

THE BAKERY SECTOR OF ROMANIA – PRESENT, CHALLENGES AND PERSPECTIVES IN THE CONTEXT OF INCREASING COMPETITIVENESS

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Abstract

Romania has as long tradition in the agricultural sector, managing to produce important quantities of cereal crops each year. The rich and fertile soil and the climate of the country are helping the Romanian agricultural sector, Romania being one of the top ten world exporters of wheat in the world. Although Romania is producing a significant quantity of cereal crops that are able to cover the domestic demand for the country's raw materials for bakery products, the country chooses to export a large portion of the cereal production. Meanwhile, our country imports significant quantities of bread, pastry, cakes, biscuits and other bakers' wares each year. The paper presents the state of Romania's bakery sector. The research method was based on analyzing the following indicators: imports and exports of bakery products; the average monthly consumption of bread per person; the trade balance of raw materials for the bakery sector. Even though the agriculture of Romania is prospering, the bakery sector cannot be competitive due to the lack of production materials and facilities.

Keywords

cereals, bread, pastry, bakery products

JEL Classification

O13; Q17

Introduction

The agriculture plays an important part in the Romanian economy, taking into account the size of the population that live in the rural areas and the rate of employment. Approximately 45.7% of the Romanian population lives in the rural area, compared to 23.6% in the other European member states.

Also, in Romania approximately 30% of the population works in agriculture, compared to about 2% in the old Member States and 3 to 14% in the new member states (MADR, 2015).

The Agricultural sector is representing one of the main branches of the Romanian economy (MADR, 2018). The geographic conditions of Romania, mainly the favorable climate and the relief of the country are helping to the Romanian agricultural sector to produce significant quantities of cereal crops each year (Angelache & Anghel, 2018).

Romania is one of the main producers of agricultural crops in the European Union and also one of the top ten exporters of wheat and corn, but still, the country has to import significant quantities of bread, pastry, cakes, biscuits and other bakers' wares each year in order to satisfy the people's needs and requests for bakery products.

The physiological requirements of the human body for nutritious substances vary individually and intra-individual. Within a limit below which essential needs are not satisfied or over which a number of nutrients become of necessity, man can live in full health at varying levels of nutrition. While the contribution of different groups of food products for the human physiological requirements is a complex problem, at a wide level, almost 40% of the human body calorie consumption is assured by the consumption of cereal products represented by bakery products or cereals and dried legumes (Diaconescu, 2016). The bakery sector has evolved alongside with the human society, bread being one of the base foods for a large part of the world. Bread, under different forms is representing one of the main foods for daily consumption in almost all the world regions and while being one of the most consumed foods since ancient times, bakery was and it will always be one of the society's main preoccupation (Rubel, 2011).

The popularity of the bread is given by the following attributes: high carbohydrates source; easy to transport; easy to store (Saseanu et al., 2009). The demand for bread and bakery products was and it will remain stable, taking into account that, the world population is in continuous grow. Also, the rise of the household income in the developed and in the developing countries plays an important part in the demand for these kind of products.

While bakery products range from the very simple variants of unleavened bread and vegan bread to the special bakery and pastry products, the bread is the most well-known product with the highest consumption frequency.

Depending on the flour, we can distinguish the following products: white bread; semi-white bread; black/dietetic bread; bread with added potatoes or rye flour and bread with added special products such as milk, oil, eggs, cheese, etc. (Schileru, 2015). Bread is by tradition one of the most popular food products in Romania, however, given the wide variety of products that have become available, the consumers are familiarizing with the foreign cuisine, and therefore their eating habit are changing, especially when we are talking about the people that live in the urban areas. Thus, in the search to buy and consume healthy foods, people tend to reduce the consumption of bread but at the same time, they chose to consume other bakery products such as pasta, biscuits, pie or cake (Nitulescu 2017).

The last two decades have produced a major revival in the market: besides the many traditional formulas, some "import" assortments have been widely claimed their presence. The biggest impact was the generated by the Turkish bread (with very high volume) and the Arabian Pita, which influenced the consumption patterns of many local consumers. (Schileru 2015).

Materials and Methods

In order to highlight the present, challenges and perspectives of the bakery sector of Romania, the following indicators were used: trade balance of cereals; the quantity and value of the bread, pastry, cakes, biscuits and other baker's wares that was imported and exported by Romania; the average bread consumption per month per person expressed in kilograms; the average wage;

The period analyzed in this study was 2013- 2017. The data used for this article is retrieved from the National Institute of Statistics (insse.ro) and from the International Trade Center (trademap.org).

Results and Discussions

Romania is one of the main European grain exporters. In the last five years, due to the continuous evolution of the agricultural sector, the country has managed to export significant quantities of cereals. The following table presents the trade balance of Romania's cereal sector from year 2013 to year 2017.

Table no. 1 Cereal trade balance (USD thousand)

| Year | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|---------|---------|---------|---------|---------|
| Value \$ | 2216175 | 2247481 | 1629073 | 1666460 | 1751675 |

Source: TRADEMAP, n.d. Trade statistics for international business development. [online] Available at: <<https://www.trademap.org/Index.aspx>> [Accessed 12 November 2018].

If we are to analyze the data from Table 1 regarding the trade balance of cereals from Romania we will see that the values are positive and the registered numbers for each year are high. In 2013 the difference between exports and imports of cereals registered a value of 222,216,175 thousand dollars, 2,247,481 thousand dollars in the year 2014, 1,629,073 thousand dollars in the year 2015, 1,666,460 thousand dollars in 2016 and 1,751,675 thousand dollars in the year 2017.

While the trade balance is positive, the cereal market is struggling with important problems. The lack of storage spaces for cereals combined with the internal prices of cereals has influenced the farmers to export their products, right after harvesting, leaving the milling and the bakery sectors without any source of materials.

The cereal transport system is an unbalanced market, taking into account that each transport route has its advantages and disadvantages. The transporting costs by barges on the Danube While Romania are relatively low but the transporters are facing problems in droughty summers.

The transport by train is safer but more expensive compared to the transport by barge, and, by far, trucks are the easiest way to transport cereals since Port of Constanta is the main way out of Romania.

While Romania managed to produce significant quantities of cereal crops each year, placing the country in the top 10 world producers of cereal and grains, the bakery sector lacks in competitiveness. The bakery sector of Romania is facing multiple problems, from lack of materials to lack of storage spaces, personal, and machinery.

Although Romania is one of the world largest producers of cereals, the import of bakery and pastry products has been significantly rising from one year to another.

For the analyzed period of time, the imports of bread, pastry, cakes, and biscuits were more than double in value and size, compared to the exports. Table 2 presents us the imported and exported quantities and values of bread, pastry, cake, biscuits and other baker's wares as follows:

Table no. 2 Bread, pastry, cakes, biscuits and other bakers' wares

| Year | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------------|--------|--------|--------|--------|--------|
| Import values, USD thousand | 218329 | 233380 | 234479 | 282643 | 325974 |
| Import Quantity, tones | 93244 | 100589 | 109952 | 127186 | 140730 |
| Export Value, USD thousand | 100361 | 114645 | 100167 | 118712 | 139898 |
| Export Quantity, tones | 44513 | 51603 | 53093 | 57561 | 59094 |

Source: TRADEMAP, n.d. Trade statistics for international business development. [online] Available at: <<https://www.trademap.org/Index.aspx>> [Accessed 12 November 2018].

In the year 2013, the imported quantity of bread and pastry products was approximately 93,244 tones worth of 218,329 thousand Euros while the exported quantity was approximately 44,513 tones worth of 100,361 thousand euros.

For the year 2014, the imported quantity of bread and pastry products grew up to 100,589 tons' worth of 233,380 thousand euros while the exported quantity of bread and pastry products was only 51,603 tones worth of 114,645 thousand euros. In the year 2015, it was registered a growth regarding the imports values and quantities, respectively the country imported 109,952 tons of bread and pastry products worth of 234,479 thousand euros why exporting only 53,093 tons of bread and pastry products worth of 100,167 thousand euros.

In the year 2016, the imported quantity of bread and pastry products was made of 127,186 tons' worth of 282,643 thousand euros while the exported quantity of bread and pastry products was only of 57,561 thousand tones worth of 118,712 thousand euros.

The year 2017 registered the highest values regarding the imported quantity of bread and pastry products from the last 5 years, respectively 140,730 tones worth of 325,978 thousand euros while the exported quantity of bread and pastry products was only 59.094 tones worth of 139,898 thousand euro.

While the imported quantities of bread, pastry, cakes, biscuits and other bakers' wares, has increased significantly, over the years, the bread consumption per capita has declined in contrast with the average wage that registered a significant growth (fig. no. 1).

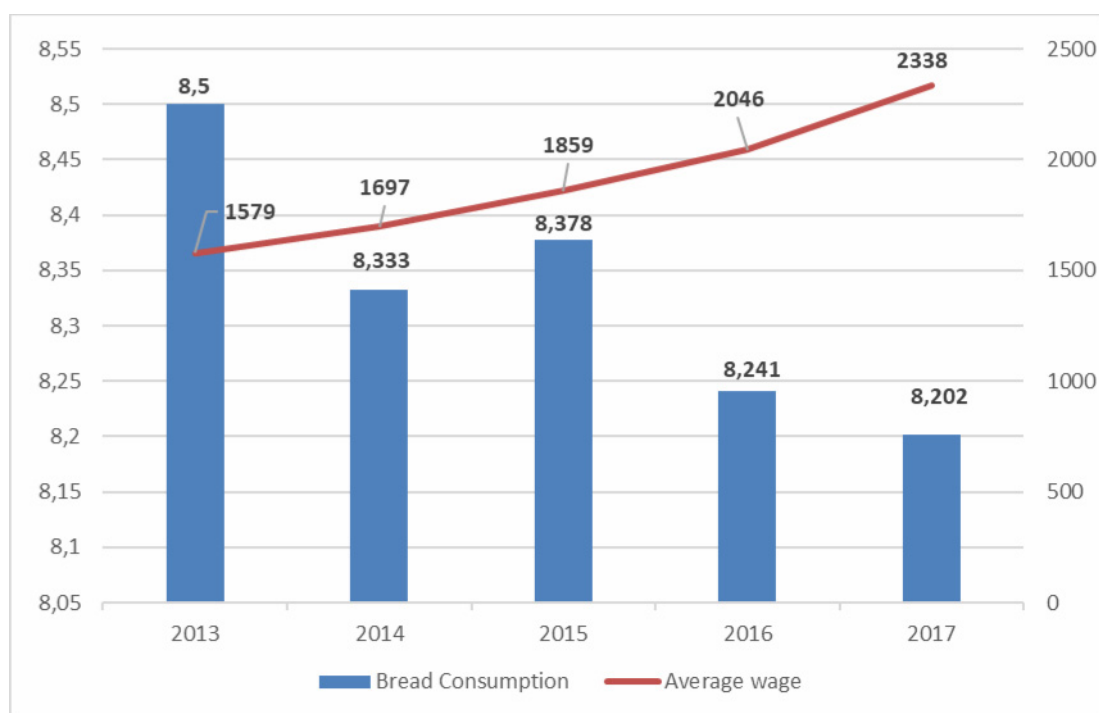


Fig. no. 1. Average Wage and Average bread consumption per month per person

Source: INSSE (www.insse.ro)

While in the year 2013 the average monthly consumption of bread per person was of approximately 8,5 kilograms, the quantity decreased to 8.333 kilograms in the year 2014, then slightly increased to 8.378 kilograms in the year 2015, but, the next year in 2016, the bread consumption decreased to 8.241 kilograms for then to reached a value of 8,202 kilograms in the year 2017. At the same time, the average wage increased from 1579 lei in

the year 2013 to 1697 lei in the year 2014, 1859 lei in the year 2015, 2046 lei in the year 2016 and 2338 lei in the year 2017.

Over the last 5 years, we can see that the bread consumption per capita has registered a decrease, while the average wage increased significantly.

Conclusions

Romania has been and will be an important actor on the cereal market not only in the European Union but also at global level. It is well known that the country is situated among top ten world producers and exporters of cereals. While at surface, the cereal market is prospering, the other sectors that are dependent of cereals, respectively, the milling and the bakery sectors are facing multiple problems due to lack of materials.

While the cereal sector is facing problems regarding the lack of storage spaces, low internal prices and high transportation costs for the cereal products, the milling sector lacks in milling facilities and equipment, problems that are directly affecting the bakery sector. The fact that the exports of cereals are registering such great values and the bakery sector has to import frozen bakery and pastry is raising some serious questions.

While Romania is producing the raw material for the milling industry and also for the baking industry, the bakery sector needs to import significant quantities of bakery and pastry products to satisfy the internal demand for such products. Another problem that the bakery sector of Romania is facing is the decreasing average bread consumption per capita per year. The decrease of the bread consumption could be linked to the rise in the average wage, which highlights the fact that the population has access to new types of foods and their tastes are evolving. While bread was considered a base food since ancient times, the today's world has evolved not only in technology but also as behavior and taste patterns. It is a well-known fact that people from developed and in development countries tend to consume less bread and more bakery and pastry products such as cake, pie, biscuits and pasta, in the detriment of simple bread.

The Romanian cereal sector should be linked strongly to the milling and bakery sectors. The cereal sector should focus on delivering the raw materials in order to satisfying the people's needs regarding the bakery products, taking into account the high quantities of bakery and pastry products that are being consumed each day.

While the cereal sector of Romania is profitable due to the large agricultural surface and the good climatic conditions of the country, both the governmental and nongovernmental actors should focus on maximizing the potential for both the agricultural and the agrifood sector by encouraging the development of storage facilities for the cereal sector, milling and storage facilities for the milling sector and bread and bakery factories for the bakery sector.

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