

Aspect of economic development in the rural area in Romania. Case study, South Muntenia Development Region

Andrei Radu Iova¹, Daniela Crețu²

Abstract: *The organizational and economic characteristics of South-Muntenia Region are included in the implementation of the regional policies in Romania, highlighting the economic specific of the region due to relief, demographic issues and employment, economic evolution of the industry sector, the agricultural sector and services, transport and tourism of the region. The data on the region's economic situation are statistical data collected and processed in the period 2004-2012. In order to characterize the macroeconomic aspect of South-Muntenia Region, the analysis of regional GDP indicator was used, in the period 2004-2011, compared to the national GDP.*

Key words: *rural area, economic potential, infrastructure, rural area, Regional Gross Domestic Product.*

INTRODUCTION

South-Muntenia Region has a surface of 34,453 kmp and represents 14.45% of Romania surface [5].

South-Muntenia Region borders in the North with Center Region, in the North-East with South-East Region, in the South with Bulgaria, the limit being given by the natural border – the Danube river and in the West with South-West Region. The presence of the Danube river in the South part of the region gives it the ability to communicate with the 8 river countries and through the Danube – the Black Sea Channel, to reach the Black Sea and have access to Constanța Harbour. Including the country's capital - Bucharest within the region is by existing infrastructure, including Henri Coandă International Airport, an economic and social advantage. South-Muntenia Region consists of [5]: 7 counties: Argeș (6.826 kmp), Călărași (5.088 kmp), Dâmbovița (4.054 kmp), Ialomița (4.453 kmp), Giurgiu (3.526 kmp), Prahova (4.716 kmp) and Teleorman (5.790 kmp).

The rural area of the region is from administrative point of view formed of 7 counties, in 2013 containing 519 communes, with 2019 villages [1]. Unlike the urban area, by the profile of the economic activities, of the occupational structure and available resources, the rural area through the available development potential plays an important role in the social and economic life of the region.

LAYOUT

MATERIALS AND METHODS

In order to study the rural area realities of Călărași county, 3 specific research methods were used: the dynamic, deductive and quantitative economic analysis; SWOT analysis; economic inquiry and participatory research that involves gathering information from the territory using as research technique the "interview".

The study on the analysis of the economic potential of South-Muntenia Development Region had as starting point the analysis and processing of data and information from the following sources: The Romanian Statistical Yearbook - Edition 2013; The socio - economic profile of South-Muntenia Region, the Pre-Accession Economic Plan of Romania; Statistical data from the Chamber of Commerce and Industry and from the County Agency for Work Force Training and Employment; Statistical data from the Department for Agriculture and Rural Development; the development strategy of each county elaborated by the county council; Publications of the National Institute of Statistics and data obtained from interviews with the political stakeholders in the analyzed area.

The starting point in identifying the region's economic development was to analyze the social, economic and institutional reforms that led to the identification of the key issues, in order to establish a strategic direction that supports and is according to the overall purpose of the regional Development Strategy.

The results obtained from the interpretation of this set of data led to the elaboration of a research report, based on which actions were identified for the business development; human resources development; local public administration development; social services development.

RESULTS AND DISCUSSIONS

In order to highlight the contribution of the agricultural activities in South-Muntenia Region to achieve regional GDP, the analysis of this economic indicator was performed at regional and national macroeconomic level. Presenting under a synthetic form of total regional GDP Romania, South-Muntenia regional GDP and the share of agriculture in these indicators of economic development that highlight the economic results of this sector is shown in Table 1.

The dynamics of South-Muntenia Region regional GDP in the period 2004-2011, shows the absolute values of its increase from 31439.1 million lei current prices in 2004 to 52013.5 million lei current prices in 2007, 65141.8 in 2009 and 66114.8 in 2011, the share of national GDP remained relatively constant at 12.71% in 2004, 12.50% in 2007, 12.99% in 2009 and 12.63% respectively in 2011 [1].

Table 1. Evolution of national and regional gross domestic product, in the period 2004-2011

Specification	Year 2004		year 2007		year 2009		year 2011	
	mil. lei current prices	%	mil. Lei current prices	%	mil. lei current prices	%	mil. Lei current prices	%
Total regional GDP – Romania	247.368,0	100,0	416.006,8	100,0	501.139,4	100,0	523.693,3	100,0
Total regional GDP South-Muntenia	31.439,1	12,7	52.013,5	12,5	65.141,8	13,0	66.114,8	12,6
Total Romania -Agriculture, hunting and forestry	31.041,2	12,5	23.966,3	5,8	32.297,8	6,4	29.874,2	5,7
Total South-Muntenia Region -Agriculture, hunting and forestry	5.752,0	2,3	3.680,5	0,9	5.781,2	1,2	5298	1,0

Processed according to: Romania Statistical Yearbook, 2005, 2006, 2008, 2012, INS [1]

The share of agriculture in regional GDP value recorded a sharp decreasing trend, from 18.30% in 2004 to 7.08% in 2007, with a slight increase in 2009, followed by a decrease to 8.02 in 2011, reflecting the same decreasing dynamic at regional level of the share of agriculture in national GDP value, it recorded a share of 12.54% in 2004, which falls to a share of 5.76% in 2007, a slight increase from 6.44% in 2009, and in 2011 recorded a decrease to 5.71%.

The general characteristics of the industry in South-Muntenia Region are: the complexity and diversity of the region industry, covering all component sectors, relying at the same time on the richness and variety of the existing natural resources; the industrial areas are situated and generally belong to the large communities such as municipalities and towns, which are concentrated mainly in the three counties in the North part of the region, Prahova, Dâmbovița and Argeș; the region industry is partly under the influence of the decline in the national economy. [3]

The industry of the region, largely based on traditional activities and spatially oriented according to the location of the natural resources, covering all component sectors, from extraction and processing of oil and natural gas to the materials construction.

The industrial activities were made at the regional level within 13,817 companies in 2008 and 13,385 companies in 2012, their structure is presented depending on the main industries, on size types and on the number of employees in Table 2. The total number of companies decreased by 3.12% in 2012 compared to 2008, specifically, 17.4% in manufacturing and electricity, and gas and water by 45.2% [1].

Table 2. Companies structure, on industrial sectors, size types and number of employees year 2012, in South-Muntenia region

No. crt	Type of activity	UM	Total no of companies	From which: on size types, no of employees			
				0-9	9 to 49	50-249	250 and over
	Total from which:	No	13385	10.130	2340	748	167
		%	100,0	75,7	17,5	5,6	1,2
1.	Extractive industry	No	186	97	64	15	10
		%	100,0	52,2	34,4	8,1	5,4
2.	Processing industry	No	6444	4.398	1.414	497	135
		%	100,0	68,2	21,9	7,7	2,1
3.	Electricity, heating, gas and water	No	69	26	23	13	7
		%	100,0	37,7	33,3	18,8	10,1
4.	Constructions	No	6686	5609	839	223	15
		%	100,0	83,9	12,5	3,3	0,2

Processed according to: Romania Statistical Yearbook, edition 2013, INS [1]

The industry is the most important economic sector of the region, taking into account that the companies in the industrial sector achieved 48.17% and 46.62% of total turnover in the region in 2008 and 2012 [5]. In the region there are 11 industrial, scientific and technological parks (one third of all existing in Romania), 5 of which are located in Prahova county. The development of the region in the last years, due to the completion of the major direct foreign investments led to a substantial increase in productivity, bringing both modern technology and best practices. The high level of investment in the region is due to the capital increases (from Dacia-Renault in the automotive industry, Petrotel-Lukoil, Unilever), new green field investments such as those made by Saint Gobain (glass industry) at Tenaris Silcotub etc [2].

In South-Muntenia Region, the value of direct foreign investments increased, so that, in 2011 South-Muntenia Region had the 4th place in the top of the most attractive regions for foreign investors at national level, representing a value of 3.646 mil. euro, that is 7% of the total value of direct foreign investments achieved in Romania and in 2012 it had the 3rd place with 4.059 mil. Euro (7.37% of the total value of foreign direct investments achieved in Romania) [4].

In 2011, in South-Muntenia Region, 20,921 new companies were created, representing 12,32% of the total companies created at national level [3].

The services sector recorded a positive trend in the last years in some sectors. Currently it covers a wide range of activities oriented towards domains such as banking, insurance, transport, real estate, post office and telecommunications, tourism, education, health and social assistance, consultancy, etc. At the region level, in 2012, 9287 active local units operated, the employment being of 50 886 employees and the turnover was 4,785 thousand [4]. In the last years, a positive trend had the activities in banking and insurance sectors.

In 2012 the **trade chapter** 23.522 active local units operated, of which 23,498 SMEs (99.9%). The turnover of SMEs in trade was 27,994 thousand, and the employment of employees was 98,384. [5]

Private sector. The factor for the market economy functioning, the private sector in the regional economy developed relatively slow, being oriented towards the small units in the sectors producing consume goods, attractive in terms of capital rotation and of prospects for domestic and foreign market access. The privatization process in the last years had a significant impact on the evolution of the entire regional economy, favouring the creation of a healthy, competitive business environment.

SME structure on activity sectors, size types and their share in total number of

companies in the private sector in 2012 is shown in Table 3. Thus it appears that: the highest share belongs to the local active units in trade, 44.7% of the total, followed by the share of units in manufacturing, construction and other activities, respectively, 10.6%, 10.5% and 16,9%. As regards the number of employees, it can be seen that for all activities listed, the majority are units with 0 to 9 employees.

Table 3. Structure of local active units in private sector in industry, constructions, trade and other services in South-Muntenia Region, in 2012

No. crt.	Activity sector	Total companies		From which: on size types according to the number of employees		
		no	%	0-9	10 la 49	50-249
Total		47985	100,0	41165	5516	1113
1.	Extractive industry	187	0,4	99	65	17
2.	Processing industry	5068	10,6	3283	1229	446
3.	Electricity, heating, gas and water	83	0,2	34	30	9
4.	Constructions	5026	10,5	3981	878	155
5.	Trade	21453	44,7	19450	1821	173
6.	Hotels and restaurants	2065	4,3	1762	272	30
7.	Transport, storage and communications	4079	8,5	3596	393	74
8.	Real estate	841	1,8	779	83	8
9.	Education	273	0,6	234	38	1
10.	Health and social assistance	791	1,6	711	73	7
11.	Other services activities	8101	16,9	854	44	7

Processed according to: Romania Statistical Yearbook, edition 2013, INS [1]

Tourism. The region has a tourism potential that knows an increased dynamic, making it one of the most important economic sectors, its contribution to the socio-economic revival of the region being substantial. The main tourist attractions have been mountain resorts in Prahova Valley, the hotel network being capable to cover mostly the accommodation needs and adequate tourism infrastructure. Spa tourism in the region is provided by three spas (Slănic-Prahova, Pucioasa and Amara), accommodation, the treatment units and the quality of services largely satisfy the tourists requirements. The tourist attractiveness of the region is given by the existence of some values and cultural and historical monuments as well as some natural parks located in Bucegi and Piatra Craiului Mountains. The South area of the region and in particular the Danube river area has enough tourism potential unused so far, but that is an opportunity to develop the tourism. In 2012, the capacity was of 22,138 accommodation places, this use index was 34.2%. In that year the region held 7.0% of the accommodation capacity in operation in the country [5] A key element in the tourism development and for the increase of the number of tourists is the improvement and development of the tourism information centres and tourist promotion. Highlighting the Danube, with its wild islands with Delta flora and fauna of lakes and ponds filled with fish, together with hunting in the deciduous forests all would lead the development of sports tourism sector, in an unique natural and ecologic environment [3].

Environment. The environment problems and concern for it requires some concrete measures to protect and need to preserve the biodiversity. Protecting the environment requires a responsible approach for measures to control pollution. The environmental quality depending on the evaluation of the individual components of pollution (air, water, soil, forests, etc.), differs within the region from one area to another, being determined by its specific and characteristics.

CONCLUSIONS AND FUTURE WORK

From the analysis of the specific economic aspects of South-Muntenia development following conclusions result:

- Lack of a comprehensive development strategy for the SME sector, correlated with

the economic and social development needs of the region, led to the creation of SMEs in general in the urban area and less in the rural area. The structure of SMEs on size, still indicate the predominance of small companies (99.6 %) given that in many parts of the region representatives SMEs were created and developed, both in size and importance (in South-Muntenia Region 0.4% are large companies) .

- The economic and human potential, the geography and the high level of urbanization and industrialization, specially the North area of the region, were the favourable conditions to attract foreign investment entering. However, the business opportunities offered by the region, led to the decision of some known foreign companies to invest in it. Located mainly in the North of the region, currently the following companies operate : Shell , Unilever , Renault, Maz - Melnhof - Austria - Germany DBW , Lukoil , PCC USA , Coca -Cola, Efes -Pilsner , Koyo Seiko, etc.

- A way of revitalizing the rural area in the regional economic context, is the development and promotion of its specific services sector and activities based on the local resources using. The rural area potential, largely seen only through the existing agricultural areas and activities related to their work relies on the existence of some specific resources sufficiently exploited so far and that can be an alternative and also an opportunity to diversify the rural economy related to the activities such as agriculture and non-agriculture specific in the sector of agro-food products processing, manufacturing processing and agro-tourism.

- South-Muntenia Region is a region with high opportunities of increase, with national economic results higher than the national average, ranking on the third place at national level. Domains that will develop in the near future are : construction, financial transactions, tourism and agriculture .

REFERENCES

[1] *** Romania Statistical Yearbook 2005 -2013, INS

[2] CRETU Daniela, IOVA Radu Andrei "SOCIAL -ECONOMICAL DEVELOPMENT STRATEGY – OF RURAL COMMUNITIES. CASE STUDY - CALARASI COUNTY"- International Symposium-Agrarian economy and rural development-realities and perspectives for Romania, 23-24 September 2010 -Ed. ARS ACADEMICA, București

[3] Iova Radu Andrei, Daniela Cretu -, Perception of the life quality in the rural communities in Romania case study- Călărași county , LAMBERT ACADEMIC Publishing, Germany, 2013

[4] Iova Radu Andrei -The analysis of the potential for the economic re-launch of Călărași county

Scientific papers series management , economic engineering in agriculture and rural development vol. 11 (1) /2013 , Publishing House DO-MINO , București 2013

[5] Details about South-Muntenia Region, Source: http://www.adrmuntenia.ro/pagini/detalii_despre_regiunea_sud_muntenia_si_harti.html

About the authors"

1. Asist.univ.dr. Andrei Radu Iova, University of Agronomic Sciences and Veterinary Medicine București – Călărași Branch, no. 1 Blvd. N Titulescu, Călărași, Romania, tel. 00740450506, e-mail: andrei_anglia@yahoo.com

2.Conf. Univ. Dr. Daniela Cretu, University of Agronomic Sciences and Veterinary medicine București – Călărași Branch, no. 1, Blvd. N Titulescu,, Călărași, Romania, tel. 00740207985., e-mai: danielacretu5@yahoo.com

This paper has been reviewed.