



Smart-Project Romania
business services & consulting

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**Supplementary Program
Territorial Employment Pacts
Ministry of Economy and Finance
Measure 5 - Complementary Initiative Regarding the Actions of the National
System**

“Mission Romania”

The South-Eastern Region

The Romanian region with the highest development potential

Introduction

In a permanently evolving world, which implies radical changes regarding the methods used in realizing a sustainable development, Romania is in a critical faze of changes and choices.

Following the signing of agreements for EU membership, the country has realized the distance that separates it from the criteria for membership and is working to adapt to Europe.

The main objective of economic development in the coming years is a stable growth of the basic parameters that measure the social prosperity in harmony with the surrounding environment.

In order to achieve this we work:

- to strengthen business and economic partnership in a context of environmental compatibility and use of human resources
- to combat unemployment and strengthen the cohesion and social solidarity

According to this objective, the region of South East has achieved a ten-year plan for regional development. The presentation below illustrates briefly the profile of the region of South East, its potential for development, the strengths and weaknesses that characterizes it.

Geographical Features

With the accession of Romania to the EU, the Region of South East will be the most eastern of Europe, bordering Bulgaria to the South, Ukraine and the Republic of Moldova to the Northeast. It also represents Romania’s access to the Black Sea. The region has an area of 35,762 sq. km and about 3 million inhabitants. It consists of important areas: the Danube



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Valley, the Baragan Plains (center), the Covurlui plain (North), the plateau Doborogea (South East), the Macin mountains and some of the Carpathian mountains, the Black Sea coast, the Danube Delta.

Administrative Structure

The region includes six provinces: Braila, Buzau, Constanta, Galati, Tulcea and Vrancea. The most important regional body is the Regional Development Council, made up of 24 elected Members (Presidents of the provinces, provincial councilors and mayors).

The regional executive body is the Regional Development Agency, with headquarters in Braila, to whom all regional development projects, including those for integration in Europe belongs to.

Demographic Features

The region has a population of about 2,934,000 inhabitants and a density of 82 inhabitants per sq. km; the most densely populated province is Gatati (144 inhabitants per sq. km) one with lower density is Tulcea (31 inhabitants per sq. km).

The major cities are Constanta (346,000 inhabitants.), Galati (328,000 inhabitants), Braila 235,000 inhabitants.), Buzau (149,000 inhabitants). Focsani (100,000 ab:), Tulcea (97,000 inhabitants.).

Economic Context

In recent years the economy has been characterized by the decline of basic industry and the restructuring of large enterprises.

The economy is characterized by small and medium enterprises, most of the larger firms are active in industry, construction, in transport and services. In 1999 the gross domestic product of the region was 3 billion. In the same year, the average per capita income was 1020 euro.

Rural areas

These areas have significant natural resources and a diversified economy. Agriculture is the main activity, along with fishing, forest activity, the production of lumber.

The soil is very fertile, especially in Baragan and in the Big Island of Braila, areas where there are different types of cultures. The climate is dry during summer and requires irrigation systems. In mountain areas of Buzau and Vrancea there are large forest areas.

The Delta of the Danube and the Small Island of Braila are nature resources. Moreover, among natural resources the lagoons in the Delta and coast areas must be mentioned.

The Advantages of the Region

The geographical position makes it possible to develop economic cooperation with neighbor countries such as Bulgaria, Ukraine, Moldova.

The port of Tulcea and Constanta are the input ports on the Black Sea for international maritime trade. Braila and Galati have commercial ports on the Danube.

The region has 254 km of coastline, the vast sandy prevalence. The most important seaside resorts are: Mamaia, Eforie, Mangalia.

The Danube Delta in the province of Tulcea, is a world's natural heritage because of its biodiversity. The protection, preservation and sustainable development of this unique ecosystem is the main goal of the national policy and Regional environmental matters.

The South-East Region: Present and Future Development

Transport and telecommunications

The regional road network is approximately 11,000 km long and the railway, 1329 km. One of the most important goals for the region is the construction of bridges over the Danube and road links, partly co-financed by EU funds for accession to EU.

The offer of telecommunications services is of high quality and covers almost all the urban areas.

The Danube can be navigated by vessels catching up to 7 meters, only on the Sulina - Braila channel. The rest of the river is navigable by fishing boats no larger than 2 meters.

The international airport Mihai Kogalniceanu is in the city of Constanta.

Public utilities services and systems

The electrification covers the whole region. The distribution of natural gas is more developed in Buzau, Braila and Galati. Only the city of Constanta has a well developed heating network. Other provinces need to restructure their systems. The distribution of drinking water covers 70% of the population. Investments to expand the aqueducts are in progress. A complete and efficient waste water treatment system exists only in Braila. The sewerage system needs fulfillment and maintenance actions.

Population, living standards and education

57% of the region's population is concentrated in major centers such as: Constanta, Galati and Braila. In Vrancea inhabitants of the urban areas are quite few (37%). In the region there are many ethnic minorities: Turks, Tatars, Russian, Lipovani, Gypsies, Greeks.

Unemployment reaches high levels, especially in industry and agriculture. Braila is the city with the highest unemployment rate (15%).

There are two universities in the region:

- the "Ovidius" University in Constanta which has seven faculties: philology, theology, mathematics, economics, medicine and engineering.
- the "Dunarea de Jos" University in Galati which has the following faculties: engineering, material sciences, food processing, aquaculture and fisheries, philology, history, economy, science administration. A separate section of the faculty of engineering works in Braila.

In some cities there are also private universities in liaison with foreign institutions.



Hospitals and health facilities lack modern equipment. The Health sector needs modernization and the contribution of private medical facilities.

The Regional Economy

Foreign investments are concentrated especially in Constanta (68% of the total regional foreign investments), due to the shipyard.

In the region, agriculture plays the most important part. The main crops are: vineyard and sunflower, followed by crops of wheat, cereals and beans. In recent years there has been an increase in vineyards. The Region of South-East is the first Romanian wine region. The most important vineyards are: Panza and Odobesti in Vrancea, Murfatlar in Constanta, Pietroasele in Buzau, Nicoresti in Galati, Niculitel in Tulcea.

In the livestock sector prevails rearing sheep and goats. The production of honey follows, in the order of importance.

Timber production is 1.1 million m³, and represents 7.7% of the national total. 44% of the workforce works in agriculture.

In industry, the most important foreign investments were focused on the shipyard of Costanta and the food industry. The main foreign investors are: Korea, Turkey, Germany and Italy.

In the services field, most of the workforce is working in trade. Tourism covers various types of offers: sea, mountain, culture, business, nature, agro-tourism, spa treatments.

Almost 50% of tourism businesses is focused in the region of Constanta. The Black Sea coast offers 13 tourist resorts with facilities which are generally opened for business 3 months a year.

The most important regional tourist attractions are:

- the Danube river, one of the largest in Europe. In the Delta are over 5000 species of plants, 300 species of birds and mammals, 30 species of fish. Nature cruises can be made along its channels;
- spa centers and clinics for health: Eforie Nord, Techirghiol, Mangalia, Navodari;
- fishing and hunting seasons in the legal fishing and hunting season in the areas of the Little Island of Braila, Big Island of Braila, Jirlau and Viisoara Lakes, and Camnita forest;
- the mountain areas of Vrancea and Buzau with protected areas, waterfalls, caves, salt mines, mud volcanoes;
- Greek, Roman, Byzantine and Gothic fortresses and ruins.

It can therefore be said that there are the conditions for a sustainable development of the tourism in the region, nevertheless this implies improving the quality of the services, the organization and infrastructure. In this area, projects in cooperation with other countries are desirable.

Disadvantaged areas

In South-East, there are four disadvantaged areas where incentives are granted specially to attract investors:

- the mining area Altan Tepe, located in the province of Tulcea;
- Nehoiu town, located in the province of Buzau, where only a limited number of entrepreneurs have expressed their interest in the field of timber and industry;
- Marasesti town, located in the province of Vrancea, where investments in commercial activities have been made;
- the town of Harsova, located in the province of Constanta, where investments in commercial activities have been made;
- The special incentives introduced in order to attract investors are:
 - exemption from paying customs on the raw material necessary for the production;
 - the temporary exemption from VAT, during the investment period;
 - suspension of the VAT payment for the amount of industrial machinery, equipment, facilities, means of transport;
 - exemption from tax payment on real estate transactions for land that changes destination, from agriculture to industrial or commercial use.

Interregional differences

Sometimes the differences within the same region are greater than those between different regions. In the South East Region, the provinces with a higher gross domestic product are those of Constanta and Galati, but the major differences were not between the provinces, but between villages and urban areas.

The process of industrial restructuring had a negative impact on regional economic growth. The restructuring has involved: the metal-steel, mechanics (at Braila and Galati), chemicals and petrochemicals (Braila and Constanta).

The economy of the province of Tulcea was very burdened by the loss of the fleet sea fishing and the decline of local metallurgical complex, while tourist activity in the Danube Delta had increased only in the last few years.

The province of Constanta, due to port activities and diversification in the sector of services, had suffered less than the general economic decline at the end on the 90'.

The imports and exports of Romania transit through the port of Constanta.

In the provinces of Buzau and Vrancea, in addition to the problems of industrial restructuring, there are the typical ones of underdevelopment in the very populated rural areas.

The entire region, especially Constanta, suffers from lack of bridges on the Danube river.