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# SIGNIFICANT ASPECTS REGARDING THE EVOLUTION OF ECONOMIC ACTIVITY IN CONSTRUCTIONS AND TRANSPORTS

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## Abstract

*This paper describes the economic evolutions recorded in the construction and transportation sectors of the national economy. After outlining the role of these two fields, the authors analyze the evolutions that characterize the constructions, then the dynamics of the transports. The analyses are based on statistic data, and the results are interpreted and commented accordingly. Each section of the paper includes the relevant conclusions drawn from the study.*

**Key words:** *transports, constructions, investments, crisis, houses*

## Main elements regarding the role of constructions and transports

In the Romanian economy, in the transition process towards market economy, constructions and transport still play an important role in the national economy.

Taking into account the whole process which economy is undergoing in our country, it is absolutely natural for these activities, especially constructions, to move in the private sector and in the population sector. Under the circumstances, the state sector has reduced its activity in constructions which has as a consequence the reduction of its contribution in accomplishing GDP. A negative element in constructions and transports is represented by the fact that investments in these areas have reduced year by year, until 2000 and the period of 20001-July 2014 has an oscillatory evolution.

In 2010-June 2013, investments have dropped considerably, in semesters II (70,3%), III (69,4%), IV (60,1%) in 2010 being at the presented levels, in comparison to 2009, comparable trimesters. In 2011 și 2012 we also had dropping investments comparing to similar trimesters of the previous years. In 20014 trimestrial investments were: 9,6% în trimestre I; 10% in trimestre II; 0,2% in trimestre III and an increase of 3% in trimestre IV. The year of 2015 had a significant increase of 7,9% in trimestre I și 6,7% in trimestre II.

As far as constructions are concerned, it is worth mentioning that investments which were started before 1990 were not continued or fully brought into value by being privatized. That is why, in many cases, the practical value of the buildings which were already finished, was reduced, and the continuation of their construction led to additional production costs. Constructions undertaken by private companies were either stopped or continued at a slow pace.

All these happened in the context of a serious need of houses for population. Many of these blocks of flats were privatised in strange conditions before 1990, with no clear policy in this respect.

We can not but only hope that government will do something from the practical point of view, so as this sector to be given the importance it deserves.

Nonetheless, in the last years (2001-2015), we have had the programme of building houses and apartments for population, but since these are accesible by mortgage loan, they are not affordable precisely by the people who need them most (young couples, people with average income, etc )

If 2008 represented a „boom” of investments, especially private investments, the crises, which happened suddenly, affected this sector to the full.

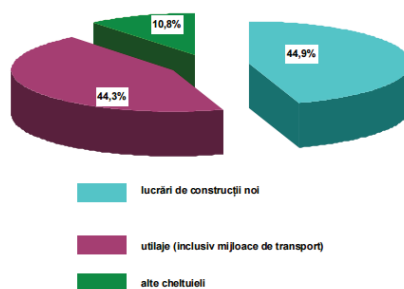
The mortgage loans, the main source of financing, led to an increase in the price of constructions (houses and apartments) and as a paradoxal consequence, to the impossibility of selling at the level of costs.

### Evolutions in the field of constructions

In the period following 1990, this activity was realised, progressively, by private companies

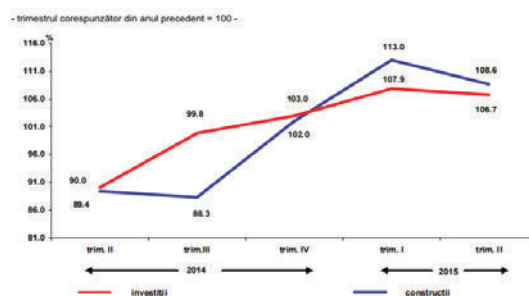
In the whole period after 1990 up to the present, we realised a compensation of the reduction of the construction volume by the state, due to the sustained rhytm in which population realised constructions.

### Investments realised in national economy from the point of view of elements of structure in the period of 1.I-30.VI.2015



Source of data: National Institute of Statistics, Statistic Bulletin no. 7/2015.

### Indexes of investments and work constructions



Source of data: National Institute of Statistics, Statistic Bulletin no. 7/2015.

From the data published by the National Institute of Statistics, we observe that in 2015, the value of constructions has increased, in real figures, comparing to the corresponding period of the last year.

**Indexes of investments realised in the national economy on structural elements**

Indicator	Years	In % comparing to the corresponding period of the last year			
		trim.I	trim.II	trim.III	trim.IV
Investments - total	2008	134,3	130,2	123,2	102,3
	2009	102,7	70,3	69,4	60,1
	2010	72,0	93,0	82,9	94,7
	2011	96,3	93,5	<b>115,6</b>	<b>122,1</b>
	2012	119,3	117,6	<b>115,0</b>	<b>105,0</b>
	2013	99,0	96,4	<b>89,2</b>	<b>84,6</b>
	2014	90,4	90,0	<b>99,8</b>	<b>103</b>
	2015	107,9 <sup>1</sup>	106 <sup>1</sup>	-	-
Out of the total, on structural elements					
-new buildings	2008	132,5	134,8	127,8	107,3
	2009	106,6	91,4	81,4	77,4
	2010	70,6	83,2	77,9	89,0
	2011	93,4	91,5	104,3	114,5
	2012	119,5	115,8	106,7	93,3
	2013	85,3	84,0	97,7	92,5
	2014	91,9	91,7	<b>92,4</b>	<b>106,6</b>
	2015	114,8 <sup>1)</sup>	105,7 <sup>2)</sup>	-	-
- Equipments (total)	2008	134,7	123,9	114,4	103,6
	2009	95,0	46,7	56,3	42,9
	2010	96,2	95,4	135,9	135,4
	2011	96,2	95,4	135,9	135,4
	2012	118,7	124,8	127,1	115,9
	2013	113,8	113,2	76,8	69,7
	2014	84,9	83,0	<b>104,0</b>	<b>100,3</b>
	2015	103,6 <sup>1)</sup>	110,2 <sup>2)</sup>	-	-
- Other expenses*P <sup>P</sup>	2008	146,7	149,9	136,3	78,9
	2009	121,6	95,7	51,4	73,0
	2010	82,2	109,7	95,4	93,3
	2011	103,4	83,9	109,6	112,6
	2012	107,5	94,6	102,6	111,2
	2013	98,7	104,7	102,4	106,3
	2014	115,7	119,3	<b>124,1</b>	<b>98,6</b>
	2015	100,1 <sup>1)</sup>	98,2 <sup>2)</sup>	-	-

\* The table also contains the expenses for geological and drilling work, plantations of vineyards, trees, animals, household expenses, etc at the end of every reported trimester.

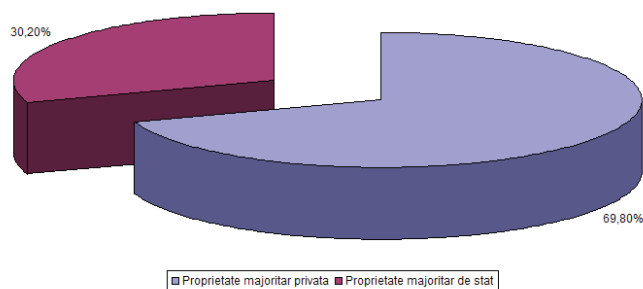
<sup>1)</sup> Corrected data <sup>2)</sup> Temporary data

**Source of data:** National Institute of Statistics no. 7/2015

Investments in 2011 were reduced comparing to 2010. The drop was of -6,5% in trimestre I, -3,7% in trimestre II. In 2012-2013 a drop in all expenses was obvious.

In the analysed period, the investments in equipment and constructions were superior. Investments of economic agents with private capital and of population represented in 2014, 69,8% out of the total (see the next chart).

### Investments realised in national economy from the point of view of nature of ownership and elements of structure in 2014

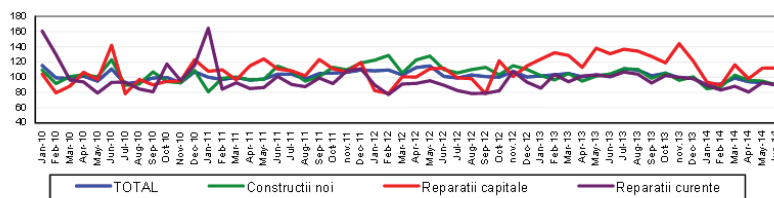


Source of data: National Institute of Statistics no. 7/2014.

The total works of constructions according to the elements of structure and types of constructions had an oscillatory dynamics. Works of new buildings, major refurbishing, maintenance and current repairings had an increasing rythm. The data are presented in the following table.

A negative rythm of investments and buildings was registered in the period 2010- June 2012. Investments were better in 2013 and 2014.

**Evoluția lunară a lucrărilor de construcții, pe elemente de structură, conform CAEN Rev. 2**  
- ianuarie 2010 – iunie 2014-  
(serie ajustată în funcție de numărul de zile lucrătoare și de sezonality)



Source of data: Press release no. 192/08.08.2014, National Institute of Statistics

Buildings realised from budgetary subventions continued to have a very small percentage and registered a drop, comparing to corresponding previous periods.

## Indexes of construction works from the point of view of the elements of structure and types of constructions

- serie brută -	luna corespunzătoare din anul precedent = 100													1.1-31.VII.2015 în % față de 1.1-31.VII.2014 <sup>1)</sup>
	2014						2015							
	iul	aug	sep	oct	nov	dec	ian	feb	mar	apr	mai	iun <sup>1)</sup>	iul <sup>2)</sup>	
Lucrări de construcții - total	79,1	83,7	102,0	88,5	101,7	115,0	109,3	116,3	113,0	110,4	102,1	113,4	115,4	111,3
din total, pe elemente de structură:														
- lucrări de construcții noi	77,3	88,0	112,3	90,0	104,7	124,6	114,9	121,4	110,4	100,9	98,6	116,6	114,2	110,2
- lucrări de reparații capitale	76,3	79,5	78,4	80,4	83,9	93,0	117,6	81,4	132,3	138,7	107,0	103,6	121,8	115,8
- lucrări de întreținere și reparații curente	85,5	75,0	90,5	89,0	107,0	105,0	90,9	119,2	109,2	124,1	108,7	110,8	115,1	111,8
din total, pe tipuri de construcții:														
- clădiri	88,1	133,7	123,0	116,4	135,1	145,1	131,3	115,6	110,2	107,7	98,2	113,7	117,8	111,8
din care:														
- clădiri rezidențiale	92,9	115,9	121,8	158,8	158,6	112,7	150,0	87,8	158,8	166,1	77,8	75,8	105,4	105,0
- clădiri nerezidențiale	85,8	142,4	123,5	101,7	127,1	162,4	123,7	133,9	96,2	90,9	115,7	144,9	124,4	115,5
- construcții ingineriești	73,5	60,3	88,1	75,1	86,2	98,0	92,0	117,0	115,7	113,1	105,6	113,1	113,6	110,8

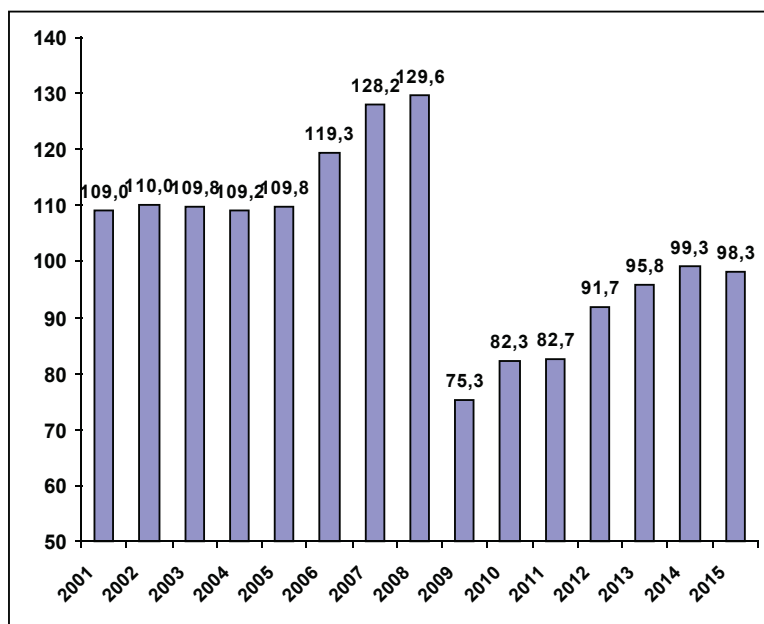
<sup>1)</sup> Date rectificate.  
<sup>2)</sup> Date provizorii.

<sup>1)</sup> Date rectificate.

<sup>2)</sup> Date provizorii.

Source of data: National Institute of Statistics, Statistic Bulletin no. 7/2015.

## Evolution of construction works 2001-2015



Source of data: National Institute of Statistics, Statistic Bulletin no. 7/2015.

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In June 2015, the volume of construction works (gross series) increased comparing to May 2015 by 13,4%, an increase obvious in maintenance works and routine repairs by 10,8%, works of capital repairs by 3,6% and works of new buildings by 16,6%.

Engineering buildings have increased by 13,1%. Residential buildings have dropped by 24,2%.

The volume of construction works, adjusted in accordance with working days and seasonality, has dropped by 14,2%, if we compare June 2015 to May 2015.

If we consider the elements of structure, works of new constructions, maintenance works and routine repairs have decreased in number.

If we consider items of construction, the volume of construction works increased for non-residential buildings and residential buildings by 8,8%, respectively by 16,4%. Engineering constructions increased by 9,3%.

If we consider the items of construction, the volume of non-residential buildings increased by 17,7% and engineering buildings by 11,5%.

The volume of construction works, series adjusted according to the number of working days and seasonality in 2015 comparing to 2014, increased.

If we consider the elements of structure, they decreased as following: works of capital repairs decreased by 15,2%, works of new buildings by 14,2% and works of maintenance and routine repairs by 16,0%.

In semester I of 2015, comparing to semester I of 2014, the volume of construction works, gross series, increased.

The investmental effort in the field of dwelling constructions out of private funds was greatly sustained by private agents or by population. Most of the houses built by people themselves are in the countryside area.

Some counties – Bacău, Cluj, Ilfov, Suceava, Iași, Vrancea – and Bucharest obtained better results. But there are counties (Caraș-Severin, Giurgiu sau Alba) with more modest results.

From the presented data we observe that the number of constructions in the private sector continued to drop as a result of the deterioration of real estate market.

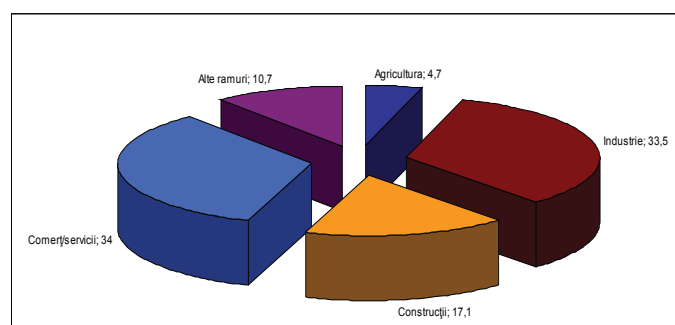
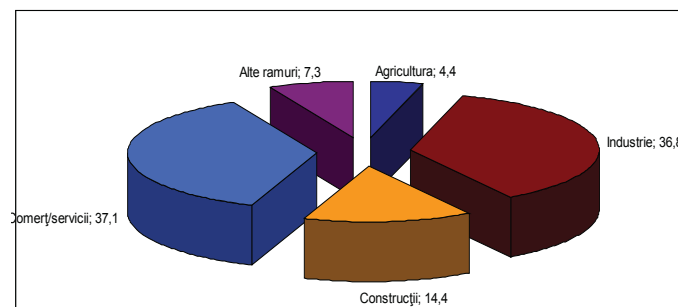
It was nonetheless expected for the activity of constructions to take place in the private sector and by the population with personal means as long as the privatisation process increased.

A programme of supporting investments in the field of construction, especially people's dwellings, becomes utterly necessary. To this purpose, a prospective programme of giving credit with low interest, improving credits on security of personal property, supporting the construction companies, and other means of support is necessary to find more rapid solutions for people's need of having their own home.

The structure of constructions taking into consideration the branches of national economy in 2013 and 2014 is presented in the following charts:

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**The structure of investments in branches of national economy (%)  
in 2013 and 2014**



**Source of data:** The National Institute of Statistics

Unfortunately, the programme „Our first home” does not meet the necessities of the needy as the social evolution, and especially the economic evolution will be a negative one and represents a real risk for the population in need.

**The evolution of the activity in transports up to 2015**

The activity of transports in Romania continued to be undertaken by the specialized institutions in the field of train, car, river and air transportation.

The transportation of travellers and goods was divided into internal and foreign transportation. From the data published at the end of 2014 by the National Institute of Statistics, it is obvious that all means of transportation, both for people and goods, have an oscillatory development in the period 2000-2014. In comparison to 2008, (as a year of reference when the crises occurred in Romania) and the year subject to analysis (2015), the results were different, both for the total and for each means of transportation.

The fluctuations are caused mainly by the reduction in merchant production, in imports and exports, but also in the people's interest in travelling (across country or abroad). What is to take into consideration is that these fluctuations happened in the context in which costs for all types of transportation constantly increased and population's wages remained modest.

In 2014, county transportation, inter-county and international car transportation dropped in comparison to 2013.

The indicator „passengers-kilometres“ was, in 2014, similar to the one in previous year. Train and car transportation continued to have majority for passenger transportation in our country. These indicators have a decreasing tendency for river transportation. As far as air transportation is concerned, the data had an oscillatory tendency, with periods of decreasing and periods of increasing this indicator.

The same situation was for goods transportation, where goods were mainly transported by train. All indicators manifested a decreasing tendency from one period to another, and this because of maintaining the economic activity at a reduced level. The transportation of goods had the same course in 2009, with serious decreasing tendencies in 2010 și 2011. The goods transportation in harbours had a decreasing tendency, synthetic data showing a variable evolution. A slight increase was registered in 2014, without noticeable results.

As far as air passengers' and goods' transportation is analysed in Romanian airports, slight increases of most indicators are registered in 2010 comparing to 2009 and in 2011 comparing to 2010. Another aspect I want to emphasise is that goods' transportation by car developed in the private sector in comparison to the state companies where this activity decreased significantly. The number of cars for all categories increased slowly mainly due to the lack of funds and as well to the gradual decrease of the activity of goods' and people's transportation.

Because of that, the industrial factories which produced means of transportations for Romanian economy considerably reduced their activity. From this point of view, certain steps of stabilizing the transportation activity need to be taken, in the larger national economic context of both internal and foreign investments.

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