DIRECTIONAL FLOWS OF THE ROMANIAN EXTRA-EUROPEAN AGRIFOOD TRADE

FLUXURI DIRECŢIONALE ALE COMERŢULUI EXTRACOMUNITAR AGROALIMENTAR ROMÂNESC

CAMELIA GAVRILESCU[1]

[1]Institute of Agricultural Economics, Bucharest,Romanian Academy, Bucharest, Romania; cami_gavrilescu@yahoo.com

Abstract: *The present paper is empirically examining the evolution of the Romanian pre- and post-accession agrifood trade with extra-EU countries, as compared to the general trends of the EU extra-European trade flows – hence, the position and contribution of our country among the other Member States. Main products flows, in terms of values, quantities and directions are analysed as well.*

Key words: *agri-food trade, post-accession, extra-community trade*

INTRODUCTION

The present paper is empirically examining the evolution of the Romanian post-accession agrifood trade with countries outside the EU, and its position among the other Member States. Since accession, all trade with the EU Member States has been recorded separately, as intra-community trade, while trade with non-member states is considered as external trade (extra-community trade), and these are the data used in international comparisons.

MATERIALS AND METHODS

The calculations have been made using Eurostat and FAO databases, in CN (Combined Nomenclature) and SITC rev.4 classification, down to 2-digits, respectively group and subgroup divisions, using the correspondence tables. The analysis is focusing on the main agri-food product groups, in terms of volume (quantities and values), as well as directions: exports and imports.

Exports are defined as goods that leave the statistical territory of the European Union for a third country after being placed under the customs procedure for exports.

Imports are defined as goods that enter the statistical territory of the European Union from a third country after being placed under the customs procedure for free circulation.

RESULTS AND DISCUSSIONS

Geographical orientation of the Romanian extra-EU agrifood trade

The Romanian extra-European agrifood trade flows are relatively different from those of the EU in terms of share of product destination and origin countries. This is a perfectly normal phenomenon, taking into account several aspects:

- during the last decade of the XX-th century, Romania lost some important markets for agrifood products – the ex-COMECON (or CMEA - Council of Mutual Economic Assistance) member countries, mainly Russia;
- entering new markets proved to be difficult;
- enetering the EU Single Market was quite slow, mostly due to the quantitative limitations (quotas) imposed through the Association Agreement; on the other hand, these limitations decreased as the accession moment approached;
- a significant part of animal products , mainly meat and meat products were unable to enter the EU Single Market due to non-tarrif barriers, mostly sanitary and veterinary;
- the entry into force of several free trade agreements with various countries and country groups facilitated the entry on those markets and increased the exchange volumes mainly due to the removal of quotas and tarrif barriers;
- the proximity of most countries with which Romania signed such agreements stimulated the increase of the commercial exchanges due also lower transportation costs as compared to trade with more distant countries;

- the disfunctionalities within the Romanian agrifood sector resulted in low competitiveness of some agrifood products which are competed by similar imported products with lower prices;
- lack of domestic supply organisation, mostly for fresh fruit and vegetables resulted in substantial imports of such products, despite the fact that the domestic production is quite high. Such it has been in 2011, when, despite excellent quality and high vegetable production, the Romanian producers were no table to sell their products to the big retailers due to high transaction costs.

Since accession, the agrifood exports went mainly to Turkey, which is taking alone 17% of the Romanian extra-EU agrifood exports (as compared to less than 3% of the EU-27 extra-EU agrifood exports) (table 1). Before accession, Turkey used to be the third major trade partner for Romania, after the EU and CEFTA. The main exports to Turkey are cereals and oilseeds, (with maximum values in 2008 for cereals - 99 million EUR, respectively 91 million EUR for oilseeds in 2011).

During 1997-2003, Romania's second agrifood trade partner has been CEFTA. This free trade agreement has been the most volatile of all, since during the last two decades it changed membership almost completely. CEFTA was set up in 1992 by Czech Republic, Slovakia, Poland and Hungary; Romania joined in 1997, then Bulgaria in 1999, Croatia in 2002. Since 2004, some member countries left the agreement due to their EU accession, while other countries joined, mostly Balkan countries, ex-FRY (Former Republic of Yugoslavia): Macedonia (in 2006), then in 2007 Bosnia/Hertegovina, Serbia, Muntenegru, Kosovo and eventually Albania. This final list of CEFTA members is shown in tables 1-3 as CEFTA-07. Romania is exporting to this group of countries mostly live animals (30 million EUR in 2010) and oilseeds (12 million EUR in 2010).

The Community of Independent States (CIS) used to be and still is an important destination for the Romanian agrifood exports. Although CIS includes 12 countries (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kirghizstan, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan), the main destinations for the Romanian agrifood exports were the Republic of Moldova and the Russian Federation. Yet, Russia is taking in the Romanian agrifood exports a significantly lower share (3%) as in the EU-27 agrifood exports (10% in 2010). Even so, the Romanian agrifood exports to Russia amounted to 19.2

million EUR, of which half were cereals. Total exports to the Republic of Moldova amounted to 26.3 million EUR, of which beverages (4.3 million EUR, edible preparations (2.7 million EUR), bakery products, canned fruit and vegetables (2.1 million EUR each).

Table 1 – Romanian extra-EU agrifood trade (million EUR)

Country / group of countries	Export				Import			
	2007	**2008**	**2009**	**2010**	**2007**	**2008**	**2009**	**2010**
Turkey	119.8	178.4	68.2	142.1	151.1	128.8	87.6	112.7
CEFTA-07*	52.2	62.1	50.8	82.4	66.1	20.4	44.7	43.3
CIS, *of which:*	33.2	49.1	39.7	71.3	72.4	60.4	43.1	42.5
- Rep. of Moldova	*21.8*	*28.4*	*22.7*	*26.3*	*41.7*	*43.4*	*38.1*	*31.7*
- Russian Federation	*5.9*	*10.9*	*7.7*	*26.0*	*8.8*	*4.4*	*2.3*	*3.8*
EUROMED	31.1	98.8	60.7	113.9	29.4	36.0	25.3	22.4
NAFTA, *of which:*	7.9	7.4	7.4	10.1	57.5	83.5	70.7	52.5
- USA	*6.7*	*6.2*	*6.3*	*8.5*	*44.2*	*79.3*	*66.4*	*48.7*
AELS	1.7	1.6	2.0	2.6	13.7	14.8	12.7	9.8
China	0.7	2.1	1.0	2.6	46.6	55.7	42.7	48.0
MERCOSUR	0.3	0.0	0.1	0.1	240.8	284.5	228.6	195.5
ASEAN	0.3	0.8	1.5	66.5	48.2	69.5	58.1	61.2
Other	83.2	334.9	268.6	331.7	171.7	119.6	117.5	132.7
TOTAL	**330.3**	**735.3**	**500.0**	**823.2**	**897.6**	**873.0**	**731.1**	**720.7**

Source: author's calculations using Eurostat and NIS data

* CEFTA-07 includes Macedonia, Bosnia/Herzegovina, Serbia, Montenegro, Kosovo and Albania

The Romanian exports to the Mediterranean countries (the EUROMED group - which includes Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia) more than tripled since 2007, reaching 114 million EUR in 2010. The main exported products have been cereals (70 million EUR) and live animals (14 million EUR).

Although USA are the top destination for the EU-27 exports, taking a share of about 15%, they take from Romania exports of 6-11 million EUR per year, that is less than 1%. The main products exported to the USA in 2010 have been cheese (2.3 million EUR) and honey (0.3 million EUR). The other countries in the NAFTA group have an even lower presence in Romania's export destinations.

Despite that EFTA (European Free Trade Agreement – which includes Switzerland, Norway, Liechtenstein and Iceland) are among the

main export destinations for EU-27 (Switzerland alone is taking about 8% of the total agrifood EU-27 exports, while Norway about 4%), Romania is almost absent on these markets.

The Romanian extra-EU agrifood imports are coming substantially from Turkey again (table 1), amounting 151 million EUR in 2008 and 113 million EUR in 2010. The main products coming from Turkey are fresh vegetables (for about 42 million EUR in 2008 and 2010), fresh fruit (for about 35 million EUR in both 2008 and 2010) and canned fruit and vegetables (for 18 million EUR in 2008 and 11 million EUR in 2010).

Since 2008, CEFTA and the Republic of Moldova exported yearly to Romania agrifood products amounting 40-60 million EUR each. The main product imported from both has been sugar (23 million EUR. respectively 9 million EUR in 2010).

Imports from Russia have decreased since accession, from 9 million EUR in 2007 to 2.3 million EUR in 2009, of which a good part is represented by various edible preparations.

MERCOSUR, a group including Argentina, Brazil, Paraguay, Uruguay and Venezuela, is the largest extra-EU agrifood supplier for Romania. The imports coming from there varied from 186 million EUR (in 2010) to 285 million EUR (in 2008); that is almost double as compared to imports from Turkey, the second largest extra-EU agrifood supplier for Romania. The MERCOSUR countries are exporting to Romania mainly animal feed (mostly soya cakes), amounting to 86-106 million EUR per year, as well as meat and tobacco amounting each about 20 million EUR per year.

Although negligible as share in Romanian extra-EU agrifood exports, China is a noticeable presence in the imports, amounting to 43-56 million EUR per year, mainly canned fruit and vegetables, as well as soybeans.

As a result, the Romanian extra-EU agrifood trade balance has been severely negative (more than half a billion EUR in 2007), but showed subsequently an important re-balancing trend (table 2). Consequently, in 2010, for the first time since 1990, the balance turned positive (103 million EUR).

Table 2 – Romanian extra-EU agrifood trade balance (million EUR)

	2007	**2008**	**2009**	**2010**
Turkey	-31.4	49.6	-19.4	29.3
CEFTA-07*	-13.9	41.7	6.1	39.1
CIS, *of which:*	-39.2	-11.2	-3.4	28.8
- Rep. of Moldova	*-19.9*	*-15.0*	*-15.4*	*-5.4*
- Russian Federation	*-2.8*	*6.5*	*5.4*	*22.2*
EUROMED	1.6	62.8	35.3	91.5
NAFTA, *of which:*	-49.6	-76.1	-63.2	-42.4
- USA	*-37.6*	*-73.1*	*-60.1*	*-40.2*
AELS	-12.0	-13.1	-10.7	-7.2
China	-45.9	-53.6	-41.7	-45.5
MERCOSUR	-240.5	-284.5	-228.5	-195.4
ASEAN	-48.0	-68.7	-56.6	5.3
Other	-88.5	215.3	151.1	199.0
TOTAL	**-567.3**	**-137.7**	**-231.2**	**102.6**

Source: author's calculations using Eurostat and NIS data

* CEFTA-07 includes Macedonia, Bosnia-Herzegovina, Serbia, Montenegro, Kosovo and Albania.

The shadowed cells in table 2 are highlighting the destinations and years for which the Romanian extra-EU agrifood trade balance has been positive: mostly for CEFTA, Russian Federation and EUROMED.

CONCLUSIONS

The EU accession did not result in radical changes in the Romanian extra-EU agrifood. The traditional partners are still in place, i.e. Turkey, CEFTA and the Republic of Moldova. One should notice as general positive trends: an increase in the exports to USA, a general positive balance with EUROMED countries, a positive balance with Turkey in 2008 and 2010, and, for the first time since 1990, a positive balance in the total extra-EU agrifood trade in 2010.

REFERENCES

1. *** (2010). External and intra-European Union trade. Data 2005-2010. Eurostat.
2. *** Romanian international trade yearbook, National Institute of Statistics, Bucharest, 2007, 2008, 2009, 2010, 2011.