

AGRIFOOD SECTOR PLACE IN THE EUROPEAN UNION FOREIGN TRADE

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Abstract

According to EUROSTAT data (aggregated across all 27 states, regardless of when they joined), the European Union's foreign trade in the period 2000 to 2011 have a positive trend, the value of imports increasing by 70% and exports by 80.3%. In 2011, the values for foreign trade transactions amounted to 1687732 million in imports, respectively, 1531929 million exports, resulting thus a negative foreign trade balance. Agricultural sector contributed during that period with a share of over 5% to the trade outside the EU. The weights on total external transactions of food, drinks and tobacco transactions were 5.8% for exports and 5.4% for imports in 2011, the foreign trade balance for this category being negative. During that period (2000 - 2011), transactions with food, drinks and tobacco in the EU with other countries of the world have joined the general trend of development of foreign trade, growth being 86.3% for exports and respectively, 66.1% for imports. In the same time the share of food, drinks and tobacco grew in total EU exports, easing its total imports, while diminishing the negative balance of trade for this product group. In the total exports of food, drinks and tobacco, beverages have the largest share (about 24% in 2010), U.S.A. representing in this regard the most important market for the EU, while the vegetables and fruits have the highest rate in total imports (25.7%). Among EU countries that have the greatest contribution to the achievement of foreign trade with food, drinks and tobacco are: Germany, Netherlands, France and United Kingdom, the same countries achieving a significant share of total EU external trade transactions.

Key words: import, export, food, drinks and tobacco

This article aims to develop a picture of the evolution of EU trade with food, drinks and tobacco, thus highlighting the place of the food to achieve the EU's external trade flows. Therefore foreign trade flows between EU states were not studied, reported indicators on EU countries concerned exclusively outside commercial transactions. The analysis covered the period 2000-2011, statistical information being accumulated for all the 27 states, even if for some states the accession year was after 2000.

MATERIAL AND METHODS

The work is a study based on secondary data sources, that statistical information from Eurostat. We used in our analysis structure indicators and time series indicators, which have revealed the dynamics of foreign trade in general, trade in food, drinks and tobacco in particular made by EU and structural changes occurring in the given period in terms of food sector contribution to achieving foreign trade flows.

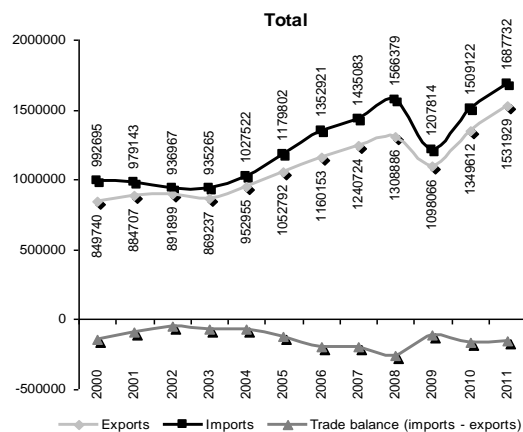
RESULTS AND DISCUSSION

European Union foreign trade experienced during 2000 -2011 an upward trend, both in terms

of values of imports and exports. During the 12 years analyzed, imports have increased by 70% and exports by 80.3%. Throughout the analyzed period foreign trade balance remained below 0, its values fluctuating around an average of about -135 billion / year. Foreign trade of food, drinks and tobacco was part of the general trend of development of EU foreign trade flows. Thus, there was a positive increase in the value of imports by 66.1% and 86.3% of export value; the food, drinks and tobacco export growth outpaced the general export grow and thus we can see that as an evidence of increasing importance of the food sector in foreign trade flows. Also, due to a faster pace of growth of exports compared to imports of food, drinks and tobacco in the last part of the considered period appropriate trade balance has declined (*Figure 1*). Regarding the food sector's contribution to the achievement of foreign trade flows (reflected by the share of food, drinks and tobacco imports and exports), it held during that period more than 5% share in both exports and imports. Regarding the foreign trade deficit, the share of negative balance generated by foreign transactions with food, drinks and tobacco decreased significantly from values that exceeded

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10% (in the early years of the analyzed period), to



below 2% in 2011 (Table 1).

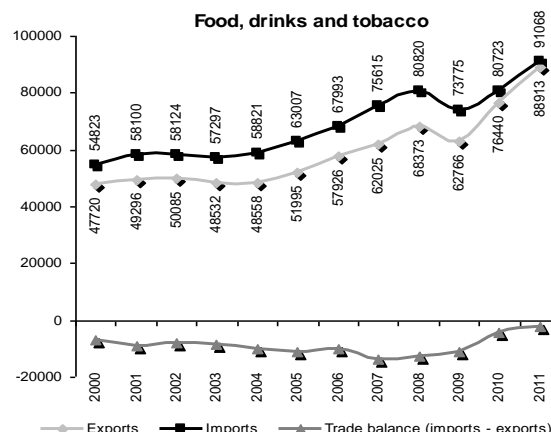


Figure 1 Value of exports, imports and EU trade balance for all products group and for "food, drinks and tobacco" group, from 2000 to 2011 (million Euro) Source: processed using data from Eurostat, 2012

Table 1
The share of "food, drinks and tobacco" product group in total exports and imports respectively in the total EU trade balance during the period 2000 - 2011 (%)

| Share in: | Year | | | | | | | | | | | |
|---------------------------|------|------|-------|-------|-------|------|------|------|------|-------|------|------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| - exports | 5.62 | 5.57 | 5.62 | 5.58 | 5.10 | 4.94 | 4.99 | 5.00 | 5.22 | 5.72 | 5.66 | 5.80 |
| - imports | 5.52 | 5.93 | 6.20 | 6.13 | 5.72 | 5.34 | 5.03 | 5.27 | 5.16 | 6.11 | 5.35 | 5.40 |
| - import- export balance* | 4.97 | 9.32 | 17.84 | 13.27 | 13.76 | 8.67 | 5.22 | 6.99 | 4.83 | 10.03 | 2.69 | 1.38 |

* Share of "food, drinks and tobacco" in total import-export balance could be calculated because the values recorded in foreign trade balance were in both cases (the total group products and "food, drinks and tobacco") and throughout the period negative. Source: processed using data from Eurostat, 2012

Negative trade balances, both for total and for the "food, drinks and tobacco" product group shows a degree of coverage of imports by exports below 100%, which, however, has been increasing in recent years - under the analyzed group, this indicator is even approaching 100% in 2011 (Figure 2). In the total EU exports of food, drinks and tobacco, the largest share is held by beverages (23.9%, according to data for 2010). Also with high contributions are product groups "cereal and cereal preparations", "vegetables and fruits" and "eggs and dairy products", each with over 10% of total exports. On the other hand, the most represented groups of products in the total imports are: "vegetables and fruits", "fish, crustaceans and mollusks" - each with over 20% and "coffee, tea, cocoa, spices" - with over 15% (Figure 3).

EU countries that have made the largest contribution to the achievement of foreign commercial transactions for food, drinks and tobacco were France, Germany, Netherlands and United Kingdom. Thus, in 2011, France has exceeded 17 billion euros in exports, while Germany and the Netherlands have made over 11 billion exports each. Regarding the imports, Netherlands and Germany have made over 14 billion, and Britain over 12 billion euros. Countries with a significant food and agriculture sector's contribution to the achievement of foreign

commercial transactions (over 10% in total foreign trade flows for 2011) are: Cyprus, Latvia, Lithuania, Denmark, Portugal, Netherlands, France, Poland, for exports, respectively, Denmark and Portugal for imports (Table 2). In EU countries, the largest increases were recorded for exports compared to imports. Thus, exports of food, drinks and tobacco increased in countries such as Latvia, Romania, Lithuania, and Estonia 5 to 14 times during 2000 to 2011. In case of imports of food, drinks and tobacco the most significant dynamic recorded in Slovenia (over 3.5 times). (Figure 4). Noting that the most spectacular developments in foreign trade flows have been recorded in the former communist bloc countries, they continue to have small contributions in the total foreign transactions of food, drinks and tobacco in the EU. Of the main EU partner countries, USA and Russia have the largest contributions to achieving exports of food, drinks and tobacco, their share in total EU exports in this category exceeding the 10%. According to data for 2010, in the total U.S. exports of food, drinks and tobacco in EU countries, beverages held a 56.3% share, and for Russia the largest shares it has been recorded by processed meat and meat - 15.7%, respectively, beverages - 13.2%.

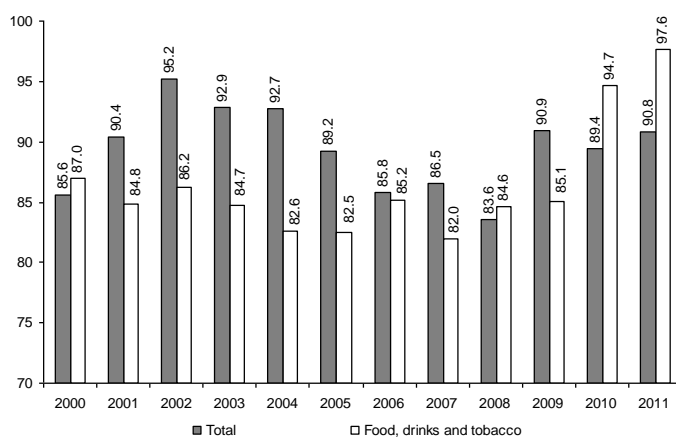


Figure 2 Coverage of imports from exports for all goods group and group "food, drinks and tobacco" in the EU from 2000 to 2011 (%)

Source: processed using data from Eurostat, 2012

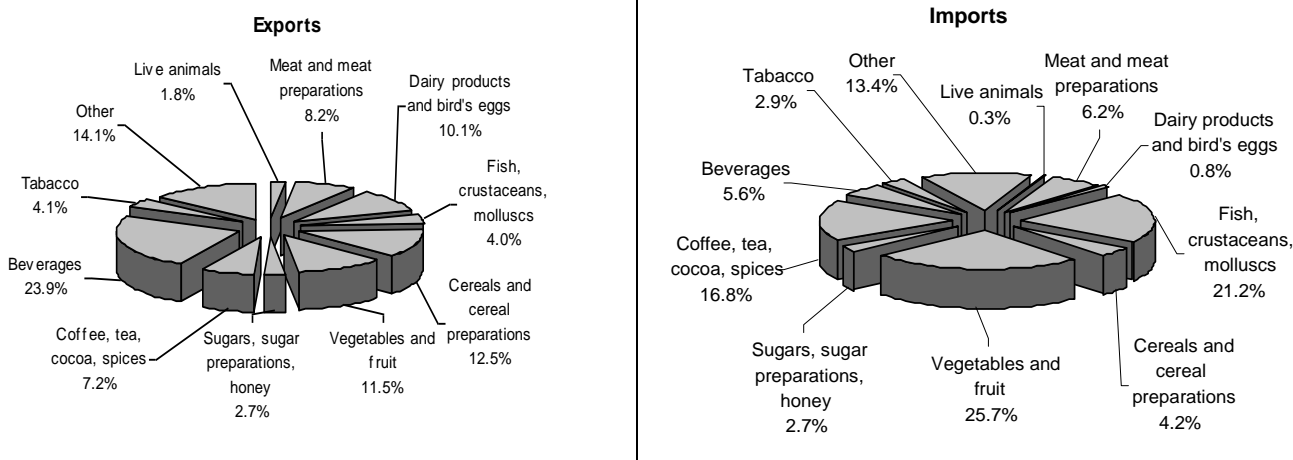


Figure 3 The share of different product categories in total exports and imports of food, drinks and tobacco to the EU in 2010

Source: processed using data from European Union 2011 - External and intra-EU trade a statistical yearbook. Data 1958 – 2010, 2011 edition.

Table 2 Exports and imports of food, drinks and tobacco and its share of total trade flows in countries outside the EU, in 2000 and 2011

| Country | Exports for food, drinks and tobacco (million) | | Share of food, drinks and tobacco in total exports made by each country (%) | | Imports for food, drinks and tobacco (million) | | Share of food, drinks and tobacco in total imports made by each country (%) | |
|----------------|--|-------|---|------|--|-------|---|------|
| | Year | | Year | | Year | | Year | |
| | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 |
| Belgium | 2037 | 3951 | 4.3 | 4.1 | 3545 | 6209 | 6.3 | 5.9 |
| Bulgaria | 279 | 674 | 12.1 | 8.9 | 170 | 392 | 5.1 | 4.1 |
| Czech Republic | 258 | 363 | 5.8 | 1.8 | 453 | 405 | 5.3 | 1.5 |
| Denmark | 3206 | 4165 | 19.6 | 15.0 | 2451 | 2934 | 17.9 | 14.4 |
| Germany | 5198 | 11658 | 2.5 | 2.7 | 8290 | 14593 | 4.2 | 4.4 |
| Estonia | 57 | 311 | 13.9 | 7.6 | 73 | 82 | 5.4 | 3.0 |
| Ireland | 1890 | 1901 | 6.4 | 5.0 | 541 | 712 | 2.7 | 4.9 |
| Greece | 777 | 980 | 16.1 | 8.9 | 537 | 1067 | 4.2 | 5.2 |
| Spain | 3138 | 6387 | 9.3 | 8.7 | 5433 | 9026 | 10.0 | 7.9 |
| France | 9891 | 17885 | 7.9 | 10.7 | 5480 | 7992 | 4.6 | 4.8 |
| Italy | 4223 | 8246 | 4.2 | 5.0 | 4430 | 8499 | 4.4 | 4.5 |
| Cyprus | 31 | 85 | 17.8 | 20.3 | 159 | 183 | 11.3 | 9.8 |
| Latvia | 41 | 594 | 10.5 | 18.5 | 69 | 134 | 7.7 | 5.1 |
| Lithuania | 176 | 1329 | 18.1 | 17.1 | 190 | 397 | 7.4 | 4.0 |
| Luxembourg | 13 | 27 | 1.1 | 0.9 | 61 | 86 | 3.1 | 2.2 |
| Hungary | 663 | 1078 | 13.3 | 5.6 | 385 | 311 | 3.3 | 1.4 |
| Malta | 58 | 107 | 3.3 | 5.8 | 70 | 52 | 4.8 | 4.4 |

| | | | | | | | | |
|-------------------------------|-------|-------|------|------|-------|-------|------|------|
| Netherlands | 6132 | 11619 | 13.0 | 10.9 | 7206 | 14723 | 6.5 | 6.4 |
| Austria | 538 | 2029 | 2.9 | 5.4 | 476 | 1284 | 3.1 | 4.0 |
| Poland | 944 | 3115 | 14.6 | 10.4 | 1122 | 1937 | 6.8 | 4.2 |
| Portugal | 375 | 1216 | 7.7 | 11.1 | 1236 | 1655 | 12.1 | 10.6 |
| Romania | 108 | 851 | 3.4 | 6.5 | 426 | 781 | 8.6 | 5.2 |
| Slovenia | 260 | 358 | 9.8 | 4.9 | 184 | 660 | 7.2 | 8.0 |
| Slovakia | 53 | 98 | 4.0 | 1.1 | 118 | 84 | 2.9 | 0.5 |
| Finland | 358 | 670 | 1.9 | 2.7 | 410 | 754 | 3.3 | 3.2 |
| Sweden | 840 | 1505 | 2.2 | 2.5 | 1446 | 3677 | 5.8 | 9.1 |
| United Kingdom | 6177 | 7710 | 4.9 | 4.9 | 9861 | 12439 | 5.4 | 5.6 |
| European Union (27 countries) | 47720 | 88913 | 5.6 | 5.8 | 54823 | 91068 | 5.5 | 5.4 |

Source: processed using data from Eurostat, 2012

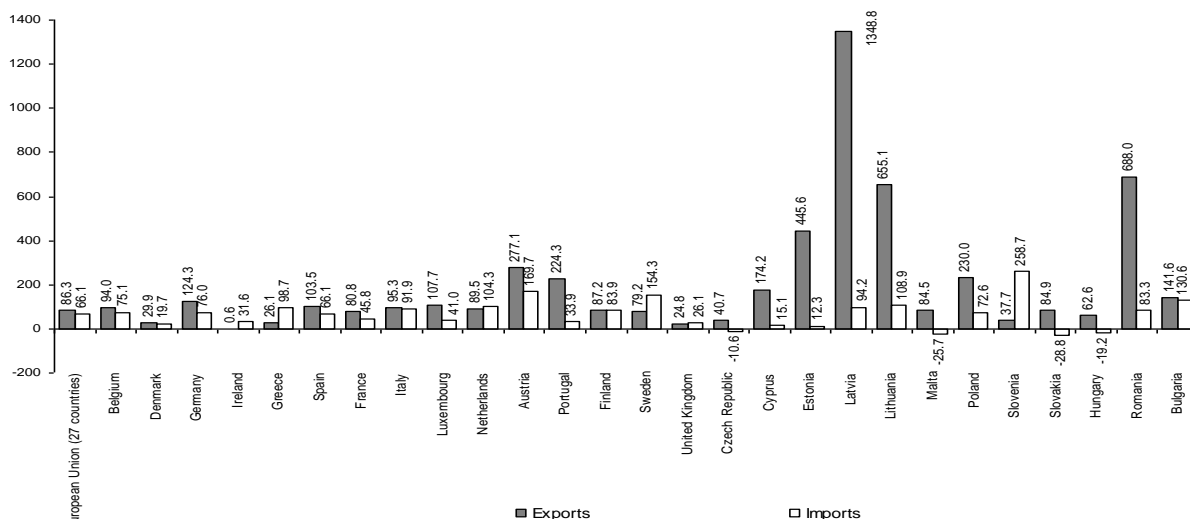


Figure 4 Relative change of exports and imports for food, drinks and tobacco made by EU countries in 2011, compared with 2000 (%)

Source: processed using data from Eurostat, 2012

Regarding imports, the highest values were registered in Brazil, accounting for 12% of total imports of food, drinks and tobacco from the EU, followed by the United States, with 7.4%, in 2011. Coffee, tea, cocoa and spices are the main group of products imported from Brazil (28.4% in total imports of food, drinks and tobacco in this country), and in the case of U.S. the most imported

products in 2010 are vegetables and fruits (29.5% in total imports of food, drinks and tobacco). Given the cumulative value of imports and exports, U.S., Brazil and Russia are, in fact, the most important foreign trade partners of the EU, total transactions surpassing, in 2011, 18 billion for the U.S., 12 billion for Brazil and 10 billion euro for Russia (Table 3).

Table 3
EU foreign trade flows of food, drinks and tobacco with the main partner countries and they share in total EU exports and imports for product group in 2011

| Country | Exports for food, drinks and tobacco (million euro) | Imports for food, drinks and tobacco (million euro) | Share in total EU exports for food, drinks and tobacco (%) | Share in total EU imports for food, drinks and tobacco (%) |
|--------------|---|---|--|--|
| Norway | 3103 | 4139 | 3.5 | 4.7 |
| Switzerland | 5812 | 3588 | 6.5 | 4.0 |
| Turkey | 2339 | 3423 | 2.6 | 3.8 |
| Russia | 9081 | 998 | 10.2 | 1.1 |
| Ukraine | 1554 | 1317 | 1.7 | 1.5 |
| Algeria | 3013 | 114 | 3.4 | 0.1 |
| South Africa | 1038 | 1992 | 1.2 | 2.2 |
| Canada | 2288 | 1498 | 2.6 | 1.7 |
| U.S.A. | 11907 | 6554 | 13.4 | 7.4 |
| Brazil | 994 | 11387 | 1.1 | 12.8 |
| China | 3331 | 4424 | 3.7 | 5.0 |
| Hong Kong | 2803 | 39 | 3.2 | 0.0 |

| | | | | |
|----------------------|-------|-------|-------|-------|
| Japan | 4280 | 149 | 4.8 | 0.2 |
| South Korea | 1504 | 124 | 1.7 | 0.1 |
| India | 322 | 2300 | 0.4 | 2.6 |
| Singapore | 1688 | 103 | 1.9 | 0.1 |
| Saudi Arabia | 2558 | 9 | 2.9 | 0.0 |
| United Arab Emirates | 1706 | 99 | 1.9 | 0.1 |
| Australia | 1775 | 1046 | 2.0 | 1.2 |
| Total EU | 88913 | 91068 | 100.0 | 100.0 |

Source: processed using data from Eurostat, 2012

CONCLUSIONS

In conclusion, the foreign trade of food, drinks and tobacco in European Union in recent years has seen an upward trend, enrolling in the general dynamics of foreign trade flows recorded. Sector contribution to achieving imports and exports totaled over the last 12 years (from 2000 to 2011) to over 5% in total foreign trade. EU countries that have made the greatest contribution to achieving exports, respectively, of imports for food, drinks and tobacco were France, Germany, Netherlands and United Kingdom. The most exported products by the EU are drinks, and in the case of import the largest share in total food, drinks and tobacco imports it is hold by fruits and vegetables. Main foreign trade partners of the EU are U.S., Russia and Brazil; the first two countries are important markets for drinks, meat and processed meat.

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