



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 7/27/2005

GAIN Report Number: RO5009

Romania

Trade Policy Monitoring

Update - New Steps in Liberalizing Bilateral Trade with EU

2005

Approved by:

Brian Goggin
U.S. Embassy Bucharest

Prepared by:

Cristina Cionga

Report Highlights:

In May 2005, Romania and European Union reached consent on further trade liberalization. This is expected to create better opportunities for Romanian exporters, provided that they are able to adapt themselves and become competitive. For US exporters, the new agreement will limit opportunities for poultry, pork and beef, nuts in favor of EU-origin exports.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1]
[RO]

A new phase of bilateral liberalization of the agricultural trade regime was concluded between the Government of Romania and the European Union in May 2005 and promulgated by the Romanian Parliament in July in the form of an Additional Protocol to the "European" Association Agreement. This Protocol is seen as a further and necessary step prior to Romania's 2007 or 2008 full EU membership and assessed to give the trade flows between Romania and EU-25 a new boost.

Romania is currently in full process of adopting the common market mechanisms, although a tight budget makes authorities concerned about how domestic exporters will be able to use the new trade concessions. Typically, EU domestic support and export refund practices, combined with a lack of competitiveness of the local producers themselves, resulted, for Romania, in increasing agricultural trade deficits since 1995, when the European Agreement was ratified by the two parties.

It is expected that these new mutual concessions will result in increased export opportunities for Romania, to the extent to which Romanian exporters will be able to compete in terms of quality and price, especially for products like fresh fruits and vegetables, live animals, poultry meat, canned red meats.

EU is, overwhelmingly, Romania's main partner in agri-food trade. In 2004, its share in both imports and exports increased in accordance with the May 2004 EU enlargement with five¹ of the former members of the Central European Free Trade Agreement (CEFTA) - see Table 1. The gap between exports and imports, nonetheless, deepened, accounting for 42 percent of Romania's agro-food trade imbalance.

Table 1. Romania's Agricultural Trade by Region (million US\$)

	Exports				Imports				2004 Balance
	2001	2002	2003	2004	2001	2002	2003	2004	
EU	234	222	325	485	389	443	572	1044	-559
CEFTA	62	55	107	61	290	244	451	47	14
USA	3	4	7	7	62	106	93	198	-191
Moldova	11	17	17	20	18	29	39	29	-9
Other	123	136	112	157	448	352	583	724	-567

Source: Romanian Customs

In 2004, Romania's major exports to EU consisted of sunflowerseeds, live animals (sheep), fruits, wines, cereals (corn), overall representing two thirds of country's agro-food exports. Over 50 percent of its food imports were originated from EU (including the former CEFTA members), mainly wheat, coffee, meat (especially pork) and meat products, cheeses and other dairy products, tobacco and cigarettes, various edible preparations, fruits, vegetables sugar and confectioneries.

In the first half of the year 2005, this trend continued and even accelerated, with imports (swine meat, tobacco and cigarettes, sugar, wheat, malt, alcohols, food preparations) reaching roughly \$627 million, while exports (most notable being corn, sheep meat, bovine meat, wine, meat preparations, sunflowerseed meal) at just \$180.5 million.

Although EU phased out more rapidly its trade barriers, Romania has typically taken little advantage of these trade concessions. Tariff-quotas continue to be under-utilised by the Romanian exporters, especially because of high domestic prices and still lower than in EU

¹ The Czech Republic, Hungary, Poland, Slovakia, Slovenia.

standards for quality and packaging. Progressing towards its EU membership, Romania puts efforts into improving product quality and marketing to meet the EU's veterinary and phytosanitary requirements.

The May 2005 Additional Protocol to the European Agreement, that will take effect from August 1, 2005, provides two types of lists of products for which the two parties reached consensus in improving market access:

- 1) A list of products for which trade will be fully liberalized.
 - a. Among the products originated from EU that will be applied zero customs duties when imported into Romania there are:

live dairy cows both for reproduction and dairy purposes,
 swine animals both for breeding and production,
 live chickens, meat of wild boar, meat of sheep or goats,
 beef liver and offal (HSCs 0206 1091, 0206 1099, 0206 2100, 0206 2200, 0206 2999)²,
 swine liver, fresh or frozen (0206 3000 and 0206 4100),
 pig fat dried or smoked (0209 0019 and 0209 0030),
 meat and edible meat offal salted, in brine, dried or smoked (including swine liver and offal: 0210 9941, 0210 9949, bovine offal 0210 9959, geese liver),
 bee honey (0409 0000),
 various vegetables,
 fresh or frozen,
 coconuts, other nuts,
 fresh or dried (0802),
 various fruits (bananas (0803),
 tropical fruits (0804),
 citrus fruits (0805),
 fresh grapes for wine,
 raisins (0806 20), pears and quinces, cherries, plums, raspberries, currants),
 coffee (0901),
 seasonings and aromatic plants,
 starches,
 peanuts (1202),
 sunflowerseed for sowing,
 hop cones (1210),
 other pig fat (including lard) and poultry fat (1501 00),
 other fats of bovine and sheep animals (1502 00),
 fats of fish,
 crude and refined soybean oil for technical use (1507 1010 and 1507 9010),
 peanut oil, olive oil, sunflowerseed oil for technical use, rapeseed oil,
 homogenized preparations of liver (1602 2011, 1602 2019),
 other prepared meat of swine (1602 4190, 1602 4290, 1602 4990),
 maple sugar and syrup (1702 20), other sugars, including pure lactose, maltose, glucose and fructose (1702 1900, 1702 30, 1702 9060, 1702 9071, 1702 9075, 1702 9079, 1702 9080, 1702 9099, 1703),
 vegetables preserved by vinegar, other than by vinegar or by sugar,
 peanuts and peanut butter (2008 11),
 roasted almonds & pistachio (2008 1913 and 2008 1993), nut and dry fruit mixtures,
 pineapple and pineapple juice, citrus and tropical fruit juice,
 grape must (2204 30),
 fermented beverages (cider, perry, mead: 2206 00),

² Exempted from customs duties only if does not benefit from export subsidies at origin.

residues of cereals (2302),
residues of starch manufacture (2303),
oilcakes (soybean 2304 00, peanut 2305 00, other 2306),
preparations for animal feeding (2309 90),
albumins,
flax and hamp.

- b. EU will apply zero import duties to, among others, the following products originated from Romania:

live horses, live swine animals, live sheep, live poultry,
sheep meat, meat of horse and mule, liver and offal (0206 80 and 0206 90),
pig and poultry fat (0209),
meat and edible meat offal salted, in brine, dried or smoked (0210 9100, 02109200,
02109300, 0210 9910, 0210 9921, 0210 9929, 0210 9931, 0210 9939, 0210 9941, 0210
9949, 0210 9959, 0210 9960, 0210 9979, 0210 9980, 0210 9990),
bee honey (0409 0000),
potatoes (0701),
onion (0703),
other vegetables (fresh, chilled or preserved),
other fruits (0802), citrus fruits, fresh grapes for wine,
apples for cider (0808 1010), pears for cider (0808 2010),
quinces, dried fruits, mixtures of nuts and dried fruits (0813),
coffee, tea and seasonings (09),
paddy rice for sowing, sorghum, buckwheat, millet³, cereal grains otherwise worked (1104),
flour,
meal, flakes of potatoes (1105),
wheat gluten,
soy flour (1208 1010),
seeds, fruits and spores for sowing (1209),
hop cones (1210),
other pig fat (including lard) and poultry fat (1501 00),
fats of fish (1504),
soybean oil and its fractions (1507), peanut oil, olive oil, sunflower seed oil (1512), coconut
and palm oil, rapeseed oil,
animal fats, sausages and preparations of meat (1601 00),
other prepared meat and offal (1602), various preserved vegetables, preserved tomatoes
(2002),
preserved fruit, fruit and vegetable juices (2009),
fermented beverages (cider, perry, mead: 2206 00),
vinegar (2209),
residues of cereals (2302),
residues of starch manufacture (2303),
preparations for animal feeding (2309).

³ Only if do not benefit from export subsidies at origin.

- 2) A list of products for which increased in-tariff quotas will apply from August 1, 2005. Ministerial Order 428 of the Ministry of Economy and Trade lays down the following TRQs for products originated from EU that will apply from August 1- December 31, 2005:

	HSC	Product	TRQ (MT), if not otherwise specified	Date of opening (m/d/y)	Import duty (%)	Unitary allocation (%/MT if not otherwise specified)
1	0102 9051 0102 9059 0102 9061 0102 9071	Cows and heifers weighing more than 300 kg	6,250 heads	8/01/2005	15	2.4/150 heads
2	0103 9219	Live swine animals weighing more than 50 kg (except for breeding sows weighing more than 180 kg and for purebred breeding animals)	5,833 heads	8/01/2005	15	0.343/20
3	0201 0202	Meat of bovine animals, fresh, chilled or frozen	4,000, o/w: 3,600 for traditional importers 400 for new importers	1/01/2005	Ex.	0.56/20 5/20
4	0203 22 0203 29 0210 11 0210 12 0210 19	Swine meat, fresh, chilled or frozen	9,583	8/01/2005	Ex.	0.417/40
5	0206 1095 0206 2991 0210 20 0210 9951	Fresh or chilled edible offal of bovine animals, other Frozen edible offal of bovine animals, other Meat of bovine animals salted, dried or smoked Edible offal of bovine animals, other	100, o/w: 80 for traditional importers 20 for new importers	1/01/2005	Ex.	25/20 100/20
6	0207	Meat and edible offal, of the poultry of heading 0105, fresh, chilled or frozen	2,350, o/w: 2,110 for traditional importers 240 for new importers	1/01/02	Ex.	0.95/20 8.3/20
			2000, o/w: 1,800 for traditional importers 200 for new importers	7/01/2005	Ex.	1.11/20 10/20
			1,937, o/w: 1,237 for traditional importers 700 for new importers	8/01/2005	Ex.	1.61/20 2.86/20
7	0209 0011	Pig fat, chilled or frozen, in brine	354	8/01/2005	20	5.65/20
8	0402 1019 0402 2111 0402 2119 0402 2191	Milk and sour cream, in powder or other solid forms	1,500	1/01/2005	15 18.8 18.8	1.34/20
			300*	8/01/2005	Ex.	6.66/20

9	0403 1011 to 0403 1039 0403 9011 to 04039069	Yogurt, plain, no sugar or cocoa added Other, plain, no fruit or cocoa added	416	8/01/2005	Ex.	4.81/20
10	0405 10 0405 90	Butter and other fats derived from milk	1,900, o/w: 950 950 0**	1/01/2005 7/01/2005 8/01/2005	18.8 18.8 Ex.	2.2/20 2.1/20
11	0406	Cheese and curd	2,900, o/w: 1,450 1,450	1/01/2005 1/01/2005	Ex. Ex.	1.38/20 1.38/20
12	0407 0011 0407 0019	Birds' eggs for hatching	870	8/01/2005	Ex.	1.724/15
13	0407 0030 0408 1180 0408 1981 0408 1989 0408 9180 0408 9980	Other Birds' eggs not in shell	100	8/01/2005	Ex.	15/15
14	0701 9010 0701 9050 0701 9090	Potatoes, fresh or chilled, other than for sowing or for starch production	20,000 5,833*	1/01/2005 8/01/2005	18.8 Ex.	0.3/60 0.103/60
15	0702 0000	Tomatoes	125	8/01/2005	Ex.	8/10
16	0703 1019	Onion, chilled or fresh (not for sowing)	2,083	8/01/2005	Ex.	1.92/40
17	0706 1000	Carrots and turnips, fresh or chilled	416	8/01/2005	Ex.	4.8/20
18	0706 9010	Celery	104	8/01/2005	Ex.	9.61/10
19	0707 0005	Cucumbers, fresh or chilled	83	8/01/2005	Ex.	12.048/10
20	0709 5100	Agaricus-type mushrooms, fresh or chilled	125	8/01/2005	Ex	6.4/8
21	0808 1080	Fresh apples (except for the ones for cider, in bulk, from Sept 16 to December 15 and Golden Delicious and Granny Smith varieties)	208	8/01/2005	Ex.	9.615/20
22	0809 1000	Fresh apricots	83	8/01/2005	Ex.	12.048/10
23	Ex 1001	Wheat and meslin, except for durum wheat for sowing	125,000	1/01/2005	Ex.	4/5000
24	1002 0000	Rye	30,000 12,500	1/01/2005 8/01/2005	18.8 Ex.	2/600 4.8/600
25	1003 00 1102 9010 1103 1930 1103 2020	Barley Barley flour Barley groats and meal Barley pellets	57,000 23,733	1/01/2005 8/01/2005	18.8 Ex.	3.5/2,000 0.842/200
26	1004 0000 1102 9030 1103 1940 1103 2030	Oats Oats flour Oats groats and meal Oats pellets	2,916	8/01/2005	Ex.	6.858/200
27	1005 10	Corn for sowing	1,000 2,427	1/01/2005 8/01/2005	Ex. Ex.	4/40 1.65/40
28	1005 9000	Corn, other than for sowing	49,000 19,916	1/01/2005 8/01/2005	Ex. Ex.	1.64/800 2/400
29	1006 1102 3000 1103 1950 1103 2050	Rice Rice flour Rice groats and meal Rice pellets	10,000 4,000*	1/01/2005 8/01/2005	Ex. Ex.	1/100 2.5/100
30	1101 00 1103 11	Wheat and meslin flour Wheat groats and meal Wheat pellets	3,000 0 16,666	1/01/2005 8/01/2005 8/01/2005	Ex. Ex. Ex.	1.1/33 0.198/33
31	1105	Potato flour and meal	41	8/01/2005	Ex.	12.195/5
32	1107	Malt	10,000	1/01/2005	Ex.	5/500

			12,083	8/01/2005	Ex.	3.85/500
33	1507 1090 1507 9090	Crude soybean oil Other soybean oil	1,041	8/01/2005	Ex.	1.921/20
34	1517 1090	Margarine with less than 10% fat content	1,000 370*	1/01/2005 8/01/2005	18.75 Ex.	2/20 5.405/20
35	1601 0010 1601 0091	Sausages prepared of liver and similar products Sausages not made of meat, offal and blood (except for liver) Sausages and similar products, of meat, offal (other than liver) or blood	468	8/01/2005	Ex.	2.136/10
36	1602 1000	Homogenized preparations of meat, offal or blood, in packs under 250 grams	520	8/01/2005	15	1.923/10
37	1602 31 to 1602 39	Poultry meat, prepared or preserved	725 167	1/01/2005 8/01/2005	Ex. Ex.	2.76/20 11.978/20
38	1602 4110 1602 4210 1602 4911 1602 4913 1602 4915 1602 4930 1602 4950	Ham & cuts thereof, of swine animals	885	8/01/2005	Ex.	2.259/20
39	1602 50	Prepared meat of bovine animals	500	1/01/2005	Ex.	4/20
40	1701 11 1701 12 1701 91 1701 99	Cane sugar, raw Beet sugar, raw Other sugar White sugar or other sugar, not containing flavorings or coloring matter	20,000, o/w: 18,000 for traditional importers 2,000 for new importers. 15,000, o/w: 14,000 for traditional importers 1,000 for new importers 0**	1/01/2005 8/01/2005	18.8 Ex. And 18.8	1.11/200 5/100 1.43/200 10/100
41	1806 3210 1806 9019 1806 9031 1806 9039 1806 9050 1806 9060 1806 9070 1806 9090	Chocolate and other food products containing cocoa	900	1/01/2005	43.2	2.3/20
42	2001 1000 2001 9070 2001 9093 2001 9099	Cucumbers including gherkins, preserved by vinegar	833	8/01/2005	Ex.	1.2/10
43	2002	Tomatoes, preserved, other than by vinegar	833	8/01/2005	Ex.	1.2/10
44	2005 2020 2005 2080	Potatoes, preserved, other than by vinegar, non-frozen, other than that of heading 2006	104	8/01/2005	Ex.	9.615/10
45	2005 4000 2005 5100	Peas, preserved, other than by vinegar, non-frozen, other than that of heading 2006 Beans	500	8/01/2005	Ex.	4/20

	2005 5900	Other				
46	2005 70	Olives, preserved	5,000	1/01/2005	Ex.	2/100
47	2007 1010 2007 1099 2007 9910 2007 9920 2007 9931 2007 9933 2007 9939 2007 9955 2007 9957 2007 9991 2007 9998	Jams, fruit jellies, marmalades	208	8/01/2005	Ex.	4.81/10
48	2009 5010 2009 5090	Tomato juice	41	8/01/2005	Ex.	12.195/5
49	2009 6110 2001 6190	Grape juice (including must), with or without added sugar	416	8/01/2005	Ex.	4.807/20
50	2009 8011 to 2009 90 98	Pear juice, with or without added sugar	125	8/01/2005	Ex.	12.8/16
51	2105 0010	Ice-cream	160	1/01/2005	41.3	10/16
52	2203 0001 2203 0009 2203 0010	Beer	70,000 HL	1/01/2005	55	0.71/500 HL
53	2209 0011	Vinegar (of wine), bottled in less than 2 liters Vinegar (of wine), bottled in more than 2 liters Vinegar (other than of wine), bottled in less than 2 liters Vinegar (other than of wine), bottled in more than 2 l	416	8/01/2005	Ex.	4.807/20
54	2309 10	Dog or cat food	4,583	8/01/2005	Ex.	2.182/100
55	2401 except for 2401 3000	Raw tobacco	2,500 1776*	1/01/2005 8/01/2005	18.8 Ex.	2.5/62.5 3.519/62.5
56	2401 3000	Tobacco stems	208	8/01/2005	Ex.	9.614/20

Ex. = exempted

*TRQ made of imports actually made after August 1, based on licenses issued prior and post August 1, 2005.

**For those imports made after August 1, but based on licenses issued prior to this date, the import duty will be the one specified in this table.