

Badoiu, Catalina Mihaela

Article

Bucharest-Ilfov Region – Between Economic and Social Convergence and Divergence

CES Working Papers

Provided in Cooperation with:

Centre for European Studies, Alexandru Ioan Cuza University

Suggested Citation: Badoiu, Catalina Mihaela (2014) : Bucharest-Ilfov Region – Between Economic and Social Convergence and Divergence, CES Working Papers, ISSN 2067-7693, Alexandru Ioan Cuza University of Iasi, Centre for European Studies, Iasi, Vol. 6, Iss. 2, pp. 6-21

This Version is available at:

<https://hdl.handle.net/10419/198301>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

BUCHAREST-ILFOV REGION – BETWEEN ECONOMIC AND SOCIAL CONVERGENCE AND DIVERGENCE

Catalina Mihaela Badoiu*

Abstract: *This paper aims to highlight the main economic disparities between the developing regions of Romania, during the 2005-2011/2012 period. We will focus on the Bucharest-Ilfov region, which differs both in terms of population density, and the galloping economic growth, relative to other regions. In terms of the convergence-divergence analysis, it will be based on key indicators, such as the factors that led to increased inter-regional divergence and to what extent the differences between regions were reduced in the analyzed period.*

Keywords: Regional disparities; Convergence; Concentration; Distribution analysis.

JEL Classification: F30; F50; O52.

1. EU REGIONAL POLICY

1.1. Evolution of Regional Development

EU acts to promote "harmonious development", targeting in particular "reducing differences among regions." To achieve these priorities, in parallel with the European integration, the EU develops a series of regional European policies applicable to each member state.

Starting from a simple mention in the Preamble of the Treaty of Rome, which focuses on "economic and social cohesion" in Europe, it gradually becomes part of cohesion policy in Title XIV (now Title XVII) after the adoption of the Single European Act. Additionally, the Treaty Council Regulation no. 1260/99, (which) establishes general operating provisions for the Structural Funds (and amended by Regulation no. 1447/2001). Beside the legal standpoint, policy has also grown, financially speaking, from the stage which represented almost 10% of the European Communities and 0.09% of EU-15 GDP in 1980, with more than a third of the budget and about 0.37 of EU GDP as an average for the 1998-2001 period (Second Report on Economic and Social Cohesion, 2001). Development policies, such as the Common Agricultural Policy, became the second largest European policy in terms of the implementation area size (Puigcerver-Peñalver, pp. 179-208).

As a first step, the single market was preceded by the 1989 reform of the Structural Funds, which means, not only the coordination of the three Structural Funds (European Social Fund - ESF, European Agricultural Guidance and Guarantee - EAGGF and the European regional Development Fund - ERDF), but also a broad reorganization of the governance principles, doubling the amount of

* Bucharest University of Economic Studies, Romania; e-mail: catalina.badoiu@gmail.com.

money for regional development from 15.1% of the EU budget in 1988 to 30.2% in 1992^{*}. Secondly, the decision taken by the Treaty of Maastricht to create a single European currency was closely related to the decision to set up a Cohesion Fund.[†]

Changing the economic and social context of the Member States has led the Commission to enact general guidelines to ensure the added value of Community (Priorities for Structural Funds programs complement the end of 1999). They were intended to establish a general policy framework and priorities which can be changed according to Objective 1 (1994-1999). The guidelines set out a number of thematic priorities that support the main goal of the Structural Funds interventions: to help identify conditions that encourage sustainable economic development, growth and competitiveness and thereby indirect employment. This general objective was secured through the following specific priorities: primary infrastructure, productive environment (numerous measures to improve the growth and complexity of the business and industry), the development of research and technology, environment and sustainable development, human resources development and equal opportunities.

After the Maastricht reform, more than two thirds of Structural Fund allocation were concentrated in the so-called Objective no.1 regions, representing less than 75% of the European average GDP per capita, estimated by Purchasing Power Standards.

Regional policy was further increased by reducing the number of targets from 7 (programming period 1994-1999) to 3 targets (programming period 2000-2006) (Council Regulation, 1999):

- Objective 1 - promotes the development and structural adjustment of regions whose development is lagging behind;
- Objective 2 - promotes economic and social conversion of regions with structural difficulties other than those eligible for Objective 1;
- Objective 3 - serves as a reference framework for all measures to promote human resources in the Member States, development of education, training and employment of people.

Since the implementation of the Maastricht Treaty in the European Union in November 1993, which aimed to strengthen economic and social cohesion, it became one of the objectives of the European Union, in addition to the establishment of the internal market and EMU. Throughout the post-war European integration history, cohesion turned into a primary objective. Concomitant with

^{*}European Council in Brussels in February 1988 reforming the functioning of the Solidarity Fund, called "Structural Funds" and decide to allocate 68 billion ECU (at 1997 prices).

[†]Treaty on European Union entered into force in 1993, considers cohesion as one of the key objectives of the Union, alongside economic and monetary union and the single market. The Treaty provides for the creation of a Cohesion Fund projects designed to support favorable environment and transport in the less prosperous Member States.

the EU enlargement, economic and social cohesion complicated, as the Member States were more and more a heterogeneous entity (EU Structural Funds beyond Agenda 2000: Reform and Implications for current and future Member States, the European Institute of Public Administration, Maastricht, The Netherlands)

Structural policies have been developed based on three main assumptions: the existence of disparities among EU regions, the ability of structural policies to reduce these disparities, and regional growth and convergence that lead to cohesion. Therefore, the EC Structural Funds impact assessment conducted in supporting the future policy and maximizing the impact on economic development (Puigcerver-Peñalver, pp. 179-208).

1.2. Reform of Regional Development 2007-2013

From the six founding members in 1952 to twenty-five in 2004 and then to twenty-eighth in 2013, the European Union can now be rightly named a neo-colonial empire; stretching from the Atlantic to the Black Sea, it combines Western and Eastern Europe for the first time since their separation from the Cold War, 60 years ago.

EU expansion to 27 Member States in 2007 generated challenges in terms of its competitiveness and internal cohesion. Disparities between Member States and their regions widened. These differences come from structural deficiencies in the key factors of competitiveness, namely an inadequate endowment of physical and human capital (infrastructure and manpower), insufficient innovation capacity, support enterprises and the low level of environmental capital (natural environment and/or urban pollution). Implementation of cohesion policy at EU level involves reducing disparities between regions in terms of production, productivity and employment. A particularly strong growth in the new Member States - the 10 that joined in May 2004 plus Romania and Bulgaria - can be a significant boost for the rest of the economy in the enlarged/expanded European Union.

Therefore, the policy aims to reduce disparities between regions in the European Union. For this purpose, Member States and regions need significant financial help to solve various structural problems and achieve their potential widespread growth.

There are significant disparities between Member States and its regions, these differences outside the Gross National Product (GNP) being given by:

- infrastructure provision
- environmental quality
- unemployment and labor skills required for future development

- size and diversity of the business
- difference in the use of new technologies.

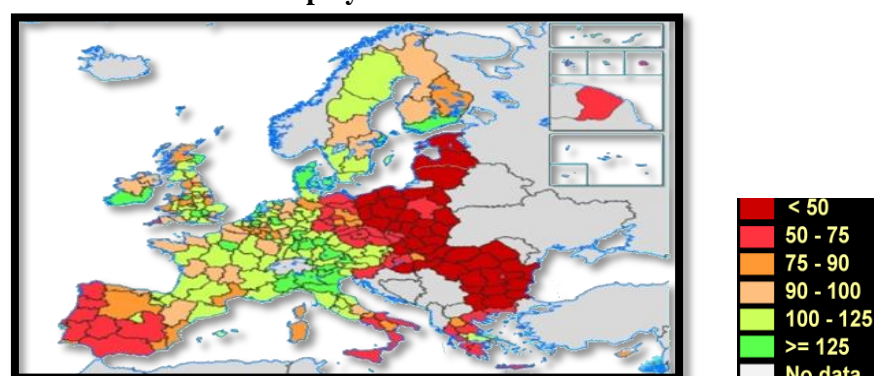
To reduce disparities between regions through Cohesion Policy 2007-2013, the European Union has set the following objectives, together with grants and other measures to achieve them (Council Regulation, 2006):

Objective 1. Reduction of the disparities between different regions and EU Member States with a GDP / capita less than 75% of the Community average and regions covered the so-called "statistical effect" are also eligible to be financed under the objective of the Cohesion Fund, Member States whose GNP per capita is less than 90% of the Community average.

Thus in the current financial perspective, 81.54% of the structural funds are dedicated to this purpose, namely 251.163 billion allocated for investment in infrastructure, human capital, innovation

Objective 2. Regional competitiveness and employment is funded with 15% of the budget for structural funds and cohesion. These targeting regions are not eligible under the convergence objective.

Figure 1 - Regions eligible for Objectives "Convergence" and "European Competitiveness and Employment"



Source: European Commission

The two objectives are closely related, as improving cohesion within the EU depend largely on increasing competitiveness.

Objective 3. European territorial cooperation is funded by 5% of the budget for structural and cohesion funds and targeting transnational cooperation, cross-border and interregional. For this objective was allocated a sum of 7.75 billion, respectively 2.52% of the funds for cohesion policy, being fully funded by the ERDF. To achieve the three goals in the 2007-2013 period, the EU has allocated 347 billion for its 27 Member States, representing 35% of the total EU budget for the same period (975 billion).

Table 1- Financial allocations 2007-2013

Structural and Cohesion Funds	Eligible areas	Financial allocations
Objective „Convergence” 81,54%		251,16 Mld. Euro
ERDEF	Regions with GDP / capita <75% of GDP / EU 25	57,04%
EFS		189,6 Mld Euro
CF	Member States with GNI <90% GNI / capita, EU-25 24.5%	24,5% 61,55 Mld Euro
Objective „ Competitiveness and Employment” 15,95%		49,13 Mld. Euro
ERDEF	Member States shall propose a list of NUTS I or NUTS II	15,95%
EF		49,13 Mld. Euro
Objective „ European Territorial Cooperation” 2,52 %		7,75 Mld Euro
ERDEF	Border regions and regions transnational cooperation	2,52 % 7,75 Mld Euro

Source: European Commission

1.3. The legal basis of regional policy

The legal framework of EU regional development policy has established regional policy objective of Title XVII of the Treaty in the European Union "reducing disparities between the levels of development of the various regions and the backwardness of the less developed regions or islands, including rural regions". Add:

- Regulation no. 1080/2006 on the European Regional Development;
- Regulation no. 1081/2006 on the European Social Fund;
- Regulation no. 1082/2006 European Territorial Cooperation;
- Regulation no. 1083/2006 laying down general provisions on the European Regional Development Fund, European Social Fund and the Cohesion Fund Regulation no. 1084/2006 establishing a Cohesion Fund.

2. ROMANIA IN THE EUROPEAN CONTEXT

2.1. Romania and European Union Relations

Romania is the first country in Central and Eastern Europe that has established formal relations with the European Community. First official relations between RO and the former Economic European Community have been established in 1967, by initiating the negotiations for a series of sectorial and technical agreements on food products, such as: cheese, eggs, pork. In 1974 Romania enters the generalized system of preferences (GSP) of the European Economic Community. In 1980 it is signed the Agreement on trade in industrial products subsequently suspended by the Community because of human rights violations during the communist regime.

Although in the next years Romania - EU diplomatic relations worsened near the western structures, this is resumed 10 years later, with the end of communism and the "Cold War" (Berlin Wall), thus in 1991 the Trade and Cooperation EU Agreement was signed.

On 01.02.1993 Romania signed the European Union Association Agreement (Europe Agreement), which became applicable in 1995; this agreement determines the legal and institutional relations between Romania and the EU, having the main objective to get prepared for adhering to the European Union. Formal application for membership is submitted on June 22, 1995, the next period scrolling down (??) the Commission's analysis and publication of a series of documents concerning the accession of Romania:

- July 1997 - "Opinion on Romania's Application for membership of the EU";
- November 1998 - "Regular Report on Romania's progress towards accession";
- October 1999 - "Periodic Report" on Romania, the recommended starting accession negotiations, subject to certain conditions;

In June 1999, Romania adhered to the National Programme for Accession to the EU, so that in the same year, the European Council decided to open accession negotiations with six candidate countries (Malta, Slovakia, Lithuania, Latvia, Bulgaria and Romania) – Helsinki 1999. To support efforts to prepare for accession to the EU, the European Commission issues a "Roadmap for Romania and Bulgaria" (November 13, 2002), followed seven days later Parliament proposed on 1st of January, 2007 target date for accession of Romania to the European Union. In the Copenhagen European Council on 12-13 December 2002 was decided the accession of 10 new Member States. On the 26th of March, 2003 the European Commission presented a revised edition of the Romanian Partnership Accession. Following the assessments presented in the 2004 annual report, Romania obtained the rule of functioning market economy, which influences the dynamics of the accession negotiations, so on December the 17th, 2004, at the European Council in Brussels, it receives confirmation to completion of accession negotiations.



On April the 13th, 2005, Romania and Bulgaria received the opinion of the European Parliament, followed by the signing of the Accession Treaty to be held on 25th of April, 2005 at the Neumunster Abbey in Luxembourg. Since that time Romania has observer status in the work of the

European institutions, being involved in the drafting of Community legislation, but having no right to vote. January the 1st, 2007 is the date when Romania becomes a Member State of the European Union accession accompanied by a series of measures to remedy existing national deficiencies (agricultural funds, legal system, corruption etc.) for the last two components being established a Cooperation and Verification Mechanism (CVM).

2.2. Regional Development Policy in Romania

Although the Maastricht Treaty (1993) says that the EU should "promote economic and social progress and a high level of employment of labour as creating an area without internal frontiers and strengthen economic and social cohesion in the European Union" in Romania, until 1996, the Government committed for the first time, regional and local development policy chapter of its program "funds to finance programs and projects of regional and local development will be established ... the principles of decentralization and subsidiarity will be applied, where local authorities will become privileged dialogue partner. National restructuring programs will be linked to regional and local development projects ... the adoption of regional and local variants will be stimulated" (Romanian Government Program, 1996)

Officially, in Romania, regional development policy exists from mid-1998. Until then, there were only certain spatial planning activities related to identifying of priority areas, such as the Black Sea and the Danube-Black Sea Canal Zone (Pascariu, 2002). Thus, with the support of the European Union, following closely the recommendations of the "Green Paper on regional development" (1997), and Law 151/1998 on regional development in Romania, in late 1998 the 8 regions of Romania are being constituted. They function as tools to promote economic and social development and research, being affiliated to the European Commission Eurostat Statistical Services. According to the Nomenclature of Territorial Units for Statistics (Oltean, 2004), NUTS II regions are statistically similar to other regional levels in EU Member States, counties are at NUTS III level, and the towns and cities correspond to NUTS V.

The 8 regions are not administrative units, they do not have legal personality and they are the result of an agreement between the county and local governments to organize "framework development, implementation and evaluation of development policies and collection specific statistical data in accordance with European regulations issued by EUROSTAT for the second level NUTS II territorial classification, existing in the European Union." (Law 315, 2004)

Figure 2 - Map of the regional division in Romania



Source: <http://scmdfiliala1constanta.blogspot.com>

Table 3 - Regions of economical development in Romania

<i>Development Region</i>	<i>Departaments</i>
<i>North East</i>	<i>Iasi, Botoșani, Neamț, Suceava, Bacău, Vaslui</i>
<i>Vest</i>	<i>Arad, Caraș-Severin, Hunedoara, Timiș</i>
<i>Nord West</i>	<i>Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu-Mare, Sălaj</i>
<i>Centre</i>	<i>Alba, Sibiu, Mureș, Harghita, Covasna, Brașov</i>
<i>South Est</i>	<i>Vrancea, Galați, Brăila, Tulcea, Buzău, Constanța</i>
<i>SouthMuntenia</i>	<i>Argeș, Dâmbovița, Prahova, Ialomița, Călărași, Giurgiu,Teleorman</i>
<i>South West Oltenia</i>	<i>Mehedinți, Gorj, Vâlcea, Olt, Dolj</i>
<i>Bucharest-Ilfov</i>	<i>Bucharesti and Ilfov</i>

Source: <http://www.mdrap.ro/>

2.3. Considerations on regional disparities in Romania

In Romania regional disparities were not measured officially until 2000. The Green Paper on Regional Development Policy developed in 1997 by the Government of Romania has been prepared based on a preliminary analysis of the level of disparities in Romania. The next period - 1998-2000 - was also characterized by a thorough analysis of rural areas, which revealed significant disparities. All these studies have shown significant differences in levels of economic and social development between the regions and counties and inside the counties.

The existence of regional disparities in Romania is a legacy of the interwar period, where, in the context of reduced overall economic development, industrial activity was concentrated in a small number of areas dependant on the access to mineral and energy resources, with a favorable location in terms of Lodging important transport (Bucharest, Prahova Valley, Brasov, Hunedoara, Jiu Valley, Resita, Braila, Galati, Constanta).

Since the creation of regions in 1998, there are a number of indicators measuring disparities at this level and became compatible with EUROSTAT. Because the 8 regions grouped counties and areas with lower or high development levels, the inter-regional disparities are smaller than those between counties. This leads to the general opinion that the level of disparities in Romania is not too high and that, more or less, the entire country can be considered as underdeveloped compared to the EU average level of development. Such an attitude can lead to a wrong approach in structuring a policy of economic and social cohesion and a rational and effective regional policy.*

Data on GDP, calculated for the period 1993-1998, showed a tendency to widen the gap between the most developed and the less developed regions, confirming the opinion that political reforms and adjustment of economic structures and social economy market lead to increased disparities. Moreover, the transition of economic weakness revealed less developed areas, such as heavy dependence on a single industry (mono-industrial areas), poor development of spatial planning process, low attractiveness of municipalities, insufficient utilities and underdeveloped infrastructure, while the demographic structure is fragile and inadequate.

In terms of GDP per capita, in 2004, the least developed four regions of Romania were also the last four in the hierarchy of regions in Central and Eastern Europe. Although Romania seems to be the least developed of the new Member States, GDP alone is not sufficient to characterize the level of economic and social development. Romania has the highest rate of agricultural population (45.2 %) and the lowest level of development of the tertiary sector (29%). However, Romania still has a low level of unemployment, falling soon after Slovenia, Hungary, Malta and Cyprus. According to statistics published by the European Commission in recent years, Romania has seen a notable improvement of real convergence in terms of GDP per capita expressed in purchasing power standards, reaching in 2004 28.8 % of EU-15 and 31.1 % of the EU-25, compared to 23 % and 25.2 % in 2000. Nevertheless Romania continues to be placed behind all the new Member States.

*Cohesion Policy is a compensating current to ensure economic and social cohesion, but should also aim to promote endogenous development capacity of regions. This reorientation is required by emphasizing regional disparities in development, due to the evolution of European integration. Less developed regions tend to have competitive disadvantages which will not allow them to benefit long-term accumulation of capital, technologies and positive externalities generated by economic activities.

Romania is characterized by an increase in disparities between Bucharest-Ilfov region and others, by an unbalanced development between East and West of the country, and between the North-East, South-East, South-West Oltenia and West, North-West, Center. Chronic under-development is concentrated in the North-East, on the border with Moldova and South-East, along the Danube. Small and medium towns, mono in particularly, are in decline due to industrial restructuring.

3. CONVERGENCE OR DIVERGENCE BETWEEN DEVELOPING REGIONS OF ROMANIA (2005-2011)

3.1. Case Study Bucharest-Ilfov

This paper aims to analyze the disparities between developing regions of Romania, during 2005-2012 (pre-accession and accession), with the Bucharest-Ilfov region case study, considered the richest region of Romania (113% of the average purchasing power EU). As of top poorest regions in the EU27, Eurostat 2008, Romania is in the top 20 with 6 of its 8 regions as follows: NE region ranks second (after Severozapaden, Bulgaria), where purchasing power is 29 % of the EU average. SW Oltenia region ranks 6 to 36%, SE ranks eight (39 %), South Muntenia (39 %), North West on 15 (41 %), Central (45%). The West region has 51 %. At the other extreme, the richest region in Europe is London's financial district, where purchasing power is 343 % compared to the EU average, followed by Luxembourg with 279 % and Brussels with 216 %. Prague is the richest city in the former communist states, ranking sixth in the EU with 172 % of the average buying power over Stockholm and Vienna. As a result of these raw data, the gaps between regions of Romania and the EU average are very large, so we will try to see to what extent they have been reduced after the EU.

Bucharest-Ilfov region, consisted of Bucharest Municipality and Ilfov county, is located in the south-east of Romania, in Vlasiei, and it is the most populated region of Romania, with a population of over 2 million inhabitants, 85 % living in Bucharest (population density/area is approximately 1288.2 inhab/km² of which 8000loc/km² are in Bucharest Municipality). According to the territorial classification level of the European Union, Bucharest-Ilfov is part of NUTS II developing regions similar to those with a demographic threshold located between 800 000-3 000 000 million inhabitants).

The population of a region is one of the most important aspects when considering economic development and identifying disparities at the local level. "This indicator represents the base to classifying a region in a NUTS category (1, 2 or 3) and at the same time the criteria weighting

performance indicators (GDP, GVA, SMEs etc.). Often the existence of large populations in a region can be advantageous, provided that this population possess skills which can be characterized by a high degree of specialization, etc."

During the 2005-2012 period we have noticed a downward trend in regional population density, meaning that the discrepancies are decreasing. The North - East region is an exception, with a downward trend between 2005 and 2011, followed by a slight increase in 2012, reaching the same level as in 2005. Consulting NE Regional Development Plan, in 2006 a number of villages were declared cities, for which there is a decrease in the rural population. In the following period there can be seen a migration of rural population to the cities, and external migration. "According to statistical data from July the 1st, 2012, the Northeast region had a population of 3,699,239 stable inhabitants, representing 17.3% of the total population of the country. In this regard, of the eight regions, the Northeast region has the largest number of inhabitants. The distribution by counties is as follows: Bacau - 709.272, Botosani - 440.968, Iasi - 838.653, Neamt - 556.599, Suceava - 708.297 and Vaslui - 445.450." (NE Regional Development Plan 2014-2020)

On the other hand, in the Bucharest-Ilfov region is an increase in population density inh/km² 69377, being the largest urban agglomeration in Romania, leading to a divergence growth over the other 7 development regions. The smallest variation of density is recorded in the North West, with a difference of 143.799 (decrease), and the largest in SE with 311.010 inhab/km².

Table 4 - Population density

Population density									
		2005	2006	2007	2008	2009	2010	2011	2012
North-West	inh/km ²	2742676	2729181	2729256	2724176	2721468	2719719	2717532	2598877 ^b
Centre		2533421	2534378	2524176	2524628	2526062	2524418	2522692	2360578 ^b
North East		3735512	3734946	3727910	3722553	3717621	3712396	3703283	3735512 ^b
South East		2849959	2843624	2834335	2825756	2818346	2811218	2802532	2538949 ^b
South Muntenia		3338195	3321392	3304840	3292036	3279786	3267270	3253712	3128799 ^b
Bucharest-Ilfov		2209768	2215701	2232162	2242002	2253093	2261698	2267419	2279145 ^b
South West Oltenia		2313903	2301833	2285733	2270776	2257752	2246033	2232814	2067357 ^b
West		2313903	2301833	2285733	2270776	2257752	2246033	2232814	2067357 ^b

* b=break in time series

Source: Eurostat

Employment

Another important indicator in analyzing regional disparities is the employed population. This indicator provides information on labor market trends and its reactions to various internal and external factors.

Table 5 - Employment rate of the age group 15-64 by NUTS 2 regions
Employment rate of the age group 15-64 by NUTS 2 regions

	2005	2006	2007	2008	2009	2010	2011	2012
North-West	55.9	57.1	57.0	56.4	55.2	57.7	58.8	61.6
Centre	54.1	55.9	55.1	56.6	55.1	53.5	52.3	53.4
North East	61.4	60.0	61.3	60.5	60.6	62.0	63.7	64.9
South East	54.6	56.3	54.7	55.3	55.4	55.5	53.9	53.9
South Muntenia	57.9	59.6	60.5	61.1	60.1	59.7	55.3	57.1
Bucharest-Ilfov	59.3	62.8	62.4	63.3	63.8	64.3	64.7	64.5
South West Oltenia	60.1	60.0	59.3	60.0	59.9	59.2	60.3	60.9
West	56.5	58.6	59.6	59.3	58.6	57.9	58.4	58.9

Source: Eurostat

As shown, the highest rate of employment is recorded in the region Bucharest-Ilfov - 5.2%, compared to Central and Southeast regions (which fell by 0.7 %) and South Region (where it decreased by 0.8 %). The largest increase in the employment rate is registered in the North West region (5.7 %), followed by Bucharest-Ilfov (5.2%), West (2.4%) and South West Oltenia (0.8 %). During the crisis, there is a slight decrease in the level of the 7 regions except for Bucharest-Ilfov region. Given the large differences between the two regions (Bucharest-Ilfov and West) and the other regions analysis, we can talk about a slight increase in the divergence and the labour market between Bucharest-Ilfov and the other regions. On the other hand, the difference increase/decrease between the 6 regions is not significant, crisis being an essential element that influenced regions in the whole EU.

GDP

Another approach aims disparities across regions in low income (total and per capita GDP), trying to provide reliable answers about the economic growth trends. In this sense, here are the following results:

Table 6 - Regional gross domestic product (million PPS) by NUTS 2 regions

Regional gross domestic product (million PPS) by NUTS 2 regions								
	2005	2006	2007	2008	2009	2010	2011	Differences GDP 2005-2011
North-West	19911	23187	27052	28629	27425	28413	28439	8528
Centre	19155	22501	26168	28016	27050	28310	28630	9475
Nord East	18976	21440	24307	26868	25762	26707	26576	7600
South East	19226	21948	23864	26363	25042	27042	27661	8435
South Muntenia	21518	24762	27913	31651	30981	31716	32542	11024
Bucharest-Ilfov	40341	45572	53208	65473	58935	62851	69105	28764
South west Oltenia	13869	16148	18172	19737	18980	20142	20696	6827
West	16591	19752	22104	24620	23324	25407	25755	9164

Source: Eurostat

As seen, the evolution of GDP relative to purchasing power reflects the large differences between developing regions of Romania. Significant differences are found for the Bucharest-Ilfov (28764 million PPS). This is followed by South Muntenia (11024 million PPS) and West (9164 million PPS). In the period 2008-2009 all regions recorded a slight decrease in purchasing power. Relative purchasing power/place gaps look like this:

Table 7 - Regional gross domestic product (PPS per inhabitant) by NUTS 2 regions

Regional gross domestic product (PPS per inhabitant) by NUTS 2 regions								
	2005	2006	2007	2008	2009	2010	2011	Diferences GDP/inh 2005-2011
North-West	7000	7300	8500	9900	10500	10100	10500	3,500.00
Centre	7300	7600	8900	10400	11100	10700	11200	3,900.00
Nord East	4900	5100	5700	6500	7200	6900	7200	2,300.00
South East	6600	6800	7700	8400	9300	8900	9600	3,000.00
South Muntenia	6200	6500	7500	8500	9600	9500	9700	3,500.00
Bucharest-Ilfov	15400	18300	20500	23900	29100	26100	27800	12,400.00
South west Oltenia	6100	6000	7000	8000	8700	8400	9000	2,900.00
West	8200	8600	10200	11500	12800	12100	13300	5,100.00

Source: Eurostat

Another essential indicator for regional cohesion aims the people at risk of poverty or social exclusion. According to the Eurostat data for 2007-2012, it is observed that the highest rate was

recorded in the U.S., 52.3%, which is still down from 2007, which was 55.1%. The region with the lowest risk is Bucharest-Ilfov (31.5% in 2012 from 35.1% in 2007), followed closely by the North West, where poverty fell significantly (31.9% vs. 38.3 % in 2007). On the other hand, in the South East the poverty rate increased from 51.0% in 2007 to 51.7% in 2012.

Table 8 - People at risk of poverty or social exclusion by NUTS 2 regions

People at risk of poverty or social exclusion by NUTS 2 regions						
	2007	2008	2009	2010	2011	2012
North-West	38.3	33.7	35.2	30.8	34.3	31.9
Centru	37.6	37.2	33.2	30.3	28.5	31.6
Nord East	55.1	54.5	52.9	51.0	51.2	52.3
South East	51.0	48.6	42.4	51.8	50.0	51.7
South Muntenia	50.3	45.6	48.1	42.7	43.1	43.5
Bucharest-Ilfov	35.1	36.2	41.9	34.4	28.4	31.5
South West Oltenia	55.4	56.5	52.9	48.0	44.8	46.9
West	34.2	33.4	30.1	35.5	33.1	36.2

Source: Eurostat

Another key element that produces changes in agglomeration areas is the higher education level, being known that young people generally gather around large universities, with multiple opportunities for training and employment. In this regard, we took a 25-64 age group for greater representation. There can be seen continuous educational evolution supported by the opening of numerous universities in the region and the introduction of the Bologna education, which encourages people over 35 to continue their university studies or pursue a retraining program. However, there are significant differences between Bucharest-Ilfov region and other regions, further increasing the growing inter-regional disparities.

Table 9 - Tertiary educational attainment, age group 25-64 by sex and NUTS 2 regions

Tertiary educational attainment, age group 25-64 by sex and NUTS 2 regions									
	2005	2006	2007	2008	2009	2010	2011	2012	2013
North-West	9.1	9.6	11.0	12.1	12.1	13.1	13.5	13.8	14.3
Centre	9.7	10.8	11.1	11.4	11.8	11.7	13.0	14.0	14.7
Nord Est	9.4	9.8	10.3	11.1	11.2	11.6	12.5	13.1	12.5
South Est	8.5	9.2	8.8	9.4	10.0	10.5	11.6	12.2	12.4
South Muntenia	7.9	8.7	8.6	8.6	9.1	10.1	11.2	11.5	11.9
Bucharest-Ilfov	25.4	26.5	26.3	27.7	27.7	28.6	31.4	32.0	33.3
South West Oltenia	10.6	10.8	11.1	12.8	13.0	13.5	13.6	14.2	14.7
West	10.9	10.8	11.4	12.8	14.3	14.3	14.9	15.4	14.4

Source: Eurostat

CONCLUSIONS

Although there is a clear process of convergence in EU region sduring the analyzed period (2005-2012), it could be affected by development and increased regional disparities within each individual Member State, in particular in the new Member States, which still have structural and regional problems. For Romania there is a widening gap between the eight regions, particularly in terms o feconomic performance. These disparities are emphasized when considering the Bucharest-Ilfov, on the one handand the other region son the other hand.

REFERENCES

Council Regulation (EC) No 1083 (2006) available at <http://eur-lex.europa.eu>

Council Regulation (EC) Nr. 1260 (1999) available at <http://eur-lex.europa.eu>

EU Treaty (1993) available at<http://eur-lex.europa.eu>

European Commission (2001) *Second Report on Economic and Social Cohesion*, Brussels, Eurostat.

Law 315 of 28 June 2004 on Regional Development in Romania, published in the Official Gazette, no. 577/29.06.2004, chapter 2, article 5, paragraph 2.

NE Regional Development Plan 2014-2020.

- Oltean, I. (2004) *Regional Policy in Romania: Implications for the EU accession process, Euroregion Development Cooperation Programme in Central and Eastern Europe*, Friedrich Ebert Stiftung, Office Romania, Bucharest.
- Pascariu, G. (2002) *The impact of social cohesion on economic and social development at the regional level in Romania*, European Institute of Romania, Bucharest.
- Puigcerver-Peñalver, M.C. (1996) *The Impact of Structural Funds Policy on European Regions' Growth. A Theoretical and Empirical Approach*, The European Journal of Comparative Economics Vol. 4.
- Romanian Government Program*, December.
- Romania's European Economic Community Association* (1993), Brussels
http://www.dce.gov.ro/Materiale%20site/Acordul_european_01%5B1%5D.03.06.html
- Treaty of Maastricht* (1993), Art.2.