

New Brazilian-Romanian Economic and Technological Cooperation Agreement ready to boost bilateral relations



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Abstract

Romania-Brazil trade relations are registering a low recovery after the decline observed in 2014-2015 due to the drop in oil and commodities prices. The coming into force of the new Economic and Technical Cooperation Agreement, as well as the slow growth in the euro area, the main trading partner of Romania, constitute factors that could boost bilateral trade and investment in 2016 and the coming years.

Keywords: Romania, Brazil, bilateral trade, Economic and Technological Cooperation Agreement.

The Brazilian-Romanian relations continued to develop in the economic, cultural and academic fields during 2015, year that marked 88 years since the establishment of the diplomatic relations between the two countries (1928). The new Economic and Technological Cooperation Agreement, which came into force earlier this year, represents a valuable instrument to foster the bilateral relations and encourage the scientific and technical cooperation between our countries in fields such as the oil and transportation industries, renewable energy and research in agrotechnology.



The bilateral trade registered, in 2014 and 2015, a moderate decline compared to the peak registered in 2013 (around USD 800 million) due mainly to the global decrease in the prices of commodities, still responsible for the largest part of Brazilian exports to Romania. At the same time, the bilateral trade registered, over the last few years, a continuous balance, from a sharp surplus in favor of Brazil (that totaled over USD 1.5 billion between 2006 and 2015) to a positive balance for Romania.

In 2015, the Brazilian exports to Romania totaled USD 243 million and consisted mainly in commodities and primary products, such as soy beans and soy waste used for animal feeding, iron ore, tobacco, sugar, coffee, poultry meat and construction materials, but also in manufactured products, such as auto-parts, chemical products and jewelry.

On the other side, the Romanian exports to Brazil amounted in 2015 to USD 283 million and consisted almost exclusively of manufactured products, mainly auto-parts used in the Renault factory of São José dos Pinhais to build the world-famous models Logan, Sandero and Duster. Other relevant products exported to Brazil were compressors for frigorific equipments, integrated circuits and parts of cellular phones, chemical products and various mechanical, electrical and optical devices.

According to local statistics, Brazilian investments in Romania are not very significant, due to the fact they are realized through subsidiaries located in other EU countries. Nevertheless, such investments, are focused currently on the information technology sector, and have a huge potential to expand, since Romania could and must be used by Brazilian investors as an entry point to EU and other countries in this region. I could mention here the fact that our Embassy made various studies about the opportunities offered to the Brazilian entrepreneurs by the Constanta Port and the Strategy of the European Union for the Danube Region (SUERD). On the other hand, Brazil also must be regarded as an entry point for Romanian companies in Mercosul and other countries of Latin America.

In the last years, important business was made between both countries. In this sense, it can be emphasized the fact that Romania exported to Brazil, in 2014, wagons and other railway equipment, produced by Astra Vagoane in Arad, company that also



analyzes the opportunity to build a factory in Brazil. Furthermore, ships for the biggest Brazilian oil-producer, Petrobrás, have been built in the Romanian shipyard of Tulcea.

Historically, both countries had traditional cooperation in the petroleum field, especially drilling equipment. This cooperation could be resumed as Brazil has been discovering, since 2007, important oil reserves off-shore. Bearing this in mind, in March of 2013, during the political consultations held in Bucharest, Brazilians and Romanians identified the following areas of mutual interest in which the cooperation can be developed: energy (including biofuels), oil and petrochemical equipment, railway equipment, naval constructions, military technology, infrastructure, mineral resources, tourism.

With the approval and coming into force of the Economic and Technological Cooperation Agreement, Brazil and Romania will be able to advance the conversations on these topics and hold Bilateral Commissions annually to discuss new economic opportunities as well as technological cooperation. Another provision of the Agreement is to provide a framework for cooperation between institutions of both countries, such as Chambers of Commerce and Economic Research Institutes, in the hope that the private agents will play an important role to boost the economic relations.

After 1989, Romania's attention has been focused on the accession to NATO and to the European Union. With these two objectives already achieved, there is no doubt that both Romanian Government and its business people will understand the importance of intensifying their relations with other geographic regions. In this sense, there can be little doubt that the huge potential of Brazil will not be overlooked, because Latin America, and especially, Brazil, should be the next region Romania would focus on.

The similarity of the people and cultures of the two countries, both with Latin origins, shall also be considered by the agents as an comparative advantage in order to promote the economic relations, as it already occurs between Romania and Brazil on most international issues, in the United Nations and other international organizations, where the two countries share many points of view.



As a conclusion, I would like to recall the declaration made in 2012 by the ex-Foreign Minister Titus Corlatean, and reiterated in various terms by all his successors, that “one of the objectives that Romanian diplomacy should follow with utmost attention is the re-launching of the political and diplomatic dialogue with Latin American states, which should be brought to the level of the economic cooperation, that became the real engine of the bilateral relations”.

