

Agriculture Overview

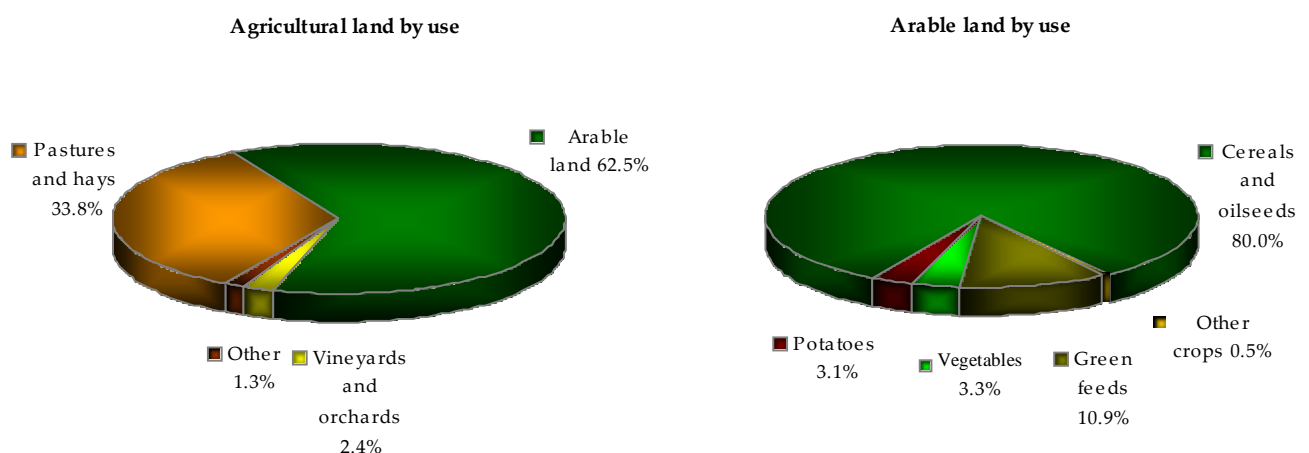
Romania enjoys a significant potential, notably due to favorable pedo-climatic conditions, reflected in crop yields and production which can fully satisfy domestic consumption needs in either quantity or quality and variety of food products, being able to assure an important export supply as well. Agriculture represents an important sector of the national economy, with a share of about 7% of GDP (compare to the average share of 1.7% registered in the European Union - EU) and a workforce of 29% of the population (one of the highest rate in Europe).

A share of 39.2% of Romania's territory is arable land, 28% forests, 21% pastures, hayfields and orchards and 2.5% vineyards. Grains, oil seeds, sugar beet, vegetables, tree-fruits, berries and grapes for wine are the main crops, and pigs, sheep and cattle the main livestock. Forestry and fisheries are being developed under long-term national programs. Per capita arable land in Romania is 0.41 ha, compared to an average of 0.212 ha per capita in EU.

Baragan region (South-Eastern part of the country) is characterized by large wheat farms. Dairy products, pork, poultry and apple production are concentrated in the Western region. Beef production is located in Central Romania, while the production of fruits, vegetables and wine ranges from Central to Southern Romania. Romania is a large producer of a great variety of agricultural products and is currently expanding its forestry and fishery industries.

Among top 10 EU-27 Member States as regarding agricultural production, Romania ranks as follows:

- ▣ honey - rank 3rd
- ▣ oilseeds - rank 5th
- ▣ vegetables and melons - rank 6th
- ▣ cereals - rank 7th
- ▣ livestock and poultry - rank 8th
- ▣ meat and wine - rank 10th.



Source: Ministry of Agriculture, Forestry and Rural Development, Romania

Over last decade, *organic agricultural land* in Romania expanded to 300,000 ha, representing 2.25% of total agricultural land. Currently, Romania is an attractive organic market, yet more as a raw material supplier,

holding one of the most fertile and organic land in Europe. Fertilizers use is less than 70 kg/ha compared to an average of 200 - 500 kg/ha in Europe. Cereals, vegetables, oilseeds, honey and forest fruits are the main organic products. There are more than 10,000 organic agricultural products processors in Romania. Organic farming also expanded in the livestock sector, mainly sheep and goats, number of organic livestock processors doubling to over 70 within last years.

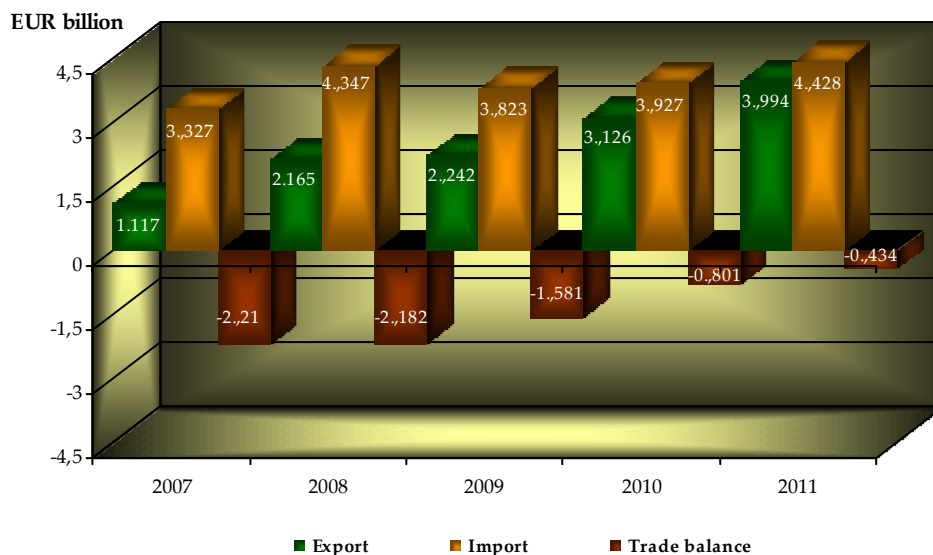
Exports of organic products exceed 100 million Euro placing Romania on top 20 world exporters of organic products. Main export markets for organic products originating in Romania are Austria, Germany, France, Italy, Denmark and Switzerland.

Cargill, Smithfield Food, Bunge, Glencore, Lactalis, Orkla Foods, Danone and Meggle are some of the main foreign investors in Romanian agri-food sector.

Agri-food International Trade

In 2011, *Romania's trade with agri-food products* accounted for 8.4% of total trade. Although agri-food trade balance constantly registered a deficit, it shrunk significantly by over 80% in 2010 compared to 2007, mainly due to sustainable positive trend of raw agricultural products trade balance, which expanded at fast pace during the last 4 years. Yet, agricultural and food products balance was negative throughout the entire period with a peak of EUR 2.2 billion in 2007, but trade deficit was decreasing year-on-year to EUR 0.43 billion in 2011.

Romania - Agri-food trade balance, 2007 - 2011
(Chapters 1-21 of Combined Nomenclature)

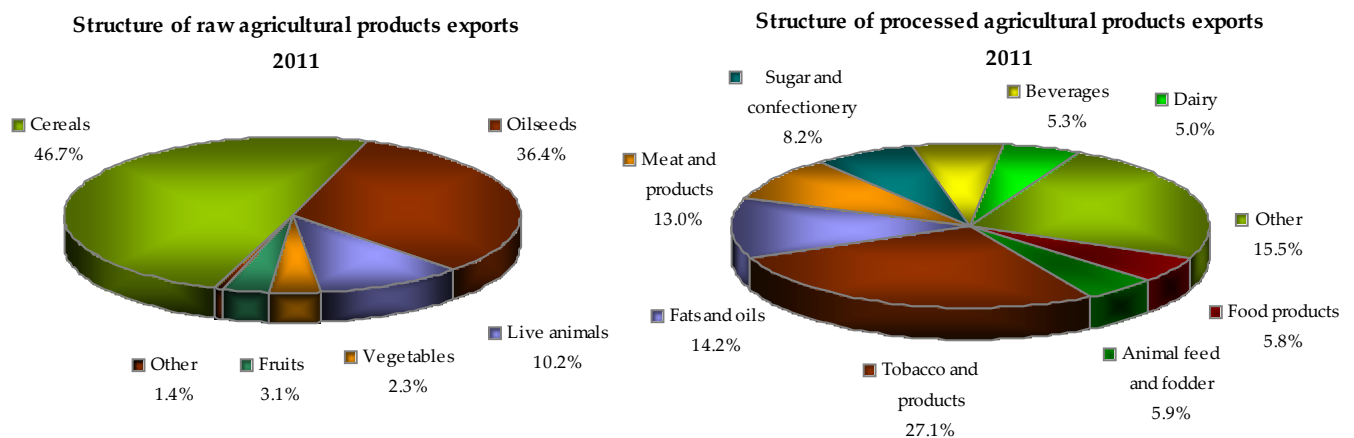


Sources: ITC/UNCTAD/WTO Trademap, National Institute of Statistics of Romania and Romania Trade and Invest

Share of agri-food products of total Romanian exports increased from less than 5% in 2007 to almost 9% in 2011. *Exports of agri-food products* increased significantly during the last 5 years, reaching almost EUR 4 billion in 2011 compared to less than EUR 1.2 billion end-year 2007.

Romania's export offer of agri-food products consists mainly of raw products (less than 43% is covered by processed products). Cereals and oilseeds, tobacco and products thereof, live animals, fats and oils are the main agri-food exported products. Almost 50% of cereals exports are represented by maize and wheat, while rapeseed and sunflower seeds account for more than 95% of oilseeds exports. Bovines, sheep and goats, account for 98% of total live animals exports.

As regarding the processed products, Romania's export offer is more diversified, ranging from tobacco products, fats and oils and meat to beverages, sugar and dairy. Sunflower oil, margarine and rapeseed oil account for 95% of fats and oils exports, poultry, sheep and goat meat account for 97% of meat exports, refined sugar accounts for 88% of sugar and confectionery exports, while over 80% of beverages exports is represented by non-alcoholic drinks, alcohol and wines.



Sources: ITC/UNCTAD/WTO Trademap, National Institute for Statistics, Romania Trade and Invest

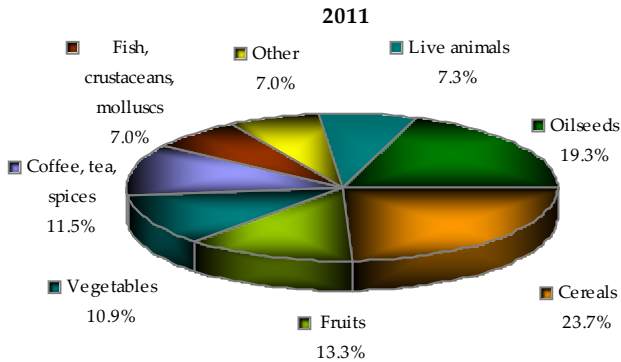
Imports of agri-food products rose by 33% during 2007-2011, with a peak of over EUR 4.4 billion in 2011. Share of agri-food imports of total Romanian imports showed a similar trend as agri-food exports, increasing from 6.5% in 2007 to 8.1% in 2011, with a peak of 9.8% in 2009.

Romania's import supply of agri-food products is much diversified and consists mainly in processed products (less than 32% is represented by raw products). Meat, sugar and confectionery, fruits, vegetables, animal feed and fodder, cereals, oilseeds and edible preparations are the main agri-food imported products.

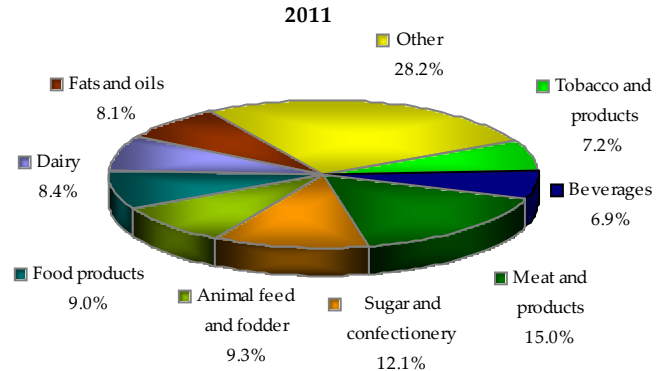
Almost 85% of meat imports are represented by swine and poultry meat, while raw and refined sugar accounts for 81% of sugar and confectionery imports. Soybean oil cakes and animal feed preparations account for 95% of total imports of residues and waste of food industry.

As regarding the raw products, Romania's import supply is less diversified, ranging from oilseeds and cereals to fruits and vegetables, coffee, tea, spices and other products. Sunflower seeds and rapeseed account for 78% of oilseed imports, wheat and maize account for 84% of cereals imports, citrus, bananas, apples and pears accounts for almost 70% of fruits imports, while 50% of vegetable imports is represented by tomatoes, frozen vegetables and green peppers.

Structure of raw agricultural products imports



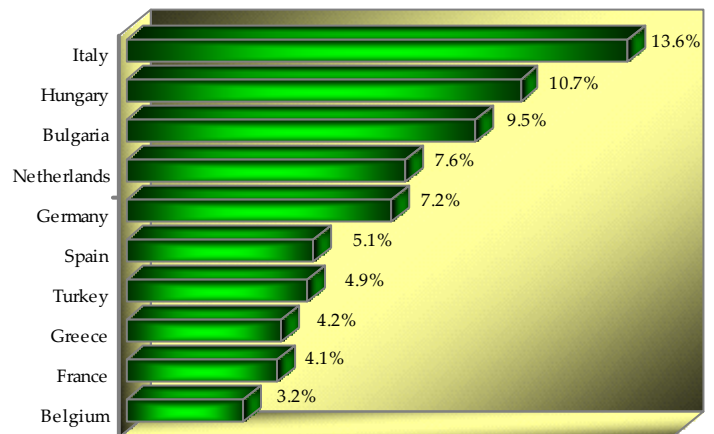
Structure of processed agricultural products imports



Sources: ITC/UNCTAD/WTO Trademap, National Institute of Statistics, Romania Trade and Invest

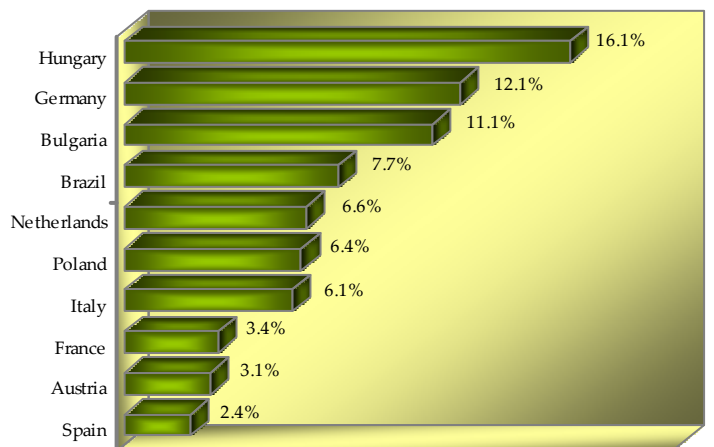
Main *export markets* of Romania for agri-food products are as follows: Italy, Hungary, Bulgaria, Netherlands and Germany. Italy imported from Romania cigarettes, wheat and corn, mushrooms, sheep and bovines, while Bulgaria and Hungary mainly imported refined sugar, poultry meat, sunflower oil and margarine. Exports to Netherlands are covered by oilseeds, cereals, sunflower oil, cigarettes and poultry meat, while Romanian agri-food exports to Germany consist of cigarettes, rapeseed, wheat and corn, food products and sunflower oil.

Romania - Main export markets for agrifood, 2011 (% share of export)



Import suppliers of Romania for agri-food products are mainly from: Hungary, Germany, Bulgaria, Brazil and Netherlands. Hungary exported to Romania cereals, swine and turkey meat, sunflower oil, animal feed preparations and dairy products. Germany exports to Romanian market consisted in swine and poultry meat, cheese, cigarettes, bakery products and infant food preparations. Imports from Bulgaria were covered by oilseeds, cereals, refined sugar, poultry meat, chocolate and cheese, while Romanian agri-food imports from Brazil were of meat, coffee, raw and refined sugar, animal feed preparations and tobacco. Romanian imports from Netherlands consisted of swine and poultry meat, cut flowers and plants, food preparations, fresh vegetables and fruits. ■

Romania - Main import suppliers of agri-food, 2011 (% share of import)



Sources: ITC/UNCTAD/WTO Trademap, National Institute of Statistics, Romania Trade and Invest