

DYNAMICS OF ROMANIA'S COMPETITIVE ADVANTAGES ON THE MAIN EXPORT MARKETS (AGRI-FOOD SECTOR)

Ionut SARACUTU¹

Bucharest University of Economic Studies

Abstract

The objective of this paper is to analyze the importance of export competitiveness of Romanian agri-food products with a new perspective on the decade 2009-2019. The analyzed period includes the year 2009, two years after Romania's accession to the European Union and also the beginning of the world economic crisis, in counterpart with 2019, a year of world economic growth. The paper also offers a critical retrospective of the perspective of competitive dynamics by evaluating the performance of the Romanian agri-food sector, and in this sense three main aspects are taken into consideration: (1) the hierarchy evolution of the products exported in the reference years 2009 and 2019, (2) the evolution of the performance of the key products exported in 2009 and (3) position of key products exported in 2019 at the level of 2009. From the total of 24 agri-food products (according to HS Harmonized System classification), the top 5 agri-food products exported by Romania at a level of 2 and 4 digits were selected and analyzed, focusing on indicators such as: percentage in total exports, variation, price, market share and strategic destination market.

Keywords: *Romania, agri-food products, competitive dynamics, exports, market*

JEL classification: *Q17*

1. Introduction

Competitiveness is one of the most commonly used words in the international economy and there has been a lot of research to understand the role of competitiveness in the economy (Mizic, Szerletics, Jámbor, 2020). The interest in the analysis of rivalry between companies based on the actions and competitive reactions specific to competing companies in an industry has been

¹ *Bucharest University of Economic Studies, Bucharest, Romania, e-mail: saracutuionut@yahoo.com*

in recent years in a continuous growth. In order to be called competitive dynamics it is necessary to analyze their actions, reactions, strategic and organizational contexts and last but not least the determining factors and their consequences (Chen, Miller, 2012). A country's competitiveness involves a double dimension, and the first is to increase a country's involvement in world markets, referring to the struggle to gain more consistent market segments for surplus products. The second dimension is represented by the opening of domestic markets to global competition by liberalizing the interface systems between the national and international economy which is obtained through active policies to attract foreign investment in terms of predictability of the business environment of host countries (Mereuta, Albu, Pandelica, Iordan, Chilian, 2013).

Over time those who have tried to answer the question of why some companies have more economic benefits and are more competitive than others have been the strategic approach as well as the business strategy. Sustainability among many answers remains one of the most important competitive advantages through which companies achieve success in the international market. Also, the fact that companies are currently facing a constantly environment changing as a result of complex technological progress and economic globalization cannot be unnoticed. A consequence of all these characteristics is the increase of global competitiveness and the attempt of companies to approach innovative strategies in order to remain competitive. At the same time, companies are oriented to benefit from additional resources, skills and to have more flexibility in their activities in order to remain present in the global market. Certainly and more observable, the agri-food industry is also involved in this competitive environment (Albisu, Mamaqi, 2008).

The competitiveness of Romanian agricultural products on the global market depends, decisively, on their quality. Almost 15 years after Romania's accession to the European Union (UE), it still fails to export agri-food products at competitive prices, being far behind the developed countries of Western Europe. In order to improve the quality of agri-food products, it is necessary to align quality standards with those of the EU, which are unfortunately delayed (Istudor, Manole, Boboc, Ion, 2006). The paper contributes to the existing literature on the competitiveness of the agri-food trade through the dynamic analysis of the competitive advantages of the Romanian agri-food sector on the main export markets. In order to offer perspectives on Romania's role on the international agri-food markets, we

carried out quantitative research on the main products exported by Romania in the two different periods 2009 versus 2019.

2. Literature Review

In the literature of strategic management, competitive dynamics has a long history (Chen, Miller, 2012). In the context of increasing global competition, it can be said that the actions of a company are often reactions to the actions of other companies from the industry, or is the possibility that a company to responds by copying and adopting good practices from other companies within or outside its industry. The actions taken by the first company are called movements and the reactions of other companies are called counter movements. These moves and counter-moves affect the companies involved and lead to losses in terms of profitability and market share. (Mishra, Rasheed, Yasar, Napier, Nakkas, 2021).

A similar idea is proposed by (Barker, Gibson, A. Hofer, C. Hofer, Moussaoui, Scott, 2021). They consider that a company's performance is based on its ability to match or exceed the actions of his competitors. This central principle of competitive dynamics through the movements of companies that generate counter-movements of rivals is also problematic, because competitive actions are harmful between competitors. In the theory of competitive dynamics we find and is essential the concept of competitive imbalance through which competing companies innovate, imitate and in fact weaken, deny or eliminate the temporary competitive advantage of a particular company. Any gain from one of the above actions, even if it is temporary, comes in support of the generating company and of course to the detriment of the performance of its competitor (Chen, Miller, 2012). Subsequently, as a result of these actions, the loss-making company is motivated to counterattack in order to produce the same effect. Through this process of competitiveness, inactive companies lag behind or are even eliminated.

From another perspective (Smith, 1776, in Mizic, Szerletics, Jámbor, 2020) considers the concept of competitiveness (from a theoretical point of view) is inseparable from the theories of international trade. More precisely, countries generally trade with each other based on the advantages they have, and if they produce a product in which they have an absolute advantage, they will only exchange it for products in which they do not have such advantage.

In terms of competitiveness in the agri-food sector, according to recent literature, sustainability can mean a substantial competitive advantage for companies with this object of activity. For consumers, the 3 main pillars of

sustainability (economic, environmental and social) are becoming increasingly important, and companies in the agri-food sector are forced to concentrate and invest resources in this regard. In order to be competitive and to contribute to a sustainable development, a growing number of agri-food systems and companies are currently engaging in sustainability-oriented innovations. (Troise, Tani, Dinsmore, Schiuma, 2021). Specific programs, innovations and new solutions are tools through which agri-food systems respond to sustainability challenges.

According to (Adams, Jeanrenaud, Bessant, Denyer, Overy, 2016) sustainability-oriented innovations involve that in addition to economic profits, companies need to attach importance for creating social and environmental value by changing their philosophy, values, products and processes or practices. In order to develop, companies in the agri-food sector are forced to lay the foundations of innovation practices based on sustainability. Also a competitive advantage can be created through the strategies that companies adopt regarding cost management as a source of competitive advantage in the agri-food sector. By investing in better production processes, such as automation, companies improve their productivity (Brenes, Ciravegnaa, Acuña, 2020). On the other hand, companies, in order to be able to consistently set higher prices than their competitors, must establish a differentiation strategy, other than cost management. More precisely, in order to achieve this, it is necessary for them to be differentiated by branding, certifications, superior quality or characteristics of products and services (Porter, 1980, in Brenes, Ciravegnaa, Acuña, 2020). In 1980, Levitt, in his paper “Marketing success through differentiation of anything”, argued that every product or service in the agri-food sector can be differentiated through differentiation strategies that focus on product selection, the use of visual impact packaging and last but not least through aggressive promotional campaigns to supports their brands.

3. Methodology

In order to evaluate the dynamics of the export performance of Romania's agri-food products, three main aspects are taken into consideration: (1) the hierarchy evolution of the products exported in the reference years 2009 and 2019, (2) the evolution of the performance of the key products exported in 2009 and (3) position of key products exported in 2019 at the level of 2009 (Turlea, Cojanu, Alexoaei, Neculau, Petrariu, 2014). Although statistical data for 2020 are available, given the pandemic year caused by

Coronavirus, I considered that data are not relevant for the present analysis, because worldwide there were difficulties in terms of supply caused by land, sea and air transport blockages and others restriction. In order to identify the structural changes of the hierarchy of top five agri-food products exported by Romania, an analysis of 2 and 4-digit product categories was performed. The relevance of choosing the top five agri-food products exported by Romania is represented by the fact that they represent a percentage of 73.5% of the total agri-food exports, in 2019 reaching the amount of 5531593 Ths Euro. To achieve the results of these paper international databases were used ITC calculations based on UN COMTRADE statistics.

The questions that the article is trying to answer are the following:

- Has Romania managed to develop its competitive advantages in terms of exporting agri-food products in the last 10 years?
- Between 2009 and 2019, did change the hierarchy of top agri-food products exported by Romania? If so, how much?
- What are Romania's prospects in terms of agri-food exports given the global changes in the agri-food sector?

4. Result and Discussion

The hierarchy of top exported agri-food products slightly changed between 2009-2019, together with the percentages held by each class in total exports. Compared to 2009, in 2019 among the first five groups of exported products there is only one group of new products: group 02 Meat and edible meat offal, which replaced group 15 - Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal.

The top four group's products continued their growth between 2009-2019, but only the cereals group (10) registered a significant increase reaching a percentage of 3.75% in 2019 in total exports versus the percentage of 2.12% recorded in 2009. It can be observed Romania's appetite for the export of unprocessed products, to the detriment of the processed ones, with which Romania could improve its annual export volume. The total volume of exports of the top five product groups in total exports of agri-food products did not change significantly between 2009-2019, remaining at approximately 73%. This percentage is very high and shows us that Romania has not managed to diversify its portfolio of agri-food products for export.

Table 1: Structural changes in the hierarchy of top agri-food products exported by Romania (HS Harmonized System classification at 2-digit level)

Product group	Product name	2009			Product group	Product name	2019		
		Percentage in total exports %	Percentage in total exports agri-food product %	Variation in total exported volume 2009-2019 %			Percentage in total exports %	Percentage in total exports agri-food product %	Variation in total exported volume 2009-2019 %
10	Cereals	2,12	28,26	1,63	10	Cereals	3,75	35,97	1,63
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	1,32	17,57	0,25	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	1,56	15,01	0,25
24	Tobacco and manufactured tobacco substitutes	1,26	16,87	0,11	24	Tobacco and manufactured tobacco substitutes	1,37	13,18	0,11
01	Live animals	0,57	7,62	0,06	01	Live animals	0,63	6,08	0,06
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	0,30	4,00	0,03	02	Meat and edible meat offal	0,35	3,34	0,10

Source: Author's calculations and International Trade Center (ITC) calculations based on UN COMTRADE statistics.

Romania had the opportunity to attract European funds between 2009-2019 with the help of which the agri-food sector would have increased and implicitly the volume of exports. No concrete and high-impact programs have been implemented for companies in the agri-food sector with the help of which they could have been internationally competitive. It can be seen in both Table 2 and Table 3 that there were increases in all product groups, but compared to the agricultural potential of Romania, they are not enough. In 2009 the 24 agri-food products registered a percentage of 7.5% in total exports, and in 2019 a percentage of 10.4% was registered. The increase is not enough for Romania to register a surplus, because in 2019 Romania imported agri-food products worth 8.427.966 Ths Eur, and in the same year exported agri-food products worth 7.195.544 Ths Eur, resulting a trade deficit of 1.232.422 Ths Eur.

Table 2: Weights dynamics of the top agri - food products exported by Romania in 2009

Product group	Product name	Percentage in total exports, 2009 (%)	Percentage in total exports, 2019 (%)
10	Cereals	2,12	3,75
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	1,32	1,56
24	Tobacco and manufactured tobacco substitutes	1,26	1,37
01	Live animals	0,57	0,63
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal	0,3	0,32

Source: ITC calculations based on UN COMTRADE statistics

Table 3: List of top products exported by Romania in 2019

Product group	Product name	Percentage in total exports, 2019 (%)	Percentage in total exports, 2009 (%)
10	Cereals	3,75	2,12
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	1,56	1,32
24	Tobacco and manufactured tobacco substitutes	1,37	1,26
01	Live animals	0,63	0,57
02	Meat and edible meat offal	0,35	0,24

Source: ITC calculations based on UN COMTRADE statistics

The percentage of Romanian exports to EU (27) countries in 2009 for cereals was 58%, following a downward trend to 37% EU (28) in 2019, including United Kingdom. In 2009, Romania had a market share of 1.1% of cereals exports in total global exports, and in 2019 it registered a good market share of 2.6% (ranking 11th). The direct competitors on the strategic market (Egypt) are mainly Russia, Ukraine, Brazil and Argentina, Romania being on the 5th place in the top of cereals exports to Egypt with a market share of 7.9%. Russia and Ukraine have a market share of 55%. The distribution of

market shares on globally market for this type of product is unbalanced and it is important to mention that in 2019 the United States of America owned 15.3% of the market, followed by Ukraine with 8.7% and Argentina with 8.5%, together these 3 states registered a market share of 32.5%.

In the case of product group 12 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal, the percentage of intra-community exports was 81% in 2009 and reached a level of 78.5% in 2019. Compared to cereals, Romania's dependence on intra-community countries on this product is much higher. Worldwide, Romania's market share in 2019 is 1.25% (ranking 13th). The direct competitors on the strategic market (Netherlands) are mainly the United States of America, Brazil, Ukraine, Argentina and from the EU, Belgium, Romania ranking 6th in the top of group 12 exports to Netherlands with a market share of 4%. The countries in the European Union that ranked better than Romania in terms of globally exports are Netherlands, France and Germany. Going further, the market share of exports of this product globally by EU countries in 2019 was 15.7%, but the big players in this market are Brazil with a market share of 27.3% and the United States of America with 24.8%.

A percent of 94.7% of Tobacco and manufactured tobacco substitutes exports were destined for the Community market in 2009, about 3 percent more than in 2019 (91.3%). Worldwide, Romania's market share in 2019 in terms of exports was 2.33% (ranking 13th). The direct competitors on the strategic market (Italy) are mainly Germany, the Czech Republic and Poland, Romania ranks 4th in the top of tobacco exports to Italy, with a market share of 15.9%. From EU countries (Poland, Germany, Belgium, Italy and the Netherlands) are the main competitors for Romania in term of globally export of tobacco (together they hold a market share of 27.7% of globally exports of this product). Similar in terms of market share to Romania are the Asian countries (Indonesia, Hong Kong, China, Singapore, Korea and India). The market share of exports for this product globally by EU countries in 2019 was 41.2%, which makes the EU a major player in the production and export of this product. The other three big players are United Arab Emirates with a market share of 10.2% Brazil and United States of America with market shares between 4-5%.

Approximately 75.5% of live animal exports reached the single market in 2009, the trend in this case being a downward one to a level of 38.6% in 2019. Worldwide Romania's market share in 2019 regarding this product was 2.1% (ranking 16th). The direct competitor in the strategic market

(Jordan) is mainly Brazil. Romania's market share in total imports of live animals from Jordan is 60.6%, while Brazil has a market share of 23.7%. At a great distance is United Kingdom with a market share of 5.2%. Similar in terms of market share (globally) to Romania are (Brazil, Hungary, China, Sudan, Ireland and China). The market share of exports of this product globally by EU countries in 2019 was 56.5%, which makes the EU the main player in the production and export of this product.

A percent of 94% of Meat and edible meat offal exports were destined for the Community market in 2009, about 9 percent more than in 2019 (85.6%). Worldwide, Romania's market share in 2019 in terms of exports of this product was 0.20% (ranking 35th). Romania has many direct competitors on the strategic market (United Kingdom), Romania's position being 13 in the top of the countries from where United Kingdom imports this product, with a market share of 0.84%. The main exporters being Ireland, Netherlands and Poland representing 56.8% of the total imports of United Kingdom. Globally, the top three exporters are United States of America with a market share of 13%, Brazil with 11.2% and Australia with a market share of 8.5%.

Table 4 shows in detail the key agri-food products that Romania has exported and for which the commercial performance is worth analyzing. The hierarchy for the two reference years 2009 and 2019 is highlighted in terms of the share in total exports at a four-digit level.

Table 4: Top products exported by Romania - 4-digit classification

2009			2019		
Product group	Product name	Percentage in total exports (%)	Product group	Product name	Percentage in total exports (%)
2402	Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes	1,25	1005	Maize or corn	1,8
1001	Wheat and meslin	1,03	1001	Wheat and meslin	1,65
1005	Maize or corn	0,85	1206	Sunflower seeds, whether or not broken	1,09

1205	Rape or colza seeds, whether or not broken	0,77	2402	Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes	0,96
1206	Sunflower seeds, whether or not broken	0,5	2403	Manufactured tobacco and manufactured tobacco substitutes and "homogenised" or "reconstituted"	0,4

Source: ITC calculations based on UN COMTRADE statistics

In 2009 there are two subgroups (2402 and 1001) of products exported with appropriate percentages, exceeding 1%, belonging to the industry of 2402-Cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes and 1001-Wheat and meslin. These are closely followed by subgroups 1005 Maize or corn with a percentage of 0.85% and 1205 Rape or rapeseed, whether or not broken with a percentage of 0.77%. The Sunflower seeds, whether or not broken subgroup recorded 0.5%. Between the two periods, the most important change is the appearance in the top 5 of the subgroup 2403-Manufactured tobacco, replacing the subgroup 1205-Rape or rapeseed, whether or not broken. Also, the cereal industry climbed to the first place with a percentage of 1.8% in total exports, in detriment of the group 2402-Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes, and the group 1206 Sunflower seeds, whether or not broken climbed to the place 3 with a percentage of 1.09% in total exports.

In the case of subclass 2402- Cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes in 2009 Italy was the main importer with a percentage (72.2%). As Italy is a key buyer of products in this category, it will be the strategic target market for which Romania's export performance will be assessed. In 2009 Romania ranks 3rd in terms of market share and represent 12.8% of Italy's imports of this product, the first two places being occupied by the Netherlands with a market share of 35.3% and Germany with 28.7%. The Romanian unit price (28,564 euro/ton) is higher than his direct competitor

Germany (26,890 euro/ton). For Netherlands there are no information available in 2009. Ten years later, the competitive position on the Italian market for this product is better, Romania's exports representing 17.9% of total Italian imports for this product, rank fourth after countries such as the Czech Republic, Germany and Poland. The unit price (24.662 euro/ton) is considerably lower versus the price of three direct competitors (Czech Republic 29.712 euro/ton, Germany 34.467 euro/ton and Poland 28103 euro/ton). It is worth mentioning that there was no change in the main target market of this product for Romania, Italy being the number 2 importer in the world, after Japan.

Regarding the subclass 1001- Wheat and meslin the strategic market in 2009 was Spain (the fifth largest importer of Wheat and meslin in the world), where Romania was the fourth position in Spain imports in terms of market share (9.24%), under Ukraine with a market share of 21.8%, France with 19.4% and the United Kingdom with 12%. The unit price (123 euro/ton) was higher than in Ukraine (95 euro/ton) and lower than France (159 euro/ton) and United Kingdom (131 euro/ton). 10 years later, Romania changing its strategic market and in the foreground is Egypt, the main importer of this product globally. Romania ranked third with a market share of 10.8%, after the Russian Federation with a market share of 47.8% and Ukraine with 25.6%. The unit price (192 euro/ton) is higher than his direct competitors, Russian Federation (186 euro/ton) and Ukraine (168 euro/ton).

Ranked third in Romania's agri-food exports in 2009, subclass 1005- Maize or corn, had as its strategic market Spain (representing 25% of Romania's exports) which was the fifth largest importer worldwide. In 2009, the Republic of Korea (representing 18.6% of Romania's exports) meant for Romania a second strategic market for this product, being on the 2nd place in the world. Considering the percentage higher 25% (to Spain) versus 18.6% (to Republic of Korea) of Romania's exports of Maize or corn, the analysis will be performed for Spain. In 2009, Romania ranks 3rd in terms of market share, representing 9.43% of Spain's imports of this product, the first two places being occupied by France with a market share of 44.1% and Serbia with 12%. Unit price (124 euro/ton) higher than Serbia (111 euro/ton) but lower than France (152 euro/ton). 10 years later, Romania is changing its strategic market and Turkey is at the forefront. Romania occupied the second position with a market share of 25%, after Ukraine with a market share of 45.4%. The unit price (161 euro / ton) is higher than that of the direct competitor Ukraine (145 euro / ton). It is also important to mention that at a distance of 10 years Spain

remained a strategic market for Romania being the second country in terms of volume to which Romania exports Maize or corn.

Another key exporter in 2009 was the subclass 1205-Rape or rapeseed, the strategic market being the Netherlands, the fifth importer of subclass 1205, where Romania ranked fourth in terms of market share of 13, 8%, being after Ukraine with a market share of 26%, Germany with 25.3% and Australia with 25%. The unit price (285 euro/ton) was higher than his direct competitor Ukraine (261 euro/ton), but lower than Germany (288 euro/ton) and Australia (350 euro/ton). 10 years later, Romania changes its strategic market and in the foreground is Germany (although the Netherlands has remained an important market for Romania) the main importer of this product. Romania ranked ninth with a market share of 3.2%, at the unit price (391 euros/ton) surprisingly higher than six direct competitors, but lower than Poland (406 euros/ton), and for Hungary the data are not available.

In the case of the last analyzed product subclass 1206-Sunflower seeds, whether or not broken the main market was the Netherlands, the largest global importer of subclass 1206. Romania ranked fifth in terms of market share in total Dutch imports by a percentage of 8.7%, after France with a market share of 32.2%, Hungary with 24.3%, Bulgaria with 16% and Ukraine with 8.8%. The unit price (228 euro/ton) was higher than that of the direct competitors Ukraine (196 euro/ton) and Bulgaria (227 euro/ton), but lower than Hungary (291 euro/ton) and France (283 euro/ton). Ten years later, the competitive position on the Dutch market for this product becomes better, Romania's exports representing 46.9% of the total Dutch imports for this product, occupying the first place. Also, the price increases to (345 euro / ton), but being lower than that of direct competitors.

For 2019, 99 product groups contributed to the total value of exports at the 2-digit classification level (Harmonized System), and referring to the exports of agri-food products, 24 products contributed, representing 10.4% of Romania's total exports. This percentage shows the importance of the agri-food sector in total exports.

Extending the analysis to a 4-digit level within the key groups highlighted the key products exported by Romania for which an analysis of the level of competitiveness and diversification compared to other countries is justified. Thus, 5 key products were identified, which represent 5.9% of total exports. The performances of the 5 key products exported by Romania in 2019 on the main destination markets in terms of market share gained are summarized in the table below:

Table 5: Market shares of key products exported by Romania to the main export markets (Turkey, Egypt, Netherlands, Italy, Japan) in 2019

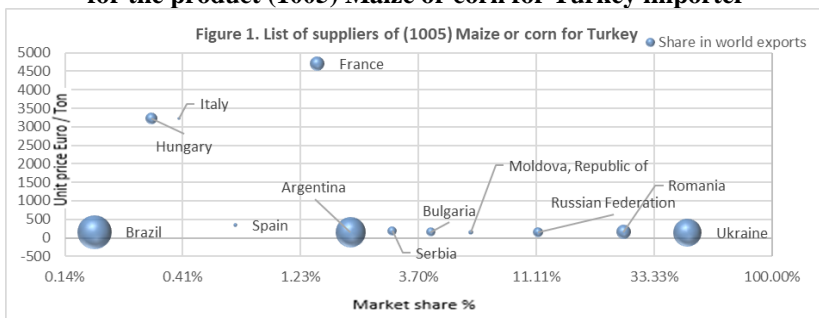
Product name	Market share in the strategic market (%)	Strategic destination market
1.Maize or corn	25	Turkey
2.Wheat and meslin	10.8	Egypt
3.Sunflower seeds, whether or not broken	46.9	Netherlands
4.Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes	17.9	Italy
5.Manufactured tobacco and manufactured tobacco substitutes and "homogenised" or "reconstituted"	21.1	Japan

Source: ITC calculations based on UN COMTRADE statistics

All five products exported by Romania have an important market share on the strategic market, especially since the partners are major or main importers globally. These market shares could be improved by a higher volume exported of products or by a better quality of the exported products. With a superior quality, Romania could manage to negotiate prices at the level at which the Western European countries succeed.

In the case of the Maize or Corn subgroup, in 2019 Turkey was the fifteenth largest importer globally, with Romania occupying the second position in terms of market share, 25.08%, the first place being occupied by Ukraine with a market share of 45.36%. On this product, Romania is in direct competition with other countries from Central and Eastern Europe, such as Russia, which has a market share of 11.28%, but also Moldova, Bulgaria and Serbia with lower market shares. Maize or corn is sold by Romania whit a price of 161 euro/ton, a higher price than its direct competitors Ukraine and Russia (145 euro / ton). In addition, for this product Romania has an exports market share of 3.9% worldwide.

Figure 1: List of suppliers (France, Italy, Hungary, Brazil, Spain, Argentina, Serbia, Bulgaria, Moldova Republic of, Russian Federation, Romania, Ukraine) for the product (1005) Maize or corn for Turkey importer



Source: Author's calculation based on ITC data

The second key product is Wheat and meslin and the highest volume of products has reached to the Egyptian market (6.9%). In 2019, Romania exported wheat and meslin 3.1% worldwide, and 23.5% of it went to Egypt. On the list of Egypt suppliers in we find Russia, which ranks first with a market share of 47.8%, followed by Ukraine with (25.6%) and Romania, with a market share of 10.8%. The distribution of market shares can be justified by the quantities exported and not by the price/ton. In the case of price, Romania exported this product with (192 euro/ton) higher than its direct competitors, Russian Federation (186 euro / ton) and Ukraine (168 euro / ton).

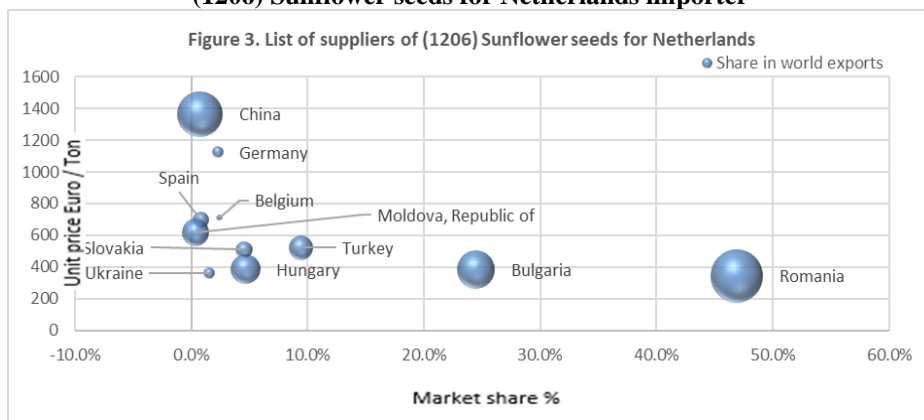
Figure 2: List of suppliers (Bulgaria, Australia, Canada, Poland, France, United States of America, Romania, Russian Federation, Romania, Ukraine) for the product (1001) Wheat and meslin for Egypt importer



Source: Author's calculation based on ITC data

The group Sunflower seeds are sold mainly in Netherlands, the largest global importer of subclass 1206. In the export of this product Romania has no competitors and crushing market share 46.9% of the total Dutch imports for this product, occupying the first place. Unfortunately, the price of (345 euro/ton) is lower than all exporters from figure 3. The best export prices are obtained by China and Germany with over (1000 Eur/ton). In addition, for this product Romania has an exports market share of 19.1% worldwide.

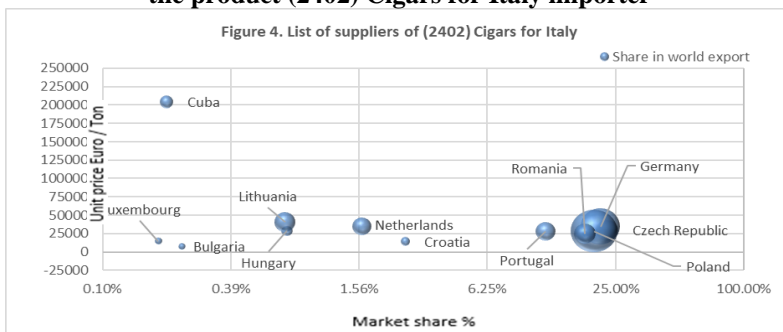
Figure 3: List of suppliers (China, Germany, Spain, Slovakia, Ukraine, Hungary, Turkey, Belgium, Moldova Republic of, Bulgaria, Romania) for the product (1206) Sunflower seeds for Netherlands importer



Source: Author's calculation based on ITC data

Group 2402 Cigars contributed almost 1% to foreign sales in 2019 and accounted 2.8% of world exports of this product, and the products of this group were purchased mainly by Italy which is the second largest importer in the world. Romania's exports representing 17.9% of total Italian imports for this product, rank fourth after countries such as the Czech Republic, Germany and Poland. The unit price (24,662 euro / ton) is considerably lower versus the price of three direct competitors (Czech Republic 29,712 euro / ton, Germany 34,467 euro / ton and Poland 28103 euro / ton).

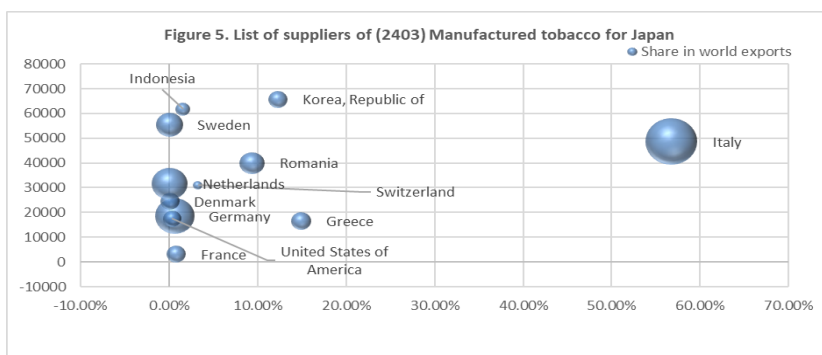
Figure 4: List of suppliers (Cuba, Luxemburg, Lithuania, Bulgaria, Hungary, Netherlands, Croatia, Portugal, Romania, Germany, Czech Republic, Poland) for the product (2402) Cigars for Italy importer



Source: Author's calculation based on ITC data

The last group analyzed is Manufactured tobacco. In this case, Romanian exports accounted for 3.9% of world exports, and Japan is the strategic import market, being the largest importer globally. Romania's market share was 9.39%, ranking 4th, after Italy with a market share of 56.7%, Greece 14.9% and Korea 12.3%. In terms of price, Romania ranks at the top of the axis.

Figure 5: List of suppliers (Indonesia, Sweden, Korea Republic of, Romania, Netherlands, Denmark, Germany, France, United States of America, Greece, Switzerland, Italy) for the product (2403) Manufactured tobacco for Japan importer



Source: Author's calculation based on ITC data

5. Conclusions

The world market has grown substantially over the period 2009-2019, with acceleration in the dynamics of world exports. Analyzing the performance of Romania's foreign trade with agri-food products at two different periods with an interval of 10 years between them, we notice that Romania is competitive on the top five exported products. In 2019, worldwide, the export of cereals ranks 11th, the export of oilseeds and fruits ranked 13th, the export of tobacco ranked 13th, the export of live animals ranked 16th, and the export of meat ranked 35th. Certainly, Romania's exports position on these products is good. However, these positions could be improved by obtaining more competitive prices, and this work could be realized through a superior products quality, but also with the help of promoting agri-food products worldwide. Romania it generally exports at much lower prices compared to Western European competitors. Going further another problem is represented by the fact that these five products represent 73.5% of the total agri-food exports, which means that the other 19 groups of agri-food products remain with a percentage of only 26.5%. Given the changes from this sector in terms of innovation, technology, information and most importantly, consumer preferences, it is necessary to diversify the portfolio of exported agri-food products.

Another important aspect to be mentioned is the fact that in a decade the top five products (both 2-digit and 4-digit level) have not undergone major changes, being a single change in the case of both digits. Romania still exports raw materials and fails to export processed products that would bring a much higher volume, and the existing trade deficit could be reduced. Also Romania's prospects in terms of agri-food exports are not the most optimistic without concrete solutions or measures. The main problem of the agricultural sector is the low productivity, and the lack of agricultural infrastructure (irrigation systems, distribution chains) hinders the development of SMEs in the field and does not facilitate the large-scale production of high value-added goods.

Analyzing all these aspects mentioned above, together with the fact that the agri-food sector has not received the necessary importance in the National Plan for Recovery and Resilience of Romania, approved in 2021, the prospects of this sector remain pessimistic and with many questions marks.

6. References

- Adams, R., Jeanrenaud, S., Bessant, J., Denyer, D., Overy, P (2016). "Sustainability-oriented Innovation: A Systematic Review",

International Journal of Management Reviews, Volume 18, Issue 2, pp. 180-205.

- Albisu, L., Mamaqi, X., (2008). “The Effect of Competitive Advantage on the Economic Performance of Spanish Agro-Food Firms”, *European Association of Agricultural Economists*, pp. 112-129.
- Barker, J., Gibson, A., Hofer, A., Hofer, C., Moussaoui, I., Scott, M., (2021). “A competitive dynamics perspective on the diversification of third-party logistics providers’ service portfolios”, *Transportation Research Part E: Logistics and Transportation Review*, Volume 146, pp. 1-19.
- Brenes, E., Ciravegnaa, L., Acuña, J., (2020), “Differentiation strategies in agribusiness – A configurational approach” *Journal of Business Research*, Volume 119, pp.522-539.
- Chen, M., Miller, D., (2012). “Competitive dynamics: Themes, trends, and a prospective research platform”, *Academy of Management Annals* pp. 1–89.
- International Trade Centre, trademap.org.
- Istudor, N., Manole, V., Boboc, D., Ion, R., (2006). “Improvement for the quality of the agro-food products – condition for the Romanian agriculture integration in the European Union”, *AE The Product Quality and the Consumer Protection*, pp. 139-144
- Levitt, T., (1980), “Marketing success through differentiation of anything”, *Harvard Business Review*, pp. 83-91.
- Mereuta, C., Albu, L., Pandelica, I., Iordan, M., Chilian, M., (2013). “Model for Qualitative Static and Dynamic Evaluation of Performance of the Export Sectors in Romania during 2009-2012”, *OEconomica Journal*, pp. 5-30.
- (Mishra, R., Rasheed, A., Yasar, M., Napier, R., Nakkas, A., (2021). “Inventory positions in US manufacturing: A competitive dynamics approach”, *International Journal of Production Economics*, Volume 238, pp. 1-12.
- (Mizic, T., Szerletics, A., Jám bor, A., (2020), “Agri-Food Export Competitiveness of the ASEAN Countries”, *Molecular Diversity Preservation International Journal*, pp. 1-15.
- Troise, C., Tani, M., Dinsmore, J., Schiuma, G., (2021), “Understanding the implications of equity crowdfunding on

sustainability-oriented innovation and changes in agri-food systems: Insights into an open innovation approach”, *Technological Forecasting & Social Change*, Volume 171, pp. 1-15.

- Turlea, G., Cojanu, V., Alexoaei, A., Neculau, G., Petrariu, R., (2014), “Competitive Advantages of Romania on the Internal Market of the European Union”, European Institute from Romania, pp.1-113.