
THE GROSS DOMESTIC PRODUCT EVOLUTION

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Abstract

In this paper, the authors perform an analysis of the evolution of the Gross Domestic Product of Romania during the recent period. The premise of the research is the fact that this indicator is the most important measure of the situation and evolution of a national economy. The analysis pursues the contribution of the various categories of resources and utilizations to the formation and modification of GDP, and also the dynamics of the indicator depending on the juridical dimension, that is the ownership forms.

Key words: GDP, evolution, resources, utilizations, property

As to the GDP evolution comparatively with the corresponding periods of the year 2009, in the case of Romania it is resulting, first of all, that the decrease of -1.3 compared to 2009 was reasonable. In 2012, an increase of GDP by some 1.1% was recorded.

GDP recorded in 2010 a value of 522,561.1 million lei, reaching 578,551.9 million lei in 2011, and 596,681.5 million lei, definitive, deflated data, in 2012.

The GDP value in 2013 increased by 3.5%, reaching 617,565.4 million lei, in the context of the crisis which, on both internal and international plan, continued to affect the economic evolution.

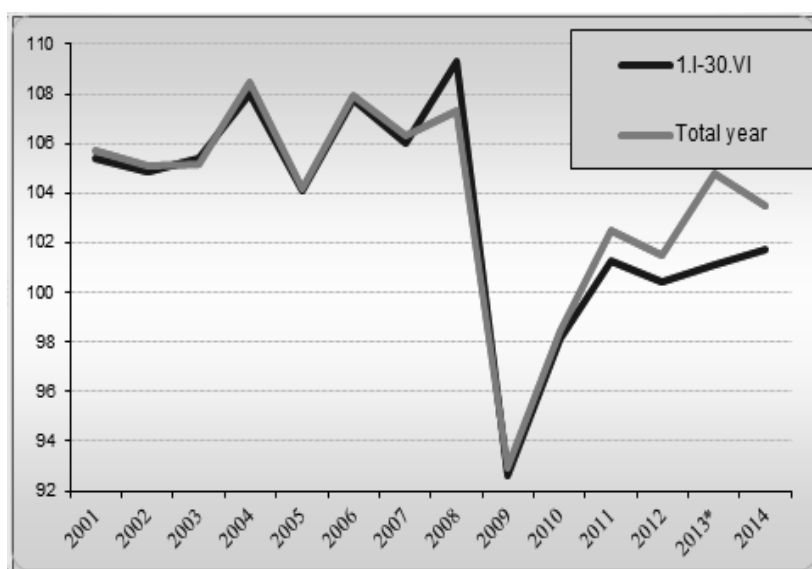
Quarterly GDP evolution in the year 2013

	2013 (%)			
	Trim.I	Trim.II	Trim.III	Trim.IV
Relative data	102.1	101.8	104.3	105.0

Data source: National Institute of Statistics, press release no. 243/08.10.2014

Over the period 2001-2008 GDP progressed in leaps, recording positive evolutions. Starting in 2009, under the influence of the economic-financial crisis, the decrease of the economic growth triggered.

The GDP evolution over the period 2001- 2014*
(The corresponding period of the previous year = 100)



*) provisional data, estimate for 2014

Data source: National Institute of Statistics, press release no. 243/08.10.2014

By comparing the Romania GDP increase level in 2012 with some other countries out of the European Union, we shall see that it counts as almost the lowest.

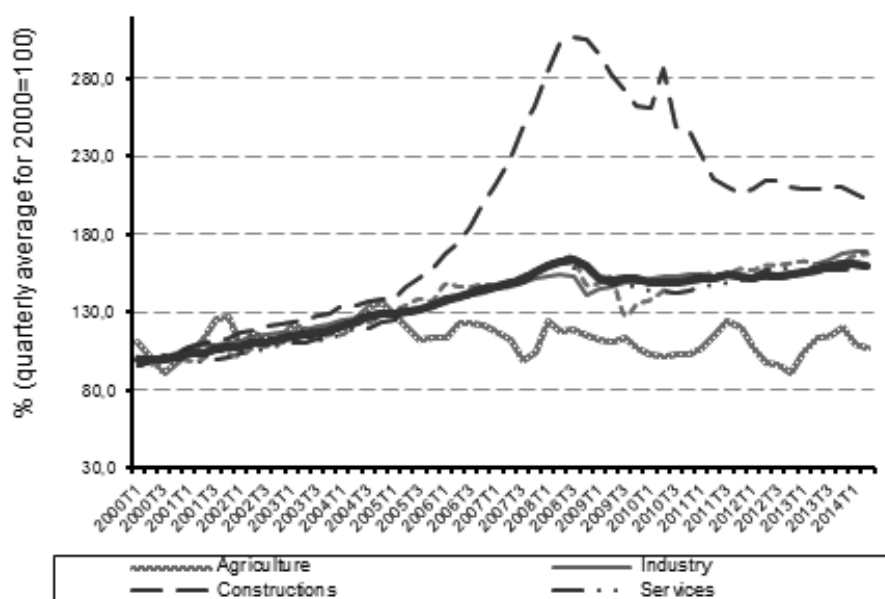
The analysis will get a more significant outline if we follow the way in which the GDP developed in 2013 and the first two quarters of 2014.

Thus, in Q1 2014 GDP grew by 3.9% as gross series (3,7% adjusted series) and in the second trimester grew by 1,2% gross series (1.5 adjusted series) as against the corresponding quarter of the previous year.

Evolution of quarterly Gross Domestic Product, 2012-2014
- in % against the corresponding period of the previous year -

Indicator	Period	Year	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Year
Gross series		2012	100.1	102.0	99.4	100.8	100.6
		2013	102.1	101.4	104.2	105.4	103.5
		2014	103.9	101.2	-	-	-
Seasonally adjusted series		2012	100.3	102.1	99.4	100.6	-
		2013	102.1	101.8	104.3	105.0	-
		2014	103.7	101.5	-	-	-

Data source: National Institute of Statistics, Press release no. 244/08.10.2014



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For the first semester of 2014, the volume of GDP, in current prices, was 327,126.2 million lei.

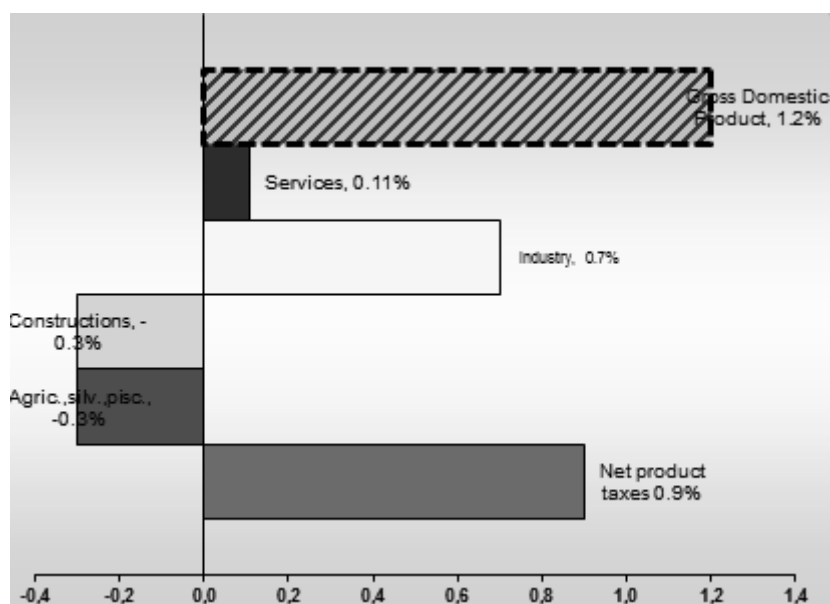
The GDP alteration factors by categories of resources

In 2013, as in the six months of 2014, the GDP has been achieved on the account of the activity carried out in the frame of the main branches of the national economy.

The contribution differed from the point of view of the gross added value recorded at the level of each branch. The net tax on product brought in the first semester of 2014 a positive contribution, representing some 13.2% out of the GDP, services activity contributed with 3.1%, constructions remained at the same level. Industry increased by 0.7%.

Also, in 2014 the contribution of the agriculture, forestry and fish breeding was reduced, and during the first six months of 2014 they represented 3% of the GDP.

Contributions to the GDP evolution, by categories of resources 2014 / 2013 (first semester)



Data source: National Institute of Statistics, Press release no. 243/08.10.2014

In 2014, on the first six months, the same trends persisted, with the mention that agriculture marked a slight recoil.

The activities carried out by services, industry, constructions and the net taxes on product, together, brought in a decisive contribution to the GDP

decrease, which means a negative feature for the Romanian economy which, although restructured gave up a number of industrial sub-branches committing itself on the way of developing the services production, constructions and so on, but failing to cope with the effects of the crisis, correlated also with the non-existence of an appropriate governing plan, set at the beginning of the phenomenon.

Contribution of the main categories of resources to GDP increase during the first six months of 2014 (%)

Indicator	Sem. I
Gross Domestic Product	1,2
Agriculture, forestry and fish breeding.	-0,3
Industry, including energy	0,7
Constructions	-0,3
Trade, cars and household appliances repairs; hotels and restaurants, telecommunications	-0,5
Financial, real estate, renting and services to companies activities	0,3
Other services activities	0,1
Total gross added value	0,3
Net taxes on product	0,9

Data source: National Institute of Statistics, Press release no. 243/08.10.2014

For the first half of the year 2014, there is slight increase to be noted for the economy evolution.

The agriculture kept on maintaining within normal parameters of influence, recording a constant evolution.

Relevant as regards the GDP forming by categories of resources (as alteration factors) is also the structural evolution during the period 2003-2014 which is described by the following table.

Weight of the main categories of resources to the GDP forming (%)

Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Agriculture, hunting, forestry, fishing and fish breeding.	11,6	12,6	8,4	7,8	5,8	6,7	6,3	6,0	7,3	4,7	4,8	3,0
Industry, including energy	24,7	24,9	24,8	24,5	24,3	22,9	23,8	26,4	25,0	25,2	25,1	32,5
Constructions	5,7	5,9	6,5	7,4	9,1	10,6	9,8	7,3	7,2	7,3	7,4	4,8
Trade, cars and household appliances repairs; hotels and restaurants, telecommunications	20,3	20,6	21,7	22,2	22,7	21,9	21,2	20,9	21,2	20,9	21,0	15,6
Financial, real estate, renting and services to companies activities	12,3	12,3	13,2	13,3	13,7	14,0	15,1	16,2	14,1	14,0	13,2	16,9
Other services activities	14,3	13,0	13,7	13,1	13,0	13,0	13,8	12,0	12,8	12,8	12,7	14,0
Net taxes on product	11,1	10,7	11,7	11,7	11,4	10,9	10,0	11,2	12,4	13,9	10,8	13,2

*) provisional, estimate data

Data source: National Institute of Statistics, Press release no. 243/08.10.2014

The weight of the main categories of resources in the formation of GDP in the first half of 2014 reveals that industry keeps on the first place, having a slight trend of increase as against the corresponding period of the previous year.

The GDP evolution by categories of utilizations

From the point of view of the utilizations in the GDP forming during the year 2013, there have contributed: the stocks variation, the net export, the gross forming of fixed capital, the final collective consumption of the public administration, the final individual consumption of the households.

When analyzing the data available for 2013, we have to consider as starting point the actual situation being recorded by our country during this year.

Thus, for instance, the stocks variations recorded a lower contribution, while the net export, namely the difference between exports and imports, recorded a more reduced effect, following the reduction of the deficit of the foreign trade balance.

Under such circumstances, we find out that, from the point of view of the utilizations, the GDP formation has been achieved by the contribution of the following factors: gross forming of the fixed capital, final individual consumption of households with a decrease of -0.4%, which implies the following conclusions:

- From the point of view of utilizations, positive influences on the GDP achievement have been recorded by the final collective consumption of

the public administration, stocks variation and net exports;

- Negative influences on the GDP forming have been recorded by the by the final individual consumption of households, and the gross forming of fixed capital.

The analysis of the influence factors of the GDP forming by categories of utilizations may be emphasized by the analysis of rhythm at which, the categories of utilizations considered for the GDP achievement have influenced this achievement in 2014 comparatively with 2013. Thus, the individual consumption of households and the collective consumption of the public administration, together, have been reduced. A more marked decrease, has been recorded by the net export. Another negative effect has been recorded by the rhythm of increasing of the gross forming of fixed capital.

The GDP evolution during 2014 follows line of going on the recovery road from the process of recession. During the first six months of the year 2013, the “un-accounted” negative effects of the year 2010-2013 have been taken over and then continued with a slight increase, maintained in 2013 and during the first six months of the year 2014 (Davidescu, 2014a; Davidescu, 2014b).

Thus, the GDP has not yet reached the level recorded in 2009; most of the branches recorded negative contributions, which implies the entrance into a macroeconomic managerial mess; the structure by branches and utilizations has been negative. In 2012, GDP grew by 1.1% as against 2011 and follows an oscillatory course in 2013, recording, during the first six months of the year an increase of 1.8% as against the same period of the previous year.

The weight of the main categories of utilizations in GDP

Indicator	Year											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
Actual individual consumption of the households	75,7	77,5	78,5	77,9	75,3	74,0	72,7	72,6	72,4	72,7	73,7	74,0
Actual collective consumption of the public administration	9,8	7,9	8,3	7,7	7,6	7,7	8,2	7,1	7,3	7,1	6,1	8,8
Capital gross forming	21,5	21,8	23,7	25,6	30,2	31,9	25,6	22,5	22,3	22,2	20,0	19,0
Stocks variations	0,6	1,8	-0,3	0,9	0,8	-0,6	-0,6	3,5	3,9	4,1	3,5	1,1
Net export	-7,6	-9,0	-10,2	-12,1	-13,9	-13,0	-5,9	-5,7	-5,9	-5,7	-3,3	-0,5

*) estimate data

Data source: National Institute of Statistics

The survey on the economic evolution, considering the modifications of the GDP in the European Union countries, emphasizes the extremely critical situation existing on the European and, at a larger extent, international plan.

The achievement of the Gross Domestic Product by ownership forms

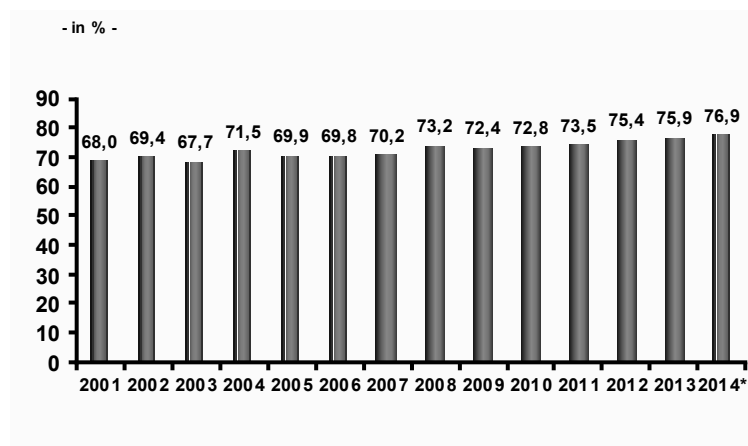
Out of the performed analysis, it results that for the period 2009-2014, the private sector contributed with 72.4%-76.9% to the GDP forming. The weight of the private sector, still low, has been generated mainly by the gross added value in the agriculture. Such an influence is a normal one if to consider 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 2010-2014, 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.

**Gross Domestic Product
weight of the private sector in 2001 – 2014**



*1) Semi-final data. ***) Estimate data.

Data source: National Institute of Statistics, Statistical Bulletin no. 7/2014

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.

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