THE ROMANIAN COMPETITIVENESS CRISIS IN THE EUROPEAN CONTEXT: A COMPARATIVE APPROACH AT THE CENTRAL AND EAST EUROPEAN LEVEL

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ABSTRACT
For a while now, we are witnessing a period of great uncertainty and economic turmoil, for which it seems that a proper solution can no longer be found. In the recent years, Europe faced countless social and economic problems, in addition to the financial difficulties of the member states, to the growing sovereignty of some nations parallel to the deterioration of the other's position on the market, and to the increasing unemployment and social discontent in most of the European economies. All these problems led to questioning the very viability of the „EU" concept, and to the amendment of the fundamental principles that assure the European Union's functioning. Hence, the EU is now taking steps towards balancing the unevenness of economic power inside the union and bringing afloat some states which seem to be already too exhausted to fight.
On this background, talking about economic growth, business excellence, management revolution, innovation, creativity and all the factors that generate a country's competitiveness seems ironic, as long as the state's economic system is struggling to survive and to assure a decent standard of living. On the other hand, is it not a paradox to talk about rebalancing the already weary economy without assuring a high competitive level between states, isn't this actually the impulse economies need and the key to the problems we deal with?
Our goal through this paper is to bring forward the tremendous significance of the economic competitiveness and competition between states, as a solution to the troubled economy, by analysing and discovering the role Romania is playing, in comparison to other Central and East European states. Furthermore, we will try to explain Romanian current position and give recommendations for boosting its economic performances through healthy competition.

KEYWORDS: *economic competition, EU, Romania*

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1. INTRODUCTION

In terms of human progress, the most significant concepts are those of competitiveness and economic growth. Without them, the prosperity of a state could not be achieved. Moreover, the differences in terms of global economic power between countries emerge from the difference in the competitiveness of their economic systems. As a consequence, the two concepts mentioned above are constantly present in our modern history, where states do their best to gain influence on a global scale.
After a long and excruciating transition period, from the centralized to the market economy, and especially after the pivotal moment of Romania's accession to the European Union, our country faces even more confrontations than before: the integration in the European economic structures,

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the imposed financial requirements, the effort in the purpose of adopting the single currency, the external shocks of the never-ending crisis, the social discontent and moreover the globalization process. All these new factors call for a new transition, this time towards a new competitive economy, which can bring benefits to the country as a whole and moreover, to the individuals living inside it.

All the actors from the National, European or Global market seek to gain profit and various benefits which can differ substantially from one to another. Besides, as a member of the European Union, a state may be forced to obey a certain regulation that, at least in a short term and especially for weaker economies, seems to work against the national interests. In this context, how can governments decide on the most effective policies and strategies to be followed in order to become more competitive?

Currently, according to the most popular international statistics in the competitiveness area, Romania lags – best case scenario – in the medium range of the world states hierarchy, and within the lasts among European states. Disturbing though is the downward trend from the last years, improvement opportunities seem not to be possible without a drastic re-examination of policies, strategies, means of action and mentality, deeply damaged in the communist period.

Economic competitiveness is a very complex phenomenon, with various definitions, interpretations and evaluation methods, on which scholars are still negotiating without any precise conclusion. Moreover, the concept belongs to the most used, discussed and analysed contemporaneous areas, which lead to numerous polemics among professionals. The term passed from the management area to the economic and politic area, describing the present trends of contemporaneous economy and having an essential function in the distribution of wealth, both nationally and globally. Economic competitiveness is deeply influenced by governmental institutions and agencies from different territorial levels (local, regional, national). Therefore it should become a strategic objective, around which the efforts and resources of a country should focus, in order to overcome crisis situations like: economic and financial difficulties, poverty, social conflicts and others of this kind. However, enrolling in such a process requires a long-term sustainable effort and the involvement of all economic agents.

This paper aims to identify the economic opportunities of the Romanian business and governmental policy makers, in order to enhance the country's competitiveness and straighten out its position on the international arena. Romania's comparative approach aims to identify performance gaps between our country and similar economies from CEE, taking into account the influence the governmental policies have on the country's competitiveness. Furthermore, the goal is to define the competitive advantages and disadvantages, taking into consideration only the ones which come as a direct consequence of the policies adopted.

Romania has still to overcome a very difficult period, in which the misconducts and shortcomings gathered during the previous transition may hamper the efforts of governments and various economic actors. However, with constant engagement, vision and high motivation, our competitive advantages may propel us on a better position on the global hierarchy.

2. THE ROMANIAN PLIGHT

2.1. The macroeconomic context

Romania's accession to the EU in January 2007 opened multiple opportunities for our country to actually achieve it's economic, social, political or cultural goals. It turns out though, that the integration process is particularly difficult, especially for an economy that still carries around burdens of a flawed social system. Meanwhile, the trends in Romania's evolution are following a dangerous path, and in contempt of it's chance to prove itself as an active and creative actor amid the community space (particularly for it's geo-strategic position), we still have to refill massive gaps and to conduct various reforms in most areas.

In the post-accession period, namely 2007-2012, Romania's evolution was oscillating. After recording an average annual growth rate of 7.2% in 2006-2008, the GDP registered a steep drop of 6.6% in 2009, the tendency remaining the same in 2010, with a reduction of another 1.6% . Starting with 2011 though, and all way to the third quarter of 2012, there has been a certain improvement in the GDP trend, the rates being positive: 2.5% in 2011, 0.3% in the first quarter and 1.1% in the second quarter of 2012. The third quarter brought back the downward trend, facing a 0.5% decrease in the GDP. Compared with 2011, in 2012 the cumulated economic growth maintains itself low, but positive, surpassing the previous period with 0.2%.

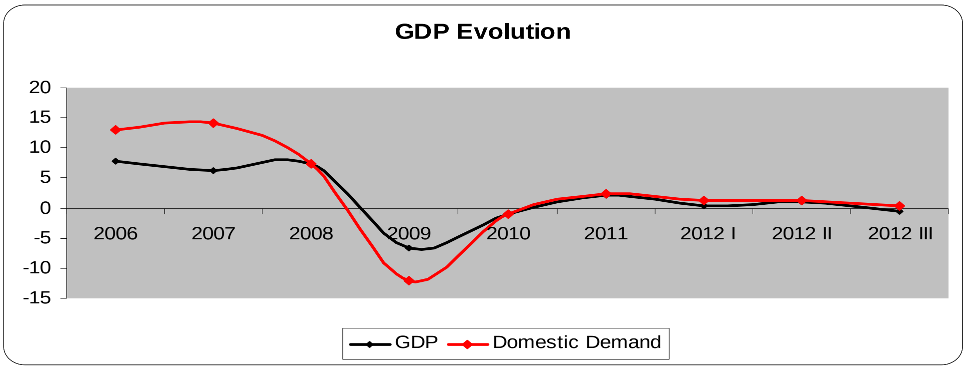

Figure 1

Source: adapted from “Romania in cifre 2012”, National Statistics Institute

One of the decisive factors in the sharp drop of GDP in 2009 was the decrease in the domestic demand with almost 12%, due to unfavourable internal and external economic conditions which submerged the population’s purchasing power. Moreover, along with a 20.5% decrease in the value of imported good and services, investment inside and outside the country fell substantially, and the gross fixed capital formation declined with 8.8% in the period 2009-2012. In terms of final consumption, the average annual loss within the mentioned period accounts to 2.6%.
The foreign trade recorded an average annual rate of -1.9% in the period 2009-2012. Just in 2010, the export rate started to rise, but still registering modest values due to the economic crises which affected the main economic partners, namely European partners (71% of Romanian exports and 72.7% of the imports go to European countries). These results are also linked to the domestic currency depreciation in the period 2009 – 30 September 2012 with approximately 13.7%.
According to the Ministry of Finance, in 2009-2011 the Romanian consolidated budget deficit recorded a downward trend. As a share of GDP, the budget deficit (in terms of commitments) indicated a value of 9% of GDP in 2009, falling to 6.8% in 2010 and reaching 5.8% in 2011. These values along with the government debt evolution are one of the few areas in which Romanian financial performance holds a competitive advantage over other European economies. Hence, in late September, after gaining 3.1% compared with the last year, the government debt calculated according to the European methodology was 36.1% of GDP (211,5 billion RON), one of the lowest from Europe, being outperformed just by Estonia (9.6%), Bulgaria (18.7%) and Luxembourg (20.9%). Nevertheless, one should see through the statistical data and keep in mind that the accelerated rhythm of government debt growth recorded one of the biggest advancements in European Union, which should raise concern among policy makers.
In order to prevent damage to the economic and financial situation, in 2009 the Romanian authorities agreed upon a budget for a period of two years with the International Monetary Fund, European Union and other international financial institutions (BIRD8, EIB, EBRD) worth 19.95 billion euro. Its aim is to ensure macroeconomic stability during the global economic crisis. On 10 March 2011, the Romanian authorities requested the anticipated completion of the “Stand-By Agreement” with the International Monetary Fund and the simultaneous approval of a new “Stand-By Preventive Agreement”, lasting 24 months (approved on 25 March 2011), amounting to about 3.5 billion euro. Complementary to the IMF support, on 12 May 2011, the EU Council approved the

allocation of a medium-term financial assistance for Romania up to 1.4 billion euro, which is conditional upon the implementation of a comprehensive programme of economic policies focused especially on structural reform measures aimed at improving labor and products market and to increase the growth potential of the Romanian economy.

As a consequence, Romania pledged to keep the budget deficit within certain limits (2.4% of GDP in 2013, calculation based on EU methodology) by implementing measures to reduce public expenditures such as salaries, to reduce the number of employees in public administration, to introduce the single salary scale for civil servants, to remove the subsidies for heating provided by the state budget, to grant a more efficient aid system for the disadvantaged population, to limit the early retirement and to improve the absorption of EU funds.

Having an extremely low confidence in the public authorities, the population remains sceptical to these measures. There are broadly speaking two groups of citizens: one is satisfied that at least some measures were taken, suggesting that the government actually worked on finding some solutions to the economic situation – but this group comprises the lowest percentage of the population (less than 18%); the other one (the vast majority of population – more than 80%) are completely troubled by the idea that the Romanian government is acting like a “marionette”, without being able to set it’s own agenda, but acting upon IMF’s will. Moreover, the social discontent could be lower if the measures taken would actually be effective for the poor people too. Instead, there is a general feeling that the ones who are protected are again the richer masses at the expense of low-income ones (see the single salary scale for civil servants which brought huge salaries to a more normal limit, but almost vanished the already low ones - the case of thousands of professors and medical workers, for example).

Regarding the business environment, the 2009-2011 period brought 365 232 new firms, while 334 403 closed their doors, most of them being small and medium size enterprises. In 2011 there were just 68 589 new firms on the market, almost three times less than in the previous year. At the end of February 2012, there were over 946 000 active economic agents, compared to 890 000 in February 2011. Most of the firms registered in 2012 are active in the agricultural sector, about 12800 - 90% more than in 2011. Meanwhile, a large increase in the percentage of registrations (689 firms, compared to 281 in 2011) took place in fields like arts, entertainment and recreation. Also the production and supply of electricity, gas, steam and air conditioning area witnessed an increase of 50% in the number of registered companies in January-February 2012 (158) compared to the same period in 2011 (81). Apart from the numbers, the Romanian business environment is attractive for its ease and low cost of enterprise registration, cheap labour force, free trade, investors protection and flexible mentality (Romania is place 60 out of 114 in a top made by Forbes magazine). On the other hand though, its infrastructure, fiscal regime, bureaucracy, capacity of innovation, low credibility level and monetary freedom, represent strong set-downs for its development.

Last but not the least, an overview of the Romanian fund absorbing capacity is mandatory for defining its progress over the last six years. Romania benefits from the following Operational Programmes: OP Technical Assistance, OP Environment, OP Transport, OP Regional Operational Programme, OP Increase of Economic Competitiveness, OP Administrative Capacity Development, OP Human Resources Development. These programmes allocate 19 213 billion euro from the Structural Funds (European Social Fund –ESF and European Regional Development Fund- ERDF) and the Cohesion Fund - CF, to which a national co-funding estimated at 5.6 billion euro is added. The EU fund allocation distribution is: ERDF – 8 976 billion euro; CF – 6 552 billion euro and ESF 3 684 billion euro. The total number of submitted projects is 36 283 projects, out of which 11 820 were approved and just 9 560 signed. This means that Romania attracted just a meagre amount from the available funds, of 5.79 billion euro, translated into a modest absorption rate of just 9.17%, which places our country on the last place in the EU.

The main problems that led to delays in implementation occurred in the following areas: the preparation of project portfolio, the launching of project applications, the evaluation, the selection, the contracting, the effective start of project implementation and a number of legal barriers.

All these considered, we can state that only the socio-economic development from 2007 and early 2008 succeeded to follow the trends predicted in the moment the strategic priorities were set, while the 2009-2012 period was increasingly altered by the effects of the global economic and financial crisis on one hand, and by the permanent politic tension and growing social discontent on the other hand.

2.2 Romanian competitive background

According to the Global Competitiveness Report 2012-2013 released by the World Economic Forum, Romania ranks 78 of 144 countries. Inside the EU, Romania has managed to surpass a single country, namely Greece, strongly affected by the economic crisis started in 2008.

With the GDP per capita situated way below the EU average (12 808 euro in 2012 compared to 25 600 euro), the Romanian competitive profile doesn't look very bright. Out of 144 countries, Romania ranked last year 78th place, loosing one place from 2011 (77th), and dropping ten since 2010 (67th).

Romania is still in the efficiency-driven stage of development, longing to arrive to the transition period which would transform it in an innovative economy. Many people are sceptical though, holding to the strong belief that the country is way too far from that stage, moreover it seems it is going towards the opposite direction. Analysing the statistical report and comparing them with the social context inside the country, one could say that the thesis is not completely wrong.

The Global Competitive Index is composed of: the basic requirements indicators (accounting for 50%), the efficiency enhancer's indicators (40%) and innovation and sophistication factors (10%).

The basic requirements are fulfilled sufficiently to place Romania on the 90th place. Our country performs poorly in this area: our institutional system holds the 116th position due to drawbacks like their transparency of policy making, the lack of public trust in the politicians, the favouritism and the efficiency of the government's services for improving business performance. The infrastructure (97th) is known for it's poor quality of the roads, railroads and ports on one hand, and on the other hand, it represents one of the main reasons for poor tourism and potential investor's avoidance. The microeconomic environment is less problematic (58th) – as we saw in the previous chapter, financially Romania is still on the floating line.

Another basic requirement is referring to the health and primary education (83rd), an indicator strongly affected by the primary education enrolment percentage which accounts for just 87,6% of population, and the quality of health facilities and primary education process, a subject to long disputes and public dissatisfaction.

The higher education and training (59th), the efficiency of labour (104th) and goods (113th) market, the development of financial markets (77th), the technological readiness (59th) and the market size (43rd) are seen as efficiency enhancers (64th). If the majority of these factors are placing Romania above the average, the efficiency of both labour and goods market represent real set-backs for our competitiveness. Romania lacks healthy local competition, has still to solve the issues regarding high tax evasion, has to work on a more effective anti-monopoly policy especially in the energy related areas and has to come with new strategies for attracting foreign direct investment in the country. Moreover, the high bureaucracy, the poor co-operation between employers and employees (which has its roots back in the previous social system's doctrines), low salaries, lack of professional management and the "brain drain" are issues which stand in need for immediate action.

Romanian business sophistication (110th) and innovation (102nd) set our country again back to the last places. The deficient state of cluster development, the low sophistication of the production process and the fact that the companies are not struggling enough for obtaining big competitive advantages and enhance their business efficiency, make our business sector look unprofessional. Furthermore, poor innovative capacity, lack of university-industry collaboration in the research and development of new products and governmental indolence towards intensifying research and development activities through subventions, procurements of advanced technological products, are just some factors which keep our country from becoming an innovative economy.

Doing business in Romania is impaired mostly because of the high corruption level (especially in the public sector), considerable tax rates, inefficient governmental bureaucracy, elusive or ambiguous regulation, political instability or inadequate supply of infrastructure.
How are the authorities trying to adjust all these short comings and what is the extent of their involvement? Can our country compete in real terms with other CEE countries? What are the advantages we can use and what are the measures we could use to reduce the drawbacks? These are just some of the questions the next chapters will try to answer.

3. A COMPARATIVE ANALYSIS OF THE NATIONAL COMPETITIVENESS

According to the Romanian Competitiveness Report 2011, Romanian performance inside the EU is below average, as an overall of the six areas of reference: general indicators, legislative framework, public administration, physical infrastructure, human resources and fiscal/monetary highlights. The general competitive score shows that Romania has 25 competitive advantages compared to 49 disadvantages, which suggest that the country should leverage some of its advantages in order to have economic growth and boost competitiveness.
As countries of reference Austria, Bulgaria, Czech Republic, Hungary, Poland and Slovakia were considered representative for the comparison, due to similar features, position and economic evolution. Within this group, our country performs around the average and holds a slight competitive disadvantage.
Romanian economy is characterized by a low level of *investment* (just 29% of the EU average) and a relatively low return on the existing investments (80% of the EU average). Additionally, a low level of foreign direct investment (4.6 times lower than the EU average of 1768 euro/capita), requires prompt intervention for Romania to catch up with the members of the group, boost it's exports and provide healthy economic growth. A starting point should be the existing competitive advantages, like the percentage of Gross National Savings in GDP (22.24%, competing with Austria 25.13% and Bulgaria 24.14%), the total investment as a percentage of GDP (26.20%, the closest competitor being Czech Republic with 22.40%) and the ratio of household consumption to the governmental consumption (where Poland is a strong competitor, a country which reached incredible levels of growth since the fall of the communism).
The *government* accountability and direct contribution to the economic performance represent compelling indicators for measuring the effectiveness and efficiency of the policy making and policy implementing processes. Some of Romanian's substantial disabilities, acknowledged by each Romanian citizen, are the government's lack of implication in restructuring the economy, corruption, inadequate transparency, and excessive formalism which creates a huge gap between population and its needs and the power-holders. It looks more and more like a never-ending vicious circle, where people with power pull strings to achieve their own personal targets and to bring ahead and empower persons, based not on their remarkable academic background or outstanding talent, but more on connections and easy-to-manipulate nature. In this way, inadequate people take inadequate decision, impoverishing an entire nation. In this context, the Corruption Index is conclusive: along with Bulgaria (0.57) we are the last in the group (0.59). Moreover, at a survey made by AmCham Romania, aimed to asses the public administration efficiency, on a scale from 1(worst) to 10 (best), the Romanian public administration received 2, the second worst mark.
Energy, essential in all economic activities, can spur productivity and competitiveness if proper and efficient policies are applied. In Romania, the structure of the energy sector, though extremely varied, tends to annihilate competition, both the supply and distribution markets still being ruled by a few players. Correlated to the benchmarking group, Romania has the biggest energetic sector (with an installed capacity of 23GW), but mostly state owned and in need of complete refurbishment. Nevertheless, Romania is a net exporter of electricity (to Switzerland, Serbia, Hungary, Bulgaria, Luxemburg, Austria, Czech Republic, Germany and Greece), great development in the last years can be seen in the renewable energy sector. A combination of nuclear, hydro, coal,

gas, and wind could give our country a strong competitive advantage.

Another aspect relevant for the national competitiveness is the *legal framework*, weighing the effectiveness of a country's legislation. In Romania, the *labour* legislation is included in the Labour Code which provides the legal framework and the general rules that should govern the work-based relations, certain aspects being established by special laws (like the Social Dialogue Law 62/2011). Romania is among the countries which is regulating the labour activities the most (ranked 66th out of 123 countries, while Austria for example is on 116th place) and is characterized by high bureaucracy. By 2011, labour legislation was perceived as favouring the employees, but in 2011 various amendments were adopted in order to increase employer's flexibility, Romania managing to alienate itself to the reference group. An issue should still concern though the policy-makers – our country is the last in the group in terms of providing a decent minimal wage (157.3 euro whereas Poland offers almost twice – 353 euro, Hungary - 341 euro, Czech Republic – 315 euro, Slovakia – 310 euro, Bulgaria – 159 euro). A best practice example is set by Austria, which does not regulate a minimum wage, salaries being established by industries, companies or within individual agreements.

When talking about *taxes,* statistics show that Romania is a country which charges the most the entrepreneurs, compared to the group of reference (116th place, compared to Slovakia 69th or Bulgaria 78th) being an obstacle for launching businesses and for encouraging entrepreneurship. Although the taxes are high, the paradox is that the percentage of these taxes in GDP is relatively low (17.89% compared to 20.17% for Austria or 24% for Bulgaria), meaning a poor financial management and lack of fiscal vision. The Tax Code became effective in January 2004, covering the main direct and indirect taxes applicable to tax payers. Since then, about 70 amendments were adopted, damaging the stability and predictability of the entire tax system and generating great uncertainty in the business world. A flat rate is about to be introduced this October, in sectors like tourism, catering, cafes and bars, eliminating the 16% tax on profits and the 3% tax on incomes.

We can not talk about the Romanian *judicial system* without mentioning the overcrowded courts or long and troublesome processes, mostly due to inefficient organisation, high number of cases, lack of qualified personnel, excessive formalism and low quality of administrative operations. Correlated to the group, Romania has the disadvantage of not using e-tools as a support for the basic formalities and of not making compulsory the non-legal education for the employees, through which they could get better acquainted with the cases, especially in the commercial/business area, improving hence the quality and length of processes.

The *capital market* in Romania is still in an emerging stage, the value of stocks traded as a percentage of GDP is only 1.17% compared to Hungary (20.11%), Poland (12.97%), Czech Republic (10.83%) or Austria (6.63%). Also the gross capital inflows as a percentage of GDP represent just 0.1%, while Poland for example has 3.77%. The late political instability and the damaged image of our country abroad represent real encumbrance for Romanian business and capital market development.

The *infrastructure* of a country reflects its level of development, both in a qualitative and quantitative way, being a key factor for the economic growth. In Romania, the *IT infrastructure* is unbalanced: where there is an internet connection, the bandwidth respects the EU standards. The problem is that just 49% of the Romanian businesses have an internet connection (84% is the EU average) and just 42% of the households are connected to a network (70% EU average), with these scores Romania is falling again on the last place in the mentioned group. On the other hand, a competitive advantage is the low cost of telecommunication (73% less than the EU average), which could represent a good start for developing the IT infrastructure.

If Romanian energy sector and agriculture serve as sources of competitive advantages, the Romanian *transport* is one of the less developed in Europe – regardless if we refer to road coverage, connections, quality or safety. Romanian motorways account for just 10% of EU average, comparable maybe just to Poland (15%) from the reference group, and being far away from Hungary (85%) or Austria (141%) which sets an example in almost all the areas. Moreover, the

Romanian transportation infrastructure is a state property, concessions being possible but the entire process besides being extremely formalised lacks transparency and tends to create a monopoly for high-connection-based companies.

When talking about a nation's competitiveness it's an imperative to evaluate its *human resources* - a country's most important asset. *Work productivity* accounts for just 42% of EU average, due not only to the scarce capital endowment but also to the limited lifelong learning and continuing training of the work force, Romania being placed again last in the group along Bulgaria (39%). Romanian *education* scores poorly against the EU average (64%), and inside the benchmarking group on the last place but with little differences among the other competitors (just 2% more for Bulgaria, 6% for Slovakia and 8% for Hungary). We encounter here another typical Romanian vicious circle. Low wages cause frustration among the existing professors, which automatically are not providing anymore the same quality standards as a satisfied person, generating unprepared generations. From these generations, some decide to embrace the same profession (and usually not because of real interest or passion, which are mostly damaged by insufficient income, but because they didn't get in "better universities"), transforming the next generations in burdens for the labour market instead of valuable assets. The educational process is a long-term process, extremely important for the progress of a society, which can not function without a clear vision and stable strategies, whereas in Romania, just in the last five years the examining methods were changed several times.

Last but not the least, a compelling aspect of the national competitiveness refers to the intensity of research and development activity. Among the group, all the former communist countries present severe lagging, being by far below the EU average. In Romania, the government is financing the RD activities at less than half of the EU average, the contribution of the business sector being even less significant. These financial problems, along with a lack in the collaboration between universities, research centres or institutes and companies or industries, determine an almost insignificant number of patent applications – 1% of the EU average of patent application per one million inhabitants.

Romania has indeed a multitude of drawbacks, starting with the government which is unable to provide long term national or regional strategies, predictability and stability of regulations, is corrupted and bureaucratic, offers an inefficient judicial system and high taxation levels, interferes in economic decisions and fails constantly to attract the available EU funds, or to develop the country's infrastructure. However, there are advantages that our country could use to sharpen its position, like: we are the 7th largest market in Europe holding a strategic geopolitical position, we have a low-cost, multilingual, flexible and talented labour force, the availability of natural resources, the opportunity for large infrastructure projects (water supplies, sewage systems, roads and so on) which would entail new investment, the EU membership whose benefits weren't completely taken advantage of, and most of all we have a friendly and welcoming culture.

4. CONCLUSIONS/RECOMMENDATIONS

In this stage, it is clear that Romanian priorities should be primarily to ensure its economy the ability to compete on the single European market, according also to the second economic Copenhagen criteria. Moreover, the real convergence criteria of accelerating growth and productivity in order to catch up with the real incomes of other EU members, associated with the Maastricht criteria which states the microeconomic, price and exchange rate stability and sustainability, should be the basis of all policies and economic decisions.

In our opinion, there are some options that the Romanian policy makers should consider:

- Romanian government should understand that political tension and public disputes between parties can just harm the country's fragile economy. By putting aside from economics the political or personal interests, and creating clear professional long-term strategies, the government would be able to strengthen public trust, business predictability and attract more investors in the country;

- Expand innovation, research and development in Romania by establishing industrial clusters and modern technology transfer infrastructures or by creating an action plan for the foundation of a new CEE Technology Centre with remarkable research opportunities, which would enable the exchange of ideas and technology, with high economic applicability;
- Embrace modern technology (e-government services or different e-tools) inside public administration, judiciary system or other service-offering institutions/areas which would reduce formalism, bureaucracy, corruption and costs, enhancing efficiency, quality and client satisfaction;
- Stimulate investment in industries that are key areas for export, and create encouraging packages for both local and foreign investors, based on the new technologies implemented, the number of jobs created and the level of value added in export;
- Improve the EU fund absorption capacity by educating individuals and companies how to correctly manage their projects, and use the funds for investing in infrastructure, agriculture, education, and mainly all competitive areas;
- Develop a coherent and coordinated plan to improve the Romanian infrastructure to the EU quality standards. Ensure that the implementation of this plan follows the time schedule and integrate these projects with local development initiatives and tourism business;
- Develop a clear energy strategy, investing in intelligent infrastructure of the network and focusing on the development of the renewable energy;
- Improve the educational system and its relation with the labour market, by increasing the educational level of the active people on the labour market (e-learning, lifelong learning etc), by correlating the demand on the labour market with the studies curricula, by strengthening the links between universities, research centres and companies or by enhancing the access of youth on the labour market through internships, practice periods, apprentices.

Romania needs to overcome this unfavourable stage and build a competitive modern economy on a sustainable basis, enhancing its competitive advantages and enforcing its most valuable asset - the human capital.

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