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The sectoral structures in Romania, its regions and the EU countries – key features of economic and social cohesion

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Abstract

The economic structure by sectors plays a very important part in the dynamics of development gaps at sub-national level, because it influences the income level and distribution in the regions/sub-regions of a country, as many empirical studies showed. In the perspective of increasing globalization, difficult recovery from economic crises, and persistent inter-country, inter-regions and intra-regional development gaps, the goals of cohesion policy in the EU member states in the future programming period, 2014-2020, envisage, among others, the best use of regional/local human, natural and capital resources in order to increase the living standard of all citizens and diminish the development imbalances.
The paper presents an analysis of the sectoral gross value added dynamics in Romania, its regions and other EU countries with the help of various structural coefficients, in the attempt to identify patterns of sectoral convergence or divergence, structural resilience or fragility and the likely impact of economic crises.

Keywords: sectoral structures; gross value added dynamics; structural coefficients; regional development;

1. Introduction

The economic structure by sectors (assessed by sectoral employment and/or sectoral value added) plays a very important part in the dynamics of development gaps at sub-national level, because it influences the income level and

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distribution in the regions/sub-regions of a country, not only directly, trough employment structures, sectoral wages and multiplier effect, but also indirectly, through the family/household structures. As many empirical studies revealed, areas with sustainable manufacturing and high employment in services enjoy higher welfare and lower poverty than the areas where agriculture or mining and quarrying predominate and the employment rates are highly fluctuating (Lobao et al., 2008).

Studies on economic growth approaching sectoral developments at country or regional level focused on different aspects, such as: economic growth and convergence (Legallo and Dall'erba, 2006, Bracalente and Perugini, 2010, Kallioras and Petrakos, 2010), employment dynamics and performance (Bliens and Suedekum, 2005, Pede, Florax, de Groot, 2011), spatial structure of economic activities (Botazzi et al., 2004, Chilian, 2012), crisis impact (Groot et al., 2011), agglomeration economy (Dauth, 2010, de Graaf et al., 2011, Kosfeld et al., 2011), human capital (Camagni and Capello, 2013).

In the current perspective of increasing globalization, difficult recovery from economic crises, and persistent inter-country, inter-regions and intra-regional development gaps, the goals of cohesion policy in the EU member states in the future programming period, 2014-2020, envisage, among others, the best use of regional/local human, natural and capital resources in order to increase the living standard of all citizens and diminish the development imbalances.

Considering the above-mentioned, the paper focuses on the analysis of the gross value added dynamics in Romania and its regions and in the EU countries, employing as tools various structural coefficients, in the attempt to identify likely patterns of sectoral convergence or divergence.

The analyzed period was 2000-2010; all data were taken from the Eurostat. A six-sector decomposition of gross value added was considered for analysis:

i) agriculture, forestry and fishing;
ii) industry;
iii) constructions;
iv) wholesale and retail trade, transport, accommodation and food services, information and communications;
v) financial and insurance activities, real estate activities, professional, scientific and technical activities, administrative and support service activities; and vi) public administration and defense, compulsory social security, education, human health and social work activities, arts, entertainment and recreation, repair of household goods and other services[†].

2. Gross value added dynamics in Romania, its regions, and the EU countries

The *gross value added* (GVA) registered an upward trend in all the EU countries throughout the period 2000-2008, the highest increases being recorded by the New Member States (the highest increases recorded by Romania and Slovakia – see Fig. 1).

The period of economic crisis, 2008-2010, revealed both sharp decline and recovery, and in some NMS (Bulgaria, the Czech Republic, Slovakia, Cyprus, Croatia and Poland) the impact of crisis was lesser and the recovery to previous crisis levels was faster than in Romania and the Baltic Countries.

A similar dynamics was noticed in all the regions of Romania – high increase in gross value added, especially over the period 2005-2008, followed by sharp decline in 2009 and small recovery in 2010.

[†] However, due to data availability, the gross value added dynamics by sectors considered mixed series (sectors defined according both to NACE Rev. 1 and NACE Rev. 2 classifications) in the case of some sectors and countries. Due to the restrictions upon text length, the details were not provided in the paper.