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REFLECTIONS ON THE ECONOMIC INTEGRATION OF THE REPUBLIC OF MOLDOVA

ABSTRACT

After the approval of the Declaration of Independence (August 27, 1991), the Republic of Moldova lives in the hope to strengthen its place among the democratic nations of the world and to build a new socio-economic system. The formation of the new economic system goes through a difficult stage of joining its own efforts with those of the international community.

The paper focuses on the evolution of the national economy, of the import of goods and services, on the benefits of the national economy integration in relation to the Eurasian Customs Union. The authors come up with some proposals that would accelerate and streamline the process of national economy integration to the European Union.

Key words: economy, import, export, integration, policies, efficiency.

JEL Classification: Q15.

1. INTRODUCTION

The economic development level of any country, including our country depends to an increasing larger extent on the ability to put into value the effects of globalization, the result of integration either in the economy of another country or in the economy of a group of states. The Eastern Partnership launched by the EU, which includes the gradual establishment of a free trade area causes new conditions both for the Common Market and for each country that signed the agreement. The new conditions will oblige countries to go through a difficult stage to put together their efforts with those of the European Community. In order to design the orientation, models, procedures and integration methods, the economic systems with which we are going to integrate the national economy should be carefully investigated.

2. STATE OF KNOWLEDGE

The study of various aspects of economic integration was achieved both at country level and abroad. However, even though this issue was investigated and discussed at various formal meetings, approached at scientific sessions, exhibited in various national and international publications, the national economy integration into the international economic system develops with difficulty and on a controversial basis. This situation urged us to meditate on the orientation of exports and imports of goods and services, on the characteristics of possible countries or groups of countries with which our economy would be able to integrate, on the possible consequences of integration processes.

3. MATERIAL AND METHOD

From the materials used in our research, we can mention the national and international legal acts, textbooks, monographs, materials from scientific sessions and other publications specific to the theme. The survey is based on the selected data processed by the authors from the statistical yearbooks of the Republic of Moldova, EUROSTAT, World Bank and National Bank, as well as from other publications that provided relevant meanings and explanations for the research.

4. RESULTS AND DISCUSSIONS

4.1. General considerations regarding the national economy

The gross domestic product (in current prices) of the Republic of Moldova in the period 1990–2000, as seen from Table 1, was down by 2.8, and in the year 2008 it reached over $ 6 billion, which was 4.7 times compared to 2000; then it was down again, to reach $ 5.4 billion in 2009 and then it was up to $ 7.3 billion in 2012, i.e. by 33.3% compared to 2009. While the GDP level in 1990 current prices was over passed back even since 2006, increasing by 2.12 times in 2012, then in comparable prices in 2012 GDP accounted for only 62% of its 1990 level.

Table 1

The gross domestic product of the Republic of Moldova

	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012
Total GDP, current mil. $	3592.9	1753.0	1288.4	2988.2	3408.4	4402.5	6054.8	5439.4	5811.4	7015.2	7252.8
GDP mil $ (comp.2005)	5960.8	2389.7	2122.5	2988.2	3131.1	3227.2	3477.8	3269.5	3501.4	3726.0	3696.2
Agriculture, value added (% of GDP)	36.1	33.0	29.0	19.5	17.4	12.0	10.7	10.1	14.4	14.8	13.1
Industry, value added (% of GDP)	36.7	32.2	21.7	16.3	15.6	14.8	14.3	13.1	13.2	16.8	16.8
Services etc., value added (% of GDP)	27.2	34.8	49.3	64.2	67.0	73.2	75.0	76.8	72.4	68.4	70.2
GDP growth, % pa	–2.4	–1.4	2.1	7.5	4.8	3.1	7.8	–6.0	7.1	6.4	–0.8
GDP per capita, $ current	972.1	476.0	354.0	831.2	950.5	1230.8	1696.0	1525.5	1651.5	1970.1	2037.6
GDP per capita, PPP $ international. current	3330.3	1514.7	1475.3	2362.0	2558.0	2712.9	2986.3	2832.6	3073.4	3335.9	3368.3
GINI index	*	*	39.35	36.28	36.13	35.27	35.30	34.02	33.03	*	*

Source: http://data.worldbank.org/indicator.
*Note** = lack of data.

The share of agriculture generally tends to decrease from 36.1% in 1990 to 13.1 percent in 2012, i.e. 2.75 times. The share of industry decreased more slowly, from 36.7% in 1990 to 16.8% or 2.2 times. While GDP per capita in current $ ranged from $ 354 in 2000 to $ 2,037.6 in 2012 and then being calculated as PPP, it ranged from $ 1,475.3 in 2000 to $ 3,368.3 in 2012. The largest part of GDP after 2000 was formed in the private economy sector. The GDP formed in the private sector increased from an average of 2.56 billion lei in 1995–1997 to 14.03 billion lei in 2010 or 5.5 times; then in the private sector from 4.3 to 33.9 billion lei or 7.7 times.

The domestic market of the Republic of Moldova is limited by only about 4.3 million consumers and subject to their purchasing capacity. The average available monthly income compared to the average cost of living per capita increased from 51.4% in 2001 to 92.7% in 2010, yet it remains insufficient. Furthermore, the national economy does not have sufficient resources, energy resources in particular, for a continuous production of goods. Therefore, the Republic of Moldova is sentenced to trade with other countries.

4.2. Structural changes in export and import

The export of goods and services in relation to GDP ranged from 36.87% in 2009 (Table 2) to 51.14% in 2005, being maintained in the other years, as indicated in the table, from 40 to 50 percent. It must be mentioned that the share of high technology exports is very low, ranging from 3.08% in 2000 to 8.26% of the exported production in 2010.

Table 2

Some aspects of the economic activity in Moldova

	1990	**1995**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Total GDP, current mil $	3592.9	1753.0	1288.4	2988.2	3408.4	4402.5	6054.8	5439.4	5811.4	7015.2	7252.8
Exports of goods and services, % of GDP	48.22	49.34	49.78	51.14	45.26	47.45	40.82	36.87	39.22	44.97	43.62
Exports of leading technology, % of prod. Exported	*	3.79	3.08	3.96	4.78	5.12	4.24	4.59	8.26	6.31	*
Imports of goods and services,% of GDP	50.56	57.96	75.43	91.67	91.90	97.14	93.50	73.49	78.54	85.82	84.24
Inflation, GDP deflator, % annually	13.5	38.73	27.34	9.34	13.4	15.8	9.3	2.2	11.1	7.6	7.5
Inflation, consumer prices, annual%	*	29.8	31.1	11.8	12.9	12.1	12.9	-0.1	7.4	7.7	4.7
Military expenditure, % of GDP	*	0.93	0.40	0.40	0.48	0.52	0.61	0.46	0.32	0.30	0.30
Health expenditures, total, % of GDP	*	5.8	3.2	4.2	4.7	4.9	5.4	6.1	5.3	5.2	*
Mobile subscriptions per 100 persons	*	0.0003	3.38	28.93	36.56	51.28	66.67	77.30	88.58	105.2	115.9
Internet users per 100 persons	*	0.003	1.28	14.6	19.6	20.45	23.39	27.5	32.3	38.0	43.37

Source: http://data.worldbank.org/indicator.
*Note** = lack of data.

The import of goods and services categorically exceeds their export, ranging from 50.56 percent in relation to the GDP in 1990 to 97.14% in 2007. Such a situation when importing goods and services is equivalent or nearly equivalent to the GDP values is extremely dangerous for any country's economy, including for the economy of the Republic of Moldova. The inflation in consumer prices during 1995–2000 remained at a very high level of about 30 percent, then it is reduces to about 12% in 2005, remaining at that level until 2008 to the consumption resources and then it is reduced to 4.7–7.7 percent. Even if inflation fell, it significantly influences the consumption and social destination's expenses such as the health ones, which are ranging from 3.2% in 2000 to 6.1% of GDP in 2009.

The level of integration of the national economy in the processes of globalization, trade relations between the economies of the Republic of Moldova with other countries are greatly influenced by the structure of the goods imported and exported.

The industrial production value exported by our country decreased from $ 210.26 million in 1996 (Table 3) to $ 182.16 million in 2000 or by 13.4 percent, then increases to $ 508.2 million in 2005 or about 2.8 times. In the years 2005–2011 the value of industrial products exported by Moldova increased by 2.56 times.

Table 3

The report of export and import in the Republic of Moldova, million $

	1996	**2000**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Total – Export	795.0	471.5	1090.9	1050.4	1340.0	1591.1	1283.0	1541.5	2216.8
– Import	1072.3	776.4	2292.3	2693.2	3689.5	4898.8	3278.3	3855.3	5191.3
– the trade balance	–277.3	–304.9	–1201.4	–1642.8	–2349.5	–3307.6	–1995.3	–2313.8	–2974.5
a. industrial goods – export	210.3	182.2	508.2	586.1	833.8	996.1	678.2	788.1	1299.7
– import	929.4	666.7	2042.7	2377.6	3223.8	3253.9	2764.3	3263.7	4503.4
– the trade balance	– 719.1	– 484.5	–1534.5	–1791.5	–2390.0	–2257.8	–2086.1	–2475.6	–3203.7
b. food products – export	584.7	291.0	582.9	464.0	533.8	595.0	609.2	732.2	917.1
– import	142.9	109.6	279.6	315.6	466.0	631.3	513.7	591.4	687.8
– the trade balance	+441.8	+181.4	+303.3	+148.4	+67.8	–36.3	+95.5	+140.8	+229.3

Source: elaborated by the authors based on the statistical yearbooks of Moldova.

Structurally in the export of the industrial production dominates textiles and articles of these, which in 1996 accounted for 23.49%, in 2000 – 45.78%, in 2005 – 38.16%, in 2011 – 27.29% of total industrial production. In the export of these products dominates the clothing with 38.04% in 1996, 63.10% – in 2000, 50.97% – in 2005 and 44.37 in 2011. On the second place in the export of industrial production are the machines and appliances to which correspond 19.87% – in 1996, 13.12% – in 2000, 9.07% – in 2005 and 21.80% in 2011. If in 1996 the value of exported industrial production made up 26.45% of the total national exports, then in 2000 – 38.6%, in 2005 – 46.58% and in 2011 – 58.63%. The share of industrial production exports in the total of exported national goods, in the reference years, increased by 2.2 times. If the import of industrial products in 2000 exceeded exports by 3.66 times, then in 2005 – by 4.2 times and by 3.46 times in 2011.

The mineral products dominate whose share decreases from 42.7% in 1996 to 26.2% in 2011. The second place in the import of industrial products in our country has the machinery and appliances that increased from $ 155.6 million (16.7% of the total imported industrial production) in 1996 to $ 827.9 million (18.4) in 2011, or by 5.2 times. The third places are the imported chemicals which increased from $ 76.65 million (8.2%) in 1996 to $ 529.74 million (11.76%) in 2011, or by 6.9 times. If to pharmaceuticals in 1996, corresponded 35.64% of the total chemicals imported into our country then in 2011 – 40.45 percent. The value of agricultural production exported by our country decreased from $ 584.7 million in 1996 to $ 291.0 million in 2000 or by 49.8%, then increases to $ 582.9 million in 2005 or about 2.0 times. In the years 2005–2011 the value of food products exported by our country has increased by 1.57 times. In 1996 the export value of agricultural production made up 73.55% of the total national export, in 2000 – 61.4%, in 2005 – 53.42% and in 2011 – 41.37%. The share of food production in the national goods exports decreased by 1.8 times in the reference years.

There have been made changes in the export of food products over the years. If in 1996 categorically (by 77.6%) dominated the food followed by vegetable products (11.6%), animals and animal products (10.3%), then in 2011 the largest share (51.4%) had the vegetable products, followed by food (36.0%), fats and oils (8.5%). Considerably, from $ 58.58 million in 1996 to $ 14.58 million in 2011, or about 4.0 times, were reduced the sugar exports. The value of alcoholic and soft drinks decreased from $ 224.13 million in 1996 to $ 181.31 million in 2011 or by 23.6 percent.

The value of imported food production in our country decreased from $ 142.9 million in 1996 to $ 109.6 million in 2000 or by 23.4 percent, then increases to $ 279.6 million in 2005 or about 2.55 times. In the years 2005–2011 the value of food products imported from our country increased by 2.46 times. The value of imported food increased from $ 82.14 million in 1996 to $355.8 million in 2011 and by 4.3 times, vegetable products – by 4.8 times, livestock and animal products – by 6.5 times. For our country extremely important is that the export food products should dominate on their import. The coverage degree of imports by exports with the food products exports is constantly reduced from 409.2% in 1996 to 94.2% in 2008 and then slowly increases to 133.3% in 2011. Republic of Moldova has come to import more food, alcoholic and soft drinks than it exports.

If in the years 1996–2011 the value of exports increased by 2.8 times, and imports – by 4.84 times, which caused the increasing of the trade deficit by 10.73 times. The rapid growth of the trade deficit becomes extremely dangerous for our economy. In this situation becomes important to which country or group of countries are oriented the trade relations.

4.3. Spatial orientation of trade relations

During the years the commercial relations of our country suffered major changes. Thus, the export to the Independent States (CIS) increased from $ 543.1 million in 1996 (Table 4) to $ 919.3 million in 2010 or by 1.69 times. However, the share of exports to CIS countries is reduced from 68.3% of total exports in 1996 to 41.47% in 2011. In the respective years the national export of goods in the EU-27 increased from $ 78.1 million to $ 1083.0 million or about 13.9 times and their share in the total exports increased from 9.8% in 1996 to 48.8 percent.

Table 4

External trade, million $

	1996	2000	2005	2006	2007	2008	2009	2010	2011
Total – Export	795.0	471.5	1090.9	1050.4	1340.0	1591.1	1283.0	1541.5	2216.8
– Import	1072.3	776.4	2292.3	2693.2	3689.5	4898.8	3278.3	3855.3	5191.3
– the trade balance	–277.3	–304.9	–1201.4	–1642.8	–2349.5	–3307.6	–1995.3	–2313.8	–2974.5
Including: CIS – Export	543.1	276.1	551.2	423.6	548.9	623.0	490.4	624.0	919.3
– Import	652.7	259.8	905.2	1020.8	1333.7	1737.3	1141.8	1256.9	1713.4
– the trade balance	–109.6	16.3	–354.0	–597.1	–784.8	–1114.3	–651.4	–632.8	–794.2
UE-27 – Export	78.1	102.2	443.2	536.9	678.9	820.1	667.3	728.9	1083.0
– Import	177.2	226.0	1038.8	1218.5	1681.0	2103.5	1421.2	1704.2	2256.3
– the trade balance	–99.1	–123.8	–595.6	–681.6	–1002.0	–1285.2	–753.8	–975.3	–1173.3

Source: elaborated by the authors based on the statistical yearbooks of Moldova.

The import of goods from the CIS area increased from $ 652.7 million in 1996 to $ 1713.4 million in 2011 and by 2.62 times, and their share in the total imports decreased from 60.86% in 1996 to 33.0% in 2011. The imports of goods of our country from the EU – 27 increased from $ 177.2 million in 1996 to $ 2256.3 million in 2011 and by 12.7 times, while their share in the total imports increased from 16.5% in 1996 to 43.5% in 2011.

A particular interest for our country represents the commercial exchanges geography with foodstuffs. The most important food products intended for export have been and remain the grapes and grape products. The decline in the volume of grapes harvested from 82,500 tons in 1990 to 40,100 tons in 2000 caused the reduction of fresh grapes exports from 16,600 tons in 1991 to 5400 tons in 1999. The 7,300 tons of grapes harvested in 2010 do not cover the domestic demand.

The export of wine and grape must in the EU Member States-27 increased from 9,633.0 dal in 2,009 to 12,118.1 dal in 2011 (Table 5), or by 25.8%, and the value of the wine and grape exported in those years increased by 6.45 percent. The export of wine and grape must in CIS countries increased from 8,014.0 thousand dal in 2009 to 9,864.1 dal in 2011 or by 23.08%, but the value of exports in 2011 formed 97% of the export value of these products in 2009. Wine and grape must export to other countries increased from 539.5 thousand dal in 2009 to 784.0 thousand dal in 2011, or by 45.32%, and their value in those years increased by 2.05 times.

Table 5

Export and import of wine from grape

Indicators	2009		2010		2011	
	thousand dal	thousand $	thousand dal	thousand $	thousand dal	thousand $
Export						
Wine and grape must	9633.0	128.70	12606.8	137.87	12118.1	132.49
Including in: – EU	1079.4	19.39	1122.4	18.32	1470.0	20.64
– CIS	8014.0	103.99	10729..2	110.64	9864.1	100.93
– other countries	539.5	5.32	755.2	8.91	784.0	10.92
Sparkling wine, total	286.4	6.88	318.5	7.00	428.9	10.21
Including in: – EU	19.1	0.57	14.6	0.39	21.3	0.54
– CIS	246.2	5.84	281.0	6.13	362.6	8.65
– other countries	21.1	0.47	22.9	0.47	45.0	1.02
Import						
Wine and grape must	47.3	0.93	425.2	3.16	273.9	2.43
Including in: – EU	3.2	0.30	294.9	1.81	237.1	2.02
– CIS	–	–	3.9	0.08	–	–
– other countries	44.1	0.63	126.4	1.27	36.8	0.41
Sparkling wine, total	2.3	0.24	5.9	0.38	7.4	0.53
Including in: – EU	2.3	0.24	3.6	0.33	6.2	0.50
– CIS	–	–	2.3	0.05	1.2	0.03

Source: Foreign Trade of the Republic of Moldova, 2011.

The import of wine and grape must from the EU Member States-27 changes from 47,264.6 thousand dal in 2009 to 425,177.7 thousand dal in 2010 and 273,899.900 dal in 2011. The value of exported wine and grape must in those years had similar behavior. The import of wine and grape must to the CIS occurred only in 2010 when it formed 1.3% of the imports of these products from the EU-27. The import of wine and grape must from other countries increases rapidly from 44,079.6 thousand dal in 2009 to 126,332.9thousand dal in 2010 or by 387 times, then it reduces to 36,769.1 thousand dal in 2011 or by 3.43 times.

The export of sparkling wine in the EU Member States increased from 19.1 thousand dal in 2009 to 21.3 thousand dal in 2011. However sparkling wine value fluctuated. A greater amount of sparkling wine was exported to CIS countries from 246.2 thousand in 2009 to 362.6 thousand dal in 2011 or by 47.28%, and the value of sparkling wine exported to CIS countries increased by 48.12 percent.

The import of sparkling wine from the EU Member States increased from 2,338.8 thousand dal in 2009 to 6,226.6 thousand dal in 2012 or by 2.66 times and its value – by 2.12 times. The main importer of our wines has been and remains the Russian Federative Republic. On its markets in 1999 we sold more than four fifths of wine grapes and more than 90 percent of sparkling wines. Still, in 2009 on the Russian market were exported 2,886.7 thousand dal forming only 30% and in 2011 – 20.9% of total wine exports. In the reference years increasingly important for our country becomes the Common Market. Thus, the export of wine and grape must in 2009 constituted 11.2% or 1,079.4 mln dal in 2011 – 1,470.0 mln dal or 12.1 percent of the total of wine and grape exported.

In the last years the import of alcoholic beverages has intensified, including those made from grapes. If in 2009 was imported 47.3 thousand dal, which formed

4.9% of the exported wine and grape, then in 2011 it rose to 273.9 thousand dal or by 5.8 times, already forming 27.4 percent over exported wine. The import of wine from grapes dominates categorically, forming 95.3% in 2009, 98.6% in 2010 and 97.3% of the total imported wine. If in 2009, mostly (93.3%) was imported from countries that do not belong neither to the CIS does the EU then in 2010 – 68.5% and in 2011 – 84.3% of the total imported wine reside for the Member States.

The export and import of other food goods is practically similar to that of grapes and grape products. The situation created in trade relations, in the ratio of export and import of goods and services may be changed for the better through major modifications in the structure of the national economy, effective and efficient implementation of modern technologies and other measures, which in considerable proportions depend on the vector of economic integration.

4.4. The vector of economic integration

The area of South-Eastern Europe of which a part is the current territory of the Republic of Moldova has been over the years "the way of all evils". From the third century this area was crossed by various hordes that have caused division and political organization in small states. The following centuries witnessed continuous struggles between the great European powers of the time – Austria, Turkey and Russia for possession of these territories. Nowadays, in compliance with international law, the countries in this region can develop relationships through treaties or agreements signed with the consent of those who want to integrate. As the practice shows, the Community could even actually cope with the differences between some countries that have initiated the integration procedures and achieved substantial progress.

The vector of the national economy integration, stated by the public authorities and accepted by most of the population of our country is the European Union. For our country European economic integration has become a concern ambitious influenced by historical conditions and forms of economic development of both our state and the European Union. This orientation has been fueled by the European Neighborhood Policy launched in March 2004, which provided a special relationship with the condition of the neighboring countries attachment to a set of common values such as democracy, human rights, rule of law, economy market etc. Among the countries effectively covered by this policy rightly enrolled even the Republic of Moldova.

However, the integration processes are dependent not only by procedures but also by such substances as the relationship between economic and political integration, which usually varies from case to case, the compatibility of concepts and institutional schemes, coherence and prospects of economic policies, how economic functions are exercised, methods, efficiency and effectiveness of decisions etc. Largely, the vector of our country's economic integration depends on the geopolitical interests of the "great power", which obviously come with pro and con arguments.

The establishment of a free trade area between Moldova and the EU, as a result of initialling of the Association Agreement has the same fate, which urges us to meditate on the advantages and limited integration of our country's economy into the space of the Common Market. The comparative study of the information presented in Table 6 confirms the advantage of our country's accession to the Eastern Partnership. Thus, the EU's GDP exceeds the Union Customs Russia, Belarus, Kazakhstan (UC RBK) by 8.4 times, and calculated to a person – by 2.86 times. Definitely, by 18.33 times, are higher the direct foreign investments. For the scientific researches and development of new technologies EU spends 15.67 times then the UC RBK.

Table 6

The European Union and Union Customs RBK, in numbers

	EU	**UC RBK**	**EU/UC RBK, times**
Area, square km	4,324,782	20,000,095	0.22
Consumers, persons	503,492,041	171,443,868	2.94
GDP, trillion $	16,282	1,939	8.40
GDP per capita, dollars	32,338.14	11,309.82	2.86
Foreign trade, trillion $	3,791	1,021	3.71
Domestic investments annual, trillion $	2.88	0.603	4.78
% of GDP	18.7	22.0	–
Foreign direct investments, trillion $	7.972	0.435	18.33
Abroad direct investments, trillion $	9.524	0.331	28.77
Domestic credits, trillion $	29.0	0.853	34.00
Annual expenditures for scientific researches and development of new technologies, billions of dollars	239.7	15.3	15.67

Source: elaborated by authors based on selected information from the pages of EUROSTAT.

In addition, according to the authors of the study conducted by the Independent Analytical Center EXPERT – GROUP [8] joining the Deep and Comprehensive Free Trade Area (DCFTA) will bring net economic and social benefits for Moldova, while the Customs Union of Russia-Belarus-Kazakhstan will have adverse effects.

Firstly, joining the DCFTA does not exclude multilateral free trade with CIS countries and UC RBK joining is not compatible with DCFTA. Joining UC RBK will force the Republic of Moldova to surrender Russia the autonomy on setting tariff policy and align to the rates of UC RBK. Moreover, the adherence to UC RBK will lead to the monopoly on Russian energy sector of Moldova. Integration in the Eurasian energy politics by joining the UC RBK will cause the abandonment of the Energy Community. Besides, the prices reduction for natural gas supplied by GAZPROM with about 30% anticipated after the joining to the UC RBK is uncertain because of the lack of a clear legal framework that would regulate this issue.

Joining the UC RBK will cause reduction of about 9% of total exports and increase the economic dependence on the CIS market, especially the Russian Federation. Instead, joining the DCFTA will boost export growth by over 11% and contribute significantly to their diversification. Expert estimates show that if adhering DCFTA, Moldovan economy will expand by about 6.4%, while the UC RBK option will determine its contracting by 4 percent.

Definitely, joining the DCFTA will cause some risks. The main of them, for our country, are related to the decline in the food sector, where production is expected to decrease by about 3%. These costs will be offset by benefits from other sectors more competitive, especially in the industrial, wage growth, and budget revenues. Of course, in that situation, the authorities should make effort to maintain food production at least at the same level. The advantages of integrating the national economy of the EU Common Market space are practically indisputable. But geographic reorientation of exports to the EU common market requires adjustment of national economic policies to the Community ones, selecting markets, adequate logistical preparation (opening trade offices, Moldovan businessmen missions' respective potential markets, participation in a greater extent fairs and international exhibitions, etc.) and time.

Since the appearance of the Community, Europe has chosen the path of free trade that requires common commercial policies. It should not be forgotten – as noted Maurice Bye – that if a common commercial policy is the first step of a common economic policy; it can only be a means to achieve broader agreements. Nowadays, the EU trade policy tends to be focused on removing barriers, including non-tariff barriers in the trade way. According to Article 207 of the Consolidated Version of the Treaty on the Functioning of the European Union *the common commercial policy* shall be based on uniform principles, particularly in regard to changes in tariff rates, the concluding of tariff and trade agreements relating to trade in goods and services and the commercial aspects of intellectual property, foreign direct investments, uniformity in liberalization measures, export policy and measures to protect trade, such as those to be taken in the event of dumping or subsidies. The competition rules according to the Article 42 of the Consolidated Version of the Treaty on the Functioning of the European Union shall be applied to the production and trade of agricultural products only to the extent determined by the law approved by the European Parliament and the Council under the procedure referred to in paragraphs 2 and 3 of Article 43.

According to Article 44, "if, in a Member State, a product is subject to a national market organization or to internal rules having equivalent effect which affect the competitive position of similar production in another Member State, the Member States apply a countervailing duty on the import of this product coming from state where such organization or rules exists, unless that State applies a countervailing charge on export".

A major task of the current EU trade policy is the consumer protection. According to Article 169 of the Consolidated Version of the Treaty of Lisbon the Union contributes to protection of the health, safety and economic interests of consumers, as well as to the promotion of their right to information, education and organization. EU trade policy influences the export and import both intra and extra community. The extra EU exports in 2011 dominated (80% of their share) the processed products, following a downward trend in recent years. Processed products have accounted for about 56% of extra EU imports. In 2011 the EU had positive balances of trade balances for 14 product groups and negative balances for seven groups of the Combined Nomenclature, which generated a deficit of about 160 billion EURO.

The agricultural products imported by EU countries range from 78,712 mil Euro for the year 2007 to 90,224 mil Euros in 2008, and their export increased from about 78,031 mil Euro in 2007 to reach a value of over 95 billion Euros in 2010. If in 2007 the export of food products in the European Union yields insignificantly to the import with 681 mil Euros (0.9% of exports) and then in 2010 exports exceed imports food products by the EU Member States with little more than 7.7 billion Euros or with 8.1% of the export. Currently, agricultural exports are almost all without refund (385 mil Euros in 2010 compared with 6000 mil Euros in 2000).

The import exceeds the export in the following EU Member States: Belgium, Cyprus, Hellas, Germany, the Netherlands, United Kingdom, Portugal, Romania and others. Export is higher in relation to imports in Austria, Denmark, France, Spain, Hungary and other EU countries. Finished products represent 64 percent of this volume, on the first place with 16%, being spirits and wine products. Based on the theory of comparative advantage that argues that potential superiority in exchange relations depends on differences in comparative costs, our country should form a production structure so that costs correspond to the most efficient foreign operators. The comparative advantage in national agriculture is projected on the market demand. Obviously, it is necessary to know the extra Community trade; in particular of the products that dominate the national exports, such as grapes and grape products, in order to guide ours elves to what place lies to our country on the Common Market.

5. CONCLUSIONS AND RECOMMENDATIONS

In the outcome of the study we conclude:

1. Domestic demand, including food products, is limited by the number of consumers and their purchasing power, which condemns our country to exports.
2. Export and import of domestic products is growing, but the coverage degree of imports by exports of products is reduced with accelerated speed.

3. Goods export from our country grows faster to the EU market than to the CIS market.

4. Common Market of the European Union has advantages over Customs Union of Russia, Belarus and Kazakhstan.

In order to change the situation we consider appropriate:

1. To enhance the activity of authorized bodies to sign the Partnership Agreement which was initialed in November 2013, simultaneously to inform the population about the advantages of our national economy's integration with the Common Market of the European Union in relation to the Union Customs of Russia, Belarus and Kazakhstan.

2. To judiciously select the food products with which hour country would have success, especially on markets that demonstrate more constant stability, such as the EU Common Agricultural Market.

3. To apply "the guarantee price" this covers the costs of products and provides farmers the necessary profit for the renewal of farming activities. When the quantity of agricultural products causes the price collapse on the market public authorities purchase (buy) from farmers the surplus of products at the guaranteed price for storage and/or processing them and put them up for sale when the market is in favor of the request.

4. To subsidize only the production realized on the external market.

5. To stimulate the exports of food products by increasing the exchange rate of each euro received from the export with 1–2 lei relative to the official exchange rate.

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