

DISPARITIES IN THE TERRITORIAL STRUCTURE OF THE ROMANIAN ECONOMY

Gheorghe PÎRVU, Professor, PhD
University of Craiova

Claudiu CRÎNG-FOAMETE, Post-graduate
University of Craiova

Key words: Restructure, reform, regional development, economic areas.

Abstract: National territory placement is not identical to the even placement because, natural resources and work power that have rational usage and are assured by the territorial placement, are not evenly distributed in the territory. The importance of territorial repartition of economy is indubitable, it being an essential component of economical policies along time. The territorial structure reflects the division of national economy by economic areas and regions, parts of the national territory. Initially, to the origin of the economic areas there were simple geographical areas, parts from the territory of a country different from others by specific geographical features.

The transformation in economic areas of these zones was made by accumulating some production factors, occupational development, formation of some specific of economical activity, development of the relations with other areas belonging to the same country. By creating the national market, by developing the cooperation relations among the areas, by obtaining a certain administrative autonomy there were built territorial structures of the national economy. (Ion Plumb, *Economia ramurilor*, editor Tribuna Economica, Bucuresti 2001)

One can say that, by report to the development of technique and technology, with the branch structures of the national economy, with natural and human potential, with territorial dimensions and density of the population, with the degree of integration in the national and world economy, there are formed the territorial structures of each country, respectively the repartition of the economical areas, each one with its own level of development and its own branch structure. In the old orientation, the essence of the territorial repartition problem and economical development was the uneven repartition on geographic areas of the production factors, uneven placement of socio-economic activities and their results and, most of all, the uneven repartition of the industry, as main form of economic activity and main branch of the national economy. The unevenness of the territorial repartition came from a simplification of the works, respectively, by reporting a less developed area or more of this kind to other areas more developed or to the economical development average, to a given moment, of the country.

The process of territorial placement is influenced by a series of factors that sometimes, work in a contradictory manner, fact that imposes their detailed knowledge and the right time. Among these, there are the following:

Economic factors determine in an objective manner the placement of the economic units in these areas, centers, towns where there can be obtained the best economical effects or there is obtained the smallest input of total resources, respectively, insures the greatest level of economic efficiency reflected by profit. Productivity, turnover of 1000 lei. The economical factors can not be analyzed and appreciated independently but only

in correlation to the others. **Natural factors** can influence more or less intensively the territorial structure. The most powerful influence of the natural factors is on the extractive industries or primary processing of the raw materials and materials that their approach to these resources is determined by volume and structure of the deposit.

Technical-scientific progress is a factor that allows more free placement of the activity in the territory, especially by improving brought to infrastructure and over structure of transportation and technology of fabrication. Because of the action of this factor, it is possible the placement of the activity close to the deposits with a low useful content, also the usage of some special means of transportation for raw materials and finite products, which develop big and very big speeds.

Social forms of production organization have a negative influence on the economic structure. In this way, while the specialization and cooperation offer more variants of territorial placement, concentration and combination reduce substantially the number of the placement variants, as a result of the fact that these determine a high rate of integration of fabrication and implicit the considerable increase of the dimensions of the enterprises.

The population constitutes one factor of production that needs to be approached by two situations: population as available work power; population as a consumer of the industrial products. In the situation where the population is approached as work power available to the economic activity they will be placed near these areas, so that the time for the transport of workers to or from the enterprise not be too big (45 minutes maximum) fact that leads to cost reduction for the transportation of the employees, decrease of tiredness (stress) with direct connotations on productivity and quality of products, and the accommodation is easier to solve. Similar to this situation there have to be seen the vicinity to legendary centers in some domains of industrial activity as: carpets, fabric, glass, cheese, meat products because the experience transmitted from one generation to the other assures a superior quality and productivity.

Social – political factors like: general politics of socio-economic development of the country; urbanization; infrastructure; health safety of the population against environmental pollution; national defense, they can influence the placement of the economic activities but, it has to be noted that it is necessary that these aspects do not contradict the general criterion of economic efficiency, which will be highly regarded, indifferently from the predominant factor, at a given time or in the future.

From the ponder point of view that every group of factors has to own in the decisions for the territorial placement of the activity, there is no view unit in the economic literature. This way, in some countries with a developed industry, there is generally manifested the tendency of increasing the importance of the natural factor, and especially the industrial and drinkable water resources, justified tendency, keeping in mind the normative frame on the environmental protection in these countries. In the analysis of the possibilities of activity placement, it is important to consider, next to these factors and some premises (future actions): the existence of an adequate administrative frame; the existence of some cities, towns, territories where there are industrial activities; the discovery and attraction of some local material resources in the economic circuit.

If until 1989, Romania was based on a economic development through industrialization and agricultural cooperativization; after 1989, once with the passage from socialism to capitalism, the regional economy of Romania evolved from an extremely centralized system, with state power domination, to an economy based on

private property. (Ioncica M. Strategii de dezvoltare a sectorului tertiar, ed. Uranus, Bucuresti 2004)

Presently, The National Commission for Statistics uses the following groups of counties as statistic regions: **North-East Area** includes: Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui; **South-East Area** : Braila, Buzau, Constanta, Galati, Tulcea, Vrancea; **South Area**: Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova, Teleorman; **South-West Area**: Dolj, Gorj, Mehedinti, Olt, Valcea; **West Area**: Arad, Caras-Severin, Hunedoara, Timis; **North-West Area**: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare, Salaj; **Central Area**: Alba, Brasov, Covasna, Harghita, Mures, Sibiu and **Bucharest**: Ilfov and Bucharest city.

The eight regions have different particularities regarding their economical structure, which makes that some sectors play a decisive role in their future development. This way, the economy of the regions in the south of the country (South-East, South-Muntenia, South-West Oltenia) is influenced by the evolution of the agricultural sector, which has in those regions important ponder of over 15%, which makes that in the difficult years for agriculture the increasing of the intern brut product is negatively influenced. Moreover, there are regions with an important touring potential (Bucovina Area in the North-East region, the seaside and Danube Delta in the South-East region), the economic evolutions of these being influenced also by the level of usage of this potential. Another feature is represented by the areas where the extractive industry had an important role (the pond of Jiu Valley from the South-West Oltenia region) and whose economy had been affected as a result of the great process of reorganization of the mining sector.

Romania entered the transition process having a quite low level of regional disparities, comparative to other Member States of the European Union. These disparities grew rapidly and especially between Bucharest-Ilfov region and the other regions. Inter-regional disparities in absolute terms are relatively small in comparison with the European Union. (Ministerul Integrarii Europene, Programul operational regional 2007-2013, p.16)

Excepting the Bucharest-Ilfov region, that has a special situation in the economic landscape of the country, the economic development followed a West-East direction, the proximity of the western countries acting as a broadcasting factor of the growth. The economic growth has an important geographical component, the undeveloped areas being concentrated in North-East at the border with Moldova and in the South, along the Danube. The underdevelopment appears most of the time connected to the rural activity preponderance, with the incapacity to attract direct foreign investments and a low rate of entrepreneurial initiatives. The following table summarizes the key information on regional development. (Corneliu Marinas, Economie Teoretica si Aplicata, Convergenta structurala a economiei romanesti, Bucuresti, 2006).

The North East region is marked by both its dependence on agriculture and the closeness to the border with Moldova and Ucraina. The same thing is available, to a certain degree, for the South region, also dependent on agriculture and the Danube acts as a natural barrier in the commerce over border. Taking advantage of their position closer to the western markets and their lower dependence on the primary sector, the West, North-West and Center regions attracted more foreign investors, fact that significantly contributed to the development of these regions.

Northeast region produces approximately 12% of the intern brut product of total economy. Structurally, the **agriculture** of the region has one of the biggest

contributions to the realization of the regional intern brut product (around 15%), over the national average (around 13%). In what concerns the **industry** the ponder of this branch in the regional intern brut product is below the national average. **Constructions** participate with a ponder close to the national level (5.5% of 6% national average). Referring to the **service sector**, in this region one has to notice the high ponder that they have in the intern brut product the services of “education, health and social assistance, public administration and defense” (around 13%), classifying on first position in a top of regions. Moreover, an important contribution in the regional intern brut product have the branches of “commerce, hotels and restaurants” (10%), “transport, storage, communication” (around 9%) and “real estate transactions, services for enterprises” (over 11%).

North – East region, contributes with 15.1% to the total **occupation** of the country, having, at the same time, the highest rate of occupation in agriculture, of 42.7% followed by services with 33.7% (18.8% trade services and 14.9% social services) and industry and construction with 23.6%.

Southeast region participate with approximately 12% to form the intern brut product on total economy. Structurally, the **agriculture** has a big contribution to the realization of the regional intern brut product (over 17% of a national average of around 13%). **The Industry** of the region participates with almost 22 percents to the realization of the IBP. **The constructions** in this region have a ponder in the regional intern brut product (over 7.5%) over the national average (6%). In what concerns the **service sector**, their ponder in the regional intern brut product (around 42%) is situated under the national level (over 45%). At the level of this region, in the last years **the occupied population** has registered a decrease because of the reorganizations and firing a great number of personnel. Beginning with the year 2005, this enrolled in an increasing trend. The southeast region contributes with 12,1% to total **occupation** and has approximately 13.8% of the total number of registered unemployed. By tradition, the region is an agricultural area with an occupation ponder in agriculture of 35.3% (over the national average of 31.9%). The services have 37.3% (trade services 23.8% and social services 13.5%) and industry and construction have 27.4%.

Muntenia – South region generates around 13% of IBP on total economy. Structurally, the **agriculture** has a big contribution in the realization of the regional intern brut product. **The industry** of the region participates with around 29 % to the accomplishment of the IBP, much over the national average (around 25%), being one of the highest contributions. Regarding **services**, with 38% in the regional intern brut product (much under the national level – over 45%) situate the South region in the last place in the top of regions.

As an **occupational** point of view, the region had a descendent trend until 2005 where there were registered increases in 6 of the 7 component counties. The South Muntenia region contributes with 14.0% to total occupation and has approximately 17.8% of the total number of registered unemployed.

In this region also there were developed the agricultural activities with a ponder of occupation of 39.8%. The services have 32.2% (trade services 20.3% and social services 11.9%), and industry and construction have 28%.

South – West region – Oltenia has a ponder in the intern brut product on total economy of approximately 8%. in this region, the **agriculture** has an important role, with a ponder of around 18%. (Anuarul Statistic al Romaniei, 2007, pag.463-464).

Also, the **industry** has a significant ponder in the economy of the region, supplying around 30% of the regional intern brut product.

Constructions have a ponder over the national average (6%), situating itself around 6.5% of the regional intern brut product. In the **services**, with a contribution in IBP of the region of only 39%, much under the national average (over 45%), there can be noticed the services of “education, health and social assistance, public administration and defense” with a contribution of around 12% and “real estate transactions, service for the enterprises” with over 9%.

As a result of some big structural disequilibrium and the economic and competition performance deficit **the occupied population** had registered continuous decrease until 2005, when in the majority of the counties of the region there were registered increases except Gorj county which maintains a descending trend because of the reorganization in the extractive industry.

In the year 2005 the South – West region contributed with 10.1% to **total occupation** and owned 14.0% of the total number of registered unemployed. Agriculture is one of the basic occupations of the inhabitants, the ponder of occupation in agriculture being of 42.1%, on second place after North-East region. The services own 32% (trade services 18.9% and social services 13.1%) and industry and constructions own 25.9%.

West region supplies over 10% of the intern brut product of the total economy. Structurally, the **agriculture** of the region participates with around 14% to the accomplishment of the regional intern brut product. **Industry** with a ponder of over 25% in IBP of the region, little over the national average. **Constructions** have a ponder in the regional intern brut product surpasses easily 5%. in this region the **service sector** has an important ponder supplying around 45% of the intern brut product.

Occupied population of the region registered increase in all counties, the biggest in Timis county (+3.1%) - county that owns also the biggest ponder in the total occupation at a national level (3.8%). The occupation ponder in agriculture, represents 26.7%, industry and constructions own 34.5% and services 38.8% (trade services 24.7% and social services 13.6%). West region contributes with around 10% to total occupation and owns approximately 7.6% of the total number of registered unemployed.

North-West region supplies over 12% of the intern brut product on total economy. Structurally, the **agriculture** of the region participates with 13% to the realization of the regional intern brut product. **Industry** has a ponder of around 26% over the national level. **Constructions** have a ponder of only 5%. In this region, the **services** have an important role, supplying over 45% of the regional intern brut product. North-West region is one with a high potential of work, **occupied population** which owns 13,5% of the total occupation registered increases in all counties, the most important ones being Bistrita Nasaud (3.5%) and Salaj (3.0%) that being declared Unflavored areas by the facilities granted to the investors, created new places of work.

On activities, the occupation structure of the region reveals the process of deindustrialization and reorganization of it. Thus, the occupation ponder in agriculture represents 35.0%, industry and construction own 29.2% and services 35.8% (trade services 22.2% and social services 13.6%).

Center region produces over 12% of the intern brut product on total economy. The **Agriculture** of this region has the lowest ponder (except the Bucuresti-Ilfov region) comparative to the other regions, contributing with approximately 12% to the

realization of the regional intern brut product. In this region, **industry** has a significant role generating over 30% of the IBP of the region, which represents the highest level, much over the national average (around 25%).

the **constructions** have a ponder of approximately 5%. In what regards the **service sector** this contributes with around 43% to the realization of the regional intern brut product.

Occupied population that owns 12% of the total occupation was in a continuous decrease regionally and in the majority of the component counties, as a following of the industrial reorganization in the region but in slow recovery beginning with 2005. on activities, the occupation ponder in agriculture is of 26.7%, industry and constructions own 34%, and services 39.3% (trade services 24.9% and social services 14.4%) over the national average level (39.1%). Brasov and Sibiu own the biggest ponders of occupation in industry and constructions (38%).

Bucharest-Ilfov region has the biggest contribution to the accomplishing of the intern brut product on total economy, of around 20%. Bucharest-Ilfov region presents a totally different structure comparatively to the national economy and the other regions. This way, in the region, the ponder of **agriculture** is very low, of only 1%. In what concerns the **industry**, with less than 20% of the IBP of the region, it is situated under the national average.

The **constructions** in the Bucharest – Ilfov region have a ponder of over 7%. **Services** own in this region a ponder of over 60% in the intern brut product, much over the national level and close to the model of the European States, where this sector plays an important role. The most part of the financial-bank activity is concentrated in this region, these type of services participate with around 6% to the accomplishment of the IBP of the region. Bucharest region is the only region of the country where services that hold 39.1% at a national level of total occupation, generate the most important places of work, arriving to 64.0% (44.2% trade services and 19.8% social services) of the total occupation of the region. Industry and constructions hold 31.5% and agriculture 4.5%.

In what concerns the regional structure of the IBP, in 2005, Bucharest-Ilfov region with 62553.6 millions of lei representing 21.6% of total IBP, was situated on first place, much more over the contribution of the other regions which vary from 8.3% (South-West) to 12.6% (South -Muntenia). The regions of North East, North West and Center have approximately the same contribution to the formation of the IBP (12%).

Despite the lack of studies on the regional development in Romania, there is no doubt that, once with the reduction of the state sector in economy, the interregional disparities deepened, worsen, and tend to become dominant in the Romanian reality.

The Regional Intern Brut Product

	The Regional Intern Brut Product			
	1993	1994	1996	2005
Total, by areas, of which:	100.0	100.0	100.0	100.0
North-East	13.3	12.6	13.4	11.8
South-East	13.0	12.4	13.2	11.5
South	16.2	15.2	14.2	12.6
South West	8.8	10.6	9.6	8.3
West	9.8	9.8	9.7	10.2
North West	12.4	11.7	11.8	12
Center	12.3	12.2	13.3	11.82
Bucharest	14.0	15.3	14.6	21.7
Extra regions	0.2	0.2	0.2	0.08

It was calculated in base of the Statistic Yearbook of Romania, 1999, p.824-831 and 2007, p. 464-465. In extra regions there are included those parts of the territory of the country that cannot be directly attached to one specific region. For Romania, these refer to the Continental Platform of the Black Sea and the territorial enclaves (Romanian embassies and consulates abroad).

By analyzing the way in which different economic areas of Romania participated to the creation of the IBP of the region (along the years for which we have available statistic data) we observe an increase, by total, of the contribution of the areas: West, from 9.8% in 1993 to 10.2% in 2005 and the most spectacular increase in the Bucharest-Ilfov area, from 14.0% to 21.7% in 2005.

A significant decrease of the ponder in the regional intern brut product, was registred in almost all the zones, from which the biggest one : North East from 13.3% in 1993 to 11.8% in 2005, South East, from 13% in 1993 to 11.5% in 2005 and the South area, the ponder of which continuously reduced from 16.2% in 1993 to 12.6% in 2005.

Among the cases that have lead to and still do to the increase of disparities we can remind the following ones:

- the localization and amplitude of foreign investments in the developing regions – outside Bucharest-Ilfov region, the foreign investments in the other seven areas of development, in 2005, barely represented 50% of total direct foreign investments.
- The loss of the competitive capacity of the enterprises not only on the internal markets but also on the external ones, because of the acute physic and moral frazzle of the technologies (especially in the regions situated in the east part of the country) and limited access to the financing of small and medium enterprises.

The foreign investments in Romania orientated towards the potential and accessibility of the areas, also by the mentality of the business people and the tradition in the respective domain. The Bucharest-Ilfov region is situated on first place for the direct attracted foreign investments, registering 60.6% of the total ISD accomplished in Romania until 2005. This situation is predictable because, the capital constitutes the main pole of attraction for the foreign investors, fact confirmed by the great number of firms, located here, with foreign participation to the capital. In the next place the South East region which beneficiates of the special attractiveness that the Port of Constanta represents and also the ports on the Danube, Galati and Braila. (www.insse.ro, Investitiile straine directe in Romania, 2006)

The South East region finds itself again in 2006 on the next position in the chart of direct foreign investments, with 2.653 billions of euro, respectively 7.7% of the total of these investments, unrolled until the end of 2006. Other regions of development, beneficiary of the DFI are the Center region, with investments of 2.559 billions of euro (7.4%), South region – 2.228 billions of euro (6.5%) and West region – 1.948 billions of euros (5.6%).

The North West development region benefited of until the end of the 2006 of direct foreign investments of 1.57 billions of euro (4.6% of the total DFI), and the South West Oltenia region of 938 millions of euro (2.7%). The smallest direct foreign investments were attracted in the North East region of development – where there were registered investments of 411 millions of euro (1.2%). (Cotidian on-line Wall-Street, Bucurestiul a atras aproape doua treimi din investitiile straine directe, publicat in 12 nov. 2007)

The account balance of direct foreign investment, on regions of development at 31.12.2005

Region	The account balance of the foreign investment in mil. of euro	The structure on regions %
North-East	292	1.3
South-East	1838	8.4
South-Muntenia	1388	6.3
South West	745	3.4
West	1491	6.8
North West	1257	5.8
Center	1610	7.4
Bucharest	13264	60.6
Total	21885	

The same disparities in the attraction of investments was maintained in 2006, when the Capital and Ilfov county attracted 64,3% of the direct foreign investments (DFI) that entered the Romanian economy, respectively 22.205 billions of euro from a total of 34.512 billions of euro. (www.bnr.ro)

There must be noticed the existence of a different view regarding the contribution of each region to form the regional IBP, if we take into account the ponder of the population of each economic area to the total of the population. In this way, by comparing the regional IBP of each area reported to the regional IBP average, we observe the following relative postponements of these areas: -31.6% in the North East area, -12.7% in the South East area, -18.1% in the South Muntenia area, -21.5% in the South West area, 12.25% in the West area, -5.1% in the North West area, 1.7% in the Center area and 112.5% in Bucharest area.

Postponements of the Regional Intern Brut Product on each inhabitant, in 2005

	Population (thousands persons)	of Regional/city IBP (billions of lei)	Relative postponements of the regional/city IBP against the regional media of IBP
Total, by regions, of which:	21584	13326.8	-
North East	3732	9114	0.684
South East	2837	11628	0.873
South-Muntenia	3312	10908	0.819
South West	2293	10460	0.785
West	1927	14960	1.125
North West	2730	12647	0.949
Center	2533	13549	1.017
Bucharest-Ilfov	2200	28326	2.125

It was calculated based on the data in the Statistic Yearbook of Romania, 1980, p.708-709, 830-831, and the Statistic Yearbook of Romania 2007 p. 464-465

In conclusion, of all the economic areas, keeping in mind the total population of each region, the one with the biggest contribution to the creation of the regional IBP is Bucharest – Ilfov area, followed, in a decreasing way, by the : West, Center, North West, South East, South West and, on last place North East areas.

Interesting for our analysis proves to be also the research of the evolution of the IBP disparity index on each inhabitant, from year 2000 to 2006, which shows that the hierarchy of the year 2000 appears almost unchanged in 2006. the evolution of the economic increase to a regional level did not lead to significant changes of the regional ponder in IBP, on a medium term, the differences being of 0.1 or 0.2 %, some regions maintaining their ponder (South-Muntenia, South West and South East). In the year 2006, even though Bucharest – Ilfov remains with the most important contribution to the formation of the IBP on each inhabitant, comparatively to the year 2000 there can be registered in the West region from 1.026 to 1.168 comparatively to the national average and North West from 0.93 to 0.951.

The disparity index of IBP/inhabitant comparatively to the national average (=100)

Region/Year	2000	2006	2006-2000
North East	0.700	0.678	-0.022
South East	0.889	0.874	-0.015
South Muntenia	0.815	0.818	0.003
South West	0.838	0.829	-0.009
West	1.026	1.168	0.142
North West	0.930	0.951	0.021
Center	1.071	1.050	-0.021
Bucharest - Ilfov	2.068	2.008	-0.060

The source: The National Forecasting Commission, Regional postponements to the horizon of the year 2010

The choosing of solutions for the development of the diverse economic areas, including the most convenient variants of economical structure, is conditioned, on the one hand, by the available volume and the efficiency of the investments and, on the other hand, by the confrontation with the territorial structure of the available work resources of economy.

The ponder of the occupied population by activities of the national economy in the year 2005

The region	The ponder of the occupied population by activities		
	Agriculture	Industry and construction	Services
North East	42.7	23.6	33.7
South East	35.3	27.4	37.3
South Muntenia	39.8	28	32.2
South West	42.1	25.9	32
West	26.7	34.5	38.8
North West	35	29.2	35.8
Center	26.7	34	39.3
Bucharest - Ilfov	4.5	31.5	64

Romania adopted a regional development strategy centered on the following objectives: the reduction of the existing regional disequilibrium, stimulation of equilibrated development, revitalization of the under favored areas, prevention against the production of new disequilibrium, correlation of the regional policies with the sector ones, stimulation of the intern and international interregional cooperation which can contribute to the economic and social progress, continue the development of privileged, special relations of Romania with Moldova Republic, consolidation of the joint cultural and spiritual space, according to the norms and values of integration in an unified Europe.

BIBLIOGRAPHY

1. Ioncica M., (2004) *Strategii de dezvoltare a sectorului tertiar*, Ed. Uranus, Bucuresti;
2. Corneliu Marinas, (2000) *Economie Teoretica si Aplicata, Convergenta structurala a economiei romanesti*, Bucuresti;
3. Ion Plumb s.a., (2001) *Economia ramurilor*, Editor tribuna Economica, Bucuresti;
4. Comisia Națională de Statistica, *Decalaje regionale la orizontul anului 2010* Anuarului Statistic al României, 1998, 1999, p. 824-831 pana in 2007, p. 464-465;
5. Cotidian on-line Wall - Street, *Bucureștiul a atras aproape două treimi din investițiile străine directe*, publicat în 12 nov.2007;
6. Ministerul Integrării Europene, *Programul operațional regional 2007-2013*, p. 16;
7. www.insse.ro, *Investițiile străine directe în România*, 2006;
8. www.bnr.ro.