

THE EVOLUTIONS OF THE WEIGHTS OF THE EU MEMBER STATES IN INTERNATIONAL TRADE IN THE PERIOD 2003 – 2012

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Abstract:

This paper examines evolution of international trade between EU Member States and between non-EU Member States and attempts to determine if there are significant changes in the weights of their exports-imports. The analysis is carried on before and after period of economic crisis, respective over the period 2003–2012.

Key words: international trade, communist countries, developed countries

JEL classification: C10, F13, F62

1. INTRODUCTION

There is a vast literature on international trade, its impact on the economic growth and trade policy.

For example, Cameron, Proudman and Redding (1999) emphasizes that the simplest measure of trade is a behavioural measure, based on actual trade flows, such as for example import as a share of home consumption, or exports as a share of production. These behavioural measures are endogenous outcomes of trade policy and other economic factors, and the growth rate might be part of these factors. Using behavioural measures is therefore only valid if they are correlated with an underlying measure of trade policy, or international openness.

Miron D. (2003) appreciates that international trade can be a positive or negative phenomenon. The rules after running this economic stream can be implemented to disadvantage those the poor and to concentrate wealth in the hands of the rich, or to create a favorable climate conducive to reducing disparities of any kind

New technologies and diversification of trade, have made possible the globalization. Through decisions adopted by transnational companies in the areas of procurement and investment have created global markets and have provided impulses for increasing interdependencies (Folcut O., 2005).

Although revolutions at the end of 1989 led to the collapse of communist systems, the transition economies of the former communist countries to market economies have different durations, with implications more or less significant on the economic efficiency of their economies. Economic policies implemented by governments after 1990, on the one hand, and EU enlargement and economic integration measures, have influenced the economic development and thus the external trade developments in the EU.

Economic developments in the period 2003 - 2012 are the result of both the policies and measures implemented in the EU in the previous period, and of the impact of economic crisis triggered in 2009.

2. OBJECTIVES AND METHODS

The main objective of the study is to analyze evolutions of weights EU Member States in the total volume of international trade both between member states and with non-EU countries in the period prior to and after the onset of the economic crisis, the period chosen is 2003-2012.

Taking into account the fact that Croatia is a member of the EU from 1 July 2013, its foreign trade has not been taken into account in this study, the data used in reference only to the EU 27.

Starting with the series of data available on the EUROSTAT (<http://epp.eurostat.ec.europa.eu>), as well as those offered by the National Institute of Statistics of Romania (<https://statistici.insse.ro>) weights have been determined, hierarchy were prepared and analyzed to give a more conclusive weights and roles EU27 Member States in international trade.

3. EVOLUTIONS OF THE WEIGHTS OF EU MEMBER STATES IN INTERNATIONAL TRADE WITHIN THE EU

EU enlargement and the action taken on economic integration led to the development of foreign trade between EU Member States. Economic developments in the last 10 years have led to structural changes on the ranking and grouping of the EU Member States, according to their weights in the total of trade.

In the analyzed period, the weights recorded by Member States in the total of inside EU imports have not undergone major changes; it fits between -1.8 percentage points in Italy and Spain and 1.5 percentage points in the United Kingdom.

In 2003, on the first place with a 19% share in total imports was Germany (Figure 1), followed by France (13.6%), the UK (11%), Italy (9.1%), Belgium (8.4%), and Spain and the Netherlands with 7%, so these seven countries held a weight of 75.5%, while the other 20 Member States had a share of less than 25 % (24.5%). In contrast, on the last two places were two relatively small countries Cyprus and Malta, with a share of only 0.1% of imports from EU Member States. Romania, in 2003, ranks 18th with a share of total EU Member States imports of only 0.8% at par with Slovakia. In the same year, the Czech Republic and Poland recorded 1.8%, Hungarian 1.5%, and Bulgaria 0.3%.

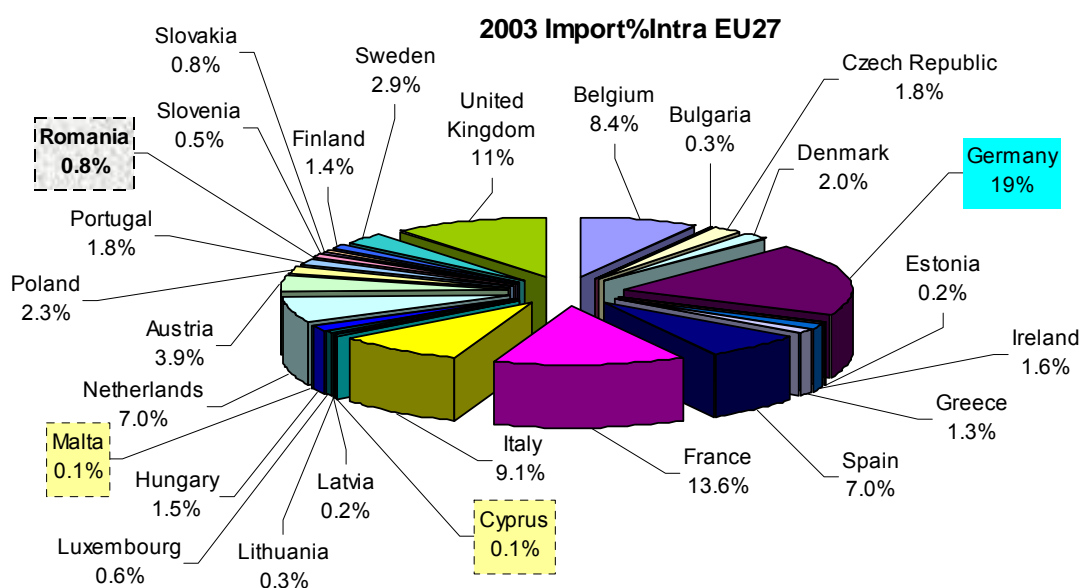


Figure no. 1 The weights of the Member States in the volume of total imports within the EU in 2003

Source: own construction

In 2012 (Figure 2) on the first 3 places are still Germany (20.9%), France (12.8%) and the UK (9.3%). Note that unlike Germany whose share in total imports increased in the period, by 1.5 percentage points, the share of France decreased by 0.8 percentage points and that of the United Kingdom by 1.7 percentage points (0.2 percentage points more than sum of the weights recorded in 2012 by Lithuania, Estonia, Latvia, Cyprus and Malta).

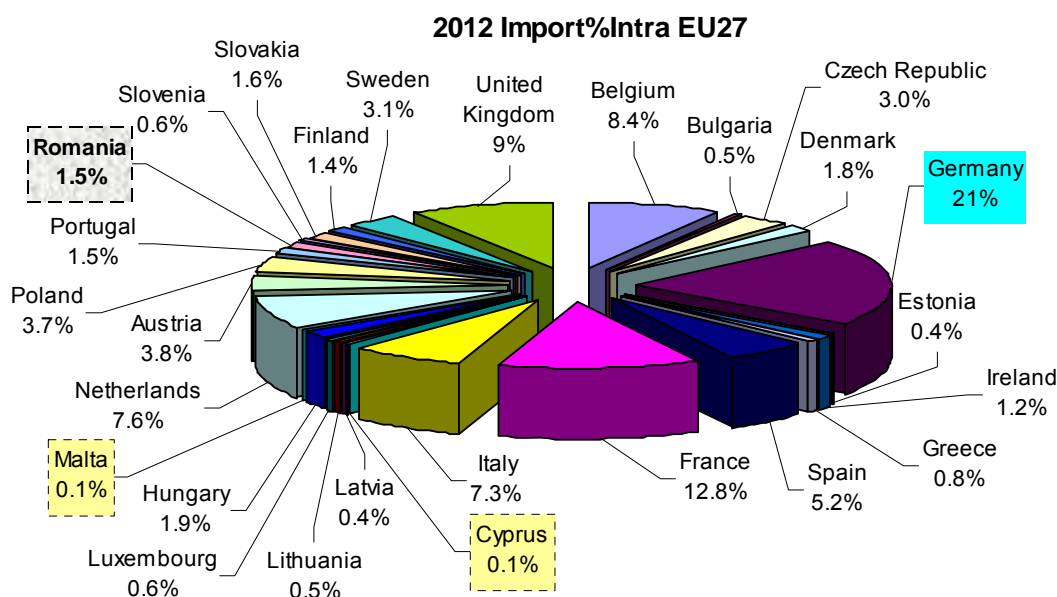


Figure no. 2 The weights of the Member States in the volume of total imports within the EU in 2012

Source: own construction

With a reduction in the weight of total imports from the EU Member States by 1.8 percentage points (7.3% in 2012 to 9.1% in 2003) Italy passes from the 4th place, to the 6th place, being surpassed by Belgium whose weight remains at 8.4% and the Netherlands (7.6%). A decline of 1.8 percentage points recorded in Spain (from 7% in 2003 to 5.2% in 2012), it moving from 6th to the 7th place.

Although during the period 2003 - 2012 there have been changes in the weights of the states in imports from the EU, in 2012 in the first seven places shall be maintained the same states except that their weight decreased from 75.5% in 2003 to 71.5% in 2012, the weight of the other 20 countries in total imports increased by 4.0 percentage points.

Regarding Romania, its weight in total imports from EU countries almost doubled, reaching in 2012 to 1.5%, which brings it from the 18th place, recorded in 2003 up to 16th place. This increase can be interpreted as an increase in dependence of the Romanian economy of the ones EU Member States.

Significant increases in the weights of total imports from EU countries were registered during the period under review, in many former communist countries such as Poland (1.4 percentage points from 2.3% in 2003 to 3.8% in 2012), Czech Republic (1.2 percentage points from 1.8% in 2003 to 3% in 2012) and Slovakia (0.8 percentage points from 0.8% in 2003 to 1.6% in 2012).

On the last places on the weights of total imports from EU member states are maintained in 2012, Cyprus and Malta, with only 0.1%.

Regarding exports of Member States within the EU, their weight is relatively similar to that for imports. In this case, in the first 7 seats (Figure 3), the weights of over 5%, in 2003, were Germany (22.5%), France (12.5%), the Netherlands (11.0%), Belgium (9.1%), Italy (8.6%), the UK (8.4%) and Spain (5.4%), covering 77.1% of total exports in the EU, the other 20 states covering only 22.9% thereof.

Comparing the share of exports to these countries in total imports recorded in 2003 in the EU, we see that the weight of total exports is 1.6 percentage points higher than the share in total imports.

If you look at the individual, we observe that higher values of the share of total exports than imports within the EU, in 2003 there were only in Germany (3.1 percentage points), Belgium (0.7 percentage points) and the Netherlands (4, 0 pp), in the other four states, the situation is reversed, the biggest difference (of -2.6 percentage points) registered in the United Kingdom where its share in total exports within the EU was 8.4%, while the share its total imports was 11.0%.

A second group of countries, in terms of weight in total exports within the EU, with values between 2% and 5% recorded in 2003 were Austria (3.4%), Sweden (2.8%), Ireland (2.7%), Denmark (2.2%), and two former communist states, the Czech Republic and Poland with weights of 2%.

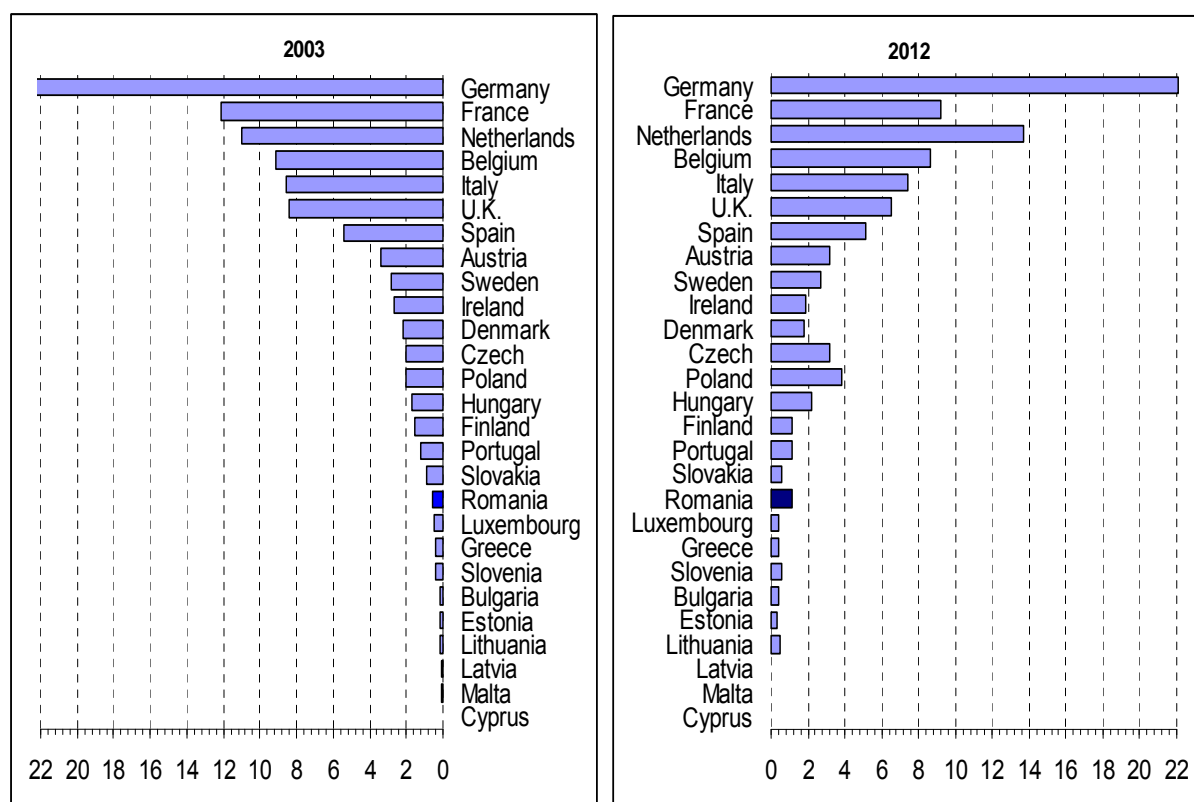


Figure no. 3 The weights of the Member States in total exports within the EU in 2012 compared with 2003

Source: own construction

Romania, as in the case of imports in 2003 was ranked 18th with a weight of 0.6% in total exports within the EU27 by 0.2 percentage points in weight of imports. Among the former communist countries, in addition to the Czech Republic and Poland, with higher values of shares in total exports within the EU27 was still Hungary (1.7%) and Slovakia (0.9%), lower values recorded Slovenia (0.4%), Bulgaria (0.2%) and the Baltic countries.

In 2012, in the first seven places, with weights over 5% of total exports within EU countries shall be maintained the same, except that the Netherlands ahead of France, now ranked second place with a weight of 13.7% in total, compared 9.2% for France. In total, the ones seven countries covered in 2012, 72.6% of total exports within the EU27 by 1.1 percentage points less than in 2003.

Significant differences between the weight in total exports and imports, within the EU27 recorded in the Netherlands, where it is, in 2012, of 6.1 percentage points (weight in total exports is 13.7% compared to 7.6% for imports), and in France, where it is -3.6 percentage points (weight in total exports is 9.2% and that of imports is 12.8%).

In the former communist countries, significant increases in the share of total exports in within the EU, registered in 2012 compared to 2003, is recorded in Poland (1.8 percentage points) and Czech Republic (1.2 percentage points), which went from 13th and 12th places, on which were in 2003, on the 8th and 9th place in 2012, with weights of 3.8% and 3.2%, surpassing the countries like Austria (3.2%), Sweden (2.7%), Ireland (1.9%) and Denmark (1.8), the last two being surpassed in 2012 also by Hungary (2.2%).

With a weight of only 1.1% of total exports within the EU, Romania was in 2012 up on 17th place. Comparing population, geographical size and Romania's natural resources with the ones other former communist countries and not only, Romania should be somewhere in the top 8 places.

4. EVOLUTIONS OF THE WEIGHTS OF EU MEMBER STATES IN INTERNATIONAL TRADE OUTSIDE THE EU

To analyze the weights of the Member States of the EU in international trade outside the EU, these were grouped into three categories:

- countries with weights above 5%;
- states with weights between 1% and 5%;
- states with weights below 1%.

This structure allows highlighting the weights of each group in total, as well as highlighting the number of states that make up each group.

In 2003, in the category of states with weights over 5% of total imports from outside the EU, were part seven states. Of these two had share above 15% (Germany 19.4% and the UK with 16.3%), followed by three states, with weights ranging between 10% and 15% (11.3% Netherlands, France 11.2% and Italy by 10, 3%) and two states, with weights between 5% and 10% (6% in Spain and Belgium with 5.9%). In total, these seven countries covered 80.4% of total imports from countries outside the EU.

In the second group were part nine states. In this group, in addition to Sweden (2.2%), Ireland (1.9%), Greece (1.8), Austria (1.7%), Denmark (1.4%) and Finland (1.3%) in 2003 were also three former communist countries: Poland (2.0%), Hungary (1.4%) and Czech Republic (1.4%).

For the third group, the countries with the share in total imports from outside the EU, less than 1% were 11 countries including Romania with a weight of only 0.7%. Although this group in 2003 comprised 40% of the EU27 Member States, their share in total imports from outside the EU was only 4.2%.

In 2012, in the first group shall be maintained the same seven countries (Figure 4), their total weight remaining constant. However, in three of them, the weight in the total imports from outside the EU increased to 14% in the Netherlands, 6.6% in Spain and 6.1% in Belgium. In the other four countries have registered decreases in weights ranging from 0.3 percentage points for Italy and -1.6 percentage points for France

In the group of countries with weights between 1% and 5% in 2012 are contained only eight countries, Ireland due to the reduction in the total of weight of imports from outside the EU by 1.0 percentage points, passed from the 10th place, to the 16th place, leaving this group.

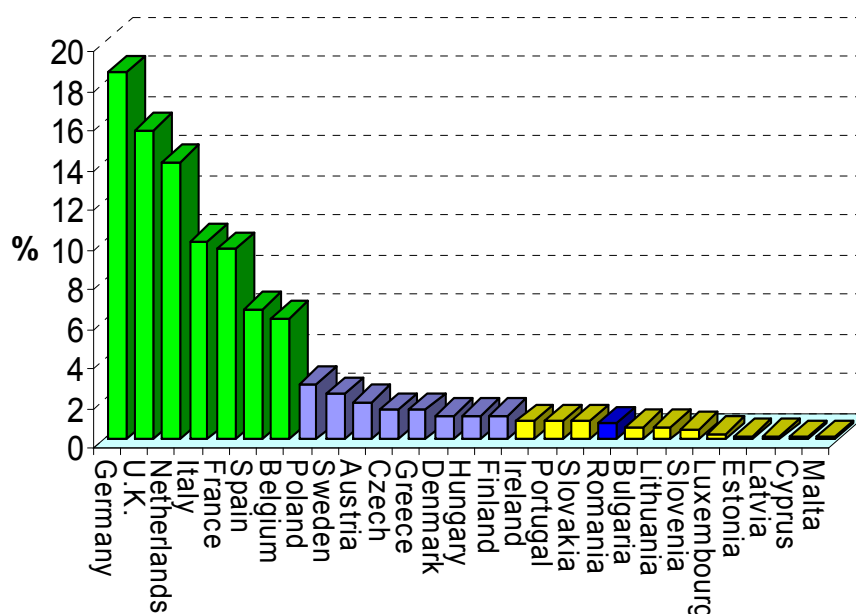


Figure no. 4 The weights of the Member States in the volume of imports from outside the EU in 2012 Source: own construction

At the same time, a significant increase registered Poland, which with a weight of 2.8% of total imports from outside the EU, surpasses Sweden. However the weight of this group of countries decreased from 15.4% in 2003 to 13.5% in 2012.

The weight of countries in the third group increased from 4.2% in 2003 to 6.1% in 2012. Though Romania's weight in total imports from outside the EU increased in 2012 compared to 2003, it is surpassed by Slovakia, passing from the 18th place, on the 19th place.

The structure of the EU Member States on the three groups share in total exports differs from that determined by their share in total imports from outside the EU.

In 2003, in the first group, that of states with weights above 5% of total exports from outside the EU has only six countries, Spain with a weight of only 3.9% entering into the second group. The first place in the group is Germany, with a weight of 26.8%, greater than the sum of the weights of the other two groups (total 21 of the 27 EU countries). Unlike the weight of Germany, the weights registered of France, of United Kingdom and Italy are less than half, while the weights of Belgium and of Netherlands are more than four times smaller.

Differences from the registered situations on states with weights between 1% and 5% of total imports from outside the EU, which in 2003 were included 9 states, there is also for exports outside the EU where this group are only seven countries: Sweden (4.3%), Spain (3.9%), Ireland (3.5%), Austria (2.4%), Finland (2.2%), Denmark (2.0%) and Poland (1.0%).

The third group included in 2003 a total of 14 states, more than half of EU27. With the exception of Poland, with a weight of 1%, which was part of the second group, in this group there were all other former communist countries.

The structure of the EU member states according to their share in total exports outside the EU in the period 2003 - 2012 there were some changes of places and of groups, especially in the groups of countries with weights of total exports outside the EU between 1 % and 5% and between 0% and 1%.

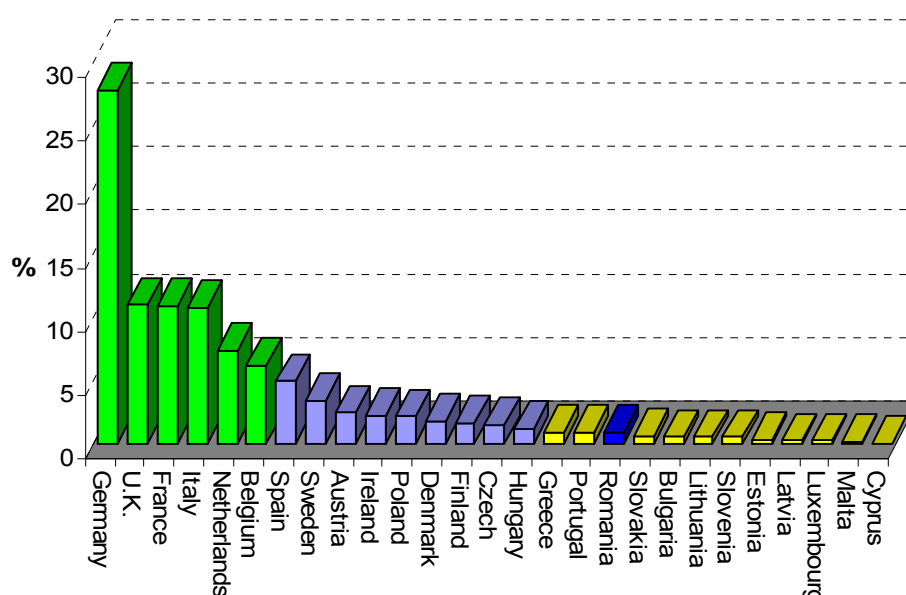


Figure no. 5 The weights of the Member States in the volume of exports outside the EU in 2012

Source: own construction

Thus in the second group (states with weights between 1% and 5%) of the 7 existing states in 2003, in 2012 thereof were joined Czech Republic, with a weight in total exports outside the EU, of 1.4 % and Hungary with a weight of 1.2%. In this period the largest increase in the weight of total exports outside the EU, of 1.1 percentage points recorded in Poland which from 13th place, 2003, reached 11th place in 2012, surpassing Denmark and Finland, which recorded decreases of -0.2, respectively, -0.6 percentage points. The largest decreases were recorded by Ireland (-1.3 percentage points) and Sweden (-0.9 percentage points). With an increase of 1.0 percentage points, Spain reach first place in the group, only 0.1 percentage points lower than the limit of the first group.

Following the passage of the Czech Republic and Hungary in the second group (Figure 5) in the third group, the share in total exports outside the EU less than 1%, in 2012 there were 12 member states. A positive fact is that in the period 2003 - 2012 the weights of all these countries in the total exports outside the EU-27, increased in some of these, including Greece, Romania and Slovakia, causing even doubling of the weights. In Romania, the share in the total exports outside the EU27 increased from 0.4% in 2003 to 0.8% in 2012. Nevertheless, Romania remains in 18th place, which was in 2003.

Although the economic crisis has significantly affected most European economies during the period 2003 - 2012 total weights of the countries in the second group (1% to 5%) and third (below 1%) in the total exports outside the EU increased from 19.3% to 21.0% and from 4.5% to 5.4%. However significant discrepancies shall be maintained, the ones six countries in the first group (Germany, UK, France, Italy, the Netherlands and Belgium) continue to hold a weight of 73.6%.

It is also stressed that Germany's weight in the total exports outside the EU, which in this period increased from 26.8% to 27.8% is greater than the sum of the weights of the 21 states in groups 2 and 3, with weights below 5%, although it increased from 23.9% in 2003 to 26.4% in 2012.

5. CONCLUSIONS

The recent economic crisis emphasized the importance of external relationships in sense that economic activities in one country may have strong impact on the markets of another. Thus, both in 2003 and 2012, on the first place by share in total imports was Germany (19% respectively 20.9%),

followed by France (13.6%, respectively 12.8%) and the UK (11% respectively 9.3%). To note that France is the most important trade partner of Germany. On the last places on the weights of total imports from EU member states are maintained in 2012, Cyprus and Malta, with only 0.1%.

Regarding exports of Member States within the EU, their weight is relatively similar to that for imports.

Germany's weight in the total exports outside the EU in this period increased from 26.8% to 27.8% and it is greater than the sum of the weights of the 21 states in groups 2 and 3, with weights below 5%, although it increased from 23.9% in 2003 to 26.4% in 2012.

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