

## THE CONCEPT OF SUSTAINABLE DEVELOPMENT FOR NE REGION

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### Abstract

Romania is the second largest country after Poland, among the countries of the Central and Eastern Europe, in terms of population and territorial area. About 45% of the 22 million inhabitants work and live in rural areas. European Regional Development has become over the years one of the most important political development since its actions have an impact on a variety of issues, both economic and social. Integrating three priority objectives of the Union: economic and social cohesion, the principle of subsidiarity and sustainable development, the regional policy is a separate policy, an original creation of the Community. This policy reveals how the EU works and acts for the good of its citizens. The hypothesis behind this research paper is that agricultural development policy is a policy of an interventionist nature, borne out of the need for balanced development within the Union and the multidimensional nature of the regional problems that compensatory act to mitigate with market imbalances single-handedly cannot solve. The research approach focusses on the analysis of the following issues: problematic regions and regional development evolution of the concept of European regional policy. I opted for a diachronic perspective destined to highlight the numerous events that contributed to the emergence and development of this type of policy, the way in which regional policy is implemented in Romania with a particular focus on the manner in which Romania has prepared to access structural instruments and has approached the mechanisms of implementation of the European regional policy. The topic encloses a multitude of issues, and can be analyzed from several perspectives: diachronic (evolution over time), legal (implications on sovereignty or national policy implementation), economic and social (impact of this type of policy in a given territory), management (given complex system programming and administration policy and its measures). The study uses as research methods the legal analysis, the SWOT analysis and the case study. In this respect, it will, of legally work of regional institutions in Romania, through the SWOT analysis expose strengths, weaknesses, opportunities and threats of global and regional case studies analyzed the RDA activity.

**Key words:** sustainable development, regional development, agricultural policy

Regional development is, for Romania, a new concept that began to take shape in 1998 with the advent of the first laws approaching this phenomenon. The socio-economic regional development started quite slowly, determined as they were by the excessive centralization

characteristic of the administrative apparatus of Romania.

Sustainable development - DD - is the concept of socio-economic development (*figure 1*) urged all UN countries, which seek harmonization of three basic components.

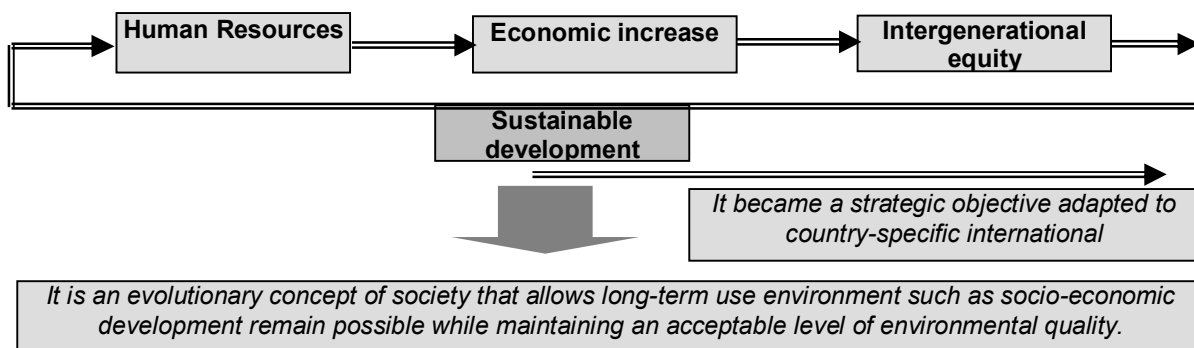


Figure 1 Define the concept of sustainable development – DD

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As a weakness, it should be noted that there are still major disparities within regions where predominantly agricultural counties coexist with the most developed. This phenomenon has gained momentum because of the threat of the impact of economic restructuring especially in mono-industrial areas, whose population has been affected by unemployment. Affected were the regions close to the border with the Republic of Moldova and Ukraine - and less developed regions along the Danube.

One of the strengths of regional development is the increasing importance of Bucharest. With 5.4% of the population, Bucharest contributes 21% to the national GDP and 20 % of Romanian SMEs are recorded here. The capital attracted 51.1% of the total foreign investment. Bucharest is also one of the areas where there is a substantial positive migration to future students. Furthermore, the city offers the biggest opportunities for development research.

However there is a weakness, namely the

fact that Bucharest has not extended its influence to neighbouring counties, the outskirts of the capital being some of the most underdeveloped counties of Romania.

In order to apply the regional development policy, eight regions have been established, summing up all the territorial area of Romania. Each development region comprises several counties.

It is necessary to establish regions of development in Romania and to involve them in the actual process of the programming documents. *table 1* shows that the main development region of Romania is the North Eastern one, with an area of approximately 36,800 square kilometers and a population of over 3.7 million inhabitants, comprising the counties of Bacau, Vaslui, Neamt, Iasi, Suceava and Botosani. This is followed by the South East region which has about 35,700 square kilometers and a population of over 2.8 million, consisting of the counties of Constanta, Tulcea, Braila, Buzau, Vrancea and Galati.

Table 1

**Territorial-administrative structure required to manage regional development in Romania**

Geographic Regions	Counties	Surface (km <sup>2</sup> )	Population (thousand people)	Density (people/km <sup>2</sup> )
1. North-East	Bacau, Vaslui, Neamt, Iasi, Suceava, Botosani	36850	3743	101.6
2. South-East	Constanta, Tulcea, Braila, Buzau, Vrancea, Galati	35762	2868	80.2
3. South	Teleorman, Giurgiu, Calarasi, Ialomitia, Dambovitza, Prahova, Arges	34453	3375	98.0
4. South-West	Olt, Dolj, Gorj, Mehedinti, Valcea	29212	2341	80.1
5. West	Caras-Severin, Hunedoara, Timis, Arad	32034	1955	61.0
6. North-West	Cluj, Salaj, Bihor, Bistrita-Nasaud, Maramures, Satu Mare	34159	2766	80.7
7. Center	Brasov, Covasna, Sibiu, Alba, Harghita, Mures	34100	2547	78.7
8. Bucharest	Bucharest, Ilfov	1821	2210	1213.8

Source: National Commission for Statistics "Romanian Statistical Yearbook" 2012

For a realistic assessment of Romania's regional development level it is useful to compare the situation in Romania with that from the EU countries, which have to approach the level of socio-economic development. The main indicators of regional development of Romania compared with those of the EU countries are listed in *table 2*.

The impact of agricultural policy mechanisms and budget support for the agricultural sector are presented in table 3 generating the following: GDP share of agriculture from total GDP declined gradually while reducing the share of public spending to support agriculture. The share of spending to support agriculture in the State Budget of Romania was 4.65 % in 2007 of a total of 14.38 % as GDP share of agriculture, and in 2012 it was 5.10% compared with 11.69%.

From the data presented in table 3 results the following general conclusions: Agricultural GDP

per hectare of arable cultivation tends to increase since 2010.

Rural development is subject to the same multi-way development that follows the development of social and economic space. Rural development can be defined as the transition from the underdevelopment stage of the rural society to higher one.

The concept of rural development should be defined as the concept of rural space. Not infrequently is the concept of rural development identified with that of growth. These two concepts should not be confused. The increase must be understood as a quantitative expansion of business. Development aims to increase productivity both at an individual and institutional level. Normally, the development process is preceded by processes of growth. For example, a livestock farm which intends to increase the total production of a

particular product should take into account two factors - quantity - the number of animals and - quality - the average performed by each animal. The development process, namely the increase of the average production per head is preceded by the growth process, i.e. increasing the number of animals on the farm. Currently, due to a faster pace of economic development at the necessary scale territory the two processes of growth and development occur simultaneously.

Analysis of the current situation of the agricultural sector in Romania indicate the need to accelerate restructuring and modernization of agriculture, rural development and fisheries given their economic and social importance for ensuring integrated and sustainable economic development of rural areas.

In the NE region, the land occupies 3,684,983 ha of the agricultural area totalizing 2,131,421 ha of which 1,375,008 ha are arable terrains (table 4).

In terms of regional development, Iasi County is part of the North - East Region (Region 1), which consists of six counties (Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui), with a total population of 3,674,367 inhabitants, being in this respect, the first among the eight regions of the country (16.94% of the total population of Romania).

As mentioned previously, high potential agricultural companies that average farm area, but fell by almost 90% share of arable land, which is

used extensively. A similar situation is present in other types of major private holdings - 93 % - agricultural associations; 92.9% family associations; and individual producers (tenants) 94.6%.

Table 2  
The main indicators of regional development in Romania compared to EU in 2012

Specification	Unit	Romania	European Union
Total population	mil. people	21,8	376,5
Total surface	Km <sup>2</sup>	238391	3 191 000
Population density	people/km <sup>2</sup>	91,4	118
Population dynamics in 2009/2012	%	95,0	103,0*
Share of rural population	%	46,7	17,5*
Population structure by age	%	100	100
• 0-14 years	%	17,3	17,4
• 15-64 years	%	68,6	67,0
• 60 years and over	%	14,1	15,6
PIB/people (ppc)	Euro/people	5. 700	24. 238
Employment structure	%	100	100
• Agriculture	%	36,2	4,5
• Industry, construction	%	39,0	29,3
• Services	%	34,8	66,2
Unemployment rate	%	8,4	9,2
Birth	‰	10,5	-
Average life:			
• men	years	67,6	74,6
• women	years	74,9	80,9

Source: National Commission for Statistics "Statistical Yearbook of Romania", 2012

Table 3

Budget support to agriculture and agricultural GDP per one hectare of farmland and a person employed in agriculture during 2007-2012 - euro/ha-

Specification	2007	2008	2009	2010	2011	2012
Budget support per hectare of arable cultivation	75,90	87,27	94,46	140,59	145,04	149,92
Budget support per hectare incumbent holdings over 1 ha arable ***	88,83	92,86	98,99	151,93	155,06	166,46
Agricultural GDP per hectare cultivated arable	582,50	529,54	524,61	669,88	608,06	653,84
Agricultural GDP per employed person	1585,71	1306,25	1265,70	1735,75	1630,47	1752,92

Source: Calculations by the Statistical Yearbooks 2007-2012 and 2007-2012 Romanian State budget including budget revisions

Table 4

The land by use of 31 December 2013, thousand hectares

County	Bacau	Botosani	Iasi	Neamt	Suceava	Vaslui	NE Region
Total areas	662052	498569	547558	589614	855350	531840	3684983
Agricultural areas	323468	392905	380997	283789	349131	401131	2131421
Which: Privat sector	320308	388469	370233	276684	340299	395847	2091840
Arable	184628	298477	253491	170473	179859	288080	1375008
Pastures	87528	75146	88109	69394	91108	873449	498634
Meadow	40247	14769	19651	40108	74819	7664	197258
Vineyards	7614	1847	11706	1111	-	15027	37305
Orchards	3451	2666	8040	2703	3345	3011	23216
Forests	279001	57187	99022	261330	456394	79182	1232116
Waters	14765	13849	12589	10374	13630	8156	73363
Other areas	44818	34628	54950	34121	36195	43371	248083

Source: Statistical Yearbook of Romania 2013

**GLOBAL SWOT ANALYSIS FOR NE -region  
Strengths and weaknesses**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Regional real GDP growth by 8.3% compared to the national (5.73%) -2011;</li> <li>• Regional real GVA growth in the industry is twice the national-200 1;</li> <li>• Existence of the E85 European road that runs from the north to the south of the region</li> <li>• Turnover in hotels and restaurants is only provided for SMEs and micro-2013;</li> <li>• Positive natural area;</li> <li>• The existence of three universities concerned with the scientific research, invention, technological innovation, and promote information;</li> <li>• There are cultural centers, monasteries, monuments of national and international importance (UNESCO);</li> </ul>	<ul style="list-style-type: none"> <li>• Regional GDP/capita is 71.7 % of the country (the lowest value);</li> <li>• High rate of poverty;</li> <li>• Labour productivity is lower in all sectors of the national (2000-2013);</li> <li>• Reduced number of SMEs - sites per thousand (2000 - 2013);</li> <li>• 51 % of employment (agriculture) counts for only only 21% of regional GDP;</li> <li>• Low level of road infrastructure upgraded - % of road infrastructure is below the minimum acceptable standards - 2013;</li> <li>• Network of drinking water, sewerage and gas is insufficiently developed (quantity and quality) compared to the area and population of the county;</li> <li>• Insufficient capacity of waste water treatment plants and waste dumps;</li> <li>• Low rate of use of accommodation capacity in operation and average length of stay in the region in relation to existing potential tourist;</li> <li>• Low level of employed population in services;</li> <li>• High population concentrated in rural areas ( 59.23 %);</li> <li>• High unemployment in the region - in 2013.</li> </ul>

**Opportunities and threats**

Opportunities	Risks
<ul style="list-style-type: none"> <li>• Ability to develop trade in the future thanks to the county's eastern border of the European Union;</li> <li>• Reducing the inflation forecast and lowering the cost of credit default;</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of cohesion measures for economic and social development amid the lack of trust in the country's economic recovery;</li> </ul>
<ul style="list-style-type: none"> <li>• Encouraging new forms of tourism and valorization of historical, cultural, spiritual and tradition;</li> <li>• Opportunity to develop the business as a result of construction industrial parks and business incubators;</li> <li>• Availability of raw materials and wood building materials (see natural resources) able to attract foreign investors;</li> <li>• The possibility of modernizing the local airport, the regional business support and become a starting point for regional tourism routes;</li> <li>• The possibility that social SERVICING existing infrastructure by upgrading and rehabilitation to serve as spaces for the development of integrated services for the disadvantaged.</li> </ul>	<ul style="list-style-type: none"> <li>• Low competitiveness of firms in the county with the Member States after accession of Romania to the EU;</li> <li>• Continued 'brain drainage' to other regions and abroad;</li> <li>• Further increase of the poverty of the population in region;</li> <li>• Existence of areas prone to natural disasters (landslides, floods).</li> </ul>

**CONCLUSIONS**

Regional development is a new concept that is as stimulating and diversifying economic opportunities, stimulate private sector investment, helping to reduce unemployment and not eventually lead to an improvement in living standards.

From an economic perspective, the threat is that the underdeveloped areas are concentrated in the northeast, on the border with Moldova, and south along the Danube because of underdevelopment and unemployment is correlated with the predominance of rural activities, as well as inability to attract foreign direct investment.

Another weakness is that the North - East is affected both by its dependence on agriculture and

near the border with Moldova and Ukraine. The same is true, to some extent, the South also dependent on agriculture and where the Danube acts as a barrier to cross-border trade. A positive, strong point is that the central and western parts of the country have benefited from their position closer to western markets and lower their dependence on the primary sector. So far, they have received more FDI.

This system of direct payments by subsidizing agriculture has several advantages over subsidy by price: financial effort to grant went from consumers (through lower prices) to taxpayers through the tax system.

Secondly, the direct payments system favors farmers. The support system of agriculture by price, agricultural subsidies benefit rather various

intermediaries between producers and consumers, namely engrosses, processors, intervention agencies/storage exporters. Manufacturers are only indirectly supported by the fact that the intervention price guarantee ensures their income stability, but they get really engrosses negotiated prices, and not the high prices in the market. Organization for Economic Cooperation and Development said in a very recent study that the system of price subsidies to farmers lays only 25 % of the grant.

From these references we have built a simulation model for the behavior of the North Eastern Region to assess the impact of the CAP on crop production in this region. Using models built in this section were performed on a farm specializing in the production plant in Iasi.

Common Agricultural Policy Impact Analysis on Romanian agriculture specializing in

commercial crop production model building a sectorial representative.

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