

The Investments Evolution in Romania

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Abstract

After 1990s period, the evolution of the economy during the has been influenced by the structural changes arising as regards the resources forming and utilization, on one side, and by the economic agents behaviour in connection with the capital investments, on the other side. The investments achieved, mainly by the beginning of this period, have been accomplished in the frame of a less favourable business environment marked, during certain periods of time, by the production decline, by the budgetary and payments balance deficit, by the high rates of the inflation, by high interests for credits, by an exchange rate depreciating continuously, by the lack of managerial exigency of the economic operators as well as by the imperfections of the legislative and institutional framework.

Key words: *evolution, investments, economic agents, balance deficit, exchange rate.*

The evolution of the economy during the after 1990n period has been influenced by the structural changes arising as regards the resources forming and utilization, on one side, and by the economic agents behaviour in connection with the capital investments, on the other side. The investments achieved, mainly by the beginning of this period, have been accomplished in the frame of a less favourable business environment marked, during certain periods of time, by the production decline, by the budgetary and payments balance deficit, by the high rates of the inflation, by high interests for credits, by an exchange rate depreciating continuously, by the lack of managerial exigency of the economic operators as well as by the imperfections of the legislative and institutional framework.

On this ground, the investments volume recorded fluctuations from one year to another; during the first years of transition, in the context of the strengthening of the structural unbalances, both macroeconomic and sectorial, of the decline of the production of goods and labour productivity, a strong decrease of the investments has been recorded which, generally speaking, have been directed towards modernizations of production and distribution capacities, mainly in the frame of the private sector of the economy.

To the extent of developing the private sector, the private investors have enlarge their sphere of activity, based on the setting up of the legislative and institutional framework as well as on the strengthening of the investment effort.

The general juridical framework concerning the supporting steps from the side of the Romanian State, meant to stimulate the investments, have been regulated by the Emergency Ordinance of the Government no. 85/2008 concerning the investments stimulation, along with the subsequent modifications and completions.

„The investments stimulation in accordance with the provisions of the present emergency ordinance is grounded on the following principles:

a) equal treatment - the non-discriminatory application of the criteria and means for the granted facilities ;

b) transparency – bringing to the attention of all interested parties the information referring to the procedure to follow for getting facilities for investments;

c) efficiency in utilising the facilities – the application of criteria for granting facilities for investments and for following up their accomplishment, meant to reflect the advantages of economic nature of the investment projects, taking into consideration, if the case is, the effects to the social domain, the environment protection and the promotion of a durable economic development;

d) confidentiality – guaranteeing the protection of the information concerning the intellectual property rights belonging to the investors as well as of other data which might prejudice their legitimate interests;

e) eligibility depending on the source of the financing funds. “

The economic growth, started as from the year 2000, is due also to the re-launching of the investment process which contributed to the diminishing of the unfavourable tendencies of the previous period as well as to the drawing into the economic circuit of part of the available labour force, generating thus positive macroeconomic effects¹.

Comparatively with the year 2006, the year 2007 showed that the investments achieved in the national economy amounted 68391.4 million lei, increasing by 29.0 %. The investments materialized in new construction works counted in 2007 for 31041.6 million lei (45.4 % of total, as against 44.5 % in the year 2006), increasing by 31.3 % as against the year 2006.

The investments in equipment and conveyance means amounted 31488.4 million lei (representing 46.0 % of total, again against 47.6 % in the year 2006) with an increase of 26.8% as against the previous year.

The year 2007 is recording 45867 finalized new dwellings, with 7689 dwellings more than in 2006. Most of the finalized dwellings have been achieved out of private funds. These have represented 92.3% of the total finalized dwellings, heir number being with 8905 bigger as against the year 2006.

¹ **Mădălina Gabriela ANGHEL** – *Bursa de valori București – componentă fundamentală a pieței de capital*, Simpozionul științific internațional „Economia României și perspectiva globalizării”, Editura Artifex, București, 2007, pg. 185 – 196, ISBN 978-973-7631-36-7

If to consider the spread over development regions, most of the dwellings have been put into use in the regions: North-East (17.8% as against the total country), București-Ilfov (14.7%), South-East (14.6%), South-Muntenia (13.5%) and North-West (13.1%).

By December 31st 2007, a number of 120570 dwellings were in various stages of the execution of the construction works, out of which those achieved with budgetary subsidies counted for 9.7%. Out of the total number of dwellings under different stages of construction, 1.2% were finalized but not checked and signed for, 37.7% were in the finishing stage, 31.1% in the stage of the structure execution while for 30.0 % of the total the foundation works were started.

In the year 2008 the investments materialized in new construction works counted for 43877.6 million lei (48.7 % of total, as against 45.4 % in the year 2007), showing an increase of 22.0 % comparatively with the year 2007.

The investment in equipment and conveyance means amounted 39209.5 million lei, increasing by 14.1% as comparatively with the year 2007.

The branches recording bigger volumes of investments are the following: trade/services (transport, storage and communications); the wholesale and retail commerce, repair of auto vehicles, motor cycles and personal belongings; real estate transactions, renting and services activities carried out mainly to the companies), industry and constructions.

In the year 2008 a number of 64414 dwellings have been finalized, with 17115 dwellings more as comparatively with the year 2007.

The majority of the finalized dwellings have been achieved out of private funds. They have represented 93.1% of the total finalized dwellings, their number being with 16955 bigger as comparatively with the year 2007.

If to consider the spread over development regions, most of the dwellings have been put into use in the regions: North-West (20.9% as against the total country), North-West (17.3%). București-Ilfov (12.9%) and South-East (12.2%).

By December 31st 2008, a number of 143139 dwellings were in various stages of the execution of the construction works, out of which those achieved with budgetary subsidies counted for 7.4%. Out of the total number of dwellings under different stages of construction, 1.2% were finalized but not checked and signed for, 38.4% were in the finishing stage, 34.1% in the stage of the structure execution while for 26.3 % of the total the foundation works were started.

In the year 2009 the investments materialized in new construction works counted for 33371, 3 million lei representing 53.4 % of total, as against 44.9 % in the year 2008). The investment in equipment and conveyance means amounted 23352,4 million lei, decreasing from 46.8% to 37.4% as comparatively with the year 2008.

In the year 2009 a number of 61101 dwellings have been finalized, with 6154 dwellings less as comparatively with the year 2008.

The majority of the finalized dwellings have been achieved out of private funds. They have represented 90.7% of the total finalized dwellings, their number

being with 5761 lower as comparatively with the year 2008. If to consider the spread over development regions, most of the dwellings have been put into use in the regions: North-West (19.8% as against the total country), North-East (18.7%), South-East (13.4%), București-Ilfov (11.3%) and Centre (10.6%).

The branches recording bigger volumes of investments are the following: trade/services (wholesale and retail commerce, repair of auto vehicles) and industry. In the year 2010 the investments materialized in new construction works counted for 28486,3 million lei representing 51.2% of total, as against 53,4% in the year 2009. The investment in equipment and conveyance means amounted 21411,9 million lei, representing 38.4% of total, as against 37.4% in the year 2009.

The branches recording bigger volumes of investments are the following: industry and trade/services (wholesale and retail commerce, repair of auto vehicles). In the year 2010 a number of 48812 dwellings have been finalized, with 13708 dwellings less as comparatively with the year 2009. The majority of the finalized dwellings have been achieved out of private funds. They have represented 94.4% of the total finalized dwellings, their number being with 10678 lower as comparatively with the year 2009. If to consider the spread over development regions, most of the dwellings have been put into use in the regions: North-East (19.1% as against the total country), North-West (15.8%), South-Muntenia (14.8%), South-East (13.5%) and București-Ilfov (13.2%).

In the year 2011 the investments materialized in new construction works counted for 31913,7 million lei representing 49,5% of total, as against 51,2% in the year 2010. The investment in equipment and conveyance means amounted 26305,0 million lei, representing 40.8% of total, as against 38.4% in the year 2010.

The branches recording bigger volumes of investments are the following: industry and trade/services (wholesale and retail commerce, repair of auto vehicles). In the year 2011 a number of 44456 dwellings have been finalized, with 4356 dwellings less as comparatively with the year 2010. The majority of the finalized dwellings have been achieved out of private funds. They have represented 94.9% of the total finalized dwellings, their number being with 3896 lower as comparatively with the year 2010.

If to consider the spread over development regions, most of the dwellings have been put into use in the regions: North-East (20.5% as against the total country), North-West (16.1%), South-Muntenia (14.9%), South-East (13.6%) and București-Ilfov (11.1%).

Table 1
The evolution of investments over the 2009-2012

	2009	2010	2011	2012
The investments indices as against the previous period	70,7	93	114,6	97,1

Source: www.insse.ro, data base TEMPO and press releases

In the year 2012, the total volume of the achieved net investments counted for 89092.3 million lei, increasing by 1.45% as against the previous year. The most significant evolution has been recorded in industry, where the increase recorded as against the year 2011 counted for 7%. In 2012 the investments achieved in industry have been by 1.10 higher as comparatively with the year 2009 and have been directed with priority towards the branches of the manufacturing industry (48.9% of the industry total), a sector which recorded a diminishing of almost 18% as against the year 2009. As far as the extractive industry is concerned, the investments in 2012 increased by 6% as against the year 2009. Although it is obvious that the bigger weight is held by the services (41.7% in 2012), it is significant to point out the fact that the investments structure in industry kept on ameliorating during the analysed period. In the frame of the services sector, significant investments have been achieved in activities concerning the wholesale and retail commerce and repair of auto vehicles and motor cycles, transport and storage services and real estate transactions.

The investments achieved in 2013 at the national economy level recorded a decrease by 9.3% as against the year 2012. The investments in new construction works diminished by 9.4% while the investments in equipment, including the conveyance means as well, recorded a decrease of 13.1% as comparatively the year 2012.

The branches recording a higher volume of investments are: the industry, the commerce and the services.

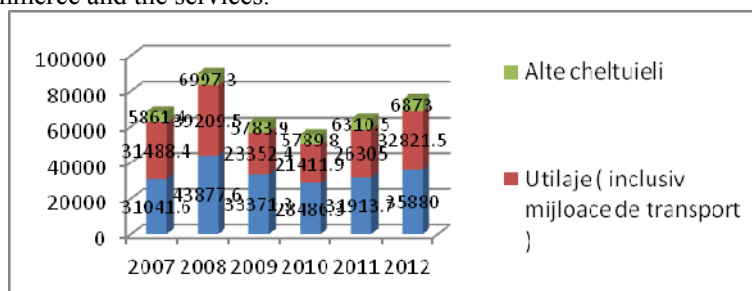


Figure 1. Structure of the investments at the level of the national economy

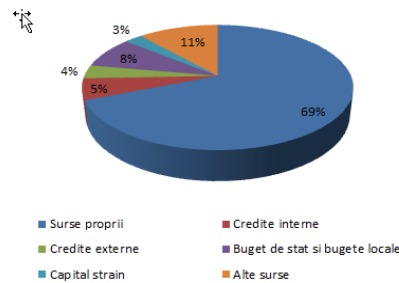
Source: www.insse.ro, data base TEMPO and press releases

In the year 2013 a number of 40071 dwellings have been finalized, with 3945 dwellings less as comparatively with the year 2012.

The majority of the finalized dwellings have been achieved out of private funds. They have represented 97.0% of the total finalized dwellings, their number being with 1563 lower as comparatively with the year 2012. If to consider the spread over development regions², most of the dwellings have been put into use in

² Mădălina Gabriela ANGHEL – Utilizarea modelelor econometrice în analizele economice, Simpozionul științific internațional „Necesitatea reformei economico – sociale

the regions: North-East (19.1% as against the total country), South-East (15.4%), South-Muntenia (14.0%), București-Ilfov (13,2%), North-West (12.9%). The steady diminishing of the budgetary sector investment capability, reaching a weight of 8% only in 2012, keeps on being noticed. The credits weight is not of the kind to generate concern (about 7%).



Source: www.insse.ro, data base TEMPO and press releases

Fig. 2. The weight of the investments financing sources

Starting with the year 2010, after the decrease recorded during the period 2007-2009, the own-sources contribution to the quantum of the invested amounts shows a continuous increase.

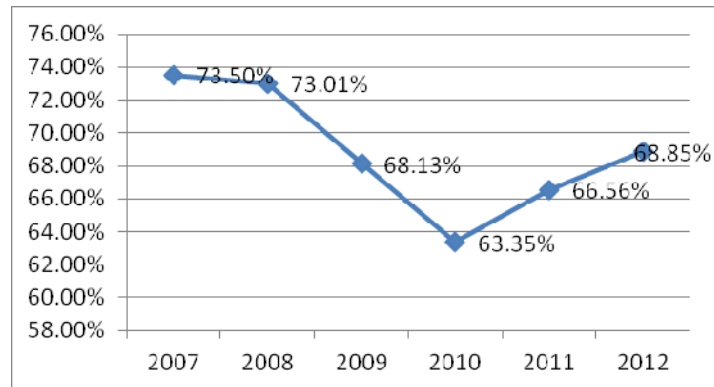


Fig. 3. The weight of own-sources for investments financing

Source: www.insse.ro, data base TEMPO and press releases

However, the weight of the own-sources did not recovered the level recorded in 2007.

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