



The Analysis of Rural Development of the Republic of Moldova after 1990

Maria Eliza DULAMĂ¹, Roxana Monica VOITOVICI²
¹„Babeş-Bolyai” University, Cluj-Napoca, Romania
²Romanian Cultural Institute Warsaw, Poland



Introduction

The Republic of Moldova is an agrarian country in which more than half of the active population is directly involved in agriculture, an economic branch that represents 30% of the country's GDP. According to these indices, Moldova is situated behind the Western European countries, but also behind the Eastern European ones. The average salary in agriculture, which is half the sum it represents in other economic fields, determined the low living level of the majority of the country's population. In order to reduce poverty, the implementation of agrarian reform was imposed with the purpose of increasing the agricultural production and the income level of rural population. These objectives can be achieved by creating favourable conditions for developing private and non-private agrarian businesses in rural regions. In 1999, the Parliament of the Republic of Moldova approved a Conception of Agrarian Reform and of Rural Social and Economic Development and established directions and mechanisms for reorganizing the agrarian sector according to the principles of market economy. The agrarian reform in the Republic of Moldova included the following elements: the elaboration of a legislative base to enable the reform; land privatization; the reorganization of collective farmsteads and the restructuring of the debts in the agrarian sector; the creation and development of the infrastructure of businesses in the agricultural field.

The Moldovan Republic legislation regarding rural development

The land property right was declared on May 29th, 1991 by introducing an amendment (Art. 11) in the Constitution and by including it in the 1994 Constitution. The Parliament approved the Land Code, an essential legislative act for land privatization.

The Land Code comprises procedures of allotting land for houses and private farmsteads; of establishing the agricultural land fund, the number of persons entitled to privatize the land; of establishing the size of the land for privatization participants; of the use by the privatization participants of land and goods quotas that they are entitled to from the former kolхозes and sovхозes. In the Land Code two stages of land privatization have been foreseen. In the first one, the land committees in villages (communes) have established the land shares (ha) with an even value per hectare for each participant in the privatization. The right to this ideal land share is secured by the land title released by the city hall. In the second stage, the land and the respective property is transferred in the property of the person leaving the kolhoze or the sovhoze.

The privatization programme. The procedure for the privatization of non land property of kolхозes and sovхозes has been established by laws adopted by the Parliament regarding the state privatization programmes for 1993-1994, 1995-1996 and 1997-1998. According to these laws, the individual property quotas of the employees and rentners of privatized enterprises are established by the property commission according to the methods approved by the general assembly of workers and rentners that take into consideration the work contribution of each person.

The allotment of goods to certain petitioners was impossible, as this property was requested by creditors in exchange for the enormous debts. As a result, the land and property privatization stopped after the first stage, i.e. the establishment of ideal quotas for privatization participants.

The national programme „Land”. In order to finish quickly the privatization in the agricultural sector, the Government approved on October 6th, 1998, the National Programme „Land”. The law regarding the privatization programme for 1997-1998, coming into force on November 6th, 1998, was revised in order to transfer in kind goods for the privatization participants, irrespective of the financial situation of colхозes and sovхозes: irrigation equipment, multi-annual plantations, unfinished agricultural goods situated on the privatized land surface; tractors, harvesters, vehicles and other agricultural equipments; working animals and bloodstock, seed fund. The privatization participants that received goods were exempted from the responsibility of debts of the privatized enterprises. By the simultaneous privatization of land and of the goods necessary for the agricultural process, agricultural farmsteads and viable private rural enterprises were created.

The law regarding the restructuration of farmsteads to be privatized. Some colхозes and sovхозes accumulated debts mounting to approximately 2 billion lei and lost the land and the property, becoming bankrupt. The Parliament adopted Law no. 392-XIV on May 13th, 1999 regarding the restructuring of farmsteads to be privatized (named from now on the Law regarding debts). The law was based on the voluntary liquidation, out of the court, of those enterprises whose debts have been payed by the following procedures. The debts of the enterprises to the private creditors were transferred to the state account, with the latter's consent. The state payed the debts by delays of the payments of taxes by issuing credit deeds for the part of these debts that was payed, and committing itself to pay them by a similar fiscal credit, but in the following five years. The enterprises to be privatized payed their debts to the state through the property that was left and through social goods.

The law regarding the Associations for Savings and Loaning. The banking system did not wish to credit the land owners that wanted to start a business in agriculture, as the agricultural business is very risky and the farmers did not have sufficient guarantees from banks. The banking system offered especially short term credits (3-6 months) with high interest rates. The Parliament passed the Law regarding the Associations for Savings and Loaning of citizens no. 1505-XIII of February 18th, 1998. According to this law, the citizens in rural areas are entitled to unite their funds on a legal basis for mutual crediting. These associations were offered tax facilities, fact that accelerated the process of creating these associations in villages and stimulated the development of financial infrastructure in the agrarian sector.

The law regarding the private cooperatives. The Parliament adopted the Law no. 73-XV of April 12th, 2001 regarding the private cooperatives, in order to create the market infrastructure and some business cooperatives in Western style. The enterprisers' cooperative secures for the members of the cooperatives: the buying and selling of goods produced by farmers; delivery of fuel, fertilisers, seeds and other resources; marketing services, legal information and consulting.

These laws created the necessary legal base to implement the tasks formulated in the Conception of the Agrarian reform, of the social and economic development of the country.

The analysis of the land privatization process and of the restructuration of agricultural farmsteads

The privatization process of the land and properties for the collective farmsteads in the Republic of Moldova passed through several stages and ended in 2001.

The chaotic privatization between 1992 and 1996. The land privatization in the Republic of Moldova started with the approval of the Land Code in 1992. Over 1,2 million people obtained the right of property over the land. The decollectivization process was slow and reflected the opposition between the reformist forces and the conservative ones in that period. The reform unfolded with hesitations and passivity on behalf of the citizens, with a weak political desire and weak engagement from the Government, with sporadic and spontaneous attempts to privatize and following different *models*:

- some persons in possession of a property title left the collective farmsteads and formed individual farmsteads on small land lots, without formally registering property rights;
- some collective farmsteads continued their economic activity without any change;
- some collective farmstead reorganized in order to privatize the land.

The changes were superficial: some collective farmstead changed their legal status (reorganized in cooperatives, companies of shareholders, in associations, etc); some collective farmsteads broke up in smaller collective farmsteads; some city halls calculated land quotas and issued land certificates.

Several problems aroused during this privatization stage. In order to carry on economic activities, the peasants that received land needed a property title as to secure their right to this land, they had to register private farmsteads, they needed agricultural machines and financial resources to cultivate the land.

Between 1992-1996 there was no significant progress observed in the reform of the Moldavian agriculture, in spite of the Parliament adopting important laws regarding privatization and reorganization of collective farmsteads (the Law regarding property, the Law regarding the entrepreneurship activity, the Law regarding companies of shareholders, the Law regarding privatization programmes etc.).

The Maiak pilot-project. In 1996, the Ministry of Privatization of Moldova and the United States Agency for International Development (USAID) established an agreement with the Center for the Reform of Private Businesses (CPBR) in order to elaborate and implement a methodology for restructuring and privatizing the collective farmstead Maiak in Nisporeni. The farmstead was privatized, and the farmstead members received 1345 individual land titles.

Between 1996-1997, the Moldovan Government, supported by USAID, implemented the „Land” pilot-project in 72 collective farmsteads in 31 districts. The methodology applied was based on the local legislation that included: the land distribution from the collective farmstead towards the beneficiaries with the right to property; the distribution of goods belonging to the debt-free collective farmsteads (issuing property certificates upon request) to the beneficiaries; the reorganization of collective farmsteads in other forms stipulated by the Moldovan legislation.

A complete distribution of goods was possible when the collectives (colhozes) did not have any debts or payed them in view of privatization. The farmsteads with debts did not distribute their goods and used certain sums in order to pay them. The farmsteads goods were divided in three categories:

- the property allotted in order to pay the debts to the creditors later. In 90% of the farmsteads, the legal succession enterprises were created on the basis of this property for the purpose of honouring the financial obligations of the collective;
- the social goods and the communal equipment were transferred to the local government or to the succession enterprises;
- the goods of farmsteads without debts that formed the privatization fund were distributed to persons with property right. On the basis of these goods, approximately 1.300 private farmsteads were created.

Taking into account the debt situation, at that moment there was no single methodology applicable to all farmsteads undergoing privatization, without prejudicing the creditors' rights. In the cases where the farmsteads had in their privatization fund goods that could not be divided among peasants (wine factories, mills, oil pressing machines, other processing units), these goods were transferred to the succession enterprises, and the peasants became their co-founders. The succession enterprises did not manage to pay the debts by selling the goods intended for this purpose or by generating profits. Several succession enterprises continued to accumulate debts, as they did not perform an efficient economic activity. The pilot-project for 72 farmsteads allowed the CPBR specialists to accumulate a vast experience, distributed the land and the ownership of duty-free collectives to individuals with property rights and thus created private enterprises (Al. Muravschi, 2002). „*Earth*” National Programme (PNP) started in March 1998 with an agreement between the Moldovan Government and USAID, in accordance to the national legislation, as a continuation of the pilot-project with the purpose of privatizing the 900 remaining collective farmsteads. The experience gained in the previous stage and the voting of Law no. 187-XIV2 (referred to from now on as the Law regarding critical property) allowed PNP to apply a better methodology.

The Law no. 187-XIV introduced the concept of *critical property*, which included irrigation equipment and multiannual crops located on land undergoing privatization, tractors, combines, other machines and equipment for agriculture, transport means used for agricultural production, seed fund, work and productive cattle and agricultural production in an unfinished stage.

According to this law, the property can be transferred to persons with property titles, irrespective of the financial situation of the farmstead and of the debt situation. Thus viable private enterprises were formed: peasant farmsteads, limited liability companies, cooperatives etc.

Colhozes with no land and no critical property but with increasing debts and blocked goods could not be privatized. At the beginning of 1999, the debt problem of collective farmsteads determined negative consequences:

- the restructuring of collective farmsteads and the distribution of properties between peasants have been postponed;
- the goods of privatized farmsteads reserved for paying the debts have been excluded from the economic life, and their security has not always been ensured;
- the private farmsteads have not always functioned efficiently, as the 35.000 creditors caused problems (by refusing to deliver services and consumables) and used informal pressure methods to obtain payment for farmstead debts.

In order to solve the debt problems of private farmsteads participating in the National „Land” Programme, the Law regarding the restructuring of farmsteads undergoing privatization (the Law regarding debts) was elaborated, with the aim of stimulating the process of creating enterprises capable of activating in the market economy conditions. The procedure of debt payment starts with a general assembly of the farmstead that decides its participation in the Debt Programme that include the payment and liquidation of debts. The intention to liquidate the farmstead is published by the Property Commission in the Official Monitor. This publication notifies the creditors and forces them to submit their claims or to cancel the debts. Any farmstead debt is immediately considered exigible. The farmstead property cannot be placed under losses, confiscated or engaged in any way. After the official notification, the payment of debts is done in the following manner:

- 1) Payment of debts by creditors and priority employees;
- 2) Payment of historical debts;
- 3) Payment of current debts;
- 4) Payment of the transferred debts by the State;
- 5) Privatization of remaining property after debts payment;
- 6) Farmstead liquidation and elimination from the State Commercial Registry.

This process can take place only once and is aiming at farmstead members of the National „Land” Programme. This law protects the interests of private creditors, as the debts represented a „reasonable” burden for the country budget.

Conclusions regarding land privatization and restructuring of collective enterprises. By privatizing and restructuring collective enterprises, the following have been accomplished: 98,7% of agricultural land has been privatized; 98,7% of eligible persons received land property titles; 1.034 collective farmsteads have been privatized; 864 collective farmsteads have been liquidated. The following was done for these farmsteads: debts amounting to 1.981.243.000 lei have been paid; social goods amounting to 1.411.296.000 lei have been transferred to local governments; debts amounting to 1.146.279.000 lei have been compensated through goods; debts of 90.370.000 lei have been cancelled (Al. Muravschi, 2002).

The Moldovan agricultural production was produced until 1990 by 1.200 collective and state farmsteads with a medium surface of 1.500 ha of agricultural land. In 2002 there were only 92 such farmsteads left, especially scientific state enterprises focused on seed selecting and seed growing, and experimental and research enterprises of agricultural academic institutions. The main agricultural producers were the 2.340 corporate enterprises comprising share companies, ltds, production cooperatives and 26.200 individual farmsteads (Al. Muravschi, 2002). The slow, sporadic, ad hoc and superficial privatization, lasting 5 years from the issuing of the first legislation until the implementation of a comprehensive programme of land reform, was replaced by a real and complete land and property privatization, guaranteed by property titles, effecting in the impoverishment of the majority of the population. The National „Land” Programme was supported by the four governments that ruled during its implementation.

The analysis of rural development in the Republic of Moldova after privatization

Hundreds of thousand of economical entities centered on agricultural production that appeared after privatization needing the creation of an appropriate programme, including: the improvement of the existing legislation; the elaboration of laws regulating the activity of the new economic enterprises and the relationships in the conditions of a market economy; the development of market infrastructure (marketing, supply of technical and material resources); veterinary and agro-chemical services; informational and consultancy support; mass training of the new owners in the fields of entrepreneurship, legislation, new agricultural techniques.

Land problems. The fragmentation of agricultural land by privatization makes the use of modern technologies more difficult and prevents an increase in efficiency. It was noted though that the small dimensions of private land lots did not impede on the organization of an increased production of agricultural goods.

In 2001, the Centre for Strategic Studies and Reforms (CSSR) conducted a study on the Association for Assisting Private Farmers¹ (PFAF). It was concluded that in 2001 the land lease was a major factor in consolidating agricultural land. The medium surface of farmsteads functioning in lease was of 680 ha, some of them having over 2.000 ha. The owners that held up to 3 ha of land fragmented in 4-8 lots were the least involved in lease relationships. The poll on the lease perspectives showed that 79,4% of leasers wanted to continue their lease contracts in the future, 3,2% of leasers were satisfied with the lease, but intended to transfer it to another lessee, 6,4% of leasers intended to terminate the lease contracts and cultivate the land by themselves. The majority of the lease contracts were signed for a period of less than 3 years. Most land owners intended to continue to lease the land (73,3%), while 16,8% of lessees wanted to buy land (Al. Muravschi, 2002).

The consolidation of agricultural fields was made by selling-buying land lots, by inheritance, by donation etc. From the data collected by the State Agency for Cadastral Survey, Land Resources and Geodesy, one can notice that between 1999 and 2001, a number of 87.727 transactions of selling/buying agricultural land were concluded in rural areas, out of which 60.917 in 2001, 6.070 mortgages were made. The medium price for a hectare of agricultural land was of 228 USD in 2000 and of 233 USD in 2001.

Table 1. The evolution of land market between 1999 and 2001 (according to Al. Muravschi, 2002).

Indicators	1999	2000	2001
Agricultural land registered in the cadastral system	2.061.568	2.369.000	3.119.293
Buying-selling transactions	1.930	9.765	24.625
Inheritances	516	7.431	23.257
Exchange, donation	437	3.848	13.035
Total transactions	2.883	23.927	60.917
% of total registered land lots	0,1	1,0	2,0
Mortgage	271	1.732	4.067
% of total registered land lots	0,01	0,07	0,13
Lease for more than 3 years	132	4.182	7.755
% of total registered land lots	0,01	0,17	0,25

Litigations linked with privatized land and goods. With the help of privatization, the agriculture saw the appearance of over a million owners of privatized land and goods and tens of thousand of private enterprises. Many became land and/or goods lessee (over 0,5 million lease contracts). These changes generated different litigations. According to the Civil Code, the solutioning of legal and civil litigations is the responsibility of judgment or of arbitration judgement. The examination procedure in a trial of litigations is more difficult and costly: high court taxes and lawyer's fee are sometimes bigger than the sum vindicated, the procedures are slow and there are no judiciary precedents. The arbitration is an optional procedure to avoid previous obstacles, that started to be applied from 1999 in the National „Land” project and

¹ PFAF was launched in January 2001 in order to offer post-privatization assistance to the land owners and private entrepreneurs in rural areas for a mass privatization, part of the National „Land” Programme. PFAF was planned for a period of three years and financed/implemented by USAID, EMMI and Soros Foundation Moldova.

continues in the Programme of Assistance for Private Farmers. During this arbitration, in use between 1999 and 2001, a number of 500 litigations were examined, affecting the interests of 60.000 persons (Al. Muravschi, 2002).

The credit system in the agricultural sector. The access of private farmers to financial resources was hardened by several factors: weakly developed financial services in rural areas; lack of credit and guarantee tradition; small dimension of land lots; great risks in the agricultural business.

Five years after the passing of the Law regarding the Association of Citizens' Savings and Credits, with the support of the World Bank, this segment of the financial market was developed. The total borrowing sum offered to small private farmers increased from 0,08 million US dollars in 1997 to 8,2 million US dollars in 2002. The number of debtors increased from 740 in 1997 to 40.000 in 2001.

Table 2. Tendencies of the associations for savings and loan (AEÎ) (according to Al. Muravschi, 2002).

Indicators	1997	1998	1999	2000	2001	2002
AEC	12	28	68	230	369	440
Number of members	480	1.400	3.400	12.000	38.000	48.000
Loans offered by AEÎ, \$	80	259	889	4.444	6.741	8.148
Equity of owners of AEÎ network	4	26	89	444	1.185	1.407

In order to promote affordable medium term credits for farmers, the Program of Mortgage Loan (PII) was created, with the support of USAID. The following objectives were targeted: training on mortgage loan for the Associations of Savings and Loan (AEÎ); assisting the farmers during the preparation of business plans; training in using plans and decision making; offering work experiences with guaranteed loans.

In order to take part in the program, an AEÎ had to satisfy the following criteria to minimize the risk and doubtful loans: to be a stock holder of the Rural Financial Corporation (CRF); to be located in a village/commune where individuals received land property titles as part of the National „Land” Programme or part of other governmental privatization frame; to know the obligations towards CRF or towards other financial institutions; to have a responsible manager; to follow an instruction module on mortgage loan etc. The available funds for this programme were limited. The Associations for Savings and Loan that did not fulfill the requests underwent a trial period, and if it stopped fulfilling the criteria it was excluded from the programme.

The programme was launched in April 2000 by CNFA. The initial fund was of 40.000 USD. The whole fund of 40.000 USA was paid in less than 9 months, resulting in 1.400 USD. The medium surface of acquired land lots was of approximately 3,36 ha. There weren't any cases of incapacity of payment. In the pilot-project, CNFA worked with 6 AEC due to limited resources. At present, in the Republic of Moldova there are over 300 AEÎ in need of financial resources to buy land for their members. Most credits were used for buying machines, production stock, to plant vineyards and orchards. The number of tractors bought each year increased from 150 in 1995 to 1600 in 2001, and the number of combines from 5 to 300. The number of other agricultural machines increased 50-70 times (Al. Muravschi, 2002).

Creating a market infrastructure for rural development. The farmers faced different problems: lack of a commercial infrastructure for agricultural products; a price dictatorship imposed to agricultural producers by the major raw materials suppliers; the lack of contracts for manufacturing end products etc. In this context, the development of a market infrastructure for the agricultural sector was followed by: creating Western-style agricultural cooperatives for getting and selling end products, offering the necessary material and resources to farmers; creating a network of agricultural shops; creating a network of state car parks.

Ever since the beginning of the programme (January 2001) more than 130 agricultural cooperatives with over 8.000 members were registered (2.800 women). The objectives of these cooperatives were: obtaining products from farmers and wholesalers; the negotiation with processing units; carrying out of consultancy services (economic, technological consultancy) to farmers. The farmers undergo training and receive assistance from the specialists of the Programme for Assisting Private Farmers (PFAP). PFAP implements a policy coordinated by price setting, discusses the legislation in force. The National Union of Agricultural Producers

was formed, comprising 10 territorial associations with 800 members. The members of the association work cca. 500 thousand hectares that represents 30% of the total agricultural surface in the Republic of Moldova. 10 territorial business centres carry out legal, marketing and consulting services to the members of the association by using the funds corresponding to a grant obtained by the associates from PFAP (Al. Muravschi, 2002).

In 2001, 30 agricultural shops were opened, out of those 75 planned and that totaled a profit of 13 million lei (1 million USD). These shops offered technical and veterinary services, simplified the peasant's access to production means, credits and to agricultural markets. In 2001, over 200 thousand farmers benefited from technical and consulting services in these shops (Al. Muravschi, 2002).

In 2001 the Programme of Creating Car Parks started, based on the 2KR project sponsored by the Japanese Government. Ten parks were created, two of them being sponsored by the state.

The Programme of the Strategy of Rural Investments (RISP), based on a World Bank credit, has three components: legal, economic and technological consultancy services, the development of rural business environment (creation of enterprises, drawing up business plans, business training) and a credit line.

As a result of all measures taken, there was a slow increase of the crude volume of the agricultural production, an increase of agricultural export, after 2000.

*The Land Fund** include on January 1st, 2005: agricultural land/ 2.521,6 thousand hectares (74,5% of the total land), out of which 1.840,2 ha (54,4%) arable land, 297,8 thousand ha (8,8%) multi-annual crops (orchards – 131,9 thousand ha – 3,9%, vineyards – 1.555,5 ha – 4,6%), pastures – 370,8 thousand ha (10,9%), hay-fields 2,7 thousand ha (0,1%); forests and other land lots with forestry vegetation 439,5 thousand ha (13,0%); rivers, lakes, basins and ponds 96,8 thousand ha (2,9%); other types of land 326,7 thousand ha (9,6%). The land laid out for irrigation occupies a surface of 228,5 thousand ha (6,8%), out of which 214,0 thousand ha arable land and 12,9 thousand ha (0,4%) multi-crop plantation.

Areas with agricultural crops (2004).* Cereals and leguminous plants for beans occupied 1.077,1 thousand ha out of which autumn wheat 310,8 thousand ha, autumn barley 54,1 thousand ha, spring barley 70,9 thousand ha, corn for beans 584,3 thousand ha, leguminous for beans 37,2 thousand ha. The technical crops occupied 344,7 thousand ha out of which (industrial) sugar beet 34,9 thousand ha, sunflower 270,6 thousand ha, soya 28,5 thousand ha, tobacco 5,7 thousand ha. Potatoes, vegetables and pumpkin/melon occupied 79,1 thousand ha, out of which potatoes 34,6 thousand ha, field vegetables 36,4 thousand ha. Fodder plants occupied 66,6 thousand ha. The surface covered by fruit trees and shrubs was of 111 thousand ha in 2004, out of which vineyards in bearing 138 thousand ha and decreasing with around 20%. New fruit trees and shrubs and vineyards were planted each year.

*The production of the main vegetable products** in 2004 was: autumn wheat 853,9 thousand tons, decreasing with cca. 25% compared with 1995; barley 268,3 thousand tons; corn for beans 1.794,5 thousand tons, double than in 1995; leguminous plants for beans 50,1 thousand tons; sunflower 335,2 thousand tons with an increase of cca 30% compared with 1995; soya 40,2 thousand tons with a 13% increase compared with 1995; sugar beet 911,3 thousand tons, decreasing almost to half compared with 1995; tobacco 7,9 thousand tons, almost 4 times less than in 1995; potatoes 317,7 thousand tons.

*The live stock** at January 1st, 2005 was: 311 thousand horned cattle out of which 331 thousand cows (around 50% less than in 1996), 398 thousand pigs (around 60% less than in 1996), 823 thousand sheep (around 30% less than in 1996), 119 thousand Caprinae, 73 thousand horses, 17.522 thousand fowls (increased with around 50% compared with 1996).

*The production of the main animal products** in 2004 was: 119 thousand tons of veal and poultry meat (decreased with around 30% compared with 1995), 628 thousand tons of milk (around 20% less than in 1996), 668 million eggs (an increase of around 30% than in 1996), 2.028 tons of wool (physical weight) (decreased with around 30% compared with 1995).

Present tendencies in the agricultural production. The department „Moldova-Tobacco” claims that the tobacco production is going to increase five times in the next five years, from 9.000 tons of dried leaves in 2004 up to 45.000 tons in 2010 (R. Grabari, 2003).

An essential increase is going to be registered in the grape crop, after the wine growers have planted around 6.300 ha of vineyard in the last two years. If during the Soviet period 300

thousand ha were cultivated with vine, at present this area is smaller. The wine companies that planted 200-300 ha of vine are asking themselves who is going to work these thousand ha and who is going to harvest. In order to solve this problem, Alexandru Muravschi, agricultural expert, suggests that the vine should be planted in 5-10 ha farms, as to be worked by one or two families, and the wine factories could buy the yearly production of 100-200 farmsteads (R. Gabrari, 2003).

The fact that at present around 60-70% of land is cultivated with cereals and generates losses of millions constitutes a reason for orienting the agricultural production towards fruits, vegetables, tobacco, vine, out of which larger profits are made. Another orientation could be the increase of the areas covered by forests, parks, tourist areas, against agricultural areas.

Moldova is the country with the biggest percentage of arable land in Europe (85%). In spite of the fact that the Republic of Moldova owns the most fertile soils in Europe, with 30 tons/ha of sugar beet for a hectare, while in Germany, on a less fertile soil, the crop amounts to 60 tons/ha. The objective for the agricultural economy is thus represented by the increase of crops per ha, for example an increase for wheat from 2t/ha to 5 tons.

In 2002 the sugar industry lost 47,7 million lei. The usage degree of the production capacity decreased from 70% in 1996 to 48% in 2002. Sugar is imported at 310 USD/ton, and produced locally at 410 USD/ton. Around 18 thousand people lost their jobs (R. Gabrari, 2003).

If in 2002 the Republic of Moldova exported the largest number of cereal products, in 2005 it imported over 4.000 tons of wheat for its population. In 2005 the volume of dairy imports increased with 1,3%, of meat product with 1,8% and of vegetables with 32% (R. Gabrari, 2003).

The main sale markets for agricultural products in the Republic of Moldova are the Russian Federation, Ukraine, Romania and Belarus. The national food products disappeared from the internal market as their production has been abandoned.

The rural non-agricultural development. The non-agricultural sector should be developed by eliminating poverty and with the help of rural development. Nevertheless, in the Republic of Moldova the number of industrial, commercial and service enterprises decreased due to the reduction of the incomes of the population that could not pay for these services. It can be noted also that many persons from the rural environment are leaving this sector to go for work especially abroad. This situation can be changed by: increasing the work productivity and the incomes of the agricultural workers; drawing up non-agricultural business plans in rural areas, especially in order to develop small and medium-size enterprises.

Conclusions

The Republic of Moldova is the first ex-Soviet republic that adopted the legislation on private land property and on reorganizing and restructuring collective enterprises and state agricultural enterprises.

From the passing of the legislative base on agrarian reform (1992) to the mass land privatization and the reorganization of agricultural enterprises (1997), there has been a chaotic privatization period in which a part of the agricultural material and the technical base have been ruined, causing financial and technical problems for the enterprises that were created.

The Republic of Moldavia was the first of the CSI countries to implement the land reform, reorganize the collective and state enterprises in new enterprises based on private property, restructured the debts of the agricultural sector to the state and private creditors, launched the market mechanisms for consolidating the agricultural land by land buying/selling, as well as land lease. These accomplishments were due to the following: the Moldovan laws regarding privatization; the strong will of the people to obtain land and property; credits and consultancy from abroad; alternatives offered to farmers regarding land and property use; the action of the expert that made the programme function.

The agricultural production recorded serious decreases at some agricultural crops (wheat, sugar beet, tobacco) and an increase that was at times spectacular at others (corn, sunflower and soya). The livestock of cattle, sheep and pigs decreased and the number of poultry increased.

It is foreseen that in the Republic of Moldova the rural development will probably have the following tendencies in the future: increase in production per ha; orientation towards growing

valuable plants to obtain greater revenues (vegetables, fruit trees); the diminishment of the areas with cereal crops; extension of areas occupied by forests and of recreational spaces.

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