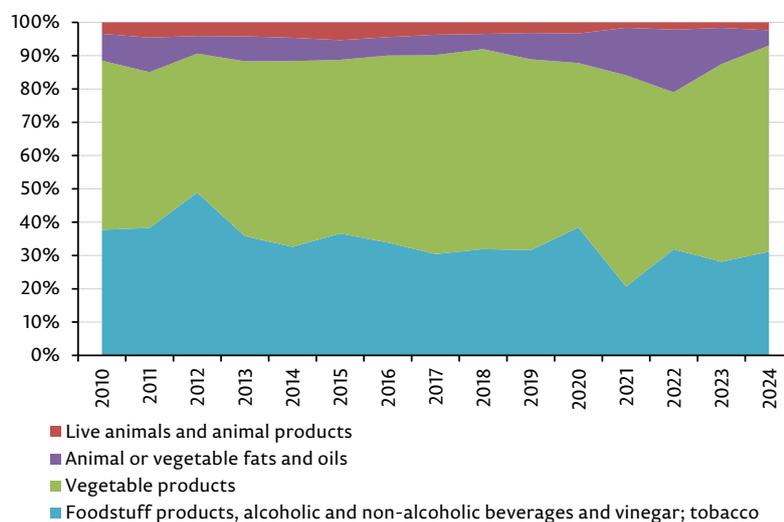


The relationship between agri-food exports and domestic agricultural production

The analysis of this topic is essential, given the systemic importance of the agricultural sector in the structure of the economy of the Republic of Moldova, where it plays an indispensable role in generating gross value added and employment, as well as stabilizing the trade balance.

Since most of the agricultural harvest is in the second semester, in order to adequately reflect the dynamics of agri-food exports, it is appropriate to analyze an adjusted period, which begins with the third quarter of the current year and ends in the second quarter of next year^a. Since data on foreign trade in goods, structured by product groups according to the combined nomenclature, are only available in USD, the analysis of exports will be carried out based on these values, taking into account that they also include the impact of fluctuations in export prices. However, these variations do not constitute the dominant factor of the dynamics, which is mainly determined by real volumes, which subsequently allows for a direct correlation with the evolution of gross agricultural production.

Chart 1: Structure of exports of agri-food products for each year (*seasonal export lag*)



Source: NBS, NBM calculations

It should be noted that, over the last 15 years, the share of agri-food exports in total exports has varied between 37.2% and 52.4% (on average 44.1%). Based on this data, we can highlight the systemic position of the export of agri-food products in total exports. Thus, pronounced annual fluctuations in agri-food exports are determined by endogenous and exogenous factors, including agricultural production, international prices and climatic conditions.

According to the information presented in Chart 1, it is highlighted that the export of agri-food products is divided into 4 groups, and the largest volumes are concentrated in the export of "vegetable production" (the major share) and "foodstuff products, alcoholic and non-alcoholic beverages and vinegar; tobacco". It should be noted that the high share of plant products in the export structure reflects the orientation towards the delivery of food products in the raw form, which limits domestic value added and emphasizes the strong dependence on weather conditions and the volatility of international prices.

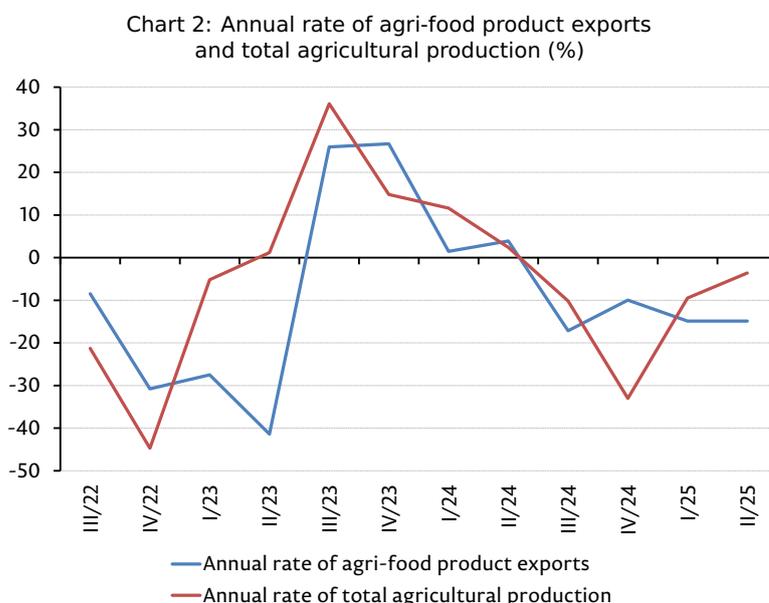
^aEx.: If gross agricultural production contracted in 2024, the impact on agricultural exports was felt in the second half of 2024 and the first half of 2025. This temporary offset reflects the seasonal structure of exports: in the first half of the year, exports are largely made from stocks, as the harvesting of vegetable products does not take place during this period. Thus, the variation in production first affects stocks and then actual export flows.

To estimate the correlation between the evolution of the agricultural sector and the dynamics of exports, regression analysis (the least squares method) was used. The results show that exports of crop products (especially cereals and oilseeds) are closely correlated with annual agricultural production. Thus, in poor agricultural years, exports contract sharply, while in years with a rich harvest they increase significantly. At the same time, the other product groups show little or no correlation.

It should be noted that the strong dependence of exports on agricultural cycles reflects a structural vulnerability of the economy, amplifying the risks to the trade balance and the stability of foreign exchange income flows.

Historical data (Chart 2) confirms the pronounced dependence of agri-food exports on the evolution of the agricultural sector. The contraction in agri-food exports in the third quarter of 2024 – the second quarter of 2025 was determined by the reduction in the volume of agricultural production in the second half of 2024, due to dry weather conditions. In 2025, against the backdrop of favorable weather conditions^b, agricultural production registered, according to operational information, a robust growth, exceeding the level of 2024. Thus, the export of agri-food products, after a period of contraction, will return to positive levels for at least four consecutive quarters, starting from the third quarter of 2025.

This revival of the agricultural sector, and consequently of exports, will contribute to accelerating the annual GDP growth rate, reducing pressures on the trade balance, as well as increasing foreign exchange revenue flows.



Source: NBS, NBM calculations

It should be noted that the revival of the agricultural sector and the recovery of agri-food exports are the determining factors for maintaining the GDP growth rate, confirming the economy's transition to a phase of sustained expansion.

^bExcept for late spring frosts and severe hailstorms, which affected orchards nationwide.