

ASPECTS REGARDING THE EVOLUTION OF ROMANIAN TRADE

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Abstract: Principal aim of the work paper is to underlining the importance of harmonizing international trade policy of Romania to the European Union, in the European integration process in the context of contemporary economic globalization. Highlighting the negative aspects recorded in national trade policy in the transition period, which affected and still affect our national interests. The vision of National Export's Strategy is focused on one crucial direction: to stimulate and enhance the capacity of businesses to capture, create and retain more value in the country, in one and by encouraging innovation and diversification of the export supply and export markets

Key words: trade, international commerce, Romanian foreign trade, import, export

JEL classification: F1, F2, F4

1. Introduction

National economy, including Romania's foreign trade after 1989, passes on a difficult stage through essential characteristic of the transition period to market economy. Worldwide, one of the most important problems is ensuring the complementarity of regional organizations with the development of trade. Accordingly thorough knowledge of international economic relations, including in terms of theoretical and practical trade policies which have influenced, is a strict requirement of current economic and political.

The subject of research aimed at Romania's foreign trade policy that works in the national economic development consistent with policies advocated by the EU external trade and intra-Community relations with third countries.

Theoretical and methodological work is the study of scientific value in the economy and world trade, research conducted by research institutions in Romania and abroad. Among them I want to mention the work of Keynes J., Constantinescu, N., N. Hundred, Baptism O., Dijmarescu E., Ghibuțiu A scientific method of approach to content analysis and synthesis work is a systemic and complex processes that took place in trade policy and foreign trade, economic research quantitative and qualitative aspects of exports and imports in Romania. It is used also in mathematical device efficiency trade policy and foreign trade.

As basic information for analyzing and highlighting the objectives and solutions to be applied have served Statistical Yearbook, legislation and normative acts of Romania, national and international specialized periodicals.

2. Developments in the Romanian foreign trade during 1998-2008

The total volume of international trade of Romania, in 2008, increased by 11.9% compared to 2007, exports grew by 14.4% and imports grew by 10.5%.

Romania's FOB Exports, in 2008 was 33,327.9 million, 4,226,1 million higher than the previous year, when it amounted to 29,401.8 million.

Romania CIF Imports in the year 2008 was 56,336.8 million, 5344.2 million higher than in 2007, it amounted to 50,992.6 million.

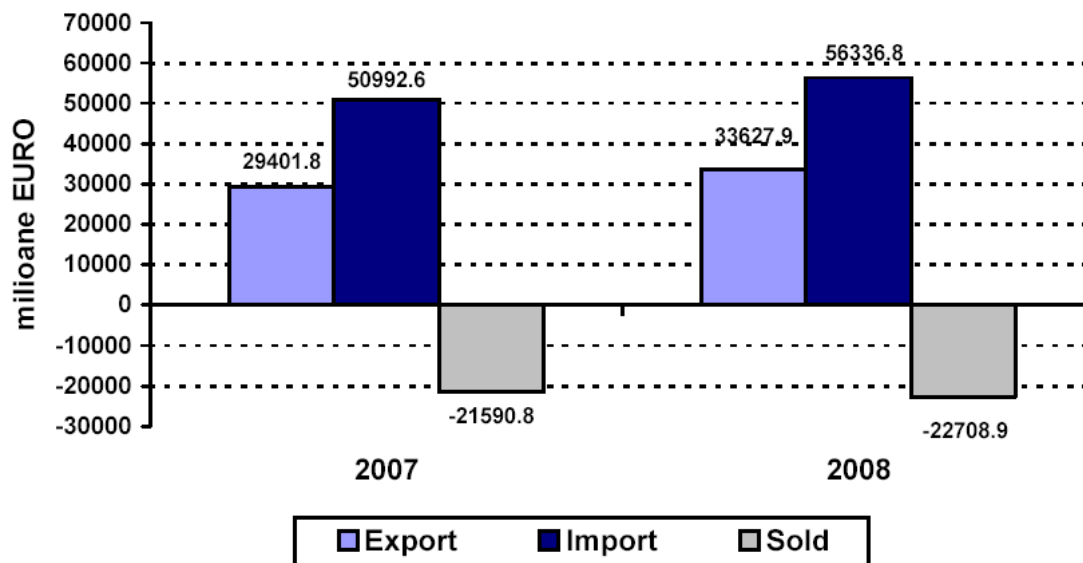


Figure 1. Romanian international trade in 2008 comparative with 2007

Source: ANV, INS, Romanian Centre for Trade Promotion

The total volume of intra-European trade of Romania, in 2008, increased by 9.1% compared to 2007, exports grew by 12.0% and imports increased by 7.4%.

Intra-European export value (by the 26 EU countries) was 23,671.3 million, up 12.0% from last year and represented 70.4% of total Romanian exports.

Intra-European import value (derived from the 26 EU countries) was 38,937.1 million, up 7.4% from last year and represented 69.1% of total Romanian imports.

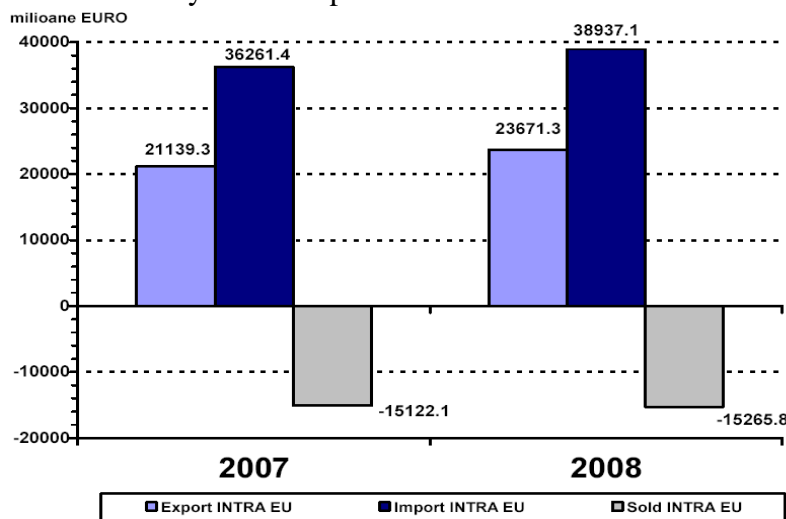


Figure 2: The structure of intra European trade of Romania

Source: ANV, INS, Romanian Centre for Trade Promotion

The total volume of extra-European trade of Romania, in 2008, increased by 19.0% compared to 2007, exports grew by 20.5% and imports increased by 18.1%.

The value of extra-European export was 9956.6 million, up 20.5% from last year and represented 29.6% of total Romanian exports.

The value of extra-European import was extra 17,399.7 million, up 18.1% from last year and represented 30.9% of total Romanian imports.

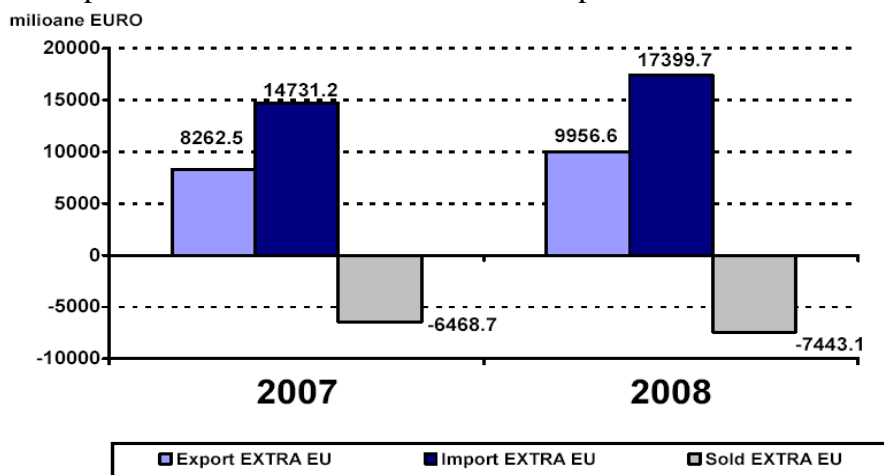


Figure 3: The structure of extra European trade of Romania
Source: ANV, INS, Romanian Centre for Trade Promotion

Important development in Romania compared to export growth led to record, in late 2008, has a **trade deficit** of 22.7089 billion euros, up 1118.1 million higher than in 2007, it amounted to million -21590.8 . Intra-Community trade balance registered a value of -15265.8 million (which represented 67.2% of Romanian trade deficit), while the trade balance was non -7443.1 million.

A. Romanian FOB export on section under the Harmonized System (HS)

Increases of Romanian export as compared with 2007, there have been, especially to:

- machinery and equipment: 1560.6 million (23.9% increase), in which:
 - electric appliances for telephone and telegraph (507.8 million euros)
 - television receivers including video monitors (207.6 million euros)
 - wires, cables and other insulated conductors (138.8 million euros);
- mineral products: 866.7 million euros (up 37.8%), of which:
 - petroleum oils from bituminous minerals (662.0 million)
 - electricity (132.7 million euros);
- products of the plant kingdom: EUR 752.2 million (up 171.9%), of which:
 - wheat and meslin (336.6 million euros)
 - oilseed rape, even broken (173.0 million);
- vehicles, aircraft, vessels and auxiliary equipment transport: EUR 650.9 million (increase of 18.6%), of which:
 - cars and vehicles for the transport of persons (191.4 million euros)
 - motor vehicle parts and accessories (147.7 million euros)
 - boats, cruise ships, cargo, ferries (88.4 million euros);
- products of the chemical and allied industries: EUR 301.4 million (up 26.8%), of which:
 - mineral or chemical fertilizers containing nitrogen (129.5 million euros)
 - formed by mixing or drugs (75.8 million euros);
- plastics and plastic articles: EUR 232.6 million (increase of 15.9%), of which:
 - November, pneumatic tires, rubber (114.0 million)
 - polymers of ethylene, in primary forms (42.4 million euros);
- food, beverages, tobacco: EUR 229.8 million (increase of 63.8%), of which:
 - cigarillos, cigars, cigarettes (130.9 million euros);

- base metals and articles of base metal: EUR 132.7 million (increase of 2.8%), of which:
 - waste and scrap of iron or steel (127.6 million euros)
 - tubes, pipes and hollow profiles (59.7 million euros)
 - aluminium as gross (59.3 million euros);
- optical, photographic, movie theatres, measuring, checking or precision, surgical instruments and apparatus, clocks, musical instruments: EUR 77.7 million (increase of 33.7%), of which:
 - tools, appliances and machines measure or control (38.6 million euros).

Decreases of Romanian FOB export were registered, in particular, the following products:

- costumes, sets, jackets, dresses, skirts -150.1 million euros;
- flat-rolled products of iron or steel - 91.9 million euros;
- blouses and shirts for women and girls - 79.4 million euros;
- footwear with outer soles of rubber, plastics, leather -75.9 million euros;
- wood sawn or chipped lengthwise, sliced or peeled - 64.2 million euros;
- gas generators with air or gas water - 46.6 million euros;
- bars and aluminum profiles - 45.7 million euros;
- lighthouse ships, vessels for fire pump, dear, floating cranes - 40.0 million;
- zinc - 39.9 million euros as crude
- automatic data processing machines, their parts of - 36.5 million euros;
- other parts of the furniture were EUR - 36.4 million;
- air pumps with Vacuum-gauges, air compressors or gas - 35.3 million euros;
- copper wire - 34.6 million euros
- Kraft paper and paperboard, nestratificate -28.9 million euros;
- jerseys, pullovers, jackets, vests - 27.8 million euros;
- polymers of vinyl chloride or of other olefins - 27.0 million;
- piston engine spark ignition - 26.5 million euros;
- aluminum wire - 25.7 million euros.

B. Romanian CIF Import on section under the Harmonized System (HS)

Increased imports in 2008 (5344.2 million), compared to 2007 is localized mainly to the following products:

- Agriculture and Food Sector:
 - pork fresh, chilled or frozen: 134.3 million euros
 - sugar cane or beet sugar and pure sucrose: 56.2 million euros
 - cakes and other residue from soy oil extraction: 51.8 million euros;
- Industry Sector:
 - crude petroleum and bituminous minerals (crude): 789.4 million euros;
 - electric appliances for telephone or telegraph: 436.9 million euros;
 - petroleum oils from bituminous minerals, other than crude: 312.8 million euros;
 - formed by mixing drugs or not: EUR 308.3 million;
 - petroleum gas and other gaseous hydrocarbons: 290.5 million euros;
 - bars of iron or non-alloy steel, simply forged: 138.6 million euros;
 - motor vehicle parts and accessories: 138.0 million;
 - and semi-coke of coal, lignite, peat: 135.3 million euros;
 - parts for radios and TV: 119.1 million euros;
 - flat-rolled products of iron or non-alloy steel: 109.1 million euros;
 - bars, iron rods, hot rolled non-alloy steel: 103.6 million euros;
 - vehicles to carry 10 persons or more: 99.6 million euros;

➤ prepared binders for foundry molds or cores: 84.0 million.

C. Geographical orientation of Romanian trade

Export and import of Romania takes place mostly with European countries in the proportion of 88.3% each. Community trade (with the 26 EU countries) is primarily (69.6%) with an export share of 70.4% and 69.1% on imports.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total export, of which:	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Europe, of which:	82,05	84,72	85,37	85,78	82,75	86,21	88,23	85,93	87,73	88,94
- UE	78,65	77,34	74,79	79,05	81,05	78,49	82,64	78,71	77,13	80,84
- AELS	1,48	1,37	1,14	1,30	1,64	1,45	1,17	1,52	1,89	2,02
- CEFTA	6,56	8,29	9,59	8,27	7,69	8,48	3,09	4,06	4,08	0,68
Africa+Middle East	9,24	7,79	6,86	6,34	6,61	5,31	5,24	5,81	6,20	5,15
Asia-Oceania	2,28	2,33	2,93	3,12	5,07	4,07	2,87	3,18	2,57	2,72
America	6,38	5,06	4,83	4,57	5,41	4,26	3,54	4,97	3,42	3,16
TOTAL Imports, of which:	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Europe, of which:	82,58	82,73	80,77	83,08	84,99	86,06	84,93	83,97	84,05	88,60
- UE	69,84	72,98	70,07	69,03	68,68	67,01	76,41	74,07	74,44	80,26
- AELS	1,63	1,69	1,73	1,56	1,35	1,31	1,48	1,53	1,57	1,01
- CEFTA	11,13	10,80	11,00	11,65	11,41	12,11	1,42	1,39	1,33	0,18
Africa+Middle East	2,74	2,15	1,56	2,45	1,91	1,14	1,20	1,44	1,69	1,85
Asia-Oceania	7,09	8,76	9,33	6,38	7,69	7,86	8,41	9,23	9,53	6,69
America	6,91	5,77	5,66	5,86	4,98	4,52	5,16	5,11	4,56	2,81

Source: ANV, INS, Romanian Centre for Trade Promotion

3. Conclusions and proposes

First, the need for setting quantifiable targets for the rapid growth of exports of Romania, that the volume doubling its value to 50 billion at the end of 2007-2013, and the doubling of export companies dealing with their itself. This would significantly reduce the chronic balance of trade deficit for the past 17 years.

Secondly, the priority of encouraging the development of Romanian exports consist of sectoral, intersectoral, regional district and to ensure supply of export competitiveness of Romania, with a special emphasis on improving the quality and presentation (design) products and their packaging, while requiring a more attractive price and to ensure, where appropriate, an adequate service. In this context, to stimulate production of new products competitive in foreign markets is necessary to have a separate annual program to support and promote Romanian exports. In general, the export competitiveness of Romanian products is welcome doubling the share of total

state budget provided annually to 8-10 percent to 20 percent while reducing the weight given banking programs, which in the last 3 years of been around 80 percent.

Third, it encouraged the export of more than very small businesses, small and medium sized enterprises and those coming from the counties and the least developed regions of Romania, through a variety of measures and tools to stimulate and promote both at home and abroad to supply foreign markets. Internet's growing role in the presentation of Romanian export companies is absolutely mandatory.

Fourth, the National Export Strategy of Romania to support its programs and its promotion should, as do other EU countries, to pay attention to promoting Romanian exports to major markets in Eastern Europe - Russian Federation, RP China, India, Turkey and the Middle East, the Caucasus, Central Asia and South America, including through our investments abroad on every continent.

Fifth, based on experience and other EU countries, we need strong development of research on Romanian exports and measures and instruments applied by other EU Member States to promote its line, using the partnerships between ministries export activity or national associations of manufacturers in the industry and the faculties of its kind in the Romanian universities.

Capitalizing on the scientific potential of teachers may contribute to the reference studies, the impact on boosting and upgrading of Romania's export to the EU post-accession period

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