

CHARACTERISTICS OF THE ROMANIAN CIF IMPORTS IN THE YEAR 2017

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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 2017. My research goal is to identify the most important section of CIF imports during the year 2017 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

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. CFR and CIF are similar agreements; the exception being that, under CIF, the

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seller is obligated to insure the goods while in transit for 110% of their value.” (***, <http://www.investopedia.com/terms/c/cif.asp>, 2018).

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>, 2018).

2. Introduction

In the period 01.01.-31.12.2017 CIF imports amounted to 75598.4 million euro and increased with 12.2% as against the period 01.01.-31.12.2016.

In the structure of exports, six sections of the Combined Nomenclature hold 72.4% of total imports, as follows:

Table 1: CIF Imports during the period 01.01.-31.12.2017

| Section of the Combined Nomenclature (CN) | Value - million euro - | Structure in % as against total imports | In % as against 01.01. - 31.12.2016 |
|--|------------------------|---|-------------------------------------|
| XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers | 20962.1 | 27.7 | 110.6 |
| XV Base metals and articles of base metals | 7967.7 | 10.5 | 117.8 |
| XVII Vehicles and associated transport equipment | 7525.9 | 10.0 | 110.8 |
| VI Chemicals products | 7403.2 | 9.8 | 110.4 |
| VII Plastics, rubber and articles thereof | 5537.0 | 7.3 | 113.2 |
| V Mineral products | 5388.2 | 7.1 | 129.6 |

Source: (International Trade Statistic – 12/2017)

Imports of section XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers, holding 27.7% of total imports in the period 01.01.-31.12.2017, holding the first place and registered an increase of 10.6% as against the period 01.01.-31.12.2016.

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 44.2% of total section and 12.2% 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 55.8% in total section and 15.5% in total imports.

The section XV Base metals and articles of base metals, with a weight of 10.5% in total imports, registered an increase of 17.8% as against the period 01.01. - 31.12.2016.

Imports of section XVII Vehicles and associated transport equipment, with a weight of 27.7% in total imports, increased as against the period 01.01. - 31.12.2016 by 10.8%.

Imports of section VI Chemical products, with a weight of 9.8% in total imports, increased by 10.4% as against the period 01.01. - 31.12.2016.

Imports of section VII Plastics, rubber and articles thereof, with a weight of 7.3% in total imports, have increased by 13.2% as against imports of similar products in the period 01.01. - 31.12.2016.

Imports of section V Mineral products, with a weight of 7.1% in total imports, were with 29.6% less compared with the period 01.01. - 31.12.2016.

The main structural modifications came up in the evolution of imports by CN sections in the period 01.01.-31.12.2017 as against the period 01.01. - 31.12.2016, consists of:

- increasing weight for section: V Mineral products - by 0.9 percentage points, XV Base metals and articles of base metal – by 0.5 percentage points;
- decreasing weight for section: XI Textiles and textiles articles - by 0.5 percentage points.

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

| Period | XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers | XV Base metals and articles of base metals | XVII Vehicles and associated transport equipment | VI Chemical products | VII Plastic, rubber and articles thereof | V Mineral products |
|---------|---|---|--|----------------------------|---|--------------------------|
| 01.2017 | 1486.7 | 523.5 | 478.8 | 510.4 | 365.9 | 494.2 |
| 02.2017 | 1576.1 | 596.4 | 544.7 | 600.7 | 428.8 | 394.6 |
| 03.2017 | 1858.4 | 689.3 | 667.7 | 709.4 | 503.6 | 405.2 |
| 04.2017 | 1614.4 | 612.5 | 581.1 | 543.5 | 447.6 | 422.3 |
| 05.2017 | 1839.1 | 761.7 | 643.5 | 627.4 | 494.9 | 416.5 |
| 06.2017 | 1797.6 | 696.4 | 794.9 | 649.0 | 479.8 | 326.0 |
| 07.2017 | 1666.2 | 681.7 | 611.2 | 634.2 | 482.4 | 462.1 |
| 08.2017 | 1604.1 | 624.9 | 536.8 | 655.3 | 448.7 | 499.5 |
| 09.2017 | 1816.7 | 708.3 | 678.3 | 627.9 | 490.0 | 459.7 |

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|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| 10.2017 | 2054.4 | 765.2 | 673.4 | 641.2 | 521.5 | 496.6 |
| 11.2017 | 1939.3 | 732.5 | 684.3 | 638.2 | 492.2 | 503.1 |
| 12.2017 | 1709.1 | 575.3 | 631.2 | 565.9 | 381.6 | 508.3 |
| Σ | 20962.1 | 7967.7 | 7525.9 | 7403.2 | 5537.0 | 5388.2 |

Source: (International Trade Statistic, 1/2017 – 12/2017)

In the period 01.01.-31.12.2017, as against the period 01.01. - 31.12.2016, imports from the other 27 European Union (EU28) countries increased with 10.3%, registering a weight of 75.8% in total imports.

Partner countries holding the first 10 places in total amount of imports in the period 01.01. - 31.12.2017 (representing 67.8% of total imports) were the following:

1. Germany (20.0% of total imports);
2. Italy (10.0% of total imports);
3. Hungary (7.5% of total imports);
4. Poland (5.4% of total imports);
5. France (5.3% of total imports);
6. China (5.0% of total imports);
7. Netherlands (4.0% of total imports);
8. Turkey (4.0% of total imports);
9. Austria (3.3% of total imports);
10. Russian Federation (3.3% of total imports). (International Trade Statistic, 12/2017).

In the period 01.01. – 31.12.2017, CIF imports amounted to 75598.4 million euro, with 12.2% more compared with the period 01.01. - 31.12.2016.

3. Conclusions

The most important import section of the Combined Nomenclature in the period 01.01.-31.12.2017 of the Romanian CIF imports are:

XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers - 27.7% of the total imports;

XV Base metals and articles of base metals - 10.5% of the total imports;

XVII Vehicles and associated transport equipment - 10.0% of the total imports;

VI Chemicals products - 9.8% of the total imports;

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

V Mineral products - 7.1% 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 12.2% in 2017 compared to 2016 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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