



# Wine sector in the Republic of Moldova

WINET BSB-638 Project: Trade and Innovation in Wine Industry

Developed by:  
Business Intelligent Services

## MOLDOVAN WINE - A LEGEND ALIVE WITH MILLENNIAL HISTORY

” Wine has been **A LIVING LEGEND** of Moldova and Moldovans for thousands of years. It represents our people as history, culture and lifestyle.

Wine has been produced on our lands for **OVER 3 THOUSAND YEARS**, facing centuries of hard struggles.

The wines and the vineyards **SURVIVED** Burebista’s order to burn them down and the invasions of nomadic hordes, they **REMAINED** after the Ottomans restricted their production, they **SURVIVED** Gorbachev's deforestation and **PLOUGHED** towards new exports and new markets following the multiple ongoing embargoes imposed by the Russian Federation since 2006.”

# KEY FIGURES FROM THE STUDY SHOWING WHY WINE OF MOLDOVA MATTERS

## An element of national pride and ambassador of the country

- **The highest density** of vineyards per capita in the world (3.44 ha of vineyards per 100 inhabitants);
- **14th in the world**, with 133 thousand ha of vineyards, or 1.8% of the world surface;
- **21st in the world**, with an estimated production of 720 thousand tonnes in 2018;
- **19th place in the world** and 11<sup>th</sup> in Europe with about 1.9 million hl of wine produced in 2018.

## Socio-economic importance for the country

- Wine in the **Top 3** most exported products from Moldova (**5.1% of exports**);
- Export geography covers **61 countries**;
- A source of income for over **30 thousand households**;
- **The main reason** for foreigners to visit Moldova.

# WINERIES PROFILES: SECTOR WITH TRADITION BUT OPEN TO FOREIGN INVESTMENT

## Sector with notable foreign investments

- **22%** of wineries are 100% owned by foreign investors or co-owned with local investors;
- Most wineries are owned by local private investors (**75%**);
- **3%** are state-owned companies.

## Balanced geographical dispersion

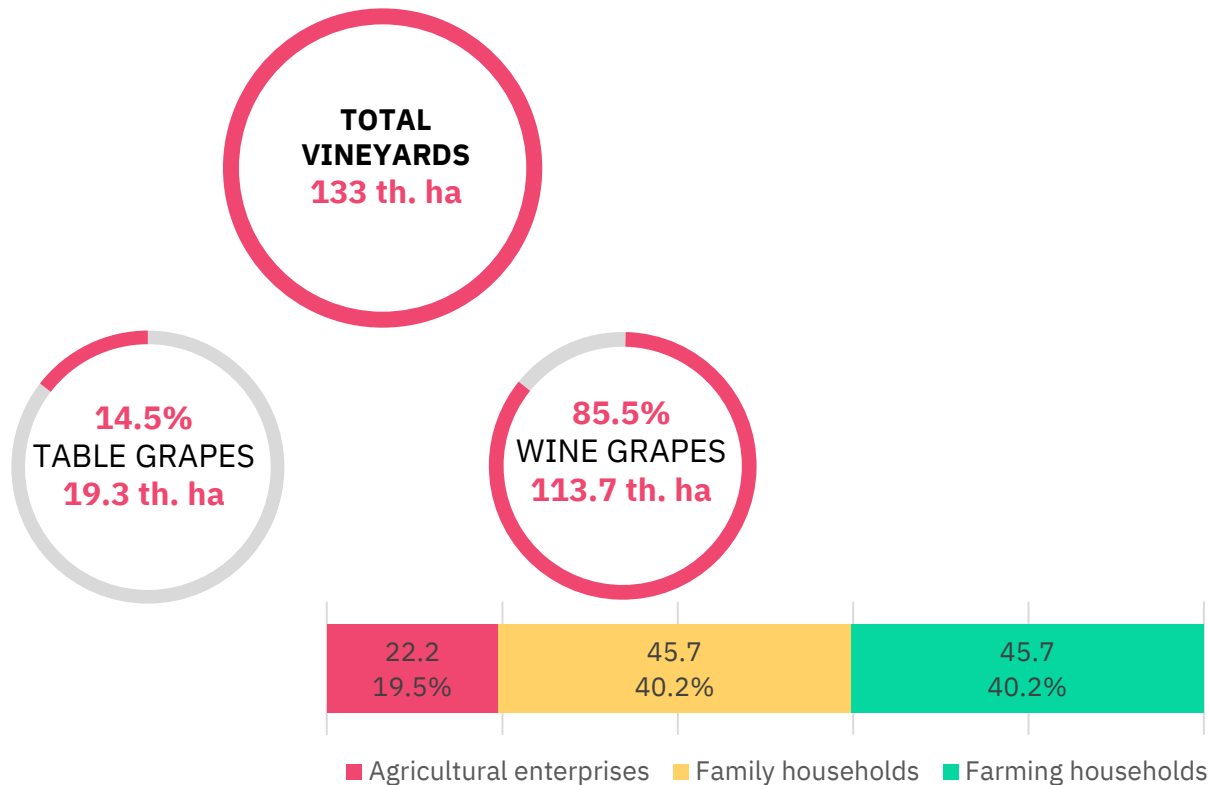
- **51%** of the wineries located in the Center;
- **30%** in the South and
- **20%** in the South-east region.

## Various range of production capabilities

Volume of grapes crushed, tonnes	Wineries	
	2017	2018
> 10,000	7	7
5,001 – 10,000	15	17
1,001 – 5,000	34	35
501 – 1,000	10	10
51-500	28	36
< 50	12	5

Source: ONVV

# SMALLER AREAS, BUT BETTER QUALITY AND HARVESTS



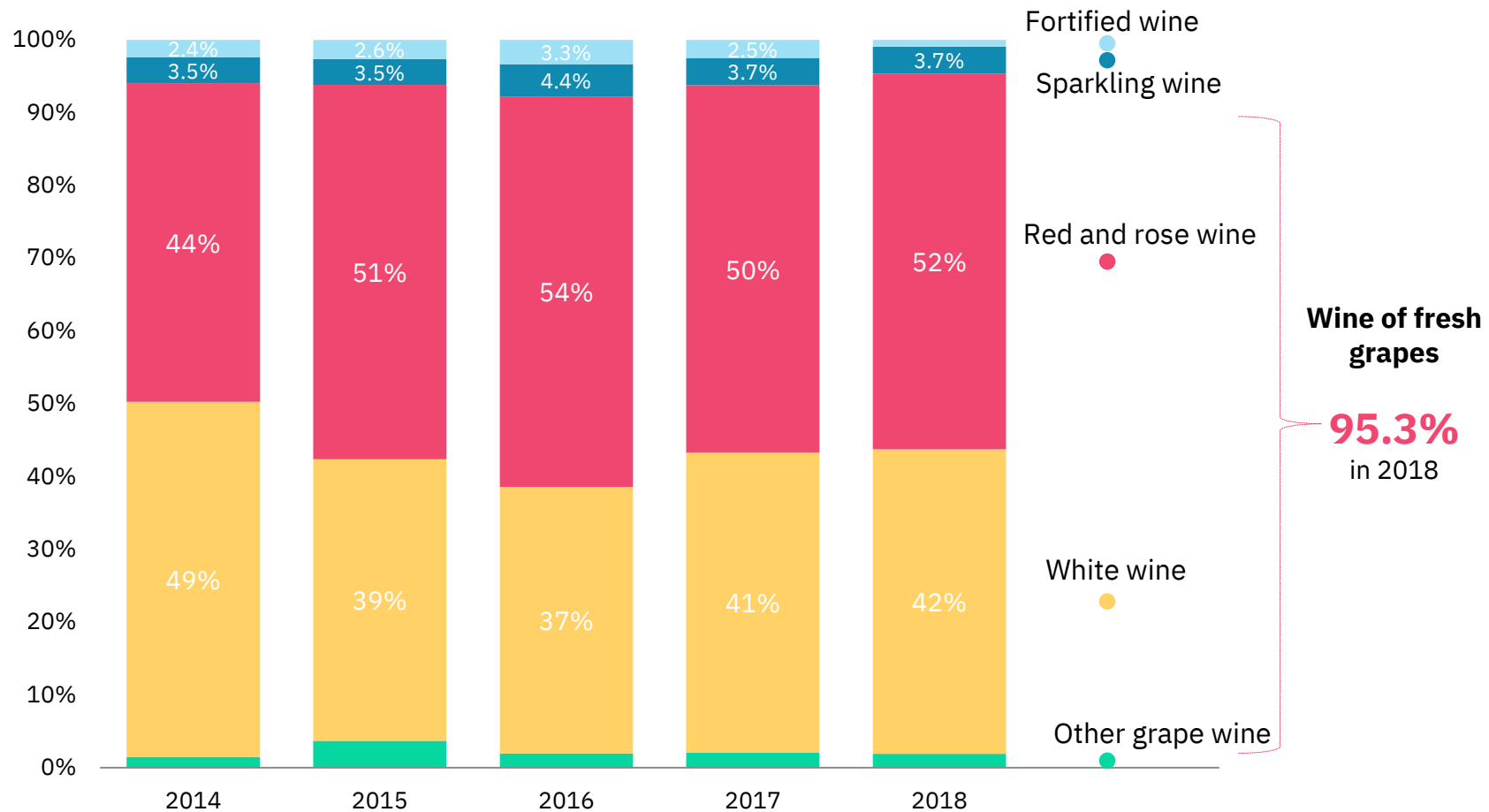
- The area of wine grape plantations has **decreased** on average **by about 1.1% per year**, since 2008.
- The structure of vineyards by use of variety – **the same since 2010**.
- **5.48 t/ha** – the average harvest of wine grape vineyards in 2018.
- Agricultural enterprises obtain average harvests by **2.2 times higher** than farming households.
- During 2018, the **area** of wine grapes vineyards **with PGI increased by 22%**, reaching **9,200 hectares** (35% - PGI Valul lui Traian, 28% - PGI Divin, 35% - PGI Codru and 12% - PGI Stefan Voda).
- Only **20%** of the technical vineyards are owned by agricultural enterprises, the rest by the individual sector.

# RECORD WINE PRODUCTION SINCE 2011



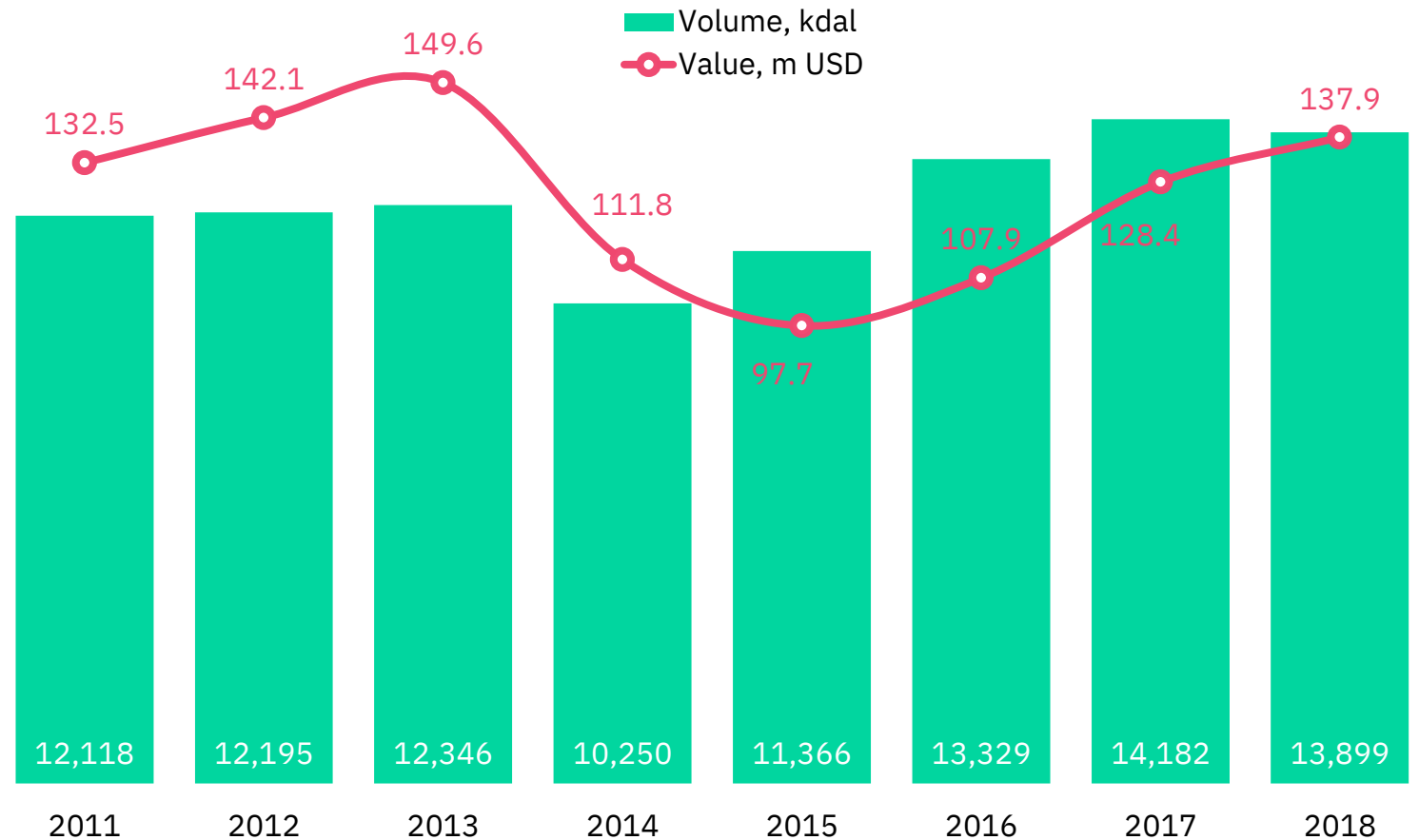
- **Significant growth in 2017 (+22% YoY)**, also possible due to the international situation. The Moldovan producers have filled some of the shortage created globally, also "taking advantage" of the favourable climatic conditions that resulted in high yields;
- The upward trend continued in 2018: the volume of wine production increased slightly, by 3.6% YoY.

# PRODUCTION OF RED AND ROSE WINES: PREDOMINANT FOR THE LAST 4 YEARS



# EXPORT FIGURES SHOW A RECOVERY CLOSE TO THE LEVEL UP TO THE RUSSIAN EMBARGO OF 2013

**We export more wine as before the embargo**



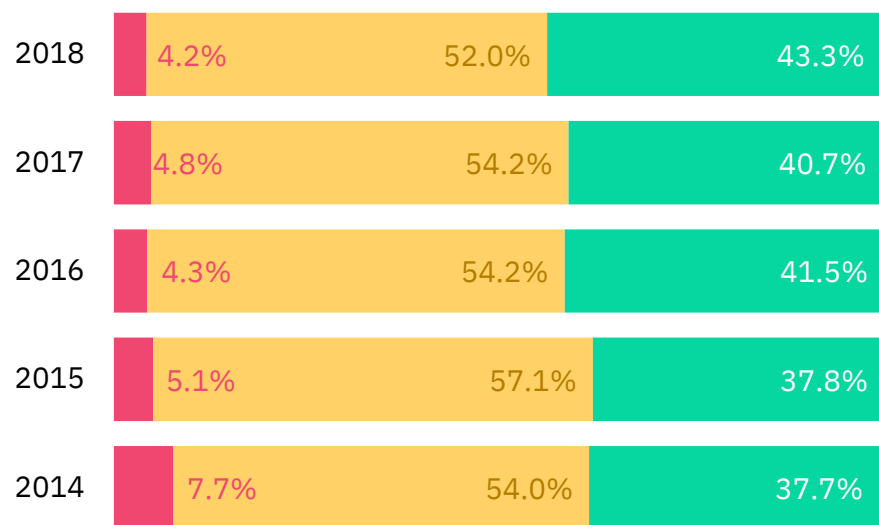


# BOTTLED WINES – GENERATORS OF ADDED VALUE

**Bottled wines: 27.6% of exported volume, but over half of revenues (52%)**

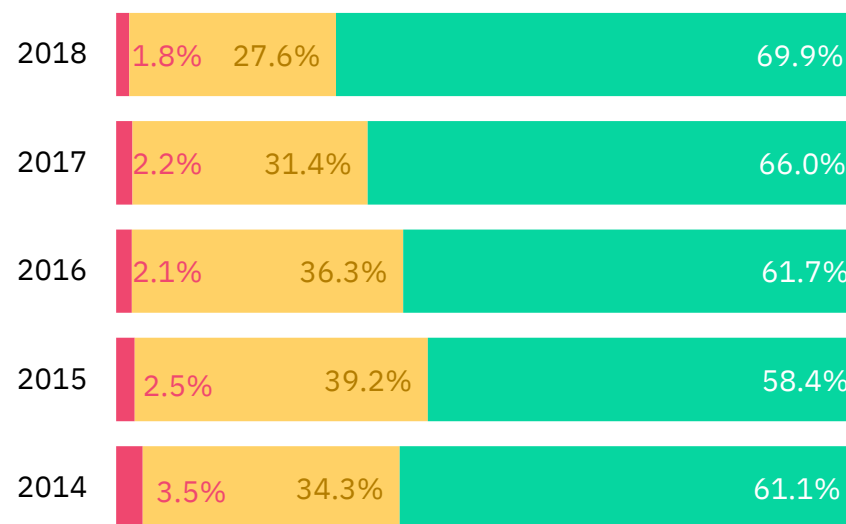
**Bulk wines – still a strong supporting anchor**

**Structure of Moldovan wine exports (value)**



■ Sparkling wines    ■ Bottled wines  
■ Bulk wines       ■ Grape must

**Structure of Moldovan wine exports (volume)**

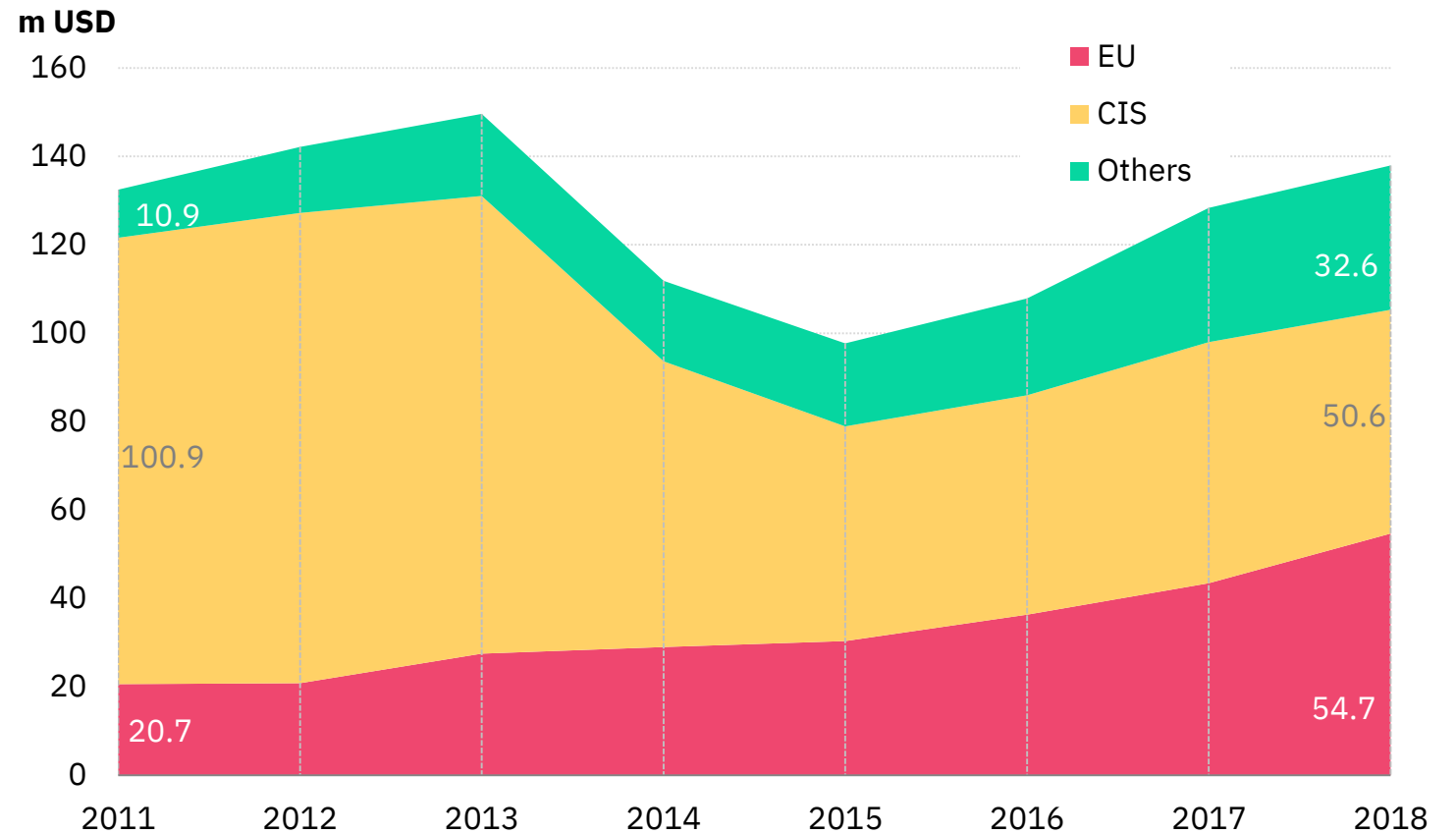


■ Sparkling wines    ■ Bottled wines  
■ Bulk wines       ■ Grape must

# EXPORTS: VECTOR TO EU

**Year 2018:**

**for the first time,  
revenues from  
EU markets have  
the highest share**



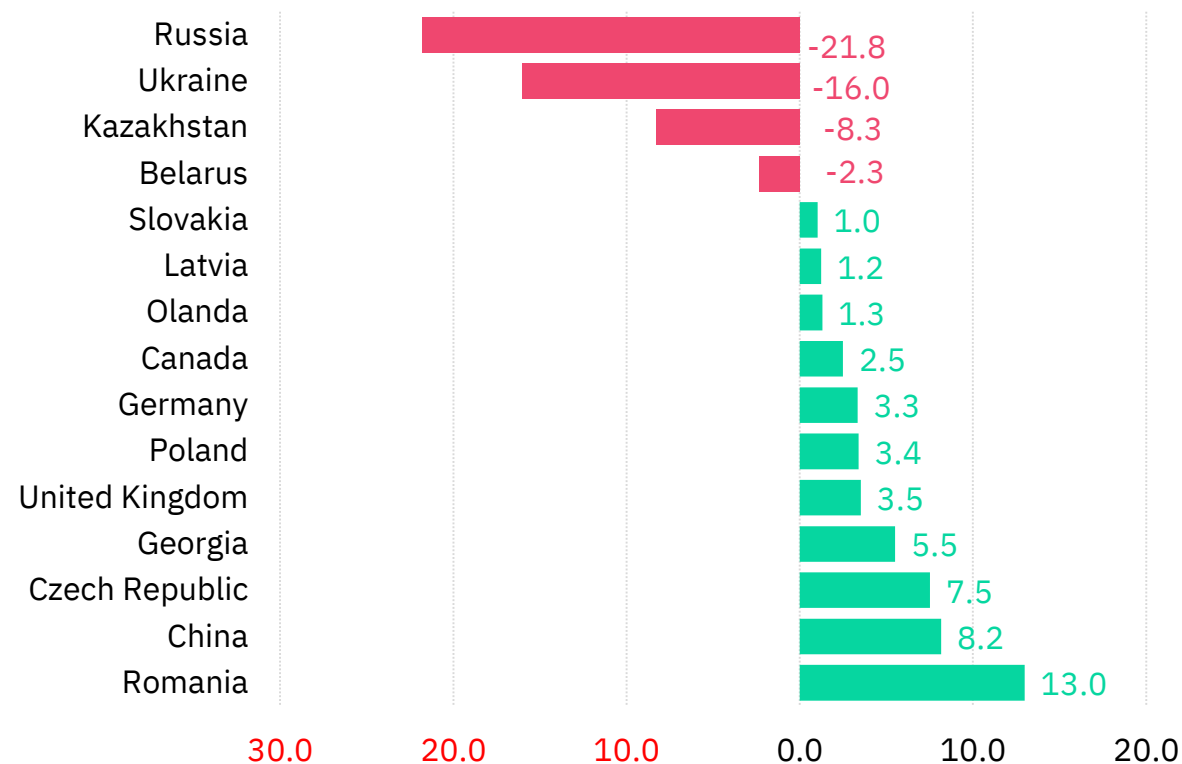
# THE DECLINE ON THE CIS MARKET SUBSTITUTED BY HIGH EFFORTS TO ENTER / EXPAND ON MORE COMPETITIVE MARKETS

## Top 10 export destinations:

substantial changes in rankings and a growing diversification of markets

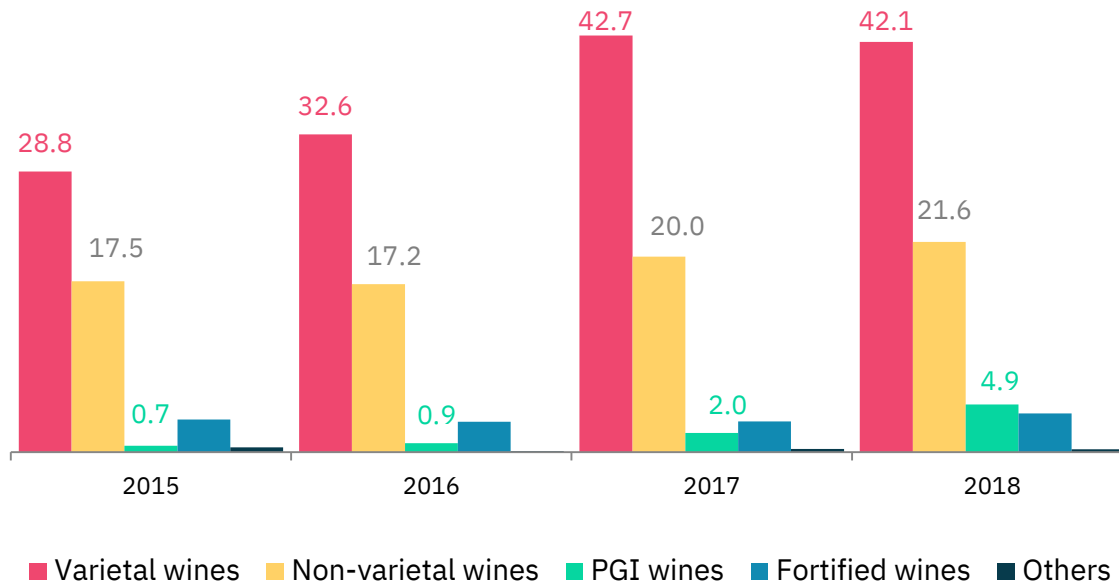
Nr	Top 10	2011	Top 10	2018
1	Russian Fed.	25.1%	Belarus	20.3%
2	Belarus	22.9%	Romania	11.5%
3	Ukraine	16.7%	Czech Republic	9.4%
4	Kazakhstan	9.7%	Russian Fed.	8.3%
5	Poland	5.1%	China	8.1%
6	Czech Republic	4.2%	Poland	7.3%
7	Georgia	3.0%	Georgia	6.8%
8	China	2.2%	Ukraine	4.4%
9	Romania	2.2%	Kazakhstan	3.3%
10	USA	1.5%	Germany	3.3%
...			...	
	<b>TOTAL,</b> m USD	<b>132.5</b>	<b>TOTAL,</b> m USD	<b>137.9</b>

## 2018/11, m USD

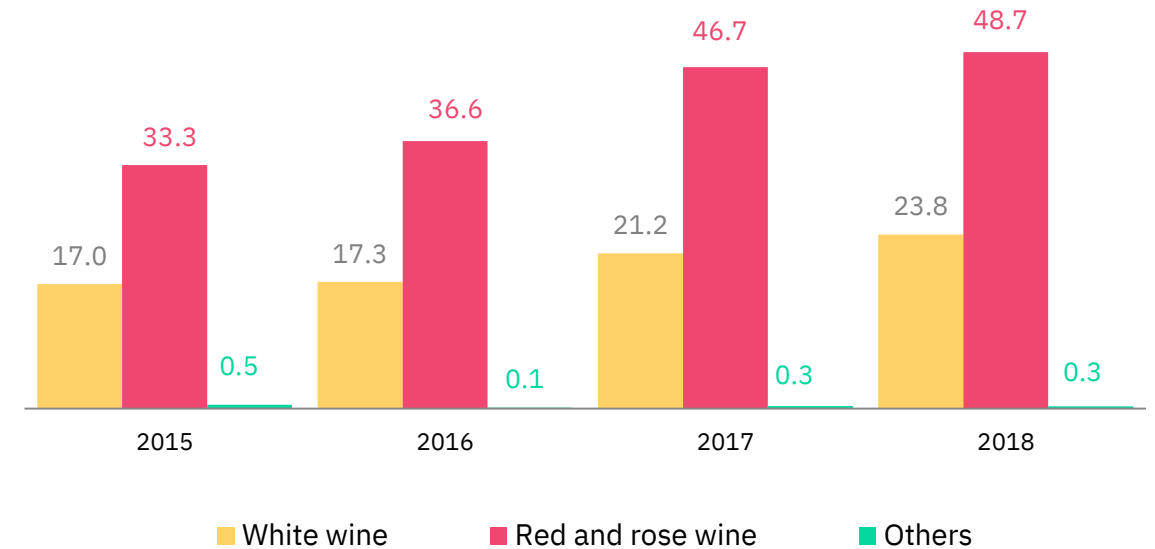


# CONSUMER PREFERENCES DEPICTED FROM THE STUDY: PREDOMINANTLY RED AND ROSE VARIETAL WINES

## Structure of bottled wines exports (m USD) by variety

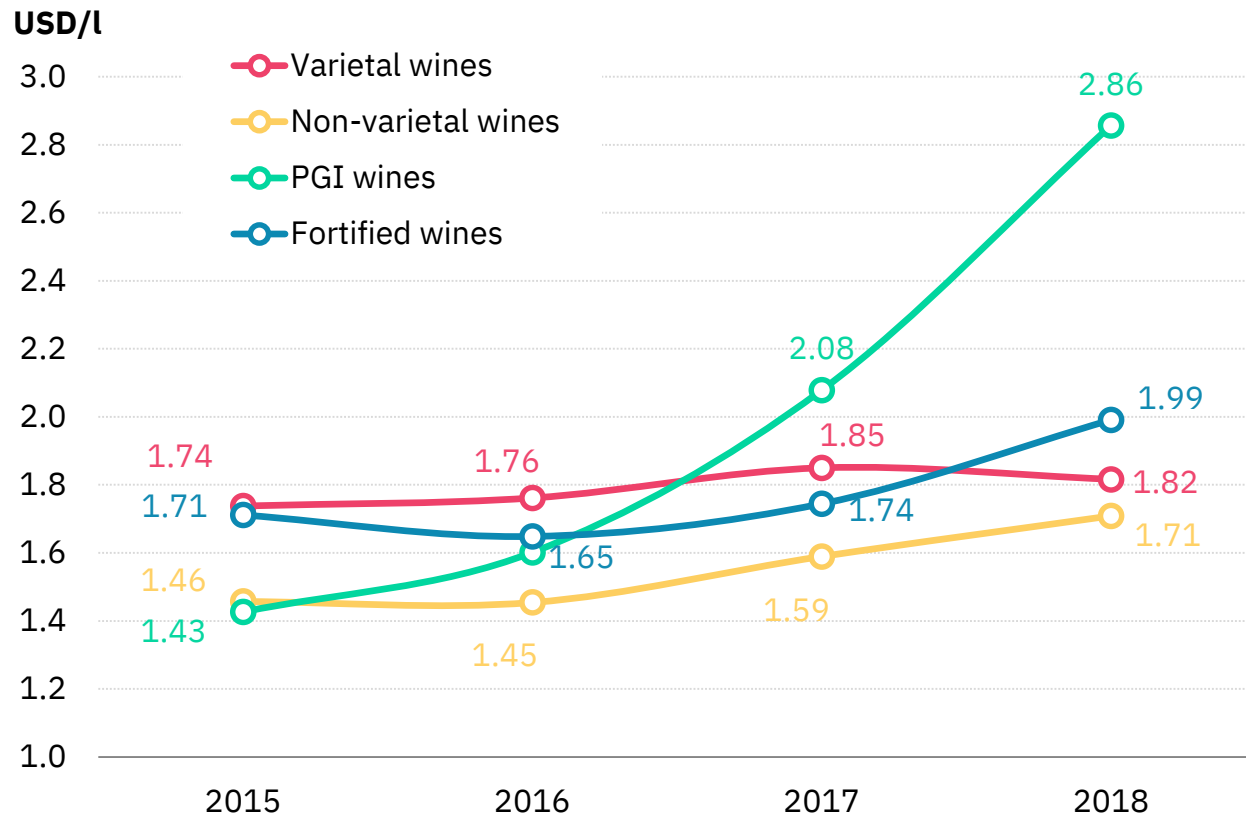


## Structure of bottled wines exports (m USD) by colour



# PGI WINES – POTENTIAL OF VALORIZATION THE COUNTRY OFFER

## Average price of bottled wines by variety



The average export price of Moldovan wine (0.99 USD / l) **3.6 times lower** than the average of the Top 5 largest exporters in the world

The average price to the EU with **30% above the average**, to the CIS states - by **26% below the average**

Price of bottled wines:

- ❑ Red and rosé wines are **12% more expensive** than the white wines
- ❑ PGI wines by **55% expensive** than the average price (1.84 USD / l)

# OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT OF THE WINE SECTOR REVEALED IN THE STUDY

- **Predictable legal framework and a consolidated NOVW**

Aligning with best international practices in parallel with the strengthening of the NOVW capabilities

- **Competitiveness subsidy**

Allocation of public resources towards a sustainable and competitive development of winemaking throughout its entire value chain

- **Diversification and targeting the value-added markets**

Valorization of the country offer (average export price of the top 5 wine exporting countries in the world is over 3 times higher compared to Moldova's export price)

- **Differentiation and uniqueness through PGI wines**

Valuable tool to distinguish the product from competition

- **Developing the wine tourism at a large scale**

"Wine" and "traditional food" are the first things that foreign tourists mention when thinking about Tourism in Moldova

# ADJUSTING THE SUPPLY OF MOLDOVAN WINES TO INTERNATIONAL TRENDS

- **Drive for authenticity**

Drive for authenticity among wine consumers, especially in the premium segment

- **Deliveries / Sustainable offers**

Sustainability is a trending topic in the wine industry. Promotion opportunities based on sustainable practices among buyers

- **Demographic trends**

Aging population - smaller packages or in ones which preserve wine better and longer,  
Millennials - more adventurous in their tastes

- **Packaging innovations**

Push for other packaging than glass bottles (factors, such as: price, sustainability and quality conservation)

- **Online sales are becoming more important**

Online sales have the potential to become a significant market channel in the long term

- **Climate change will also expand the wine**

Climate change transforms centuries old traditions and practices

# WINET - TOOL FOR INTEGRATING AND EXPLOITING THE POTENTIAL

The **WHITE PAPER**, with detailed presentation of the wine sectors in the 3 countries, including the main stakeholders, production trends, potential and consumption, will be published on-line on the **ICT WINET platform**.

This information may provide value added for:

- Relevant authorities and producers - **taking over the best practices**;
- Greater awareness among consumers from all 3 states - **growth & formation of demand**;
- Importers, distributors, traders - **increasing the regional wine trade**;
- Better familiarization of the population & tour operators from the 3 countries with the existing tourism offers of the wineries and the possibility of combining the routes - **intensifying the regional wine tourism**.





**Thank You !!!**



- ✓ **Strategic & organizational planning**
- ✓ **Researches & Studies**
- ✓ **Full support for FDI projects**
- ✓ **Mergers & Acquisitions**
- ✓ **Restructuring & Reorganization**
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