

## ANALYSIS OF ROMANIAN DEVELOPMENT REGIONS- A FIRST STEP TO SUPPORT NATIONAL REGIONAL DEVELOPMENT PRIORITIES

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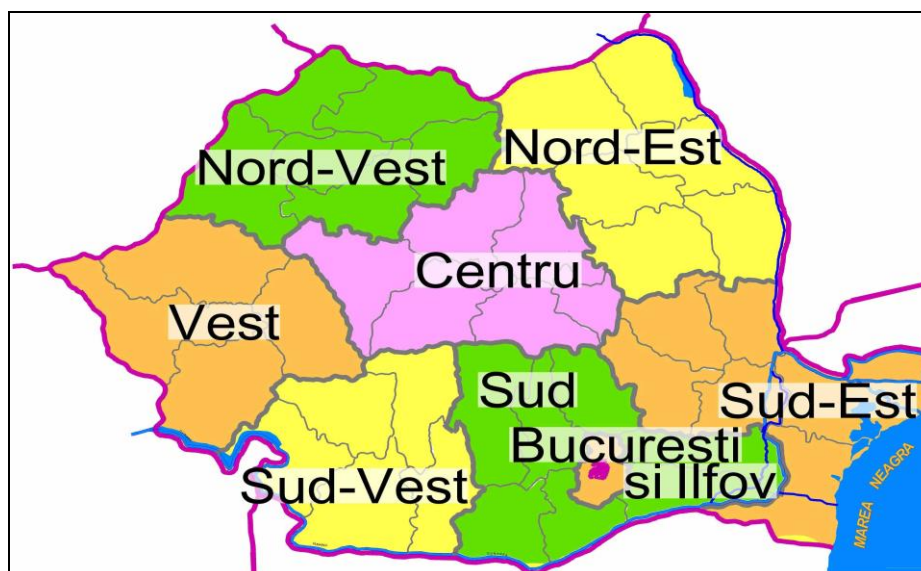
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**Abstract:** Throughout Europe, and in Romania rural areas are characterized by their social, economic and environmental diversity. Some of them have good socio-economic results, even better than neighboring urban areas, having a prosperous population with well-paid jobs. Others face with depopulation, demographic aging, high levels of poverty, land abandonment, a heavy reliance on small-scale agricultural production, limited basic services and serious infrastructure problems. Disparities between rural regions have increased. While many rural areas near the cities have gained more dynamism and resilience, more remote rural areas have not been able to return to previous levels of employment and productivity. Romania has eight development regions, each of them with different features.

**Key words:** development, regions, analysis, features.

### INTRODUCTION

The implementation unit of the development policy [2,7,8] at the territorial level is represented by the development region. The region is constituted by the voluntary association of neighboring counties, without being an administrative-territorial unit and without having legal personality.



**Figure 1. Romanian Development Regions and the component counties**

Source: <http://viitorul.files.wordpress.com/2010/06/ro-regiuni.jpg>

Development regions are entities, created in 1998 by the association of county councils from Romania to coordinate the regional development necessary for Romania.[1,3,4,5,10]

**MATERIALS AND METHODS**

The purpose of this research is to achieve a brief description of each of eight development regions, taking in consideration both strong aspects and weaknesses. To achieve this purpose was used as research method the quantitative method and were used different bibliographic resources.

**RESEARCH RESULTS**

Each of these regions has distinct peculiarities, this aspect being, moreover, the main objective of the paper.

According to the existing administrative data about the *North-East Region*, the following aspects can be highlighted: [15]

- The region combines harmonious multiple relief forms, 30% mountains, 30% subcarpathians relief, 40% plateau. The rich relief offers hill and plain areas that are suitable for a wide range of agricultural crops, and mountain areas with spectacular landscapes are favorable for the development of tourism.
- The North-East Region has the second population density after Bucharest-Ilfov Region). The population of the region is mainly located in rural areas (56.6%).
- The infrastructure of roads, water and sewerage networks raises problems in most counties, but the most affected are the counties of Botosani, Iasi, Vaslui.
- The economy of this region has an agrarian character, mostly in northern part of the region. The GDP per capita in the region is the lowest from Romania, at about two thirds from national average. Currently, the textile industry has the fastest growth.

**Table 2**

**Brief SWOT analysis of the region**

<b>Strong points</b> 1. Diversified tourist offer, specifically in eco and agro-tourism; 2. High number of small and medium-sized SMEs of local residents returned from abroad (only in Bucovina); 3. Soil resources (conifer forests, fertile soils), subsoil (salt, hydrocarbons), hydropower resources 4. Skilled workforce in the chemical, petrochemical, metallurgical, textile, wood and its processing industries	<b>Weaknesses</b> 1. High poverty rate 2. The high share of the population concentrated in the rural environment 3. Numerous less viable enterprises with reduced technological and managerial adaptation capacity 4. Vulnerability to natural phenomena (floods, massive landslides)
<b>Opportunities</b> 1. Encouraging the practice of new forms of tourism and capitalizing all important resources 3. Professional experience and capital infusion from people working abroad	<b>Threats</b> 1. The low economic, social cohesion measures against the backdrop of the population's lack of confidence in the country's economic recovery 2. The further increase in the poverty level of the population in the region 3. The continuation of the exodus of the labor force, to other regions of the country and abroad

Source: *North-East Region*, [http://www.mdrl.ro/\\_documente/regiuni/1.NE\\_ro.pdf](http://www.mdrl.ro/_documente/regiuni/1.NE_ro.pdf)

The following region, the *Southeast Region*, is characterized by: [6]

- The economic activity of the region in recent years is characterized by the decline of industrial activities, generating the liquidation and/or restructuring of large enterprises (with a negative impact on unemployment) and the establishment of small and medium enterprises. Most large enterprises operate in the manufacturing, construction, transport and storage industries.

- By tradition, the Southeast Region is an agricultural area. The region's agricultural area (2,332.05 thousand ha) represents 15.85% of the country's agricultural area, ranking second at national level, after the South-Muntenia Region. The agricultural area of the region represents 65.2% of its total area.

- The Southeast region has a dynamic and diverse economy. There are at least six sectors with important contributions in constituting the Regional Gross Domestic Product.

Agriculture participates with 17%, a contribution 4% above the national average. Industry and services are mainly concentrated in urban centers.

Table 2

## Brief SWOT analysis of the region

Strong points	Weaknesses
<ol style="list-style-type: none"> <li>1. The strategic position of the region</li> <li>2. Well-developed tourism sector</li> <li>3. The SME sector is well developed compared to other regions</li> <li>4. Regionally diversified industry</li> </ol>	<ol style="list-style-type: none"> <li>1. Low incomes of the population from the region</li> <li>2. High unemployment rate</li> <li>3. Low number of foreign investments and their uneven distribution on the territory of the region</li> <li>4. Labor emigration</li> <li>5. Fragmentation of agricultural land</li> <li>6. Weak financial capacity of local authorities</li> </ol>
Opportunities	Threats
<ol style="list-style-type: none"> <li>1. Increasing demand for services intended for individuals and companies, etc.</li> <li>2. Increasing the number of foreign investments that can increase competitiveness through technological transfer and innovation</li> <li>3. The existence of a high productive potential in agriculture and fish farming - second place at the national level as agricultural area and the most important fish farming potential at the national level</li> <li>4. The accelerated trend of agricultural land concentration in farms owned by foreign investors</li> </ol>	<ol style="list-style-type: none"> <li>1. The phenomenon of globalization/integration that can marginalize certain sectors of region's economy even lead to their disappearance (e.g. textile industry, light industry, food processing, etc.)</li> <li>2. The risk of massive migration of the population from the rural to the urban environment and the increase in unemployment</li> </ol>

Source: *Agenția pentru Dezvoltare Regională Sud-Est, Planul de Dezvoltare Regională 2009-2013 a Regiunii de Dezvoltare Sud-Est, 2009*

The third region, namely the *South Muntenia Region*, has its own distinctive features: [9]

- The region includes, as main forms of relief: mountain 9.5%, hill 19.8%, plain and meadow 70.7%.

- The agricultural area concentrated mainly in the southern counties holds 71.1% from total region's area, of which 80.2% is arable land.

- Spatially, the structure of the region's economy is characterized by the dominance of industry in the 3 counties (Prahova, Dambovita and Arges) from north and agriculture in the 4 counties (Teleorman, Giurgiu, Calarasi and Ialomita) from south.

- Currently, tourism potential, which can contribute substantially to the revitalization of the region, is high and possible to be capitalized. Compared to the northern area, the southern area of the region and especially the riverside area of the Danube have potential and in time it can become, through sustained investments, a possibility to replace classic tourism or mountain tourism.

Tabel 3

**Brief SWOT analysis of the region**

<b>Strong points</b>	<b>Weaknesses</b>
1. Favorable geographical position 2. Diversified economic profile 3. High share of non-agricultural activities in the northern part of the Region 4. High share of the young workforce 5. The existence, in the north of the region, of some traditional industrial sectors 6. High agricultural and livestock potential mainly in the southern part of the region 7. The existence, mainly in the north of the region, of representative private companies with foreign or mixed capital 8. Natural, cultural and historical potential for the development of tourism	1. Economic imbalance between areas of the region 2. The decline of traditional industry 3. Infrastructure supporting economic activities reduced 4. Low share of non-agricultural activities in the southern part of the Region
<b>Opportunities</b>	<b>Threats</b>
1. Development of infrastructure to support economic activities 2. Increasing the tourist potential and improving the quality of tourist services 3. Development of ecological agriculture 4. Regeneration of rural communities 5. Entrepreneurship development	1. Macroeconomic instability 2. Stagnation of foreign capital penetration 3. Lack of entrepreneurial culture 4. Migration of young people to urban areas 5. Underestimating the importance of the rural environment in the general development of the region

Source: MDR, Muntenia Region, Development Plan, 2009-2013

**Region 4 South-West Oltenia** is characterized by aspects such as:

- The structure and distribution of economic activities at the level of the region is determined by natural resources, the tradition in their processing, technological facilities, capital, but also by the price system and the proper functioning of market mechanisms. Agriculture is an important resource for the South West Oltenia Region.

- Following the sectorial evolution of employment in the region, there is a tendency to decrease the employment rate in agriculture, in favor of the service sector. This trend will probably continue in the future, in line with the modernization of the regional economic structure, bringing with it increases in productivity. In the medium and long term, however, economic restructuring and productivity growth will stimulate economic activity and job creation.

- There is a perspective on the development of ecological agriculture in the region due to the reduced use, in the last decade, of chemical fertilizers.

- The region benefits from a diversified tourist potential, including mountain and speleological tourism, spas, ecotourism, natural parks, (over 200,000 ha of protected areas), religious tourism.

**West Region** also has a number of characteristics: [11]

- The degree of urbanization from this region (63.6% urban population) is high, and Hunedoara County has the highest urbanization rate in the country, after the capital, respectively 76.9% urban population.

- The territory of this region can be segmented into two subregions:

- The first territory is the one of Caras-Severin and Hunedoara County, being characterized through industry development in the past, now this sector is in a strong decline, so there some development problems.

- The second one is the one of Timis and Arad County, being characterized through a high level of investments from abroad.

- The West Development Region is an area with varied tourist potential. Special conditions for the practice of agrotourism are found in Caras-Severin County, in the

Apuseni Mountains (in the vicinity of the city of Brad), as well as in the west and south of Hunedoara County.

**Table 4**

**Brief SWOT analysis of the region**

<b>Strong points</b>	<b>Weaknesses</b>
1. The strong development of the private sector in trade and services 2. Well qualified and trained workforce 3. Important logistic area for import-export activities 4. Large number of foreign investors 5. High degree of urbanization	1. The existence of mono-industrial areas, undergoing restructuring and facing acute social problems 2. Strong development disparities between the four counties of the region 3. The business support infrastructure is inadequate
<b>Opportunities</b>	<b>Threats</b>
1. Publicizing business opportunities in the Region 2. The involvement of large foreign investors in technological innovation activities or even the establishment of innovation centers within economic units	1. Little diversified specialization in mono-industrial areas and the lack of professional reorientation programs 2. Social problems due to the restructuring of the mining sector

Source: **MDR**, *West Development Region*, [http://www.mdrl.ro/\\_documente/regiuni/5.V\\_ro.pdf](http://www.mdrl.ro/_documente/regiuni/5.V_ro.pdf)

The sixth region, the **North-West region**, has its own distinctive features: [12]

- The participation of the three sectors of the economy in the formation of the regional GDP, indicates a 16.3% share of the primary sector, 35% secondary and 46.7% tertiary, registering an increase in the share of services simultaneously with a decrease in the share of agriculture.

- In this region the counties from the northern part Cluj, Bihor and Satu Mare area characterized though a high development of industry. The counties of Bistrita-Nasaud, Maramures and Salaj began to register a reduction in the degree of development. Taking in consideration the socio-economic analysis, the poles of poverty are found in Maramures and Bistrita-Nasaud counties. The areas in industrial decline are: the area of the Apuseni Mountains and the mountain area from the north of the region, including significant areas from the territory of Maramures, Satu Mare and Bistrita-Nasaud counties.

**Table 5**

**Brief SWOT analysis of the region**

<b>Strong points</b>	<b>Weaknesses</b>
1. Traditional urban centers with well-structured cross-border relations (Satu Mare, Oradea, Carei, Sighetu Marmatiei, Salonta, Baia Mare) 2. Natural and anthropic tourist resources of great value at the national and international level, exploited by a large number of tourist structures 3. Growing entrepreneurial capacity	1. Lack of investments for the development of the infrastructure related to roads, railways and airports in the region 2. Very few services and products with high added value 3. Numerous urban centers affected by serious social problems (high degree of poverty) and physical degradation of the infrastructure
<b>Opportunities</b>	<b>Threats</b>
1. The use of European funds for the construction/ rehabilitation of access infrastructure (road, rail, air) 2. The existence of many market niches for products industrial, services and furniture	1. Low competitiveness of companies from the region on the EU market 2. High level of emigration, especially of the highly qualified workforce

Source: **MDR**, *North-West Development Region*, [http://www.mdrl.ro/\\_documente/regiuni/6.NV\\_ro.pdf](http://www.mdrl.ro/_documente/regiuni/6.NV_ro.pdf)

The seven region, **Central region**, has some aspects that characterize it: [13]

- The urban network is well defined, and most of the small and medium-sized cities have mature and well-developed urban structures. The largest cities with over 100 thousand inhabitants are variously developed and correspond to commercial and productive points of interest on old economic exchange routes.

- If initially mining was the engine of economic activity, now the most important branches are metal processing, chemistry, all branches of light and food industry. Agriculture is well developed, with specialization in the culture of industrial plants, potato

culture, animal husbandry, and quality viticulture is particularly widespread. The least economic development is held by the sparsely populated areas from the Apuseni Mountains, Alba County. Brasov and Sibiu counties are the most developed from industrial point of view from the region. The central rail includes the numerous settlements lined up on the Tarnavelor Valleys, with varied industry and well-defined and architecturally attractive urban structures. In the north, there are centers with more specialized economic structures for car manufacturing, chemical, furniture, textile and food industries dominate.

- The development of production activities was favored by a favorable position for the exchange of goods, and trade activity has a tradition.

**Table 6**

**Brief SWOT analysis of the region**

<b>Strong points</b>	<b>Weaknesses</b>
1. It has direct connections with other development regions 2. High degree of urbanization - The region with the most urban settlements: 57 3. High tourist potential usable throughout the year due to the mountain landscape, traditions, architectural and historical monuments 4. Diversified industrial sector	1. More than 50% of the cities of the Region have a mono-industrial economic structure 2. Degraded built environment (including numerous historical and cultural urban objectives)
<b>Opportunities</b>	<b>Threats</b>
1. Development of village-city partnerships 2. European programs aimed at supporting businesses, professional training and retraining on labor market 3. Creation of technological and research centers oriented towards capitalizing on the regional potential	1. The degree of poverty and isolation of some areas generates depopulation phenomena, creates the premises for the disappearance of some localities 2. Increasing disparities between urban centers that benefit from financing and small and medium-sized cities

Source: **MDR**, North-West Development Region, <http://www.mdrl.ro/documente/regiuni/6.Nvro.pdf>

The eighth development region is **Bucharest-Ilfov** and is characterized by: [14]

- The network of localities of the Bucharest-Ilfov Region consists of 9 cities, 32 communes and 91 villages.

- One of the most striking features of the economic growth from Romania in recent years has been the increasing importance of the development of the Bucharest-Ilfov Region and especially of the Municipality of Bucharest. This is in line with the trend that affects all transition economies, but in Romania it is much more obvious due to the large size of the country both in terms of population and territory.

- The economic structure of the region also reflects the service functions of the country's capital, while construction, transport, education, research and the ICT sector are the most important sectors of the region, contributing to increasing competitiveness and development potential.

- The Bucharest-Ilfov region has a specific tourist potential, represented by the attraction capacity exercised by the urban center of Bucharest, to which are added the cultural and environmental values of the areas adjacent to the capital, located on Ilfov County territory.

Table 7

## Brief SWOT analysis of the region

Strong points	Weaknesses
1. National pole of economic growth and job creation 2. The largest number of SMEs at national level 3. An economic structure dominated by the service sector (63.4%)	1. Insufficient investments in research and technological development 2. Social degradation and exclusion, especially in urban areas affected by massive economic restructuring 3. Degradation of the cultural-tourist heritage
Opportunities	Threats
1. Private investments concentrated in real estate business (office buildings, storage spaces) 2. Development of indigenous industries, especially in sectors with high added value and market niches 3. Development of the SME sector - a potential source of economic growth and creation of work places	1. The inability to develop, through adequate spatial planning, the necessary physical and social infrastructure to facilitate regional development 2. Migration of skilled/educated labor force

Source: MDR, Bucharest-Ilfov Development Region, [http://www.mdlpl.ro/\\_documente/regiuni/8.BIro.pdf](http://www.mdlpl.ro/_documente/regiuni/8.BIro.pdf)

From the brief analysis presented previously, some conclusions are drawn that emphasize the need for a series of aspects such as:

- **North-East Region:**

- the development of the physical infrastructure by rehabilitating/modernizing the access roads to industrial, tourist, mountain areas and the methane gas distribution network, as well as by modernizing/developing the telecommunications infrastructure;

- rural development through the creation of SMEs with an agro-industrial and service profile, the development of eco-farms, the promotion and marketing of local agricultural and non-agricultural products, the development of rural infrastructure;

- human resources development through training for SME managers and staff for professional qualification, professional reconversion, as well as training for people employed in agriculture, in local public administration, for services in tourism and in environmental protection techniques.

- **South-East Region:**

- rural development through the economic diversification of rural areas, supporting farmers' associations, granting direct investments for the development of farms, know-how and technological transfer in agriculture, marketing agricultural and rural products;

- the development of transport infrastructure, of public utilities (running water, gas, electricity), the development of the necessary SME infrastructure, supporting research and innovation centers in the rural environment;

- the development of human resources by organizing courses for the professional qualification of young people in the trades required by the labor market.

- **South Region:**

- rural development, of SMEs that process local resources, obtaining ecological agricultural products;

- the development of human resources by organizing courses for professional retraining of personnel from the service sector, the unemployed persons.

- **South-West Region:**

- SME development through technology transfer for SMEs, creation of new productive SMEs, business services and research centers for the development of SME activity;

- rural development, marketing for rural products, improving the quality of rural products;

- the development of the infrastructure, the network of running water, telecommunications and electricity in rural areas, supporting the construction of houses;

- **West Region:**

- the development of the private sector and the promotion of investments by supporting the transfer of technology, the creation of SMEs in the manufacturing industry, the achievement of investments in public infrastructure, the creation of technology parks;

- rural development, of the basic infrastructure in the rural environment (roads, running water, gas, sewage, telecommunications), the establishment of centers for the collection of agricultural products, as well as SMEs in the field of processing agricultural products, the development of handicraft activities, the provision of support financial for financing the purchase of equipment.

- **North-West Region:**

- creating a business environment favorable to the development of a diversified economy and increasing the attractiveness of the region by: developing the infrastructure to support the private sector, developing economic activities based on local resources, developing the entrepreneurial spirit and local initiative, stimulating economic cooperation and technology transfer;

- the sustainable development of the rural area through: the rehabilitation and development of the physical infrastructure, the capitalization of local resources, the development of services, the rehabilitation and protection of the environment's quality.

- **Central Region:**

- the development of SMEs and the business environment by supporting the establishment of new productive SMEs, supporting technology transfer, promoting industrial and craft products, applying new financing schemes;

- agricultural and rural development, basic rural infrastructure, as well as rural and agricultural services, diversification of rural activities;

- the development of localities and social services by carrying out protection works against floods and landslides, creating support services for people from disadvantaged categories.

- **Bucharest-Ilfov region:**

- supporting the private sector and promoting investments through the transfer of know-how, the modernization of enterprises with viable potential, the development of the high-tech industry, the development of business infrastructure, applied research and development.

- the development and modernization of the road infrastructure, the railway network, the development and improvement of the interregional transport of goods and people, the development of the technical-building infrastructure;

It is necessary for the regions to define their priorities, possibly within some county strategies, which would allow the interconnection and harmonization of the various development programs.

## CONCLUSIONS

Romania, like the other European states, tries to find the best solutions, to meet the requirements of the European community in the field of creating structures and regional development. The region constitutes an adequate level of power for achieving subsidiarity, considered as one of the fundamental principles that must be respected.

Regionalization in Romania was understood as a condition for fulfilling the criteria for integration into the structures of the European Union and access to the structural funds and the Cohesion Fund of the European Union. By establishing the development regions, an important step was taken towards the creation of dialogue partners with similar European structures and European institutions.

Drawing a line, following this brief presentation of the eight development regions, the national regional development priorities should aim at some aspects common to all regions, namely:

- to promote market economy from all regions, so as to ensure the improvement of the competitiveness and in this way to support the economic growth in a permanent manner;
- to promote a harmonious spatial development and the network of localities;
- to increasing the capacities of the regions to sustain the development process of their own;
- to increase opportunities for different fields, such as: research, development of technology, education and training in particular areas specific to each region;
- to promote policies particular to each region and adapted to specific particularities of each of them.

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