

THE ROMANIAN EXTERNAL TRADE IN GRAIN

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Abstract

Romania is situated as agricultural potential among the first countries in Europe. But over the time it has been observed that our agriculture has failed to capitalize this potential and in consequence cannot provide the necessities of food for the population of the country. The trade balance is deeply inclined towards imports and even if the situation has improved in recent years, the trade balance in agricultural products remains negative, falling to about \$ 600 million in 2011. This paper analyzes the evolution of trade flows with the grain both in terms of quantity and value.

Key words: dependence, grain, Romania, trade, trends

INTRODUCTION

With more than 14 million hectares of agricultural land, Romania have significant agricultural resources, with a huge production potential, more than half of our country can be put into agricultural use. Nationally, agriculture is one of the most important sectors of the Romanian economy, with forestry and fishery they contribute with about

6% in year 2011 to the Gross Domestic Product [3].

In 2011, the grain production from Romania was 20.5 million tons. It was observed that the domestic production of cereals has increased compared to previous years. Also, our country ranked 5th in the European Union to the production of wheat and 2nd place, after France, to corn [2].

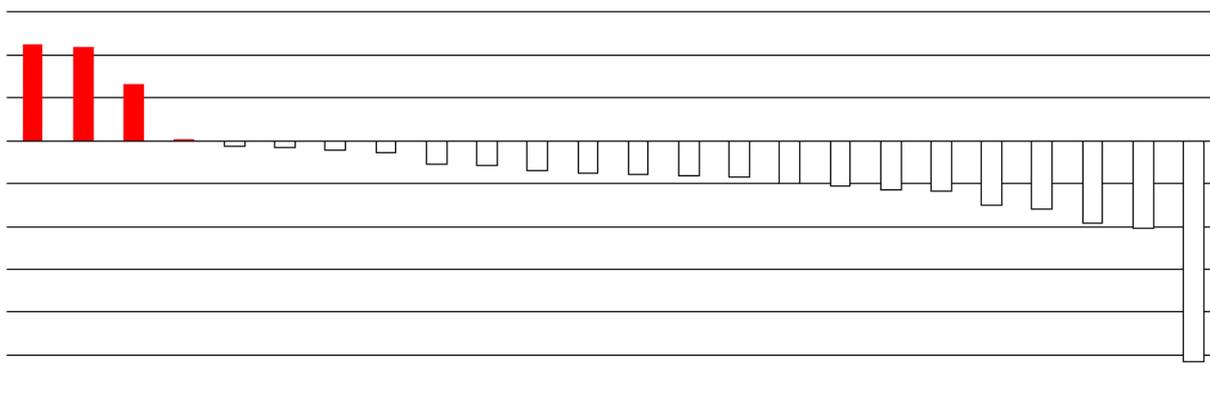


Fig.1.The trade balance for all product group

MATERIALS AND METHODS

To analyze the evolution of the Romanian foreign grain trade for the period 2002-2011, the statistical data regarding both the quantity and value of imports and respectively exports of grain provided by Ministry of Agriculture and Rural Development were used, processed and interpreted [1].

RESULTS AND DISCUSSIONS

Trade balance (Exports - Imports) showed that over the last 10 years (2002-2011) foreign trade was tilted grain exports, except in 2003, 2004 and 2007 while imports of cereals were higher. Exports increased significantly in recent years, as can be seen in Fig.2 and 3.

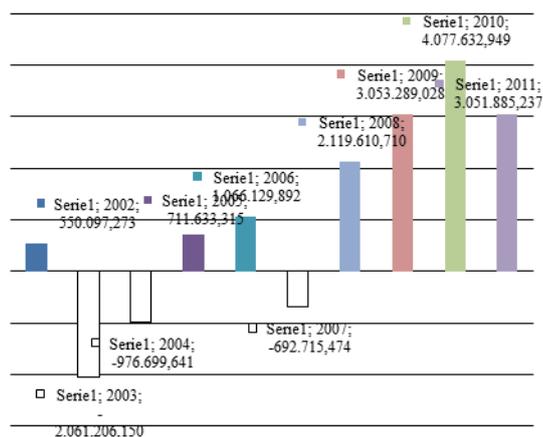


Fig. 2. Grain trade balance 2002-2011 –Tons

The increase of grain trade was possible due to the achievement of yields and total consistently increasing average, which created availabilities for export. It is possible that farm subsidy have increased agricultural production of cereals and oilseeds in particular. As can be seen in Figure 2, quantitative trade balance significantly increased since 2007, when it was negative, by 2010, facing a slight decrease in 2011.

Value, however, it can be seen that the balance has increased from 2008 to 2011. By product category, along the years, most we have exported wheat, corn and barley. According to Figure 5 we find that we are deficient in terms of rice, which is normal for Romania's climate and low water

inclusive, which leads to the conclusion that in 2011 export prices are significantly higher than last year. This conclusion is also confirmed by statistical data.

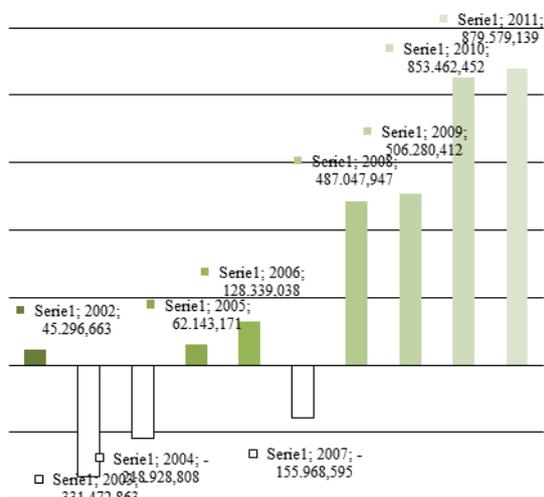


Fig. 3. Grain trade balance 2002-2011 - \$ thousand

In Fig.4, one can notice that in 2002 the balance was positive, \$ 45,296,660, and in 2003 and 2004 underwent negative values, exports are less than imports with \$ 331,472,860, respectively 218 928 810 \$. Also, in 2007 imports exceeded exports by \$ thousand 155,968.60, and in 2008 grew increasingly more, so in 2011 grain trade balance was \$ 879,579,140.

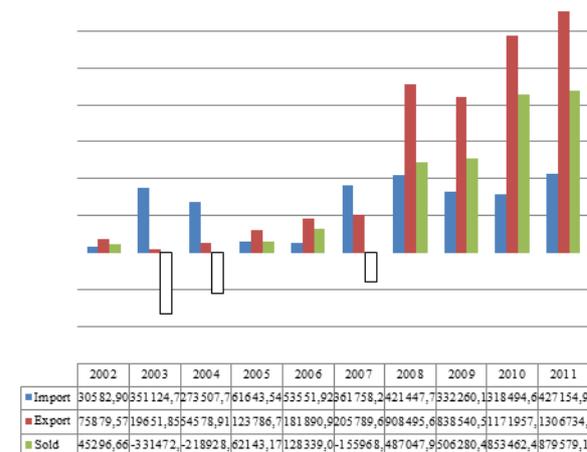
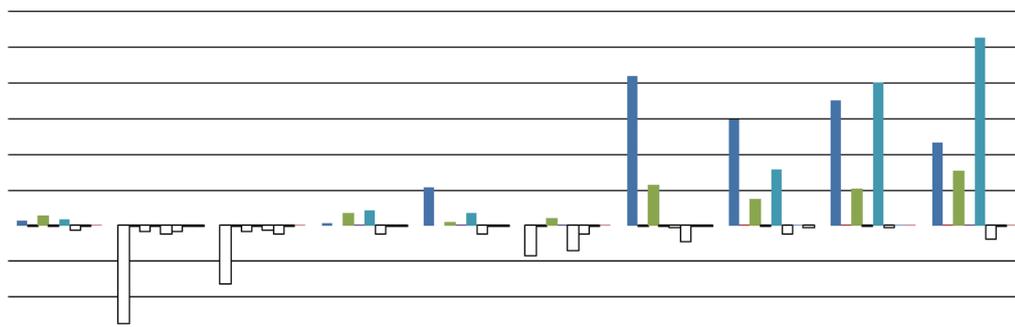


Fig. 4. Grain trade balance 2002-2011 - \$ thousand

availability, but also for sorghum grains, except for the years 2009 and 2010, although grain trade balance is significantly positive except the years 2003, 2004 and 2007, years of severe drought.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
■ Wheat and meslin	12,96	-274,94	-162,62	6,70	106,11	-85,23	421,46	299,43	350,76	232,85
■ Rye	-0,01	-0,10	0,00	0,00	0,00	-0,06	-0,02	0,80	0,10	0,25
■ Barley	26,97	-16,76	-16,98	34,29	11,09	23,15	116,37	76,89	103,45	155,70
■ Oats	0,00	0,00	0,00	0,29	0,16	0,02	-0,16	-0,01	-0,03	0,08
■ Corn	16,27	-23,79	-14,43	43,00	35,48	-70,39	-4,24	157,69	401,06	527,59
■ Rice	-10,91	-15,72	-24,78	-22,10	-24,45	-21,65	-43,71	-23,79	-6,15	-38,27
■ Grain sorghum	-0,01	-0,11	-0,13	-0,03	-0,02	-2,19	-1,13	1,23	0,21	-0,25
■ Other cereals	0,03	-0,04	0,01	-0,01	-0,04	0,40	-1,52	-5,96	4,06	1,62

Fig.5. Trade balance by product category 2002-2011 - \$ million

As it can be seen in Fig. 6, the grain trade balance in the period 2002-2011 showed that after the accession, the amount of grain imported from the European Union experienced a significant increase compared to the pre - accession, except 2008, after the severe drought of 2007, when trade balance with the EU is negative.

We calculated the import price by dividing the value of imports to the quantity imported or export price by reporting the value of exports to the quantity exported. In the chart below we can see that the price of cereals, both the import and the export increased from 2002 to 2011, in 2009 suffered a slight decrease over the previous year. It can also be notified that, except for 2007, the import price is higher than the export price, in 2011 the difference between them being about 15%, which leads to the conclusion that either we import seed of superior categories and export cereal consumption or exported grain quality is inferior to the quality of imported grain, this being reflected in the price (Fig.7).

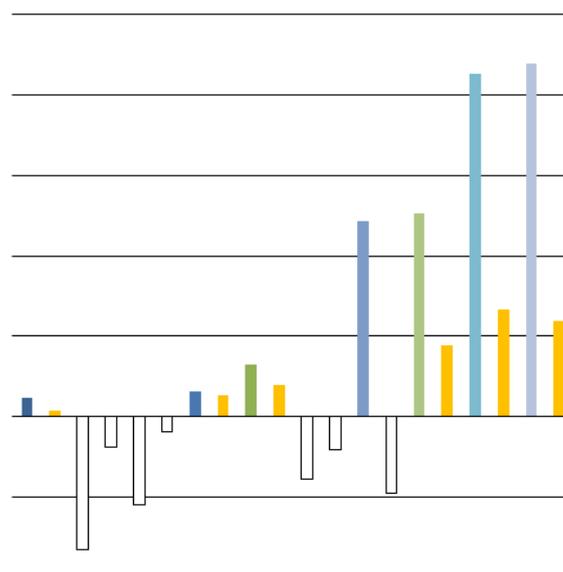


Fig.6. Cereals balance between 2002 and 2011 global and at EU level

Studying Fig. 8, it can be seen that in the total of the groups the value of the cereal import support a significant growth in 2003, ranging from 2.61% to 20.21%, falling to 13.40% in 2004 and 2.45 % in 2005.

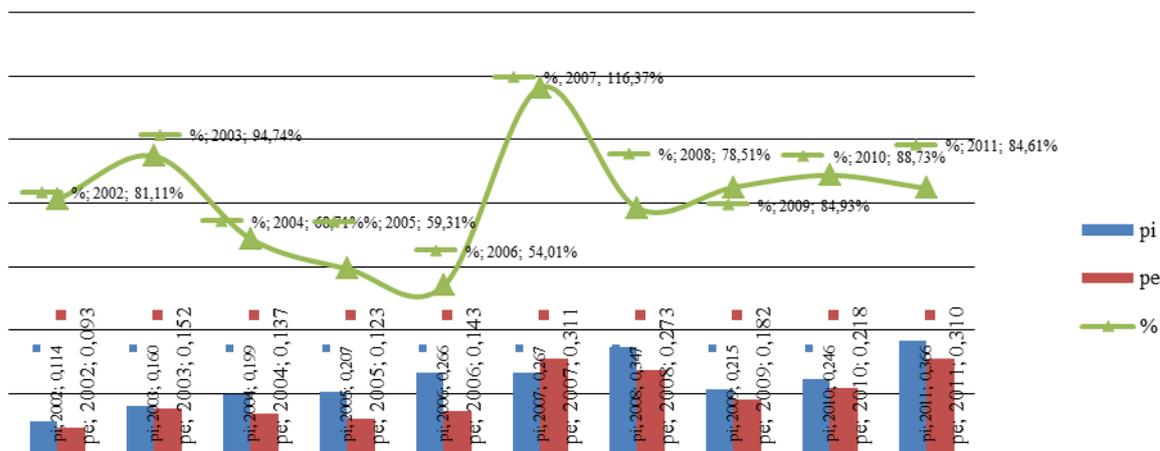


Fig.7. Evolution of import prices, respectively export prices between 2002 and 2011

Between 2008 and 2011 the differences are not very significant, the percentage of grain imports to total imports oscillating by 1-2%. In terms of exports, the situation is reversed. The percentage of the total value of exports, when it comes to cereal category, we see that they suffer a significant drop in 2003 by about

14% compared to 2002 and since 2008, 29% of total export revenues are derived from group cereals. Oscillations between 2008 and 2011 are not very significant, but it can be seen that in 2011 fell to 26.26%.

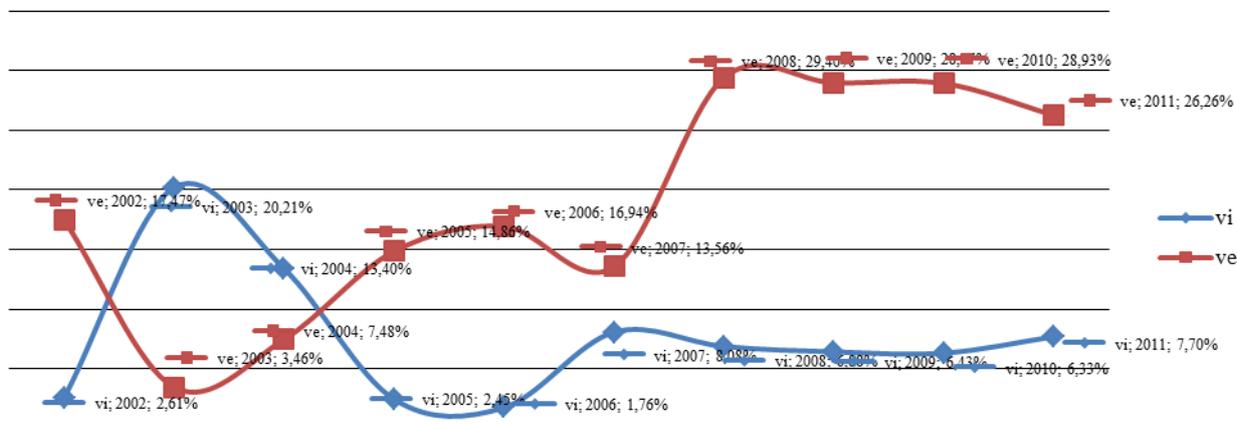


Fig. 8. Evolution of the share of cereals in total groups between 2002 and 2011

The dependence on grain import from 2002 to 2011 is shown in Figure 9. We can notice that after our accession to the European Union it dependence increased significantly. If before we join to the European Union we imported 6.56% in 2002, 46.54% in 2006, we find that after 2008 the percentage is greater than 90%, in 2011 is 84.48%, which means a huge addiction to European Union regarding the

import of cereals. The principle of community preference has redirected the flow of trade. If we talk about dependence on imports towards the European Union in Fig.9, and in Fig. 10 we can see the Romania dependence on exports to the European Union. The least we exported to the European Union in 2002 and 2008. One can notice that our accession did not lead to a significant increase

of the dependence on exports to the European Union countries in 2011, only 45.74% of

exported grains are going to the member states of the European Union.

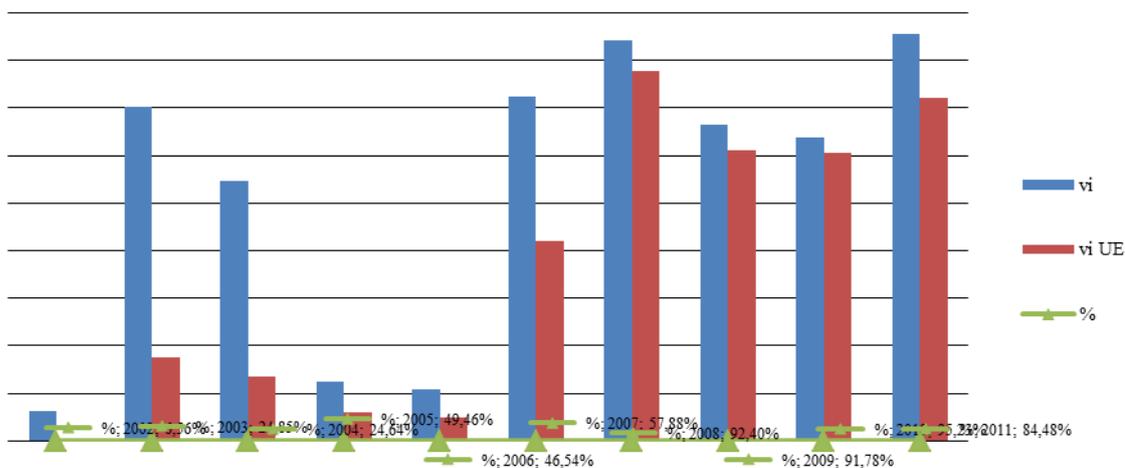


Fig.9. Dependence of imports towards the European Union

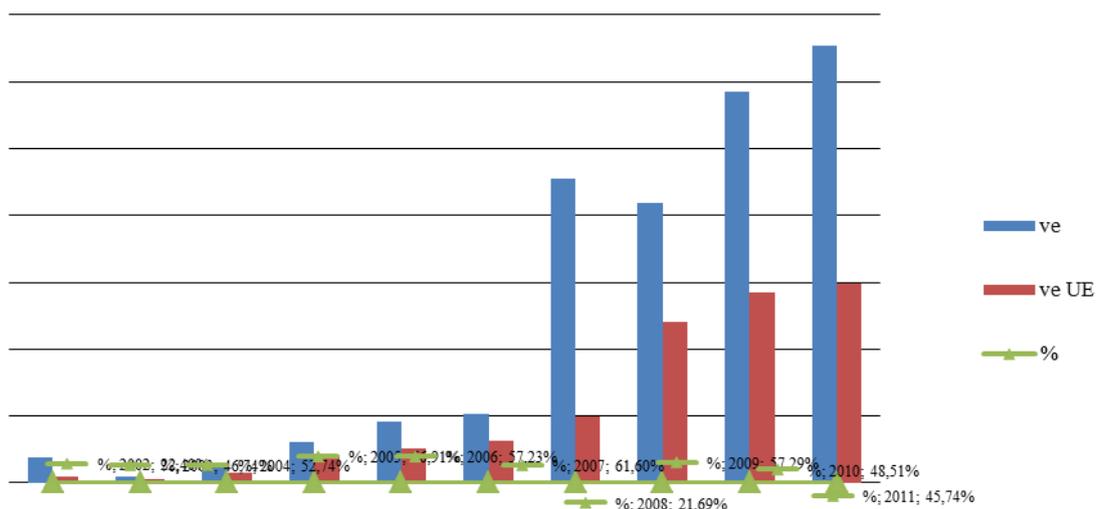


Fig.10. Dependence of exports towards the European Union

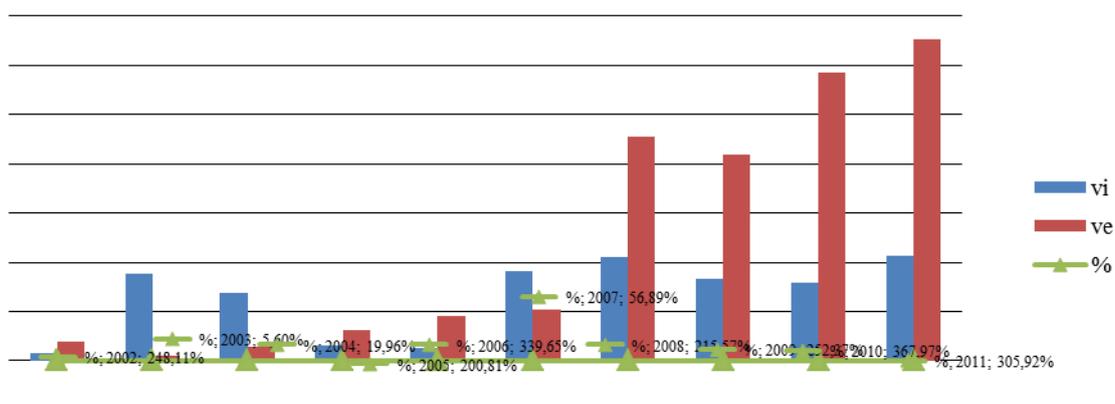


Fig.11. The coverage of imports by exports

Instead in 2003, the coverage degree dropped to 5.60% and in 2004 was 19.96%. And from 2008 we can notice that the value of exports exceeds that of imports by over 115.5%, and in 2010 the coverage was 267.97%.

CONCLUSIONS

Romania is a country that disposes of agricultural power. Cereals always have been one of the important profitable sectors of Romania.

It could be seen that grain trade is one of the few for which Romania has competitive advantages and succeeds exploit them, except for three years - 2003, 2004 and 2007 - and in the recent years exports have increased significantly, although that imports have increased. The main categories are wheat, corn and barley.

Romania became dependent on imports from the European Union, but in terms of exports only half of exported products reach in the European Union.

Also, one can notice that the value of exported grains covers constantly that of the imported products in recent years and we can hope that this trend became one of long term.

REFERENCES

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- [2] www.recolta.eu
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