



Transformation of Sanitary and Phyto-Sanitary measures under Moldova's DCFTA with the European Union

Tatiana Savva

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Abstract

Moldova engaged in an unprecedented process of economic restructuring by signing with the European Union the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA), where agriculture is one of the priority intervention areas, implying requirements in the sanitary and phytosanitary areas. Although, progress has been made, the existing opportunities for Moldovan agri-food exports are largely conditioned by the need to meet EU's high standards of food quality and safety. Besides the incomplete alignment of the national food safety system with the EU rules, there is a shortage of quality infrastructure, which is almost non-existent in some sectors. Moreover, the cost of compliance with new market requirements is high for producers. This delays the needed changes for almost all Moldovan animal products (except for honey) to be accepted by EU.

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Abbreviations

AA	Association Agreement
DCFTA	Deep and Comprehensive Free Trade Area
EU	European Union
ENAPARD	European Neighbourhood Program for Agriculture and Rural Development
MEI	Ministry of Economy and Infrastructure
MARDE	Ministry of Agriculture, Regional Development and Environment
NFSA	National Food Safety Agency
NSIM	National Standardisation Institute of Moldova
SPS	Sanitary and Phyto-Sanitary

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1. Four Years of the AA/DCFTA - general description

1.1 Agriculture and food measures in the Association Agreement.

By signing the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) in 2014, Moldova not only gained access to the European market, but engaged in an unprecedented reform exercise in virtually all socio-economic sectors. Agriculture was and still is one of the most complex areas of intervention, and over 50% of the legal commitments concern Sanitary and Phyto-Sanitary measures (SPS).¹²³ The biggest outcomes at the end of this exercise are expected to be a modern agricultural sector, increased export capacity, and better financial planning of the reform efforts in the sector. This study describes the progress made by Moldova in these respects and how the implementation of the sound SPS practice in the past four years has influenced the country's economic life.

Access to the European Union market allows selling agri-food products on a market of 500 million people with a higher purchasing power than in Moldova's traditional markets, notably in states of the former Soviet Union. Before signing the Association Agreement, domestic producers did not export agricultural products to the EU, except for honey and wine, for four main reasons:

- Customs duties to enter the European market;
- Incompatibility of the national regulations with the European ones, particularly those related to the sanitary and phyto-sanitary measures;
- Obsolete production technology, lack of storage and processing infrastructure, lack of quality infrastructure etc.;
- Lack of financial resources to invest in upgrading the quality infrastructure.

The Association Agreement helped to eliminate these constraints, as it:

¹ <https://www.expert-grup.org/en/biblioteca/item/1324-raport-de-monitorizare-a-implementării-foii-de-parcurs-privind-agenda-de-reforme-prioritare/1324-raport-de-monitorizare-a-implementării-foii-de-parcurs-privind-agenda-de-reforme-prioritare?category=194>

² <https://www.expert-grup.org/en/evenimente/itemlist/category/194>

³ <https://www.expert-grup.org/en/evenimente/itemlist/category/194>

- Removed tariff barriers for 91% of agri-food products, thereby saving over €11.2 million annually for farmers;⁴
- Committed Moldova to harmonisation of the legislation on sanitary and phytosanitary measures and animal welfare;
- Offered incentives to upgrade the agricultural sector - by increasing the access to funding and education, and promoting the principle of farmers' association, including by facilitating investments in the quality infrastructure.

Funding for Association Agreement implementation in the agricultural sector is provided under several programs:

(a) The Single Support Framework for Moldovan Agriculture, which provided for €110-123 million by 2017⁵,

(b) other operational programs, including the European Neighbourhood Program for Agriculture and Rural Development (ENPARD)⁶ and Technical Assistance for DCFTA Implementation (TA DCFTA)⁷,

(c) funding promotion activities of producers' interests.⁸

All these programs conditioned disbursements upon implementing measures to upgrade the agriculture and food chain, as well as to ensure compliance with EU requirements on food safety and quality. Unfortunately, with only some minor exceptions, these financial efforts focused on development of the harvesting, post-harvesting and storage infrastructure, new businesses, and increasing the competitiveness of domestic producers. Except for ENPARD and TA DCFTA Programs, none of the above programs expressly provided for activities that would improve the quality infrastructure and market surveillance. One of the first actions in this respect was the launching of 'Support to the National Food Safety Agency of the Republic of Moldova' EU Twinning Project at the beginning of 2017, amounting to €2 million.⁹

The ENPARD programme was ratified by the Moldovan authorities in 2016 and envisaged granting €64 million to support agricultural policy (see Box 1). Although the programme's implementation was scheduled for 2015-2018, it began two years later. Suspension of EU macro-financial assistance in July 2015-December 2016, and, subsequently, in the summer of 2018, also affected the implementation of the envisaged measures. More than half of the program budget remained unused by the end of 2018, and less than €5 million aimed to fund the SPS measures.¹⁰

⁴ This figure covers the removed tariff barriers for the main products exported to the EU in 2014 - 2017.

⁵ http://amp.gov.md/portal/sites/default/files/inline/oda_raport_2016.pdf

⁶ <http://aipa.gov.md/sites/default/files/Raport%20totalizator%20ENPARD-2017.pdf>

⁷ http://eeas.europa.eu/archives/delegations/moldova/documents/press_corner/pr_project_launch_eu_ro.pdf

⁸ https://mei.gov.md/sites/default/files/eu_moldova_aa_quick_guide_ro_updated_march_2014.pdf

⁹ <https://gov.md/en/content/food-safety-control-system-moldova-be-improved-eu-support>

¹⁰ <http://aipa.gov.md/sites/default/files/Raport%20totalizator%20ENPARD-2017.pdf>

Box 1. Key results of the ENPARD Moldova Program

Of total €64 million program funding, €54 million is budgetary support. This is provided on condition that the Government implements a number of investment programs to: upgrade the agriculture and food chain and comply with EU requirements on food safety and quality; improve education and expand the research and services in rural areas; improve farmers' access to capital, input and production markets; and implement rural development programs. €11 million were to be allocated to technical assistance projects, for example to promote civil society organisations and local authorities in implementing agricultural policies that favour gender equality and are oriented towards women's empowerment. Key program results: over 400 new businesses created, consultancy services and financial support provided so that 10 companies can export agri-food products on the EU market, harvesting, processing and storage infrastructure created, production processes upgraded, new areas for orchards, vineyards, plantations of berries, irrigation infrastructure and energy efficiency.

Source: ENPARD Moldova Toolkit, Questions and Answers about the ENPARD Programme, Chisinau 2018¹¹

The TA DCFTA project¹² was launched in September 2015, implemented by Delegation of the European Union to Moldova and the Ministry of Economy.

Box 2. 'Technical Assistance for DCFTA Implementation' Project Description

The total financial support in the TA DCFTA Project amounts to €30 million and covers:

- *measures to support DCFTA implementation in quality infrastructure (metrology, compliance assessment, testing and international cooperation),*
- *market surveillance measures (industrial and non-industrial products and services,*
- *consumer protection and food safety measures),*
- *development and diversification of Moldovan exports to the EU and attracting investors.*

The project also provides assistance to the Government of Moldova, in particular the Ministry of Economy, subordinated institutions and agencies, in developing and implementing a broad range of public awareness programs promoting DCFTA benefits for the business environment, local public administrations and citizens of the Republic of Moldova.

Source: Adapted from the press release published on dcfta.md site, 23 October, 2015 and the project description on www.eeas.europa.eu¹³

¹¹ https://www.enpardmoldova.md/wp-content/uploads/2018/07/Toolkit-ENPARD_ENG.pdf

¹² <http://dcfta.md/noul-proiect-ue-de-asistenta-tehnica-pentru-sustinerea-implementarii-dcfta-a-fost-INFSA>

¹³ Idem.

Choosing the Ministry of Economy and Infrastructure (MEI) as an implementing partner for a number of SPS-related activities in this project proved to be a challenge, since the projects were outside its area of policy or expertise. As a result, efforts and financial resources were mainly focused on measures related to export diversification and development, and attracting investors, with less on SPS measures. At the time of writing, the total amount of financial support granted to SPS-related activities did not exceed €0.8 million. This sum was aimed to establish and re-fit/upgrade laboratories.¹⁴

1.2 Trade developments.

Four years after the elimination of tariff barriers, almost 70% of total Moldovan exports in 2018 went to the European market, thanks in part at least to the Association Agreement. The value of the all goods exported to the EU in January-November 2018 amounted to USD 1,726 million (up by 19.9% more compared to January-November 2017). Its share amounted to 69.4% of total exports (65.7% in January-November 2017). Tariffs were eliminated at a time when access of domestic producers to the Russian market was significantly restricted. Opening of the EU market through DCFTA softened the effects of the trade restrictions imposed by the Russian authorities, which overlapped with economic difficulties in this country, as well as in Ukraine and Belarus. (see Figure 1)¹⁵. This allowed the Moldovan economy to survive the negative shocks from these countries, and concurrently to shift towards more stable and prosperous markets.¹⁶ During 2014-2018, over 1,300 companies managed to export to the EU¹⁷. This boosted local production of semi-manufactured goods, textiles, technical equipment, agri-food products, etc. Integration into the European market meant new sales markets for Moldovan producers and exporters, in countries such as Romania, Germany, Italy, Poland and others.

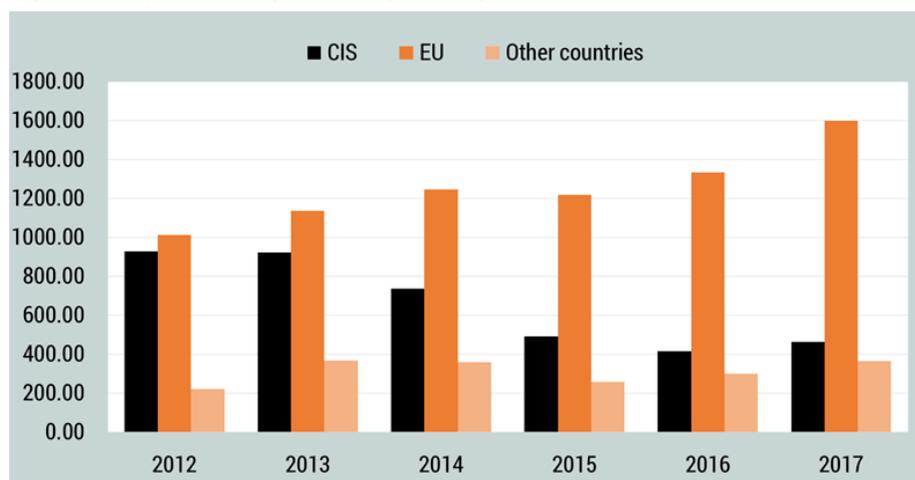
¹⁴ Interview, 20 - 27 December, Olga Manole, Consultant PAMED MARDE.

¹⁵ <https://www.expert-grup.org/en/biblioteca/item/1392-zlsac-dintre-ue-si-rm-evaluarea-impactului-liberalizarii-comertului-cu-servicii-asupra-economiei-moldovenesti>

¹⁶ <http://dcfta.md/ekonomicheskoe-vliyanie-soglasheniya-ob-associacii-mezhdu-rm-i-es-spustya-4-goda-posle-nachala-realizacii-1>

¹⁷ <http://dcfta.md/uploads/0/images/large/1dcfta-v6.pdf>

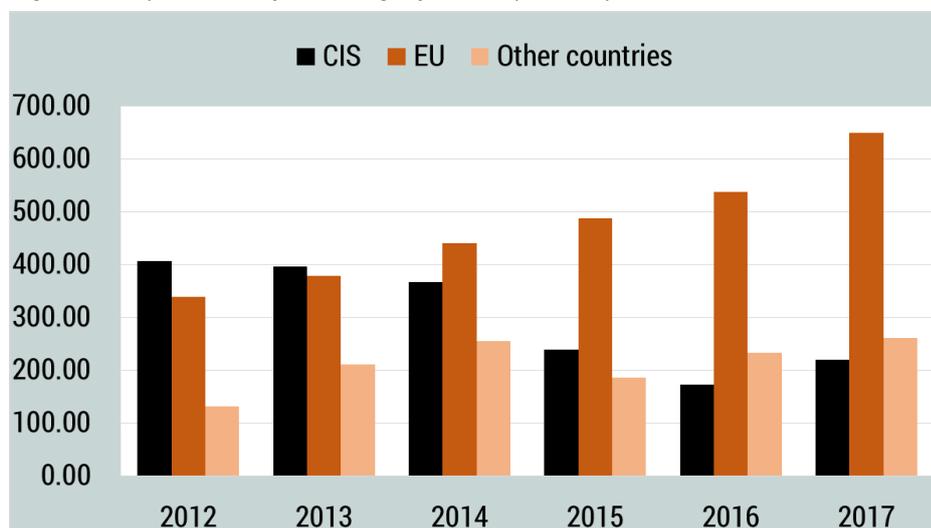
Figure 1. Dynamics of total exports by main markets, € million, 2012 – 2017



Source: The economic impact after 4 years of implementation of the Association Agreement RM-EU, Expert-Grup, 2018¹⁸

Traditionally, agri-food products accounted for a relatively small share of the total Moldovan exports to the EU market, but this category of products registered the highest export growth. During 2015-2017, the volume of agri-food exports to EU increased from a little over USD 100 million in 2012, to USD 690 million in 2017. The share of agri-food exports in total exports to EU increased from about 35% in 2014 to about 70% in 2017. This represents a 34% increase in exports in 2015-2017 compared to 2012-2014.¹⁹

Figure 2. Dynamics of total agri-food exports by main markets, € million, 2012 – 2017



Source: The economic impact after 4 years of implementation of the Association Agreement RM-EU, Expert-Grup, 2018²⁰.

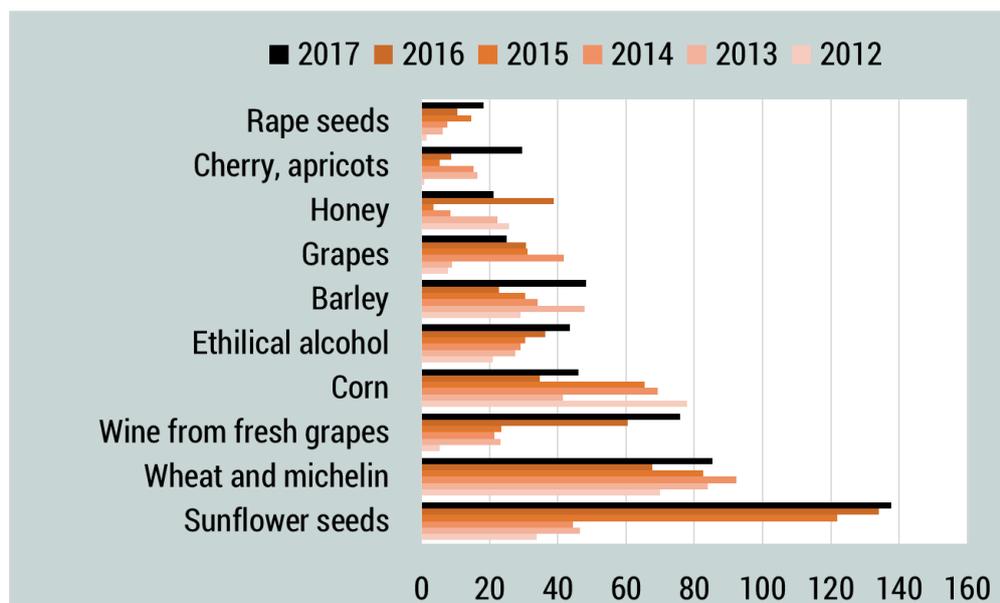
¹⁸ <https://www.expert-grup.org/en/biblioteca/item/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue>

¹⁹ <https://www.expert-grup.org/en/biblioteca/item/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue?category=194>

²⁰ <https://www.expert-grup.org/en/biblioteca/item/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue>

Deliveries of agri-food products to the European market have been dominated by oil and cereal products since the DCFTA' activation in 2014. Sunflower seeds amount to 24%, walnuts 14%, and wheat 10% of agri-food products exported by the EU (see Figure 3).

Figure 3 Dynamics of exports for Top 10 agri-food products exported to the European Union, 2012 – 2017, € millions



Source: Economic impact after 4 years of implementation of the Association Agreement RM-EU, Expert-Grup, 2018²¹

The most dynamic exports were exports of the agri-food products subject to quotas²², and falling under the entry price and the anti-circumvention mechanism:

- The exports of sunflower seeds were the most dynamic, registering a spectacular 3.1-fold increase compared to the previous period (2012- 2014).
- The category of significantly increased exports includes items subject to quotas falling under the anti-circumvention mechanism - peaches, pears, cherries, musts.
- The evolution of wine exports was also substantial (+42%), the quota for which was cancelled in 2013,²³ as also natural honey (2.2 times more) – one of the few animal products allowed to be exported to EU, along with leather and snails.

Lower exports of a range of agri-food products to EU were driven by objective factors, such as overproduction worldwide or in the countries of destination. Thus, export of sunflower oil decreased in the period of 2015 - 2017 compared to the 2012 - 2014 about 22%, and export of

²¹ <https://www.expert-grup.org/en/biblioteca/item/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue/1687-impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue?category=194>

²² The full list of duty-free products within the quotas limits is outlined in Annex XV to AA. They include apples, tomatoes, plums, garlic, table grapes.

²³ <https://www.timpul.md/articol/din-1-ianuarie-vinul-moldovenesc-destinat-pieei-ue-va-fi-scutit-de-taxelevamale-52955.html>

walnuts decreased by 4%. The same is valid for the export of fruit juices, which decreased by 9% because the supplies to Germany halved. These fluctuations are due to objective causes including overproduction in the walnut-importing countries, such as Greece and Spain, and in apple-producing ones such as Poland.²⁴ At the same time, a recovery of agri-food exports can be noticed in 2018, outpacing the historical exports, being more oriented towards the Polish market.

Four years after signing the Association Agreement, there is certainly room to further increase the export of domestic agri-food products to the European market. This particularly concerns products subject to quotas, for such products as plums and nuts, followed by oil and cereal products; however this would require review of the quotas agreed upon signing the Association Agreement. The same is valid for the animal products such as meat, that may become eligible for export in 2021 (especially poultry products). At the same time, agri-food export opportunities are held back by the non-conformity of Moldovan producers with EU food quality and safety standards. The national food safety system is not yet fully aligned with the EU rules, and the quality infrastructure is in a precarious condition and almost inexistent for some sectors. Moreover, the cost of compliance with new market requirements is substantial for producers.

2. Harmonisation of domestic Law with the EU SPS Provisions: successes and challenges

Efforts taken over the past two years in the area of food quality and safety standards focused on transposing the relevant EU legislation and adopting Sanitary and Phytosanitary Standards (SPS), according to the commitments made in the Association Agreement. The 2018-2022 Food Safety Strategy included a review of the competences of the National Food Safety Agency (NFSA), and better coordination of institutional efforts at the national level, including implementation of a 'one-stop shop' for export and import of agricultural products and border control regulation.

The institutional food safety framework is ensured by NFSA²⁵ and its subdivisions, the Ministry of Agriculture,²⁶ Regional Development and Environment (MARDE), the National

²⁴ <http://dcfta.md/impactul-economic-dupa-4-ani-de-implementare-a-acordului-de-asociere-rm-ue-1>

²⁵ NFSA is the national authority responsible for implementing the state policy on regulation and control of food safety and on sanitary-veterinary, livestock, plant protection and phytosanitary quarantine, seed control, quality of primary, food products and animal feed. NFSA and territorial units subordinated to the District/Municipal Food Safety Departments (FSDD) have the most important role in the relations of export-import of the agri-food products.

²⁶ Ministry of Agriculture, Regional Development and Environment, according to Government Decision No 695 of 30 August 2017 'On the Organisation and Operation of the Ministry of Agriculture, Regional Development and Environment' develops policy documents, draft regulatory acts in the field of food safety and is the founder of the National Center for Verification and Certification of Plant and Soil Production and Agricultural Information Center which is responsible for the e-Agriculture strategy implementation, management of automated information systems and business processes in the agri-business sector, including functional enhancement of the Agency' activities.

Standardisation Institute of Moldova (NSIM)²⁷ and Ministry of Health, Labour and Social Protection²⁸. These institutions were transformed over the past four years to ensure food standards and regulations, renovate the quality infrastructure, support producers, and, last but not least, identify financial resources to implement these measures. Reviewing the Agency's competences in 2018 resulted in changes that improved the institution's coordination capacities, particularly in implementing the National Multi-annual Control Plan in the Field of Food, Animal Health and Plant Health Surveillance.²⁹

The general framework of food standards and regulations is largely aligned with the EU requirements. Specifically, over the past 4 years, the National Standardisation Institute of Moldova (NSIM)³⁰ adopted about 5,075 European and international standards in the food sector, 2,157 of which are European standards. There are old GOSTs used in Soviet times and about 700 are still in force, although 346 were cancelled in 2014-2016. GOST standards are optional, but are used even if they violate certain regulatory acts.³¹ The fate of GOSTs is decided by the NSIM, by consulting the business environment, on the basis of a timetable for the updating of national standards. As a result, outdated, redundant or conflicting standards are withdrawn.³² Given that many GOST standards are still in force, producers tend to implement them at the expense of the latest regulatory requirements, claiming that the first are better known.³³

The Association Agreement refers to the standards of FAO's Codex Alimentarius Commission, as a milestone for human health issues, and to the standards of the World Health Organization and International Plant Protection Convention. In this context, the participation of state representatives in Codex Commission activities is important for implementation of this organisation's international standards. Moldova joined the Codex Alimentarius Commission in

²⁷ The National Standardisation Institute of Moldova is responsible for the management of the 'e-Standard' online automated information system allowing full online access to information on the national standards. This automated information system is being currently developed to ensure controlled online access to the Moldovan standards. Implementation of this functionality will increase the access to and use of standards, especially by the small and medium-sized enterprises.

²⁸ Ministry of Health, Labor and Social Protection, through the National Public Health Agency, ensures: identification, evaluation, management and communication of the food safety risks to the public health, health status and nutrition of the population; preventing the emergence of food-borne diseases; epidemiological research and registering the outbreaks of food-borne diseases; health status surveillance.

²⁹ This Plan is an operational document stipulating concrete tasks and activities for different representatives of the central public authorities and their subordinated institutions.

³⁰ <http://www.standard.md/libview.php?l=ro&idc=272&id=3022&t=/Biblioteca-on-line/ISM-in-cifre/Sucesele-anului-2017>:

³¹ <https://expert-grup.org/ro/biblioteca/item/1017-na-standarde-europene>

³² <https://www.expert-grup.org/en/biblioteca/item/1703-aprofundarea-relatiilor-ue-rm-ce-de-ce-cum-editia-a-doua/1703-aprofundarea-relatiilor-ue-rm-ce-de-ce-cum-editia-a-doua?category=194>

³³ An example in this respect are also the Rules on Microbiological Criteria for Food, approved by the Government Decision No 221 of 16 March 2009, Norms on Nitrate Control in Animal-origin Food Products, approved by the Government Decision No 115 of 8 February 2013 'On Control of the Nitrates in Plant-origin Food Products', Health Regulation on the Contaminants in Food Products, approved by the Government Decision No 520 of 22 June 2010).

1998 and the National Codex Alimentarius Committee was established by Government Decision No 866 of 21 September 1999. Since October 2018, the Public Health Agency has been the National Focal Point of the Commission.

The basic principle of food safety policy at national level is to cover the food chain stages. However, there were initially some issues relating to the harmonisation with the European legislation. The list of EU SPS laws to be transposed was not established in the Association Agreement at the moment of its signing. In 2015, Moldovan authorities developed this list with the help of European experts under the TAEX project, and submitted it to the European Commission for consultation. The official amendment of the Association Agreement, namely Annex XXIV-B, was adopted on 1 June 2016.³⁴

The commitments undertaken by Moldova in the Annex XXIV-B provide an exhaustive list of EU laws to be transposed into national law by the end of 2022. These improvements of the legal framework will help achieve a high level of protection of public health and consumers' interests (see Box3). At the same time, exports of food products and live animals from Moldova to the European market will be favored.

Box 3. EU laws that must be transposed in the national law by the end of 2022

The agreed list of SPS legislation covers 431 EU directives and regulations. The largest shares relates to:

- *veterinary requirements - 78 directives*
- *safety of agri-food products - 48 directives*
- *agri-food, animal feed and animal origin by-products - 27 directives;*
- *general framework legislation - 10 directives;*
- *specific rules for the animal feed - 10 directives;*
- *genetically modified organisms - 10 directives;*
- *medical goods for veterinary purposes - 6 directives.¹*

Source: National Action Plan Implementing the RM-EU Association Agreement for 2017 – 2019.

The time allowed for harmonisation under SPS legislation ranges from two to five years, with a final deadline of 2022. The bulk of the legislation is scheduled for two-year periods of approximation (for 68 directives), three-year (52 directives) and four-year periods (57 directives), starting from 2016. The deadlines for approximation were postponed to 2022 due to the reform of central public administration conducted in July 2016 to December 2018. Only 22 out of 35 directives have been adopted so far, the most important being mentioned in Box 4.

³⁴ These directives were included in Chapter IV, Title V of the National Action Plan for the Implementation of the RM-EU Association Agreement for 2017-2019, approved by Government Decision No. 1472 of 30 December 2016, <http://www.mfa.gov.md/img/docs/Acordul-de-Asociere-RM-UE.pdf>

Box 4. The most important acts and amendments to the legal framework made 4 years after signing the DCFTA

- *2018-2022 Food Safety Strategy, approved on December 2017;*
- *Regulation on the State Border Crossing of Goods Subject to Control by the National Food Safety Agency, approved by the Government Decision No 938 of 17 October 2018;*
- *Law No 185 of 21 September 2017 regulating examination of petitions and complaints in the areas of competence of the National Food Safety Agency, including quality of the services provided by the relevant operators;*
- *Draft Law on General Food Hygiene Requirements for Food of Animal Origin, transposing Regulations 852, 853/2004, adopted in first reading;*
- *Draft Law on the Rapid Alert System for Food and Feed at the National Level, adopted in first reading;*
- *Draft Law on Sanitary-veterinary Requirements for Animal By-products not Intended for Human Consumption, adopted in first reading. This transposes Directive 2008/98/EC.*
- *Draft Law on Control of Compliance with Quality Requirements for Fresh Fruits and Vegetables transposing provisions of Regulation (EC) No 1234/2007 was adopted in first reading;*
- *Law on the Classification of Carcasses of Cattle, Pigs and Sheep transposing Regulation (EC) No 1249/2008 was adopted and published).*
- *Sanitary-veterinary standard establishing control measures for the classical swine fever was adopted and published.*
- *Requirements for the quality assessment of milk and meat products were harmonised;*
- *Automated information system of a Moldovan vineyards register was launched in September 2017;*
- *Automatic information system for a phytosanitary register on plant protection and phytosanitary quarantine was launched on 10 April 2017;*
- *The Rapid Alert System for Food and Feed (RASFF) (Regulation (EC) 178/2002) was launched by adopting Government Decision No 59 of 7 February 2017 'Approving the Measures Implementing the Rapid Alert System for Food and Feed at the National Level'.*

Source: Deepening EU-Moldovan Relations: What, why and how? Second edition, [Michael Emerson](#), [Denis Cenusă](#), 2018.

The 2017 - 2022 Food Safety Strategy for the Republic of Moldova³⁵. This is the first strategic document describing the national food safety framework, the stakeholders involved, quality infrastructure and key issues. The Action Plan on the Strategy Implementation provides for 6 priority intervention areas³⁶ with a clear timetable, and also a clear designation of roles to implement the proposed actions. The Strategy is a balanced, well-structured document critically describing the main challenges of the sector, but, unfortunately suffers from inadequate funding to implement all the actions. Only MDL 7 million are provided as additional resources to ensure the actions for the all 6 components. The rest is assessed as potentially to be covered by the annual budgets.

One of the most important achievements of 2018 Action Plan is the development of the 'one-stop shop' for the export and import of the agricultural products. During 2018, over 60 laws and regulations were amended³⁷. They ensure monitoring of the parameters of a product in one place through the whole chain of production. Earlier, monitoring functions were distributed among the Ministry of Health, the NFSA and other state institutions. Since the Law 185³⁸ entered into force at the end of 2018, only the NFSA is responsible.

With the Government Decision No 938 of 17 October 2018³⁹, the NFSA has been declared the only authority having the competence to carry out the inspection at the border. This decision ensures effective implementation of the **one-stop-shop principle** and will contribute to enhancing the NFSA's control efficiency. The document specifies the basic principles of the NFSA's activity, such as: risk analysis, standardization of operations on the use of potential risks and risks determined at the border, particularly the implementation of state controls, and optimisation of the state border crossing by the vehicles with goods and passengers.⁴⁰ Thus, goods subject to NFSA control may pass through 4 inspection posts out of 10 border crossing posts.⁴¹ These inspection points are equipped with laboratories, refrigerators for the each type

³⁵ The 2017-2022 Strategy on Food Safety for the Republic of Moldova is the logical extension of the provisions of 2011-2015 Strategy on Food Safety for 2011-2015, approved by Government Decision No 747 of 3 October 2011, National Agriculture and Rural Development Strategy for 2014-2020, and National Public Health Strategy for 2014-2020. This is

³⁶ The relevant areas include the following aspects: a) Strengthen the legislative and regulatory framework and standards; b) Strengthen the management, Strategy and governance on food control; c) Develop and implement the procedures based on risk analysis for both domestic markets and import/export; d) Develop and implement 'e-NFSA' Integrated Information System; f) Strengthen the decision-making process based on risk analysis, e) Strengthen the roles and responsibilities of the stakeholders in the food control management.

³⁷<http://madr.gov.md/ro/content/proiecte-de-documente>

³⁸ On the basis of Law No 190 of 19 October 1994 on Petitioning and Article XLVI of Law No 185 of 21 September 2017 on Amendments and Addenda to some Legal Acts, published in the Official Gazette No 371-382 of 27 October 2017, petitions and complaints in the areas of competence of the National Food Safety Agency, including quality of the services provided by the relevant operators will be examined by NFSA.

³⁹ Regulation on the State Border Crossing of Goods Subject to Control by the National Food Safety Agency, approved by the Government Decision No 938 of 17 October 2018, was published in the Official Gazette (OG) of 19 October this year.

⁴⁰ Interview, 20 December 2018, Tatiana Smesnaia and Elena Negrei from MARDE

⁴¹ The NFSA inspection is carried out at the following border crossing points: Leuseni - Albita (including railway, Ungheni), Giurgiulesti 9 including Galati/Port/Reni, Cahul and the railway, Etulia), Criva - Mamaliga (including the

of animal and plant production, places of temporary living and feeding the live animals, and other necessary facilities. Over €2.5 million were invested in setting up these centers. It is intended to open two more similar points in 2019 with the financial support of the Moldova Agriculture Competitiveness Project (MAC-P).⁴²

The Regulation on the State Border Crossing of Goods Subject to Control by the NFSA was approved by the same Government Decision No 938 of 17 October 2018. Goods subject to control under this Regulation⁴³ are those crossing the state border and subject to sanitary-veterinary, phytosanitary, food safety and phytosanitary products and fertilizers control. For the first time, this clarifies the goods subject to border control, requirements of their conveyance in the country and complete list of acts at the border (in 4 Annexes). The Nomenclature of Goods Subject to Sanitary-veterinary Control (Annex 1) contains the list of animals and products subject to veterinary control at the border inspection points, according to the Combined Nomenclature of Goods approved by Law No 172⁴⁴. Annex 2 to the Regulation includes the list of compound products and foods that shall *not* be subject to NFSA control. These include confectionery, sweets, pasta, pastry etc., containing animal products under the established standards. At the same time, plant materials (plant bulbs, sprigs, cuttings etc.), cereals, exotic fruits, seeds and nuts and plants used in the perfumery will be controlled.

The Nomenclature of Goods Subject to Food Safety Control is applied to the goods intended for human consumption (Annex 3 to the Government Decision). It stipulates obligations of economic operators to import, export and transit non-animal products and products used as ingredients to prepare food for human consumption subject to official food safety control. Phytosanitary products and fertilizers that will be controlled are included in Annex 4 containing products such as mineral and chemical fertilizers, fertilizers of animal and plant origin, herbicides, pesticides, etc. The same document establishes requirements for bringing the products into the country and the list of acts granting this right. Control and eradication of animal diseases, in some cases human-communicable ones, plants or plant products pests, protecting the environment from the possible risks of GMO products or plant protection are the objectives of the Regulation.⁴⁵

The number of control stages was reduced to only one border crossing inspection, as a result of amendments introduced in the border export procedures in 2018. Previously, inspection was

railway, Valcinet), Tudora - Starokazacie, Chisinau (including the airport, railway and mail), Pervomaisk - Cuciurgan (including the railway) and Goienii Noi - Platonovo.

⁴²Moldova Agriculture Competitiveness Project (MAC-P) is funded by the World Bank, Global Environmental Facility, Swedish International Development Cooperation Agency (SIDA) and implemented by the Consolidated Agricultural Projects Management Unit (CAPMU), funded by the World Bank. The Moldova Agriculture Competitiveness Project has a total budget of USD 9 million (2012-2017).

⁴³ Regulation on the State Border Crossing of Goods Subject to Control by the National Food Safety Agency, approved by the Government Decision No 938 of 17 October 2018, was published in the Official Gazette (OG) of 19 October this year.

⁴⁴ <http://lex.justice.md/md/354306/>

first conducted at the producer's warehouse, and then at the border, at the exit from the country and only through the customs point with an agency control post. Another amendment decreased the time needed to register/issue a phytosanitary certificate, which currently lasts exactly as long as the time needed to load the products, in presence of the inspector (up to 2 hours). The Origin of Goods Declaration was introduced, which is the sole responsibility of the producer. Laboratory tests are not performed for each carriage of goods, but for the entire batch of products destined for export. Adjustment of these procedures simplified the sanitary and phytosanitary rules for exporters, both regarding documents processed⁴⁶ and the financial costs for the export procedures.

3. Measures limiting the costs of Sanitary and Phyto-Sanitary compliance

There are two types of provision that can avoid or alleviate the high cost of compliance with SPS regulations: exemptions for very small farm activities, and procedures allowing individual enterprises to get access to the EU market.

Exemptions from SPS requirements for small family farmers. There are 239 353 households and small farms with the area of agricultural land of less than 10 hectares that are potential subjects of the exemptions from SPS requirements.⁴⁷ These are provided by the Association Agreement and national laws. Other than the general legislation on principles and general requirements of food safety legislation (Law no. 113 of 18.05.2012 on principles and general requirements of food safety legislation)⁴⁸, the provisions in the Law no. 296 of 21.12.2017 on general food hygiene requirements (Chapter IV, Article 11)⁴⁹, are the ones describing the exemptions for small family farms and local traditional producers. Also, the Government's Decision 931 of 08.12.2011 on the development of retail trade states the conditions of retail sales on the national market, specifying that:

- the production of food/feed by a natural person, as well as primary production that are subject of family production can be commercialized under relaxed hygiene conditions, under the provisions of the Moldovan laws mentioned above, and
- and state control of food/feed provisions referred for this category of producers are not applicable.

Under these conditions, the products resulting from the activity of small family farmers and subsistence farmers can be sold on local markets, producer fairs, ad-hoc trade units. *Small family farmers and subsistence farmers are producing 53% of the total production of agricultural*

⁴⁶ As a result of the introduced amendments, a producer must submit only 7 permits for export, instead of 37 previously requested documents.

⁴⁷ http://www.statistica.md/public/files/publicatii_electronice/Activitatea_agricola/Activitatea_agricola_ed2018.pdf

⁴⁸ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=344007>

⁴⁹ <http://lex.justice.md/md/367130/>

*products and 63% of livestock production in the country, but in their case, less than 19% of the global agricultural production is destined for the market.*⁵⁰

Individual enterprise recognition for exporting to the EU. A second type of measure provided under EU regulations allows for individual enterprises in non-EU countries to gain recognition for their conformity with SPS rules for the purpose of exporting to the EU; i.e. individual enterprises may gain this recognition before the generalized application of EU regulations throughout the farm sector. The EU publishes comprehensive lists of these recognized enterprises for all countries in the world interested in supplying the EU market⁵¹.

However this recognition is subject to serious conditions at the level of the national regulatory regime. The national legal framework has to be adequate. The national quality infrastructure has to be able to handle the qualitative analysis (except for eggs, honey, and aquaculture), and an audit of the country and its competent authority has to be carried out by the European Commission's food safety administration. Before a country is approved and any enterprise can start to export a category of food of animal origin to the EU, an evaluation of the country's competent authority has to be carried out by the European Commission's Directorate General for Health and Food Safety (Directorate for Health and Food Audits and Analysis located in Ireland). The NFSA has so far only declared its intention to invite an audit for the meat processing sector. The estimated date is set for October 2019.

For an individual enterprise to become "a non-EU country authorized establishment", the conformity with SPS requirements must be checked and guaranteed by the competent authorities of the non-EU country. The competent authorities of the non-EU country also must inform the Commission if an establishment is no longer fulfilling the above-mentioned requirements. At the moment, neither the NFSA nor any other competent authority have the capacity and necessary infrastructure to do this.

For food of animal origin the non-EU country must have a residue monitoring plan (in accordance with Council Directive 96/23/EC) and must appear in the list of countries with an approved residue monitoring plan (Commission Decision 2011/163/EU as amended). At the moment Moldova has such plans for poultry, eggs, and honey.

Overall the lack of funding, the variety and complexity of the problems in each sector, in terms of infrastructure, and existing production practices make it hardly feasible for this 'enterprise route' to be functioning within the next 2 - 3 years. It should be noted that Moldova lags well behind Ukraine and even Belarus from meeting the conditions for use of the 'enterprise route'.

⁵⁰http://www.statistica.md/public/files/publicatii_electronice/Activitatea_agricola/Activitatea_agricola_ed2018.pdf

⁵¹ https://ec.europa.eu/food/safety/international_affairs/trade/non-eu-countries_en

4. Major challenges to Sanitary and Phyto-Sanitary implementation

The existing opportunities for Moldovan agri-food exports are largely conditioned by the EU's regulatory requirements for standards of food quality and safety. Besides the incomplete alignment of the national food safety system with the EU rules, there is a shortage of quality infrastructure, which is almost non-existent in some sectors. Moreover, the high cost of compliance with new market requirements is huge for producers. This delays the needed changes for almost all animal products (except for honey) to be accepted by EU.

The overlapping of institutional competences relating to sanitary and phytosanitary standards during the last 4 years resulted in non-coordinated efforts of harmonising the legislation to the European acquis. Even worse, this worsened the control over the allocated financial resources, leading to inefficient spending of the existing resources and redirecting them to other intervention areas. The latest changes in the legislation and the reorganization of NFSA have reduced considerably these problems, by institutionalizing NFSA role as a leader of change in the field.

The institutional efforts for legal harmonisation (over 220 laws and legal acts during 5 years) were also underestimated, which inevitably led to delays and overuse of NFSA and MARDE capacities. The very tight deadline (2020) for more than 90% of SPS commitments generates additional pressure, which requires a review of the legislative approximation timetable. In its turn, NFSA had neither a clear mandate nor the necessary institutional, financial and human resources. The Agency's status was revised and improved only after the central public administration reform (2017-2018). Unfortunately, the frequent change of this institution's management makes it more difficult to implement the commitments related to sanitary and phyto-sanitary standards.

The lack of robust infrastructure continues to be one of the greatest challenges to delivery of agri-food products. Although significant progress was made over the last two years, including upgrading and accreditation of four laboratories at the border crossing points, this is not enough. Underestimating the financial and institutional efforts needed to implement these changes did not allow a systemic change in quality control, but rather a fragmentary one.

As a result, although there are some food testing laboratories operational in the country, there are no reference laboratories for various sectors (including honey, which is already exported to the EU). Moreover, even if they exist, their capacity is underused and technologies they have are not properly maintained and upgraded.⁵² At the same time, there are situations when

⁵² An example of this would be the National Center for Verification and Certification of Plant and Soil Products, subordinated to the Ministry of Agriculture, Regional Development and Environment. It has to go through the public tenders system annually to be contracted by the National Food Safety Agency for official controls. As a result, this laboratory is not contracted each year. Due to this fact, it can not invest more in its equipment and staff, and its capacity is not used fully. Some of the laboratories subordinated to the Ministry of Health, Labour and Social Protection are also used for some food control activities.

although laboratories are accredited, they do not cover all testing parameters necessary in the field of food safety, such as heavy metals or DNA analysis.⁵³

Having said that, it must be noted that the institutional and financial efforts of the last three years focused particularly on creating the export opportunities for poultry meat products and eggs.⁵⁴ The first step in this respect was ensuring a reliable control system. At the time of writing, NFSA laboratories were at the final stage of accreditation, and the DG SANTE (European Commission) audit engagement was invited for early October 2019, according to the NFSA's operational timetable.⁵⁵ The audit will assess the legal framework, the inspection and control activities and the producers' production system.

The current payroll system does not allow employing or maintaining highly qualified human resources. On the one hand, the poor state of the SPS sector does not ensure a good management of the quality infrastructure. On the other hand, people employed in the sector cannot deal with specific tasks that require highly qualified niche competences. For example, staff is not trained sufficiently in modern equipment or testing methods, including in areas such as uncertainty assessment, developing and maintaining⁵⁶ reference materials of standards, etc. Sector management issues affect the budget planning skills, activities prioritisation, and inter-institutional SPS coordination which will inevitably affect degree of the Strategy implementation.

Although high compliance costs for producers were expected for some sectors upon signing the AA, especially for products of animal origin (meat, eggs, etc.)⁵⁷, this matter was not addressed seriously. The lack of a production chain and technological process adapted to the European standards means that major investments are needed. Even if the processed products comply with the slaughtering and processing requirements, producers face difficulties in ensuring traceability, when they must respect and fully deliver all the requirements of animal health and welfare. Only 3 out of 52 of local meat producers have a technological process corresponding to the European standards (see Box 5). So far only 4 poultry meat producers could export to the EU. These are enterprises with closed cycle production, from the incubator to the slaughterhouse, which allows for an acceptable level of traceability.

⁵³ The Republican Veterinary Diagnostic Center is the national reference laboratory in sanitary-veterinary and food safety areas. It is not fully equipped with the most advanced equipment for testing the food safety parameters, and although National Center for Verification and Certification of Plant and Soil Production has developed and accredited methods on a wide range of parameters, it does not cover all food safety parameters needed to be tested, such as heavy metals DNA sequencing etc

⁵⁴ <https://dcfta.md/siguranta-alimentelor-unul-din-subiectele-principale-pe-agenda-publica>

⁵⁵ Interview, 20-27 December, Gheorghe Gaberi, former NFSA Director, Olga Manole - MARDE consultant, Dorin Andros - State Secretary, MARDE.

⁵⁶ http://www.acreditare.md/public/files/Documente_EA_ILAC_IAF/LI_/EA-4-16-RO_Exprim_incert_in_incertari_cantitative.pdf

Box 5. Types and number of animal production units in Moldova

To understand the dimensions of the task to align agricultural production practices to European requirements, as of 1 January 2017 the following were registered: 1) 1,116 animal production units; 2) 729 non-animal production units; 3) 12,180 units of foodstuffs distribution and retail trade; 4) 336 veterinary pharmaceutical units; and 5) 385 feed production units.

Additionally, 788 units of controlled by-products are operational. In total, there are over 15 thousand units the activity related to the manufacturing of agri-food products and feed, of which 3,358 are involved directly in the production chain. Of all these units, only 52 producers of animal products have a quality management system, and only 3 have international recognition. Similarly, a little over 30 units of foodstuffs distribution and retail trade implement international principles. Implementation of the risk assessment system is not undertaken so far, and it may be assumed that this cannot be implemented without external support.

Source: Interview, Olga Tabuica, Agro TV Moldova, 4 January 2019.

So far, the main actions in the field of SPS were funded through technical assistance programs and dedicated projects of some EU countries, particularly Germany, Austria and Sweden, Romania and Lithuania. The NFSA benefited from 7 external assistance projects, including 4 ongoing projects - with a total budget of €4.1 million.

3 external assistance projects with a budget amounting to about €2.73 million ended in 2018: 'Strengthening the Institutional Capacity of the National Food Safety Agency' (€100 thousand) and 'Mitigation of Risks Associated with Hazardous waste from the Cismichioi Depot' Project (about €630 thousand). The 'Improving Food Safety in the Republic of Moldova' Swedish Project (about €2 million) was suspended after one year of activity (9 January 2018)⁵⁸, for reasons undeclared publicly, but partly related to the NFSA's resistance to measures established by the donor.⁵⁹

Choosing the Ministry of Economy and Infrastructure as an implementation partner of projects dedicated to agri-food production sector as part of the EU technical assistance for the DCFTA implementation is a challenge. The Ministry starts to compete directly with the NFSA for the European funds. Consequently, instead of using financial resources primarily to develop the quality infrastructure, the Ministry uses them mainly to strengthen foreign investor attraction mechanisms.

5. Conclusions and recommendations

Implementation of the Association Agreement and its important SPS chapter has been undertaken in a difficult overall environment, characterized by political and budgetary instability, and a major reform of public administration and government structures, together

⁵⁸<http://www.ansa.gov.md/uploads/files/Transparenta/RAPOARTE/Raport%20definitivat.pdf>

⁵⁹ Interview, Elena Negrei, December 2018

with major corruption scandals.⁶⁰ The public administration reform in particular literally blocked a number of SPS activities for two years.

The implementation process is also, undeniably, an extremely heavy one, with the large number of legislative acts and regulations to be harmonized in a short period of time (2022 is the deadline), and without adequate financial resources or effective leadership in the sector. In the SPS area shortages of staff, lack of investigation capacities and low salaries are also factors contributing to low performance in this field.

These problems are only marginally eased by exemptions from SPS requirements for very small family farms and the possibility for individual enterprises to get recognized access to the EU market. There is the need therefore for systemic rethinking of the functioning of the central public institutions in the SPS area. A number of urgent measures are needed:

- There is need for an overall national assessment of progress and challenges regarding the SPS strategy, to be discussed in public with the two key institutions involved, namely the National Food Safety Agency (NFSA) and the Ministry of Agriculture, Regional Development and Environment (MARDE).
- MARDE, with the support of NFSA, must promote more actively the key issues of food quality and safety in dialogue with both the Government and development partners.
- Much more is needed to settle issues of food quality and safety than the framework of measures that the Government has committed to implement. Funding is required for specific programs to create a modern quality infrastructure for SPS.
- Support measures for producers of animal products could be included in the National Fund for Agriculture and Rural Development. This could cover part of the investments needed to bring production standards up to European SPS requirements.

⁶⁰ <https://www.theguardian.com/world/2018/apr/06/eu-to-moldova-sort-out-corruption-or-100m-funds-will-stay-blocked>