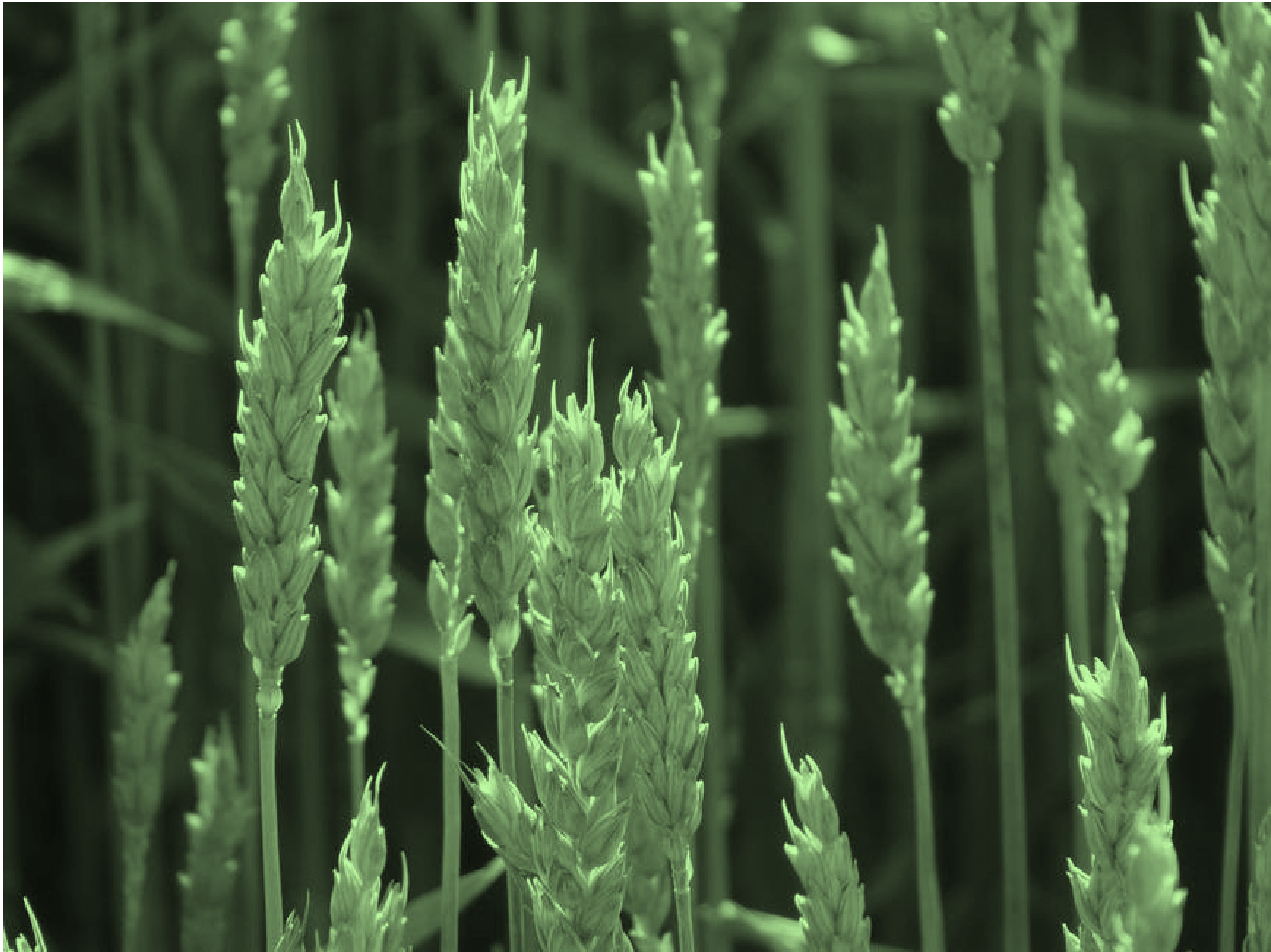
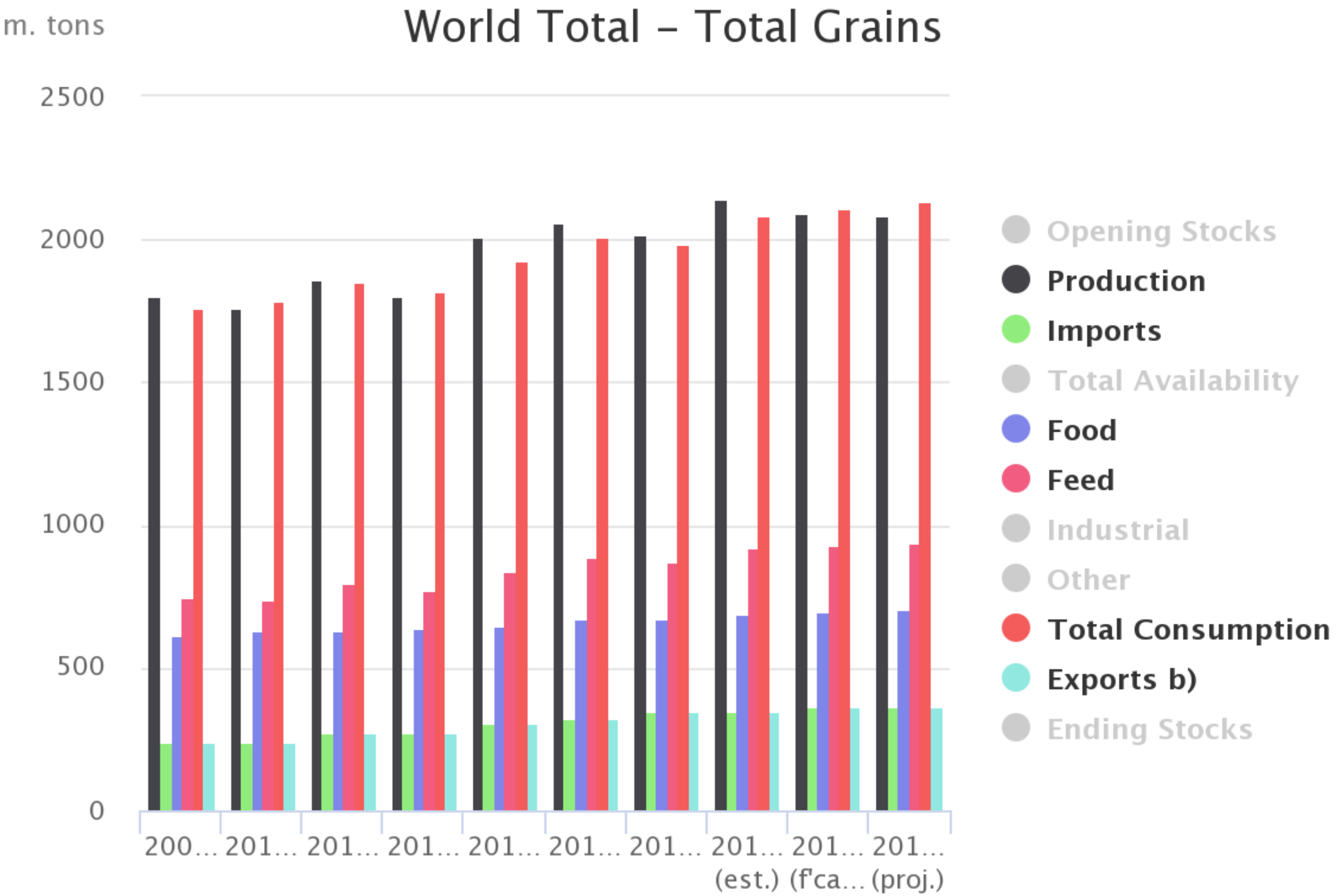
National Green Export Review - Moldova
2nd National Stakeholder Workshop - Chişinău 17.04.2018

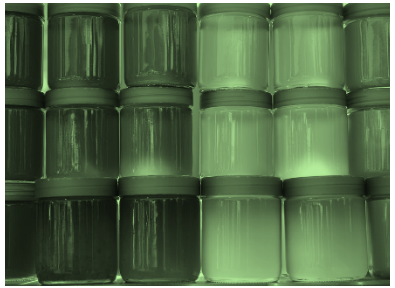
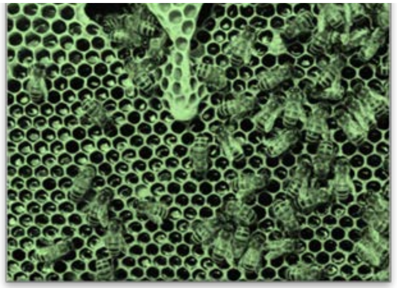
The cereal sector

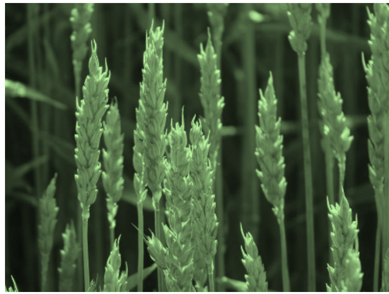


Global trends and market characteristics for cereals and grains





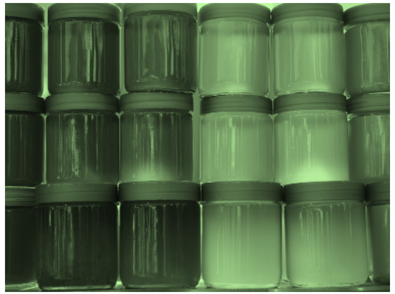
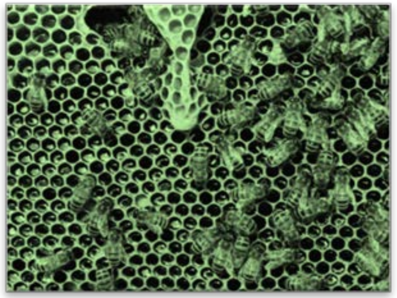



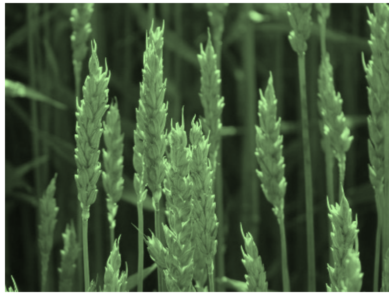


World’s 10 largest producers of cereals

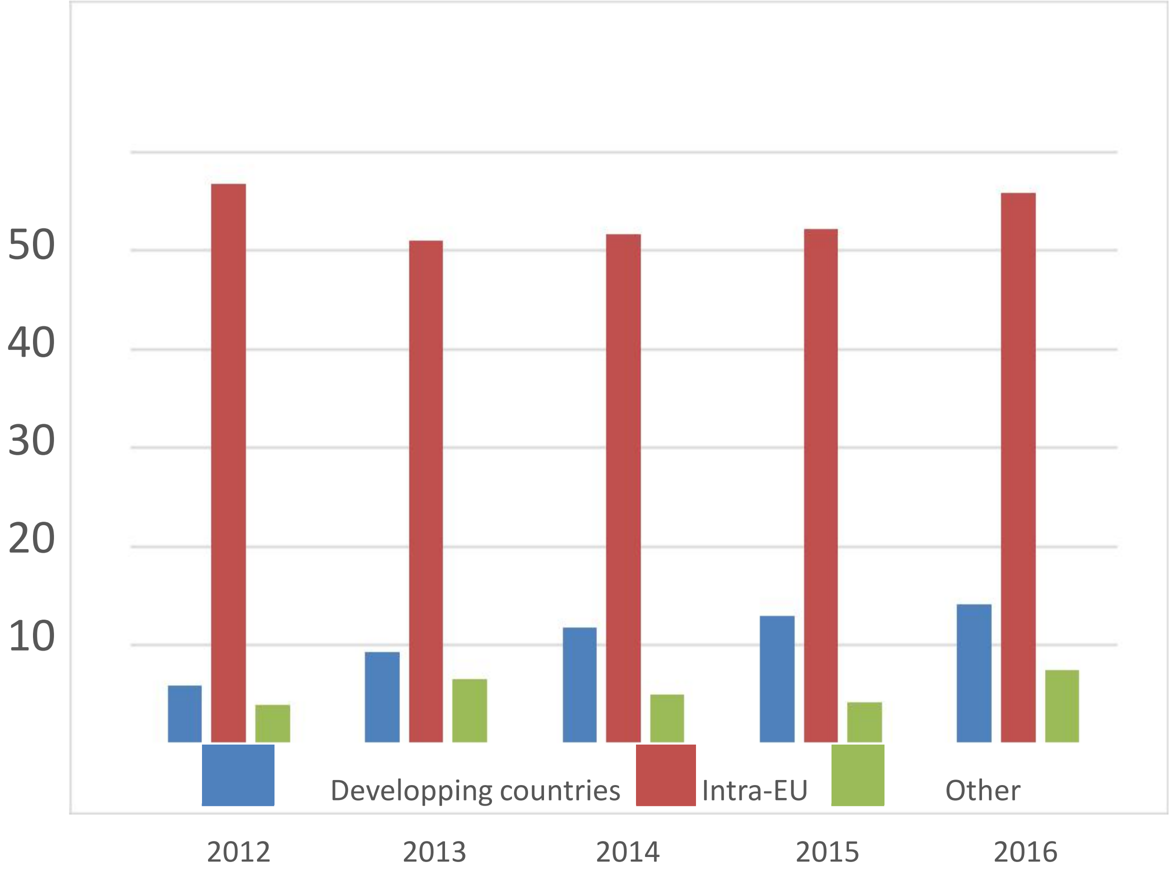
	Total cereal grains (million metric tones) 2016		
	Production	**Export**	**Import**
USA	465.9	93.8	7.2
China	356.6	353.2	20.1
EU - 28	297.3	38.9	22.2
India	129.9	40.5	6.8
Russia	114.3	36.5	0.8
Argentina	74.7	27.9	0
Ukraine	66.3	44.9	0.1
Canada	57.2	30.5	0.9
Australia	51.5	15.0	0.2
Kazakhstan	19.4	8.2	0.1



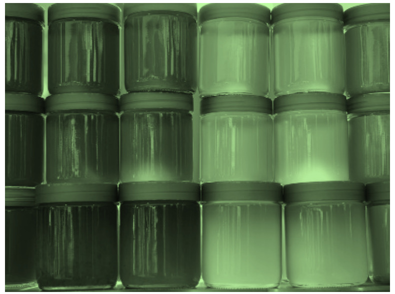
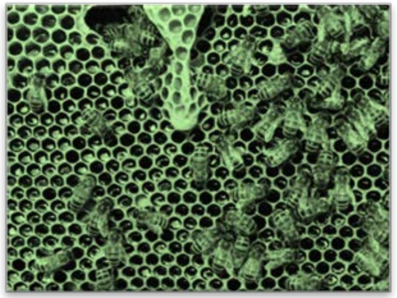



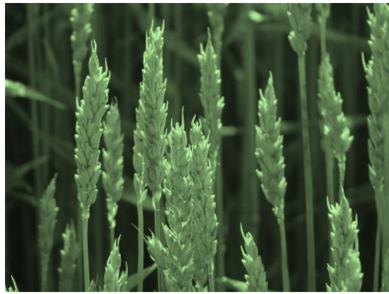


EU import of cereals (wheat, maize, barley) in millions of tones per country-group, 2012-16

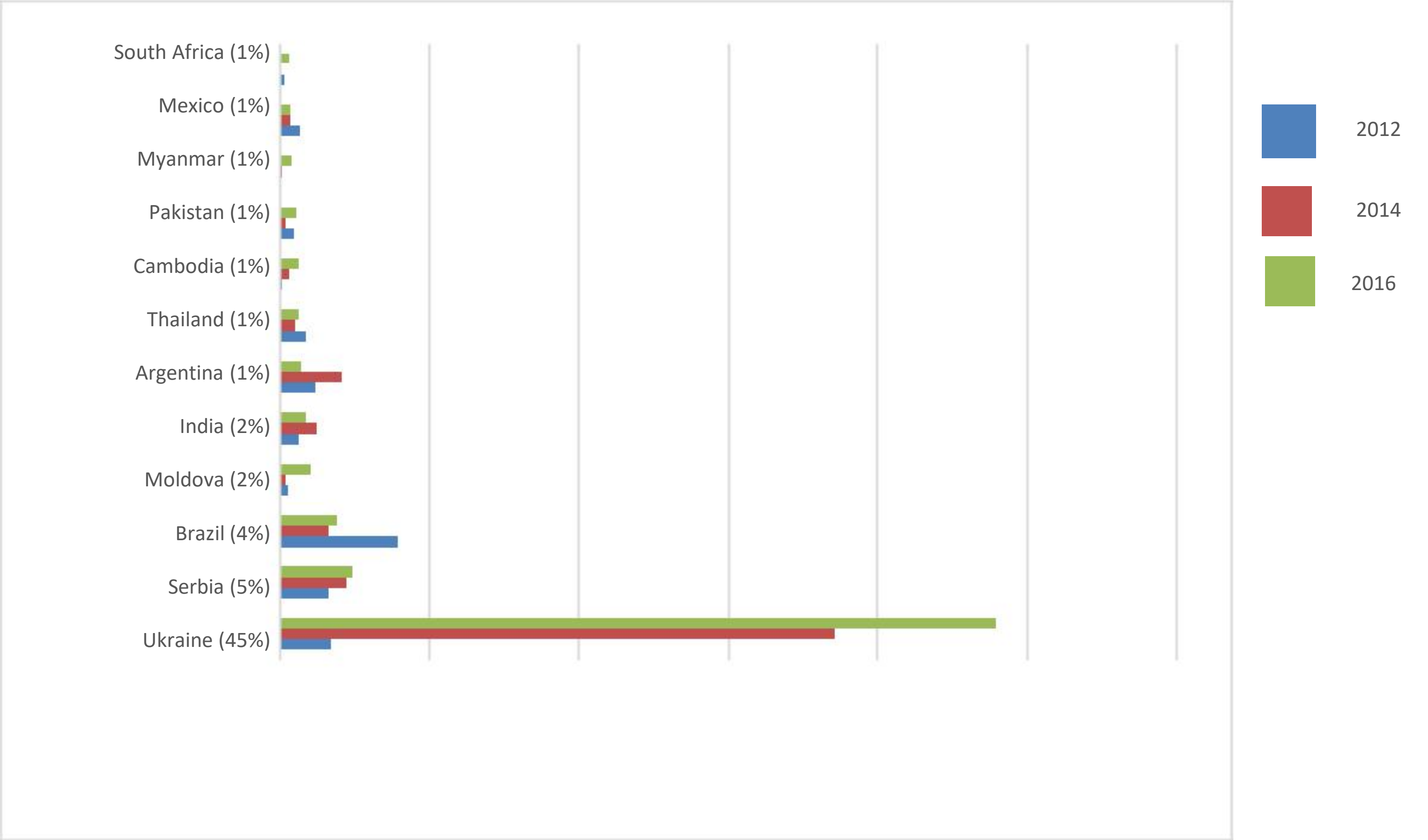




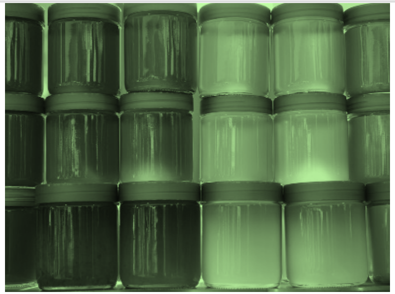
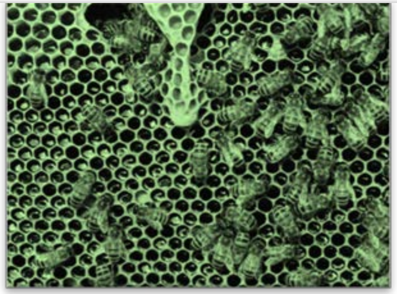



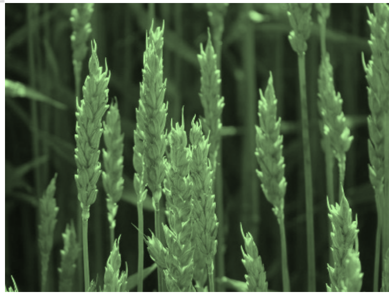


Main suppliers of cereals from the developing countries to the EU in millions of tons

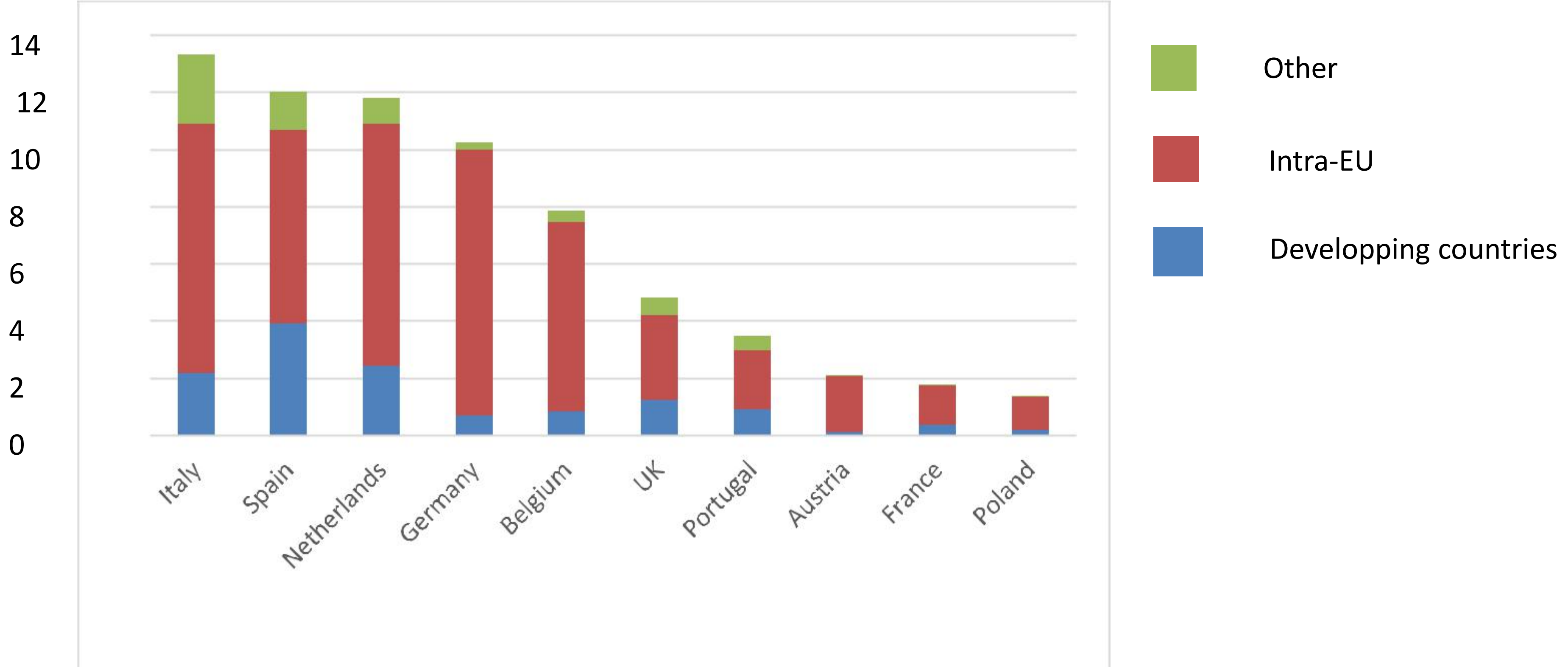




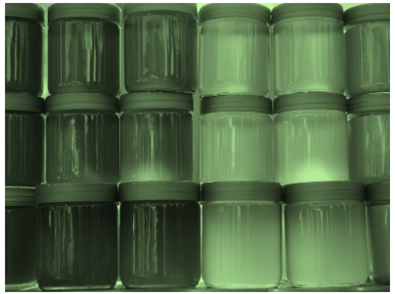
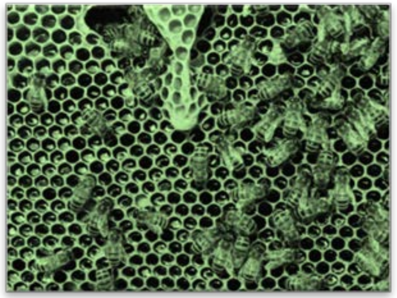



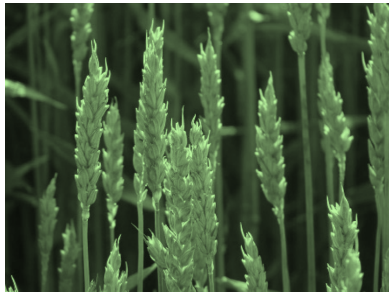


Largest EU importers of cereals (as of 2016) in millions of tons

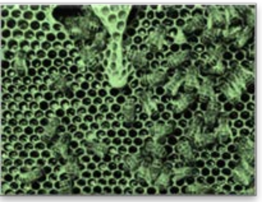
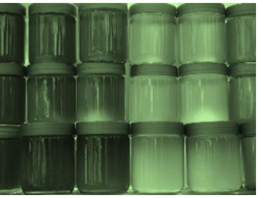


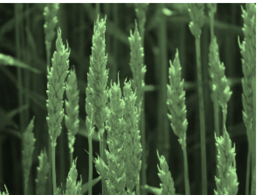








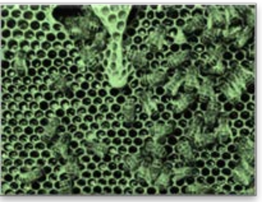
Current status/performance of Moldova’s cereals sector

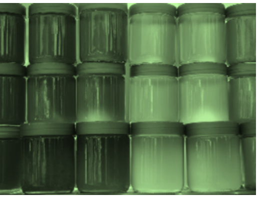
Cereal production in Moldova 2012-2016; Forecast 2017

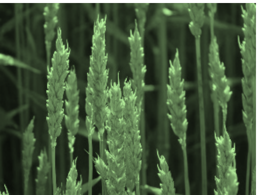
Republic of Moldova

Cereal production

	2012-2016 average	2016	2017 forecast	change 2017/2016
	000 tonnes			percent
Maize	1 269	1 392	1 762	27
Wheat	961	1 293	1 249	-3
Barley	208	260	246	-5
Others	26	26	26	0
Total	2 464	2 971	3 283	11

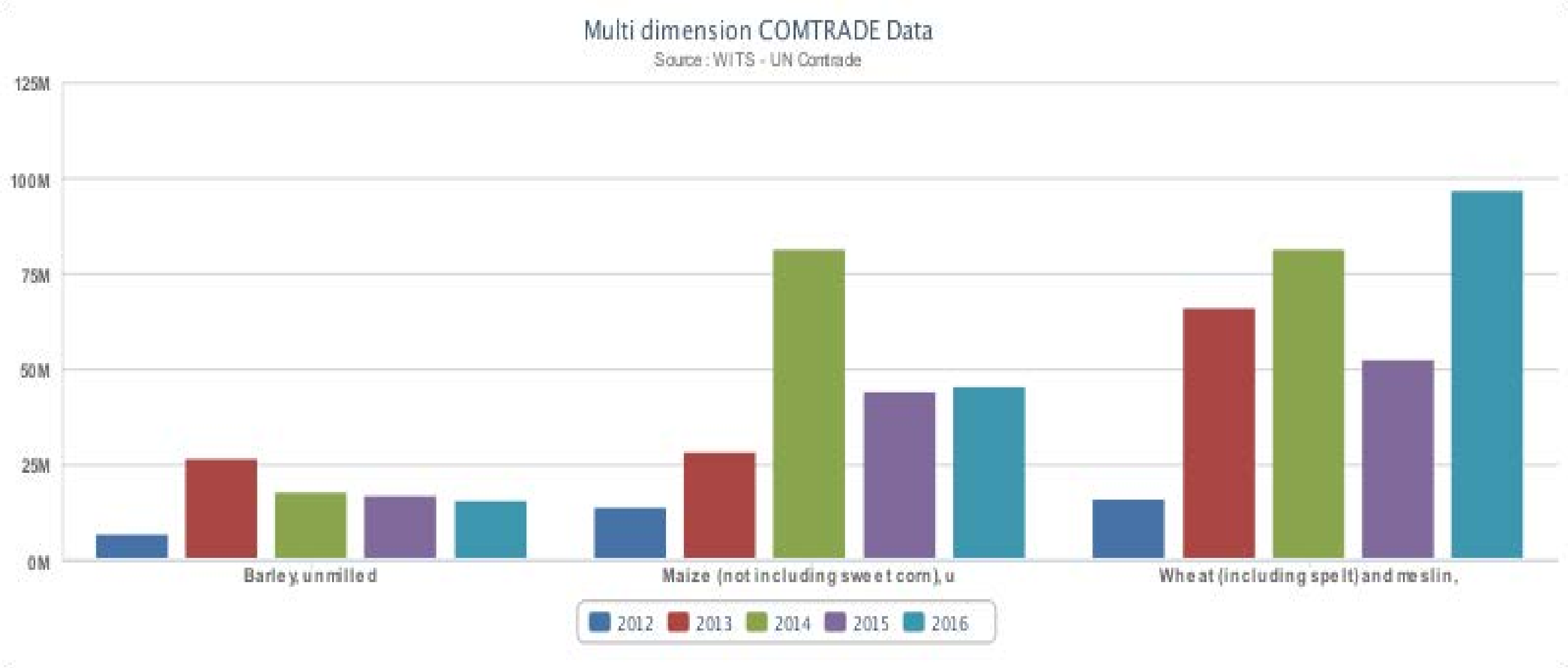




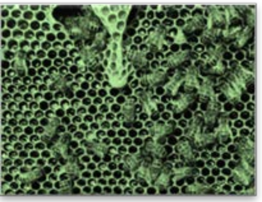
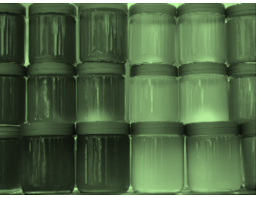


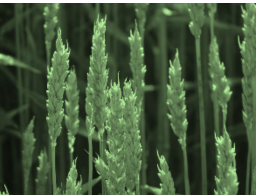
Current status/performance of Moldova’s cereals and grains sector

Wheat, Maize (corn) and Barley exports dinamics 2012-2016



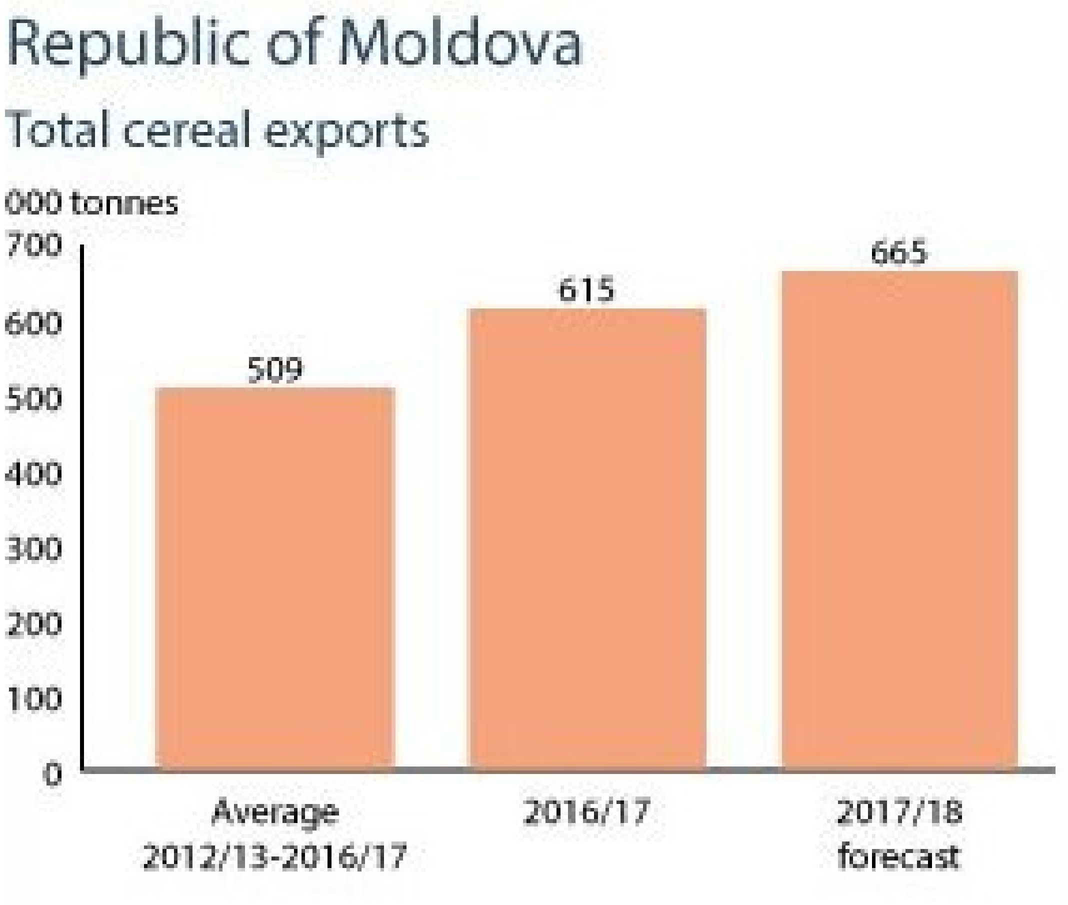


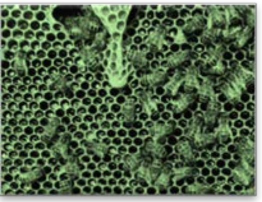
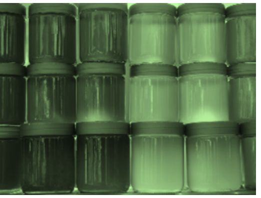


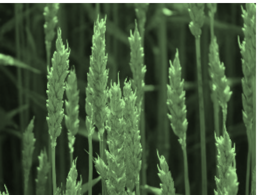
Current status/performance of Moldova’s cereals and grains sector

Total cereal exports 2012-2016; Forecast 2017-18



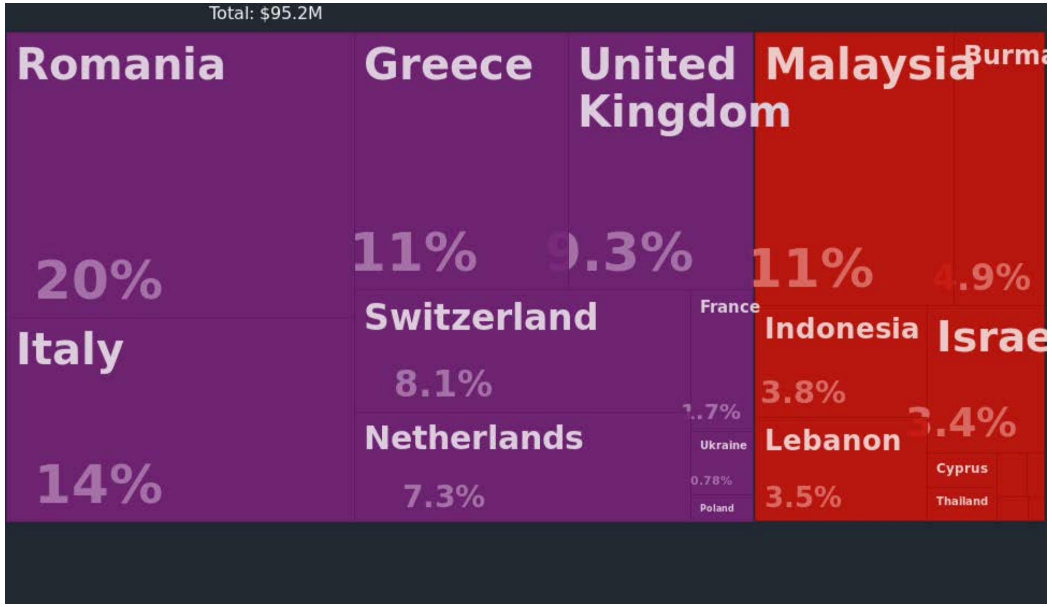


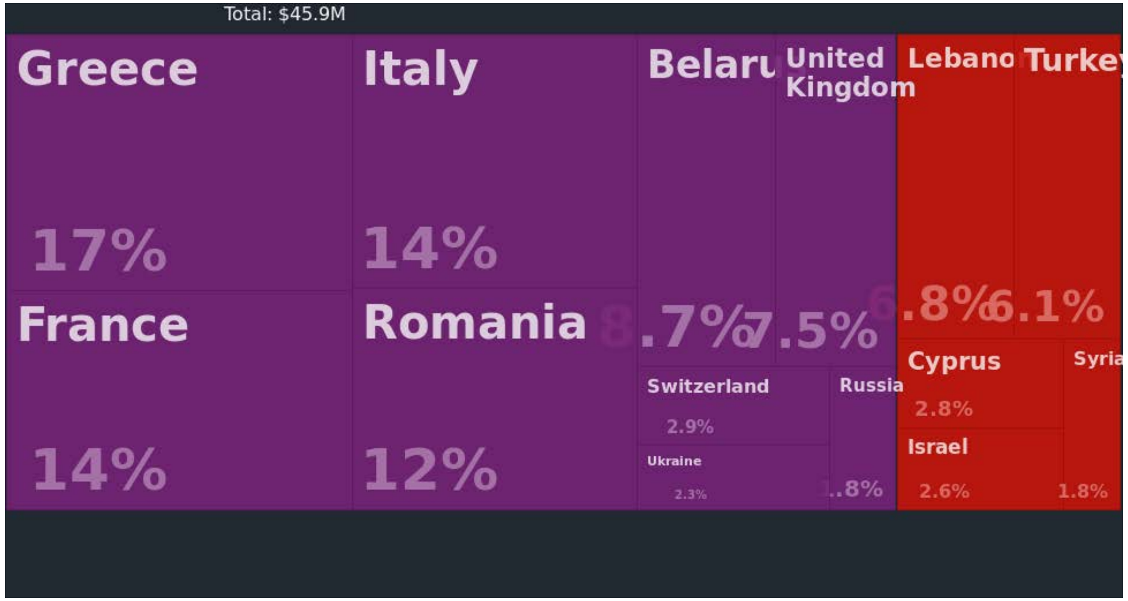



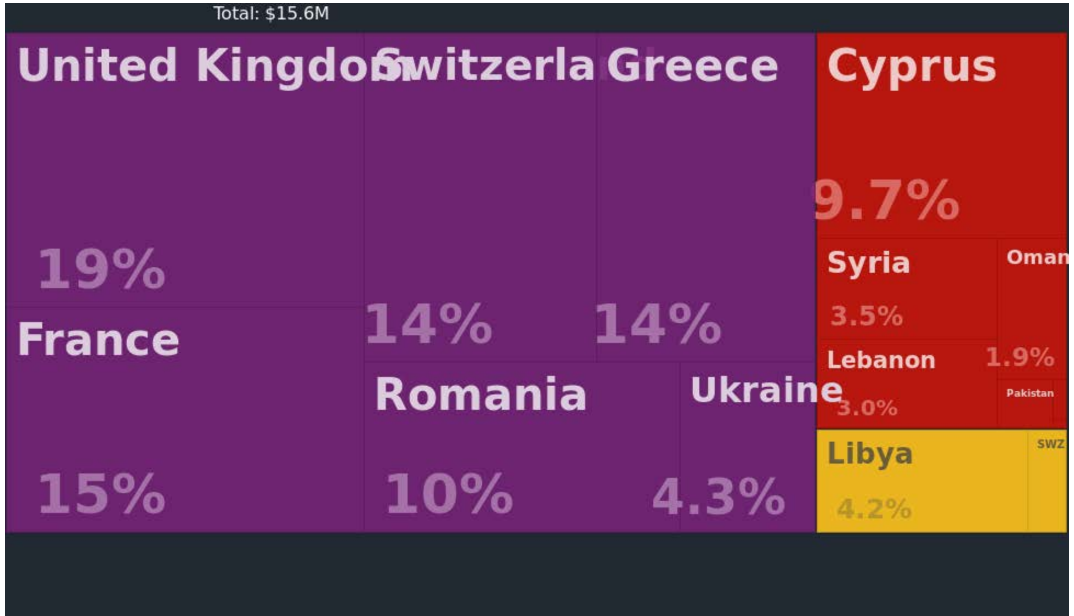


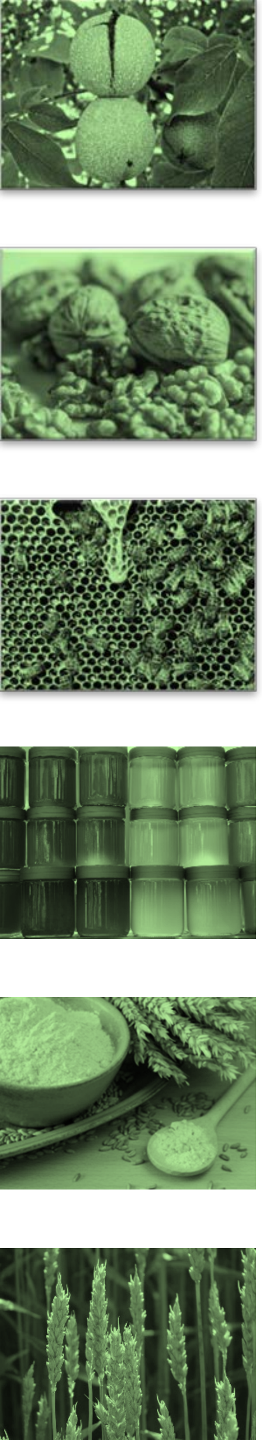
Current status/performance of Moldova’s cereals and grains sector

Moldova‘s wheat/corn/barley export value and main export destinations, 2016 (based on UN Comtrade data)



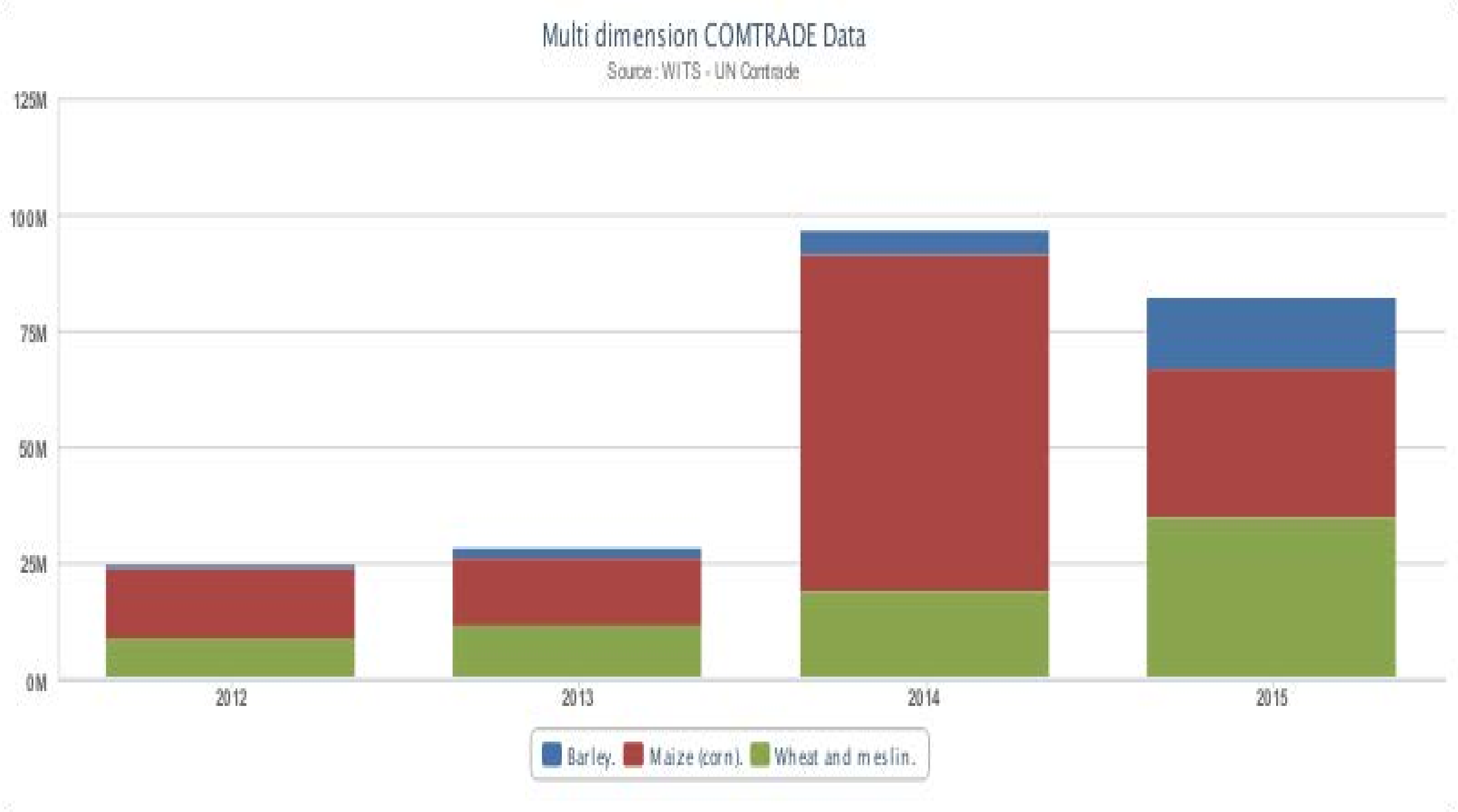




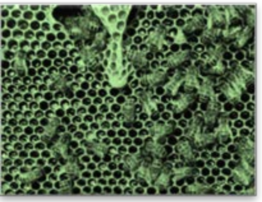
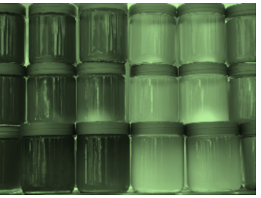


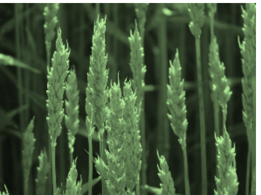
Current status/performance of Moldova’s cereals and grains sector

Moldova’s exports of wheat, maize and barley to the EU in 2012-2015.





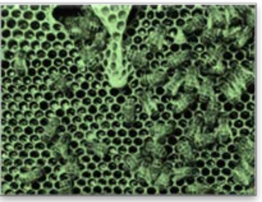
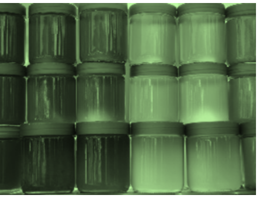



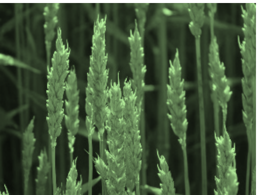


Important trends in the EU

- Increasing demand for high-value cereals
- Considerable consumption paterns
- Continuous growth of the organic market





Organic cereals in Moldova

Appr. 2/3 of organic land (75.000 Ha) is under annual crops:

Wheat – 35%
Corn – 25%
Barley – 8%

Export:
80.000 tons destined to the EU market (Netherlands, Germany and Italy)

Overview of stakeholders and the value chain in the cereals sector

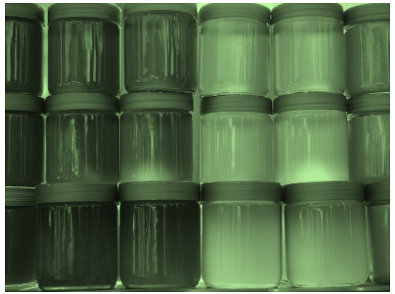
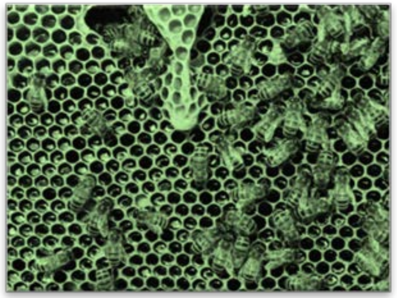
- **Farmers**: large number of small farmers <20 Ha(OA) // small number of large producers –exporters (CA).

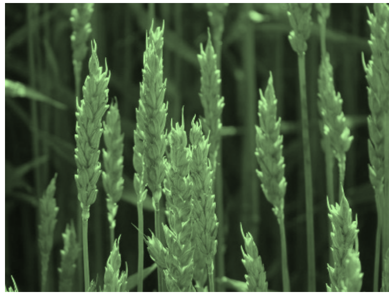
<u>*Challenge*</u>: *high % of underperforming small farmers. Lack of knowledge in organic cereal cultivation*

- **Inputs suppliers**: a range of suppliers of seeds, fertilizers and plant protection products, equipment from international producers to local originator companies.

<u>*Challenge*</u>*: limited or non-availability of high-quality seedling materials (especially for OA) / Non-existence of an operational system for common approval of inputs to organic farming*





Overview of stakeholders and the value chain in the cereals sector

- **Certification bodies**: there is a fair number of OA certification bodies (9 companies) operating in RM. 2 national and 7 international.

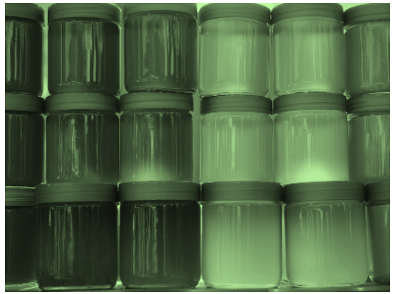
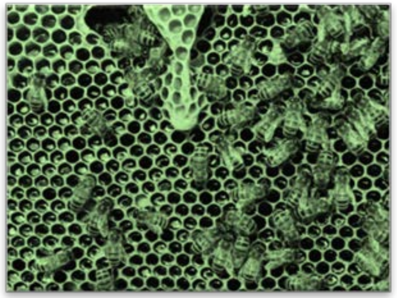
Challenge: Only 2 national are accredited and authorized by MOLDAC/MARDE but are not recognized in the EU

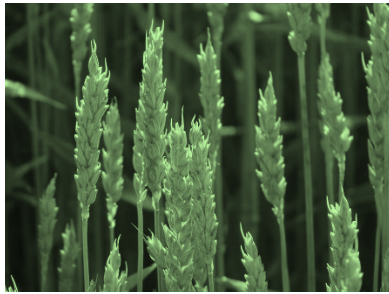
- **Logistics**: transport infrastructure network in RM is sufficiently developed but requires major investments for modernization. Giurgiulesti port - the naval gateway of Moldova – offers considerable advantages for the cereal sector. There are storage capacities for conventional cereals but no capacities for organic cereals

Challenge: absence of storage capacities for organic cereals and transportation of organic cereals (cross-contamination problem)

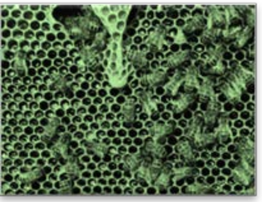
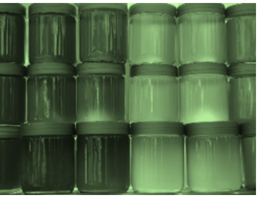
- **Processors and exporters**: Processing industry (mills/bakeries) for conventional cereals is fairly developed in RM. No processing of organic cereals yet.
- *Challenge: development of organic cereals processing*

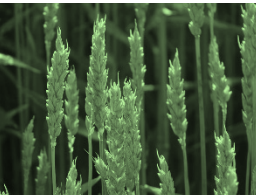








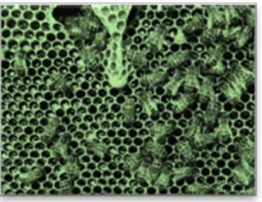
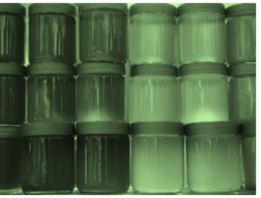
Potential of market diversification and generating added value in the cereal sector

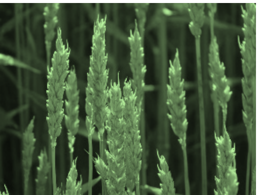
1. Reorientation towards high-value SPECIALTY CEREALS

Product	Moldova net trade	EU net trade	Export potential
Wheat	330	20,558	no
Maize	156	-8,875	**Yes**
Barley	137	7,334	no
Rye	0	165	rather yes, if production increases considerably
Oats	0	146	rather yes, if production increases considerably
Millet	0	-56	**Yes**
Sorghum	0	-356	**Yes**
Buckwheat	0	-23	**Yes**

Net trade ballance: export quantity minus import quantity in 000 tonnes, 2016. Data source: UN Comtrade 2016





Potential of market diversification and generating added value in the cereal sector

2. Diversification of the organic cereal palette.

Current organic production/export: wheat, corn and barley. (the main factor for such a limited offer: destruction of animal husbandry system in RM- the largest consumer of fodder)

However, the pedo-climatic conditions allow for the re-introduction of other crops:

- rye,
- oats,
- millet,
- durum wheat,
- buckwheat

SWOT DIAGRAM FOR THE CEREAL SECTOR

STRENGTHS

- Fertile soils, favorable climatic conditions for grain cultivation and high agricultural potential.
- Traditions and experience in cereal cultivation.
- Available capacities for the production, processing and storage of conventional cereals.
- Existing trade relations with the EU countries and proximity to developed markets with high demand for cereals/specialty cereals

WEAKNESSES

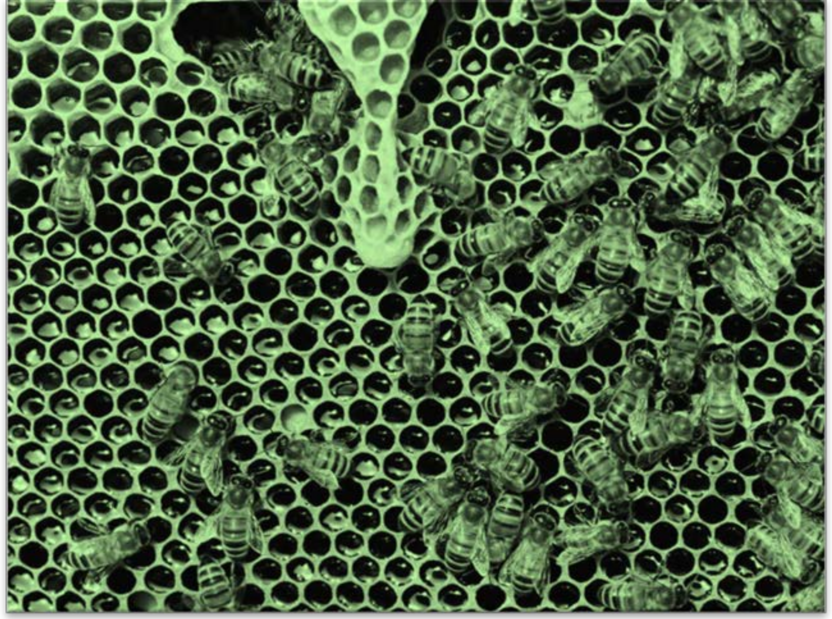
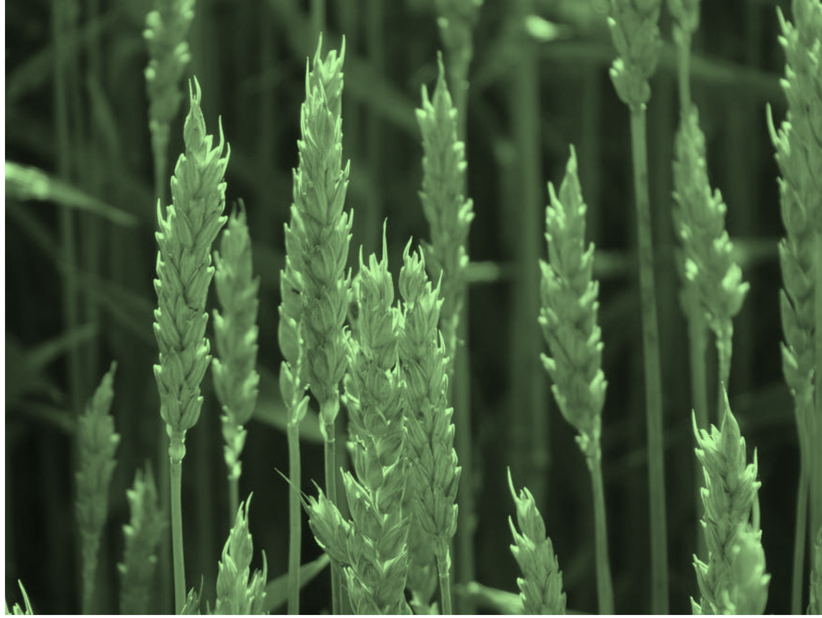
- Large numbers of small and non-performing farms.
- The dominance of small-value crops in the production of cereals and restricted crop rotation.
- Local organic market is not yet developped
- Dependence on raw materials export model
- Conventional cereal market oligopoly.
- Farmers’ lack of knowledge and experience in organic cereals farming
- Lack of inputs (certified seed material, plant protection products) certified organic.
- Lack of certified processing, storage and transportation capacity for organic cereals.

OPPORTUNITIES

- Cultivation and export of specialty cereals (buckwheat, sorghum, millet) and smaller-scale „common“ cereals (rye and oats)
- Converting to organic farming of cereals
- Development capacity of organic certified storage and processing facilities for cereals.
- Installing value-added cereal processing lines and obtaining finished products exported under the Organic Agriculture logo (long-term)

THREATS

- Increasing costs of agricultural inputs (fuels, fertilizers, treatment, etc)
- High migration of labor force from rural areas.
- Monopolistic behavior of major cereals trading companies / large processors of raw materials.
- Increasing competition from large producers of cereals
- Inconsistency in public policy/support measures

Thank you for attention!