ROMANIA IN THE EU EXTRA-EUROPEAN AGRIFOOD TRADE

ROMÂNIA ÎN COMERȚUL EXTRA-COMUNITAR AGROALIMENTAR AL UE

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Abstract: *The present paper is empirically examining the general trends of the EU extra-European agrifood trade and the position of Romania among the other member states. Comparisons between intra- and extra-community main products flows, in terms of values, are shown as well.*

Key words: *agrifood trade, pre-accession, post-accession, extra-community trade*

INTRODUCTION

The present paper is attempting to evaluate the contribution of Romania to the EU-27 extra-community trade. Therefore it is empirically examining the evolution of the Romanian pre- and post-accession agrifood trade with countries outside the EU, and its position among the other Member States. Since accession, data on trade is separated in intra-community trade (which is recording all trade among the EU Member States), and extra-community trade (which is recording all trade with non-member states), the latter being used in international comparisons.

MATERIALS AND METHODS

The data used in the calculations have been taken from Eurostat, FAO and NIS 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 agrifood product groups, in terms of volume (quantities and values), as well as directions: exports and imports.

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

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

Arrivals are defined as goods in free circulation within the European Union which enter the statistical territory of a given Member State

Dispatches are defined as goods in free circulation within the European Union which leave the statistical territory of a given Member State to enter another Member State.

RESULTS AND DISCUSSIONS

EU-27 extra-community agrifood trade

In the EU-27 agrifood trade, imports increased immediately after the two enlargements of 2004 and 2007; the agrifood trade balance deficit increased as well, mainly due to the negative extra-EU agrifood trade balances of the new member states.

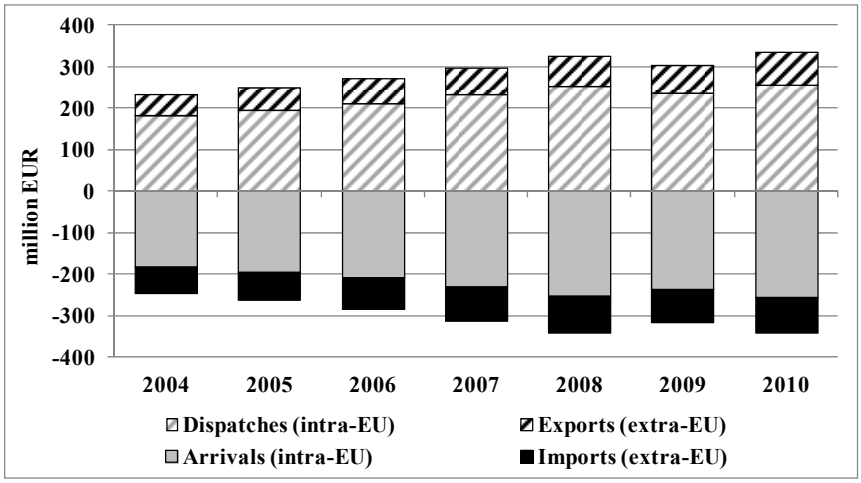
Nonetheless, the percentage shares between the extra and intra-community trade did not change significantly neither for exports / dispatches, nor for imports / arrivals.

One should notice yet, that in the general exchanges, the share of extra- versus intra-community trade is one third / two thirds, while in the agrifood trade, this share is about a quarter / three quarters. These shares are expressing in numbers the presence of stronger external barriers in the agrifood trade as compared to the general trade, but, at the same time, a strong enforcement of the community preference for food and beverages.

During 2005-2008, both the general and the agrifood trade increased, with maximum values in 2008; then the crisis hit the EU in 2009, with significant negative impact upon trade. Afterwards, in 2010, the value of exchanges increased again, even surpassing the 2008 values (figure 1).

The EU intra-community agrifood trade, which is taking 8.1-8.9% of the total, showed a high increasing rate (+28%) in 2005-2008.

Figure 1 – EU-27 extra- and intra-community agrifood trade



Source: authors' calculations using Eurostat data
Note: Arrivals and imports are represented with a minus sign

In 2010, the extra-community exports went up to 79.5 billion EUR, the imports to 87.2 billion EUR, with an extra-EU agrifood trade deficit of 7.7 billion EUR. In the same year (2010) the value of the intra-community agrifood trade reached a record value of 256 billion EUR.

The economic crisis has been the most severe in 2009, and resulted in a decrease of the intra-community agrifood trade, but the drop has been far less severe (by 7% only) than the drop in the general intra-community trade (which went down by 19%).

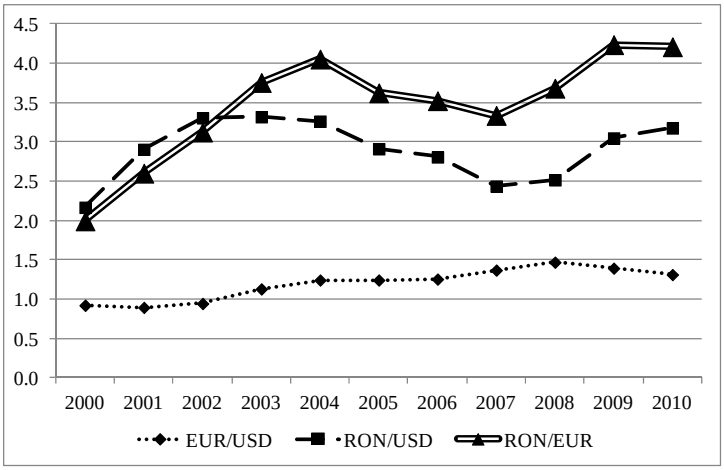
Similarly, the decrease in the extra-community agrifood trade has been less intense (-10%) as compared to the drop by 19% of the general extra-community trade.

Romania in the EU-27 extra-community agrifood trade

After accession, the efforts of the Romanian agrifood sector focused mainly on increasing competitiveness, materialized in improving efficiency and quality of the products all along the chains, to be able to increase their presence on the European single market.

In the total value of the Romanian foreign exchanges, the post-accession extra-community trade is about 27% (both for exports and imports). The year 2008 is a notable exception, when the ratios changed significantly: for exports the ratio extra / intra-community trade dropped to 13% / 87% (as compared to 27% / 73% in 2007, 2009 and 2010), while for imports the ratio extra / intra-community trade increased to 30% / 70% (as compared to 27% / 73% in 2007, 2009 and 2010). A possible explanation might be the faster depreciation of the RON/EUR exchange rate (which depreciated by 10% in 2008/2007) as compared to the RON/USD exchange rate (which depreciated by 3% only in the same period) (figure 2).

Figure 2 – Exchange rates EUR / USD / RON



Source: National Bank of Romania

This fact might have temporarily redirected the Romanian exports towards the EU on the expense of the extra-community exports, while, at the same time, the extra-community imports (in USD) have been temporarily favored (in 2008 only).

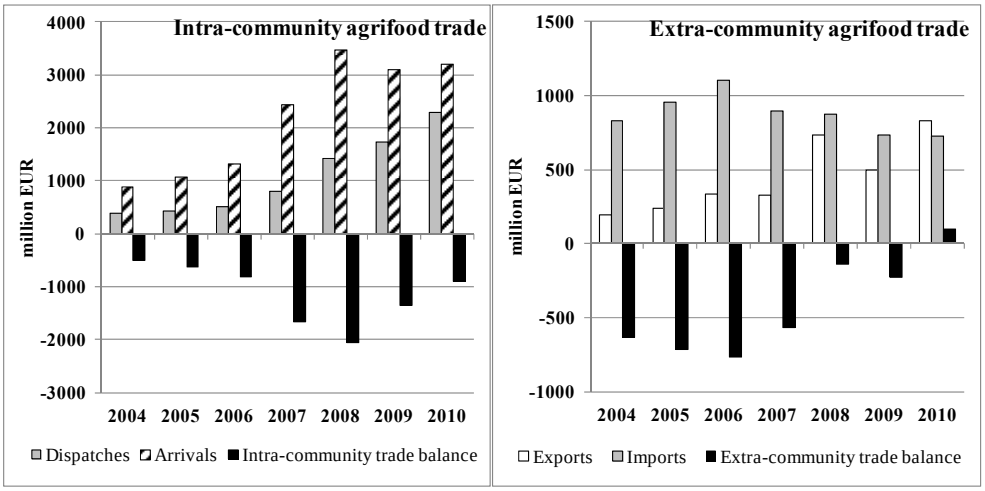
Since the pre-accession period, the Romanian agrifood trade showed a major reorientation trend towards the EU: the extra-EU trade decreased from 45% (of the total Romanian agrifood exports) in 2004 down to 23% in

2009, while the extra-EU imports decreased as well, from 49% (of the total agrifood imports) in 2004, down to 19% in 2010.

The absolute value of the Romanian agrifood trade increased continuously, both during pre-accession and post-accession period, with a slight contraction in 2009.

The evolution trends of the extra-EU trade are different from those of the intra-EU trade (figure 3).

Figure 3 – Romanian intra-community and extra-community agrifood trade



Source: authors' calculations using Eurostat data

Both dispatches and exports showed continuous increasing trends, with a maximum in 2010 (2.3 million EUR dispatches and respectively 827 million EUR exports). Arrivals increased almost continuously both in pre-accession and post-accession period, amounting to 3.2 billion EUR in 2010 (with the above-mentioned exception in 2008, when they peaked at 3.5 billion EUR, due mostly to the devaluation of USD/RON exchange rate). On the contrary, the increasing trend of the extra-community imports during the pre-accession period (which reached a maximum of 1.1 billion EUR in 2006), reversed since 2007 and subsequently decreased continuously, down to a minimum of 726 million EUR in 2010.

The Romanian total agrifood trade balance has continuously shown important deficits since 1989, and the trend continued more sharply after the

enforcement of the EU Association Agreement in 1995. During the last years, both the intra- and extra-EU Romanian agrifood trade deficits diminished due to the combined action of exports expansion and imports contraction.

The intra-EU agrifood trade deficit has reached its maximum in 2008 (2 billion EUR), and diminished substantially subsequently, amounting less than half in 2010, but it still is rather high (900 million EUR).

The extra-community agrifood trade deficit reached its maximum in 2006 (766 million EUR), and diminished subsequently as well. The year 2010 is standing out due to the fact that for the first time since 1995, the Romanian extra-EU agrifood trade balance turned positive (by 100 million EUR).

CONCLUSIONS

After accession, the efforts of the Romanian agrifood sector focused mainly on increasing competitiveness, improving efficiency and quality of the agrifood products, in order to allow them a better presence of the European single market.

In the total value of the Romanian foreign exchanges, the post-accession extra-community trade is about 27% (both for exports and imports).

The absolute value of the Romanian agrifood trade increased continuously, both during pre-accession and post-accession period.

The evolution trends of the extra-EU trade are different from those of the intra-EU trade: dispatches, arrivals and exports showed continuous increasing trends, while the extra-community imports diminished since accession, resulting in a positive extra-community trade balance in 2010.

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