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Retail Food Sector

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Report Highlights:
Although Romanian modern retail trade lags behind the neighboring countries, it is developing rapidly, as consumers tend to spend more money in modern retail stores. The retail sector is expected to reach USD37 billion in 2006, of which more than half would be represented by food. Several well-known international retail chains plan to enter the market and all the existing chains have expansion plans. Food products imports continue to grow in 2005 and the first semester of 2006, with an increasing market share for United States especially for poultry meat, red meat, distilled spirits, dried prunes, almonds and natural fruit juices.

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

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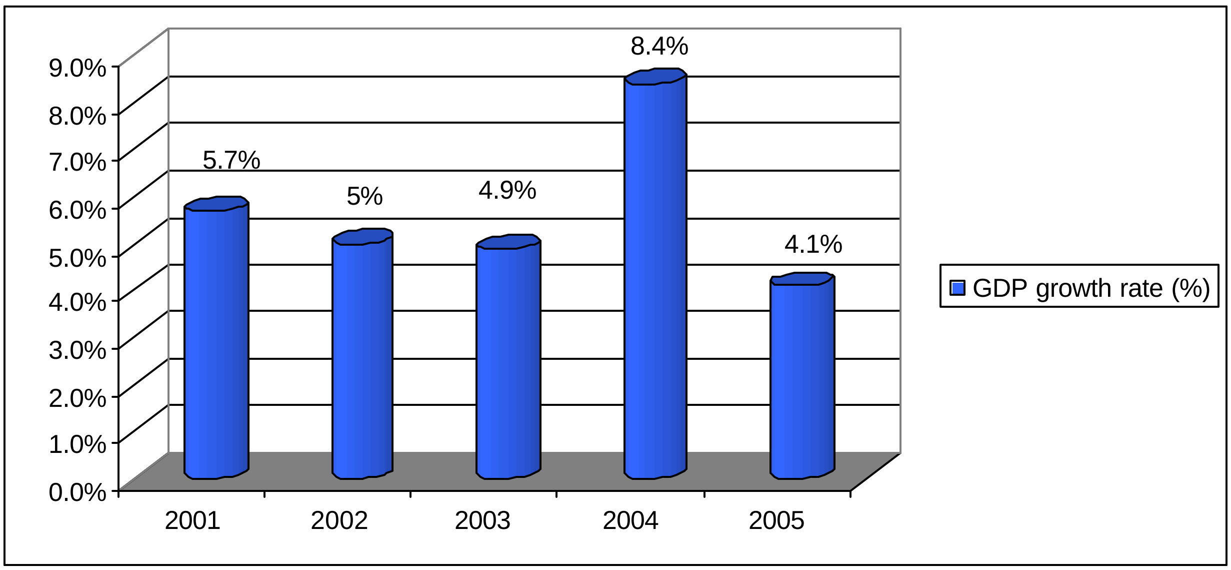
I. MARKET SUMMARY

General Information

Over the last few years, Romania has achieved important improvements in its macroeconomic indicators, due in part to efforts by government authorities in preparation for EU integration. The economy continued to grow in 2005, though the rate halved, 4.1 percent compared to 8.4 percent in 2004, see Chart 1. Service and construction sectors had the highest positive contribution to the GDP increase (4.2%), while the agriculture sector recorded a decrease of 1.7%.

Chart 1. Gross domestic product growth (%), 2001-2005



Source: National Institute for Statistics

The national economy is quite diversified, with services being the most important sector in terms of contribution to GDP (roughly 49 percent, up from 45 percent a year earlier). Agriculture is a key sector, contributing 13 percent to GDP (2004) and employing more than 30% of the labour force. Nonetheless, unfavorable weather conditions slowed down this sector's growth in 2005.

With a GDP per capita of about USD4,500 in 2005 (up from USD1,585 in 1999), Romania is a middle-income country. The inflation rate went down to 8.6% in 2005 from 9.3% in 2004. Food products prices increased by 5.7% in 2005, while non-food products increased by 9.8% and services 13.1%. For this year, an inflation rate of 5-6% is expected.

The trade deficit in agricultural and food products continued to deepen in 2005, reaching a new record at USD1.68 billion, 28 percent up from the previous year (Table 1), with the value of exports covering just 33 percent of the total import value.

Table 1. Romanian Agricultural and Food Trade, USD million, nominal prices

	2001	2002	2003	2004	2005
Agri-food exports (FOB)	433	434	568	730	833
Agri-food imports (CIF)	1,206	1,174	1,738	2,042	2,513
Balance	-773	-740	-1,170	-1,312	-1,680
Exports as a percentage of imports	36	37	33	28	33

Source: Romanian Customs

Investors have been encouraged by the approaching EU integration as Romania is scheduled to become a member of the European Union in January 2007. Foreign direct investment grew with 34% in 2005 compared to a year before.

According to data provided by the National Institute for Statistics, household expenses allocated for food products purchase continue to have a high percentage in total expenses, although with a slight decrease from a year before, from 49.6% in 2004 to 47.2% in 2005.

Retail Market

Although Romanian modern retail trade lags behind the neighboring countries, it is on an upward trend as consumers tend to spend more money in modern retail stores. Although the retail sector has developed very rapidly, traditional trade still represents around 70% of total trade.

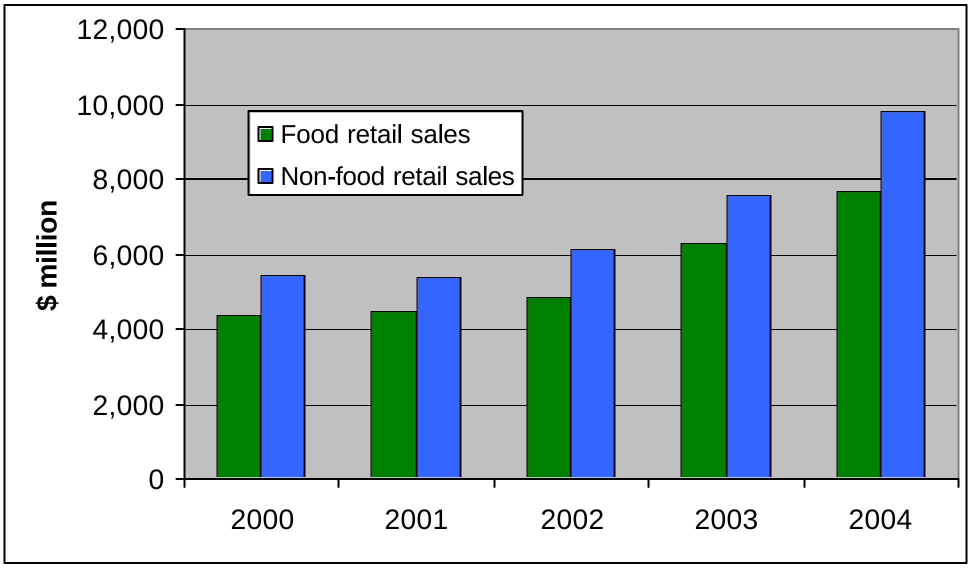
Tremendous increases were recorded in retail trade during the last 4 years. Official statistics on turnover obtained by retail outlets are available until 2004 (table 2). In 2002, total retail sales were valued at USD 10.9 billion and they reached USD17.5 billion in 2004 (60% increase). The sector remains on a strong positive trend and as it will be seen further in this report many international chains plan to enter/expand on the Romanian market. We estimate the retail sales value will reach about USD37 billion in the end of 2006.

Table 2. Total retail trade value, 2000-2004, USD million

Retail Sales	**2000**	**2001**	**2002**	**2003**	**2004**
Food retail sales	4,392	4,477	4,847	6,293	7,699
Non-food retail sales	5,453	5,408	6,125	7,567	9,812
Total retail sales	9,845	9,885	10,972	13,860	17,511
Food retail sales (% in total sales)	**44.6**	**45.3**	**44.2**	**45.4**	**44.0**

Source: National Institute for Statistics and FAS

Chart 2. Total retail trade value, 2000-2004



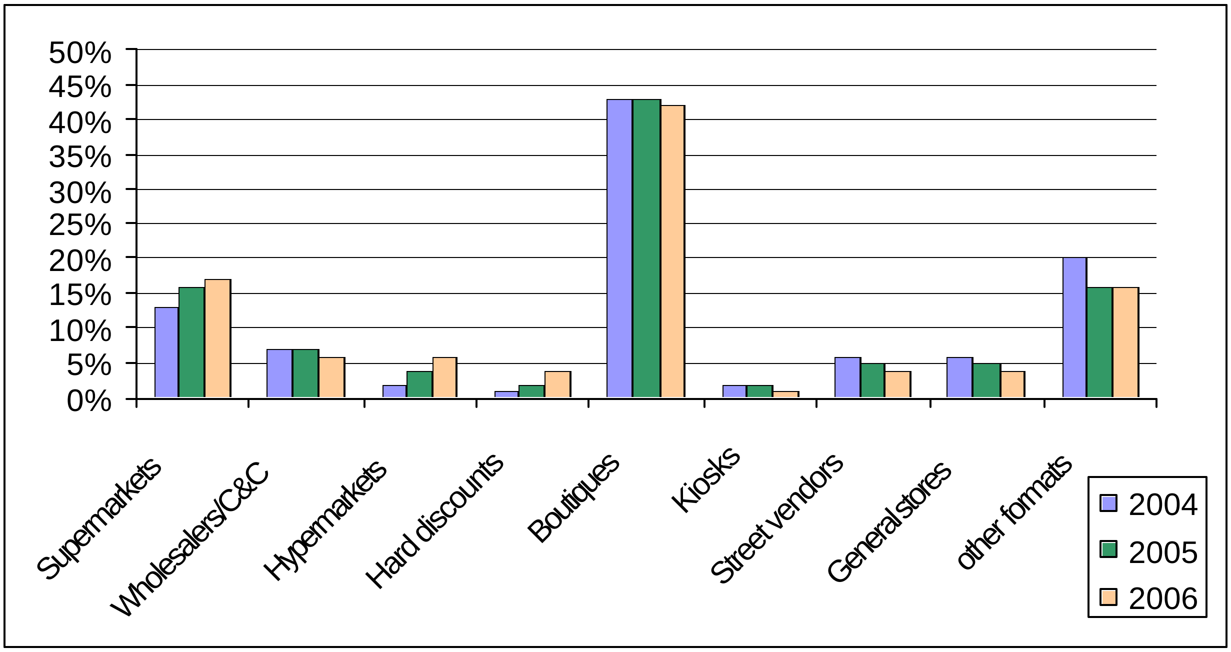
According to the data illustrated below, in 2006, 33% of retail belonged to modern retail, compared to 23% in 2004. Although it proves a significant increase, it is still a low percentage compared to other neighboring countries. For instance, considering the indicator number of hypermarkets for a million habitants, Romania would rank very low with 0.4, while Poland would have 4.5 and Hungary 7.5. Nevertheless, given the infancy of the retail market, analysts forecast a higher rate of development for Romania than for the region or EU countries. Thus the modern retail trade is expected to exceed 50% of total retail sales in 2010, compared to 33% in 2006.

Table 3. Retail market structure, Romania
2004 vs. 2005 vs. 2006

Retail format*	2004	2005	2006**
Supermarkets	13%	16%	17%
Wholesalers/C&C	7%	7%	6%
Hypermarkets	2%	4%	6%
Hard discounts	1%	2%	4%
Boutiques	43%	43%	42%
Kiosks	2%	2%	1%
Street vendors	6%	5%	4%
General stores	6%	5%	4%
Other formats	20%	16%	16%

*Source: GfK Romania; *FMCG monitored categories*
***January-June 2006*

Chart 3. Retail market structure, Romania, 2004-2006



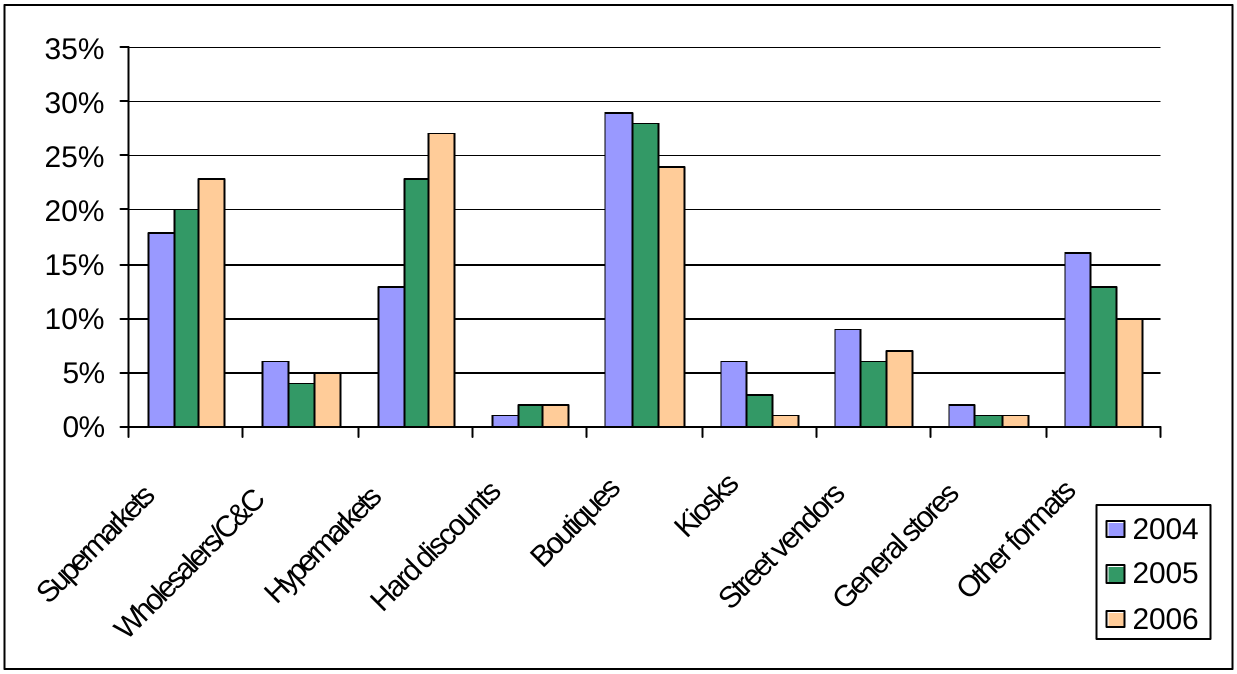
Modern shopping is better represented in Bucharest, where consumers earning higher incomes are more willing to respond to the novelty represented by large shopping centers, hypermarkets, supermarkets, and other such outlets. As it can be seen in the table below, modern retail formats grew every year, with a total increase from 38% in 2004 to 57% in 2006.

Table 4. Retail market structure, Bucharest, 2004 vs. 2005 vs. 2006

Retail format*	**2004**	**2005**	**2006****
Supermarkets	18%	20%	23%
Wholesalers/C&C	6%	4%	5%
Hypermarkets	13%	23%	27%
Hard discounts	1%	2%	2%
Boutiques	29%	28%	24%
Kiosks	6%	3%	1%
Street vendors	9%	6%	7%
General stores	2%	1%	1%
Other formats	16%	13%	10%

*Source: GfK Romania; *FMCG monitored categories*
***January-June 2006*

Chart 4. Retail market structure, Bucharest, 2004-2006



Internet sales

Sales through the Internet started to develop recently. Currently there are around 600 virtual stores. Although only 10% of them sell food products, it is expected that in few years the percentage will double. The total sales value through Internet is estimated at USD25 million, but it is expected to exceed USD70 million in the near future.

Most of the Internet sales are paid upon goods delivery, in cash, not on-line through credit cards. Romanian consumers do not sufficiently trust the on-line transactions system, this being perceived as unsafe. As companies develop specific programs for increasing the security of such transactions, customers' confidence in using this payment system will rise.

Card transactions

According to the National Bank of Romania, there are currently around 8.25 million cards issued by commercial banks in Romania. The total card transactions value reached USD11 billion in 2005, of which over 90% were cash withdrawal. The highest number of cards has been issued in Bucharest - 2.03 million – according to data available in June 2006 (a double number compared to 2004).

As the number of retail outlets accepting card payments increases, non-cash transactions will increase in importance.

Private labels

Private labels have been developed for the main food and beverages categories: cooking oil, flour, canned food, processed meats, peanuts, ketchup, mustard etc.

The main retail chains selling products under Private label, both food and non-food products, are: Carrefour (Marca 1), METRO (Aro and METRO Quality), BILLA (CLEVER), Cora (Winny), Mega Image (365), KAUFLAND (K-Classic), PROFI and PLUS.

Billa sells around 150 products under CLEVER private label and it is expected that another 100 items will be introduced by the end of the year. Kaufland sells around 800-900 items under its private label K-Classic, out of the total products range of 15,000. Profi sells around 250 items incorporated in its private label PROFI, mostly fresh products and staple products, while PLUS DISCOUNT sells around 350 items under its private labels, representing 35% of the total product range.

According to market sources, the proportion of private label products counted for almost 1% of total sales volume in all retail formats in 2005, while in the modern retail, private labels represent about 6%.

Advantages and Challenges facing U.S. Products in Romania

Advantages	Challenges
The growing retail industry is looking to diversify the range of food products	There are very high entry-costs to supermarkets for new product lines as well as additional marketing costs (advertising, discounts)
The retail expansion will generate higher food sales	The approaching EU integration led to imposing new import requirements on food products imports, which are in many cases impediments for US exporters
Consumers returning from abroad have more sophisticated tastes	The relatively low purchasing consumer power, only a small segment of population affording buying novelty or very-good quality products.
Weak U.S. dollar makes U.S. products more competitive	EU member states benefit of tariff preferences compared to US when entering the Romanian market

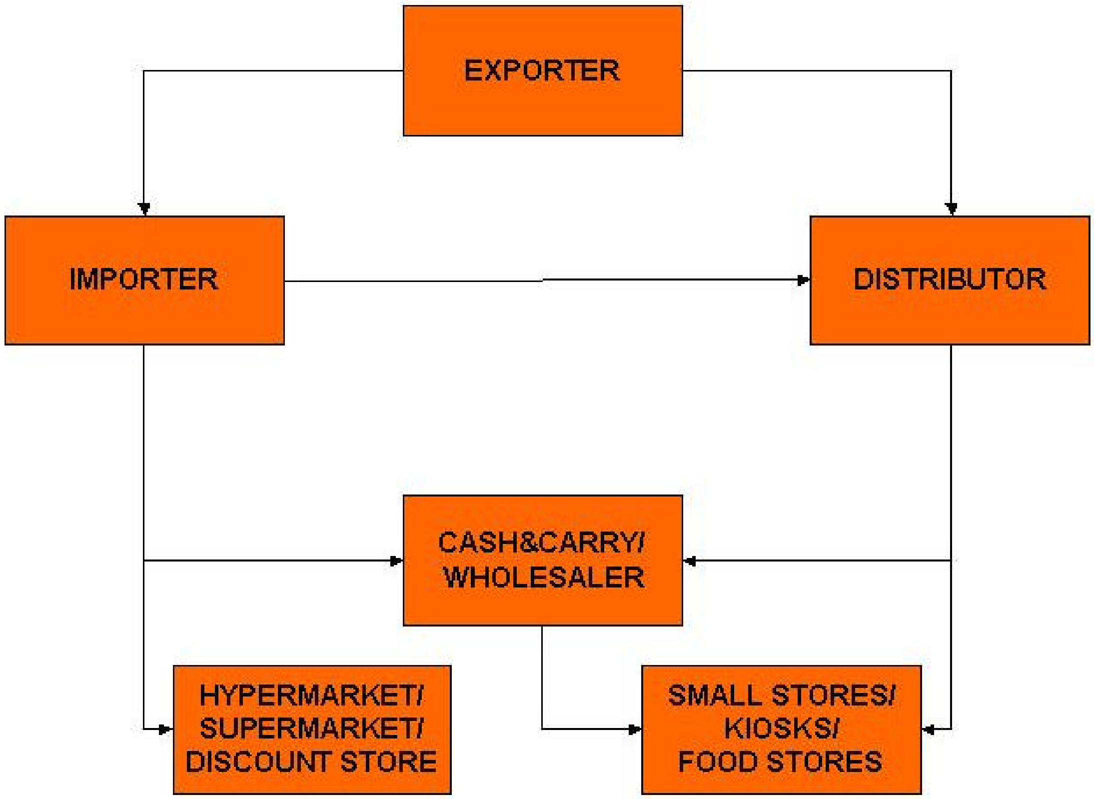
During the last year many retailers had to re-think their expansion strategy, especially in Bucharest and big cities, since securing sites for construction became more difficult. Due to both land availability for large plots and land price, some of the retail chains oriented their expansion strategy towards smaller cities throughout the country.

As more international retail chains are expected to enter the market, additional pressure will be added on the existing chains, which will eventually create new opportunities for suppliers.

II. ROAD MAP FOR MARKET ENTRY

Retailers source their food and beverages products mostly from local suppliers, either domestic producers or importers. However, few supermarkets work directly with exporters, especially when dealing with private label products.

Diagram. How goods flow



One option for entering the market would be to work directly with importers or distributors, which are direct suppliers for these retailers and are familiar with existing legislation, trading practices and customers. Most importers/distributors have distribution channels with national coverage.

Small stores purchase food mostly from wholesalers/Cash&Carries. As the major part of retail structure is still made by the small food stores, it is important that the exported products reach these wholesalers.

Another type of strategy would be that the U.S. exporter find an exclusive, local representative. In this case, the representative would be totally dedicated to one company's segment of products and be responsible for all promotional activities (advertising, sampling).

Given the expansion of modern retail, some supermarkets and hypermarkets started to develop their own logistical centers hurting distributors. However, as the small kiosks and traditional stores will be reduced, but will not disappear, the distributors will still play an important role in the retail market. In the medium and long run, market concentration and consolidation is expected among distributors, as some of the companies might not have enough resources to fulfill the increasing needs of retailers.

III. MARKET STRUCTURE

A. HYPERMARKETS, SUPERMARKETS, CASH&CARRIES AND DISCOUNT SHOPS

Company Profiles

Retailer Name and Outlet Type	Ownership	Total Sales ($Mil)	Current no. of outlets	Locations (City/Regions)	Purchasing Agent Type
METRO Cash&Carry	German	$1,560 (2005)	23	Bucharest (4) and 16 other big cities	Importer, Direct, Distributor
SELGROS, Cash&Carry	German	$570 (2005)	13	Bucharest (3) and 10 big cities	Importer, Direct, Distributor
CARREFOUR, Hypermarket	French	$545 (2005)	6	Bucharest (4), Brasov (1) Ploiesti (1)	Importer, Direct, Distributor
CORA, Hypermarket	Belgian	$ 221 (2005)	2	Bucharest	Importer, Direct, Distributor
KAUFLAND, Hypermarket	German	$20 (2005)	11	Bucharest (1) and other cities (10)	Importer, Direct, Distributor
MEGA IMAGE, Supermarket	Belgian	$67 (2005)	17	Bucharest (15), Ploiesti (1) Constanta (1)	Importer, Direct, Distributor
BILLA, Supermarket	German	$312 (2005)	19	Bucharest and main cities	Importer, Direct, Distributor
G'MARKET Supermarket	Turkish	$50 (2005)	4	Bucharest and Iasi	Importer, Distributor
ARTIMA, Supermarket	Romanian	$80 (2005)	15	Medium-size cities in the western side of Romania	Direct, Distributor
UNIVERS'ALL and UNI'ALL, Supermarket and Convenience Stores	Romanian	$44 (2005)	11	Sibiu, Suceava, Tg-Mures, Iasi Constanta Bucharest, Timisoara	Importer, Direct, Distributor
XXL Mega Discount, Hard Discount	German	$49 (2004)	5	Bucharest , Dambovita, Sibiu, Buzau, Braila	Direct, Importer
Plus, Discount	German	N/A	22	Bucharest and medium-size cities	Importer, Direct, Distributor
PROFI, Discount	Belgian	$55 (2005)	21	Center, southern and Western part	Direct, Distributor

				of Romania	

Source: FAS, Market research companies, Specialized Magazines

Hypermarkets

Carrefour entered the Romanian market in 2001. In 2002 it had a turnover of USD95 million, while in 2005 it reached USD545 million. Carrefour is planning to open a new hypermarket in Constanta this fall, in addition to the 6 existing outlets, while next year the chain will be expanded with 3 more outlets (one in Bucharest and two in Iasi).

Louis Delhaize group currently operates 2 Cora hypermarkets in Bucharest as a result of USD100 million investment. The group intends to open another hypermarket this year outside Bucharest, in Cluj-Napoca. Its product range counts about 50,000 items, of which about 20% represent imported products.

Real, the hypermarket division of METRO, opened its first hypermarket in Timisoara in 2006. The second hypermarket was opened in July this year in Constanta, with a surface of 6,000 sqm and around 30,000 displayed items. The company intends to open 6 new outlets during 2006 in Bucharest, Constanta, Oradea, Sibiu.

Kaufland, the hypermarket division of Germany's Schwarz Group, one of the leading players on the European retail market, invested so far about USD250 million in Romania in 11 stores. The first Kaufland outlet in Romania was opened in the summer of 2005 in Bucharest. The average selling space per store is 3,500-5,500 sqm. Kaufland targets equally cities with more than 100,000 people and smaller cities if opportunities exist. Outlets have been opened in the South (Bucharest, Ploiesti), but especially in the central-northern region (Rm. Valcea, Alba Iulia, Timisoara, Baia Mare, Tg. Mures, Galati, Cluj Napoca, Hunedoara, Satu Mare).

The Dutch retailer SPAR intends to open its first hypermarket in Tg. Mures this year, followed by 6 more other stores in the central and western part of the country (Resita, Rm. Valcea, Deva, Arad, Medias, Odorhei). For 2007 the company plans to expand with 20 more outlets, five of which in Bucharest.

Auchan, the French retailer, is expected to enter this fall the Romanian market by opening in its first hypermarket Bucharest, with an investment of USD48 mill. The product range will count about 60,000 items. The retailer plans to open at least 2 hypermarkets per year, in Bucharest as well as other big cities.

Supermarkets

The German company Rewe opened its first Billa store in 1999 and currently the chain includes 19 outlets (with 5 outlets opened in 2005). The surface of the stores is 1,000-2,400 sqm/store, about 10,000 items being displayed.

The first GIMA store was opened in 1998 and the group currently manages 4 outlets in Bucharest and Iasi. In 2005, the company changed the outlet name from Gima to G'market. It carries about 40,000 items and the average store size is 5,000 sqm. The company recorded a turnover of USD50 million in 2005, compared to USD35 million a year before.

Artima chain is mostly present in Transylvania with 15 stores and plans to reach 55 stores over the next 5 years. INTER' EX opened its sixth store in April this year in Rm. Valcea, while Mega Image plans to open 5 new stores this year.

There are a few other supermarket chains developed by local investors, such as Ethos in Bucharest (9 stores), Etti in Timisoara (5 stores), Diana in Braila (4 stores) etc.

Wholesalers / Cash&Carries

Target costumers of this sub-sector are HRI entities, private commercial companies and small traders/stores.

Metro entered the Romanian market in 1996, selling about 35,000 items, mostly from local suppliers. Selling products under own labels, which do not require significant advertising and partnerships with local suppliers, is part of the retailer's strategy, the group operating the most well-known private label ARO.

Selgros C&C Romania consists of 13 outlets with a product range of 35,000 items each, both food and non-food.

Hard Discount shops

Following the same trend as in Europe, this segment continued expansion over the last year.

MiniMAX Discount developed by Red&Yellow, intends to open about 30 stores this year, 10 of which are in Brasov, Buzau, Calarasi, Campulung, Cernavoda, Hunedoara, Mangalia, Oltenita, Pucioasa and Turnu Magurele.

Plus, developed by the German group Tengelmann, entered the Romanian market in 2005 and currently has a network of 21 stores. The average investment per store is around USD1.8 million. The company, targeting cities with over 40,000 inhabitants, intends to open 19 more stores this year.

Penny Market, a brand of the German Group REWE, along with XXL Mega Discount, is currently a chain of 16 outlets. For 2006, the company plans to open 15-16 more stores. Penny Market stores have a surface of 750 sqm and a product range of 1,200 items, of which food products count for about 80%. Most of the suppliers are domestic. Penny Market targets cities with less than 20,000 inhabitants.

Profi plans to open 8 new stores outside the Transylvania region this year.

B. CONVENIENCE STORES, KIOSKS

The convenience stores sector is expected to further develop, as there will be necessary shopping besides the weekly/monthly visit in modern trade formats. Location, daily schedule and product freshness are the main factors positively influencing this trend. Although daily purchases are small, this is offset by the frequency of shopping.

Developed by a local group, Uni'all chain includes four convenience stores in Constanta with selling space of 400-800 sqm and about 4,500 displayed items.

More specialized stores emerged on the retail market as well. A company specializing in bakery products opened 5 convenience stores under the concept "Neighborhood Bakery" and plans to open 15 more stores by the end of this year. The product range includes only food products, especially hot and cold bakery products.

The foreign company LOULIS developed a similar chain of specialized stores, under the name Family. However, the company recently started a re-branding process for its 28 stores renaming them Belforno Fresh, exclusively offering fresh bakery products.

C. TRADITIONAL MARKETS

The competition between the traditional and modern retail remains very strong, especially for food products. About 25% of shoppers frequently go to the traditional/open-air markets, especially for fresh fruits and vegetables. In cities, about 50% of shoppers buy the fresh fruits and vegetables and dairy products from traditional markets, while only 20% prefer to purchase them from hypermarkets.

One strength of traditional trade is that access to modern retail in rural areas is very limited.

Competition will become tougher after EU integration when the imported products will become more competitive compared to domestic products. However, in the same time, certain food categories of U.S. origin might become less competitive as Romania will adopt the EU duty rates.

IV. COMPETITION

Product Category / Total Import value 2005 (thousands USD)	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of local suppliers
Pork meat Import 2005: Th. $ 388,103	Germany (20%) United States (15%) Canada (15%) France (11%)	Good quality meat; Consistent supply; Short distance for EU members states	Insufficient domestic supply; low quality and high prices
Poultry meat Import 2005: Th. $ 131,432	United States (48%) Brazil (36%)	Very competitive prices (especially for chicken leg quarters)	Ability to provide the market with fresh poultry meat; branded products; high prices for domestic production
Beef (chilled and frozen) Import 2005: Th. $ 53,042	Brazil (77%) Austria (10%) Germany (6%)	Good quality meat; few sources in the region; ability to meet EU requirements	Very few specialized beef farms; reduced and seasonal supply (during fall)
Frozen fish and seafood Import 2005: Th. $ 64,576	Norway (23%) Taiwan (12%) United States (9%) United Kingdom (9%) Canada (7%)	Competitive prices; favorable currency values	Species in demand are not domestically produced; domestic species are mainly seasonally available
Meat products	Hungary (30%)	Tariff quotas;	Well-establish meat-

Import 2005: Th. $ 7,740	Spain (23%) Czech R. (11%) United States (1.6%)	proximity	processing industry able to supply a large variety of products; highly protected market
Nuts, peanuts, almonds, pistachio Import 2005: Th. $ 7,128	Turkey (16%) Iran (33%) United States (14%) Indonesia (6%)	Proximity; low prices; favorable currency value; very good quality products	Products not available on the local market
Processed fish Import 2005: Th. $ 17,965	Thailand (57%) Poland (15%)	Preferential duties; good quality products for reasonable prices	Underdeveloped fish-processing units; low production
Pet food Import 2005: Th. $ 72,267	Hungary (53%) The Netherlands (6%) Austria (5%) Germany (5%) United States (1%)	Preferential tariffs for certain types of pet food; well known brands	Emerging stage for domestic processing units; prohibition of bone meal usage in commercial animal feeding
Frozen vegetables Import 2005: Th. $ 8,792	Belgium (45%) Poland (25%) Hungary (14%)	Good quality products at good prices; attractive packages	Low domestic supply; absence of competitive processing units
Fruits and vegetables juices Import 2005: Th. $ 14,612	Ireland (24%) The Netherlands (17%) Austria (14%) Brazil (8%) Hungary (7%) United States (2.2%)	Preferential tariffs for certain types of juices; very good quality products; attractive packages	Good local fruits production; low-value investment in processing-industry
Breakfast cereals Import 2005: Th. $ 7,137	Poland (40%) Germany (12.5%) Hungary (11%) United States (2%)	Proximity; reasonable prices; well known brands; attractive packages	Domestic supply available in a very narrow range and relatively low quality
Diary products Import 2005: Th. $ 37,775	Germany (35%) France (16%) Poland (11%)	Preferential tariffs (lower or exempted) for certain types of cheese from EU members states	Long tradition in milk production; increasing investment in milk processing
Wines Import 2005: Th. $ 9,217	France (32%) Italy (25%) R. Moldova (15%) Hungary (9%) United States (0.5%)	Preferential tariff quotas; competitive prices	Very good local production in a relatively large variety
Distilled spirits Import 2005:	United Kingdom (49%) United States (13%) Germany (9%)	Good image for consumers; preferential tariffs for EU member states	Focus on low and middle-income consumers sustained by strong promotional

Th. $ 43,706			campaigns
Sweetened and flavored water Import 2005: Th. $ 14,201	Austria (40%) Poland (15%) Hungary (10%) United States (10%)	Preferential tariffs; very good quality products	Very limited investment in this area; highly protected market
Beer Import 2005: Th. $ 2,678	Poland (14%) The Netherlands (17%) Germany (17%) Belgium (15%) Poland (14%)	Tariff quotas for EU member states	Strong local industry; strong brand awareness supported by heavy publicity campaigns

V. BEST PRODUCT PROSPECTS

Category A: Products Present in the Market Which Have Good Sales Potential

Product Category	2005 Market Size (MT/HL)	2005 Imports (MT/HL)	Import tariff rate	Key Constraints over market development	Market Attractiveness for USA
Fish & seafood, fresh and frozen	87,000 MT	67,311 MT	20-25%	Seafood consumption is limited; low purchasing power; consumers' preference for species in a lower supply	Good perspectives for fish-processing industry expansion; market access maintained after EU access
Pork meat	425,610 MT	192,490 MT	0-20%	EU import requirements; growing demand for fresh meat	Competitive prices; high processing-industry needs.
Nuts/peanuts/ almonds/ pistachio	N/A	2,403 MT	0-135%	Preferential tariffs for certain competitors	Increasing processed product range; very good quality products vs. competitors; tax exemptions for certain tariff positions
Distilled spirits	800,000 HL	22,927 HL	35-60%	High tariffs, high excises and health tax introduction; market affected by fiscal evasion	Lower duties after EU integration; very good image for consumers

In 2005, United States continued to be the poultry meat import leader with a market share of 48% (USD63 million) in total imports. During the first semester of 2006, US poultry meat exports reached almost USD26 million. However, starting with June 8, 2006, the EU health certificate model was enforced by the Romanian veterinary authorities leading to a total ban on U.S. exports, as no U.S. poultry plants are approved for export to the European Union.

Total swine meat imports grew in 2005 by 75% compared to a year before, reaching USD388 million. Triggered by a high demand from the processing-industry and a lower supply from EU member states, U.S. swine meat exports to Romania increased four-fold last year reaching USD 57 million. During the first half of this year, U.S. pork exports increased by 18% and the trend is expected to continue in the near future. However, the veterinary order no. 53/2005 scheduled to go into effect on October 1, 2006 will limit U.S. exports to Romania as only EU approved red meat processing plants will be able to maintain shipping.

Fish and seafood imports continued the upward trend in 2005 reaching USD64 million (45% more than in 2004). Nevertheless, frozen fish imports from United States decreased last year by 27%, mainly due to a lower availability for mackerel, the most popular oceanic fish species among consumers. However, U.S. exporters can work with fish importers to introduce new seafood species on the market, which can substitute the species in deficit.

The value of nuts, peanuts, almonds and pistachio imported in 2005 increased with 52% compared to a year before. The almond market continued to be dominated by the United States (88%, USD783,000).

The value of distilled spirits imports grew by 32% in 2005. The United States is a leader on Bourbon Whiskey, counting for 75% of imports of this type (USD2.7 million), reflecting an increase of 60% compared to last year figure.

Category B: Products Not Present in Significant Quantities but Which Have Good Sales Potential

Product Category	2005 Market Size (MT/HL)	2005 Imports (MT/HL)	Import tariff rate	Kew Constraints over market development	Market Attractiveness for USA
Fruits and vegetables juices	1,000,000 HL	124,300 HL	25-90%	High duties; increasing domestic competition	Increasing demand for high-quality natural juices
Dried fruits	N/A	1,136 MT	25-200%	High duties	Consumers' tastes diversification
Wines	3,500,000 HL	46,000 HL	60%	Strong domestic and foreign competition; tariff quotas for EU member states	Demand for niche wine varieties sold through specialized stores
Meat products	195,000 MT	3,814 MT	40-45%	Strong domestic industry; brand awareness supported by aggressive campaigns	Demand for niche products
Pet food	NA	122,000	18%	Consumers preference for	Increasing demand as people change

				well-known brands	life style; low interest for domestic investment in manufacturing pet food

Category C: Products Not Present Because They Face Significant Barriers

Breakfast cereals: strong European competitors; extremely high import duties
Beef: sanitary-veterinary import requirements more stringent
Dried and frozen vegetables: strong European competitors, extremely high import duties
Sweet products and chocolate: low purchasing power, strong domestic competition
Sweetened and Flavored water: high tariffs

VI. POST CONTACT AND FURTHER INFORMATION

If you have any questions regarding this report or need assistance exporting to Romania, please contact us at:

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