Terms of Trade and Efficiency of External Transactions in Romania

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ABSTRACT
This article addresses the aspects related to the efficiency of the Romania’s external trade in goods, from the terms of trade perspective. Through the analytical approach, starting from aggregate evolution to the detailed level of products, we attempted to capture the impact of the EU enlargement and the global financial crisis on the efficiency of international trade in Romania during 2006-2016.

Structure of external trade and trade balance are factors which influence the terms of trade. Therefore, in our analytical approach we evaluated the efficiency of some product groups, defining efficiency intervals, in correlation with the evolution of theirs shares in export / import, respectively trade balances during the analyzed period.

The competitiveness of external trade depends on the level and dynamics of export and import prices, in close connection with embedded product technologies. The use of 3-digit SITC product technology classification is particularly relevant in the context of the topic. A special attention was paid to the territorial distribution, at NUTS3 level, of the products exports with effective impact on Romania’s trade efficiency.

Keywords: terms of trade, trade balance, trade efficiency, export, import
JEL Classification: F19

1. INTRODUCTION
Terms of trade is one of the most important statistical indicators used in the analysis of international economic exchanges, especially in relation with their benefits/efficiency. Trade theories of classical and neoclassical economists take into account terms of trade when evaluate the advantages of trade between different countries.
“Development through trade” and “gains from trade” are concepts that have been found in international economic thinking, even from the 18th century, based on D. Ricardo’s theory of comparative advantage and specialization, improved by the theory of international values and terms of trade of the J.S. Mill, further developed by V. Pareto and F. Y. Edgeworth and completed by A. Marshall. In the same context, there are thesis of H. Singer and R. Prebisch regarding to terms of trade deterioration faced by countries exporting primary products.

Today’s economists further consider the terms of trade as important for macroeconomic analysis, linking their changes by the welfare evolution of an economy. In case of improving the terms of trade, a country is able to import more for a given income from exports. Controversially, if the terms of trade deteriorate, then a greater income of exports is needed for a country to maintain the same level of imports.

“Changes of the price of developing countries raw materials (including raw materials, agricultural products and its products and other natural raw materials) and industrial finished goods of developed countries show the degree of enjoyment of any country from international trade. In this regard, the terms of trade is an index that studying its behavior over time use as a measure to assess the benefits of trade for each country” (Mohammad Kazem Naziri et al, 2015).

According to Pettinger (2017), if export prices rise relative to import prices, then there has been an improvement in the terms of trade, so a unit of export buys relatively more imports. Generally, this leads to an improvement in living standards as imported goods appear cheaper to consumers. If import prices rise relative to export prices, there has been a deterioration in the terms of trade, which, generally, leads to a decline in living standards as foreign currency earnings are relatively less and imported consumer goods more expensive.

2.Methodological approach

Our research is based on different computations using:
- the external trade data produced and available in the INS databases and in the COMEXT database of Eurostat
- trade indicators, by SITC 3 digit level and by countries, consumer price and commodity price indices available in the UNCTAD database
- data of National Bank of Romania.

In the first step we selected the products groups, at SITC 3-digit level, having trade (export + import) over 1 million euro in 2016. Then were compiled:
the share in total trade and separately in export, respectively in import, the trade balance and the net barter terms of trade for each year in the period 2006-2016, to be able to „capture” the possible impact of the EU accession and of the world financial crisis from the end of 2008. The net barter terms of trade, defined as the ratio of the export price index to the import price index.

For our purposes, the following trade efficiency intervals were defined and used:

- \( \text{ToT} > 2\% \) high trade efficiency
- \( 1.5\% < \text{ToT} \leq 2.0\% \) medium trade efficiency
- \( 1.5\% \leq \text{ToT} < 1.0\% \) low trade efficiency
- \( \text{ToT} = 1\% \) neutral trade efficiency
- \( 0.0\% \leq \text{ToT} < 1.0\% \) inefficient trade

where \( \text{ToT} = \) Terms of trade.

Apart the level and dynamics of export and import prices, the competitiveness of external trade is to greater extent influenced by the technological level of goods. As a consequence, we consider as necessary to combine the external trade data by SITC 3-digit level with Lall’s classification by technologies in order to determine how much „sophisticated” are the most efficiently traded products.

Also, the territorial distributions of exports of the main trade products were calculated.

### 3. MAIN EMPIRICAL RESULTS

The European Commission pays particular attention to terms of trade indicator when analyzes and forecasts the developments in externals trade trying to explain the favorable / unfavorable effects of international prices trends. For example, terms of trade is a good milestone to evaluate the impact of the world oil prices, on each economy or on the national currency exchange rate.

In Romania, export prices in recent years recorded significant changes. However, no significant improvements of the trade balance and of export incomes were noticed. Similar changes were registered in Hungary, Poland and even at the EU28 level (Figure 1). Identified influence factors by a large body of the economic literature indicate at the most important: elasticity of demand and of supply, changes in factor endowments, technologies or product preferences, relatively constant relations between partners, persuasive capabilities, exchange rate, nature of goods and international price of oil (crude petroleum), etc.
Terms of trade in goods indices, 2001-2016

Figure 1

previous year = 100

Source: own calculation based on UNCTAD data
(http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=16421)

3.1. What factors affect the terms of trade?

3.1.1. Terms of trade in goods and consumer price indices

The theory according to which a higher inflation may cause terms of trade deterioration is not proved by our empirical analysis. As far as Romania is concerned, the analysis of consumer price index and terms of trade doesn’t show any synchronic evolution in the period 2001-2016 (Figure 2). The reason for this lack of correlation is the vicious circle of the low value added exports. More technological progress and research, development and innovation (RDI) embedded in export products will contribute to higher export prices and, implicitly, large export incomes.

Terms of trade and consumer price index (CPI), in Romania, 2001-2016

Figure 2

Terms of trade and exchange rate indices, in Romania 2001-2016

Figure 3

Source: own calculation based on UNCTAD data and National Bank of Romania data
3.1.2. Terms of trade in goods indices and exchange rate indices

Normally, the linkage between terms of trade and CPI is given by the real exchange rate. According to Desormeaux et al (2009), this linkage, is becoming weaker over time, due to the export diversification and to the specific policies concerning exports of raw materials. Although the global economy is not so sensitive to the terms of trade shocks, the exchange rate remain a strong influence factor (particularly related to the evolution of oil prices).

Figure 3 shows the path followed over the last 16 years by the terms of trade and the real exchange rates of national currency against euro and US dollar. In spite the link is not too evident, in recent years it appears that fluctuations in the real exchange rate are related to terms of trade changes. This kind of association justifies the gap between changes of the terms of trade and the domestic consumption behavior (Desormeaux et al, 2009).

Two possible effects of currency rate evolution on terms of trade are to be considered; both can be seen in Figure 3 above:
- effect of the national currency devaluation, meaning that while the export price remain unchanged, it is need to pay more in lei to buy the same quantity of foreign goods by import;
- effect of the national currency on appreciation on the terms of trade consists in cheaper imports and more competitive exports.

3.1.3. Terms of trade in goods indices and crude petroleum price index

Export prices is affected by the world cost of raw materials (crude petroleum, coffee, raw sugar cane, iron ore etc.) and productivity. Figure 4 illustrates the inverse relationship between terms of trade and crude oil price index evolutions, over the period 2001-2016, the fall in primary products prices resulting in an increase in terms of trade (and vice versa).

It is a paradox that Romania, the oil producing country, depends on the barrel’s international price and cannot benefit from the lower consumer price advantages.
Terms of trade in goods indices and crude petroleum price index in Romania, 2001-2016

Source: own calculation based on UNCTAD data (http://unctadstatunctadorg/wds/TableViewer/tableView.aspx?ReportId=16421)

3.2 Efficiency of Romania’s external trade

With a breakdown of SITC 3 groups in the COMEXT database, associated with the type of technology embedded in each product group, the results presented are based on the framing of the external trade in goods ratio, on the above defined efficiency classes:

3.2.1. Romania’s terms of trade higher than 2%, high trade efficiency

Top of product groups with high efficiency (over 2%) in 2016 contain product groups with very small weights in total trade, preponderantly resource based products (iron ore and concentrates; coke & semi-cokes of coal, lignite, peat; vegetables, roots, organic/inorganic compounds and acids; wood in the rough or roughly squared) and low technological products (apparel, travel goods, men’s clothing of textile fabrics). Fruits and nuts (fresh or dried) are the only group of primary products whose efficiency exceeds 2% (decreasing 50% compared to 2006), being accompanied by the highest negative trade balance among the analyzed groups (Annex 1).

This is an apparent efficiency because, by predominant exports of raw materials and semi-manufactured products with low added value, we offer production opportunities to other countries. Frequently, Romania’s imports contain finished commodities based on raw materials and semi-manufactured products exported by itself (at higher prices than those that would have been paid had the products been produced in the country).
In order to counteract this situation, policies that lead to an increase in the degree of processing of raw materials and semi-finished products in the country through knowledge-based industrialization, in line with the requirements of the Fourth Industrial Revolution, „characterized by a fusion of technologies that is blurring the border between the physical, digital and biological spheres” (Schwab, 2016).

3.2.2. Romania’s terms of trade between 1.5 and 2%, medium trade efficiency

Medium efficiency (1.5% <ToT ≤ 2%) is registered also for product groups with quite small weights in total trade (Annex 2). Among these products are the medium technology group of „Pumps, air or other gas compressors and fans; filtering or purifying apparatus; parts thereof” whose efficiency is relative constant in the period 2006-2016 (the share in total exports is 1.9% and trade balance is positive in 2016).

Compared to 2006, a number of product groups, which, although not remarkable by large percentage shares in trade, have increased efficiency in 2016: tobacco, manufactured; textile yarn; non-electric engines and motors, parts of them; lighting fixtures and fittings; insecticides, herbicides and similar (Annex 2).

3.2.3. Romania’s terms of trade between 1% and 1.5%, low trade efficiency

The most traded product groups (from total trade value point of view) are medium technology based and include parts and accessories of the motor vehicles; equipment for distributing electricity; electrical apparatus for switching or protecting electrical circuits; furniture and parts thereof. Even if all this four product groups has positive trade balances, their efficiency is low and, with one exception, it is lower than in 2006 (Annex 3).

Parts and accessories of the motor vehicles (SITC 784) is the product group with the highest percentage share in total trade (6.8%) and with 2.7 billion euro surplus of trade balance, in 2016. With an ascending trend of exports and imports in the period 2006-2016 and improved terms of trade in 2016 as against 2006 (+15.8%), efficiency of external exchanges is however quite low. The world financial crisis in 2008 overturned the positive effect that Romania’s EU integration had in 2007 on terms of trade of this product group (Figure 5).
Evolution of trade with Parts and accessories of the motor vehicles (SITC 784), Romania, 2006-2016

Figure 5

Source: own calculation based National Statistical Institute data – Tempo database

The territorial distribution of exports of Parts and accessories of the motor vehicles (SITC 784) at Romanian level (Map 1) is concentrated in 8 counties and Bucharest Municipality (93% from total export of SITC784 in 2016), situated close to the western border or to main transport connections towards the western Europe (especially to Germany as main partner member states for these products).

Map 1. Export of Parts and accessories of the motor vehicles, by counties of Romania, in 2016

Map 2. Export of Equipment for distributing electricity, by counties of Romania, in 2016

Source: own calculation based National Statistical Institute data – Tempo database

Equipment for distributing electricity (SITC 773) is the second product group in the top of highest percentage shares in total trade (4.7%) and with 2.0 billion euro excedent of trade balance, in 2016. The comparative and competitive advantages of these products are in slight regression since 2009,
though trend of exports is ascending (terms of trade -22.1% in 2016 as against 2006). As in the previous case, the world financial crisis in 2008 overturned the positive effect that Romania’s EU integration had in 2007 on efficiency of this product group (Figure 6).

The territorial distribution of exports of Equipment for distributing electricity (SITC 773) at Romanian level (Map 2) is concentrated in 11 counties and Bucharest Municipality (92.7% from total export in 2016).

### Electrical apparatus for switching or protecting electrical circuits

![Figure 6](image1)

**Figure 6**

![Figure 7](image2)

**Figure 7**

Source: own calculation based National Statistical Institute data – Tempo database

**Electrical apparatus for switching or protecting electrical circuits or for making connections to/in electrical circuits (SITC 772)** is the third product group in the top of highest shares in total trade (4.3%) and with 323 million euro surplus of trade balance, in 2016. The trade balance of this product group has an ascending trend in value and efficiency in the period 2006-2016 (terms of trade +79.6% in 2016 as against 2006). The world financial crisis in 2008 does not affected the positive evolution of trade balance and efficiency acquired after Romania’s EU integration (Figure 7).
Territorial distribution of exports of Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (SITC 773) at Romanian level (Map 3) show that 70% of export are concentrated in three counties: Sibiu (33.9%), Timis (26.4%) and Brasov (10.5%) and have as destination Germany (23%), China (5%), Italy and Austria (2.8%), Hungary (2.4%), Czech Republic (2.3%).

Furniture and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings (SITC 821) is the fourth product group in the top of highest percentage shares in total trade (2.2%) and with 1.5 billion euro surplus of trade balance, in 2016. The trade balance of this product groups has an ascending trend in the period 2006-2016 but a descending trend of efficiency (terms of trade -22.1% in 2016 as against 2006). The world financial crisis in 2008 overturned the positive effect that Romania’s EU integration had in 2007 on efficiency of this product group (Figure 7). Exporting counties are concentrated in North-Western of Romania (over 20% of export from Maramures county – see the Map 4) to destination Germany (19%), France (15%), Italy (12%), Czech Republic (8%), United Kingdom (5%).
Exports of furniture, wood in the rough and simply worked

Romania has doubled the value of furniture exports during 2006-2016, but in recent years the efficiency of furniture trade has started to decline slightly. In the analysis of the exports of this industrial branch it should also be borne in mind that an important part of the used wood is imported while the national exports of logs and especially of timber were significant during 2009-2015. In the case of logs and timber, measures and policies are needed to reduce exports, to better capitalize on the national forestry industry and to protect forests and the environment (Figure 8).

3.2.4. Romania’s terms of trade less than 1%, inefficient trade

This category covers a large variety of products, many of them with large percentage shares in total trade (Annex 4).

The group of machinery and transport equipments (SITC 7) include, in general, elements of technological progress such as computers and other office appliances, appliances, telecommunication equipment and equipment for manufacturing industry etc. In principal, a country should be firstly specialized in that category of goods with the highest percentage share in its exports. However, in Romania, 23 from 50 codes under SITC 7 category are inefficient in external trade, motor cars being the one of the most important.

National exports are largely based on the local auto industry, with two assembly plants, Dacia and Ford (located in Arges and Dolj counties - Map 5) and with a surplus of over 1.2 billion euro. Romania has revealed comparative advantage in motor car trade (incorporating medium technology) but this trade was inefficient throughout the period 2006-2016 (terms of trade around 0.65).
Also inefficient from terms of trade perspective is telecommunications equipment, component and accessories. Even if it incorporate high technology and high added value, the product group has high negative balance and no comparative advantages were registered in the period under analyse. This implies need of foreign investments and “hard battles” for “attracting” investors, as other countries have led over the past few years.

Telecommunications equipment exports are concentrated in the western part of Romania (Timis county covering around 60% of export for this product in 2016 - Map 6), close to the border, to facilitate transport to the main partners in EU.
Medicines production has developed especially since the Second World War, because in the interwar period there were only a few laboratories - in fact subsidiaries of foreign companies, as most of the drugs products were imported.

Medicines that incorporate high technology are also among the most inefficient and uncompetitive in terms of trade, with a negative balance of about 1.7 billion euro. The share of drugs in total imports is three times higher than in total exports. Being products that incorporate advanced technologies, they have to be a result of research and developments, which should increase the competitiveness of this sector. The largest medicines exporting counties are Bucharest, Mures, Ilfov, Cluj and Iasi, where there are also research centers with tradition.

Imports of medicines strongly compete with the domestic market, with large foreign companies looking to get involved in capitalizing domestic factories.

The petroleum oil and products industry, with a high economic impact in Romania, has a resource-based technology and, even if trade balance is positive (705 thousand euro), external trade is inefficient in each year of the period 2007-2016. The competitive advantages are oscillating, with descending tendency in case of exports. The territorial distribution of petroleum oil and products exports is affected, more than other cases, by the statistical allocation based on social headquarters, since Constanta and Bucharest Municipality have the big shares in exports of such products (Map 8).

4. CONCLUSIONS

As a rule, worsening terms of trade is a cause of concern for developing countries who, although expressing their dissatisfaction as regard trade relations with the developed countries, for the time being, in the field
of commercial practices and policies, they have only succeeded in obtaining modest positive results.

It is axiomatic that terms of trade improvements can only be achieved by sustained and consistent promotion of high-technology based and high value added products, which usually involve RDI results.

Hence, while scientific-intensive and technical-intensive products, through their unprecedented development and diversification, offer competitive and comparative advantages to the developed countries, the export of raw materials and semi-finished products, with high percentage shares in the total export of the developing countries, does not prove the potential for technology and RDI absorption to create prerequisites for price rises.

As a rule, raw materials and semi-finished products, which are the sine qua non of processing, are improving their price conditions on the world market sporadically, especially in the event of energy, agro-food or other raw materials crisis. These advantages are, however, relatively passive because the developed countries are trying either to apply more economical and efficient technologies to use natural resources, or to import substitutes for raw materials whose price has increased. See in this respect, for example, the replacement of cars with internal combustion by those based on electric batteries, which represent a threat to oil producing and exporting countries.

Developing countries are not in a position to resort to the substitution of competitive imports from developed countries because they are dependent on advanced technologies in these countries.

On the other hand, by virtue of the general theory that the external trade liberalization is a present and future requirement, whose application generates benefits for all stakeholders, developing countries are required a customs disarmament policy and are advised not to use the substitution of competitive imports.

In conclusion, the efficiency of external trade based on terms of trade, determined as ratio between export and import prices, is a necessary but not enough condition to support its growth policies.

In our opinion, the most relevant methods of analyzing the external trade efficiency should be based on indicators of labor productivity in exporting and importing countries, on the quality of different categories of goods and on comparisons between the price difference for the same product group in the developed countries and developing ones.

For example, price differences between types of cars are explained precisely by technological superiority, quality and reliability of some types compared to others. This superiority is based on competitiveness, whose pivot is RDI.

In Romania, where foreign private capital holds between 70% and 90%, subsidiary companies or multinational subsidiaries receive RDI results.
from their mother companies, which destabilize them to make RDI spending in Romania. In developed countries, the private sector of the economy, unlike Romania, is the main source of RDI funding, reaching between 50% and 80% of the total RDI spending.

This situation makes the funds allocated by the private sector for RDI in Romania very low, with the tendency of continuous reduction. That is why Romania holds lower positions in terms of the overall index of competitiveness and efficiency of external trade, according to the World Economic Forum Geneva 2017-2018 and Eurostat statistics on RDI.

References

3. Kaneko Akihiko, 1999, „Terms of trade, economic growth, and trade patterns: a small open-economy case”, Department of Social Engineering, Tokyo Institute of Technology, 152-8552, Japan
### Annex 1

**Romania’s terms of trade higher than 2% (ToT > 2%)**

<table>
<thead>
<tr>
<th>SITC3</th>
<th>Description</th>
<th>2016 share (% in</th>
<th>Trade balance</th>
<th>Export price/Import price</th>
<th>Technology type</th>
</tr>
</thead>
<tbody>
<tr>
<td>211</td>
<td>Iron ore and concentrates</td>
<td>0.0</td>
<td>0.0</td>
<td>0.9</td>
<td>0.0</td>
</tr>
<tr>
<td>848</td>
<td>Articles of apparel, cutting access., watering tables</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>325</td>
<td>Textile and wearing apparel, not elsewhere specified</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>851</td>
<td>Travel goods, handbags, &amp; similar containers</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>556</td>
<td>Vegetables, roots, tubers, prepared, preserved, e.g., s.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>813</td>
<td>Meats in oils, clothing, of textile, knitted, etc., e.g.</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>0577</td>
<td>Jewellery &amp; articles of precious materials, n.e.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>841</td>
<td>Meats cutting of leek, garlic, etc., n.e.s., n.e.s.</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>515</td>
<td>Organic inorganic, nonmetallic, prep. for industry, n.e.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>247</td>
<td>Wood in the rough or roughly squared</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: own calculation based COMEXT database and UNCTAD statistics

### Annex 2

**Romania’s terms of trade between 1.5 and 2% (1.5% < ToT ≤ 2%)**

<table>
<thead>
<tr>
<th>SITC3</th>
<th>Description</th>
<th>2016 share (% in</th>
<th>Trade balance</th>
<th>Export price/Import price</th>
<th>Technology type</th>
</tr>
</thead>
<tbody>
<tr>
<td>211</td>
<td>Iron ore and concentrates</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>848</td>
<td>Articles of apparel, cutting access., watering tables</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>325</td>
<td>Textile and wearing apparel, not elsewhere specified</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>851</td>
<td>Travel goods, handbags, &amp; similar containers</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>556</td>
<td>Vegetables, roots, tubers, prepared, preserved, e.g., s.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>813</td>
<td>Meats in oils, clothing, of textile, knitted, etc., e.g.</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>0577</td>
<td>Jewellery &amp; articles of precious materials, n.e.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>841</td>
<td>Meats cutting of leek, garlic, etc., n.e.s., n.e.s.</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>515</td>
<td>Organic inorganic, nonmetallic, prep. for industry, n.e.s.</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>247</td>
<td>Wood in the rough or roughly squared</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: own calculation based COMEXT database and UNCTAD statistics
Annex 3

Romania’s terms of trade between 1% and 1.5% (1% < ToT ≤ 1.5%)

<table>
<thead>
<tr>
<th>SITC3</th>
<th>Description</th>
<th>2016 share (%) in</th>
<th>Trade balance (thou. lei)</th>
<th>Export prices/Import prices</th>
<th>Technology type</th>
</tr>
</thead>
<tbody>
<tr>
<td>704</td>
<td>Parts and accessories of the motor vehicles of groups 701, 702, 704 and 705</td>
<td>0.7</td>
<td>4.2</td>
<td>6.6</td>
<td>2,050</td>
</tr>
<tr>
<td>772</td>
<td>Equipment for distributing electricity, n.e.s.</td>
<td>0.9</td>
<td>2.7</td>
<td>4.7</td>
<td>2,540</td>
</tr>
<tr>
<td>772</td>
<td>Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits</td>
<td>1.0</td>
<td>3.0</td>
<td>4.3</td>
<td>1,220</td>
</tr>
<tr>
<td>602</td>
<td>Furniture and parts thereof, bedding, mattresses, cushions and similar stuff (including bedding, mattresses and similar stuff)</td>
<td>0.8</td>
<td>2.9</td>
<td>2.2</td>
<td>1,544</td>
</tr>
<tr>
<td>609</td>
<td>Manufactures of base metals, n.e.s.</td>
<td>1.5</td>
<td>2.5</td>
<td>2.1</td>
<td>1,700</td>
</tr>
</tbody>
</table>

Source: own calculation based COMEXT database and UNCTAD statistics

Annex 4

Romania’s terms of trade less than 1% (ToT < 1%) *)

<table>
<thead>
<tr>
<th>SITC3</th>
<th>Description</th>
<th>2016 share (%) in</th>
<th>Trade balance (thou. lei)</th>
<th>Export prices/Import prices</th>
<th>Technology type</th>
</tr>
</thead>
<tbody>
<tr>
<td>704</td>
<td>Parts and accessories of the motor vehicles of groups 701, 702, 704 and 705</td>
<td>0.2</td>
<td>2.0</td>
<td>3.0</td>
<td>1,171</td>
</tr>
<tr>
<td>772</td>
<td>Equipment for distributing electricity, n.e.s.</td>
<td>0.9</td>
<td>2.0</td>
<td>3.0</td>
<td>1,030</td>
</tr>
<tr>
<td>772</td>
<td>Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits</td>
<td>1.2</td>
<td>3.0</td>
<td>2.0</td>
<td>1,050</td>
</tr>
<tr>
<td>772</td>
<td>Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits</td>
<td>1.4</td>
<td>1.4</td>
<td>2.1</td>
<td>785</td>
</tr>
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<td>772</td>
<td>Electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits</td>
<td>1.0</td>
<td>1.4</td>
<td>2.1</td>
<td>668</td>
</tr>
<tr>
<td>772</td>
<td>Tubing and tubes of metal, not elsewhere specified or included in headings 71 or 72</td>
<td>0.1</td>
<td>1.0</td>
<td>1.1</td>
<td>1,130</td>
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<td>Tubing and tubes of metal, not elsewhere specified or included in headings 71 or 72</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
<td>1,060</td>
</tr>
</tbody>
</table>

Source: own calculation based COMEXT database and UNCTAD statistics

*) selection criteria: over 1% weight in total trade, in 2016