Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development
Vol. 14, Issue 3, 2014
PRINT ISSN 2284-7995, E-ISSN 2285-3952

ASPECTS REGARDING WINE PRODUCTION AND WINE SECTOR COMPETITIVENESS IN ROMANIA

Georgiana-Raluca LĂDARU[1], Silviu BECIU[2], Ionela Mițuko VLAD[3], Maria-Cristina PĂDURE[4]

[1,4]The Bucharest University of Economic Studies, Piaţa Romană, 6, Bucharest, Romania, Email: ralucaladaru@eam.ase.ro, m.maria.cristina@yahoo.com
[2,3]University of Agricultural Sciences and Veterinary Medicine, Bucharest, 59 Marasti, district 1, 011464, Bucharest, Romania, E-mail: beciu_silviu@yahoo.com, bmitsouko@yahoo.fr

Corresponding author: beciu_silviu@yahoo.com

Abstract

The paper aimed to make some assumptions regarding wine sector competitiveness in Romania. Vineyards have an important share in Romanian agriculture, Romania being ranked on 11th position in the world and on 5th position in the European Union in terms of vineyards surface, while the wine industry is an important contributor to the GDP. The research method was based on analyze of wine sector evolution in the last years. The paper presents current global context of wine market at international level and focus on Romanian wine production sector and wine trade, seen in the light of competitiveness. The competitiveness of Romanian wine sector need to be related with measures that are able to increase the attractiveness of Romanian wines, both on domestic and external markets.

Key words**:** *competitiveness, sector, Romania, wine*

INTRODUCTION

Competitiveness has always been a difficult and controversial concept, and there are also discussion related to proper measure of it. Competitiveness of wine sector is related with measures that ensure attractiveness of Romanian wines, both on domestic and external markets. Several studies argue that foreign trade performance measurement does not adequately reflect the competitiveness. However, despite these views, it is noted that most often competitiveness is associated with foreign trade performance [1]. The industries and firms are competitive when they are able to continue to increase foreign trade by establishing product offerings that are as good as or better than their competitors. [2]. An international institution have proposed definition of competitiveness as the ability of a national economy to produce goods and services that pass the tests of international markets, while their citizens can enjoy a high standard of living and sustainable in the long term[6]. Other authors use a broader definition of competitiveness. They are focusing on structural factors, as productivity, innovation and skills, which influence the economic performance in the medium and long term. [3]. Also in the wine sector, it can apply the principle according to which in order to define competitiveness, it is important to identify who are the key factors that determine the survival of the sector business.[4]. In terms of competitiveness assessment, this can be done at firm level, industry or sector level and national level [5].

MATERIALS AND METHODS

For this paper, we made an assessment of competitiveness at sector level, starting with the presentation of current global context at international level and continuing with analysis of production inputs, outputs and the exports level in the Romanian wine sector.

RESULTS AND DISCUSSIONS

If we consider the vineyards surface, Romania is ranked on 11th position in the world and on 5th position in the European Union. We can

Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development
Vol. 14, Issue 3, 2014
PRINT ISSN 2284-7995, E-ISSN 2285-3952

mention here that Europe has the largest area under vine with 3.570.708 ha (51%), followed by Asia 1.885.581 ha (27 %), America 973.224 ha (14%), Africa 356.766 ha (5%) and Oceania 183.094 ha (3%). European Union is a very important player in the wine market, which includes 46.41% from total vineyards surface and 90.58% from European vineyards surface. In Romania the area under vine has a structure in which the share of hybrid varieties is very high. Of the 178.378 ha planted with vines, 88,643 ha are planted with hybrid vines, representing 49.69% of the total. Family farms have most part of the surfaces with hybrid vineyards. Wine production is made in most part for home consumption. In the case of areas under noble vines, they are concentrated in the major wine units, in which supply chain is integrated. During 2004-2013, the surface with vines decreased by 13.14%, respectively, from 205.381 hectares in 2004 to 178.378 in 2013. The surfaces with grafted vines reduced by 31.67% while the hybrid vines increased by 19.69%. (Fig.1)

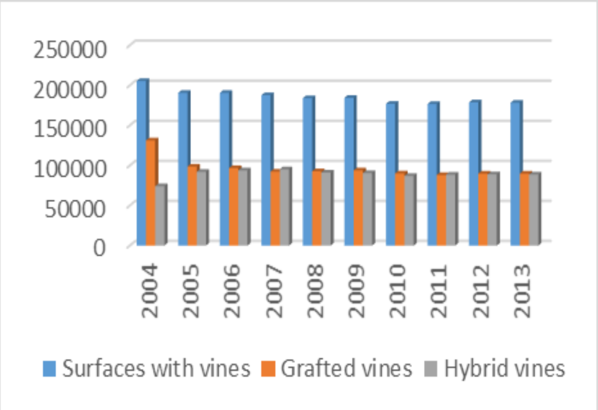

Fig.1. Evolution of vines surfaces in Romania (ha)

Wine produced from hybrid varieties is prohibited from trading, depriving thus Romanian market by a significant part of the local supply, and leading to increased imports of noble wine with lower quality. From a regional perspective, South East ranks first in terms of area vineyards bearing, holding 39% of the wine of the country, mostly located in Vrancea County. In the second place we can find the South West Region that owns about 18%, most of the area being concentrated in Dolj County. The South-Region Muntenia and the North East Region have about 16% each and counties as Prahova County, Teleorman, Iasi and Vaslui hold significant vineyards. (Fig.2)

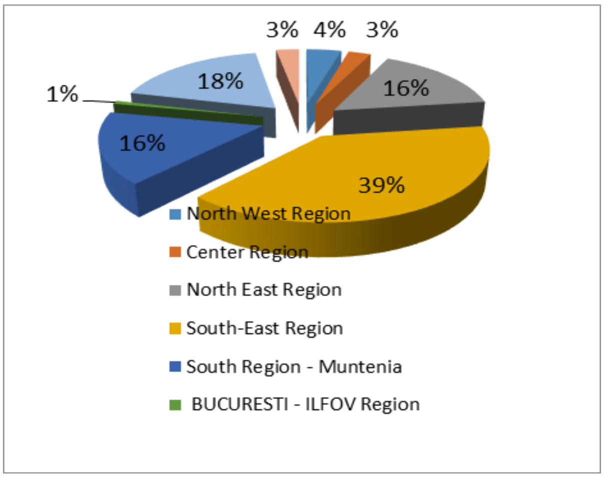

Fig.2. Distribution of Romanian vineyards area by region in 2013

Other regions have about 11% of the total area under vines, because on one hand there are not areas for agricultural purposes (applicable for Bucharest-Ilfov Region) or, on the other hand, there are regions with different farming specific or other prevailing cultures.

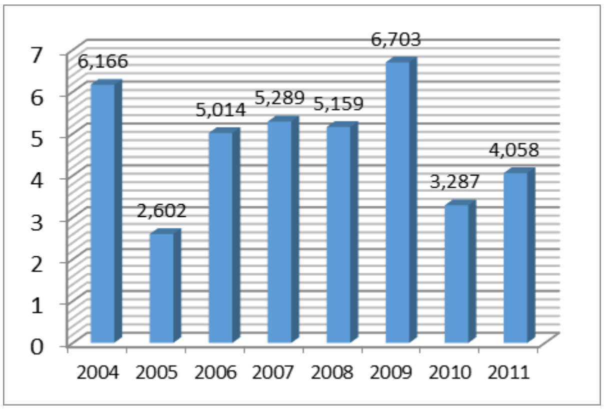

Fig.3. Evolution of Romanian wine production between 2004 and 2011 (million hectoliters)

In Romania, wine production has fluctuated between 2004 and 2013. (Fig.3) Regarding the distribution of wine production by category, noble wine shares 55%, while 45% is wine hybrid. The share of white wines in total wine production is 52%, while 45% is red wines and 3% rosé wines. In 2010, according to the Ministry of Agriculture and

Rural Development, in the manufacture of wines operated 362 enterprises, with a total production capacity of approx. 8,480,000 hl, but it was used only 48.5% of thisrespectively 4.11 million hl. More than half of these enterprises were micro enterprises. Based on preliminary statistics released by the International Trade Center 2013, Romania's total exports of wine from fresh grapes marked an increase in value of 15.13%, in quantitative terms, the volume of these exports decreasing by about 3.73%. (Table 1) On the other hand, total imports of wine from fresh grapes have experienced tremendous growth, both in value (144.59%) and in quantitative terms (179.68%).

Table 1. Evolution of Romanian trade with wine from fresh grapes

Exp./Imp.	2009	2011	2013	2013/2009 %
Export (th. $)	19099	19973	21988	15,13
Export (to)	10890	10526	10484	-3,73
Import (th. $)	20648	69480	50502	144,59
Import (to)	13139	90769	36747	179,68

Source: Own calculation based on International Trade Center data

For vermouth and other wine of fresh grapes flavored with plants or aromatic substances, Romania's exports declined both in terms of value (-38.12%) and in terms of quantity (-33.78%). (Table 2)

Table 2. Evolution of Romanian trade with vermouth and other wine of fresh grapes flavored with plants or aromatic substances

Exp./Imp.	2009	2011	2013	2013/2009 %
Export (thousand $)	2479	363	1534	-38,12
Export (to)	1116	147	739	-33,78
Import (thousand $)	2155	3910	2214	2,74
Import (to)	536	4503	1281	138,99

Source: Own calculation based on NIS Romania data

Import values had increased with 2.74%, while in terms of quantity we had a significant increase by 138.99%. In the period 2009-2013, Romania exported wine of fresh grapes on the following main selling markets: UK, Germany, China, Italy and USA. Romania's main foreign suppliers of wine of fresh grapes were Spain, Italy, Moldova and Bulgaria. Wine sector has an important place in foreign trade in alcoholic beverages and soft drinks. The share of exports in total exports of wine spirits in terms of value, showed a downward trend during the period 2004-2013. (Fig.4)

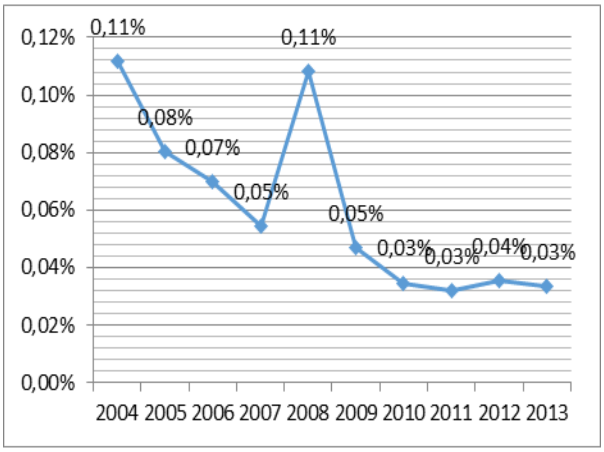

Fig.4.The evolution of the value of wine exports in total exports of alcoholic beverages during the period 2004-2013

From a quantitative perspective, beer and alcohol were significant increases in the volume of exports of alcoholic beverages. In recent years the share of wine in terms of quantity, in the total exports of alcoholic beverages recorded a downward trend. (Fig.5)

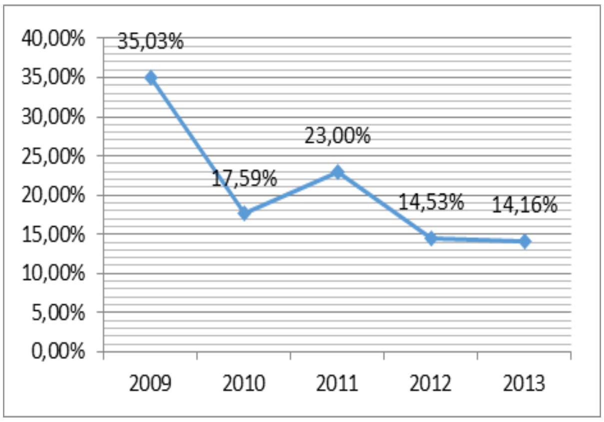

Fig.5. Evolution of the quantity of wine exported in total exports alcoholic beverages between during the period 2004-2013

Romania also has a modest wine trade with other countries outside of EU since Romania's exports represent only 0.5% of EU exports, the major exporters of world class, being other European Union countries: France, Italy and Spain. From the analysis of the wine chain we can conclude that it has both strengths and weaknesses. Wine chain is organized from the institutional point of view, and grape growers and wine processors have their own organizations. The common rules for wine market have been successfully developed in Romania, which respected the timetable for implementing the European Union legislation for the wine sector.

CONCLUSIONS

Romania recorded in recent years an increase in exports of wine, but also a much higher level of total wine imports, which is a negative sign on competitiveness of this sector. Weaknesses of wine chain are in the production part and lies in the structure of vineyard, about 50% of the areas being planted with hybrids. To enhance the competitiveness of the wine chain, can be considered different strategic directions, such as strengthening the wine assets by restructuring areas planted with vines, namely deforestation hybrid vines and planting noble vines. Wines made from hybrid are prohibited from trading and are not covered of aid granted to producers in this sector. Other weaknesses that can be diminished in the next years consist in the use of outdated technology that achieves low yields per hectare and reduced competitiveness of the wine supply chain. Competitiveness of the wine chain sector can be also assured be measures as revival of research by developing new production technologies. Modernizing of viticulture production in family farms and merge of these farms can lead to large quantities of grapes, homogeneous in terms of type and quality.

ACKNOWLEDGMENTS

This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159 /1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”

REFERENCES

[1]Esterhuizen, D., Rooyen, V., 2007, Determinants of competitiveness of South African agricultural export firms, Competitiveness Review 16(3&4)
[2] Esterhuizen, D., Rooyen, V., 2007, An inquiry into factors impacting on the competitiveness of the South African wine industry, Agrekon 45(4)
[3]Fagerberg, J., Technology and competitiveness, 1996, Oxford Review of Economic Policy, 12(3), 39-51
[4]Feurer R., Chaharbaghi K., 1994, Defining competitivenss: a holistic approach, Management Decision, MCB University Press Limited, 32(2):49-58
[5]Porter, M.E., 2002, Building the Microeconomic Foundations of Prosperity: Findings from the Microeconomic Competitiveness Index, in: World Economic Forum,Global Competitiveness Report, Geneve, p. 23–45
[6]US Competitiveness Policy Council, 1992, Building a Competitive America, First Report to the President and the Congress, Washington, D.C. (March)