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Report Highlights:

Romania and its 19.3 million consumers offer increasingly viable market opportunities for U.S. food and agriculture. In 2019, Romania imported \$9.43 billion of food and agricultural products, of which two percent, or \$163.9 million, were sourced from the United States. During the first eight months of 2020, total Romanian food and agricultural imports increased by 5.9 percent over the corresponding period in 2019. Despite this overall increase, U.S. exports declined, mostly due to changing market dynamics in the wake of COVID-19. U.S. products with strong market potential include fish and seafood, tree nuts, groundnuts, wine, distilled spirits, dried fruit, and innovative food processing ingredients.

Market Fact Sheet: Romania

General information:

Romania's strategic location, improved business climate, major international port facilities, and surging consumer demand have contributed to its robust GDP growth over recent years. In 2019, GDP growth was 4.3 percent, but 5.5 percent losses are expected in 2020 due to the COVID-19 pandemic.

Imports of Consumer-Oriented Products:

Total agricultural imports in Romania reached \$9.43 billion in 2019, with U.S imports representing about two percent. Although the U.S. market share remains small, U.S. imports grew reached \$163.9 million (direct and indirect imports). For the first eight months of 2020 direct imports from the United States decreased by 42 percent, while indirect imports (shipped through other EU-country ports of entry) grew by 20 percent.

Food Processing Industry:

Processed meat and seafood sales grew nine percent in value terms to reach \$881 million in 2020, and 14 percent in volume terms to reach 151,600 metric tons. Frozen meat substitutes records the strongest retail value growth of 22 percent in 2020. Consumers also switch to packaged products due to COVID-19 related hygiene concerns.

Processed fruit and vegetable retail sales in 2020 to date have increased by 12 percent to reach \$192.1 million. The average unit price of a processed fruit or vegetable product is eight percent higher. Processed fruit and vegetable sales are expected to reach \$232.5 million by 2025.

Food Retail Industry:

Currently, Romania's food retail market was valued at about \$26.4 billion with over 2,500 stores in 2019 and is estimated to reach \$29.5 billion by the end of 2020 with over 3,400

stores. According to estimates by Romanian Association of Online Stores (ARMO), total 2019 e-commerce sales exceeded \$4.8 billion, a 20-22 percent increase over 2018. ARMO also noted that total e-commerce sales in 2020 could exceed \$5.6 billion.

Hotel, Restaurant & Institutional (HRI) Sectors:

The HRI sectors have been among the Romanian economy's hardest hit by COVID-19. Following the state of emergency declaration, restaurants were forced to close and sales dropped by 80 percent.

GDP/Population:

Population: 19.3 million

GDP: \$261.9 billion (2020)

GDP per capita: \$13,569

<i>SWOT Analysis</i>	
<i>Strengths</i>	<i>Weaknesses</i>
One of the EU's fastest growing markets	U.S. imports more expensive vs. EU imports
Consumer products on healthful products is a growth driver. 33 percent increase in 2020	Price range restricts target consumers.
<i>Opportunities</i>	<i>Threats</i>
Growing number of retail stores, consumers have access to a higher range of products.	EU legislation and regulatory complexities
Lifestyle changes spur growth for products perceived as 'healthful'. Food processing will focus on healthful products.	Significant domestic production and consumption for sort categories of food products. High excise taxes.

Data and Information Sources: Euromonitor, Trade Data Monitor, Local sources

I. MARKET OVERVIEW

Romania's strategic location, improved business climate, international port facilities, and surging consumer demand contributed to 4.3 percent gross domestic product (GDP) growth in 2019. However, Romanian GDP is expected to decline by 5.5 percent in 2020 due to the ongoing COVID-19 pandemic.

The first Romanian detection of the novel coronavirus was in February 2020. By mid-March, strict containment measures were adopted throughout the country, including travel restrictions, school and university closures, and non-essential retail closures. An eight-week national lockdown was enforced starting on March 25. Confinement measures were progressively eased over the summer months but became stricter again in the fall along with the virus' second wave. COVID-19 and these containment measures have profoundly impacted Romania's economy and consumer demand for food and agriculture in 2020.

Romania's rural population is among the largest among EU Member States and accounts for about 45 percent of the national population. Romania's level of rural poverty is the EU's highest, at over 70 percent. Although agriculture contributes to an increasingly smaller share of Romania's macro-economy (currently about six percent of GDP), it still accounts for 20.8 percent of the total workforce. Manufacturing accounts for 19.7 percent of GDP and employs 19.6 percent of the workforce. Tourism accounts for just 5.3 percent of GDP (compared to 8.5 percent in Hungary). The real value of inbound tourism and business travel in 2019 increased by 8.5 percent over 2018. However, the tourism industry forecasts a 53.6 percent decline in 2020. The service sector accounts for 67.9 percent of GDP. About 80 percent of banks in Romania are foreign owned, with three of the four largest banks based in Austria.

From 2004 to 2008, Romania's annual average GDP growth averaged over six percent, as investment surged following entry into its EU accession. A boom in consumer spending was driven by a rapid rise in borrowing which left many Romanians vulnerable when the global financial crisis hit. The economy struggled during the early years of the last decade but finally began to gather momentum in 2015 when a strong fiscal stimulus, gains in domestic demand and a stable labour market provided support. The economy gained steam in later in 2017 when Romanian real GDP growth was the fastest in the EU. GDP moderated to 4.4 percent in 2018 and 4.1 percent in 2019, as private consumption and exports moderated and fixed investment strengthened.

COVID-19 has negatively affected Romania's economy. In August 2020, public debt reached \$54.1 billion, equivalent to 42.2 percent of GDP, up by \$10.3 billion from the end of 2019. The central bank has reduced the monetary rate by 0.75 percentage points to 1.75 percent as a reaction to the crises. In real terms, private final consumption rose by 5.9 percent in 2019 and a fall of 5.2 percent is expected in 2020. Unemployment was 3.9 percent in 2019 and will rise to 5.1 percent in 2020. About 15 percent of job contracts have been suspended and four percent terminated during due to virus mitigation measures.

Total 2019 Romanian agricultural imports reached \$9.43 billion (see Table 1), of which U.S. imports accounted for about two percent of the total. U.S. suppliers ship directly to Romania, particularly for bulk and intermediate commodities, or through western EU ports of entry in the Netherlands, Italy, and Germany. According to U.S. Census Bureau (BICO) data, in 2019 U.S. food and agricultural exports to Romania reached \$107.2 million. However, according to Romanian Customs data, which reflect both

direct and indirect shipments, Romania sourced upwards of \$163.9 million of U.S. food and agriculture (see Table 2).

The United States was Romania’s 16th largest foreign food and agricultural supplier in 2019. So far in 2020, the U.S. position has slipped to Romania’s 20th largest food and agricultural supplier. Notable U.S. exports to Romania include beef, fish, soybeans, soybean meal, tree nuts, dried fruit, horticultural products, and alcoholic beverages.

Table 1: Total Romanian Agricultural Trade

	2015	2016	2017	2018	2019	2020 (8 months)
Agricultural imports	\$6.7 billion	\$7.5 billion	\$8.4 billion	\$9.0 billion	\$9.4 billion	\$6.3 billion (+3.86 increase)
Agricultural exports	\$6.6 billion	\$6.8 billion	\$7.3 billion	\$7.6 billion	\$8.0 billion	\$5.0 billion (+5.49 increase)
Agricultural trade Deficit/Surplus	(\$100 million)	(\$700 million)	(\$1.1 billion)	(\$1.4 billion)	(\$1.4 billion)	(\$1.3 billion)

Source: Trade Data Monitor

Table 2: U.S. Agricultural Trade to Romania

\$ Million	2015	2016	2017	2018	2019	2020 (8 months)
Direct imports	93.37	64.08	82.45	113.21	83.90	35.90 (-42.9)
Indirect imports	46.00	57.40	66.00	69.00	80.00	66.30 (+28.4)
TOTAL	139.37	121.48	148.45	182.21	163.90	102.20

Source: Trade Data Monitor, National Institute of Statistics in Romania

Advantages	Challenges
Over half of Romanians live in urban areas. Urban consumers are changing their eating habits and tend to prefer higher quality products.	Romanian transportation infrastructure is still not well developed. A lot of U.S. food products come through western EU ports of entry (the Netherlands, Italy, Germany) and shipped overland.
Strong retail sector growth and easier consumer access to higher-end products. In 2019 e-commerce grew by 22 percent reaching \$4.8 billion. Industry sources estimate \$5.6 billion in 2020.	EU suppliers have competitive advantages with due to geographic location and ability to deliver smaller volumes.

<p>Rising incomes and the lower VAT (from 19 percent to 5 percent) for hospitality, restaurants, and certain sport facilities means more disposable income for consumers.</p>	<p>Local inability to contract large-volume consignments. COVID-19 hit Romanian HRI hard. The restaurant industry has lost about \$460 million per month so far in 2020. Estimated 2020 losses for the hotel industry will approach \$1.15 billion.</p>
<p>Romanian consumers spend over 40 percent of their incomes on food products, three times higher than the EU average.</p>	<p>Price sensitivity accounts for more than 60 percent in consumers' decision.</p>

II. EXPORTER BUSINESS TIPS

Romania has a total population of 19.3 million people. Major Romanian cities and their respective population are Bucharest (1.84 million), Iasi (320,000), Timisoara (310,000), Cluj-Napoca (303,000), Constanta (297,000), Craiova (293,000), and Brasov (275,000).

Romania typically has 12 official holidays and Post recommends that interested U.S. stakeholders check in advance before planning to visit as to avoid local holidays. Also, sometimes if local holidays fall on Tuesdays or Thursdays, holidays can be officially expanded to create a four-day weekend. Keep that in mind that Romanian dates are written in the day/month/year format.

Introductions: U.S. stakeholders may directly contact Romanian companies, although in-person introductions are appreciated and can help one's credibility. Oftentimes there is only one decision maker in a company, and that person is not typically the purchasing manager.

Seasonal sales: Christmas and Easter offer significant sales opportunities. December sales are normally two to three times higher than other months and retailers often expand business hours to accommodate customers. During the holidays, retailers focus marketing efforts more toward higher-end products, as consumers are more prone to seasonal splurges.

Consumer characteristics: Romanian food shopping has changed dramatically in recent years. Romanian consumers tend to like product variety and more influenced by international trends. Many Romanians also look for the best cost-benefit ratio in their food and beverage purchases.

There are well-established brands in most food and beverage categories, and new-to-market products may require extra marketing efforts, at least at first. Post suggests visiting for market-research, such as product testing, comparing prices, and understanding the competition.

U.S. exporters should establish good relationships with local importers, distributors, supermarkets, retailers, etc., as these stakeholders are critical in facilitating and promoting U.S. consumer-ready foods in Romania. Trade shows offer good platforms for raising product awareness and for meeting business contacts.

III. IMPORT FOOD STANDARD & REGULATIONS and IMPORT PROCEDURES

As an EU member state, Romania follows EU standards and regulations. Details about food laws, food additives regulations, labeling, specific standards and import procedures are available in the Romania Food and Agricultural Import Regulations and Standards (FAIRS) [report](#).

IV. MARKET SECTOR STRUCTURE AND TRENDS

Consumer demographics

Currently, Romanians aged 35-39 are the country's top-income earners, although by 2030 the top income age bracket will be 40-44. Given these age groups, demand for family-related goods and services like transport, education, and household products is growing fast. Consumption patterns for people in their 20s tend to focus more on food and beverages, entertainment, and communications. As people in their late 20s and 30s begin to settle down and start families, they become more interested in family-oriented product categories.

According to the latest National Institute of Statistics (INSSE) data, in the second trimester of 2020 the average monthly revenue per household was \$1,161 and \$451.2 per person. Total monthly expenditures per household was \$952, about 82 percent of the total income. 37.7 percent of consumer spending per household was for food and non-alcoholic beverages. 9.2 percent of average income was spent on alcoholic beverages and tobacco, and only 0.5 percent was spent in hotels or restaurants. More about the income and consumption can be found in INSSE's latest [report](#).

Retail market

Romania's food retail market was valued at about \$26.4 billion with over 2,500 stores in 2019. The total value of Romanian food retail is estimated to reach \$29.5 billion by the end of 2020 with over 3,400 stores. Four major players account for about 60 percent of total market share, including [Kaufland](#), [Carrefour](#), [Metro Cash & Carry](#), and [Auchan](#). Romania is a top-five European country for retail growth (by space), following Turkey, Russia, France, and Italy. Romania's retail sector grew from 50 to 100 square meters per 1,000 inhabitants in just the last four years.

Top 10 international retailers in Romania

International retailers in Romania	Turnover (mil. USD)			No. of stores	
	2018	2019	2019 vs 2018	2018	Nov-20
Kaufland	2,762.58	2,802.62	1.45	120	128
Lidl	1,975.85	2,304.24	16.62	250	280
Carrefour	2,680.89	1,925.59	- 28.17	344	341
Profi	1,502.18	1,714.24	14.12	925	1,376
Mega Image	1,453.72	1,569.28	7.95	706	830
Metro	1,345.39	1,374.28	2.15	31	29
Auchan	1,371.27	1,293.18	- 5.69	33	60
Rewe (Penny)	876.80	934.68	6.60	244	268
Selgros	943.53	904.09	- 4.18	22	23
Cora	444.74	406.69	- 8.56	11	11

*33 hyper, 27 proximity

Another expansion opportunity for many retailers is online shopping. Romania's e-commerce segment continues to expand, although it penetrated only about eight percent of Romanian households in 2018.

Although Romanian e-commerce sales remain small, particularly when compared to many Western European countries, Post expects that this segment will grow over the next few years.

According to the Romanian Association of Online Stores (ARMO), total Romanian e-commerce sales exceeded \$4.8 billion at the end of 2019, a 20-22 percent increase over 2018 (not including online travel and services sales). ARMO notes that total 2020 online sales may exceed \$5.6 billion.

According to Eurostat, only 23 percent of Romanians shopped online in 2019, only ahead of Bulgaria (22 percent) in the European Union. In 2019, food and beverage e-commerce sales were valued at \$83.1 million. Euromonitor forecast expects that annual Romanian food and beverage e-commerce sales will reach \$200 million by 2024.

The fallout from COVID-19 and subsequent social distancing and government-imposed restrictions on businesses and have deeply affected Romania's hospitality, restaurant, and institutional (HRI) sectors, as well as the food retails sector. As much as possible, Romanian HRI businesses have turned to online and digital platforms. Many food and beverage processors and distributors previously focused on HRI sales have since adapted their websites for direct consumer distribution. For more information on how the COVID transformed the Romanian Retail and Food service please see FAS's Bucharest [latest report](#).

Hotel Restaurant & Institutional Food Service Sector

Romania's HRI sectors have been among the Romanian economy's hardest hit by COVID-19. On March 17, 2020, the Minister of Internal Affairs declared a state of emergency, which was reduced to an official state of alert after almost two months. Following the state of emergency declaration, restaurants were forced to close and sales dropped by 80 percent. During the state of alert, restaurants could reopen for outside seating only.

The Romanian Hotel, Restaurant, and Catering (HORECA) Association's chairperson cited that over 10,000 units (30 percent of total restaurants) would permanently close. Many restaurants and hotels are working to keep upwards of 400,000 employees on their payrolls. Despite the ability to seat customer's outdoors, distancing and maximum capacity requirements continue to prevent many restaurants from making a profit. At this point, most restaurants have partnered with delivery apps to optimize opportunities for home delivery.

Besides the restaurant industry, the hospitality sector is also hurting. According to the president of the National Association of Travel Agencies (ANAT), from February to May, almost no hotel room reservations were made and up to \$55 million was refunded for cancelled services. About 400,000 Romanians are employed in the tourism industry. According to INSSE, the May 2020 hotel accommodation rate was 97 percent below May 2019. The Romanian Customs Agency registered 81.5 percent fewer foreign visitors from 2019 and outbound Romanian departures were 83.9 percent compared to May 2019. Estimated losses to the hotel industry this year will approach \$1.15 billion.

Food Processing Sector

Retails sales for packaged food products have achieved records so far in 2020, due to significant changes in how consumers purchase and consume products because of the COVID-19 pandemic. So far in 2020, many Romanians have spent long periods working from home or studying remotely. This has spurred demand in packaged products, as has the shift toward more home dining and homemade meals.

COVID-19 has only minimally affected impact on processed meat and seafood overall due to the importance of the category's products as highly popular staples among consumers of all ages and incomes in Romania. As such, overall sales have continued to grow in both retail value and volume terms, notably in the largest category of processed meat. Brief stockpiling of products by consumers was recorded prior to the lockdown in March 2020. During this period, sales of shelf stable meat and seafood rose sharply due to the products' long shelf lives. Some consumers also switched to packaged products due to COVID-related hygiene concerns.

According to Euromonitor data, retail sales of processed meat and seafood so far in 2020 are up 14 percent. Euromonitor forecast estimates processed meat and seafood sales will reach \$1 billion by 2025. Sales of frozen meat substitutes and frozen processed poultry, red meat, and seafood are also being driven by demand for convenient products that align with a healthy lifestyle. Frozen meat substitutes have recorded the strongest retail by in 2020, at value growth of 22 percent growth. Chilled processed meat remains the best-selling of processed products in sales value and volume terms. These products have long been part of Romania's gastronomy and include products like salami, sausages, hot dogs, ham, smoked meats, and bacon.

Sales of processed fruits and vegetables were also boosted by stockpiling and the rise in home cooking after the COVID outbreak. Processed fruits and vegetables retail sales increased 12-percent by value and three percent retail sales increase by volume, reaching \$192.1 million and 87,100 metric tons (MT) in 2020. Average 2020 unit prices for fruit or vegetable products increase by eight percent. According to Euromonitor, processed fruit and vegetables sales are expected to reach \$232.5 million by 2025.

Fragmentation remains high among Romanian dairy, processed meat, and bakery product producers due to a longstanding tradition of manufacturing such products and the growing number of small, regional players. Artisanal products production and sales are growing rapidly, particularly for bread products. Retail chains are increasing shelf space for artisanal dairy and processed meat products and increasing artisanal bread production in their in-store bakeries.

Packaged food sales are expected to continue to be robust over the forecast period, with the strong growth for snack products, cooking ingredients, and ready-made meals. Romanian consumption patterns were already trending toward these products due to changing lifestyles, but COVID-19 is pushing consumers to evolve even faster. The ongoing health food trend is expected to continue and while artisanal products in general will continue to be perceived as higher quality. The ongoing concerns about COVID and hygiene are likely to spur greater packaged food consumption, even if these products are perceived as less healthful. Growing price sensitivity among consumers is likely to present further growth opportunities for private labels.

Entry Strategy

The best strategy for U.S. food ingredients exporters to enter the Romanian market is to contact local importer/distributors or food manufacturers directly. The main ingredient importers and distributors know the market and how to reach key stakeholders. Trade shows are also effective ways to promote new ingredients products. The best method to reach Romanian retail buyers and prospective importers is to contact them directly via e-mail or to reach out to [FAS Bucharest](#) for additional guidance.

V. AGRICULTURAL AND FOOD IMPORTS

Romanian importers generally view U.S. suppliers as reliable sources of well-known brands and high-end products. They usually prefer products with at least six months of shelf-life. Besides the product itself, packaging implies status, and innovation is also an important attribute. Products that combine these characteristics are more likely to succeed in Romania. U.S. food categories most often exported to Romania are tree nuts, fish and seafood, and pet food.

‘All-natural’ and organic products remain somewhat limited in Romania. The local food processing industry slowly works to develop these segments, as the consumer base for these products still must have a high income. Value sales of organic packaged food grow by 16 percent in 2019 to reach \$60 million, and sales are expected to reach to \$98.6 million in 2024. Local suppliers offering consumer-ready organic products in Romania remain limited and prices for these items are high. Organic sauces, dressings and condiments snacks record the highest current retail value growth of 44 percent in 2019.

Product Category Imports 2019 (product code)	Main Suppliers, Market share as value	Key constraints over market development	Market Attractiveness for USA
Fish and seafood (03/1604/1605) Total imports: \$337.4 million	Netherlands - \$42.1 million Poland - \$32.1 million Spain - \$33.2 million Italy - \$28.9 million United States - \$2.2 million	Romanian fish consumption is below the EU average. Price-quality ratio remains the main purchase criteria.	In the first eight months of 2020 imports from the United States increased by 31 percent for the direct imports and by 20 percent for indirect imports.
Beef (0201/0202) Total imports: \$67.3 million	Netherlands - \$13.5 million Italy - \$12 million Germany - \$11 million Lithuania - \$10 million United States - \$1.1 million	Market access is restricted because of EU non-tariff barriers. The EU tariff rate quota for beef also restricts U.S. access to this market. U.S. beef is mostly sold in HRI, the most affected sector by the pandemic.	U.S. and EU agreed to grant the United States a country specific share of 45,000 MT duty-free high-quality beef (HQB) quota.
Nuts (0802) Total imports: \$41.4 million	Germany - \$7.6 million Hungary - \$6.7 million Ukraine - \$5.5 million Italy - \$3.9 million United States - \$17.9 million	Pricing may restrict target customers. The processing industry remains price sensitive. 83 percent of the United States imports comes from indirect imports.	Lifestyle changes will spur growth. Food processing industry will focus on healthful products.
Fruits and vegetable juices (2009) Total imports: \$51.3 million	Germany - \$9.4 million Netherlands - \$8.9 million Hungary - \$6 million Greece - \$4.8 million United States - \$232.000	Big players already existing in the market.	Consumers’ focus on healthful products is a growth driver. 33 percent increase in the first eight months of 2020.

<p>Wine (2204) Total imports: \$70.2 million</p>	<p>Italy - \$17 million Moldova - \$16..2 million France - \$11.7 million Spain - \$8.8 million United States - \$261.000</p>	<p>Own consumption and local brands are very well represented. U.S. wines are mostly sold in HRI, the most affected sector by the pandemic.</p>	<p>Annual sales growth should continue. Importers look to expand wine portfolios with their online stores.</p>
<p>Distilled spirits (whiskey) (220830) Total imports: \$63 million</p>	<p>United Kingdom - \$35.4 million United States - \$9.1 million Netherlands - \$5.9 million Germany - \$5.4 million Ireland - \$2.8 million</p>	<p>Significant domestic production and consumption. High excise taxes.</p>	<p>Post expects sustained annual demand growth for U.S. whiskies after Brexit.</p>
<p>Pet food (230910) Total imporst: \$189.5 million</p>	<p>Hungary - \$77.4 million Poland - \$35.9 million Germany - \$18.7 million Italy - \$12 million Unites States - \$900,000</p>	<p>Price range restricts target consumers and puts U.S. pet foods in the premium price category.</p>	<p>Imported pet food imports dominates in Romania. Post expects this market to grow.</p>
<p>Sauces, condiments, mustards (2103) Total imports: \$102.8 million</p>	<p>Germany - \$18.6 million Hungary - \$14.2 million Slovakia - \$11.9 million Netherkands - \$11.7 million United States - \$1 million</p>	<p>Price range restricts target consumers.</p>	<p>Sales of sauces, dressings, and condiments, particularly linked to international cuisines, are expected to increase. U.S. direct imports grew by 20 percent in the first eight months of 2020.</p>

Source: Trade Data Monitor, National Institute of Statistics Romania

VI. KEY CONTACT AND FURTHER INFORMATION

For specific stakeholder contact information, or further information regarding this report, please contact our office:

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Attachments:

No Attachments