

## **Regional Disparities in the Newest Member States of the E.U. Romania's Situation**

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### **Abstract**

*The paper deals with regional disparities inside the 12 newest Member States of the E.U. in order to conclude that Romania isn't an atypical case. So, we used unemployment and GDP rates of growth and realised an analysis of these new Member States.*

*Romania's economic evolution is a cause and a result of regional disparities. As a result, we try to quantify the efforts of Romania to become compatible and complementary with other Member States in order to achieve a real development. We used IMF and Eurostat's information. The next step was to analyse regional disparities in Romania and their forecasts for 2008, the chances and threats for the Romanian economy as new member of the E.U.*

*The connection between Romania-E.U. is doubled by the new challenges for the E.U.*

*On the other hand, E.U. is waiting for Romanian post-adhering priorities. Romania has some questions about the present and the future of the E.U.*

*We concluded that Romania is one of those Member States which have more enthusiasm than socio-economic and political abilities to develop inside the European Union.*

**Keywords:** regional disparities, compatibility, complementarities, economic growth, chances and threats of integration, European Funds.

The last two enlargements of the E.U. transformed it into the greatest GDP producer in the world. Its population, surface and foreign trade grew up too. On the other hand, the newest 12 Member States adhered together with their problems which became challenges for the E.U. very soon.

### **Regional unemployment disparities**

In 2005, unemployment in the EU-25 decreased from 9.2% in 2004 to 9.0% (-83 600 unemployed). This was due to improvements in the labour markets of the new Member States (-279 300 unemployed), closely linked to working migration to EU-15. After the year-to-year rise in the number of unemployed persons (+222 000) in the EU-25 in 2004, the trend thus changed to positive last two years.

Regional unemployment in the EU-25 varied between 2.6% (region of Herefordshire, Worcestershire and Warwickshire in the West Midlands of the UK) and 23.1% (Východné Slovensko in eastern Slovakia) In Bulgaria and Romania, a downward trend in unemployment was observed in all regions. New Member States achieved a decreasing of unemployment in

Estonia, Latvia, Lithuania, Poland and Slovakia and an increasing of unemployment in Hungary

Significant positive trends in unemployment in the new Member States (MS) in 2005, compared to previous year, were registered by Estonia (-1.7 percentage points), Latvia (-1.5 p.p.), Lithuania (-3.1 p.p. - the biggest improvement in the EU), Poland (-1.2 p.p.) and Slovakia (-2.0 p.p.), whereas Hungary experienced a negative trend (+1.1 p.p.).

Employment in the new MS grew by 527600 persons, almost twice as high as the drop in unemployed persons (-279300), most sharply in Estonia (+2.0%), Cyprus (+2.5%), Lithuania (+2.9%), Poland (+2.3%: +244 600 employed males and +77 100 employed females) and Slovakia (+2.2%: +41 000 employed males and +6 500 employed females).

Table 1: Employment and unemployment in E.U. countries

Area/ Country	Employed persons (thous.)			Unemployment rate (%)		
	2004	2005	2005- 2004	2004	2005	2005- 2004
E.U.-25	194619.1	197960.1	3341.0	9.2	9.0	-0.2
Czech Republic	4690.5	4764.0	73.5	8.3	7.9	-0.4
Estonia	595.5	607.4	11.9	9.7	7.9	-1.7
Cyprus	339.5	348.0	8.5	4.9	5.3	0.4
Latvia	1018.0	1033.7	15.7	10.4	8.9	-1.5
Lithuania	1432.6	1473.9	41.3	11.4	8.3	-3.1
Hungary	3900.4	3901.5	1.1	6.1	7.2	1.1
Malta	147.9	148.5	0.6	7.2	7.0	-0.2
Poland	13793.9	14115.6	321.7	19.0	17.7	-1.2
Slovenia	943.4	949.2	5.8	6.3	6.5	0.2
Slovakia	2167.8	2215.2	47.5	18.2	16.2	-2.0
Romania	9103.2	9114.6	11.3	8.1	7.2	-0.9
Bulgaria	2922.6	2981.9	59.4	12.0	10.1	-1.9

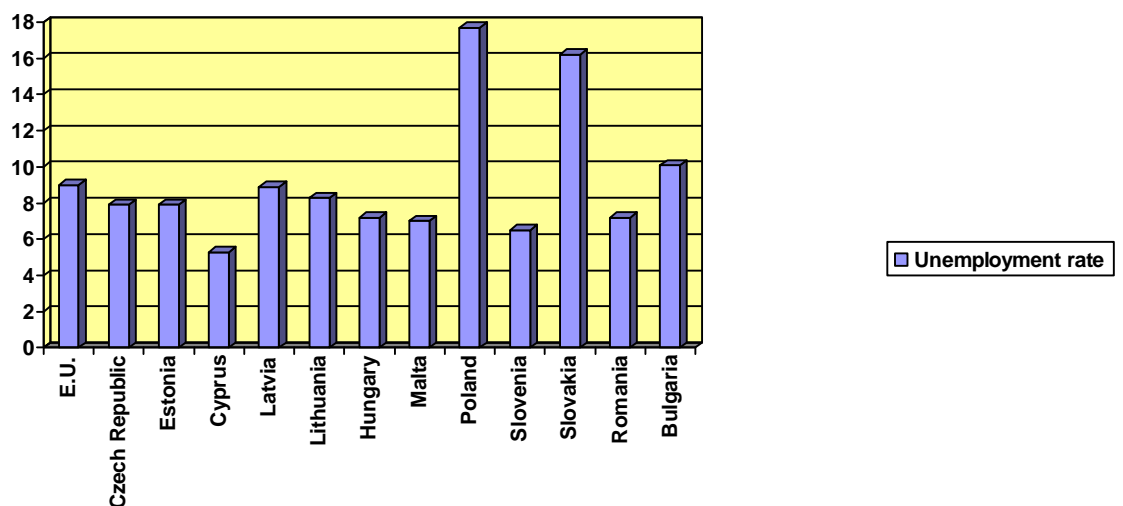


Figure 1: Unemployment rate (%)

The strategy of full employment adopted by the Lisbon European Council (March 2000) was expressed as targets for 2010: 70% overall employment rate and 60% female employment rate. In 2006, the employment rate of the 15-64 age group in the EU-25 stood at 63.7%, thus 3.3 percentage points below the mid-term target of 67% set for 2005 by the Stockholm European Council (March 2001). For the EU-15 and the new MS the rate was as follows: 65.1% and 56.9%, respectively. Only nine EU countries achieved the mid-term target for employment last year: Denmark, Ireland, Cyprus, the Netherlands, Austria, Portugal, Finland, Sweden and the UK. Two countries posted a figure of between 65%-67%: Germany and Slovenia, while Malta and Poland recorded employment rates of below 55%. 97 out of a total of 254 EU regions recorded a rate of 67% or above - only five of them in the new MS (three in the Czech Republic, one in Slovakia, and the single-region state Cyprus).

In the three Baltic countries, each representing a single region, unemployment after accession was on the decrease. The year-to-year changes for 2004-2005 and 2005-2006 were as follows: in Latvia -300 and -17 400 unemployed, in Lithuania -19 400 and -51 200 unemployed, and in Estonia -2 600 and -11 400 unemployed. In 2006, they all posted falling long-term unemployment levels, in particular Lithuania (-24500 persons). Employment in these three countries increased in services (in Lithuania also in industry: +24600 employed persons), but dropped in agriculture. Despite decreasing unemployment, Lithuania saw a negative trend in the economic activity rate of the 15-64 age groups: from 69.1% in 2004 to 68.4% in 2006.

The economic activity rates, i.e. employed and unemployed persons as a percentage of population are above the employment rates, i.e. employed persons as a percentage of population: 62.6% in Lithuania in 2006.

Romania has the second high unemployment rate for people under 25 in E.U. This unemployment rate was 23.6% in February 2007. In Poland, this rate was 25.5%.

The total unemployment rate in Romania was 7.3% in February 2007; the same rate that average E.U.27 unemployment rate.

The highest unemployment rates were in Poland (11.8%) and Slovakia (11.0%). The greatest reductions of the unemployment rate were in Slovenia (4.7%-6.5%), Slovakia (11.0%-14.4%) and Poland (11.8%-15.1%). On the other hand, the unemployment rate grew in Hungary (7.4%-7.9%).

Bulgaria and Romania: decreasing unemployment in all regions In 2006. Bulgaria and Romania recorded positive trends in unemployment compared to 2005: from 12.0% to 10.1% and from 8.1% to 7.2% respectively). This was due to improvements in all their regions, in particular in Severoiztochen (north-east), Yugozapaden (South-West) and Yugoiztochen (South-East)) in Bulgaria and in Sud-Est, Vest and Centru in Romania. In Bulgaria, this trend was linked with rising employment in Severoiztochen (+6600 employed in construction), Yugozapaden (22300 males and 3900 females, +14600 in industry) and Yugoiztochen (+6200 in construction). At the same time, a negative trend in economic activity rate was observed between 2004 and 2006 in Severozapaden(North-West), from 55.8% to 54.6% (the lowest figure in Bulgaria), and in Yugoiztochen, from 61.2% to 60.1%. In contrast, in Severen tsentralen (north central) the rate rose from 59.0% to 60.0%. Of the three Romanian regions that saw the sharpest drop in unemployment (Sud-Est, Vest and Centru), only in Centru was this linked to an increase in employment (+19600 in agriculture, +9 200 services; but -19000 in

industry). Despite declining unemployment, there was a negative trend in economic activity in the 15-64 age groups in all Romanian regions, particularly in Nord-Est (from 66.8% in 2004 to 65.5% in 2006), Sud-Est (from 60.8% to 59.5%) and Vest (from 61.8% to 60.6%). Self-employment fell in Bulgaria (-9600 persons), but increased significantly in all Romanian regions except Sud-Est.

There are no figures available on working migration from these two countries to the EU-15 in 2005. The largest Bulgarian communities are found mainly in Greece (200 000), Italy (60000) and Spain (80000), emigration to other EU countries being marginal. Destinations chosen by Bulgarians are most often located outside Europe: USA, Canada, Australia and South Africa.

The numbers of Romanians resident in Europe are as follows: around 400 000, in Spain, 175 000 in Italy, 73 000 in Germany, 60 000 in France in 2005 and 17 800 in Greece in 2006. Most Romanians prefer overseas destinations: Canada and USA.

### Regional GDP disparities

GDP per capita fluctuate between 33% from average E.U.25 level (in Lubelskie-Poland) to 278% in Inner London. Only one region from the latest 12 new Member States has a GDP per capita greater than average E.U. GDP per capita (Prague 138%). On the other hand, 60 regions have a GDP per capita fewer than 75% from average E.U. 16 regions are from Poland, 7 from Czech Republic, 6 from Hungary, plus Estonia, Latvia, Lithuania and Malta.

**Table 2: Regional GDP per capita (E.U.25=100%)**

High developed regions	%	Low developed regions	%
Inner London	278	Lubelskie (Poland)	33
Brussels	238	Podkarpackie (Poland)	33
Luxemburg	234	Podlaskie (Poland)	36
Hamburg	184	Swietokrzyskie (Poland)	37
Ile de France	173	Warminsko-Mayurskie (Poland)	37
Vienna	171	Opolskie (Poland)	37
Berkshire, Buckinghamshire & Oxfordshire	165	Eszak Magyaroszag (Hungary)	38
Bolzano (Italy)	160	Vychodne Slovensko (Slovakia)	39
Oberbayern	158	Eszag-Alfold (Hungary)	39
Stockholm	158	Del-Alfold (Hungary)	40

There are a lot of disparities between GDP in the new Member States.

Table 3: GDP in \$

Country	GDP (mill. \$)	GDP/cap.	Nominal GDP/cap.
 U.E.	12.954.042	28.477	29.763
 <u>Slovenia</u>	46.384	23.250	17.535
 <u>Ciprus</u>	18.563	22.334	20.500
 <u>Malta</u>	8.103	20.365	13.847
 <u>Czech Republic</u>	198.931	19.478	12.587
 <u>Hungary</u>	179.606	18.492	11.375
 <u>Estonia</u>	23.927	17.802	10.342
 <u>Slovakia</u>	93.288	17.239	9.471
 <u>Lithuania</u>	52.705	15.443	8.310
 <u>Poland</u>	526.253	13.797	8.410
 <u>Latvia</u>	31.841	13.784	8.401
 <u>Bulgaria</u>	76.696	10.003	3.686
 <u>Romania</u>	204.412	9.446	5.254

### Romania's economic evolution as a cause and result of regional disparities

The implementation of the reform and the development of the market economy in Romania imply a large opening to the world economy too. The foreign economic connections of our country are concentrated on European geo-political space. On the other hand, Romania is connected with almost all countries in the world. Nowadays, a country which is not able to participate at world transactions doesn't "exist" for the world. As every national economy, Romanian economy is a complex, dynamic and auto-adjustable system. Practically, it is a cybernetic system characterized by structure, function and behaviour. The strategy of improvement such a system needs to establish objectives connected with: economic restructuration, economic efficiency and a good mechanism of function).

Integration into a global economy means a complex process based on new principles of compatibility and complementarities. These principles support adaptation of the Romanian economy and of other sectors (social, military and politic) to the realities from those countries which are already full integrated and the development of the cooperation relationships with European institutes and world forums like WTO, UNCTAD, UNO (Barsan, 2000).

For Romania, the most important objective is its integration to the European Union as a success of its participation to the global economy. As a result, Romania tries to become compatible and complementary with other Member States in order to achieve a real development. The most important advantages for Romania's integration

to the E.U. are: affiliation to a great family of nations, participation to the greatest common market in the world, opportunities connected with economic growth, new jobs and access to the European Funds.

International Monetary Fund published its annual report at the beginning of 2007. This organisation concluded that Romania had the highest GDP grow rate from E.U.27 during 2000-2006 (130%). In 2006, Romania GDP was about 97.1 billion Euros. It was about 115 billion Euros in 2007 (IMF, 2008). On the other hand, the average GDP grow rate will be at least 5.7% still 2013.

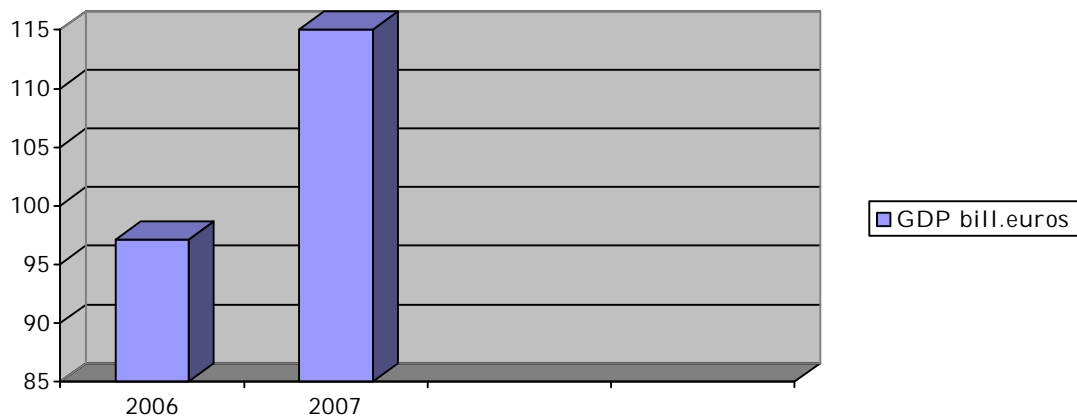


Figure 2: GDP in Romania

The European money determined an annual economic grow about 2%. During 2007-2013, the value of the European Structural Funds for Romania will be about 24.1 billion Euros (without Agricultural funds). 15.5 billion Euros will be sending for infrastructure, 4.2 billion Euros for productive sector and 4.4 billion Euros for human resources.

The inflation rate was 6.5% in 2006. In May 2007, the European Commission considered that the inflation rate in Romania will be about 4.5% in 2008. The inflation rate will come down at 2.5% still 2012-2013, when Romania will be able to adhere to euro zone.

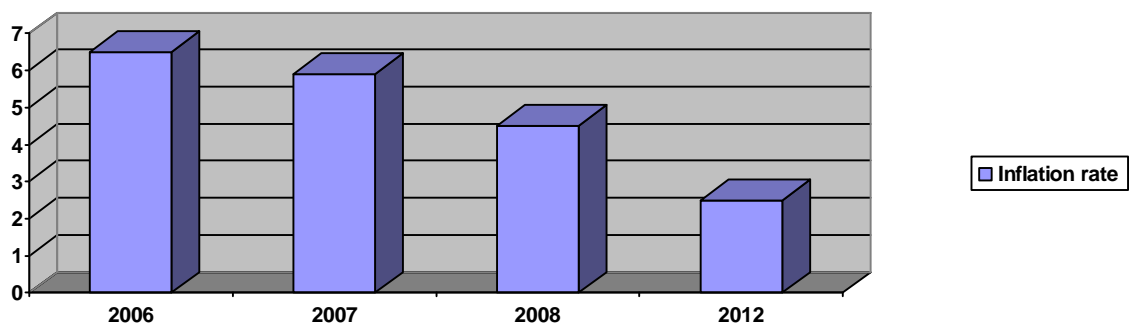


Figure 3: Inflation rate in Romania (%)

On the other hand, average productivity in Romania is 8.7 times little than average E.U.-25 productivity (20100 Euros in Romania and 174000 Euros in E.U.25). As a result, the average level of the wage in Romania was about 280 Euros in February 2007. The greatest wages are in finance, banking sector, administration and services.

In 2007, Foreign Direct Investments were about 7 billion Euros. The main economic sectors which will benefit by these FDI are build cars, electronic components, building, IT, pharmaceuticals and bio-diesel. At the end of 2006, Romania introduced the unique tax revenues of 16% and a lot of facilities for FDI greater than one million Euros. FDI in Romania were about 9 billion Euros in 2006, greater with 74.2% than in 2005.

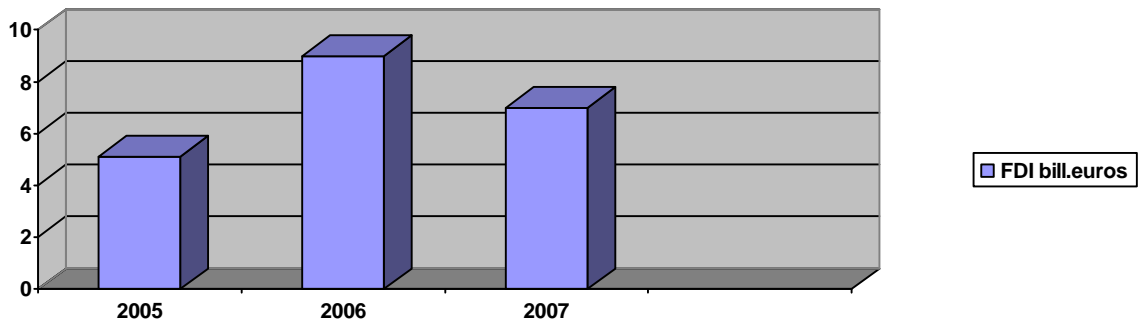


Figure 4: FDI in Romania

Romania’s exports were about 25.8 billion Euros in 2006. 18.3 billion Euros represented export in E.U. countries. In 2007, Romanian exports were about 30.2 billions Euros. Romania’s imports were 40.7 billion Euros in 2006 and 44.4 billions Euros in 2007.

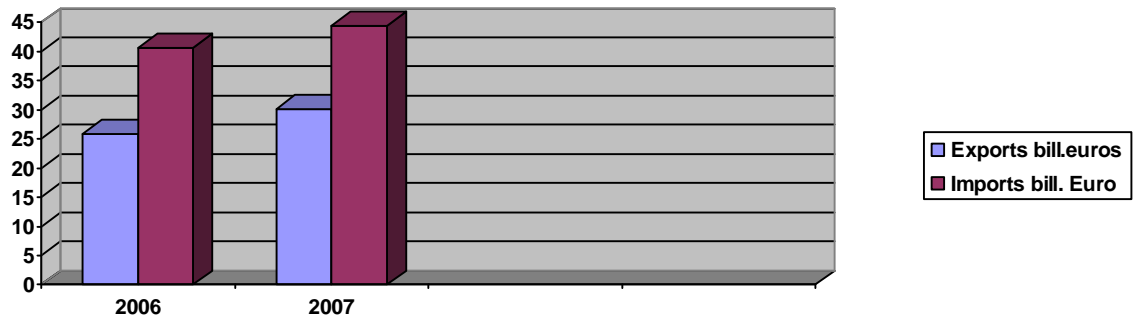


Figure 5: Romania’s foreign trade

The chances for the Romanian economy as new member of the E.U. are the following:

- 1 Macro economy: for the next 5-7 years, is expected an economic growth greater than in E.U.15. Services and public healthcare will be improved.
- 2 For the beginning, the most developed sectors in the next year will be: leasing, SMEs, telephony, internet, hardware and software industries.

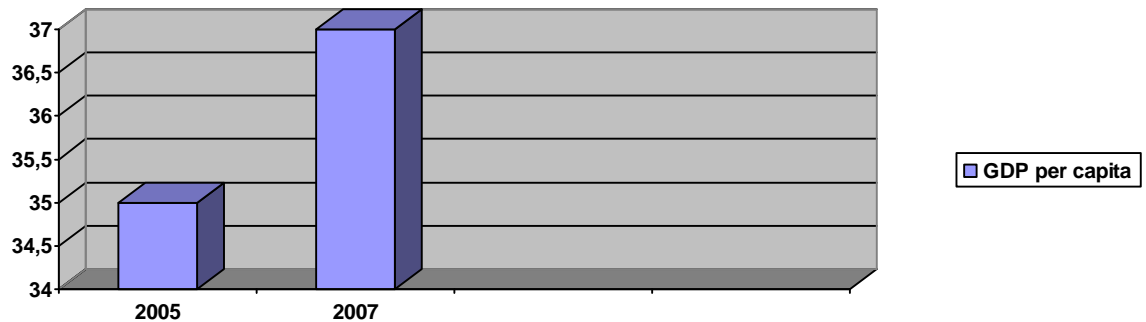
- 3 The forecasts for 2010 show us a great development of financial market, banking, tourism and human resources.
- 4 On the other hand, such industries like: textile industry, wood industry and furniture industry have to be restructured.
- 5 But the most developed industries will be tourism and transport;
- 6 Prices: the development of the supermarkets will determined a new structure of the Romanian internal trade and a diminution of the most of the prices. The new modern internal trade will be 50% from the market in 2010. Nowadays, this trade is about 29%.
- 7 In order to obtain a greater market, the supermarkets will reduce their prices with 10-15%. The absence of the taxes will determine the movement of the prices from producers to retailers;
- 8 Free labour movement: the Romanian labour may obtain retired payees in Member States where they work. Nowadays, there are 2 million Romanian people which work in other Member States. On the other hand, 11 Member States liberalized Romanian labour access on their labour markets (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Poland, Slovenia, Slovakia, Finland, Sweden and Bulgaria) and 5 introduced a partial liberalization of the Romanian labour access on their markets (France, Italy, Hungary, Belgium and Luxembourg);
- 9 Common Market: the public aids are replaced with European Funds. On the other hand, Romanian firms may sell their output in the same conditions with other European firms on a biggest market;
- 10 European Funds: During 2007-2013, Romania will benefit of 28 billion Euros from Structural Funds. 11 billion Euros will be for agriculture and rural development. As a result, we must spend 8.5 million Euros every day, including Saturday and Sunday;
- 11 Environment: Romania will receive 29.3 billion Euros for its environment policy. Romania is the only Member State which has 5 bioregions (from the total 11 bioregions from the E.U.);
- 12 Fuels: The cote of the ecological diesel oil will be 5.17% in 2010. Romania has the greatest surfaces with rape, soy and sunflower;
- 13 Trade marks and brands: in 2007, 700000 European registered marks are recognizing in Romania. Romanian marks have to be registered on Common Market. That implies a tax at least 1200 Euros;
- 14 Real estate market: price of the building will decline with 10%, excepting Bucharest;
- 15 Banking: development of this sector as a result of a great European capital input on the market. The most important banks from Romania are with German, French, Austrian and Greek capital. As a result, it is expected a decline of the interest rate.

**The threats for the Romanian economy as new member of the E.U. are:**

- 1 Massive bankruptcy: the Romanian forecasts tell us about 60% of SMEs as a result of a low competitiveness (19 times smaller than average E.U.);
- 2 Higher labour costs and employment migration: the main destinations for Romanian labour are Spain, Italy and Greece;
- 3 A new structure of internal trade: the little shops will lost 15% of the internal market in 2007;
- 4 A low capacity to use European Funds: Romania needs 10000 specialists in European Funds but it has only 1000. The training market was about 9 million Euros in 2007 and the cost of training is 160-700 Euros. Nowadays only 25% of Romanian firms are able to apply in order to obtain European Funds. For example, Romania spent only 20% from ISPA Fund for environment and transport;



- 5 Food industry: has the lowest competitive. In milk industry, for the example, the productivity is 15 times little than E.U.25 average productivity. There are only two multinational firms in this sector: Danone and Friesland Foods;
- 6 Low GDP per capita: Romanian GDP per capita was 35% for E.U.-25 average level in 2005 and it grew to 37% in 2007.



**Figure 6: Romania's GDP per capita (% from E.U.27)**

- 7 Low productivity: in more industries, Romanian productivity is 13 time little than E.U.-25 average level. This situation will continue at least 5 years. Most of Romanian firms are unable to think global and act local. The Romanian economy is more exposed than the economies of Member States which adhered in 2004 because it has more inhabitants and a greater market. On the other hand, the entrance of the European firms on Romanian market will determined low costs. The Romanian firms will be unable to operate with such little costs.

After partial failure linked with Constitutional Treaty ratification, E.U. faces with a moment of pause and self-reflection. 2007 was the year of the new budget period beginning (2007-2013) and of finding solution to the problem of Constitutional Treaty.

The new challenges for the E.U. are a lot. The first is the reducing of the number of the pro-integration voices which support European common point of view, not national point of view. On the other hand, the White Paper of the European Communication Policy, supported by the European Commission, deals with the responsibility of the Member States to explain the European processes to the European citizens. The questions are if the citizens will agree common European point of view and how much are they able to influence European decisions? As a result of a growth of the civil society impact, the role of the political parties will be smaller. A new question is who have to initiate the European Policy? Another challenge is the difficulty to equilibrate European labour market as a result of a great diversity of labour supply and of a greater heterogeneity of the human society. A possible answer to this question is Lisbon Agenda, but we don't forecast its effects yet. Other challenges are connected with the security of the access to energy sources and its resolving and the greater impact of the mass-media cans support bigger international scandals (like Mohamed cartoons in Denmark). As a result, E.U. has to continue to support the liberties of mass-media or to adopt some specific measures.

As a result, the most Member States are dominated by euro-scepticism. Romania is pro-European, but public debates about the future of Europe are just a few. On the other hand, E.U. is waiting for Romanian post-adhering priorities. Romania has some questions about the present and the future of the E.U.

For the beginning, we consider that there is a deficiency of European vision in Romania. Even E.U. has not a net vision about its future for the next 15-20 years. E.U. doesn't know about the future of the extension process, or about the solutions which may apply as a response to globalization, wars and natural resources deficit. Romania wants an E.U. with obvious internal and foreign policies, in which European Institutions to function very well and very efficient. In the last two years, there were no public debates about European identity in Romania. This can cause a complication of the post-adhering period for Romania.

There are more opinions which consider that E.U. suffered from an excess of visionary policies in the last 50 years. The enlargement policy is one of the most successfully European policies. The other European policies were changed and improved as a result of E.U. extension. Services Directive was considered to serve elites' interests, for the beginning. Nowadays, it is an interesting subject for all citizens. Justice and Internal Affairs appeared as a separate pillar (the third pillar from Maastricht Treaty), but they became an important element of the Community procedure. Military presences of the E.U. in Afghanistan, Macedonia or Bosnia under Common Foreign Policy umbrella were not success even that they were impossible for the E.U. point of view some years ago. All these facts were very fast for the historical point of view. On the other hand, a vision without results and implementation can become very dangerous.

In the last five years, E.U. began to lose a part of its influence in the world. E.U. needs to reform its actions. The same interest has Romania. This interest is about a long time vision with no connection with the present interests which have to be communicating to the European and Romanian citizens too. Unfortunately, there are not professionals able to improve politics without own interests and able to show Romanian interests in E.U. too.

Political parties are the key of the European democratic process. But, the new arrivals (from the new 12 Member States) have not a proper identity and a proper voice able to do something new in European political debate. As a result, the parties from these new Member States join to the European classic politic families.

Democracy, security and energy are connected as elements of a triangle. A triangle is incomplete without a side. As a result, the security of energetic sector is broken without democracy. NATO has a proposal to protect natural gas pipes. We consider that E.U. has to enjoy NATO proposal in order to protect European energetic sector. Romania is sceptic about Brussels' capacity to formulate a viable common security and defence policy.

Romania wants to be an important actor in East Europe. E.U. has different policies for Russia and Ukraine. A European proximity policy is necessary, but E.U. has not a clear vision about East Europe. As a result, this vision can't help Romania-Moldavia relationships. After Soviet Union's dismember, the Black Sea zone became less stable. On

the other hand, the new conditions transformed Black Sea zone in a very interesting region for U.S.A., E.U., Turkey, Ukraine and Russia. Romania and Bulgaria, the newest Member States have big interests in this region too. We consider that E.U. has to find a common language and vision with all actors from this part of Europe.

The cartoons with Mohamed from the Danish mass-media are still New Weapons of Mass Destruction. The problem is not solved yet. On the other hand, the CIA's prisons from East Europe are another unsolved problem too.

These problems affect the E.U.'s imagine connected with the respect of human rights.

Romania has not to offer E.U. to many ambitions about security and defence policies in the Black Sea region. In the same way, NATO didn't function in Romania-Ukraine border conflict. Romania has to develop middle term policies like E.U. policies. The last 12 new Member States have to imply in: improvement of the proximity policy, improvement of the adhering process as an instrument of transformer a new candidate member, improvement of the credibility and of support in E.U. extension of the future candidate states (like Moldavia) and of the E.U. capacity to absorb new members (the 4<sup>th</sup> criteria from Copenhagen). Romania tries to induce the idea of an open organization for the E.U.

Romania ask for a higher legitimacy for democratic process in the E.U. through contribution to new policies in connection with Romanian points of view and for a greater effort in order to explain the European dimension of every Romanian political, economic and social aspect. As a result, Romanian citizens will know that they are a part of the great European family.

**Regional disparities in Romania and their forecasts for 2008**

There are 8 regions in Romania. The most developed region is Bucharest and the low developed is North-East.



Figure 7: Regions from Romania

The regional disparities in Romania are between regions and intra-regions as a result of economic re-structure. The disparities between these regions are greater in the richest regions case and lower in the poorest regions case.

**Table 4: Indicators of regional development**

Member State/ Region	GDP per capita (euros)	Unemployment rate (%)	Labour productivity (euros)	Education attainment (%)
Romania				
Bucharest-Ilfov	13862	6.9	11204	22.1
North-East	5070	5.7	3920	7.0

But, we consider that Romania isn't able to ensure a real regional development on short and medium time.

A partial solution will be the step to step development of some Romanian regions in order to achieve the E.U. regional development level. These regions will create favourable elements for other regions in time.

In order to realise a forecast for 2008, we must analyse Romanian regional development in 2006.

In 2006, the GDP per capita disparity index between the most developed region (Bucharest) and the less developed region (North-East) was 1.671. The forecast for this index is 1.662 in 2008. So a very little positive exchange. The GDP per capita disparity index at regional level in Romania is analysed in table no. 5. The data of this table show us that the regional disparities will be the same in 2008.

**Table 5: GDP per capita disparity index at regional level in Romania**

Region	2000	2005	2005-2000	2008	2008-2005
NORTH - EAST	1.467	1.671	0.205	1.662	-0.009
SOUTH - EAST	1.154	1.346	0.192	1.346	0.000
SOUTH	1.259	1.399	0.140	1.393	-0.006
SOUTH - WEST	1.225	1.368	0.143	1.365	-0.003
NORTH - WEST	1.104	1.234	0.130	1.235	0.001
CENTRE	0.958	1.073	0.115	1.070	-0.003

Other important regional indicators are regional GDP per capita and GDP per capita disparity index between Romanian regions and national average level. These indicators are pointed in table no. 6.

**Table 6: Regional GDP per capita and GDP per capita disparity index between Romanian regions and national average level**

	2005	2006	2007	2008
North - East Region				
- GDP/capita - euros	2526.8	2942.7	3333.2	3733.6
- GDP per capita disparity index	68.7	68.4	68.3	68.4
South - East Region				
- GDP/capita - euros	3137.0	3651.4	4124.4	4609.3
- GDP per capita disparity index	85.3	84.9	84.6	84.5
South Region				
- GDP/capita - euros	3018.8	3519.9	3984.6	4454.2
- GDP per capita disparity index	82.1	81.8	81.7	81.6
South - West Region				
- GDP/capita - euros	3087.2	3606.2	4074.8	4546.8
- GDP per capita disparity index	83.9	83.8	83.5	83.3
West Region				
- GDP/capita - euros	4223.5	4929.3	5563.2	6204.9
- GDP per capita disparity index	114.8	114.6	114.1	113.7
North - West Region				
- GDP/capita - euros	3422.4	3975.3	4495.0	5022.9
- GDP per capita disparity index	93.0	92.4	92.2	92.0
Centre Region				
- GDP/capita - euros	3935.5	4590.8	5195.0	5799.5
- GDP per capita disparity index	107.0	106.7	106.5	106.3
Bucharest Region				
- GDP/capita - euros	7487.2	8875.5	10153.4	11416.3
- GDP per capita disparity index	203.5	206.3	208.2	209.2

As a result, Bucharest, West and Centre regions will have a higher level of GDP per capita in 2008, but North-West, South-East, South, South-West and North-East will perform a smaller GDP per capita than national average level. The elimination of regional disparities need a lot of time. The same problem is when we refer at disparities between states.

Another important step in our analysis is to compare active people and their revenues at regional level. We can observe that the disparities will be smaller in 2008, as a result of tables date no. 7 and 8.

**Table 7: Active people and average wage (%)**

	2005	2006	2007	2008
National civil active people at the end of the year	100.0	100.0	100.0	100.0
Regional maximum deviation	15.1	15.1	15.0	15.0
Regional minimum deviation	10,0	10,0	10,0	10,0
Difference (max. deviation - min. deviation)	5,1	5,1	5,0	5,0
National medium civil active people	100.0	100.0	100.0	100.0
Regional maximum deviation	15.3	15.2	15.1	15.1
Regional minimum deviation	9.8	9.8	9.8	9.8
Difference (max. deviation - min. deviation)	5.5	5.4	5.3	5.3
Average net wage at national level	100.0	100.0	100.0	100.0
Regional maximum deviation	123.4	122.6	121.3	120.5
Regional minimum deviation	89.7	89.7	90.3	90.4
Difference (max. deviation - min. deviation)	33.7	32.9	31.0	30.1

**Table 8: Unemployment and unemployment rate (%)**

	2005	2006	2007	2008
National unemployment	100.0	100.0	100.0	100.0
Regional maximum deviation	17.8	17.8	17.6	17.8
Regional minimum deviation	4.9	5.7	5.6	5.1
Difference (max. deviation - min. deviation)	12.9	12.0	12.0	12.7
National unemployment rate	5.9	5.9	5.8	5.6
Regional maximum deviation	7.5	7.5	7.4	7.0
Regional minimum deviation	4.1	4.1	4.0	3.8
Difference (max. deviation - min. deviation)	3.4	3.4	3.4	3.2

The difference between active people from North-East Region and the minimum value (West Region) is smaller with 0.1%. On the other hand, the differences between wages are smaller too (3.6%). The greater disparity is between Bucharest and North-East Region. The differences between regional unemployment and unemployment rates are smaller too (0.2%), if we don't consider Bucharest Region. In this last situation, the maximum values are in South, South-West and Centre Regions and the minimum values are in North-West Region. What can we say about future?

Table 9: Unemployment rate's forecast

Unemployment rate		2006	2007	2008
TOTAL ROMANIA	- % -	5.9	5.8	5.6
NORTH - EAST	- % -	6.9	6.8	6.8
SOUTH - EAST	- % -	6.4	6.3	6.3
SOUTH	- % -	7.3	7.1	7.0
SOUTH - WEST	- % -	7.5	7.4	7.0
WEST	- % -	5.2	5.1	5.0
NORTH - WEST	- % -	4.1	4.0	3.8
CENTRE	- % -	7.2	7.1	7.0
BUCHAREST	- % -	2.7	2.5	2.2

Table 10: 2008 labour structure- % -

	Agriculture, forests, fisheries	Industry and building	Services
Romania	32.0	30.0	36.0
North-East Region	42.4	25.1	32.5
South-East Region	35.3	28.3	36.4
South Region	39.4	29.5	31.1
South-West Region	42.1	26.9	31.0
West Region	26.5	34.7	38.8
North-West Region	35.1	30.3	34.6
Centre Region	26.4	35.0	38.6
Bucharest	4.7	31.9	63.4

In Romania, the regional policy is based on Regional Operative Programs. For 2007-2013, these programs are connected with National Regional Development Strategy. The main elements of these programs are:

- a higher regional competitiveness as a result of the business medium development;
- suport of local and regional economies which are affected by industrial re-structure and traditional underdevelopment;
- valorization of touristic and cultural regional potential as a source of regional development;
- development of little urban centres, in order to transform them in regional growth centers;
- development of local administrative capacity in connection with development and programmed management;
- promotion of interregional cooperation, at national and trans-border levels .

A important component of regional policy in Romania is defined by the European Funds. E.U. financial assistance for Romania is:

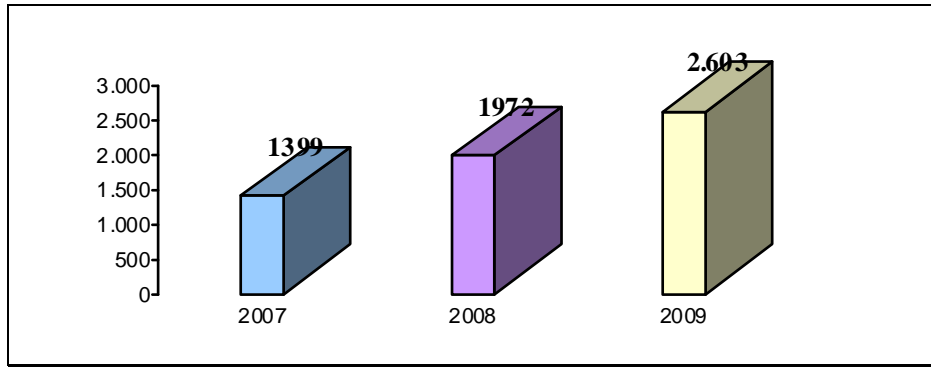


Figure 8: E.U. financial assistance for Romania (mill. Euros)

Romania benefited by the E.U. Funds in its pre-adhering period too:

Table 11: E.U. pre-adhering funds for Romania

Millions Euros	2000	2001	2002	2003	2004	2005	2006
PHARE	1560	1560	1560	1560	1560	1560	1560
S.A.P.A.R.D.	520	520	520	520	520	520	520
I.S.P.A.	1040	1040	1040	1040	1040	1040	1040
TOTAL	3120	3120	3120	3120	3120	3120	3120

On the other hand, Romania will benefit by more Structural Funds and Cohesion Fund inside present financial framework.

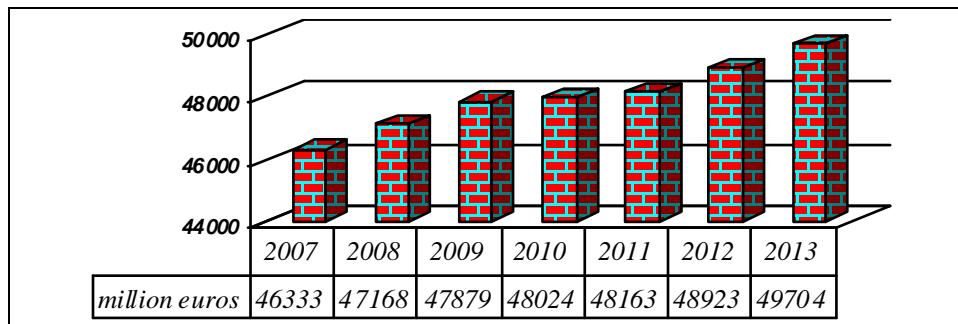


Figure 9: E.U. Budget for Structural Funds and Cohesion Fund 2007-2013

**Some ideas and conclusions**

We think that E.U. is an organization which can't be perfect. E.U. will not be perfect in the future too. E.U. is not able to resolve all the problems from its Member States. Maybe, E.U. can resolve the socio-economic development problem. Romania wasn't and still isn't ready to integrate into E.U. We think about its economy, social-cultural situation and its ability to develop very quickly.

The greatest challenge for the future of the E.U. isn't socio-economic development. The enlargement of the E.U. means more people with different levels of education and training, with different cultures and traditions. And it is not possible to have a unique measure and a unique policy for all these peoples. On the other hand, E.U. tries to



harmonize the Member States laws and socio-economic situation. Even E.U. say that every Member State is free to adopt its own manner of resolving the problems, the Member States have to resolve the problem.

So, we think it can be dangerous to have a unique manner of living in Europe! The history gave us some answers before. But we don't like to learn from history lessons. And Romania is one of those Member States which have more enthusiasm than socio-economic and political abilities to develop inside the European Union.

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