

## STRUCTURAL CHANGES IN THE FOREIGN TRADE OF THE REPUBLIC OF MOLDOVA DURING THE PRE-ACCESSION STAGE TO THE EUROPEAN UNION

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*This article explores in detail the structural changes in the foreign trade of the Republic of Moldova in the context of the pre-accession process to the European Union, with a focus on the period 2014-2023. The study focuses on three essential dimensions: the evolution of exports, imports, and the trade balance; an analysis of the geographical structure of Moldova's trade relations; and a detailed assessment of the export and import structure by product categories. The data used for the research comes from official sources, including the National Bureau of Statistics of the Republic of Moldova, various international organizations, as well as globally recognized databases.*

*One of the main findings of the study is the significant reorientation of Moldova's foreign trade toward the European Union market, a trend amplified by the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA). This reorientation has contributed to an increase in the volume of exports to EU countries, while also strengthening trade relations with traditional partners in Europe. However, the export structure remains relatively undiversified both geographically and in terms of product variety. Exports continue to be dominated by agricultural products and raw materials with low added value, which limits Moldova's competitiveness in international markets.*

*Although significant progress has been made towards diversifying the products exported, these advances are moderate, and major challenges remain. The study highlights the importance of investments in technology, increasing product competitiveness through value addition, and improving trade infrastructure. These measures are essential to ensuring sustainable economic development and enhancing Moldova's presence in global markets. In conclusion, the research emphasizes that while European integration has opened up significant opportunities, deeper structural transformation is needed to foster long-term diversification and competitiveness.*

**Keywords:** Foreign Trade, Trade Relations, Export Performance, Competitiveness

**JEL Classification:** F10, F15, F43

### Introduction

The pre-accession of the Republic of Moldova to the European Union marked an important moment in the evolution of its external trade relations. Starting in 2014, with the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA) [3], Moldova began a gradual process of integration into the European market, which has led to significant transformations in the structure of exports and imports [1]. This period was marked by a reorientation of trade flows towards the European Union, influenced by both economic and political factors, as well as Moldova's aspirations to align with the economic and trade standards of the Union [4].

Pre-accession was not only an opportunity but also a test of economic resilience. The structural changes in foreign trade reflect Moldova's efforts to reposition its economy in the context of globalization and to overcome the challenges that come with European integration. This period can be seen as a moment of transition, during which Moldova gradually reconfigured its external trade relations, preparing for eventual full membership in the European Union.

This article explores the major transformations in the foreign trade of the Republic of Moldova during the pre-accession period, offering a detailed analysis of the evolution of trade structures and how these have influenced the country's economic position in the international market.

**The aim** of this analysis is to provide a deep understanding of how European integration has influenced trade directions, the structure of exports and imports, as well as Moldova's international economic relations. In this regard, the research seeks to assess the impact of the European integration process on the national economy and highlight the adjustments in external trade relations, particularly in the context of the DCFTA Agreement [7].

**The research objective** is to conduct a detailed examination of the structural changes in the foreign trade of the Republic of Moldova during the pre-accession period to the European Union (2014-2023), with a focus on the dynamics of trade volumes and structure. The analysis will include an assessment of the evolution of exports and imports, identification of changes in the geographical structure of trading partners, and a comparison of the main categories of trade goods between 2014 and 2023 [2]. The research aims to identify the key factors driving these changes and propose strategies for adapting Moldova's economy in the context of European integration, as well as measures to improve competitiveness in international markets [10].

### **Research Methods Applied**

The research methods applied are based on a combination of quantitative and qualitative approaches. Firstly, statistical data collection was carried out using official sources, such as the National Bureau of Statistics of the Republic of Moldova, the UN Comtrade Database, and specialized platforms like the Observatory of Economic Complexity (OEC). These data provided detailed information on the evolution of Moldova's exports and imports, both geographically and by product.

To analyze the changes in Moldova's foreign trade between 2014 and 2023, a comparative method was used, in which data from these years were compared to highlight major shifts in structure and trade directions.

Additionally, the research was grounded in a review of specialized literature, consulting academic works and economic reports addressing topics such as international trade and economic transition. Relevant sources include the studies of authors Van den Hoven and Petrescu, which provided a solid theoretical framework for analyzing structural changes in Moldova's foreign trade.

These methods offer a comprehensive overview of the transformations in Moldova's foreign trade and serve as a foundation for formulating strategic recommendations.

## **Results and Discussions**

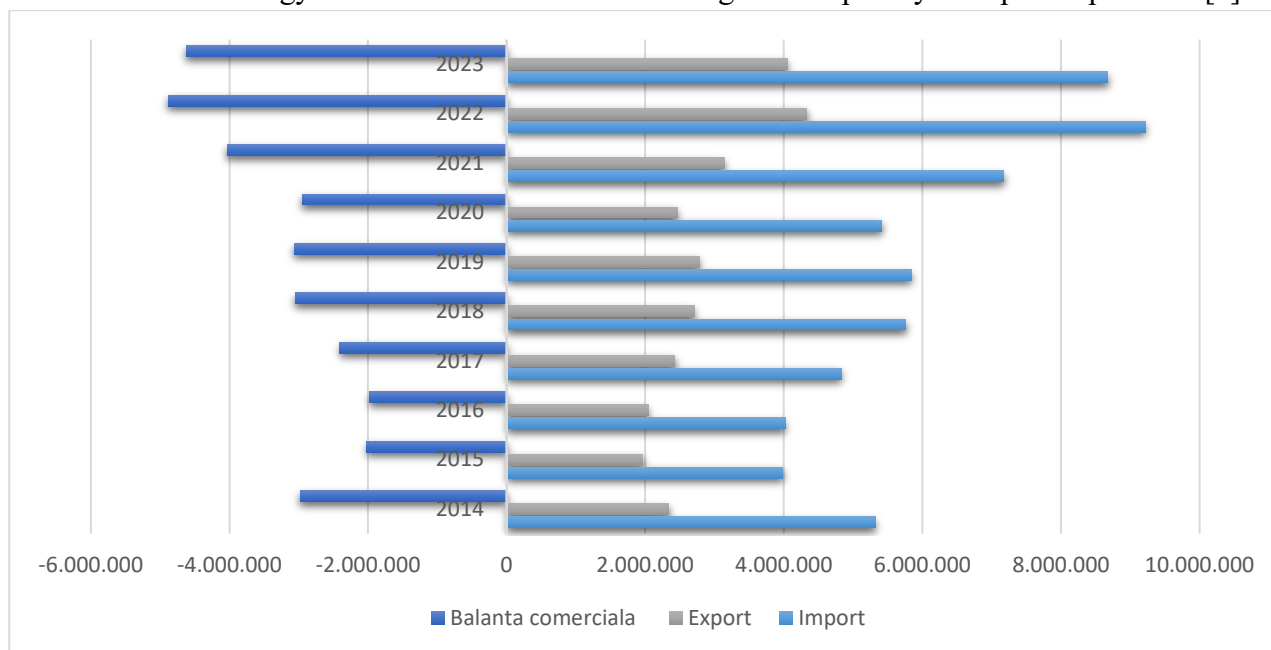
### **1. The Evolution of Moldova's Foreign Trade (2014-2023)**

During the 2014-2023 period, Moldova's foreign trade experienced gradual growth, with a widening imbalance between exports and imports. The total export values remained lower compared to imports, leading to a persistent trade deficit (Figure 1).

Analyzing the available data, we observe that over the studied period, Moldova recorded a progressive increase in both imports and exports. Imports rose from 5.3 million to 8.6 million, while exports increased from 2.3 million to 4.0 million. However, the trade balance deficit widened consistently, starting from -1.9 million in 2015 and reaching -4.8 million in 2023 [2].

This faster growth in imports compared to exports highlights a significant dependence on foreign products, which negatively impacts the balance of foreign trade, especially the current account of the

balance of payments. On the other hand, although exports grew, the growth rate was not sufficient to offset the trade deficit. This situation reflects structural challenges within the economy and the need for a more effective strategy for diversification and increasing the complexity of exported products [8].



**Figure 1. Dynamics of Moldova’s Foreign Trade (US\$, thousands), 2014-2023**

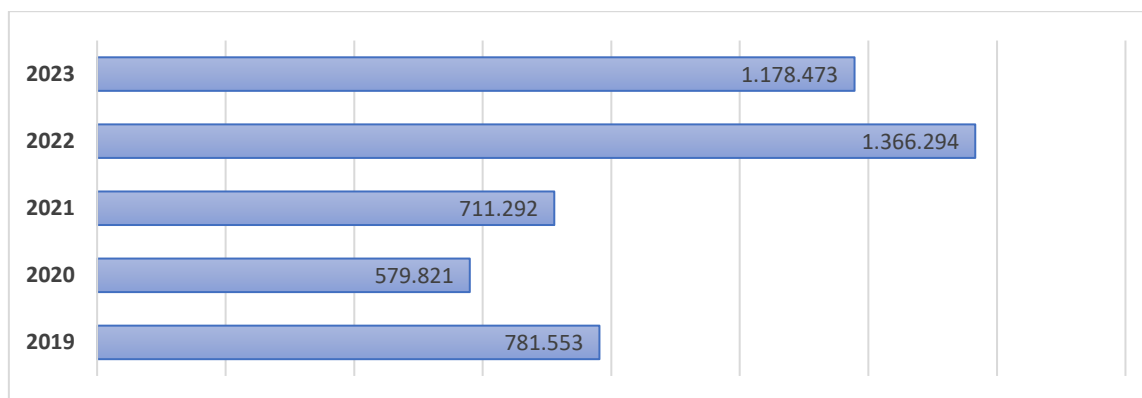
*Source: Prepared by the Author based on data from the National Bureau of Statistics [2]*

Analyzing Moldova's reexports, we observe a significant adjustment in the context of rising imports and exports in recent years. Reexports have become an important element in the country’s foreign trade structure, reflecting both the dynamics of international trade flows and Moldova’s level of integration into global supply chains (Figure 2). These adjustments highlight Moldova's strategic role as a transit hub for certain products.

An analysis of reexport volumes between 2019 and 2023 reveals a fluctuating trend. During this period, Moldova saw a decline between 2019 and 2020, followed by a significant increase, especially in 2022, when reexports reached USD 1.366 million. This sharp rise can be explained by conjunctural factors, notably the effects of the war, which caused major disruptions in regional supply chains and shifts in trade flows. Moldova became an important transit hub for goods bound for Ukraine, particularly due to the blockage of certain ports and traditional trade routes. As a result, the share of reexports to Ukraine surged from just 4.1% in 2019 to a peak of 42.9% in 2022, a remarkable phenomenon.

In comparison to other markets, the share of reexports to Romania, Italy, and other traditional partners decreased, reflecting a temporary shift in Moldova’s trade priorities. Notably, Romania's share dropped from 30.8% in 2020 to 16.9% in 2022, indicating that Moldova diversified its reexport destinations and adapted to rapidly changing market conditions [9].

Overall, this trend illustrates not only Moldova's flexibility in regional trade but also how geopolitical shocks can influence trade flows and reexport directions. It remains to be seen whether this trend will persist or adjust as the region stabilizes and traditional trade routes are restored.



**Figure 2. Dynamics of Moldova’s Reexports (US\$, thousands), 2019-2023**

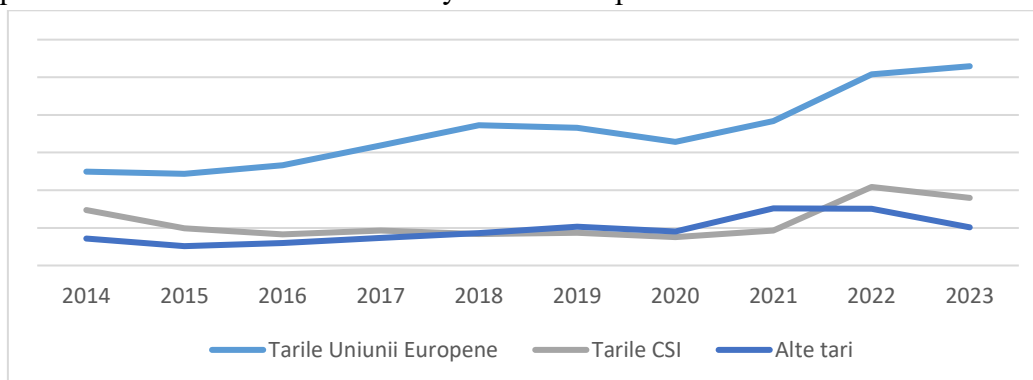
*Source: Prepared by the Author based on data from Trade Map [9]*

In the context of high import volumes and the trade balance deficit, reexports represent an important component that can bring additional revenue and mitigate the negative impact of the deficit. However, reexports do not directly contribute to the development of domestic production, which underscores the need to support local production and direct exports in order to boost Moldova’s long-term competitiveness.

## 2. Geographic Structure of Foreign Trade (2014-2023)

In the period 2014-2023, the analysis of the geographical structure of the Republic of Moldova's exports finds a plurivalent dynamic, signaled both by significant changes in the direction of the country's foreign partnerships and trade in long-term trends.

The main driver of the intensification of Moldovan exports in the analyzed period was the economic integration with the European Union [5]. The easy access of Moldovan products to the European market was activated by the Deep and Comprehensive Free Trade Agreement (DCFTA), which increased the favorable conditions for them. Exports to the EU have therefore grown steadily, peaking at USD 2.64 billion in 2023, compared to USD 1.24 billion in 2014 (Figure 3). This positive development reinforces the importance of deepening trade relations with the EU and indicates a growing presence of the Moldovan economy on the European market.



**Figure 3. Foreign Trade by Country Groups, 2014-2023**

*Source: Prepared by the Author based on data from the National Bureau of Statistics [3]*

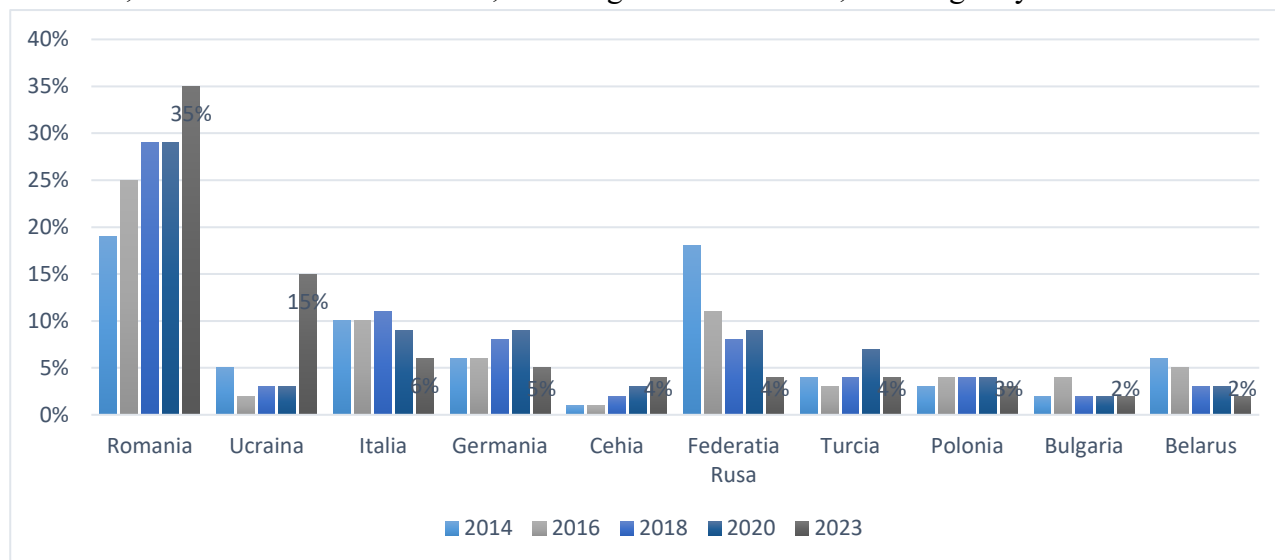
In contrast to the positive growth trend of exports to EU countries, exports to CIS countries have diminished significantly between 2014 and 2016, from USD 735.6 million in 2014 to USD 414.2

million in 2016 [2]. This decline reflects political and economic tensions in trade relations with Russia, affected by embargoes and economic fluctuations. Although there was a slight recovery in 2017 and 2018, exports to the CIS remained below 2014 levels. However, in 2022, a significant increase in exports to CIS countries was observed, reaching over USD 1 billion. This may be attributed to temporary geopolitical factors, such as the reorientation of certain trade flows in the context of the Ukraine crisis. This paradoxical evolution highlights the complexity of economic relations between Moldova and the CIS, as well as the impact of external events on trade flows.

Republic of Moldova has made efforts to diversify its foreign trading partners, in parallel with strengthening relations with the EU. Consequently, **exports** to other markets have seen a steady increase, from USD 357.9 million in 2014 to USD 758.8 million in 2021, including markets such as the Middle East, Africa and Asia. Even so, despite the effort, this ramification was marked by suggestive fluctuations, in 2023 exports fell to USD 504.9 million, suggesting an instability in Moldova's ability to maintain permanent trade relations in these markets [9].

An examination of Moldova's main trade partnerships reveals significant fluctuations reflecting economic and geopolitical changes in the region. An example would be Romania, being a territorially neighboring country, has steadily grown in significance, reaching from 19% in 2014 to 35% in 2023, thus strengthening its title as Moldova's main trading partner. This leap reflects the economic integration into the European Union as well as the geographical and cultural proximity between the two countries (Figure 4).

In antithesis, the Russian Federation, which was an important trading partner for the Republic of Moldova, had a share of 18% in 2014, suffering a drastic decline, reaching only 4% in 2023.



**Figure 4. Foreign Trade with Key Partner Countries, 2014-2023**

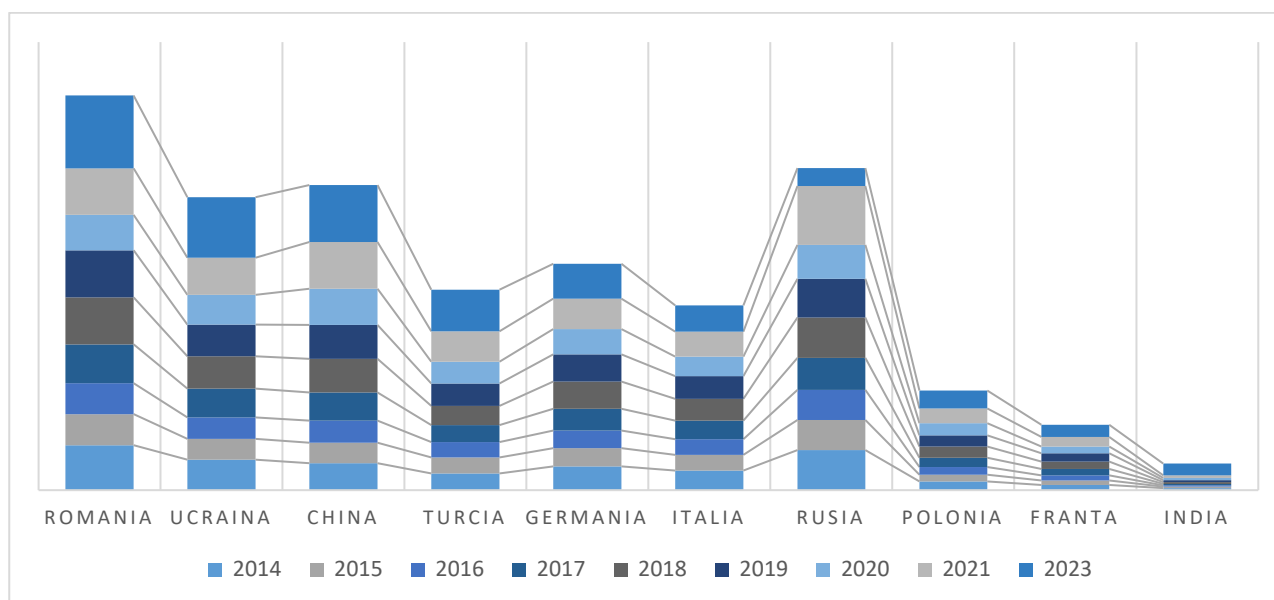
*Source: Prepared by the Author based on data from the National Bureau of Statistics [2]*

In the same downward trend, Italy and Germany, strategic partners of Moldova, have registered a slight reduction in the share of Moldova's trade in recent years. A moderate increase was observed in the case of the Czech Republic, specifying the branching of trading partners within the European Union, while a stable value of 3-4% was maintained by Poland and Bulgaria, suggesting a constant trade cooperation, but without major developments. Turkey maintained its presence on the Moldovan market, oscillating between 3% and 10%, reflecting a dynamic trade collaboration.

Overall, the Republic of Moldova has succeeded in strengthening its trade ties with the European Union, which has become the country’s most important trading partner. Additionally, diversification into other markets has been a strategic goal, though these markets remain less stable compared to the European market, despite growth in previous years.

Moldova’s **imports** between 2014 and 2023 have shown the consolidation of trade relations with Romania, China, and Turkey. Romania has become the main import partner, reaching a peak of USD 1.65 billion in 2022, supported by geographic proximity and economic ties. At the same time, imports from China have grown steadily, surpassing USD 1 billion in 2023, reflecting the global influence of this economy on Moldova (Figure 5).

Conversely, imports from the Russian Federation decreased significantly, from USD 717 million in 2014 to USD 322 million in 2023, due to geopolitical tensions and economic sanctions. In contrast, imports from Turkey and Ukraine have increased, with Turkey reaching USD 741 million in 2023 and Ukraine surpassing USD 1 billion, influenced by the regional crisis and the reorientation of trade flows.



**Figure 5. Imports by Main Countries of Origin, 2014-2023**

*Source: Prepared by the Author based on data from the National Bureau of Statistics [11]*

Thus, Moldova’s import structure reflects the strengthening of trade relations with Romania, China, and Turkey, alongside a reduction in economic relations with the Russian Federation, highlighting the impact of regional geopolitical and economic shifts.

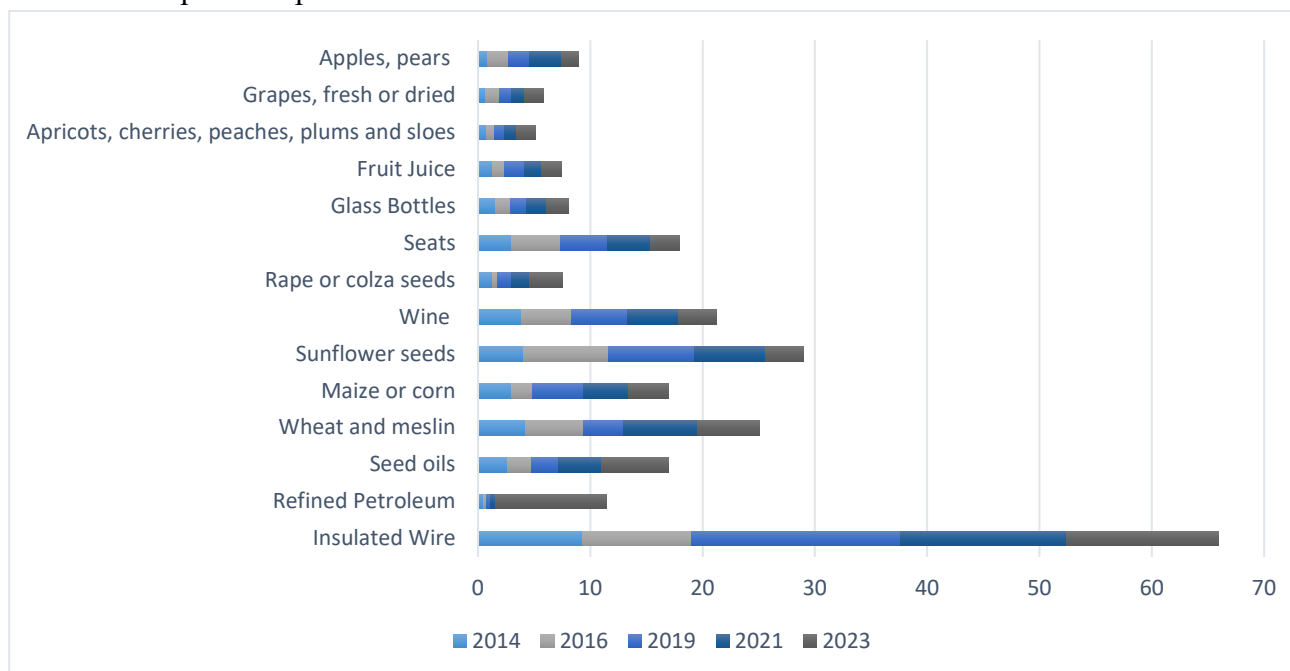
### 3. Structure of Exports and Imports by Product, Comparison Between 2014-2023

Between 2014 and 2023, Moldova’s **exports** have significantly evolved in terms of both value and structure. In 2014, exports were predominantly comprised of agricultural products and low-value-added raw materials. However, by 2023, exports of higher value-added goods, such as electrical equipment and processed agri-food products, increased, indicating a diversification in the export structure (Figure 6).

Moldova’s **exports** grew from approximately USD 2.3 billion in 2014 to over USD 4 billion in 2023. This reflects a gradual expansion of the country's export capacity, although fluctuations were



observed in 2016 and 2020. Nevertheless, these structural changes mark significant shifts in Moldova's export composition.



**Figure 6. Share of Main Product Groups in Export Value, % (2014-2023)**

*Source: Prepared by the Author based on data from ComTrade Statistics and OEC [4][6]*

Due to the war in Ukraine and the energy crisis, the rapid expansion of exports of petroleum products of USD 559.4 million in 2022, compared to USD 13.660 million in 2021, confirms the change in the structure of exports due to a conjuncture situation, and not to an organic development because Moldova is not a producer of oil and energy resources, being at most a transit hub. Thus, this situation can be considered a temporary adaptation to the increased demand of energy transit, rather than an improvement in Moldova's production capacity of this sector.

Important changes have also been recorded by agricultural exports, which have been and remain one of the essential pillars of Moldovan trade. Wheat and corn saw major increases, especially in 2023 (wheat at USD 223.7 million, corn at USD 144 million), as a result of the grain crisis in Ukraine and the redirections of trade flows. In the same upward trend are sunflower seeds and vegetable oils with a clear increase, thus contributing to the development of the agricultural sector and to the intensification of demand for these products as a result of the trade blockades in Ukraine.

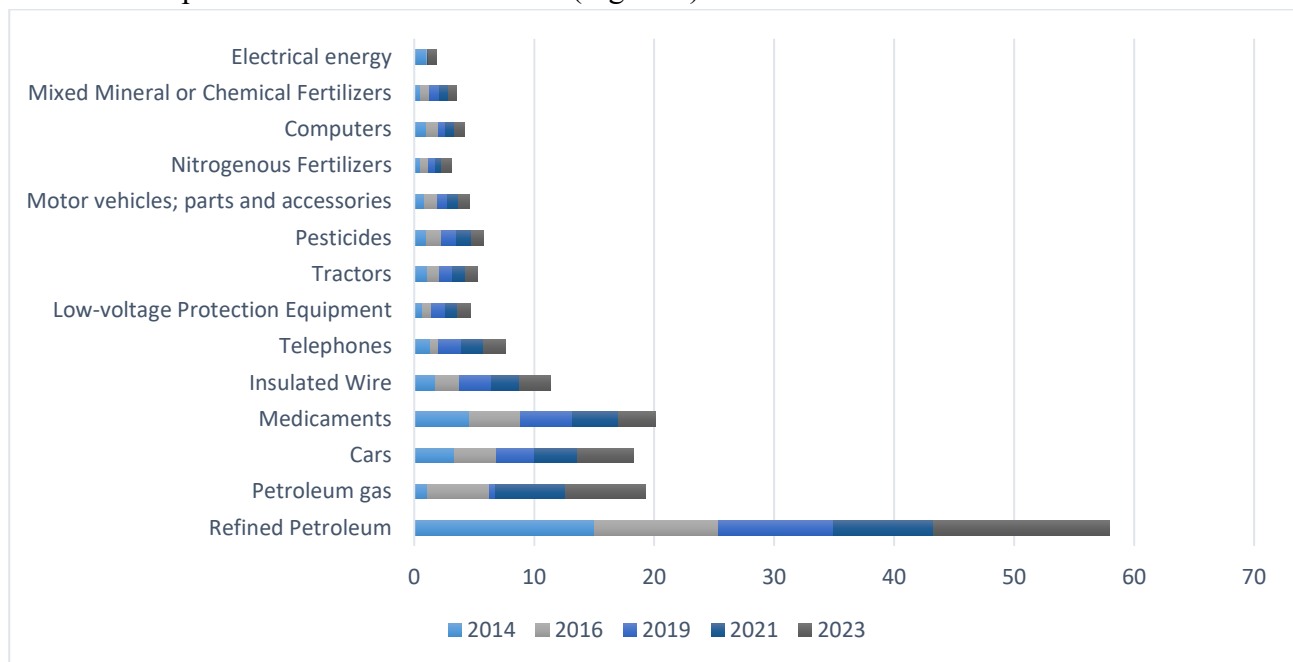
A traditional export product, Moldovan wine, can be characterized by a relatively constant trend, without major structural transformations. This product saw a slight increase in 2023 (USD 137.4 million), however, there is a satiety of traditional markets for this product and the demand in foreign markets did not register a considerable increase.

In turn, the industrial sector managed to register several predispositions for improvement. In this sector, insulated cables had a considerable increase, reaching the value of USD 547.9 million in 2023, which denotes an increasingly solid integration of Moldova into industrial supply chains. At the same time, an industrial diversification of Moldova can be highlighted, there are products with significant increases in export value, among them can be mentioned electrical transformers and other industrial equipment (transformers increased from 3.8 million dollars in 2014 to 46.9 million dollars in 2023).

In contrast to the industrial sector, **exports** of natural leather footwear and raw sugar recorded major declines, the value of exports was reduced to less than half of the export levels in 2014. This may reflect difficulties in maintaining competitiveness on international markets for these traditional Moldovan products. Even the garment sector, especially men's and women's suits, recorded a decrease in the first part of the analyzed period, with a modest recovery in recent years, which would suggest an adjustment to the requirements of the European market demands.

Moldova has undergone significant transformation in **export** structure between 2014 and 2023. Although agriculture remains an important sector, the country has placed an increasing emphasis on industrialization and integration into global supply chains, particularly those within the European Union [9]. Recent geopolitical events, such as the conflict from Ukraine and the energy crisis, have generated temporary changes such as increased oil transit. Even so, these do not represent durable transformations on the long terms for the Moldovan economy. To conclude, Moldova is in a phase of economic transformation marked making an effort by trying the diversification of its industrial base and reducing the dependence on traditional sectors. Although this advancement is positive, it remains vulnerable to external fluctuations in particularly those caused by geopolitical factors.

Examining the **import** structure of the Republic of Moldova over the same period (2014-2023), it is evident that the country's economy is primarily oriented towards imports of energy products, technological equipment, and consumer goods. This reflects the dependence on external resources for basic consumption needs and infrastructure (Figure 7).



**Figure 7. Share of Main Product Groups in Import Value, % (2014-2023)**

*Source: Prepared by the Author based on data from ComTrade Statistics and OEC [4][6]*

Moldova's **imports** have highlighted a significant dependence on external energy resources, particularly refined oil and natural gas. The increase in refined oil imports, which accounted for 14.69% of the total in 2023, reflects both regional instability and changes in supply chains, underscoring Moldova's role as an energy transit hub and its vulnerability to external factors.

At the same time, imports of automobiles and electronic equipment, such as insulated wires and mobile phones, have shown consistent growth. Automobile imports increased from 3.36% of total



imports in 2014 to 4.64% in 2023, while mobile phones similarly rose (from 1.33% in 2014 to 1.87% in 2023). These data indicate an increased domestic demand for durable consumer goods, reflecting an improvement in living standards and a trend towards modernization and digitalization of daily life[6].

Conversely, imports of pesticides and fertilizers have remained relatively stable, reflecting a constant need for resources in agriculture, a crucial sector for Moldova's economy. Although the percentage has not fluctuated significantly, this stability indicates ongoing dependence on imports of products that support agricultural productivity.

In conclusion, the structure of Moldova's imports focuses on the consumption of energy goods and technological equipment. The economy remains dependent on external resources to support energy infrastructure and technological needs. Additionally, durable consumer goods, such as automobiles and electronic equipment, highlight a growing interest in modernizing and digitalizing daily life. At the same time, there is a constant concern for supporting local agriculture sector, this aspect is highlighted by the imports of agricultural and chemical products.

The trade of this country is affected by a considerable trade deficit that is the legacy of an underdeveloped economy and a dependence on specific imports that are not produced in the country. Such factors restrict Moldova's economy, as it is necessary to diversify the economy and establish industries that can develop enough added value to reduce this gap and be competitive internationally [1].

### **Conclusions and Recommendations**

Following the above analysis we can draw the following conclusions, the period 2014-2023 marked the progress of the Republic of Moldova towards economic modernization and more importantly there is a growing trend of integration into the European Union market. In addition, there is also a weighted diversification of the export structure, while remaining focused on low value-added goods, especially those in the agricultural sector. At the same time, Moldova is exposed to trade shocks, given its dependence on imports of technological goods and energy. This makes Moldova's economy sensitive to external vulnerabilities, which reduces the country's competitiveness on the world market. Increasing the degree of structural diversification of exports has the potential to transform Moldova's economy while ensuring sustainable economic growth. This can be achieved by economically upgrading production in sectors such as processing and technology, but also by supporting higher value-added agriculture. In this regard, investing in research and development, seeking strategic partnerships with foreign investors and promoting innovations will be key factors in the long term. Strengthening Moldova's competitiveness requires a systemic approach to Moldova's policies and the gradual implementation of measures to stimulate and diversify exports, such as accelerating the pace of industrial development and digitalization processes, upgrading transport and logistics infrastructure to promote foreign business, and the new trade partnership are seen as capable of improving its global competitiveness. Greater engagement in regional and global supply chains will provide new opportunities for growth. At the same time, investments in renewable energy will reduce dependence on imports and ensure sustainable economic growth.

In the long term, Moldova should maintain the trend of supporting the transformation from exports of raw materials to processed agricultural goods. Greater attention should be paid to compliance with international standards in the production of goods and the introduction of modern agricultural

technologies to increase the added value of exports. Only in this way can Moldova become a stronger competitor on international markets, thus guaranteeing sustainable economic growth.

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