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## HISTORICAL EVOLUTIONS OF THE ROMANIAN INTERNATIONAL AGRI-FOOD TRADE – THE PERIOD 1950–1989

### ABSTRACT

The paper is analyzing the evolutions of the Romanian international trade during the centrally-planned economy period (1989). The changes in the political context of the time resulted in significant changes in the influence spheres of the main European and world powers of the 20<sup>th</sup> century, and reflected in the economic evolutions, which, in their turn, shaped the main characteristics of the country's international trade. The objective of the paper is to highlight, based on the available statistical data, the main trends of the general and agri-food trade, in terms of value, volume, geographical orientation and product composition of the trade flows. The results show that during the centrally-planned economy period, the main agri-food exports consisted of meat and cereals, and since the '70s, also dairy products, fresh and canned vegetables and fruit, edible oils, preparations of meat and fish (cans and sausages) and beverages. General imports consisted mainly of industrial technology and raw materials for industry (oil, minerals), while the agri-food imports included again raw materials (for industries with export potential – frozen beef for the food industry, cotton and cotton residues for the textile industry), sugar, soybeans and animal feed. The '80s saw a drastic reduction of agri-food imports (down to one-third of the value in the '70s), as an expression of the policy of boosting exports and cutting imports, aiming at the repayment of the external debt, but at the cost of a scarce food supply for the urban population.

**Key words:** international trade, agri-food trade, GATT, CMEA, centrally-planned economy.

**JEL Classification:** F13, F14, N74, Q17.

### 1. INTRODUCTION

International trade is a form of connection among national markets, among commodity producers in different countries, a link that illustrates economic interdependence among states. Basically, it is a process of production international specialization, of adapting the economic potential of states to the continuous changing demands of international markets. However, there are a number of factors that significantly influence the evolutions of each country involved in international trade: geographical, soil and weather conditions; size of population and territory; level of technical, technological and informational development; economic, historical and cultural traditions; geographical proximity; economic complementarities and similarities, and last but not least, the political factors that can be favoring ones or

deeply inhibitory. During the Second World War and subsequently in the post-war period, the political framework imposed the directions of economic development, thus determining the evolution of international trade.

In Romania, the rigidity of planning, but especially the fixed selling prices of agricultural products, the monopsony in crop production sales (cereals, industrial crops), and the oligopsony in animal products sales (meat, milk) had as objectives: maintaining fixed low prices for agri-food products sold to the population, extraction of agricultural value added and its re-routing to finance industrialization, and, in the 1970s and 1980s, re-orientation of a major part of agri-food production to export on foreign markets (Western and Eastern), in order to contribute to the repayment of the external debt. In the 1950s, Romania entered the centrally-planned economy with important economic and social handicaps as compared to Western European countries and even to the Eastern bloc countries. With industrialization as the primary objective, exports had to finance imports of industrial equipment, technology and raw materials. The industrialization effort is also reflected in the foreign trade: besides agricultural products, Romania started producing manufactured goods that were sold on international markets, to CMEA and other socialist countries, as well as to developing and developed capitalist countries.

## 2. STATE OF KNOWLEDGE

The in-depth research on the most important economic issues of Romania's economy in the period 1859–1989, based on a vast statistical support, belongs to the Academician Victor Axenciuc, who greatly contributed to the evaluation and analysis of economic processes and development in the Romanian Principalities, in the Kingdom of Romania and later on in the Great Romania from the post-war period (Axenciuc, 1991, 2000, 2018).

The period 1949–1989 is covered by a series of studies, most of them dating from before 1990 (Moldovan, 1964), which are not rich in analyses based on statistical data, but rather on qualitative assessments in line with the guidelines drawn by the political leading class at that time.

Most post-1990 research works mainly deal with the general foreign trade, and focus less on the agri-food trade, which is less detailed (Cojanu, 1997; Sută, 2000). In the Romanian literature, there is no major exhaustive research work on Romania's foreign trade with agri-food products in the period 1990 up to the present time. Yet there are numerous studies, papers and articles dealing in detail with specific aspects of the Romanian agri-food trade, mainly for the period after 2000.

The present paper brings a modest contribution – on the basis of available statistical data from various sources – to the analysis of the main trends in Romania's foreign trade in the period of centrally-planned economy, which reflects the country's efforts to be present on the world markets, under the conditions of internal constraints (inherent to the economic and political system) as well as of external constraints,

coming from the Eastern and Western parts of the world (mainly based on political criteria).

### 3. MATERIAL AND METHOD

The main challenge for the present study was represented by the source of data, mainly in terms of consistency and comparability. There were multiple data sources used for the purpose of the study: Statistical Yearbooks of the Socialist Republic of Romania (1978, 1980, 1982, 1989), Romania's Statistical Yearbooks (1990, 1991, 1992) and FAOSTAT database.

In the Romanian statistics, in the period 1948–1990, the value of exported and imported commodities was established on the basis of actual FOB prices each year. The values were expressed in “million lei foreign currency” in the period 1948–1980 (through the conversion of foreign currencies to the official exchange rate of the national currency (leu) against each currency in part, set by the National Bank of Romania), and in the period 1981–1989 in million lei at the planned unique commercial exchange rate. However, the foreign trade data must be interpreted with caution, having in view the rigid establishment of the USD official exchange rate by the National Bank of Romania (NBR), and the influence of transferable ruble exchange rate on the trade within the Council for Mutual Economic Assistance (CMEA).

The FAO database (United Nations Organization for Agriculture and Food) was also an important data source, as the existing trade data were uniformly converted for all the member countries (Romania inclusively), using the updated exchange rate (for each year) of the US dollar, and a commodity nomenclature compatible with the current nomenclatures. Thus, long data series are available (starting with the year 1961), and the agri-food products were grouped according to the (present) 2-digit Combined Nomenclature. FAOSTAT database contains data (expressed in USD) on the international trade with crop products and live animals. For Romania, there are database entries starting with the year 1961. According to FAO classification, the products included under Chapter 03 from the Combined Nomenclature (CN) (fish – fresh, chilled, frozen, dried, salty, smoked – crustaceans and mollusks for human consumption) and the products included in Chapter 06 (live plants and floricultural products) are not included in the category of agri-food products (chapters 01–24 of CN), that is why the data from FAOSTAT database that cover the period 1961–1990 in the present study do not include these two groups of products (03 and 06).

There are many debates in the literature on the classification of agri-food products by the processing degree. A usual classification divides the groups of agri-food products (chapters 01–24 of the Combined Nomenclature) into basic agricultural products (8 out of the 24 chapters), foodstuffs (14 chapters), beverages and tobacco (one chapter each) (Rusali, 2014), the inclusion criterion being the

weight of the 4-digit lines falling under the category of basic agricultural products and processed agricultural products respectively. This is a method that is used when the international trade data are available only at 2-digit level; the method was applied in the present paper for the period 1961–1990, when the available data were only at 2-digit level (source FAOSTAT).

## 4. RESULTS AND DISCUSSIONS

### 4.1. MAIN ECONOMIC, POLITICAL AND TRADE TRENDS IN THE POST-WAR PERIOD (1950–1989)

Worldwide, the post-war period was a period of major economic and political changes, which influenced significantly the international commodity trade.

In the first post-war decade, the 1950s, the devastating war effects had a strong influence at political, economic and commercial level: material destructions, loss of human lives; redistribution of spheres of political and economic influence, manifestation of USA political, economic and military supremacy; emergence and consolidation of the socialist countries bloc and the USSR political and military influence increase; collapse of colonial empires followed by the emergence of more than 100 new independent states. “Within the sphere of Soviet influence, the USSR tried, by rejecting the Marshall plan, a policy justified in theory by the well-known Stalin’s thesis that sounded like: *‘the main economic consequence of the Second World War was the division of the single world market into two parallel and opposite markets’*; if the two world markets were opposite, this meant that they were mutually exclusive and could not maintain economic relations between them. This thesis, which was harmful for the countries from the Soviet influence sphere in the first place, also influenced the trade policy of the developed countries towards these countries” (Sută, 2000, p. 150).

However, in the next decades, the economic development of the defeated countries (Japan, Germany), the emergence and economic success of the European Economic Community (EEC), the international affirmation of the countries from the Socialist bloc and the pressures from the part of the newly emerged states on the world map (many of them being developing countries), triggered changes in the balance of political, military and economic forces worldwide.

As a result of deepening economic interdependence between the countries of the world, the need for institutionalizing international trade relations emerged. This was achieved by the signing of the General Agreement on Tariffs and Trade (GATT) by 23 states<sup>1</sup> in Geneva on 30 October 1947. GATT was not an institution

<sup>1</sup> Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Cuba, USA, France, India, South Rhodesia, United Kingdom, Syria, Czechoslovakia, South-African Union and China. By the end of 1994, the number of GATT participating countries increased to 140. Currently, WTO has 164 members.

per se, but a multilateral trade agreement by which the signatory countries have committed to negotiate and then to comply with certain rules and principles meant to remove, on reciprocity basis, the barriers (tariff or other barriers) to trade with goods. GATT establishment and operation marked the shift from bilateral to multilateral trade relations, providing countries with a negotiation framework in order to avoid the possible bilateral “trade wars”.

The core objective of GATT was trade liberalization, but in order to reach that objective the main initial objective was to create favorable conditions for the trade between member states – this is also an actual objective at present. To reach this objective, several negotiation rounds took place under GATT. One of the main achievements of the eighth and last negotiation round, the Uruguay Round, was the decision to replace the GATT Agreement by a permanent specialized organization, part of the United Nations system, i.e. World Trade Organization (WTO), which began to operate on January 1, 1995. Some socialist countries were also GATT members: Czechoslovakia and Cuba (founding members, since 1947), Yugoslavia (1966), Poland (1967), Romania (1971), Hungary (1973). Bulgaria had observer status since 1969 and became WTO member in 1996. USSR became observer in GATT in May 1990 and WTO member since 2012 and China since 2001. GATT had an essential influence in trade development in the post-war period. Industrial tariff protectionism diminished to a great extent, but agricultural tariff protectionism remained at a high level. In the decades 6 and 7 the international trade was significantly liberalized, but in the next three decades the discriminatory non-tariff protectionism increased significantly. In the decades 8 and 9, the policy of blockade and trade discrimination by developed countries vis-à-vis the socialist countries was gradually attenuated.

Compared to previous periods, the international trade had the highest growth rate after the Second World War (Table 1).

*Table 1*

The average annual growth rate of international trade in the last century and a half

<b>Period</b>	<b>Average annual growth rate of exports (in value terms, %)</b>
1851–1880	5.1
1881–1900	2.3
1901–1913	3.9
1915–1938	0.4
1950–1960	6.4
1961–1970	9.3
1971–1980	20.3
1981–1990	7.5

*Source:* Sută (2000), p. 23.

The international statistics shows that the exports of European former socialist countries (former USSR inclusively) had an average yearly growth of about 12% in the period 1950–1980; about 11% in the sixth decade, 9% in the

seventh decade, 18.5% in the eighth decade and 53% in the years 1981–1989. The collapse of the socialist regime in Europe resulted in a massive decline of the foreign trade of this group of countries, up to under 50% in 1992 as against 1989 (Sută, 2000, p. 29).

The technical, scientific, technological and computer revolution determined a high development rate of the industrial and agricultural production, which was exceeded by the growth rate of the world trade volume and value. Population increase, hence the increase of demand, diversification of consumer goods, increase of mass production, determined a shorter lifetime of products; hence the need for permanent renewal of production and trade growth.

The group of agri-food products had the highest share in the inter-war trade; in the post-war period, its share almost continuously decreased, down to about 8–9% in the 1990s. Several factors contributed to this:

– Agriculture in the developed countries experienced fast recovery after the war and continued to grow at high rates. For the Western European countries, the Common Agricultural Policy implementation was the main factor that contributed to the increase of agricultural production, of productivity and of self-sufficiency, and implicitly to the diminution of dependency on food imports.

– Agriculture in the former socialist countries also followed an upward trend, yet limited by the characteristics of centrally-planned economy, which affected the ownership structures, the entrepreneurial initiative, capitalization, productivity and production efficiency and the evolution towards efficient integration forms on the agri-food chains. The agri-food exports were oriented at a great extent towards the Eastern bloc (CMEA countries), while the exports to the developed Western countries decreased, due to their self-sufficiency level increase, which added to the Community preference principle – for the countries from the European Economic Community (EEC)<sup>2</sup>.

– Agriculture in the developing countries also followed an upward trend. Most countries became independent in the post-war period, which resulted in the diversification of their agricultural production (as against the general mono-crop orientation imposed upon them during the colonial domination) and the use of agricultural production to meet the domestic demand of the population under continuous growth, which also contributed to the diminution of agricultural exports.

<sup>2</sup> For instance, until 1985 Romania used to export significant amounts of extra-early greenhouse vegetables (in the years '70–'80 our country had the largest areas under glass greenhouses from Europe); but since 1986, with Spain and Portugal becoming EEC members, these exports significantly diminished, being replaced by early vegetables produced in these two countries, which came from vegetable crops grown under plastic tunnels. Practically, the Community preference principle was added to the advantage of lower costs: in Romania, the glass greenhouses were heated with residual thermal energy from the great thermo-power stations, and the energy price went up significantly after the oil shocks in the '70s, while in Spain and Portugal the plastic tunnels are not heated, as the Mediterranean climate with mild winters and a greater number of sunny days makes it possible to place the early vegetables early on the market.

– The prices of agricultural products tended to decrease in general in the post-war period. The significant productivity growth (2–4 times in cereals and milk) compared to the inter-war period, fostered by the modernization of technologies (mechanization, use of chemical inputs, genetics) meant lower production costs; this added to the diminution of transport costs and as a result, lower prices on the world market.

#### 4.2. CMEA – A SUPRA-STATE POLITICAL AND ECONOMIC ORGANIZATION OF THE BLOC OF SOCIALIST COUNTRIES

CMEA (Council of Economic Mutual Assistance), economic organization of the European socialist countries, was created at the USSR initiative in 1949, as a response to the Marshall plan (rejected by the USSR and, under its pressure, by the other socialist countries). CMEA mission, initially declared, was to foster and facilitate trade between the countries of the Eastern bloc, but the USSR could not provide a financial support similar to that provided by the United States to the Western countries; moreover, it forced Hungary, East Germany and Romania to pay war compensation.

Towards the end of the 1950s and the beginning of the 1960s, when the EEC was established and began operating in the Western Europe, Moscow tried to impose its control on the economic development directions of the CMEA member states by trying to force the satellite countries to adopt economic policies that did not coincide with the interests of the respective countries. Romania rejected the “economic specialization” doctrine of CMEA countries and the Soviet proposal to restructure trade under CMEA, which targeted the specialization of Romania, Bulgaria, Hungary and Poland in agricultural production (cereals, fodder), related industries and consumer goods industry, leaving for the USSR, East Germany and Czechoslovakia the other industrial branches and animal production.

#### 4.3. ROMANIA’S INTERNATIONAL TRADE IN THE PERIOD 1950–1989

In the 1950s, Romania entered the centrally-planned economy stage with quite significant economic and social handicaps. The share of its population employed in agriculture (74%) was the highest in the socialist countries; entire regions of the country were economically underdeveloped and lacked industrial centers (Moldova, Oltenia). For nearly two decades after the end of the world, Romania had to pay massive war compensations to the USSR<sup>3</sup> through deliveries of oil, uranium, non-ferrous metals, timber and natural gas at symbolic prices. The joint companies with

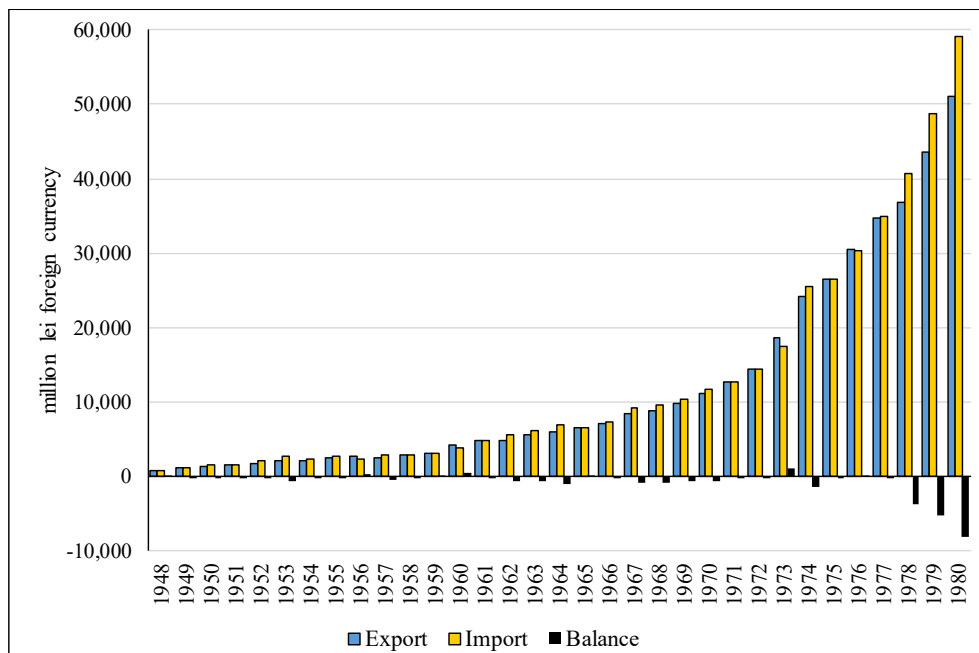
<sup>3</sup> USD 300 million (at 1938 value) (Source: Stegărescu, 2015).

Soviet partners (SOV-ROMs) also followed the same direction, which made it possible for the USSR to take control over Romania's industry, over the payment of war compensation in industrial machinery and equipment (existing in the nationalized factories)<sup>4</sup>; the Soviet counsellors were withdrawn only in late 1964.

With industrialization as primordial objective, exports had to finance the imports of industrial equipment, technology and raw materials. The customs tariff was removed, as the central planning also established what and at what prices to buy and sell, both internally and externally.

The industrialization effort was also reflected in the evolution of foreign trade: Romania began to produce manufactured goods that were sold on the international markets, both on the CMEA market and to other socialist countries, as well as to developed and developing countries.

By the graphic representation of the Romanian general foreign trade evolution (according to the statistical data from the Statistical Yearbooks of the respective years), the general increasing trend of the trade volume can be noticed (Figure 1).



Source: Data processing from Statistical Yearbooks of the Socialist Republic of Romania, editions 1978, 1982.

Figure 1. Romanian international trade in the period 1950–1980.

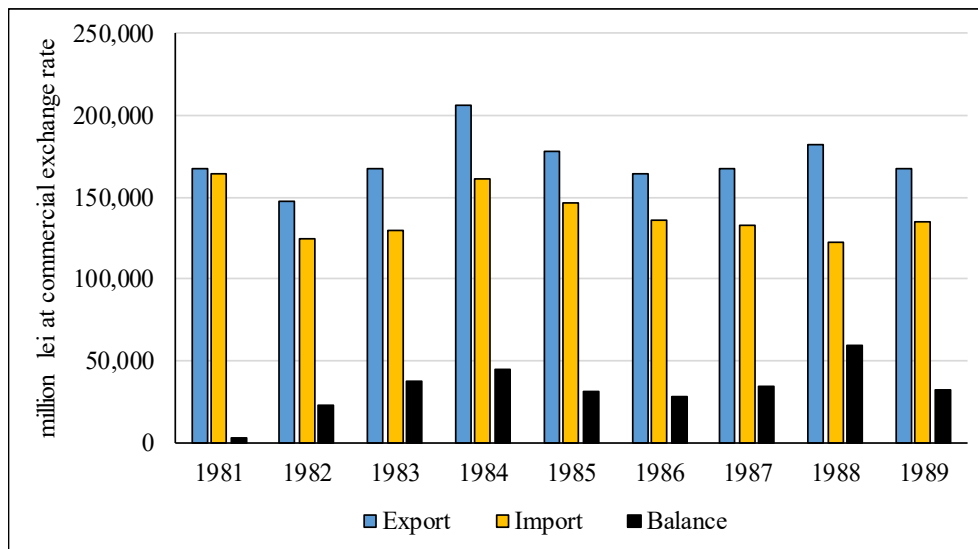
<sup>4</sup> Thus, Romania had losses of about 900 million dollars, compared to 250 million dollars Hungary and 200 million dollars East Germany (Source: Holzman, 1976).



The data must be cautiously interpreted, having in view the rigid establishment by the National Bank of Romania (NBR) of the official USD exchange rate and the influence of transferable ruble exchange rate (scriptural currency based on the Soviet ruble, used by CMEA until 1991 for calculating the value of trade between the socialist member countries; its exchange rate was considered to be overvalued for the benefit of the USSR).

The value of exports and of imports is quite similar, with oscillating balances, with deficit and surplus years, yet with low values (balances have less than 9% of the cumulated trade value). Deficits increased by the end of the 1970s, when the negative oil crisis effects emerged.

The period 1981–1990 is separately represented in Figure 2, as foreign trade began to be expressed in “million lei at commercial exchange rate”, and no longer in million lei “foreign currency”, and the values are not fully comparable to those from the previous period.



Source: Data processing from Statistical Yearbooks of the Socialist Republic of Romania, 1982, Romanian Statistical Yearbook, 1991.

Figure 2. Romanian international trade in the period 1981–1989.

The country’s industrialization effort in that period can be also seen in the structure of exports and imports and in the trade balance by commodity groups: machinery, equipment and transport means had negative balances until the end of the 1970s; fuels, mineral raw materials and metals, had a negative balance throughout the period (1950–1989), but they represented over 50% of imports starting with 1980; the food and consumer industrial commodities (furniture, light industry, cars) had positive balances instead (Table 2).

Table 2

Romanian international trade by commodity groups (1950–1989)

	UM	1950	1960	1970	1980	1985	1986	1987	1988	1989
<b>Total international trade</b>										
Export	mil. lei <sup>1)</sup>	1,274	4,302	11,105	50,963	178,031	163,989	167,850	182,258	167,780
Import	mil. lei	1,460	3,887	11,761	59,006	147,023	135,781	132,984	122,263	134,982
Balance	mil. lei	-186	+415	-656	-8,043	+31,009	+28,208	+34,866	+59,995	+32,797
<b>Machinery, equipment and transport means</b>										
Export	%	4.2	16.7	22.4	24.9	28.7	33.8	33.7	31.6	29.3
Import	%	38.3	33.7	40.3	24.6	22.1	26.3	25.3	26.4	25.5
Balance	mil. lei	-506	-592	-2,249	-1,855	+18,484	+19,742	+22,949	+25,224	+14,706
<b>Fuel, raw materials, metals</b>										
Export	%	33.8	37.0	22.6	29.5	30.1	25.2	26.9	28.1	32.1
Import	%	23.5	34.3	31.1	50.3	56.6	20.6	56.8	53.4	56.0
Balance	mil. lei	+87	+261	-1,151	-14,646	-29,500	-27,413	-30,359	-14,080	-21,712
<b>Chemical products, fertilizers, rubber</b>										
Export	%	1.7	2.1	7.2	9.7	10.5	9.8	8.8	10.5	9.5
Import	%	4.5	7.4	6.0	6.4	6.7	6.6	5.2	6.2	5.6
Balance	mil. lei	-45	-197	+95	+1,160	+8,903	+7,039	+7,916	+11,622	+8,463
<b>Building materials and accessories</b>										
Export	%	4.4	2.5	2.8	2.2	1.6	1.8	1.8	2.2	2.0
Import	%	1.1	1.0	1.5	1.0	0.7	0.8	0.9	0.9	0.9
Balance	mil. lei	+40	+67	+126	+533	+1,795	+1,827	+1,793	+2,851	+2,139
<b>Non-food raw materials and processed products (except those included in the other groups)</b>										
Export	%	28.9	14.7	10.2	4.8	4.7	5.1	4.5	4.1	4.1
Import	%	21.4	13.4	10.1	5.7	5.7	5.7	4.0	4.9	5.4
Balance	mil. lei	+57	+111	-57	-902	-67	+721	+2,298	+1,500	-400
<b>Live animals (except for those for slaughtering)</b>										
Export	%	*	*	*	*	*	*	*	*	*
Import	%	*	0.3	0.2	0.1	*	*	*	*	*
Balance	mil. lei	*	-11	-15	-21	-11	+33	-12	-22	+12
<b>Raw materials for food manufacturing</b>										
Export	%	11.6	9.1	4.5	4.2	1.5	0.7	0.9	0.4	0.6
Import	%	0.7	2.2	2.3	5.7	2.9	4.1	2.8	2.6	1.7
Balance	mil. lei	+139	+307	+236	-1,258	-1,575	-4,498	-2,238	-2,436	-1,383
<b>Food products</b>										
Export	%	14.1	12.1	12.1	8.5	6.2	6.3	5.6	4.5	4.3
Import	%	0.3	2.5	3.0	3.2	1.9	1.9	1.3	1.1	1.5
Balance	mil. lei	+176	+420	+985	+2,464	+8,189	+7,696	+7,607	+7,031	+5,182
<b>Consumer industrial commodities</b>										
Export	%	1.3	5.8	18.2	16.2	16.7	17.3	17.8	18.6	18.1
Import	%	10.2	5.2	5.5	3.0	3.4	4.0	3.7	4.5	3.4
Balance	mil. lei	-132	+50	+1,374	+6,482	+24,792	+23,060	+24,911	+28,306	+25,789

Source: Romanian Statistical Yearbook, 1990.

Notes: \* very small values (less than 0.001).

<sup>1)</sup> million lei foreign currency in the period 1950–1980; million lei at planned commercial exchange rate in the period 1981–1989.

The geographic orientation of Romanian exports and imports is also an indicator of industrialization efforts, and also of political and economic distancing from Moscow and CMEA. While in the 1950s, 89% of the Romanian exports went to socialist countries, mainly to the USSR, even since the 1960s this share began to diminish in favor of developed capitalist countries; it is from these developed countries that nearly one quarter of imports originated, mainly technology necessary for the country's industrialization.

After 1975, a reorientation of exports towards developing countries could be also noticed, to which Romania exported manufactured products (industrial commodities, building materials), and from which the oil imports came (from Saudi Arabia, Iran, Libya, Syria); Romania also imported raw materials from African countries, but also from developed capitalist countries (Australia, New Zealand – ores for the steelworks in Galați and Călărași (Tables 3, 4, 5).

Table 3

Romanian exports destinations and imports origins (1950–1989), %

	Flow	1950	1960	1965	1970	1975	1980	1985	1986	1987	1988	1989
Total,	export	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which:	import	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Europe	export	94.0	88.0	88.3	82.6	73.8	68.6	67.2	68.9	69.6	66.6	69.3
	import	94.6	90.5	88.6	84.1	74.3	53.2	57.4	69.3	60.7	65.0	62.8
Asia	export	1.2	9.5	8.1	11.8	17.7	19.4	17.8	16.5	16.4	19.6	17.9
	import	0.8	6.2	7.1	9.3	14.1	26.1	23.0	19.2	27.4	24.8	28.6
Africa	export	1.0	1.7	2.6	3.3	4.4	6.9	6.2	6.5	5.7	5.0	3.8
	import	0.4	1.8	2.8	1.6	7.7	11.2	12.6	4.2	5.1	3.5	2.7
America	export	3.5	0.8	1.0	2.2	4.1	4.9	8.8	8.0	8.1	8.3	8.9
	import	4.3	1.6	1.5	4.7	3.7	9.3	6.5	6.6	5.5	5.6	4.7
Oceania	export	0.3	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.4	0.2
	import	0.0	0.0	0.0	0.1	0.1	0.3	0.5	0.7	1.2	1.2	1.2

Source: Data processing from Statistical Yearbook of the Socialist Republic of Romania, 1978; Romanian Statistical Yearbook, 1990.

Romania participated in the UNCTAD sessions, and since November 1971 in the GATT activity; it became member of the “Group of 77” as well, and it was recognized as having a developing country status, which means that it was given preferential tariffs by developed capitalist countries (Australia, New Zealand, Japan, Canada, Austria, Finland, EEC, USA, Switzerland, Norway, Sweden) and Romania could export on these markets. Yet, out of competition and political considerations, Romania began to lose these preferential tariffs in the 1980s, and thus the share of exports to developed capitalist countries began to decrease.

Cojanu (1997) established a hierarchy of the top 10 competitive Romanian industries in early 1980s, in terms of the share in total imports of developed capitalist countries: furniture; chemical fertilizers; clothing; footwear and leather goods; steel

products; agricultural machinery; products made of minerals, glass, porcelain, faience; chemical elements for metal processing; wooden products and paper. It is worth noting that in the top 10 above-mentioned industries that prevail in the exports of the '70–'80s, half of them need an intensive use of unskilled labor and of mineral and agricultural resources. Iancu (1982) revealed that products that needed an intensive use of labor prevailed in the Romanian exports at that time, when labor was a relatively abundant and cheap production factor in Romania.

Table 4

Geo-political orientation of the Romanian international trade (1950–1980)

Item	Flow	1950	1960	1965	1970	1975	1980
Total, of which:	export (%)	100.0	100.0	100.0	100.0	100.0	100.0
	import (%)	100.0	100.0	100.0	100.0	100.0	100.0
	balance (mil. lei f. c. *)	-186.0	415.1	146.5	-655.9	-1.6	-8,043.3
– socialist countries (total)	export (%)	89.2	73.0	68.6	58.1	46.0	44.8
	import (%)	78.1	73.1	60.8	53.9	43.5	37.8
	balance (mil. lei f. c.)	-3.7	297.6	604.3	110.6	654.8	504.9
– European socialist countries	export (%)	89.2	66.9	65.1	52.3	40.9	39.0
	import (%)	78.1	68.6	58.2	49.7	38.9	32.5
	balance (mil. lei f. c.)	-3.7	211.2	543.6	-39.1	525.2	683.5
– USSR	export (%)	60.8	39.2	39.8	28.6	19.9	19.6
	import (%)	43.4	41.0	37.7	25.5	17.2	15.6
	balance (mil. lei f. c.)	140.8	93.0	193.7	168.1	700.3	746.6
– China	export (%)	0.0	4.6	2.4	3.9	4.1	4.4
	import (%)	0.0	3.6	2.0	3.2	4.0	4.7
	balance (mil. lei f. c.)	0.0	58.4	28.6	59.1	23.6	-559.9
– Cuba	export (%)	0.0	0.0	0.2	0.8	0.3	0.5
	import (%)	0.0	0.0	0.0	0.7	0.2	0.2
	balance (mil. lei f. c.)	0.0	0.0	14.4	10.1	41.5	126.9
– developed capitalist countries	export (%)	5.7	21.2	24.9	33.0	36.9	35.1
	import (%)	16.9	24.0	34.2	41.1	43.9	33.3
	balance (mil. lei f. c.)	-174.4	-18.8	-563.9	-1,169.7	-1,863.0	-1,789.6
– EEC	export (%)	0.0	13.1	14.7	20.2	23.2	22.9
	import (%)	0.0	12.7	17.3	18.5	22.6	15.4
	balance (mil. lei f. c.)	0.0	72.0	-146.4	62.8	167.7	2,626.3
– EFTA	export (%)	0.0	6.8	6.8	8.1	6.8	4.2
	import (%)	0.0	6.8	8.6	16.9	14.2	6.2
	balance (mil. lei f. c.)	0.0	25.9	-106.4	-1,096.7	-1,949.2	-1,520.4
– USA	export (%)	0.2	0.1	0.2	0.7	1.8	3.6
	import (%)	0.1	1.0	0.8	3.0	2.6	7.4
	balance (mil. lei f. c.)	1.2	-34.0	-39.0	-278.1	-203.1	-2,508.3
– developing countries	export (%)	4.9	5.6	6.2	8.6	18.0	18.5
	import (%)	4.9	3.3	5.3	6.2	11.3	28.7
	balance (mil. lei f. c.)	-8.7	114.4	67.1	223.6	1,798.2	-7,503.5

Source: Statistical Yearbook of the Socialist Republic of Romania, 1978; Romanian Statistical Yearbook, 1990.

Note: mil. lei f. c. = million lei foreign currency.

Table 5

Geo-political orientation of the Romanian international trade (1985–1989)

Item	Flow	1985	1986	1987	1988	1989
Total, of which:	export (%)	100.0	100.0	100.0	100.0	100.0
	import (%)	100.0	100.0	100.0	100.0	100.0
	balance (mil. lei*)	31,008.0	28,208.0	34,866.0	59,995.0	32,798.0
– socialist countries (total)	export (%)	44.2	48.6	45.3	45.4	45.4
	import (%)	50.7	61.2	58.5	63.8	60.9
	balance (mil. lei)	4,205.5	–3,442.9	–1,836.7	4,769.2	–6,059.7
– European socialist countries	export (%)	38.5	43.2	40.4	39.3	40.5
	import (%)	45.1	57.7	53.1	57.4	55.4
	balance (mil. lei)	2,338.5	–7,502.9	–2,813.7	1,339.2	–6,840.7
– USSR	export (%)	21.5	23.4	21.9	21.7	22.6
	import (%)	22.6	33.5	30.2	31.6	31.5
	balance (mil. lei)	5,041.0	–7,117.0	–3,342.0	1,017.0	–4,511.0
– China	export (%)	4.5	4.3	3.3	4.3	3.4
	import (%)	3.7	3.0	4.1	4.7	3.8
	balance (mil. lei)	2,543.0	2,953.0	–29.0	2,019.0	510.0
– Cuba	export (%)	0.9	0.8	1.3	1.5	1.3
	import (%)	1.5	0.2	1.0	1.3	1.4
	balance (mil. lei)	–626.0	1,035.0	946.0	1,281.0	350.0
– developed capitalist countries	export (%)	35.9	32.4	36.4	35.1	36.8
	import (%)	17.6	19.1	14.2	13.5	17.8
	balance (mil. lei)	37,922.1	27,313.2	42,219.5	47,482.3	37,760.0
– EEC	export (%)	25.0	22.5	25.9	23.9	25.2
	import (%)	10.1	9.8	6.2	6.2	5.6
	balance (mil. lei)	29,720.0	23,727.2	35,298.1	36,081.3	34,694.5
– EFTA	export (%)	2.9	2.8	3.1	3.2	3.3
	import (%)	1.9	1.9	1.5	1.3	1.4
	balance (mil. lei)	2,260.1	2,100.0	3,153.4	4,201.0	3,621.5
– USA	export (%)	6.2	5.4	4.9	4.9	5.4
	import (%)	3.1	3.0	2.6	2.7	2.0
	balance (mil. lei)	6,444.0	4,708.0	4,753.0	5,636.0	6,392.0
– developing countries	export (%)	18.6	17.2	16.6	18.1	16.4
	import (%)	31.5	19.4	26.7	22.0	20.6
	balance (mil. lei)	–13,109.6	1,814.0	–7,612.4	6,027.6	–273.5

Source: Statistical Yearbook of the Socialist Republic of Romania, 1978; Romanian Statistical Yearbook, 1990.

Note: \* million lei at planned commercial exchange rate in the period 1981–1989.

Since July 1987, USA completely withdrawn the preferential tariff regime granted to Romania, and since 1988 Romania no longer benefited from the Most Favored Nation Clause<sup>5</sup>.

<sup>5</sup> USA granted again Romania the Most Favored Nation Clause since November 1993, and since the beginning of 1994, they re-included Romania in the list of customs preferences beneficiaries (Sută, 2000, p. 503).

#### 4.4. INTERNATIONAL TRADE WITH AGRICULTURAL AND FOOD PRODUCTS IN THE PERIOD 1950–1989

At the end of the First World War, Romania was the fourth largest exporter of cereals in the world (OCDE, 2000). The crisis in the years 1929–1933 represented a moment of collapse for the Romanian cereal exports, due to the extremely high protectionist barriers imposed by the importing countries. In spite of this, Romania continued – so far as possible – to export cereals.

After the difficult period of the Second World War, when its exports were a support to its war effort, another more difficult period followed for Romania's agriculture: the severe drought in the years 1945–1946 added to the loss of crops, animals and rural households caused by the war, which brought famine in the country, with no export availabilities.

Cooperativization, as part of the Soviet model for the transformation of agriculture, resulted in state control of the agricultural land that had been into the private ownership of peasants, and the possibility to extract the value added from agriculture to finance industrialization, either directly or as export commodity, whose value was used in the import of industrial technology.

While by the end of the 1920s the agricultural products were practically the bulk of Romania's exports (Table 6), in the 1930s, the share of agricultural exports decreased to 45% and down to one-third during the war.

Table 6

Contribution of agricultural products exports to the Romanian exports, total and per capita, [various monetary units, averages of the years (1940–1989)]

Averages of the years	Total export	Agricultural products exports	Agricultural products exports in total exports (%)	Per capita (in monetary units)	
				Total exports	Agricultural products exports
million lei current currency <sup>1)</sup>				lei	
1920–1924	15,752	10,331	67.5	974	639
1925–1929	32,298	18,015	55.0	1,885	1,052
1930–1934	19,053	8,959	45.1	1,038	489
1935–1939	23,674	10,957	45.6	1,210	560
1940–1944	51,011	16,633	32.0	3,756	1,224
million lei foreign currency <sup>2)</sup>				lei	
1950–1954	1,818	329 <sup>3)</sup>	25.8 <sup>3)</sup>	109	20 <sup>2)</sup>
1955–1959	2,720	480 <sup>4)</sup>	17.5 <sup>4)</sup>	153	27 <sup>3)</sup>
1960–1964	5,091	1,134	22.2	272	61
1965–1969	8,142	1,915	23.5	418	98
1970–1974	16,177	3,151	19.1	781	152
1975–1979	34,405	5,239	15.5	1,586	242
million lei current currency				lei	
1980–1984	148,662	14,489	10.2	6,611	645
1985–1989	171,981	10,653	6.2	7,570	469

Source: Axenciuc (2018).

## Notes:

<sup>1)</sup> In the period 1916–1947 the leu currency goes through an inflationist process, and data show exports in current currency, not comparable.

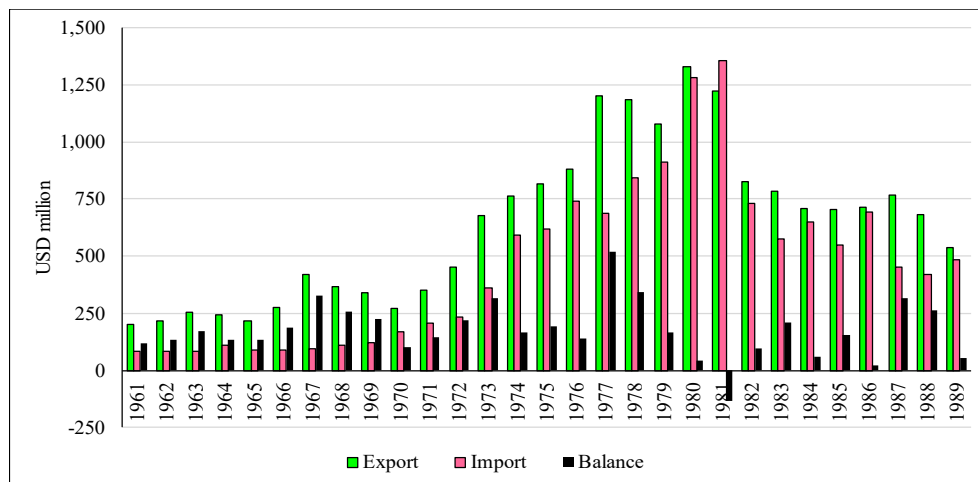
<sup>2)</sup> Between 1950 and 1990, the leu enjoyed a certain stability, under controlled low inflation; the prices of various commodities increased along 4 decades by 60–120%. The international trade is measured (in various sources) in “lei foreign currency” (meaning that the value of commodities in foreign currencies was converted in lei at the official exchange rate set by the Romanian National Bank). The latter was in average 6 lei = 1 US dollar in the period 1950–1970; while in 1972–1980 it varied between 5.53 and 4.47 lei per US dollar. One should note that the comparability using these exchange rates is also relative. Taking into account the purchase power parity, the US dollar depreciated mostly after the oil crisis and the suspension of convertibility in the '70s; thus, in 1980 the US dollar had only 1/3 of the purchasing power as compared to 1950. As a result, the value of the Romanian international trade also appears to be overvalued at a certain extent.

<sup>3)</sup> For 1950 only.

<sup>4)</sup> For two years only: 1955 and 1959; in the official statistics data concerning the agricultural exports in 1951–1954 and 1956–1958 are missing, and the subsequent statistical publications did not fill the gap.

In the 1950s, the agricultural products represented only one quarter of total exports; the decreasing trend in their share continued in the next decades as well, down to 19% in the first half of the 1970s, 15% in the late 1970s and only 6% in the late 1980s. Yet this evolution did not mean the diminution of the (quantitative) volume of agricultural exports, but only a much stronger increase of industrial exports in volume and value terms.

In the period of centrally-planned economy, Romania continued to be a net exporter of agri-food products (Figure 3).



Source: Processed data from Faostat.

Note: Data do not include chapters 03 (fish, crustaceans, mollusks) and 06 (live plants and floricultural products).

Figure 3. Romanian agri-food trade in the period 1961–1990.

Exports have increased with productivity, but have never touched the intensity of the beginning of the 20th century, because Romania could not keep up with

productivity gains in Western Europe and even with some Eastern bloc countries. Even under these conditions, Romania exported agricultural and food products, the peak period being 1970–1981, with a maximum reached in 1980 (USD 1.3 billion).

Agri-food imports also followed the trend of exports, reaching a maximum of USD 1.4 billion in 1981, the only year with a negative agri-food trade balance in the whole period. The 1980s saw a gradual reduction of the agri-food exports value down to the minimum of the period (USD 545 million in 1989), but the most drastic reduction was in agri-food imports, which decreased in 1982–1989 to less than half of the value in 1981; the minimum was recorded in 1988 (USD 424 million, practically less than one third of the 1981 value). The maximum surplus was recorded in 1977 (USD 518 million, or almost half of the value of exports).

It has been a policy of forcing exports and reducing imports to the minimum possible (except for industrial raw materials and fuels), in order to repay the external debt.

The trade was completely centralized and differentiated by destination. An important barrier to the external opening of agricultural trade was the exchange rate setting system, also centrally planned, and supported by a complex mechanism (the exchange rate regulation fund). Profits from international trade were paid into a special price equalization fund, while the losses were subsidized from the same fund (Rusali, 2000).

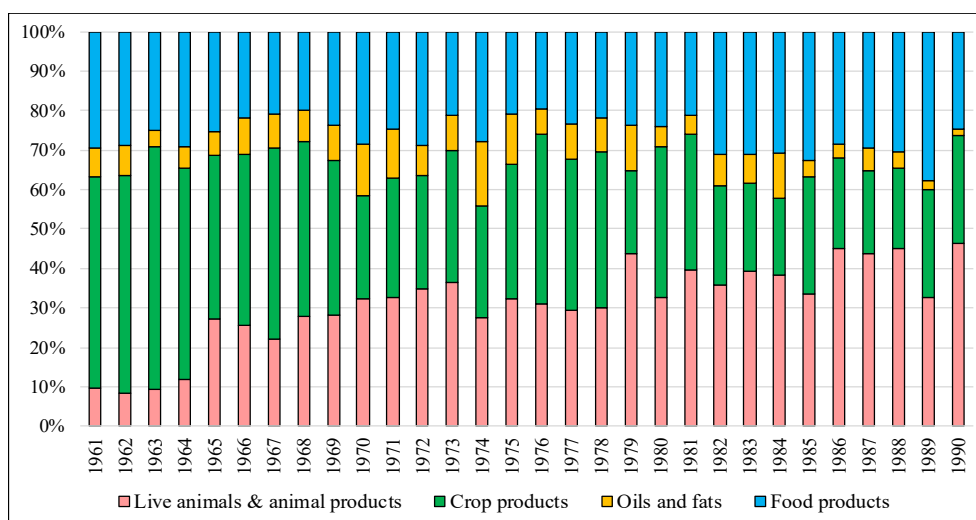
The importance of the European Economic Area markets for Romanian agri-food exports (in hard convertible currencies) increased significantly between 1986–1989, from 42% in 1986 to 67% in 1989. In 1989, EEC (European Economic Community) was the main destination for agricultural exports (49.5%), other Western European destinations being the EFTA member countries (Austria, Switzerland, Sweden). The pressure of exporting to Western countries meant at the same time reducing the share of agri-food exports to CMEA.

The analysis of the agri-food export structure in 1961–1990 by product groups shows that in the first years (1961–1964), the share of the crop products was more than half; it gradually decreased in the subsequent years in favor of the live animals and animal products group (figure 4). The end of the 1960s and 1970s is the period when large industrial pigs and poultry farming complexes were setup, as well as large processing food industry units. As a result, processed food exports gradually increased, and after 1974, they reached more than 150 million USD annually.

In the 1980s, live animals and animal products had the largest share in exports (about 40%), followed by processed food (about 30%) and by crop products (25%).

When detailing the structure of exports (10-year averages) by CN chapters and ranking them, one can observe that in the 1980s meat exports became prevalent (about 30% of the total), followed by cereals (13%), canned vegetables and fruit, and beverages (table 7). In the 1980s, oils and fats were less exported; instead fresh vegetables and fruits, as well as live animals (especially sheep) increased their share in the total agri-food exports (in those years, the Romanian international trade focused more on the Near and Middle East).





Source: Processed data from Faostat.

Note: Data do not include chapters 03 (fish, crustaceans, mollusks) and 06 (live plants and floricultural products).

Figure 4. Structure of agri-food exports by main product groups (1961–1990).

Table 7

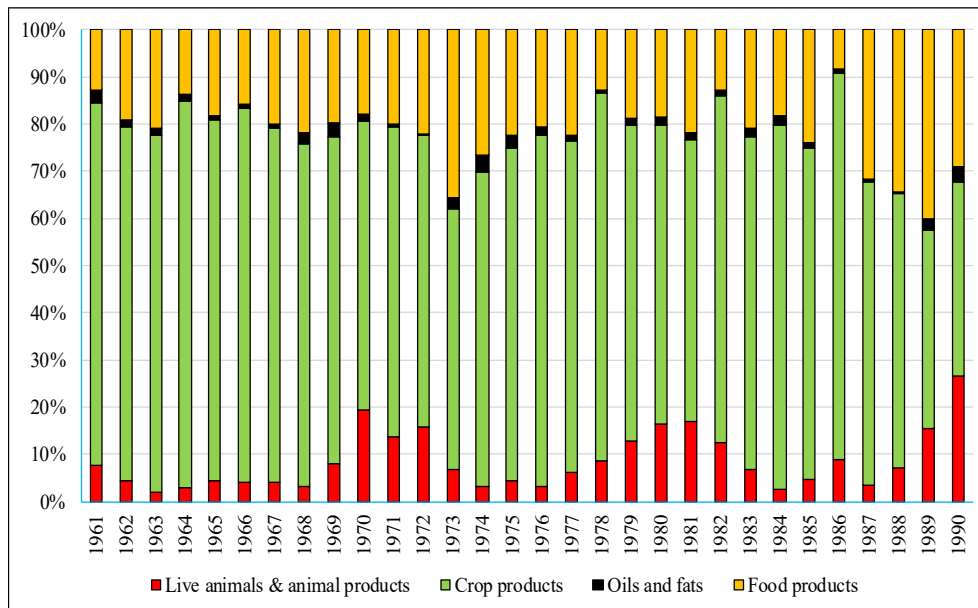
Composition of Romanian agri-food exports by CN chapters (1961–1989)

Rank	Average 1961–1970			Average 1971–1980			Average 1981–1989		
	NC chapter	USD million	%	NC chapter	USD million	%	NC chapter	USD million	%
	Total agri-food products	296.45	100.0	Total agri-food products	952.57	100.0	Total agri-food products	815.38	100.0
1	10-cereals	89.12	30.1	10-cereals	215.64	22.6	02-meat	237.68	29.1
2	02-meat	32.65	11.0	02-meat	180.19	18.9	10-cereals	107.29	13.2
3	22-beverages	25.34	8.5	15-oils and fats	89.70	9.4	20-canned vegetables and fruit	90.36	11.1
4	20-canned vegetables and fruit	24.02	8.1	22-beverages	85.56	9.0	22-beverages	80.71	9.9
5	15-oils and fats	23.91	8.1	01-live animals	79.39	8.3	07-vegetables	53.98	6.6
6	07-vegetables	20.63	7.0	20-canned vegetables and fruit	70.72	7.4	15-oils and fats	47.83	5.9
7	08-fruit	17.96	6.1	07-vegetables	66.07	6.9	08-fruit	43.13	5.3
8	01-live animals	14.85	5.0	04-milk and dairy products	48.19	5.1	01-live animals	42.89	5.3
9	04-milk and dairy products	14.50	4.9	16-canned meat and fish	38.26	4.0	04-milk and dairy products	39.95	4.9
10	17-sugar	10.32	3.5	08-fruit	37.42	3.9	16-canned meat and fish	38.60	4.7

Source: Processed data from Faostat.

Note: Data do not include chapters 03 (fish, crustaceans, mollusks) and 06 (live plants and floricultural products).

In imports, things were completely different: the crop product group dominated (with 60–80% share in imports, 65% on average in the 1980s), followed at a great distance by the processed food products group (around 24%), and eventually by the live animals and animal products group (11%) (figure 5).



Source: Processed data from Faostat.

Note: Data do not include chapters 03 (fish, crustaceans, mollusks) and 06 (live plants and floricultural products).

Figure 5. Structure of agri-food imports by main product groups (1961–1990).

The structure of the agri-food imports was completely different from that of exports (table 8).

Taking into account that at that time the best-selling products for export were textiles and meat, their production had to be boosted; therefore agricultural raw materials for the textile industry (code 14 – cotton residues) were imported, as well as animal feed or raw materials for feed production (oilseeds – soybeans; cereals) and, last but not least, live animals for production and live animals with high-quality genetic characteristics for breeding). Sugar was (and still remains) an important import product: raw cane sugar came at low prices in Cuba and was refined in Romania (energy-consuming industrial sub-branch); it was then used for domestic consumption (industrial and population) and for export.

Exotic products (coffee, tea, spices, cocoa and cocoa products) were imported as well, but in very small quantities, insufficient to meet domestic demand.

Table 8

Composition of Romanian agri-food imports by CN chapters (1961–1989)

Rank	Average 1961–1970			Average 1971–1980			Average 1981–1989		
	NC chapter	USD million	%	NC chapter	USD million	%	NC chapter	USD million	%
	<b>Total agri-food products</b>	<b>296.45</b>	<b>100.0</b>	<b>Total agri-food products</b>	<b>952.57</b>	<b>100.0</b>	<b>Total agri-food products</b>	<b>815.38</b>	<b>100.0</b>
1	14-cotton residues	55.58	53.7	10-cereals	195.19	29.5	14-cotton residues	152.08	22.6
2	10-cereals	8.85	8.6	14-cotton residues	149.74	22.6	10-cereals	137.36	20.4
3	22-beverages	4.21	4.1	23-animal feed	48.63	7.4	12-oilseeds	73.68	10.9
4	23-animal feed	3.75	3.6	17-sugar	40.48	6.1	17-sugar	69.33	10.3
5	08-fruit	3.64	3.5	12-oilseeds	39.67	6.0	09-coffee, tea and spices	43.75	6.5
6	07-vegetables	3.63	3.5	02-meat	37.82	5.7	23-animal feed	38.37	5.7
7	17-sugar	3.16	3.1	09-coffee, tea and spices	30.05	4.5	02-meat	37.04	5.5
8	18-cocoa and cocoa preparations	2.88	2.8	18-cocoa and cocoa preparations	25.97	3.9	08-fruit	24.47	3.6
9	09-coffee, tea and spices	2.66	2.6	08-fruit	24.85	3.8	07-vegetables	17.78	2.6
10	20-vegetables and fruit preparations	2.55	2.5	01-live animals	14.25	2.2	01-live animals	17.61	2.6

Source: Processed data from Faostat.

Note: Data do not include chapters 03 (fish, crustaceans, mollusks) and 06 (live plants and products from floriculture).

## 5. CONCLUSIONS

The major political changes in the analyzed period have resulted in significant change in spheres of influence among major European and world powers, determining the direction of Romania's trade flows. If between 1865 and 1945 the main trading partners were Austria, England, France and Germany, in the 1950s trade was directed towards the USSR and the socialist countries. In the 1960s and 1970s, characterized by the massive industrialization effort and the political and economic distancing trend from Moscow and CMEA, trade has gradually shifted towards developed capitalist countries (technology suppliers), in order to obtain the necessary hard currency for industrialization, and to developing countries (suppliers of oil and other industrial raw materials); then, towards the end of the centrally planned economy period, the trade surplus was used to repay the external debt.

At the end of the First World War, Romania was the fourth largest exporter of cereals in the world. Until late 1920s, agricultural products virtually supported

Romania's exports; in the decades that followed, the share of agricultural exports declined steadily, decreasing to 1/3 during WWII and to a quarter in the 1950s. The downward trend continued in the coming decades, reaching only 6% in the late 1980s. This development did not mean, however, the reduction of the (quantitative) volume of agricultural exports, but only a much higher increase in the volume and value of industrial exports.

Since the 1950s, the Romanian international trade became fully controlled, centralized and differentiated by destination. FAO data show that the peak period of Romanian agricultural exports was 1977–1981, with a maximum in 1980; subsequently their value decreased (by 36–48% in 1981–1988, and by 61% in 1989, as compared to 1980). Agri-food imports followed the trend of exports, reaching a maximum in 1981. A drastic reduction in agri-food imports followed, falling in 1982–1989 to less than half of the 1981 value, with the minimum recorded in 1988 (less than a third of the 1981 value). It was a policy of forcing exports and cutting imports to the minimum possible (except for industrial raw materials and fuels), aimed at the repayment of the external debt, but at the cost of insufficient food supply for the urban population.

In the structure of agri-food exports in 1961–1990, in the early years (1961–1964), crop products dominated (over half); in the following years, their share gradually declined, in favor of live animals and animal products. The establishment of large industrial pigs and poultry breeding complexes as well as of large food processing industry units in the late 1960s and 1970s resulted in a gradual increase of the share of processed food in exports. During this period, agri-food products exports consisted mainly of processed products.

Agri-food imports focused on animal feed and live animals (needed for animal production for meat exports), and on various raw materials needed for industries with export potential (textile and food industry).

The international political context of the 1990s and the fundamental political, economic and social transformations in Romania after 1990 resulted in essential changes in the trade policies and in the evolution of the Romanian international general and agri-food trade.

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