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ROMANIAN ECONOMIC DEVELOPMENT INDICATORS IN FRONT OF THE FIGHT WITH ECONOMIC CRISIS

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Abstract: *The data recorded on the front fighting the global economic crisis are contradictory: while some, especially from overseas, already singing funeral European Union, leading EU leaders to calm us, speaking of a new rescue strategy, the re main banks and by removing 60% of Greece's debt to private banks.*

The danger of a new recession still haunts, the old continent.

Earlier last year, international institutions forecast growth for the country of 0.2% and 2.6% for 2011. Currently estimates indicate a growth around 2%. Is a result that shows that we succeeded. I managed to set realistic goals, and they have achieved. I emerged from recession. We have four consecutive quarters of growth. Without an action plan courageously and well done, this was not possible. The fight was given on several fronts that targeted 11 key reforms and much needed for the Romanian economy. It's about the budgetary reform, including staff salaries budget, internal administration, the labor law and social dialogue, the fiscal framework, the public pension system, social support, but also in education, health, justice and not Finally, reform of state enterprises.

Keywords: *economic indicators, developments, undershot, economic crisis, financial crisis*

1. INTRODUCTION:

Earlier last year, international institutions forecast growth for the country of 0.2% and 2.6% for 2011. At present, 2012, estimates indicate a growth around 2%. Is a result that shows that we succeeded.

Ministry of Finance and Economy Ministry experts argue strongly that we managed to establish realistic goals, and they've achieved. I emerged from recession. Based on financial indicators registered, we have four consecutive quarters of growth. Without an action plan courageously and well done, this was not possible. The fight was given on several fronts that targeted 11 key reforms and much needed for the Romanian economy. It's about the budgetary reform, including staff salaries budget, internal administration, the labor law and social dialogue, the fiscal framework, the public pension system, social support, but also in education, health, justice and not Finally, reform of state enterprises.

Forecasts in the last months of 2011 the 6th position Romania among the countries with the highest growth, after Lithuania (3.4%), Estonia (3.2%), Latvia (2.5%), Poland (2, 5%), Bulgaria (2.3%) and above the EU and the euro area to 0.6%, 0.5% (according to recent estimates by the European

Commission). In this case, the 2012 budget was built on an economic growth of 2.1%, considered tangible, realistic, supported by industry with export potential, the service sector and construction sector recovery, driven by public investment infrastructure and housing.

To do an analysis of financial indicators during the crisis that affected the whole world need to start from the evolution of these indicators over the last year but it is envisaged and their forecast for next year. This evolution can be studied in the following table:

2. DEVELOPMENTS AND FORECASTS OF ECONOMIC AND FINANCIAL INDICATORS IN CRISIS CONDITIONS.

To do an analysis of financial indicators during the crisis that affected the whole world need to start from the evolution of these indicators over the last year but it is envisaged and their forecast for next year. This evolution can be studied in the following table:

Developments and forecasts of key macroeconomic indicators of Romania

Indicators	Unit	2008	2009	2010	2011	2012	2013	2014
GDP	Mild.lei	62,9	60,4	71,8	82,1	91,6	101,0	110,8
Consumer price index	%							
- Average of		112,7	100	107,4	107,2	106,9	105	105
- End of year		107,3	100,4	108,1	108	105,7	105	105
The exchange rate of leu	Lei/USD							
- Annual average		10,39	11,11	12,37	11,73	11,93	12,00	12,00
- The end of Euro		10,4	12,3	12,15	12,00	12,10	12,10	12,10
Export	Mil.USD	1591	1283	1541	1875	2100	2350	2625
Import	Mil.USD	4899	3278	3855	4650	5150	5650	6200
Trade balance millions	Mil.USD	-3308	-1995	-2314	-2775	-3050	-3300	-3575
Industrial production	Mild.lei	30,0	22,6	27,1	31,4	35,3	40	44,3
Agricultural production	Mild.lei	16,5	13,3	19,7	21,7	23,4	24,8	25,9
Investments in fixed capital	Mild.lei	18,2	10,9	12,9	15,9	18,2	20,6	22,7
Average nominal monthly	lei	2530	2748	2972	3300	3650	4000	4400
Labor remuneration fund	Mild.lei	19,4	19,9	20,8	24,0	26,9	29,8	32,8

Source: Ministry of Economy

These data are based either on actual developments or estimates and forecasts. According to current actual data provided by the Ministry of Finance and Ministry of Economy, Section economic reports and financial analysis, the main domestic sources of investment and consumption growth remain. Exports and imports will experience a slowdown in growth around a still double-digit positive rate of about 11% in 2012. Government decided to continue boosting public investment, both covered from internal resources and, especially in external grants. Real growth of total investment in the economy for 2012 is estimated at 4.5%, double the projected growth. On the one hand, public investment will amount to 38.1 billion lei, namely 6.6% of GDP, more than 2 billion from 2011. If in 2010 we ranked first in the EU as a share of public investment in GDP, a level of 5.8% of GDP, the budget allocation for public investment in growth, there is every chance to maintain our leading position in ranking this year. On the other hand, private investment will fall at least as of 2011. Also there were opportunities created by public-private partnerships.

Opportunity of economic growth in Romania (2.1%), four times the EU average in

2012 (0.6%), you capitalization of European funds by attracting at least 6 billion, so the degree absorption to significantly exceed 20% at the end of 2012, compared to 5.5% in late 2011.

Agriculture contributed substantially to growth in 2011, recording the most spectacular increase in the third quarter, exceeding 22%. Although agriculture is heavily dependent on weather conditions and growth seems impossible to repeat this year, the good news is that we can turn to export pork to give one example. At the end of 2011 we obtained the right to export pork and pork products in the EU and third countries, the European Commission's decision. Gross average wage in the economy will be greater than 4% this year, generating an increase in household consumption by 2%. On this projection for 2012 forecasts show an increase in household consumption by 2%. Romanians' living standards, so it will improve. Average salary will increase by 4.5% more likely to reach 2,117 lei in 2012, while average consumer price index will be about 3% in 2012. Unemployment continues to decline in 2012 to about 410,000 people. Socially assisted persons, but able to work, will have to return to work for a living, after reorganizing and transparent system of social assistance. GDP per capita at purchasing power parity estimates in 2011 to 11,400 euros by the European Commission is projected to grow by 5.3% to around 12,000 euros per capita in 2012.

The main signals indicates a 2012 year stable macroeconomic our country. Currently, stability is the watchword and the European level, knowing that in the last quarter of 2011 and first quarter of 2012 the euro area will experience a recession despite German economic strength to resist the effects of shocks generated by sovereign debt crisis. The measures adopted in Romania and fiscal targets in the budget strategy for next three years and protect us from economic shortfalls us responsible, so we fit in parts from 2012 Maastricht Treaty. First, Romania will exit the excessive deficit procedure, having a budget deficit of 1.9% of GDP on cash, safe under 3% in terms of commitment.

We proved we are capable of such performance. In the first 11 months of the year just ended, the budget deficit reached 2.98% of GDP, and estimates for the entire year we sit very close or slightly below the 4.4% target set in early. Second, public debt will remain well below 60% of GDP set by the Maastricht Treaty. We had the 5th lowest in the EU public debt, 35.8% of GDP in 2012 under the European Commission forecast in November 2011.

Third, after 22 years of losing battle with inflation, the central bank gives us a reasonable fit to the target of 3% this year. Efforts we have been sprinkled with feedback only noticed in the press, but valuable to encourage investors to evaluate the responsibility we acted: in July 2011, rating agency Fitch revised the rating positively Romania, in the category recommended for investment, while Portugal, Italy, Greece and Spain have been downgraded.

Export oriented industry maintained strong growth in 2011. The state aid schemes have facilitated the transition from intensive specialization in labor intensive specialization in technology, and support exports of technology intensive products, particularly in the automotive sector. The main government programs supporting business and stimulating access to finance, aid and state guarantees, still more than budgeted in 2012.

We can not ignore the fact that we are in the digital age, information technology and energy efficiency. Romania has competitive advantages in these areas. For example, the infrastructure and communication technology is attractive because of the global recognition specialists and energy mix is the envy of many other states.

At European level see a 2012 year of austerity. Tough measures to reduce public debt and deficits too high and the challenges raised by healthy economic recovery have made their mark on each European country. Recently, Angela Merkel, referring to the sovereign debt crisis, emphasize that we are witnessing "the most difficult hours of Europe after the Second World War". Uncertainties in the EU are the main risks to which we remain vigilant, as the degree of interdependence between countries is a reality that can not be ignored.

Thick ropes that are tied to the EU - in particular trade and foreign direct investment, to give a few examples - are the main sources that will hinder growth. In addition, Romania could be affected indirectly by the turbulence on international financial markets by increasing investors' risk aversion on our entire region.

Therefore, the first development in 2012 is possible moderating the growth of exports, 11%, as noted above. The slowdown is visible since the end of 2011. The decisive moment to reorient our exports to emerging markets, where opportunities are huge, but very sharp price competition to compensate for the Community's external demand.

Romania's long-term priority remains eliminate the development gap with the EU average. At 5 years after joining the European Union, Romania performs mediocre in the race to catch up economically among the 12 new Member States. We recovered 8 percentage points of the distance to the European average in terms of GDP per capita in 2006-2010. So far we have reached 46% in European average, equivalent to a GDP per capita of 11,400 euros. By comparison, Estonia (64% in 2010 compared to 66% in 2006) and Slovenia (85% in 2010 compared to 88% in 2006) have departed from the European average and the Czech Republic (80%) and Latvia (51%) gaps have kept constant.

Moreover, Romania has recovered 6.8 percentage points of the gap of labor productivity per hour worked compared to the EU, currently reaching 42.3% of the EU, unlike Slovenia (-4 pp 79 5% of the EU at present) and the Czech Republic (-0.6 percentage points, 67.8% of the EU at present) who have distanced themselves from the EU between 2006 and 2010. Although we handle comfortably in May in the European Union with the lowest public debt, remain vulnerable to the implications of international market turmoil on the cost of external borrowing. Romania's foreign debt amounted to 97 billion euros in first 10 months of 2011 and was slightly up by 4.9%, to end of 2010. Three quarters of the foreign debt is private and should be honored by business and in fourth is public (16.2% of GDP in 2011). If we add domestic debt, total debt amounted to 33.4% of GDP in 2011. Over 77% of total external debt on medium and long term, and the remaining about 23% should be honored in the short term.

Any blockages in international financial markets will mean higher interest payable. The cost of external funding can fluctuate strongly correlated with international sentiment. However, total public debt (external and internal) will not increase more than 34% of GDP in 2012. Foreign direct investment hit by financial crisis, has not yet returned. In 2010, FDI volume was 37% lower than the previous year, amounting to 2.2 billion. The negative trend continued in 2011: the first 10 months, FDI were 43.8% lower than the same period of 2010, reaching 1.3 billion euros, two times more than Bulgaria. CNP forecasts indicate a negative trend reversed in 2012, the FDI estimated at around 3 billion euros, about two times higher than in 2011. Banking assets are held in high proportion, 85% foreign capital. Therefore, if the parent banks of major difficulties, they are likely to significantly reduce their exposure to lending subsidiaries. The risk is doubled by late Romania in developing alternative financing mechanisms, for example stock market, mutual funds or venture capital funds, and low saving rate. Very poor economic and financial culture resulted in a reduced interaction between the public and the financial system. Half of Romanian have no relationship with financial institutions. Romanians' appetite for saving is 2.8 percentage points below the European average.

If we save more we less vulnerable to adverse external developments.

In fact, the population of Romania has a savings rate of 9.8% in the third quarter of 2011, below the European average of 12.6% (according to the latest data available from 2nd quarter 2011). Moreover, the share of nonperforming loans increased by 1 percentage point between June and October 2011, reaching 14.4%, which embarrass availability of financing the real economy. In June 2011, our net non-performing loan portfolio from Poland (8.7%), Hungary (8.5%) and Czech (6.4%).

3. CONCLUSIONS:

Romania ranks 13th in top 35 most attractive countries for investors in renewable energy sector, before the Netherlands, Japan and Denmark, according to Ernst & Young. Sectors of interest to investors are the oil, steel, electrical and electronic, pharmaceutical and neglected agriculture.

Currently, short-term focus on investment in industries that create jobs in order to create preconditions for wellbeing.

Long-term vision but the Romanian economy's competitiveness is a complex subject that I addressed in the National Competitiveness Council meetings (CoNaCo) dialog with our partners in academia, public and private. Creative industries have been identified as another major focus of Romania's development in this decade.

The world economy is entering a new stage of development more dynamic and creative. It is certain that the new economy will be a creative decade. Romania has the advantage of human resources to be part of this wave. Human capital position us among the richest countries in terms of ingenuity and creativity. A country can not develop the routine, but based on creative ideas. If Romanians can boast of something, that's creativity. Nobody can deny or minimize this advantage!

Issues that should be taken into account are:

- Competitiveness, driven by increasing productivity without losing jobs, and economic integrity;

- Competence and integrity among political candidates in the election campaign will be included regardless of their political - or do not see how you could be avoided the trap of populism in a fierce electoral race;

- Righteous judgment in court.

In short, judgment and performance in key areas of social life.

Much of our efforts can fails if we fail to change the mentality of civil servants. Incompetence, detachment and lack of immediate reactions to keep up with political will and citizens, with our political and economic objectives, no longer find their place in a competitive economy.

It would be great to have the media not to cultivate public ignorance, but the high quality of public debate. Catastrophic or hesitant approaches, even when in the service of the opposition, no longer justified. In fact do nothing to undermine the most important ingredient of economic growth: confidence. Investor confidence and trust employees.

Together, with all we can fulfill the promise of prosperity for Romanian!

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