

THE STATE ENCOURAGEMENT OF INVESTMENTS IN THE DEVELOPEMENT OF VITICULTRE IN REPUBLIC OF MOLDOVA

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Abstract

Viticulture is a traditional branch of agriculture in Republic of Moldova, that supplies raw materials for the prossesing branch. In the conditions of market economy the quality of the products has a great importance. So the quality of wines depends on raw material – grapes.

There fore the problem of amelioration of vineyard areas is very actual. It is necessary to plant vineyards of quality industrial varieties and to increase production of grapes for fresh consumption. But the planting of new vineyards is needing the state encouragements, beecause a lot of enterprises do not have enough financial resources for such investment.

Key words: viticulture, quality, financial resources, investment

INTRODUCTION

The development and intensification of the wine sector in the Republic of Moldova will be carried out under the conditions of globalization and world economic crisis, as well as the significant modification of the climate and under the influence of the natural and anthropogenic factors.

That is why the problem for the revitalization of the wine plantations is a current one. Taking into account the importance of the wine sector in the national economy of the Republic of Moldova, an objective of increasing the areas occupied by high quality grape sorts was set. This problem will be easier solved if the state gets involved in the process of creating new vineyards. By this we mean the financial support of the economic agents heading their efforts towards the grapes' plantation. In the Republic of Moldova certain measures regarding the financing of agricultural producers have been elaborated and implemented, one direction going to viticulture.

MATERIAL AND METHOD

The study was carried out on the problem regarding the development of viticulture in the Republic of Moldova in the context of implementing the “Viticulture and Vinification Recovery and Development Program for the years 2002-2020”, with the Law of Grapes and Wine provisions nr. 57-XVI of 10.03.2006, as well as the Regulations regarding the management of the fund means for the support of the beginning of grapes' plantations. The data of the National Statistics Agency for the period 2000-2009 and of the Ministry of Agriculture and Food Industry was used.

RESULTS AND DISCUSSION

At present, the total area of vineyards constitutes 157.5 thousand ha, which corresponds to 6.3% of agricultural plots and 52% of the multiannual plantations. The volume of grapes in the agricultural production within the last three years evolved from 12% up to 19% in all categories of enterprises in the Republic of Moldova. The grapes' production is predominantly concentrated in the personal and farm households. The share of technical sorts constitutes 85%, and 15% go to table kinds. About 90% of the total area is occupied by European kinds, 9% by "vitis labrusca" species kinds and 1% by stock sorts.

Aiming at increasing the efficiency of the wine sector in the Republic of Moldova, a range of actions regarding the perspectives of development and mechanisms for the management of the branch investments' activity were undertaken. For the achievement of the objectives set in the Program, the decisive factor is the assurance with financial means that needs enormous personal financial means as long-term credits and other forms of investments.

The expenses needed per 1 ha of vine plantations up to the moment they begin fruiting constitutes around 8-10 thousand US dollars, and the total amount calculated for the accomplishments of the "Grapes' Plantations' Recovery and Creation Program" amounts to 800 million US dollars.

Table 1. The expense estimate for the creation of grapes plantations:

Period	Investments' demand	Financing sources, MIO of US dollars, of which	
		credits	Own means, foreign investments
2002-2020 Including by stages:	800	400	400
2002-2010	313,6	156,8	156,8
2011-2015	280,0	140,0	140,0
2016-2020	206,4	103,2	103,2

Source: "The Viticulture and Vinification Recovery and Development Program for 2002-2020"

Taking into account the fact that a great number of agricultural producers don't have the necessary financial means, the state promotes a policy of supporting the development of viticulture. The state initiated the constitution of several funds of special means, meant for granting financial support in the initiation of vine plantations.

Initially, this fund was constituted of the incomes resulting from the payments fulfilled for the right to use the state property brands. But very often the wine makers refused to make this payment. Later, and namely in 2006, according to the new Law of Grapes and Wine another method of constitution for the fund of investments meant for vine plantations was adopted. The sources of completing the fund are the incomes from the payment of the viticulture's

revitalization tax. The fixed tax is a compulsory payment fulfilled by the producers, importers and exporters of wine production. The taxpayers are natural persons, who carry out their entrepreneurial activity in the production, processing, trade and/or import of wine production. The tax is fixed as follows for the volumes of the wine production delivered by producers and/or imported, per one decalitre:

Table 2: Taxes collected for the formation of the special investments' fund for vine plantations' creation

1.	Grapes' wines (natural and special)	30 lei/dal
2.	Cognacs	20,0 lei/dal
3.	Brandy and other grapes' drinks	20,0 lei/dal

Source: Law of Grapes and Wine Nr. 57-XVI of 10.03.2006

The payer calculates independently the tax and pays it before the 20th day of the following month in the paying trimester of the current fiscal month. Within the same period the payers submit to the territorial fiscal body the calculation of the tax according to the standard form approved by the State Main Tax Inspectorate. The fund quantum is fixed annually in the state budget law.

The fund means are used for the partial compensation of the expenses borne by the natural and legal persons when creating vine plantations, including the graft plantations, with plantation material, graft kinds entered into the Register of Plants' Sorts, as well as stock plantations.

The compensation sum in 2006-2009 constituted 25 thousand lei (around 2.5 thousand US dollars) per 1 ha of net vine plantation area. At the creation of the mother-plantations with planting material of high ("pre-base" and "base") biological category the compensation increases by 15 thousand lei, and the plantations with sorts for the production of wines with original names by 5 thousand lei.

In the period of 2006-2009, compensations for the vine plantations that had been created since the spring of year 2004 were granted. Increased compensations for the categories of plantations mentioned above (mother-plantations, sorts with original names) were granted beginning with those planted in 2006.

The compensations were granted to natural and legal persons, registered in the way established by the legislation in force, who activated in the wine domain, regardless of the type of property and the legal form of organization. Since June 2007 exceptions are the wine entities that create wine plantations according to the liabilities of investment included in the purchase-sale contract of the state share of stocks.

These compensations were granted to natural and legal persons, who created vine productions on an area of at least 5 ha and a compact area of at least 1 ha with table grapes' kinds.

Smaller areas, starting from 0.5 ha, are also allowed to be granted compensations in case these are situated compactly near other vine plantations, created previously with sorts of the same agro-biological group, aging at least ½ from the period of exploitation for the proper plantation category, with a corresponding degree of care-taking, altogether constituting an area of at least 5 ha.

The undertaking of these measures provided for in the Law of Grapes and Wine nr. 57-XVI, “Viticulture and Vinification Recovery and Development Program for the years 2002-2020”, as well the Regulations regarding the management of the fund means for the support of the beginning of the wine plantations lead to significant results in comparison to the preceding period.

Tabel 3. The vine plantation and clearing in the period of mass privatization (1992-2001), thousand ha

Indicators	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Plantation, ths. ha	2,8	2,1	1,1	0,4	0,2	0,6	0,7	0,5	0,7	0,5	9,6
Clearance, ths. ha	5,2	4,3	4,0	4,0	14,0	10,7	8,6	12,2	8,6	-	71,6

Source: Data of the Ministry of Agriculture and Food Industry

As we can see in the data presented in the table, the cleared area exceeded 7.5 times the area planted with grapes. This is explained by the fact that getting vineyards in the process of privatization, the new owners gave up the idea of creating new vine plantations and preferred producing autumn wheat, sunflower and other cultures that require fewer investments than the plantation of grapes. At the same time the area planted with vineyards within the years 1992-2001 have a tendency of decreasing. The situation started nevertheless changing since 2003, thus, together with the implementation of the Viticulture and Vinification Recovery and Development Program for the years 2002-2020.

Table 4. The plantation and clearing of the vineyards in the first 8 years (2002-2009) of implementing the Viticulture and Vinification Recovery and Development Program for the years 2002-2020, ths. ha

Indicators	2002	2003	2004	2005	2006	2007	2008	2009	Total
Plantation, ths. ha	0,53	1,85	3,7	4,5	5,2	5,3	4,6	2,3	27,98
Clearance, ths. ha	4,5	1,23	0,74	1,2	1,63	3,1	2,2	1,2	15,8

Source: The Law of Grapes and Wine nr. 57-XVI

The data in this table prove that in the year 2002 the tendency of the period between the years 1992-2001 was still there, but since 2003 the planted area increased 3.5 times in comparison to 2002, while the cleared area decreased 2.7 times. A stable tendency of growth for the areas planted with grapes can be noticed. In the years 2007-2008 a sudden decrease of the plantations occurred. As a whole, during the period of 2002-2009 the Republic of Moldova

witnessed the creation of vine plantations on an area of 27.98 ths. ha in all categories of agricultural enterprises and homesteads (farms).

At the same time we mention that the provisions of the named Program for the period 2002-2010 will probably not be accomplished. The program provided for the plantation of 39.2 ths. ha in the whole republic for this period. The essential reduction of the areas of vine plantations created in 2007-2008 will probably not allow the achievement of the forecasted result. At present the degree of program's fulfillment regarding the vineyards' plantation constitutes 71.4%. Thus it is impossible to plant 11.22 ths. ha in 2010.

Table 5. The allotment of state subventions for the creation of vine plantations in the period 2004-2009

Indicators	Years						Total
	2004	2005	2006	2007	2008	2009	
Area presented for compensations, ths. ha:							
• Total	3,7	3,9	3,3	2,9	2,8	2,1	18,7
• Net	3,4	3,6	3,0	2,6	2,4	1,9	16,9
Accepted compensation amount, ths. lei	86,7	87,4	83,8	71,7	71,5	50,6	451,7
Fund collections, ths. lei	26,6	82,1	34,9	39,7	43,3	29,9	256,5
Sum allotted for compensations, ths. lei	26,4	79,9	58,5	100,7	85,3	50,5	41,1
Including for plantation:							
• Preceding year	-	60,3	58,5	93,5	64,2	50,5	-
• Current year	26,4	19,6	-	7,5	21,0	-	-

Beginning with 2005 the process of financing starts, and as mentioned above, the compensations for the vine plantations created in 2004 were granted to legal persons and natural persons. In the period 2004-2009, 25.6 ths ha were planted, but in order to benefit of the compensations, files were submitted just for 73% of the area. The other 27% did not correspond to the requirements for the granting of subventions. The main cause was that the plots were smaller than those provided for in the regulation.

It may be noticed that the sums allotted for compensations exceed the means collected by the Special Fund. This is explained by the fact that the Fund's deficit is covered by the direct financing from the State Budget. Currently the debt towards the vine growers, who created vine plantations, constitutes approximately 50.6 ths. lei.

CONCLUSIONS

1. The development of viticulture has a special importance since it will assure the vinification branch with high quality raw material;
2. The wine sector is a source of gathering the incomes from the state budget, assures job positions in the village and incomes for the population, but the technical-material base of the

branch is old and the resolution of this problem will depend on the creation of the vine plantations;

3. For the accomplishment of these tasks, normative regulations and strategies regarding the financial support for the development of viticulture have been elaborated in the country.

REFERENCES

[1] The decision regarding the approval of the Viticulture and Vinification Recovery and Development Program for the years 2002-2020. "Monitorul Oficial" of the Republic of Moldova nr.142-143, 17.10.2002

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