

# Moldova's export developments in 2017

**Woldemar Walter and Ricardo Giucci**

German Economic Team Moldova

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## Structure

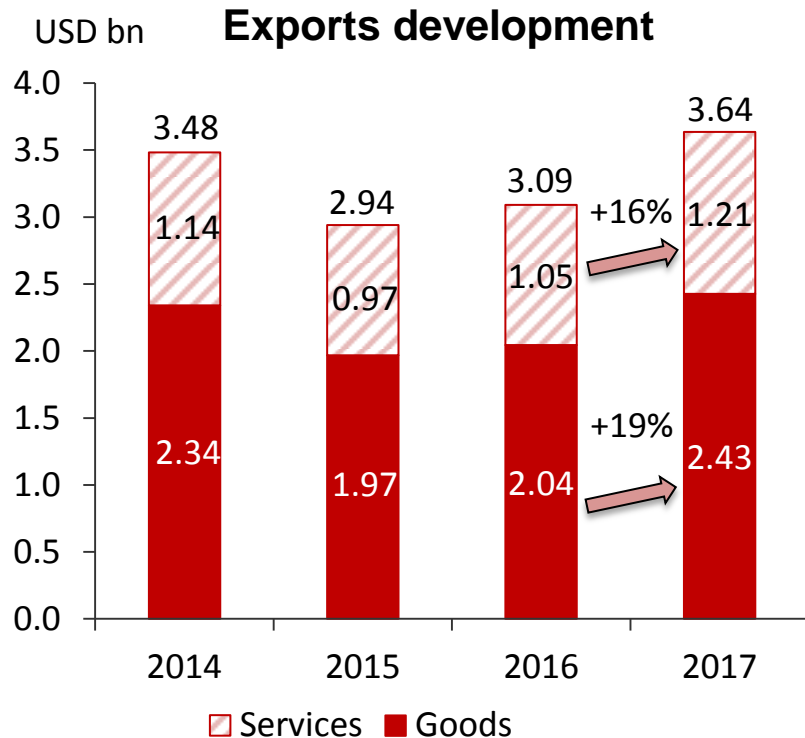
1. Background
2. Aggregate view
3. Regional view
4. Sectoral view
5. Sectoral vs regional view
6. Conclusions

# 1. Background

## Several factors influenced Moldovan exports in 2017

- Ongoing implementation of DCFTA with the EU
  - Increasing FDI in machinery sector
  - Good harvest in 2017
  - Increasing commodity prices
  - Economic recovery in the CIS region
- 
- The goal of this Policy Briefing is to analyse the impact of these factors on Moldovan exports
  - Aggregate, regional and sectoral view

## 2. Aggregate view: strong increase of exports



- Exports of goods and services went up by USD 545 m or 18% in 2017
- Goods export increased by USD 381 m or 19%
- Service exports increased by USD 164 m or 16% growth
- Main driver of services exports: Travel services and transport services, but also growth of ICT and other business services

### Result

Export dynamics in 2017 strongly positive after modest growth in 2016 (5%) and strong drop (-16%) in 2015

Source : National Statistics Bureau and National Bank of Moldova  
 Note: Services in 2017 estimate based on Q1-Q3 growth rate

### 3. Regional view: strong export growth to EU and Turkey

#### Regional breakdown of merchandise exports, 2017

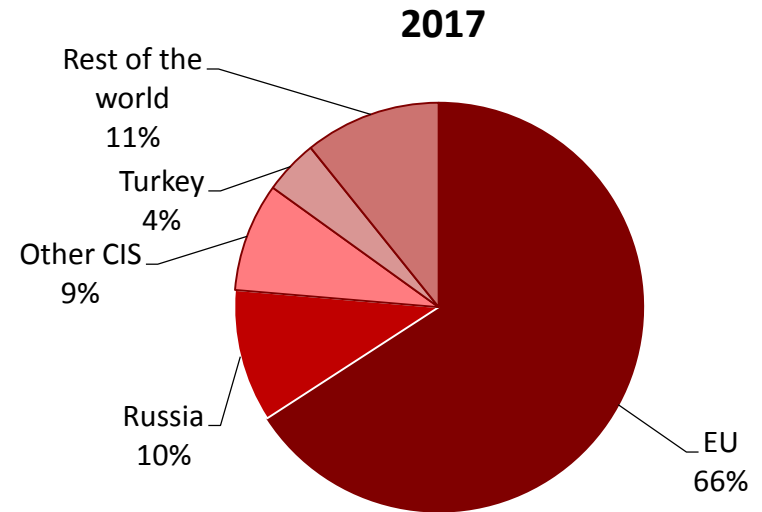
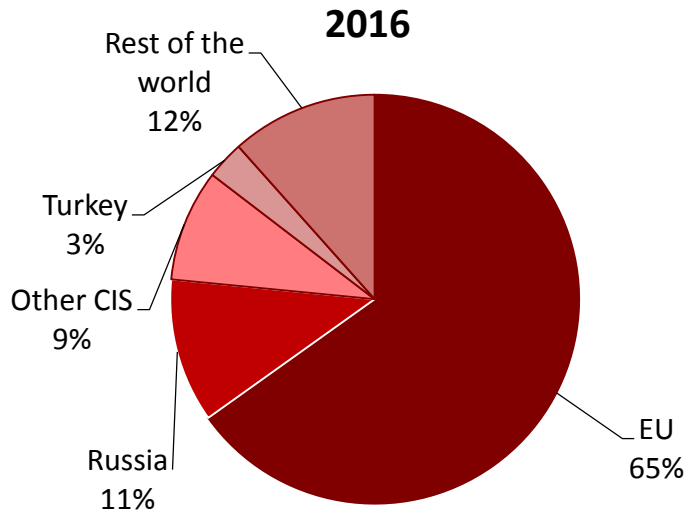
Region	2017, USD m	Y-o-y change, %	Y-o-y change, USD m
EU-28	1,597	20	265
CIS	463	12	49
<i>Russia</i>	255	9	21
<i>Belarus</i>	110	6	7
<i>Ukraine</i>	66	32	16
Turkey	104	69	43
Rest of the world	261	10	67
<b>Total</b>	<b>2,425</b>	<b>19</b>	<b>381</b>

Source: National Bureau of Statistics

- Increase of exports to all regions
- Main driver: EU market accounts for 70% of total growth
- CIS: More moderate increase, with the exemption of Ukraine
- Turkey went up strongly, on the back of the bilateral FTA (Nov 2016)

**Result:** Broadly based increase of exports with EU market as main driver

## Regional view: Continuation of main trends



Source: National Bureau of Statistics

- Share of EU in total exports continues to increase and amounts now to 66%
- Share of Russia continues to decrease; only 10% in 2017
- Share of Turkish market reaches 4%

**Result:** Continuation of major trends; ongoing process of integration with EU

## 4. Sectoral view: Export increase in all sectors

### Exports by products

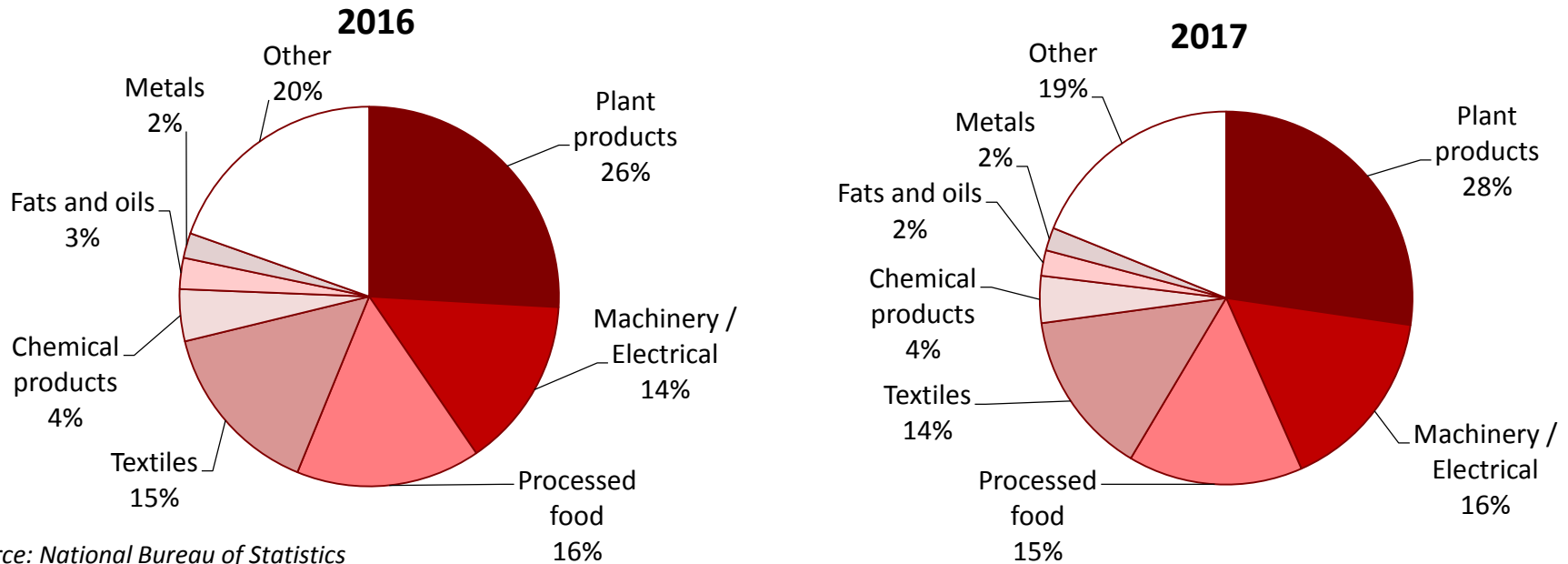
Product group	2017, USD m	Y-o-y change, %	Y-o-y change, USD m
Plant products	662	25	133
Machinery / Electrical	390	31	92
Processed food	368	14	46
Textiles	347	13	39
Mineral products	29	101	14
Chemical products	99	9	8
Other	531	10	47
<b>Total</b>	<b>2,425</b>	<b>19</b>	<b>381</b>

Source: National Bureau of Statistics; only goods

- Positive export dynamics in all sectors
- Plant products (fruits, oil seeds) and machinery sector (wiring harnesses) account for 59% of total growth

**Result:** Broadly based increase of exports with two products driving growth

## Sectoral view: Growing share of plant products and machinery



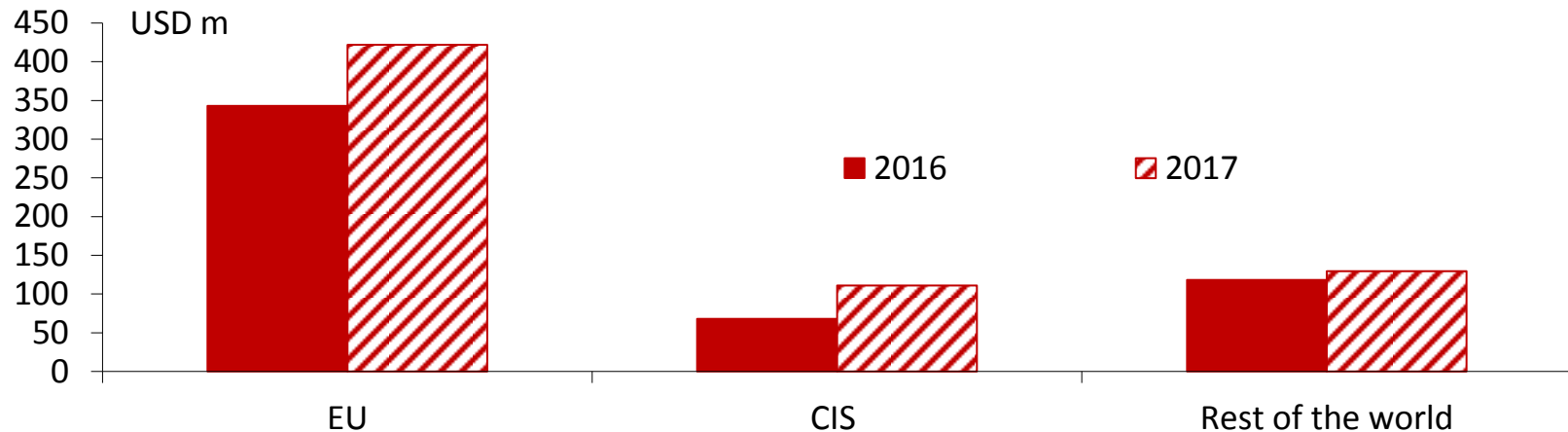
- Higher shares of plant products and machinery/electrical
- Machinery now second strongest export sector, before processed food

**Result:** plant products and machinery (wiring harnesses) continue to grow fast

*Question: Are dynamics linked to geographic orientation of product groups?*



## 5. Sectoral vs regional view: plant products



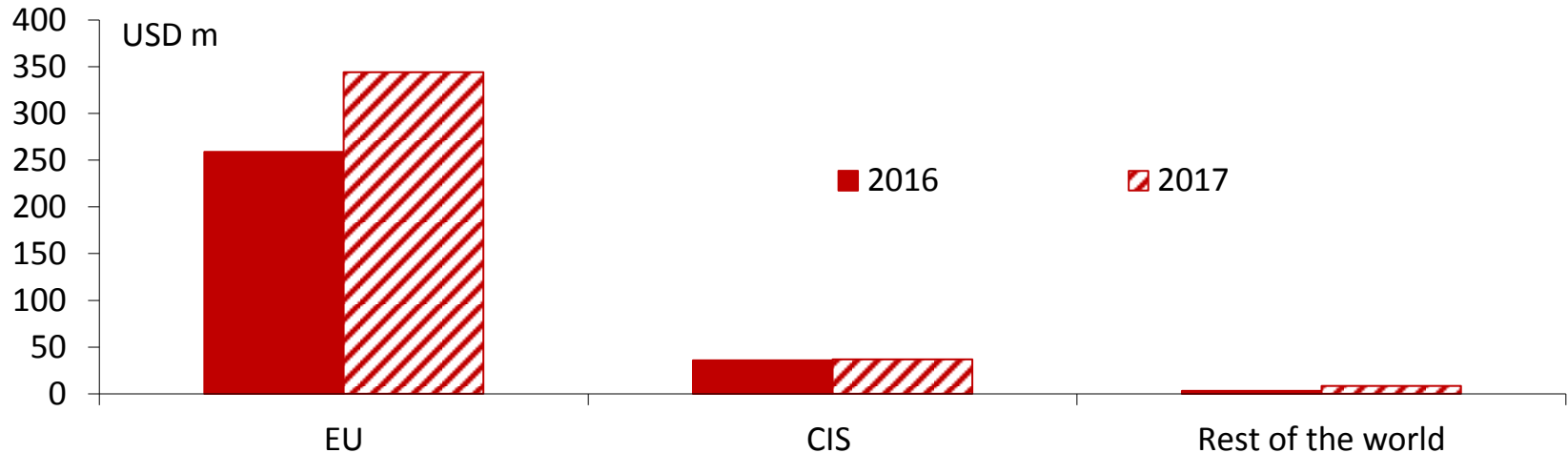
Source: National Bureau of Statistics, own calculations

### Export of plant products up by USD 133 m in 2017

- USD 79 m to EU (+23%), USD 43 m to CIS (+43%), USD 11 m to ROW (+11%)
- Growth spread over different destinations
- Reasons: good harvest and 8% higher international food prices in 2017

**Result:** no link between plant products and destinations; other factors decisive

## Sectoral vs regional view: machinery



Source: National Bureau of Statistics, own calculations

### Machinery/electrical up by USD 92 m

- USD 85 m to EU (+33%), USD 1 m to CIS (+3%) and USD 6 m to ROW (+187%)
- 92% of increase due to higher exports to the EU
- Reason: FDI from the EU in the sector; production in MDA, selling to EU

**Result:** strong link between machinery and exports to EU

## 6. Conclusions

- In total very positive export developments in 2017; +18% for goods and services
- **Regional view**
  - High exports growth to EU; 70% of total merchandise exports increase
  - But also exports to Turkey and Ukraine increased considerably
  - Moderate exports growth to Belarus and Russia, despite economic recovery
- **Sectoral view**
  - Plant products and machinery main contributors; 59% of export increase
- **Link sectors to regions/destinations**
  - Higher exports of plant products mainly due to good harvest and increase in commodity prices; no link to destinations
  - Export increase in machinery sector mainly to EU; close connection to DCFTA and FDI inflows in wiring harnesses manufacturing sector

## Contact

**Woldemar Walter**

walter@berlin-economics.com

**Ricardo Giucci**

giucci@berlin-economics.com

German Economic Team Moldova

c/o BE Berlin Economics GmbH

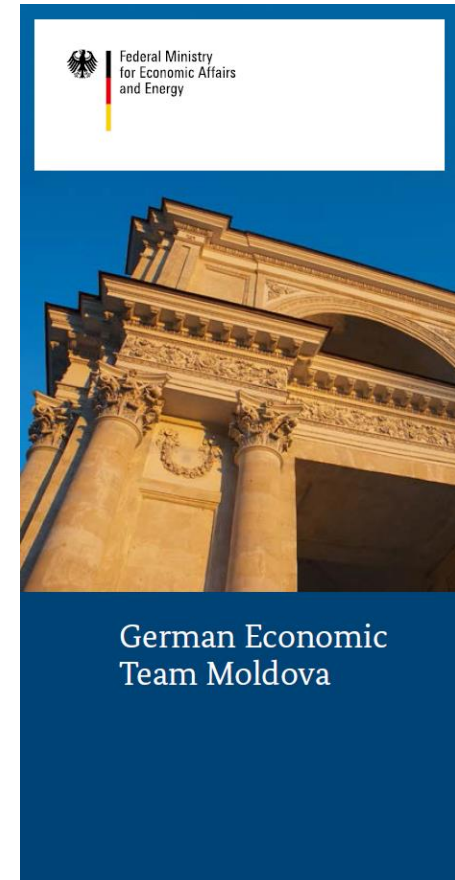
Schillerstr. 59, D-10627 Berlin

Tel: +49 30 / 20 61 34 64 0

Fax: +49 30 / 20 61 34 64 9

[www.get-moldova.de](http://www.get-moldova.de)

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