

## UKRAINE AND ROMANIA: FINANCIAL ASPECTS OF TRADE IN AGRICULTURAL PRODUCTS

Olesia TOTSKA

Lesya Ukrainka Volyn National University, Department of Finance, 28 Vynnychenko Street, Lutsk, 43021, Ukraine, E-mail: Totska.Olesia@vnu.edu.ua

*Corresponding author:* Totska.Olesia@vnu.edu.ua

### Abstract

*Ukraine and Romania are neighboring countries, which facilitates their foreign economic cooperation. The article provides a detailed analysis of the financial aspects of trade in agricultural products of Ukraine and Romania. The analysis was conducted on the basis of statistical data of the State Statistics Service of Ukraine for 2021. The study used ABC-method. It is determined that the following groups of goods of the agro-industrial complex of Ukraine are in the greatest demand in Romania: preparations of grains; cocoa and cocoa preparations; sugar and sugar confectionery; animal or plant fats and oils; meat and meat preparations; alcoholic and non-alcoholic beverages, vinegar (group A). They were exported in the amount of USD 9,594.8 ths. to USD 38,145.7 ths. At the same time, the largest shares of imports from Romania to Ukraine have such agricultural products as tobacco and industrial substitutes of tobacco; cereals; other mixed foodstuffs (also group A). They were imported in the amount of USD 5,438.5 ths. to USD 29,378.2 ths.*

*Key words:* export, import, agricultural products, Ukraine, Romania

### INTRODUCTION

Romania is one of Ukraine's neighbors. Such a close location facilitates foreign economic cooperation between the two countries, in particular trade in agricultural products. Especially since some of them have short shelf life. In 2021, the total value of exports of Ukrainian goods abroad amounted to USD 68,089,287.9 ths., including Romania – USD 1,543,654.7 ths. (2.3 % of total exports of goods). During the same period, foreign goods were imported to Ukraine from abroad in the amount of USD 72,816,818.0 ths, including from Romania – in the amount of USD 796,373.0 ths (1.1 % of total imports of goods) [11]. Thus, the total balance of foreign trade (the difference between the value of exports and imports) of Ukraine in 2021 amounted to USD -4,727,530.1 ths, with Romania – the amount of USD 747,281.7 ths. Foreign trade of Ukraine and Romania, various aspects of their relationship are revealed in the works of the following scholars: Cassidy K. L. (2013) – cross-border small trading in the Ukrainian-Romanian borderlands [1]; Chiappini R. (2011) – the impact of trade specialization on exports in

Central and Eastern European countries [2]; Chobal L. and Lalakulych M. (2019) – the legal basis for the development of Ukrainian-Romanian cross-border regions [3]; Degtyarev S. I. and Zavorodnia V. N. (2019) – the nature and specifics of diplomatic and trade and economic relations between the Ukrainian state and Romania in the context of the territorial conflict after the Bessarabian question [4]; Ignjatijević S. *et al.* (2013) – comparative advantages and level of specialization in international trade in primary and industrial products of the Danube region [5]; Ignjatijević S. *et al.* (2015) – the level of competitiveness of the processed food sector in the countries of the Danube region [6]; Manrai L. A. *et al.* (2001) – classification of Central and Eastern European countries in terms of their overall attractiveness for international marketing [7]; Pidhirna V. N. (2011) – the level of openness of the economies of Ukraine and Romania for foreign trade and investment based on national priorities [9]; Stamule T. (2017) – Moldova's trade with the EU and the CIS, including Ukraine and Romania [10]; Wust A. and Zichner H. (2010) – trade activities of small traders and small entrepreneurs on the

Romanian-Ukrainian border [12]. Besides, we will note that Parkhomenko N. *et al.* (2022) investigated the export potential of the agricultural sector of Ukraine [8]. However, these papers did not provide a detailed analysis of the financial aspects of trade in agricultural products of Ukraine and Romania, which is the purpose of this article.

## MATERIALS AND METHODS

The ABC method was used in the research process, which allows to divide all analyzed objects into three groups depending on their specific weight in the total size of the selected indicator: A (about 80 %), B (about 15 %), C (about 5 %).

Within the framework of this article, agricultural products will be divided into three groups:

A – goods with the highest value of exports/imports (about 80 % of the total);

B – goods with an average level of export/import value (about 15 %);

C – goods with the lowest value of exports/imports (about 5 %).

## RESULTS AND DISCUSSIONS

### Financial aspects of exports of agricultural products from Ukraine to Romania

In 2021, Ukraine exported to Romania agricultural products worth USD 147,705.5 ths. This amounted to 9.6 % of total exports of goods to Romania [11]. The distribution of exports by individual types of goods is shown in Table 1. In it, agricultural products are arranged in descending order of the value of export transactions.

Table 1 shows that group A includes six types of goods with the greatest export potential from USD 9,594.8 ths. to USD 38,145.7 ths. (preparations of grains; cocoa and cocoa preparations; sugar and sugar confectionery; animal or plant fats and oils; meat and meat preparations; alcoholic and non-alcoholic beverages, vinegar). The accumulated share of these goods in the total amount of exports of agricultural products amounted to 73.9 %.

Table 1. Exports of agricultural products from Ukraine to Romania in 2021

| Commodity code and title by Ukrainian Classification of Commodities in Foreign Trade | Export value, thousand dollars USA | Share in total exports of agricultural products, % | Accumulated share in total exports of agricultural products, % | ABC group |
|--|------------------------------------|--|--|-----------|
| 19 Preparations of grains  | 38,145.7                           | 25.8   | 25.8   | A         |
| 18 Cocoa and cocoa preparations  | 18,731.6                           | 12.7   | 38.5   | A         |
| 17 Sugar and sugar confectionery   | 17,117.8                           | 11.6   | 50.1   | A         |
| 15 Animal or plant fats and oils   | 14,562.6                           | 9.9  | 60.0   | A         |
| 02 Meat and meat preparations  | 10,962.0                           | 7.4  | 67.4   | A         |
| 22 Alcoholic and non-alcoholic beverages, vinegar                                    | 9,594.8                            | 6.5  | 73.9   | A         |
| 21 Other mixed foodstuffs  | 9,360.2                            | 6.3  | 80.2   | B         |
| 08 Eatable fruits and nuts   | 7,272.2                            | 4.9  | 85.1   | B         |
| 23 Remains and wastes of food industry   | 5,156.3                            | 3.5  | 88.6   | B         |
| 07 Vegetables  | 4 552.6                            | 3.1  | 91.7   | B         |
| 12 Oil seeds and fruits  | 4,426.6                            | 3.0  | 94.7   | B         |
| 04 Milk and milk products; eggs; honey   | 2,589.9                            | 1.8  | 96.5   | C         |
| 10 Cereals   | 1,849.8                            | 1.3  | 97.7   | C         |
| 20 Products of vegetables processing   | 1,792.1                            | 1.2  | 98.9   | C         |
| 16 Preparations from meat, fish  | 1,067.2                            | 0.7  | 99.6   | C         |
| 11 Flour-grinding products   | 203.4                              | 0.1  | 99.8   | C         |
| 03 Fish and crustacea  | 195.5                              | 0.1  | 99.9   | C         |
| 09 Coffee, tea   | 70.0                               | 0.0  | 100.0  | C         |
| 13 Shellac natural   | 35.2                               | 0.0  | 100.0  | C         |
| 05 Other animal products   | 14.0                               | 0.0  | 100.0  | C         |
| 24 Tobacco and industrial substitutes of tobacco                                     | 4.2                                | 0.0  | 100.0  | C         |
| 06 Seedings and other trees  | 1.9                                | 0.0  | 100.0  | C         |
| Together agricultural products   | 147,705.5                          | 100.0  |  |           |

Source: Author's calculation based on data from the State Statistics Service of Ukraine [11].

The next group B includes five types of goods with exports ranging from USD 4,426.6 ths. to USD 9,360.2 ths. Their contribution to the total amount of exports of agricultural products amounted to 20.8 %.

Group C includes 11 types of goods with exports ranging from USD 1.9 ths. to USD 2,589.9 ths. Their share in the total export of agricultural products amounted to 5.3 %.

The results of the ABC-analysis of exports of agricultural products from Ukraine to Romania are shown in Fig. 1.

| Group of goods | Quantity of goods | Share of goods, % | Export value, thousand dollars USA | Share of exports, % |
|----------------|-------------------|-------------------|------------------------------------|---------------------|
| A              | 6                 | 27.3              | 109,114.4                          | 73.9                |
| B              | 5                 | 22.7              | 30,767.9                           | 20.8                |
| C              | 11                | 50.0              | 7,823.3                            | 5.3                 |
| Together       | 22                | 100.0             | 147,705.5                          | 100.0               |

Fig. 1. Results of the ABC-analysis of exports of agricultural products from Ukraine to Romania in 2021

Source: Author's calculation based on data from Table 1.

Thus, in the analyzed period, half of the goods (11 types) provided 94.7 % of exports of agricultural products from Ukraine to Romania.

### Financial aspects of imports of agricultural products from Romania to Ukraine

In 2021, agricultural products were imported from Romania to Ukraine in the amount of USD 61,746.6 ths. This amounted to 7.8 % of total imports of goods from Romania [11]. The distribution of imports by individual types of goods is shown in Table 2. In it, agricultural products are arranged in descending order of the value of import operations. Table 2 shows that groups A and B included three types of goods with high (from USD 5,438.5 ths. to USD 29,378.2 ths.) and medium (from USD 2,574.2 ths. to USD 5,148.8 ths.) level of imports of goods: tobacco and industrial substitutes of tobacco; seeds and fruits; animal or plant fats and oils; preparations of grains.

seeds and fruits; animal or plant fats and oils; preparations of grains.

Table 2. Imports of agricultural products from Romania to Ukraine in 2021

| Commodity code and title by Ukrainian Classification of Commodities in Foreign Trade | Import value, thousand dollars USA | Share in total imports of agricultural products, % | Accumulated share in total imports of agricultural products, % | ABC group |
|--|------------------------------------|--|--|-----------|
| 24 Tobacco and industrial substitutes of tobacco                                     | 29,378.2                           | 47.6   | 47.6   | A         |
| 10 Cereals   | 11,168.4                           | 18.1   | 65.7   | A         |
| 21 Other mixed foodstuffs  | 5,438.5                            | 8.8  | 74.5   | A         |
| 12 Oil seeds and fruits  | 5,148.8                            | 8.3  | 82.8   | B         |
| 15 Animal or plant fats and oils   | 3,677.6                            | 6.0  | 88.8   | B         |
| 19 Preparations of grains  | 2,574.2                            | 4.2  | 92.9   | B         |
| 07 Vegetables  | 1,814.8                            | 2.9  | 95.9   | C         |
| 22 Alcoholic and non-alcoholic beverages, vinegar                                    | 576.0                              | 0.9  | 96.8   | C         |
| 18 Cocoa and cocoa preparations  | 389.2                              | 0.6  | 97.4   | C         |
| 04 Milk and milk products; eggs; honey   | 266.5                              | 0.4  | 97.9   | C         |
| 17 Sugar and sugar confectionery   | 249.7                              | 0.4  | 98.3   | C         |
| 05 Other animal products   | 225.5                              | 0.4  | 98.6   | C         |
| 02 Meat and meat preparations  | 221.5                              | 0.4  | 99.0   | C         |
| 06 Seedings and other trees  | 220.5                              | 0.4  | 99.4   | C         |
| 20 Products of vegetables processing   | 166.9                              | 0.3  | 99.6   | C         |
| 08 Eatable fruits and nuts   | 86.6                               | 0.1  | 99.8   | C         |
| 11 Flour-grinding products   | 66.0                               | 0.1  | 99.9   | C         |
| 23 Remains and wastes of food industry   | 47.5                               | 0.1  | 100.0  | C         |
| 13 Shellac natural   | 30.1                               | 0.0  | 100.0  | C         |
| 09 Coffee, tea   | 0.2                                | 0.0  | 100.0  | C         |
| 03 Fish and crustacea  | -                                  | -  | 100.0  | C         |
| 16 Preparations from meat, fish  | -                                  | -  | 100.0  | C         |
| Together agricultural products   | 61,746.6                           | 100.0  |  |           |

Source: Author's calculation based on data from the State Statistics Service of Ukraine [11].

The accumulated share of group A goods in total imports amounted to 74.5 %, group B – 18.5 %. Group C includes 16 types of goods with imports of less than USD 2,000 ths. or absent. Their share in the total amount of imports of agricultural products amounted to 7.1 %.

The results of the ABC-analysis of imports of agricultural products from Romania to Ukraine are shown in Fig. 2.

| Group of goods | Quantity of goods | Share of goods, % | Import value, thousand dollars USA | Share of imports, % |
|----------------|-------------------|-------------------|------------------------------------|---------------------|
| A              | 3                 | 13.6              | 45,985.0                           | 74.5                |
| B              | 3                 | 13.6              | 11,400.7                           | 18.5                |
| C              | 16                | 72.7              | 4,360.9                            | 7.1                 |
| Together       | 22                | 100.0             | 61,746.6                           | 100.0               |

Fig. 2. Results of ABC-analysis of imports of agricultural products from Romania to Ukraine in 2021  
Source: Author's calculation based on data from Table 2.

As you can see, in 2021, 27.2 % of goods accounted for 93 % of imports of agricultural products from Romania to Ukraine.

## CONCLUSIONS

Despite the fact that Romania is a neighbor of Ukraine, their foreign trade relations are not active enough, including trade in agricultural products. In 2021, Ukraine exported to Romania agricultural products worth USD 147,705.5 ths. (9.6 % of total exports of goods to Romania). At the same time, agricultural products were imported from Romania to Ukraine in the amount of USD 61,746.6 ths. (7.8 % of total imports of goods from Romania). The value of exports of certain types of goods ranged from USD 1.9 ths. to USD 38,145.7 ths., imports – from USD 0.2 to USD 29,378.2 ths. The following groups of goods of the agro-industrial complex of Ukraine are most in demand in Romania: preparations of grains;

cocoa and cocoa preparations; sugar and sugar confectionery; animal or plant fats and oils; meat and meat preparations; alcoholic and non-alcoholic beverages, vinegar. At the same time, the largest shares of imports from Romania to Ukraine have such agricultural products as tobacco and industrial substitutes of tobacco; cereals; other mixed foodstuffs. To intensify trade between the two analyzed countries, it is advisable to hold joint international fairs, various marketing events, to organize meetings at the state level of agro-industrial producers with potential customers. The study can be deepened by analyzing trade in other groups of goods and services.

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