

**CHARACTERISTICS OF THE ROMANIAN FOB EXPORTS
DURING THE PERIOD 01.01.-31.12.2015**

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Abstract

The aim of this paper is to analyze the Romanian FOB exports during the period 01.01.-31.12.2015. My research goal is to identify the most important section of FOB exports during the analyzed period and the main structural modifications in evolution of the Romanian exports. The expected results are to know the most important export section of the Combined Nomenclature, the structural modification in evolution of these industries and the most important partner countries.

Keywords: *exports, structural modifications, export partner countries*

JEL classification: *F10, F40*

1. Introduction

For a better understanding of the Romanian economy, it is important to analyze the Romanian commercial relations. The characteristics of the Romanian FOB exports will give us important results regarding the main industries and the most important partner countries.

Under the Incoterms 2010 standard published by the International Chamber of Commerce, FOB means “that the seller pays for delivery of goods to the vessel including loading. The seller must also arrange for export clearance. The buyer pays cost of marine freight transportation, insurance, unloading and transportation cost from the arrival port to destination. The buyer arranges for the vessel, and the shipper must load the goods onto the named vessel at the named port of shipment according to the dates stipulated in the contract of sale as informed by the buyer. Risk passes from the seller to

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the buyer when the goods are loaded aboard the vessel” (***, <http://en.wikipedia.org/wiki/Incoterms>, 2016).

The FOB price (free on board price) of exports and imports of goods is ”the market value of the goods at the point of uniform valuation, (the customs frontier of the economy from which they are exported). It is equal to the CIF price less the costs of transportation and insurance charges, between the customs frontier of the exporting (importing) country and that of the importing (exporting) country” (***, <https://stats.oecd.org/glossary/detail.asp?ID=1009>, 2016).

2. Content

FOB exports during the period 01.01.-31.12.2015, amounted to 54598.3 million euro and increased with 4.1% as against the period 01.01.-31.12.2014.

In the structure of exports, six sections of the Combined Nomenclature hold 71.7% of total exports, as follows:

Table 1: FOB Exports during the period 01.01.-31.12.2015

Section of the Combined Nomenclature (CN)	Value - million euro -	Structure in % as against total exports	In % as against 01.01.-31.12.2013
XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers	15199.7	27.8	111.3
XVII Vehicles and associated transport equipment	9160.3	16.8	106.2
XV Base metals and articles of base metals	4693.0	8.6	100.0
XI Textiles and textiles articles	3946.8	7.2	101.6
VII Plastic, rubber and articles thereof	3096.1	5.7	105.2
II Vegetable products	3072.1	5.6	100.2

Source: (International Trade Statistic, 12/2015)

The main structural modifications came up in the evolution of exports by CN sections in the period 01.01.-31.12.2015 as against the period 01.01.-31.12.2014, consists of:

- a) increasing weight for section: XVI - by 1.8 percentage points;
- b) decreasing weight for section: “Mineral products” - by 1.5 percentage points.

Exports of section XVI, representing 27.8% of total exports in the period 01.01.-31.12.2015, hold the first place and registered an increase of 11.3% in comparison with the period 01.01.-31.12.2014.

In this section, the chapter "Electric machinery, appliances and equipment and parts thereof" holds the main weight (61.3% in total section and 17.0% in total exports).

The second place is held by the section XVII with 16.8% in total exports, where exports of “Vehicles, tractors and other ground vehicles” represent 86.7% of total section and 14.5% of total exports.

Exports of section XV hold the third place as weight with 8.6% in total exports, and is unchanged against the period 01.01.-31.12.2014.

Exports of section XI, hold the fourth place and registered an increase with 7.2% as against the period 01.01.-31.12.2014.

The next positions in the top are held by the following sections:

- VII - with 5.7% of total exports;
- II - with a weight of 5.6% of total exports.

Table 2: Structure of FOB exports by main groups of goods per month (value in million euro)

Period	Section of the Combined Nomenclature					
	XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducer	XVII Vehicles and associated transport equipment	XV Base metals and articles of base metals	XI Textiles and textile articles	VII Plastic, rubber and articles thereof	II Vegetable products
01.2015	1151.0	686.4	405.3	309.7	241.3	212.8

02.2015	1190.1	750.5	386.8	317.3	253.7	241.8
03.2015	1328.8	787.6	432.2	335.5	272.9	233.1
04.2015	1254.4	720.5	418.2	300.3	261.9	179.1
05.2015	1245.0	791.8	410.2	329.6	254.7	161.6
06.2015	1330.6	864.4	414.0	361.0	271.0	154.2
07.2015	1322.0	811.8	391.4	404.4	280.6	376.6
08.2015	1054.2	493.2	339.1	273.8	243.2	307.6
09.2015	1379.4	890.6	380.4	328.1	280.4	338.5
10.2015	1435.5	873.1	404.6	366.2	282.0	325.8
11.2015	1402.0	817.1	392.6	342.5	257.1	269.8
12.2015	1106.6	673.2	318.3	278.6	197.3	271.3
2015	15199.7	9160.3	4693.0	3946.8	3096.1	3072.1

Source: (International Trade Statistic, 1/2015 – 12/2015)

In the period 01.01-31.12.2015, in comparison with the period 01.01.-31.12.2014, exports to the other 27 European Union (EU28) countries increased with 7.9%, registering a weight of 73.7% in total exports.

Partner countries holding the first 10 places in the total amount of exports in the period 01.01.-31.12.2015 (representing 64.0% of total exports) were the following:

1. Germany (19.7% of total exports),
2. Italy (12.4% of total exports),
3. France (6.8% of total exports),
4. Hungary (5.4% of total exports),
5. United Kingdom (4.4% of total exports),
6. Turkey (3.9% of total exports),
7. Bulgaria (3.3% of total exports),
8. Spain (2.9% of total exports),
9. Poland (2.7% of total exports),
10. Netherlands (2.5% of total exports). (International Trade Statistic, 12/2015).

In December 2015, FOB exports amounted to 3942.0 million euro, with 3.8% more compared with December 2013.

3. Conclusions

The most important export section of the Combined Nomenclature in the period 01.01.-31.12.2015 of the Romanian FOB exports are: XVI - 27.8% of the total exports, XVII - 16.8% of the total exports, XV - 8.6% of the total

exports, XI - 7.2% of the total exports, VII - 5.7% of the total exports and II - 5.6% of the total exports.

In order to stabilize the trade balance of Romania, we recommend the increase in exports through better use of the competitive advantages and the focus on the best performing industries of our country (Fleischer, 2014).

In order to obtain an improvement of the Romanian FOB exports, we recommend following measures:

1. Improvement of the Romanian infrastructure. Ensuring an infrastructure similar to those of the countries in western Europe (particularly the Bucharest - Nadlac highway) would result in an increase in foreign investments in general, because the poor infrastructure of Romania represents one of the most important impediments to foreign direct investments and creates logistical problems that should not exist if we take into account Romania's favorable geopolitical position;
2. Encouraging the economy through concrete measures to support the investments. Thus, we recommend the preservation of the flat rate tax at the current level or even its decrease by 10% according to the Bulgarian model. Furthermore, for the investments that involve large capital consumption and provide a higher number of jobs, additional tax incentives should be offered;
3. The adoption of the European Union legislation in Romania is not sufficient; it must be accompanied by detailed application rules designed so that their implementation, their accomplishment should be easy;
4. Ensuring a legislative stability and predictability in Romania, in the sense that regardless of government, there should exist a medium-term strategy related to taxes and the absolutely necessary changes in this area should take effect from 1 January the following years;
5. Focusing on the industries where we would have competitive advantages and which can cope with the European and global competition. The analysis of Romania's exports in the recent years has shown that the production of auto parts and the car production (especially the Dacia brand, part of the Renault group, or Ford) are sectors that can make a significant contribution to balancing the Romanian trade balance (Fleischer, 2011).

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