

WESGRO

cape town & western cape
research



Romania Fact Sheet

November 2022

Cape Town and the Western Cape – A Leading Regional Economy

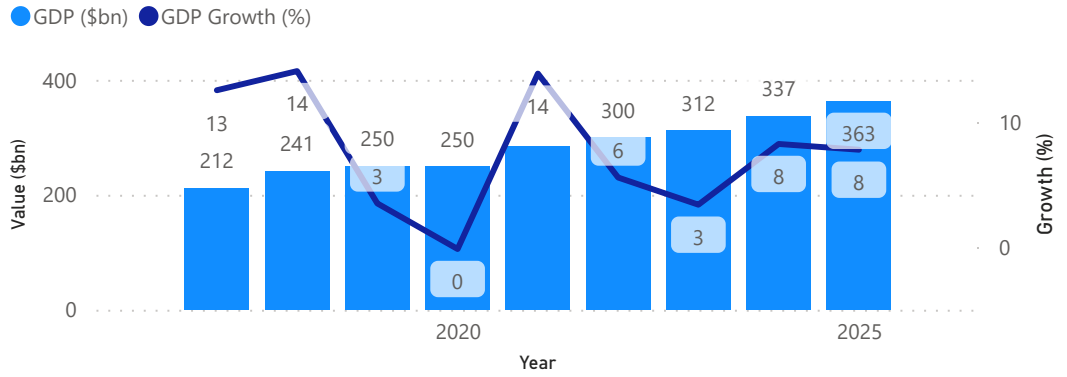
1) Economic Overview - Romania

Romania suffered an economic contraction of -0.15% in 2020, hard hit by a combination of the impact of the global Covid-19 pandemic and the lingering effects of the 2014 war in the Ukraine.

That said, buoyed by a regional economic stimulus plan, The Next Generation EU Fund Ambition aimed at cementing the European recovery strategy, Romania's real GDP expanded by a notable 13.86% y-o-y to \$284.09bn in 2021.

Prospects remain favourable, with the economy forecast to grow at an average annual rate of 6.24% over the period 2022-2025.

Figure 1: Romania GDP, 2017-2025f

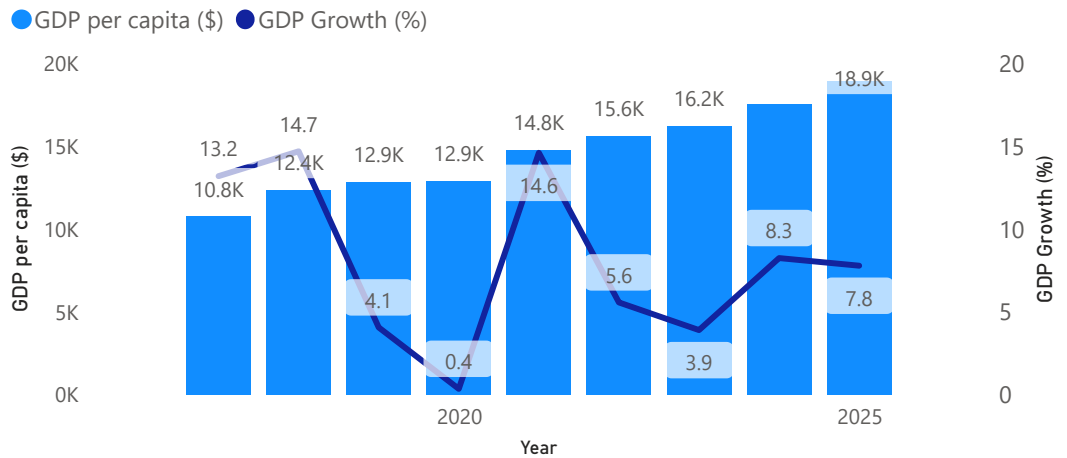


Source: Euromonitor, 2022

Buoyed by the economic recovery seen in 2021, GDP per capita surged by 14.61% y-o-y, reaching \$14,795 in 2021 - making Romania the 11th largest economy in 2021 in GDP per capita terms, (BIGSEE, 2022).

This recovery was largely driven by the optimum absorption of the EU's recovery and resilience plan, The Next Generation EU Fund Ambition which provides fiscal support to households and firms within countries in the EU.

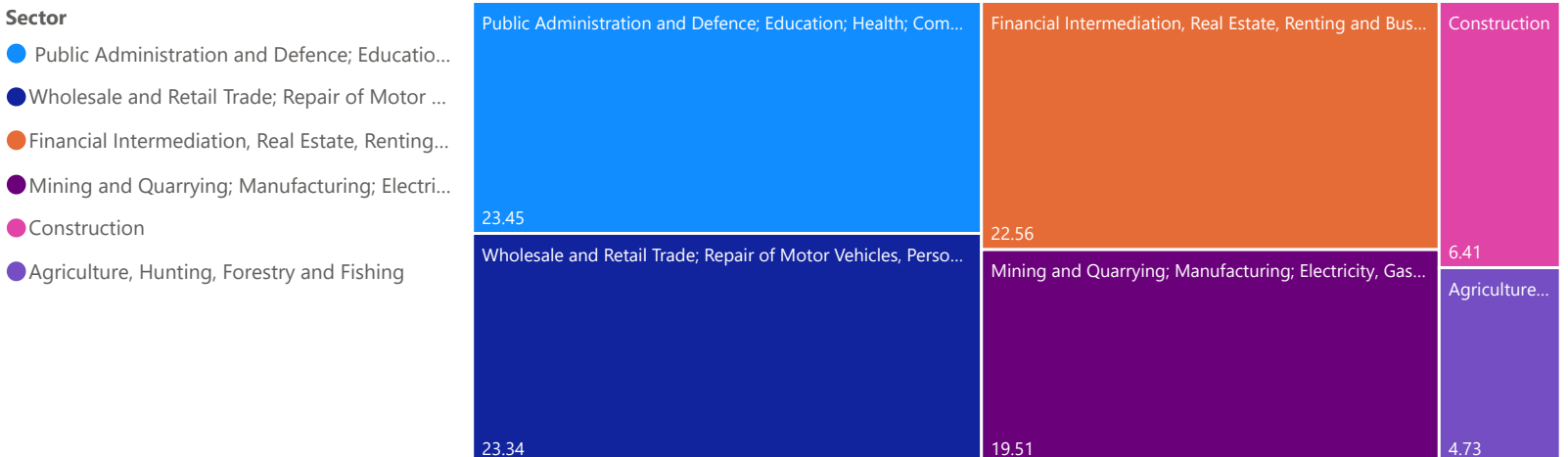
Figure 2: Romania GDP per capita, 2017-2025f



Source: Euromonitor, 2022

The Romanian economy is largely composed of the services sector with, Public Administration and Defence; Education; Health; Community, Social and Personal Service Activities sector the largest contributor, accounting for 23.45% of Romania's Gross Value Added in 2021, while the Wholesale and Retail Trade followed closely as the second largest contributor to the Romanian economy at 23.34%.

Figure 3: Romania Sector Contribution to GVA (%), 2021



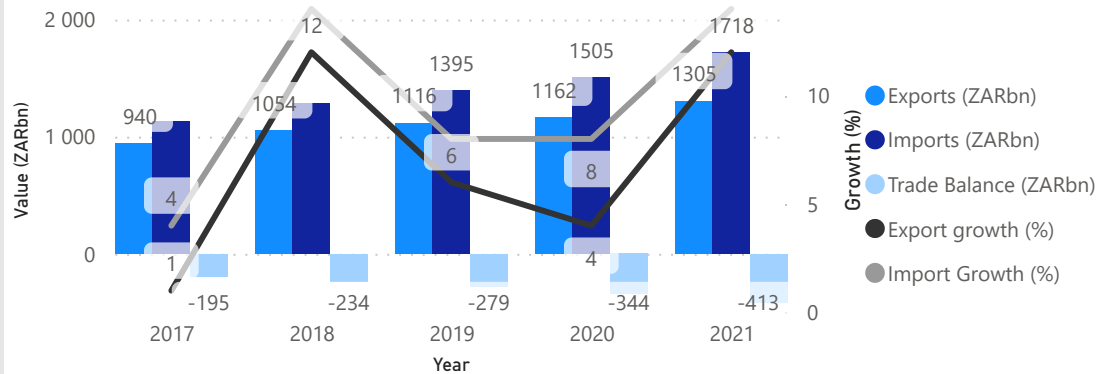
Source: Euromonitor, 2022

2) Trade

2.1) Romania's Global Merchandise Trade

Despite challenging global economic conditions, Romania's export receipts rose from a value of ZAR939.61bn in 2017 to ZAR1 304.53bn in 2021. Imports in turn grew from ZAR1 135.06bn in 2017 to ZAR1 717.96bn in 2021, ensuring that the trade balance remained firmly in deficit territory throughout this period. Most recently, the country's export receipts surged by 12.28% in 2021, while imports rose by 14.12%, resulting in a further widening of the trade shortfall to -ZAR413.43bn in 2021, from -ZAR344bn recorded in 2020.

Figure 4: Romania Trade with Globe, 2017-2021



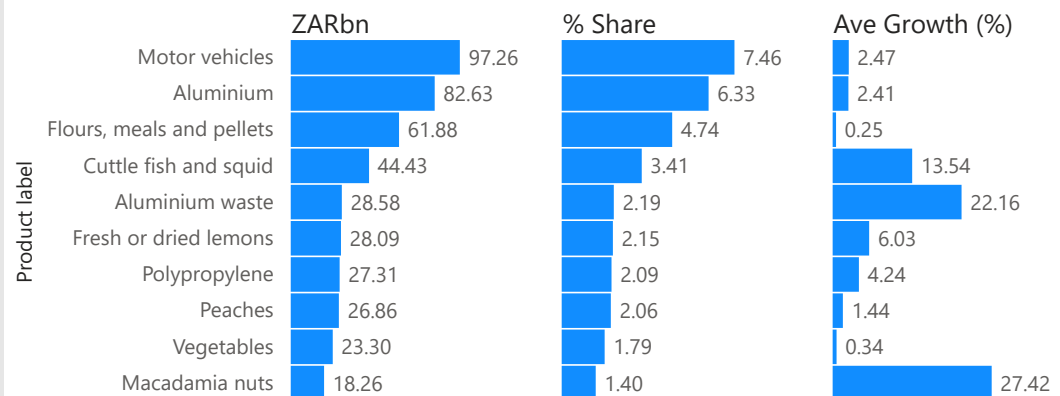
Source: Trademap, 2022

Figure 5 alongside reflects Romania's top 10 global export products in 2021.

Motor vehicle exports were the top export product in 2021, accounting for 7.46% of global exports in 2021, at a value of ZAR97.26bn. Aluminum; and Flours, meals and pellets were the second and third largest export products at ZAR82.63bn and ZAR61.88bn respectively.

Macadamia nuts was the fastest growing product over the past 5 years (dating 2017 to 2021) with an annual average growth rate of 27.42%.

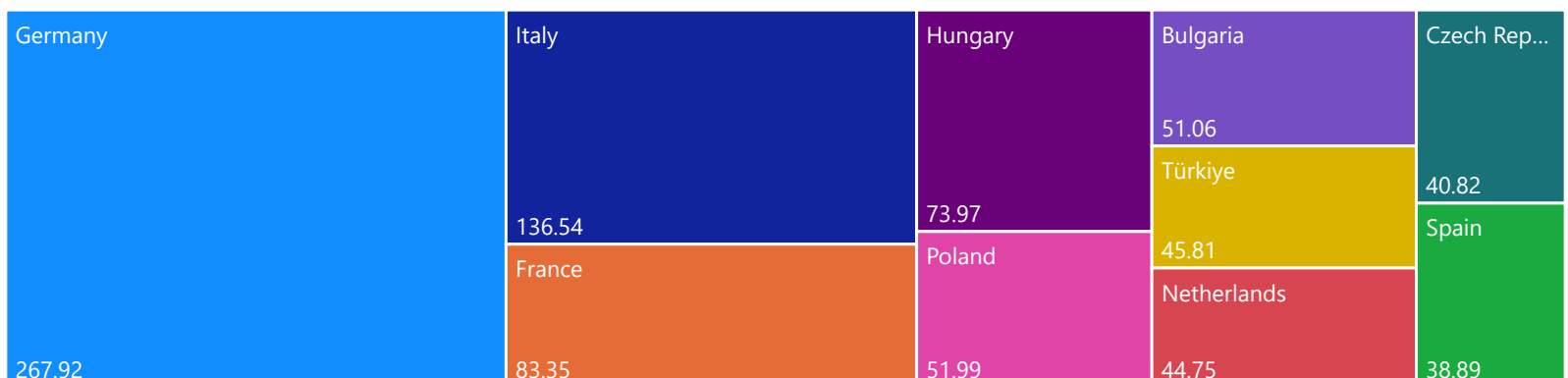
Figure 5: Romania Top Export Products, 2021: (Average Growth: 2017-2021)



Source: Trademap, 2022

Bilateral relations between Romania and Germany have remained strong for more than a decade and spans across a wide spectrum of political, cultural and trade relations. Bilateral economic relations have developed very positively since Romania joined the EU. To date, Germany is Romania's most important trading partner and largest foreign direct investor (focus on the automotive supply industry and retail sector). Ranking as its top export market at an export value of ZAR267.92bn in 2021. Italy and France were the second and third largest export markets for Romania recording ZAR136.54bn and ZAR83.35bn respectively. The European union remains the country's largest economic trading bloc as witnessed by nine of the top 10 destination markets for the country being European countries, with Turkey featuring among the top ten destination markets.

Figure 6: Romania Top Export Markets (ZARbn), 2021



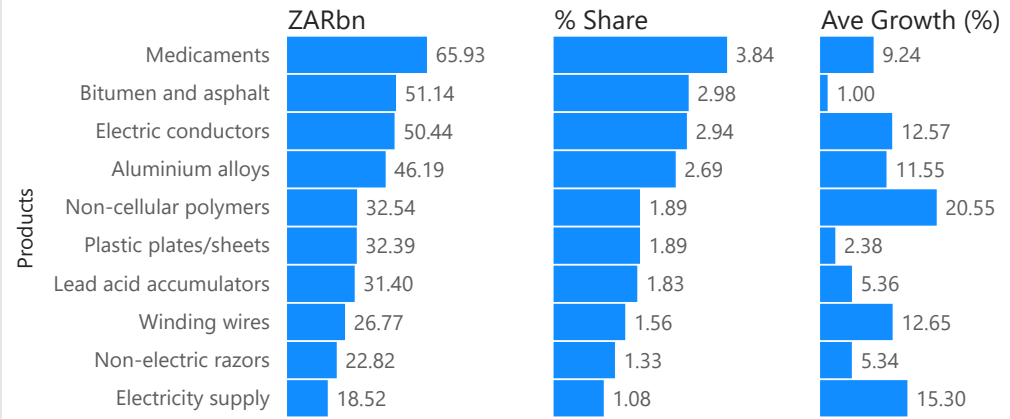
Source: Trademap, 2022

Turning to imports, a large proportion of Romania's imports were Medicaments at a cost of

ZAR65.93bn (3.84%), Bitumen and asphalt ZAR51.14bn (2.98%), and Electric conductors at ZAR50.44bn (2.94%). At a value of ZAR320.79m, China was Romania's top source market for the economy's top import product, medicaments.

The highest growth in import products over the period 2017-2021 was that of Plates, sheets, film, foil, and strip, of non-cellular polymers of ethylene recording a 20.55%, 5-year growth over the said period. This was followed by electricity supply at 15.30%.

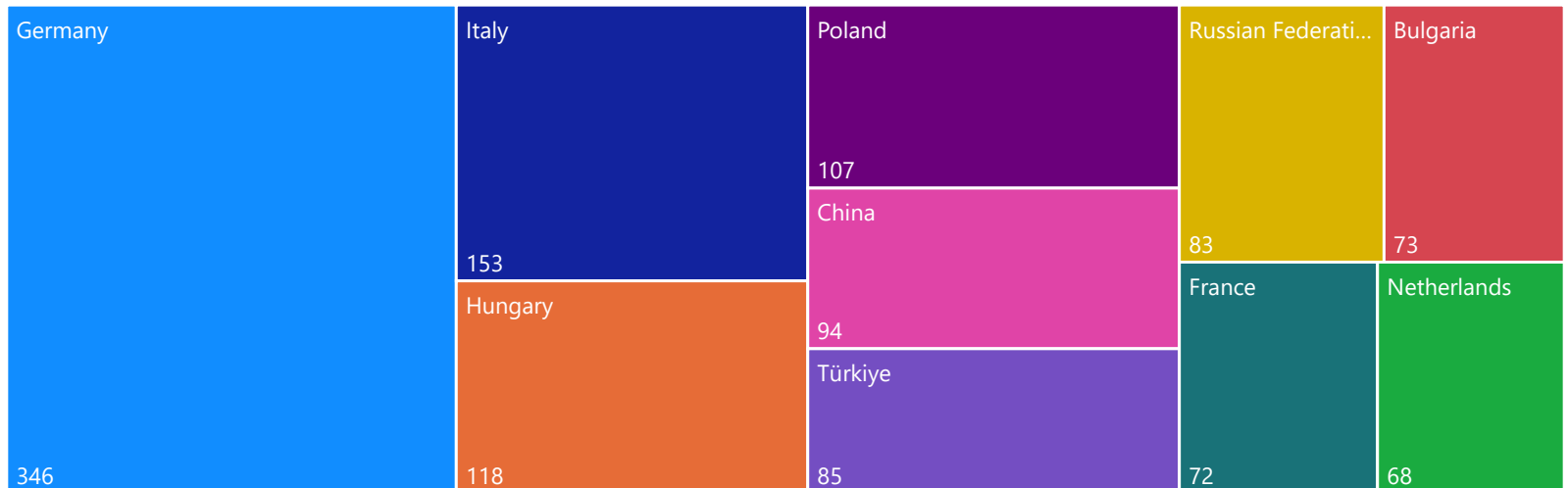
Figure 7: Romania Top Import Products, 2021: (Average growth: 2017-2021)



Source: Trademap, 2022

Germany, Italy, and Hungary were Romania's top three largest importing partners and accounted for 35.93% of imports into Romania in 2021. More particularly, Germany (with a 20.17% share), was its largest import partner, reaching a total import cost of ZAR346.45bn in 2021. The European region remains Romania's top source region with eight of the top ten import markets located in Europe. Interestingly, China and Turkey were the only countries featuring Romania's top 10 source markets while located out of European region.

Figure 8: Romania Top Import Markets (ZARbn), 2021



Source: Trademap, 2022

2.2) Trade Agreements and developments

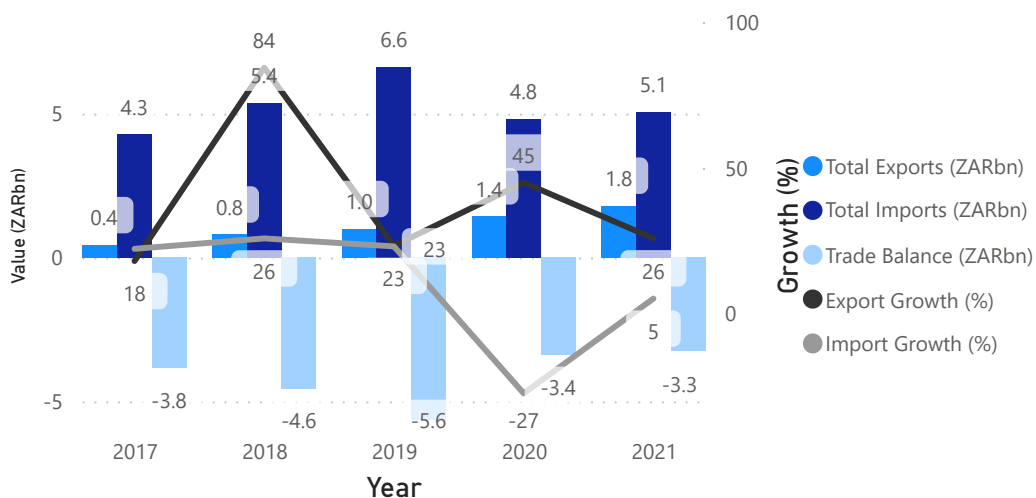
Romania has been a WTO member since 1 January 1995 and a member of GATT since 14 November 1971. The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. In addition, WTO's goal is to ensure that trade flows as smoothly, predictably, and freely as possible. Furthermore, the country is a member State of the European Union and negotiates free trade agreements with other countries within the European Union while benefiting from other pacts that exist between the European Union and other regional blocks. In addition, as Germany is the country's largest trading partner, both economies are tied by the German-Romanian Treaty on Friendly Cooperation of 1992 which remains the basis for the good and close bilateral relations between Germany and Romania. In 2022, the 30th anniversary of its signing is being celebrated with numerous events and gatherings in both countries. Germany is regarded as Romania's most important foreign policy partner, together with the United States.

2.3) Bilateral Trade: South Africa and Romania

South Africa's exports to Romania have fluctuated in recent years, from a value of ZAR0.43bn in 2017 to ZAR1.80bn in 2021. More recently, South Africa's exports to the said country surged by 25.87% y-o-y in 2021 to a value of ZAR5.06bn, up from ZAR4.81bn attained in 2020. Romania was South Africa's 61st largest export market in 2021.

Similarly, imports rose by 5.18% y-o-y in 2021, from a value of ZAR4.81bn in 2020 to ZAR5.06bn, with Romania ranking as South Africa's 46th largest import market in this year. South Africa's trade balance with Romania remained firmly in deficit as a result of a shortfall of ZAR3.26bn in 2021.

Figure 9: SA Trade with Romania, 2017-2021



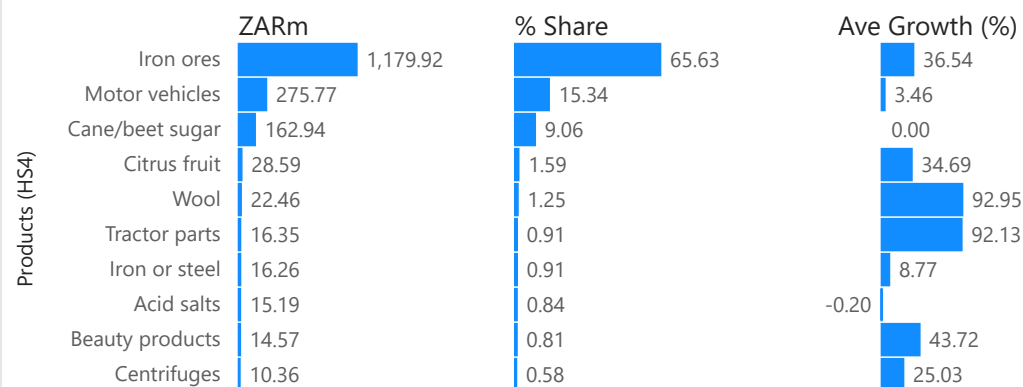
Source: Quantec, 2022

South Africa's top three exports to Romania accounted for 90.03% of the top 10 exports to the country in 2021.

South Africa's top export product to Romania was Iron ores and concentrates valued at ZAR1 179.92m. This was followed by motor vehicles at ZAR275.77m, and Cane or beet sugar at ZAR162.94m.

Interestingly, the highest growth in export products was the export of wool and fine or coarse animal hair growing at 92.95% y-o-y over the 5-year period, (2017-2021). This was seconded by parts and accessories for tractors which grew at an estimated 92.13% y-o-y growth over the said period.

Figure 10: SA Top Exports to Romania, 2021: (Average Growth: 2017-2021)

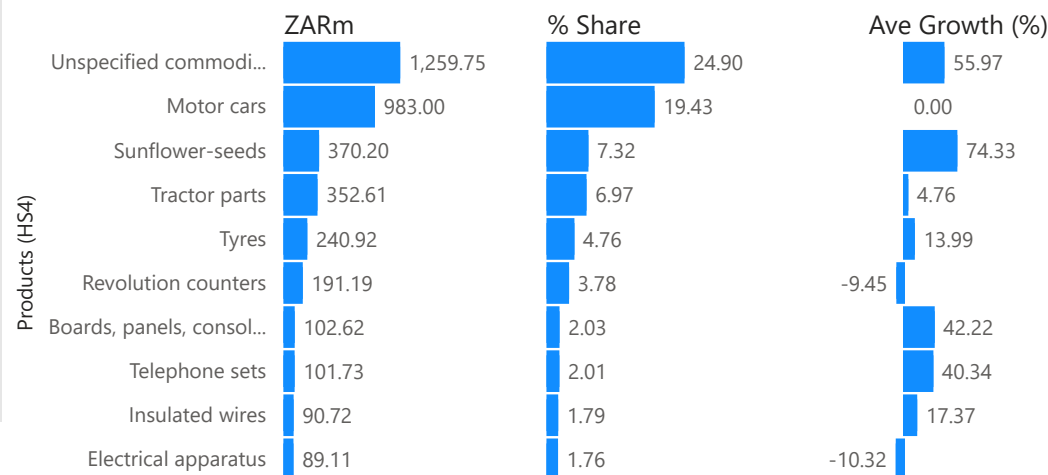


Source: Quantec, 2022

South Africa's imports from Romania articulate that of a growing economy. Commodities not elsewhere specified were the country's top import product from Romania valued at ZAR1 295.75m. This was followed by motor cars and other motor vehicles (ZAR983m), and sunflower-seeds at ZAR370.20m.

Most of the products imported filling the top 10 import basket were from the automotive supply industry and retail sector. Interestingly, sunflower-seeds increased at a rate of 74.33% per annum from 2017 to 2021.

Figure 11: SA Top Imports from Romania, 2021: (Average Growth: 2017-2021)



Source: Quantec, 2022

2.4 Bilateral Trade: Western Cape (WC) and Romania

Romania was the Western Cape's 95th largest export partner in 2021, with exports to the country growing at an average annual rate of 7.39% per annum from 2017 to 2021.

The Western Cape's exports to Romania peaked during the pandemic, recording 109.54% y-o-y growth of ZAR69.27m in 2020 from ZAR33.06m in 2019. This was short lived however with exports declining by 7.48% in 2021 to ZAR64.09m.

In turn, Romania was the Western Cape's 68th largest import source market in 2021.

The province's trade balance with Romania remained firmly in deficit over the five year period analysed, with the deficit widening to a shortfall of ZAR300m in 2021, from -ZAR208m in 2020.

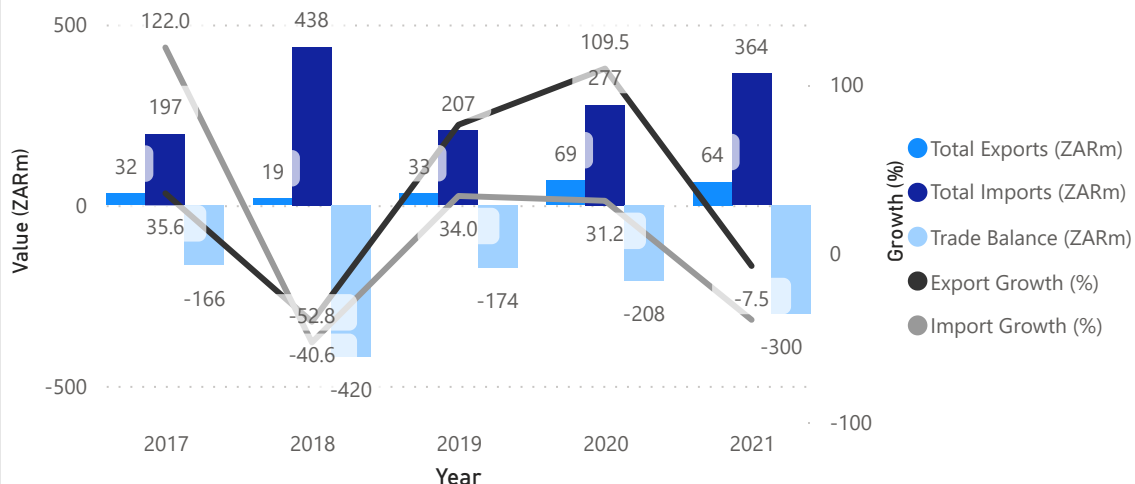
The Western Cape's exports to Romania were largely concentrated within its top three exported products, where parts and accessories for tractors; beauty or make-up preparations, and oranges exports collectively accounted for nearly 56.14% of the total export basket to Romania at a value of ZAR35.97m in 2021.

Fresh, or dried almonds attained the highest growth of 290.79% over a 5-year period from 2017-2021.

Turning to imports, Board and cabinets were the Western Cape's largest import product from Romania in 2021 at a value of ZAR50.25m and accounting for (13.81%) of imports from this country in 2021. Bread, pastry, cakes; and seat belts for tractors rounded up the top three products imported from Romania in 2021.

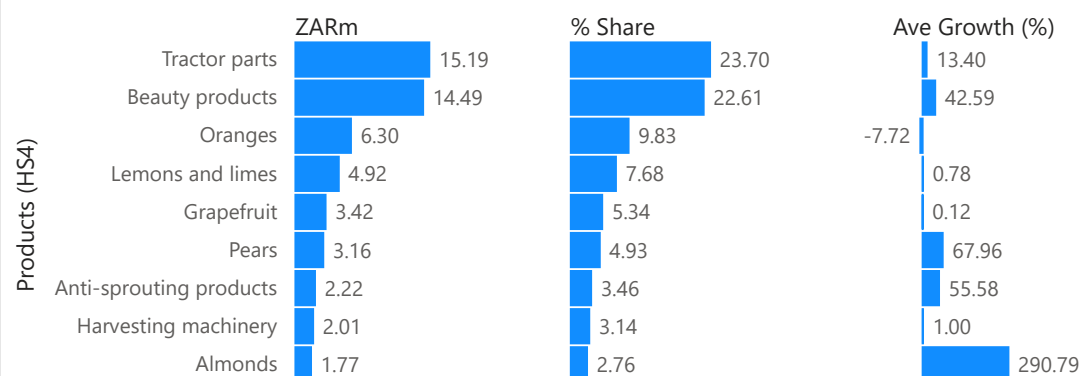
Narrow woven fabrics recorded the highest 5-year import growth, reaching growth of 447.97% from 2017-2021.

Figure 12: WC Trade with Romania, 2017-2021



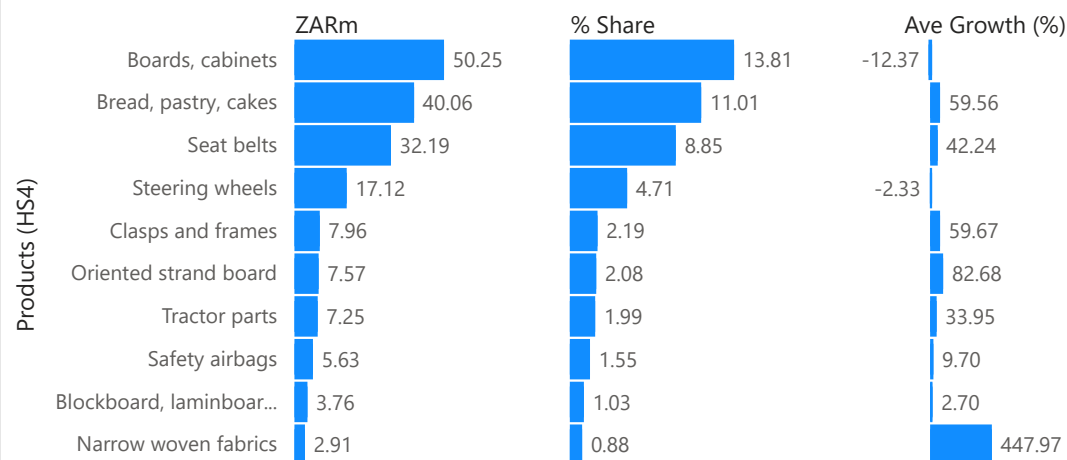
Source: Quantec, 2022

Figure 13: WC Top Exports to Romania, 2021: (Average Growth : 2017-2021)



Source: Quantec, 2022

Figure 14: WC Top Imports from Romania, 2021: (Average Growth: 2017-2021)



Source: Quantec, 2022

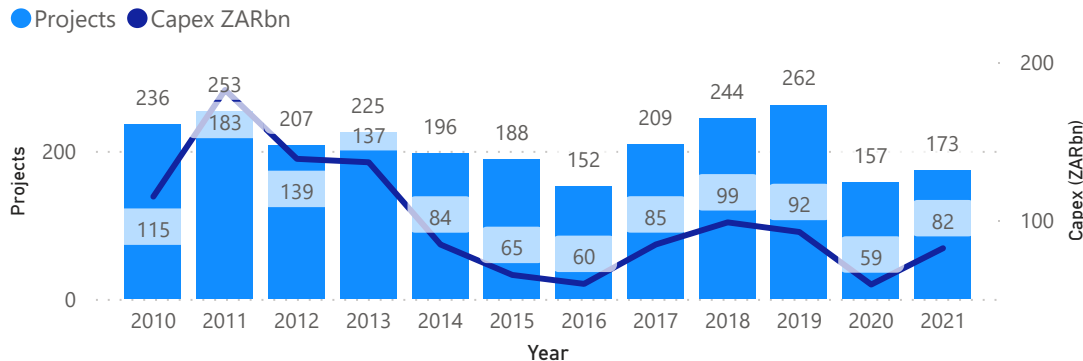
3) Foreign Direct Investment

3.1) FDI into Romania

Despite the challenging conditions, Romania remained a destination of choice for FDI, albeit with fluctuation.

Inward foreign direct investment as measured by the number of projects invested fluctuated from 236 projects in 2010 to an estimated 173 projects by the end of year 2021. Capital expenditure in turn fluctuated from ZAR114.89bn in 2010 to an estimated ZAR82.15bn in 2021.

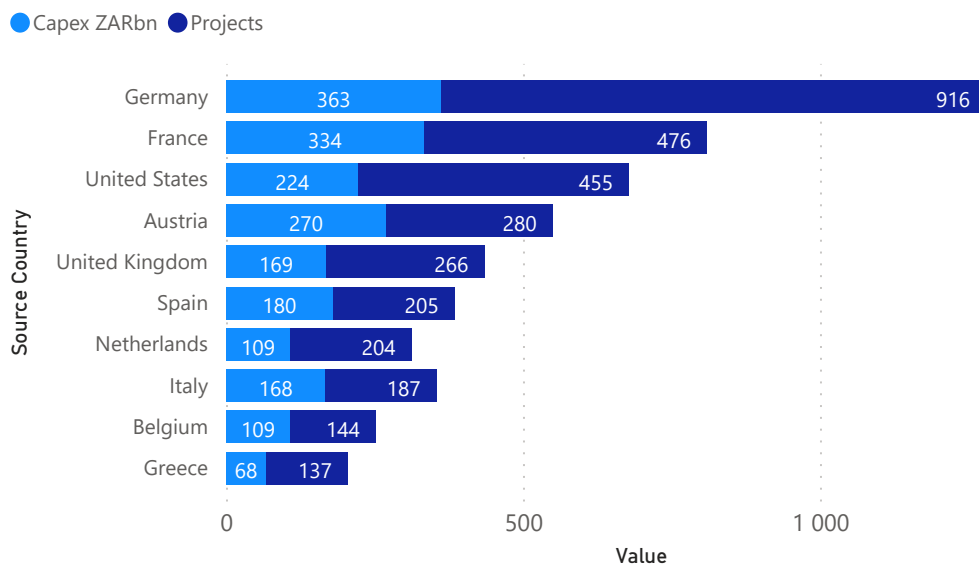
Figure 15: FDI into Romania, 2010-2021



Source: FDI Markets, 2022

In project terms, Germany was the leading foreign investor into Romania over the last decade, investing a cumulative 916 projects with a capex value of ZAR363.30bn. This was followed by France and the United States investing 476 and 455 projects worth ZAR333.77bn and ZAR223.56bn respectively. The United States was the only country out of Europe that featured in the country's top ten source markets for FDI.

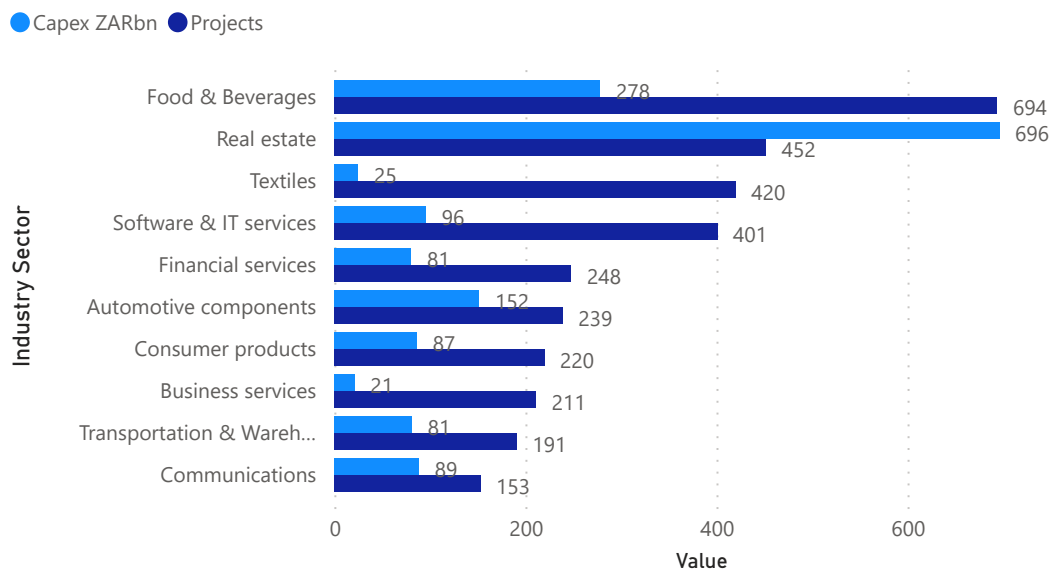
Figure 16: FDI into Romania by Source Markets, 2010-2021



Source: FDI Markets, 2022

The Food & Beverages sector was top recipient for inward FDI recording 694 projects worth a total capex value of ZAR278.36bn over the period January 2010 to December 2021. This was followed by the Real estate sector (ZAR696.13bn in capex and 452 projects), and the Textiles sector with ZAR25.03bn worth of capex and 420 projects.

Figure 17: FDI into Romania by Sector, 2010-2021

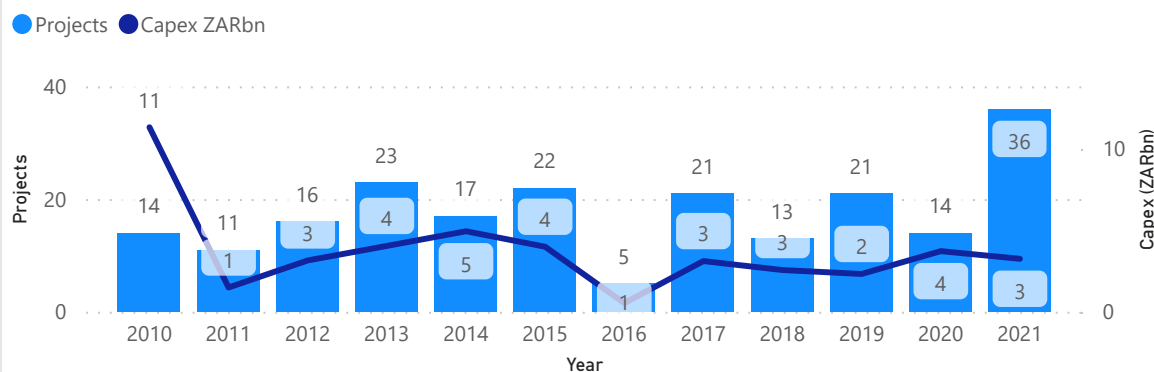


Source: FDI Markets, 2022

3.2) OFDI From Romania to the Globe

Romania's total Outward Foreign Direct Investment (OFDI) in terms of projects fluctuated between 14 projects in 2010 and 36 projects in 2021. The country invested 213 projects globally which reached a total capex of ZAR44.42bn and created 15,802 jobs worldwide. Outward FDI by projects more than doubled from 14 projects in 2020 to 36 projects in 2021.

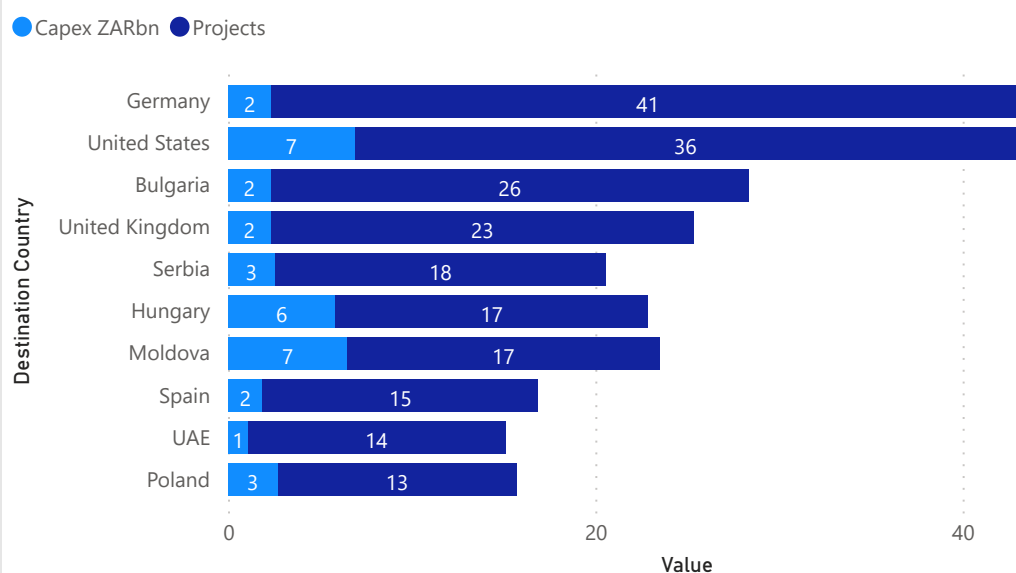
Figure 18: Trend in OFDI from Romania, 2010-2021



Source: FDI Markets, 2022

Germany was the leading destination market for OFDI from Romania in terms of projects, recording 41 projects with a capex value of ZAR2.36bn over the period 2010 to 2021. The United States and Bulgaria were the second and third largest destination markets for Romania's OFDI at 36 and 26 projects worth ZAR6.91bn and ZAR2.35bn respectively.

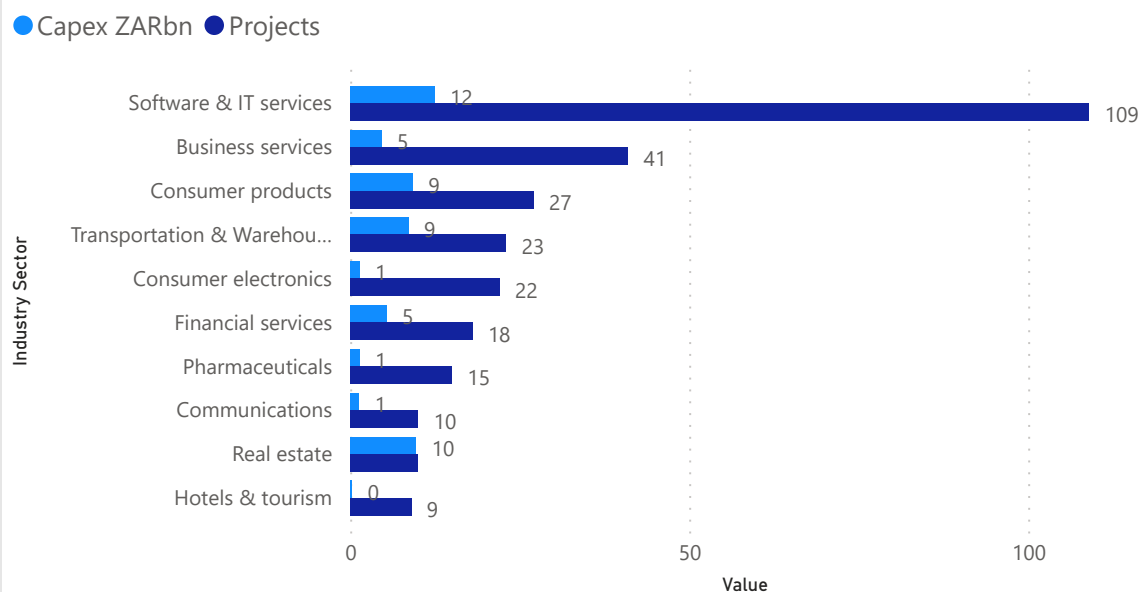
Figure 19: OFDI from Romania by Destination Market, 2010-2021



Source: FDI Markets, 2022

The majority of the OFDI from Romania were mainly within the Software & IT services sector (109 projects), Business services (41 projects), and finally, the Consumer products sector at 27 projects.

Figure 20: OFDI from Romania by Top Sectors, 2010-2021



Source: FDI Markets, 2022

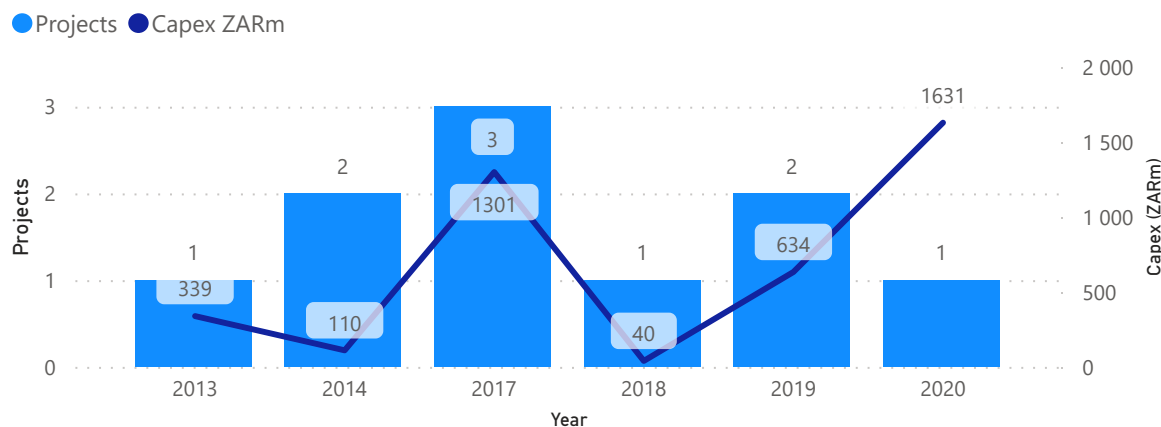
The Software & IT services sectors dominated Romania's investments abroad. This sector reached a total cumulative capex of ZAR12.40bn over the period 2010 to 2021, with 109 investment projects over the reviewed period.

Other top sectors attracting OFDI from Romania was the Business services sector with a capex of ZAR4.58bn (41 projects), followed by the consumer products sector of ZAR8.56bn (23 projects). The Software & IT services (109 projects), Business services (41 projects); and Consumer products (27 projects) ranked as the top three sectors attracting FDI projects from Romania and accounted for an estimated 62.32% of total OFDI from Romania over the period under review.

3.3) Bilateral FDI: South Africa into Romania

Over the period Jan 2010 to Dec 2021, six companies from South Africa invested 10 projects worth ZAR4 054.36m in capex within various sectors in Romania. Cumulatively, this led to the creation of 2,844 jobs.

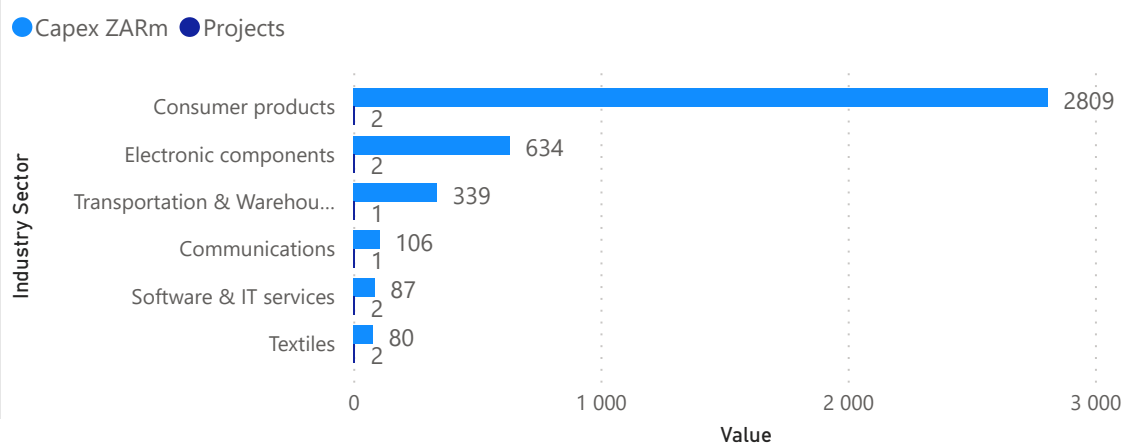
Figure 21: FDI from SA into Romania, 2010-2021



Source: FDI Markets, 2022

The Consumer products sector was South Africa's top focus sector for outward FDI with 2 projects worth ZAR2 808.75m. This was followed by the electronic components and software & IT services sector (as measured by number of projects invested)

Figure 22: FDI from SA into Romania by Sector, 2010-2021



Source: FDI Markets, 2022

eMag was the top South African investor into Romania over the period of interest, investing four projects in the consumer products sector with a capex value of ZAR2 985.16m and creating 1,894 Romanian jobs. Rombat invested two projects in the electronic components sector with a total capex of ZAR633.54m, while Office invested one project in textiles sector to reach total capex of ZAR39.88m. Other South African companies investing into Romania over the reviewed period are tabulated alongside.

Figure 23: SA Companies Investing into Romania, 2010-2021

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
eMag	4	2 985.16	1894	Consumer products
Rombat	2	633.54	792	Electronic components
Sameday Courier	1	339.01	38	Transportation & Warehousing
Office	1	39.88	57	Textiles
Pepco Poland	1	39.88	57	Textiles
OLX	1	16.87	6	Software & IT services
Total	10		2844	

Source: FDI Markets, 2022

3.4) Bilateral FDI: Romania into South Africa

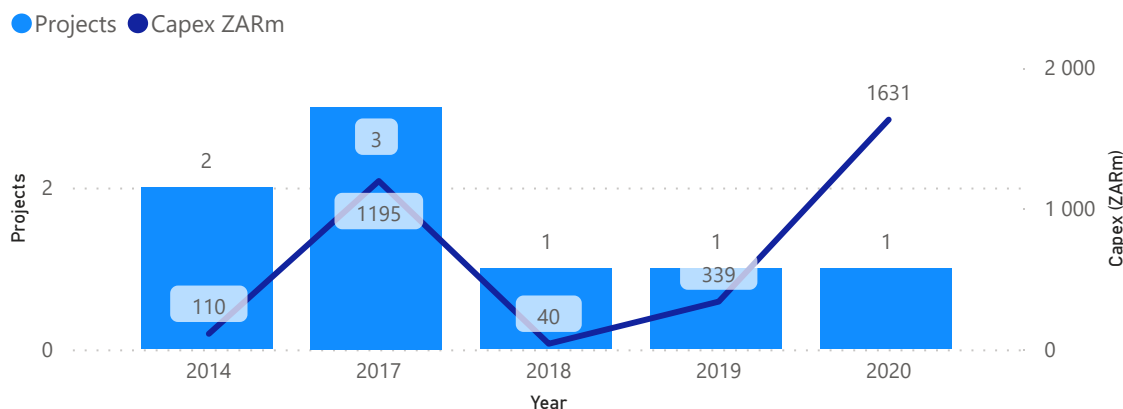
Over the last 12 years there has been only one capital project invested into South Africa, which occurred in 2020 and reached a total capex of ZAR331m, thereby creating 15 jobs. This project was undertaken by Romanian firm, Blue Projects, which invested in South Africa's business services sector.

Source: FDI Markets, 2022

3.5) Bilateral FDI: Western Cape into Romania

Over the period Jan 2010 to Dec 2021, five companies from the Western Cape invested in eight projects worth ZAR3 420.82m in capex within various sectors in Romania. Cumulatively, this led to the creation of 2,052 jobs.

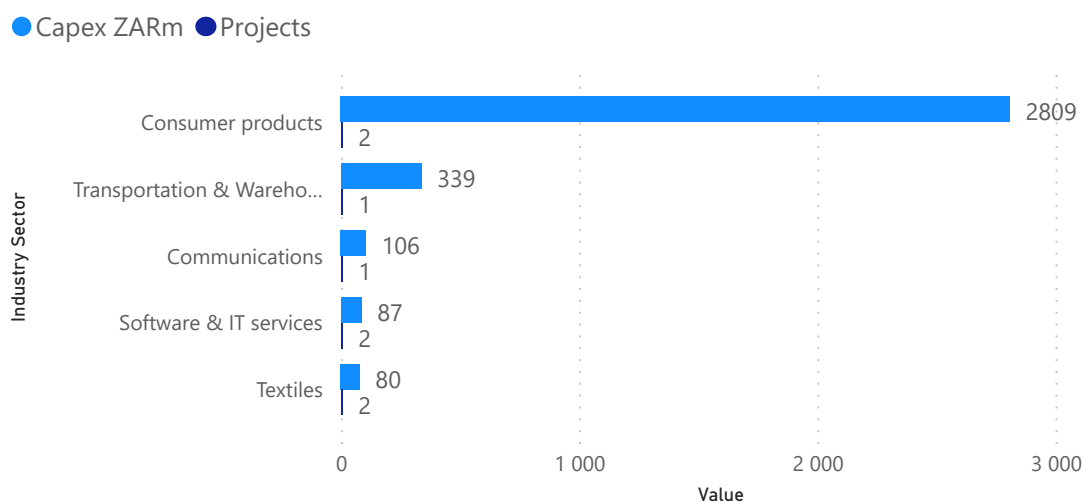
Figure 24: FDI from WC into Romania, 2010-2021



Source: FDI Markets, 2022

The Consumer products sector was the province's top focus sector for outward FDI with two projects worth ZAR2 808.75m. This was followed by the electronic IT services sector.

Figure 25: FDI from WC into Romania by Sector, 2010-2021



Source: FDI Markets, 2022

The five Western Cape companies which invested into Romania over the period 2010 to 2021 are tabulated alongside. eMag, was the largest investor into Romania, investing four capital projects into the country's consumer products sector, while other companies such as Sameday Courier and OLX each invested one project over the period under review.

Figure 26: WC Companies Investing into Romania, 2010-2021

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
eMag	4	2 985.16	1894	Consumer products
Sameday Courier	1	339.01	38	Transportation & Warehousing
Office	1	39.88	57	Textiles
Pepco Poland	1	39.88	57	Textiles
OLX	1	16.87	6	Software & IT services
Total	8	3 420.80	2052	

Source: FDI Markets, 2022

3.6) Bilateral FDI: Romania into the Western Cape

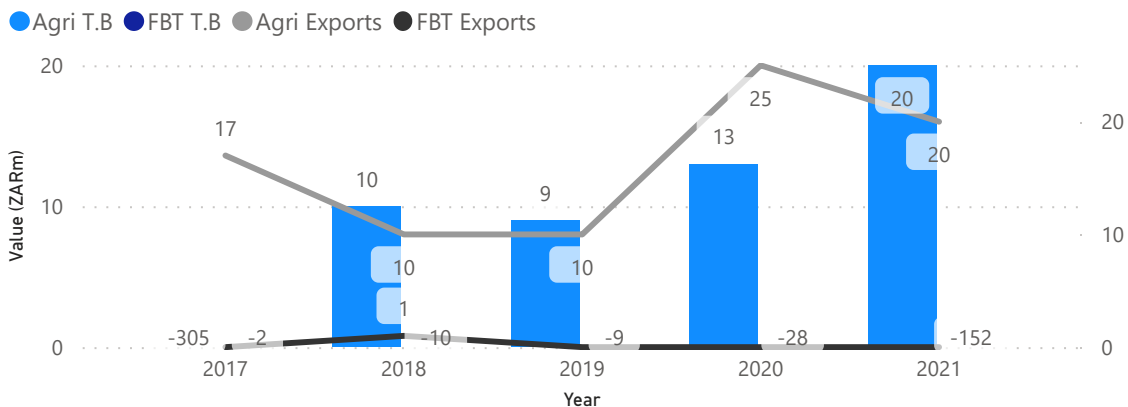
There were no FDI projects recorded from Romania into the Western Cape province over the period Jan 2010 to Dec 2021.

Source: FDI Markets, 2022

4) Western Cape Agribusiness Trade with Romania

With the exception of 2017 the Western Cape was a net exporter of primary agricultural products to Romania over the period 2017-2021, recording a trade surplus of ZAR19.83m in 2021. Over the said period, Agri exports recorded a 5-year average value of ZAR16.31m in total receipts earned. Agri-imports demonstrated a similar trend, declining from an associated cost of ZAR321.95m in 2017 to ZAR0.43m in 2021. The Western Cape was a net importer of food, beverage and tobacco (FBT) products from Romania over the period analyzed, as evidenced by the FBT trade shortfall.

Figure 27: WC Agriculture and FBT Trade with Romania, 2017-2021

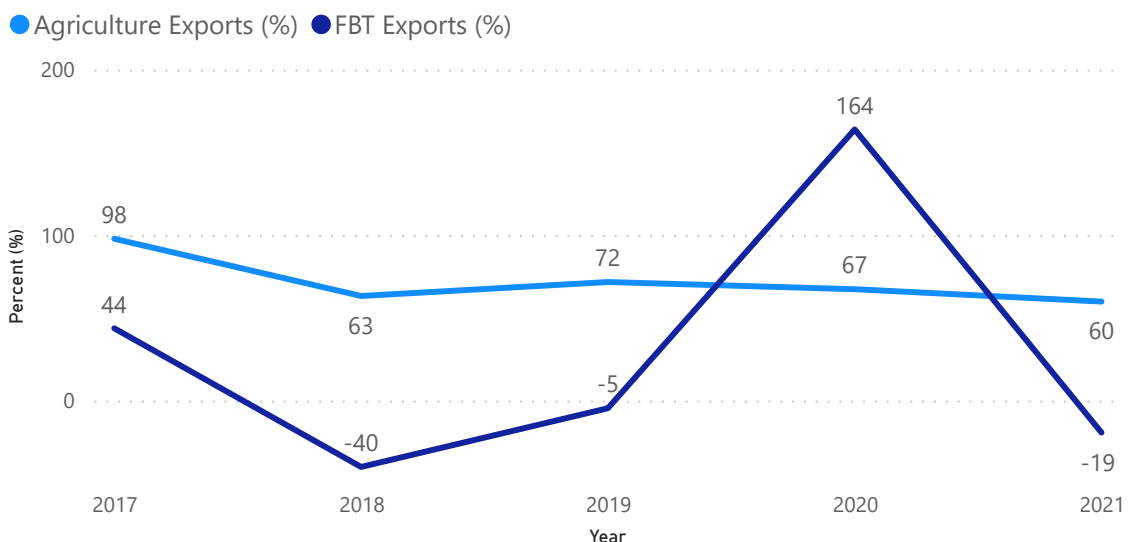


Source: Quantec, 2022

Figure 28 alongside highlights the Western Cape's contribution to national exports of primary agriculture and FBT to Romania over the period 2017 to 2021. The Western Cape accounted for a significant 71.96% average annual share of South Africa's primary agricultural exports and 28.69% of FBT exports to Romania over the period 2017 to 2021.

The provincial contribution of agriculture exports varied between 97.79% of national exports to Romania in 2017 to 59.83% in 2021. Of interest is the fact that 59.83% of South Africa's primary agriculture exports to Romania originated from the Western Cape.

Figure 28: WC Share of National Agri and FBT exports to Romania, 2017-2021

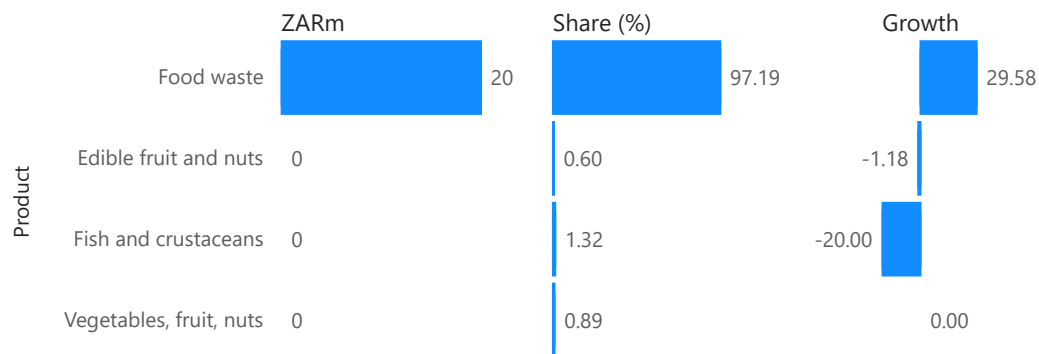


Source: Quantec, 2022

The export of Residues and waste (ZAR20.14m), Fish and crustaceans (ZAR0.27m) and Preparations of vegetables (ZAR0.19m) were the top three agricultural exports from the Western Cape to Romania and accounted for 99.42% of agri-based exports in 2021.

Residues and waste from the food industries witnessed the largest 5-year growth at 29.58% over the period 2017-2021.

Figure 29: Top Agri Exports from WC to Romania, 2021: (Average Growth: 2017-2021)

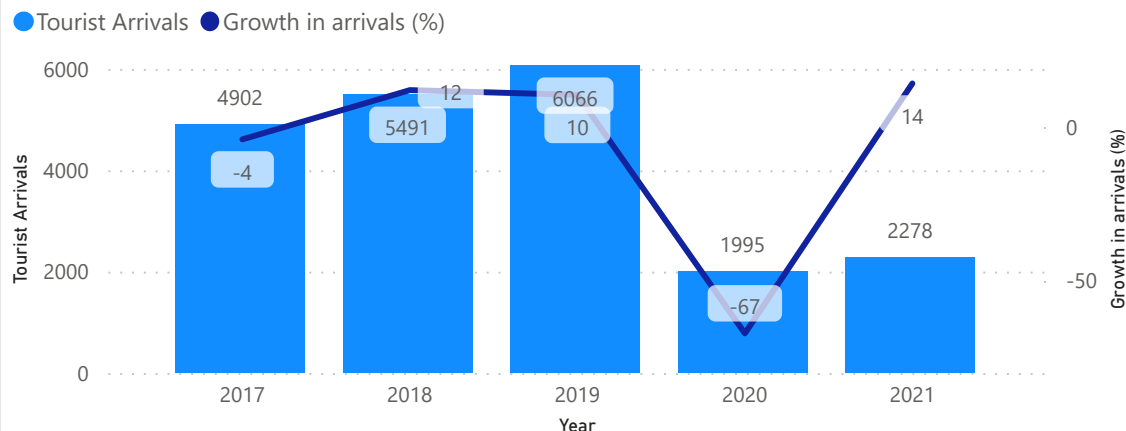


Source: Quantec, 2022

5) Tourism: South Africa and Western Cape Tourism Flows with Romania

Pre-Covid (2016-2019), Romania accounted for between 5,000 and 6,000 passenger arrivals to South Africa. In spite of the decline experienced in 2020, the year 2021 saw an increase of 14.2% in passengers from Romania to South Africa.

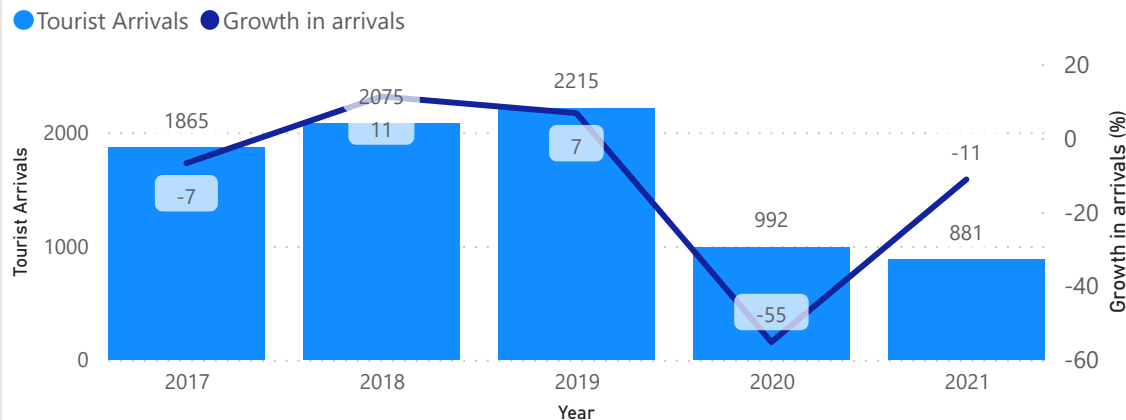
Figure 30: Romania Tourist Arrivals to SA, 2017-2021



Source: OAG Traffic Analyzer, 2022

Historically, air travel movement from Romania to Cape Town registered around 2,000 passengers between 2016 and 2019. Romanian arrivals to the Western Cape totalled 992 and 881 in 2020 and 2021 respectively, well below pre-Covid levels.

Figure 31: Romania Tourist Arrivals to WC, 2017-2021



Source: OAG Traffic Analyzer, 2022

DISCLAIMER:

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.