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Reflections on the impact of the association agreement between the Republic of Moldova and the European Union on the economy of the national rural space

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REFLECTIONS ON THE IMPACT OF THE ASSOCIATION AGREEMENT BETWEEN THE REPUBLIC OF MOLDOVA AND THE EUROPEAN UNION ON THE ECONOMY OF THE NATIONAL RURAL SPACE

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Abstract : *European authorities have given and increased attention to rural areas. Still in Agenda 2000, the European Commission has included "coherent sustainable rural development policies". Moldova is "condemned" to pay more attention to rural areas, as the majority of the population is located here. Moreover, the share of the rural population increases from 52.6% in 1990 to 57.5% of the total population in 2016. The approach of the rural development problem is also conditioned by the difficult condition of the village.*

Incidentally, paragraph (d) of Article 68 of the Association Agreement between the Republic of Moldova and the European Union and the European Atomic Energy Community and their Member States, of the other part, initialed in November 2013 (hereinafter referred to as "Agreement"), urges us to "exchange knowledge and good practices on rural development policies to promote the economic well-being of rural communities".

The basic unit of the rural area in our country, in administrative terms, is the village, which according to the "European Rural Country Book" [14,9] is assigned the following functions: economic, ecological, socio-cultural. The article meditates on the economic function, which includes the sustainable use of natural resources, the development of an efficient agricultural production system, the promotion of tourism and other services. As a result, the authors come up with some proposals that would contribute to the sustainable economic development of the national rural economy.

Key words: *rural space, resources, agriculture, ecology, cultural values, efficiency.*

JEL Classification: *Q12, Q15, Q17*

INTRODUCTION

The Moldovan Parliament's decision of 25 July 1990, which qualified "... the transition to a market economy as a model of management ..." and "Concept of agrarian reform and socio-economic development of the village" (hereinafter conception) adopted by the same Parliament of February 15, 1991 contributed to the dismantling of the centralized economic administration system and the establishment of the economy based on market relations, the suppression of public property and the enhancement of private property in the national economy, including in the rural economy. But after twenty-seven years of reforming the country's rural economy, the poverty level has not diminished as expected.

In the present study, the authors meditate on the situation that has been created in the country's rural economy and come up with some proposals that would help to change the situation to "better".

THE STATE OF KNOWLEDGE OF THE PROBLEM

The study of the country's rural economy is found in national and international research. However, even though this issue has been addressed in scientific sessions in various publications, it remains current.

This situation has prompted us to return to the study of the economy of the national rural area under the provisions of the Association Agreement between the Republic of Moldova on the one hand and the European Union and the European Atomic Energy Community and their Member States on the other hand was initialed in November 2013. The investigations provided us with the opportunity to outline some recommendations for improving the impact of the Nominal Agreement on the Rural Economy of the Republic of Moldova.

MATERIAL AND METHOD

The materials used in the research are the normative documents of the EU and the Republic of Moldova, the specific publications that allowed us to identify the factors influencing the impact of the Association Agreement between the Republic of Moldova and the European Union on the economy of the national rural space. The quantitative analysis is performed on data selected and processed by the authors. The study of empirical information provided us with relevant meanings and explanations in relation to the phenomena or processes of the impact of the Agreement on the Rural Economy of the Republic of Moldova.

RESULTS AND DISCUSSIONS

1. National Rural Area Resources: General Characteristics

The fate of the rural economy is firstly influenced by natural resources, which, according to P. Bran [3,34], "in the form of its general and particular laws in every form of motion of matter, will cause nothing in this process to win, nothing to lose, everything to change. "

An important component of natural resources is climatic conditions. The average annual air temperature in the Republic of Moldova is $+8 + 11^{\circ} \text{C}$, including 9.30 at Briceni (north), 10.90 in Chisinau (center) and 11.30 at Cahul (south), respectively, by 33.70 with the absolute maximum of 36.8 and with an absolute minimum of -21.8 degrees Celsius. The territory of the Republic of Moldova belongs to the area with insufficient humidity. The amount of precipitation decreases from northwest to southeast, from 620 to 490 mm during the year. Precipitation falls in the warmer year of the year in the form of rain showers and only about 10% of its annual amount is in the form of snow. The available water resources amount to 7.21 km³ in the average per year and are represented by the 3085 large and small rivers, permanent and temporary streams, natural and artificial lakes.

The most valuable natural resource is the land fund that at the beginning of this year was 3384.6 thousand ha, which is a hilly plain crossed by valleys and ravines. Only 20.2% of the territory is inclined to a degree. Such land ranges from 10.8% in the North to 48.9% in the South East. On average, 60.6% dominates the inclined terrain from 1° to 5° . Lands with slopes of more than 8° form 4.4%. On our land, the chernozems (about 80%) with a humus content of 2.5 to 5 percent, which provide increased fertility to agricultural land, are curing. The average credit score is 68 points.

The agricultural land on 01.01.2016 formed 2499.6 thousand ha, including 648.6 thousand ha or 25.95% in public property and 1851.0 thousand ha or 74.05% in private ownership. Among the 52.4% public land owned by the agricultural land dominates the pastures, and the lowest share (0.3%) belongs to the meadows. Private sector with 13.6% highlights multiannual plantations. In the public sector, they are 3.4% and the vineyards - 1.2%, while those in the private sector are respectively 6.0% and 6.9%. We find that 40.7 thousand ha or 1.6% of the total agricultural land is plunged. Land plots in private ownership are 36.0 thousand ha or 88 percent.

The increase in the surface of agricultural land held by state agricultural holdings, joint stock companies and collective households was made on the account of agricultural land of peasant households, the total area of which fell from 692.9 thousand ha (30.7% of the total agricultural land area) in 2005 Table 1) to 508.4 thousand ha (28.85% of the total area of agricultural land) in 2015.

Table 1 Agricultural land by categories of owners at the beginning of the year, thousand ha

	2005	2010	2011	2012	2013	2014	2015
Total	2257.4	2236.9	2234.0	2233.6	2235.9	2235.4	2235.4
of which: legal entities	841.2	871.3	866.0	868.7	875.4	881.3	884.0
peasant farms (farmer)	692.9	661.4	662.6	653.4	649.3	654.5	645.0
including the average plots less than 10 ha	601.9	565.6	559.3	536.7	523.7	523.6	508.4
auxiliary households - plots and gardens next to the house	299.1	313.6	316.7	325.5	326.4	315.9	323.0

Source: authors' calculations according to the results of statistical research on agricultural activity of small agricultural producers in the Republic of Moldova, Statistical Statistics Chisinau

If in 2005 the peasant households with an average land area of less than 10 hectares were covered by 601.9 thousand ha (86.9% of the agricultural land owned by peasant farms), then in 2015 - 508.4 thousand ha (78.8%), or 15.5% smaller.

The natural potential of our country is sufficiently favorable for the economic development of the rural environment.

To create value in rural areas, innovative modern technologies that require material resources are needed. The most important components of material resources are fixed assets. Total fixed assets at the end of the year in the Republic of Moldova increased from 21958 million lei from the initial value in 1995 (Table 2) to 219507 million lei in 2014 or about 10 times.

The existing fixed assets in agriculture at the end of the year increased very modestly from 7687 million lei after the initial value in 1995 to 14189 million in 2014 or only 1.84 times. If the fixed assets for agriculture in 1995 were 35.0%, then in 2014 - only 6.5%, which is very serious. Vertiginous increased fixed assets in manufacturing from lei 4367 mn in 1995 to lei 26,842 mn in 2014 or 6.14 times. However, their share decreased from 19.9% in 2005 to 12.2% in 2014. If in 1995 the fixed assets in the manufacturing industry formed 56.8% of those in agriculture, then in 2014 they exceeded 1.89 times.

Table 2 Fixed assets existing at the end of the year, by initial value, in millions lei

	1995	2000	2005	2010	2011	2012	2013	2014
Fixed assets, total	21958	91319	112502	180364	199398	208984	228007	219507
of which: -agriculture	7687	8868	5583	8928	10495	11579	12269	14189
% of total	35.0	9.7	5.0	5.0	5.3	5.5	5.4	6.5
- processing industry	4367	14829	19333	30119	31088	30638	32123	26842
% of total	19.9	16.2	17.2	16.7	15.6	14.7	14.1	12.2

Source: Author's calculations based on the information on www.statistica.md.

According to the 2011 agricultural census, agricultural holdings in Moldova used 687765 tractors of all types, which make 76% of the total indicated in the census. Only 6379 households used it Lawn. Only 16064 farms in our country (2.3%) own tractors of all kinds. Trucks have used 75,309 farmhouses. Combines of all types and other harvesters used 98,746 agricultural holdings, which make up 14.7% of the number of tractors. Catastrophic few agricultural holdings (3388 or 0.5% of those using tractors) use irrigation machinery and equipment.

Of the total of 24,695 tractors used, 77% or 19092 units are 10 years old and over. All 10 years and over have 89.3% of trucks, 66.6% of combine and harvesting machines, 64.5% of seeders and planters, 68.1% of cultivators, and 70.6% of tractor plows.

Chemical fertilizers used in agricultural enterprises increased from 11.2 thousand tonnes in 2001 to 72.4 thousand tonnes of active substance in 2015. Report on each ha of seedlings, chemical fertilizers increased from 9 kg / ha in 1995 to 84 kg / ha in 2014 or 9.3 times, and is reduced to 45.8 kg in 2015 or 1.83 times relative to 2014. But they remain insufficient to guarantee an acceptable and stable fruit. The use of natural fertilizers has a clear tendency to decrease from 1517.5 thousand tons in 1995 to 22.2 thousand tons in 2000 or 68 times and then it varies from 15.1 thousand tons in 2010 to 56.2 thousand tons in 2015. Of course, 70 kg of natural fertilizer per hectare of sowing is impossible to practice performing agriculture.

A. Smith's formula [14] that human activity creates the mass of goods is also valid for the man in the village who through work contributes to the development of rural space. The total population in our country decreased from 4361.6 thousand persons in 1990 to 3553.1 thousand in 2016. The share of rural population increases from 52.6% in 1990 to 57.5% of the total population in 2016. The natural increase is reduced from 8 in 1990 to - 0.3 in 2015, including in rural areas from 6.6 to -0.8. The aging rate reached 16.2%, including men - 15.9%, for women - 16.4% and exceeded the admissible level of demographic aging (12%) indicated on the G. Bojio-Gamier scale.

The number of the population living in the countryside of our country working or looking for work abroad increased from 82.1 thousand people in 2000 to 220.5 thousand people in 2010 or 2.69 times and constantly increases to 224.9 thousand persons in 2016 or with about 2% compared to 2010. The remaining economically active population in the country decreases from 1696 thousand in 1995 to 1266 thousand in 2015 or 27.13%. Pronounced declines activity rate from 47.1% in 1995 to 35.6% in 2015 or 11.5 percentage points. The number of persons employed in the economy decreased from 1319 thousand in 2005 (Table 3) to 1204 in 2015 or by 8.7%.

Table 3 Distribution of the employed population in the Republic of Moldova by age, thousands of persons

Population	Total		Inclusiv											
			15-24		25-34		35-44		45-54		55-64		65 și peste	
	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015
employed	1319	1204	124	93.6	252	300	341	293	384	290	158	190	60	37
Of which in rural area	745	648	71.9	56.2	121	138	184	159	222	161	93.4	108	52.8	25.8
Of which:														
-in agriculture	512.5	358.4	39.0	30.9	74.1	62.7	119	81.6	155	87.4	73.9	71.8	51.3	23.9
- in industry	40.8	54.5	9.5	5.7	9.6	16.0	10.6	13.9	8.8	12.8	2.4	5.8	0.0	0.2

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

The number of those employed in rural areas decreased from 745 thousand in 2005 to 648 thousand in 2015 or by about 13 percent. The population aged 25-54 employed in 2005 in the national economy was 977 thousand people, and in 885 thousand persons or about 10% less, and the occupied in the rural area decreased respectively from 527 thousand in 2005 to 458 thousand persons in 2015 or 13.1%.

The total number of employed in the national economy dominates the employees even if their number decreases from 830.6 thousand (63% of the total) in 2005 to 787.6 thousand persons (65% of the total) in 2015. The number of employees in the rural area decreased from 339.6 thousands in 2005 to 308.8 thousand persons in 2015 or by about 9 percent. The number of self-employed workers in rural areas decreased from 391.3 thousand in 2005 to 291.3 thousand in 2015 or by a quarter. Virtually all unpaid family workers are busy in rural areas. Their number increased from 13.1 thousand people in 2005 to 45.3 thousand people in 2015 or 3.46 times. Obviously, the available resources have influenced the development of the economy in rural areas.

2. Evolution of the economy in rural areas

The most present economic activity in the rural area of the Republic of Moldova was and remains agriculture. Agricultural production, in current prices, increased from 4243 million lei in 1995 (table 4) to 27193 million lei in 2015 or 6.4 times. This increase, to a large extent, was caused by the price account. If global agricultural production in current prices in 1995-2005 increased three times, then in comparable prices of 2000 - by 10.8%; in current prices in the years 2005 - 2014 increased 1.9 times and in the comparable ones of 2005 - by about 4%.

Table 4 Agricultural production in current prices, mil. Lei

	1995	2000	2005	2010	2011	2012	2013	2014	2015
Total	4243	8268	12688	19873	22619	19922	23814	27254	27193
of which: - vegetable production	2687	5790	8449	13616	15751	11968	15480	17341	18082
- animal production	1393	2202	3851	5786	6347	7529	7930	9477	8584
- services	163	276	388	471	521	425	404	496	527

Source: Statistical Yearbooks of the Republic of Moldova, Chisinau

Agricultural production in two years after the initialling of the "Agreement" in 2013 increased 1.25 times over the previous two years. Structural is dominated by crop production, the

share of which is 70% in 1995 (Table 5) and 58% in 2015. Among cereal products, cereal crops range from 17.9% in 2012 to 28.9% in 2013.

Table 5 Structure of agricultural production by branches in households of all categories,%

	1995	2000	2005	2010	2011	2012	2013	2014	2015
Total agricultural production	100	100	100	100	100	100	100	100	100
Of which: vegetal production	70.0	69.0	68.9	66.2	71.7	61.5	72.3	67.8	58.0
Of which: - cereals	19.0	25.0	22.9	18.8	28.0	17.9	28.9	25.4	20.3
- vegetables	7.0	5.0	7.3	7.4	8.1	6.0	5.5	7.5	7.1
- fruits, nuts, berries	7.0	3.0	4.4	3.9	6.8	6.7	5.4	6.4	6.5
- grapes	9.0	12.0	12.8	12.1	6.1	10.4	9.0	6.8	7.0

Source: author calculations based on the Statistical Yearbooks of the Republic of Moldova

If in the 1990s the fruit was 17%, then in the years 2000 - 2015, their weight ranged from 3.0% in 2000 to 6.8% in 2011. In 2015 neither fruits, nuts, berries nor grapes nor fruit to the share of fruit in the 90s, amounting to only 13.5%, which is by 6.8 percentage points lower than the share of cereal crops.

Mutations that have taken place in the structure of agricultural production indicate a tendency to decrease the share of intensive crops such as grapes, fruits, vegetables, tobacco etc. and an increase in the share of products that require less capital such as wheat, corn, sunflower, etc., due to price liberalization in 1992. The agricultural production price index in 1992 increased by 1017%, and energy prices - 2900%, forming a ratio of 1 to 2.85. In 1994 this report constituted 1 to 3.17. As a result, the sales prices of the vegetable products usually exceed those of the cost. Thus, the selling price per ton of grain produced in agricultural enterprises in 1995 exceeded the cost of 2 times, and in 2012 * - only 4%. The selling price for one tonne of sugar beet in 20123 constituted 95%, one tonne of grapes in 2010 accounting for 97% of the cost price. Most of the vegetables had suffered the selling price of which in 1995 accounted for 75%, in 2000 - 89%, in 2012 - 93% of the realization price. This situation encouraged the abandonment of agricultural land, contributing to the expansion of land plots.

In point (g) of the first article of the "Agreement" it is stated that the ultimate objective is "the gradual integration of the Republic of Moldova into the EU internal market including through the establishment of a comprehensive and comprehensive free trade area, legislative and liberalization of market access with major implications, in accordance with the rights and obligations arising from the WTO Membership of the Parties and the transparent application of these rights and obligations. "

Total exports increased from 1091.2 in 2005 to 1966.8 million in 2015 or 1.8 times. Exports to the 27 Member States of the European Union steadily increased from US \$ 443.4 million in 2005 to US \$ 1217.6 million in 2015 or 2.75 times. Total imports in the years 2005-2015 increased 1.74 times, including in the CIS countries - 1.12 times and in the 27 EU states - 1.88 times.

After the initialling of the "Agreement", the value of agri-food products exported to the CIS countries decreased from 767.8 million dollars in 2013 (Table 6) to 329.0 million dollars in 2016 or 2.33 times, which is in principle due to embargoes imposed on the Republic of Moldova by The Russian Federation.

Table 6 Value of exported agri-food products, thousands of US dollars

	2010	2011	2012	2013	2014	2015	2016
Total	3941134	1803054	1630237	1949885	1993447	1719455	
Of which: - CIS states	1705787	828949	785899	767793	692150	465011	329012
- EU-27	401371	691656	691609	707948	800854	899797	1030516

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

The value of agri-food products exported to the 27 member countries of the European Union increased from US \$ 707.9 million in 2013 to US \$ 1030.5 million in 2016 or 1.46 times. If in 2010 the exports of agri-food products to the CIS related to their exports to the 27 countries Member States

of the European Union was 4.24 per 1 in 2013 - 1.08 per 1 respectively, then in 2016 - 0.32 to 1. The shift in export orientation is largely due to the Agreement.

The concept of agrarian reform and socio-economic development of the village, adopted by the decision of the Parliament of the Republic of Moldova in 1991, stipulates the "location of some sections and subdivisions of the urban industrial enterprises". The total value of industrial production increased from 8167.7 mil lei in 2000 (table 7) to 45654.9 mil lei in 2015 or 5.6 times, including in Chisinau municipality - from 4420.8 to 26115.0 mil lei or 5.9 times.

In rural areas, the value of industrial production increased from 2618.7 million lei in 2000 to 14627.9 million lei in 2015 or 5.6 times. But even this growth is far too inadequate for our country's rural space. If in 2013, the year of the initialling of the Agreement, the value of industrial production in the rural area forms 33.9% of the total in our country, then in 2015 - 32.0%. In other words, the industrialization of rural space after the initialling of the Agreement has not yet taken place.

The total number of arrivals of foreign visitors decreases from 32.8 thousand in 1995 to almost 19 thousand in 2000 or 1.7 times, then increases to 25 thousand in 2005 or 1.3 times after decreasing to about 9 thousand or 2.8 or in 2010 and then rises to 13.1 thousand in 2013 or by about 47 percent.

Table 7 Value of industrial production, million lei

	2000	2005	2010	2011	2012	2013	2014	2015
Total	8167.7	20148.1	28140.1	34194.4	36362.2	39024.3	43548.0	45654.9
Of which:- mun. Chişinău	4420.8	10807.7	16171.6	20142.9	21506.9	22590.7	24592.4	26115.0
- mun. Bălţi	1128.2	2225.0	3042.8	3456.8	3774.8	3207.6	4203.5	4912.0
- rural areas	2618.7	7115.4	8925.7	10595.0	11080.5	13226.0	14752.1	14627.9

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

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The achievement of the economic function in the rural area also includes the "internal tourism" and the "receiving tourism" promotion. The countryside in our country has modest possibilities to provide tourists with what they need. The number of places in the tourist and agrotourist pensions increased from 210 in 2005 (Table 8) to 955 in 2016 or 4.55 times and in holiday villages and other resting structures decreased - respectively from 4833 to 3969 or 1.22 times .

Table 8 Some characteristics of the hotel industry evolution in the rural area of the Republic of Moldova

Indicators	2005	2010	2011	2012	2013	2014	2015	2016
Nr. places in tourist and agrotourist pensions	210	743	813	905	867	990	906	955
Nr. of places in holiday villages	4833	5165	4519	4473	4685	4144	3539	3969
Nr. tourists staying in tourist and agro-tourist accommodation	1807	13290	11701	11570	11526	8208	9283	21343
of which foreigners	1003	2383	2417	3881	4363	1402	1730	2725
Nr. tourists staying in holiday villages	47889	18386	25826	39522	33027	48158	46636	39915
of which foreigners	74	2171	3231	3781	4823	3754	4843	6783
Nr. the overnight stays of tourists in tourist and agro-touristic pensions	3799	43583	37317	36895	34513	24912	24690	35306
of which foreigners	2492	7219	8482	15240	15380	4689	5380	6536
Nr. overnight tourists in holiday holiday villages	143163	45433	54109	119797	108509	148580	95459	137934
of which foreigners	518	5354	9318	9013	11659	9128	10140	15990

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

If the number of tourists accommodated in tourist and agrotourist pensions increases from 11526 in 2013 to 121343 in 2016 or 1.85 times, then to those in holiday villages and other resting structures - 1.2 times respectively. The number of foreign tourists staying in tourist and agro-tourism pensions decreases from 4363 to 2725 in 2016 or 1.6 times, and those accommodated in holiday villages increased from 4823 in 2013 to 6783 in 2016 or 1.4 times. In 2013, a tourist accommodated in tourist and agro-touristic pensions accounted for 2.99 nights, including foreign ones - 3.53 and in 2016 - 1.65 and 2.4 respectively. The number of overnight stays compared to a tourist staying in holiday villages and other resting structures increases from 3.29 in 2013 to 3.45, and the number of overnight stays decreases from 2.42 in 2013 to 2.35.

The total number of arrivals of foreign visitors to our country decreased from 32.8 thousand in 1995 (Table 9) to 8.9 thousand in 2010, then increases to 15.7 thousand in 2016. Of course, in general the number of arrivals of foreign visitors in our country is very modest.

Table 9 Foreign visitors, tourists and excursionists in our country

	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016
Number of arrivals of foreign visitors in the country, total	32821	18964	25073	8956	10788	12797	13150	14362	15514	15668
of which for purposes of: -										
holidays, recreation and rest	3256	7108	7840	5438	5892	7025	6343	8355	10097	11454
business and professional reasons	24743	11577	16372	2971	4330	5190	5962	4952	4196	3062
Number of tourists and excursionists participating in domestic tourism	16417	26705	60806	35594	37764	34363	34172	43045	37244	41297

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

If arrivals of foreign visitors to our country for holiday and holiday purposes increased from 6343 (48.2% of the total) in 2013 to 11454 (73.1% of the total) in 2016 or 1.8 times, then for business purposes and professional reasons declined steadily from 5962 (45.3% of the total) in 2013 to 3062 (19.5% of the total) in 2016 or 1.95 times.

Thus, we can see that even after the initialling of the agreement the foreign visitors do not rush to come to the Republic of Moldova for business purposes and professional reasons. The number of tourists and excursionists participating in domestic tourism in our country increases from 16.4 thousand in 1995 to 60.8 thousand in 2005 or 3.7 times, then decreases to 34.2 thousand in 2013 or 1.78 times and then increases to 41.3 thousand in 2016. Obviously, the question is "What are you going to do?"

3. What to do?

To ensure the sustainable development of rural areas in our country, we recommend:

- organizational-legal structure administrative units appropriate to those applied in the Member States of the European Union, assuring them a greater degree of autonomy;
- to develop a detailed and realistic rural development program focusing on two fundamental directions:

a. Increasing investment in the rural economy. For the economy of the rural area of the Republic of Moldova, a major interest is to increase the investments in the agri-food sector. Investments in fixed capital for the development of agriculture vary from RON 1852 million in 2013 (Table 10) to RON 1802 million in 2015.

Table 10 Investments in fixed capital for agricultural development, million lei

	1995	2000	2005	2010	2011	2012	2013	2014	2015
Investments in fixed capital on productive purposes	91	59	425	1046	1808	1642	1852	2333	1802
of which: - it publishes	25.5	8.2	42.9	30.8	47.5	46.1	34.0	76.6	24.0
- private	65	46	341	863	1444	1435	1709	2119	1623
- mixed (public and private)	0.7	3.8	6.4	0.9	3.0	0.7	0.5	2.0	1.4
- joint ventures	-	0.3	30.3	123.2	234.5	92.4	27.4	122.6	98.2
- to foreign investors	-	0.4	4.5	28.1	78.9	67.9	80.4	12.5	55.1

Source: Author's calculations based on selected information on [http / www.statistica.md](http://www.statistica.md)

Investments in fixed capital for the development of the private sector of agriculture decreased from 1709 million lei in 2013 to 1623 million lei in 2015. If until 2004 foreign investors were virtually lacking in the national agriculture, then their contribution in 2013 form 80.4 (4.3% of total investments this year) then decreased to 55.1 million lei (3.0% of the total) in 2015. Obviously, the contribution of investors, including foreign ones, remains far too insufficient.

The natural potential for rural development requires huge investments to be protected and developed. Investments for environmental protection and rational use of natural resources, even though they increased from 6060 thousand lei in 2000 (table 11) to 72369 thousand lei (current prices) in 2014 or 11.9 times, remain very modest.

Table 11 Investments for environmental protection and rational use of natural resources, thousands of lei

	2000	2005	2010	2011	2012	2013	2014
Total	6060	43939	41521	31050	73479	65955	72369
of which for: - protection and use	1315	23062	14250	14819	15196	39377	43938
rational use of water resources	4723	20877	19698	15208	9789	22810	26312
protection and use	-	-	0.0	0.0	45477	1694	-
rational land	22	-	7572	1022	3018	2073	2119

Source: Author's calculations based on the information collected on [http / www.statistica.md](http://www.statistica.md)

Investments for the protection and rational use of land dominated in the years 2000-2011 when they increased 3.1 times. Investments for the protection and rational use of water resources increased from 1315 thousand lei in 2000 to 43938 thousand lei in 2014 or 33.4 times.

b. to adjust the mechanisms and levers applied in the administration of the economics of the administrative-territorial units of our country to the requirements of the market relations practiced in the prosperous states of the European Union through:

- the use of indicative prices, ie target prices, intervention prices triggering the support mechanism for farmers and the threshold price, which is the minimum level at which imported products can enter the internal market.

- the takeover of surplus products by public authorities from agricultural producers at the prices covering the costs, in order to store them and sell them when the market acts in favor of demand.

c. encourage export of production through:

- Stimulating the export of goods and services by increasing the exchange rate by 5-10% compared to the existent value of goods and services exported.

- Farm abandonment to ex-ante support / before the production / which is usually ineffective and intervention by the state ex post / after the production has been achieved, stimulating farmers to produce what is required on the market and in particular the external one.

- To stimulate the lending of agricultural producers by financial institutions, especially for planting orchards and vineyards, expanding irrigated areas, purchasing the means of production and all that would contribute to the efficiency of this sector of the national economy.

d. Enhance the change of mentality of those employed in the rural economy by endowing them with innovating, performance and competence in making decisions, acting appropriately to the market-based economy.

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