

# The influence of Covid on the agri-food market in Romania



Dan Ioan Topor, PHD  
"1 Decembrie 1918" University

## Uncertainties around Covid-19

- The unprecedented situation amidst Covid-19 crisis gives signals for a major multi-faceted economic shock, which is expected to last at least until mid-2021.
- However, it is still early to say how deep the shock will be, and to predict the speed and shape of the recovery, especially as the crisis affects regions at different times.
- The macroeconomic situation will very much depend on the effectiveness of economic stimulus measures undertaken or being considered by governments across the world.

### Economic accounts of agriculture

Agricultural output (current basic prices)					
<b>Agricultural output (million EUR), of which:</b>	<b>2020 (e)</b>		<b>15 280</b>	<b>3.9%</b>	<b>of EU27_2020</b>
<b>Crop output, of which:</b>			<b>70.8%</b>	<b>5.0%</b>	<b>of EU27_2020</b>
Cereals (including seeds)			21.0%	7.0%	of EU27_2020
Industrial crops			7.4%	6.0%	of EU27_2020
Forage plants			8.6%	5.3%	of EU27_2020
Vegetables and horticultural products			17.5%	4.6%	of EU27_2020
Potatoes			6.8%	8.5%	of EU27_2020
Fruits			7.7%	4.0%	of EU27_2020
Wine			1.8%	1.3%	of EU27_2020
Olive oil			0.0%	0.0%	of EU27_2020
<b>Animal output, of which:</b>			<b>27.2%</b>	<b>2.6%</b>	<b>of EU27_2020</b>
Cattle			2.3%	1.3%	of EU27_2020
Pigs			6.1%	2.4%	of EU27_2020
Sheep and goats			1.3%	5.3%	of EU27_2020
Poultry			3.5%	2.8%	of EU27_2020
Milk			6.9%	1.9%	of EU27_2020
Eggs			4.3%	7.2%	of EU27_2020
Gross value added at current prices (million EUR)	2020 (e)		7 922	4.5%	of EU27_2020
Agricultural input (current basic prices)					
Total intermediate consumption (million EUR)	2020 (e)		8 925	3.8%	of EU27_2020
Agricultural income (real prices)					
Agricultural Income*(% change over previous year, 2010=100)	2020 (e)		-13.8%	-1.2%	in EU27_2020

# Agriculture



**Grains and Oilseeds:** Consumer demand for wheat flour, corn flour, and cooking oil immediately following Romania's COVID-19 outbreak increased by about 50 percent, which challenged stakeholders throughout the supply chains. Food industry representatives have made public assurances that stocks of these products are sufficient to meet consumer demand. Despite the initial post-outbreak buying spree, total flour and edible oil consumption are likely to be relatively flat, as sales have dropped because consumers have started to consume their stockpiles. Some farmers report concerns about the availability of seeds, fertilizers, and plant protection products due to COVID-related logistical challenges. Suppliers of these products have assured farmers that their needs will be covered during spring planting. Romanian farmers are in the field and are eager to complete spring planting on time.

# Agriculture



## Dairy, Livestock, and Poultry:

Livestock farmers, slaughter facilities, and dairy processing plants are deeply concerned about their workers catching COVID-19 and subsequent labor deficits. In an effort to mitigate against the novel coronavirus and maintain consistent and timely commodity and product deliveries, some producers and processors are adopting social isolation strategies, segregating employees into groups, and providing additional protective equipment. Some livestock farmers have report issues with importing live piglets and feed ingredients, especially soybean meal, due to supply chain disruptions.



# Agriculture



**Horticulture:** Fruit and vegetable producers report difficulties in selling fresh produce over the past 10 days. Spring weather conditions mean the start of the fresh fruit and vegetable season in Romania and normally during this time of the year, farmers are busy delivering fresh produce to retail outlets or to farmers markets. However, the reduced in-store foot traffic, widespread hotel, restaurant, and institutional (HRI) closures, and restrictions on social movement have decreased demand for fresh horticultural products. Farmers are seeking support from the GOR to bring highly-perishable products to market. In response, the Ministry of Agriculture and Rural Development (MARD) offered to publish supplier information on its website in order to link producers with potential buyers.

# Food Processing

Most Romanian **food processors** have enough finished products to continue supplying retail outlets for the next one to three months. Current orders are up 30-40 percent over the last quarter and many food processors are working at full capacity to meet increased consumer demand. Many food processors are no longer source food processing ingredients from traditional suppliers in Spain, Italy, and France, as overland truck transportation in and out of those countries has become cost prohibitive and is no longer predictable. Some importers report food processing ingredient shipments from Turkey and Iran have been delayed for weeks. Many food processing companies are looking to source ingredients from other suppliers, particularly Northern Europe, although input costs would increase as a result. As processors attempt to re-stock ingredient supplies, they express concern about future demand due to widespread unemployment and more limited incomes, and therefore lower consumer demand in two to three months. Processors are also implementing additional measures to protect employee health and ensure food safety by constantly cleaning and sanitizing throughout the facilities.



## Agricultural output

Output components (real prices)	2018	2019	2020 (e)		
	Million EUR		Million EUR	% of total	% of EU27_2020
<b>Cereals:</b>	<b>4044</b>	<b>3 772</b>	<b>2 518</b>	<b>21.4%</b>	<b>6.2%</b>
Wheat and spelt	1236	1 245	823	7%	4.3%
Rye and meslin	3	3	4	0%	0.3%
Barley	275	275	163	1%	2.2%
Oats and summer cereal mixtures	60	59	33	0%	2.3%
Grain maize	2424	2 150	1 458	12%	15.4%
Rice	8	7	6	0%	0.9%
Other cereals	37	32	31	0%	1.8%
<b>Industrial crops:</b>	<b>1398</b>	<b>1 242</b>	<b>883</b>	<b>7.5%</b>	<b>5.3%</b>
Oil seeds and oleaginous fruits	1252	1 073	775	7%	8.6%
Protein crops	90	121	61	1%	5.6%
Raw tobacco	1	1	1	0%	0.2%
Sugar beet	23	21	22	0%	1.3%
Other industrial crops	32	25	24	0%	0.6%
<b>Forage plants</b>	<b>1200</b>	<b>1 204</b>	<b>1 028</b>	<b>8.7%</b>	<b>4.7%</b>
<b>Vegetables and horticultural products</b>	<b>2021</b>	<b>2 095</b>	<b>2 096</b>	<b>17.8%</b>	<b>4.1%</b>
<b>Potatoes</b>	<b>732</b>	<b>899</b>	<b>816</b>	<b>6.9%</b>	<b>7.5%</b>
<b>Fruits</b>	<b>1191</b>	<b>996</b>	<b>920</b>	<b>7.8%</b>	<b>3.4%</b>
<b>Wine</b>	<b>298</b>	<b>274</b>	<b>220</b>	<b>2%</b>	<b>1.1%</b>
<b>Olive oil</b>		<b>0</b>	<b>0</b>	<b>0%</b>	<b>0.0%</b>
<b>Other crop products</b>	<b>22</b>	<b>23</b>	<b>13</b>	<b>0%</b>	<b>0.7%</b>
<b>Crop output</b>	<b>10 905</b>	<b>10 505</b>	<b>8 494</b>	<b>72.3%</b>	<b>4.4%</b>
<b>Animals:</b>	<b>1 470</b>	<b>1 507</b>	<b>1 600</b>	<b>13.6%</b>	<b>1.9%</b>
Cattle	227	214	280	2.4%	1.1%
Pigs	687	710	736	6.3%	2.1%
Equines	7	17	5	0.0%	0.6%
Sheep and goats	160	166	160	1.4%	4.6%
Poultry	389	400	418	3.6%	2.4%
Other animals	0	0	1	0.0%	0.0%
<b>Animal products:</b>	<b>1 664</b>	<b>1 600</b>	<b>1 658</b>	<b>14.1%</b>	<b>2.9%</b>
Milk	770	761	823	7.0%	1.7%
Eggs	583	550	513	4.4%	6.4%
Other animal products	311	290	322	2.7%	14.7%
<b>Animal output</b>	<b>3 134</b>	<b>3 107</b>	<b>3 258</b>	<b>27.7%</b>	<b>2.3%</b>
<b>Agricultural goods output</b>	<b>14 039</b>	<b>13 612</b>	<b>11 752</b>	<b>100.0%</b>	<b>3.5%</b>

(e) 2020 data are estimates and may still change.

Updated: June 2021

Source: Eurostat(Online Data Table: aact\_eaa04), Economic Accounts for Agriculture (Production value at basic price).



## Agricultural input

Input components (real prices)	2018	2019	2020 (e)	2019/2018	2020 (e) /2019
	Million EUR			% Change	
Seeds and planting stock	680	761	586	11.9%	-23.0%
Energy	1 941	1 718	1 188	-11.5%	-30.8%
Fertilisers and soil improvers	514	522	366	1.5%	-30.0%
Plant protection products	281	231	173	-17.8%	-25.0%
Veterinary expenses	209	185	206	-11.3%	11.1%
Feedingstuffs	2 191	2 207	2 370	0.7%	7.4%
Maintenance of materials	653	525	492	-19.6%	-6.3%
Maintenance of buildings	94	95	76	1.6%	-20.3%
Agricultural services	219	299	241	36.6%	-19.6%
Other goods and services	1 676	1 495	1 290	-10.8%	-13.7%
<b>Total intermediate consumption</b>	<b>8 478</b>	<b>8 057</b>	<b>7 006</b>	<b>-5.0%</b>	<b>-13.1%</b>
<b>Fixed capital consumption</b>	<b>2 331</b>	<b>2 677</b>	<b>2 956</b>	<b>14.9%</b>	<b>10.4%</b>

(e) 2020 data are estimates and may still change.

Source: Eurostat(Online Data Table: aact\_eaa04), Economic Accounts for Agriculture (Production value at basic price)

## Agricultural income

By category of product (real prices)	2018	2019	2020 (e)	2019/2018	2020 (e) / 2019
	Million EUR			% Change	
<b>Output of the agricultural "industry":</b>	<b>15 383</b>	<b>15 013</b>	<b>13 223</b>	<b>-2.4%</b>	<b>-11.9%</b>
Crop output	10 905	10 505	8 494	-3.7%	-19.1%
Animal output:	3 134	3 107	3 258	-0.9%	4.9%
<i>Animals</i>	1 470	1 507	1 600	2.5%	6.2%
<i>Animal products</i>	1 664	1 600	1 658	-3.8%	3.6%
Agricultural services	219	299	241	36.6%	-19.6%
Secondary activities	1 124	1 102	1 230	-2.0%	11.6%
<b>- Intermediate consumption</b>	<b>8 478</b>	<b>8 057</b>	<b>7 006</b>	<b>-5.0%</b>	<b>-13.1%</b>
<b>= Gross value added at basic prices</b>	<b>6 905</b>	<b>6 956</b>	<b>6 218</b>	<b>0.7%</b>	<b>-10.6%</b>
- Consumption of fixed capital	2 331	2 677	2 956	14.9%	10.4%
- Taxes	19	18	17	-6.4%	-2.7%
+ Subsidies	1 983	2 030	1 903	2.4%	-6.2%
<b>= Factor income</b>	<b>6 539</b>	<b>6 291</b>	<b>5 148</b>	<b>-3.8%</b>	<b>-18.2%</b>
<b>Agricultural income* (2010=100)</b>	<b>138.4</b>	<b>140.0</b>	<b>120.7</b>	<b>1.2%</b>	<b>-13.8%</b>

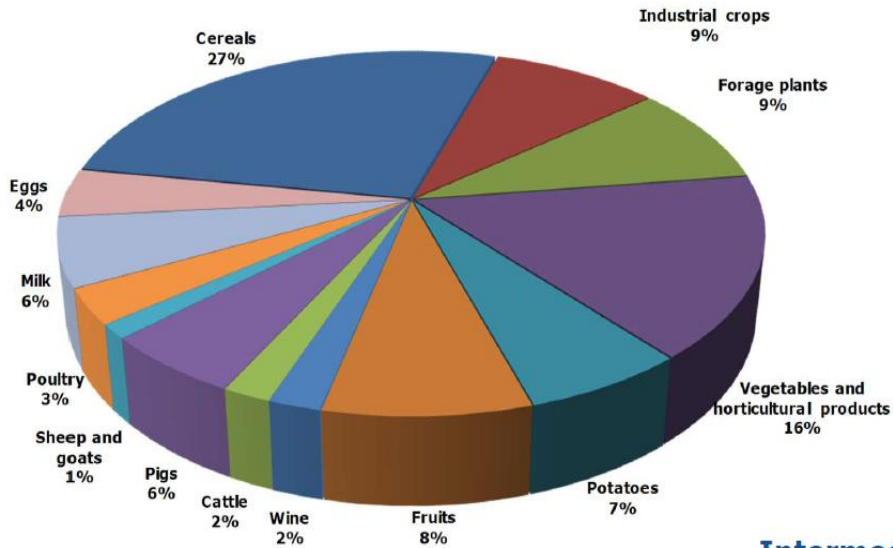
(e) 2020 data are estimates and may still change.

Updated: June 2021

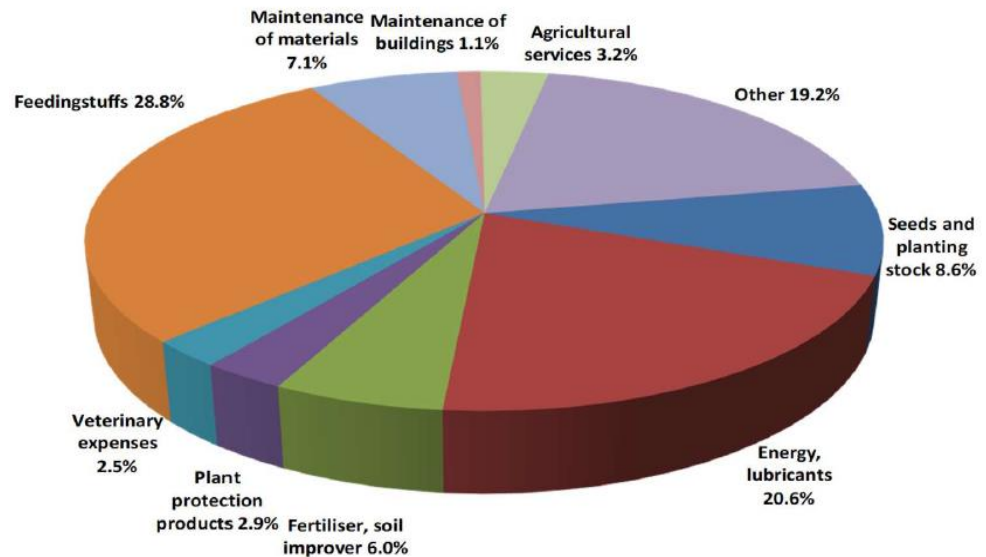
Source: Eurostat(Online Data Table: aact\_eaa04 aact\_eaa06), Economic Accounts for Agriculture (Production value at basic price, Real Values, Index, 2010=100)

\*Indicator A- See definition at page 10

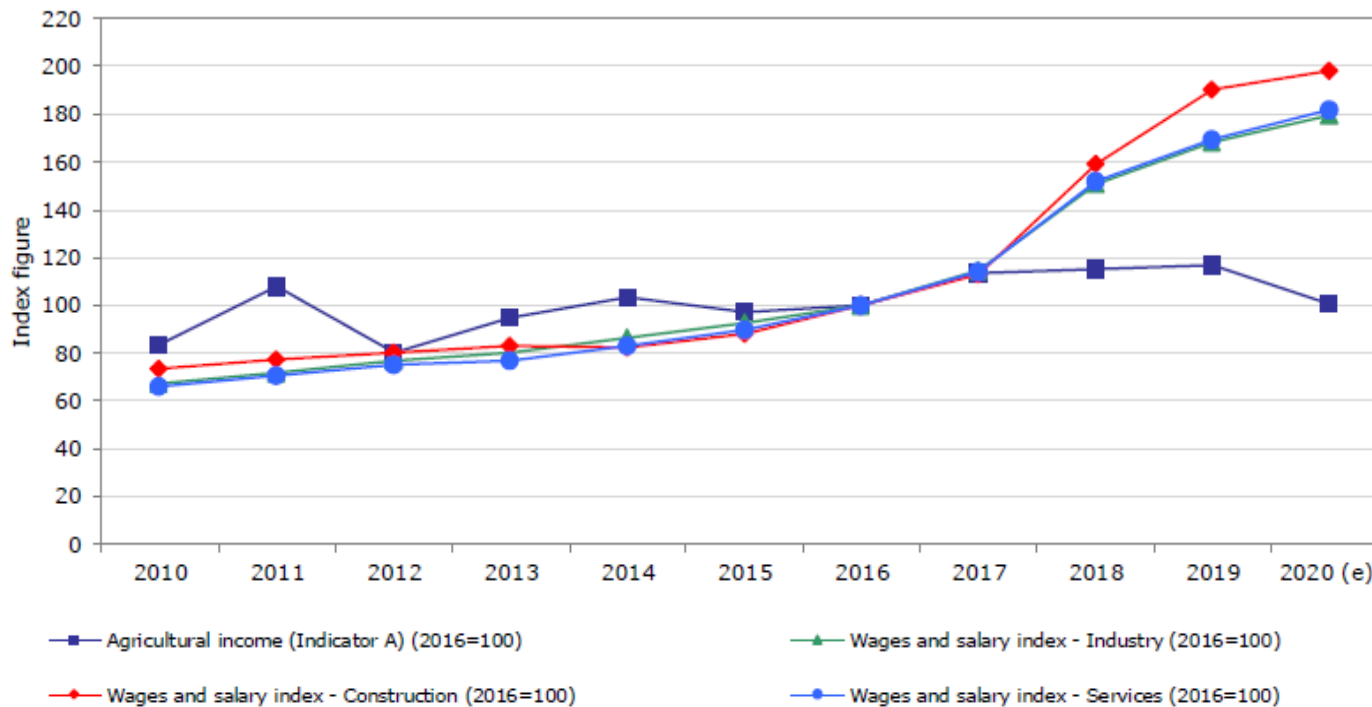
## Output components (2018-2020 average)



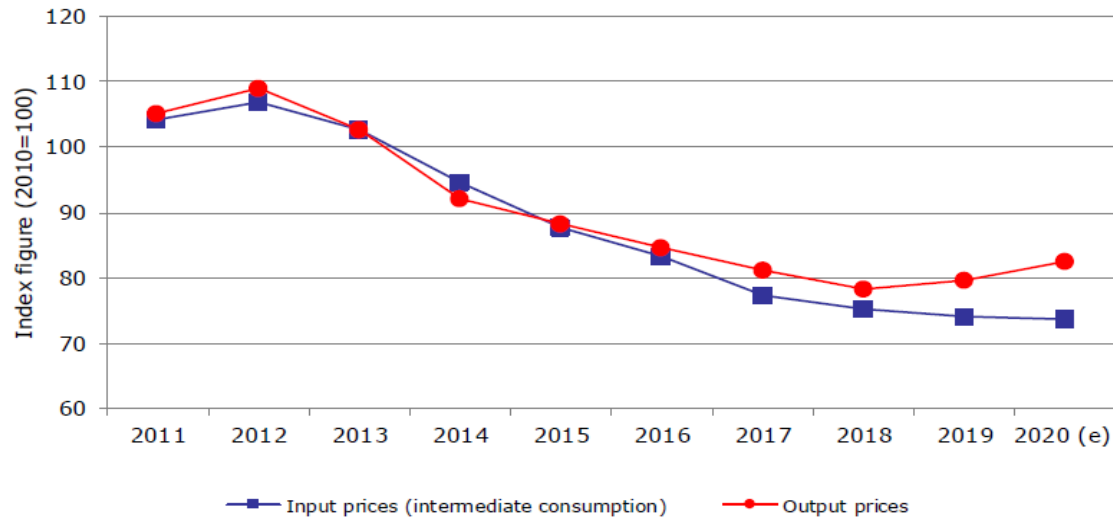
## Intermediate consumption (2018-2020 average)



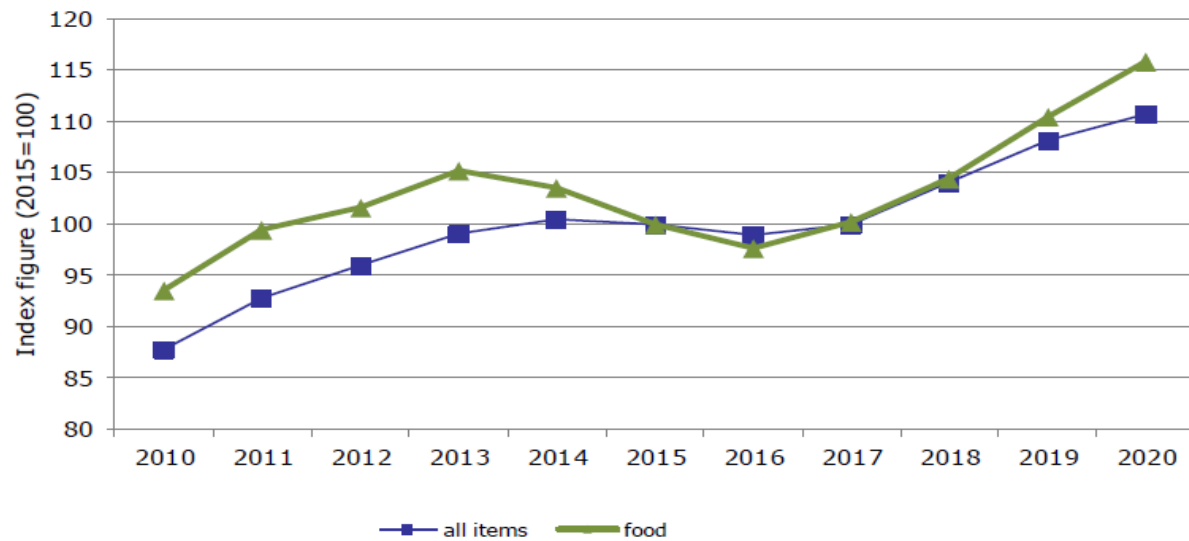
## Evolution of agricultural income (\*) compared to wages and salaries in other sectors of the economy



## Evolution of agricultural input and output prices



## Evolution of harmonised indices of consumer prices





# Conclusions

- At the Romanian level, the total value of trade decreased by 18%, from 45 Euro billion in 2019 to Euro 36.9 billion in 2020 for January-June and August periods. The top three sectors that mostly contributed to Romanian exports in 2019 and 2020 were as follows: Motor vehicles, parts, and accessories, Motor cars and other motor vehicles; principally designed for the transport of persons and Insulated wire, cable and other electric conductors, connector fitted or not; optical fabricable. The agricultural exports composition is homogenous, mainly conducted by three sectors, which have a total share of approximately 70% in agricultural exports in 2019 and 2020. Maize (corn), Wheat and meslin and Sunflower seeds; whether broken were the top exported commodities in 2019, adding in 2020 the Cigars, cheroots, cigarillos and cigarettes; of tobacco or of tobacco substitutes item.
- Being a member of a global cluster brings its rewards. As the research conclusions indicate, the European clusters organized several webinars and virtual meetings for the agricultural procedures, reuniting cross-border experts during the pandemic. The strength of the cluster is gathering knowledge and multi-level competencies - as its members offer their cross-sectoral contributions from all over Europe. There was no clear evidence concerning national clusters that members of clusters benefited more than the independent producers in Romania.



Thank you for your attention!