

## AGRICULTURAL SUBSIDIES AND ITS ROLE IN TABLE GRAPE PRODUCTION

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**Abstract:** *Subsidies have a significant impact on table grape production. By providing subsidies, winegrowers receive financial support to invest in advanced technologies, fertilizers, and other essential resources to boost production. However, it is crucial to closely monitor and analyze the effects of these subsidies to ensure they are utilized effectively. Many financial instruments play an important role in facilitating winegrowers' access to financing, offering them favorable repayment conditions and other vital measures to implement investment projects. Through this diversification, producers of structures can start sustainable development projects and adopt modern technologies, which supports the increase in the competitiveness of the wine sector. Subsidies are state incentives in the form of aid or financial support that help a branch of the national economy and which generally aims to promote this branch. In our case, the wine sector.*

**Key words:** *agriculture, cost, viticulture, productivity, effectiveness*

### INTRODUCTION

Carrying out interventions in any area requires a justification of the efforts, with the strategic significance of the area being an important criterion in this regard. The importance of the agri-food sector for the economic and social prosperity of the Republic of Moldova is undeniable, primarily due to its role in ensuring the country's food security.

Of all the agricultural sectors, table grape production has experienced the greatest growth in recent years and holds enormous export potential [3]. Thus, subsidies play a vital role in supporting and encouraging the growth of table grape production. These subsidies contribute to improving agricultural technologies, infrastructure, the implementation of sustainable practices, and, consequently, increasing the quality and competitiveness of table grapes on both domestic and international markets. By supporting the table grape sector, subsidies stimulate economic growth in rural areas, generate jobs, and contribute to poverty reduction [1]. Additionally, subsidies promote sustainable agricultural practices and environmental protection. By providing financial support for organic farming or biodiversity conservation projects, subsidies help mitigate the negative impact of agriculture on the environment [2].

### MATERIALS AND METHODS

The synthesis of theoretical approaches regarding the investigated subject involved a detailed bibliographical and historiographical study, carried out through the methods of analysis, synthesis, abstraction, induction, and deduction—each of which are appropriate tools for theoretical research. The relevance of the chosen methods is justified by the results achieved, namely the fulfillment of the research objectives. Thus, the research methodology included a systematic and comparative analysis of the phenomena, processes, and characteristics of the agri-food sector, with a particular focus on the viticulture branch.

A wide range of scientific and analytical publications related to the topic, data from the National Bureau of Statistics of the Republic of Moldova, information from the official website of the European Union (Eurostat), as well as the results of semi-structured thematic interviews, served as the information basis for the research.

## RESEARCH RESULTS

The efficient allocation of subsidies to agricultural producers contributes to the sustainable development of agriculture and the technological modernization of entities. Therefore, increasing the efficiency of subsidy allocation is essential for the sustainable development of the agricultural sector. The subsidy policy in the Republic of Moldova, until 2023, was regulated by Law No. 276/2016, which outlined the principles of subsidies in the development of agriculture and the rural environment. On March 31, 2023, a new subsidy policy was approved in accordance with Law No. 71/2023, which governs subsidies in agriculture and the rural environment. This law regulates the distribution of the National Fund for the Development of Agriculture and the Rural Environment [10]. The law focuses on general principles for supporting agricultural activities and rural development, priorities for utilizing the funds allocated, and their adaptation to best European practices.

The National Fund for the Development of Agriculture and the Rural Environment (FNDAMR) includes budgetary resources for subsidizing agriculture and the rural environment. It provides financial support to farmers, invests in infrastructure modernization, and promotes the sustainable development of the agricultural sector and rural communities in the Republic of Moldova. The goal of the fund is to enhance the competitiveness of agriculture, contribute to environmental protection, and improve the quality of life in rural areas.

The study of subsidy distribution reveals that they primarily focus on supporting efficient agricultural activities through a set of aid measures designed to encourage investment in the agricultural sector. One financial support measure is the Encouragement of Investments for the Creation, Modernization, and Deforestation of Multiannual Plantations, Vineyards, and Trees. This initiative stimulates farmers to invest in expanding and improving existing crops or in establishing new plantations to increase the productivity and competitiveness of the agri-food sector.

**Table 1.**

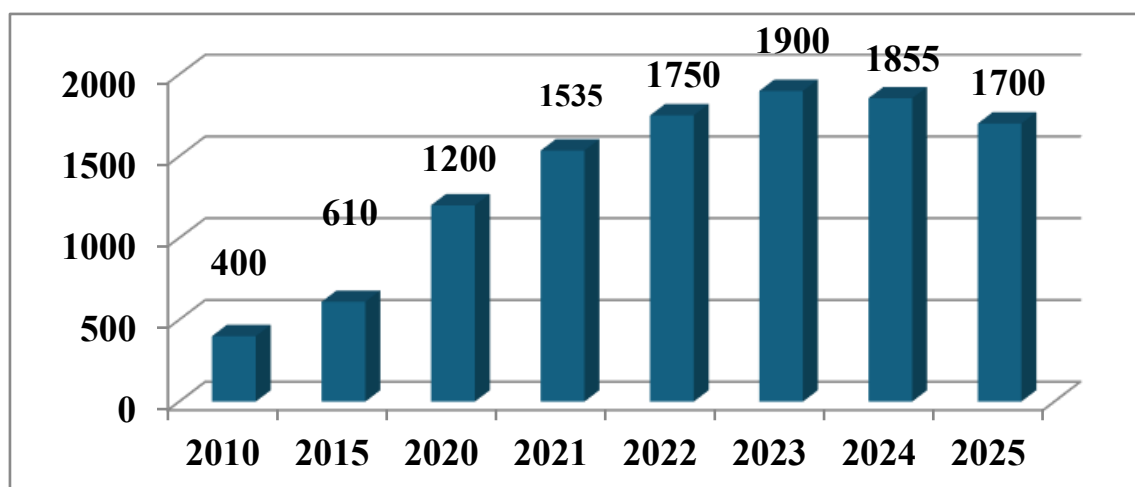
### Evolution of vineyard areas in the context of subsidy measures, ha

Sub-measure	2016	2017	2018	2019	2020	2021	2022	2023
Establishment of grapevine plantations	573.00	925.20	106.00	682.40	688.40	564.70	315.70	305.00
including:								
- table grape plantations	294.00	663.95	677.00	395.60	244.90	213.60	85.80	89.31
- wine grape plantations	279.00	261.24	390.00	286.80	443.50	351.10	229.90	215.68
Deforestation of unproductive vineyard plantations	*	3527.00	4606.00	4428.80	3330.00	1617.90	1647.10	1204.10
including:								
- table grape plantations	*	*	*	*	*	215.10	329.20	314.72
- wine grape plantations	*	*	*	*	*	1402.80	1317.90	889.37
Installation of modern support systems**	*	356.00	565.00	830.50	939.50	577.20	326.00	239.45
Anti-hail equipment and rain nets**	56.00	*	85.00	105.20	271.70	274.18	361.20	417.60

Source: developed by the authors

According to the table above, for the establishment of vineyard plantations, subsidies amounting to 15.1 million lei were redistributed in 2023, covering an area of 305 hectares of vines. Of these, 89.31 hectares are designated for plantations with table grape varieties, representing 29.3% of the total area. In the dynamic analysis, a decrease is observed in the area of vineyard plantations established through subsidies, including those

with table grape varieties, from 294 hectares in 2016 to 89.31 hectares in 2023, a decline of 69.6%. At the same time, the deforested area of table grape plantations decreased to 314.72 hectares. It is worth noting the significant increase in the total area of vineyard plantations protected by anti-hail and anti-rain nets, from 56 hectares in 2016 to 417.6 hectares in 2023, a 7.5-fold increase.



**Figure 1. Financial sources managed by the Agricultural Payments Agency, (million lei)**

*Source: developed by the authors*

As seen in Figure 1, the financial sources administered by the Agency for Interventions and Payments in Agriculture increased until 2023, reaching 1900 million lei. However, in 2024, they decreased to 1855 million lei, and for the current year, 1700 million lei are allocated.

The agricultural machinery required for the establishment and maintenance of vineyards benefits from subsidies that cover part of the investment. These funds support the purchase of equipment such as specialized tractors, sprinklers, and cultivators, reducing the financial burden on table grape producers. The total investment in machinery used for the Pergola system is approximately 65,000 euros (around 1,260 thousand lei), of which 25% is covered by subsidies, according to the authors' calculations.

Along with the support measures within the National Fund for the Development of Agriculture and Rural Environment, there are other initiatives that stimulate producers' investments in new technologies, while also contributing to partially compensating for the deficiencies in the agricultural financing system. An important role in the development of the table grape branch is played by preferential credit programs co-financed by the World Bank, IFAD, USAID, etc. These programs include the "One Country One Priority Product" initiative launched by FAO [13], which promotes priority products and sustainable development, as well as the IFAD Project [6, 15], which provides farmers in rural areas with loans and grants for the modernization of agricultural infrastructure, including the viticulture sector. Also, RISP [12], financed by the World Bank, supports the acquisition of modern equipment, the modernization of plantations, the development of processing and storage capacities. European funds [4], support the adoption of ecological technologies and access to international markets. At the same time, EBRD projects [5] provide financing for the purchase of equipment and the development of storage and processing capacities. All these initiatives contribute significantly to increasing the competitiveness and quality of table grape production in the Republic of Moldova.

## CONCLUSIONS

The distribution of subsidies in agriculture leads to an improvement in agricultural productivity, as these aids support table grape producers in investing in advanced technologies and ecological practices, thus enhancing both productivity and production quality. When establishing table grape plantations, a financial aid of 45,000 lei per hectare is granted, with 200,000 lei allocated for the installation or modernization of the Pergola support systems. In addition, subsidies are provided for anti-hail and anti-rain systems, anti-frost devices, irrigation systems, and drones, covering 50% of the costs. A 25% subsidy per unit is also offered for agricultural machinery and equipment.

Economic efficiency is a key factor in table grape cultivation. By adopting efficient production strategies, exploiting market opportunities, and collaborating with various stakeholders, significant improvements in economic efficiency can be achieved, enhancing the profitability of grape producers and supporting sustainable development in the table grape sector.

The main legislative acts in the Republic of Moldova, which regulate organic production and certification, consist of:

- 1) Law No. 237/2023 on organic production and labeling of organic products [11];
- 2) Government Decision No. 252/2024 on the approval of the Regulation on the production and marketing of plant reproductive material from organic heterogeneous material originating from certain genera or species [7];
- 3) Government Decision No. 253/2024 on the detailed rules of organic production, retroactive recognition of the conversion period and products and substances approved for use in organic production [8];
- 4) Government Decision No. 884/2014 on the approval of the Regulation on the use of the national brand “Organic Agriculture – Republic of Moldova” [9];
- 5) MAFI Order No. 16/2010 on the approval of the Rules on the registration of economic agents in organic agri-food production [14].

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