

ASSESSMENTS UPON ROMANIAN AGRI-FOOD PROCESSING SECTOR: STRUCTURE AND EVOLUTION IN THE FOREIGN TRADE

MIRELA RUSALI¹

¹ *Institute of Agricultural Economics – Romanian Academy, Bucharest*

Abstract: *The research investigated the impact of EU accession upon the competitiveness of Romanian agri-food processing sector. Quantitative and qualitative statistical analysis methods have been used based on relevant trade indicators. Romania is a net exporter of agricultural commodities, but over two decades, performed as an importer of processed products. The main results indicate weak competitiveness of the Romanian processing sector, while only tobacco achieved an increasing positive trade balance.*

Key words: *agri-food industry, foreign trade, competitiveness*

INTRODUCTION

All policy measures are reflected at the consumer level either by economic effects of gain or loss. The competitiveness of the agricultural sector is intensifying as the global economy reaches a high level of integration. The general trend in the global trading system in the food products' domain, of gradual transition to an open market, is a desirable process within the broader context of sustainable development. However, countries recently acceded to the EU, including Romania, face accentuated competitive pressure in the agricultural sector. From those perspectives, the aim of the research is to analyse and evaluate post-accession impacts on the evolution and structure of Romania's agrifood processing sector.

MATERIALS AND METHODS

The research used statistical analysis method in foreign trade and synthesis of evaluation of relevant indicators. It has been mainly assessed the contribution in trade flows and trade balance of products aggregated by sections and chapters, that enabled the classification of products according to their structure and processing level and to their performance in international markets.

The source of the statistical material was the database (CN-2) of the National Institute of Statistics – Romanian Statistical Yearbook, for the period 2006-2012.

RESEARCH RESULTS

Romania's agricultural imports were dominated by processed products for over two decades, with larger fluctuations in the first period. Until 1990, processed products accounted for 69% of Romania's exports, but after a swing period until 1998, the proportion was reversed in favour of agricultural commodities.

Due to a massive restructuring and privatization of the food industry in the period 1995- 2000, food industry has made efforts to modernize and especially to regain domestic market, then the alignment quality requirements for export veterinary EU. These efforts have been underpinned by contribution of domestic capital investment and foreign direct investment. However, imports of processed food products increased yearly because of domestic supply shortage, reduced competitiveness of Romanian similar products and increasing domestic demand for quality products and a higher degree of processing. At the same time, the raise of agricultural exports in the post-accession period, 3.6 times in the period 2007-2012, both to the EU single market and to extra- Community third markets, turned positive the food trade balance since 2010 and an increasing trend along the next years.

Romania is a net exporter of agricultural commodities, but over the two last decades performed as an importer of processed products.

In the structure of the Romania's foreign trade flows, by the degree of transformation, processed food products prevails, at present, in import, sharing 68% in 2012, while base agricultural commodities occupy over half of exports (56%).

Agricultural primary (base) products were in surplus following the year 2007, showing an increasing trend during the period 2008-2012 (Table 1), however based on a limited range of exports, including: cereals (59%), oilseeds (20%) and live animals (13%).

Table 1

Evolution and structure of Romania's exports of agri-food processed products

	Agricultural base products	Agri-food processed products			
		Total, of which:	Food	Beverages	Tobacco
2006	-26	-1545	-1229	-65	-252
2007	-432	-1785	-1668	-100	-17
2008	72	-2253	-2224	-120	91
2009	173	-1750	-1846	-82	179
2010	573	-1364	-1538	-55	230
2011	901	-1335	-1457	-120	241
2012	731	-1474	-1580	-111	217

Food products occupies, the major share, of 67%, in Romania's exports of agri-food processed products, in 2012, (Table 2), beverage, 7%, and tobacco, 27%, while the share of food imports of 85% (Table 3).

Table 2

Evolution and structure of Romania's exports of agri-food processed products

	Agri-food processed products (mil. Euro)				%
	Total, of which:	Food	Beverages	Tobacco	PP in agr.export
2006	296	249	37	10	35
2007	508	314	55	139	45
2008	806	448	90	268	37
2009	949	523	58	368	42
2010	1305	830	89	386	42
2011	1701	1150	90	461	43
2012	1785	1190	118	477	44

Table 3

Evolution and structure of Romania's imports of agri-food processed products

	Agri-food processed products (mil. Euro)				%
	Total, of which:	Food	Beverages	Tobacco	PP in agr.import
2006	1841	1478	102	262	76
2007	2293	1982	155	157	69
2008	3058	2672	209	177	70
2009	2698	2369	140	189	71
2010	2668	2368	144	156	68
2011	3036	2607	210	219	69
2012	3259	2770	229	260	68

Products in deficit, accounting for 16% of imports are: fruits, products of coffee chapter, vegetables, fish and live plants. These products represented 31% of Romania's agricultural exports and 42% of exports to the EU member states.

In 2012, the main processed agri-food products exported to world markets, were: cigars, meat and edible offal of poultry, sunflower oil, sugar, prepared foods, bakery products, pastries, biscuits, oil cakes and other residues from the extraction of fats, other prepared or preserved meat, offal or blood, soft drinks, cakes and other residues from the extraction of soybean oil, chocolate and other food preparations containing cocoa, honey.

The main imports of agri-food processed products exported to international markets, included: pork meat, animal products preparations, miscellaneous edible preparations, meat and edible offal of poultry, bakery products, confectionery, biscuits, chocolate and preparations of cocoa, cheese and curd, refined sunflower oil, sugar, cigars, milk and cream, raw tobacco. They had a share of 35% in imports from international markets, as well as intra-EU zone.

Romania's agri-food products evolution in international markets reveals a commercial disadvantage compared to EU products, dependence on imports especially of processed products of animal origin, resulting low competitiveness of the processing sector as the main constraint in growing export earnings.

Only tobacco and derivatives of tobacco achieved an increasing positive trade balance in the period 2006-2012, though food systematically in deficit, and accumulating the major negative trade balance, accounting for - 1.6 billion Euros in 2012 (Fig. 1). These products have a high degree of representativeness (97 %) in the net trade balance (positive balance) of processed products.

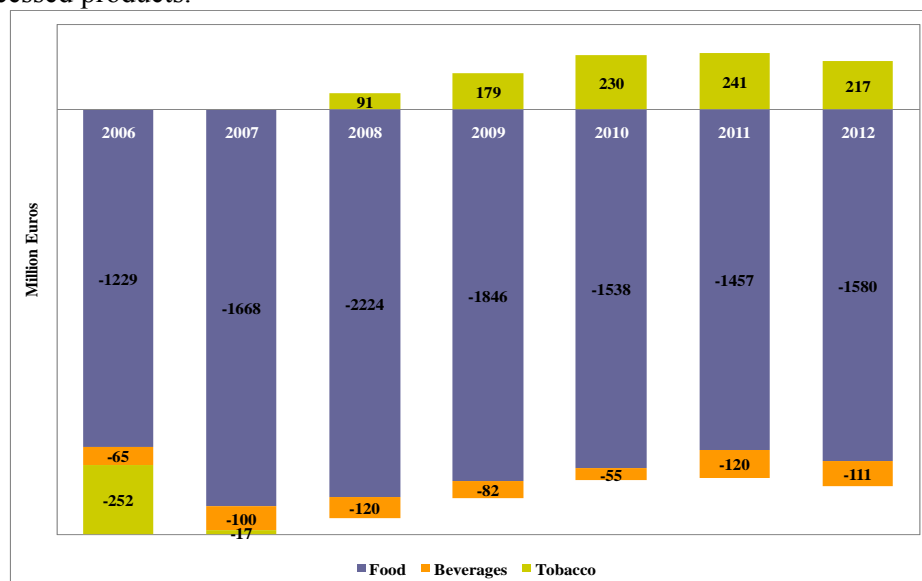


Figure 1 Structure and trends of processed products' trade balance

Processed products cover the major share, of 73%, in Romania's agri-food trade deficit, while only 29% of competitive agricultural products are processed products.

Net income from exports of processed products amounted to 29% of agri-food trade surplus, of 619.7 billion Euros in 2012, 8 percent down from the previous year.

Competitive processed products, which have earned the highest net revenue from foreign agri-food trade were: cigars and cigarillos (18% in food trade surplus), cake and other solid residues; meat offal, fresh, chilled or frozen; sunflower oilseeds; honey; other prepared or preserved meat, offal or blood; horse meat, donkey or mule; meat of bovine animals; residues of the manufacture of starch; meat of sheep or goats.

The trade deficit of processed products, amounting -2.08 billion Euros, has deepened compared to the previous year because of growing imports by 12 percent (to 2.7 billion Euros) (Fig. 2).

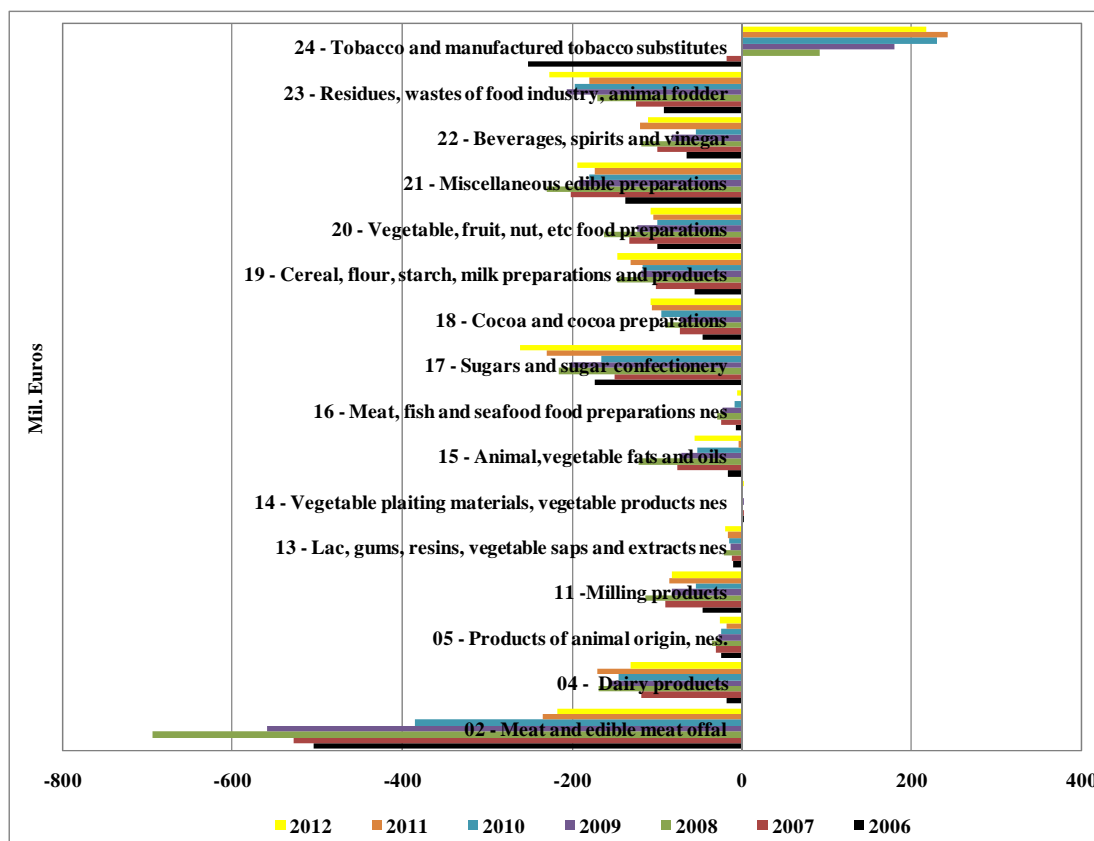


Figure 2 Structure and trends of processed products' trade balance, by CN-2 codes

The main agri-food processed products with deficit, recording negative trade balance, are: fresh/chilled meat of swine, (8% in food trade deficit); cane or beet sugar and chemically pure sucrose (7.3%); oil cakes and other solid residues, whether or not ground (5%); raw or unprocessed tobacco, tobacco waste (4.7%); preparations of a kind used in animal feeding (4.6%). As well were included: food preparations not elsewhere specified or included (protein concentrates, essences); chocolate and other food preparations containing cocoa; cheese and curd; bakery, pastry and biscuits; indetured ethyl alcohol of an alcoholic strength by volume of less than 80%; milk and cream not concentrated nor containing added sugar.

These main deficient products, with a degree of representativeness of 61% of total processed products are also the main uncompetitive Romanian food products, accumulated a 44% share in Romania's agrifood trade deficit, and by adding to these the coffee (4.7%), animals of the porcine species (3%) and citrus fruits (2.5%), they accounted in 2012 for over half of aggregate agrifood trade deficit and 40 % of imports.

CONCLUSIONS

Romania was a net exporter of agricultural commodities in the post accession period (since 2008), but over the two last decades performed as an importer of processed products.

In the structure of the Romania's foreign trade flows, by the degree of transformation, processed food products prevails in import, at present, while base agricultural commodities occupy over half of exports.

Agricultural base products have shown an increasing trend during the period, however based on a limited range of exports, including: cereals (59%), oilseeds (20%) and live animals (13%).

Only tobacco and derivatives of tobacco achieved an increasing positive trade balance in the period 2006-2012, besides vegetable products including plaiting products that were as well in surplus, but with minor share in trade.

Net income from exports of processed products accounted for 30% in average of the agri-food trade surplus during the past three years of analysis.

REFERENCES

1. **GAVRILESCU, CAMELIA**, 2011, Intra-European agrifood trade: where is Romania positioned?, „Management agricol”, Scientific Papers, I, vol XIII (1), USAMVB, Timisoara.
2. **RUSALI, MIRELA**, 2013, Assessments of Romania's agrifood processing sector competitiveness on international market, Bulletin of USAMV Cluj-Napoca. Horticulture 70(1-2), 374-381.
3. **STERIU, V., OTIMAN, P.**, coord. 2013, Cadrul strategic național pentru dezvoltarea durabilă a spațiului rural în perioada 2014 – 2020 – 2030. Comisia Prezidențială pentru Strategia Agricolă a României, Editura Academia Română, 161-170; 341-347.