rozprawy i studia

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ROMANIAN AGRI-FOOD ECONOMY AND INVESTMENTS OVER THE LAST 20 YEARS – SPECIAL EXAMINATION ON THE LAST 5 YEARS OF EU MEMBERSHIP

Abstract. Starting from Romania's economy position on the global competitiveness scale (on which Romania dropped by ten places, in the last year), the agri-food sector being an important economic driving factor of the economy, the paper attempts to identify certain sets of macroeconomic variables determining non-performant generation of value added (as level and annual dynamics), which induced radical structural changes in the share of the main branches (agriculture, industry and constructions) in the essential resources of the economy (employment, fixed capital stock and net investment) and in its results (gross value added). The first set of variables is of correlative type, at macro-economic level (energy intensity of the economy; "real wages – productivity" correlation; intra-component ratios of the consumer price index). The second type of variables is of sectoral type, at the agri-food economy level (disintegrative "double fracture"; upstream and downstream economic driving effects). The third set of performance reductive variables is of structural type, in the so-called "agri-food" chain (tri-dimensional structure of the agri-food chain – economic operators, employed persons and generated gross value added; average agri-food commercial openness). In the end, we also want to highlight the importance of the relations between businessman and institutions, as regulator and interface, the institutions and organizations which have attributes in investment field and contribute to the creation of the value added in economy. We must have in view that, based on the analysis of the contribution of the institutions on the forming of the business environment, taking into account the recommendations of the investors and their perception of the market, we can easily realize a profile of the economy. Always, the attitude of the investors can give us the measure of the maturity of the economy.

Key words: global competitiveness, agri-food integration, agri-food commercial openness, institutions, investments

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INTRODUCTION

Both per se, and considered as subsystem of other "challenges" at world level (globalization, poverty, sustainable development, competitiveness, and recently, the financial-economic crisis under way), the agricultural and food issue has been and continue to be of global and European interest.

As main "consumers" of the Community budgetary pie, for which a new multi-annual programming (2014–2020) is submitted to debates, agriculture and food need adjustment reforms, both to the international trade rigors, formulated by WTO, and to the real convergence requirements of the European economies.

Romania's European economic convergence need depends, to a considerable extent, on the agri-food sector performances, which, at five years after accession, are still a desideratum.

As introductory benchmarks for any medium or long-term development strategic approach, which targets the increase of competitiveness and European convergence level, the previously formulated premises cannot overlook the agri-food sector presence and future, as an important subsystem of national economy.

Starting from the external "positioning" of Romania's economy (in which the agri-food sector represents a significant economic driving factor) on the global competitiveness scale (where it fell ten places, in the last year), the paper attempts to identify certain sets of macro-economic variables determining the non-performant generation of value-added (as annual level and dynamics), which induced radical structural changes of the share of main branches (agriculture, industry and constructions) in the main resources of the economy (employment, fixed capital stock and net investments) and in its results (gross value added).

GLOBAL CONTEXT OF ROMANIA' S ECONOMY COMPETITIVENESS

Any evaluation of Romania's economy situation cannot overlook the external positioning, on the global competitiveness scale, of Romania's economy, as a practical reflection of each country in the competition "concert" of the world economy.

According to the most recent evaluations on the global scale, five development stages of economies are identified[3]: Stage 1 – factor-driven; Transition from stage 1 to stage 2; Stage 2 – efficiency-driven; Transition from stage 2 to stage 3; Stage 3 – innovation-driven. Each economy is characterized on the basis of certain "batteries" of indicators, and further on, through the aggregation of partial "scores", it is "positioned" in one of the five economic development stages.

Out of simplification reasons, I tried to configure the place held by Romania's economy in the global competitiveness, by revealing the rank on this scale and the development stage in which it is placed (Table 1).

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[3] See: The Global Competitiveness Report 2011–2012, WEF, Geneva, 2011.

In essence, on the global competitiveness scale, Romania's economy went down 10 places (from the position 67 in the year 2010, to position 77 in 2011). More surprisingly, Romania is placed after Bulgaria on this scale, which "went down" by only 3 places (from position 71 in 2010, to position 74 in 2011).

On the other hand, it should be mentioned that out of the four countries placed outside the "block" of the first ten competitive economies in the world (innovation-driven), three countries (China, Bulgaria and Romania) are part of stage 2 of economic development (efficiency-driven), and Poland is in the stage of transition from the efficiency-driven stage to the innovation-driven stage.

TABLE 1.   Global Competitiveness Index (GCI), 2011–2012
TABELA 1.   Globalny indeks konkurencyjności (GIK), 2011–2012

Country	Score	GCI Rank 2011–2012	GCI Rank 2010–2011	Stages of Development
Switzerland	5,74	1	1	Stage 3 – Innovation-driven (35 economies)
Singapore	5,63	2	3	Stage 3 – Innovation-driven (35 economies)
Sweden	5,61	3	2	Stage 3 – Innovation-driven (35 economies)
Finland	5,47	4	7	Stage 3 – Innovation-driven (35 economies)
United States	5,43	5	4	Stage 3 – Innovation-driven (35 economies)
Germany	5,41	6	5	Stage 3 – Innovation-driven (35 economies)
Netherlands	5,41	7	8	Stage 3 – Innovation-driven (35 economies)
Denmark	5,4	8	9	Stage 3 – Innovation-driven (35 economies)
Japan	5,4	9	6	Stage 3 – Innovation-driven (35 economies)
United Kingdom	5,39	10	12	Stage 3 – Innovation-driven (35 economies)
….	….	….	….	….
China	4,9	26	27	Stage 2 – Efficiency-driven (28 economies)
….	….	….	….	….
Poland	4,46	41	39	Transition from Stage 2 to Stage 3 (18 economies)
…..	….	….	….	….
Bulgaria	4,16	74	71	Stage 2 – Efficiency-driven (28 economies)
….	….	….	….	….
Romania	4,08	77	67	Stage 2 – Efficiency-driven (28 economies)

Source: Own processing of data based on "The Global Competitiveness Report 2011–2012", World Economic Forum, Geneva, Switzerland 2011.

The partial conclusion derived from the analysis of economies positioning on the global competitiveness is that five years from the accession to the European Union, Romania's economy has not fructified this status, in the sense of acceleration and deepening of its real economic convergence with the performant economies from the European Single Market.

Out of this reason, we shall next try to identify the presence of certain phenomena and processes with reductive performance effects in Romania's economy and mainly in its agri-food sector, at five years after the accession.

MACROECONOMIC FRAMEWORK OF AGRI-FOOD ECONOMY

Economic growth – before and after the accession

At the end of 2006 (considered as reference year in the present study, as preceding Romania's accession to the European Union), namely after 17 years of economic-social transformations, national production (measured by GVA of main activities and total GDP) was up by 18,5% compared to that of 1989, in total GDP and up by 20.1% in total GVA, with great dynamic discordances between the three main activities (according to NACE classification), from rebound by 12.7% in GVA – industry, to 105.9% increase in GVA – constructions and 16.0% in GVA – agriculture (Figure 1).
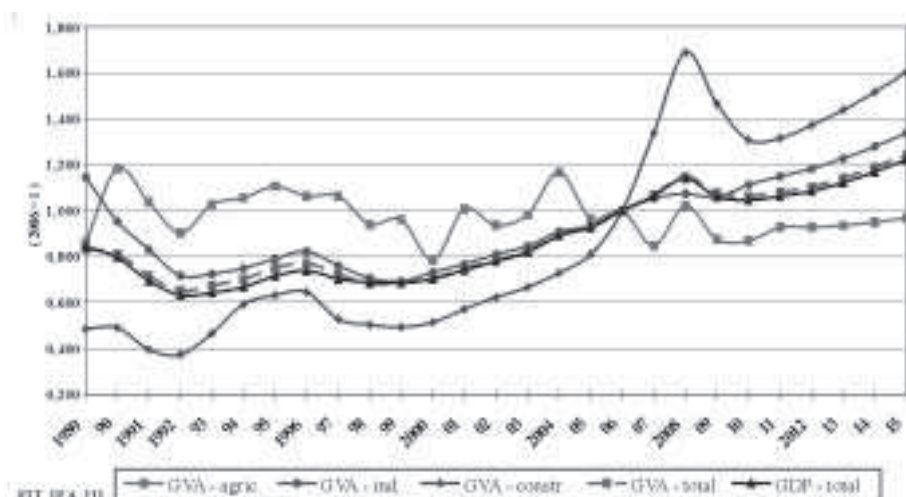

FIGURE 1.   GDP – total and GVA in Romania's economy, 1989–2015 (2006 = 1)
RYSUNEK 1.   PKB ogółem oraz WDB w gospodarce rumuńskiej, 1989–2015 (2006 = 1)
Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, nov-2011.

The post-accession evolution of economic growth, after half of decade, features a few interesting characteristics, from the perspective of manifest tendencies:
– total GDP (*YqT06f*) would be, at the end of this year, by 6.2% higher than in 2006, due to slightly higher growth of total GVA (*YqW06f*) (by 8.1%) which, in its turn, was induced, among others, by certain industrial activities (*Yqind06f*) (+14.9%) and by constructions (*Yqcons06f*) (+31.6%),
– agricultural GVA (*Yqavspp06f*) would be, at five years after the accession, by 7.2% lower than in the reference year 2006, after a sinuous evolution (three decreases and two increases), which reflects not only the relative high instability of agriculture (weather-dependence), but also the functional non-assimilation of the Community management mechanisms of the agri-food markets.

12

Sectoral real relative prices – before and after the accession

As it is known that the movement of the values of material goods is mainly determined by the simultaneous modifications of their volume and prices, it becomes necessary to know the dynamics of real relative prices of value-added from different economic activities, as expression of inter-sectoral competitiveness through price of national economy.

In the year 2006, the real prices (deflated by the implicit deflator of GDP) in overall economy (*YpW06fr*) were by only 3.4% lower than in 1989, yet with high discrepancies between the three investigated branches (agriculture by 43.4%, industry by 27.9% and constructions by 22.3%) – Figure 2.
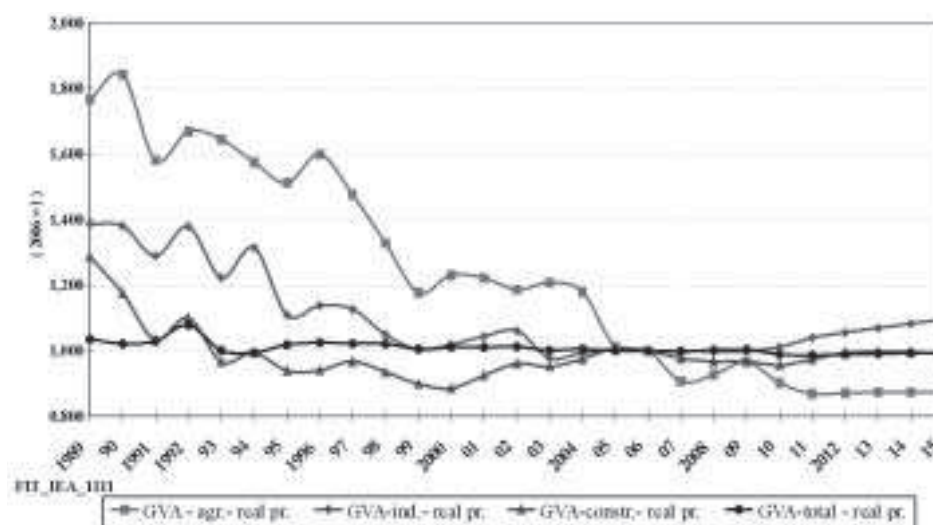

FIGURE 2.　　Real relative prices in Romania's economy, 1989–2015 (2006 = 1)
RYSUNEK 2.　Relatywne ceny realne w gospodarce rumuńskiej, 1989–2015 (2006 = 1)
Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

A few intermediary conclusions can be drawn with regard to the dynamics of sectoral real relative prices:
– at five years after the accession, agriculture (*Ypavspp06fr*) is still "working" with the lowest real prices, and their level is expected to be by 13.1% lower in 2011 compared to 2006,
– the sector constructions (*Ypcons06fr*) also operates with real prices less than unit, yet of lower order (–2.6%),
– the real prices of industrial activities (*Ypind06fr*) slightly increased, by 4.0%.

Hence it results that from the overall rebound by 56.5% of real relative prices of agriculture in the period 1990–2011 (1989 = 1), 13.1 pp (23.2%) is the "contribution" of the first five years after the accession to EU.

Yearly average increase of GDP – before and after accession

In comparable terms (2010 prices), the asymmetric evolution of GVA (GDP) corresponding to the five economic aggregates, more strongly revealed by the

13

absolute yearly average modification (increase or decline) of the newly created value, throughout the period 1990–2011 and by different periods considered as relevant, reaffirm the relative instability as persistent phenomenon (Table 2).

TABLE 2.   Yearly average change of GDP (GVA) in Romania's economy, 1990–2011 (bln. RON, pr. 2010)
TABELA 2. Średnie roczne zmiany PKB (WDB) w gospodarce rumuńskiej, 1990–2011 (mld Lei RON, ceny 2010)

Specification	$\Delta YvT'10$	$\Delta YvW'10$	$\Delta Yvavspp'10$	$\Delta Yvind'10$	$\Delta Yvcons'10$
90–91	–36.786	–24.985	3.121	–19.109	–1.567
92	–30.126	–27.493	–4.765	–13.934	–0.768
93–96	12.989	12.838	1.421	3.200	2.366
97–00	-4.510	–6.998	–2.470	–2.739	–1.142
01–04	23.070	20.242	3.380	5.394	1.870
05–08	30.832	27.185	–1.284	4.997	8.346
05–06	26.988	22.387	-2.956	5.505	4.706
07–08	34.677	31.982	0.389	4.490	11.986
09–11	–12.944	–9.766	–1.109	3.071	–4.330
90–11	4.863	4.832	0.106	0.021	1.312
09–12	–6.971	–4.892	–0.832	3.318	–2.767
13–15	22.343	19.852	0.477	6.253	2.680

Source: Own calculations, based on NIS data, updated with NCP, Nov. 2011 forecast.

Practically, throughout the period 1990–2011, the yearly average of GDP absolute modification ($\Delta YvT'10$) reached about 4.9 billion RON, which can be explained by the differential (107.0 billion RON) between the GDP cumulative increase – total (283.4 billion RON), obtained in the 14 years of economic growth and the cumulative decline of the same indicator (of 176.4 billion RON), in the 8 years of economic decline, against the 22 investigated years (Figure 3).
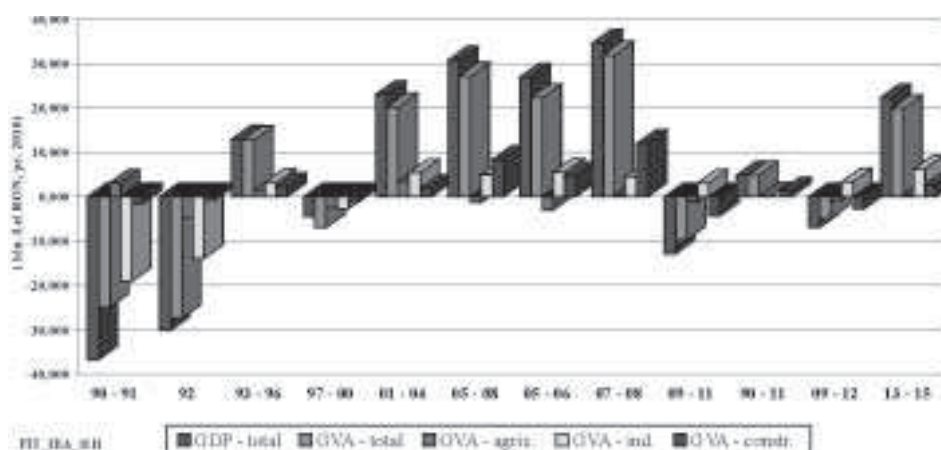

FIGURE 3.   Yearly average changes of GDP (GVA) in Romania's economy, 1990–2011 (bln. Lei RON, pr. 2010)
RYSUNEK 3. Średnie roczne zmiany PKB (WDB) w gospodarce rumuńskiej, 1990–2011 (mld Lei RON, ceny 2010)

Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

Among the other 4 aggregated indicators taken into consideration, only GVA – industry (*ΔYvind'10*) had an yearly average increase of about 0.02 billion RON throughout the whole period, while agriculture (*ΔYvavspp'10*), constructions and overall economy had an yearly average increase ranging from 0.11 billion RON to 4.8 billion RON.

GVA relative instability – agriculture

A persistent economic phenomenon, with noticeable reductive performance effects in overall national economy and in the agri-food sector in particular, is the relative instability of the variables measuring the results, which can be quantified by the so-called variation coefficients.

The simultaneous presentation of the relative variation of the annual volume index (*Yqavspp89a*) and of yearly real price index (*Ypavspp89ar*) of the gross value added in agriculture is relevant in this respect (Figure 4).
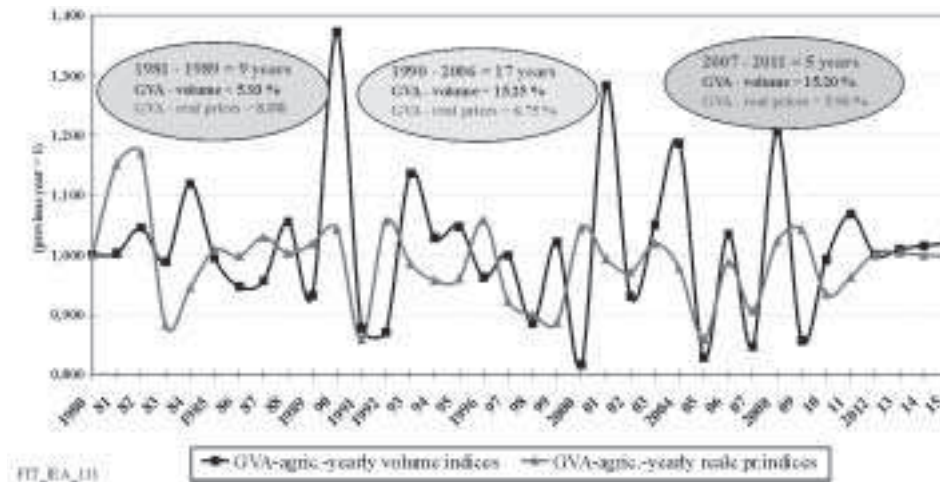

FIGURE 4.   Relative instability of GVA – agriculture (yearly volume and real price indices), 1980–2015
RYSUNEK 4.   Relatywna niestabilność WDB – rolnictwo (roczna wielkość i wskaźniki cen realnych), 1980–2015
Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

From the perspective of this indicator as well, it has to be noticed that Romania's five years of EU membership mitigated the relative instability phenomenon only to a lesser extent.

Thus, the relative variation of the volume index of GVA – agriculture. (*Yqavspp89a*), in the accession period (2007–2011) taken into consideration was 15.2%, quite similar to that in the 17 years prior to accession (1990–2006).

On the other hand, the yearly index of GVA – agriculture real prices (*Ypavspp89ar*) has a 5.90% variation coefficient, in the years 2007–2011, compared to 6.75%, in the 17 previous years (1990–2006).

Hence, it results that Romania's presence on the European Single Market meant a slight diminution of relative instability, rather in prices than in quantities.

Productivity and fixed capital coefficient

In any approach to this issue, it is important to know how much value added is generated by one unit of fixed capital stock (productivity or capital efficiency) or, reversely, what is the investment effort for obtaining a unit of effect (value added) (capital coefficient).

As the bibliographic references for such determinations (made in our country) are relatively scarce, we tried to quantify the level of fixed capital productivity by the ratio of gross value added to fixed capital stock, in two respects (average productivity and marginal productivity) – Figure 5.
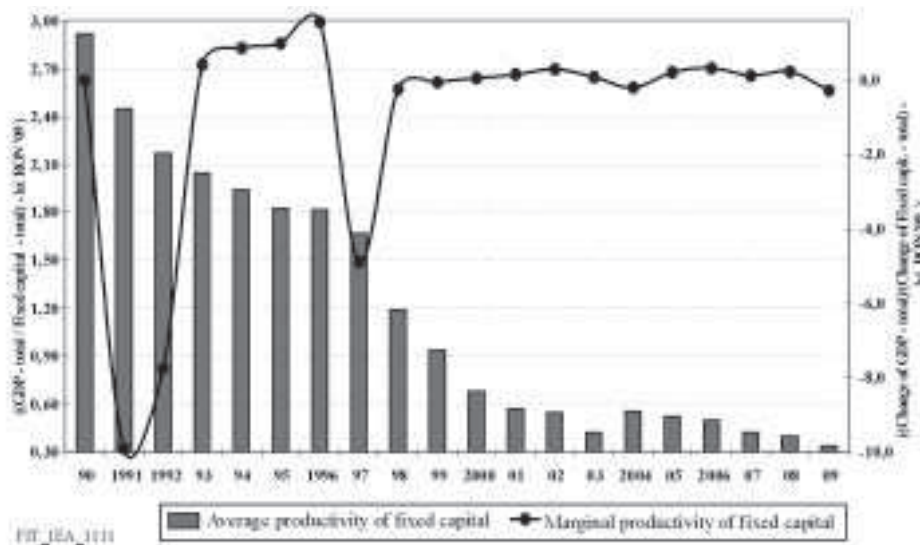

FIGURE 5.   Average and marginal fixed capital productivity in Romania's economy, 1990–2007
RYSUNEK 5. Przeciętna i brzegowa wydajność kapitału trwałego w gospodarce rumuńskiej, 1990–2007
Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

The average productivity of fixed capital (*KWmed = YvT'07 / KvT'07*) in Romania's economy had a steady decreasing tendency, from 3.15 RON total GVA ('07 prices) to one RON fixed capital stock ('07 prices), in the year 1990, at the level of 0.45 RON / RON, in the year 2007.

In its marginal expression, the fixed capital productivity (calculated as ratio of yearly modifications of GVA and fixed capital (*KWmarg = δYvT'07 / δKvT'07*) has a variation range from – 10.7 RON'07 (1991) to 1.69 RON'07 (1996).

The capital coefficients, both in average and marginal expression, have reverse values compared to capital productivity (Figure 6).

Energy intensity of the economy – before and after accession

As reference macro-economic variable in revealing convergence through competitiveness, the energy intensity of the economy has had a strong regressi-
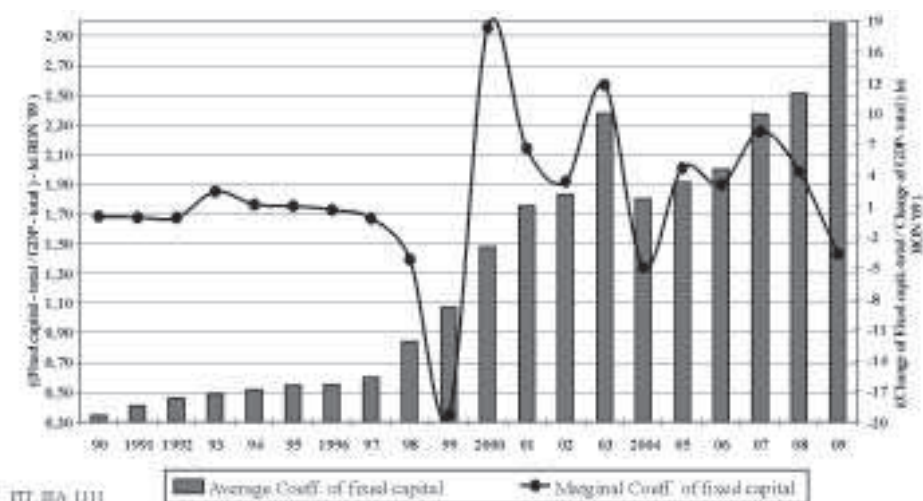
FIGURE 6. Medium and marginal coefficient of fixed capital in Romania's economy, 1990–2007
RYSUNEK 6. Średni i brzegowy współczynnik kapitału trwałego w gospodarce rumuńskiej, 1990–2007
Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

ve trend in Romania compared to the EU-27 average (Figure 7). Thus, while in EU-27 on the average the decline of the energy intensity of the economy was 21.2% in 2008 compared to 1996, in Romania, the degression of the energy intensity of the economy (measured as kg oil equivalent/1000 euro GDP) was twice as strong (43.0%).
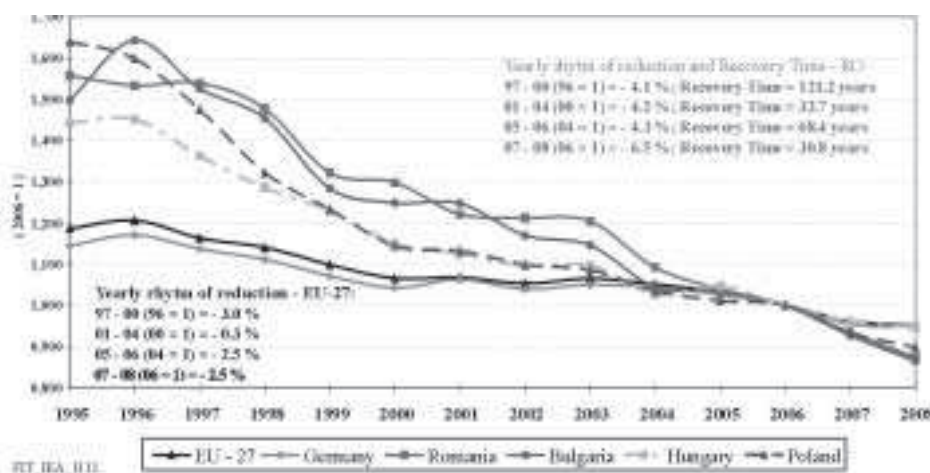

FIGURE 7. Energy intensity of the economy in Romania, compared to EU-27, 1995–2008 (2006 = 1)
RYSUNEK 7. Energochłonność gospodarki rumuńskiej w porównaniu z UE-27, 1995–2008 (2006 = 1)
Source: Own calculations, on the Eurostat data, http://epp.eurostat.ec.europa.eu/tgm/table.

Yet, dissimilitude subsists from the perspective of the average yearly diminution of the energy intensity of the EU and Romanian economies, in the sense that the "cruise speeds" in Romania are increasingly reductive (from – 4.1% in the period 1997–2000, to – 4.2% in the period 2001–2004), – 4.3% in the period 2005–2006 and – 6.5% in 2007–2008) compared to the decreasingly reductive speeds in EU-27 on the average (from – 3.0% in the period 1997–2000, to – 0.3% in the period 2001–2004, – 2.5% in the period 2005–2006 and – 2.5% in 2007–2008).

One of the main consequences of the significant differences in the energy intensity levels, both at the beginning of the investigated period (1996), and at the end of this period (2008), and of the different rates of energy intensity diminution consists in unusual large periods of time needed for the 2008 level gap recovery.

Thus, with the diminution rates from the period 1997–2000, Romania could reach the average EU level of 2008 after 121.2 years, with the "pair" of rates from the period 2001–2004 full convergence could be reached in 32.7 years; with the "rates" of the period 2005–2008, 42.4 years would be needed for the recovery of energy performance gap between Romania and EU-27.

And if we have in view that up to the present moment, in the intensity of the national economic aggregate, the problem of the strong weather dependency of agriculture did not count very much, it is expected that the reconsideration of the irrigation role will imply additional energy consumption in agriculture; as this means an increase of the energy intensity of the Romanian economy, it will prolong the gap recovery period and consequently, will delay the convergence through performance.

"Real wages – productivity" correlation before and after accession

As it is considered in all the functional market economies as one of the "pillars" of macro-economic competitiveness, the correlation between real wages and labor productivity can reveal – to the extent it evolves in the economic rationality limits – the tendency towards economic convergence and social cohesion in the respective country (zone, region).

Determined as ratio of total GVA to the active population employed in the economy (values deflated by the implicit GDP price deflator), labor productivity is correlated with the real wages (net nominal average wages deflated by the general deflator of consumer prices); normally, in this correlation, labor productivity should outstrip, as growth rate, real wages.

In the period 1990–2011 (2006 = 1), the dynamic correlation between real wages and labor productivity in Romania' economy generally evolved within the economic rationality limits, in the sense that in the 22-year period, only in two years (1990 and 1991), the real wages index was greater than the productivity index, while after 1992, the ratio of the two terms of the correlation was reversed (Fiure 8).

Considering the year 2006 as reference year (end of pre-accession), labor productivity ($W_q T06f$) in Romania's economy was by 35.6% higher than in 1989, with the maximum decline being noticed in 1992 (index = 0.528), while the
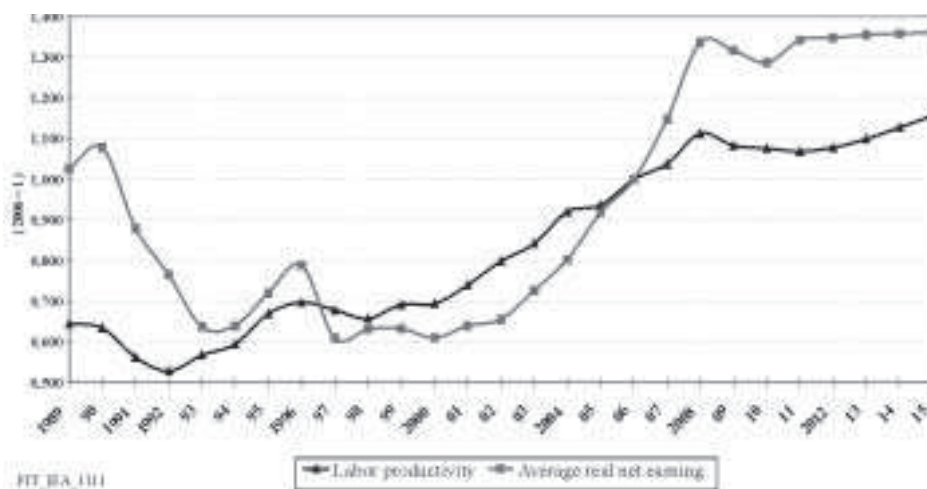
FIGURE 8.   Dynamics of correlation between labor productivity and the average net real earning in Roma-
              nia's economy, 1989–2015 (2006 = 1)
RYSUNEK 8.   Dynamika korelacji między wydajnością pracy a przeciętnym realnym zarobkiem netto w
              gospodarce rumuńskiej, 1989–2015 (2006 = 1)

Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period
2009–2015, NCP, Autumn Prognosis, Nov–2011.

average net real wages (*CSMNr06f*) was by 2.6% lower than in 1989, to reach a
maximum decrease of 49.1% in 1997.

At the same time, it can be easily noticed that in the first 17 years of transi-
tion to the market economy (1990–2006), starting with the year 2003, the diffe-
rence between the productivity dynamics and the real wage dynamics gets lower
in trend, due to productivity outstripping as growth rate by the average real wa-
ges; this means the beginning of a non-rational correlation, strongly reductive of
performance and domestic and foreign competitiveness of Romania's economy.

The governmental decision-makers should be rather concerned with the
fact that in the five of EU membership, the same "defective" correlation of
the Romanian economy is maintained, i.e. the faster increase of the real ave-
rage wages (+34,2%) compared to labor productivity (+6.9%), the most in-
tense increase being noticed in the period 2007–2008, followed by that esti-
mated for this year.

To sum up, the fact that out of the eight time periods, convened as relevant for
comparative judgments, only in two of them (1993–1996 and 2001–2004) the
"real wages – productivity" correlation was within the limits of economic ratio-
nality, reflects the mostly fragile tendency of Romanian economy for the sustai-
nable setting up of one of its "engines" generating performance and competiti-
veness, as support to real social cohesion.

19

INFLATION AND CONSUMER PRICE RATIOS – BEFORE AND AFTER ACCESSION

As a macro-economic variable with general competitiveness reductive effect, inflation (reflected by the consumer price index) erodes the purchasing power of incomes in the economy, which in its turn induces a narrowing of the solvent demand for goods and services.

As not all the consumer prices evolved with the same intensity in the period of transition, it is worth presenting the dynamics of ratios between the three main components of the CPI index and the aggregate itself (Figure 9).
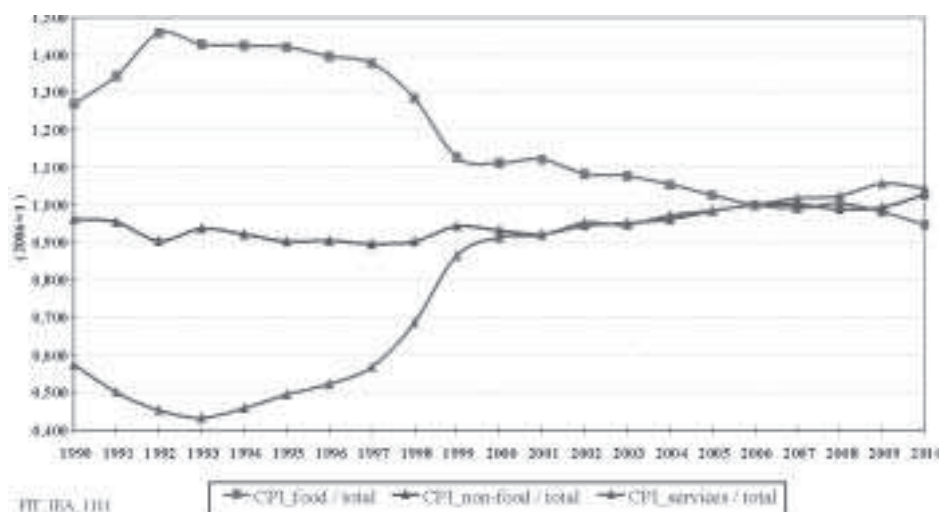

FIGURE 9.   Dynamics of ratios between the CPI components, 1990–2015 (2006 = 1)
RYSUNEK 9. Dynamika proporcji między składnikami wskaźnika cen detalicznych, 1990–2015 (2006 = 1)
Source: Own calculations on the data base of Nat. Inst. of Statistic.

The reference year 2006 marks two tendencies of the 'parts/whole' ratio: the decreasing tendency of the ratio between the consumer price indices of the 'food commodities/total commodities and services', by 26.9% compared to 1990, on one hand, and the increasing tendency of the other two ratios – slower, by only 3.8% for 'non-food commodities / total commodities and services' and much stronger, by 1.74 times for 'services / total commodities and services' – on the other hand.

Romania's accession to the European Union has not modified the nature of tendencies signaled out for the period 1990–2006, namely slight decline of the 'food commodities / total' ratio and increase of the other two ratios.

The partial conclusion, which derives from the analysis of tendencies for the three consumer price ratios, can be formulated in the sense that, considered from the agri-food economy perspective, the contribution of the evolution of food commodity prices to 'feeding' the general increase of consumer prices has an ob-

vious diminution tendency, compared to the other two components of the total aggregate. The explanation, be it a partial explanation, may be that the agri-food commodities still have a domestic production base, which, in the conditions of little remunerating producer prices, largely attenuate the inflationary effects of the agri-food imports and exchange rate.

PERFORMANCE REDUCTIVE FACTORS IN THE AGRI-FOOD ECONOMY

Agri-food disintegration – before and after accession

The way in which the two main components of the agri-food economy (agricultural production and food processing) contributed to the creation of the domestic supply of agri-food products can be revealed by the dynamic correlation between the agricultural production and food production (Figure 10).
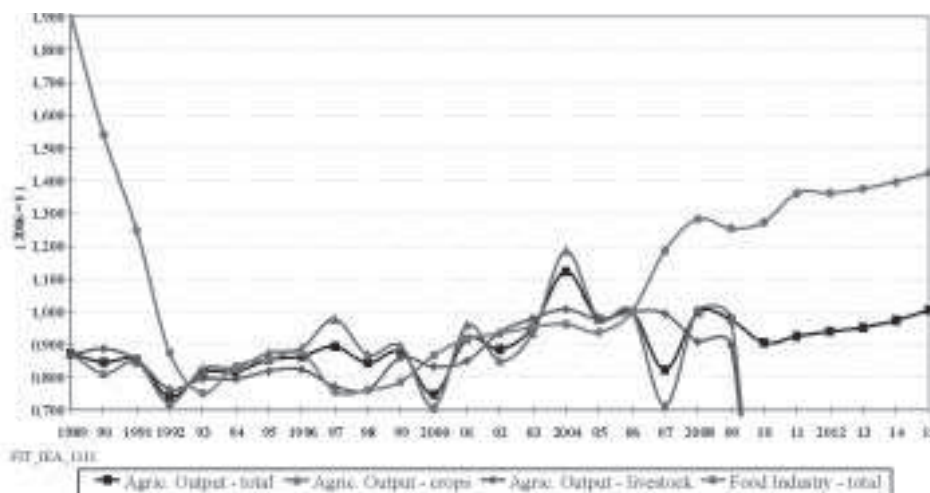

FIGURE 10. Correlation between the agricultural production and food production in Romania, 1989–2015 (2006 = 1)
RYSUNEK 10. Korelacja między produkcją rolną a produkcją żywności w gospodarce rumuńskiej, 1989–2015 (2006 = 1)

Source: Own calculations, for the period 2008–2014, NCP, Autumn Prognosis 05.11.2010; for the period 2009–2015, NCP, Autumn Prognosis, Nov–2011.

In the year prior to Romania's accession to the European Union (2006), the agricultural production (*VPAqT89f*) was by 12.8% lower compared to that in 1989, in only one year (2004) throughout the transition and pre-accession period the agricultural production index was larger than unit. At the same time, in 2006, the food production (*VPqIABPT89f*) was down by almost 91% compared to 1989, yet by 24.9% up the maximum decline level (1993 = 0.751).

Five years of EU membership meant the maintenance of agricultural production rebound (by 7.4% in 2011 versus 2006), yet a consistent advance of food production (by 36.2 %), which can only make up for less than one half of the decline compared to 1989.

"Agricultural production – food processing" interrelations

The synthetic expression of the presence of an agri-food disintegration process in Romania's economy, throughout 1989–2007, results from the analysis of the intensity of economic flows between the general aggregate "agriculture" and the "food industry" aggregate, both from the perspective of intermediary deliveries (destinations) (LI) and from the perspective of intermediary acquisitions (origins) (AI).

Thus, from the perspective of intermediary deliveries a diminution by over 35% of the intensity of intermediary deliveries of agriculture to the food industry can be noticed (from 65.1% in 1989 to only 29.9% in 2007, with maximum 67.0% in 1990 and a variation coefficient of 27.6%) – Figure 11. At the same time, the intensity of intermediary deliveries flows from the food industry to agriculture was down by over 14.5 percent (from 19.1% in 1989 to 4.6% in 2007, with maximum 28.4% in 1993 and a variation coefficient of 60.7%).
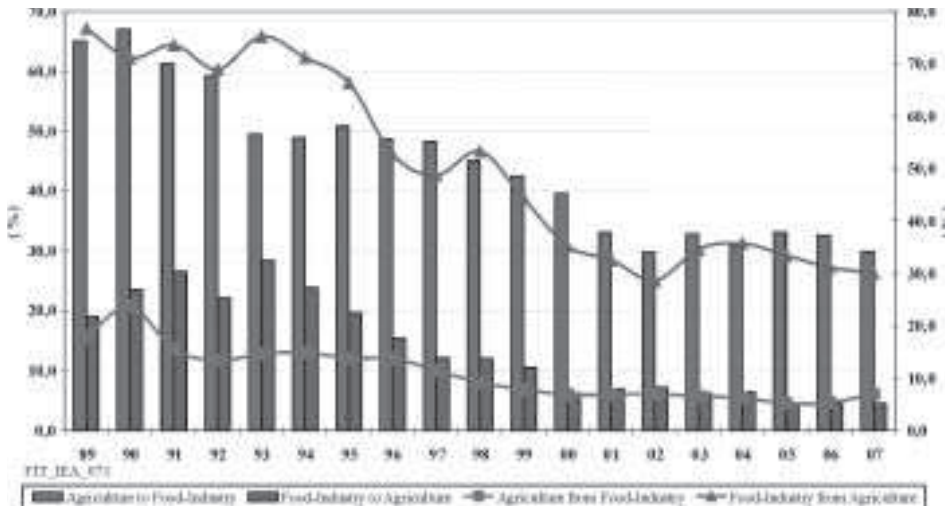

FIGURE 11.   Evolution of interrelations between agriculture and food industry, 1989–2007
RYSUNEK 11. Ewolucja współzależności między rolnictwem a przemysłem spożywczym, 1989–2007
Source: Own calculations, on the data from Nat. Accounts, 1990–2007, National Institute of Statistics, Bucharest.

The manifested regressions have multiple causes, which can be found both in the development pattern of the agri-food sector in the command economy period and in the failures of the transition period, among which the following stand out:
– asymmetry in the destructuring process from agriculture (much faster and more radical) compared to that in food industry (slower and more superficial),
– narrowing the population's final agri-food consumption demand, following the general economic rebound, under the background of persistent hyperinflation.

On the other hand, from the perspective of intermediary acquisitions, it is worth mentioning a stronger diminution (by 46.7%) of the intensity of intermediary purchases flows of the food industry from agriculture (from 76.7% in 1989, to 30.0% in 2007, with a variation coefficient of 35.8%).

At the same time, the intermediary acquisitions of agriculture from the food industry diminished their intensity by 11% (from 18.0% in 1989 to 7.0% in 2007, with maximum 23.7% in 1990, with a variation coefficient of 46.7%).

One of the explanations for the emergence and persistence of the agri-food disintegration phenomenon in the Romanian economy resides in the situation created by the excessive increase of the number of suppliers of agricultural raw materials, compared to the relatively low number of agri-food processors, an asymmetric "atomization" generating very high variation coefficients.

The other modality to reflect the internal agri-food economy convergence consists in measuring the intensity of intermediary deliveries (LI) and of intermediary acquisitions (AI) respectively, of each of the two component aggregates (agriculture – a and food industry – ia) in the corresponding total (Figure 12).
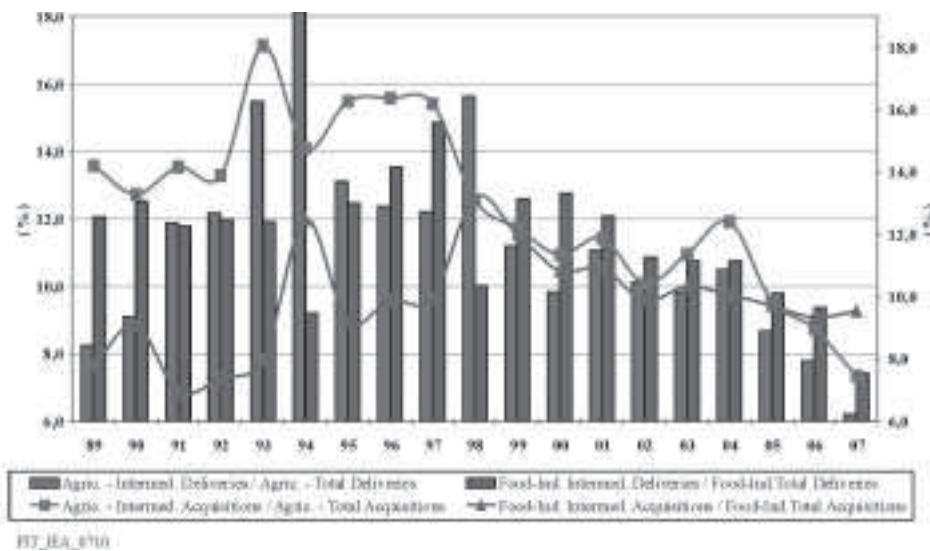
FIGURE 12.   Evolution of the share of agriculture and food industry in total intermediary deliveries (LIt) and total intermediary acquisitions (AIt), 1989–2007

RYSUNEK 12.   Ewolucja udziału rolnictwa i przemysłu spożywczego w całkowitych dostawach pośrednich i całkowitych zakupach pośrednich, 1989–2007

Source: Own calculations, on the data from Nat. Accounts, 1990–2007, National Institute of Statistics, Bucharest.

A few comments can be formulated with regard to the persistence of the agri-food disintegration phenomenon in the Romanian economy:
– the highest relative instability (measured by the variation coefficient) is found in the aggregate "agriculture", its shares ranging from 18.2% (1994) to 6.2% (2007), with a variation coefficient of 26.2%, in the intermediary deliveries and from 18.1% (1993) to 7.5% (2007) respectively, with the variation coefficient 21.2%, in intermediary acquisitions,
– the "food industry" aggregate presents lower decreasing shares, from 14.9% (1997) to 7.4% (2007), with an average variation of 15.2%, in the

intermediary deliveries and from 13.2% (1998) to 7.0% (1991) respectively, with a variation coefficient of 16.8%, in the intermediary acquisitions.

It obviously results that reaching economic convergence through agri-food integration is endangered by the relatively high instability of intermediary deliveries of agriculture, as a cumulative reflection of the weather-dependence influences and economic-organizational risks in this field.

Agri-food chain – Romania versus EU–27

In principle, a performant agri-food economy presupposes the existence of certain functional agri-food chains, in which each link (segment) should retain, out of the total productivity gain (measured by the valoric differential between the producer of agricultural raw materials and the final consumer), what it deserves on the basis of the effort made to generate value added.

In order to reveal the extent to which the organization of the agri-food economy features potential to generate internal or external competitiveness, we consider it useful to present a brief comparative diagnosis between Romania and EU-27 average, from the perspective of multicriterial structure of the agri-food chain, in two reference years (2005 and 2008) for which the most recent relevant statistical data are available (Figure 13).

FIGURE 13.   Multicriterial structure of the agri-food chain in the European Union, 2005–2008
RYSUNEK 13.   Wielokryteryjna struktura łańcucha rolno-żywnościowego w Unii Europejskiej, 2005–2008

Source: Own calculations, on the data from "Food-from farm to fork statistics", Eurostat Poketbooks, 2011 edition.

From the perspective of the criterion "number of enterprises" (economic operators), at EU-27 level, structural changes of the agri-food chain can be noticed in 2008 compared to 2005, in the sense of the absolute decrease (from 14.4 mil. to 13.7 mil.) and relative decrease (from 83.2% to 81.8%) of the economic operators in agriculture, while the shares of the other three links in the chain (wholesale trade, retail trade and public food consumption) increased, on a cumulative bases, by 1.6 percent. The first post-harvest seg-

ment (agri-food processing) also lost 0.2 percent; thus, we can say that practically the relative decline of the cumulative share (by 1.6 percent) of the economic operators in agriculture and processing was transferred to the other three segments.

From the perspective of the criterion "number of employees", in three years' time (2006–2008), the share of the segment "agriculture" decreased by 5.7 percent, and these percentage points are distributed to the other four segments of the agri-food chain.

The diminution in number of the economic operators from the first segment of the chain (agriculture), in the conditions of a likely relative release of labour force, on the basis of productivity increase, induced a favourable effect in the EU agri-food system, i.e. the primary production of agricultural raw materials generates value added gain, which leads to the increase of this segment share (by 2.8 percent in 2008 compared to 2005) in the third criterion of analysis ("generated value added").

Romania went through the transition and pre-accession period with a very rudimentary "agrarian – structural endowment", the excessive land fragmentation and the still unclear land tenure or land ownership status representing constraints to the plenary manifestation of the technical – organizational and managerial progress factors; the unrestricted manifestation of these factors would also make it possible for our country to experience the situations characteristic to countries with modern economies and agricultural sectors, in which a decreasing number of holdings and labour input are able to increasingly provide the necessary agri-food products for the population, under increasingly restrictive competitiveness conditions.

Unfortunately the multi-structural structure picture of the agri-food chain in Romania looks entirely different from the overall picture of EU-27 (Figure 14).
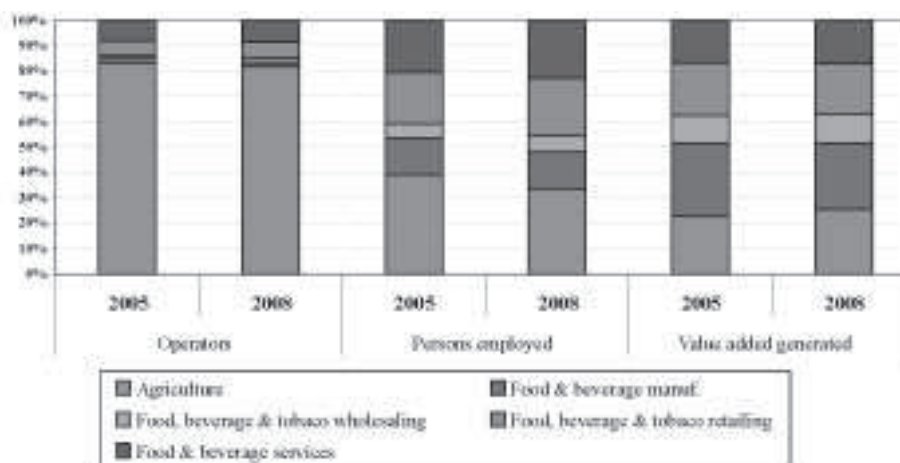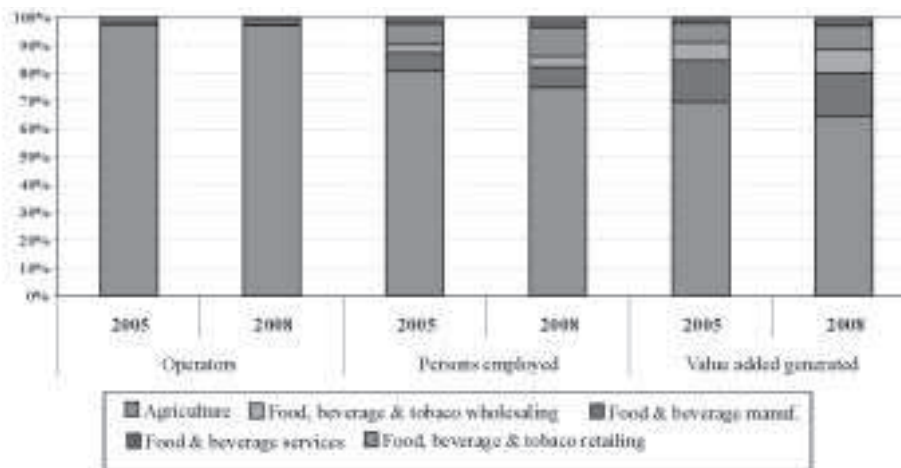

FIGURE 14.   Multicriterial structure of the agri-food chain in Romania, 2005–2008
RYSUNEK 14. Wielokryteryjna struktura łańcucha rolno-żywnościowego w Rumunii, 2005–2008
Source: Own calculations, on the data from "Food-from farm to fork statistics", Eurostat Poketbooks, 2011 edition.

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Briefly, between the two reference years (2005 and 2008), the structural changes in the configuration of certain performant agri-food chains through competitiveness were not produced yet; we rather experience the persistence of certain trends that reduce the multiplying effects of value added generated by the sector throughout the national economy. Otherwise, no full explanation could be found for the diminution of the share of agriculture in total economic operators of the agri-food chain from 97.5% to 97.2% in three years' time, i.e. a non-significant decrease.

Furthermore, the problem is that the diminution of the share (by 0.3 percent) of the segment agriculture in total operators of the agri-food chain was "outflanked" by a simultaneous diminution by 6.2 percent of the share of this segment in total labour input that consequently led not to a plus of value-added generation, but rather to a minus (of 5.0 percent).

The other four segments of the agri-food chain, whose cumulated shares with regard to the economic operators, accounted for 2.5% (2005) and 2.8% (2008), i.e. a very small number of non-agricultural economic operators put to work 19.1% of the employees from the entire chain, in the year 2005, and 25.3% in the year 2008, these generating 30.3% (2005) and 35.3% respectively (2008) of the value added from the Romanian agri-food chain.

Therefore, the brief diagnosis of the structural changes produced in the agri-food chains confirm certain partial conclusions formulated in other previous segments of our scientific approach.

Average degree of agri – food economy commercial opening

Simultaneously with the reductive effects of Romania's agri-food economy domestic competitiveness, in our opinion, it is quite interesting to reveal certain aspects linked to the external competitiveness of this important sector of national production, mainly in the conditions of Romania's EU membership.

The determination of the average degree of commercial opening[4] of the agri-food economy is based on a panel of indicators, calculated on the basis of National Accounts data, the most relevant being the export and import propensity of an economic entity (Figure 15).

A few conclusions can be formulated from the analysis of the determinative indicators of the average degree of commercial openness:

– the radical and asymmetrical destructuring processes that took place in the agri-food sector after 1989 certainly induced strong reductive effects of the capacity of expression of Romania's agri-food economy on the foreign market, revealed by the almost non-existing export propensity throughout the transition and pre-accession period,

– the disintegration phenomenon, present in the Romanian agri-food economy and pointed up by the so-called "double fracture" (between the crop and livestock production, inside agriculture, on one hand, and between the agricultural production and the agro-processing, inside the agri-food economy, on the

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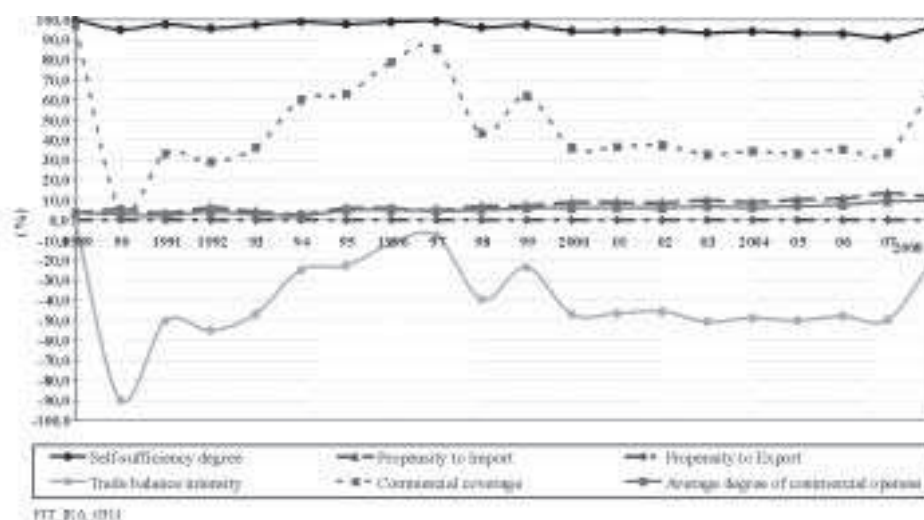[4] Method developed by INEA Bologna, in the year 1991.

FIGURE 15.   Average degree of agri-food economy commercial openness in Romania, 1989–2008
RYSUNEK 15.   Przeciętny stopień handlowego otwarcia gospodarki rolno-żywnościowej w Rumunii, 1989–2008
Source: Own calculations on the base of Methode Bologne (1992), and data from National Accounts, NIS, Bucharest.

other hand), made the import propensity of this sector to reach relative values ranging from 2.8% (1994) to 13.4% (2007) in the period 1980–2008,

– consequently, the very low export propensity, corroborated with the very strong import propensity determined an average commercial openness ranging from 2.2% (1994) to 9.7% (2008).

The conclusion is that practically, Romania's agri-food economy connection to the foreign market was achieved almost exclusively through imports of agricultural products, which unfortunately do not create jobs and value added in the domestic agri-food sector.

Structure of farms and concentration level

Inside agriculture, a factor that generates economic performance, at least at theoretical level, is considered to be the concentration of land resources, known in the specialty literature as "land consolidation".

Certain signals are provided, in this direction, by the concentration process of agricultural holdings, which can be measured by the changes in the size structure of agricultural holdings, produced in the period between the two general agricultural censuses (GAC – 2002 and GAC – 2010) – Table 3.

TABLE 3. Basic data on the agrarian structure and concentration coefficients in Romania's agriculture, 2002–2010

TABELA 3. Podstawowe dane dotyczące struktury agrarnej oraz współczynników koncentracji w rolnictwie rumuńskim, 2002–2010

Hectares	GAC – 2002				GAC – 2010			
	Total holdings		Total Utilized Agricultural Area		Total holdings		Total Utilized Agricultural Area	
	'000	%	thousand ha	%	'000	%	Thousand ha	%
<0.10	539,893	12.56	23,899	0.17	384,064	10.32	19,476	0.15
0.11–0.30	581,365	13.52	103,709	0.74	661,727	17.78	120,392	0.91
0.31–0.50	323,452	7.52	124,745	0.90	354,545	9.53	135,973	1.02
0.51–1.00	724,547	16.85	506,461	3.64	617,296	16.59	431,454	3.24
1.01–2.00	897,891	20.88	1272,610	9.14	712,243	19.14	1010,528	7.60
2.01–5.00	952,395	22.15	2907,957	20.87	727,155	19.54	2229,032	16.76
5.01–10.00	218,88	5.09	1440,944	10.34	182,218	4.90	1208,941	9.09
10.01–20.00	37,408	0.87	471,097	3.38	43,526	1.17	570,231	4.29
20.01–30.00	5,527	0.13	131,584	0.94	9,716	0.26	233,510	1.76
30.01–50.00	3,95	0.09	149,588	1.07	8,192	0.22	314,573	2.37
50.01 - 100.00	3,85	0.09	258,047	1.85	7,547	0.20	525,210	3.95
>100.00	10,203	0.24	6540,068	46.95	13,656	0.37	6498,872	48.87
TOTAL	4299,361	100.00	13930,710	100.00	3721,885	100.00	13298,191	100.00
	Concentr. Coef. Ginni-Lorenz 2002 = 0.952				Concentr. Coef. Ginni-Lorenz 2002 = 0.960			

Source: Own calculations based on NIS data, 2011.

The data from the synoptic table above reveal, on one hand, that out of the 12 farm size groups, two "packages" of sizes are noticeable whose shares significantly changed in the year 2010 compared to 2002:

– in the first place, in four farm size groups, ranging from 0.51 to 10.00 ha, diminution of cumulative shares can be noticed, both in number (–4,8%) and in utilized agricultural area (–7.3%),

– in the second place, in other five farm size groups, ranging from 10.01 to > 10.00 ha, an increase of cumulative shares are noticeable, both in number (+0.8 %), and in area (+7.05%),

– under the background of a general diminution of the number of agricultural holdings, by 13.4% in 2010 compared to 2002, of a "loss" of utilized agricultural area of 4.5%, and in the context of above-mentioned structural changes, the Ginni-Lorenz concentration coefficients were determined, which range from 0.952 (2002) and 0.960 (2010) respectively.

The increase of Ginni-Lorenz concentration coefficient in the period between the two agricultural censuses, by an annual average rate of 0.105% reflects the existence of a true process of farm consolidation.

INVESTMENTS AND INSTITUTIONS IN ROMANIA

In this section of the paper we will focus on the business climate in the last two decades, the main stages in development of the economy under the

influence of international business strategies adopted by the main international companies (so called transnational companies) which have had a direct interest on Romanian market. We consider them important "actors" on Romanian business "stage" due to the financial power. We also try to identify the relations between investors and institutions, having in view that these influence the results of the economic activities, which are the responsibilities for both sides and what kind of malfunctions have appeared in their interaction. In this way, we will highlight the role of the institutions in business, what was done and what was not done and, in the same time, what is missing and must be done.

Investment activity

The general evolution of the business in Romania was direct influenced by two factors: international business environment and national policy. As we can not do too much to influence the international business climate and this is not the scope of our paper, we will focus on the national policy, the policy in investment field, even if this is influenced by international decisions, policies and strategies of the international decision-makers and transnational companies.

According to the data collected by UNCTAD [www.unctad.org], the global foreign direct investments (FDI) activities declined in the last years. This is due to the beginning of the global economic downturn, tightening credit conditions, lowering corporate profits and uncertain prospects for global growth in the short term. The effects of global crisis vary between regions and countries, thus giving a different impact on the geography of foreign direct investment flows.

In Romania, in the classification of investors, which is taking into account the country of residence of investors, with the reference period 1991–2008 (Table 4), the first places are occupied, according to the capital subscribed by investors from the Netherlands (4 billion Euros and 3436 companies), Austria (2.6 billion Euros and 5375 companies) and Germany (2.2 billion Euros and 16664 companies). The rating investors' countries of the issued share capital of companies with foreign participation illustrates on the one hand the economic integration of Romania into the European Union, on the other hand the interdependence between exports and direct foreign capital attracted by our country. Whatever forms of FDI, coming from privatization, capital contribution of the company, in cash or in goods, Romania lags behind other Central and Eastern European (CEE) countries as Poland, Czech Republic and Hungary, in a ranking of the capacity to attract foreign capital.

In the following table (Table 5) we want to present the rank of the first ten investors in Romanian economy, for the period considered in our analysis.

TABLE 4.   Rankings by country of residence of investors in Romania, 1991–2008
TABELA 4.   Ranking inwestorów zagranicznych w Rumunii według kraju pochodzenia, 1991–2008

Origin country	No. of companies	Capital invested (bil. of Euros)
Netherlands	3456	4015
Austria	5375	2650
Germany	16664	2278
France	5873	1776
Cyprus	4255	1099
Italy	26984	935
USA	5755	724
Spain	3451	700
Great Britain	3940	660
Greece	4484	654

Source: Chamber of Commerce and Industry of Romania and Bucharest – National Trade Register Office (CCIRMB-ONRC), (2008): Statistical Bulletin no. 128, Bucuresti, Romania.

TABLE 5.   Top 10 foreign investors in Romania, 1991–2008
TABELA 5.   Dziesięciu największych inwestorów zagranicznych w Rumunii, 1991–2008

No	Firm	Country of origin	Economic field	Value of investment (thou. USD)
1	ISPAT SIDEX	Holland Antilles	Industry-Siderurgy	485.215,7
2	MOBIFON	Netherlands	Telecom.	330.622,3
3	ROMPETROL RAFINARE – PETROMIDIA	Netherlands	Industry-Refinery	309.009,2
4	AUTOMOBILE-DACIA	France	Industry-Auto	235.949,0
5	RAIFFEISEN BANK	Austria	Finance	171.746,1
6	DAEWOO AUTOMOBILE	South Korea	Industry-Auto	156.121,2
7	COLGATE-PALMOLIVE	USA	Industry	128.704,5
8	RAFO	Portugal	Industry-Refinery	111.770,8
9	ORANGE ROMÂNIA	Bermuda	Telecom.	103.317,5
10	SHELL ROMÂNIA	Great Britain	Industry-Refinery	100.509,9

Source: Voicilas D.M., 2010, Climatul investiþional si cadrul instituþional în România – disfuncþionalitãþi si perspective, Jurnalul Român de "Geopoliticã si Relaþii Internaþionale", URSA „Gheorghe Cristea", Bucuresti, Romania.

Great names in manufacturing, oil industry, machine building, telecommunications, banking and insurance system, are already present in Romania, as a result of the governmental politics. Privatization of large national companies in the metallurgical industry, petroleum, machinery or establishment, acquisitions and mergers in the telecommunications, food industry or the banking and insurance system have made the Romanian capital market to become multinational and under the influence of globalization. Leading transnational companies with great financial strength, a geographical coverage at global level, many subsidiaries on all continents, great number of employees, but, at the same time, also famous because their product quality and professionalism proved in the activities they carry, are already present in Romania. The influence of these companies on the Romanian business environment, but also on the consumer's behavior, is high and it only brings benefits. The

tough competition faced by Romanian companies can only have good results on medium and long term, and most consumers will win. The development of consumer's culture is reflected primarily in changing the attitude of buyers towards the products on the market and offers many opportunities, on the one hand to producers in the industry and on the other hand to actors working in related areas: production of raw materials, production and import of machinery and packaging materials, etc. It is one of the ways of progress and cultural emancipation of a nation. And if we look ahead, to the major privatizations which are prepared, especially in banking, energy or transport, we can only be optimistic that this time we will follow the steps to the end that the growing economy and restructuring, like the one of Romania, will achieve a healthy growth.

Institutional malfunctions

In this part of the work we intend to present the main features of the Romanian business environment, from the perspective of foreign investors, as they perceive Romania by the experience accumulated during the transition years and the main mulfunctions, identified in different studies, connected to the relations between investors and institutions.

The main institutions responsible for attracting, managing and supporting investors, especially foreign investors, in Romania are: Romanian Trade and Invest (RTI), The Romanian Chamber of Trade and Industry (CCIR), The National Trade Register Office (ONRC). These bodies operate in accordance with the government's policies developed in this field. In addition to these, in Romania exist associations and organizations established by foreign investors, and of these, of interest and with major impact on the business environment is the Foreign Investors Council (CIS).

We can identify several factors that led to the negative perception of the Romanian business environment, in the eyes of investors, in 90's: the slow pace of privatization, reform hesitation in all sectors, legislative and institutional instability, high levels of taxation and its lack of transparency, widespread poverty and low purchasing power, lack of a clear and stable policy of priorities on the national economy, tax evasion and underground economy, bureaucracy, corruption, transfer of ownership and legal condition of the land (buildings), lack of information and unfavorable information, "miners crusades" ethnic conflicts, religious conflicts mysteries of the Romanian Revolution, "lack of professionalism and independence of the judiciary system, the problem of institutionalized children, the issue of adoption, political clienteles, dubious business nationwide with international implications, etc.

Closer to present, the World Bank reports [*World Bank* 2010], have often criticized the defective mechanisms of functioning of institutions and the relationships with entrepreneurs. The focus is primarily on the Ministry of Finance (MF) and National Agency for Fiscal Administration (ANAF). According to the WB[5], the main challenges of ANAF are particularly the improving of the collection system and the increase of the voluntary compliance of taxpayers.

WB experts warn about an extensive network of territorial directorates of finance network that increase the costs of collection and waste much of the resources in routine processes. The World Bank, the payment of taxes in Romania is a pretty big burden for the taxpayer, in an institution's report, Romania being ranked 149 in the world out of 183 countries in terms of time spent on paperwork and pay taxes[6]. Total fees to be paid in Romania are 113, say international experts. Although the Financial Guard carried out annually a large number of controls, only very few end up in court.

The World Bank report [*World Bank* 2010], more precisely, out of a few thousand cases a year, very few end up in court, and in 2009 there were only three convictions. This indicates that there are serious problems in the selection of cases, either in quality investigations.

According to Transparency International organization, Romania ranked in 2010 last in the EU Member States as regards the general perception of corruption on a par with Bulgaria and Greece (Transparency International, 2010).Thus, Romania is perceived as the most corrupt country in the EU, given that 2009 is the first of the last seven years that has not made any progress in fighting corruption, says the report published by Transparency International.

Romania scored 3.8 points out of 10 score equal to that of the previous year, back in last place in the rankings, which it disputes with Bulgaria and Greece[7]. Bulgaria has achieved the same score for Romania as a result of an increase of 0.2 points and Greece reached this position due to the loss of 0.9 points compared to 2008. Score obtained in 2009 indicates capping Romania, this being the first year since 2002 that has not shown any improvement in the results obtained in the fight against corruption. Stagnation is the result of a lack of strategic leadership in the legislative and institutional measures, which led to excessive vulnerability of all the pillars of integrity and to damaging the credibility of reform and Romania in general.

Globally, the 2009 Transparency study analyzes 180 countries, Romania being at 71 and being overtaken by countries such as Barbados (ranked 20th), Botswana (37th), Namibia (No. 56), Cuba (No. 61) and Ghana (69th). Ranking first is New Zealand in an index of 9.4 followed by Denmark 9.3 and Sweden and Singapore, both with 9.2. By contrast, the lowest score was recorded in Somalia (1.1), followed by Afghanistan and Sudan 1.3 on a par with Iraq, 1.5.

We mention that the Corruption Perception Index of Transparency International is a composite index, based on data on corruption in specialized surveys conducted by several independent and reputable institutions and ranks countries according to the degree that corruption is perceived among public officials and po-

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[5] Web site of WB for Romania [http://www.worldbank.org.ro/WBSITE/EXTERNAL/COUN-TRIES/ECAEXT/ROMANIAEXTN/0,,menuPK:275159~pagePK:141159~piPK:141110~theSitePK:275154,00.html].

[6] The World Bank 2010: Doing Business 2011: Making a Difference for Entrepreneurs, The World Bank Romania, Bucuresti [http://documents.worldbank.org/curated/en/2010/01/13686183/doing-business-2011-romania-making-diff].

[7] Alistar V., et al. 2008/2009: The National Corruption Report 2009, Transparency International Romania, Bucuresti, Romania.

liticians. It reflects the view of businesspeople and analysts from around the world, including experts from the assessed countries.

The Foreign Investors Council analyzes the most critical aspects of the current economic climate, both in terms of overcoming the financial crisis and for adopting the measures required to strengthen administrative capacity of state institutions. The member companies of the CIS are important players in the Romanian economy by contributing to the creation of over 30% of national income[8]. CIS's main objective is to promote dialogue between investors and policy makers to improve the business environment in Romania. Consistent with this objective, members of the CIS, based on international experience, make recommendations to improve the business environment and are partners in both institutionalized dialogue with the Romanian authorities and with international financial institutions, IMF, EU, World Bank.

CIS believes that reducing staff costs, while increasing the efficiency of services provided by state institutions are a direct and immediate measure to restore the balance between revenue and spending. Immediate results can be achieved by a priority allocation of financial resources, of the existing availability, to certain categories of expenditure, primarily by investment especially in infrastructure. It thus creates jobs, it stimulates other sectors of the economy and in the end is a signal to business that the economy can return to growth.

The evolution of the economy is still under the signs of recession. Therefore, increasing revenues as a means of balancing the budget is very difficult to estimate and a tax increase would have little chance to bring additional revenue to the state budget. CIS believes that better results could be achieved by measures to encourage taxpayers who have a high degree of tax compliance on the one hand, and tougher penalties for default and evasion, on the other hand.

For business the transparency and predictability of tax rules in the economy are the most important elements of business plans for short and medium term. The President of CIS, concluded in an interview[9]: "...The CIS considers it essential that governments and political parties should be aware of the seriousness of the situation and implement a coherent plan quickly and reliably. Measures envisaged, even if they also have social impacts must be taken without delay. The lack of firm action or postponing decisions will continue to induce a state of uncertainty in the business environment and will delay Romania's chance of overcoming the crisis''.

Investors recommendations

At the end of 2010 CIS has launched an action plan with 80 measures, entitled *Program for economic growth – Priority actions to restart the economy*, which aims to rapidly restore the Romanian economy on an upward trajectory. The action plan is the result of collective and voluntary contribution of members of the Foreign Investors Council. In June 2010, the organization has conducted

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[8] According to the web site of CIS [http://www.fic.ro/].
[9] According to the web site of CIS [available at: http://www.fic.ro].

extensive research among its members and has resulted in over 100 measures that the authorities and the private sector can take to improve the business climate in Romania. Eighty actions were included in the measure plan, while 12 of them are a priority for short-term economic recovery.

The solutions proposed by the document have been structured in 10 fields of action corresponding to the key goals of today's economy. These are: to stabilize the macroeconomic environment, the implementation of better governance, support the development of small and medium enterprises (SMEs), supporting investment in the economy, access to financing from EU funds, developing the necessary infrastructure for a modern economy, realizes the potential in agriculture, the pursuit of tax policies which stimulate growth, legal reform and public sector modernization. Foreign Investors Council prioritized the most urgent and important 12 steps that can bring economic growth in a short time.

In our opinion and according to CIS studies[10], there are a few priority measures, as follows:

Macroeconomics

Priority actions to stabilize the macroeconomic environment in the Ministry of Finance are introducing a register of the claims made by the state budget and start the "First Home 3" to revitalize the real estate and construction. By 2015, it is expected that these measures should generate aggregate credit of 1.4 billion euros, representing a cumulative increase of 0.6% of GDP. Moreover, measures are expected to lead to the creation of 12,000 new jobs which will be reflected in an increase of 0.5% of budget revenues. Budgetary costs are estimated at 70 million euros and will only correspond to the implementation of the "First Home 3".

Public investment

Public investment will be supported further by setting a clear, transparent and accelerated timetable for the privatization of state-owned companies through capital market. It is also necessary local and international listing of the property fund. All proceeds obtained from the sale of majority and minority packages of shares still held by the state, estimated at two billion euros should be invested in infrastructure. This will increase GDP by 2% and revenues by 1.6% advance.

Infrastructure

The document further defines two priority actions to provide the Romanian economy with modern infrastructure. First, Romania could join Bulgaria and Hungary in the application for organizing the European Football Championship in 2020. Action would lead to the development of the country's infrastructure at a total cost estimated at 10 billion euros, which will be distributed over ten years, meaning an annual GDP growth of one percent. First estimates show that the number of tourists coming to Romania will increase by one million during the Championship and half a million every year thereafter. Secondly, the CIS believes that co-financing models for infrastructure development are beneficial to

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[10] Consiliul Investitorilor Străini, 2010: Program for economic growth – Priority actions to restart the economy, Consiliul Investitorilor Străini, Bucuresti, Romania.

speed up the process; the private sector is prepared to help bear the cost of starting a large infrastructure project proposed by the Government.

Fiscal policy

The central priority is related to fiscal policy; it focuses to controls taxpayers who have a high risk of tax evasion. The private sector is willing to financially support the fight against tax evasion, hiring security companies to improve customs control. By lowering evasion, approximately 460 million euros will be available annually for investment, it is expected to show 46,500 new jobs over the medium term, which in turn will lead to an increase of 1.8% of budget revenues.

EU funds

In terms of improving the absorption of EU funds, priority actions are either outsourcing or centralizing the management process of accessing funds, or revision of state employee bonus schemes working with EU funds, linking revenue to performance. The first solution will result in attracting annual structural funds worth about 400 million euros, representing a 3.6% of GDP growth by 2015. Moreover, the 75,000 new employees expected on medium term will contribute, in turn, to an increase of 2.9% of budget revenues. First action costs are estimated to reach 400 million euros (0.3% of GDP). The second measure is expected to bring 144 million euros annually from the absorption for agriculture, resulting in a cumulative increase of 1.3% of GDP. The 26,000 new jobs are expected to increase revenues by 1%, while medium-term costs are expected to be of 140 million euros. Bonuses for 8,000 employees are expected to reach 2–3 million per month.

Government

Performance and efficiency principles are at the basis of the proposed reform of public administration. The efficiency of structures by evaluating the quality service skills of employees through the implementation of e-Government is expected to have a positive social and financial impact.

Agriculture

In agriculture, the main priority is to accelerate investment in infrastructure by attracting EU funding of 150 million euros annually. The measure will reduce the trade deficit and inflation and will cost around 40 million. Furthermore, the document strongly recommends setting clear strategies in the field to increase the predictability and investment.

In the same time, there is a priority to invest in stocks and markets (land and labor), having in view that, through them is possible to regulate the prices of the agricultural products and specialized the markets. Together with all these investments, a new necessity of the sector appears and it is the investment in the infrastructure of the knowledge transfer.

SMEs

Priority Action to support SME development is the creation of subsidized credit facilities through the joint contributions of the public sector and the banks. 250 million loans or an increase of 0.5% of GDP and 9,000 new jobs are projected. The latter will be reflected on the increased revenues by 0.4%.

Legal system

The most urgent action to reform the legal system is to adjust the labor law in the sense of making it flexible and of preparing it to be more adaptable to changes in context. The result will be a decrease by a percentage of unemployment and the creation of 84,000 temporary and permanent short term jobs.

Governance

Finally, a more effective management of Romania will be guaranteed by creating a Council for Economic Development (CED) to assist in designing sound economic policies. CED would include renowned professors and researchers in their field of expertise and public and private sector representatives and the employers. Alternatively, CED could act as an advisory entity arising from the private and the presidency or the government to provide ideas for growth. The creation and management of CED could be supported financially by the private sector.

In the end, we want to highlight some suggestions resulted from the WB Report 2010, which includes:

– reducing the number of separate payments of tax. Develop a system to reduce face to face interaction with the taxpayer,

– WB also recommends that, when there will be a well-tuned system, the services of the territory to be replaced with information on the Internet and call center services,

Another important aspect is concerned by reports WB state companies[11] and their relations with the authorities. Thus, one can notice that state companies should be controlled directly by the Ministry of Finance. The Ministry of Finance control over state-owned companies is limited, according to World Bank report. It states that "corporate budgets are presented for approval to the MF, and it is unclear how these budgets were constructed strategically". The financial situation of public companies with losses can create imbalances that affect the state budget, say experts of the World Bank. An example is such debt accrued by these companies to the state budget and to private providers.

Other suggestions mentioned[12]:

– World Bank suggests that medium-term Program of MF should play a direct role in managing state assets, especially in organizing state companies and monitor debts. WB report states "Romania could improve monitoring of the state on the companies to which it is a shareholder by setting up a government body to deal strictly with their monitoring. The new entity may be a direction of the Ministry of Finance, or a new agency under the Ministry",

– the new institution will be responsible for the efficient management of state companies and will provide regular reporting on their performance.

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[11] The World Bank, 2010: Doing Business 2011: Making a Difference for Entrepreneurs, The World Bank Romania, Bucuresti [http://documents.worldbank.org/curated/en/2010/01/13686183/doing-business-2011-romania-making-diff].
[12] Ibidem.

BM also notes that MF personnel are oversized so that Romania may have to get more employees than the Ministry of Finance of France and Germany.

Ministry of Finance had, at the level of 2010 year, according to the report, 1867 authorized positions of which 1432 are employed. "The number of employees of the facility far exceeds the number of employees of ministries of finance from other European countries like England, Germany or France". WB suggests that the number of employees in MF should be reduced by about 200–300 people, structure enabling the ministry to work. According to the World Bank, the clearing system at the MF is unfair and not transparent. "Numerous bonuses are granted and they are unevenly distributed within the ministry; they represent about 30% of staff bill of the institution". The World Bank experts said that ministry staff allocation is not in line with current needs.

The suggestions offered in the report[13]:

– Reduction in staff by about 200–300 employees,
– BM proposes a rearrangement of human resources based on strategic priorities.

CONCLUSIONS AND OPENINGS

1. On the global competitiveness scale, Romania's economy dropped by 10 positions (from position 67 in the year 2010, to position 77 in 2011). More surprising is the fact that we are below Bulgaria, which "dropped" by only 3 positions (from position 71 in 2010, to position 74 in 2011).

2. GVA in agriculture, five years after the accession, is by 7.2% lower than in 2006, after a sinuous evolution (three drops and two growths), reflecting both the relative high instability of agriculture (weather dependency) and the non-functional assimilation of the EU agri-food market management mechanisms.

3. At five years after accession, agriculture continues "to work" with the lowest real prices and their level is expected to be by 13.1% lower in the year 2011 compared to the year 2006.

4. Romania's presence on the European Single Market meant a slight process of relative instability diminution, more in prices than in quantities.

5. The average productivity of fixed capital in Romania's economy had a steady decreasing trend, from 3.15 RON GVA-total ('07 prices) to one RON fixed capital stock ('07 prices), in the year 1990, to 0.45 RON / RON, in the year 2007.

6. Thus, with the diminution rates in the period 1997–2000, of the energy intensity of the economy, Romania could reach the average 2008 Community level after 121.2 years, with the "pair" of rates from 2001–2004, full convergence could be reached in 32.7 year, while with the "rates" of the period 2005–2008, 42.4 years would be needed in order to recover the energy performance gap between Romania and the EU-27 community average.

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[13] Ibidem.

7. In the half decade of existence of the European Single Market, there is still the same "defective" correlation of the Romanian economy – faster growth of the real average wages (+34.2%) compared to labour productivity (+6.9%), the sharpest increase being signaled out in the period 2007–2008, followed by that estimated for this year.

8. The analysis of trends in the three consumer price ratios, seen from the agri-food economy perspective, reveals the fact that the contribution of the food commodity price movement to 'feeding' the general growth of consumer prices experienced an obvious diminution tendency, compared to the other two components of the total aggregate.

9. Five years of EU membership practically meant a persistence of agricultural production rebound (by 7.4% in the year 2011 compared to 2006), but also a consistent advance of food production (by 36.2%), which can make up for less than half of the decline compared to 1989.

10. The structural changes in the configuration of certain agri-food chains that generate performance through competitiveness have not been produced yet; we rather witness the persistence of reductive trends of value added multiplying effects generated by the sector in overall national economy.

11. The very low export propensity, corroborated with the very strong import propensity, determined in essence an average commercial openness level ranging from 2.2% (1994) to 9.7% (2008).

12. Under the background of a general diminution of the number of agricultural holdings by 13.4% in 2010 compared to 2002, and of a "loss" of utilized agricultural area of 4.5%, and in the context of the previously mentioned structural changes, the Ginni – Lorenz concentration coefficients were determined, which reached 0.952 (2002) and 0.960 (2010) respectively.

13. Still, there are many barriers in the activity of the businessman, like corruption and bureaucracy.

14. The institutions and the investors are not partners in the game of business.

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RUMUŃSKA GOSPODARKA ROLNO-ŻYWNOŚCIOWA I INWESTYCJE W OSTATNICH 20 LATACH – SPECJALNE STUDIUM OSTATNICH 5 LAT CZŁONKOSTWA W UE

Abstrakt. Zaczynając od miejsca gospodarki rumuńskiej na globalnej skali konkurencyjności (na której Rumunia spadła o dziesięć pozycji w ostatnim roku) i roli sektora rolno-spożywczego, jako istotnego czynnika napędzającego gospodarkę, w opracowaniu podjęto próbę ustalenia pewnych zbiorów zmiennych decydujących o bezwynikowym generowaniu wartości dodanej (takich jak poziom i dynamika roczna), które wywołały radykalne zmiany w strukturze udziału głównych sektorów (rolnictwo, przemysł i budownictwo) w najistotniejszych zasobach gospodarki (zatrudnienie, kapitał trwały i inwestycje netto) oraz w osiąganych przez nią wynikach (wartość dodana brutto).

Pierwszy zbiór zmiennych jest typu korelacyjnego, na poziomie makroekonomicznym (energochłonność gospodarki, korelacja płace realne – wydajnoś", proporcje między składnikami wskaźnika cen detalicznych).

Drugim typem zmiennych są zmienne o charakterze sektorowym, na poziomie gospodarki rolno-żywnościowej (dezintegrujące „podwójne pęknięcie", efekty ekonomiczne powodujące wzrost i spadek). Trzeci zbiór zmiennych, wpływających na obniżenie wyników, jest typu strukturalnego, w tzw. łańcuchu „rolno-żywnościowym" (trójwymiarowa struktura łańcucha rolno-żywnościowego – działacze gospodarczy, osoby zatrudnione i wytworzona wartość dodana brutto, przeciętna rolno-żywnościowa otwartość handlowa). Na koniec zaznaczono wagę stosunków między biznesmenami i instytucjami, jak regulatora i interfejsu – instytucjami i organizacjami, które posiadają atrybuty w dziedzinie inwestycji i przyczyniają się do tworzenia wartości dodanej w gospodarce. Powinno się mieć na uwadze fakt, że opierając się na analizie wkładu instytucji w kształtowanie środowiska biznesowego i uwzględniając zalecenia inwestorów i ich spojrzenie na sprawy rynku, można będzie z łatwością określić profil gospodarki. Postawa inwestorów pozwala zawsze w sposób miarodajny ocenić dojrzałość gospodarki.

Słowa kluczowe: konkurencyjność globalna, rolno-żywnościowa otwartość handlowa, instytucje, inwestycje