MODEL OF STRUCTURAL ANALYSIS OF THE DYNAMICS OF THE DFI AT EUROPEAN LEVEL

Constantin ANGHELACHE, PhD
Academy of Economic Studies Bucharest
Artifex University of Bucharest
Victoria Gabriela ANGHELACHE, PhD
Academy of Economic Studies Bucharest
Alexandru URSACHE, PhD Student
Academy of Economic Studies Bucharest

Abstract

The business environment in Romania needs economic freedom and tax friendly to entrepreneurs, including foreign investors. They create jobs, optimizes resource allocation, allows the transfer of technology and stimulate trade. The analysis of the dynamics of the DFI sold from the point of view of distribution by sectors of economic activities at European level is including the evolutions achieved in the industry sector, services sector as well as the sector of the financial intermediations and insurances. In this context, the analysis will underline the structural evolution of the DFI sold for a number of EU member countries, with various stages of economic development, such as: Germany, France, Italy, Czech Republic, Luxemburg, Romania, Bulgaria and Slovakia, over the period 2008 - 2012, utilizing the last available data published by EUROSTAT.

Key words: dynamic analysis, DFI, development, GDP, balance, European level

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The evolution of the DFI sold allocated to the industrial sector at European level

Graphical representation based on data published by EUROSTAT

At European level, we notice the strong advancement of France from the point of view of the industrial development. Thus, after an underlined diminishing of 33.5%, recorded at the level of the year 2009, we attend a launching of the industrial sector in 2012, which emphasizes a double volume of DFI. The year 2012 follows the same upward tendency, the investing framework in the industry domain getting more and more consolidated, the fact being grasped by an increase of 8% of the DFI sold, as comparatively with the year 2011 (Voineagu et. al. 2013). Consequently, out of the countries included in the analysis, at the level of 2013, France is recording the highest sold of direct foreign investments directed towards the industry sector (Anghel, Manole 2013) amounting a volume of 141,985 million EUR.

The performances of the French state, from the point of view of the volumes of direct foreign investments, achieved in the industrial sector, at the level of 2012 (Anghelache 2014, Mitrut et. al. 2013), are followed by those recorded by Germany and Italy, both of them recording relatively close outcomes. Thus, if in 2010, Germany recorded a volume of DFI in the industry branch amounting 70,612 million EUR, practically by 25.5% higher than the level recorded by Italy, the situation is reversed in 2011, the Italian state recovering the existing gap of 2010, through an increase of the volume of direct foreign investments allocated to the industrial sector, of approximately 30%, reaching a sold of DFI of 77,485 million EUR, by 3.7% higher than the volume allocated by Germany.

In a similar way, the Czech Republic and Luxemburg are recording close outcomes from the point of view of the volumes of direct foreign investments allocated to the industry at the level of the year 2012, with a gap of 1.6% only, the better performances being achieved by the Czech Republic, materialized by a volume of DFI amounting 34,194 million EUR. However, it is necessary to mention the fact that Luxemburg paid considerable efforts meant to reduce the gap as against the Czech
Republic at the level of the evolution of the industrial sector, succeeding to double the stock of DFI in the year 2012, comparatively the one of the year 2008, reaching thus the level of 33,638 million EUR.

If considering the evolution of the other 3 EU member countries included in the analysis, we notice that, from the point of view the volume of DFI directed towards the industrial sector, Bulgaria is the last placed, with considerable smaller volumes as comparatively with those allocated by both Slovakia and Romania. Thus, at the level of the year 2012, Bulgaria allocated to the industrial sector a volume of DFI amounting 6,805 million EUR, representing 37% only as against the stock achieved at the level of Romania. Meantime, in terms of the outcomes for the year 2012, we notice that Slovakia directed a volume of DFI, amounting 13,707 million EUR, to the industry, meaning the double of the volume allocated by Bulgaria, respectively 74%, of the volume allocated by our country in the same year of reference.

Comparatively with the outcomes of 2008, at the level of 2012, considerable percentage increases have been recorded, namely 21 %, respectively 24 %, if considering Romania and Bulgaria, the difference being represented by the volumes of direct foreign investments net superior, directed by our country towards the industry domain. In the year 2012, Slovakia recorded an increase of investing volume directed towards the industry branch of 5.5 % only, as against the outcomes of 2008, increase which generated a stock of DFI amounting 13,707 million EUR.

Further on, we shall analyze the evolution of the DFI sold from the point of view of the direct foreign investments allocated to the services sector, over the interval 2008 - 2012. Thus, according to the official data published by EUROSTAT and the corresponding graphical representation, we notice major gaps from this point of view between the EU member countries included into the analysis.
The evolution of the DFI sold allocated to the services sector, at European level

Graphical representation based on data published by EUROSTAT

In this respect, the developed countries, with a well consolidated economy, allocate considerably larger volumes for investments in the services sector, generating thus their high competitiveness as comparatively with the developing countries, for most of the activity segments comprised by the services branch (Mankiw et. al. 1992). For instance, at the level of the year 2012, Germany recorded a stock of direct foreign investments counting for 664,044 million EUR, almost 24 times bigger than the stock recorded by for the same period.

At the level of the year 2008, France recorded a volume of direct foreign investments of the same caliber as Germany, in value of 578,720 million EUR, followed by gradual percentage increases from one period to another of approximately 8.3 % in 2009, respectively 4.7 % in 2010 but, at the level of 2011 a massive diminishing of the direct foreign investments in the services has been recorded, the volume of the investments directed to this branch being cut to almost half. Thus, at the level of the year 2012, France is recording a DFI stock allocated to the services counting for 344,080 million EUR, by 2.6 % higher than that of the year 2011, representing meantime a considerable diminishing, of about 60% as against the situation of 2008.

Over the analyzed period, we notice that Italy as well tried to follow the models of the western countries, by developing the services sector through the increase of the volume of investments directed towards the segments of the activity field, by 5.06 % in 2011, respectively, 5.55 % in 2012. Thus, in the year 2012, Italy achieves a DFI stock allocated to the services amounting 176,811 million EUR, 6 time higher than that recorded at the level of Romania.

Meantime, we are identifying gaps between the evolutions recorded at the level of the Czech Republic or Luxemburg, comparatively with the level of the DFI
stock recorded by Romania, but in this case the disparities are considerably lower if considering the comparison with states belonging to the top economies such as Germany or France. Thus, in the Czech Republic the biggest share of the DFI stock allocated to the services is achieved in 2010, which is evidenced by an increase of 13% of the investments volume, generating a stock in value of 52,886 million EUR. Comparatively with the level of 2010, the increase of the investing volume directed to services in 2012 is representing in percentages 5.66%, the Czech Republic recording thus a DFI sold in value of 55,882 million EUR, by approximately 2.5%, higher as against the volume recorded by Luxembourg for the same period.

Approaching the situation of Romania, Bulgaria and Slovakia from the point of view of the DFI stock, achieved as a consequence of the investments developed in the services branch, we grasp better outcomes at the level of our country which, in 2012, is recording a DFI volume amounting 27,811 million EUR at the level of the eight development regions, which generated a global increase of 5.9%, at the national level, comparatively with the year 2011 meaning a level of 15% higher than the one recorded by Bulgaria, respectively 25% higher than the one recorded by Slovakia.

Further on, we shall analyze the dynamics of the DFI stock at European level, from the point of view of the volumes of direct foreign investments allocated to the sector of financial intermediaries and insurances by the EU member countries included in the analysis. As noticeable from the achieved graphical (Figure 6), according to the last data published by EUROSTAT, at the level of Germany there are gradual increases of the DFI stock, allocated to the sector of financial intermediaries and insurances, but the volumes directed towards this branch are not of the same caliber as those of the other activity sectors of the economy which are forming the total sold of the DFI.

The evolution of the DFI sold allocated to the sector of financial intermediaries and insurances at European level

![Graphical representation based on data published by EUROSTAT](image)

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Over the analyzed period, Germany is recording an increase of the volumes of direct foreign investments directed to the sector of financial intermediaries and insurances, represented by percentage increases of 3.87% at the level of 2012. Therefore, in 2012, Germany reached a volume of investments of 59,012 million EUR, allocated to the financial intermediaries, practically 18 times higher than the one recorded by Romania.

If approaching the situation of the French state, we notice as well trend of the DFI stock, due to the activities of financial intermediaries marking a considerable diminishing of the volumes of direct foreign investments as well as in the case of the evolutions grasped by the DFI sold directed towards services, at the level of 2012 the DFI stock being cut to half. Thus, from a volume of investments amounting 318,275 million EUR, recorded in the year 2010, France is reaching a minimum point at the level of the DFI allocated to the financial activities, recording at the level of 2011, 141,364 million EUR only.

The increase of the DFI stock, grasped in 2012, can be expressed by a percentage increase of 1.53%, only, as against the previous period. As noticed, at the level of 2011, in France the volumes of DFI allocated to certain sectors, such as services or the financial intermediaries, have been cut to half, a fact which, most probably, has been felt at the level of other sectors, non-included in the present analysis, as well, generating a global diminishing of the DFI stock, of about 30% in 2011, comparatively with the outcomes of the previous period.

From the point of view of the evolution of the DFI volumes allocated to the financial intermediaries, Italy is recording volumes comparable with those achieved by Germany, since at the level of the year 2012, the stock directed by the Italian state to the sector of financial intermediaries and insurances amounted 63,686 million EUR, by 8% higher than the one achieved by Germany, although the sold grasped for that period is by 8.8% smaller comparatively with the investing performances achieved at the level of the year 2008 (Protopopescu 2013).

In the Czech Republic, the diminishing of the DFI volumes directed towards activities of the financial intermediaries’ branch recorded in 2011 has been adjusted at the level of 2012 through a percentage increase of the stock of the direct foreign investments of 13.6%, representing 22,481 million EUR, allocated to the financial activities, double as against the stock recorded by Romania. Meanwhile, the performances achieved by Luxemburg are grasping, at the level of 2012, a DFI stock double as comparatively with the one allocated by the Czech Republic to the sector of financial intermediaries, amounting 42,676 million EUR.

Out of the three EU member states, Romania, Bulgaria and Slovakia, we notice that, from the point of view of the volumes of DFI allocated to the sector of financial intermediaries and insurances, our country is the best classified as from this point of view it recorded an investing level by 40%, respectively 10% higher than those achieved by Bulgaria and Slovakia, at the level of the year 2012, although the evolutions grasped for the interval 2009 – 2012 do not mark significant increases of volume at the level of our country.

Although Romania must continue the process of a durable development at the level of all the 8 component regions of development, through implementing
steps meant to improve their economic situation, this being the only one way to consolidate the economic position of the country, we have to underline the fact that, over the period 2008 - 2012, our country paid considerable efforts to recover the economic losses recorded at the level of the year 2009, as a result of the baleful effects of the economic-financial crisis, managing to re-establish the economic equilibrium at national level.

Conclusions

The developed countries, with a well consolidated economy, allocate considerably larger volumes for investments in the services sector, generating thus their high competitiveness as comparatively with the developing countries, for most of the activity segments comprised by the services branch. For instance, at the level of the year 2012, Germany recorded a stock of direct foreign investments counting for 664,044 million EUR, almost 24 times bigger than the stock recorded by for the same period.

At the level of the year 2008, France recorded a volume of direct foreign investments of the same caliber as Germany, in value of 578,720 million EUR, followed by gradual percentage increases from one period to another of approximately 8.3 % in 2009, respectively 4.7 % in 2010 but, at the level of 2011 a massive diminishing of the direct foreign investments in the services has been recorded, the volume of the investments directed to this branch being cut to almost half. Thus, at the level of the year 2012, France is recording a DFI stock allocated to the services counting for 344,080 million EUR, by 2.6 % higher than that of the year 2011, representing meantime a considerable diminishing, of about 60% as against the situation of 2008.

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