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INTERNATIONAL CONFERENCE of SCIENTIFIC PAPER AFASES
Brasov

TRACES OF THE ECONOMIC CRISIS IN ROMANIA
Without identifying the causes can not understand the effects

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Abstract: *The current economic crisis has led manufacturers to cut long chain of suppliers and customers to look more closely at the quality / price ratio. If products are now becoming more common, prices have not been changed, even it is lower All countries are consuming and search new opportunities.*
Companies are required to create new strategies for economic growth and development.
In this article I will show you macroeconomic analysis (GDP, inflation, current account, unemployment ... etc.) but also something about the microeconomic level.
Romanian economic environment faced major imbalances caused by inflationary phenomenon.
In the period under review, inflation had a particularly persistent shocks generated largely by domestic and international markets, as rising fuel prices and raw materials, or fiscal changes and the evolution of the exchange rate.

Keywords: *crisis, GDP rate, unemployment, Romanian economic environment, direct effects of the crisis.*

1. INTRODUCTION

We know that the origin of the current economic crisis started with the collapse of the housing market and the banking system in America, events that brought down the economies of other countries.

How?: between the years 2006 - 2008 U.S. banks would be credited population in an easy way and over a long period of time. The American people took advantage of these offers and leveraged over power, especially in real estate. Because of this, banks found themselves overnight to have a financial gap to be covered in a shorter time than previously expected. The crisis was felt globally because the U.S. was forced to withdraw money supply from the other financial markets, result: an earthquake of global proportions.

Why did this happen?: Because we are a consumer society, the banks wanted and still want profits through leveraged.

In an economy marks a crisis will be seen in:

- GDP declines resulting from low consumption

- Decreases in cash - will follow the current account deficit share in GDP (inputs / outputs,

Currency in the country) watched indicator almost all rating agencies

- Unemployment accentuated, rising

International system has shown weakness this time, that does not have effective means of prediction and prevention national financial crisis, which, here, can develop into a systemic crisis, replicated in several countries and geographical areas.

2. ANALYSES

Phenomena and processes succeed quickly today, we remember the country's vulnerability to external shocks.

What is obvious in 2011, average annual inflation rate is s the highest of all even declined a bit, from 6.1% in 2010 to 5.8%, as shown in table1.

Table 1. Average annual inflation rate [4]

	2000	2009	2010	2011
UE-27	1.9	1.0	2.1	3.1
Romania	45.7	5.6	6.1	5.8
Ireland	5.3	-1.7	-1.6	1.2
Sweden	1.3	1.9	1.9	1.4

Direct effect of the economic crisis triggered in the second half of 2008, the average number of the employees in 2010 was 4376.0 thousand, down 398,300 people from the previous year. The most pronounced decreases were observed in the activities: manufacturing, construction and trade.

Unemployment in Romania recorded an incremental curve, the peak being reached in February-March 2010 (8.4%) and then continued to decrease in the next period, reaching in 2011 a value of 7.4%.

Table 2. Unemployment %[4]

	2000	2008	2009	2010	2011
UE-27	8.8	7.1	9.0	9.7	9.7
Romania	6.9	5.8	6.9	7.3	7.4
Spain	11.7	11.3	18.0	20.1	21.7
Greece	11.2	7.7	9.5	12.6	17.7
Latvia	13.7	7.5	17.1	18.7	15.4
Lithuania	16.4	5.8	13.7	17.8	15.4
Austria	3.6	3.8	4.8	4.4	4.2

In 2011, the gross domestic product in nominal terms, was 578 551 900 000 lei, returning £ 27017.7 per capita.

In 2011, services have the highest contribution to GDP, or 45.4% of the total (£ 262,705,600,000) industry stood second place respectively 26.3% to GDP (152062900000 lei);In 2011, gross value added was recorded 509 350 700 000 lei and accounted for 88.0% of GDP. [7]

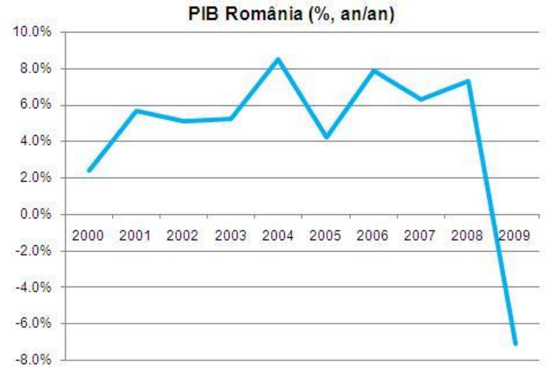

Fig.1 Romania's GDP before the crisis [3]

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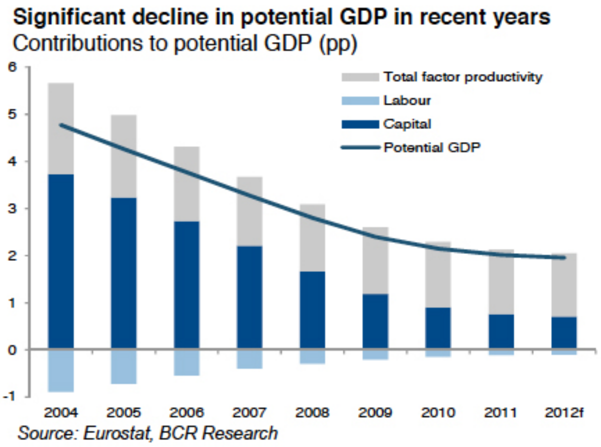

Fig.2 Contribution to potential GDP (pp) [2]

In 2012, economic growth will lose speed and will stay at 1.2%, in a scenario consistent with the better absorption of EU structural funds and flat inflows of private external capital. The negative outlook for the zone Euro, the main trading partner (absorbing 55% of Romanian exports and accounting for 80% of FDI inflows), is a key assumption behind our view that 2012 will end with lower economic growth. A negative contribution from agriculture could be counterbalanced by the further recovery of retail sales, due to an increase in public wages ahead of the elections. The prerecession real GDP level will be reached no sooner than 2014. The unemployment rate (ILO methodology) is expected to remain stable at around 7.4% in 2012-13. Structural changes in employment will continue, with an increase in employment in services paralleled by a natural decline in agriculture. The number of public employees will decline further, due to the replacement of only one in seven departing workers, while the private sector of the economy will continue to create new jobs. [2]

Economy has experienced a slight recovery towards the last two years of economic contraction (-6.6% in 2009 compared to 2008, -1.6% in 2010 compared to 2009).

In 2011 compared with 2010, GDP in real terms has increased by 3.3 percentages and decreased in 2012 by 1.9 percentages.

Table 3. Real GDP growth rate –volume % [4] date eurostat.ec.europa.eu

	2007	2008	2009	2010	2011	2012
UE-27	3.2	0.3	-4.3	2.1	1.5	-0.3
Rom	6.3	7.3	-6.6	-1.1	2.2	0.3

Last statistics presented by the President of NSI (National Statistics Institute), Tudorel Andrei, show that GDP grew by 0.1% unadjusted series in the first quarter of 2012 compared to the previous year, by 1.3% in the second quarter of 2012, decreased by 0.3% in the third quarter, then increased by 0.3% last quarter. In seasonally adjusted GDP increased by 0.8% in the first quarter, 1.4% in the second quarter fell by 0.2% in the third quarter and rose 0.1% in the fourth quarter. [7]

In 2012, Romania's GDP grew by 0.3%, while the EU-27 economy decreased by 0.3%. Increases above 1% of GDP recorded in 2012 Latvia, Lithuania, Estonia, Slovakia, Poland, Sweden and Malta, and falls over 1% suffered Greece, Portugal, Cyprus, Slovenia, Italy, Hungary, Spain, Czech Republic.

The current account deficit recorded a reduction of 35.4% during January-July 2012 compared to the same period of the previous year, suggesting that it is possible to get the share in GDP indicator below 4% by the end of 2012 according to NBR (National Bank of Romania). [6]

From the information NSI (National Statistics Institute) reveals that industrial production as series adjusted by number of working days and seasonality increased in January 2013, up 3.4% from the same period of the previous year, due to increased mining and quarrying (+5.9%) and manufacturing (+3.6%).[7]

Industrial production, one of the most important indicators of the economy returned to positive territory in January 2013. Industrial production increased from the previous month both as gross series and as series adjusted, depending on the number of working days and seasonality, by 6.3% and 0.3%. Thus, the increase in industrial production (gross series) was sustained manufacturing growth (+8.2%).[1]

It seems that is healthy for the Romanian economy to produce.

3. CONCLUSIONS & ACKNOWLEDGMENT

It is known that about 70% of foreign trade is done with EU countries, the crisis has led to slower growth of imports and exports (with a slight advantage for exports in the sense that the growth rate will be higher for exports) but remains to see how they evolve and how much foreign investment will send home those who work abroad (most workers are in Spain and this country member of EU is one of the countries hit by the crisis).

In Romania, unfortunately, or fortunately some will say, economic growth depends largely on demand for goods and capital inflows from abroad.

In terms of unemployment, I think they will still be problems. Some industries will be massive layoffs, especially those that sell cheap labor and low value added: outsurcing the production, furniture, part of the auto industry and textile industry lohn but it is likely that this workforce to be absorbed by industries and services where demand is currently unmet.

Finally, What will be in 2014? We buy fewer cars (high taxes), electronics, the appropriations will be more expensive and inaccessible. The lack of financing or cash, many small firms that are part of the distribution or supply chains will go bankrupt (SME sectors most hit by the crisis, productivity is very low).

What certainly will not be in 2014 are: recession, bank failures and reduce consumption.

Do not know why investors choose between higher investment risk in Romania or other countries gaining acceptance (even fast) considering the opportunities that Romania has to offer.

Solution to the current crisis can be solved only at the agreement between the EU countries and they are quite complicated to Romania because we are among recent arrivals.

"In the short term the main challenge is to find solutions to restore investor and consumer confidence. In the long term, the main challenge is adjusting principles guiding reform the international financial system, mainly on transparency, improving regulations on securities accounts, ensuring proper regulation of markets, firms and financial products, ensuring the integrity of financial markets (on market manipulation and fraud), and closer cooperation between the world's financial institutions modernize governance structures of the IMF and World Bank). Business Ethics is missing from this list of challenges ahead." [5]

What we can compare the current crisis? With chess game where: some are crazy, some are kings and others pawns who want to play the game.

This paper is supported by the Sectoral Operational Programme Human Resources Development (SOP HRD), ID76945 financed from the European Social Fund and by the Romanian Government under the contract number POSDRU/107/1.5/S/76945.

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