

THE ECONOMIC DEVELOPMENT OF THE ARGES COUNTY AFTER 1989

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Abstract

The Arges County of today continues the tradition of his predecessors, developing both the economy, the agriculture and services for the local population, but also the spiritual life, maintaining a distinct area within Romania, being a bridge between the past, present and future, between Romania and Europe. Arges was and will remain one of the most important places in the history of the Romanian people, its culture and spirituality, a county where history and intelligence have given during the ages significant personalities of Romania. Analysis of statistical data available in the database TEMPO ON- LINE (National Statistics Institute) and the Arges Department of Statistics generated important information about the current economic situation of the counties in the country and Arges county and allowed me to base a series conclusions related to the economic development of Arges and conduct a case study comparing the counties of South Muntenia Region. The research was conducted on the following criteria: economic results; research, development and innovation; value of agricultural production; living comfort and equipment planning; business statistics; tourist accommodation capacity; foreign direct investment; execution of local budgets; absorption of European funds.

Keywords: local economy, Arges county, statistical analysis, socio-economic development

JEL Codes: O1, R1

1. Introduction. economic results of arges county

Analysis of statistical data available in the database TEMPO ON- LINE (National Statistics Institute) and the Arges Department of Statistics generated important information about the current economic situation of the counties in the country and of Arges county. The significant volume of productive assets created during the centralized economy and attracting strategic investors allowed the Arges county record in post-revolutionary period, the economy (GDP / capita) higher than those achieved at national level (Table 1).

Table 1 - GDP / capita in Romania and in Arges

ar	Ye	GDP/capita – lei, current prices	
		National level	Argeş County
95	19	336,77	363,49
96	19	502,48	550,61
97	19	1130,54	1234,16
98	19	1644,99	1748,64
99	19	2454,20	2339,14
00	20	3606,45	3607,97
01	20	5258,29	4927,43
02	20	6962,56	6999,92
	20	9084,00	9371,84

03			
04	20	11413,48	12092,14
05	20	13362,77	14878,39
06	20	15967,60	18261,07
07	20	19315,41	21012,33
08	20	23934,59	26033,07
09	20	23341,42	27377,58
10	20	24435,91	25974,37

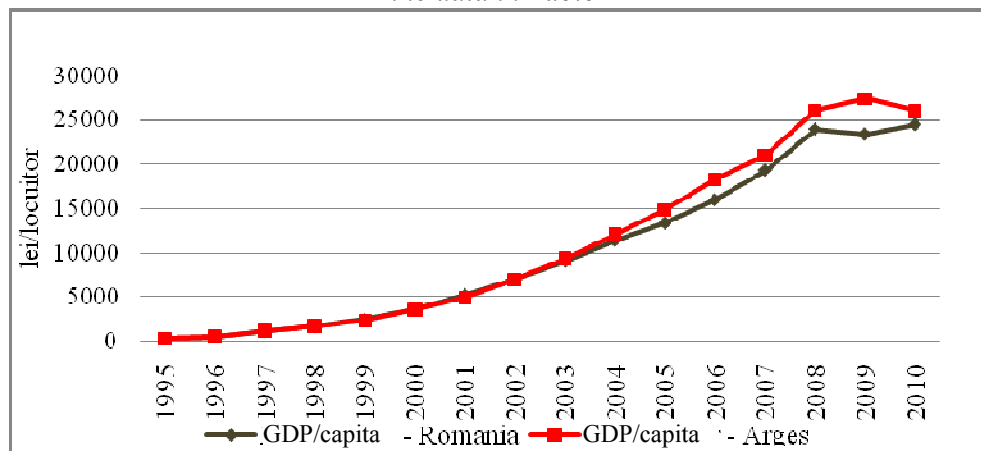
Source: Department of Statistics - ARGEȘ and database TEMPO ON-LINE, the National Statistics Institute

In the analyzed period (1995 - 2010), GDP/capita per Arges is higher than GDP/capita at national level (the difference is statistically significant $p = 0.00549 < 0.05$ significance threshold - t test and $t_{\text{calculated}} 2.90 \geq 1.75 t_{\text{critical}}$).

Between 1995 - 2010, GDP/capita in Arges County average annual increase of 32.92 % (the Arges county placing 6th in the country).

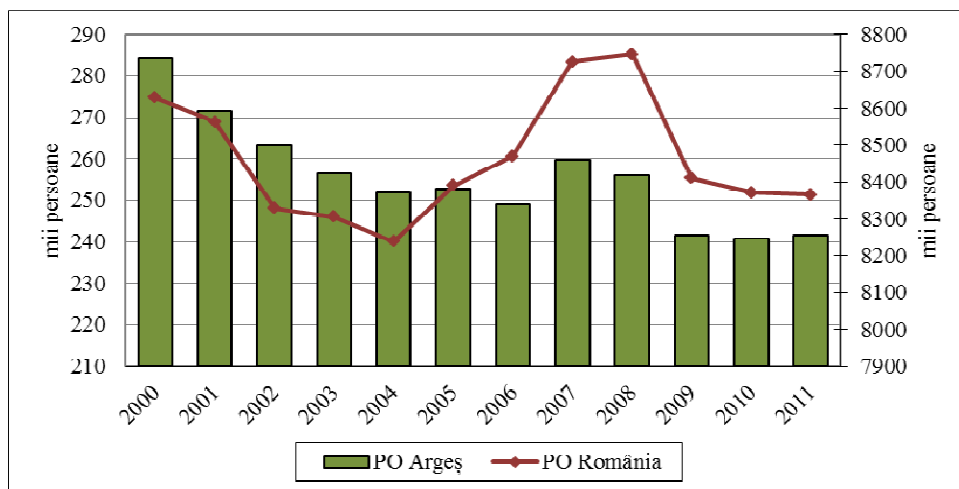
The analysis of GDP/capita (euro/inhabitant) reveals that the effects of the international economic crisis were felt in Arges county a year later (2009 versus 2008), which demonstrates the economic strength of the county (Figure 1).

Figure 1 - Evolution of GDP/capita in the period 1995-2010, graphic performed on the data in Table 1



Amid economic restructuring, the number of employed persons in Arges county decreased between 2000-2011, but the evolution of this phenomenon has followed the national trend, as can be seen in Figure No. 2.

Figure 2 - Evolution of employment (PO) in the county of Arges and Romania, graphic performed on the data from Department of Statistics Arges (www.arges.insse.ro) and the National Institute of Statistics (www.insse.ro)



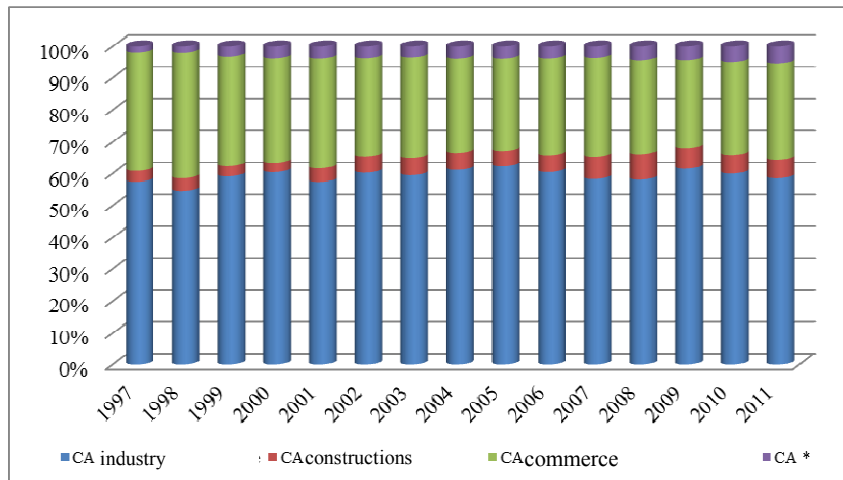
In the Arges county, during 1991-2011, there were 1873 companies with foreign participation, representing 1.07% of the total number of companies with foreign participation registered at national level. At their subscribed capital of 706 628 a thousand euros, representing 2.35 % of the total share capital subscribed foreign national.

The Arges county, although has a relatively small number of companies with foreign participation (1873), who ranks 17th in this view, is ranked 8th in value of the subscribed capital, according to the National Trade Register Office.

Between 2002-2011, the number of companies increased by 43.16 % active, small businesses accounting for the highest share in the total active companies (85%). By 2010 the share of small businesses had an upward trend (average 0.25 percentage points annually). In 2011 compared to 2010, the share of small businesses decreased by 2.53 percentage points for medium-sized enterprises and enterprises with more than 50 employees. The turnover of the companies' active in Arges county is nearly 40% of the turnover of the companies active in the South region showing an upward trend during 1997-2011 (Department of Statistics ARGES).

Companies operating in industry recorded the largest share of total turnover in Arges County (55 %) followed by those engaged in commerce (30 %). The level of industrialization in Arges county is higher than in South - Muntenia (where the share of turnover recorded by companies active in the industry is less than 50 % in total) or in the Romanian economy (mainly turnover registered by commercial entities in the industry is less than 30 % total)(Figure 3).

Figure 3 - Evolution of turnover by main economic activity in the county of Arges,
graphs made on the basis of Arges County Department of Statistics, available
<http://www.arges.insse.ro/main.php?lang=fr&pageid=878>



*CA is the turnover in the transport, storage, post and telecommunications

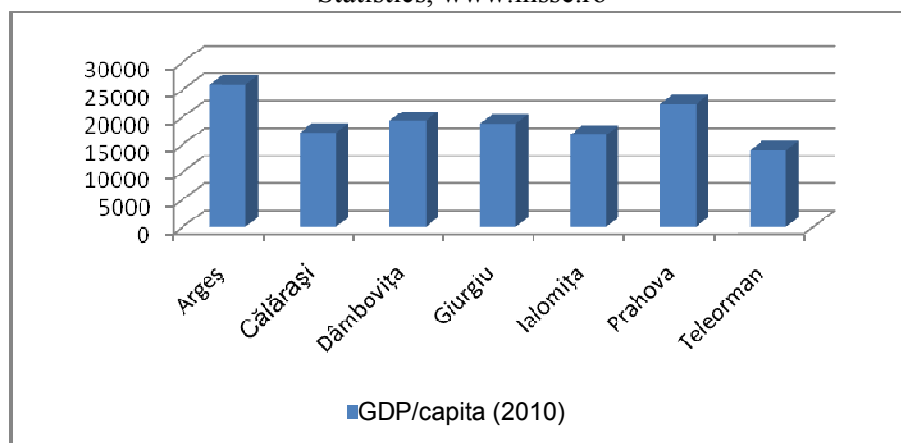
As a result of favorable economic results during the period 1991-2011, the revenues and expenditures of the county Arges local dynamics have been frequently superior to national level.

In conclusion, the profile and overall performance of Arges county economy can be summarized by:

- High level of industrialization compared with the average for the rest of the region or nationally;
- Increased investment attractiveness level than the rest of the region or at the national level media;
- Economic results much better than those recorded at national level;
- Enough labor available;
- Accelerated growth in the number of enterprises;
- Volume of financial resources at local level above the national average.

In 2010, the region's economic development level 3 South Muntenia Arges county is ranked first in terms of economic performance (Figure 4).

Figure 4 GDP/capita (2010), figure achieved by processing data of the National Institute of Statistics, www.insse.ro

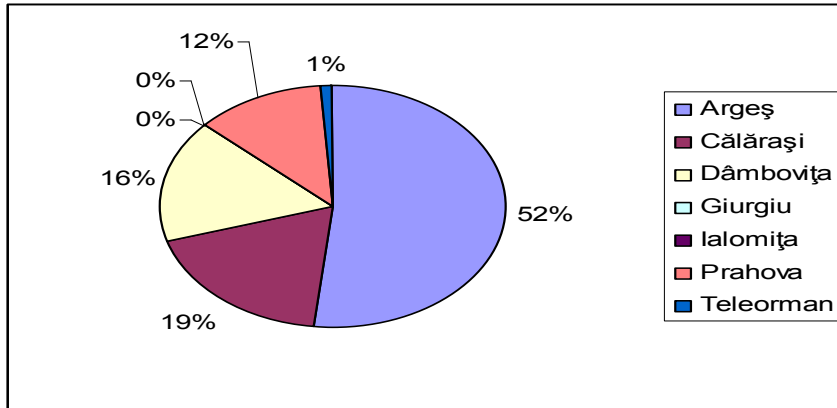


An indicator of the level of economic development of a county is the number of new registrations of road vehicles for passenger and goods transport. In the car category, Arges county ranks first with more than one third of all registered South Muntenia Region and in the category of road vehicles for the carriage of the 2nd position after Prahova County (data from the Statistics Directorate for Driving Licences and MAI available at <http://www.drpciv.ro/info-portal/displayStatistics.do?resetForm=true>).

2. Research-development and innovation in arges county

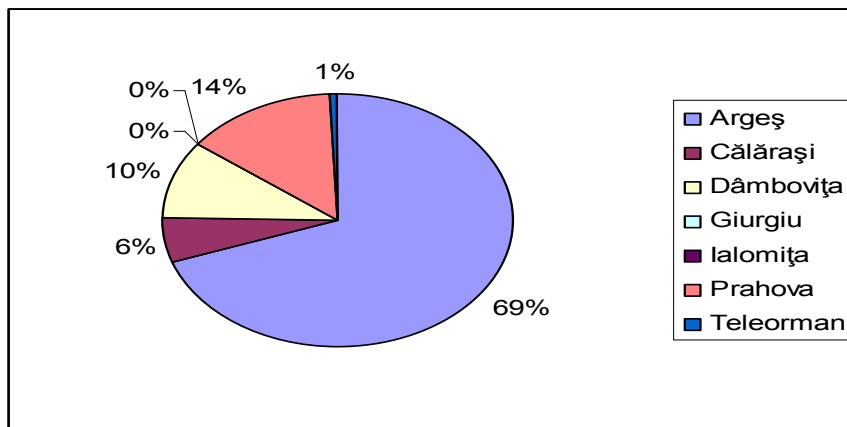
At the level of the South Muntenia Region, Arges county recorded the highest expenditure on research and development in 2011. Arges county owns 51.71 % of total employees in the research and development level of the South Muntenia (Figure 5).

Figure 5. Distribution by county employees in research and development in the region of South Muntenia (2011), graphic based on the data processed by the INS, www.insse.ro



As regards researchers, they are concentrated in Arges county in the proportion of 69.57%. Also, Arges county is ranked first in terms of number of employees in research and development to 10,000 civilians employed by a percentage is well above the regional average (Figure 6).

Figure 6. Distribution counties of researchers from research and development in the region of South Muntenia (2011), graphic based on the data processed by the INS, www.insse.ro

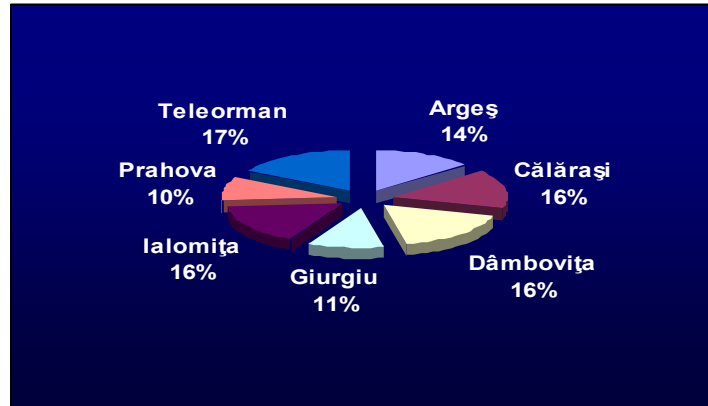


We can observe from the situations described the Arges county's great potential of research and development, the main research centers being: the Institute of Nuclear Research Mioveni, Research and Development Institute for Fruit Growing Pitești Mărăcineni and Dacia Renault .

3. Value of agricultural production

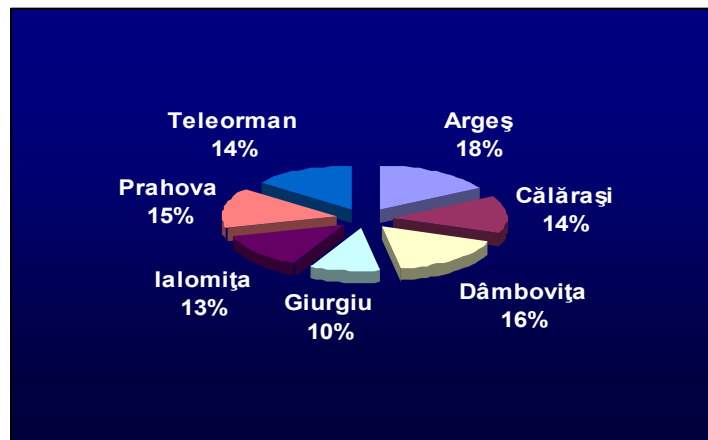
Overall, in agriculture, Arges county ranks 5 and differences from other counties are not high. It should be kept in mind that Arges county has a landscape that is divided approximately equally between mountains, hills and plains, unlike southern counties that have only plain relief. The percentage of high production achieved by individual holdings in Arges county, and in Dambovita and Teleorman demonstrating low investment in private agricultural sector. Graphically, distribution districts in total crop production value of agriculture in the South Muntenia is as follows (Figure 7):

Figure 7. Distribution counties total value of crop production on farming in South Region (2011), graphic based on the data processed by the INS , www.insse.ro



Regarding livestock production, overall agriculture in the South Muntenia Region, Arges county achieved the highest production compared to other counties, accounting for 18% of the region (Figure 8).

Figure 8. Distribution counties the total value of livestock production agriculture in the South Muntenia (2011), based on the graphic data processed by the INS, www.insse.ro



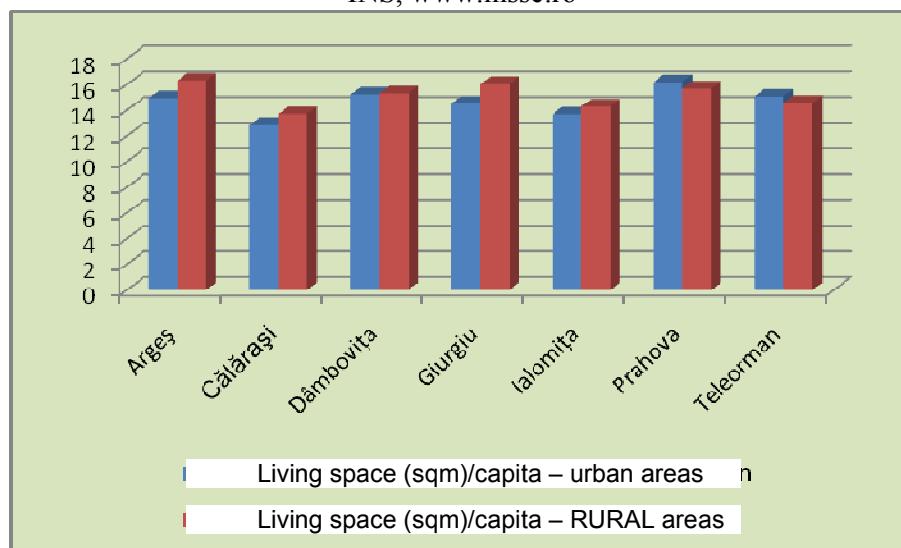
4. Comfort housing and equipment of the territory

In the South Muntenia region, the comfort of living as measured in terms of surface/inhabitant, the highest level recorded in the county of Prahova, Arges County followed (all by residence). Considering only the rural areas, the Arges County has the largest

housing comfort level in the region. About 30 % of rural localities in Arges benefit of natural gas distribution networks.

Arges County has the largest network of public roads, representing more than 35 % of the existing level of the South Muntenia.

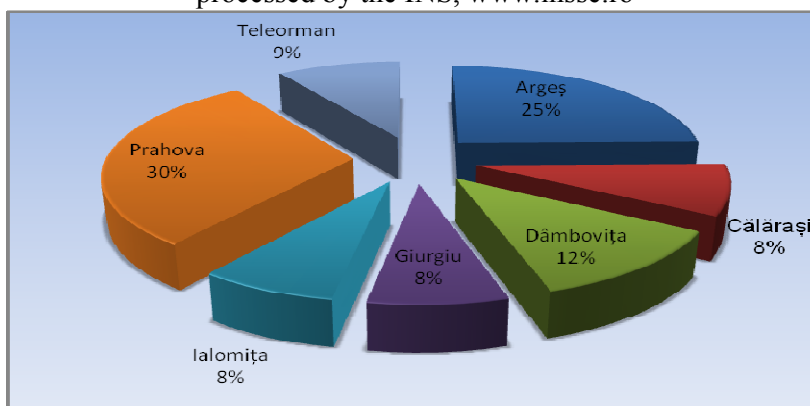
Figure 9. Living space (sqm)/capita in 2011, graphic based on the data processed by the INS, www.insse.ro



5. Business statistics

Of the 49 587 active businesses in the South - Muntenia, Arges County has 12271 active companies (24.75 %) (ranked 2 in the region) and from the 51,442 active local units, 12,710 units (24.71 %) are in the Arges County (No. 2 in the region) (Figure 10).

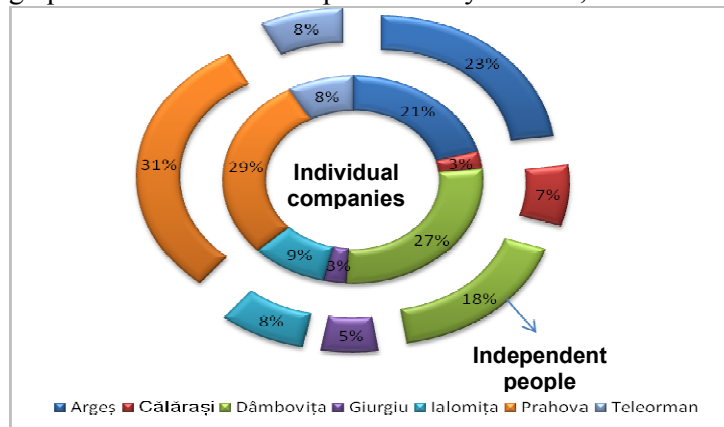
Figure 10. Active companies in the South- Muntenia (2011), graphic based on the data processed by the INS, www.insse.ro



Approximately 21 % (463 family businesses) of family businesses in the South - Muntenia are operating in Arges County. Of the 32009 people employed in the South - Muntenia 7336 independent persons (23 %) are in Arges County, according to the National Trade Register Office.

Arges County is ranked 3rd in the region in terms of family businesses and 2nd if we talk about independent people (Figure 11).

Figure 11. Number of private entrepreneurs in types of entrepreneurs and counties (2011), graphic based on the data processed by the INS, www.insse.ro



In the Argeş county, active businesses operating in the fields of agriculture, forestry and fisheries represent 15.09 % of the total active businesses registered in South Muntenia. Active local units in Argeş county represent 14.83 % of the 2806 local unit of South- Muntenia active. Argeş County is 4th place in the region, both for businesses and for active local units active in agriculture, forestry and fisheries.

Both active enterprises and local units active in the county Argeş which operate in the mining industry represents about 20% of active enterprises and local units of the South- Muntenia active. In terms of number of undertakings active in the extractive industry, Argeş County ranks 2 after Prahova.

In the Argeş county there are 1397 active enterprises and 1458 active local units by activity in manufacturing, in both cases representing 29 % of the total. Depending on the number of enterprises and local units active in the field of activity in manufacturing, Argeş County ranks 2 in the South - Muntenia Region.

Of the 4949 companies with the scope of construction, 23.28 % are operating in Argeş County. About 23 % of local units with activity in the construction field operate in Argeş County. Argeş County ranks 2nd in the construction field.

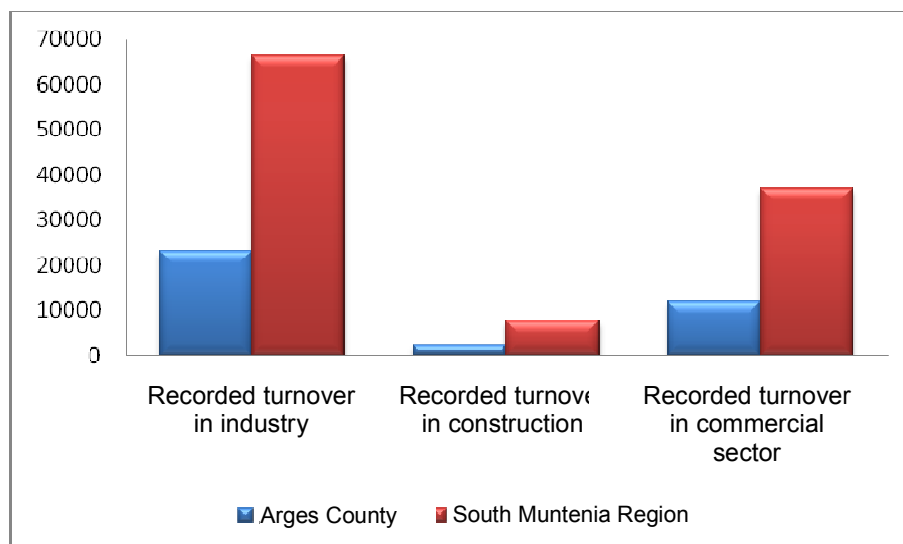
In the Argeş county there are 4916 enterprises with the scope of commerce representing 23.88 % of the South- Muntenia enterprises and local units by activity in trade is 23.91 % (5130 local units), according to the National Trade Register Office.

Argeş county records 27.22 % of active enterprises with the scope of transport. In transport, Argeş County ranks first in the region. Local units active in Argeş county , with the scope of the transport account for 27.02 % in the region.

In the Argeş county there are about 28 % of active enterprises in hotels and restaurants, ranking 2nd in Region Muntenia Sud, after Prahova County .Argeş county has the same position from the point of view of financial sales and insurance (National Trade Register Office).

More than a third of the turnover achieved by companies in the South - Muntenia comes in Argeş County. The turnover of companies with activities in industry represents 37 % of the turnover of companies in South Muntenia (Figure 12).

Figure 12. Turnover of companies (2011), graphic based on the data processed by the INS, www.insse.ro



6. Tourism capacity

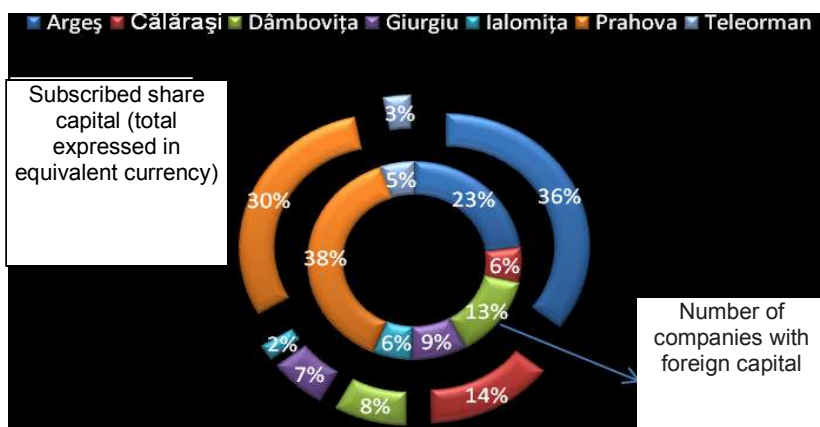
Arges county has a great tourism potential, but failure of the urban road infrastructure in the north of the county (highlands) has delayed capital inflows of investment in this area.

Capacity of tourist accommodation in Arges county is only about half of the county Prahova. The situation is good, given that, in terms of tourism, Prahova Valley is the most attractive tourist region Romanian mountain area.

7. Foreign direct investment

Arges county was an important destination for foreign direct investments, which were located mainly in the car industry (Figure 13).

Figure 13. Companies with foreign participation and subscribed share capital during 1991 – 2011 balance at December 31, 2011, Graphic data processing conducted by NTC available at www.onrc.ro

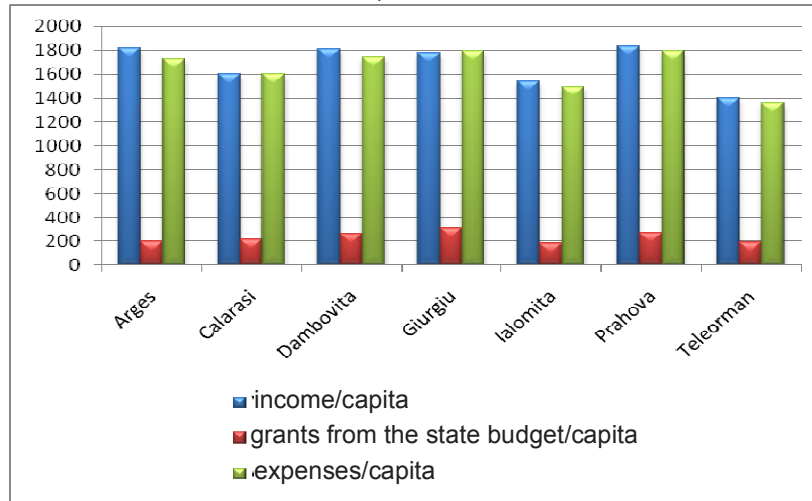


Given the amount of subscribed capital (total in currency) by companies with foreign capital participation, Arges county ranks first in the South Muntenia Region, ahead of Prahova County.

8. Execution of local budgets

The execution of local budgets provide important information on the possibilities of local authorities to meet the needs of local communities, according to their responsibilities and duties.

Figure 14. Execution of the local budgets (2011), graphic based on the data processed by the INS , www.insse.ro



From the point of view of the local budget / inhabitant, Prahova County ranks 1 followed by Arges County, on a very small difference (20 lei / capita).

In the South Muntenia Region, Arges County recorded the largest surplus, which demonstrates that public authorities use public resources prudently and in terms of efficiency.

9. European funds

Essential in Arges county 's economic development has been the absorption of European funds. Through the National Rural Development Program were contracted a total of 38 projects with a total value of 11,520,270.43 lei, as follows:

- Measure 3.2.2. Development of villages - 17 projects - 8,188,547.55 lei
- Measure 3.1.3 Rural tourism - 8 projects - 316,011.55 lei
- Measure 1.2.5. Development of agriculture and forestry - 13 projects - 3,015,711.33 lei

Through the Regional Operational Program were contracted a number of 72 projects with a total value of 653,540,139.25 lei as follows:

- Priority Axis 1 sustainable development of cities - 12 projects - 170,668,142.91 lei;
- Priority Axis 2 Improving transport infrastructure - 5 projects - 162,916,497.02 lei
- Priority Axis 3 Improvement of social infrastructure - 26 projects - 139,102,182.26 lei
- Priority Axis 5 Sustainable development and tourism promotion - 29 projects - 180,853,317.06 lei

"Integrated management of solid waste in Arges County ", financed in two phases:

1. Stage I measure financed by ISPA - 2005 completed on 31.12.2011.

- The project = EUR 33,136,303 .

2. Stage II (funded by FADR)

- The project = 20,325,386 euros, in progress.

10. Conclusions

Given the research criteria used, it is noted that Arges County is in the first place to the following indicators: GDP/capita, R&D and innovation, the value of animal production, the comfort of living in urban areas, public roads the number of enterprises for storage and transport branch, the subscribed share capital (on currency) by companies with foreign participation and local budget surplus value. For most other indicators analyzed, Arges II ranks after Prahova County. In terms of statistical criteria enterprises, the differences between the two counties are low. Although in terms of number of enterprises ahead of Arges county Prahova County, the turnover of the companies active in Arges county is nearly 40% of the turnover of the companies active in the South region, hovering Arges County is the first position in this regard.

Companies operating in industry recorded the largest share of total turnover in Arges County (55 %) followed by those engaged in commerce (30 %). The degree of industrialization in Arges county is higher than in South- Muntenia (where the share of turnover recorded by companies active in the industry is less than 50 % in total) or in the Romanian economy (mainly turnover registered commercial entities in the industry is less than 30 % total).

From the point of view of economic development level (given the many facets: material prosperity - GDP / capita, the situation entrepreneurial environment, attractiveness to foreign investors, the state of infrastructure, the level of household income, etc.) , there are discrepancies between the two counties polarizing northern region (Arges and Prahova) and southern counties (Calarasi, Ialomita and Teleorman), characterized by very low levels of the indicators on the development and economic potential. Poor development of technical infrastructure of the affected counties affect the overall development of the communities, including the business environment and quality of life.

The current composition of the South Muntenia must change, because in the seven years of economic development of the county was not uniform.

Special economic problems existing in the counties of southern region (where the risk of poverty or social exclusion than the national average) generates a distinctive approach to regionalization.

It requires the creation of smaller regions of economic development that ensures a better adaptation of projects to local communities' needs through flexibility. These regions must be 'mixed', that include highly developed counties, the average developed counties and poor counties.

By developing tourism in the area will create important outlets for agricultural producers in southern counties - counties with mainly agricultural economies, whose products could be further refined through a competitive and efficient agricultural productivity. Higher incomes generated by industrial activities in Arges and Dambovita counties creates prerequisites for creating the necessary financial resources for financing projects for the appropriate technical equipment and effective exploitation of the natural resources of the area counties .

Foreign direct investment in the car industry in Arges county can have a multiplier effect on the economies of neighboring counties (as demonstrated by the experience related Dambovita County), and the university center of Pitesti offers a wide range of specializations in humanities, polytechnic, economics, law, sports, theology, mathematics and computer science etc., so Arges County resident can provide all categories of skilled labor .

Arges county is at the intersection of corridors road transport very important and with the completion of infrastructure projects of national interest : the Pitesti , Craiova and the Pitesti - Sibiu , city of Pitesti could become the second road junction in the country after Bucharest . Therefore, Arges county business opportunities have very good prospects and Pitesti city's position as a pole of economic development will be strengthened in the future.

County and the region's economy depends mainly on the Dacia -Renault factory activity in Mioveni, the company is the first in recent years among the largest Romanian exporting over 90 % of its production to foreign markets taking the road. Moreover, only in Arges County are more than 40 companies supplying parts for Dacia vehicles, and the number of employees exceeds 10,000 people (*Ziarul financiar*, <http://www.zf.ro/zf-24/cum-arata-economia-din-arges-capitala-exportului-romanesc-judetul-cu-un-pib-per-capita-de-7-450-de-euro-cu-9-pestes-medie-12058302>). 12 of the largest 20 companies in Arges county or working in the automotive and auto components suppliers are among the Dacia-Renault.

The car factory itself works 13 719 people and the factory gate between week 1,900 trucks parts and raw materials and other 550 trucks leave the factory loaded with vehicles at the same time, most crossing the Olt Valley to West border. The road Pitesti - Sibiu has become in recent years the busiest in the country, imposing the necessity and quickly build a highway on route, so expected with interest by Dacia-Renault Group and, moreover, the economy whole area.

In the 2020 European vision (http://ec.europa.eu/europe2020/index_ro.htm), increased European Union will be a smart one, placing a special emphasis on research - development and innovation. Rank 1 in the Arges county occupies in the South- Muntenia in this area will help to explore and amplify the strengths of qualifying region whose development pole will be, thus creating economic foundation that supports quality of life of the region.

The high volume of industrial activities in the county Arges will have an important role in the economic welfare of the region, contributing to sustainable growth and providing high quality jobs.

In a brief SWOT analysis Arges county, given its position in the region and the country, we should note the following:

Strong points

- The existence of a dynamic business environment at regional level, especially the county, being the main export pole of Romania, but extremely powerful chapter added value;
- The existence of a favorable investment climate for both local businesses and for foreign ones;
- The existence of important private companies with majority foreign capital, which distinguishes importance of Dacia-Renault Group and its economic partners.

Weaknesses

- Difficult access to finance, particularly in rural areas, but this shortcoming is characteristic of the entire Romanian economy.

Opportunities

- The possibility of increasing foreign direct investment;
- The possibility to easily adapt to changes in the economic environment most companies;
- Development of entrepreneurship as a means of increasing production indicators and the employment rate of the labor force;
- Modernization of Arges County, particularly in rural areas, following the completion of administrative and financial decentralization.

Threats

- The vulnerability of most companies Arges (Romanian and, in general) to competition in globalized markets, but also in the contemporary context of increasing consumer demand .

So, with a population of over 600,000 inhabitants and a GDP per capita of 7,450 euros, 9% higher than the national average (*Ziarul financiar*, <http://www.zf.ro/zf-24/cum-arata-economia-din-arges-capitala-exportului-romanesc-judetul-cu-un-pib-per-capita-de-7-450-de-euro-cu-9-peste-medie-12058302>), Arges county has the resource potential to develop further, focusing on the building industry car, contribution to export the main branch of the county and the added value it generates.

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