

ECONOMIC DISPARITIES AND CHANGES IN THE CONVERGENCE OF THE ROMANIAN NUTS 2 AND NUTS 3 REGIONS

JÓZSEF BENEDEK¹, NÓRA-CSILLA VERESS²

ABSTRACT - In this article we use the classic economic variable, the Gross domestic product (GDP) per capita in order to investigate the economic convergence between regions in Romania and between the Romanian regions and EU in the period 2000–2010. The main results confirm that while there is an evident convergence between the country as whole and EU, the inter-regional disparities in Romania has widened, confirming the Williamson hypothesis.

Keywords: convergence, economic disparities, Romania, European Union

INTRODUCTION

The basic question of this paper is concerned with the variations of the economic performances of the Romanian regions in comparison to the EU-level. The GDP per capita of Romania has registered a continuous growth starting with 2000 until the crisis of 2008 (Figure 1). As a consequence, the development gap between Romania and the European Union has been significantly reduced in the period 2000-2011 (Table 1). In 2000, Romania was the poorest country in Europe, with a GDP per capita situated at 26% of the EU level. The progress registered by the country was quite spectacular, the convergence process can be labelled as successful, the GDP per capita registering a value which situates Romania at 49% of the EU level in 2011, exceeding even the most optimistic forecasts (Traistaru et al., 2003).

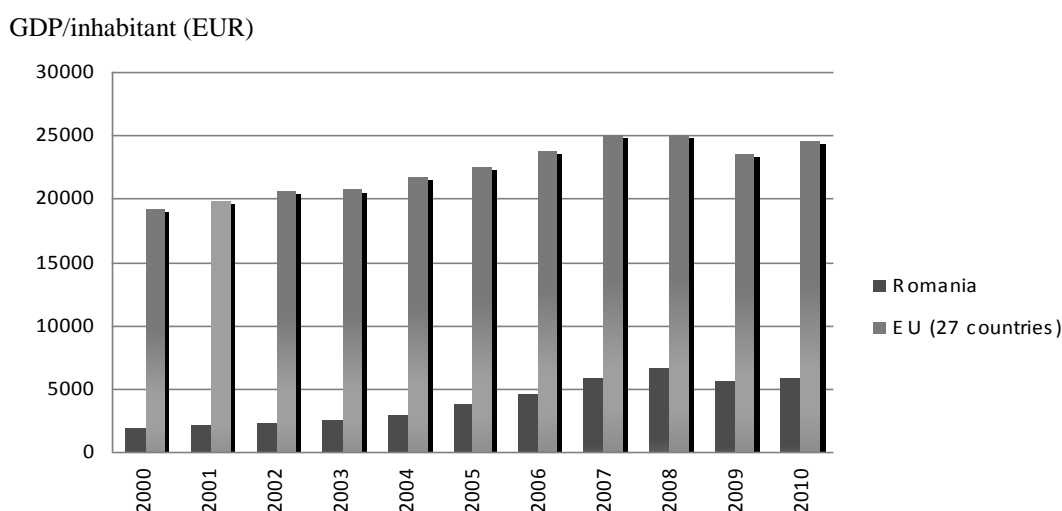


Figure 1. *The convergence process of Romania: catching-up with Europe (GDP/inhabitant in the EU-27 and Romania)*

Source: authors, based on the Eurostat data

¹ Professor, Faculty of Geography, Babeş-Bolyai University, Cluj-Napoca, Faculty of Economics, University of Miskolc, Member of the Hungarian Academy of Science, 5-7 Clinicilor St., 400006 Cluj-Napoca, Romania.

E-mail: jozsef@geografie.ubbcluj.ro

² Ph.D. student, Faculty of Geography, Babeş-Bolyai University, Cluj-Napoca, 5-7 Clinicilor St., 400006, Cluj-Napoca, Romania.

The convergence was more intensive than in the neighbouring Bulgaria, the latter being even overtaken by Romania. However, the distance to the next convergence club, formed by the Baltic States, Poland, and Hungary is still considerable (Kuttor, 2009).

Table 1. *The GDP per capita of the EU countries, % in EU-27, in 2000 and 2011*

Country	2000	2011	Country	2000	2011
EU (27 countries)	100	100	Latvia	36	58
EU (15 countries)	115	110	Lithuania	40	62
Euro area (17 countries)	112	108	Luxembourg	245	274
Belgium	126	118	Hungary	54	66
Bulgaria	28	45	Malta	85	83
Czech Republic	71	80	Netherlands	134	131
Denmark	132	125	Austria	132	129
Germany	118	120	Poland	48	65
Estonia	45	67	Portugal	81	77
Ireland	132	127	Romania	26	49
Greece	84	82	Slovenia	80	84
Spain	97	99	Slovakia	50	73
France	115	107	Finland	117	116
Italy	118	101	Sweden	128	126
Cyprus	88	92	United Kingdom	119	108

Source: authors, based on the Eurostat data

INTERNAL ECONOMIC DISPARITIES AT NUTS 2 LEVEL

At regional level, as opposite to the general, national convergence, we have two opposite trends. First, one region, Bucharest-Ilfov had a considerable growth rate of the GDP per capita, reaching the 115% of the EU level. It is still far behind the “richest regions” of the Blue Banana zone, like Inner-London, Luxembourg, Bruxelles, or Ile de France (Table 2), but not far from the other Central-European capital-regions. Second, the non-capital regions had a much lower growth rate, failing to compete against the capital-regions. Generally, in the Eastern European countries, the GDP per capita shows a low level, only the capital-regions managing to reach a higher development level.

Table 2. *The “richest” NUTS 2 regions of the EU, in 2009*

Region	Country	GDP/capita % in EU-27
Inner London	United Kingdom	332
Luxembourg	Luxemburg	266
Région de Bruxelles-Capitale	Belgium	223
Hamburg	Germany	188
Bratislavský kraj	Slovakia	178
Île de France	France	177
Praha	Czech Republic	175
Stockholm	Sweden	172
Åland	Finland	164
Wien	Austria	161

Source: authors, based on the Eurostat data

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The lowest development at NUTS 2 level is recorded in Bulgaria and Romania. In 2000, among the 11 “poorest” NUTS 2 regions of the EU, there are seven Romanian and four Bulgarian regions (Table 3). In Romania, only the capital-region of Bucharest-Ilfov is not listed in table 3, while the lowest three values of the GDP per capita are recorded by the Romanian regions.

Table 3. *The “poorest” NUTS 2 regions in the EU, in 2000*

Region	Country	GDP/capita % in EU-27
Nord-Est	Romania	18
Sud - Muntenia	Romania	21
Sud-Vest Oltenia	Romania	22
Yuzhen tsentralen	Bulgaria	22
Severen tsentralen	Bulgaria	23
Sud-Est	Romania	23
Nord-Vest	Romania	24
Severozapaden	Bulgaria	26
Centru	Romania	27
Severoiztochen	Bulgaria	27
Vest	Romania	27

Source: computation made by the authors, based on the Eurostat data

Nine years later, in 2009, the situation shows little changes (Table 4). The lowest values are now registered by the Bulgarian regions. The Nord-Est Region in Romania remains in the last position among the Romanian NUTS 2 regions, with GDP per capita values 13 times lower than the maximum amount recorded in the Inner-London region. Other three Romanian regions have left this table, registering higher GDP growth rates: Vest, Centru, and Nord-Vest, all three situated in the central-western part of the country, in the historical provinces of Transylvania and Banat. These three regions were replaced in 2009 by four very poor performing regions from the eastern part of Hungary and Poland.

Table 4. *The “poorest” NUTS 2 regions in the EU, in 2009*

Region	Country	GDP/capita% in EU-27
Severozapaden	Bulgaria	27
Severen tsentralen	Bulgaria	29
Nord-Est	Romania	29
Yuzhen tsentralen	Bulgaria	31
Severoiztochen	Bulgaria	36
Yugoiztochen	Bulgaria	36
Sud-Vest Oltenia	Romania	36
Sud-Est	Romania	38
Észak-Magyarország	Hungary	40
Sud - Muntenia	Romania	40
Lubelskie	Poland	41
Észak-Alföld	Hungary	42
Podkarpackie	Poland	42

Source: computation made by the authors, based on the Eurostat data

It must be noticed that over the last years, the eastern peripheries of the European Union showed a remarkable growth of the GDP per capita (over 6%), which indicates a more balanced territorial development of the European Union (Benedek and Kurkó, 2012). The correlation between

the GDP per capita and the annual average rate of GDP growth is high, but negative, of -0.527, which means that, with growing GDP per capita levels, the growth rate of GDP will register lower values (eb). The crisis year could well represent the turning point in the overall growth of the eastern peripheries.

Figure 2 emphasizes the trend of increasing inner-country disparities. The capital region Bucharest-Ilfov acts, on the one hand, as the main engine of the country's convergence process, but it is, on the other hand, the main source of the increasing inter-regional disparities in Romania. While the growth rate of GDP per capita had little variances in the Romanian regions until 2004, the EU-integration induced a rapid growth of the capital-region.

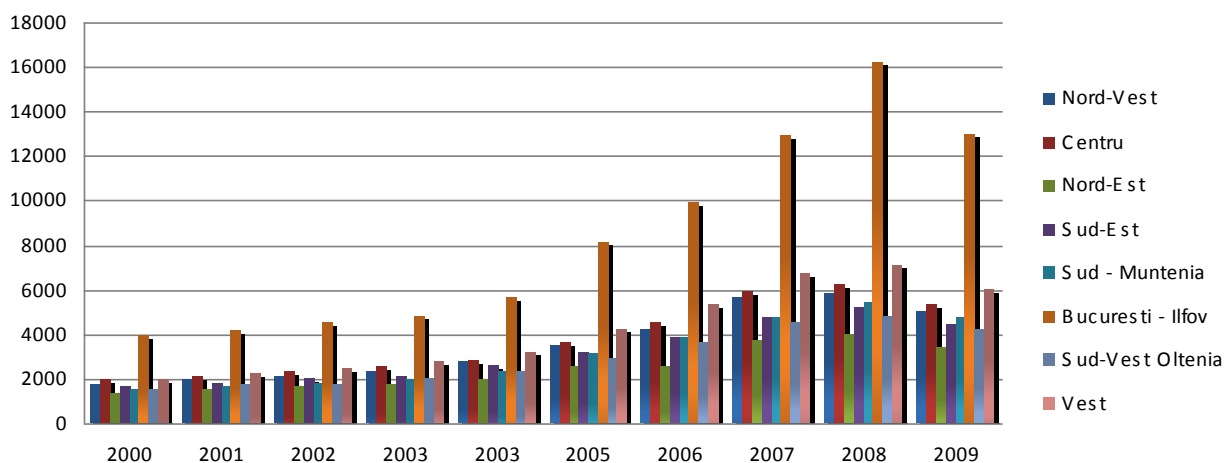


Figure 2. *The GDP per capita (EUR) in the NUTS 2 regions of Romania*
Source: computation made by the authors, based on the Eurostat data

Table 5 gives us a picture about the regional differences of the GDP per capita. In 2000 Bucharest-Ilfov registered a value of GDP per capita three times higher than the region Nord-Est. This gap increased in the following period, recording 13,000 euro per capita for Bucharest-Ilfov in 2009 and 3,400 euro per capita in the Nord-Est Region, a value which is almost four times lower. The ranking of regions underwent little changes. It was only the Sud-Muntenia Region, situated around the capital city of Bucharest, that improved its position and outrun the Sud-Est and Sud-Vest Oltenia regions.

Table 5. *The GDP per capita in the NUTS 2 regions of Romania, 2000-2009*

Region/Year	2000	2001	2002	2003	2003	2005	2006	2007	2008	2009
European Union (27 countries)	19100	19800	20500	20700	21700	22500	23700	25000	25000	25000
Nord-Vest	1700	1900	2100	2300	2700	3500	4200	5600	5800	5000
Centru	1900	2100	2300	2500	2800	3600	4500	5900	6200	5300
Nord-Est	1300	1500	1600	1700	1900	2500	2500	3700	4000	3400
Sud-Est	1600	1800	2000	2100	2600	3200	3800	4700	5200	4400
Sud-Muntenia	1500	1600	1800	1900	2300	3100	3800	4700	5400	4700
Bucureşti-Ilfov	3900	4100	4500	4800	5600	8100	9900	12900	16200	13000
Sud-Vest Oltenia	1500	1700	1700	2000	2300	2900	3600	4500	4800	4200
Vest	1900	2200	2400	2700	3200	4200	5300	6700	7100	6000

Source: computation made by the authors, based on the Eurostat data

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The rapid growth of Bucharest-Ilfov situates it at 113% of the EU level, which means that it is outside of the eligibility threshold for the cohesion policy. The Vest Region (Timișoara as main urban centre) is positioned second, at half of the EU level, while the poorest region remains Nord-Est.

Table 6. *The GDP per capita of the NUTS 2 regions, % in EU-27*

Region/Year	2000	2008
EU-27	100	100
Nord-Vest	24	41
Centru	27	45
Nord-Est	18	29
Sud-Muntenia	21	39
București-Ilfov	56	113
Sud-Vest Oltenia	22	36
Vest	27	51

Source: computation made by the authors, based on the Eurostat data

INTERNAL ECONOMIC DISPARITIES AT NUTS 3 LEVEL

The growing inequalities in income and wealth can be observed also at county level, with large differences in GDP per capita between NUTS 3 regions, even within the same NUTS 2 region. Table 7 shows that all the 41 counties plus Bucharest improved their values in percentage of the EU-27 average between 2000 and 2008.

Table 7. *The GDP per capita of the NUTS 3 regions, % in EU-27*

NUTS 3 REGIONS	2000	2008	NUTS 3 REGIONS	2000	2008
EU-27	100	100	EU-27	100	100
Bihor	25	45	Constanța	32	56
Bistrița-Năsăud	21	35	Galați	23	35
Cluj	32	56	Tulcea	18	33
Maramureș	18	31	Vrancea	21	28
Satu Mare	21	32	Argeș	27	54
Sălaj	19	35	Călărași	15	29
Alba	24	46	Dâmbovița	19	33
Brașov	33	55	Giurgiu	14	25
Covasna	28	35	Ialomița	19	32
Harghita	26	36	Prahova	24	48
Mureș	25	36	Teleorman	18	28
Sibiu	25	52	București	59	118
Bacău	21	33	Ilfov	35	85
Botoșani	14	23	Dolj	20	37
Iași	21	36	Gorj	28	50
Neamț	18	26	Mehedinți	18	31
Suceava	18	27	Olt	20	28
Vaslui	12	22	Vâlcea	23	35
Brăila	19	37	Arad	28	48
Buzău	19	31	Caraș-Severin	22	37
Constanța	32	56	Hunedoara	23	43
Galați	23	35	Timiș	31	64

Source: computation made by the authors, based on the Eurostat data

Without considering Bucharest and Ilfov, the values of GDP per capita ranged on a scale of 12% (Vaslui) and 33% (Braşov) of the EU-27 in 2000. Eight years later, the same indicator varied between 22% (Vaslui) and 64% (Timiş). This means that the differences doubled at county level in the analysed period. The county with the lowest level remains the same: Vaslui, located in the Nord-Est Region. The best rank in 2008 is associated with Timiş, located in the Vest Region, the most developed region after Bucharest. Braşov (Centru Region) lost its leading position, but is still among the best (after Cluj and Constanţa). All this means that there are few changes among the counties of lowest and highest values, and the differences are increasing.

CONCLUSIONS

The above-mentioned trends in the evolution of GDP per capita prove the existence of the convergence process within the European countries and Romania, both at the national level and at the level of the capital-regions. Due to the high growth rates of the GDP per capita in the period 2000-2008, the country has closed the development gap to the EU-countries. On the other hand, there is a significant regional differentiation process inside the country, at both NUTS 2 and NUTS 3 levels. These opposite trends confirm the Williamson hypothesis in the case of Romania as well.

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