GDP and Foreign Investments Evolution

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Abstract
In this paper, we analyze the main results regarding evolution of the national economy in recent years. This period is characterized by sinuous development of economy under the impact of several events with major influence on social-economic development.

The results of most synthetic development of the national economy is the gross domestic product. GDP and GDP/capita it shall be indicators that give substance in relation to the country's economic development in a given period. Gross domestic product is an indicator that describes the results achieved by the economic activity at the level of a country. The conclusions arising from this article have important significance both to the general evolution of GDP and FDI as well as economic factors, political or social, both external and internal.

Key words: GDP, evolution, analysis, investments, economics.

As from the III quarter 2008, the seasonally adjusted Gross Domestic Product recorded a constant decrease from one to another quarter. The biggest decrease has been recorded during the I quarter 2009 as against the IV quarter 2008 (-4.1%).

then, the GDP evolution, seasonally adjusted on the number of working days, constantly until 4th quarter, 2010.

It can be stated out that the biggest decrease has been recorded during the II quarter of 2010 while the smallest one occurred during the fourth quarter. The same positive rhythm was also observed in 2011. During Quarter IV, 2011 and Quarter I, 2012, GDP decreases were recorded again. During the third and fourth quarters of 2012, and also during the first and second trimesters of 2012, GDP increased in a slow rhythm.

In connection with the other European Union member countries, Romania recorded for the IV quarter 2010 as against the previous quarter, an economic decrease while a significant number of countries have recorded increases (Belgium, Denmark, France, Lithuania, Austria, Poland, Slovenia, Great Britain), or recorded decreases bellow 0.5%. Meantime, the overall GDP of the EU increased by 0.1%.

Comparatively with the IV quarter 2008, in 2009, 2010, 2011 and 2012, the EU member countries have recorded reduced volumes of the GDP, the biggest ones being recorded Latvia (-17.9%) and Lithuania (-13.2%), followed by Romania (-6.9%), Slovenia (-5.8%) and Hungary (-5.3%). The overall decrease at the EU level counted
for -2.3%. In 2009, it has maintained an accelerated decrease rhythm. In 2010, fourth quarter and 2011, some recovery, but uncertain, due to the crisis within the Euro union. In 2012, the unconvincing evolution of GDP continues, and in 2013 the first signs that show the beginning of a growth have occurred, a growth that is to manifest in the following period too.

Significant contributions to the negative evolution of the GDP during 2010, 2011 and 2012 comparatively with 2009 are given by the constructions, which recorded a decrease as well as by the section trade, cars and households appliances repair, hotels and restaurants, transports and telecommunications recording a decrease. The other branches have recorded small decreases of activity volumes.

The previously mentioned branches had the highest negative impact on the GDP volume decrease during the period 2009-2012 comparatively to 2008, as they have recorded decreases.

As far as the utilization is concerned, the highest impact on the GDP decrease during the period 2009-2012 comparatively with 2008, went to the gross forming of fix capital, the individual consumption of the population households, the collective consumption of the public administrations.

The increase of the exports of goods and services had a positive impact.

According to the seasonally adjusted data, the gross forming of fix capital had the biggest negative contribution. These reductions have been partially compensated by the increase of the volume of the exports of goods and services, and the collective consumption of the public administration.

Based of a comparison between the GDP structure by categories of utilizations in Romania as against the EU, there is a superior weight of the gross forming of fix capital and a lower weight of the exports of goods and services in Romania comparatively with the European Union.

- **GDP by ownership forms**

Out of the performed analysis, it results that for the period 2009-2012, for which there are provisional data, the private sector contributed with 72.4%-75.4% to the GDP forming. The weight of the private sector, still low, has been generated mainly by the gross added value in the agriculture. Such an influence is a normal one if to consider that the agriculture has to face negative natural conditions.

If comparing the weight of the private sector in the GDP achievement with the figures recorded for the previous periods, we find out that this weight is superior to all the periods being analyzed as from the year 2000, even as from the year 1990, up to date.

In 2010-2012, for which we are actually performing a complete analysis, we find that the weight of the private sector in the gross added value increased as for the constructions field.

What is really important is the fact that the weight of the private sector in the achievement of the gross added value by branches of the national economy and, eventually, to the GDP forming, kept on maintaining at a high level.
It is obvious that the privatization of other administrations or extending the privatization at the level of branches already privatized will have the targeted effect.

Here we have to underline the fact that such an analysis is not always pertinent since there will be and remain sectors of activity absolutely important for the national economy for which the state must keep its attributes of sole owner.

**Direct foreign investments**

Under the circumstances, according to the data provided by the NBR, it is resulting that in 2010 the total value of the direct foreign investment in Romania reached the level of 3,914 and for 2011\(^1\), it had the value of 3,329,432.4 thousand euro, in 2012 it was 2,856,416.6 thousand euro and recorded a value of 1,066,398.4 thousand euro for the first seven months of 2013.

### The value of the foreign direct investment flows

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9496</td>
<td>3488</td>
<td>2220</td>
<td>1920</td>
<td>1204</td>
<td>2315</td>
</tr>
<tr>
<td>Capital share</td>
<td>4873</td>
<td>1729</td>
<td>1824</td>
<td>1817</td>
<td>916</td>
<td>1805</td>
</tr>
<tr>
<td>Intra-group credits</td>
<td>4623</td>
<td>1759</td>
<td>396</td>
<td>594</td>
<td>288</td>
<td>510</td>
</tr>
</tbody>
</table>

*Data source: National Bank of Romania*

\(^*)\text{ Provisional data, on six months}\)

In the year 2010, 1,824 million euro of the direct foreign investment has been placed in the sector of “participations to capital” and 396 million euro represented intra-group credits.

### The value of the foreign direct investment flows

- **million euro**-

\(^*)\text{ semi-definitive data, **) revised data, ***) provisional data, 30.06.2013}\)

*Data source: National Bank of Romania.*

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\(^1\text{Anghelache, C-tin, Manole, Al., Prodan,L., Dincă, Z., Baltac, A. The decline of Capital Investments in Romania, Romanian Statistical Review, 2013/Trim.III.}\)
Meantime, by the end of 2010, the direct investment of the Romanian residents abroad counted for 1,675 million euro, this being the contribution evaluated by the documentary system available in the country. The year 2012 reveals a situation hard to figure. The foreign direct investment counted for 1,240 million euro only. Out of this amount, 69.3% have represented capital shares and 30.7% intra-group credits.

References
