

INSIGHTS ON ROMANIAN WINE PRODUCTION AND TRADE

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Abstract

The paper aimed to make an analysis on the evolution of the wine sector in Romania, insisting on the aspects related with production and trade and the issues that contributed to this trend. The research method is quantitative, based on dynamic analyze of time data series, using specific production and trade indicators. The discussions are focused on evolution of total vineyards in Romania, trends of wine production, consumption and trade. The results indicates that the wine sector developed in last years, helped by absorption of all the founds provided by the national program support for the period 2009-2013 and the launch of the new program for the 2014-2018 period, but the production which is not profitable without subsidies and the low price of the wine exported by Romania maintain a reduced competitiveness of this sector.

Key words: Romania, vineyards, wine sector, production, trade

INTRODUCTION

Romania is one of main producers of wine from Central and Eastern Europe, well positioned both on the European and the world market. [8] Even if Romania has a large surface occupied with wines, almost as Portugal, [1] the competitiveness of wine sector remain low. While the recent studies made by FADN and wine specialists indicates that the wine production in Romania is dependent on subsidies per ha, without which the economic results would be negative, that is not the case of most part of the European wine producers [7]. Wine competitiveness of a country is related with benefits resulted from wine trade, and recent results indicate that these can be achieved either by increase in exports volume or increase in average unit price [4]. Romania continue to be rather unspecialized in the wine exports but the chance of the Romanian wine sector is to increase competitiveness through measures that conduct to real development of the wine specialized enterprises that are acting on the national and can access the international wine market [3]. Based on EU policy for developing the wine sector, the accessing of the European founds are a real choice for this

sector even if assuring co financing can be an obstacle [2].

MATERIALS AND METHODS

For this paper, we processed time series from national and international statistic related with Romanian wine production and Romanian wine trade, in order to calculate specific indicators that offer an image of the evolution of Romanian wine sector. We calculated the evolution of vineyards in Romania using fixed base method, trade balance in quantitative and value terms, the imports coverage degree by exports, the average price for the wine exported by Romania or imported in Romania, the evolution of the wine consumption per capita, the imports coverage degree by exports, the evolution of the share of wine exported by Romania in EU in the total wine exported worldwide.

We choose to calculate the imports coverage degree by exports, because the trade balance was not achieved, and this indicator is related with economic competitiveness.

RESULTS AND DISCUSSIONS

Romanian's areas with vineyard didn't significant change during 2012-2016 period. The vineyard covered 178,151 ha in 2016. In 2016 the areas with vineyards were situated in the South East Region – 37.97 %, South West Oltenia Region – 18.57 %, West North East Region – 16.77 %, South Muntenia Region –

15.37 %, North West Region – 4.22, Center Region – 3.37 %, West Region 2.97 %, Bucharest- Ilfov Region – 0.76 %

The increase of the grafted bearing vineyards is related with the national programme of conversion of vineyards, which included 7,406 ha in 2013, 5,959 ha in 2014, 2,900 ha in 2015 and 1,730 ha in 2016.

Table 1. Evolution of the vineyards surface in Romania during 2012-2016

Vineyards categories	Total hectares in 2012	Evolution 2013/2012 %	Evolution 2014/2012 %	Evolution 2015/2012 %	Evolution 2016/2012 %
Total bearing vineyards	178,654	-0.15	-1.11	-0.30	-0.28
Grafted bearing vineyards	89,735	0.00	0.32	3.08	3.30
Hybrid bearing vineyards	88,919	-0.31	-2.55	-3.71	-3.90
Total grapes	8,700	-7.47	-17.44	-22.00	-20.48
Wine grapes	169,954	0.22	-0.27	0.81	0.75

Source: Own calculation, Data Tempo Online – National Institute of Statistic -Romania [6]

Due to climate changes the wine production suffered decreases lately, France and Southern hemisphere countries are mostly affected [1].

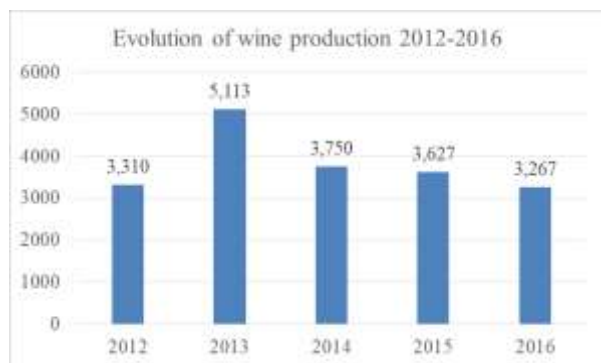


Fig.1. Evolution of wine production in Romania (thousand hl)

Source: Own calculation, Data Tempo Online – National Institute of Statistic -Romania [6]

Table 2. Evolution of wine consumption per capita in Romania

Indicators	2013	2014	2015
Total wine consumption in Romania (l)	460,000	470,000	390,000
Wine consumption per capita (l/capita)	22.97	23.55	19.62

Source: Own calculation, data provided by INSSE and Wine Institute [6]

The wine production in Romania is related with the yearly climate, and usual is above 3,000 thousand hl.

The beer is the main alcoholic beverage competitor for wine in Romania (around 80 l/capita), while the wine consumption per capita in 2015 was well below other countries from Europa, as Vatican City (54.2 l/capita), Croatia (44.2 l/capita), France (42.5 l/capita), Portugal (41.7 l/capita), Italy (33.3 l/capita) or Germany (24.8 l/capita) (Source: Wine Institute)

Table 3. Romanian trade balance for wine (quantitative terms)

Indicators	2013	2014	2015	2016
Total import of wine in Romania (thousands to)	36.7	34.1	50.7	50.2
Total of Romanian wine export (thousands to)	10.4	10.5	13.8	12.9
Trade balance (thousands to)	- 26.3	-23.6	-36.9	-37.3

Source: Own calculation, based on MADR data [5]

The analyse of the evolution of the balance of Romanian wine trade in quantitative terms indicated that in the last years the gap between

the imports and exports of wine products in quantitative and value terms increased, and the trade balance remained negative.

Table 4. Romanian trade balance for wine (value terms)

Indicators	2013	2014	2015	2016
Total import of wine in Romania (mil Euro)	38	33.2	42.4	47.5
Total of Romanian wine export (mil Euro)	16.5	18.0	22.3	20.5
Trade balance (mil Euro)	-21.5	-15.2	-20.1	-27

Source: Own calculation, based on MADR data [5]

The imports coverage degree by exports in Romania reduced from 54.22 % in 2014 to 43.16 % in 2016.

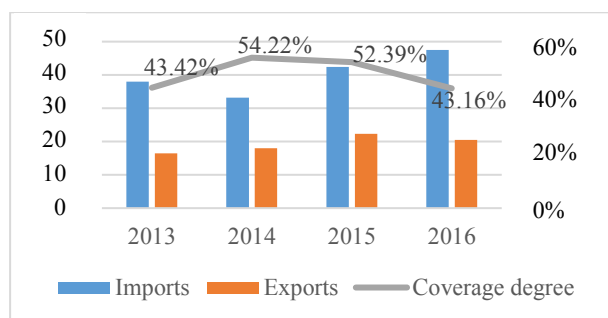


Fig.2. The imports coverage degree by exports

Source: Own calculations calculation based on Tempo Online series- National Institute of Statistic – Romania [6]

Total value of the wine exported by Romania extra EU-2018 was 6.25 million euro in 2016. The main export partners were China (11,914 hl and a unit price of 2.53 Euro/litre), USA (6,794 hl and a price of 1.92 Euro/litre), Canada (2,606 hl) and Russia (1,457 hl).

Table 5. The average price of wine exported by Romania worldwide

Indicators	2013	2014	2015	2016
Total Romanian wine export worldwide (thousands to)	10.4	10.5	13.8	12.9
Total value of the wine exported by Romania worldwide (mil euro)	16.5	18.0	22.3	20.5
Average price of Romanian wine exported worldwide (euro/l)	1,58	1.71	1.61	1.58

Source: Own calculation based on Tempo Online series- National Institute of Statistic - Romania [6]

The price of the wine exported by Romania is low, which can be related with high quantities of bulk wine exports. In 2016 the average price of the wine exported by Romania extra EU-28 was 2.35 Euro/litre, which means that is high above of the price of export in EU (Table 5). The price of wine imported in Romania is very low, which means that Romania import significant quantities of wine of poor quality that can be easily sell on the market (Table 6).

Table 6. The average price of the wine imported by Romania

Indicators	2013	2014	2015	2016
Total import of wine in Romania (thousands to)	36.7	34.1	50.7	50.2
Total value of the wine imported by Romania (mil euro)	38	33.2	42.4	47.5
Average price of the wine imported by Romania (euro/l)	1.03	0.97	0.83	0.94

Source: Own calculation based on Tempo Online series- National Institute of Statistic – Romania and MADR Romania [5, 6]

The evolution of the wine exports in EU increased with 26 % from 2013 to 2016, and the share of the wine exports of Romania in EU in the total worldwide wine exported by Romania increased from 77.8 % in 2013 to 79% in 2016.

Table 7. The evolution of the wine exports in the EU

Indicators	2013	2014	2015	2016
Total Romanian wine export in EU (thousands to)	8.1	7.7	10.8	10.2
Total Romanian wine export worldwide (thousands to)	10.4	10.5	13.8	12.9
Share of wine exported in EU in the total wine exported worldwide (%)	77.8	73.3	78.2	79

Source: Own calculation based on Tempo Online series- National Institute of Statistic – Romania and MADR Romania [5, 6]

The evolution of the wine imports from EU increased with 71 % from 2013 to 2016, and the share of the wine imported from EU in the total worldwide wine import in Romania

increased from 63.7 % in 2013 to 79.6 % in 2016. In 2016 the total wine imported from EU in Romania accounted 40 thousands to, comparative with only 10.2 thousands to of wine exported by Romania in EU, in the same year.

Table 8. The evolution of the wine imports in Romania from the EU

	2013	2014	2015	2016
Total wine import from EU in Romania (thousands to)	23.4	25.8	41.6	40
Total wine worldwide imported by Romania (thousands to)	36.7	34.1	50.7	50.2
Share of wine imported in Romania from EU in the total worldwide wine import in Romania (%)	63.7	75.6	82	79.6

Source: Own calculation based on Tempo Online series- National Institute of Statistic – Romania and MADR Romania [5, 6]

CONCLUSIONS

The wine sector in Romania is based on traditional and recent vineyards area which developed in the last years based on reconversion national program and indirect effect of other market orientated financial supported measures.

While the development of the internal market is related with the consumption trends which is not so favorable, the competitiveness of this sector is based on trade which need to improve based on adequate strategies in order to gain export access to extra EU wine markets, where the wine prices are attractive and the profit margin is higher.

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