

DYNAMICS OF ROMANIA-CHINA BILATERAL TRADE: A COMPREHENSIVE OVERVIEW

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ABSTRACT

This study explores the evolving bilateral trade between Romania and China from the 20th century to the present, highlighting significant growth and strategic economic cooperation despite global challenges. Initially bound by political alliances and mutual reconstruction efforts post-World War II, the relationship deepened with Romania's shift to a market economy and China's opening-up policy. Analysing trade data from 1992 to 2021, the research reveals an increase in trade volume, especially after 2000, with China maintaining a trade surplus. Key traded goods include machinery, electronics, textiles, and natural resources. Despite challenges, such as geopolitical considerations, the trade relationship offers opportunities for further growth and diversification. The study underscores the potential for enhanced cooperation in sectors like energy, agriculture, and technology, pointing to a promising future for bilateral economic ties between Romania and China.

Key Words: *Romania-China trade, economic transition, trade growth, strategic cooperation.*

INTRODUCTION

The economic trajectories of Romania and China from the 20th century onwards are to be explored, with a focus on shared experiences and trade trends. Post-World War II, both nations encountered reconstruction challenges, and their diplomatic ties strengthened, leading to a golden diplomatic age. However, post-1980, there was a shift in internal focus. In the 1990s, Romania transitioned to capitalism, facing an economic downturn, while China embraced "opening up" and addressed global changes. Trade dynamics from 1992-2000 indicate fluctuations, but starting in the 2000s, significant growth is observed in China's imports from Romania and robust exports, maintaining a trade surplus. Analyzing import and export trends to assess trade flow between the two countries since the beginning of their diplomatic relationship lays the groundwork for detailed investigations in subsequent chapters.

In the study, the Sino-Romanian presentation of the historical economic relationship has been divided into four distinct periods. The first period spans from the post-Second World War era until the 90s, marked by both countries sharing similar political views and a joint struggle for international recognition. The second period, from the 90s to 2000, is characterized by Romania's challenging transition from communism to a free market, coupled with economic instability and efforts to align with European countries. The third and fourth periods, the 2000s and 2010 and onwards specifically, to explain the evolving nature of the relationship ties between China and Romania while also facing the 2008 world crisis. This division sets the stage for a comprehensive exploration of their shared histories, economic transitions, and the factors influencing their trade dynamics. The study is structured to detail the economic and diplomatic journey between Romania and China, divided into key periods of transformation and growth. It begins with an exploration of their relationships and economic models before the 1990s, emphasizing the shift from centrally planned to market-oriented economies. The narrative then transitions to the changes and challenges of the 1990s, followed by a deep dive into the economic resilience and trade evolution witnessed into the early 21st century. The final section presents a focused analysis of the trade flow structure between the two nations in 2021, encapsulating the current state and nuances of their bilateral trade relations.

Drawing on a comprehensive review of existing literature and qualitative research, this study aims to bridge the informational void concerning the trade and diplomatic relations between Romania and China. It endeavors to provide a chronological compilation of all pertinent information in one cohesive document, thereby offering a thorough and organized overview of the evolving dynamics between these two nations.

Period before 1990s

The economic trajectories of Romania and China have undergone profound transformations in the latter half of the 20th century, marked by the transition from centrally planned to market-oriented economies. Despite differences in historical, cultural, and geopolitical contexts, these two nations share intriguing similarities in their economic reforms, agricultural strategies, openness to foreign trade, and challenges arising from these transitions. Romania, like China during the Mao era, underwent periods of intense industrialization that contributed significantly to economic growth. The rapid growth of industrial sectors in both countries played a crucial role in transforming their economies and laying the foundation for subsequent advancements. The emphasis on industrialization during these reformative periods had a profound impact on urbanization, employment, and overall economic structure. The economic reforms in Romania and China were not without challenges. Both nations grappled with issues related to income disparities, crime, and corruption. As market-oriented policies were implemented, new challenges emerged, creating a complex landscape for policymakers. The debates and adjustments made in response to these challenges underline the shared experiences of these nations during their economic transitions.

Before the 1990s, both Romania and China were deeply engaged in the process of rebuilding and restructuring their countries in the aftermath of the Second World War. Romania, initially under the influence of the Soviet Union, later experienced a shift away from Soviet ties during the rule of Nicolae Ceaușescu. In China, post-World War II, the defeat of the Nationalist forces led to a comprehensive reconstruction effort, encompassing the revival of the economy and rehabilitation of various sectors. In the aftermath of World War II, both nations faced significant challenges. In Romania, the influence of the Soviet Union played a crucial role, but under Ceaușescu's leadership, Romania distanced itself from the Soviet Union. Meanwhile, China, after the defeat of the Nationalists, confronted the monumental task of rebuilding an economy that had suffered extensive damage. Many mines and factories were in ruins, with Soviet troops dismantling machinery and transporting it back to the Soviet Union. Key infrastructure elements, such as transportation, communication, and power systems, were either destroyed or severely deteriorated due to neglect. The agricultural sector faced disruptions, leading to a substantial decline in food production. Additionally, both nations grappled with soaring inflation rates, creating economic challenges of unprecedented proportions.

Amid these difficulties, both Romania and China underwent transformative changes aimed at reforming and industrializing their countries while organizing their agricultural sectors. Romania played a significant role in recognizing the newly proclaimed People's Republic of China in 1949, marking the beginning of a golden age in their relations. Both countries were part of the "communist block", and their ties flourished, particularly as they distanced themselves from the USSR. The era of Nicolae Ceaușescu's rule was particularly prolific for Romania-China relations, with the positive impact of those relations still lingering today. During this period, China provided support to Romania, fostering a diplomatic and political alliance that mirrored the warming relations between China and the United States after President Richard Nixon's

historic visit in 1972. Post-1980, both countries entered a period of inertia, focusing on internal affairs. China pursued its policy of opening-up, while Romania concentrated on addressing its foreign debts. The dynamics between Romania and China from 1949 were primarily characterized by diplomatic and political friendship, marked by mutual support in the international arena. Romania stood as an ally to China, with the common backdrop of the Soviet Union as their shared "enemy." The relationship evolved over the years, navigating through the complexities of global politics. On 5 October 1949 Romania and China established diplomatic relations at the embassy level, Romania being among the first three countries to recognize the People's Republic of China.

In the 1970s, China and Romania began to cooperate technologically and economically. During this period, China granted interest-free loans to Romania in the form of products. In 1979, the volume of trade between the two countries reached a record high of 1.094 billion US dollars, it declined to a low of 191 million dollars in 1999, rising to 298 million dollars in 2000. There have been times when regional developments or difficult moments, sometimes created also by developments and natural disasters, have fueled and strengthened feelings of solidarity. There were moments like the catastrophic floods in Romania in the 1970s when despite being in a not-very-easy domestic economic context, the Chinese leadership and the whole nation aided Romania and helped to overcome this moment. There was a time in the 1960s when Romania, aware of the difficulties facing China in the energy sector, generously offered its expertise both in training specialists and in providing Romanian technologies for the exploration and exploitation of crude oil in China. There has been cooperation in the energy sector in other areas as well. There are similar hydropower plants in China because the construction and working model is that of the Iron Gates hydropower plant. This is proof that Romanian expertise has been cordially lent to their Chinese friends for the development of the energy sector. There has also been good cooperation over the years in petrochemicals, textiles, and mechanical engineering. There was the year 1979 with reaching the level of one billion dollars in bilateral economic exchanges. After the Romanian Revolution in 1989, China swiftly accepted and recognized the new Romanian government. While the diplomatic and political aspects of their relationship persisted, the subsequent years saw both countries prioritizing their internal challenges. Romania focused on navigating the aftermath of the revolution and managing foreign debts, while China continued its transformative journey with economic reforms. In essence, the historical parallels between Romania and China reveal a shared trajectory of post-war reconstruction, diplomatic alliances, and evolving relationships with global powers. Despite the shifts in their paths, the echoes of their shared histories continue to influence their present-day interactions on the international stage.

The 1990s to 2000

The historical ties between China and Romania date back significantly, with a notable boost in friendship after 1949. However, to assess trade flow, we will focus on data available from 1992 onwards. This period marked a pivotal era for Romania as it transitioned from socialism to capitalism, characterized by significant reforms.

In the 1990s, Romania underwent a transformative phase, grappling with the challenges associated with the shift in economic systems. The conclusion of the communist period ushered in a sharp economic downturn, leading to a considerable decline in Romania's global economic influence. By 1993, Romania's share of the global economy had diminished to 0.3%, a stark contrast to the 0.8% it held in 1983. The privatization of industries played a crucial role in Romania's economic evolution during this period. In 1992, a significant step was taken with the transfer of 30% of the shares of around 6,000 state-owned enterprises to five private ownership funds. Each adult citizen received certificates of ownership, fostering a sense of individual economic participation. The remaining 70% ownership of these enterprises was entrusted to a state ownership fund, mandated to gradually sell off shares at a rate of at least 10% per year. Additionally, the privatization law included provisions for the direct sale of about 30 specially selected enterprises and the divestiture of "assets" (commercially viable component units) from larger enterprises.

Meanwhile, China was also navigating its own set of challenges during this period. Embracing the concept of "opening up," China embarked on a path of reforms, addressing economic challenges, and adapting to the changing global landscape. The parallel journeys of Romania and China during this time reflect the complex dynamics of economic transitions and the pursuit of sustainable growth.

Figure 1 represents the trade dynamics between China and Romania, showing the import and export trade from Romania to China. The dataset encompasses a comprehensive view, covering all product groups and the period under consideration spans from 1992 to 2000. In 1992, China imported goods from Romania valued at \$211,458.272 thousand, the subsequent years, particularly 1993 and 1994, witnessed a substantial increase in import values, reaching \$378,841.696 thousand and \$286,437.248 thousand, respectively. This period suggests a robust trade flow between the two nations. However, from 1995 onwards, there is a noticeable decline in import values. The year 1995 recorded imports totaling \$194,143.040 thousand, indicating a significant drop compared to the previous years. The notable decrease in 1996, where the import value plummeted to \$73,470.376 thousand could be indicative of changing economic conditions or trade policies during that period. In 1997, the import values remained relatively followed by a sharp decline in 1998 to \$19,910.876 thousand. The year 1999 saw a slight recovery with imports valued at \$45,628.027 thousand, suggesting a potential stabilization or recovery in the trade relationship. In 2000 a notable increase in import values can be observed, signifying renewed economic ties. As for the exports, in 1992 exports valued at \$77,592.816 thousand, subsequent years, particularly 1993 and 1994, show significant growth in export values, reaching \$120,059.488 thousand and \$109,573.352 thousand, respectively. The year 1995 witnesses a notable increase in export value to \$156,946.784 thousand, reflecting continued

growth in trade. Export values remain relatively stable in the following years, with fluctuations in 1996 (\$150,920.096 thousand) and 1997 (\$176,218.752 thousand). A substantial increase is observed in 1998, with exports reaching \$239,711.056 thousand, indicating a significant surge in trade. The export values decline in 1999 to \$145,615.885 thousand, possibly influenced by various economic factors or changing market conditions. In 2000 with a rebound in export values, reaching \$192,386.952 thousand.

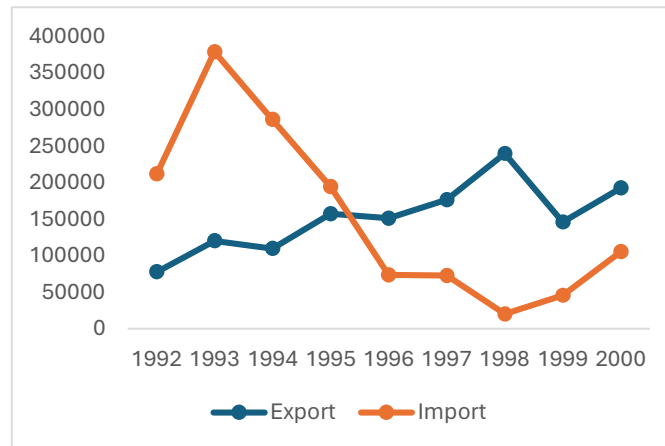


Figure 1 Total Import and Export from China to Romania 1992-2000

To contribute substantially to the development and expansion of international economic cooperation between Romania and China, the Romania-China Chamber of Commerce and Industry was established in 1998, with 325 companies and 15 individuals as members. Observing Figure 1, it can be noted how after the establishment of the Chamber of Commerce and Industry also the trade flow was positively influenced.

2000 – 2010

The period 2000-2010 is marked by several moments, such as China becoming a member of WTO in December 2001, Romania becoming an EU member in 2007, and the 2008 unexpected world crisis. The 2008 financial crisis, a global calamity triggered by the United States housing market collapse, had wide-reaching effects, challenging countries worldwide, including Romania and China, albeit in different ways.

In Romania, the crisis exposed the vulnerabilities of an economy that had enjoyed robust growth since joining the European Union in 2007. Particularly unprepared, was significantly impacted, with the crisis precipitating an 8-9% economic contraction in 2009. The recession brought about significant contractions across almost all sectors, underscoring the need for systemic reforms. The banking sector, a critical cog in Romania's economy, faced sharp contractions in lending due to heightened credit norms and liquidity issues, directly impacting businesses and their growth capabilities. The crisis's effects were uneven across the country, necessitating targeted policy responses to address specific regional challenges. Moreover, austerity policies implemented during this period severely strained the health system, leading to worsened health outcomes and highlighting the critical link between economic stability and public health. The tourism sector, heavily reliant on discretionary spending, was among the hardest hit, yet it showcased resilience and adaptability, serving as a testament to the sector's potential for recovery and growth post-crisis. The impact on employment and productivity varied across sectors, reflecting the complex ways global economic shocks can influence local economies. The repercussions were profound, with diminished consumer spending and a resultant trade deficit reduction due not to thriving exports, but rather to decreased consumption fuelled by business insolvencies and escalating unemployment. The vulnerability of Romanian firms, especially smaller entities with limited financial reserves and customer bases, was brought to the forefront. These challenges were met with a \$26 billion relief package from the IMF and the World Bank, which provided a temporary bolster to the Romanian economy, leading to some of the highest GDP growth rates in the EU between 2013 and 2017. The trade data post-2008 depicts fluctuations, a likely reflection of the economic crisis's toll, as demand waned, and financial constraints tightened.

China's experience with the crisis was markedly different, reflecting its unique economic structure and global trade integration. The initial impacts were more nuanced, primarily affecting the labour market and sparking social unrest and political challenges. The Chinese government's response included implementing stimulus packages to revive the economy, emphasizing the need to bolster domestic demand and transition towards a more innovative industrial landscape. However, these measures raised questions about sustainability and the necessity for structural adjustments. The crisis also had a profound impact on energy consumption and environmental policies, highlighting the tension between economic growth and environmental sustainability. China's deep entanglement in the global trade system meant that the crisis had significant repercussions for its economy, advocating for a diversification of international markets and a pivot towards domestic demand. Corporate investment patterns revealed a nuanced landscape of resilience and vulnerability, with state-controlled and foreign-owned firms less impacted. The economic downturn illuminated significant social challenges, prompting

critiques of the government's short-term focus, and advocating for more inclusive social safety nets and long-term structural reforms.

In conclusion, the trade relationship between China and Romania during this period was dynamic, characterized by significant growth and resilience, but not immune to the global economic vicissitudes of the 2008 financial crisis. Figure 2 presents a rich canvas for understanding the complexities of international trade relations and economic strategy in the face of global economic instability.

The trade interactions between China and Romania throughout the years 2000 to 2010, represented in Figure 2, showcase a compelling narrative of economic interplay and growth, particularly evident in the import-export dynamics for all products. A scrutiny of the data unveils a marked ascension in China's imports from Romania, climbing from a value of approximately \$105.4 million in 2000 to an apex of \$755.3 million in 2010, hinting at a burgeoning demand within China for Romanian goods. Despite certain variances, the upward momentum was largely maintained, indicating a persistent broadening of China's importation from Romania. On the export side, China demonstrated a formidable increase in its exports to Romania, with figures soaring from about \$192.4 million in 2000 to a staggering \$6.1 billion in 2006. Although this exhibited some degree of volatility post-peak, the progression was predominantly upward, revealing China's strong export performance. The data underscores a sustained trade surplus for China, with export figures consistently outstripping imports. The exceptional surge in Romanian exports to China around 2006 suggests a pivotal development, potentially a significant policy revision or a spike in demand, which, however, did not perpetuate in the subsequent years. Nonetheless, the overall trade balance seemed favourable for Romania when juxtaposed with imports, indicating a robust trade partnership with exports generally surpassing imports over the span under review.



Figure 2 Total Import and Export from China to Romania from 2000 to 2010

2010 and onward

From 2010 onwards, the trade dynamic between China and Romania showcased a nuanced and evolving economic relationship as they navigated the post-global financial crisis landscape and embraced the new decade of opportunities and challenges. The continuation of trade growth from 2010, with China's imports from Romania growing from \$755,266.641 thousand to over \$3.5 billion in 2021, demonstrates Romania's robust recovery and increasing export strength. This growth likely signifies Romania's success in diversifying its export market and improving the competitiveness of its products, a necessary response to the economic contraction of 8-9% in 2009 following the crisis. China's exports to Romania also reflected a positive trajectory, with a notable surge from \$300,446,173 thousand in 2010 to an impressive figure of approximately \$6.7 billion in 2021. Despite the fluctuations and global economic challenges, including trade tensions and shifts in global supply chains, China maintained its position as a key exporter to Romania. The trade surplus maintained by China indicates its dominant export economy, while Romania's ability to significantly increase its exports suggests a competitive and adaptive manufacturing sector. The data post-2010 implies that Romania took effective steps to recover from the crisis, supported by the IMF and World Bank relief package which likely contributed to the stability and growth of its exports. This period saw both countries potentially adjusting to new consumer demands, and re-aligning economic policies, and Romania might have leveraged its position within the European Union to attract investment and improve its trade capabilities.

The observed increase in trade, as shown in Figure 3 below, despite the challenges of the 2008 crisis is indicative of a resilient economic bond between China and Romania, characterized by an ability to adapt and grow in the face of global economic pressures. The rising figures also suggest that both nations found mutual benefit in expanding their trade, with Romania possibly moving up the value chain and China capitalizing on Romania's growing market.

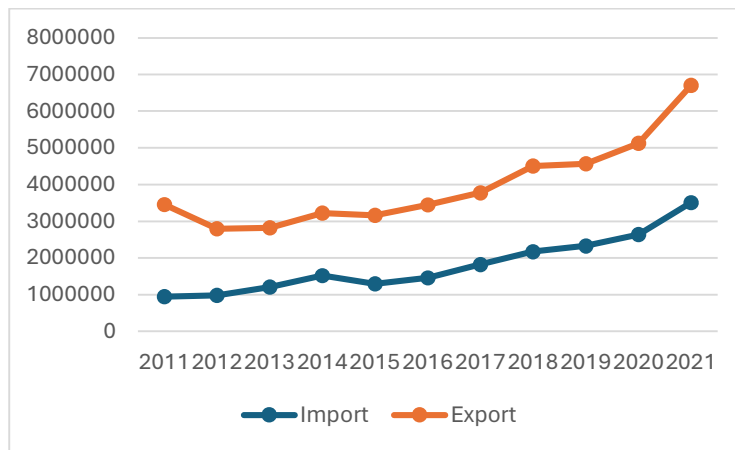


Figure 3 Total Import and Export from China to Romania from 2010 to 2021

Status of the Bilateral Trade between Romania and China

Romania and China have been engaged in international trade since the 1950s. In the context of economic globalization, both countries highly value the growth prospects they offer, and, therefore, are strengthening their trade cooperation to protect and advance their respective economic interests. Over the past few years, trade flow between the two countries has prospered due to various initiatives that have pushed for fundamental improvements in the trading system, enhancing the competitiveness of both economies. While Romania and China's trade has shown an increasing flow since the 2000s, there is room for improvement, especially in their diplomacy ties. If the two sides can coordinate their different development plans in the future, there is a significant opportunity for cooperation in energy, resources, production capacity, agriculture, and other areas. China has shown interest in making substantial investments in the Romanian economy, primarily in the energy and infrastructure-related industries. The nation could substantially benefit from more Chinese technical support. However, all these initiatives have not come to fruition for several reasons, mainly due to geopolitical background considerations.

In recent years, the level of economic and trade cooperation between the two countries has witnessed a significant increase, encompassing a broader scope and area of trade, along with the corresponding effects. The total import and export trade between Romania and China from 2000 to 2021 is illustrated in Figures 2 and 3 in the preceding paragraphs. Additionally, Figure 4 below highlights the disparities in the volume and composition of trade between the two nations, emphasizing a noticeable deficit between exports and imports. Romania and China's bilateral trade is presently in a developmental phase and holds considerable promise for future growth.



Figure 4 Import and Export from 2000 to 2021 from China to Romania

Trade Structure between Romania and China in 2021

China's Main Export to Romania

In 2021, the breadth of China's exports to Romania is evident from the diversity of product categories listed in Table 1. The figures paint a picture of China as a multifaceted exporter with strengths in various sectors. At the forefront of these exports is the machinery sector (Section ID 16), with an impressive trade value of over 3.6 billion, indicating the high demand for Chinese machinery and electronic equipment. Metals come in as the second highest (Section ID 15), with exports valued at approximately 565 million, showing China's significant presence in the global metal market. The miscellaneous category (Section ID 20), which encompasses a wide range of goods, stands strong with a trade value of around 545 million. This category's performance signals the varied nature of Chinese manufacturing capabilities. Textiles

(Section ID 11) maintain a prominent position in China's export portfolio, with a trade value nearing 395 million, suggesting a robust textile and garment industry. Plastics and rubbers (Section ID 7) are also significant, contributing nearly 350 million to China's export figures. Instrumentation (Section ID 18) shows China's export capability in precision instruments, including medical devices, with a trade value of over 342 million. The transportation sector (Section ID 17) follows closely behind, indicating a healthy export of vehicles and parts valued at over 333 million. Chemical products (Section ID 6) represent another key export, with a value of approximately 219 million, which may include a range of chemical substances for various industrial applications. Exports in the stone and glass (Section ID 13) and footwear and headwear (Section ID 12) sectors are also noteworthy, with trade values of approximately 159 million and 120 million respectively, reflecting their strong global demand. Table 1 will provide a visual representation of these figures, enhancing their readability and offering a clear overview of China's export strengths in 2021.

Table 1 China’s ten main exports to Romania in the year 2021

Rank	HS2 ID	Name	Value	%
1	16	Machines	\$ 3,621,583,534.00	52.52495
2	15	Metals	\$ 564,865,065.00	8.192413
3	20	Miscellaneous	\$ 544,580,030.00	7.898213
4	11	Textiles	\$ 394,559,301.00	5.722416
5	7	Plastics and Rubbers	\$ 349,959,947.00	5.075578
6	18	Instruments	\$ 342,672,375.00	4.969884
7	17	Transportation	\$ 333,379,832.00	4.835111
8	6	Chemical Products	\$ 218,711,809.00	3.172045
9	13	Stone And Glass	\$ 159,199,236.00	2.308916
10	12	Footwear and Headwear	\$ 119,984,432.00	1.740171

The significant import of machinery and electronic equipment suggests that Romania has a strong demand for these items, which are used to support its manufacturing and technology sectors. This indicates a growing or sustained industrial activity in Romania that requires such machinery for production. The substantial imports of metals, along with stone and glass, point to infrastructure development and construction activities. Metals are often needed for building and machinery, while stone and glass are used in construction, indicating potential growth or investment in these areas. The variety of goods under the miscellaneous section, including furniture, bedding, lamps, toys, and games, reflects a diverse consumer market in Romania. These items are linked to consumer spending, suggesting a healthy retail sector and possibly a rising standard of living. The import of textiles indicates the presence of a garment industry or a demand for finished textile products. The import of plastics, rubbers, and chemical products hints at Romania's involvement in industries like packaging, automotive, construction, and pharmaceuticals, which require these materials. The importation of instruments, which includes optical, photo, film equipment, and medical instruments, suggests that Romania is investing in healthcare, research, and development, or other sectors that require such specialized instruments. The transportation section, including cars, tractors, and trucks, signifies a demand for vehicles, which could be for personal use, industrial, or agricultural purposes. This also implies that Romania does not have a large enough domestic production of vehicles to meet its demand or is choosing to import for other reasons such as cost-effectiveness or preference for Chinese models.

Figure 5 visually represents the proportion of Electrical machinery and electronics (HS21685) and Machinery, mechanical appliances, & parts (HS2 ID 1684) categories of exports from China to Romania against the rest of the exports. The two specified categories together make up slightly more than half of the exports, while the rest of the exports constitute just under half.

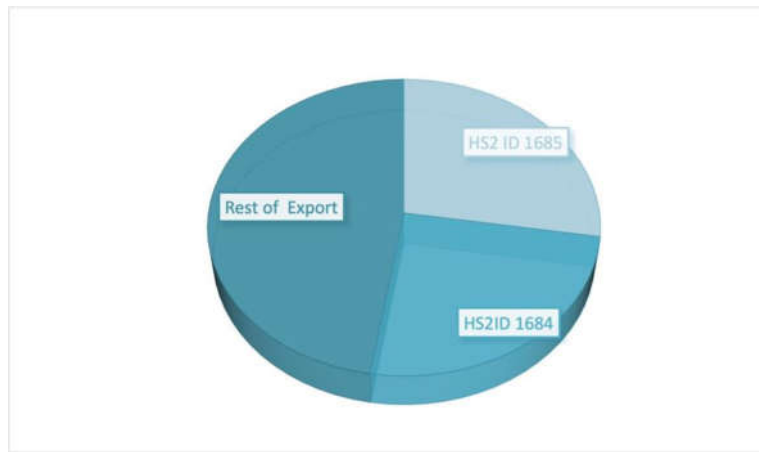


Figure 5 Machines and rest of export to Romania.

Romania’s main exports to China

In 2021, Romania's top exports to China were led by machinery, including both mechanical appliances and parts (HS2 ID 1684) and electrical machinery and electronics (HS2 ID 1685), with trade values of 365,543,907 and 192,526,431 respectively. These high figures suggest that Romania is a significant supplier of such equipment, possibly filling gaps in China's production or providing specialized machinery that complements China's industrial needs. Wood products (HS2 ID 944), with an export value of 242,602,047, indicate Romania's strong position in the timber industry, supplying raw materials or manufactured wood goods to support China's construction sector and manufacturing of wood-based products. Optical, photo, and film equipment, along with medical instruments (HS2 ID 1890), valued at 158,447,786, reflect Romania's capability to provide high-tech instrumentation, which could be used in China's medical, research, and technology sectors. Iron and steel exports (HS2 ID 1572) from Romania, totalling 136,624,551, suggest that China sources these basic industrial materials from Romania, potentially for use in its vast manufacturing and construction projects. The export of non-knitted clothing accessories (HS2 ID 1162) and cars, tractors, trucks, and parts thereof (HS2 ID 1787), with values of 73,550,259 and 62,876,971 respectively, indicates Romania's role in supplying both the fashion and automotive industries in China. Romania's export of mineral fuels, oils, and their distillation products (HS2 ID 527), and ores, slag, and ash (HS2 ID 526), with values of 61,747,622 and 41,760,310, shows its involvement in the energy and mining sectors, providing raw materials for China's energy consumption and industrial processes. Plastics and articles thereof (HS2 ID 739) and rubber and articles thereof (HS2 ID 740) contributed 38,501,206 and 33,753,909 to the trade value, which are likely used in China's massive manufacturing industry for various applications from packaging to automotive components. These top exports reflect a multifaceted trade relationship where Romania supplies raw materials, industrial goods, and manufactured products to China. For China, these imports from Romania may help in diversifying its supply chains and accessing European goods that may be of higher quality or different specifications than domestic products. For Romania, this export activity not only contributes to its economy but also strengthens its industrial and technological ties with China, fostering a reciprocal trade relationship.

Table 2 Romania’s ten main exports to China in the year 2021

Rank	HS2 ID	Name	Trade Value	%
1	16	Machines	\$ 558,070,338.00	35.6
2	9	Wood Products	\$ 242,602,292.00	15.5
3	15	Metals	\$ 189,979,844.00	12.1
4	18	Instruments	\$ 158,838,118.00	10.1
5	5	Mineral Products	\$ 103,601,015.00	6.6
6	11	Textiles	\$ 91,100,769.00	5.8
7	7	Plastics and Rubbers	\$ 72,255,115.00	4.6
8	17	Transportation	\$ 63,145,928.00	4.1
9	6	Chemical Products	\$ 29,674,454.00	1.9
10	3	Animal and Vegetable Bi-Products	\$ 23,248,548.00	1.5

DISCUSSION

The evolution of bilateral trade between Romania and China from the 20th century to the present day underscores a dynamic and increasingly significant economic relationship. The journey, marked by the transition from centrally planned to market-oriented economies for both nations, reflects their resilience and strategic adaptation to global economic shifts, particularly after major events such as World War II, the Romanian Revolution of 1989, China's accession to the WTO in 2001, Romania joining the EU in 2007, and the 2008 financial crisis.

This trade relationship has evolved through periods of political alignment, economic challenges, and cooperation. Initially bonded by shared political ideologies and the struggle for international recognition, the subsequent years saw both countries navigating through their internal economic reforms and opening to global markets. The significant growth observed in trade, especially post-2000, is indicative of both nations' success in leveraging their economic compatibilities and overcoming the vulnerabilities exposed by the 2008 financial crisis.

The analysis of trade flows, utilizing data from 1992 to 2021, reveals notable trends in the composition and volume of trade. China's exports to Romania have diversified over the years, with machinery and electronic equipment leading the trade. This suggests a strong demand within Romania for such goods, likely to support its manufacturing and technology sectors. Romania's exports to China, led by machinery and wood products, indicate its role as a significant supplier of industrial goods and raw materials, showcasing its competitive advantages in these sectors. The data also highlight the trade deficit Romania faces with China, a common feature in many of China's bilateral trade relationships due to its export-oriented economy. However, the increasing trade volumes suggest a growing mutual dependence and benefit, underlying the potential for further cooperation and diversification in trade.

CONCLUSION

The bilateral trade relationship between Romania and China is characterized by dynamic growth, resilience, and strategic economic cooperation. Despite facing global economic uncertainties and challenges, both nations have managed to not only sustain but also significantly expand their trade relations. The diverse range of products being traded speaks to the complementary nature of their economies. Looking forward, there is substantial potential for further growth and deepening of this economic partnership. For Romania, leveraging its EU membership to attract more investments and improve trade capabilities could be key. For China, Romania represents a valuable partner within the European market, offering opportunities for diversification and access to high-quality products. However, achieving a more balanced trade relationship and realizing the full potential of economic cooperation will require addressing existing challenges, including geopolitical considerations and the need for enhanced diplomatic ties. Fostering a conducive environment for investment and technical collaboration, particularly in sectors like energy, agriculture, and technology, could pave the way for a more robust and mutually beneficial economic partnership.

Policy Implications

This study suggests that to enhance the Romania-China economic partnership, policies should focus on diversifying trade, promoting mutual investments, especially in high-potential sectors like energy, agriculture, and technology, and strengthening diplomatic relations. Facilitating technical collaboration and navigating geopolitical complexities are also crucial.

Limitations of the Study

The study is limited by its reliance on data up to 2021, potentially missing recent trends. It doesn't fully explore the economic disparities between Romania and China, the impact of geopolitical dynamics, or delve into sector-specific analyses, which could provide a richer understanding of the trade relationship.

Future Research

Future research should aim to analyze recent trade developments, conduct in-depth sectoral studies to identify specific opportunities and challenges, assess the geopolitical impacts on trade, compare this bilateral relationship with others for broader insights, and explore the effects of Romania's EU membership on its trade dynamics with China.

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