

TRENDS OF WINE MARKET IN ROMANIA: COMPETITIVENESS AND DEVELOPMENT OPPORTUNITIES IN THE CONTEXT OF MARKETS GLOBALIZATION

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Abstract

The paper aimed to evaluate the wine market in Romania and make assumptions about its development opportunities in the context of market globalization. The paper underline directions of development related with the entrepreneurial sector. The research method is based on calculation and interpretation of competitiveness indicators. Even if the results indicated a low competitiveness of this sector, the development opportunities of wine market in Romania can lead to an increased share of this market at national level and higher level of export in terms of value on European Union and world markets.

Key words: development opportunities, globalization, Romania, wine market

INTRODUCTION

Globalization of wine markets is indicated by the increase in the share of wine world production of wine exports. Recent studies [5] regarding the trends of wine markets indicate a positive evolution of world wine trade, based rather on growing price, than increase of volume. A map of New World wine countries include Canada and USA from North America, Chile and Argentina from South America, China, India, Japan and Thailand from Asia, Australia, New Zealand and South Africa. These countries that are considered to be free of the burden of history and liberated from geographic boundaries [6] started to dominate the world wine market in terms of wine consumption (USA was the primary internal market in the world in 2013 in terms of volume consumption) and started to compete Europe in terms of wine production and trade. Romania, which is one of major wine producers in The European Union in terms of cultivated surfaces [2] had developed the National Program Support for 2014-2018 in the wine sector which propose a higher financial allocation for the wine sector. Up to 47.7 million euros annually are

distributed on 5 support measures: promotion on third-country markets; restructuring and conversion of vineyards; harvest insurance, investment in enterprise and use of concentrated grape must for enrichment [3]. Development of Romanian wine market is related with aspects such: increasing efficiency and effectiveness of supply chain, development of new segment of this market, based on market research, implementing mechanization processes and innovation at farm level. Romanian producers have to identify new opportunities on the market, being faced with a strong competition with the large diversity of imported wines. As the small and medium sized enterprises are the engines of any economy sector, is important to mention the main business environment opportunities identified in Romania [4]: increased sales on internal market, assimilation of new products, penetrating on new markets, realization of business partnership, use of new technology, obtaining a grant and increase of exports. As in any other sector in relation with agriculture and rural areas, the European funds can be an opportunity in this sector even if assuring co-financing can be an obstacle [1].

MATERIALS AND METHODS

For this paper, we made an assessment of evolution and opportunities of Romanian wine market in the context of world wine markets, based on national and international statistic data. In order to estimate the competitiveness of wine sector we calculated RXA – the relative export advantage index, RMA – the relative import advantage index and RTA – the relative trade advantage index.[7]

$RXA_{ict} = (X_{ict}/X_{iwt})/(XT_{ct}/XT_{wt})$, where:

RXA_{ict} – the relative export advantage index for industry i, country c in period t;

X_{ict} – the export value of industry i, country c in period t;

X_{iwt} – the export value of industry i in the world in period t

XT_{ct} – the total export value of all industries of country c in period t

XT_{wt} – the total export value of all industries in the world in period t

$RMA_{ict} = (M_{ict}/M_{iwt})/(MT_{ct}/MT_{wt})$

RMA_{ict} – the relative import advantage index for industry i, country c in period t;

M_{ict} – the import value of industry, country in period t;

M_{iwt} – the e import value of industry i in the world in period t

MT_{ct} – the total import value of all industries of country c in period t

MT_{wt} – the total import value of all industries in the world in period t

$RTA_{ict} = RXA_{ict} - RMA_{ict}$

RESULTS AND DISCUSSIONS

The opportunities of development of Romanian wine market should be approached within its four dimensions: *economic dimension*, *contextual dimension*, *psychological dimension* and *prospective dimension*. The *economic dimension* is related with the profitability of the sector. While the surfaces under vines in Romania remained about 180,000 ha in the last years, the wine production varied from 3,287 thousands hectoliter in 2010 to 5,113 thousands hectoliter in 2013. The wine production is depending on the weather conditions which generates profits or losses at farm level and

also affect the processing sector. The *contextual dimension* is related with the existing trend on the market. The consumption of wine in Romania is relatively high, Romanian being in the tenth position at world level with more than 25 l of wine consumption per capita. In the context of increasing consumption of wine sold on market, we also estimate a reduction trend of the quantities of wine consumed from own production, which will be a benefit for the internal market. As regarding the trade, as a major event we can notice that in 2014 the wine produced in Republic of Moldavia, started to be commercialized free of duties on European Union market, with led to an increased competition for the Romanian producers. The *psychological dimension*, in the case of Romanian wine market is related with the capacity of entrepreneurs on the market to adapt to the new conditions and challenges, and to take advantage of the supporting programs available for them, which can bring them competitive advantages. The *prospective dimension* means in the case of wine market to take decisions based on market researches and related with the recent evolution or estimated trends on this market.

Table 1. Evolution of Romanian total trade and wine trade in the period 2001-2013 (USD Thousands)

Year	Total exports	Total imports	Wine exports	Wine imports
2001	1,1384,994	15,551,616	19,673	1,337
2002	13,875,709	17,861,681	23,042	1,755
2003	17,618,059	24,003,123	24,743	2,271
2004	23,485,343	32,663,696	26,240	4,189
2005	27,729,597	40,462,894	22,298	9,218
2006	32,336,030	51,106,039	22,592	36,808
2007	40,264,716	69,946,195	21,897	39,838
2008	49,538,878	82,964,979	53,524	90,275
2009	40,620,890	54,256,269	19,099	20,648
2010	49,413,386	62,006,624	17,138	27,652
2011	62,692,001	76,365,285	19,973	69,480
2012	57,904,330	70,259,719	20,529	53,964
2013	65,881,442	73,452,192	21,988	50,502

Source: International Trade Center, 2014

The competitiveness of the Romanian wine market was determined through competitive

advantage index. First we selected dates regarding Romanian total trade and Romanian trade with wine during the period 2001-2013 (Table 1), expressed in value terms. The highest value for wine exports of Romania was recorded in 2008, when was also recorded the highest value of for wine imports, which can be related with the integration of Romania in The European Union.

Table 2. Evolution of World total trade and wine trade in the period 2001-2013 (USD Thousands)

Year	Total exports	Total imports	Wine exports	Wine imports
2001	6,107,379,428	6,300,219,418	12,900,034	13,267,235
2002	6,404,193,704	6,583,363,835	14,373,474	15,529,288
2003	7,463,343,765	7,678,356,208	1,7531,033	18,488,773
2004	9,097,787,857	9,377,673,605	19,927,350	21,138,451
2005	10,366,215,624	10,610,548,233	20,704,020	22,368,027
2006	11,985,054,143	122,393,66,140	22,583,155	24,067,695
2007	13,823,120,822	14,090,086,666	27,530,806	28,831,308
2008	15,971,872,932	163,27,838,997	29,901,773	31,121,309
2009	12,310,033,186	12,584,107,194	25,553,224	26,913,614
2010	15,050,924,286	15,286,355,731	27,922,417	28,837,757
2011	18,055,465,164	18,270,543,693	32,850,031	33,873,972
2012	18,003,055,012	18,274,654,379	33,095,673	33,519,109
2013	17,974,395,141	18,702,567,695	34,551,231	35,550,771

Source: International Trade Center, 2014

We calculated the Relative Export Advantage Index, and the results are indicating a negative trend of this one, in the period 2001-2013, excepting the year 2008 (Fig.1)

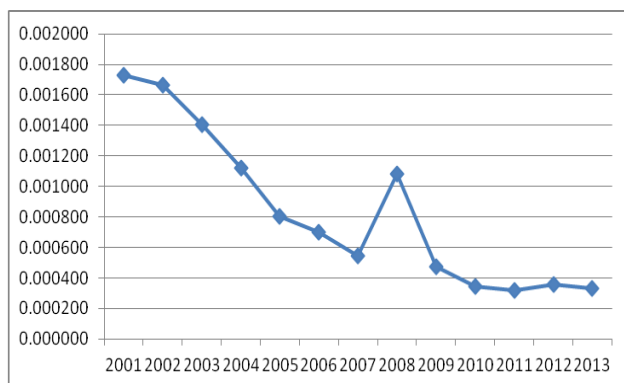


Fig.1. Evolution of RXA for wine in Romania between 2001 and 2013

The values for RMA indicated alternative trends between 2001 and 2013 (Fig.2)

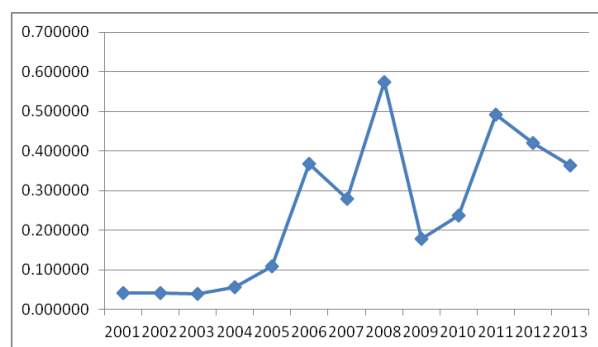


Fig.2. Evolution of RMA for wine in Romania between 2001 and 2013

Between 2001 and 2013 the RTA recorded only negative values. The lowest value was recorded in 2008.

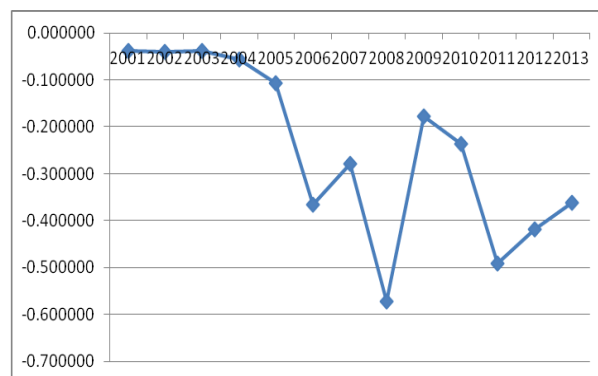


Fig.3. Evolution of RTA for wine in Romania between 2001 and 2013

One of the opportunities indicated for the development of this sector, the increased sales of Romanian wine on the market can be made through a better promotion of the Romanian products, an increased quality of these products and therefore a better quality-price ratio. Assimilation of new products is a solution for the enterprises with a history on the market that can promote new varieties on the wine market. Penetrating on new market and increasing exports are solution for the enterprises that export on the world market which can identify and promote their products on emerging wine markets. Business partnership can be made on the entire wine chain or in relation with international enterprises specialized in wine trade. Use of new technology is a priority for the enterprises which assume the principle that innovation drives the wine industry.

CONCLUSIONS

The level of RXA was well below 1 which means that Romania is relatively unspecialized in the wine exports. The value of RMA was below 1 during this period, but the interpretation of this index is inverted from that of RXA, which means that Romania imports relatively less comparative with the world average wine imports. The results for RTA were below zero which confirms competitive disadvantages of Romanian wine sector in relation with the World wine market. Increasing of Romanian wine sector competitiveness can be made through measures that capitalize market opportunities for the wine specialized enterprises.

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