



ROMANIAN ACADEMY
The Reflection Group
The Evaluation of the State of the National Economy

ESEN-2: An Open Project

**ISSUES ON ROMANIA'S INTEGRATION
INTO THE EUROPEAN UNION.
REQUIREMENTS AND EVALUATION**

- 2001-2002 SYNTHESIS -

The Department of Economic and Juridical Sciences and Sociology
of the Romanian Academy

National Institute of Economic Research
Centre for Economic Information and Documentation



ROMANIAN ACADEMY

The Reflection Group
The Evaluation of the State of the National Economy

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FOREWORD

After two years' work, the Reflection Group "Evaluation of the State of the National Economy - ESEN-2" has good news: the objectives of the Fundamental Research Program of the Romanian Academy (Issues on Romania's integration into the European Union. Requirements and 2001-2002 Evaluation) have been attained.

From the very beginning, as well as during the Program implementation, one could notice that the main topic was Romania's accession to the European Union and everything such accession implied for the Romanian society (from economy to science advance). One should not ignore how such objectives were accepted by politicians and the civil society - employers' organizations, trade unions, research units, education institutions and how the research was organized from the clear setting of the objectives and research methods to the setting of the themes and creation of the research teams; the diversified and effective use of the research outcome; the utility of the studies in making decisions in this field, etc.

Most of the authors have tried to reveal, on the one hand, the EU requirements for the accession of the candidate countries and, on the other hand, Romania's place in the lead-up to the accession and what has to be done in various fields to fulfil such requirements. Also, several studies revealed the economic and social impact of the Community acquis. Of course, all the studies have laid the stress on the fulfilment of the economic accession criteria and the adoption and implementation of the Community acquis.

It is encouraging that the ideas and research outcome were tested during many scientific debates organized in cooperation with the employers' organizations or the National Institute of Economic Research within the ESEN-2 Seminar, and the outcome of the 110 studies worked out by 130 authors has been disseminated through the ESEN-2 Collection and the specialized publications *Economistul* and *Oeconomica*.

For their remarkable achievements, I wish to congratulate the members of the ESEN-2 Reflection Group as well as the authors of the studies and to thank all the supporters of the Program.

Acad. Eugen Simion
President of the Romanian Academy

FINAL REPORT

On the implementation of the Fundamental Research Program of the Romanian Academy “Issues on Romania’s integration into the European Union. Requirements and Evaluation” - ESEN-2, 2001-2002

1. Two years have passed since the initiation of the ESEN-2 Fundamental Research Program of the Romanian Academy when speeches and messages were delivered by Mr Iliescu, the President of Romania, Acad. Eugen Simion, President of the Romanian Academy, Prof. Dr. Hildegard Puwak, Minister of the European Integration, Dr. Leonard Cazan, Minister of Development and Prognosis, Prof. Dr. Mugur Isărescu, Governor of the National Bank of Romania, Corresponding Member of the Romanian Academy. The launching of the Program was also attended by over 300 people: members of the Romanian Academy, researches, professors, other specialists.

The main objective of the Program was to investigate on a scientific, systematic and multidisciplinary basis the issues concerning the evaluation of the state of the national economy in relation to the requirements and effects implied by Romania’s integration into the European Union. To achieve the objective, the following actions were considered:

- The creation, under the aegis of the Romanian Academy, of scientific communities able to work out studies and discuss, on a scientific basis, about major economic and social issues concerning Romania’s accession to and integration into the EU.
- Advanced research and study of the issues concerning the adoption of the Community acquis, the evaluation of effects and the improvement of the capability of the Romanian institutions to implement it.
- Analysis and scientific foundations of policies aimed at improving the economic mechanisms, the economic profile and the country’s ranking in the European economy.
- Extensive dissemination of the results.

Based on the set topics and methods and the schedule agreed upon by a large number of collaborators, the ESEN-2 Reflection Group had deeply involved in that action and today the Group may give a good account.

2. The Research Program has been of great interest to the Romanian scientific community as well as to other institutions. Therefore, the Program has been voluntarily supported by members of the Romanian Academy, researchers,

professors, specialists, doctoral students, that is over 200 people out of which 130 have contributed to the completion of over 100 studies. It is worth mentioning the valuable contribution of the researchers from the National Institute of Economic Research (NIER) and, especially, the Institute of Agricultural Economy, Institute of World Economy, Institute of National Economy, from some Departments of the Romanian Academy, as well as collaborators from the Romanian Centre for Foreign Trade, Academy of Economic Studies, National Institute of Statistics, Romanian Banking Institute, Romanian Institute of Economic Modelling, Institute of Juridical Research, ADER, etc. Special mention should be made of the substantial support offered by Mr Valeriu Ioan-Franc and his CEID collaborators.

To carry out the Program by clarifying and validating some work assumptions as well as by evaluating and properly using the results, the following important actions have been taken:

- a) Several seminars on issues concerning the accession to the EU were organised together with the employers' organisations, attended by many representatives of the employers' organisations, researchers, specialists, journalists.
- b) A weekly seminar was organised within the NIER to discuss, on a scientific basis, on almost all studies. Each of the 40 seminars was attended by 50-80 people; most of them contributed effectively to the debates. More than 200 speeches under the form of comments played a major role in clarifying the issues included in the reports presented by the authors of the said studies.
- c) A serial publication of the ESEN-2 Group was created. It consisted of 40 volumes and included 110 studies. The volumes were published by the National Institute of Economic Research and the Centre for Economic Information and Documentation. The volumes were delivered to the President of Romania, the Government of Romania, to the Parliament and Senate, the Romanian Academy, libraries and other institutions. Also, many studies were published in *Oeconomica* and in the weekly supplement of *Economistul* to disseminate the ideas and information covered by the studies.

The beneficiaries highly appreciated the topics and contents of the studies.

Many other scientific and academic communities joined our effort to work out the program and disseminate the outcome. Thus, within the "Gheorghe Zane" Institute of Economic and Social Research in Iași, a research team was set up to study the sustainable economic and social development on a regional basis in relation to Romania's accession to the EU. In this respect, the Institute organized two scientific actions in 2002. The Department of Economic and Legal Sciences and Sociology approved the establishment, within the Timișoara Branch of the Romanian Academy, of a commission for the European integration that was to work out and publish studies and organise debates on a wide range of issues concerning the integration and globalisation. Also, on the initiative of the ESEN-2

Reflection Group, a research team for the European integration and globalization was set up within the Department of Economics of the "Lucian Blaga" University in Sibiu. The Sibiu University organized two scientific meetings in 2001. Finally, the Târgoviște University, together with the NIER and ASEM in Kishinev organized two seminars on the EU integration and globalisation.

3. The studies carried out within the Program approached a wide range of complex topics in connection with: accession and integration requirements, fulfillment of the criteria, adoption and implementation of the Community acquis as well as the policies to be adopted to fulfil the requirements for accession and the implementation of the Community acquis in order to adjust and develop the real economy to face the competition on the European and world markets. But the studies laid the stress on certain topics and aspects. Therefore, they may be classified as follows:

- Liberalization of the markets of goods and services and competition. Main consequences.
- Obstacles against the proper functioning of the Romanian markets (financial blocking, inflation, etc.) and solutions to remove them.
- Adoption and implementation of the Community acquis in various fields (agriculture, rural development, energy, services) and the assessment of the effects.
- Adjustment and economic development of the Romanian companies in order to be able to cope with the European and world competition.
- Industrial policy and energy policy for the accession to the EU.
- Regional development policy in accordance with the EU requirements.
- The Romanian tax system as compared to other EU countries and multiannual budgets based on programs.
- Employment and social reforms in relation to the European strategy coordinates.
- The development and consolidation of the market institutions (private property, banking system, statistics, etc.).
- Contributions to the debates concerning the building of a New Europe.

Annexes 1 and 2 include the abstracts of the studies as well the Tables and Contents of all the volumes.

4. In carrying out the Research Program, the ESEN-2 Reflection Group was effectively supported and encouraged by the Academy, especially by the President, Acad. Eugen Simion, as a General Co-ordinator of the Program. Also, the Program received financial support from the Romanian Academy, European Fund, National Bank of Romania and Elias Foundation.

The members of the ESEN-2 Reflection Group wish to thank all those mentioned above.

5. Following the early discussions within the Department of Economic and Legal Sciences and Sociology and the NIER and other component institutes in connection with the fundamental research programs of the Romanian Academy for the next years (2003-2004), an agreement was concluded to carry on the research on Romania's integration into the European Union with regard to unapproached topics.

Taking into account the comments and conclusions of the 2002 Country Report issued by the European Commission, the contents of certain governmental programs concerning Romania's economic growth and accession to the EU, as well as several comments and recommendations made by political parties and civil society organizations, the proposal for the 2003-2004 Fundamental Research Program of the Romanian Academy in the economic field is:

Foundations of the strategies for Romania's economic development and modernization and improvement of the competitive capability to cope with the EU integration and globalization (ESEN-3)

The main objectives of the Program may be divided into two important categories:

- a) The objectives linked with the economic and financial mechanisms that refer to the harmonization of the economic mechanisms and tools and market institutions of our country with the EU ones:
 - Building and consolidation of a functional market.
 - Implementation of the Community acquis under the conditions of the concentration and rationalization of the national efforts.
 - Romania's transition to the euro system.
 - Risk prevention and diminution in the Romanian economy and society in relation to corruption, crimes, bureaucracy, political and economic instability.
- b) Objectives linked with the real economy which actually refer to Romania's capability to cope with the pressure exerted by competition and the European and world market forces:
 - Development and modernization of the production factors to face the new challenges.
 - Establishment of Romania's strategic branches in industry, agriculture and services and opportunities for their development and modernization in order to improve Romania's ranking within the European and world labour division and the efficiency and employment.

- Improvement of the quality of life and the access of the rural population to education and culture.

To launch the Program, it is necessary to set the research topics and responsibilities and to prepare the list of projects and collaborators as well as the financing sources.

Acad. Aurel Iancu

Executive Co-ordinator of ESEN-2 Program,
Co-ordinating Vice-president of the Department
of the Economic and Legal Sciences and Sociology

Volume 1

ISSUES ON ROMANIA'S INTEGRATION INTO THE EUROPEAN UNION. REQUIREMENTS AND EVALUATION

The 1st Part of the volume includes the shorthand report of the 30th of January, 2001 on the launching of the ESEN-2 Priority Research Program of the Romanian Academy. The meeting was attended by political and scientific personalities, representatives of the governmental organizations and specialists from various fields.

In his foreword, Acad. Eugen Simion, President of the Romanian Academy, reveals the importance of the research program to the Romanian society. By this Program and many others, the Romanian Academy, true to its mission, opens towards the society's needs and to the possible extent provides solutions in the fields under its competence.

In his message, Mr Ion Iliescu, the President of Romania, believes that the ESEN-2 Project is a major contribution to the economy owing to the wide range of research fields and the professional capability of the people and institutions involved in the preparation of the project. Also, the President thinks that the ESEN-2 Project is opportune and promising from two main viewpoints, namely: a) the evaluation of the economic and social state of Romania in relation to the requirements for the integration into the EU; b) the institution construction and functioning in comparison to the EU countries which themselves undergo reforms due to the enlargement and deeper integration in a variable context.

In her speech, Prof. Dr. Hildegard Puwak, Minister of European Integration, appreciates the Romanian Academy's action to reach a new stage of the ESEN-2 Open Project in order to find solutions to Romania's problems occurring in its short-term relations with the EU, especially catching up on preparing and conducting the negotiations for the accession to the EU. Also, Mrs Puwak appreciates the research procedure suggested by ESEN-2, which is very similar to the model proposed by President Romano Prodi for the post-Nice discussions about Europe's future.

In his speech, Mr Leonard Cazan, Minister of Development and Prognosis, points out the present requirements for Romania's economic growth in relation to the integration into the EU, as well as the EU's present priorities concerning the economic and social development. He hopes that the studies carried out within the ESEN-2 Program will meet such requirements and priorities.

In his report, Prof. Dr. Mugur Isărescu, Governor of the National Bank of Romania, and Director of the Institute of World Economy, points out the general trend of globalization and regionalization. In this context, one has to take into account the following actions: the speeding-up of the adaptation to the processes taking place; the transition from very specific (discretionary) policies to international rules; the improvement of the coherence of the macroeconomic policies; and the stimulation of the Romanian companies' competitiveness.

In his paper, Prof. Dr. Aurel Iancu, Corresponding Member of the Romanian Academy, and Executive Co-ordinator of the ESEN-2 Project, lays the stress on the main objectives of the project and the issues to be approached so that the studies may document certain viewpoints included in the position documents and/or negotiation dossier. At the same time, they have to provide alternatives to implement effectively the Community acquis and certain economic policies based on international rules and Romania's interests.

The 2nd Part of the volume includes the contents of the research program and the main procedures and criteria according to which the program should be carried out and the list of the research topics and authors intending to participate in the program.

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Volume 2

A COMPARATIVE STUDY OF THE NEGOTIATION STAGES OF THE CENTRAL AND EASTERN EUROPEAN COUNTRIES' ACCESSION TO THE EUROPEAN UNION

Authors: Prof. Dr. Nicolae IDU (co-ordinator),
Oana MOCANU, Alina VOICU

The study comprises a comparative analysis of the stages of the negotiations for the accession of the CEECs to the European Union (at the end of 2000). It points out the special character of the enlargement, since the EU negotiates the accession of a large number of candidate countries that undergo a complex process of transition to the market economy and have attained a lower development level if compared to the member countries. Moreover, the EU has additionally set the requirement that the candidate countries adopt the Community *acquis* and the implementation level be checked before the time of accession. The study covers eight negotiation chapters whose fulfillment is very important for the completion of the negotiations but do not require that major financial efforts be made by either the candidate countries or the EU, as well as six sections of the *acquis* relating to vital financial interests of the candidate countries and EU, which will be approached during the last round of negotiations.

Romania's lead-up to accession and the promotion of the country's interests and objectives during the negotiations are targets that identify themselves with the transition objectives. A faster accession does not only depend on the capability to fulfill the accession criteria, but also on the type of enlargement scenario selected by the EU political leaders, who must reach a compromise between the geopolitical, geostrategic and moral requirements for the future enlargement and cost diminution.

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Volume 3

THE IMPACT OF THE ADOPTION OF THE COMMUNITY ACQUIS IN THE COMMON TRADE POLICY FIELD IN RELATION TO THE ACCESSION TO THE EU

Authors: Dumitru RĂDOI (co-ordinator),
Victor ALDEA, Alina BELDESCU

The paper tackles major aspect of Romania's compliance with the Community acquis in the common trade policy field, namely the impact of Romania's accession to the EU. The authors examine the effects of the removal of the customs duties on the imports from the Community, the consequences of the adoption of the Common Tariff (CT) of the EU and the measures to be taken to diminish the unfavourable effects caused by the integration into the EU on the customs duties.

The gradual mutual elimination of the duties on the imports from the EU, completed on 1 January 2002, in relation to the industrial products, and to be completed in relation to the agri-food products at the time of our country's accession to the EU, has stimulated and is stimulating the imports from the EU, thus increasing the competition on the domestic market.

The adoption of the EU Common Tariff based on the most-favoured nation clause and a preferential system brings about a significant diminution in the domestic producers' tariff protection in relation to both the industrial and agri-food products.

To eliminate the unfavourable effects caused by the rescinding of the customs duties on the goods imported from the EU and general diminution in the tariff protection in relation to third countries, the authors suggest the following actions: world-wide improvement of national production competitiveness; further diminution in the tariff protection to give the domestic producers enough time to cope with increasing competition on the domestic market; examination of the possible requests for more transition terms after the accession to implement the Community acquis.

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IMPLICATIONS OF THE ADOPTION OF THE COMMUNITY ACQUIS FOR THE TRADE POLICIES IN THE AGRI-FOOD AREA

Authors: Dumitru RĂDOI (co-ordinator),
Victor ALDEA, Alina BELDESCU

The paper includes an examination of the state of Romania's and EU's agriculture, the extent to which the Community acquis has been adopted in relation to the Common Agricultural Policy (CAP), the measures taken to ease the acquis adoption as well as the related advantages and costs. According to the authors, the main benefits of the CAP adoption by Romania are:

- Free access of Romania's agri-food to the EU's huge market.
- Preferential access of such products to many third-country markets.
- Pre-accession funds from the EU, especially through the PHARE and SAPARD Programs.
- Non-reimbursable financial resources, after the accession.
- More effective promotion of Romania's interests during the international negotiations for such products.

The compliance with the CAP implies some costs caused by:

- Greater liberalization of the agri-food imports.
- CAP financing through contributions to the Community budget.
- The adoption of the EU higher standards in the technical field as well as in the animal health and plant health areas.
- The loss of the advantages brought about by Romania's status of developing country in the WTO and UNO, in relation to the agri-food sector.

The costs of the CAP adoption may be diminished if the agri-food sector competitiveness improves in order to carry on complying with the Community acquis and be granted other transition terms.

The benefit from the loss ratio of the CAP adoption will be influenced by the pre-accession changes in the CAP and Romanian agriculture condition and by the provisions of the treaty concerning the accession to the EU in the agricultural field, i.e. the terms of transition.

The authors think that actions should be taken in order that Romania become a clear beneficiary of the CAP, availing itself of the lower development level as compared to the present member countries and other candidate countries.

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Volume 5

THE IMPACT OF THE ADOPTION OF THE COMMON AGRICULTURAL POLICY (CAP) ON THE MARKET OF THE MAIN ROMANIAN AGRI-FOOD PRODUCTS

Authors: Daniela GIURCA, Mirela RUSALI,
Cristian KEVORCHIAN

The general objective of the study is to assess the main economic effects (“costs” and “benefits”) of the adoption by Romania of the EU agricultural policy for the main agri-food products, in accordance with the latest provisions of the 2000 Agenda. The methodological approach consists of the analysis of the CAP systems and tools and the quantification of the potential effects on the producers and consumers. Several alternative methods were considered for the implementation of the Community acquis in Romania, for the double purpose of comparing the report results to the public expenditure and providing suggestions and alternative solutions for the decision-makers during the pre-accession, as well as for the accession negotiations. The method applied is the comparison among the markets for each product before and after the CAP adoption, while applying both the domestic policy and the Community policy. The study estimates Romania’s accession in 2007, without envisaging further CAP reforms. The study structure is similar for all the products examined. The first section presents the background of the Romanian agricultural sub-sector and the main measures of the domestic policy (1999) considered as the pre-accession policy, followed by the CAP system and the main political instruments. The methodology is specified for each product. The final section consists of estimates of the effects on the market (if necessary) and the effects of the direct payments by which Romania may benefit as a EU member. The study was focused on the following agri-food products: sugar, milk and milk products, beef, mutton, pork, chicken meat and eggs, wine, fruit and vegetables, tobacco.

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Volume 6

THE INDUSTRIAL POLICY IN RELATION TO THE ACCESSION TO THE EU

Authors: Prof. Dr. Corneliu RUSSU,
Prof. Dr. Gheorghe ZAMAN,
Dr. Valentina VASILE,
Dr. Petre PRISECARU

Romania's industrial policy. Community experience and requirements concerning Romania's industry (Prof. Dr. Corneliu Russu) presents the structural changes in industry that take place during the transition and sets the coordinates of an active industrial policy in order to speed up the industry modernization and improve its competitiveness. The study points out that the Romanian industry has competitive advantages as regards the production and export of low-technology industrial goods of low value added and at low labour costs. The main objective of the proposed policy is the significant improvement of competitiveness based on the higher dynamics of value added as well as the protection of the national economy interests.

Recent development in Romania's foreign trade. The dynamics of the comparative advantages/disadvantages (Prof. Dr. Gheorghe Zaman, Corresponding Member of the Romanian Academy, and Dr. Valentina Vasile) analyses the export and import structure by goods, ranking the groups of goods in relation to the comparative advantages and disadvantages. The study reveals that the prevailing goods exported by Romania are the primary or low-processed goods, while the advantages are maintained especially by pricing policies and less by quality and productivity. The import does now show clear orientation and adaptation to support the national economy restructuring.

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Volume 7

THE ENERGY POLICY IN RELATION TO THE ACCESSION TO THE EUROPEAN UNION

Authors: Dr. Ștefan RĂGĂLIE, Dr. Sabin MUSCALU,
Vasile DAN, Dr. Petre PRISECARU,
Mariana PAPATULICĂ, Dr. Filon TODEROIU,
Dr. Ionuț PURICA

The purpose of the study is to assess of the implications of the integration of the Romanian energy system into the EU single energy market. The study reveals the main economic effects of the sector restructuring and of the development of an active and effective competitive environment able to improve the economic efficiency of the main energy branches. The analysis points out that the liberalization of Romania's energy market could have a major significance even before the accession. Thus, the integration of our country into the European power transport system and the construction of main lines for the transportation of oil, natural gas and power, besides major instruments (estimated at about 12-15 billion euros) could effectively connect the national systems of Greece, Bulgaria and Turkey with the systems of Italy, France and Germany. Such foreign investments in the next years could decisively contribute to the quick development of the Romanian economy and bridging the economic gap between Romania and the present EU members.

The study allowed for the assessment of the economic effects of the Community acquis on the energy field, on the restructuring of the natural gas and power sectors for their integration into the European energy market, and on the improvement of the energy use, from the producer to the final consumer. Based on the above data, the study is a dynamic approach to the development of our energy system in the next 3-5 years for the efficient integration into the European energy market.

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Volume 8

THE TAX AND DUTY SYSTEM IN THE EUROPEAN UNION AND ROMANIA

Author: Acad. Iulian VĂCĂREL

The study focuses on taxes, duties and contributions within the two entities with regard to the level and structure, and the compliance of the Romanian legislation in the field with the Community legislation.

To avoid unfair competition among the Community countries, the European Union Treaty includes taxation provisions inspired by GATT. The competence of the national and Community authorities in the taxation field is set to favour the development of the single market.

The study contains long series of data (32 years for the EU and 12 years for Romania) on the absolute and relative size of revenues from taxes, their origin and the taxation level in the EU member countries and Romania. It presents the specific features of the tax systems, that differ from one country to another, from one type of tax to another, and from one stage to another, as well as the differences between the tax policy promoted by Romania and the policy implemented by the EU countries or recommended by the Brussels authorities.

Separate chapters are focused upon the harmonization of the Romanian legislation with the EU legislation concerning the VAT and the excise. They present in detail the provisions of the EU Directives in the field as well as the provisions of the Romanian laws in force, the differences between them and, particularly, the measures to be taken for the implementation of the Community acquis.

The final part of the study deals with the harmonization of some provisions of the Romanian legislation with the EU provisions on direct taxes.

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Volume 9

THE EUROPEAN SINGLE MARKET AND THE IMPACT OF THE EU POLICIES

Authors: Dr. P. PRISECARU, Dr. C. ALBU,
Dr. L. BĂLȚATU, Dr. P. PAPTULICĂ,
Dr. E. STĂNCULESCU, Dr. C. CIOBANU,
Dr. A. DUMITRESCU

The purpose of the study is to examine the dynamics of the Single Market and the effects of the EU policies on it. The stress is laid on the way the common policies supported the steady development of the European Single Market that has been the major target of the economic integration and, at the same time, a tool to enlarge the European integration. The paper points out the contents of and the developments in the common policies and their effects on the four fundamental freedoms: free movement of goods, free movement of services, free movement of individuals and free movement of capital.

The 1986 European Single Act played a major role in adopting an important set of laws and implementing new common policies. In the 1990's, the tools of the common policies were used to improve the functioning of the single market. The 5-year Internal Market Strategy was launched in November 1999. It is examined in March, every year, by the Council of Europe. Romania has made progress in negotiating the first four chapters and other chapters related to the domestic market and has taken action in the legislative, institutional, administrative and financial fields to implement the Community acquis.

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Volume 10

CIVIL SOCIETY FACING GLOBALIZATION

Author: Acad. Vasile STĂNESCU

After the presentation of the civil society, in general, and the Romanian one, in particular, the stress is laid on the trend, features, and forms of implication of the civil society in shaping the regionalization and globalization.

Considering the thorough changes in the course of history, the unifying trends in civilisations, the decreasing sovereignty and role of the states, the fundamental problems of mankind (ecological, military, fight against crimes, terrorism, poverty eradication, etc.) the paper puts forth *lege ferenda* proposals concerning the reshaping and reconsideration of the institutions as well as the creation of new institutions, forms and concepts of civil society partnerships on the local, regional and global levels.

Under the conditions of regionalization and globalization, of a multipolar world promoting universal values in order to ensure political, economic and social stability, the presence of the civil society - as a factor involved in decision-making in all social life domains, supervising, monitoring, controlling and influencing supranational bodies, whether they are international state association forms or large monopolies, cartels, etc. - is an urgent need. The present context also requires that the (governmental and non-governmental) supranational bodies adjust their message so that the presence of civil society inside such bodies become a constant element in decision-making. Because tomorrow's world, globally interconnected, could function only if the civil society accepts, amends or rejects them.

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Volume 11

INFLATION, SUSTAINABILITY, INTEGRATION

Authors: Dr. Lucian Liviu ALBU,
Cornelia SCUTARU, Elena PELINESCU

The first study, **Evolution of the relation between inflation and unemployment in the context of the EU integration** (Dr. Lucian Liviu Albu), presents a class of non-linear models for the characterization of the economic dynamics in the former communist countries of Eastern Europe. They are used to set the transition stages and estimate the distance between these countries and the developed ones. The conclusions regarding the future are provided by the stimulation of scenarios in accordance with the change in the essential (state) parameters of the models. In the case of Romania, the estimation concerns a function of the potential GDP and the factor contribution to the economic growth. The conclusion is that the severe diminution in the inflation rates leads to the increasing reliability of Romania's economic environment and revival of investments (attracting more foreign investment is a major factor).

The second study, **Inflationary circuits: Wages and the exchange rate** (Dr. Cornelia Scutaru), is based on the assumption that there are self-supporting inflationary circuits in the economy. Two of them are examined by taking into account the relation between prices and wages and between inflation and national currency devaluation. The econometric models of transition allowed for the characterization of the evolution of such circuits and conclusions on the possibility to change them in view of acceding to the EU.

The third study, **Comparative study of the inflation evolution in Romania and EU countries** (Dr. Elena Pelinescu), examines the evolution of the inflation rate during the transition as compared to the Western countries. It presents the factors of a persisting high inflation in Romania, some means to control its dynamics as well as some obstacles that many occur during the direct supervision of inflation.

The fourth study, **Modelling the public debt sustainability in relation to the EU accession** (Dr. Lucian Liviu Albu, Dr. Elena Pelinescu), tackles the problem of the dynamics of public debt and budget deficits, of the opportunities to cover them in the context of the lead-up to the EU accession. It includes predictions in relation to the future evolution, analyses of the main factors influencing the debt dynamics and conclusions concerning the capability to control debt accumulation. The main working tool is the so-called model of function sustainability. It allows for working out evolution scenarios in which the pace of the interest rate and of the economic growth plays the major role.

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Volume 12

THE WORLD'S FINANCIAL REVOLUTION

Author: Prof. Dr. Gheorghe DOLGU

The purpose of the paper is to document the conclusion that the change that has taken place over the last three decades in the Western financial services is characterized by such extent, speed and radicality as well as by micro and macroeconomic consequences on the economy that it is a real revolution in the field. Financial globalization, vehicle revolution, i.e. the rising of institutional investors, changing transaction systems, competition revolution and especially emerging capital markets are the most important components of the above revolution.

Carried out in early 2001, the study could not take into account every weakness of the capital market that has been manifest, especially in 2002. If the setback of stock markets is very strong, the imperfections of many structures and institutions are serious and the volatility is high, the study cannot suggest any reversing trend. According to the study, the financial systems based on the capital markets are more advantageous than the systems based on bank credits.

A paragraph of the first chapter points out that a feature of the financial revolution is that it is based on the economic progress.

The analysis of the financial revolution contains a reflection on the long-term strategy for Romania's economic development. The same reflection is also linked with the trends in the transaction and post-transaction markets, Internet application for financial services, corporate governance rules and practice, as well as in financial regulation.

The paper underlines that there has been an increasing convergence with the American financial system. The trends occurring within the EU are examined in every chapter in order to find the benchmarks that fit a Romanian long-term strategy.

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Volume 13

THE INTEGRATION OF THE ROMANIAN STATISTICS INTO THE EUROPEAN STATISTICAL SYSTEM

Authors: Prof. Dr. Jean-Louis BODIN,
Dr. Aurel CAMARA,
Dr. Daniela ȘTEFĂNESCU and team

In his paper **Official statistics, ethics and useful practices**, Prof. Dr. Jean-Louis Bodin (President of IIS) refers to the fundamental principles of the UN official statistics, especially to the application of the public utility principle and the statisticians' attitude towards the users.

In the chapter **Present concerns of the Romanian statistics**, Dr. Aurel Camara (President of NIS) presents the positive outcome as well as some shortcomings of the national statistical system that must be remedied.

In **International statistical cooperation - an important pillar of the harmonization of the Romanian statistics with the European standards**, Dr. Daniela Ștefănescu (NIS Vicepresident) deals in detail with the international cooperation in relation to the Romanian statistics and especially with the role of EUROSTAT and support in the harmonization with the European standards.

In the paper **Insertion of the Community acquis into the Romanian statistics**, Ilie Dumitrescu deals with aspects concerning the challenge to statistics in the context of the European integration.

The outcome of the harmonization of the national statistics with the European standards is presented in the papers referring to Romania's National Accounts (Clementina Ivan Ungureanu); agricultural statistics in the context of the European integration (C. Mândricelu); industrial statistics in the context of the European integration (C. Sinigalia); Social statistics in the context of the European integration (F. Panduru).

The work also includes "Romania's Position Paper, Chapter 12 - Statistics", the progress made in 2001, as well as the "European Commission Report on Romania, 2001 - Chapter 12 - Statistics".

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Volume 14

THE STRUCTURAL ANALYSIS OF THE ROMANIAN SYSTEM OF COMPANIES IN RELATION TO ROMANIA'S INTEGRATION INTO THE EUROPEAN UNION

Authors: Prof. Dr. Dinu MARIN (co-ordinator),
Prof. Dr. Cezar MEREUȚĂ, Dr. Constantin CIUPAGEA,
Drd. Geomina ȚURLEA, Carmen ONCESCU,
Dr. Dan ARDELEA

The paper is the first Romanian attempt to analyse exhaustively the national system of companies, covering 96.7 percent of all companies and 97.5 of their 1999 turnover. The structural analysis of the system of companies is focused on three types of approaches.

- a) Internal diagnosis based on the analysis of the national average by relating the subsystem of companies to the performance of the whole system and relative ranking. This kind of analysis is detailed as follows: the assessment of the structural transformation of the national system of companies; the structural diagnosis of the economic performance of the companies; the specific behaviour of the Romanian companies caused by intersectoral comparability; the assessment of the development level of the Romanian subsystem of medium- and small-sized companies; the regionally disaggregated territorial approach to the development of the system of companies in two ways: extensive and intensive.
- b) The comparative analysis of the structure and performance of the Romanian system of companies in relation to the systems of the representative EU countries.
- c) The analysis of the investment efforts within the national system of companies, based on the assumed importance of the development resources and focused on the impact of foreign direct investment on the domestic system.

Ten opportunities were identified in relation to the political decision-makers and the management of the active companies in Romania in the global context of our country's accession to the European Union.

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Volume 15

LEGISLATIVE AND INSTITUTIONAL CONVERGENCE OF THE AGRI-FOOD SECTORS IN RELATION TO THE EU INTEGRATION

Authors: Daniela GIURCĂ, Jacqueline LEONTE,
Mirela RUSALI, Roxana GÂRBEA, Mihaela LUCA,
Victoria BURTEA, Daniela ŞUTEU,
Veronica STAICU, Iulia CÂRCIUMARU

The studies included in this volume deal with the level of legislative and institutional convergence of Romania and the European Union in relation to several agri-food products and categories of products: cereals, oil seed plants, protein crops, flax and hemp, vegetables and fruit, flowers, hop, wine, sugar, milk and milk products, meat (beef, pork, chicken and mutton), fish, silkworms and ecological products. The research is focused on the study of the Common Agricultural Policy and Romania's agricultural policy, the analyses of the present legislative convergence and amendments to the law concerning the introduction of new mechanisms and elimination of obsolete mechanisms.

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Volume 16

RESTRUCTURING THE MAIN AGRI-FOOD MARKETS

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The study deals is focused upon restructuring of Romania's main agri-food markets (cereals, sugar, vegetables and fruit, milk and meat) with a view to complying with the Common Agricultural Policy.

Each market is presented with its 1990-2000 features along with the demand, supply and price trends. On the basis of recent methodological concepts concerning competitiveness, scenarios of the restructuring of the main agri-food markets have been worked out, aiming at the adoption of the Common Agricultural Policy.

The research reveals the need for legislative and institutional changes and points out the financial effort required by the above changes, as well as the main coordinates of the restructuring of the studied agri-food markets.

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Volume 17

THE EVOLUTION OF THE AGRI-FOOD SECTOR IN ROMANIA - MULTICRITERIA COMPLIANCE WITH THE EU REQUIREMENTS

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The study of the Romanian agri-food sector was carried out from the perspective of the compliance with the EU requirements, taking into account four criteria: structural changes and domestic competitiveness, agricultural production concentration and economic performance gap in relation to the EU, regional size of domestic competitiveness, sectoral capability to absorb investments.

By “cutting out” the agri-food sector from the whole economy of Romania (based on the national accounts) and identifying the relevant indicators of domestic competitiveness, the multicriteria ranking of the sixteen sub-branches of the agri-food sector was achieved at the macro and microeconomic levels.

The controversial problem of the agricultural production concentration was approached on the basis of three criteria: increasing the size of farms; increasing the economic size of farms; level and trend of the gap in performance as against the EU.

Based on recent methodological concepts concerning the regional competitiveness and adequate methodological tools, regression models of the effective implication of the main resources in Romania’s agriculture have been worked out at local level.

From the viewpoint of the investment criterion in relation to the compliance with the EU rules, it reveals the relatively low attractiveness of the Romanian agri-food sector as regards the foreign investments that may generate technical progress.

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Volume 18

REQUIREMENTS REGARDING THE AGRICULTURAL AND FOOD POLICIES

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Jacqueline LEONTE, Daniela GIURCA,
Cristina CIONGA

The study on the effects caused by the agricultural and food policies implemented over the 1990-2000 period comprises five parts: the comparative analysis of the effects of the agricultural policies in the transition countries; the examination of the effects of the types of policies implemented; the analysis of the effects of the agricultural policies on “food welfare”; the projection of two scenarios regarding the implementation of the common agricultural policy and the effects on welfare; an estimation of the policy type to be promoted by Romania. The study points out several aspects as shown below.

The absence of a sectoral strategy based on continuity and the absence of the effects that could bring about general economic growth along with the legislative instability, excessive bureaucracy and delays in the reform program, in general, in privatization and in ownership reversion kept our country behind other EU candidate countries.

The policy to be further promoted by Romania should allow for the development of competitive markets, investment stimulation and development of an effective agricultural structure. All this may emerge only if accompanied by the development of the other sectors of the economy, strong reform and mainly privatization, etc.

The effects of the CAP adoption on welfare, according to the two scenarios, consisted of clear gains for producers and losses for consumers.

A separate chapter presents the agriculture privatization and reveals major delays in the privatization of the state-owned forms and of the “upstream” and “downstream” sectors.

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Volume 19

PRIORITIES OF THE RURAL POLICIES IN ROMANIA IN RELATION TO THE NEGOTIATIONS CONCERNING THE AGRICULTURAL FILE WITH A VIEW TO THE EU ACCESSION

Authors: Violeta FLORIAN (co-ordinator),
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In order to determine the nature and effectiveness of the negotiations for Romania's accession to the EU, the purpose of the research is to identify the following: the specific features of the rural community and the strategic ways of the European modernization; the diversity of the Romanian rural communities on the regional level and the opportunities for the regionalization of the rural areas in accordance with the European criteria; the identification of the common points of the initial objectives of the CAP and the objectives of the programs and strategies for the Romanian agriculture.

The studies contribute to the clarification of the Agricultural Dossier and reveal some implications for the rural communities. In this respect, the purpose of the research was: to assess the institutional and legislative capability to implement the development programs; to assess the economic and social capability of the rural regions and microregions to modernize and develop in accordance with the European policies.

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Volume 20

THE IMPACT OF THE AGRICULTURAL POLICIES ON THE RURAL HOUSEHOLDS

Authors: Marioara RUSU (co-ordinator),
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Simona LUBIENIECHI, Luiza TOMA

The studies included in this volume deal with the main size of rural household - demographic, economic, social and ecological one - in order to present the various problems faced by the rural household during the transition.

The volume includes the analysis of rural household in order to transform it into a competitive family farm in relation to the changes in the social and economic environment that took place after 1989 and, particularly, after 1996.

The research, based on studies of site and economic and statistical analysis, revealed the following:

- The farming type practiced by the rural households is still a subsistence one, far from operating according to the market mechanisms.
- To protect itself against macroeconomic shocks, the peasant sector increased autarchy.
- Behavioural changes occurred to meet the market requirements: a) higher specialization in livestock raising; b) more land transactions and increasing share of the transacted lands; c) accumulation of productive assets and livestock. The entrepreneurial farming existed (to a relatively low extent) along with the subsistence agriculture.

The conclusion is that the establishment and consolidation of the family farm pattern and farm modernization require a coherent strategy in order to ensure the organization of the credit system, to promote technical and scientific progress, to support the adjustment and organization of the agricultural markets, to work out programs for the rural development and social protection in order to increase the farmer's incomes and build competitive farm structures.

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Volume 21

FREE ZONES AND INDUSTRIAL PARKS IN RELATION TO THE ECONOMIC INTEGRATION

Author: Dr. Virginia CÂMPEANU

The purpose of the study is to present some strategic elements of the medium-term development of the free zones (FZ) and industrial parks (IP) in Romania, as revealed by the successful experience in the world and the EU regulation on the governmental support. The initial objective of the study was the analysis of the world and European environment of the free zones, as stimulators of foreign trade. The study reveals some strategic elements of the medium-term development of the free zones in Romania in accordance with world practice and European regulations.

While the trend in Romania is to develop commercial free zones, based on transit and storage with a low value added, in the world there is a diversified range of free zones, that evolved from the mere commercial free zones or "Porto Franco" to complex forms of industrial export free zones and industrial parks. Therefore, it is necessary to examine the legal framework of the trade in the free zones and industrial parks in Romania, and to show the compatibility of the Romanian and EU policies concerning competition and governmental support, as well as the issues concerning the adoption of some medium-term strategic elements in relation to the free zones and industrial parks.

Practically, the study covers issues of industrial policy, commercial policy and competition policy in an area of major interest to the Parliament and Government as well as to the Romanian and foreign investors.

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Volume 22

RESEARCH-DEVELOPMENT-INNOVATION AND INFORMATION SOCIETY

Authors: Acad. Mihai DRĂGĂNESCU, Acad. Florin FILIP,
Acad. Marius PECULEA, Dr. Steliana SANDU,
Dr. Maria POENARU

This volume includes four studies as shown below:

Globalization and information society (Acad. Mihai Drăgănescu) points out that globalization is unavoidable since it is a natural consequence of the information society. The main vector of the transition from the information society to the knowledge society is the electronic card. In Romania, the immediate correlation of the requirements for the information society development with the requirements for the knowledge society development is possible and able to produce significant economic effects.

Towards an economy of culture and an intellectual information infrastructure (Acad. Florin Filip) presents a new vision of the convergence of the cultural institutions, as holders of knowledge and art values, and the information technology and communication institutions, while creating an economy of culture, as part of the knowledge-based globalized society. The author identifies the main actors and key-decisions and suggests a few possible scenarios, conditioned by an uncontrollable and unpredictable evolution of some context factors.

Priorities of scientific research, technological development and innovation in Romania in relation to the integration into the EU (Dr. Steliana Sandu and Dr. Maria Poenaru) assesses the present state of the Romanian R-D-I system in the European context in order to reveal the extent to which such activities, as suppliers of important knowledge, play a stimulating role in the economic growth and comply with the structures and trends occurring on the international level and the requirements for the European integration. This action is based on the objective of the EU agenda concerning the restructuring and improvement of the R-D-I system in order to reduce the productivity gap existing between the EU and its competitors, the USA and Japan. The study covers two essential aspects: the selection and implementation of the R&D priorities of Romania in order to point out how the developments in science and technology are coordinated with the objectives of the strategies for economic and social development and the globalization trends; and Romania's integration into the European Research Area, paying special attention to the National Innovation System, as a strength of the economic revival and of the actions for reducing the gap in competitiveness between Romania and the EU.

Scientific research implementation in industry (Acad. Marius Peculea) reveals the factors that stimulate the implementation of the research outcome in industry, following the example of “heavy water”, a component of the National Nuclear Program.

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Volume 23

REGIONAL DEVELOPMENT AND EUROPEAN INTEGRATION

Authors: Conf. Dr. Dorin JULA, Conf. Dr. Nicoleta JULA,
Prof. Dr. Dorel AILENEI, Lect. Ananie GÂRBOVEAN,
Dr. Gabriela FRENTZ, Dr. Victor PLATON,
Drd. Daniela ANTONESCU, Dr. Carmen Beatrice PĂUNA,
Ileana DUMITRESCU

The work comprises five studies.

Competitiveness and regional imbalances (Dorin Jula, Nicoleta Jula, Dorel Ailenei, Ananie Gârbovean) presents the principles of the policy for regional development and zone planning, the rules for working out the regional strategies and the landmarks of such policies. Also, it identifies the factors of the impact on the economic processes on the regional level, analyses the competitiveness factors and presents scenarios that reveal the elements having a positive impact on regional development.

Regional development policy in Romania (Gabriela Frentz) is focused on the present state of the legal and institutional framework of Romania's regional development policy. The EU regional development policy is based on the financial solidarity of the member states, given their substantial contribution to solving the regional problems. Following the enlargement, the EU supports the member states with non-reimbursable funds in order to adopt and implement the Community acquis. Approaching the question of the unfavoured zones and crossborder zones, the study is supplementing the general view of Romania's regional development.

Institutions and mechanisms of the regional development policy in Romania. Evolution and trends (Victor Platon, Daniela Antonescu) is a presentation of how the legislation, institutions and instruments of the regional development policy have been created in Romania. The paper also presents the EU opinion (2001 Report) on Romania's advance in this field. Based on a critical analysis, the study makes suggestions for improving Romania's regional development, taking into account the present general context and the Community acquis requirements.

Aspects of the regional industrial profile during Romania's pre-accession to the EU (Carmen Beatrice Păuna, Ileana Dumitrescu) presents the

main aspects of the regional distribution of the Romanian industry. The regions are characterized by their economic (natural, human, etc.) potential in relation to the industrial regional development.

A study case - the Apuseni Mountains Area (Dorel Ailenei) reveals the features of the area as well as the economic development poles.

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Volume 24

AGRICULTURE COMPETITIVENESS AND THE INTEGRATION INTO THE EU

Authors: Prof. Dr. Constantin CIUTACU,
Prof. Dr. Valeriu IOAN-FRANC

The first chapter, **Agrarian overpopulation and its economic effects**, is focused on the analysis of the overpopulation impact on the position of agriculture in the Romanian and the European economy. The analysis reveals an unfavourable stagnant position of agriculture during the last decades: the subsistence agricultural policy and overpopulation have hindered competitiveness. Due to the diminishing purchasing power, the final consumption has naturalized; the sales side in total consumption has been diminishing almost constantly; the agri-food sales have diminished their share in total sales and final consumption as most agri-food has been imported.

The second chapter, **The Romanian agriculture competitiveness in the European context**, reveals both the gap in productivity and competitiveness and some factors causing persistence or evolution and historical durability. The analyses and assessments have been carried out by taking into account the last decade's Common Agricultural Policy and Romania's agricultural policy in the context of the technical and economic gap between Romania and the EU countries. The significant institutional differences and the national realities in relation to the prices, incomes, traditions and mentalities, etc. prove the existence of asymmetries, delays, non-synchronization of the present policies and mechanisms used by the Western countries that have to be implemented in Romania through the Community acquis.

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Volume 25

FOUNDATIONS OF THE REGIONAL DEVELOPMENT POLICIES. SWOT ANALYSIS AND CROSSBORDER CO-OPERATION

Author: Dr. Victor PLATON

The purpose of the work is to complete the stock of tools for the regional analysis with a very useful method called the SWOT analysis. The first part of the study presents the theoretical and methodological framework for the application of the method on the regional level and the utilization procedure. The second part is focused upon the crossborder co-operation in the context of the EU regional development policy and analyses the specific problems of the border area and the ways to solve them. The last part presents the situation of the Romania-Hungary Crossborder Cooperation Region. The stress is laid on the urban development in the area and the features of the regional urban system. The SWOT analysis is equally used to identify the strengths, weaknesses, opportunities and threats. In its final part, the study presents proposals to achieve the strategic objective of economic development of the Romania-Hungary Crossborder Co-operation Region.

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Volume 26

TRENDS IN THE MULTILATERAL REGULATION OF THE INTERNATIONAL FLOWS OF SERVICES AND FOREIGN DIRECT INVESTMENTS. THEIR IMPACT ON ROMANIA'S INTEGRATION INTO THE EU

Author: Dr. Agnes GHIBUȚIU

Under the impact of the new information and telecommunication technology, services and foreign direct investments are the core of globalization and, implicitly, of the structural adjustment taking place in the world.

The study has four objectives. First, it examines the services-FDI interface and the fast internationalization of the services, and points out that the countries need efficient infrastructures of services and access to the international production networks controlled by TNC to be able to take the opportunity offered by the global economy, including the electronic commerce. Secondly, it offers strong arguments to strengthen the national service sectors by implementing reforms concerning the regulation and opening of service markets by liberalizing the trade and FDI flows. Thirdly, it points out the problem of the present multilateral negotiations under WTO concerning the services in relation to Romania's integration into the EU. Finally, the study examines the extent to which the new requirements for international co-operation in the service area and FDI have been internalized by the Romanian economy and provides economic policy recommendations for the consolidation of the service sector and increasing participation in the global economy by both trade and FDI flows.

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Volume 27

LIBERALIZATION, INTEGRATION AND THE INDUSTRIAL SYSTEM

Author: Acad. Aurel IANCU

The paper is focused on the foreign trade liberalization in accordance with the 1993 Accession Agreement between Romania and the EU. As the liberalization has evolved faster than the industrial restructuring, the lack of timing has caused, besides other reasons, the quick disintegration of the industrial system and a significant diminution in the activities and competitiveness of the Romanian enterprises on the domestic and international markets.

The study reveals that a high level of integration of the Romanian economy into the European Single Market was achieved in the trade field. It was a positive factor for the regeneration of the Romanian industrial system. Unfortunately, the system is based to a great extent on the unfavourable evolution of the Romanian industry structure in the form of two simultaneous processes: 1) the production fragmentation by the disintegration of the vertical productive and technological branches; 2) the increase in the share of the consumption branches characterized by high consumption of cheap labour and low skill level, along with the diminution in the share of the branches characterized by high capital intensity and high technology. A change in the deteriorating structure trend is not possible if we resort only to the free market forces, especially under the conditions of a peripheral and less developed economy like the Romanian economy and a high competitiveness level of the European companies.

Considering the present practice and realities in the European countries, the study points out that it is necessary to adopt an active and selective industrial policy (besides some neutral ones) in order to stimulate the development of an economy based on a modern and efficient industrial structure. It implies an industrial policy for the stimulation of some strategic industries on a multicriteria basis in accordance with the EU regulations, the requirements of the European Single Market and the competitive advantage principle.

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Volume 28

THE ECONOMIC CONSEQUENCES OF THE ENFORCEMENT OF THE EU LEGISLATION ON ENVIRONMENT

Author: Dr. Victor PLATON

The purpose of the paper is to identify the economic consequences of Romania's adoption of the Community acquis on environment. The first part is focused on the environment condition in Romania after 10 years of transition. It covers the main fields (air, water, soil, waste, etc.) and the adoption of the European legislation. The stages following the adoption refer to the legislation implementation and enforcement supervision. The above stages require considerable funds from the central and local administration, industry and population. Global estimates account for 22 billion euros (average amount) as expenditure necessary to achieve the compliance with the European legislation. Such investments require an adequate policy to use intensively the economic instruments for the environment protection.

The second part of the paper is focused on the Environment Fund, a very useful instrument to finance the environment protection that is present in any country acceding to the EU. The Environment Fund was set up in Romania in 2000, but the legislative deficiencies and institutional instability prevented it from being operational. The study analyses the revenues suggested by the regulator and what prevented it to be operational for three years. The final part of the paper includes recommendations for a set of revenues to make the Environment Fund operational.

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Volume 29

EMPLOYMENT AND THE COMPLIANCE WITH THE COORDINATES OF THE EUROPEAN EMPLOYMENT STRATEGY

Author: Dr. Steliana PERTȚ

Bringing into harmony the requirements of the transition, of the structural reform of the economy, and correlating the economic, educational and social dimensions are difficult problems that Romania can hardly solve. Lacking an adequate theory and applying wrong solutions, the human resource has been marginalized and “enjoyed” a subsidiary treatment which has caused a serious and long-lasting employment crisis (extent, structure, participation rate, incentive package), a vicious circle, some paradoxes and amplitude asymmetry as never met before.

The comparative analysis of employment in Romania, the EU and CEE candidate countries reveals not only the existing gaps (some of them even widening), but also the alarming trend in the Romanian labour market that is becoming asymmetrical and tends to dissociate from the models implemented in the EU, in the member countries and even in some candidate countries.

Therefore, a new philosophy of employment (not in “or-or” terms, but in “and-and” terms) is required to ensure the coherence and co-ordination of the package of transition policies in order to make an effective national priority of employment. On medium and long term, the best way to create prosperity, to prevent the market tensions and to solve the serious problems of social security is to create more and better jobs, to prevent long unemployment, especially of young people.

Finally, the paper identifies objectives, priorities and tools to achieve the purpose, laying the stress on the co-ordination of the policies in order to achieve employment, social dialogue and partnership, longlife training.

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Volume 30

THE ROMANIAN UNIVERSITIES FACING THE INTEGRATION INTO THE EUROPEAN HIGHER EDUCATION AREA

Author: Prof. Dr. Mihai KORKA

The paper points out that the future higher education integration into the EU implies the gradual filling of the existing gap between Romania and the European average in the enrollment of secondary school graduates in universities, on the one hand, and the contribution of the Romanian universities to the creation of the European Higher Education Area.

At the beginning, the study focuses on the tasks and functions of the universities in the contemporary society, marked by the rapid scientific and technological innovation in digitizing and globalization. To the extra-university environment challenge, Europe responded by adopting The Bologne Declaration of 19th of June, 1999, a free political commitment of each signatory country to restructure its own higher education system in order to achieve the European co-ordination, on the 2010 horizon, through the European Higher Education Area.

On that basis, the study further deals with the quantitative and qualitative aspects of the access to higher education after 1997, and the initiation of the harmonization of our higher education with the European one, based on the "Universities 2000" Phare Project for reforming the university management.

Finally, the study suggests a possible way to carry on the European harmonization through coherent measures of systemic reform. It points out the need for deeper involvement of the universities into this process by strengthening the institutional autonomy and observing academic freedom, along with more responsible decisions. Consequently, the academic management will focus on the continuous evaluation of the quality of the actions carried out in campuses.

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Volume 31

IMPLICATIONS OF THE ADOPTION OF THE COMMUNITY ACQUIS FOR THE TRADE IN SERVICES IN ROMANIA

Authors: Alina BELDESCU (co-ordinator),
Victor ALDEA, Cecilia DEACONESCU

The study is focused upon the services in Romania, the stage of the adoption of the Community acquis by our country in this field, the advantages and costs of the accommodation to the services acquis. The authors point out the following significant advantages:

- Free access of the Romanian services to the vast internal market of the Community.
- Modernization of Romania's services sector.
- Making Romania more attractive for foreign investments in general, as well as in services.
- More plentiful supply of high quality and cheaper services.
- Stimulation of the Romanian providers of services under the competition pressure.
- Speeding up the specialization in services in relation to which Romania has a comparative advantage or will gain such an advantage.
- Higher power of negotiation during the intergovernmental talks on the trade in services, including the WTO talks, owing to Romania's representation by the EU.

Romania's future EU membership requires some costs such as:

- Major investments to implement the Community acquis in the service field.
- Problems caused to the less efficient service providers.
- The loss of the advantages gained by Romania within GATS, owing to the present status of developing country.

Estimating that the gains from the adoption of the Community acquis in the service field exceed the costs, the authors underline that the benefit-cost ratio will depend on the capability of the Romanian companies to take the opportunities provided by the Community acquis and to reduce the cost of the acquis adoption and implementation.

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Volume 32

MULTIANNUAL BUDGETS BY PROGRAMS

Author: Acad. Iulian VĂCĂREL

Before 1989, Romania's public budgets were drawn up, approved and executed in accordance with the law principles of the budget of means. Thus, the participants in budgeting were mainly concerned about ensuring the means for the proper functioning of the public institutions, fulfilling the objectives of the governing program and less about identifying alternative solutions to achieve a certain objective and to approve the right solutions.

As the budget resources were very limited and the society's needs exceeded the required potential, there was an urgent need to shift to the program budgeting, that is focused on efficiency in relation to the size of the budget resources.

The paper presents the regulations adopted by several representative EU and non-EU countries, the outcome as well as the direction of the present policy of the EU members. It deals with the principles of the program budget, the relevant legislation and the measures to be taken to meet the program budgeting requirements.

To achieve the objective of the medium-term strategy for our country's economic and social development, it is required to size (update), besides the indicators of the current year, also the indicators for the next two or three years, so that the decision-makers may clearly understand the evolution of public finance and of the macroeconomic financial equilibrium.

Also, the paper presents the specific features of the EU general budget, the principles on which it is based, the peculiarities of budgeting, the structure of the EU budget revenues and expenditure between 2000 and 2006 as well as the financial relations between the EU and the member and candidate countries in the light of the Nice Treaty. In this context, the paper presents the relations between the EU and Romania in connection with the next years' budget.

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Volume 33

PRESENT TRENDS IN SOCIAL REFORMS

Authors: Dr. C. GRIGORESCU, Dr. Maria POENARU,
Dr. Maria MOLNAR, Constanța PETCU, Livia CHISĂGIU

The study is focused on the pension system reform, paying special attention to the private capitalized pension funds (Dr. C. Grigorescu), the health care system (Dr. Maria Poenaru), poverty prevention and eradication (Dr. Maria Molnar), the system for the protection of the unemployed (Constanța Petcu) and the children's protection system (Livia Chisăgiu).

The paper examines the main components of the social protection in Romania in relation to the European social model undergoing early modernization and adaptation to the new economic, social and demographic trends in the contemporary society. It is focused on the mutual determination links between the economic side and social side of the development and on the fact that, as reflected by the Community acquis, the modernization of the social protection components in the EU shall fulfill three requirements:

1. The countries share the same objectives and accept several principles that characterize the European social model.
2. The national strategic priorities and options as well as the reform details are the responsibility and lay within the competence of the member countries.
3. The countries co-ordinate their efforts and exchange ideas and information on the present practice and the going or envisaged reforms.

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Volume 34

THE EVOLUTION OF THE ROMANIAN BANKING SYSTEM IN RELATION TO THE ACCESSION TO THE EU

Author: Prof. Dr. Lucian C. IONESCU

In late 1990's, the banks accounted for about one-third of the financial sector (bank deposits, stock exchange capitalization, securities and bonds) of the OECD countries, while in the CEECs the share of the banks amounted to two-thirds. But the real significance of the above shares is suggested by the relation of the financial sector assets to the GDP. The assets of the financial sector amounted, on the average, to the double GDP in the OECD countries, but only to one-third of the GDP in the CEECs. The above data show that the financial sector is weak and controlled by the commercial banks.

In this respect, one may assume that the 1998-2001 changes in the Romanian banking system could be a real case study for the transition economies.

In early 2002, the private sector held almost 57 percent of all assets of the banking system (including the foreign bank branches). But out of 57 percent, only 3 percent was the share of the Romanian private capital.

To illustrate the condition of the Romanian banking system, the study includes tables of the indicators for the analysis and evaluation of bank activity (nominal capital and net assets, asset structure and profitability, interest rates, foreign debt and service).

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Volume 35

THE IMPACT OF THE TRANSNATIONAL COMPANIES ON THE WORLD ECONOMY

Author: Dr. Maria CARTAS

The paper is focused on the place and role of the transnational companies in the world and EU economies, revealing the impact of such companies on the dynamics of the international business environment. They are the initiators of the international production through a complex transfer of resources (capital, technology, knowledge and advanced professional, managerial and organisational skills) and, at the same time, organizers of the international production through the management of the productive assets in the host-countries as well as main exporters of direct foreign investments, therefore being the main agent of production internationalization.

The impact of the activity of the transnational companies on the new world economy refers to the access to capital and financial resources and technology, stimulation of the export competitiveness, job creation and increase in the number of skilled staff, as well as to environment protection.

The activities of the transnational companies are very important to Romania as a host country for direct foreign investments. Such investments are an active factor of modernization, structural adjustment and improvement of the competitiveness of the Romanian industry for the integration into the EU. On the whole, the penetration of the foreign capital into our market is profitable, but some risks and adverse effects cannot be avoided. To take advantage of the positive effects of the foreign direct investments, our country must provide attractive conditions and policies for the foreign investors, improve the negotiation power as well as use the investments efficiently.

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Volume 36

DESIGNING OPERATION MODELS FOR THE ROMANIAN LABOUR MARKET, COMPATIBLE WITH THE EUROPEAN INTEGRATION REQUIREMENTS

Authors: Dr. Florin Marius PAVELESCU (co-ordinator),
Dr. Victor PLATON

The analysis of the Romanian labour market functioning lays the stress on the specific features of the correlation between productivity and employment, the modification in the social structure of employment towards reagrarization, the wage distortions caused by the emergence of monopolies and monopsons on the labour market as well as the unemployment features.

The paper presents the preparation and implementation stages of "The European Employment Strategy", pointing out the positive results. It summarizes the actions taken by Romania to adopt the Community acquis in the labour field. Three scenarios are presented in relation to the evolution of the employed population on the 2005-2010 horizon: a) Scenario of the slow restructuring of the economy; b) Scenario of the relatively fast restructuring of the economy; and c) Regulatory scenario concerning the achievement of a level of employment of the work age population in accordance with the European Employment Strategy.

The study points out that a high level of employment of the work age population is difficult to attain in Romania. For a while the sectoral structure of employment will be different from the Western one due to the sensibly higher share of the primary sector. The speeding-up of the modification in the sectoral structure of employment towards the tertiary sector is dependent on both the intensity of the restructuring of the primary and industrial sector and the proper use of the significant human potential of the services sector in the context of a competitive industry and agriculture and extension of IT to the economy and social life.

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Volume 37

THE EUROPEAN UNION IN THE MAZE OF THE FUTURE

Author: Acad. Paul Mircea COSMOVICI

The paper reviews the proposals made by the members of the European Commission as well as by some personalities in relation to the EU future.

Also, the author presents his own conclusions concerning the relation among the EU objectives and values, the delegation of the sovereignty of the member states to the EU, the EU legal personality, the supervision of the way the subsidiarity principle is observed without influencing the decision making, the general architecture of the Union, that is considered “a federation made up of sovereign states”.

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Volume 38

FINANCIAL DEBLOCKING IN ROMANIA IN THE CONTEXT OF THE LEAD-UP TO THE EU ACCESSION

Authors: Dr. Florea DUMITRESCU, Dr. Gheorghe OANĂ

The first chapter, **Financial deblocking - A way to improve the business environment** (Dr. Florea Dumitrescu), comprises a detailed analysis of the evolution of the Romanian economy over the 1990-2000 period and points out the consequences of financial blocking. It contains critical comments on some economic authorities, such as the National Bank of Romania, the Authority for Privatization and Management of the State Interests, the Ministry of Public Finance, etc. Since financial blocking is chronic and destabilizing, the study presents several cardinal issues concerning the blockage evolution, causes and effects and, at the end, some proposals. The main idea is: "Extraordinary circumstances require extraordinary measures".

The second chapter, **Arrears - Recent trend and measures to diminish them in 2001-2002** (Dr. Gheorghe Oană, State Secretary of the Ministry of Public Finance), presents the measures taken over the last two years to diminish financial blocking (from 42.2 percent of the GDP in 1999 to 35.7 percent in 2002).

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Volume 39

PROPERTY RIGHTS AND STRUCTURES. REGULATIONS

Authors: Prof. Dr. Sorica SAVA,
Lect. Florin CIUTACU

The study **Property rights and structures and the economy marketisation in relation to the integration into the EU** (Sorica Sava) is focused upon the requirements and opportunities for creating a new competitive business environment by assessing the privatization size and effects. For this purpose, several indicators and international comparisons are considered in order to show: the general and main branch privatization level, the microeconomic environment structure by the property nature, the critical mass of the economic agents, organizational and functional structure of companies by status and legal form, the company differentiation by economic importance, size and domestic and foreign markets a.s.o.

The study **The legal system applying to of the public and private property in Romania as compared to other countries** (Florin Ciutacu) presents the record of the regulations in force concerning the legal system applying to the public and private property in Romania, the property reversion in comparison to the EU candidate countries and EU members. The Romanian law concerning the legal system applying to the private property corresponds to the international regulations and the EU regulations, with some nuance that brings our law closer to the continental (French and German) law, but still being compatible with the Anglo-Saxon law. Also, the public property is properly regulated by our Constitution (Art. 41 and Art. 135), the organic and special laws, etc.

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