

Voluntary Report – Voluntary - Public Distribution

Date: April 27, 2021

Report Number: RO2021-0006

Report Name: Direct Versus Indirect Trade Romania -- Romania's Hidden Market for US Ag Exports

Country: Romania

Post: Bucharest

Report Category: Agricultural Situation, Agriculture in the News, Beverages, Country Strategy Statement, Dairy and Products, Fishery Products, Avocado, Canned Deciduous Fruit, Dried Fruit, Fresh Deciduous Fruit, Fresh Fruit, Kiwifruit, Raisins, Stone Fruit, Strawberries, Grain and Feed, Livestock and Products, Oilseeds and Products, Planting Seeds, Potatoes and Potato Products, Poultry and Products, Sugar, Tree Nuts, Vegetables, Wine

Prepared By: Monica Dobrescu

Approved By: Jonn Slette

Report Highlights:

The U.S. Census Bureau's bulk, intermediate, and consumer-oriented (BICO) export data tracks U.S. food and agricultural trade shipped directly to Romania. However, it does not measure the substantial levels of the U.S. agricultural trade to Romania routed through Western European ports of entry. According to BICO, U.S. suppliers shipped \$83 million of U.S. food and agriculture to Romania in 2020, while according to Romania's National Institute of Statistics (NIS), which measures trade by country of origin and therefore reflects both direct and indirect trade, Romania sourced upwards of \$177 million of U.S. food and agriculture in 2020. FAS Bucharest encourages USDA cooperators 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:

The United States is a top-20 supplier of food and agriculture to Romania. U.S. goods flow into Romania either directly from the United States (mainly bulk and intermediate products) or are transhipped through the other westerns European Union (EU) ports of entry in Italy, the Netherlands, and Germany. Because BICO data only reflects direct U.S. trade to Romania, it does not include significant volumes of U.S. trade routed through distributors in Rotterdam, Bremerhaven, and other large Western European port cities. As a result, Post views Romania's NIS data, which includes both direct and indirect trade, as a more accurate reflection of Romanian demand for U.S. food and agriculture.

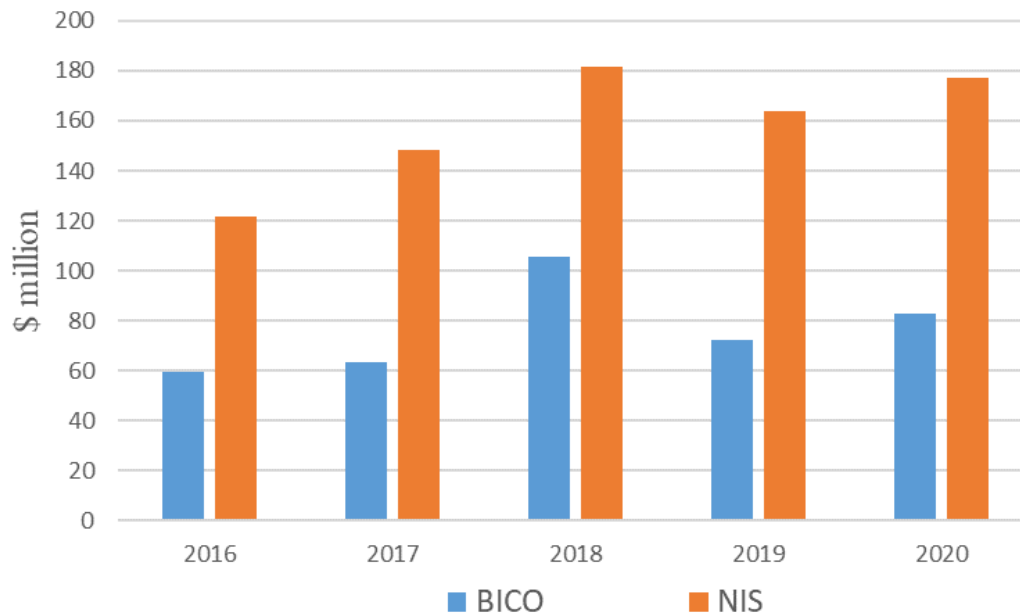
According to NIS data, Romanian importers sourced \$177 million of U.S. food and agricultural products in 2020, up 8.1 percent from 2019 (Table 1). Food preparations, sunflower seeds, soybeans, distilled spirits, and nuts were the largest categories and accounted for 70 percent of total U.S. food and agricultural trade to Romania.

Table 1. U.S. Food and Agricultural Trade to Romania 2016-2020 (\$ million)

Source of Data	2016	2017	2018	2019	2020
BICO (Direct U.S. exports to Romania)	59.4	63.3	105.6	72.3	83.1
NIS* (Direct and Indirect imports from the United States)	121.5	148.6	181.5	164.1	177.3
Difference (Indirect exports)	62.1	85.3	76	91.8	94.3
<i>Percentage of indirect exports</i>	<i>51</i>	<i>57</i>	<i>42</i>	<i>56</i>	<i>53</i>

**Data on direct imports published by Trade Data Monitor (TDM)*

Chart 1: U.S. Food and Agricultural Trade to Romania



U.S. Food and Agricultural Trade to Romania by Category

Direct U.S. agricultural trade to Romania generally consists of bulk commodities shipped as sea freight, including soybeans, soybean meal, sunflower seeds, and some seafood. The trade data for these categories are captured by both BICO and NIS data. Indirect trade tends to include products that are shipped in smaller quantities, or that may require more flexible terms of trade than U.S. suppliers are able to provide. In other cases, Western European distributors can offer U.S. shippers sales volumes that would be difficult for Romanian importers to match. Many U.S. exporters also find it more efficient to simply ship larger volumes to well-established distribution hubs in Western Europe and rely on those channels to supply other EU markets. As well, some Romanian importers prefer to work through European distributors and find it convenient for intermediaries to handle EU customs clearance for U.S. products. Also, for new-to-market products, some Romanian importers prefer to purchase smaller volumes to test consumer demand and to build distribution channels. Finally, European distributors may incentivize Romanian importers with favorable terms of payments or advertising, particularly if there are longstanding commercial relationships.

The main countries in which U.S. goods arrive before being shipped to Romania are Germany, the Netherlands, Italy, Spain, Belgium and the United Kingdom. Because of Brexit, U.S.-origin products that were previously transshipped through the UK will likely be rerouted through other EU countries en route to Romania.

Table 2 below shows additional BICO and NIS data for U.S. agricultural trade to Romania.

Table 2. 2020 Direct and Indirect U.S. Ag, Food, and Fishery Trade to Romania (\$)

HS Code	Description	BICO (Direct U.S. exports to Romania) in USD	NIS (Direct* and Indirect imports from the United States) in USD	Difference (Indirect exports) in USD	% share of Indirect exports
Agricultural and fishery products		83,078,000	177,300,000	94,222,000	53.1
0201 - 0202	Meat of bovine animals, fresh, chilled or frozen	-	959,202	959,202	100.0
0303-0307	Fishery Products	989,000	1,657,344	668,344	40.3
0701	Potatoes, fresh or chilled	-	869,379	869,379	100.0
0712	Dried vegetables	59,000	247,616	188,616	76.2
071420	Sweet potatoes	543,000	1,198,903	655,903	54.7
0802	Other nuts	1,825,000	6,783,433	4,958,433	73.1
0804	Dates, figs, pineapples, etc.	-	21,439	21,439	100.0
081040	Cranberries	-	69,548	69,548	100.0
1005	Corn	85,000	161,912	76,912	47.5
1006	Rice	-	2,314	2,314	100.0
1201	Soya beans	37,898,000	17,016,667	(20,881,333)	-122.7
1202	Groundnuts	-	763,291	763,291	100.0

1206	Sunflower seeds	5,107,000	41,621,580	36,514,580	87.7
1209	Seeds, fruit and spores	319,000	2,404,862	2,085,862	86.7
1806	Chocolate and other food prep. containing cocoa	-	398,833	398,833	100.0
200811	Groundnuts	29,000	1,778,963	1,749,963	98.4
200893	Cranberries	-	425,742	425,742	100.0
2009	Fruit juices (incl. grape must) and vegetable juices	71,000	427,610	356,610	83.4
2101	Extracts, essences and concentrates, of coffee, tea	-	459,789	459,789	100.0
2103	Sauces and preparations	265,000	544,356	279,356	51.3
2106	Food preparations not elsewhere spec. or included	9,448,000	47,405,946	37,957,946	80.1
2204	Wine of fresh grapes	133,000	435,187	302,187	69.4
220830	Whiskies	6,713,000	10,915,652	4,202,652	38.5
230910	Dog or cat food	1,465,000	2,438,299	973,299	39.9

**Data on direct imports published by TDM*

As it may be observed in the above table, BICO shows no data for U.S. beef trade to Romania, while NIS data reveals that U.S. beef trade reached almost \$1 million in 2020. Beef arrives in Romania mainly through the Netherlands, Italy, and Germany because of volume flexibility and licensing requirements.

For fresh or chilled potatoes, BICO indicates no U.S. trade with Romania, while NIS reflects \$869,000 of U.S. trade. In case of sweet potato, BICO data shows U.S. trade was valued at \$543,000 in 2020, while NIS data reflects that U.S. sweet potato exports were valued at nearly \$1.2 million. U.S. potatoes and sweet potatoes were shipped to Romania through Germany, Italy, and the Netherlands.

For tree nuts (fresh or dried), BICO data captured \$1.8 million, while NIS data show \$6.7 million of U.S. tree nut imports. Most U.S. tree nuts, such as almonds and pistachios, are shipped to Romania through Germany.

For soybeans, BICO data shows that 2020 U.S. trade to Romania was higher (\$38 million) than NIS data (\$17 million). Post believes that \$21 million of U.S. soybeans captured by the U.S. Census Bureau were not consumed in Romania and were transshipped to other markets.

BICO does not show U.S. groundnuts exported to Romania in 2020, while NIS data shows U.S. peanut trade valued at \$800,000. This pattern is similar for prepared or preserved groundnuts, where NIS reveals U.S exports were \$1.7 million in 2020, versus a small value shown by BICO, implying that a large share of these goods land in another EU member first.

In case of sunflower seeds, BICO reflects \$5 million of exports to Romania in 2020, while NIS values U.S. sunflower seed trade to Romania at \$41.6 million in 2020. Overall, that is a notable increase over the past year (42 percent) due to an increased demand, particularly for planting seeds.

BICO does not account for any chocolate shipped from the United States to Romania in 2020. NIS data reflects that \$400,000 of chocolate was traded to Romania last year. A main entry gate for U.S. chocolate and other food preparations containing cocoa is United Kingdom.

For food processing ingredients, BICO data shows no U.S. extracts and essences were traded to Romania in 2020, while NIS data reflects almost \$460,000. In case of sauces and preparations, BICO data reflects that \$265,000 were traded to Romania, while NIS cites that the export was worth \$544,000. Most U.S. sauces and preparations were routed through Germany, the United Kingdom, and the Netherlands. Food preparations not elsewhere specified are mostly protein concentrates and foods containing/non-containing milk fats, sucrose, and starch. According to BICO data, the U.S. trade of these products to Romania in 2020 was almost \$9.4 million, while NIS data shows \$47 million of these U.S. products were trade to Romania.

Wine is another category for which most U.S. trade is routed through other EU members. BICO data indicate the 2020 U.S. wine trade to Romania was valued at \$133,000, while NIS data cited \$435,000 of U.S.-origin wine. The main points of entry were Germany and the UK. In case of distilled spirits (whiskies), BICO data reflects about 60 percent of the U.S. trade, showing U.S. exports at \$6.7 million as compared to NIS, which shows nearly \$11 million.

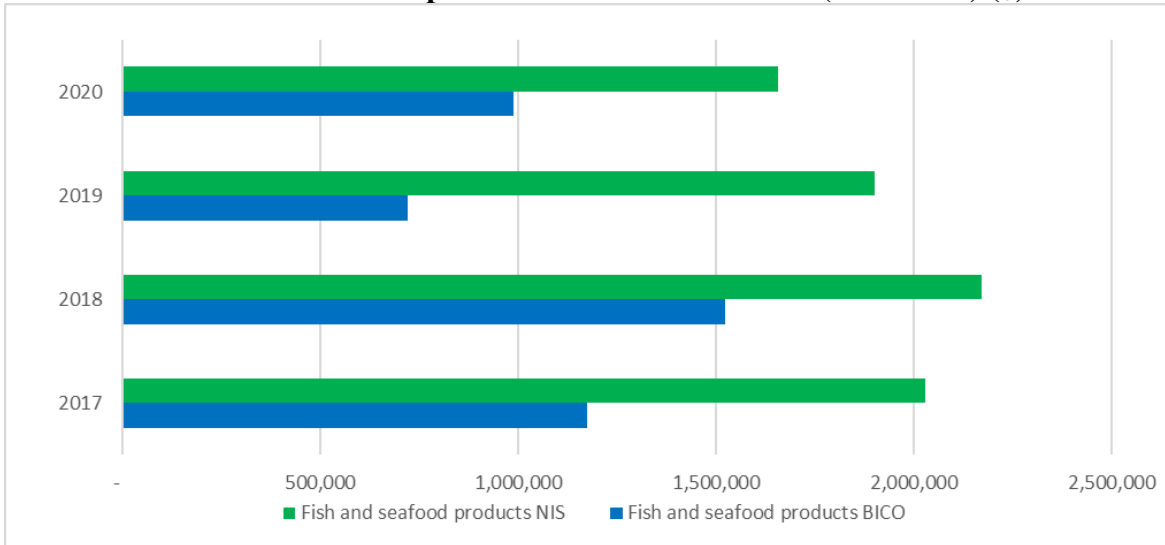
While some U.S. seafood, particularly frozen fin fish and shellfish, is shipped directly to Romania through the Port of Constanta, some local seafood importers prefer European distributors in the Netherlands, and Germany, especially for fish fillets and mollusks. BICO data shows the U.S. exports of fishery products to Romania reached nearly \$1 million in 2020, as opposed to NIS which shows \$1.65 million (see Table 3).

Table 3. U.S. Fish and seafood products traded to Romania (2017-2020) (\$)

HS Code	Description	Source of Data	2017 (\$)	2018 (\$)	2019 (\$)	2020 (\$)
0303 - 0307	Fishery and seafood products	BICO	1,176,000	1,524,000	721,000	989,000
		NIS	2,029,081	2,172,129	1,901,333	1,657,344
0303	Fish, frozen	BICO	1,479,000	1,204,000	534,000	645,000
		NIS	1,340,196	1,475,541	1,327,178	1,235,765
0304	Fish fillets and other fish meat, fresh, chilled or frozen	BICO	-	5,000	-	82,000
		NIS	205,596	236,997	127,087	54,936
0305	Fish, dried, salted or in brine	BICO	104,000	-	-	210,000
		NIS	50,259	44,026	151,753	254,589
0306	Crustaceans, live, fresh, chilled, frozen, dried, salted	BICO	189,000	172,000	184,000	52,000
		NIS	209,057	247,097	203,511	60,446
0307	Molluscs, live, fresh, chilled, frozen, dried, salted	BICO	4,000	143,000	3,000	-
		NIS	223,973	168,468	91,535	51,608

Note: Data on direct imports within NIS line published by TDM

Chart 2. U.S. Fish and seafood products traded to Romania (2017-2020) (\$)



Attachments:

No Attachments.