
The Analysis of International Trade of Romania

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Abstract

In this paper, the authors develop a complex analysis, from multiple viewpoints, of the international trade of Romania. The study covers the recent evolutions in this sector, the contribution of foreign partners to the achievement of the results recorded, measured by relevant indicators, the dynamics of the financial balance of the foreign trade. A special attention was given to the geographical dimension of the analysis, as the outcomes of the Intra-EU and Extra-EU trade were presented and discussed

Key words: *development, activities, trade, products, services*

JEL Classification: *B27, F10*

Introduction

After the increases recorded for each month during the year 2008 comparatively with the corresponding month of 2007, as far as the international exchanges in 2009 and until 2012 are concerned, they are recording a pronounced return, as percentage difference and, as the passage from the positive to the negative growth, for both import and export. After 2013, a revival of export is experienced. If considering the export, certain groups of goods recorded increases (for instance, the conveyance vehicles), while in the import case there is the group of chemicals and plastics which increased.

The main aspect apart the export structure by major categories of goods (capital, intermediary and consumption goods) is represented by the fact that the massive reduction of the exchange of intermediary goods, mainly as far as the import are concerned was of the nature to diminish the productive capacity of the industry and other activities as well, during the last months of the year 2008, jeopardizing meantime the perspective of the economic activities for the months to come.

The majority of the groups of goods recorded decreases, the most affected being the metallurgical products and mineral products in terms of export, as well as the conveyance vehicles and mineral products in terms of import.

Literature review

Abba and Zhang (2012) develop on the case of small open economy, and analyse the trade flows. Anghelache, Anghelache, Anghel, Bardașu and Sacală (2014), Anghelache and Manole (2012), Pagliacci, Anghelache, Manole and Anghel (2016)

analyze the international trade of Romania. Botescu (2007) develops on the place of foreign trade in the global economic context. Chaney (2008) evaluates the margins of the foreign trade. Dobre (2009) describes the *corporate structure of European dimension*. Konya (2006) analyzes the correlation between economic growth and international trade. Masoud and Hardaker (2012) are preoccupied with the impact of financial development on economic growth. Negrea (2016) analyses the perspectives of making the foreign trade of Romania more effective. Roșu-Hamzescu (2007) presents a study on the economic relations between Romania and the European Union. Trifu (2010) evaluates the effects of the crisis on the international trade. Sandru (2006) develops on EU companies environment. Viet (2014) approaches the influence of trade facilitation on two major social-economic phenomena, that is poverty and inequality

Methodology and data

From the point of view of the way the imports and the exports have been achieved by the three groups (defined, depending on the processing level, as after active processing, for passive processing), the structure has been as follows:

- As to export: final exports – 49.2%; exports after active processing – 49.3% and exports for passive processing – 1.5%;
- As to import: final imports – 74.2%; imports for active processing – 23% and imports after passive processing – 2.8%.

Here there is a first comment to make, respectively, the final imports exceeded the final exports by almost 25%, while the exports for active processing, namely the processing performed abroad, involving the employment of foreign labor force, have been more than double as comparatively to the active processing, namely the imports achieved with the purpose of continuing the processing in the country in order to export them afterwards. These two elements are usually encountered in the case of countries of low level of development.

From the point of view of the weight of the main groups of goods out of the combined Classified List, in the overall export operations for active processing, the main weights went to: clothes articles made out of knitted and crocheted, textile materials, mechanical equipments and machinery, electric apparatus for recording and reproducing sound and images, shoes and similar items, conveyance means and materials, metallurgical products.

During the period 1.I – 31.VII.2016, the exports and imports increased by 4.7%, respectively by 6.8%, comparatively with the period 1.I – 31.VII.2015. During the period 1.I – 31.VII.2016, the FOB exports amounted 126,658.6 million lei while the CIF imports amounted 146,714.5 million lei.

The commercial balance deficit (FOB/CIF) during the period 1.I – 31.VII.2016 counted for 4467.4 million lei, by 561.0 million euro bigger than the one recorded for the period 1.I – 31.VII.2014.

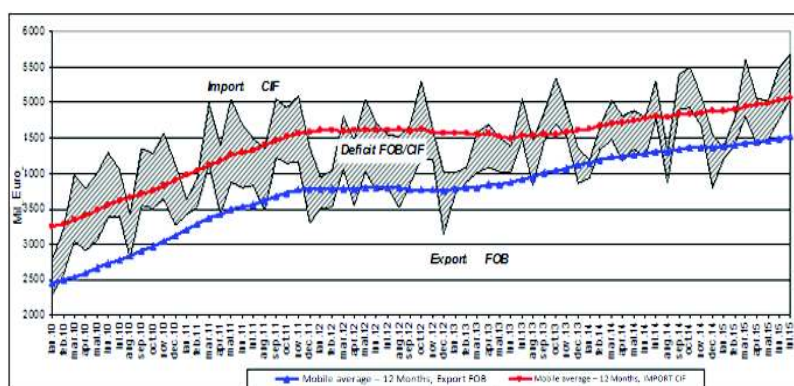
In July 2016, the FOB exports amounted 22312.7 million lei, the CIF imports amounted 19613.1 million lei, resulting a deficit of 3050.2 million lei. As against June 2015, the exports of July 2015 increased by 5.8% while the imports increased by 3.6%.

On an overall basis, we can appreciate that the foreign trade activity did develop negatively from the point of view of the volume but negatively as well as considering the two components, import and export.

The decrease of the exports and imports has been stimulated also by the slight appreciation of the national currency. On this ground, the positive element of the appreciation (volatility) of leu implies a negative effect on the exports.

Many of the exporters either tempered their activities, or recorded modest gains to the best, if not pure losses.

Exports, imports and trade balance in January 2010 - July 2016



Data source: National Institute of Statistics, Press release no. 249/07.10.2016.

Along with the effects of the economic and financial crisis, another element which generated a slower rhythm of evolution of the exports and imports, consists of the fact that the process of privatization and restructuring involved the closing-up of a number of companies or autonomous State supervised administrations, as well as of the fact that the quality of the manufactured products was not in the position to meet the foreign customers requirements.

From the point of view of the dynamics of the trade with the partner countries, to note for both import and export, the decreases recorded for almost all the cases, some of them quite significant.

In the structure by countries, the biggest deficits have been recorded with Hungary, China, Kazakhstan, Austria, Germany, Russian Federation, contrary to 2008, when the hierarchy of the countries of the biggest deficits for Romania included Germany, Russian Federation, Kazakhstan, Austria and China.

However, to note the diminishing of the deficit with Germany, by about 37%, due to the increase of the cars export, which generated the transformation of the significant deficit in 2011.

Meantime, the deficit with the Russian Federation has been reduced as a result of the decrease recorded by the import of natural gas and crude oil from this country during this entire period.

The deficit recorded with China increased as a consequence of the imports increases for telephone devices for the mobile telephony and other kind of networks, this country holding presently the second place within the hierarchy of the countries of the highest deficits for Romania.

To note also the decrease of the surplus recorded with Bulgaria as a result of the diminishing of the exports of mineral oil products to this country.

Positive sold have been recorded mainly with: Serbia, Norway, Republic of Moldova, Egypt, United Arab Emirates, Lebanon, Georgia, Iraq, United Kingdom, Syrian Arab Republic. As regards the exports and imports achieved with the above mentioned countries, there are at least three common characteristics.

The first characteristic consists of the fact that the evolution of exports and imports recorded during 2013 as comparatively with 2012, leave apart some small exceptions such as Ireland, Malta, Finland and United Kingdom for exports, respectively Estonia, Ireland, Latvia and Malta for imports, has marked positive trends although, of course, differing from country to country.

The second characteristic is given by the fact that for both export and import, all the countries have recorded negative developments which, I'd say, evidenced a given particularity implied by an increased magnitude, placed within the interval 15-30%, even over this value in the import case, such as for instance, Romania, Bulgaria, Estonia, Latvia, Lithuania, respectively Finland.

At last, the third characteristic is marked by the fact that the outrun of the exports decrease by the imports diminishing led implicitly to the decrease of the trade deficit.

Thus, we are meeting two hypostasis: those countries which increased their trade deficit in 2015 as comparatively with the year 2009: Ireland, Belgium, Denmark, Czech Republic and Hungary and countries where the surplus is maintained, although at a relatively lower level. This is the case of Germany, Holland, Sweden and Finland.

With a diminishing deficit of almost 14%, Romania is joining the countries having recorded the biggest deficit reductions.

The diminishing of the deficit with Germany is also noticeable, being due to the increase of the exports of cars and auto-vehicles for goods transportation. Meantime, the deficit with the Russian Federation has been reduced, as a consequence of the diminished imports of gas and crude oil from this country.

The higher dynamics of the exports in comparison with the imports have generated a decrease of the trade deficit of Romania.

As the submitted statistics are showing, the exports dynamics have overrun the imports dynamics in 2013 too.

The evolution of the number of exporters and importers during the period 2006 – 2015, a period which grasps the effect of the adhesion of Romania to the European Union, since January 2007 on, consisting of a significant increase of their number.

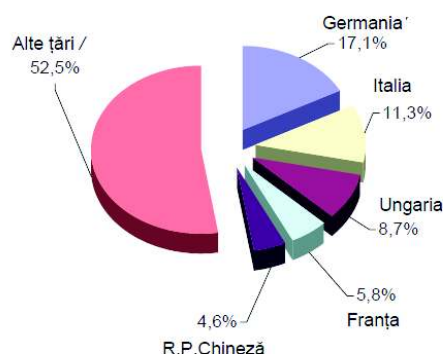
To note that out of about 22000 exporters, 759 exporters (recording annual exports of over 5 million euro) are covering almost 76% of the exports volume of the year 2015.

As to the importers, out of about 68350 importers, 1100 importers (recording annual imports of over 5 million euro) are covering almost 70% of the imports volume of the year 2013.

To note that the weight of the exports and imports of agro-alimentary products (including beverage and tobacco) in the total exports, respectively imports, has decreased during the first six months of 2016 by about 0.9% in the exports case and by about 2.0% in the case of imports.

The deliveries of agro-alimentary products to the European Union countries held a value weight of about 69% while the entries of agro-alimentary products from the EU countries held a weight of about 29.7%.

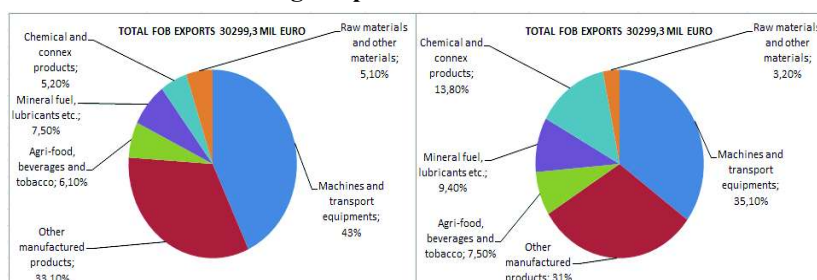
Main partner countries of Romania in 2016 import



Data source: National Institute of Statistics, Statistical Bulletin no. 7/2016.

In the case of the imports of agro-alimentary products imports, beverage and tobacco the main commercial partners from the European Union are the following: Hungary, Germany, Bulgaria, Holland, Italy and Poland.

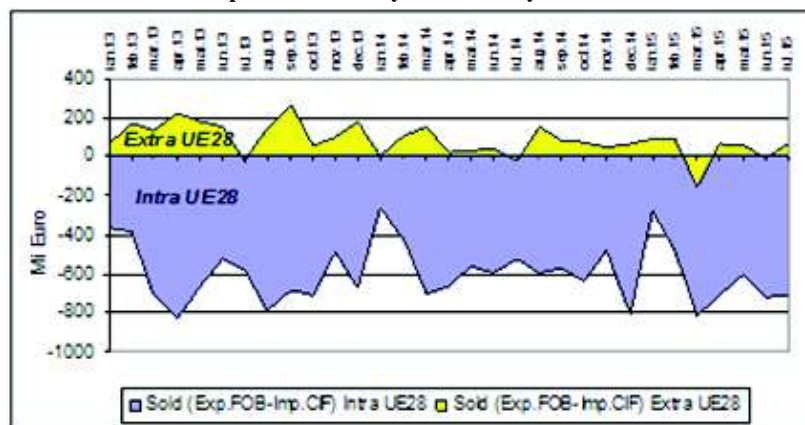
Structure of international trade by groups of products during the period 1.I-31.VII.2016



Data source: National Institute of Statistics, Statistical Bulletin no. 7/2016.

During the period 1.I – 31.VII.2016, significant weights in the structure of the exports and imports are held by the groups of products: machines and transport equipment (44.3% for export and 36.6% for import) and other manufactured products (33.1% for export and 31.5% for import). In July 2015, according to the preliminary estimation of the National Institute of Statistics, FOB exports amounted for 32.072,4 million lei, while CIF imports recorded 36.007,5 million lei. The deficit of the trade balance (FOB/CIF) was, in July 2015, 2295.2 million lei (520.3 million euro), lower by 232.7 million lei (52.7 million euro) than the level recorded in July 2014. The FOB exports realized during the period 1.I-31.VII 2015 were 135138.6 million lei (30299.3 million euro), and CIF imports amounted 150063.6 million lei (33655.4 million euro). Compared to the period 1.I-31.VII 2014, both exports and imports grew by 8,9% as values in lei (7,5% for values in euro). The commercial deficit FOB-CIF during the period 1.I-31.VII 2015 was 14925.0 million (3356.1 million euro).

Sold of the commercial balances INTRA-UE28 and EXTRA-UE28 during the period January 2013 – July 2015



Data source: National Institute of Statistics, Statistical Bulletin no. 7/2015.

The values of the intra-communitarian (Intra-UE28) exchange of goods during the period 1.I-31.VII 2014 was 96622.2 million lei (21687.5 million euro) for deliveries and 113090.4 million lei (25386.6 million euro) for inputs, that is 71.6% of total export and 75.4% of total import. The value of the extra-communitarian (Extra-UE28) goods exchange during the period 1.I-31.VII 2014 was 38516.4 million lei (8611.8 million euro) for export and 36973.2 million lei (8268.8 million euro) for import, representing 28,4% of total export and 24,6% of total import.

Conclusions

Within the structure by countries, the largest deficits in 2014 have been recorded with Hungary, China, Kazakhstan, Germany, Austria, Russian Federation, contrary to the year 2011 when the hierarchy of the countries with which Romania recorded the biggest trade deficits included countries such as Germany, Russian Federation, Hungary, Kazakhstan, China and Austria.

The global economic crisis showed itself critically in the foreign trade field, each month in 2013 recording decreases of the Romanian export as comparatively with the corresponding months of the year 2012, which confirmed the tendencies occurring previously, starting with 2008.

Since 2013 until present, there was observed the come back to a more intense rhythm of international exchanges.

In the case of the imports, there are also important partner countries from the extra-communitarian space, such as China (phone devices, accumulators and batteries, foot-ware, electric circuits) with a weight of 4.6%.

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