

DEVELOPMENTS AND TRENDS OF SERVICES SECTOR IN ROMANIAN AND EUROPEAN UNION ECONOMY - THE PERIOD 2000-2010*

Phd., SR II, Daniela ANTONESCU¹, Phd. Student, SR, Florina POPA²

Abstract

The last decades recorded a fast development of services sector, their internationalisation degree increasing what generated the movement to a new type of economy based on the predominance of tertiary activities in wealth achievement. The contribution of services to economy development has been in a steady growth, the changement at the European level meaning the transition from a structure of production and employment, by choice, located in industry, to a structure of services dominated by. The study tracks the trends in the evolution of services sector, both at European level, and at national level, on the basis of dynamically analysis, of some indicators important to sector size characterization.

Key words: *services sector, analysis, trends, indicators.*

JEL Classification: L8-L80-L81-L82-L84-L85-L86-L87-L88-L89; O1-O11

1. INTRODUCTION

The progress of world economy in the last decades has been defined by a fast development of services sector, their internationalisation degree increasing, the movement to a new type of economy basing on the predominance of tertiary activities in wealth achievement.

Changement at the European level meant the transition from a structure of production and employment, by choice, located in industry, to a structure of services dominated by.

The contribution of services to the European economy has been in a steady growth. The knowledge-based economy and the demand of intangible assets led to major restructurings, with mutations from industrial activities to those of services. There have been developed business services what has meant a progress in the process of labor division, on worldwide level and in the European Union.

The increasing of services up to business was determined by the migration of employees from manufacturing industry to services, due to services functions outsourcing, which were produced internally, but the reason for the services sector growth due also to changes in the production systems and in organizational structures, the competition on the international markets, knowledge role increasing, the emergence of new types of services which have increased their request.

According to some experts opinion³, liberalization of Trade in Services has generated a series of consequences in the tertiary sector development, such as: increase of variety of services offered by domestic and foreign providers; precompetitive effect of tenderers when competition is based on quality; increase the efficiency of domestic producers, if foreign

*This paper/scientific communication is a constitutive part from the research paper accomplished in the year 2012 “*Impactul crizei economice și financiare asupra modificărilor structurilor economice în România. Factori de influență, similitudini și particularități*”, Academia Română, Institutul de Economie Națională, București;

¹ Academia Română, Institutul de Economie Națională, daniela.antonescu25@gmail.com;

² Academia Română, Institutul de Economie Națională, florinacarina@yahoo.com;

³ Nela Popescu , Roxana Nae quote Jensen et. al. (2004), Konan, Maskus (2006) in *Exposure of the Romanian Services Sector Considering their Current Structure and Glogal Financial Crisis*;

tenderers are more competitive than the domestic supplier; a negative effect for the cases when the foreign supplier transfers his profits abroad.

The probability to accomplish a favorable strategy for development occurs in the case of regions able to offer an economic structure more well-balanced between industry and tertiary sector, a better diversified structure among large, medium-sized and small enterprises also needing the measures target to under-privileged regions.

In Romania, the possibilities of tertiary sector development have been enclosed by a series of elements which have meant a disadvantage, since from the start of the transitional period, placing it on a lower position comparative with the other European countries: the lack of private ownership, of a competitive environment, the lack of entrepreneurship. The low level of services development, of this sector interconnection with the other areas of the economy, can be found in the contribution of services to economic growth which, although internally has a significant share (to 50 %), by comparison with the other European countries, it is on a significant gap. This peripheral position of Romania, inclusive in the international trade, proves the lack of appropriate measures to incentive the economy tertiarization, to lead to the increase and diversification of contemporary production of services and of the international trade with these products.

2. ANALYSIS AND TRENDS OF THE SERVICES SECTOR IN ROMANIAN ECONOMY AND IN THAT OF THE EUROPEAN UNION - THE PERIOD 2000-2010

Dynamic analysis of some data characteristic of resources used in the sector of services, for a period of ten years, may be relevant for its development and for its contribution to the economic and social development, both at the European Union level, and nationally, such as:

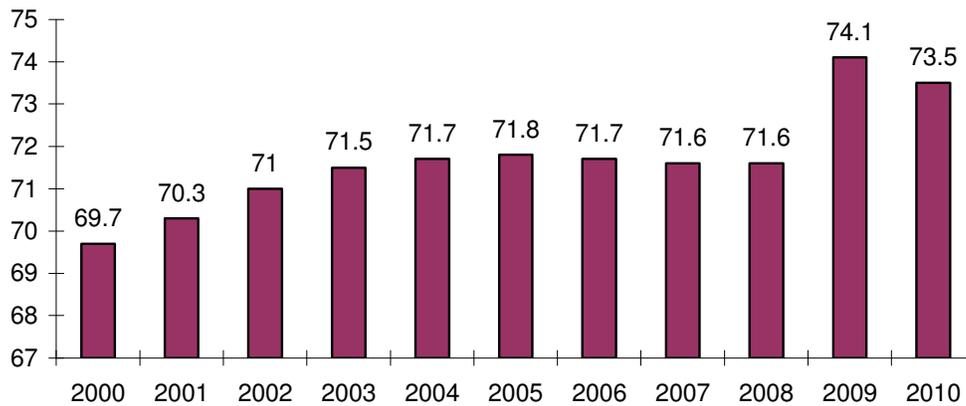
A. Gross Value Added services by total branches is one of the important indicators for services size characterisation as share in the economy; from the statistical data provided by *Eurostat*⁴, results the following:

- for the analyzed range (2000-2010), the contribution of services in GVA (Gross Value Added) achievement by total branches had a high share, for EU - 27 average, the limits being among 69.7 % (year 2000), 71,7 % (year 2006) and 74.1 % (year 2009), the year 2010 showing a decrease at 73.5 %;

- tertiary sector's contribution to the European economy had a steady growth from one year to another, up to the year 2006, for the period 2007-2010 having no consistency, showing declines of 0.1% in the year 2007 compared to 2006 and respectively, 0.6 % in the year 2010 compared to 2009; the year 2009 shows an increase of 2.5 % compared to 2008, these oscillations being a provement of also feeling the effects of crisis in this sector. (**Graphic no.1**):

⁴Eurostat, 2012, code tec00006, tec00007, tec00008, <http://epp.eurostat.ec.europa.eu/tgm/table>, http://europa.eu/geninfo/legal_notices_en.htm

EU -27



Source: processing Eurostat data base, 2012 code tec00006, tec00007, tec00008, <http://epp.eurostat.ec.europa.eu/tgm/table>, http://europa.eu/geninfo/legal_notices_en.htm

Graphic no.1 The annual changing of services input to VAB achievement in the average level of the EU-27 in the period 2000-2010

- data structure analyze (such as services are grouped by Eurostat), shows that the "business and financial services" sector holds the highest share in total, followed by "other services", on the last position lying "tourism, transport and communications" (**Table no. 1**):

	Year			
	2000	2006	2007	2010
Total services EU – 27 from wich:	69,7	71,7	71,6	73,5
Business and financial services	26,2	28,0	28,4	29,0
Other services	22,0	22,6	22,2	23,7
Tourism, transport and communications	21,5	21,1	21,0	20,8

Source: data base processing Eurostat, 2012 tec00003, tec00004, tec00005, tec00006, tec00007 și tec00008 <http://epp.eurostat.ec.europa.eu>; Europe in figures Yearbook 2011

Table no. 1 The share of Gross Value Added services (in structure) by branches of EU economies

It should be noticed that „business and financial services” sector had a steady growth over the whole period, both until 2006 and in the period 2007-2010, hereby:

- on the whole period (2000-2010), a number of seven countries can be ranked as having the highest level of tertiary sector contribution in each economy GVA achievement, respectively, over 70 %, as results from the **table no. 2**. The ranking of countries was accomplished taking into account the level achieved by them in the year 2010.

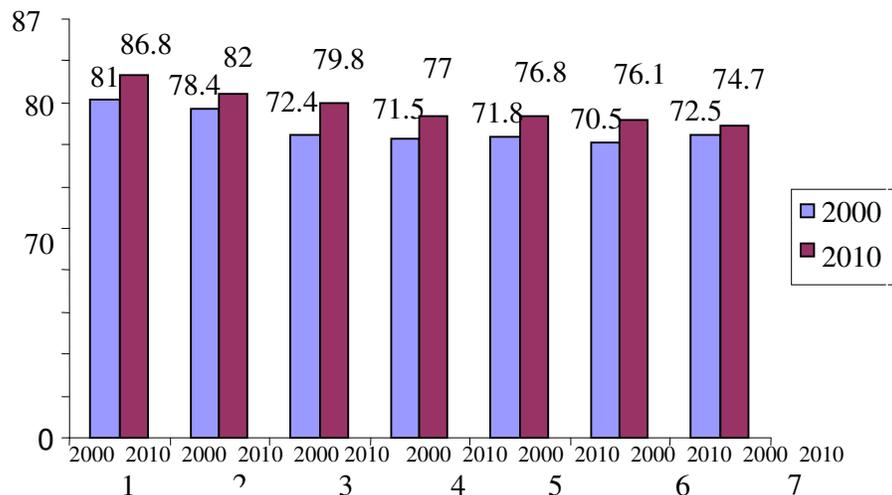
- in all the cases the level of the year 2010 is higher than that recorded until 2006 (**Table no.2, Graphic no.2**).

%

Crt. no.	Country	The weight of tertiary sector in GVA by country		
		Year		
		2000	2006	2010
1	Luxembourg	81	84,1	86,8
2	Cyprus	78,4	78,7	82,0
3	Greece	72,4	77,7	79,8
4	Belgium	71,5	74,9	77,0
5	United Kingdom	71,8	75,5	76,8
6	Denmark	70,5	72,6	76,1
7	Netherlands	72,5	73,3	74,7

Source: Eurostat data base, 2012

Table no. 2 The ranking of countries with the highest degree of development of tertiary sector in the European Union



1 - Luxembourg; 2 - Cyprus; 3 - Greece; 4 - Belgium; 5 - United Kingdom; 6 - Denmark; 7 - Netherlands

Source: Eurostat data base processing

Graphic no. 2 The ranking of countries with the highest degree of development of tertiary sector in the European Union (share in GVA by country)

•Constantly, Luxembourg is at the highest level, increasing annually from 81% in 2000, to 86,8 % in 2010, on the last position of their group being Netherlands, wich evolves from 72,5 % (2000) to 74,70 % (2010).

•In all years taken in the analysis, Romania was to the last place, the lowest share being in 2001 - 50% and the highest share in 2009 -55,8 %. During the years 2000-2006, the movements from one year to another were both in decreasing, and in increasing direction (between 53.6 % in 2000 and 54.9 % in 2006), and since 2007 the level has been relatively

the same, 55% - 56% up to 2009, with a significant decrease in 2010, to 51,7 %, year when the crisis was pronouncedly felt at the level of the entire economy.

The steady growth of the role of services in European economy, expressed in their weight in GVA by total branches, mirrors the movement has occurred in the structure of production, in the whole EU-27, as well as in each country, from industry towards tertiary sector which has become the basic segment of the economy, in wealth achievement.

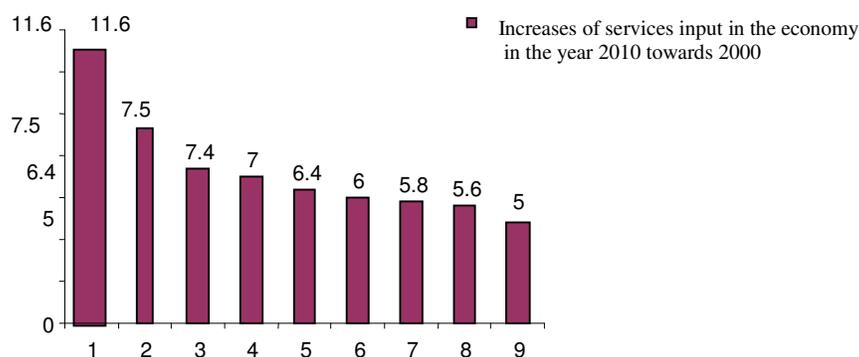
This phenomenon could be found both in the case of countries which already have had a high degree of development of services, as well as of the other, with a lower level, more significant changes founding in the cases below mentioned. The data table show that the year 2010 presents increases comparative with both the year 2000 and with the year 2006 (**Table 3, Graphic no. 3**)

%

Crt. no.	Country	Year				
		2000	2006	2010	Increase 2010	
					Beside 2000 (4-2)	Beside 2006 (4-3)
	1	2	3	4	5	6
1	Ireland	54,7	64,2	66,3	11,6	2,1
2	Slovenia	60,6	63,2	68,1	7,5	4,9
3	Greece	72,4	77,7	79,8	7,4	2,1
4	Finland	61,8	63,9	68,8	7,0	4,9
5	Portugal	68,2	72,1	74,6	6,4	2,5
6	Spain	66,5	67,4	72,5	6,0	5,1
7	Luxembourg	81,0	84,1	86,8	5,8	2,7
8	Denmark	70,5	72,6	76,1	5,6	3,5
9	United Kingdom	71,8	75,5	76,8	5,0	1,3

Source: Eurostat 2012, data base processing

Table no. 3 The share increase of service activity in the economy to some European countries



1 - Ireland; 2 - Slovenia; 3 - Greece; 4 - Finland; 5 - Portugal; 6 - Spain; 7 - Luxembourg; 8 - Denmark; 9 - United Kingdom.

Source: processing Eurostat data base, 2012

Graphic no. 3 Percentage increase of services input in the economy in the year 2010 unto 2000 in some European countries

During the period 2000-2010, significant increases of the activity in tertiary sector, firstly occurred in countries where its level in the year 2000 was lower, as is the Ireland's case which increased by 11.6 % (from 54.7 % to 66,3 %), Slovenia with 7.5 % (from 60.6 % to 68,1 %), Finland with 7.0 % (from 61,8 % to 68,8 %) but also of the countries with a high degree of development of the sector, as for example, Denmark, with 5.6 % (from 70,5 % to 76,1 %), United Kingdom with 5% (from 71.8 % to 76.8 %).

B. As regards **Gross Domestic Product (GDP) per capita**⁵, expressed in Purchasing Power Standard, taking as part EU - 27 = 100, it is found a correlation between the level of the latter and the contribution of services in the economies of EU countries; there is a different state in the case of the old EU member countries and for those entered in the last ten years. (Table no. 4 and Table no. 5).

%

Country	GDP per capita					The share of services by total branches				
	Year			± 2010 față de		Year			± 2010 față de	
	2000	2006	2010	2000	2006	2000	2006	2010	2000	2006
EU - 27	100	100	100			69,7	71,7	73,5	+3,8	+1,8
Netherlands	134	131	133	- 1	+2	72,5	73,2	74,7	+2,5	+1,5
Denmark	132	124	127	-5	+3	70,5	72,6	76,1	+5,6	+3,6
Austria	132	126	126	-6	-	68,6	68,1	69,0	+0,4	+0,9
Sweden	128	123	124	-4	+1	69,1	70,3	70,8	+1,7	+0,5
Belgium	126	118	119	-7	+1	71	74,5	77	+6	+2,5
United Kingdom	119	120	112	-7	-8	71,8	75,5	76,8	+5	+1,3
Finland	117	114	115	-2	+1	61,8	63,9	68,8	+7	+4,9

Source: Eurostat data base processing

Table no. 4 Comparative status between changes in GDP per capita and in the share of services by branch of the economy of some developed countries in the EU. (EU-27 = 100)

As the table no. 4 shows, in the case of developed countries, both the level of Gross Domestic Product (GDP) per capita and the services development degree, maintained at a high level, in the range of years 2000-2010, with the following particulars:

- Gross Domestic Product (GDP) per capita has recorded a decline in the year 2006 comparative to 2000 (except the United Kingdom), partially recovered in the year 2010 (except the United Kingdom which, in 2010, recorded a decline both comparative to 2000 and towards 2006);

- in the same period, the tertiary sector has permanently increased, as a result of the movements in the structure of production, as previous had been shown.

⁵ Eurostat, <http://epp.eurostat.ec.europa.eu>.

%

Country	GDP per capita					Services share by total branches				
	Year			± 2010		Year			± 2010	
	2000	2006	2010	unto		2000	2006	2010	unto	
				2000	2006				2000	2006
EU - 27	100	100	100			69,7	71,7	73,5	+3,8	+1,8
Slovenia	80	88	85	+5	-3	60,6	63,2	68,1	+7,5	+4,9
Czech Republic	71	80	80	+9	0	55,8	56,7	58,1	+2,3	+11,4
Hungary	54	63	65	+11	+2	64,5	66,0	66,5	+2,0	+0,5
Slovakia	50	63	73	+23	+10	59,3	57,5	61,9	+2,6	+4,4
Poland	48	52	63	+15	+11	63,4	64,6	64,6	+1,2	-
Estonia	45	66	64	+19	-2	67,7	67,1	69,2	+1,5	+2,1
Lithuania	40	56	57	+17	+1	63,5	62,5	68,3	+4,8	+5,8
Latvia	36	51	55	+19	+4	72,4	74,9	74	+1,6	-0,9
Romania	28	35	47	+19	+12	53,6	54,9	51,7	-1,9	-3,2
Bulgaria	28	38	44	+16	+6	60,5	61,7	63,5	+3	+1,8

Source: Eurostat data base processing

Table no. 5 Comparative status between changes in GDP per capita and in the share of services by branch of the economy in the countries later entered in the EU (EU-27 = 100)

From the table no. 5 results that for the same analyzed period, for the countries later entered in the EU, the GDP per capita growth was significantly, especially beside the year 2000, moment when the level was much decreased below the index EU - 27 (conventionally taken 100, according to Eurostat) and comparative to that of the other European countries. The largest percentages of index increase (in the year 2010 beside the year 2000) were to Lithuania (17 %); Estonia, Latvia, Romania (each of them, 19 %), Slovakia (23 %). In the same time, to this group of countries, there also have been recorded increases of the share of services in the economy (the year 2010 towards 2000), starting from 1.2 % (Poland), 1.5 % (Estonia), up to 7.5 % (Slovenia). Romania is an exception, although it had an increase of the services sector activity in the year 2006 comparative to 2000, at the level of 54.9 %, the year 2010 recorded a decrease at the level of 51,7 %, being lower than in the year 2000 with 1.9% and than in 2006 with 3.2% - crisis effects has been strongly felt in this sector.

3. CONCLUSIONS

For our country, ensuring a growth rhythm in this sector has a great significance, taking into account the substantial contribution it brings in the Gross Value Added by the economy.

A competitive locus for Romania can be achieved by the evolvement of a concrete strategy of development, taking into consideration the potential this sphere of activity it holds, both internally and at the export:

As such, in this area, the economic development **measures** for Romania involve:

- a rational approach of Romania integration in the contemporary economy should take into account the importance of services development, of the international trade in services;
- Romania's integration into European and global economic structures involve an efficient contribution of Romania at both material goods and services trade;
- the services sector development aim is motivated both by obtaining revenues and by Foreign Direct Investment attracting.

Appropriate measures approach may contribute to economy tertiarization incentive, to contemporary production of services growth and diversification and also, of the international

trade with these products, taking account of the fact that, by integration and interacting with the other activities of the economy, this sector become one of the basic elements in sustaining economy.

REFERENCES

Daniela, A. (coordonator); Gheorghe, Z.; Florina, P., Research Paper “*Impactul crizei economice și financiare asupra modificărilor structurilor economice în România. Factori de influență, similitudini și particularități*”, Academia Română, Institutul de Economie Națională, București;

Elena, Nicoleta, U., „*Economia serviciilor*”, Brașov, 2009, www.scribd.com;

Gheorghe, B., “*Sectorul terțiar din economia românească, factor dinamizator în procesul de integrare europeană*”, Gazeta de Sud nr.2219, 30.07.2002, www.gds.ro;

Michel, Q., „*Crise economice et politiques regionales en Europe*”, Centre pour l’Analyse de Changement Social et Politique, www.lasur.epfl.ch;

Nela, P., Roxana, N., „*Exposure of the Romanian Services Sector considering their Current Structure and Global Financial Crisis*”, www.reser.net;

European Commission - Eurostat Statistics, <http://epp.eurostat.ec.europa.eu>;

European Commission - *Europe in figures Eurostat Yearbook 2011*, <http://epp.eurostat.ec.europa.eu>;

„*Locul serviciilor în economie*”, www.scribtube.com.