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metallurgical products in 2009 - 2013.
Case study: Romania vs. Croatia**

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A COMPARATIVE ANALYSIS OF TRADE IN METALLURGICAL PRODUCTS IN 2009 - 2013. CASE STUDY: ROMANIA VS. CROATIA

Metallurgy is a domain of the secondary sector, which represented for years in Romania, as in other former Communist countries, a very important activity for gross domestic product and employment. Today, many enterprises which were representative in Romania for the metallurgical industry long ago are targets of the sellers of scrap metal, the scrap metal trade representing a segment that has gained momentum in recent years. Croatia, as a member country of the EU has a special contribution in the trade with metallurgical products and we have proposed in this paper to identify which is the level of international trade with metallurgical products of Romania and Croatia, which included a comparison between these countries. For this aim we'll use the data provided by Eurostat and World Trade Organization (WTO).

Key words: metallurgical products, Romania, Croatia, exports, imports

INTRODUCTION

Metallurgy is an important industry for the economic development of many countries in South-Eastern Europe.

Metallurgical industry in these countries is highly concentrated in a few large companies with high weight in employment, production and exports. In our study we will focus on the impact of the financial crisis in the metallurgy from Romania (Ro) and Croatia (Cr).

This paper is a continuation of earlier concerns of the authors in this area, resulting in two articles published in "Metalurgija - Journal for Theory and Practice in Metallurgy" entitled "Metallurgical industry in Romania in the context of the economic crisis" [1] and "An analysis of the turnover index evolution in metallurgy during 2000 - 2012, the case of Romania" [2].

The economies of both analyzed countries have been severely affected by the global financial crisis, thus in 2009 the Romanian GDP registered a contraction by 6,6 %, while Croatian GDP has contracted with 6,9 %.

In the following period the Romanian economy has shown signs of recovery, while Croatian economy remains in recession [3].

Sectoral breakdown of GDP in 2013 indicates that in both countries, the Services (Ro – 59,5 %, HR – 69,2 %) constitute the main part, followed by Industry (Ro – 33 %, Cr – 25,8 %) and Agriculture (Ro – 7,5 %, Cr – 5 %) [4].

Metallurgy, as basic industry of the Romanian economy, has an important role in the development of many economic sectors, providing the raw materials necessary to manufacture an extremely varied range of finished products.

For Croatia, the light industry is an important sector of the economy, and Croatia's main Manufacturing industries include chemicals and plastics, machine tools, fabricated metal products, electronics, pig iron and rolled steel products, aluminium processing, paper and wood products

(including furniture), building materials (including cement), textiles, shipbuilding, petroleum and petroleum refining, food processing and beverages [5].

ANALYSIS OF INTERNATIONAL TRADE - ROMANIA VS. CROATIA

It is widely accepted that foreign economic exchanges can contribute to the economic growth of a country. Although Romanian GDP is on a rising trend, the export potential of Romania is quite limited, and the Romanian economy depends on imports to a great extent as can be seen in the Table 1.

Table 1 **Evolution of foreign trade of the two countries analyzed in the past two years / Billion EUR [6]**

	Exports			Imports			Trade balance	
	2012	2013	growth rate / %	2012	2013	growth rate / %	2012	2013
EU28	683,1	737,0	3,2	1 798,6	1 682,4	-6,5	-115,5	54,6
Cr	9,6	8,9	- 7,4	16,2	15,8	- 2,8	- 6,6	- 6,8
Ro	45,0	49,6	10,1	54,6	55,3	1,2	- 9,6	- 5,7

Analysis of the trade balance shows an inefficiency of foreign trade in both countries. However, the impact of the crisis on foreign trade is different in the two countries. It can be seen that in Romania the decline of imports increased as compared to exports and the foreign trade of Croatia has experienced a fall of exports.

According to the data provided by the Romanian National Institute of Statistics, a significant proportion in the structure of exports and imports are owned by groups of products: machinery and transport equipment (42,0 % for export and import 35,0 %) and other manufactured products (32,5 % to export, respectively 29,8 % and import) [4].

According to the data provided by the Croatian Central Bureau of Statistics in 2013, exports of Croatia are structured such as: 16,8 % for agricultural products, 18,9 % fuels and mining products and 61,7 % manufactures. In the case of imports the structure is the same, the manufactured products are being at the same level, observing the differences in fuels and mining products which represent 25,5 %

of total imports and agricultural products which are less imported, respectively 12,7 % [7].

The analysis of the main partners of Romania shows that both in imports and exports the European Union is in the first place, Turkey is in the second in exports by Romania and no. 5 in imports. Russian Federation occupies important places both in Romania's exports (3 rd place) and in the case of imports (4 th place). China is an important partner in the 3 rd place in imports, while U.S. on the 5 th place in exports by Romania, respectively 1,9 %. (WTO, 2013).

Regarding Croatia's main partners in export activity 58,2 % are meant for the European Union, followed by 12,8 % to Bosnia and Herzegovina.

Among the first five partners in commercial export activity of Croatia are found Serbia with 4,3 %, the Russian Federation with 3,4 % and United States with 2,9 %.

In what concerns imports the top of 5 trading partners are: the European Union (27) first place with 62,5 %, followed by the Russian Federation with 7,6 %, China with a share of 7,1 %, Bosnia and Herzegovina, with 3,5 percent of imports and Switzerland with 2,2 %.

COMPARATIVE ANALYSIS OF STEEL AND IRON TRADE OF ROMANIA AND CROATIA

The purpose of this paper is to compare the trade of iron and steel products of Romania and Croatia. In this respect, the used data provide by the World Trade Organization (WTO) and Eurostat.

As stated by the EU to which both countries belong and to align its requirements „Trade is particularly important for steel. Given the indispensable role of trade as a driver of economic growth in the globalised steel market, the Commission strongly supports the liberalization of international trade under the umbrella of the WTO. At a bilateral level, negotiations of trade agreements, in particular Free Trade Agreements (FTAs), are other key

instruments to achieve a high level for EU companies both in terms of access to markets and to raw materials under conditions of fair competition. To assess the overall impact these agreements have on EU industries and on the EU economy, each trade agreement is subject to an analysis of the consequences of the proposed deal for the EU once negotiations are concluded, in addition to the ex-ante impact assessment undertaken before adoption of the negotiating directives, and the sustainability impact assessment carried out during the trade negotiations. The statistical information is important for the sector, allowing rapid analysis of increasingly volatile steel import trends and taking the necessary initiatives on a strong factual base". [9].

In order to answer the final aim of the paper we present the exports and imports with the world by manufactured products and as part of their iron and steel trade to both analyzed countries.

Table 2 Iron and steel trade of Croatia with the world in the period 2009 – 2013 / Million dollars [8]

Flow	Indicator	2009	2010	2011	2012	2013
Exports	Manufactures	6 947	7 972	8 866	7 641	7 262
	Iron andsteel	121	123	174	72	126
Imports	Manufactures	14 792	13 460	14 346	12 744	12 844
	Iron andsteel	867	799	907	741	691

As can be seen (Table 2) in the period under review Croatia's exports of manufactured products increased in 2011 after which the trend is descending. Not the same evolution is shown in the exports of iron and steel, which is one oscillating with the minimum of \$ 72 million in 2012 and \$ 174 million in 2010. As a share in manufactured products we note that it is one with a low level that is found in the period from 0,94 % in 2012 up to 1,96 % in 2011 which is the best year of exports of Croatia with these product categories. Regarding imports, can be observed a better value evolution but at the expense of the balance of trade with iron and steel, namely a doubling of exports with increases and declines from one year to another and the proportion of imports of iron

and steel between a minimum of 5,37 % in 2013 to a maximum of 6,32 % in 2011.

Table 3 Iron and steel trade of Romania with the world in the period 2009 - 2013 / Million dollars [8]

Flow	Indicator	2009	2010	2011	2012	2013
Exports	Manufactures	32 625	39 546	49 466	45 393	51 141
	Iron andsteel	1 614	2 569	3 404	2 782	2 409
Imports	Manufactures	42 147	48 084	58 316	52 380	56 441
	Iron andsteel	2 104	2 858	3 921	3 212	3 055

Regarding the Romanian trade compared with the Croatian trade we also note that the export is lower than the import in the analyzed period, but it is at a level well above that of Croatia. In terms of values, we see that exports have increased in 2009 from 1 614 mil dollars to 3 404 mil dollars in 2011 and gradually decreased until 2013 when the Romanian iron exports represented 4,71 % of exports of manufactured products, the lowest proportion since the study. Imports of iron and steel have a trend similar to that of imports with a maximum in 2010 and a minimum in 2009, the year of the beginning of our analysis and the first year in which the devastating effects of the crisis are seen.

CONCLUSIONS

This paper presents a general overview of metallurgy in Croatia and Romania with some key information about the potential markets in both countries.

If is take into account only the commercial aspects of the commercial activity of both analyzed countries we conclude that Romania has a much more intense activity in generally manufactured products and iron and steel in particular. The variations from one year to another are different, in the sense that a year of growth for a country is not necessarily distributed to the other. For example, 2013 is a year of decline for exports of Croatia and growth for Romania, and in the imports the decrease in year 2010 for Croatia is the year of growth for Romania. So, it is easy to conclude that although they are EU member countries, domestic factors dominate differently their trade with products of iron and steel in both countries. We also notice a

poor trade balance for both countries, Romania's deficit being lower referring to the total weight of the category analyzed in manufactured products. As a similarity between the two countries, we notice that in all commercial activity among the first partners in first place for exports and imports, are the EU and the Russian Federation, the USA and China in the category of partners for imports.

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Note: The responsible translator for English language is C. Dicu Targu Jiu, Romania.