

Brief Analysis on the Share of Romania Related to International Trade in Services During 2001 – 2010

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Abstract

This analysis is intended to present, in short, a painting, in a decade, on the share of services in Romania, during from the pre-accession of the country, to the European Union, in the immediate post-accession period. Integration into the European single market has imposed a strategic reorientation of Romania, with fundamental consequences, including, increasing of the share of services being one of them. One of the criteria for evaluating the effectiveness of any country is represented by the percentage of services from around economy and opportunities for growth with the development of multiple hoists on the real economy, but also and the evolution of Romanian society. In the results of my study, I show that after a decade with increases and decreases, due to the economic crisis, the share of Romania's services is on an upward path.

Key word: services, share, increase, decrease, costs

JEL Code M16

1 Introduction

The central aim of my study is to quickly understand, once again, that in Romania, in the tertiary sector should be hurried pace, for to obtain greater achievements, because there're possibilities and opportunities.

Studying literature, I concluded that it is a great truth, in the classical theories, which state that „the tertiary sector is characterized by the smallest responsiveness to technical progress and lowest rates of productivity. After the period between the 1970s and 1980s, this assertion began to no longer be true, for a number of increasingly large of service fields, where the technical progress has spread, especially, through informatics, electronics and the modern technology of telecommunications” (Ioncică, 2003, p. 24.) and all this require a rapid activation of Romanian services sector.

In fact, "it can be noted the entering of services functions in almost all sectors of the economy and their horizontal integration" (Olteanu, 2003, p. 176.), thereby, there is no doubt, that the topic is not relevant.

I believe that studied literature was a reliable source with which I rerealizat this study .

2 Research methodology

The research methodology consists of systemic and comparative analyzing of the researched subject, depending on the purposes and objectives. This research is based on different databases, uses different methods in order to provide a theoretical and practical explanation.

In the paper were used mathematical and statistical methods, such as: classification, synthesis, comparative analysis of results, and graphical representation of events.

The research of economic phenomena can have scientific resonance, if we use mathematical and statistical tools, and it is always accompanied by a healthy analytical deductive logic.

I have wished that qualitative nature of the work to be given by the scientific observations. However, favorite character is the quantitative research. This is given by centralizing research articles written in the field followed by us.

Based on the results we made tables, on which we built graphics, commonly used as a quantitative research methods, their main advantage being that are easy to interpret and understand.

For the research we used combined techniques of documentation, from studying literature in the field, to analyzing the international articles written in the field.

3 Diachronic and synchronic analysis of the size of the services sector

Diachronic and synchronic analysis of the size of the services sector, highlights the strong trend of economic "tertiarization" of the developed countries, such as the correlation, between the level of development of services and level of development of the national economies. Thus, in developed countries, the share of services in employment, exceeds 60 and even 70%, there are still, some differences, even in these countries, due to the peculiarities of economic growth, differences in traditions and customs. (<http://documents.tips/documents/economia-serviciilor-teste.html>)

Corresponding to the process of deepening and specialization of the services, characterized by the appearance and other distinct areas, overall, have been developed a number of techniques methods and concepts, both goods and services.

Thus, in tourism, the concept of global product includes new elements: tourism resources (elements of (attractiveness) and general and specific infrastructure. The latter appears in the overall product of transports. In both areas, the decision-making system is more complex, requiring close cooperation and correlation, at the same time, elements of macroeconomics with microeconomics.

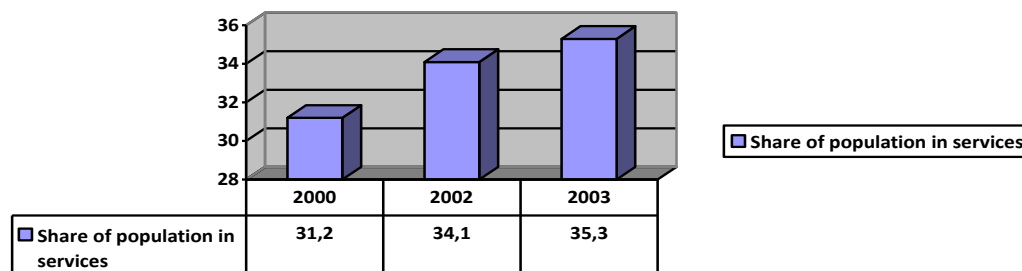
"In the education field, the pupil and the student, appear both as customer and as product subject to processing, product decision adoption (specific in content: specialization, plans and curricula, textbooks, teachers, duration of studies) is particularly complex, without taking in question, the processing time" (Olteanu, 2003, p. 29.).

Unlike the other services, "in the banking field, the product is separately customized, the firm coming at the meeting with the client, on one hand, with banking products and services, but also with a delivery system, described in conducted activities" (Ionescu and al, 2006, p. 78.) at the site of contact.

4 At the macroeconomic level

"At the present stage, in the medium developed countries, the share of the tertiary sector, in the employment of population, it is also at an average level, 50-60%, while in countries with low development, this indicator takes related lower values (at 30-40%). It is further, the case of Romania, with a share of the employment of population, in services, from only 31.2% in 2000, to 34.1% in 2002 and 35.3% in 2003". (Ghibuțiu, 2007, p. 12.).

Figure no. 1. Romania's share of population services



Source - Adapted by author

The employment rate of the working age population, 15-64 years, increased in the third quarter of 2006, by 1.2%, compared to April-June of the same year, at 60.9% and compared to the third

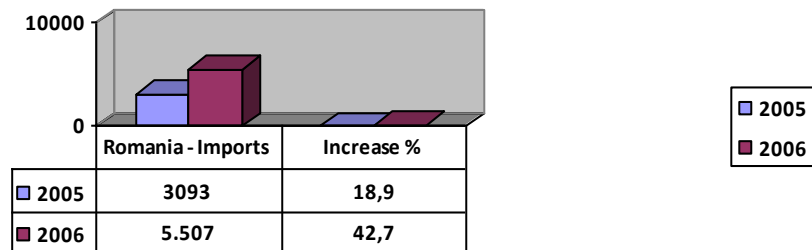
quarter of 2005, the advance was three percentage points" [www.bloombize.ro/article], according to the National Institute of Statistics.

Judging by the statistics of the Romanian National Bank, aiming the balance of payments, international trade in services of Romania has maintained a strong upward course, in 2006, registering a sustainable pace and pointing at the same time, some evolutions likely to confirm crystallization of the favorable structural changes.

5 Volume and dynamics of services trade of Romania

In turn, imports of services, significantly increased, totaling 5.507 million euros, corresponding to an increase by 23.8%, compared to 2005, when they recorded a record dynamic of 42.7%.

Figure no. 2. Romania – Import of services 2005 - 2007



Source - Adapted by author

In 2005-2007 period, "Romania's international trades in services, have tended to frontload, notably growth of trade in material goods. Thus, in 2004, for example, the dynamics of exports and imports of services was lower than the increase in flows corresponding material goods (especially for exports), in 2005 growth of exports and imports of services was more than two times higher, than the exports / imports of material goods.

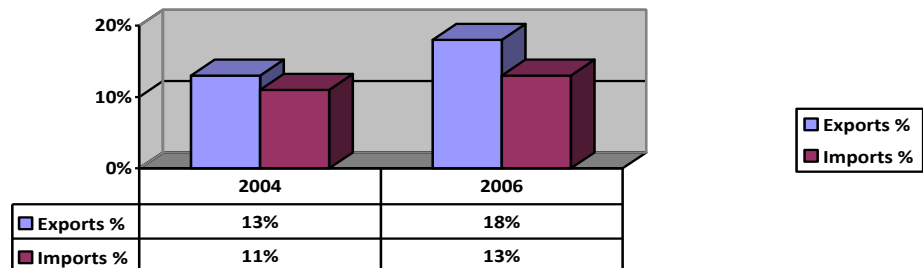
This trend has continued in 2006 and 2007, the growth pace of services exports, being more than two times higher than export of material goods; In contrast, growth in imports of services was noticeably slowed, compared to previous years, being close to that of imports of goods, but significantly lower than the growth of exports of services, which has contributed to equilibrium of the services balance" (www.bloombize.ro/article).

In the context of favorable development, since 2006, engaging of service activities, in total trade of our country, continued to increase.

Thus, relative to the overall market in goods and services, services accounted for almost 18% of exports and 13% for imports (compared with respective shares of 13% and 11% in 2004).

The participation of services in Romania's total trade flows but still remains below the world average and the EU (19% and 22% respectively).

Figure no. 3. Volume of trade in services

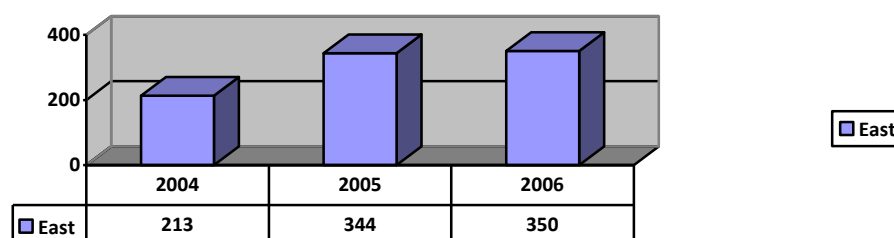


Source - Adapted by author

6 The role of the services in balance of payments of Romania

Unlike 2005, "the dynamic development of the country's international flows of services, was accompanied in 2006, by a significant improvement in the equilibrium of services balance, in the sense that it was a surplus of six million euros. If, in 2005, the deficit of the balance of services experienced an increase (to 344 million euros, from 213 million euros in 2004), the surplus in 2006 and early 2007, has made a positive contribution - albeit very modest – at the current accounts balance. This is a remarkable aspect, especially that the trade deficit in the sphere of material goods, reached a new record level in 2006, with serious implications for the current account" (www.bloomsize.ro/article)

Figure no. 4. Improving balance of payments deficit in services



Source - Adapted by author

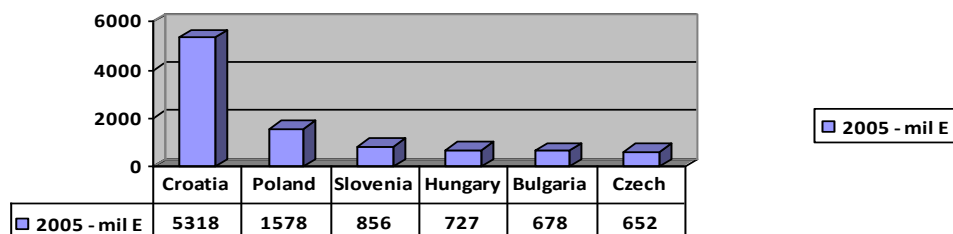
The positive balance, in 2006, has become even more remarkable, if we take into account that, since 1990, the services balance recorded, systematically and progressively, negative balances and was set implicitly in an aggravating factor of current account imbalance, with the substantial deficits trade balance. This trend was interrupted in the years 2002-2003, when the services balance recorded modest surpluses.

Taking into consideration the favorable development of the services balance, in 2006, in terms of a sustained expansion of international trade in services in Romania, but also structural changes more visible within these exchanges, we can appreciate that is looming the prospect of a reversal of the negative trends, manifested by the services balance, after 1990, trends that have not characterized and other new EU member states.

On the contrary, in these countries, the services balance was positive throughout the period, after 1990, some countries, even, recording sizeable surpluses.

Thus, for example, "in 2005, Croatia has a surplus of 5.318 million euro, Poland to 1.578 million euro, Slovenia 856 million, Hungary 729 million euros, Bulgaria 678 million euro and the Czech Republic 652 million" (BNR., 2007, passim).

Figure no. 5. Countries that have achieved balance surpluses in services - 2005



Source - Adapted by author

7 Romania's place in world trade in services

Although "within a decade and a half (1980-1995), the average annual growth of trade in services of Romania has surpassed, sensitive, dynamics of exports and imports of services in

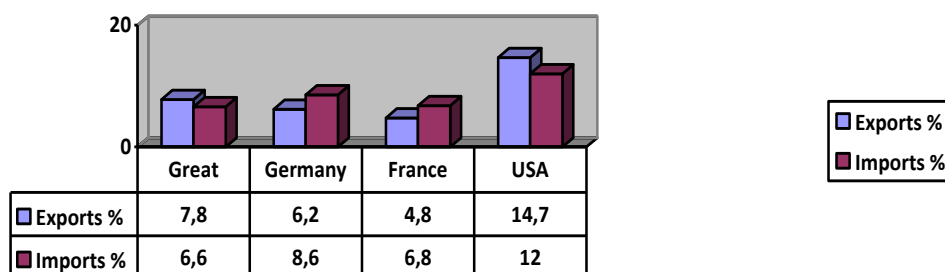
European and global plane - a trend that has increased in recent years, the capacity of the country to generate international flows of services, is still, relatively limited.

With a share of only 0.2%, in value volume of global exports / imports of services, in 2005, Romania continues to hold a marginal position in the international trade in services (as well as in global trade with goods, where it has a similar share). It should be noted, however, that Romania's share, in global trade in services, was increased, from 0.1%, to 0.2%, during 1990-2006" (Ghibuțiu, 2007, p. 14.).

By becoming a member state with full rights, of the EU, Romania has entered by default, in the club of the largest service providers and in the world. EU-25 as a whole, is the largest exporter and importer of services in the world, controlling 46% of exports and 44% of world imports, which in 2005, totaled 2,415 billion USD, respectively 2,345 billion USD.

But taken individually also, some of the old member states, have considerable weight, in global trade in services, such as Great Britain - 7.8% for exports and 6.6% of imports; Germany - 6.2% and 8.6%; France - 4.8% and 6.8%. These countries occupy the top places in the hierarchy of major globally exporters (importers), being surpassed only by USA, which have the leadership position, in the global market of services, with a share of 14.7% and 12%, in 2005.

Figure no. 6. EU in world trade in services



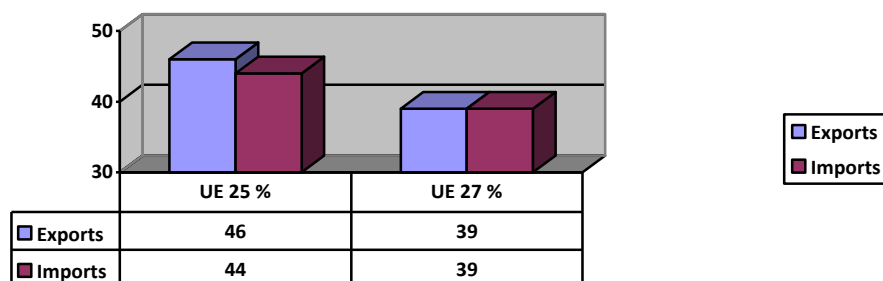
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Subsequently, the share of EU-27, in world trade in services, is superior to that held in global trade with material goods (the latter being about 39% both, for exports and imports).

And while the balance of trade in goods sphere, is characterized by chronic deficits (in 2005, the deficit is estimated at 134 billion USD), the services balance recorded consistently, surpluses of USD 83 billion in 2005).

"The gap, between Romania and the old EU member states, is huge, of course, in terms of participation in international trade in services. But in terms of the size of these exchanges, our country was placed and due, to new EU member states" (Ghibuțiu, 2007, p. 14.).

Figure no. 7 The gap, between Romania and EU



Source - Adapted by author

Thus, Poland has exported more than three times more services in 2005 than Romania and exports of services in the same year, Hungary, Czech Republic and Croatia, was over two times higher than Romania.

8 Conclusions

As shown in statistics, located in the Country Report, Romania, in 2016, improving of the trade balance is due to a sharp drop in goods trade balance deficit and a surplus of the services balance increased.

Goods trade deficit, gradually declined from an average of 10% of GDP, in 2001-2008, to 6% in 2009-2014. This has reached a record level, even before of crisis and began to improve, again since. In the same period, the services balance grew to a quasi-balance, from a surplus of nearly 5% of GDP. Therefore, improving the services account is an important factor that contributed to the current account, rebalanced later, with reference to the period 2013 to 2015.

(http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_romania_ro.pdf)

Regarding to the balance of goods and services, unit labor costs in the tradable sector increased in 2014, but at a slower pace than in non-tradable goods and services sector.

In 2009, the cost of tradable goods sector, fell below the cost of non-tradable goods and services sector, remaining thereafter largely stable. Following international pressure, unit labor costs in the tradable sector tend to be lower than those of non-tradable goods and services sector.

However, incurring of unit labor costs excessively high in non-tradable goods sector and services, could threaten the competitiveness of Romania.

Between 2009 and 2014 years, the productivity of the tradable goods sector, but and the sector non-tradable goods and services increased with 6%, while compensation per employee increased over the same period by 2% and by 3%.

After the stagnation recorded after crisis, labor productivity began to improve from 2012. Labour productivity has grown considerably in the period before the economic crisis (2005-2008), to halt then, between 2009 and 2012 because of the economic recession and low economic growth, including in services associated with reducing the number of employees nation wide.

Since 2012, labor productivity has improved in the context of robust economic growth, but the pace is slower than before the crisis.

9 References

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