

## **Romania's foreign trade in 2008 - a territorial statistical analysis**

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### **Abstract**

*In this study, I proposed to analyze the territorial structure at county level, of the Romanian international trade both overall and by the sections of the Combined Nomenclature. Starting with the values of export and imports trade flows related to each county in Romania and using statistical methods of analysis, I determined the spatial distribution of foreign trade reveal that county poles of competitiveness in this regard. Whereas the trade balance or indicators such as coverage of imports by exports is proof that the increase or decrease the competitiveness of an economy's performance, I calculated also for each county these indicators.*

### **Keywords**

*Export FOB, CIF imports, trade balance, coverage of imports with exports*

**JEL Codes:** C10, F10, F49, O11

### **Introduction**

Before 1 January 2007, when Romania joined the EU, statistical information on foreign trade in goods, both EU countries and with non-member Union, were collected by the National Customs Authority, which is the institution who collected and customs declarations, and based on their established level of exports and imports, according to the statistical system Extrastat. However, since 1 January 2007, the Intrastat system became operational, so the statistics of international trade in goods is determined by summing data from *Intrastat* statistical system (for intra-EU) and *Extrastat* (for Extra-EU trade). When a country becomes a member of the European Union (EU) and part of the single market, customs control on the movement of goods between the country and other EU countries disappear and no longer traders must fill in customs declarations for these goods. To replace this source of data was created and developed the Intrastat statistical system, managed by the NIS to collect information directly from business operators in EU countries exchanged goods with other EU countries. The value of goods exported and imported to set prices based on actual exports FOB and CIF prices of actual imports. FOB price is the price at the border of the exporting country, including the value of the goods, all costs to the point of embarkation, and all fees incurred for the goods to be loaded on board. CIF price is the price at the border of the importing country, which includes both components of the FOB price and international insurance and transport costs<sup>1</sup>.

Romania's external trade statistics is made in accordance with the methodology used internationally and exported and imported goods have been classified since 1994 by the Combined Nomenclature (CN). which is also the basis for customs tariffs.

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<sup>1</sup> Collection of *Romanian foreign trade yearbook*, National Institute of Statistics, Bucharest, pg. 8

### Romania's FOB exports

Romania's FOB exports, in 2008, reached the value 33.724.570 thousand Euro and the first 5 counties in the top with the largest exports are: Bucharest with 6.420.200 thousand Euro (19,0% of total exports of the country), Timiș county with 2.850.065 thousand Euro (8,5% of total exports of the country), Arge county with 2.486.200 thousand Euro (7,4% of total exports of the country), Constanța county with 2.088.083 thousand Euro (6,2% of total exports of the country) and Arad county with 1.455.181 thousand Euro (4,3% of total exports of the country).

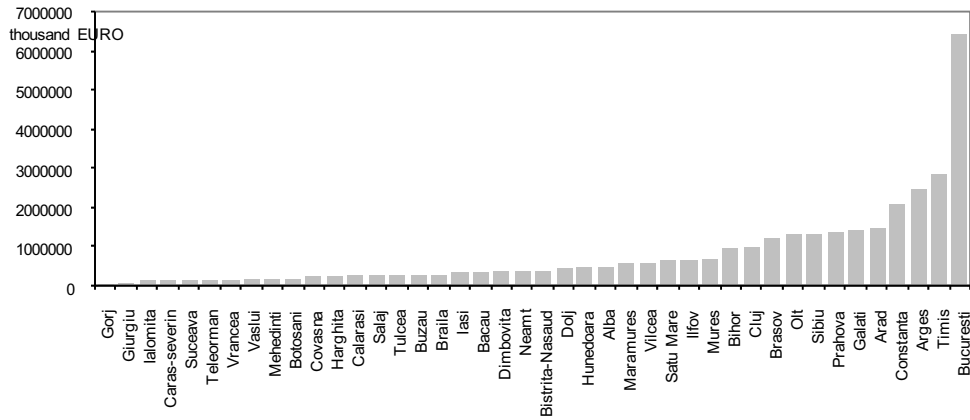


Figure 1. FOB Exports by counties in 2008

Source: processing by its own database DJS Bacau

The last 5 places in the hierarchy of counties, with lower export values were situated: Gorj county with 36.917 thousand euros (0,1% of total exports of the country), Giurgiu county with 89.906 thousands Euro (0,3 % of total exports of the country), Ialomița county with 117.188 thousand Euro (0,3% of total exports of the country), Caraș Severin county with 126.401 thousand Euro (0,4% of total exports of the country) and Suceava county with 135.513 thousand Euro (0,4% of total exports of the country).

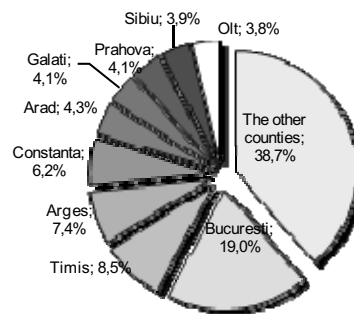


Figure 2. Export structure in 2008 (%)

Source: processing by its own database DJS Bacau

In the structure of FOB exports by section of the Combined Nomenclature (NC) in 2008, the highest share of 23,9% was obtained by the section "Machinery and mechanical appliances,

machinery, appliances and equipment, recorders or sound and images”, and the first 3 counties with large exports in this section are: Bucharest (1.418.937 thousands of euros, respectively 17,7% of exports in this section), Timiș (1.180.091 thousand euros, respectively 14,7% of exports in this section ) and Arge (with Euro 728.814 thousand, respectively 9,1%).

The second place with a share of 14,7% of total export value is the section "Base metals and articles thereof", and the first place in the section is occupied by county Galați with 1.255.705 thousand Euro (25.4%), it followed by Olt County (697.858 thousand Euro, respectively 14,1%) and Bucharest (Euro 665.554 thousand, respectively 13,5%).

Section "Means of transport" takes third place with a share of total export value by 12,3%, and the county with the largest export in this section is Arge county with 1.420.100 thousand Euro (34,3%), followed by Constanța with 401.815 thousand Euro (9,7%) and Arad county with 348.374 thousand Euro (8,4%). In this section Arge county achieve performance to have the largest export on both the section and counties representing 4,2% of exports by country.

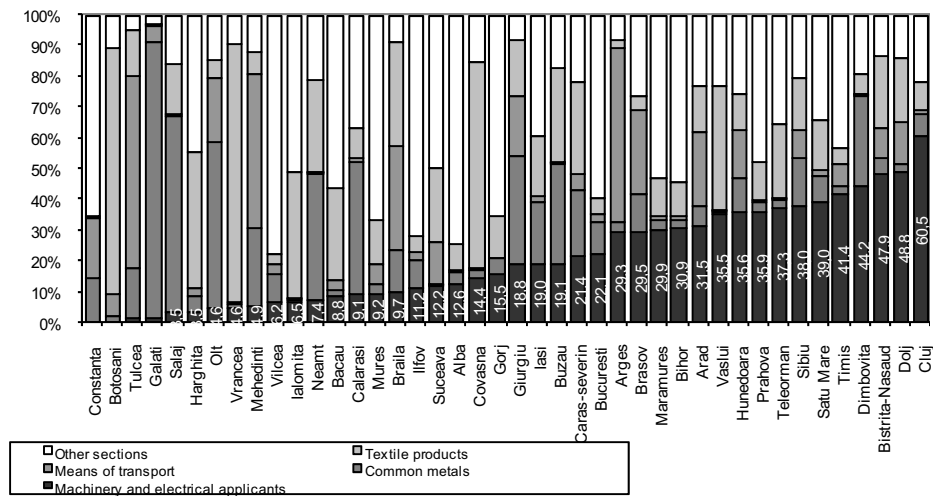


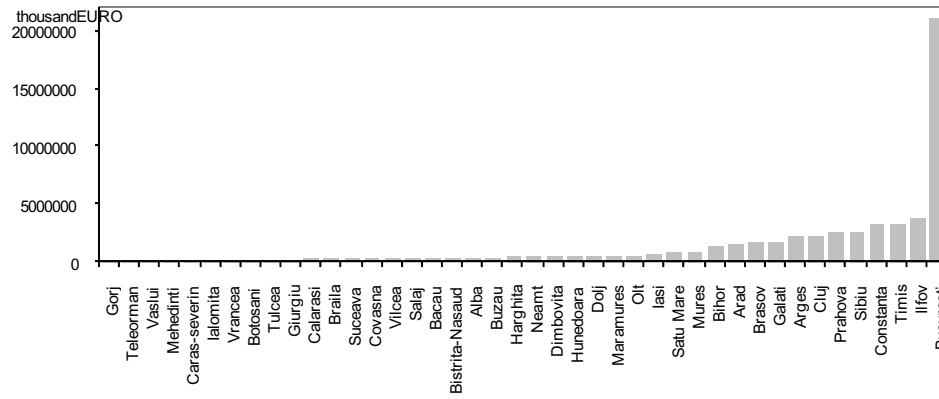
Figure 3. FOB export structure by main section of the CN and by counties in 2008

Source: processing by its own database DJS Bacău

The lowest values of exports are found in sections: "Animal or vegetable fats and oils (0,3% of total exports), "Good not classified "(0,3% of total exports) and" Paper and paperboard and articles of them (0,5% of total exports).

### Romania's CIF imports

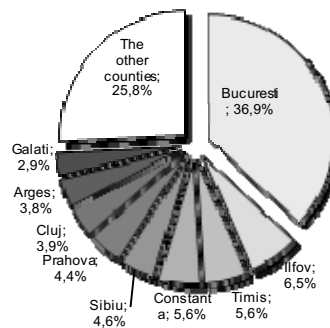
Romania's CIF imports in 2008 reached the value of 57.240.310 thousand Euro. Bucharest has in this case first among counties with the highest values of imports: 21.123.225 thousand Euro, representing 36,9% of total imports in Romania, followed far away from the counties: Ilfov with 3.747.837 thousand Euro (6,5% of total imports), Timiș with 3.187.598 thousand Euro (5,6% of total imports), Constanța with 3.187.527 thousand Euro (5,6% of total imports) and Sibiu with 2.629.309 thousand Euro (4,6% of total imports).



**Figure 4. CIF import by counties in 2008**

Source: processing by its own database DJS Bacau

Gorj county, with an import value of 60.201 thousand Euro has only 0,1% of total imports of the country, thus occupying last place in the ranking counties. With a share of only 0,2% of total imports are counties: Teleorman (91.985 thousand Euro), Vaslui (123.517 thousand Euro), Mehedin i (123.995 thousand Euro), Cara -Severin (125.128 thousand Euro) and Ialomi a (140.538 thousand Euro) those falling to end ranking.



**Figure 5. Import structure in 2008 (%)**

Source: processing by its own database DJS Bacau

In the *structure of CIF imports by section of the Combined Nomenclature*, as well as exports, the "Machinery and mechanical appliances, machinery, appliances and equipment, recorders or sound and images" has the highest weight in total imports by 24,0%, and the first in the section is Bucharest with 5.452.048 thousand euro (39,8% of imports in this section), this value is actually the highest value of the imports by sections and counties. Far away are counties: Timi (with 1.139.411 thousand Euro respectively 8,3%) and Arge (with 924.960 thousand Euro, respectively 6,7%).

Large imports were made also on the section "Mineral products", its share being 13,7% of total imports, Constanta county holding first place in the section, with 2.050.503 thousands of Euro (26,1% of the section imports), second place belonging to Bucharest 1.634.217 thousand Euro (20,8%) and the third place awarded to the Sibiu county with 1.452.845 thousand euros (18,5%).

12,5% of the total imports of the country, were performed on the section "Means of transport", Bucharest again occupying the first position with a value of Euro 3.672.657 thousand Euro, respectively 51,5% of the imports section, Ilfov imported by this section in the amount of 1.082.984 thousand euro (15,2%), followed by Argeş with an import value of 496.481 thousand Euro (7,0%).

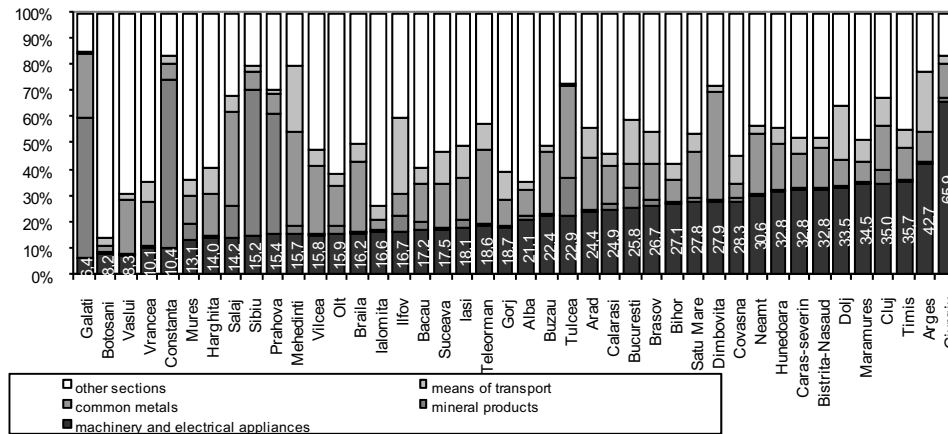


Figure 6. CIF import structure by main section of the CN and by counties in 2008

Source: processing by its own database DJS Bacau

The smaller imports were made in the following sections „ Animal or vegetable fats and oils” (0,2%), “ Good not classified” (0,2%) and “ Wood products (excluding furniture), braids of twing” (0,9%).

### The trade balance and coverage of imports with exports

The aggregate import and export relations between Romania and the rest of the world stands out better in trade balance, calculating the balance of trade. To calculate the *FOB-FOB balance of foreign trade operations* is required transformations of CIF import in FOB import by applying a conversion factor CIF-FOB: 1,0834 coefficient is based on research conducted at a major company profile.

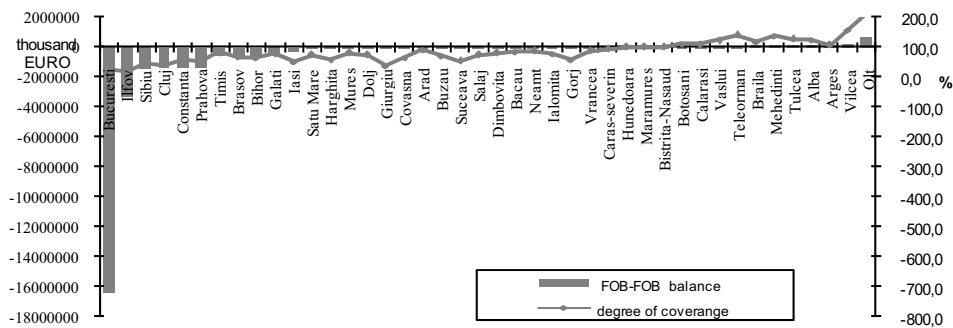


Figure 7. Balance of the FOB-FOB foreign trade operations (thousand EURO) and the degree of coverage of FOB import with exports (%) in the counties of Romania in 2008

Source: processing by its own database DJS Bacau

In 2008, Romania has recorded a negative balance of 28.289.582 thousand Euro. The largest negative balance you find in Bucharest (-16.464.702 thousand Euro), followed by counties Ilfov (-3.404.358 thousand Euro), Sibiu (-1.532.414 thousand Euro), Cluj (-1.421.553 thousand Euro) and Constanța (-1.365.284 thousand Euro).

However, in 12 counties, the value of exports was higher than imports, the largest surplus of trade balance is accomplished in Olt county (682.313 thousand Euro), followed by counties: Vâlcea (221.698 thousand Euro), Argeș (138.794 thousand Euro), Alba (98.751 thousand Euro) and Tulcea (58.945 thousand Euro).

Alongside the trade balance trade, *coverage of imports with exports* is another indicator that reflects the efficiency of trade.

In Romania coverage of imports with exports in 2008 was 54,2% and only in Bucharest and other 7 counties registering a lesser degree of coverage. The lowest coverage was registered in Ilfov (16,2%), followed by Bucharest (28,1%), Giurgiu (37,3%), Cluj (41,0%) and Sibiu County with 46,2%.

Olt is on first place in the hierarchy of counties with the highest coverage (211,9%), on the second place is Vâlcea County (157,8%), third place awarded to the Teleorman (139,4%) and the next two places in the top 5 counties being held by counties: Mehedinți (137,6%) and Tulcea (125,6%).

## **Conclusion**

Romania's foreign trade in 2008 mainly revolve around Bucharest and economic specificities of each county dictates the structure of external trade flows by them.

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