Food Security and Agriculture Highlights

Republic of Moldova
January–March 2012

Key messages

- Agricultural production is expected to be good in 2012, much above the 2007–2011 average levels for all main products, except winter crops which have been severely affected by frosts. A tender has been launched to import 70 000 tonnes of wheat to cover food consumption.
- The prevalence of poverty declined from 26.3% in 2009 to 21.9% in 2010 and is expected to have further decreased in 2011. The reduction was larger in rural than in urban areas but the difference between rural and urban areas remains huge.
- Food prices remained nearly stable in January–March 2012, except for beef meat which increased by 8%.
- Cereal imports in the first quarter of 2012 were 24% above the previous year’s level whilst the import bill was 87% higher than in the same period of the previous year.

Food security and poverty situation

The prevalence of poverty in Moldova declined by 4.4% in 2010, from 26.3% in 2009 to 21.9% in 2010 (Briefing Note of the Ministry of Economy, July 2011), mainly attributed to increased agricultural production, high prices of agricultural products and more efficient targeting of social assistance. The reduction was larger in rural than in urban areas but the difference in poverty levels between rural and urban areas remains huge: 30.3% of the rural households were poor in 2010 against 7.3% and 14.2% of the urban households in big towns and small towns respectively. In urban areas, poverty decreased by more than half in 2006–2010 while in rural areas poverty decreased by only 11% during the same period (more info available at www.foodsec.org/mo). Poverty data is not available for 2011 yet but the prevalence of poverty is expected to have further decreased in 2011, as disposable incomes of the population and consumption expenditures increased, in real terms, by 5.4% and 3.9% respectively.

Based on the most recent data available on the prevalence of undernourishment (2005–07), Republic of Moldova is classified by FAO among the countries with a moderately low level of hunger, with 6% of undernourishment (FAO).

Food prices

During the first quarter of 2012, the consumer price index increased by 3% and 2.9% respectively, in real terms, compared to the first quarter of 2011 due to high import prices.

Food security indicators

*Source: National Bureau of Statistics unless otherwise indicated

Potato: The potato price remained about stable in January–March 2012, after dropping from the absolute record level of 9 MDL/kg in June 2011. On average, the price was 60% lower than in the same period of 2011. Price oscillated between 2.5 MDL/kg in January and 3.0 MDL/kg in February, by far the lowest price registered in the last five years. Low price is due to good harvests in 2011 in the country and in the region.

Bread: Beef price increased by 8% between January and March 2012, reaching 79 MDL/kg, the highest level registered in the last three years. The average price for the first quarter of 2012 was 9% above the average for the same period of 2011.

Food Price Index

(2005–2010=100)

<table>
<thead>
<tr>
<th>Month</th>
<th>Bread</th>
<th>Potato</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2012</td>
<td>108</td>
<td>867</td>
</tr>
<tr>
<td>Feb 2012</td>
<td>110</td>
<td>855</td>
</tr>
<tr>
<td>Mar 2012</td>
<td>112</td>
<td>860</td>
</tr>
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* Source: National Bureau of Statistics unless otherwise indicated
Agricultural production

According to the National Bureau of Statistics (NBS), agricultural production in January–March 2012 increased by 0.6% compared to the same period of 2011 (for all types of production units), mainly due to growth in animal production (sheep and goats increased by 14.1%, poultry by 9.1% and pigs by 7.7%).

According to the Ministry of Agriculture and Food Industry (MAFI), 2012 production is expected to be good, much above the 2007–2011 average for all main products: cereals (10%), sunflower (17%), sugar beet (14%), potato (14%), vegetables (13%) and perennial plantations (2%). Compared with last year, production is expected to be lower for cereals (-2%), sunflower (-11%), potato (-12%) and perennial plantations (-2%).

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<tbody>
<tr>
<td>Thousand tonnes</td>
<td>Percent</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Cereal grain of which</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Wheat</td>
<td>2234</td>
<td>2498</td>
<td>2458</td>
<td>-2</td>
<td>10</td>
</tr>
<tr>
<td>Other cereals</td>
<td>1174</td>
<td>1468</td>
<td>1551</td>
<td>6</td>
<td>32</td>
</tr>
<tr>
<td>Sunflower</td>
<td>785</td>
<td>787</td>
<td>684</td>
<td>-13</td>
<td>-13</td>
</tr>
<tr>
<td>Sugar beet</td>
<td>275</td>
<td>243</td>
<td>223</td>
<td>-8</td>
<td>-19</td>
</tr>
<tr>
<td>Potato</td>
<td>324</td>
<td>427</td>
<td>380</td>
<td>-11</td>
<td>17</td>
</tr>
<tr>
<td>Vegetables</td>
<td>667</td>
<td>589</td>
<td>759</td>
<td>29</td>
<td>14</td>
</tr>
<tr>
<td>Perennial plantations</td>
<td>272</td>
<td>351</td>
<td>310</td>
<td>-12</td>
<td>-14</td>
</tr>
<tr>
<td>Source: MAFI</td>
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</table>

The winter crops (wheat and rape) have been severely affected by winter frosts. According to MAFI, conditions are good for 20% of the total 351.9 thousand ha of winter crops, satisfactory for 40% and poor for 40%. Favourable weather conditions of the last month have enabled growers to perform seasonal work in orchards in time.

Food trade

In the first quarter of 2012, cereal imports amounted to 3 479 tonnes, i.e. 24% more than in the first quarter of 2011. The import bill in the first quarter of 2012 was however 87% higher than in the first quarter of 2011, due to high cereal prices on international market.

Between 2009 and 2012, the prices of agricultural inputs increased by 55% for diesel, 50% for seeds and 45% for fertilisers.

Objective of the Food Security and Agriculture Highlights

The objective of the Highlights is to provide an overview of the situation of food security in the country, with a focus on agriculture which is a key sector for developing the country and improving food security of rural and urban populations.

The Highlights are produced with support from the EC/FAO Programme on information systems to improve food security decision-making in the European Neighbourhood Policy East Area (2010–2012), funded by the European Union and implemented by the Food and Agriculture Organization of the United Nations.

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An international tender has been launched to import unusually high quantities of wheat, 70 000 tonnes, to compensate for expected low production. According to MAFI, the overall production of wheat in 2012 will not exceed 684 000 tonnes, of which only 240 000 tonnes are for human consumption (70% of the annual country consumption needs). The rest will be covered by stocks (40 000 tonnes) and imports.

The Government approved a budget of 400 million MDL in 2012 (similar to 2011) for agricultural subsidies, including: loan incentive measures, production risk insurance, investments in perennial plantations, investment in vegetable production in protected areas, investments in agricultural machinery, irrigation equipment, anti frost systems and anti hail installations, livestock development, post harvesting and processing infrastructure.

In March 2012, normal conditions were observed in Northern Moldova. Normal to poor conditions were detected in the Southern regions.

More readings:
FAO - Policy Briefs
FAO - Global food price monitor
FAO - Crop Prospects and Food Situation
FAO - Media Center
World Bank
Website: www.foodsec.org

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