

## THE IMPACT OF COVID-19 PANDEMIC ON THE ROMANIAN FOREIGN TRADE RESULTS IN THE YEAR 2021

Wiegand Helmut FLEISCHER<sup>1</sup>

Lucian Blaga University of Sibiu, Romania

**Abstract:**

The aim of the paper “The Impact of COVID-19 Pandemic on the Romanian Foreign Trade Results in the Year 2021” is to analyse the Romanian economy in the year 2021 from the prospect of the impact of the COVID-19 pandemic in order to quantify the impact of the health crisis on the economic activity and the volume of foreign trade. We will analyse the evolution of the FOB exports and CIF imports, the evolution of the FOB/CIF results and compare the actual figures with the figures from the previous year without influences from the Corona pandemic. After that, we will make some recommendation in order to reduce the negative influences for the Romanian economy and to improve the trade result of Romania. In addition, we will present the general trends of economic evolution in the pandemic context and the opportunities that economic actors should take advantage of. The results of this analysis should be of real interest to decision-makers, investors, managers, students, the media, and other users in general.

**Keywords:** impact of COVID-19 pandemic, economical evolution, GDP, trade result, FOB exports, CIF imports

**JEL classification:** F49

### 1. Introduction

Starting with March 2020, the Romanian economy is impacted by the COVID-19 pandemic. The goal of this paper is to quantify the impact of the health crisis on the economic activity and the volume of foreign trade in the year 2021. In order to reach the goal, we will analyse the evolution of the trade result and the inflation in Romania and compare the actual figures with the figures from the previous year. After that, we will make some recommendation in order to reduce the negative influences for the Romanian economy and to improve the trade result of Romania.

### 2. Content

The evolution of the FOB/CIF deficit in the period 01.01. – 31.12.2021 in comparison with the period 01.01. – 31.12.2020 and 01.01. – 31.12.2019 was:

**Table 1: The evolution of the FOB/CIF results**

Month	FOB/CIF deficit in 2019 (in million euro)	FOB/CIF deficit in 2020 (in million euro)	FOB/CIF deficit in 2021 (in million euro)
01	5511.2 - 6772.3 = -1261.1	5691.7 - 7011,8 = -1320.1	5405.7 - 6586.4 = -1180.7
02	5891.8 - 7041.7 = -1149.9	5941.3 - 7223,5 = -1282.2	5786.2 - 7677.4 = -1891.2
03	6128.9 - 7362.7 = -1233.8	5435.3 - 7293.6 = -1858,3	6526.3 - 8784.6 = -2258.3
04	5533.6 - 6917.8 = -1384.2	2933.2 - 4567.8 = -1634.6	6249.4 - 7979.4 = -1730.0
05	6271.7 - 7754.9 = -1483.2	3755.7 - 5007.0 = -1251.3	5959.1 - 7720.5 = -1761.4
06	5560.0 - 6690.0 = -1130.0	4841.9 - 6160.2 = -1318.3	6247.8 - 8086.6 = -1838.8

<sup>1</sup> [wiegand.fleischer@ulbsibiu.ro](mailto:wiegand.fleischer@ulbsibiu.ro)

07	5849.9 - 7609.4 = -1759.5	5552.0 - 6875.8 = -1323.8	6362.3 - 8549.2 = -2186.9
08	5003.2 - 6363.4 = -1360.2	4598.4 - 6111.9 = -1513.5	5671.8 - 7401.2 = -1729.4
09	6099.6 - 7287.9 = -1188.3	6070.7 - 7613.1 = -1542.4	6350.6 - 8481.8 = -2131.2
10	6330.9 - 8298.3 = -1967.4	6261.2 - 8060.3 = -1799.1	6547.2 - 9011.6 = -2464.4
11	5998.8 - 7486.2 = -1487.4	6031.5 - 7605.2 = -1573.7	7090.9 - 9243.9 = -2153.0
12	4826.5 - 6595.0 = -1768.5	5071.4 - 7023.9 = -1952.5	6529.8 - 8869.6 = -2339.8
<b>Total</b>	<b>-17281.6</b>	<b>-18388.3</b>	<b>-23699.9</b>

Source: International Trade Statistic – 1/2021 - 12/2021

FOB exports during the period 01.01. – 31.12.2021, amounted to 74701.3 million euro and increased with 20.1% as against the period 01.01. – 31.12.2020.

In the structure of exports, six sections of the Combined Nomenclature hold 73.4% of total exports, as follows:

**Table 2: FOB Exports during the period 01.01. - 31.12.2021**

Section of the Combined Nomenclature (CN)	Value - million euro -	Structure in % as against total exports	In % as against 01.01.-31.12.2020
XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers	21523.9	28.8	115.5
XVII Vehicles and associated transport equipment	12118.7	16.2	103.6
XV Base metals and articles of base metals	7906.3	10.6	150.1
II Vegetable products	5426.9	7.3	161.9
VII Plastics, rubber and article thereof	4609.6	6.2	127.0
XI Textiles and textiles articles	3245.3	4.3	103.9

Source: International Trade Statistic, 01/2021 - 12/2021

The main structural modifications came up in the evolution of exports by CN sections in the period 01.01. – 31.12.2021 as against the period 01.01. – 31.12.2020, consists of:

- a) increasing weight for sections:
  - XV Base metals and articles of base metals – with 2.1 percentage points;
  - II Vegetable products – with 1.9 percentage points;
  - V Mineral products – with 1.1 percentage points;
- b) decreasing weight for sections:
  - XVII Vehicles and associated transport equipment – with 2.6 percentage points;
  - XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers – with 1.2 percentage points.

In the period 01.01.-31.12.2021, as against the period 01.01. - 31.12.2020, imports from the other 26 European Union (EU27) countries increased by 20.3%, registering a weight of 72.4% in total imports.

Partner countries holding the first 10 places in total amount of exports in the period 01.01.2021-31.12.2021 (representing 64.0% of total exports) were the following:

1. Germany 15340.7 million euro exports CIF (20.5% of total exports),
2. Italy 7806.6 million euro exports CIF (10.5% of total exports),
3. France 4771.7 million euro exports CIF (6.4% of total exports),
4. Hungary 4246.3 million euro exports CIF (5.7% of total exports),
5. Poland 2978.0 million euro exports CIF (4.0% of total exports),

6. Bulgaria 2930.7 million euro exports CIF (3.9% of total exports),
7. Turkey 2619.5 million euro exports CIF (3.5% of total exports),
8. Netherlands 2566.7 million euro exports CIF (3.4% of total exports),
9. Czechia 2338.6 million euro exports CIF (3.1% of total exports),
10. Spain 2226.5 million euro exports CIF (3.0% of total exports), (International Trade Statistic, 12/2021).

In the period 01.01.-31.12.2021 CIF imports amounted to 98401.2 million euro and increased with 22.1% as against the period 01.01.-31.12.2020.

In the structure of exports, six sections of the Combined Nomenclature hold 73.3% of total imports, as follows:

**Table 3: CIF Imports during the period 01.01. - 31.12.2021**

Section of the Combined Nomenclature (CN)	Value - million euro -	Structure in % as against total imports	In % as against 01.01. - 31.12.2020
XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers	25773.9	26.2	114.6
VI Chemicals products	10910.7	11.1	120.1
XV Base metals and articles of base metals	10859.4	11.0	136.1
XVII Vehicles and associated transport equipment	9129.8	9.3	119.4
V Mineral products	8183.3	8.3	174.7
VII Plastics, rubber and articles thereof	7296.9	7.4	130.9

Source: International Trade Statistic – 01/2021 - 12/2021

The main structural modifications came up in the evolution of imports by CN sections in the period 01.01.-31.12.2021 as against the period 01.01. -31.12.2020, consists of:

- a) increasing weight for section:
  - V Mineral products – by 2.5 percentage points;
  - XV Base metals and articles of base metals - by 1.1 percentage points.
- b) decreasing weight for section:
  - XVI Machinery and mechanical appliances; electrical equipment; sound and image recorders and reproducers – with 1.7 percentage points;
  - XI Textiles and textile articles – with 1.0 percentage points.

In the period 01.01.-31.12.2021, as against the period 01.01. - 31.12.2020, imports from the other 26 European Union (EU27) countries increased by 20.3%, registering a weight of 72.4% in total imports.

Partner countries holding the first 10 places in total amount of imports in the period 01.01.2019-31.12.2019 (representing 63.8% of total imports) were the following:

1. Germany 19814.0 million euro imports CIF (20.1% of total imports),
2. Italy 8739.6 million euro imports CIF (8.9% of total imports),
3. Hungary 6756.3 million euro imports CIF (6.9% of total imports),
4. China 6205.2 million euro imports CIF (6.3% of total imports),
5. Poland 6135.5 million euro imports CIF (6.2% of total imports),
6. Turkey 4418.4 million euro imports CIF (4.5% of total imports),
7. France 4143.5 million euro imports CIF (4.5% of total imports),
8. Bulgaria 4049.5 million euro imports CIF (2.9% of total imports),
9. Netherlands 3874.8 million euro imports CIF (3.9% of total imports),
10. Russian Federation 3162.9 million euro imports CIF (3.6% of total imports), (International Trade Statistic, 12/2021).

### 3. Conclusions

FOB exports during the period 01.01. – 31.12.2021 amounted to 74701.3 million euro and increased with 20.1% as against the period 01.01. – 31.12.2020.

In the period 01.01.-31.12.2021 CIF imports amounted to 98401.2 million euro and increased with 22.1% as against the period 01.01.-31.12.2020.

During the period 01.01. – 31.12.2021, the FOB – CIF trade deficit amounted 23699.9 million euro, 5303.0 million euro more (487% increase against the period 01.01. – 31.12.2020) compared to the period 01.01. – 31.12.2020.

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 FOB/CIF deficit is an unpleasant evolution that must be removed by a better performance of the Romanian producers, reducing imports (especially the very expensive energetic resources), a better revaluation of the owned energetic resources and the more intensive use of renewable resources.

### References

- Fleischer, W.H., *The Romanian-German Economic Relations between 01.2007-08.2013 in the Context of the Global Economic and Financial Crisis*, Procedia Economics and Finance, Volume 16, Elsevier Publishing House, p. 256, Sibiu, Romania, (2014).
- Fleischer, W.H., *Relațiile economice româno-germane și Uniunea Europeană – Între controverse și realizări*, Editura Alma Mater, pp. 283-284, Sibiu, Romania, (2011).
- Fleischer, W.H., *Characteristics of the Romanian CIF Imports during the Period 01.01.-31.10.2016*, Proceedings of the 8<sup>th</sup> International Conference on Manufacturing Science and Education – MSE 2017, MATEC Web of Conferences, (2017).
- Fleischer, W.H., *Characteristics of the Romanian CIF Imports in the Period 2017-2018*, Economic Review (Revista Economică), Volume 71, Issue 3, Editura Continent, (2019).
- National Institute of Statistics, *International Trade Statistic*, 1/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 2/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 3/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 4/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 5/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 6/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).

- National Institute of Statistics, *International Trade Statistic*, 7/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 8/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 9/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2021).
- National Institute of Statistics, *International Trade Statistic*, 10/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2022).
- National Institute of Statistics, *International Trade Statistic*, 11/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2022).
- National Institute of Statistics, *International Trade Statistic*, 12/2021, Editor Revista Română de Statistică, pp. 48-71, Bucharest, Romania, (2022).