

SOME OF KEY GOODS FOR SUSTAINABLE IMPORTS OF TURKEY FROM ROMANIA

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Abstract

The relationships between Turkey and Romania improve greatly every year. Turkey's import is about 200 billion USD and it is the biggest partner of EU. The trade between Europe and Turkey is rising every year about 10%. Therefore the import rate has to increase more between the two countries. Some main products imported from Romania are Vehicles, Iron or steel products, Oil Electronic equipment, Perfumes, cosmetic and Rubber. However Romania has a big potential of export to Turkey. For example Romania has produced medical and pharmaceutical products, construction paints and plastic products. These products are imported more often from Turkey. Turkey balances between import and export but every year export increases. Consequently, the rate of export is more rapid than that of import. We analyze the trade between Turkey and Romania by tables and charts; we propose that Turkey improves import from Romania per year at almost 15%. When transportation is getting better, the diversity of goods imported from Romania rises. We obtain that Romania has big fortunate to become a big trade partner of Turkey. Because Romania industry is enough to manufacture the goods whatever required from Turkey.

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1. Introduction

One of the big trade partners of Turkey is European Union (EU). Turkey has exported many goods to EU by ship, truck, train and airplane but it has usually used road transportation. On the other hand the carriers in Turkey have started to organise intermodal transportation to EU for two years. The intermodal transport to EU can be by sea or by rail or using both modes. One reason of the intermodal transport arises from the environmental rules of EU which have been in force for two years. The other reason is that the cost of intermodal transport is lower and the intermodal transportation system has also got advanced equipment.

International road transport operators have adapted to the international context by implementing innovative solutions which combine road, sea and Roll-on Roll-off (RO-RO) transport. This is partly explained by the fact that, despite a 138% increase in Turkish exports to EU, this sector has seen only a 50% increase in quota of permits received in the last five years. Turkish operators have started acquiring companies in Europe to overcome permit problems and have also developed RO-RO services to provide alternatives. In addition to this, through the

additional and multi-entry permits (such as ECMT permits) obtained during the year, it is targeted to partially minimize the shortage of permit quota in the country[1].

International RO-RO ferry boat operations to Western European markets have existed since the early 1990s. Originally, they were a result of the conflicts that arose in the Balkan area which made road transport by Turkish operators to and from Western European markets increasingly difficult.

There are a considerable number of RO-RO services plying the Black Sea. Regular RO-RO services exist between the Turkish, Ukrainian, Russian and Georgian Black Sea ports. The volume transported by road on these Black Sea links is estimated at 20000 vehicles annually.

A regular intermodal transport service using swap-bodies operates four weekly block trains in both directions between Germany and Turkey. There is also a market for automobile transport on special railway wagons. Two weekly block trains that carry around 200 automobiles each have operated between Romania and Turkey since 2006[2].

The Turkish carriers reach Romania through four transport modes. There are RO-RO lines between Istanbul/Pendik-Constanta/Romania and Samsun-Constanta. In addition there is a railway from Istanbul-Bucharest as well as road transport. Also there are many alternative ways to arrive in Romania. This means that the link between the two countries is very strong. However it is not enough, because the potential trade is getting more all the times and new improvements have to emerge as the economic interaction rises.

Turkey imports many kinds of goods from quite different countries. The number of goods imported increase year to year. One of the big trade partners of Turkey is European Union (EU). Turkey has exported many goods to EU and imported a lot of items from EU. The share of EU in Turkish international trade is 43,5% and other European countries are 9,6%. However, in Turkish international trade of Asian countries increase fast. The share of Asian is 23.6%[3].

Turkey and Romania have a big potential to increase the international trade between each other. In the literature, there are not enough searches about the relation on international trade between Turkey and Romania. Therefore we searched about the volume of the international trade between two countries. We analyze the potential of the trade to improve more.

Romania is the 46th largest export economy in the world and the 38th most complex economy according to the Economic Complexity Index (ECI). In 2014, Romania exported \$71.4B and imported \$75.6B, resulting in a negative trade balance of \$4.26B. In 2014 the GDP of Romania was \$199B and its GDP per capita was \$20.3K[4].

The top exports of Romania are Vehicle Parts (\$4.73B), Insulated Wire (\$3.94B), Cars (\$3.78B), Refined Petroleum (\$3.36B) and Wheat (\$1.96B), using the 1992 revision of the HS (Harmonized System) classification. Its top imports are Crude Petroleum (\$4.41B), Vehicle Parts (\$3.02B), Packaged Medicaments (\$2.86B), Insulated Wire (\$1.57B) and Cars (\$1.52B).

The top export destinations of Romania are Germany (\$13.1B), Italy (\$7.93B), France (\$4.32B), Turkey (\$3.47B) and Hungary (\$2.96B). The top import origins are Germany (\$14.1B), Italy (\$7.98B), Hungary (\$5.75B), France (\$4.3B) and Poland (\$3.41B) [15].

Turkey has imported many industrial items from Romania. Romania is main partner of Turkey. It is ranked of sixth partner according of exports.

2. Import of Turkey

We investigate how Romania will improve its exports to Turkey. It is firstly propounded the current case and secondly some goods are selected to become potential export goods. Thirdly we determine some goods which Romania can produce and export. Additionally we produce a policy on the ability of Romania in export.

In the table 1, it is showed Turkey’s import from Romania. Vehicles and parts is the main item imported from Romania. Their value is very high. Secondly, Turkey purchases iron and steel a lot from Romania.

Table 1 Turkey’s Import from Romania

	Value in 2014	Value in 2015	Value in 2016
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	470.270	508.154	425.433
Iron and steel	763.999	455.518	372.398
Machinery, mechanical appliances, nuclear reactors, boilers; parts	237.426	240.697	276.292
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	163.871	157.981	169.826
Rubber and articles	146.657	127.505	148.115
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	526.305	230.939	97.862
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	173.074	93.705	97.296
All Products	3.363.233	2.599.852	2.195.672

Source: Trade Map March 2017

Turkey imports many products from other countries all over the world. We form these products in the table below. The products are imported so much and high value. Some products are imported from Romania before or the share of those is low between the trade of Turkey and Romania. For example, pharmaceutical products is very important goods for Turkey, therefore it purchases many products from Romania and other countries. Other heavy industry’s products are aircraft and its parts. Turkey invests more in the aircraft and spacecraft industries these days. Moreover export of Turkey rises daily.

Table 2 Turkey’s import from other countries

Goods	High	Low
Miscellaneous chemical products	X	
Pharmaceutical products	X	
Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures	X	
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial.	X	
Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	X	
Toys, games and sports requisites; parts and accessories thereof	X	
Aircraft, spacecraft, and parts thereof	X	
Coffee, tea, maté and spices	X	
Other base metals; cermets; articles	X	
Fertilisers	X	

Source: Trade Map March 2017

Turkey is able to import some potential goods from Romania, because Romania has already manufactured and exported some of them. Turkey has imported this kind of goods from other countries at present. The reason why Turkey hasn’t imported them from Romania is the price of the

goods or the quality of the goods etc. When we compare table 2 to table 3, many goods used in Turkey are manufactured by Romania. For example Nickel and articles and essential oils are imported by Turkey a lot. There are some goods exported from Romania in the short term. Romania has already manufactured those kinds of goods. When Romania improves the goods, the export of Romania will spring in the short term.

Table 3 Potential Goods can be imported from Romania

Goods	High in Short Term	Low in Short Term
Nickel and articles	X	
Musical instruments; parts and accessories of such articles		X
Miscellaneous manufactured articles	X	
Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork		X
Cork and articles of cork		X
Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts	X	
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	X	
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	X	
Organic chemicals	X	
Pharmaceutical products	X	

Source: Trade Map March 2017

When we analyses table 4, we notice that Romania export is mainly based on industrial materials. There are products imported by many countries. The demands of different products oblige Turkey to extend its trade with many countries. Some of the products are requested by Turkey in a higher extended manner than others such as Pharmaceutical products, Plastics, Chemicals, Fertilisers etc[15]. In table 4, we understand Romania's export is very wide. There are many goods exported to the different countries. High share of export in Romania belongs to the electrical machinery and mechanical appliances. In this way, Romania manufactures the goods required from Turkey.

Table 4 Romanian's main export goods to other countries

	Value in 2014	Value in 2015	Value in 2016
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	3.741.331	4.211.783	3.841.718
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	2.226.204	2.691.389	2.317.028
Machinery, mechanical appliances, nuclear reactors, boilers; parts	1.472.919	1.667.319	1.523.533
Iron and steel	193.651	208.569	176.118
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	548.298	582.786	517.667
Rubber and articles	630.044	639.878	508.197
Pharmaceutical products	332.874	236.868	194.234
Plastics and articles thereof	118.723	131.860	137.002
All Products	12.215.477	13.440.966	11.969.665

Source: Trade Map March 2017

Also is important to underline that the bilateral trade is expressed at September 30 2015, by a total of 3.331 million Euros with an increased value of 3% related to the same period of 2014. The trade balance was in favour of Romania with EUR 12 million Euros. Turkey occupies the 5th place in the export, 9th place in the import and 14th place in the top of surplus of foreign trade in the total trade of Romania (table 5).

Table 5 Trade balance Romania-Turkey

	Total	Export	Import	Trade balance
Million Euros	3.331,646	1.672,45	1.659,395	+ 12,856

Source: <https://ankara.mae.ro/>

On the other hand if we take a look to the results regarding 2013 and 2014 we discover a developing of mutual trade which is emphasized in the table 6:

Table 6 Trade between Romania-Turkey for 2013 and 2014

Currency	Export from Romania				Import from Turcia			
	2013		2014		2013		2014	
	Value	Percentage in total export	Value	Percentage in total export	Value	Percentage in total import	Value	Percentage in total import
Million \$	3384,65	5,14 %	3161,80	4,52 %	2486,34	3,38 %	2617,47	3,36 %

Source: <https://ankara.mae.ro/>

3. Conclutions

Turkey has imported many goods and services from the whole world. Turkey's import figure is tremendous. The figure arises sharply as the growth of the export increases. Import depends of GDP; thereby, export increases per capita income. Turkey has imported many items from Romania. Essentially, although it has a transportation advantages on the road and sea the figure of import from Romania is not satisfying level. The share of the cost of transportation on the international trade with Turkey is lower than other countries. Hence, Turkey's import from Romania rises.

The Turkish carriers reach Romania through four transport modes. There are RO-RO lines between Istanbul/Pendik-Constanta/Romania and Samsun-Constanta. In addition there is a railway from Istanbul-Bucharest as well as road transport. Also there are many alternative ways to arrive in Romania. This means that the link between the two countries is very strong. However it is not enough, because the potential trade is getting more all the times and new improvements have to emerge as the economic interaction rises.

When we analyse the tables, the trade between Turkey and Romania increase every year. Particularly it is higher as the transport modes pervade both countries. After RO-RO lines the amount of import grow up and the scale of import goods extends. There are many goods which are imported from Romania in short term for instance, essential oils and resinoids; perfumery, cosmetic or toilet preparations etc.

Four transport modes facilitate the trade between two countries, because exporter and importer are not concern about transportation. In addition, they find an appropriate freight during

the year. Owing to RO-RO, the heavy cargo is transported from Romania to Turkey easily. Romania has a heavy industry. Turkey imports some heavy parts of industrial products.

Moreover Romania has a transportation advantage in the competition with other countries, because the distance between Turkey and Romania is not so far. The price of the export goods will be lower due to the transportation advantage.

Romania will force to product the goods which are exported in short term, because it already has a capacity to arrange the production. The only thing to do is that the goods is organized better and to use an appropriate mode of transportation. Turkey tries to export the goods imported from Romania to its neighbours at East of Turkey and the Middle East countries. Transit trade is possible for Turkey, because Turkey markets many goods to the Middle East and Iran. They are huge and very new markets. The markets in the Middle East require every kind of goods on every sector. For example, building sector is very common. The furniture materials are required a lot.

On the other hand, Turkey is probably able to purchase many goods from Romania, because Romania produces the goods which Turkey needs. Romania has many advantage to export Turkey, for instance the transportation cost is lower than other Europe countries. Moreover it has many raw material and resources. Turkey ranks the 5th place in the Romanian export destination and 1st place among the non-EU countries. Also, Turkey ranks the 11th place as origin' country of imports from Romania.

To summarize, a good organization will decrease the cost of the transportation more and in this way the cost of international trade will lessen. Thus the volume of trade will grow.

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