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**Conference Paper**

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**Provided in Cooperation with:**

The Research Institute for Agriculture Economy and Rural Development (ICEADR), Bucharest

*Suggested Citation:* Manolache, Alesandra Marina (2019) : The study on the main economic activities in Romania, In: Agrarian Economy and Rural Development - Realities and Perspectives for Romania. International Symposium. 10th Edition, The Research Institute for Agricultural Economy and Rural Development (ICEADR), Bucharest, pp. 147-152

This Version is available at:

<https://hdl.handle.net/10419/221853>

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# THE STUDY ON THE MAIN ECONOMIC ACTIVITIES IN ROMANIA

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**Abstract:** *The present paper proposes the analysis of the sectors of the national economy from the point of view of production (Gross Domestic Product) but also from the point of view of consumption (average monthly labor costs). This paper is based on the analysis of the statistical data from a quantitative and qualitative point of view, in order to be able to raise awareness of the current level and the evolutions of the sectors and economic branches of Romania in the formation of GDP, but also in terms of labor productivity and labor cost. Finally, a comparison will be made between labor productivity (from a value point of view) and labor costs, and on the other hand it will analyze the value of the agricultural branch in order to determine the influence of this productivity / cost ratio on the value of production.*

**Keywords:** *agriculture, economic activities, evolution*

**JEL Classification:** *N 10, Q16*

## INTRODUCTION

Economic activities can not be substituted by any other activity, giving it world-wide importance, each nation wants to ensure food security by increasing the contribution that agriculture has in the general stages that contribute to both social development and economic growth, making this activity undertaken by man and supported by natural resources to play an important role in the economy and political strategies of the countries. Through agriculture, food products of plant and animal origin are provided at national, European and global level, as well as various raw materials destined to the processing / processing industry resulting in goods used on a large scale, so agriculture can be considered a basic branch of the national economy.

In order to focus our attention on the topic under analysis, namely, “The study on the main economic activities in Romania, it is necessary to know information regarding the branches and agricultural sectors as well as the description of the notion of GDP. The main branches of agriculture are:

- Vegetable agriculture divided by agricultural sectors such as - field crops, fruit growing, viticulture, etc.
- Zootechnical agriculture can be defined by the zootechnical sectors on different categories / breeds of animals and birds.

Gross domestic product is defined as a macroeconomic indicator that reflects the sum of the market value of all goods and services for final consumption, produced in all branches of the economy within a country within one year.

## MATERIALS AND METHODS

The present paper is subjected to the analysis of GDP formation on economic activities, the dynamics of agricultural production measured in GVA, the dynamics of gross domestic product but also the productivity of labor and labor, so this is the main objective of the paper, to show the evolution of the sectors and economic branches in Romania in the formation of GDP, but also in terms of labor productivity and labor cost with the data provided by the National Institute of Statistics (NIS), using the method of comparative, quantitative and qualitative analysis of data for the period analyzed 2013-2017 .

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## RESULTS AND DISCUSSIONS

If in 2005, the share of agriculture (including forestry and fisheries) was about 14.1% in GDP, it gradually decreased to around 6.0% in 2013. However, it is worth noting that the rest of the activities economic have increased their share in GDP formation, indicating that the trend of gross value added from agriculture, as absolute value remained in 2015 (30141.6 million lei current prices) relatively close to that of 2005 (31030.1 million lei) current prices), representing a slight fluctuation of 888.5 million lei current prices, while the relative value shows a tendency of significant reduction in GDP formation.

**Table 1-Economic activities in the formation of the gross domestic product**

Economic activities	2013		2015		2017	
	Million. lei current prices	%	Million. lei current prices	%	Million. lei current prices	%
Agriculture, forestry and fishing	33787,5	6,0	30141,6	4,83	36237,8	4,7
Industry	44746,1	28,6	171185,2	27,4	206726,1	26,7
Construction	44746,1	8,0	40451,3	6,5	49481,7	6,4
Trade	89322,1	16,0	120997,8	19,4	159170	20,6
Information and communications	32416,6	5,8	35963,9	5,8	43940,5	5,7
Financial intermediation and insurance	25158,4	4,5	23026,5	3,7	24001	3,1
Real estate transactions	50600,8	9,0	60472,3	9,7	65743,8	8,5
Professional activities	40613,6	7,3	49654,7	8,0	58894,3	7,6
Public Administration	67175	12,0	69698,7	11,2	102106,2	13,2
Other services	16174,6	2,9	22629,3	3,6	27499,3	3,6
<b>Gross value added</b>	<b>559829,1</b>	<b>100</b>	<b>624221,3</b>	<b>100</b>	<b>773800,7</b>	<b>100</b>

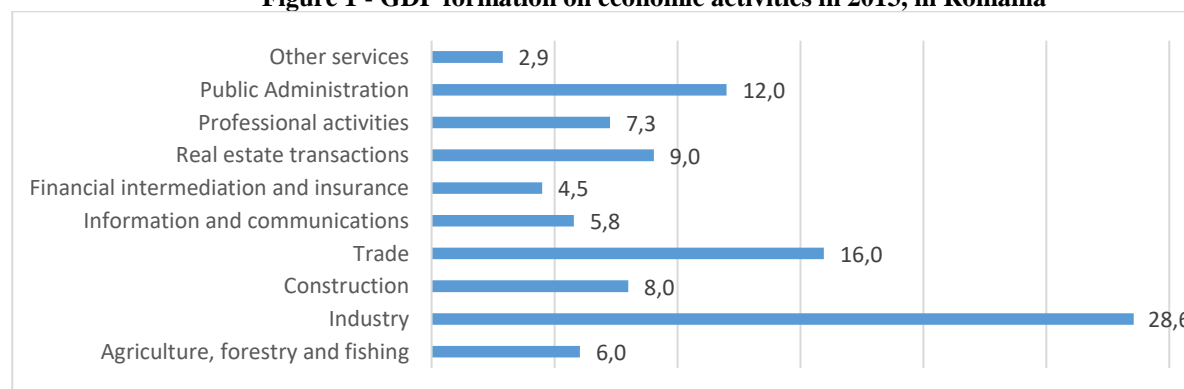
Source: National Institute of Statistics, own calculations

This trend was largely due to insufficiently developed economic conditions, a limited technical base, but also the influence of climatic factors.

Graphically representing the data presented in table 1, we can see that the economic activities that hold significant weights are - public administration, trade and industry for the five years analyzed.

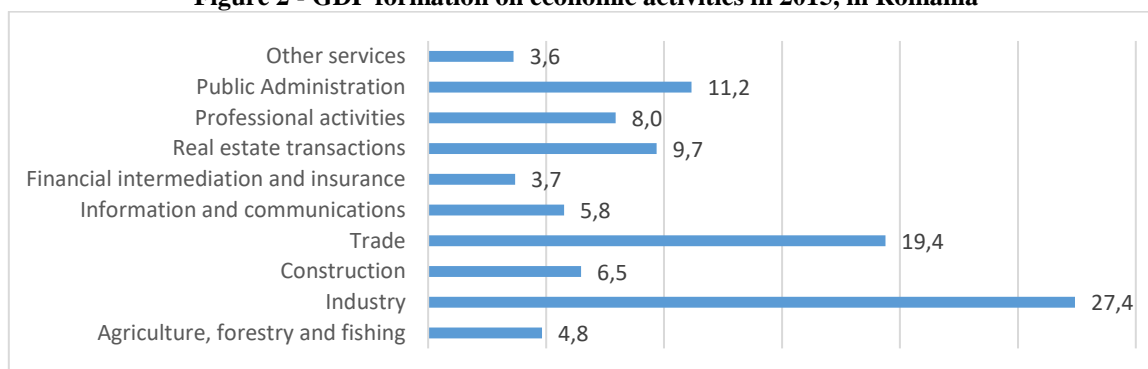
Another cause that may explain the decrease of the share of agriculture, forestry and fisheries in the gross domestic product may be the accelerated development of the other economic activities, which involved an increase of the total gross value added higher than the one of the agriculture (increase in 2017 compared to 2017). the year 2013 was 7.25% for agriculture, and the total gross added value increased by 38%)

**Figure 1 - GDP formation on economic activities in 2013, in Romania**



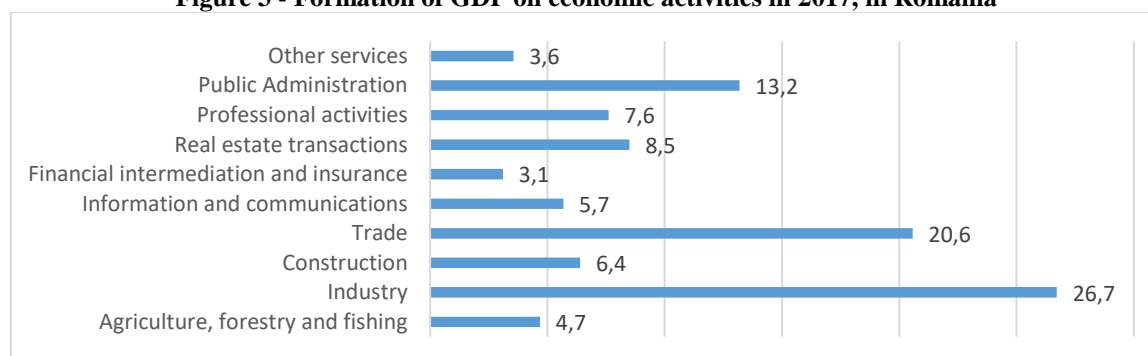
Source: National Institute of Statistics, own processing of statistical data

**Figure 2 - GDP formation on economic activities in 2015, in Romania**



Source: National Institute of Statistics, own processing of statistical data

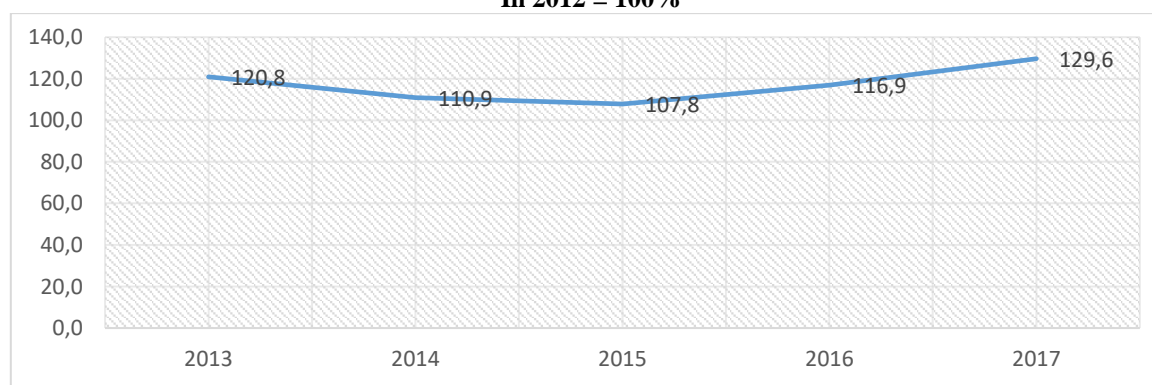
**Figure 3 - Formation of GDP on economic activities in 2017, in Romania**



Source: National Institute of Statistics, own processing of statistical data

The contribution of agriculture (including forestry and fisheries) to GDP formation was due to fluctuations in national agricultural production.

**Figure 4 - Dynamics of agricultural production measured in Romanian GVA in 2013-2017  
In 2012 = 100%**



Source: National Institute of Statistics, own processing of statistical data

The dynamics of agricultural production shows fluctuations from year to year due largely to the meteorological and climatic variations in Romania, as well as the impact of the common agricultural policies (CAP) with great influence on the granting of subsidies, but also the fact that the demand for agri-food products the market is one of an elastic nature in relation to other economic indicators (prices and revenues).

Also, agriculture plays a very important role in supporting the self-consumption of the rural population. It can be observed that from the analyzed period the share of consumption in GDP as well as that of the self-consumption has had an increasing tendency due to the big productions supported by the demand on the market of the agri-food products.

## Labor force in agriculture and labor productivity in this sector

According to the Institute of Statistics, labor productivity is defined as: The employed population comprising all persons - both employed and self-employed - engaged in production activities that fall within the limits of production from national accounts. Labor productivity per employed person was calculated as the ratio between gross value added and the number of employed persons.

**Table 2 - Labor productivity per employed person, by main activities of the national economy, between 2013-2016**  
lei / person / month

Economic activities	2013	2014	2015	2016
Agriculture, forestry and fishing	1098,933	1040,433	1104,167	1288,783
Industry	7546,308	7695,517	8018,467	8352,333
Construction	5868,217	5481,467	5515,142	5719,258
Trade	4464,758	4891,575	5631,492	6153,267
Information and communications	18889,73	18348,26	17520,49	19584,49
Financial intermediation and insurance	18183,67	18156,96	18588,18	19956,88
Professional activities	10188,9	9788,542	11457,51	11651,78
Public Administration	5192,467	6111,633	5012,517	6280,558
Other services	6246,708	6724,158	8017,125	7578,442

Source: National Institute of Statistics

As can be seen in table 2, the labor productivity per employed person measured in lei per person within one month in the agriculture sector is the lowest of all economic activities, given that this activity is characterized by its zoning, thus there are months of the year when the employed person does not work.

However, analyzing the evolution of this indicator, we notice an increase in labor productivity in agriculture, reaching 2016 (1289 lei / person / month), being 17, 3% higher than the base year.

As can be seen, each economic activity has seen increases in labor productivity, the agricultural one being the fourth place. The main reason for the increase of the labor productivity both in the agricultural sector ((forestry and fisheries)) and in the rest of the economic activities is due to the increase of the gross added value.

**Table 3- The average monthly costs of the labor force per employed person, by main activities of the national economy, during the period 2013-2016**  
lei / person / month

Economic activities	2013	2014	2015	2016
Agriculture, forestry and fishing	2095	2248	2375	2794
Industry	2932	3099	3214	3477
Construction	2112	2181	2435	2606
Trade	2237	2421	2650	2901
Information and communications	5294	5679	6267	7002
Financial intermediation and insurance	6568	6523	6903	6976
Professional activities	4125	4254	4648	5068
Public Administration	3501	3925	4033	4354
Other services	1733	2003	2213	2363

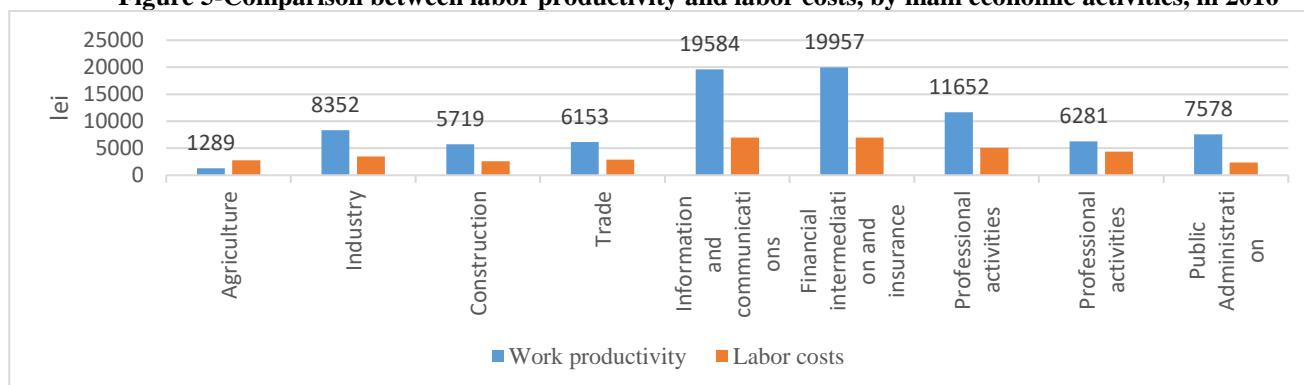
Source: National Institute of Statistics

According to table 3, the average monthly costs of the labor force measured in lei per person in the agricultural sector, are on the third place of all economic activities, given that this activity is characterized by the availability and the need of people according to the season, thus the costs per person are not recorded in all months of a current year.

Thus, analyzing the evolution of this indicator we notice an increase of costs per person in agriculture, reaching in 2016 to (2794 lei / person / month), being 33, 4% higher than the base year, representing an absolute value of about 700 lei / month / person.

As can be seen, each economic activity has registered increases in average monthly costs, the agricultural one being the third place, with relatively low costs compared to the other activities, where as you can see the highest costs per person during one month is registered for the economic activity (information and communications). The main reason for which the average monthly costs registered increases both in the main sector analyzed, namely agriculture, but also in the rest of the economic activities, is due to the increase of the minimum wage in the economy, so that the contributions of the employer to the state have undergone changes.

**Figure 5-Comparison between labor productivity and labor costs, by main economic activities, in 2016**



Source: National Institute of Statistics, own calculations

Drawing a comparison between labor productivity and labor costs, we note that in terms of labor productivity agriculture is below the average recorded for all economic activities, respectively 27356.13 lei / person / month, which is 95.3% smaller. While the average monthly cost for all the economic activities presented is 4074.1 lei / person / month, agriculture is below this average with 31.4%. It is worth noting that the labor costs in agriculture exceed 116.8% of labor productivity, being the only economic activity where this is observed.

According to the Institute of Statistics, the value of the production is defined as: value expression of the volume of all agricultural and animal products, (without losses) obtained in a calendar year, of the expenses for setting up and maintaining the plantations of trees and vines until their entry on the fruit. , of the agricultural services performed by specialized units against a tariff or on the basis of a contract as well as of the inseparable non-agricultural secondary activities.

**Table 4-The value of production on agricultural branches**

Agricultural branches	U.M	2013	2014	2015	2016	2017	2017/2013	2017/2016
Vegetable	THOUSAND LEI	53843812	49058330	43574128	45155180	53216739	-1,16	17,85
Animal		23876547	24481641	24315779	23293590	24331854	1,91	4,46
Agricultural services		744057	984483	859671	899844	945512	27,08	5,08
Total		78464416	74524454	68749578	69348614	78494105	0,04	13,19

Source: National Institute of Statistics

Calculating the value of the production on the agricultural branches from the analyzed period, it can be observed that the vegetable branch decreased by 1.16% in 2017 compared to the base year and the highest increase was registered in the agricultural services branch of 27.08 %, for the same period analyzed. The value of the production on the agricultural branches registered an increase in 2017 compared to the year of 2013 of only 0.04%, regarding the year 2017 compared to the previous year in terms of the value of the agricultural production it is observed the value of the production on the agricultural branches increased by 13.19%.

**Table 5 - Production value on agricultural branches  
- percentage representation-**

<b>Agricultural branches/year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Vegetable</b>	68,6	65,8	63,4	65,1	67,8
<b>Animal</b>	30,4	32,9	35,4	33,6	31,0
<b>Agricultural services</b>	0,9	1,3	1,3	1,3	1,2
<b>Total (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: National Institute of Statistics, own calculations

Calculating the weight of the value of the production on the agricultural branches, we find that the vegetable agricultural branch holds the highest weight for the whole period analyzed, ranging from 63.4% to 68.6%. According to table 5, the lowest weight is held by agricultural services with 0.9% and 1.3%.

## CONCLUSIONS

It is noted that agriculture plays a very important role in sustaining the self-consumption of the rural population. It can be observed that from the analyzed period the share of consumption in GDP as well as that of the self-consumption has had an increasing tendency due to the high productions supported by the demand on the market of agri-food products.

The tendency of reduction in the formation of the gross domestic product (GDP) was largely due to insufficiently developed economic conditions, to a limited technical base, but also to the influence of climatic factors. It is worth noting that among the economic activities that hold representative weights include: public administration, trade and industry.

At the same time, the decrease in the share of agriculture, forestry and fisheries in GDP is due to the much accelerated development of other economic activities. Regarding the labor force in agriculture, it is characterized by seasonality, but nevertheless there is an increase in labor productivity in agriculture.

Each economic activity has registered increases of the average monthly costs, these increases in agriculture are due to the increase of the minimum wage in the economy, since the contributions of the employer have undergone modifications according to the last laws in force.

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