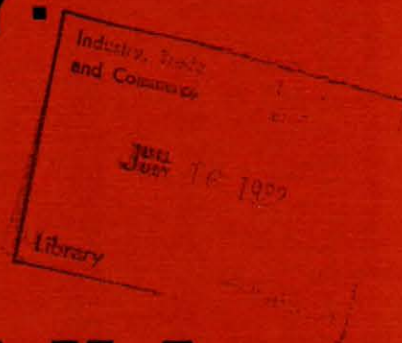


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ANNEX TO THE
**WORLDWIDE FISHERIES
MARKETING STUDY:**
PROSPECTS TO 1985



ROMANIA



Government
of Canada

Gouvernement
du Canada

Fisheries
and Oceans

Pêches
et Océans

(This Report is one of a series of country and species annexes to the main study entitled the Overview)

D R A F T

Annex to the
Worldwide Fisheries Marketing Study:
Prospects to 1985

ROMANIA

Author

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Department of Industry, Trade and Commerce

December, 1981.

ACKNOWLEDGEMENT

The preparation of the Worldwide Fisheries Marketing Study of which this Report is a part, embodies many hours of work not only by the authors but also and more importantly by those who generously provided us with market information and advice.

Specifically, this Report would not have been possible without the cooperation and assistance of fishermen, processors, brokers, wholesalers, distributors, retailers, consumers and their organizations as well as government officials with whom we visited and interviewed. Though too numerous to mention separately, we would like to extend our sincere gratitude and appreciation.

The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

With regard to the overall Study, we would like to acknowledge:

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- the advice of K. Campbell, Fisheries Council of Canada; and R. Bulmer, Canadian Association of Fish Exporters;
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To all of the above, we extend our thanks.

E. Wong
December, 1981

FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before a new dynamic equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the global potential on a country and species basis.

Specifically, the purpose of the Study is to identify the longer term market opportunities for selected traditional and non-traditional species in existing and prospective markets and to identify factors which may hinder or help Canadian fisheries trade in world markets. To date, over 40 country markets and 8 species groups have been analyzed. It should be noted that while the information contained in the Reports was up-to-date when collected, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and GATT agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices. The results of the Study should, therefore, usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft report is published for discussion purposes and as such we invite your critical comments.

Ed Wong

Marketing Services Branch.
Marketing Directorate.
Fisheries Economic Development and Marketing.
Department of Fisheries and Oceans.
October, 1981.
Ottawa

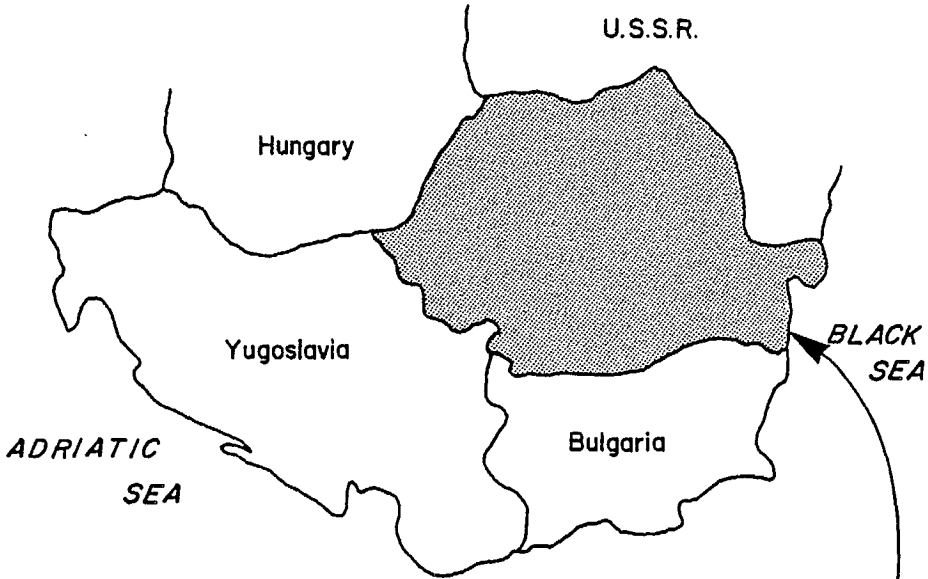
WORLDWIDE FISHERIES MARKETING STUDY

ROMANIA

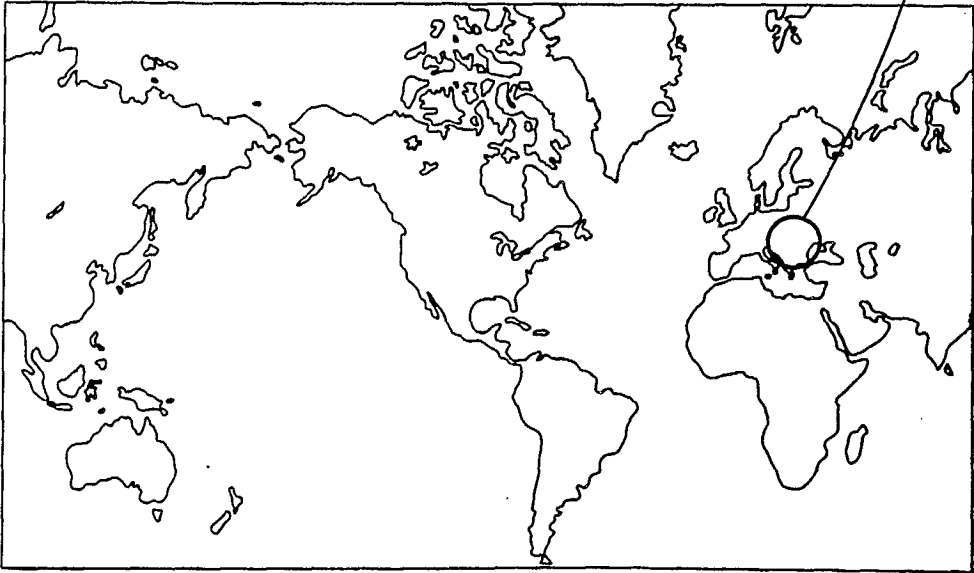
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ROMANIA



INDEX MAP



A. DEMAND FOR FISH

1. An economic overview

Romania covers an area of 237 500 square kilometres, bounded by the Danube River on the south and the Black Sea on the east. Its population in 1978 was slightly smaller than that of Canada at an estimated 21.8 million, and between 1970 and 1977 its population has increased at about 1% annually.

The country's economy has shown steady growth, with the gross national product per capita increasing by nearly 10% between 1970 and 1977. In 1978, the per capita GNP rose to US \$1 750 from \$1 530 the previous year.

With a coastline of about 210 kilometres along the Black Sea, Romania has access to the Atlantic via the Mediterranean. The country is relatively rich in resources, with forests covering roughly a quarter of its territory and abundant water power for its growing heavy industrial sector. It also has some of Europe's largest oil and natural gas reserves, but must still import petroleum to meet the demands of industry.

Government policy is to make the country self-sufficient in energy by the end of 1990. To that end, Romania has purchased CANDU nuclear reactors from Canada, and may buy more in the near future.

Parts of the country were extensively damaged by earthquakes in 1977, and there was heavy reliance on Western nations for reconstruction. Since then, Romania's trade balance has run up a deficit of \$600 million in dealings with its hard-currency trading partners.

Romania has a planned and centrally-directed economy. Production companies, organizations and trading companies are state-owned and operate under various ministries, and generally each has a monopoly in its own area. Economic development is based on a general five-year plan, with more detailed one-year plans in some sectors.

2. Domestic consumption

Romania has to rely on imports to meet roughly one-third of its domestic demand for fish products, with its own industry supplying the remainder.

However, this market is likely to shrink in the future, if the government is successful in pursuing a policy of self-sufficiency in all food production, including fisheries.

The catches of Romania's distant-water fleet are marketed domestically in fresh or frozen form, while the harvest from the Black Sea and the freshwater fishery are either consumed fresh or processed as canned products.

In 1976, about 26% of all landings were marketed as fresh products; 21% was canned, 11% frozen, 11% cured, and the remaining 32% used for reduction or other miscellaneous purposes.

B. SUPPLY

1. The domestic fishery

As a fishing nation, Romania has shown impressive growth over the years. In 1960 the total catch was less than 20 000 tonnes, but by 1970 it increased to nearly 60 000 tonnes and in 1978, 137 701 tonnes were caught by the Romanian fishing fleet. That year 45 946 tonnes came from the inland fishery and 91 755 from marine waters.

Expansion of marine operations was largely responsible for the overall increase of the nation's total catch, with much of it coming from the northeastern and southeastern Atlantic.

Like many fishing nations, Romania has encountered difficulties created by the establishment of 200-mile economic zones by coastal states, and it has addressed these by pursuing bilateral agreements and joint ventures that give its fleet access to foreign offshore waters.

While the performance of the fishery has been impressive overall, it has not been without fluctuations. For example, the total catch dropped between 1975 and 1976, from 136 624 tonnes to 127 197 tonnes and the 1978 figure of 137 701 tonnes was down from 150 701 the previous year.

On the strength of its production in 1978, Romania ranked 52nd among the world's major fishing nations. Details of catches are shown in the following tables (Table 1 & 2).

TABLE 1

Romania: Production of fish, crustaceans, molluscs, etc. (tonnes)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Inland Waters	33 800	31 200	33 700	41 000	41 841	46 758	50 284	54 853	45 946
Marine Waters	<u>24 800</u>	<u>36 600</u>	<u>50 700</u>	<u>60 900</u>	<u>87 464</u>	<u>89 866</u>	<u>76 913</u>	<u>95 848</u>	<u>91 755</u>
TOTAL	58 600	67 800	84 400	101 900	129 305	136 624	127 197	150 701	137 701

Source: FAO Yearbook of Fishery Statistics - catches and landings, Vol. 46, Various volumes, Rome, Italy

TABLE 2

Romania: Catches by major fishing area and species

Fishing Area	Species	Catches (tonnes)			
		1975	1976	1977	1978
Inland Waters	Common carp	22 891	28 323	25 264	23 740
	Non-identified freshwater fish	21 459	19 527	27 681	20 956
Southeast Atlantic (Namibia)	Cape horse mackerel	--	5 683	3 295	27 203
Eastern Central Atlantic (Mauritania)	Jack and horse mackerel	26 142	13 476	38 643	33 740
Eastern Central Atlantic (Mauritania)	European Pilchard	<u>34 939</u>	<u>18 118</u>	<u>26 968</u>	<u>10 566</u>

Source: FAO, IBID.

Until the mid-1960s, Romanian marine fishing operations were confined mainly to the Black Sea, but since then the country has developed a substantial distant-water fleet made up of 40 stern trawlers ranging from 82 to 102 metres in length, with tonnage of 2 500 to 3 500 tonnes, and seven transport vessels.

Operating principally in the northwestern Atlantic and off West Africa, the fleet is owned by the Romanian state ocean fishing enterprise, which also controls a number of smaller fishing vessels from its base at Tulcea on the Danube delta.

Romanian authorities have pursued bilateral agreements with other countries in order to gain access to productive waters and keep their fleet occupied, but problems and uncertainties have been encountered since the total allowable catch in many waters is falling because of over-fishing.

Recently, for example, Romania entered into a joint-venture agreement with Mauritania, which allows the Romanian fleet to continue fishing off the coast of that African country. The problem in the region is that serious over-fishing of hake has raised doubts about the long-term potential of the resource. In 1979, the total allowable catch (TAC) off Mauritania was about 450 000 tonnes, compared with an actual catch that ran around 1 million tonnes in 1971. To aggravate the problem, the hake fishery also produces a 25% bycatch of young horse mackerel.

In the southeast Atlantic, mostly off the coast of Namibia, the TAC for Spanish mackerel in 1980 was 200 000 tonnes, and 500 000 tonnes for horse mackerel. In the southwest Atlantic off the Argentine coast, where Romanian fishermen are also active, the TAC for hake is 200 000 tonnes, although there is a potential in that area for 5 million tonnes.

Production from the Black Sea has remained fairly static at between 4 000 and 6 000 tonnes per year. The main species caught by the Black Sea artisanal fishery are jack and horse mackerel and anchovies. Catches from these waters are controlled under a convention to which Romania, Bulgaria and the Soviet Union are parties. The three countries establish a TAC and when that level has been reached, fishing has to stop. However, Turkish fishermen also operate inshore on the Black Sea, and Turkey is not a party to the convention.

Until the expansion of marine operations, the greater part of Romania's catch came from freshwater production inland and from the brackish waters of the Danube delta. The country harvests significant quantities of fish from mountain lakes and rivers, reservoirs, specially-constructed ponds, and in particular the delta, which is a complex system of reedy, shallow waters, islands, lakes and canals. The delta is the predominant region for aquaculture and the main species is carp, which produced a harvest of nearly 23 000 tonnes in 1978.

2. Imports

As noted previously, the national catch of Romania is sufficient to satisfy only about two-thirds of domestic demand, and it is thus necessary to import a number of products, notably frozen fish and some salted fish.

As well, Romania imports large quantities of fish meal, as shown in Table 3.

According to FAO statistics, Romania's imports of fish products fluctuated during the 1970s, reaching a peak of 87 300 tonnes in 1975, and standing at 62 700 tonnes in 1978. Imports of fresh, chilled or frozen products dropped from 55 400 tonnes in 1970 to 14 500 in 1978. Imports of meals and animal feeds rose from 11 000 tonnes in 1980 to a peak of 57 800 in 1975 and dropped back to 41 000 tonnes in 1978.

The country's imports were worth about US\$17 million in 1974, and had declined to \$16 million in 1978, with fish meal primarily from Peru and Chile accounting for about \$10 million. Fresh and frozen products came mostly from Yugoslavia, and canned and cured products mainly from France and Greece.

TABLE 3

Romania: Imports of fishery products (tonnes)

Description	<u>1970</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Fresh, chilled, frozen	55 400	25 500	19 800	21 000	14 500F	14 500F
Dried, salted, smoked	N/A	N/A	6 400	6 900F	4 800F	4 800F
Fish preparations	N/A	N/A	3 300	3 500F	2 400F	2 400F
Meals, animal feeds	<u>11 000</u>	<u>17 000</u>	<u>57 800</u>	<u>42 000F</u>	<u>49 000F</u>	<u>41 000F</u>
TOTAL	66 400	42 500	87 300	73 400	70 700	62 700

F = latest data available

Source: FAO Yearbook of Fishery Statistics - Fisheries commodities, Vol., 46,
Rome, Italy, 1978

3. Exports

Romania's export sales of fish products are relatively small. Official figures are not available, but it is estimated that exports for 1978 amounted to about 8 000 tonnes, mainly of fresh or frozen freshwater fish. These exports were valued at around US \$5 million, up from slightly more than \$2 million in 1974. Figures for that year include \$1.5 million worth of fresh and frozen fish exported mainly to Canada, Puerto Rico, France, West Germany, Italy, Austria and Sweden. Canned and cured products went mainly to Greece, with smaller quantities to Japan, West Germany and Finland.

C. POTENTIAL FOR CANADIAN SALES

1. Existing trade relations

Canadian fish exports to Romania were made up mainly of \$417 000 worth of frozen mackerel and whole herring in 1978, and \$1.4 million worth of herring in 1979. Canada imported \$364 000 worth of freshwater fish from Romania in 1978, but made no purchases in 1979.

As a country with an historic "presence" in the northwest Atlantic, Romania has a small fish allocation (1 200 tonnes in 1980) from Canadian waters. However, according to Romanian authorities, this is not sufficient to make fishing worthwhile, given that the cost of fuel alone is about \$140 000 to move one ship across the Atlantic. The Romanians claim they need a quota of at least 5 000 tonnes to make operations economical in Canadian waters.

2. Market opportunities

Generally, there is little prospect of developing large-scale exports of Canadian fish products to Romania, mainly because the country is expanding its own distant-water fishing capability in order to approach self-sufficiency as soon as possible.

The best prospect would appear to be for sales of fish meal, which the Romanians have expressed an interest in buying, if the prices are right and the product meets specifications. Chile and Peru are currently the main suppliers of fish meal.

The Romanians are also interested in buying frozen round mackerel, but they have access to supplies of Scottish mackerel, which was available at C\$390 per tonne FOB in 1979. Even if Canadian suppliers could offer the product at the same price, the cost of transportation would still make it unattractive.

If there is any prospect for increased fisheries trade with Romania, it would probably have to be tied to additional catch allocations or through joint venture companies.

As their contribution to a joint venture, the Romanians would offer the services of their factory vessels, and a share of their contracts for sales to Asia, Africa and some of the Eastern Bloc countries, notably Hungary and Czechoslovakia. They are interested also in buying mackerel to be frozen on board their factory vessels for resale.

Offers of Canadian products for the Romanian market are welcome, but the prospects of significant sales are slight, and until the present time Canadian companies have shown little interest in this country. The market is highly price-sensitive, and in the past prices offered by Canadian firms were about 15% to 30% higher than those of other suppliers.

D. TRADE PRACTICES AND CONDITIONS

1. Organization of industry and foreign trade

Foreign trade is a state monopoly supervised by the Ministry of Foreign Trade and International Economic Cooperation. Transactions are carried out by certain industrial centres as well by specialized foreign trade companies on the basis of procurement requirements of user organizations. The foreign trade ministry guides and controls all foreign trade activities and is answerable for the effectiveness of Romania's economic exchange with other countries. It issues export or import licences and ensures a fair balance of foreign payments and receipts. It negotiates and concludes agreements, conventions and protocols and obtains facilities and preferential treatment from other states. Romania has a network of more than 80 economic agencies abroad, as well as technical and commercial offices, banks, joint production and sale companies, commercial representatives, etc.

Foreign Trade Organizations are registered with the Romanian Chamber of Commerce, the purpose of which is to assist in promoting foreign trade relations.

2. Price quotations

CIF, FOB, and franco border quotations are equally acceptable. Prices are generally quoted in US dollars (sometimes in other Western hard currencies, notably DeutschMarks).

The agency that controls the import and export of fishery products is:

PRODEXPORT
43, Brezoianu Stappt
Bucharest - Romania
Telephone: 16 16 60; Telex 011-526

The agency responsible for the import of fish meal is:

AGRO EXPORT
Bucharest - Romania
Telex No. 11141

3. Customs tariff

A one-column tariff schedule was introduced in January 1974, based on the Brussels Tariff Nomenclature. Duty-free quotas can be established, and exemptions or reductions of customs duties may be granted temporarily on imports of certain goods.

Customs duties are applied ad valorem, which, under the customs law, corresponds to the free-at-Romanian-frontier import price, converted into lei, the Romanian unit of currency.

Customs duties need not, however, concern the Canadian exporter as they are the responsibility of the importing foreign trade organization and do not directly influence the buyer's interest in the product or the resale price within Romania.

Exporters should check, however, that for every sale the importing enterprise has obtained an import licence.

4. Foreign trade

In 1972, the Soviet Union was the leading trade partner, followed by West Germany, East Germany, Czechoslovakia, Italy, France, China, Great Britain, Poland and Hungary. About 60% of total trade is with the socialist countries and 40% with industrialized Western countries. Total Romanian imports in 1972, according to UN statistics, reached US\$2 616 million and exports in the same year totalled \$2 599 million. The IMF reports 1973 levels at US\$3 199 million and US\$3 112 million respectively.

E. SUMMARY AND CONCLUSION

1. Romania had a population of around 21.8 million in 1978. It is relatively rich in natural resources, and its economic strength is reflected in a gross national product per capita that grew by nearly 10% between 1970 and 1977.
2. With a land area of 237 500 square kilometres, the country is bounded by the Danube River on the south and the Black Sea to the east. A coastline of about 210 kilometres gives Romania access to the Atlantic via the Mediterranean.
3. The national government is pursuing a policy designed to make the country self-sufficient in both energy and food production, including fisheries. To that end, Romanian distant-water fishing capability is being expanded, and the country is attempting to overcome the obstacle of 200-mile economic zones by entering into bilateral agreements for access and joint-venture partnerships with foreign companies.
4. In 1978, the Romanian domestic catch was 137 701 tonnes, down from 150 701 tonnes the previous year. The distant-water fleet accounted for 91 755 tonnes of the 1978 catch, with the remainder coming from waters of the Black Sea, inland fisheries and the brackish waters of the Danube Delta.
5. The Romanian catch can satisfy only about two-thirds of domestic demand at present, and imports make up the other third. In 1978, Romania imported fisheries products worth about US\$16 million, with fishmeal primarily from Chile and Peru accounting for around \$10 million. Romanian exports of fish are relatively insignificant.
6. Canadian fish exports to Romania were made up of \$417 000 worth of frozen mackerel and whole herring in 1978, and \$1.4 million worth of herring in 1979. Canada imported \$364 000 worth of freshwater fish from Romania in 1978, but no purchases were recorded in 1979.

7. Generally, there is little potential for large sales of Canadian fish products to Romania, mainly because the country is aiming for self-sufficiency. The best prospect would appear to be for sales of fish meal, if Canadian suppliers can meet the price competition and product specifications. The Romanians are also interested in buying frozen round mackerel, but the price would have to be competitive with Scottish sources. This might be difficult since Canadian transport costs would be higher.

8. If there is any potential for increased fisheries trade with Romania, it probably lies in joint venture agreements or a bilateral arrangement under which Romania is granted catch allocations in Canadian waters greater than the 1980 allocation of 1 200 tonnes. The Romanians say they need a quota of at least 5 000 tonnes to make it worthwhile to fish off Canada. As their contribution to a joint venture, the Romanians would offer the services of their factory vessels, and a share of their contracts for sales to Asia, Africa and some other Eastern Bloc countries.

9. To the present time, Canadian suppliers have shown little interest in the Romanian market. Offers are said to be welcome, even though the prospect of sales may be slight. The market is highly price-sensitive, and in the past Canadian prices were from 15% to 30% higher than those of other suppliers.

APPENDICES

APPENDIX I

SOURCES OF IMPORTS - 1976

<u>Description</u>	<u>Value \$US 000's</u>	<u>Tonnes</u>
<u>Fish, prepared, tinned, preserved</u>		
Portugal	1 170	969
Greece	128	80
<u>Fresh, chilled, frozen</u>		
Canada	506	150
US	682	144
France	26	7
FRG	120	53
Italy	65	25
Austria	43	43
<u>Shellfish, fresh, frozen</u>		
France	527	241
Italy	28	26
Switzerland	44	22
<u>Fish, prepared, tinned, preserved</u>		
Greece	476	672
FRG	35	2

CUSTOMER PROFILE

Estimates of total population (millions)

<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
19.3	19.7	20.2	20.3	20.5	20.7	20.9	21.0	21.2	21.5	21.8

Estimated GNP (Billion US \$ 1977)

<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
34.5	35.4	36.8	37.8	43.0	45.8	47.2	50.0	52.1	55.7	60.3

Per Capita Income in 1977 was US \$2 766

Source: US Department of Commerce, Selected Trade and Economic Data, Washington, D.C.

