

RESEARCH ON THE TRENDS IN ROMANIA'S MILK AND DAIRY PRODUCTS FOREIGN TRADE

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Abstract

The paper aimed to analyze the main trends in Romania's milk and dairy products foreign trade using a specific system of indicators destined to create a comprehensive image on the topic, based on the empirical data provided by the National Institute of Statistics and Eurostat for the period 2007-2012 and to set up the forecast for the 2013-2015 horizon, based on and using the fixed basis index, average change method, and comparison method. Milk and dairy products trade balance is a negative one, Romania being a net importing country. Despite this, both export value increased 2.9 times and the import value increased 1.3 times. The amount of milk exported by Romania will account for 1,673.8 thousand hl, and milk imported quantity for 6,119.8 thousand hl according to the forecast for the year 2015. In 2015, the forecast for Romania's milk export value is Euro thousand 96,258.75 and for milk import value Euro thousand 259,270.2. Romania's export value of dairy products accounted for Euro million 6.6, representing 0.06 % of the world exports, placing the country on the 56th position. Also, it comes on the 23rd position among the EU exporting countries with a very small contribution of 0.1 % to the EU export of dairy products. The main markets where the Romanian dairy products are sold are Italy, Belgium, Spain, United Kingdom and Greece. The import of dairy products is supplied by Hungary, Poland, Czech Rep, Italy, and Germany.

Key words: dairy products, milk, Romania, foreign trade, trends

INTRODUCTION

The world production and trade registered a higher and higher level during the last decades. In 2013, the world export accounted for USD Billion 48.3 for milk and cream and milk products (cheese and butter excluded), USD Billion 32.2 for cheese and USD Billion for butter, while the world import was USD Billion 47.1. for milk and cream and milk products (cheese and butter excluded), USD Billion 31.5 for cheese and USD Billion for butter [4]

Some important EU producing countries are among the top 10 exporting countries of milk and dairy products in the world, having the following market share in 2013: 35.9 % for milk and cream and milk products, cheese and butter excluded (Germany, France, Netherlands, Belgium, Poland), 64.4 % for cheese (Germany, Netherlands, France, Italy, Denmark, Belgium, Ireland, Poland) and 52.4 % for butter (Netherlands, Ireland, Germany, Belgium, France, Denmark, United

Kingdom). In the same year, the EU countries situated in the top 10 in the world had the following market share: 29.9 % for milk and cream and milk products, cheese and butter excluded (Netherlands, Italy, Germany, Belgium, France, United Kingdom, Spain), 47.4 % for cheese (Germany, Italy, United Kingdom, France, Belgium, Netherlands, Spain) and 45 % for butter (France, Belgium, Germany, United Kingdom, Netherlands, Italy). [4]

Romania was and still is a modest producer and exporter of milk and dairy products. Despite of the situation, Romania's trade with milk and dairy products registered a relatively growth during the last decade, but the country is a net importer having a deep negative balance.

In this context, the paper aimed to analyze Romania's milk and dairy products trade on the external market in order to identify the main trends in the period 2007-2012 and establish the forecast for the 2013-2015 horizon.

MATERIALS AND METHODS

In order to set up this study, the empirical data were collected from the National Institute of Statistics Tempo-Online, EuroStat data base, and UNCTAD WTO data base.

The main indicators taken into consideration were milk and dairy products trade and Romania's position as exporter at world level and in the EU. The period of reference was 2007-2012.

The data were processed using the fixed basis index method and comparison method, and also the average change index to elaborate the prospects of Romania's foreign trade with

milk and dairy products. The results have been tabled and interpreted.

RESULTS AND DISCUSSIONS

Milk trade. Romania's milk and dairy products trade has been continuously developing in the analyzed period. The amount of exported milk increased 3.44 times reaching 1,174 thou hl in 2012 compared to 341 thou hl in 2007, and the quantities of imported milk increased 1.88 times from 2,531 thou hl in 2007 to 4,774 thou hl in 2012 (Fig.1.)

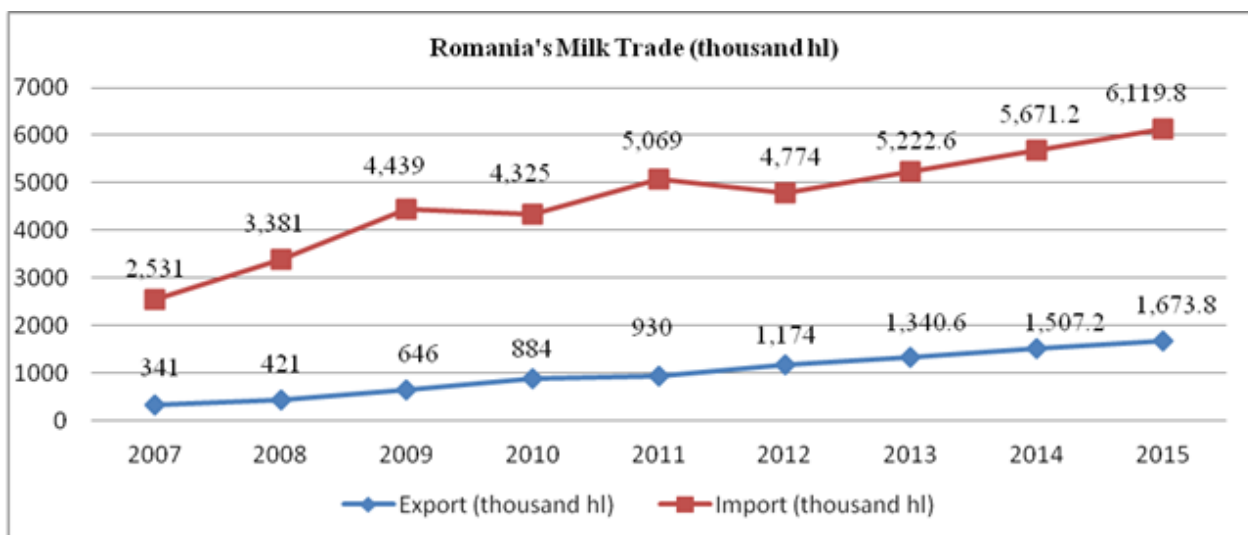


Fig.1. Evolution of Romania's milk export and import (Thousand hl) in the period 2007-2012 and the forecast for the 2013-2015 horizon. Own design based on the data provided by Beldescu Alina, Marascu Cristina, 2012, Milk and dairy products, Romanian Centre for Trade and Foreign Investments Promotion. [1]

In 2015, it is expected as milk export to account for 1,673.8 thousand hl, and milk import for 6,119.8 thousand hl as shown in Fig.1.

Considering Romania's external trade value, both the export and import value increased in the period 2008-2012. The export value was 2.92 times higher in 2012, accounting for Euro thousand 64,437 compared to Euro thousand 22,008 in the year 2008. The import value increased only 1.27 times from Euro thousand 175,195 in 2007 to Euro thousand 223,238 in 2012 (Fig.2.).

In 2015, it is expected as milk export value to reach Euro thousand 96,258.75 and milk

import value to account for Euro thousand 259,270.25.(Fig.2).

Taking into account that the import value was higher in comparison with export value, it is obvious that Romania was a net importing country of milk and dairy products. The explanation is found in the unbalanced demand/offer ratio, the lack of fresh milk for processing, the weak competition among dairy farmers, the surplus of milk and dairy products existing in other EU countries. [3]

The export value increased in case of all the groups of milk and dairy products, which is a positive aspect. The contribution of various groups of dairy products to Romania's export value was the following one in the year 2012: 42.97 % Cheese and green ewe cheese, 28.55

% Milk, milk sour cream, concentrated, with added sugar or sweeteners milk, 13.87 % Fermented milk products, 9.50 % Milk, milk sour cream, non-concentrated, without added

sugar or sweeteners milk, 2.85 % Whey and whey products and 2.26 % Butter and other fat milk products.

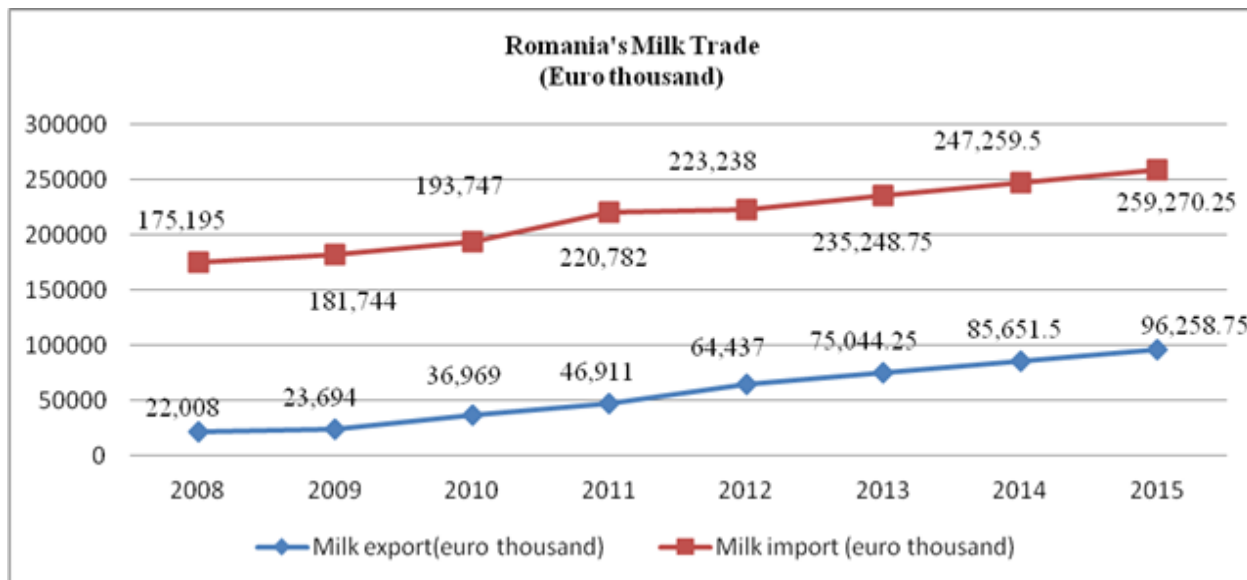


Fig.2.Evolution of Romania's Milk Export Value and Milk Import Value in the period 2007-2012 and the forecast for the 2013-2015 horizon. Own design based on the data provided by NIS, TEMPO online, 2014. [2]

The growth of export value, in the descending order, was the following one: Whey and whey products (55.78 times), Butter and other fat milk products (9.44 times), Milk, milk sour cream, concentrated, with added sugar or sweeteners milk (6.10

times), Cheese and green ewe cheese (5.43 times), Fermented milk products (3.92 times) and Milk, milk sour cream, concentrated, with added sugar or sweeteners milk (1.36 times) (Table 1).

Table 1. Romania's milk and dairy product export value by group of milk and dairy products, 2008- 2012 (Euro)

Dairy product	2008	2009	2010	2011	2012	2012/2008 %
Milk, milk sour cream, non-concentrated, without added sugar or sweeteners milk	1,004	1,390	1,703	3,957	6,126	610.15
Milk, milk sour cream, concentrated, with added sugar or sweeteners milk	13,443	12,219	16,542	22,148	18,399	136.86
Fermented milk products	2,281	2,412	2,784	4,591	8,942	392.02
Whey and whey products	33	147	609	1,175	1,841	5,578.78
Butter and other fat milk products	152	294	1,151	1,662	1,436	944.73
Cheese and green ewe cheese	5,095	7,232	14,180	13,378	27,693	543.53
Total export value	22,008	23,694	36,969	46,911	64,437	292.78

Source: NIS, TEMPO online, 2014. [2]Own calculations.

The import value increased in case of all the groups of milk and dairy products, which is a also positive aspect. The contribution of various groups of dairy products to Romania's import value was the following one in the year 2012: 45.97 % Cheese and green ewe cheese, 24.46 % Milk, milk sour cream, concentrated, with added sugar or sweeteners

milk, 9.87 % Milk, milk sour cream, non-concentrated, without added sugar or sweeteners milk, 9.58 % Fermented milk products, 6.40 % Butter and other fat milk products, and 3.68 % Whey and whey products.

The growth of import value, in the decreasing order, was the following one: Milk, milk sour

cream, concentrated, with added sugar or sweeteners milk (1.72 times), Fermented milk products (1.5 times), Milk, milk sour cream, concentrated, with added sugar or sweeteners milk (1.71 times), Cheese and green ewe

cheese (1.21 times), Whey and whey products (1.08 times), but Butter and other fat milk products registered a decrease by 26.74 % (Table 2).

Table 2. Romania's milk and dairy product import value group of milk and dairy products, 2008- 2012 (Euro Thousands)

Dairy product	2008	2009	2010	2011	2012	2012/2008 %
Milk, milk sour cream, non-concentrated, without added sugar or sweeteners milk	31,686	38,881	50,754	56,619	54,622	172.38
Milk, milk sour cream, concentrated, with added sugar or sweeteners milk	17,608	18,862	17,999	21,874	22,042	125.18
Fermented milk products	14,246	18,149	19,695	19,128	21,402	150.23
Whey and whey products	7,611	6,438	6,792	6,776	8,234	108.18
Butter and other fat milk products	19,528	22,108	17,157	16,307	14,307	73.26
Cheese and green ewe cheese	84,516	77,306	81,350	100,078	102,631	121.43
Total import value	175,195	181,744	193,747	220,782	223,238	127.42

Source: NIS, TEMPO online, 2014. [22]Own calculations.

The group of dairy products with a deepest negative impact on the trade balance are Cheese and green ewe cheese Milk, milk sour cream, concentrated, with added sugar or

sweeteners milk, all together with a share of 77.72 % in trade balance of dairy products. (Table 3).

Table 3. Romania's milk and dairy trade balance group of milk and dairy products, 2008-2012 (Euro Thousands)

Dairy product	2008	2009	2010	2011	2012	2012/2008 %
Milk, milk sour cream, non-concentrated, without added sugar or sweeteners milk	-30,682	-37,491	-49,051	-52,662	-48,496	158.06
Milk, milk sour cream, concentrated, with added sugar or sweeteners milk	+4,165	-6,643	-1,457	+274	-3,643	87.46
Fermented milk products	-11,965	-15,737	-16,911	-14,537	-12,460	104.13
Whey and whey products	-7,578	-6,291	-6,183	-5,601	-6,393	84.36
Butter and other fat milk products	-19,376	-21,814	-16,006	-15,145	-12,871	66.42
Cheese and green ewe cheese	-79,421	-70,074	-67,170	-86,700	-74,938	94.35

Source: Own calculations.

Table 4. Romania's position as exporting country of milk and dairy products in the world and in the EU

Dairy product	Romania in the world export		Romania in the EU Export	
	Position	Market share(%)	Position	Market share(%)
Milk and sour cream, nonconcentrates and nonsweeters	56	0.06	23	0.1
Milk and sour cream, concentrates and sweeters	40	0.02	16	0.04
Butter	48	0.03	24	0.05
Cheese	46	0.06	23	0.07

Source: Beldescu Alina, Marascu Cristina, 2012, Milk and dairy products, Romanian Centre for Trade and Foreign Investments Promotion. [1]

Romania is placed on the 56th position in the world as an exporting country of dairy products, its export value accounting for Euro million 6.6, representing 0.06 % of the world exports. Also, it comes on the 23rd position in

the EU with 0.1 % contribution to the EU exports.

The main countries were Romania exported dairy products were Italy, Belgium, Spain, United Kingdom and Greece and the main

suppliers of dairy products for Romania were: Hungary, Poland, Czech Rep, Italy, Germany. The main competitors of Romania for export were Bulgaria, Greece, Italy, Hungary, Czech Rep., Poland, United Kingdom, Spain, Belgium, Germany. [5]

CONCLUSIONS

Romania has a low position among the milk and dairy exporting countries in the world and in the EU. Despite this, its export and import of milk and dairy products registered a significant growth in the analyzed period, but Romania is still remaining a net importing country.

Romania's export value of dairy products accounted for Euro million 6.6, representing 0.06 % of the world exports, placing the country on the 56th position. Also, it comes on the 23rd position among the EU exporting countries with a very small contribution of 0.1 % to the EU export of dairy products.

The main markets where the Romanian dairy products are sold are Italy, Belgium, Spain, United Kingdom and Greece. The import of dairy products is supplied by Hungary, Poland, Czech Rep, Italy, and Germany.

Bulgaria, Greece, Italy, Hungary, Czech Rep., Poland, United Kingdom, Spain, Belgium, Germany are the main competitors of Romania for export.

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