

AGRICULTURAL EXPORTS, GROWTH ENGINE FOR ROMANIA

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Abstract: The evolution of Romanian imports from the EU market was affected significantly, especially in 2009 and 2010 (due to lower domestic demand of operators and households). The global financial and economic crisis of 2008 strongly felt in Europe and affected its countries. The purpose of this paper is to analyze the main agricultural exports and food products that Romania can export to EU countries, but also outside the European Union.

Keywords: agricultural, exports, growth

JEL Classification: Q1, Q22, Q5, P32

Introduction

In 1961, Romania produced 4 million tonnes of wheat and 5.75 million tonnes of maize, the average production per hectare is 1.34, respectively 1.67 tonnes. In the mid 80s, Romania reached a production of 8.5 million tonnes of wheat (1988) and 11.9 million tonnes of maize (1985), which is the maximum of the years. Average yield per hectare in those years was 3.6, respectively 3.8 tonnes.

In 2004, agriculture accounted for 12.5% of GDP, the added value generated by the agricultural sector increased by 19%, compared to 2003. In other words, a quarter of the increase by 8.5% of GDP in 2004 was due to agriculture. For comparison, in 2009 agriculture accounted for only 6.3% of GDP.

Compared to other countries in terms of production per hectare: in 2009, in France, the average yield per hectare was 9.1 tons of corn, respectively 7.4 tons of wheat, in Romania the production is 3,4 respectively 2.4 tons.

In 2006 Romania managed to equalize (at dollar parity) GDP per capita from 1988. Compared to the EU average of GDP per capita in 2007, of US \$ 26,208, and the world's one, of 8191 dollars, Romania had a level of 7523 dollars, almost 3.5 times lower than the European one, and below the world's average.

Body of paper

Romanian crop balance is positive since 2009. The most favorable situation is seen in the case of cereals, where the difference between exports and imports has increased steadily.

The live animals and animal products have a trend of deficit decline since 2008.

In 2012, exports exceeded imports at vegetal crops by about 554 mil.EUR. The excess of grain crops was about 963 mil. EUR.

Year 2013 is the first year with positive balance (€ 331 million), mainly due to crop products, where exports exceeded imports by 1.533 million euros.

Food, beverages and tobacco deficit remains around an average of about 880 million euros, hence the need to focus on processing raw materials.

In the period 2010-2013 the first places among Romania's exports of agricultural products were occupied by corn, wheat, sunflower seeds, tobacco, rapeseed and barley. Other agricultural products with higher share of export value were: sunflower oil, poultry and livestock of bovine animals, sheep and goats.

Regarding imports of agricultural products from the period 2010-2013, in the top stood sugar, pork, corn, soy grits, prepared foods and raw tobacco. Other agricultural products with higher share of import value: sunflower seeds, bakery, pastry and coffee.

In the first three months of 2014, Romanian agri-food trade balance recorded a surplus of 9.4 mil. Euros, compared with a deficit of 308.9 mil. Euros, in the same period of 2013. Romania exported food products in total worth of 1,169.8 mil. EUR, with 324.7 million euros more than in the first quarter of 2013 (+ 38.4%), while imports, amounted to 1160.4 million euros, were located at a similar level to the one recorded in the same period in 2013.

Compared to the first quarter of 2013, exports of agricultural products in the first three months of 2014 increased in most categories: corn (137.7 mil. EUR), wheat (54.4 mil. EUR), cigarettes (25.5 mil. EUR), sunflower seeds (24.4 mil. EUR), sunflower oil (20.6 mil. EUR) etc. Notable are the additional proceeds from exports of nuts: 12.2 mil. Euro in the first quarter of 2013.

The European Union was the main partner in Romania's agricultural trade. Thus, in the first quarter of 2014, deliveries of agricultural products to that destination had a value share of 60.7%, and purchases of EU Member States have held a share of 81.3%.

Among the factors of pressure on the trade balance, highlights:

- dependence on technological structures and energy imports and domestic production of raw materials;
 - relatively slow rhythm of restructuring and privatization of the economy and industry;
 - negative influences of developments in the domestic and foreign markets (especially in recent years), who have "favored" increasing imports and eroding export competitiveness.
- It may be noted the approach of the Romanian exports and imports (at a more aggregated level) to the structure of intra-Community trade in agricultural products and foodstuffs, relatively more homogeneous, indicating a convergence of business model, but also the one of consume.

For the entire financial programming period 2007-2013, have been allocated 9.32 billion euros for Romania, for specific objectives of rural development.

The allocation for the RDP 2014-2020 is EUR 8.016 billion, of which for processing has been allocated 469 million euros.

Conclusions - Boosting exports and future estimates

The priority is the increasing of the exports of medium-high degree of processed products, especially in non-EU areas (Russia, India, China, Middle Eastern countries, some African countries and in South America).

As specific objectives:

- The development of external representation to support the business environment, in order to increase exports and attract foreign investment;
- Increase in budget allocation for promoting and supporting exports, including Romanian investments abroad.

The macroeconomic impact of these measures is reflected in: reducing the trade deficit, increasing foreign exchange earnings, improving the situation of current account balance, increasing the stability of the national currency. The social impact of these measures is reflected in benefits such as increasing employment and price stability.

The annual increase of budget allocation for promoting and supporting exports, including Romanian investments abroad, is a welcome measure.

In wheat, corn and sunflower crops, whose productions were the main export commodities in 2013, at EU-28 level, Romania was as follows:

- sunflower - no. 1, in both area cultivated and production;
- maize - cultivated area on 1st place and 2nd place in production;
- wheat - 4th place in surface and 6th in production.

Competitive advantage in the export of these commodities can be attributed to the total production obtained, the selling price and less to the production efficiency at which Romania has great potential for development.

It is estimated that in the next 8-10 years, through investments in processing capabilities, Romania will be able to export value-added processed products, such as poultry products, flour, corn flour, vegetable oil.

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