

## **CHARACTERISTICS OF THE ROMANIAN CIF IMPORTS IN THE YEAR 2016**

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### **Abstract**

*In the context of Romania's membership of the European Union, but also of globalization, the relationship and the dependence of the Romanian economy of the other states economies requires a more in-depth analysis of Romania's imports. The aim of this paper is to analyze the Romanian CIF imports in the year 2016. My research goal is to identify the most important section of CIF imports during the year 2016 and the main structural modifications in evolution of the Romanian imports. The expected results are to know the most important import section of the Combined Nomenclature, the structural modification in evolution of these industries and the most important partner countries.*

**Keywords:** imports, structural modifications, import partner countries.

**JEL classification:** F10, F40

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### **1. Introduction**

For a better understanding of the Romanian economy, it is important to analyze the Romanian commercial relations. The characteristics of the Romanian CIF imports 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, CIF “requires the seller to pay the costs and freight necessary to transport goods to the named port of destination. Risk responsibility for lost or damaged goods, as well as any additional costs, gets transferred from the seller to the buyer once the goods are on board the ship in the port of shipment. CFR requires the seller to clear the goods for export.

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CFR and CIF are similar agreements; the exception being that, under CIF, the seller is obligated to insure the goods while in transit for 110% of their value.” (\*\*\*, <http://www.investopedia.com/terms/c/cif.asp>, 2017).

The CIF price (i.e. cost, insurance and freight price) is ”the price of a good delivered at the frontier of the importing country, including any insurance and freight charges incurred to that point, or the price of a service delivered to a resident, before the payment of any import duties or other taxes on imports or trade and transport margins within the country” (\*\*\*, <https://stats.oecd.org/glossary/detail.asp?ID=332>, 2017).

## 2. Introduction

In the period 01.01.-31.12.2016 CIF imports amounted to 67344.5 million euro and increased with 7.0% as against the period 01.01.-31.12.2015.

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

**Table 1: CIF Imports during the period 01.01.-31.12.2016**

Section of the Combined Nomenclature (CN)	Value - million euro -	Structure in % as against total imports	In % as against 01.01. - 31.12.2015
XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers	18915.6	28.1	105.6
XVII Vehicles and associated transport equipment	6795.4	10.1	117.8
XV Base metals and articles of base metals	6772.6	10.1	100.5
VI Chemicals products	6712.9	10.0	106.1
VII Plastics, rubber and articles thereof	4893.6	7.3	106.1
V Mineral products	4140.2	6.1	94.5

Source: (International Trade Statistic – 12/2016)

Imports of section XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers, holding 28.1% of total imports in the period 01.01.-31.12.2016, holding the first place and registered an increase of 5.6% as against the period 01.01.-31.12.2015.

The two chapters of this section hold the following weights: the products in the chapter “Boilers, turbines, engines, mechanical devices and apparatus and parts thereof” hold 44.4% of total section and 12.5% of total imports, while the products under the chapter “Electric machinery, appliances and equipment, TV sound and video reproduction and recording apparatus” had a weight of 55.6% in total section and 15.6% in total imports.

Imports of section XVII Vehicles and associated transport equipment, with a weight of 10.1% in total imports, increased as against the period 01.01. - 31.12.2015 with 17.8%.

The section XV Base metals and articles of base metals, with a weight of 10.1% in total imports, registered a increase with 0.5% as against the period 01.01. - 31.12.2015.

Imports of section VI Chemical products, with a weight of 10.0% in total imports, increased with 6.1% as against the period 01.01. - 31.12.2015.

Imports of section VII Plastics, rubber and articles thereof, with a weight of 7.3% in total imports, have increased with 6.1% as against imports of similar products in the period 01.01. - 31.12.2015.

Imports of section V Mineral products, with a weight of 6.1% in total imports, were with 5.5% less compared with the period 01.01. - 31.12.2015.

The main structural modifications came up in the evolution of imports by CN sections in the period 01.01.-31.12.2016 as against the period 01.01. - 31.12.2015, consists of:

- increasing weight for section: XVII Vehicles and associated transport equipment - with 17.8 percentage points;
- decreasing weight for section: V Mineral products - with 5.5 percentage points.

**Table 2: Structure of CIF imports by main groups of goods per month  
(values in million euro)**

<b>Period</b>	<b>XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers</b>	<b>XVII Vehicles and associated transport equipment</b>	<b>XV Base metals and articles of base metals</b>	<b>VI Chemical products</b>	<b>VII Plastic, rubber and articles thereof</b>	<b>V Mineral products</b>
<b>01.2016</b>	1302.7	448.9	439.7	487.8	333.8	225.0
<b>02.2016</b>	1488.4	535.6	544.7	624.6	420.3	249.8
<b>03.2016</b>	1593.4	619.4	601.5	649.7	448.9	320.2
<b>04.2016</b>	1514.3	569.0	573.1	558.9	429.5	292.4
<b>05.2016</b>	1578.1	566.4	595.5	544.1	413.5	367.9
<b>06.2016</b>	1599.5	585.1	592.2	523.2	417.2	340.3
<b>07.2016</b>	1483.0	577.0	578.8	550.4	411.7	325.6
<b>08.2016</b>	1473.7	508.3	529.7	565.9	397.5	447.0
<b>09.2016</b>	1719.8	656.1	614.1	553.8	437.7	324.7
<b>10.2016</b>	1781.1	593.7	595.4	565.6	434.5	374.9
<b>11.2016</b>	1822.2	589.0	606.0	578.6	420.9	415.7
<b>12.2016</b>	1559.3	546.8	501.8	510.3	328.0	456.6
<b>Σ</b>	<b>18915.6</b>	<b>6795.4</b>	<b>6772.6</b>	<b>6712.9</b>	<b>4893.6</b>	<b>4140.2</b>

Source: (International Trade Statistic, 1/2016 – 12/2016)

In the period 01.01.-31.12.2016, as against the period 01.01. - 31.12.2015, imports from the other 27 European Union (EU28) countries increased with 6.9%, registering a weight of 77.1% in total imports.

Partner countries holding the first 10 places in total amount of imports in the period 01.01. - 31.12.2016 (representing 68.4% of total imports) were the following:

1. Germany (20.5% of total imports),
2. Italy (10.3% of total imports),
3. Hungary (7.5% of total imports),

4. France (5.5% of total imports),
5. Poland (5.1% of total imports),
6. China (5.1% of total imports),
7. Netherlands (4.1% of total imports),
8. Turkey (3.8% of total imports),
9. Austria (3.6% of total imports),
10. Russian Federation (2.9% of total imports). (International Trade Statistic, 12/2016).

In the period 01.01. – 31.12.2016, CIF imports amounted to 67344.5 million euro, with 7.0% more compared with the period 01.01. - 31.12.2015.

### **3. Conclusions**

The most important import section of the Combined Nomenclature in the period 01.01.-31.12.2016 of the Romanian CIF imports are:

XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers - 28.1% of the total imports;

XVII Vehicles and associated transport equipment - 10.1% of the total imports;

XV Base metals and articles of base metals - 10.1% of the total imports;

VI Chemicals products - 10.0% of the total imports;

VII Plastics, rubber and articles thereof - 7.3% of the total imports;

V Mineral products - 6.1% of the total imports.

Romania's substantial expenditure for the import of foreign energy resources is a big burden for Romania's state budget and a major factor that contributes to the Romanian trade balance disequilibrium. As a solution for this problem we recommend implementing renewable energy projects (hydrological, solar, wind, biogas and biomass plants), which will provide much of the necessary energy. Thus, the cost of energy imports would be substantially reduced and this would have a beneficial effect on the trade balance of Romania (Fleischer, 2011).

We recommend the reviving of the agriculture and animal husbandry in Romania, so that the domestic production should meet, to a great extent, the

need of the Romanian market and the surplus should be exported under favorable conditions (Fleischer, 2011).

In order to stabilize the trade balance of Romania, we recommend the decrease in imports as a result of the quantitative and qualitative improvement of the domestic production and a more efficient awareness of the consumers in Romania regarding the importance of supporting the Romanian industry by purchasing Romanian products (Fleischer, 2014).

In conclusion, the increase of Romania's CIF imports by 7.0% in 2016 compared to 2015 is an unpleasant evolution that must be removed by a better performance of the Romanian producers, reducing imports (especially gas) and a better revaluation of renewable resources.

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