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Cecilia Rabontu and Amelia Georgiana Boncea

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# **THE SOUTH-WEST REGION OLTENIA IN THE ROUMANIAN AND ITS CONTRIBUTION TO THE ECONOMIC DEVELOPMENT**

**Cecilia Irina RABONTU - Lect. Ph.D**  
**University “ Constantin Brancusi” of Tg-Jiu**  
**Faculty Of Sciences Economic**  
**cecilia@utgjiu.ro**

**Amelia Georgiana BONCEA - Assoc. Prof. Ph.D**  
**University “ Constantin Brancusi” of Tg-Jiu**  
**Faculty Of Sciences Economic**  
**boncea@utgjiu.ro**

With a surface of 29.212 km<sup>2</sup>, the south-west region represents 12.3% of Romania's total surface. From a geographical point of view, is a neighboring region with the Center region and the West region in the north, with the South region in the east, with Bulgaria in the south being limited by Danube and with Serbia in the west, border given by the Danube as well.

The region analyzed includes, from an administrative point of view, 5 counties namely Dolj, Gorj, Mehedinti, Olt and Valcea, counties that in 2005 comprised 40 cities and towns.

The varied forms of relief, the natural resources which it disposes of, make of the south-west region Oltenia a true economical potential of Romania. The agriculture can be developed at the basis of the existence of some fertile chernozomic soils, especially in the south of the region, that in the last few years, in order to eliminate the effects of the drought, have been endowed with complex systems of irrigations.

The south-west region Oltenia has a major role in the delivery of the electrical energy through the efficient utilization of the rivers. It must be also remarked the fact that the region's subsoil is rich in mineral resources, represented by coal deposits, hydrocarbons, natural materials of construction, metalliferous and unmetalliferous minerals, salt, petrol, natural gases. A specific resource of the region, that made possible the apparition of the hydropathic resorts, is represented by the thermal waters.

The total population of this region represented in 2007 10,7% of the total population of Romania, more precisely 2.301.833 inhabitants. If we refer to the division of the population on mediums, urban and rural, we can say that the urban population represents 47,6% of the total population of this region and the rural one 52,4%.

From an economical point of view, we can say that the south-west region Oltenia registered an increase of 2,6% of the GIP (Gross Internal Product) in 2006, a modest level that had as its cause the diminution of the gross incidental value from agriculture with approximately 15%, the other branches having positive evolutions. Thus, the industrial gross incidental value of the region registered an increase with 2,3% in 2006, reality sustained by the development of the industrial production of the counties Olt with 13,7% and Dolj with 7,9%, development that succeeded to counteract the failures of the other counties of the region.

In 2007, the specialty analyses show that the development of the analyzed region was situated at the level of the national average, that is 7,6%, aspect sustained by industry with an increase of 7,5%. This time the economical increase is sustained by the counties Gorj with 10% and Valcea with approximately 15%, counties that in the precedent year registered a regression. We can't say the same thing about Mehedinti that continues, for the second year in sequence, to register a regression of the industrial production.

We can't neglect the fairly important role that the agriculture of this region has, detaining in 2007 a heft in GIP (PIB) above the national average, the level of the incidental value being of 0,5%.

If we analyze the sector of this region's constructions, we can say that these ones contribute with a percentage of 16%, and, together with the sector of services, that contributes with 6,6%, represent the two big sectors of the economy that contributes to the economic development of the south-west region Oltenia in 2007.

The external commerce of the region, in 2007 presents an increase above the national average both for imports (28,8%) and for exports (25,6%) and the heft continues to increase in the national exterior commerce. Thus, the weight of the exports in the national ones increases in 2006 to 6,7% from 6,3% and the one of the imports to 2,8% from 2,6% in 2005. It needs to be mentioned that this region presents a surplus of the commercial balance.

As a consequence of some accentuated structural disequilibriums, as well as of the deficit of economic performance and competitiveness, the occupied population registered continuous decreases (-1,2% in 2006 and estimated at -0,4% for 2007) in all counties, but especially in Gorj (-3,5%) because of the restructuring of the extractive industry.

In 2006, the south-west region contributed with 10,3% at the total occupancy and detained approximately 13,2% of the total number of registered unemployed people. The agriculture represents one of the basic occupations of the inhabitants, the heft of the occupancy in agriculture being of 42,1%, on the second place after the north-east region. The industry and the constructions detain 25,9%, the commercial services 18,9% and the social services 13,1%.

The average number of employees, at the level of the region, decreased with 0,5% in 2006 and it was estimated with a slight increase of 0,1% for 2006. Increases were registered in the counties Valcea (3,5%), Mehedinti (1,7%) and Olt (0,6%), but also significant decreases in Gorj (-5,4%) and Dolj (-1%), tendencies will be maintained in the following two years as well.

The unemployment rate from the south-west region Oltenia had an oscillatory evolution, the decreasing starting with 2000 and, besides all these, in 2005 registered the highest value at a regional level (7,4%) and for 2006 was of circa 7%. In 2007 the unemployment rate decreased both at a regional and national level, one of the causes being the massive migration of the work force to EU countries too. It is considered that this unemployment rate was in 2007 of 4,5%, thing that can be considered as an inexistent phenomenon, being a normal value. An area with a high rate of unemployment (between 7% and 8%) comprises the counties Gorj, Valcea and Olt, the differentiation appearing this time between the first two counties confronted with industrial decline and the last one preponderant agricultural. A special situation is registered in Mehedinti were the unemployment rate was of 9,5% in 2006 and estimated to 8,8% for 2007.

The medium net wage from the south-west region Oltenia (734 lei in 2005 and estimated to circa 818 lei for 2006) is situated under the average at a national level, being at the same time the region with the highest wage, excepting Bucharest. The high level is due to the important increases of the wages in the counties Gorj (30,6%), Olt (21,2%) and Dolj (20,6%).

The prognosis for the following two years forecasts an increase of the gross internal product of the south-west region Oltenia of 6,2% for 2007 and of 6% for 2008, both values being situated under the average on total economy.

The constructions will have an important role in sustaining the economical increase with dynamics of 14,2%, respectively 11%. At the same time, the services (6,2%, and respectively 6,1%) contribute as well to a great extent at the realization of the annual spore of the gross internal product, putting the accent, as it happens in other regions too, on valorizing the touristic potential of which this region disposes of, especially in the northern part (Olt Valley, the hydropathic resorts, monasteries etc.), but also through the development of the financial-banking services and of insurances, of the transport, of the social, collective and

personal services. Through agriculture, under normal climacteric conditions, the increases for 2008 and 2009 are thought to be of 3% and respectively 3,2%.

In the regional industry, for which the extractive component, even though it reduced as heft, has its contribution, are forecasted rhythms of increase of 4,9%, respectively 5,3%. From the gross internal product's point of view on inhabitant, in the following two years, this one will be situated around 84% of the national level. In this region, excepting Gorj that has an index of disparity that advances the national average, all the other counties are situated under the total national level.

In what concerns the exterior commerce, for the forecasted period it needs to be mentioned the fact that, in the future too, the commercial balance at the level of the south-west region Oltenia will continue to register a surplus.

Having in view the fact that the reduction of the occupied population was a phenomenon present all over the region, differentiated though from one county to another, for the period 2008-2009 continue to be forecasted slight decreases of the occupied population (with 0,1%) and reductions of the districtual disparities.

For the medium number of employees was forecasted an increase of 0,9%, increase sustained by the counties Mehedinți, Olt and Valcea, for which increases comprised between 2% and 4% and decreases of the unemployment rate with approximately 0,2 percentual points were forecasted. The wages (with a medium rhythm of increase of 10%) will continue to be situated under the ones at a national level with a tendency of reduction of the districtual gaps.

In a comprising synthesis of what we said above, we present hereinafter a table with data referring to every county of the analyzed region, regarding the main economical-social indicators from the period 2006-2009.

### **The evolution of the main economical-social indicators in the period 2006-2009, in the south-west region Oltenia**

-percentual modifications-

	Total region	Dolj	Gorj	Mehedinți	Olt	Vâlcea
<b>2006</b>						
The real increase of GIP	2,6	3,9	0,3	-1,7	4,1	0,6
GIB/Inhabitant - euro	3076	3030	3853	2755	2567	3264
The average occupied civil population	-1,2	-1,5	-3,5	-0,7	-1,0	0,7
The average number of employees	-0,5	-1,0	-5,4	1,7	0,6	3,5
The unemployment rate - %	7,4	6,3	9,3	9,5	7,1	6,6
The average net wage	21,2	20,6	30,6	14,2	21,2	16,7
<b>2007</b>						
The real increase of GIP	7,2	3,6	8,6	5,3	8,9	10,5
GIB/Inhabitant - euro	3742	3560	4744	3302	3187	4089
The average occupied civil population	-0,4	-0,5	-1,0	-0,3	-0,5	0,3
The average number of employees	0,1	-0,5	-1,2	-1,1	0,6	1,5
The unemployment rate - %	7,0	6,0	9,0	8,8	6,8	5,9
The average net wage	11,4	13,7	11,2	10,3	10,3	10,3
<b>2008</b>						
The real increase of GIP	6,2	7,0	6,6	5,9	5,1	6,3
GIB/Inhabitant - euro	4245	4066	5395	3730	3575	4639
The average occupied civil population	-0,1	-0,3	-0,4	-0,2	-0,1	0,6
The average number of employees	0,5	-0,2	-1	1,5	0,5	1,0
The unemployment rate - %	6,9	5,9	8,9	8,7	6,5	5,8
The average net wage	10,1	12,4	8,4	10,7	9,0	9,6
<b>2009</b>						
The real increase of GIP	6,0	6,2	5,8	7,2	5,5	6,1
GIB/Inhabitant - euro	4757	4562	6032	4224	3984	5199

The average occupied civil population	0,0	-0,2	-0,3	-0,1	0,0	0,6
The average number of employees	0,5	0,0	-0,4	1,5	1,2	1,7
The unemployment rate - %	6,8	5,8	8,8	8,6	6,6	5,7
The average net wage	10,0	11,0	8,9	10,0	8,9	11,1

Source: The Statistic Yearbook of Romania, [www.insse.ro](http://www.insse.ro) and the National Forecast Committee [www.cnp.ro](http://www.cnp.ro)

All these data come to complete the overall image of the stadium of development of the south-west region Oltenia, but also a prognosis for the following two years. As we have seen, this region brings its contribution to the development of Romania in the presented proportions.