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# ROMANIA IN THE EUROPEAN UNION – INTERNATIONAL COMPARISONS<sup>1</sup>

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## **Abstract**

*The paper describes the position of our country in the present economical-social European context (the European Union). The authors focused on the most important problems: population, labor force (occupation), inflation, industrial and agricultural production, foreign trade and other aspects. Based on official data and using relevant indicators, the presentation of Romania's situation within the European Union was approached.*

**Key words:** *strategies, population, occupation, inflation, foreign trade, purchasing power*

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We are in the first part of 2012. From the economical point of view, Romania recorded two consecutive quarters with decreases (reductions of GDP), that is Quarter IV in 2011 and Quarter I in 2012<sup>2</sup>.

The decreases, based on the interpretation of provisional data, are reduced: -0,2;-0,1, which could lead to a “reassuring” analysis. We do not know the GDP modification ratio for Quarter II 2012, but no significant mutations are expected.

Also, during the 3<sup>rd</sup> and especially the 4<sup>th</sup> quarter of this year, stagnations and even decreases can be forecasted, most likely in the conditions of negative effects of agricultural production, and particularly of the vegetal one, following the effects of meteorological phenomenon. Under highly difficult conditions, determined in the first place by the status of recession in which Romania is and by the crises under which the recession acts, on the internal arena the political evolution is hard to be imagined. The effects are hard to identify, especially due to electoral strategies, based on exaggerations instead of analyses.

It is ascertained that an up-to-date analysis of Romania's position in the European Union is interesting, based on data provided by EUROSTAT. From **the population point of view**, the criterion considered to establish Romania's obligations to the European Union budget, our country occupies the seventh

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1.. Economic-social evolutions according to data and information from EUROSTAT

2. Data source - EUROSTAT

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position, after Germany (81,8 millions), France (65,0 millions), Great Britain (62,4 millions), Italy (60,6 millions), Spain (46,2 millions) and Poland (38,2 millions). **Data regarding population** are adjusted at December 31<sup>st</sup> 2012 (January 1<sup>st</sup>, 2011) and is exclusively based on estimations that considered the initial number of the population at the last census (for Romania, the 2002 one), the natural growth of the population (deceases/birth) and the balance of foreign definitive migration. In this direction, it must be appreciated the decision of the European Union for the 2011 Census to be ran simultaneously in all the 27 member countries. This way, **the stable population of each member state** can be calculated in a realistic manner, namely the own citizens, plus foreigners who are temporarily in each country. The total national population is established at the zero moment of the census, upon the formula:

$$P_t = P_1 + P_E - P_S, \text{ where:}$$

- $P_t$ : total population;
- $P_1$ : population of the nationality of that country, recorded to be present;
- $P_E$ : population of considered nationality, temporarily in other states;
- $P_S$ : population of other countries, temporarily in the considered state.

Upon the presented model, the total population of a country is corrected each year, by using the current population database and consular reports from abroad.

The structure of Romania's population, on age groups, at January 1<sup>st</sup>, 2011, was in proportion of 15,1% persons below 14 years; 50,9% persons in the age group 15-49 years and 34% persons in the age range above 50 years<sup>1</sup>. The first age group shows the rejuvenating degree of the population, Romania being situated in the central range. A number of 13 states (Belgium, Cyprus, Denmark, Estonia, Finland, France, Ireland, Luxemburg, Malta, Holland, Great Britain, Slovakia and Sweden) record superior weights, between 15,3 – 21,8%. In the other 13 countries member of the European Union, the weights are lower or close to Romania's one. The weight of the population aged above 50 years indicates the fact that only four states (Cyprus, Ireland, Luxembourg and Slovakia) have lower weights than Romania. This is correlated to the **average duration of life**, which in our country is only 69,8 years for men and 77,3 years for women. As for men, only Latvia (68,6 years) and Lithuania (68 years) record a life expectation lower than Romania. For women, Romania occupies the last place with the lowest level (77,3 years). There are countries such as Spain (85,3 years), France (85,2 years), Italy (84,6 years), with far greater life expectation. The presented situation emphasizes that birth rate reduced in Romania and it is in continuous

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1. Data source - EUROSTAT

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state of decrease, while the **life expectation for both sexes is low** because of living conditions and medical assistance. The demographic dependency ratio (population aged 0-14 years and respectively 65 years compared to population between 15-64 years) is moderate, 42,9%.

The indicator regarding the **demographic dependency ratio** records lower weights than in our country only in Slovakia (38,2%) and Poland (40,1%). In the analysis of the demographical evolution for a country, an important element is represented by the infantile mortality, calculated as number of deceased children below one year, per 1.000 born alive. Romania is again situated on the last place, the indicator being 9,8‰, against 4,3‰, the average recorded in the European Union. Only Bulgaria has a level close to Romania's (9,4‰), while Finland (2,3‰), Portugal, Slovenia and Sweden, all with 2,5‰, record very low levels, which attests the care towards family and the first generation, below one year. The occupation ratio of the population is 58,5% overall, being on the 23<sup>rd</sup> place of the 27 states and 40% for workers in the 55-64 years age group. The yearly growth ratio of the occupied population in Romania is almost insignificant, being 0,4%.

**The unemployment ratio** indicates a positive performance in Romania, being 7,4%. Only seven states (Germany, Austria, Belgium, Czech Republic, Luxemburg, Malta and Holland) have recorded a lower unemployment ratio. All other countries, but especially Spain (21,7%), Greece (17,7%), Latvia (16,2%) and Lithuania (15,4%) record alarming levels for the unemployment ratio. On age groups, in Romania, the most affected is the young population, below 25 years, with an unemployment ratio of 23,7%. The same situation is recorded in most member countries of the European Union. This case is explained by the lack of investments capable of creating work places and has as effect the decrease of youngster's interest for training and professional specialization.

By analyzing the expenses made by Romania, in three areas that ensure the spiritual and physical health of the population, but also the perspective of the technological development, namely health, education and research-development, we ascertain that our country is situated on the last place. In 2009 5,68% from GDP were allocated for health and 4,24% from GDP for education. At the chapter expenses, in 2010 for research and development, 0,46% from GDP were allocated. There are states who allocate for health, such as Holland, 11,96% from GDP, or France, 11,89%. In the educational field, other states, such as: Denmark (8,72%), Cyprus (7,98%) and Finland (6,81%), allocate much higher sums from the realized GDP, when, in absolute figures, the **national indicator GDP/inhabitant** is three, four or even six times greater than in Romania, that is 66.300 Euro/inhabitant in Luxembourg, versus 11.400 Euro/inhabitant in our country.

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The calculation method, depending on **standard purchasing power (PCS)**:

$$\frac{\text{PIB}}{\text{Number of inhabitants}} = \frac{\text{Result}}{\text{PCS}}$$

The **standard purchasing power (PCS)** is the reference currency established at the level of the EU (it expresses the results of the European Comparison System). It is a conventional currency unit that excludes the differences between the price levels of various countries.

The ratio between GDP and PCS in comparable terms for Romania is only 47% of the ratio of 100% calculated for the EU. Provisional data for 2011 indicate a growth ratio for GDP by 2,5% against 2010, with the statement that in the last quarter of 2011 a reduction by 0,2% of the GDP.

For the **average annual rate of inflation**, Romania recorded an increase of 5,8%, the highest in the entire European Union (on the total of the 27 member states the annual inflation ratio was 3,1%). In a data series, having as comparison base 2005 equal to 100%, the harmonized index of consumption prices, calculated on the basis of annual averages, recorded by Romania, was 143%. In this case, our country is positioned on the penultimate place (behind Romania only Italy comes with 143,73%) within the European Union.

Taking as comparison base the year 2005 (100%), **the industrial production index** recorded the level of 130,29%, placing our country on the second row in the European Union, after Slovakia (151,72%). The situation is found also for the **construction works index**, (2011 against 2005), that was 147,77%, after Poland (186,80%), placing Romania on the second position in the European Union.

The **evolution of the agricultural production** followed a descending trend across the entire period after 2004. Some positive evolutions recorded in certain periods occurred due to better climatic conditions, not being a constant under the conditions in which activity of agricultural branch is divided and does not have the possibility to apply the agro-techniques at the level of 2012 (lack and/or high cost of irrigations, the lack of fertilizations, soil improvement or insufficient chemical treatment, processing the soil with aged technical means in almost all cases). In 2010 the agricultural production achieved by Romania represented only 90,98% as against 2004 (the agricultural production index), placing Romania on the last position in the European Union hierarchy. Only five member states (Czech Republic, Cyprus, Greece, Slovakia and Hungary) achieved lower results in the reference analyzed year. Even if it recorded decreases of the agricultural production, the labor force input (as thousands annual labor units) in this field was the most elevated (2.164) amongst all member states. The same situation

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is recorded also for the total production of cereals. In 2010, Romania achieved 16.712,9 thousands tons of cereals, placing below Ireland (18.996,0 thousands tons), Poland (27.120,0 thousands tons) and Portugal (20.929,0 thousands tons), countries with which we can compare ourselves in terms of size, population and landscape favorable for agriculture. We did not make appeal to comparisons with France, Germany, Great Britain or Italy, these countries being in the top both as territorial size and number of inhabitants. In the animal breeding field, the analysis based on livestock places us on the last position in the European Union (2.001 thousands bovines, 5.428 thousands pigs, 8.4170 thousands sheep and 1.241 thousands goats). Data gain strength and significance within the analysis if we correlate them with the size of the population of member states.

Another significant area in the analysis of economical situation is the international trade. In 2011, both the **imports** and **exports** of our country increased, being 76,4 billions US dollars SUA, and 62,7 billions US dollars respectively. Even if growths were recorded, the CIF/FOB balance continued to be negative and very high. The indicator reveals a deficit of 13,7 billions US dollars, that affects negatively the evolution of the GDP. Regarding the emissions of gases and pollution of air in CO<sub>2</sub> equivalent indexed at the level of the year 1990, the indicator for Romania is 52.

Referring to the **informational society**, it is worthy to outline that, even if we occupy the penultimate place in the European Union, in 2011, a percentage of 47% (out of total) households have Internet access.

The presentation could be extended with analyses in other areas (tourism, services, the use of labor force, regarding efficiency etc.). Continuation would emphasize the same situation, that puts Romania into the position of net contributor to the European Unions' budget (by the size of the population or the access to European funds). By using only data from EUROSTAT sources, a warning signal was attempted, regarding the situation of Romania in the European Union, urging for immediate recovery measures. Otherwise, we will fight without purpose, on internal plan and we will become used to become the "Cinderella" of the European Union. Subsequent articles will continue the analysis of the situation of European funds absorption and the attraction of foreign direct investments (FDI) into Romania. The situation will be completed with real data the regarding the especially difficult period in which Romania is from the point of view of the economical-social evolution.

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