

IMPLICATIONS OF THE REPUBLIC OF MOLDOVA'S EU ACCESSION FOR ITS NETWORK OF FREE TRADE AGREEMENTS

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***Abstract.** The Republic of Moldova's prospective accession to the European Union (EU) entails full alignment with the EU's Common Commercial Policy (CCP), including the adoption of the Common External Tariff and withdrawal from existing free trade agreements (FTAs). This article examines the economic implications of such alignment for Moldova's trade structure, export sectors, and broader development strategy. Using official trade data for 2021–2024 and a structural analysis of export dependencies, the study highlights how Moldova's current trade network, particularly with CIS countries and Turkey, remains critical for some important industries such as horticulture, viticulture, machinery, and pharmaceuticals. The analysis suggests that the termination of these FTAs, while legally necessary under EU accession rules, may generate substantial adjustment costs, exposing vulnerable sectors to both tariff and non-tariff barriers, disrupting supply chains, and increasing input costs. The paper argues that a gradual, compensated, and sector-specific transition is essential to prevent structural dislocation and ensure economic resilience. The findings contribute to ongoing discussions on the sequencing of trade policy alignment in small economies seeking EU membership, emphasizing the importance of transitional instruments that reconcile legal compliance with socio-economic sustainability.*

***Keywords:** Candidate country, EU accession; CIS FTA; Moldova–Turkey FTA; Common Commercial Policy; transition instruments*

Introduction

The accession of the Republic of Moldova to the European Union marks a defining stage in the country's long-term transformation toward institutional, economic, and regulatory convergence with the European model. This process, while promising in terms of stability and modernization, implies the full adoption of the EU's Common Commercial Policy (CCP) and the consequent renunciation of Moldova's autonomous external trade arrangements.

Since the signing of the EU–Moldova Association Agreement and the implementation of the Deep and Comprehensive Free Trade Area (DCFTA), the Moldovan economy has undergone a significant structural reorientation. The share of exports to the EU increased from below 50% in 2015 to nearly two-thirds by 2024, while the reliance on the CIS region declined. Yet, certain strategic sectors, especially those embedded in traditional or regionally specific production systems, remain heavily dependent on CIS or Turkish markets.

Table 1: Moldova's trade by regions, USD th.

		2021	2022	2023	2024
Export	Total	3144505	4332145	4048605	3555100
		27.5%	37.8%	-6.5%	-12.2%
	CIS	466207	1043042	897005	570853
		23.7%	123.7%	-14.0%	-36.4%
	EU	1919532	2537509	2646660	2392582
		17.0%	32.2%	4.3%	-9.6%
	Others	758765	751594	504940	591664
		68.7%	-0.9%	-32.8%	17.2%
Import	Total	7176761	9218979	8675450	9065200
		32.5%	28.5%	-5.9%	4.5%
	CIS	1905602	2185551	1610343	1443602
		44.6%	14.7%	-26.3%	-10.4%
	EU	3148991	4364826	4188001	4550730
		27.5%	38.6%	-4.1%	8.7%
	Others	2122169	2668601	2877107	3070867
		30.4%	25.7%	7.8%	6.7%

Source: calculations based on UN Comtrade data

This dependence reflects not only historical trade patterns but also structural factors: limited domestic diversification, small industrial base, and technical incompatibility with EU standards. As a result, the full application of the CCP and withdrawal from non-EU FTAs could impose short-term economic costs and social pressures that risk undermining public confidence in the accession process.

The aim of this paper is to analyse these implications from an economic perspective, focusing on the structural exposure of Moldova's trade sectors and the policy options available to mitigate adjustment costs. The discussion combines quantitative trade evidence with an analytical evaluation of sectoral dependencies, situating Moldova's experience within the broader theoretical framework of trade integration and adjustment in small open economies.

Analytical Framework

The adoption of the CCP represents a fundamental shift from national discretion in trade policy to collective decision-making under the EU framework. For candidate countries, this alignment process entails both legal harmonisation and real economic adjustment. From a theoretical standpoint, the process can be interpreted through the lenses of trade creation and trade diversion (Viner, 1950) and structural adjustment theory (Balassa, 1967). While the removal of internal barriers enhances trade efficiency within the EU, the replacement of pre-existing preferential agreements with the EU's common external tariffs often leads to trade diversion and short-term welfare losses.

For small economies like Moldova, the magnitude of such adjustment depends on (i) the elasticity of export reorientation, (ii) the substitutability of markets, and (iii) the degree of domestic supply chain diversification. Empirical studies on EU enlargement (Kaminski & Ng, 2005, World Bank, 2024) show that candidate countries with narrow export bases and strong regional dependencies experience sharper transitional shocks unless supported by dedicated compensation mechanisms.

This framework is particularly relevant for Moldova, where several export-oriented sectors remain integrated into non-EU value chains and rely on inputs sourced from CIS countries. The impending loss of preferential access to those markets, combined with the adoption of EU tariffs toward third countries, will likely alter the cost structure of production, impact competitiveness, and affect sectoral employment. Therefore, understanding these structural vulnerabilities is essential for designing targeted transition support measures aligned with EU enlargement instruments.

Trade Exposure and Structural Vulnerabilities

Between 2022 and 2024, Moldova’s exports decreased from USD 4.3 billion to USD 3.5 billion, reflecting both external market volatility and internal competitiveness constraints. The EU accounted for nearly 67% of exports by 2024, while the CIS share declined to 16%, and Turkey represented around 6% (Table 2). Despite this reorientation, the composition of exports reveals persistent sectoral dependencies.

Table 2: Moldova’s gross exports and exports, CIS + Turkey, (2024)

	Gross Export		Export	
	Value	Share	Value	Share
Total world	3555062	100%	2708251	100%
CIS total	568299	16.0%	353849	13.1%
Ukraine	329103	9.3%	143256	5.3%
Russian Federation	117708	3.3%	108276	4.0%
Belarus	78567	2.2%	71224	2.6%
Kazakhstan	18330	0.5%	14058	0.5%
Azerbaijan	6754	0.2%	5737	0.2%
Uzbekistan	4371	0.1%	3865	0.1%
Armenia	4373	0.1%	3286	0.1%
Kyrgyz Republic	7980	0.2%	3032	0.1%
Tajikistan	1114	0.0%	1114	0.0%
Turkey	212732	6.0%	148672	5.5%

Source: calculations based on UN Comtrade data

CIS markets remain important for agriculture, food processing, and traditional manufacturing. Horticultural exports, especially apples, plums, and cherries, depend

on CIS destinations for 60–70% of total sales. Industrial products such as packaging and food machinery show similar exposure, with up to 90% of exports directed to CIS partners ⁵. Meanwhile, Turkey has become a key outlet for agricultural goods such as sunflower seeds, cereals, and dried fruits, benefiting from the preferential tariff regime under the 2016 Moldova–Turkey FTA.

Imports from CIS countries also play a strategic role, particularly for intermediate goods. Around 65% of fertilizers, 38% of mineral fuels, and 15% of industrial materials such as glass, plastics, and chemicals originate from CIS suppliers (Table 3). A sudden imposition of EU tariffs on these inputs could increase production costs, reduce competitiveness, and undermine efforts toward industrial modernization. Thus, Moldova’s integration into the CCP will require simultaneous adaptation on both export and import fronts.

Table 3: Moldova’s imports from CIS (without Ukraine) of intermediary products according to BEC5, (2023)

HS2	Description	Share in CIS, %	Share in total, %
31	Fertilisers	42.2	65.5
27	Mineral Fuels, Mineral Oils And Products	8.9	38.4
30	Pharmaceutical Products	6.7	4.7
39	Plastics And Articles Thereof	6.1	3.9
70	Glass And Glassware	4.0	14.0
68	Articles Of Stone, Plaster, Cement, Asbestos	3.3	14.3
60	Knitted Or Crocheted Fabrics	3.1	16.9
48	Paper And Paperboard; Articles Of Paper Pulp	3.1	7.4
28	Inorganic Chemicals; Organic Or Inorganic Compound	2.3	13.7
76	Aluminium And Articles Thereof	2.0	12.5
12	Oil Seeds And Oleaginous Fruits	2.0	4.6
32	Tanning Or Dyeing Extracts; Tannins	1.6	6.5
87	Vehicles Other Than Railway Or Tramway Rolling	1.6	3.7
69	Ceramic Products	1.5	5.8
44	Wood And Articles Of Wood; Wood Charcoal	1.5	2.1
38	Miscellaneous Chemical Products	1.2	6.1
84	Nuclear Reactors, Boilers, Machinery	1.2	2.1
85	Electrical Machinery And Equipment And Parts	1.0	0.4
Total			

Source: Calculations based on UN Comtrade data

The evidence suggests that Moldova’s exposure is not evenly distributed across the economy. While aggregate indicators show growing EU integration, micro-level data reveal high concentration and low substitution potential for specific sectors.

These asymmetries highlight the importance of sequencing and transitional policy design.

Sectoral Implications of the Withdrawal from Existing FTAs

4.1. The CIS Free Trade Agreement

The CIS FTA, signed in 2011, currently ensures tariff-free access for most Moldovan exports to member countries. Its termination would subject these products to the Most-Favoured-Nation (MFN) tariffs averaging around 10% (Table 4), and, more significantly, expose them to numerous non-tariff barriers. These may include complex customs procedures, restrictive certification systems, and politically motivated trade obstacles.

Table 4: CIS and Turkey MFN tariff assigned (eventually) to imports from Moldova

	Simple Average	Weighted Average
Russian Federation	8.2	6.5
WTO HS Agricultural	9.4	5.8
WTO HS Industrial	6.9	7.2
Belarus	7.7	6.6
WTO HS Agricultural	8.9	8.6
WTO HS Industrial	6.5	4.6
Turkmenistan	9.9	0.7
WTO HS Agricultural	16.7	1.3
WTO HS Industrial	3.1	0.0
Kazakhstan	7.4	6.9
WTO HS Agricultural	9.0	11.3
WTO HS Industrial	5.9	2.5
Uzbekistan	11.8	5.0
WTO HS Agricultural	9.4	8.5
WTO HS Industrial	14.1	1.5
Azerbaijan	12.5	10.3
WTO HS Agricultural	12.8	14.6
WTO HS Industrial	12.3	5.9
Armenia	8.9	6.5
WTO HS Agricultural	10.0	7.3
WTO HS Industrial	7.8	5.8
Kyrgyz Republic	7.0	7.7
WTO HS Agricultural	9.6	10.6
WTO HS Industrial	4.4	4.8
Tajikistan	15.5	16.3
WTO HS Agricultural	21.0	23.0
WTO HS Industrial	9.9	9.5

Source: Calculations based on WTO data

For agriculture, the impact could be immediate and severe. In 2024, about 70% of Moldova’s apple exports (USD 54 million) were delivered to CIS markets, mainly Russia⁵. Many orchards are planted with varieties tailored to CIS consumer preferences and unsuitable for EU retail chains. Transitioning to EU-compliant varieties requires replanting, post-harvest investment, and certification, processes that take years and substantial financing. The same applies to cherries and plums, where 60–65% of exports are CIS-oriented. Even though grapes and dried fruits have achieved greater diversification, significant vulnerabilities persist⁵. Overall, thousandths of rural households remain directly or indirectly linked to CIS agricultural trade, reflecting the high social dimension of this dependency.

In manufacturing, the most affected industries are machinery, packaging, and pharmaceuticals. The machinery sector exports 90% of its production to CIS countries, often built on Soviet-era design compatibility and mutual technical standards. Losing these markets would effectively eliminate an existing client base without immediate alternatives. Packaging products, face similar exposure, with 88% of exports destined for CIS markets⁵.

The pharmaceutical sector, while small in scale, is strategically important for Moldova’s industrial base. Over 60% of its exports are directed to CIS countries, where Moldovan products enjoy brand familiarity and regulatory alignment⁵. Shifting toward the EU market requires full Good Manufacturing Practice (GMP) certification, clinical data validation, and re-registration, which entail high costs and long lead times. The risk of abrupt export loss is therefore significant.

4.2. The Moldova–Turkey Free Trade Agreement

The 2016 Moldova–Turkey FTA has become one of the cornerstones of Moldova’s agricultural export structure. Turkey absorbs approximately 6.5% of Moldova’s agricultural exports, including cereals, oilseeds, and dried fruits (Table 5). Under this bilateral regime, Moldovan products benefit from preferential or zero tariffs within specific quotas, conditions considerably more favorable than those available to EU exporters under the EU–Turkey customs union, which does not cover unprocessed agricultural goods (Table 6).

Table 5. Moldova’s exports of WTO HS Agricultural, USD thousand

	2020	2021	2022	2023	2024
World	1087847	1435974	1936223	1730993	1624290
Turkey	121026	206125	207302	55848	106091
Turkey, share	11.1%	14.4%	10.7%	3.2%	6.5%

Source: Calculations based on UN Comtrade data

Upon EU accession, Moldova will have to terminate its FTA with Turkey and rely instead on the EU’s trade framework with Ankara. This would subject Moldo-

van exporters to Turkey’s higher agricultural tariffs, often between 20% and 130%. For sunflower seeds, Moldova’s top agricultural export to Turkey (USD 69 million in 2024), tariffs would double from 10% to 20%. For maize and wheat, current duty-free quotas would disappear, rendering these exports uncompetitive ⁶.

Table 6. Effectively applied tariff rate by Turkey for WTO HS Agricultural, 2023 (%)

Country	Simple Average
Cyprus	45.0
Netherlands	43.0
Poland	42.7
Germany	36.0
Belgium	35.0
Lithuania	34.1
Italy	34.0
EU	32.3
Greece	31.9
Spain	31.9
Denmark	31.7
Austria	31.5
Ireland	31.4
Portugal	30.3
France	28.3
Malta	25.7
Romania	25.1
Sweden	24.4
Hungary	24.3
Bulgaria	24.1
Moldova	23.7
Slovenia	23.6
Croatia	23.0
Estonia	23.0
Latvia	22.3
Slovak Republic	20.7
Finland	18.8
Czech Republic	17.8
Luxembourg	16.7

Source: Calculations based on WTO data

Wine exports to Turkey, while modest in value, illustrate the symbolic dimension of market diversification. Moldova’s bottled wines currently enjoy duty-free access under bilateral quotas, whereas EU wines face tariffs of up to 50%. The ter-

mination of this arrangement could remove one of the few dynamic non-EU markets for Moldovan producers at a time when they are already losing ground in the CIS. Overall, the withdrawal from the Moldova–Turkey FTA would further constrain export diversification and compound the adjustment pressures arising from CIS disengagement.

Adjustment Costs and Policy Options

The economic consequences of Moldova’s alignment with the CCP can be grouped into three categories: (i) **loss of export competitiveness**, (ii) **increased input costs**, and (iii) **structural transition pressures**. Each requires a differentiated policy response.

5.1. Sectoral Transition Support

To ensure that EU accession does not entail permanent output losses, Moldova requires targeted adjustment programs that address both sectoral and social dimensions:

- **Horticulture Modernisation Programme** – supporting orchard renewal, varietal replacement, irrigation expansion, and post-harvest certification to enable reorientation toward EU markets or other non-EU countries.
- **Viticulture and Wine Export Realignment Programme** – financing vineyard restructuring, marketing, and brand development to shift from bulk exports to bottled, value-added products.
- **Industrial Competitiveness Window** – facilitating CE conformity, automation, and product redesign for machinery and packaging producers.
- **Pharmaceutical Adaptation and GMP Upgrade Facility** – assisting firms to align with EU pharmaceutical regulations and diversify export destinations.
- **Input Offset Scheme** – compensating for higher import costs on critical CIS-origin intermediate goods through fiscal or customs relief measures.

These instruments should be embedded within the EU’s pre-accession financial framework, complementing initiatives such as the Economic Adjustment Facility and the Growth Plan.

5.2. Institutional and Trade Policy Adaptation

Beyond financial assistance, Moldova’s adjustment strategy must strengthen institutional capacity to manage new trade regimes. This includes the establishment of an analytical unit for trade impact assessment, modernization of customs administration, and enhanced coordination with EU institutions on safeguard instruments. Moreover, the government should pursue dialogue with CIS and Turkish authorities to ensure an orderly phasing-out of agreements, mitigating risks of retaliatory measures or abrupt embargoes.

5.3. Social and Regional Cohesion Considerations

The adjustment costs will be unevenly distributed, with rural regions, especially those dependent on horticulture and viticulture, facing higher risks. Policies must therefore incorporate a regional development dimension, promoting alternative employment opportunities and investment in rural infrastructure. Without visible support for affected communities, the social legitimacy of EU accession could weaken, slowing reform momentum.

Conclusions

The Republic of Moldova's alignment with the EU's Common Commercial Policy represents both an economic opportunity and a structural challenge. While integration into the EU Single Market promises long-term efficiency gains and stability, the short- to medium-term implications of terminating existing FTAs are substantial. The country's continued reliance on CIS and Turkish markets for key exports, combined with dependence on CIS inputs, underscores the asymmetric nature of its trade transition.

The evidence presented here suggests that without transitional support and compensatory instruments, Moldova could experience significant trade contraction, production losses, and social dislocation in several export-dependent sectors. Conversely, a well-designed adjustment framework, integrating financial assistance, institutional capacity building, and targeted sectoral modernization, can transform this challenge into a sustainable restructuring process.

From a broader policy perspective, Moldova's case highlights the importance of sequencing and flexibility in the EU enlargement process. For small economies with high structural dependencies, accession must be treated not only as a legal alignment but as a complex developmental transition. Ensuring that the benefits of integration are inclusive and tangible is essential to maintaining public trust and the credibility of the European project in the region.

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