

# RADIO FREE EUROPE *Research*

EAST EUROPE

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## RUMANIA'S FOREIGN TRADE IN 1967

Summary: Figures obtained from the latest pocketbook edition of the Rumanian Statistical Yearbook indicate the continuance of recent trends in Rumania's foreign trade. Thus, the share of the Soviet Union and Comecon countries continued to decline throughout 1967, while important gains were achieved in trading with industrialized West European nations, especially West Germany. The statistics, however, indicate a negative trade balance, due primarily to deficits in trade with Western nations (a nearly one-thousand-million-lei deficit was recorded in West German-Rumanian dealings in 1967). A deficit of 2.5 thousand million lei for the period 1965-1970 had been envisioned at least as early as February 1967. This situation may pose serious problems for the Rumanians in the repayment of debts in Western Europe, and the problem will no doubt be accentuated by the current drought. Grain export statistics of previous years demonstrate conclusively how important agricultural produce has been in the balance-of-payments situation.

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From the figures in the latest Statistical Yearbook (Pocketbook edition 1968, covering 1967); the share of the Soviet Union and Comecon countries in Rumania's foreign trade continued to decline through 1967, while important gains could be noted in her trade with Western industrial countries, particularly with West Germany. The statistics show a negative trade balance, due primarily to deficits in trade with Western industrial countries (nearly a billion-lei deficit with West Germany alone). In 1967 progress in Rumania's exports of machinery and equipment was modest, and in many branches there were setbacks. The country was able to double its export of grain due to a bumper crop, which enabled it to finance in part the rapidly-increasing trend toward the importation of complete plants.

In 1967 the overall volume of trade increased by 22.6 per cent over 1966, to 17,648,000,000 lei (six lei = one dollar, at the official rate). This annual rate was much higher than that envisaged by the Five-Year Plan (a 55-per cent increase for 1965-1970), and exceeded the approximately 20-per cent increase called for in the 1967 annual plan (Scanteia, 27 December 1966). Rumanian exports in 1967 increased over 1966 by 17.6 per cent, to 8,372,100,000 lei, exceeding the 7.9 billion lei set in the annual plan for 1967 (Scanteia, 28 December 1966). Imports increased more rapidly than exports in 1967, rising 27.4 per cent, to 9,276,500,000 lei, and causing a trade deficit of about 900 million lei. There was a much smaller deficit -- about 160 million lei -- in 1966, and a trade surplus of about 145 million lei in 1965. It must be recalled, however, that a total deficit of 2.5 thousand million lei was envisaged for the 1965-1970 period in Ceausescu's speech on foreign trade in February 1967.

#### 1) The East-West Balance

In 1967, the share of the 14 "socialist countries" in Rumania's trade dropped to 52.4 per cent, compared with 73 per cent in 1960, 65 per cent in 1965, and 59.6 per cent in 1966. The share of the Comecon countries (not including Mongolia) dropped in 1967 to 47 per cent, from 60.4 per cent in 1965 and 54.1 per cent in 1966. The share of the other Communist countries (Red China, North Korea, North Vietnam, Cuba, Yugoslavia, Albania, and Mongolia) increased from 4.6 per cent in 1965 to 5.5 per cent in 1966, and remained at about the same level in 1967 (5.4 per cent). One should note, however, that in 1966 Rumania's trade with her Comecon partners also decreased in absolute value over 1965 (reflecting, in part, Comecon price changes), while in 1967, trade with this group increased by 6.6 per cent. Trade with the other Communist countries increased by 12.1 per cent in 1967. These increments are very modest, however, if compared with the 1967 increase in trade with the Common Market (57 per cent) or with the Outer Seven (29.1 per cent). The share of the Common Market in Rumania's total trade increased from 17.8 per cent in 1965 to 20.8 per cent in 1966 and 26.7 per cent in 1967. The share of the Outer Seven increased from 7.7 per cent in 1965 to 8.7 per cent in 1966 and 9.1 per cent in 1967.

#### 2) Trade with the Soviet Union

The share of commercial exchanges with the Soviet Union in total Rumanian foreign trade decreased from 47.0 per cent in 1959 to 38.8 per cent in 1965, 33.5 per cent in 1966, and 28.2 per cent in 1967. Whereas in value terms, trade with the Soviet Union decreased in 1966 over 1965, it increased in 1967 by 3.2 per cent, to 4,976.3 million lei (M.l.) without, however, reaching the more than five thousand million lei achieved in 1965. The balance continued to be positive for Rumania, which had a surplus of 218.3 M.l. in 1967.



### 3) Trade with Comecon Countries Other than the Soviet Union

Rumania's overall trade balance with all Comecon countries was slightly positive in 1967. Although trade with Czechoslovakia increased somewhat in 1967, the rate of increase was low enough to cause Czechoslovakia to lose third place among Rumania's trade partners to Italy in 1967. (Czechoslovakia had lost second place to West Germany in 1965.) East German trade continued to increase, showing negative balances with Rumania in both years. However, the increase of 7.3 per cent in 1967 in East German-Rumanian exchanges should be compared with an increase of 58 per cent in the Rumanian-West German trade. Also of importance is the substantial increase in trade with Bulgaria, where Rumanian operations now show a deficit, compared to a positive balance in 1966.

TABLE I: Trade with Comecon Countries Other than the  
USSR  
(in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>
Bulgaria	194.4 (s)	276.9 (d)
Czechoslovakia	971.5 (s)	1,063.5 (d)
East Germany	906.5 (d)	973.5 (d)
Hungary	382.2 (s)	435.6 (s)
Poland	509.7 (d)	579.0 (s)

Key: (s) indicates surplus; (d) indicates deficit.

### 4) Trade with Other Communist Countries

Most significant is trade with China, which continues to increase, 1967 showing a 10.3 per cent increase. This trade, which amounted to 341.6 m.l. in 1960, dropped to 76.3 m.l. by 1962, but rose steadily thereafter, reaching 291.0 m.l. in 1965. The balance of payments, however, has remained positive for Rumania in recent years. Reflecting the war situation, trade with North Vietnam has more than doubled, and consists almost entirely of Rumanian exports. Rumanian-North Vietnamese trade is currently four times the level of 1965. Trade with Cuba decreased markedly between 1963 and 1967, dropping from a 1963 figure of 120.3 m.l. Rumanian-Cuban trade is likely to rise sharply in 1968, however, following the rapprochement reflected by the visit of Deputy Premier Radulescu to Havana.

TABLE II: Trade with Other Communist Countries  
(in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>
Albania	34.0 (-)	41.4 (-)
China	395.0 (s)	435.5 (s)
Cuba	22.2 (s)	14.2 (-)
Mongolia	9.9 (-)	17.7 (-)
North Korea	39.7 (-)	60.9 (-)
North Vietnam	54.8 (s)	121.0 (s)
Yugoslavia	233.4 (d)	263.1 (s)

Key: (s) indicates surplus; (d) indicates deficit;  
(-) indicates trade in balance.

5) Trade with Common Market Countries

Trade with West Germany has jumped astonishingly from 1042.2 m.l. in 1965 to 1333.9 m.l. in 1966 and 2115.7 m.l. in 1967, an increase of 58 per cent in 1967 over 1966. The West German share of Rumania's total trade reached 12 per cent in 1967, and by that year had increased nearly four-fold in volume compared to 1960. Also striking is the further deterioration of Rumania's balance of trade with West Germany; the deficit amounted to almost a thousand million lei in 1967, compared to 445 m.l. in 1966 and 283 m.l. in 1965.

Rumania's number three trade partner, and second in importance among Rumanian trade contacts in the West, was Italy, due to sharp increases in the past year. Rumania's trade balance with Italy remains positive, although the Rumanian export surplus decreased considerably over 1966.

Next among the Common Market countries was France, whose trade with Rumania almost doubled its 1965 level. Also notable are the four-fold increase in trade with Belgium, and the fact that the Rumanian deficit, although slight in 1966, in the past year surpassed 300 m.l.



TABLE III: Trade with Common Market Countries

(in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>	<u>1967 Rumanian Surplus/Deficit</u>
Belgium	105.5 (d)	437.4 (d)	300.0 (d)
France	648.6 (d)	808.6 (d)	150.0 (d)
Holland	233.4 (s)	263.1 (d)	44.6 (d)
Italy	740.1 (s)	1,089.2 (s)	39.4 (s)
West Germany	1,333.9 (d)	2,115.7 (d)	958.0 (d)

Key: (s) indicates surplus; (d) indicates deficit.

6) Trade with the Outer Seven, Other European Countries, and Developed Non-European Countries

Highlights of Tables IV, V, and VI, below, are the decrease in trade with the US; the doubling of trade with Israel; and the low level of trade with Canada. The latter figure is expected to rise, however, after the visit of Deputy Premier Draganescu to Canada. It should also be noted that Rumanian trade with Switzerland now provides a 20.m.l. surplus, as compared to a 50 m.l. deficit in 1966.

TABLE IV: Trade with the Outer Seven (in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>	<u>1967 Rumanian Surplus/Deficit</u>
Austria	310.8 (d)	462.3 (d)	180.0 (d)
Denmark	20.5 (d)	30.2 (d)	20.2 (d)
Norway	6.8 (s)	5.7 (s)	2.0 (s)
Portugal	14.9 (d)	21.7 (s)	3.9 (s)
Sweden	119.2 (d)	137.1 (d)	64.0 (d)
Switzerland	231.6 (d)	258.4 (s)	20.0 (s)

Key: (s) indicates surplus; (d) indicates deficit;  
(-) indicates trade in balance.

TABLE V: Trade with Other European Countries  
(in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>
Finland	35.1 (d)	44.4 (d)
Greece	113.0 (s)	92.9 (s)
Spain	60.1 (-)	151.4 (-)
Turkey	47.2 (s)	78.5 (s)

Key: (s) indicates surplus; (d) indicates deficit;  
(-) indicates trade in balance.



**TABLE VI: Trade with Developed Non-European Countries**  
(in million lei)

<u>Country</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1967 Rumanian Surplus/Deficit</u>
Canada	3.8 (d)	3.9 (s)	5.2 (d)	0.2 (d)
Israel	21.1 (d)	30.4 (d)	67.1 (s)	11.5 (s)
Japan	189.5 (d)	203.5 (d)	260.7 (d)	150.0 (d)
USA	70.6 (d)	188.0 (d)	159.0 (d)	53.0 (d)

Key: (s) indicates surplus; (d) indicates deficit.

7) Trade with Other Non-European and Developing Countries

Highlights, as shown in Table VII, below, are the repeated doubling of trade with Lebanon (from 52.6 m.l. in 1965), which resulted in a Rumanian surplus of 162.8 m.l. in 1967, and the marked expansion of trade with other developing countries -- notably Iran (from 7.1 m.l. in 1965) and Algeria. Both these countries produced surpluses for Rumania in 1967 -- 70.0 m.l. and 20.9 m.l., respectively. Dealing with the UAR resulted in a 125.0 m.l. surplus, while a total trade volume of only 18.6 m.l. with Iraq produced a 15.8 m.l. Rumanian surplus. Trade with Ghana displayed a marked negative balance for Rumania, while dealings with Kuwait and Libya were strictly one way, consisting solely of exports of Rumanian goods. In the case of Indonesia, where the reasons for Rumanian losses of capital over the past years have been political, trade fell from 75.0 m.l. in 1965 to 1.3 m.l. in 1967. Commerce with Brazil produced a surplus in 1967, as compared to a deficit during the previous year.

TABLE VII: Trade with Other Non-European and Developing Countries  
(in million lei)

<u>Country</u>	<u>1966</u>	<u>1967</u>
Algeria	2.4	28.0 (s)
Argentina	22.5	11.4 (s)
Brazil	13.3	22.8 (s)
Ceylon	39.9	58.4 (-)
Cyprus	9.6	15.3 (s)
Ghana	10.1	12.6 (d)
India	85.3	99.9 (-)
Indonesia	20.3	1.3 (d)
Iran	58.8	133.4 (s)
Iraq	23.2	18.6 (s)
Kuwait	17.9	17.5 (s)
Lebanon	102.6	242.8 (s)
Libya	26.3	27.2 (s)
Sudan	25.0	54.2 (-)
Syria	81.6	97.6 (s)
UAR	235.4	311.1 (s)

Key: (s) indicates surplus; (d) indicates deficit;  
(-) indicates trade in balance.

### 8) Exports and Imports

Although Rumanian statistics do not contain a breakdown by countries and commodities, the data for 1967 on export and import of goods revealed some interesting facts. In 1967, the Rumanian share of equipment and machinery exportation, in total exports, increased only slightly over 1966, from 17.3 to 19 per cent (a low rate compared with other East European countries), while her share of imports in this category increased from 41.6 to 48.8 per cent. The import of complete plants doubled, reaching 2,068.5 m.l. in 1967, as against 1,082.0 m.l. in 1966, 849.0 m.l. in 1965, and 510.8 m.l. in 1960.



Rumania's share of mineral raw materials and metals exportation, in total exports, decreased from 24.3 per cent in 1966 to 20.5 per cent in 1967, with a decrease in oil products of from 10.3 to 8.8 per cent. In the same interval, her import share in these categories of raw materials increased from 24.9 per cent to 28.5 per cent. Her export share of chemical products, rubber, and fertilizers increased only slightly, from 5.8 to 6.0 per cent, while her import share decreased from 7.2 per cent in 1966 to 6.5 per cent in 1967.

With regard to exports of principle commodities, significant changes have taken place since 1960. For example, gasoline, exported at the rate of 2,465.8 thousand tons in 1960, fell in 1967 to 957.3 thousand tons. Similarly, the export of equipment for oil refineries has decreased phenomenally, from a valuation of 91.8 m.l. in 1965 to 6.6 m.l. in 1967. Compensating for these declines has been the substantial increase in the export of agricultural machinery and, especially, tractors, in which area there has been a doubling of production for export. Also, export of industrial equipment for chemical works has begun an upward swing, reaching 47.7 m.l. in 1967, up from 18.0 m.l. in 1966. (Export of these items is, however, far from the 80.9 m.l. figure of 1965.)

Reflecting the bumper crop of 1967, grain exports rose to a figure of 2,339.4 thousand tons, as compared with 882.2 thousand tons in 1965, thereby producing much-needed revenue to compensate for heavy purchases in Western Europe.

(more)

TABLE VIII: Rumanian Exports

<u>In thousand tons:</u>	<u>1966</u>	<u>1967</u>
Cement	1,635.7	1,369.1
Gasoline	1,181.3	957.3
Grain	1,303.8	2,339.4
Rolled ferrous goods	439.6	259.2
Sugar	105.0	192.2
Tubes	245.0	243.7
<u>In million lei:</u>		
Agricultural machinery	141.7	215.6
Chemical equipment	18.0	47.7
Furniture	282.2	330.3
Naval construction	113.6	175.5
Oil extraction equipment	238.1	248.6
Refinery equipment	12.5	6.6
<u>In units:</u>		
Ball bearings (million units)	5.4	6.6
Lathes	870	1,059
Railroad freight cars	2,860	3,474
Tractors	4,433	8,603
<u>Miscellaneous:</u>		
Manganese ore (tons)	48,500,	59,600.
Methane gas (cubic meters)	200,000,000.	200,000,000
Paper (tons)	25,000.	43,300
Timber (cubic meters)	22,000,000.	22,000,000

Concerning imports, it should be noted that there has been a dramatic rise in the importing of iron ore during the last seven years. For example, 917.1 thousand tons were brought into Rumania in 1960, while the most recent figure is 3,360.1 thousand tons -- a reflection of Rumania's increased industrialization.



With regard to automobiles, statistics indicate a similar significant rise in imports: from 1,186 in 1960 to 11,890 in 1965, and to a present figure of 17,841.

TABLE IX: Rumanian Imports

<u>In thousand tons:</u>	<u>1966</u>	<u>1967</u>
Apatite (for fertilizer production)	207.3	219.5
Coking coal	722.8	793.2
Iron ore	2,854.1	3,360.1
Metallurgical coke	1,102.4	1,089.1
Potassium fertilizers (K 20)	22.0	14.0
Rolled ferrous goods	1,224.9	1,345.9
Tubes	81.8	98.2
<u>In million lei:</u>		
Agricultural machinery	41.5	89.1
Chemical industry equipment	51.7	57.3
Power industry equipment	242.4	304.3
<u>In units:</u>		
Ball bearings (in million units)	5.4	6.0
Buses	161	179
Machine tools for metal cutting	1,240	1,955
Passenger automobiles	16,107	17,841
Radio sets	33,200	18,300
Television sets	151,700	147,900

The figures on exchanges of commodities indicate that the deficit problem in Rumania's foreign trade will be difficult to solve, since her export of manufactured goods is making slow progress. This problem is further complicated by the fact that Rumania's deficit results from its trade with developed Western countries, while most

of her manufactured goods (industrial equipment, tractors, etc.) are sold in the developing countries. This year's drought makes prospects for next year appear even worse, since the income from agricultural exports will inevitably decline.

So far as the trade outlook for 1968 is concerned, it may be recalled that according to Scanteia of 27 December 1967, exports are to increase by nine per cent and imports by seven per cent over the "preliminary results for 1967."

Rumanian Unit