

**Required Report:** Required - Public Distribution

**Date:** December 20, 2021

**Report Number:** RO2021-0017

## **Report Name:** Exporter Guide

**Country:** Romania

**Post:** Bucharest

**Report Category:** Exporter Guide

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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 2020, Romania imported \$10.2 billion of food and agricultural products, of which two percent, or \$177.26 million, were sourced from the United States. During the first eight months of 2021, total Romanian food and agricultural imports increased by 21 percent over the corresponding period in 2020. Although in the first pandemic year U.S. exports declined, mostly due to changing market dynamics in the wake of the COVID-19, in the first eight months of 2021 U.S. direct imports increased by 53 percent, while indirect imports declined by seven percent. 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.

Annual GDP contracted by 5.2 percent in 2020 as a result of COVID-19 pandemic.

### Imports of Consumer-Oriented Products:

Total agricultural imports in Romania reached \$10.2 billion in 2020, with U.S. imports representing about two percent. Although the U.S. market share remains small, U.S. imports grew reaching \$177.26 million (direct and indirect imports). For the first eight months of 2021, direct imports from the United States increased by 52.8 percent, while indirect imports (shipped through other EU-country ports of entry) decreased by 7 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 recorded 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 \$198 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 \$31.1 billion with over 3,800 stores in 2020. According to estimates by the Romanian Association of Online Stores

(ARMO), total 2020 e-commerce sales exceeded \$6.3 billion, a 30 percent increase over 2019. The increase was approx. \$570 million more than the initial forecasts, amid the Covid-19 pandemic that accelerated the pace of online shopping, as well as the percentage of online card payments.

### Hotel Restaurant & Institutional Food Service 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: 19.29 million

GDP: \$248.7 billion (2020)

GDP per capita: \$2,896

<b>SWOT Analysis</b>	
<b>Strengths</b>	<b>Weaknesses</b>
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.
<b>Opportunities</b>	<b>Threats</b>
Growing number of retail stores, consumers have access to a higher range of products.	EU legislation and regulatory complexities
Lifestyle changes with spur growth. 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, but contracted by 5.2 percent in 2020 as a result of COVID-19 pandemic. Over the forecast period of 2021–2025, annual real GDP growth is projected to average 3.3 percent.

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 the largest among EU Member States and accounts for about 45 percent of the national population. Romania's level of rural poverty is also 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, according to the National Institute of Statistics (INSSE) the tourism industry declined by 52.3 percent 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.

Romania's economy has been negatively affected by COVID-19. Public debt increased to 46 percent of GDP in 2020 from 37 percent in 2019, as the government's support spending for those affected by the crisis jumped. Unemployed rate increased from 3.9 percent in 2019 to 5 percent in 2020. Romania's international trade and exports were significantly affected with motor vehicle manufacturing taking the hardest hit.

Total 2020 Romanian agricultural imports reached \$10.2 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 2020 U.S. food and agricultural exports to Romania reached \$81.9 million. However, according to Romanian Customs data, which reflect both

direct and indirect shipments, Romania sourced upwards of \$177.26 million of U.S. food and agriculture (see Table 2).

The United States was Romania’s 16<sup>th</sup> largest foreign food and agricultural supplier in 2019. So far in 2020, the U.S. position has slipped to Romania’s 21<sup>st</sup> 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**

	2016	2017	2018	2019	2020	2021 ( 8 months)
Agricultural imports	7.5 billion	8.3 billion	9 billion	9.4 billion	10.2 billion	7.7 billion ( +21 increase)
Agricultural exports	6.8 billion	7.3 billion	7.6 billion	8 billion	7.9 billion	6.5 billion (+27 increase)
Agricultural trade Deficit/Surplus	(686 million)	(1 billion)	(1.3 billion)	(1.4 billion)	(2.2 billion)	(1.2 billion)

Source: Trade Data Monitor

**Table 2: U.S. Agricultural Trade to Romania**

\$ Million	2016	2017	2018	2019	2020	2021 (8 months)	
Direct imports	64.08	82.61	113.21	83.95	72.38	54.92	(+52.84)
Indirect imports	57.40	66.00	69.00	80.00	104.88	63.10	(-7.4)
<b>TOTAL</b>	<b>121.48</b>	<b>148.61</b>	<b>182.21</b>	<b>163.95</b>	<b>177.26</b>	<b>118.02</b>	

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, and Germany) and shipped overland.
Strong retail sector growth and easier consumer access to higher-end products. In 2020 e-commerce grew by 30 percent reaching \$6.3 billion. Romania is among the EU countries with the highest annual growth rate for online commerce.	EU suppliers have competitive advantages with due to geographic location and ability to deliver smaller volumes.

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.	Local inability to contract large-volume consignments. COVID-19 hit Romanian HRI hard. The turnover in the HRI industry decreased in 2020 by 35 percent to \$4.22 billion due to the pandemic.
Romanian consumers spend a significant share of their income (more than 40 percent) for purchasing food products, which is three times higher than the EU average.	Price sensitivity accounts for more than 60 percent in consumers' decision.

## 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, labelling, 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 toward 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 2021 the average monthly revenue per household was \$1,346 and \$530 per person. Total monthly expenditures per household were \$1,137, about 84.5 percent of the total income. 34.9 percent of consumer spending per household was for food and non-alcoholic beverages. 8.5 percent of average income was spent on alcoholic beverages and tobacco, and only 1.4 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 \$31.1 billion with over 3,800 stores in 2020. Four major players account for about 60 percent of total market share, including [Kaufland](#), [Carrefour](#), [Lidl](#) and [Profi](#). 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	
	2019	2020	2020 vs 2019	Nov-20	Nov-21
Lidl	2,304.24	3,033.71	31.66	280	315
Kaufland	2,802.62	3,027.31	8.02	128	147
Carrefour	1,925.59	2,127.14	10.47	341	330
Profi	1,714.24	2,084.21	21.58	1,376	1,570
Mega Image	1,569.28	1,704.46	8.61	830	906
Metro	1,374.28	1,443.44	5.03	29	29
Auchan	1,293.18	1,309.73	1.28	60	138
Rewe (Penny)	934.68	1,115.84	19.38	268	294
Selgros	904.09	912.71	0.95	23	23
Cora	406.69	383.50	- 5.70	11	10

(33 hyper, 5 super, 100 proximity)

According to estimates by the Romanian Association of Online Stores (ARMO), total Romanian e-commerce sales exceeded \$6.3 billion at the end of 2020, a 30 percent increase over 2019 (not including online travel and services sales). The increase was approximately \$570 million more than the initial forecasts due to the Covid-19 pandemic that accelerated the pace of online shopping, as well as the percentage of online card payments. The e-commerce sector is expected to continue to increase and reach \$7.8 billion by the end of 2021. According to Eurostat, only 45 percent of Romanians who use the internet shopped online in 2020, only ahead of Bulgaria (42 percent) in the European Union.

The fallout from COVID-19 and the subsequent social distancing and government-imposed restrictions on businesses and have deeply affected Romania's hospitality, restaurant, and institutional (HRI) sectors. 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. Full-service restaurants saw the steepest decline in sales due to COVID-19 in 2020, and to the very high levels of fragmentation within the category. As seen within other consumer food service categories, many independent small players have been unable to survive during the periods of closures and restrictions. Full service restaurants saw a 44 percent decline in value sales in 2020 to reach \$1.43 billion.

Takeaway services were mostly centred through consumers placing their orders via telephone and then collecting them, whereas home-delivery was driven through online platforms, through specialized apps, and via third-party delivery service suppliers such as foodpanda, Takeaway, Glovo, and Tazz by eMAG. Such services expanded significantly throughout the year, with foodpanda operating in 36 cities and Takeaway operating in all country districts. In 2020, 40 percent of the restaurants' sales came from food delivery.

According to INSSE, in 2020 452,000 non-resident tourists visited Romania and spent a total of \$278 million. Tourist accommodation dropped by 52.3 percent in 2020 and they were mainly accessed by Romanian tourists (92 percent). Customs data show that arrivals of foreign visitors dropped by 60 percent compared to 2019. The departures of Romanian visitors abroad also dropped by 59 percent.

### **Food Processing Sector**

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

COVID-19 has only minimally affected processed meat and seafood sales 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 in 2020 were up nine percent. Euromonitor forecast estimates processed meat and seafood sales will reach \$1.1 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 recorded the strongest retail growth in 2020, of 22 percent. Chilled processed meat remains the best-selling of processed products in sales value and volume terms. These products have long been a 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 recorded a 12-percent jump in retail sales by value and three percent in retail sales increase by volume, to reach \$198 million and 87,100 metric tons in 2020. The average 2020 unit price of a fruit or vegetables product increased 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 food manufacturers/importers/distributors understand the market and how to contact key stakeholders. Trade shows are also an effective way to promote new food 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 represent an increasing sector in Romania. The local food processing industry is slowly developing these segments, as the consumer base for these products still must have a high income. The sales value of organic packaged food grew by 16 percent in 2020 to reach \$70 million, and sales are expected to reach to \$110 million in 2025. Local suppliers offering consumer-ready organic products in Romania remain limited and prices for these items are high. Organic sauces, dressings, condiments, and snacks recorded the highest retail value growth of 44 percent in 2019 and in 2020 it was organic pasta with a 45 percent increase in sales.

Product Category Imports 2020 (product code)	Main Suppliers	Key constraints over market development	Market Attractiveness for USA
Fish and seafood (03/1604/1605) Total imports: \$345.5 million	Netherlands - \$41.7 million Poland - \$35.2 million Germany - \$29.3 million Spain - \$28.3 million <b>United States - \$1.94 million</b>	Romanian fish consumption is below the EU average. Price-quality ratio remains the main purchase criteria.	In the first eight months of 2021 total imports increased by 28.77 percent which shows growing interest for consumption.
Beef (0201/0202) Total imports: \$67.4 million	Netherlands - \$13 million Italy - \$11 million Lithuania - \$10.8 million Germany - \$9.1 million <b>United States - \$0.5 million</b>	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 Horeca, 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: \$40.7 million	Germany - \$7.7 million Hungary - \$6.3 million Italy - \$4.5 million Ukraine - \$4.1 million <b>United States - \$11.7 million</b>	Pricing may restrict target customers. The processing industry remains price sensitive. 85 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: \$48.59 million	Germany - \$10.45 million Netherlands - \$6.3 million Hungary - \$5.9 million Greece - \$4.4 million <b>United States - \$427.660</b>	Big players already existing in the market.	Consumers' focus on healthful products is a growth driver. 84 percent increase compared to 2019.

Wine (2204) Total imports: \$80.9 million	Moldova - \$21.7 million Italy - \$18.3 million France - \$10.4 million Spain - \$10.2 million <b>United States - \$435.000</b>	Own consumption and local brands are very well represented. U.S. wines are mostly sold in Horeca, the most affected sector by the pandemic.	Grown interest for U.S. wines. Sales increased by 66 percent in 2020 and direct imports doubled in the first eight months of 2021.
Distilled spirits (whiskey) (220830) Total imports: \$49.3 million	United Kingdom - \$24.1 million <b>United States - \$10.8 million</b> Netherlands - \$5.4 million Germany - \$4.8 million Ireland - \$2.8 million	Significant domestic production and consumption. High excise taxes. Imports decreased by 21 percent in 2020 due to the pandemic.	Post expects sustained annual demand growth for U.S. whiskies after Brexit.
Pet food (230910) Total import: \$235 million	Hungary - \$87.2 million Poland - \$55.1 million Germany - \$23.8 million Italy - \$13.4 million <b>United States - \$2.43 million</b>	Price range restricts target consumers and puts U.S. pet foods in the premium price category.	Imported pet food imports dominates in Romania. Market grows early. Total market increased by 24 percent in 2020 and by 31 percent in the first eight months of 2021. U.S. imports increased by 270 percent in 2020. In the first eight months of 2021 direct imports increased by 37 percent and indirect imports increased by 25 percent.
Sauces, condiments, mustards (2103) Total imports: \$105.69 million	Germany - \$20 million Hungary - \$13.9 million Slovakia - \$12 million Netherlands - \$10.5 million <b>United States - \$0.54 million</b>	Price range restricts target consumers.	Sales of sauces, dressings, and condiments, particularly linked to international cuisines, are expected to increase. In the first eight months of 2021, total sector increased by 28

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