

## AGRO-FOOD TRADE POSITION IN ROMANIA'S FOREIGN TRADE

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### Abstract

*The purpose of the paper was the analysis of the agro-food foreign trade position in Romania's foreign trade in the period 2005-2010. Agro-food foreign trade registered a fast dynamics, its volume accounting for Euro Million 7,053 in 2010, being by 161 % higher than in 2005. Its share in Romania's foreign trade increased from 3.02 % in 2005 to 8.36 % in 2010. Vegetal products are the best exported goods (52.41 %), followed by food products, beverages and tobacco (28.46 %). Romania's import is mainly dominated by food products, beverages and tobacco (40.34 %) and vegetal products (29.06 %). The EU countries are the main trade partners, accounting for about 80 % both in the export and import value. In 2010, agro-food export accounted for 8.54 % and agro-food import for 9.42 % in Romania's trade with the EU. Romania's agro-food products are mainly exported in Italy, Bulgaria, Hungary, the Netherlands, Spain and Germany and imports come especially from Hungary, Germany, Bulgaria, the Netherlands, Poland and Italy. The agro-food trade has become a more and more efficient part of Romania's trade taking into consideration the export share in GDP, import coverage by export and export per inhabitant.*

**Key words:** agro-food trade, efficiency, foreign trade, Romania, trade partners

### INTRODUCTION

The development of agriculture depends on the position of agricultural products of a country in the international market. For this reason, Romania has paid a special attention to agricultural production, to the quality of agricultural products in order to become a more competitive exporter [1].

The last decades have shown an intensified trade especially with the EU countries, especially after Romania's entry into the Common Market [3]. As a result, the role of agro-food trade has become more and more important in the development of the economy and in the assurance of consumer's needs. The open frontiers allowed the penetration of various agro-food products completing the domestic production in the market eliminating the offer seasonality.

The alignment to the EU commercial agreements has open a new gate to the international market for Romania [5].

However, import has been the most dynamic feature of Romania's agro-food trade compared to export, so that the deficit of the

trade balance has become more and more accentuated [2, 4].

In this context, the goal of the paper was to present the evolution of the main indicators characterizing Romania's agro-food trade and to establish its contribution to the development of foreign trade, identifying the main trends an evaluating its efficiency in the period 2005-2010.

### MATERIALS AND METHODS

The data were provided by the National Institute for Statistics for Romania's foreign trade and agro-food trade and refer to the period 2005-2010 [6].

The methodology used in order to process the data was represented mainly by the index, share and comparison methods.

The following indicators were used to characterize agro-food foreign trade: export, import, trade balance, agro-food trade share in the country's foreign trade, agro-food trade by product group, trade partners.

In order to evaluate agro-food trade efficiency the following specific ratios were utilized:

export/GDP, import/GDP, export/import, export/agricultural production and export/inhabitant.

## RESULTS AND DISCUSSIONS

**Contribution of agriculture, hunting and fishing to GDP.** In the period 2005-2010, Romania's GDP increased by 54 % from Euro Million 79,200 in 2005 to Euro Million

122,000 in 2010. The GDP created in the field of agriculture, hunting and fishing had registered a lower increase of only 11.35 % from Euro Million 6,700.3 in 2005 to Euro Million 7,461.1 in the year 2010. Because of the slow dynamics, the share of GDP created in agriculture, hunting and fishing declined from 9.40 % in 2005 to 6.01 % in 2010 (Table 1).

Table 1. GDP in agriculture, hunting and fishing, Romania, 2005-2010 ( Euro Million)

	2005	2006	2007	2008	2009	2010	2010/2005 %
GDP	79,200	97,100	121,200	136,800	115,900	122,000	154,040
GDP (Euro/capita)	3,688	4,530	5,788	6,499	5,508	5,792	157.05
GDP in agriculture, hunting and fishing	6,700.3	7,616.9	7,181.3	9,266.6	7,622.2	7,461.1	111.35
Share of GDP in agriculture, hunting and fishing inGDP (%)	8.40	7.78	5.76	6.64	6.44	6.01	-

Source:Romania's Statistical Yearbook,2011. Own calculations.

**Romania's agricultural production.** Agricultural production has been continuously developing during the analyzed period. Its value increasing by 19.20 % from Euro Million 12,844 in 2005 to Euro Million 15,310 in 2010. The vegetal production is the most dynamic sector in agriculture. In 2010, the production value created in this sector accounted for Euro Million 10,334, being by 33.87 % higher than in 2005. The animal production registered a continuous decline as its value accounted for Euro Million 4,838 in 2010, being by 3.67 % lower than in the year 2005. As a consequence, the weight of vegetal production value increased from 60.1 % in 2005 to 67.5 % in 2010, while the share of animal production decreased from 39.1 % in 2005 to 31.6 % in 2010 in agricultural production value ( Table 2).

**Romania's foreign trade** has recorded a continuous development in the analyzed period. Export increased by 67.90 % from Euro Million 22,256 in 2005 to Euro Million 37,368 in 2010, while import grew up by 44.02 % from Euro Million 32,568 in 2005 to Euro Million 46,902 in 2010. Therefore, import value was higher than export value. As

a result, the trade balance was a negative one registering a higher and higher deficit from 2005 to 2008 and then its figure was lower and lower. Thus, in 2010, the deficit of Romania's trade balance accounted for Euro Million 9,534, being by 7.55 % lower than in 2005 ( Table 3).

**Geographical orientation of Romania's foreign trade.** Romania has close commercial relationships with various countries on different continents, but the main trade partner is the EU, whose share was about 72 % both for export and import in the year 2010. In 2012, the EU countries accounted for about 80 % of Romania's trade. On the second position are coming other European countries with about 14.4 % for export and 10.5 % for import. Of a less importance are the EFTA states with 1.5 % for export and 1.1 % for import. On the 3rd position, there were different countries from Asia, Americas and Oceania, their share all together representing 12 % for export and 15.9 % for import in 2010 ( Table 4).

In 2010, the main trade partners were Germany, Italy, Turkey, France and Hungary (Table 5).

In 2010, the EU had a positive trade balance accounting for Euro Million 9,150, because export accounted for Euro Million 30,646 and import for 351,496. Romania's trade with the

EU had a negative balance represented by Euro Million 7,040, as import value (Euro Million 33,992) exceeds export value (Euro Million 26,952).

Table 2. Romania's agricultural production (Euro Million)

	2005	2006	2007	2008	2009	2010	2010/2005 %
Agricultural production	12,844	14,371	14,293	18,192	14,143	15,310	119.20
-Vegetal sector	7,719	8,896	8,604	12,425	8,429	10,334	133.87
-Animal sector	5,022	5,346	5,474	5,567	5,530	4,838	96.33
-Services	103	129	215	200	184	138	133.98
Share of agricultural production by sector (%)	100	100	100	100	100	100	100
-Vegetal sector	60.1	61.9	60.2	68.3	59.6	67.5	-
-Animal sector	39.1	37.2	38.3	30.6	39.1	31.6	-
-Services	0.8	0.9	1.5	1.1	1.3	0.8	-

Source: Romania's Statistical Yearbook, 2011. Own calculations.

Table 3. Foreign trade, Romania, 2005-2010 (Euro Million)

	2005	2006	2007	2008	2009	2010	2010/2005 %
Export	22,256	25,850	29,549	33,725	29,084	37,368	167.90
Import	32,568	40,746	51,322	57,240	38,953	46,902	144.02
Trade balance	-10,312	-14,896	-21,773	-23,515	-9,869	-9,534	92.45

Source: Romania's Statistical Yearbook, 2011. Own calculations.

Table 4. Romania's foreign trade by main country group (%)

Country group	Export partners		Import partners	
	2007	2010	2007	2010
European Union	72.0	72.1	71.3	72.5
Other European countries	11.9	14.4	13.7	10.5
EFTA( AELS)	14.3	1.5	14.1	1.1
Other countries	1.8	12.0	0.9	15.9

Source. Own calculations.

Table 5. Romania's foreign trade by main partners (%)

Partner country	Export partners		Import partners	
	2007	2010	2007	2010
Germany	17.0	18.1	17.2.3	16.7
Italy	17.0	13.8	12.7	11.6
Turkey	8.00	7.0	7.0	7.0
France	7.7	8.3	6.3	5.9
Hungary	5.7	4.7	6.9	8.6

Source. Own calculations.

**Romania's agro-food trade** had been continuously developing in the analyzed period. However, import was a very dynamic

trade branch registering 94.16 % gain in 2010 compared to 2005. Thus, in 2010, import value was Euro Million 3,926 compared to Euro Million 2,022. Export value was lower

accounting for Euro Million 3,127 in 2010, when it was 4.64 times higher than in 2005. Therefore, export was the most dynamic part of Romania's trade. Taking into account the both parts of the trade, the commerce volume

increased by 161.70 % in the analyzed period, its value accounting for Euro Million 7,053 in 2010 in comparison with Euro Million 2,695 in the year 2005( Table 6).

Table 6. Agro-food export, import and trade balance, Romania, 2005-2010 ( Euro Million).

	2005	2006	2007	2008	2009	2010	2010/2005 %
Export	673	854	1,122	2,165	2,243	3,127	464.63
Import	2,022	2,425	3,339	4,346	3,823	3,926	194.16
Balance	-1,349	-1,571	-2,217	-2,181	-1,580	-799	59.22
Trade value	2,695	3,279	4,461	6,511	6,066	7,053	261.70

Source: Romania's Statistical Yearbook, 2011. Own calculations.

#### Weight of agro-food trade in foreign trade.

Taking into consideration the figures registered by export and import with agro-food products and the the export and import value of Romania, one can easily notice that

the share of agro-food trade has increased in the period 2005-2010. In 2010. Agro-food export represented 8.36 % in Romania's export value, while, agro-food import accounted for 8.37% ( Table 7).

Table 7. Weight of agro-food trade in foreign trade, Romania, 2005-2010 (%)

	2005	2006	2007	2008	2009	2010
Foreign trade	100	100	100	100	100	100
Agro-food export	3.02	3.30	3.79	6.41	7.71	8.36
Agro-food import	6.20	5.95	6.50	7.59	9.81	8.37
Agro-food balance	13.08	10.54	10.18	9.27	16.00	8.38

Source: Own calculations.

#### Romania's agro-food trade with the EU.

Taking into consideration the close relationship existing between Romania and the EU which has been strengthened after the country entry into the Common Market, the agro-food trade has been intensified so that in the year 2010, it reached 8.54 % of total

export and 9.42 % of total import. In 2010. Romania's agro-food export value accounted for Euro thousand 2,303,071 while import value was Euro thousand 3,203,856. As a consequence, trade balance registered Euro thousand 900,785 deficit ( Table 8).

Table 8. Romania trade and agro-food trade with the EU, 2010 ( Euro thousand)

Specification	Value ( Euro thousand)	Share ( %)
Romania's Export value	26,952,867	100
Agro-food export value	2,303,071	8.54
Romania's Import value	33,992,062	100
Agro-food import value	3,203,856	9.42
Romania's Trade Balance	-7,039,195	100
Agro-food trade balance	-900,785	12.79 %

Source: Romania's Statistical Yearbook, 2011. Own calculations.

The main EU partners in Romania's agro-food trade are: Italy, Bulgaria, Hungary, the Netherlands, Spain and Germany for export and Hungary, Germany, Bulgaria, the Netherlands, Poland and Italy for import (Table 9).

**Trade by agro-food product group.** The main agro-food product groups both for export and import are: Live animals and products, Vegetal products, Vegetal and animal fats and oils and Food products, beverages, tobacco according to the statistical classification. The figures showed that in the

period 2005-2010, all the agro-food product groups registered an important growth. Regarding export of agro-food products, live animals were on the top position, followed by vegetal and animal fats and oils, and then by food products, beverages and tobacco and on the last position there were situated vegetal

products. Regarding import, the highest value belonged to food products, beverages and tobacco, followed on the second position by vegetal products, on the third position by live animals and on the last one by vegetal and animal fats and oils ( Table 10.)

Table 9. Agro-food trade by main EU country partner, Romania, 2010

Export value with the EU= Euro Thou. 2,303,071			Import value with the EU=Euro Thou. 3,203,856		
Country	Export Euro thousand	Share %	Country	Import Euro thousand	Share %
1.Italy	545,067	23.66	1.Hungary	691,162	21.57
2.Bulgaria	301,249	13.08	2.Germany	493,029	15.39
3.Hungary	250,343	10.86	3.Bulgaria	450,130	14.04
4.Netherlands	198,373	8.62	4.Netherlands	272,660	8.51
5.Spain	191,373	8.31	5.Poland	241,881	7.55
6.Germany	178,426	7.74	6.Italy	230,012	7.17
Total	1,664,831	72.27	Total	2,378,874	74.23

Source: Romania's Statistical Yearbook, 2011. Own calculations.

Table 10. Romania 's trade by agro-food product group, 2005-2010 ( Euro Million)

	2005	2006	2007	2008	2009	2010	2010/2005 %
<b>EXPORT</b>	673	854	1,122	2,165	2,243	3,127	464.63
I.Live animals and products	196	211	252	278	326	434	221.42
II.Vegetal products	276	407	440	1,198	1,126	1,639	593.84
III.Vegetal and animal fats and oils	62	57	68	106	88	164	264.51
IV.Food products, beverages, tobacco	139	179	362	583	704	890	640.28
<b>IMPORT</b>	2,022	2,425	3,339	4,346	3,823	3,926	194.16
I.Live animals and products	662	707	870	1,191	1,116	984	148.62
II.Vegetal products	437	583	1,037	1,259	1,003	1,141	261.09
III.Vegetal and animal fats and oils	59	74	144	227	160	217	367.79
IV.Food products, beverages, tobacco	864	1,106	1,288	1,669	1,544	1,584	183.33

Source: Romania's Statistical Yearbook, 2011; Own calculations.

In the first year of the analysis, 2005, the weight of each product group in the agro-food export was: 41 % vegetal products (fruits, vegetables and cereals), 29.12 % live animals and products of animal origin, 20.65 % food products, beverages and tobacco and 9.23 % fats and oils pf vegetal and animal origin.

In 2010, the situation was the following one: vegetal products 52.41 %, food products, beverages and tobacco 28.46 %, live animals and products of animal origin 13.88 % and fats and oils of animal and vegetal origin 5.25 %.

The growth rate by product group in 2010 in comparison with the level registered in the year 2005 was the following one: 540 % for food products, beverages and tobacco, 493 %

for vegetal products, 164 % for vegetal and animal fats and oils and 121 % for live animals and products of animal origin.

**Efficiency of Romania'a agro-food trade** has been continuously increasing in the analyzed period.

The arguments are the following ones: in 2010 compared to 2005, the trade balance diminished its deficit by 40 %, the export/GDP increased 4 times, export/agricultural production increased 3.9 times export/import ratio grow up 2.3 times and export value/inabitant increased 4.6 times. However, import/GDP increased 1.74 times which is was not a positive aspect ( Table 11).

Table 11. Efficiency of Romania's agro-food- trade , 2005-2010

Indicator	MU	2005	2010	2010/2005 %
GDP	Euro Billion	6.7	7.5	111.9
Trade balance	Euro Billion	-1.3	-0.8	61.5
Impact of trade balance on GDP	%	-19.4	-10.7	55.1
Export share in GDP ( E/GDP)	%	10.0	41.9	419.0
Import share in GDP (I/GDP)	%	30.2	52.6	174.1
Export share in agricultural production value	%	5.2	20.4	392.6
Import coverage by export ( E/I)	%	33.28	79.65	239.33
Export/inhabitant	Euro/capita	31.1	145.9	469.1

Source:Own calculations

## CONCLUSIONS

Romania has a more intensive foreign trade and especially with agro-food products. Both export and import value increased, but the most dynamic sector of Romania's trade is import as long as the domestic production can not cover consumer's needs in all the seasons. Agro-food trade reached Euro Million 7,053 in 2010, being by 161 % higher than in 2005. Its weight in Romania succeeded to assure a better coverage of the domestic and external market with agro-food products grace to the increase of its foreign trade from 3.02 % in 2005 to 8.36 % in 2010.

Export of agro-food products had the following structure in 2010: vegetal products 52.41 %, food products, beverages and tobacco 28.46 %, while import consisted mainly of food products, beverages and tobacco 40.34 % and vegetal products 29.06 %.

In 2010, the trade with the EU countries accounted for about 72 % in Romania's trade and the agro-food export was represented by 8.54 % while agro-food import for 9.42 %.

Italy, Bulgaria, Hungary, Netherlands, Spain and Germany were the main Romania's EU partners for agro-food export while the main partners agro-food products were imported

were Hungary, Germany, Bulgaria, Netherlands, Poland and Italy.

Romania's agro-food trade has become a more and more efficient economic branch because the higher level of export value per GDP and inhabitant, a more effective export/import ratio and a lower deficit of trade balance.

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