fruits (other than apples) from Moldova

Moldova exports mainly fresh fruits, which account for 75% of total exports of fruits (other than apples). Fresh grapes and plums are now the top export products in value terms but feature slow growth rates. On the other hand, exports of fresh berries are presently small but have shown high annual export growth rates between 25% (raspberries and blackberries) and 64% (strawberries) from 2017 to 2021. In addition, some processed fruit products, such as jams and jellies, are among the top fruit export categories.

The EU is already the primary export market for some Moldovan products, such as plums, raspberries, and jams. However, Russia has been the dominant export destination for others, including fresh cherries, strawberries, peaches and grapes.

The market for fruit imports in EU countries

The market for fruit imports in EU countries had a value of EUR 50 bn in 2021, of which around 44% were extra-EU imports, mainly from other continents such as South America, Africa, and Asia. Even though the top 10 fruit imports are strongly dominated by exotic and citrus fruits, which Moldova does not produce, EU countries also import many fruits traditional for Moldova, like fresh grapes, berries and peaches. However, most of these fruit imports are intra-EU trade. Thus, an expansion of Moldovan fruit export would face competition primarily from EU member states.

Based on three key dimensions – 1) export performance of Moldovan products; 2) import performance of the EU; 3) trade interaction between Moldova and the EU – we identified the Moldovan fruit products with the highest export potential on the EU market.

Top 10 Moldovan fruits by the export potential to the EU

| | Product | Comp. Score | MDA total exports | EU total imports |
|----|--|-------------|-------------------|------------------|
| 1 | Fresh grapes | 89 | 58 | 1,438 |
| 2 | Fresh cherries | 75 | 6 | 152 |
| 3 | Fresh apricots | 74 | 5 | 143 |
| 4 | Dried prunes | 73 | 8 | 62 |
| 5 | Fresh plums and sloes | 72 | 45 | 252 |
| 6 | Fresh raspberries, blackberries | 71 | 1 | 213 |
| 7 | Jams, jellies, marmalades, pastes of fruit | 71 | 6 | 552 |
| 8 | Dried peaches, pears, other fruits | 71 | 1 | 61 |
| 9 | Fresh peaches | 62 | 3 | 859 |
| 10 | Fresh strawberries | 55 | 3 | 422 |

Source: WITS, own estimates; data for 2021, exports and imports in thousand tons

Based on key stakeholder interviews, we further analysed the sector to identify currently existing bottlenecks that constrain a further expansion of exports of these high-potential products to the EU.

Key bottlenecks for Moldova's fruit exports

Overall, we identified nine bottlenecks, three of which are currently of high importance in constraining the expansion of exports. The most important bottlenecks are labour availability, access to capital and customs clearance procedures.

Labour availability: Fruit production is a labour-intensive sector with limited possibility of replacement by machinery. The availability of labour has become limited, especially in rural areas, primarily due to migration to urban areas and emigration to other countries. Some stakeholders reported employing seasonal labour migrants from Central Asia. However, overall, finding sufficiently qualified labour was described as a significant challenge. In addition, the labour force often lacks vital skills such as digital literacy.

To address these challenges, the infrastructure in rural areas, including social infrastructure, needs improvement. Other potential solutions include switching to less labour-intensive technologies, where possible, and training programmes focused on the sector's needs.

Access to capital: Another serious bottleneck for the fruit sector is the lack of appropriate post-harvest infrastructure, such as sorting lines for apricots or hydro-cooling facilities for cherries. This lack is directly related to capital constraints, which small farmers, in particular, are facing. Bank loans are often not attractive to farmers due to high interest rates.

The possibility of including Moldova in EU business development programmes should be explored to solve these problems. Another option could be a donor-backed investment fund for agricultural producers. Similarly, promoting the creation of cooperatives could facilitate farmers' access to finance for joint investments.

Customs clearance: Considering that fruits are a product with a short shelf life, any delay in transport increases the risk of quality losses or perishing and could even result in penalties due to the breaching of time-bound contracts. Respondents reported delays of 1 to 2 days due to slow customs procedures on both the Moldovan and Romanian sides. Since the start of the full-scale Russian war in Ukraine, this problem has worsened with increased traffic at the Moldovan-Romanian borders.

We recommend extending the use of Moldovan-Romanian joint customs checkpoints to all border crossings to speed up the checks. Another option would be to designate certain border crossings for specific products and destinations. Furthermore, the application for the Authorized Economic Operator status should be promoted among fruit producers.

Conclusions and outlook

The analysis has revealed that Moldovan fruits have significant potential for increased exports to the EU. Since fruits are high-value-added agricultural products, this represents a considerable development potential for the sector. Furthermore, additional reorientation to the EU of products currently exported to Russia in large quantities is possible. Nevertheless, the sector presently faces a number of bottlenecks. We have examined the three most pressing challenges: labour availability, access to capital and customs procedures. Beyond the recommended measures outlined here, another important factor are the EU's tariff rate quotas (TRQ). Currently, these do not represent a severe bottleneck, as they were temporarily expanded in 2022. However, re-installing baseline TRQs could limit further expansion of exports and reorientation. Agreeing with the EU on a permanent TRQs abolishment would thus be in the interest of Moldovan farmers.

This Newsletter is based on the forthcoming [Policy Briefing: Export potential for Moldova's fruits on the EU market](#) and the forthcoming [Policy Briefing: Key bottlenecks for Moldova's fruit exports to the EU](#)

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**Advisory activities in Belarus are currently suspended.*

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