Chapter 55
Romania's Foreign Trade and of Other Former Communist Countries in 2003-2012

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ABSTRACT

During 2003-2012, economies of most EU countries, have gone through periods of growth and decline, the most significant decline being recorded in 2009, due to strong economic crisis which has affect the EU and not only. The main purpose of this article is to assess the impact that the economic crisis has had on each of the five former communist countries analyzed, namely Romania, Czech Republic, Poland, Hungary and Bulgaria. This study is a comparative statistical analysis of evolutions of the volumes of exports and imports both within EU and outside. It also, are analyzed their trade balances evolutions, and were identified, for three of them, among which Romania, valid models of evolution for the period under review.

INTRODUCTION

International trade represents all flows of goods and services that connect people from all over the world in global processes of production and consumption, influencing them both directly and indirectly, the way and the conceptions of life. In this context, the lives of people from all interconnected countries (who develop open economies), regardless of level of development, is highly integrated, and trade flows of goods and services represent the channel through which are transmitted the effects of this process.

International trade is the lifeblood of the global economic body that contributes to the synergistic effect, the flows of goods and ser-

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vices involving, on the one hand, transfer and wealth creation and enhancing sustainable development, and on the other hand, unfortunately, can contribute to widening disparities.

The collapse of communism, the former communist states transition to a market economy, and the expansion and integration of new countries into the European Union have been events and processes that have favored and accelerated the globalization process of recent decades.

But globalization, in addition to its positive role in economic development, may favor the propagation of negative effects generated either by the inconsistencies or the divergent economic interests. One such phenomenon is the recent economic crisis that significantly affect decision making environments (Bonciu & Baicu, 2010), by amplifying the threats and the unforeseen, and which, by the extent and mode of spreading, has led many analysts to compare it with the Great Depression of 1927-1933 (Radu, 2012).

The Impact of economic crisis on foreign trade of former communist states, EU members was different and has depended on policies applied, level of development and external competitiveness of their products. To highlight the place of Romania and the effects of its economic policy regarding to international trade, among them, were chosen, alongside Romania, Czech Republic, Poland, Hungary and Bulgaria. The recent economic crisis had a significant impact on all the five countries.

Analyzes, presented in this chapter, shall be based on the series of statistical data regarding the international trade, and provided by EUROSTAT (2014). For data processing we used both methods and statistical tools (Jaba, 1998) and methods and econometric models (Gogonea, 2008) using SPSS (Jaba & Grama, 2004) and Data Analysis Module of Excel (Oprea, 2011).

BACKGROUND

In the literature there are a large number of studies that explaining relationship between country size, trade openness and political system.

For example, Alesina and Wacziarg (1998) explain that country size, government size and trade openness are interconnected. They suggest that the determination of country size as arising from a trade-off: large countries can afford to have smaller governments (and therefore lower taxes) and they already benefit from a sizable market which reduces their need to be open to trade, but they must bear the cost of cultural heterogeneity.

Guerrieri and Vergara Caffarelli (2012) analyzed the relationship between international fragmentation of production, trade openness, and global export performance in the European Union (EU) from 2000 to 2009 estimates an error correction model on the panel of the EU Member States and finds that inter-European fragmentation and openness significantly improve their long-run export performance. Policy implications could be that restrictive policies preventing firms from internationalizing production would weaken a country's position in global production networks, with long-term negative effects on domestic jobs and growth.

Referring to the last years, the Romanian authors Constantin, Goschin and Danciu (2011) estimated that the current crisis has put into a new light the significance of economic governance quality as an essential ingredient for reducing the risk of crises and for dealing with their consequences. Economic governance institutions can affect full employment, capital accumulation, the regulatory regimes impact on performance in the gas, electricity and water industries.

In the current period, the main challenge is to turn international trade into a creator of wealth by changing the institutions, detailed rules of conduct and behavior of the actors involved (Miron, 2003), amid the increase interdependence and the role of transnational corporations (Folk, 2005).