
THE EVOLUTION OF ROMANIA'S GROSS DOMESTIC

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Abstract

This paper describes the most important aspects regarding the evolution of the Gross Domestic Product of Romania. The main topics approached by the author are the modification factors on categories of resources, the evolution as determined by categories of utilizations, the achievement of the Gross Domestic Product by ownership forms.

Key words: *Gross Domestic Product, influence, factor, ownership, services*

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 0,9 - 1,0% is anticipated.

GDP registered in 2010 (data semi-final) value of 522561.1 milion lei, arriving in 2011 to 578551.9 milion lei (preliminary data), respectively 109468.8 milion lei in the first quarter of 2012.

The GDP evolution in 2012, mainly during the first quarter, has been in slight increase, in the context of the crisis which ,on both internal and international plan, continued to affect the economic evolution.

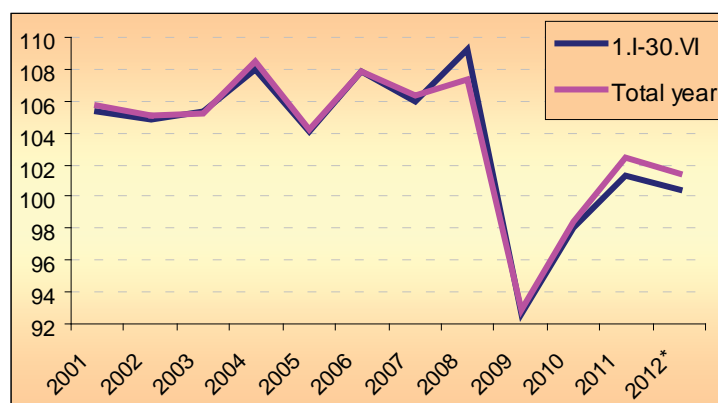
Quarterly GDP evolution in the year 2011

	2011			
	Trim.I	Trim.II	Trim.III	Trim.IV
Million lei *)	105129.1	130552.7	158926.9	183943.2

*) current prices

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- 2012
(The corresponding period of the previous year = 100)



*) provisional data, estimate for the first six months

By comparing the Romania GDP increase level in 2011 with some other countries out of the European Union, we shall see that it counts as almost the lowest within this group of states.

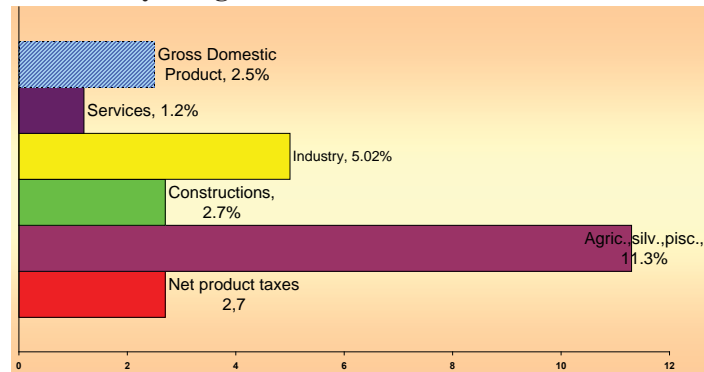
• The GDP alteration factors by categories of resources

In 2011, as in the six months of 2012, 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 2011 a positive contribution of 2.7%, services activity contributed with 1.2%, constructions with 2.7%. Industry increased by 5.0%.

Also, in 2011 the contribution of the agriculture, forestry and fish breeding was positive, 11.3%.

**Contributions to the GDP decrease,
by categories of resources 2011 / 2010**



In 2012, on the first six months, the same trends persisted, with the mention that agriculture marked a serious recoil, as in can compromise at the end of the year the results measured through the evolution of GDP.

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 devastating effects of the crisis, correlated also with the non-existence of an appropriate governing plan.

We can consider that all the national economy branches had a negative influence on the GDP decrease, less the agriculture, hunting and forestry, fishing and fish breeding sector.

Contribution of the main categories of resources to GDP increase in the year 2011 (%)

Indicator	Qtr.IV	Total year
Gross Domestic Product	1.9	2.5
Agriculture, forestry and fish breeding.	3.1	1.3
Industry, including energy	2.0	5.0
Constructions	5.7	2.7
Trade, cars and household appliances repairs; hotels and restaurants, telecommunications	0.9	1.2
Financial, real estate, renting and services to companies activities	-1.8	-2.1
Other services activities	0.4	-0.3
Total gross added value	1.7	2.4
Net taxes on product	4.5	2.7

For the first half of the year 2012, there is a new fall to note for the economy evolution, the industry recording a decrease of -0.2. The GDP

decrease kept on being influenced by the services, constructions and the net taxes on product. The agriculture kept on maintaining within positive parameters of influence, recording a constant evolution in 2011. In 2012, the situation is totally in reverse.

Relevant in terms of GDP in Romania by resource category (as factors of change) is the structural evolution between 2003-2012.

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

Indicatorul	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Agriculture, hunting, forestry, fishing and fish breeding.	11.6	12.6	8.4	7.8	5.8	6.7	6.3	6.0	11.3	4.0
Industry, including energy	24.7	24.9	24.8	24.5	24.3	22.9	23.8	26.4	5.0	-0.2
Constructions	5.7	5.9	6.5	7.4	9.1	10.6	9.8	7.3	2.7	0
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	1.2	-0.3
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	-2.1	-2.2
Other services activities	14.3	13.0	13.7	13.1	13.0	13.0	13.8	12.0	0.8	0.8
Net taxes on product	11.1	10.7	11.7	11.7	11.4	10.9	10.0	11.2	2.7	6.1

*) provisional, estimate data

The weight of the main categories of resources to the GDP forming during the first half of the year 2012 is showing that the services production held over 46%, with a slight tendency to decrease as comparatively with the corresponding period of the previous year.

Relevant as regards the GDP forming by categories of resources (as alteration factors) is also the structural evolution during the period 2003-2012.

• The GDP evolution by categories of utilizations

From the point of view of the “utilizations” in the GDP forming during the year 2011, it has been achieved by the contribution of 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 2011, 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 negative effect, counting for -4.8%.

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 -1.8%, 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 2011 comparatively with 2009. Thus, the individual consumption of households and the collective consumption of the public administration, together, have been reduced.

Evolution of the main categories of utilization to GDP forming in the year 2011 (%)

Indicator	2011	Trim. I 2012
Gross Domestic Product	2.5	0.3
Actual individual consumption of the households	0.7	0.3
Actual collective consumption of the public administrations	-3.6	-2.1
Gross forming of fix capital	6.3	12.2
Stocks variation	2.7	3.1
Net export	-4.9	-5.2

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, respectively – 15.2%.

The GDP evolution during 2011 follows line of going over the “process” of the marked recession. During the first six months of the year 2011, the “un-accounted” negative effects of the year 2010 have been taken over and then continued with a slight increase, maintained in 2012.

The weight of the main categories of utilizations in GDP

Indicator	Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Actual individual consumption of the households	75.7	77.5	78.5	77.9	75.3	74.0	72.7	72.6	72.4
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
Capital gross forming	21.5	21.8	23.7	25.6	30.2	31.9	25.6	22.5	22.3
Stocks variations	0.6	1.8	-0.3	0.9	0.8	-0.6	-0.6	3.5	3.9
Net export	-7.6	-9.0	-10.2	-12.1	-13.9	-13.0	-5.9	-5.7	-5.9

Thus, the GDP decreased by – 1.3% as comparatively with 2008; all the branches recorded negative contributions, which implies the entrance into a macroeconomic managerial mess; the structure by branches and utilizations has been negative. In 2011, GDP grew by 2,5% as against 2010 and follows an oscillatory course in 2012.

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.

• GDP evolution – seasonally adjusted series

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.

When analyzing the quarterly evolution of the seasonally adjusted GDP during the year 2010 comparatively with the corresponding quarter of the previous year, it can be stated out that the biggest decrease has been recorded during the II quarter 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.

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 and 2011 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.

Significant contributions to the negative evolution of the GDP during 2010 and 2011 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.

GDP structure by categories of resources, in 2011*)

Million lei

Indicator	Romania
Gross Domestic Product	57855.9
Total gross added value	509350.7
Agriculture, hunting and forestry; fishing and fish breeding	37837.7
Industry, including energy Constructions	152062.9 56744.5
Trade; cars and household appliances repair; hotels and restaurants; transports and telecommunications	109665.7
Financial, real estate, renting and services for companies	11760.3
Other services activities	11319
Net taxes on product	69201.2

*) provisional, estimate data

The previously mentioned branches had the highest negative impact on the GDP volume decrease during the period 2009- 2011 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- 2011 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.

GDP structure by categories of utilizations, in 2011
Million lei

Indicator	Romania
Gross Domestic Product	578551.9
Final consumption	441657.1
Gross forming of fix capital	166675.7
Export of goods and services	221841.1
Import of goods and services	251623.1
Net export of goods	-29780.9

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.

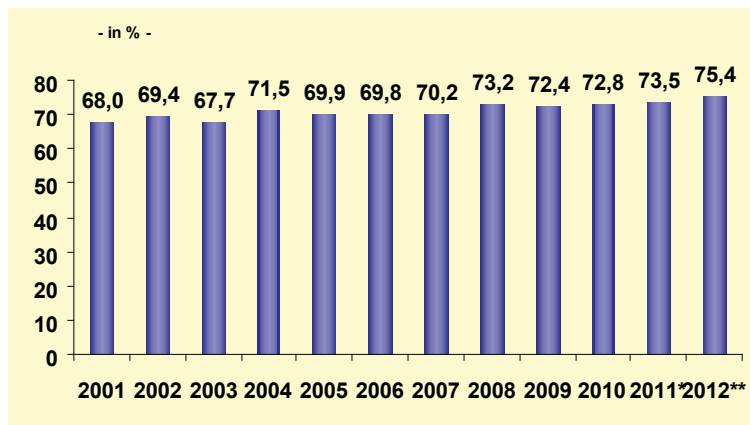
Out of the performed analysis, it results that for the period 2009-2012, for which there are provisional data, the private sector contributed with 72.4%-75.4% to the GDP forming. The weight of the private sector, still low, has been generated mainly by the gross added value in the agriculture. Such an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

Gross Domestic Product weight of the private sector in 2004 – 2012



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

Conclusions

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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