
THE EVOLUTION OF ROMANIA'S INTERNATIONAL TRADE

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Abstract

International trade through import and export constitutes an important factor in the evolution of the most synthetic result indicator, the Gross Domestic Product. There were certain periods when export and import, the sides of international exchanges, evolved in a certain correlation and in this way a certain balance could be reached. Of course, the ratio between export and import, statistically called net export, is the one that reflects the ability of an economy to capitalize, first of all, on the results of its own activity but, at the same time, to highlight the way in which the Gross Domestic Product is influenced by the two activities. Of course, the member countries of the European Union or any other, depending on the economic power and the structure of the national economy, always have a surplus in the calculation of this net export. Countries with a lower capacity, a structure or with more delicate financing sources, as is the case with Romania, obtain year after year deficits in this net export. In the research undertaken for the elaboration of this article, the authors focused, first of all, on highlighting the way in which Romania's economy has evolved in the two sides, export and import, in the last period of time. It clearly follows that the international trade relations of our country are oriented towards certain geographical areas, groups of countries as well as regarding groups of partner countries with which Romania practices trade relations, i.e. imports and exports. In the aforementioned article, it was highlighted, first of all, the fact that relations in international exchanges are somewhat constant, in the sense that a higher rate of exports is recorded, but, in terms of volume, it is still lower than imports, which leads to the maintenance of a external balance of payments deficit. In the article, the methodology used by the authors took into account, first of all, the situation in our country, based on the indicators and data provided by the sources that were the basis of this research. A series of graphs and tables are presented that reveal more meaningfully how this activity has evolved in Romania's international trade.

Keywords: international trade, import, export, GDP, developments, balance.

JEL classification: H10, H20

Introduction

The activity of international trade of goods and services represents one of the most important income-generating components that make up the Gross Domestic Product (Gross National Product). The activity of international trade of goods and services at the level of any country is also a representative and important activity for the economy, considering that everything that means a surplus of goods, regardless of their category, quantity and quality, finds the possibility of capitalization depending on terms of delivery, price and competitive market.

The analysis carried out on the basis of a period of only 5 months is not conclusive, but the trend of the index evolution can be identified. At the same time, we can also include the current economic conditions in the analysis, a fact that better guides us in identifying the trend.

Considering the current economic-financial context, but also the political one generated by the existing armed conflicts, conflicts that generate direct or indirect influence on the activity of international trade of goods, this indicator must be followed for a predictability of the national budget revenues. As part of the European Union, Romania must also follow the evolution of this indicator through the EU lens, but the basis of discussion and attention must be given to the indicators that concern Romania.

In this article, we did not try to make a large comparative study to notice what is happening in other countries of the European Union from this point of view, but even without an interpretation we can state that other countries, especially those in the central group and Eastern Europe registers a phenomenon roughly in the same sense. In this analysis, I have resorted to an interpretation of the data available to me in order to underline the fact that in the coming period the deficit of the balance of external payments will tend to increase, with a definite effect on economic growth and, as a consequence, on the quality-of-life index in Romania.

It is also known that no economy of any country can function under autarky conditions, because international cooperation and division of labor presupposes specialization in certain fields of activity, which give meaning to the supremacy of the countries that are in this group and those that no longer have industry and activities producing comparative goods, in terms of quality and price, on the European Union market or on a wider international level.

Literature review

The activity of international trade has been on the agenda of several researchers. Thus, Anghelache C. and others (2020) studied the evolution of Romania's international trade in goods and services in the first quarter

of 2020. Anghelache C., Anghel M.G. (2017) and Anghel M.G., Iacob S.V., Haseganu D.A. (2020) studied and disseminated a series of studies on the evolution of international exchanges of goods, the analysis of international trade or international trade as a factor of economic growth, the analyzes being accompanied by the use of statistical-econometric models, based on which estimates were made and forecasts. Bardsen, Nymagen and Jansen (2005) presented aspects of macroeconomic modeling. Bernard AB, Jensen JB, Redding SJ, Schott PK. (2012) dealt with the analysis of the role of large international corporations in the international trade of goods. Elgstrom O. (2007) pays attention to the activity of international trade in terms of the content and technique of negotiations, and Fajgelbaum P., Grossman G., Helpman E. (2011) is a study on income, production quality and international trade, in which elements related to foreign trade are addressed today. Harrison, McLaren and McMillan (2011) studied inequalities in trade activity. Hill C., Smith M. (2011) published an extensive work on international trade relations and relations with the European Union. Staiger R., Sykes A. (2011) published an analysis of international trade, national treatment and domestic regulations in countries involved in such transactions.

Methodology

In order to obtain these results, the authors consider it necessary to make certain clarifications regarding the methodology used and the extraction of some of the main methods used by the National Institute of Statistics. Thus, by adding up the data from the INTRASTAT and EXTRASTAT statistical systems, the statistics of international trade in goods are established, where the INTRASTAT system is valid for the exchange of goods between Romania and the other member states of the European Union, and related to the EXTRA-EU trade which represents the exchange of goods carried out between Romania and states that are not members of the European Union, the EXTRASTAT system is valid

The Intrastat system includes all goods originating in Romania destined for another EU member state and goods entering Romania with another EU member state as the country of dispatch. Shipments from Romania include goods with free circulation that leave the territory of Romania with the destination of another EU member state and goods with customs regime, i.e. those that have been placed under the customs procedure of active processing inside the country or processing under customs control in Romania and which have final destination other member states of the European Union. The introduction of goods into Romania includes goods having free circulation in an EU member state that enter the territory of Romania, goods that have come under the customs procedure of active processing or processing under

customs control within another EU member state and that enter the territory of Romania.

On the other hand, within the Extrastat system, based on trade in goods between Romania and countries outside the EU area, the direct import of consumer goods, imported goods taken out of customs warehouses or free zones to be put into consumption are included, the export of goods of national origin, and the export of imported goods, declared to be for domestic consumption. This category also includes temporary imports of foreign goods for active processing on the territory of the country, exports of compensatory products resulting from active processing. At the same time, temporary exports of goods for passive processing are included here, i.e. those goods with processing in other countries, imports of compensatory products resulting from processing outside the country and goods imported or exported under the financial leasing regime quoted at the full value of the goods, in return, are not included in the indices for international trade, goods in transit, goods having a temporary status except for those that are intended for processing and goods purchased by international organizations for their own use in Romania.

The value data are expressed in FOB prices for exports representing the price at the border of the exporting country, which includes the value of the good, all transport expenses up to the point of embarkation, as well as all the taxes that the good must bear to be loaded on board. At the same time, the values expressed in CIF prices for imports are also used, which represent the price at the border of the importing country, including both the components of the FOB price, as well as the cost of insurance and international transport. The currency used to express the value data is both the euro and the Romanian leu, and the conversion into euros of the value data expressed in lei collected through the INTRASTAT statistical declarations and customs declarations is done using the average monthly exchange rate lei/euro communicated by the National Bank of Romania, for the INTRASTAT system, and for the EXTRASTAT system the lei/euro exchange rate communicated by the National Bank of Romania for the penultimate Wednesday of the month.

With reference to the source of the data used for INTRA-EU trade, they are partially collected by the National Institute of Statistics directly from economic operators who have achieved a value volume of intra-community shipments of goods and a value volume of intra-community goods entries above the minimum level of the INTRASTAT statistical threshold established for each flow and reference year, and on the other hand the customs declarations that are collected and processed by the National Tax Administration Agency (ANAF), for intra-community trade related to goods, for internal processing or for processing under control customs, goods moving from or to parts of the

statistical territory of the European Union, but which do not belong to the fiscal territory of the European Union. At the same time, for EXTRA-EU trade, the data source is also provided by the National Fiscal Administration Agency, which collects and processes export and import customs declarations. In this regard, economic operators authorized for simplified customs procedures send export or import data to the National Institute of Statistics using a form with a predetermined information structure.

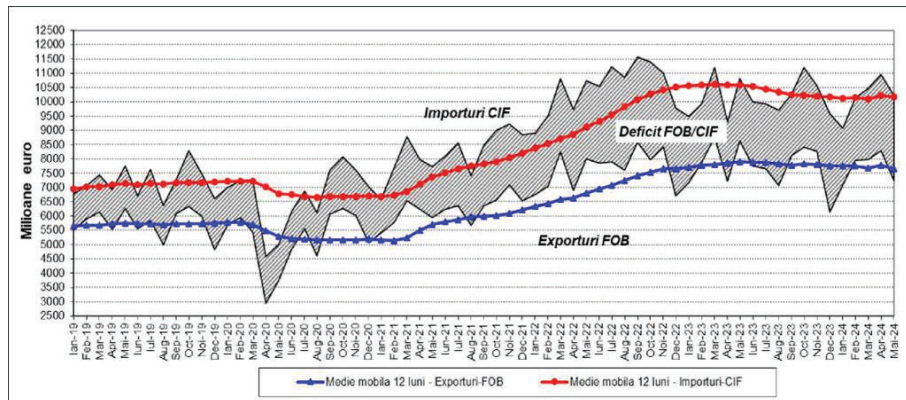
Data, Results and Discussion

The data held for the period from January 1, 2024 to May 31, 2024 clearly show us a deficit in the trade balance, so that only at the level of May 2024, FOB exports totalled 7241.8 million euros, and CIF imports totalled 10213.6 million euros, resulting in a deficit in the amount of 2971.8 million euros. Comparing May 2024 with May 2023 to begin to get an idea of developments, we can see that the figure representing exports decreased by a percentage of 16.2% and imports decreased by 5.6%, which represents a constriction of the volume of international trade.

Taking into account for comparison a slightly more extensive interval, namely 5 calendar months, the period January 1-May 13, 2024, we have as a figure related to FOB exports 38,536.1 million euros, and CIF imports totalled 50,824.4 million euros. Thus, the trade balance deficit in this period is 12288.3 million euros. Compared to the similar period of 2023, i.e. January 1-May 31, 2023, we can state that exports recorded a decrease of 2.9%, and imports recorded an increase of only 0.2%. Anyway, the maintenance of a slightly increasing trend of the trade balance is visible, a trend that has been maintained for several years. Concluding the above information, we state that the FOB/CIF trade balance deficit in the period from January 1, 2024 to May 31, 2024 was 12,288.3 million euros, higher by 1,230.8 million euros, representing an increase of 11.1 percent compared to than the one registered between January 1 and May 31, 2023.

**Exports, imports and trade balance (FOB/CIF)
January 2019 - May 2024**

Figure 1



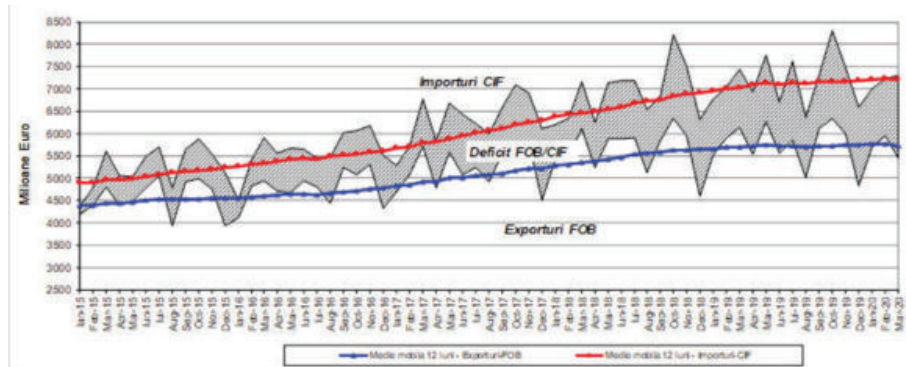
Source: INS communication no. 177/July 10, 2024

As can be seen in the graph above, the values related to imports and exports have increased in the range presented by the graph individually, but together with these increases, the difference between the two graphical representations of imports and exports has also increased, this difference representing trade deficit.

On the other hand, this trend has existed for several years, as we can exemplify through the graph below, which shows us the interval between the years 2015-2020, where exactly the same trend is observed, i.e. an increase in commercial values, but in the same over time, the trade deficit also increases. The reason I have included this graph is that the prediction at the time this data was presented indicated an increase in the trade deficit in the years after 2020, which is highlighted in the current graph when the co-trade deficit is increasing, unfortunately the trend is the same for the following years.

**Exports, imports and trade balance (FOB/CIF)
January 2015 - March 2020**

Figure 2



Source: INS communication no. 120/11 May 2020

Returning to the current data, analyzing the composition of the goods and elements present in the analysis, we identify that in the period January 1-May 31, 2024, the most significant weights are recorded by the product groups belonging to machines and transport equipment with percentages of 47.1% related to export and 36.5% related to imports, the other group being that of other manufactured products where a percentage of 29.6% is recorded for exports and 28.5% for imports. This last category of manufactured goods includes manufactured goods, classified mainly according to the raw material which can be iron, steel, rubber, metal, etc. and miscellaneous manufactured items such as clothing and accessories, footwear and others.

**International trade by product groups according to CSCI Rev.42),
in the period 1.I-31.V 2024**

Table 1

	FOB Exports			CIF Imports		
	1.I-31. V 2024			1.I-31. V 2024		
	Million	Share in total exports (%)	in % compared to 1.I-31. V 2023	Million	Share in total imports (%)	in % compared to 1.I-31. V 2023
TOTAL	38536,1	100,0	-2,9	50824,4	100,0	+0,2
of which, in relation to the EU 27	27999,1	72,7	-3,2	37511,3	73,8	+1,1
Food and live animals	2667,8	6,9	-11,8	4729,8	9,3	+0,8
of which, in relation to the EU 27	1328,6	3,4	-2,0	4042,5	8,0	+10,0
Beverages and tobacco	947,1	2,5	+4,5	450,5	0,9	-6,8
of which, in relation to the EU 27	595,6	1,5	+24,9	303,9	0,6	-13,1
Raw materials, inedible, exclusively combustible)	1235,7	3,2	-15,9	1300,5	2,6	-1,5
of which, in relation to the EU 27	728,6	1,9	-18,1	917,5	1,8	+2,8
Mineral fuels, lubricants and derived materials	1673,5	4,3	-25,5	3684,5	7,2	-10,3
of which, in relation to the EU 27	845,1	2,2	-20,8	1273,7	2,5	-2,8
Oils, fats and waxes of animal and vegetable origin	164,1	0,4	-20,6	114,7	0,2	+1,3
of which, in relation to the EU 27	110,5	0,3	-7,3	98,5	0,2	+6,7
Chemicals and derived products not elsewhere specified	2180,0	5,7	+13,0	7455,3	14,7	+4,4
of which, in relation to the EU 27	1323,4	3,4	+1,3	5830,4	11,5	+1,2
Manufactured goods, classified principally by raw material	6276,5	16,3	-6,0	8865,5	17,4	-2,1
of which, in relation to the EU 27	4630,0	12,0	-7,6	6329,2	12,5	-3,4
Machinery and equipment for transport	18157,8	47,1	+2,3	18564,7	36,5	+1,6
of which, in relation to the EU 27	14277,3	37,0	-0,9	14546,9	28,6	+1,2
Various manufactured items	5118,0	13,3	-4,7	5630,3	11,1	+1,6
of which, in relation to the EU 27	4097,9	10,6	-3,2	4144,2	8,2	+1,2
Assets not included in another section of the SCIC	115,6	0,3	+15,2	28,7	0,1	+60,3
of which, in relation to the EU 27	62,0	0,2	+49,1	24,6	*)	+66,6

*) Below 0.05

Note: The differences between the total data and the values obtained from the summation of the various structures used are due to rounding.

We obviously observe a more intense exchange with the European Union, the European exchange market being predominant for most of the EU member states. The value of intra-EU27 exchanges of goods in the period January 1-May 31, 2024 was 27,999.1 million euros for exports and 37,511.3 million euros for imports, representing a percentage of 72.7% of total exports and 73.8 % of total imports. In contrast, the value of extra-EU27 exchanges of goods in the period January 1-May 31, 2024 was 10,537.0 million euros for exports and 13,313.1 million euros for imports, values representing 27.3% of total exports and 26, 2% of total imports.

What is interesting to note is the weight of the groups with the highest percentages of representation. I specified above that the more significant weights are registered by the product groups belonging to machines and transport equipment with percentages of 47.1% related to exports and 36.5% related to imports, the other group being that of other manufactured products where a percentage of 29.6% for exports and 28.5% for imports. Making a comparison with the period of previous years, the same period that we mentioned in the case of the trade balance deficit, i.e. the first quarter of 2020, we notice that the most important weights belong to the same 2 groups of products belonging to machinery and transport equipment with percentages of 48.3% related to exports and 36.2% related to imports, the other group being that of other manufactured products where a percentage of 30.2% is recorded for exports and 29.3% for imports. Similar table for the period of 2020 below.

International trade by product group in the period 1.I-31.III 2020

Table 2

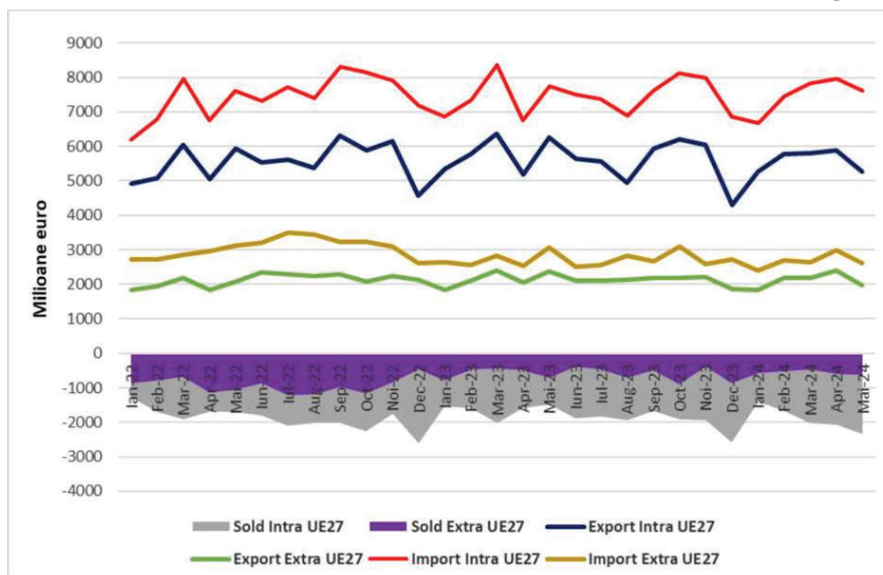
	Exporturi FOB			Importuri CIF		
	1.I-31.III 2020			1.I-31.III 2020		
	Milioane euro	Pondere în total export (%)	în % față de 1.I-31.III 2019	Milioane euro	Pondere în total import (%)	în % față de 1. I-31.III 2019
TOTAL	17071,4	100,0	-2,6	21526,5	100,0	+1,3
din care, în relație cu UE 27	12343,9	72,3	-4,4	15827,9	73,5	+2,1
Alimente și animale vii	1337,7	7,8	+25,5	1936,0	9,0	+16,1
din care, în relație cu UE 27	532,6	3,1	+1,5	1678,3	7,8	+16,7
Băuturi și tutun	386,6	2,3	+56,4	189,1	0,9	+18,4
din care, în relație cu UE 27	309,2	1,8	+55,7	140,5	0,7	+21,9
Materiale crude, necomestibile, exclusiv combustibil	555,3	3,3	-3,9	623,7	2,9	-5,1
din care, în relație cu UE 27	319,1	1,9	-3,2	399,2	1,9	-3,2
Combustibili minerali, lubrifianți și materiale derivate	554,5	3,2	-13,3	1385,3	6,4	-9,8
din care, în relație cu UE 27	239,6	1,4	+5,9	324,0	1,5	-11,2
Uleiuri, grăsimi și ceruri de origine animală și vegetală	41,7	0,2	-26,9	47,2	0,2	+23,5
din care, în relație cu UE 27	30,0	0,2	-42,7	39,6	0,2	+30,2
Produse chimice și produse derivate nespecificate în altă secțiune	776,4	4,5	-5,6	3226,5	15,0	+10,9
din care, în relație cu UE 27	511,7	3,0	-4,6	2572,3	11,9	+7,3
Mărfuri manufacturate clasificate în principal după materia primă	2697,6	15,8	-8,2	3949,9	18,3	-3,1
din care, în relație cu UE 27	1941,0	11,4	-11,5	2896,0	13,5	-3,3
Mașini și echipamente pentru transport	8241,4	48,3	-2,0	7786,2	36,2	-0,7
din care, în relație cu UE 27	6441,8	37,7	-1,5	6030,0	28,0	+0,6
Articole manufacturate diverse	2449,3	14,3	-10,9	2376,9	11,0	+0,4
din care, în relație cu UE 27	2013,4	11,8	-12,4	1743,4	8,1	-0,1
Bunuri necuprinse în altă secțiune din CSCI	30,9	0,2	+9,1	5,6	<0,05	+3,3
din care, în relație cu UE 27	5,5	<0,05	-27,2	4,6	<0,05	+1,1

Source: INS communication no. 120/11 May 2020

In the graph below we have included all the data necessary for a visual analysis of the trends, the most important being the deficit of the trade balance which shows a slight increase and the significant share of intra-EU exchanges.

Exports, imports and trade balances (FOB/CIF) Intra-EU27 and Extra-EU27 in the period January 2022 - May 2024

Figure 3



Conclusions

Considering what is presented in this article, we can affirm that the situation in which the national economy presents a trade balance deficit, represents an economic vulnerability that should be reduced and even eliminated by various economic means.

Although there are various objectives included and legislated by the National Strategy for Sustainable Development, and sustainable development programs are even implemented, there are still no significant results. It is still necessary to improve the absorption of funds made available by the EU, funds that will not be available to our country for a long time.

Although trade deficit can be used as a method for economic balancing, surplus, competitive industry, i.e. a positive trade balance brings stability, prosperity and economic influence, which benefits any state, EU member or not. Even if it may be considered redundant, the efficient and qualitative production of goods is conducive to competition, being the method by which the intra-EU or extra-EU market will absorb faster and better the surplus of national production.

As we stated before, considering international cooperation and division of labor, we can assume specialization in certain fields of activity,

which give meaning to the supremacy of the countries that are in this group and those that no longer have industry and activities producing comparative goods, in terms of quality and price on the internal market of the European Union or internationally.

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