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# THE EVOLUTION OF ROMANIA'S GROSS DOMESTIC PRODUCT IN THE LAST TEN YEARS

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## Abstract

*This paper proposes a complex analysis of the GDP's evolution in our country. Given the position of the indicator in the context of the national economy, such analysis is much more important, knowing that the results outline the performances of all activities within the economy.*

**Key words:** *indicator, evolution, comparison, environment, factors, resources*

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As to the GDP evolution in 2010 comparatively with the corresponding periods of the year 2009, it results, first of all, that the decrease of -1.3% was reasonable. In 2011, an increase of GDP by some 2.5% as against 2010 was recorded.

The level of the GDP decrease in 2010 namely 1.3%, has been somehow expected.

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 in 2011, 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.

By comparing the Romania GDP increase level in 2009-2011 with some other countries out of the European Union, it results that counts as almost the lowest within this group of states.

The analysis will get a more significant outline if we follow the way in which the GDP developed by quarters and in 2011, a period deeply altered by the economic and financial crisis.

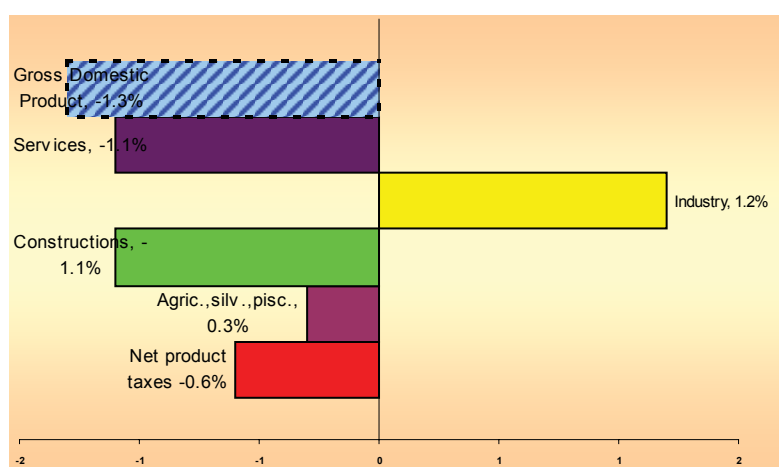
## • The GDP alteration factors by categories of resources

In 2010 the GDP has been achieved on the account of the activities carried out in the frame of the main branches of the national economy.

However, their 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 a negative contribution of -4.9%, services activity contributed with - 1.7%, constructions with -13.3%. Industry increased by 4.8%.

The contribution of the agriculture, forestry and fish breeding was negative (-5,4%).

### Contributions to the GDP decrease, by categories of resources 2010 / 2009



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 some 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.

All the national economy branches had a negative influence on the GDP decrease, less the activities related to agriculture, hunting and forestry, fishing and fish breeding.

**Contribution of the main categories of resources to  
GDP increase in the year 2010 (%)**

**Table 1**

Indicator	1.I-30.IX	Qtr.IV	Total year
<b>Gross Domestic Product</b>	<b>-1,9</b>	<b>+ 0,3</b>	<b>-1,3</b>
Agriculture, forestry and fish breeding.	-5,4	0,0	0,0
Industry, including energy	4,8	4,3	3,9
Constructions	-13,3	-2,0	-2,7
Trade, cars and household appliances repairs; hotels and restaurants, telecommunications	-4,6	-1,2	-2,1
Financial, real estate, renting and services to companies activities	0,6	-1,0	-0,6
Other services activities	-1,7	-0,1	0,1
<b>Total gross added value</b>	<b>-1,5</b>	<b>-1,0</b>	<b>-1,2</b>
<b>Net taxes on product</b>	<b>-4,9</b>	<b>-3,0</b>	<b>-4,1</b>

For the first half of 2011, there has been recorded an increase of industry and a slight recovery to note as to the economy evolution. 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.

Relevant as regards the GDP forming by categories of resources (as alteration factors) was also the structural evolution during the period 2003-2011.

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

**Table 2**

Indicatorul	2003	2004	2005	2006	2007	2008	2009	2010	2011*
Agriculture, hunting, forestry, fishing and fish breeding.	11,6	12,6	8,4	7,8	5,8	6,7	6,3	6,0	7,1
Industry, including energy	24,7	24,9	24,8	24,5	24,3	22,9	23,8	26,4	24,3
Constructions	5,7	5,9	6,5	7,4	9,1	10,6	9,8	7,3	7,4
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	21,1
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	16,1
Other services activities	14,3	13,0	13,7	13,1	13,0	13,0	13,8	12,0	11,9
<b>Net taxes on product</b>	11,1	10,7	11,7	11,7	11,4	10,9	10,0	11,2	12,1

\*) Provisional, estimate data

The weight of the main categories of resources to the GDP forming during the first half of the year 2011 is showing that the services production held over 48%, with a slight tendency to decrease as comparatively with the corresponding period of the previous year.

The industry increased from 24.7% to 26.4% in 2010 as weight to the GDP forming. Slight decreases were recorded by the agriculture, hunting and forestry, fishing and fish breeding (6.0%), constructions (7.3%), domestic trade (20.9%), financial activities (16.2%) etc.

• **The GDP evolution by categories of utilizations**

From the point of view of the “utilizations” in the GDP forming during the year 2010, 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 2010, it was started from the actual situation being recorded by our country during the respective year. The stocks variations recorded a contribution of 3.5% while the net export, namely the difference between exports and imports, recorded a negative effect, counting for -5.7%.

Under such circumstances, it resulted 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 with an increase 22.5%, final individual consumption of households with a decrease of -1.8%, the following conclusions being drawn:

- 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.

**Contribution of the main categories of utilization to GDP forming in the year 2009 (%)**

**Table 3**

<b>Indicator</b>	<b>1.I-30.IX</b>	<b>Total year</b>
<b>Gross Domestic Product</b>	<b>-1,9</b>	<b>-1,3</b>
Actual individual consumption of the households	-1,9	-1,4
Actual collective consumption of the public administrations	-2,8	-2,0
Gross forming of fix capital	-16,1	-15,2
Stocks variation	3,5	3,5
Net export	-5,7	-5,1

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 2010 comparatively with 2009. 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 (15.2%).

The GDP evolution during 2010 follows line of going over the “process” of the marked recession. During the first six months of the year 2010, the “un-accounted” negative effects of the year 2009 have been taken over and then followed by a slight increase, maintained in 2011.

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.

#### The weight of the main categories of utilizations in GDP

Table 4

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

\*) Provisional, estimate data

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 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%). The GDP evolution, seasonally adjusted on the number of working days, constantly until 4<sup>th</sup> 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 is observed that the biggest decrease has been recorded during the II quarter and the smallest one occurred during the fourth quarter. The same positive rhythm was also observed in 2011.

In connection with the other European Union member countries, Romania recorded for the IV quarter 2010 as against the previous quarter, the biggest economic decrease while a significant number of countries have recorded increases (Belgium, Denmark, France, Lithuania, Austria, Poland, Slovenia, Great Britain), and others recorded decreases below 0.5%. Meantime, the overall GDP of the EU increased by 0.1%.

Comparatively with the IV quarter 2008, all the EU member countries have recorded decreases 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 but, in 2010, fourth quarter and 2011, some recovery, but uncertain, due to the crisis within the Euro Union.

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 trade, cars and household 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 2010 - %\*

Table 5

Indicator	Romania	EU 27
<b>Gross Domestic Product</b>	<b>100,0</b>	<b>100,0</b>
Total gross added value	<b>90,8</b>	<b>89,8</b>
Agriculture, hunting and forestry; fishing and fish breeding	6,6	1,5
Industry, including energy	24,8	16,2
Constructions	9,5	5,5
Trade; cars and household appliances repair; hotels and restaurants;	20,2	18,7
transports and telecommunications		
Financial, real estate, renting and services for companies	15,6	26,2
Other services activities	14,1	21,7
Net taxes on product	<b>9,2</b>	<b>10,2</b>

\*) Provisional, estimate data

The mentioned branches had the highest negative impact on the GDP decrease in 2009 and 2010 comparatively 2008, as have recorded decreases. The positive contribution of the industry should be noticed, (increase of 4.5%).

As far as the utilization is concerned, the highest impact on the GDP decrease in 2009 and 2010 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 2010 - %

Table 6

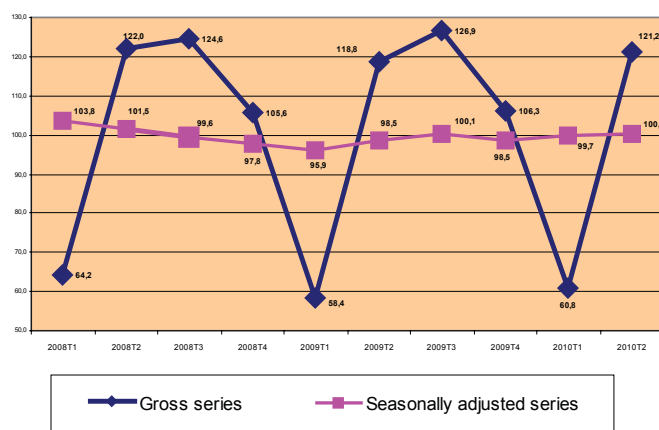
Indicator	Romania	EU 27
<b>Gross Domestic Product</b>	<b>100,0</b>	<b>100,0</b>
Final consumption	81,7	80,7
Gross forming of fix capital	23,5	18,7
Stock variation	-1,2	-0,7
Export of goods and services	33,3	37,3
Import of goods and services	37,2	36,0

\*) Provisional, estimate data

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. The 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.

### GDP evolution - % against the previous quarter



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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.

• **The achievement of the Gross Domestic Product by ownership forms**

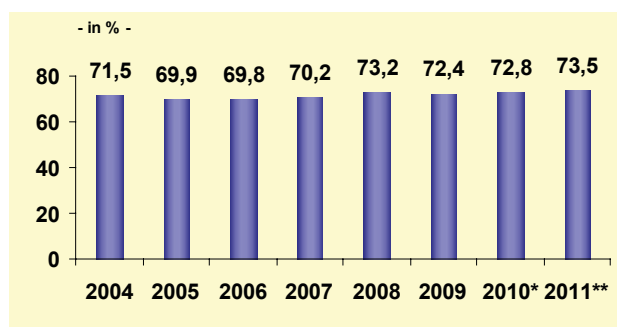
During the period 2009-2011 (data are provisional), the private sector contributed with 72.4%-73.5% to the GDP forming. The weight of the private sector, still low, has been generated mainly by the gross added value in the agriculture. Normal influence, because the agriculture had to face negative natural conditions.

If comparing the weight of the private sector in the GDP achievement with the figures recorded for the previous periods, it resulted that the weight was superior to all the periods being analyzed as from the year 2000, even as from the year 1990.

In 2010-2011, for which a complete analysis was performed, 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 – 2011**



\*) Semi-final data. \*\*) Provisional data.



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It is obvious that the privatization of other administrations but also extending the privatization at the level of branches already privatized had 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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