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Romania Imports More Than Meets the Eye

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Trade Policy Monitoring

Approved By:

Jonn Slette

Prepared By:

Monica Dobrescu

Report Highlights:

FAS Bucharest considers a variety of trade data sets when reporting on Romanian market conditions and dynamics. U.S. Census Bureau's (BICO) data shows that U.S. food and agricultural exports to Romania in 2016 were \$46.9 million. Conversely, according to EU Intrastat data, which reflects Romanian Customs data (e.g. direct and indirect shipments), Romanian importers sourced upwards of \$121 million of U.S. food and agriculture. BICO and other data only reflect ports of disembarkation and do not capture internal-EU markets of final destination for U.S. food and agricultural products. Post encourages USDA Cooperator partners and other U.S. food and agricultural exporters and stakeholders to review different data sources when considering resource allocation and market development strategies for Romania.

General Information:

Trade data sourced from frequently-used databases reveal significant inconsistencies vis-à-vis U.S. food and agricultural trade with Romania. According to the Global Trade Atlas (GTA), Romanian importers sourced \$64 million of U.S. food and agricultural products in 2016. GTA data sets tower over the BICO, which shows that U.S. food and agricultural exports to Romania in 2016 were \$46.9 million. Below are examples of recent year-on-year data sets, further demonstrating variances which range between 10-25 percent. Post encourages private sector partners to review different data sources when considering resource allocation and market development strategies for Romania.

Table 1: Varying Data Sets for U.S.-Romanian Food and Ag Trade

All chapters 1-24 / Year / U.S.\$	Romanian imports from United States	U.S. Exports to Romania
	Source: GTA	Source: BICO
2014	\$60.1 million	\$38.9 million
2015	\$93.4 million	\$69.1 million
2016	\$64.1 million	\$47 million

When Romanian National Institute of Statistics (EU Intrastat data) data are added, it shows that Romanian importers sourced upwards of \$121 million of U.S. food and agriculture in 2016 (Table 2). These variations occur because numerous U.S. food and agricultural consignments are routed through major Western European ports of entry and are subsequently transshipped throughout the EU's common market. FAS Bucharest regularly cites GTA-sourced Romanian import data in reports, as well as appropriate EU Intrastat data, as Post analysis suggests that these sources better reflect the nature of U.S. trade flows to Romania. Post strives to provide USDA Cooperators and other U.S. food and agricultural stakeholders with the most unbiased and accurate information.

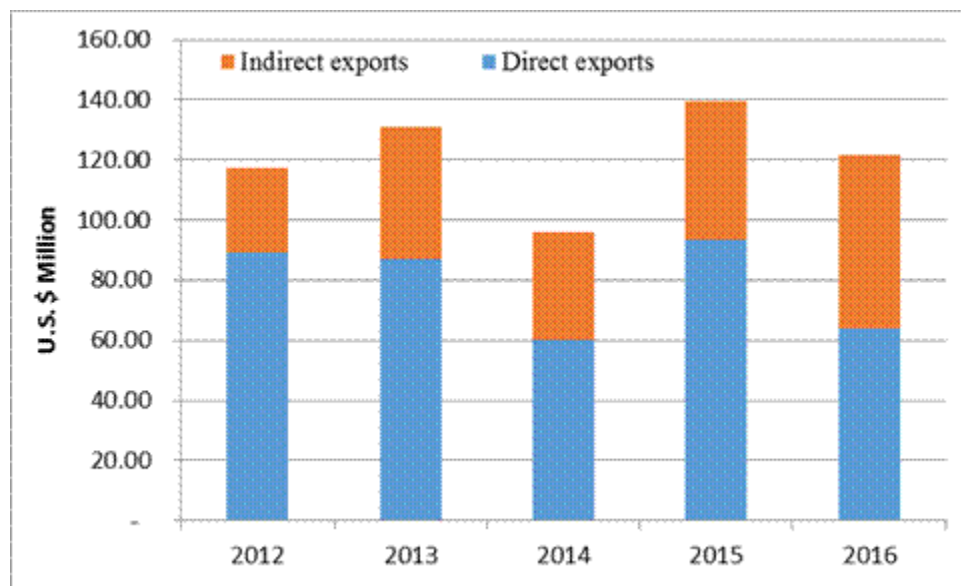
Table 2: Total Romanian Food and Ag Imports from the United States (2012-16)

	2012	2013	2014	2015	2016
Direct Exports	\$89.1 million	\$87.2 million	\$60.1 million	\$93.4 million	\$64.1 million
Indirect Exports	\$28.3 million	\$43.8 million	\$35.7 million	\$46 million	\$57.4 million
TOTAL	\$117.4 million	\$131 million	\$95.8 million	\$139.4 million	\$121.5 million
% of Indirect Exp	24	33	37	33	47

Sources: Global Trade Atlas- Romanian imports from the United States;

National Institute of Statistics – Intrastat data

Graph 1: Romanian Ag Imports from the United States (2012-2016)



Sources: *Global Trade Atlas- Romanian imports from the United States;*
National Institute of Statistics – Intra-stat data

Graph 1 above reflects that U.S. direct exports to Romania account for a large share in the total U.S. food and ag market basket. However, the share of indirect imports is growing, reflecting Romania's maturation as a market, and subsequent opportunities for high-value foods.

Romanian Direct Imports versus Indirect Imports

Most U.S. bulk commodities (*e.g.* soybeans, soybean meal, and corn) are shipped to Romania directly from United States. However, more and more U.S. products are initially shipped to other third-country Member States, and then shipped onward to Romania. This is particularly true for products which involve exclusive contracts between U.S. exporters and third-country EU stakeholders. These other European stakeholders frequently offer U.S. shippers volume and/or payment terms which are not viable for Romanian importers. In other cases, U.S. exporters simply ship large volumes of product to well-established European channels and then rely on large volumes re-exports to smaller Member States.

Conversely, some Romanian importers may prefer to work through European distributors. Some Romanian companies choose European importers because it precludes them from dealing with European customs officials. Also for new-to-market products, some Romanian importers may prefer to purchase smaller volumes from third-country European distributors to test consumer demand and to build distribution channels. Finally, European distributors may incentivize Romanian importers with favorable terms of payments, particularly if there is a longstanding commercial relationship.

U.S. beef tends to arrive in Romania through distributors in Italy, the Netherlands, and Germany because of volume flexibility and licensing requirements. Although the value of U.S. beef exports to Romania remains small compared to other countries, year-on-year sales over the past three years are notable. Post and USDA Cooperator marketing efforts are contributing factors in this growth. U.S. seafood exports to Romania have expanded in recent years. About two-thirds of U.S. seafood is shipped directly to Romania. Frozen fish and shellfish tend to be shipped directly to Constanta Port. Some

Romanian seafood importers prefer other European distributors in the Netherlands, Germany, or the United Kingdom. 2016 U.S. fish and seafood exports grew by over 30 percent from 2015.

In 2016 sweet potatoes import grew with 350 percent versus the previous year. U.S. sweet potatoes and other vegetables tend to enter Romania through other EU Member States, principally the Netherlands or Germany. U.S. almonds and walnuts are usually shipped directly from the United States to Romania, while peanuts, hazelnuts, and pistachios are transshipped through other Member States. U.S. tree and ground nuts are experiencing strong growth in Romania.

The following appendix reflects direct and indirect U.S. exports to Romania market for select food products. The following is not an exhaustive list, but attempts to capture the most relevant U.S. products.

Romanian Direct and Indirect U.S. Food and Ag Imports

Goods exclusively or almost exclusively imported through other EU Member States

Name of the product	HS code	TOTAL direct and indirect (U.S.\$)			Change 2016 versus 2015
		2014	2015	2016	2016/15
Meat of bovine animals	0201 0202	456,097	610,689	815,162	33
Sweet potatoes	071420	106,347	136,008	609,557	348
Rice	1006	5,626	1,210	27,455	2,169
Chocolate and other food	1806	430,258	246,320	260,002	6
Fruit, nuts and other edible parts	2008	5,040,208	6,473,819	10,428,396	61
Groundnuts	200811	772,916	716,927	819,955	14
Cranberries	200893	186,479	109,502	133,855	22
Bread, pastry, cakes, biscuits	1905	160,409	63,614	105,150	65

Sources: Global Trade Atlas, National Institute of Statistics

Goods imported predominantly through other EU Member States (at least 50 percent through Europe)

Name of the product	HS code	TOTAL direct and indirect (U.S.\$)			Change 2016 versus 2015
		2014	2015	2016	2016/2015
Mollusks	0307	29,841	90,734	223,414	146
Dried vegetables	0712	84,646	174,293	182,075	4
Other nuts, fresh or dried, whether or not shelled or peeled	0802	5,245,543	6,727,907	8,346,217	24
Groundnuts	1202	2,224,997	1,669,810	1,331,231	(20)
Sunflower seeds	1206	15,686,175	24,037,359	21,985,929	(9)
Seeds, fruit and spores, of a kind used for sowing	1209	2,698,637	2,563,912	1,950,414	(24)

Sauces and preparations	2103	410,732	660,596	725,460	10
Wine of fresh grapes	2204	104,463	58,106	101,509	75
Dog or cat food, put up for retail sale	230910	761,610	1,064,494	2,080,785	95

Sources: Global Trade Atlas, National Institute of Statistics

Goods imported predominantly directly from the United States
(at least 50 percent imported directly)

Name of the product	HS code	TOTAL direct and indirect (U.S.\$)			Change 2016 versus 2015
		2014	2015	2016	2016/2015
Maize (corn)	1005	951,371	710,263	640,954	(10)
Fish, frozen	0303	1,490,786	1,532,478	1,842,227	20
Crustaceans	0306	241,197	220,437	218,429	(1)
Soya beans	1201	2,525,228	27,279,325	6,074,135	(78)
Fruit juices	2009	383,679	400,923	371,487	(7)
Food preparations not elsewhere specified or included	2106	19,246,802	15,617,539	19,487,209	25
Whiskies	220830	9,483,341	10,862,608	13,199,812	22

Sources: Global Trade Atlas, National Institute of Statistics