THE IMPACT OF GLOBAL CRISIS ON THE DOMINANT SECTORS OF THE ECONOMY AT THE ROMANIAN INDUSTRY

The purpose of this paper is to emphasize the understanding of the global crisis impact on the dominant sectors of the economy: industry, technology, infrastructure, and institutions. Firstly, it shows the manner in which global crisis has affected both rich and poor countries, generating negative reactions in all economic sectors; secondly, it provides an overview on industry’s place in E.U. economies in the economic crisis context; thirdly, it presents industry’s place in Romania, with a case study on the metallurgical sector and fourthly, it provides conclusions and future perspectives.

Key words: industry, economic crisis, economic dimension, competitiveness, sustainability

INTRODUCTION

Being extremely strong, the global crisis has affected, at various levels and in different proportions, both rich and poor countries, generating negative reactions in almost all economic sectors by altering the whole unification process, convergence and globalization. The dominant sectors of the economy, such as industry, technology, infrastructure, and institutions affected by the period of financial and economic crisis, were influenced dramatically. In addition, with declining investment, exports are at a worrying level, all leading to negative effects that have affected the economy, and most importantly its main sector, the industrial one, considered the primary source of economic competitiveness.

However, the countries whose economic structure was predominantly industrial, although the total national product decreased, faced much better the overall negative situation, managing to recover more easily in the parameters before the crisis.

INDUSTRY’S PLACE IN E.U. ECONOMIES – THE ECONOMIC CRISIS CONTEXT

The economic crisis, strongly felt globally, communitarian and national prompted a restructuring of the economy as whole, a relocation of some production activities, favouring less affected areas, which have also benefited from a favourable reaction from all international bodies and institutions concerned to find fast and effective recovery solutions. Perhaps the most important aspect was managing the crisis in each economic sector, depending on the response of the countries.

Globally, the crisis in the industrial sectors was reflected in different forms, geared especially toward three main ways: employment, investment and technology. The industries most affected by the economic crisis are metallurgy, non-metallic mineral products, building materials, motor vehicles industry, rubber industry and plastic products [1]. Industry, the branch with major impact on the national economy, covers including natural resource exploitation activities and the process of transforming them into means of production and consumer goods.

However, in “modern” European Union economies, this sector has lost its position and importance, by reaching from 22,4 % in 2000 to 18,8 % in 2010, while the service sector is gaining ground, but without being able to substitute the activities and the benefits of the metallurgical sector, steel, and so on [2]. High energy prices further complicate the situation, prompting the European Commission to reconsider Europe’s position, accepting the importance of maintaining it as a major steel-producing region, for economic and social reasons, to ensure security of supply, but putting emphasis on respecting and protecting the environment highly exposed to the effects of mining in this area [3].

New energy management policy would not only have a major economic effect, but it would require a new approach oriented to the real need to increase competitiveness, sustainability and security of energy supply. For these reasons, the EU Strategy for Sustainable Development is considering a policy of integration of
social, economic and environmental objectives [4]. The interrelated connection between energy and all three objectives must be taken into account, which brings into discussion the key role of research and technological development (RTD). From these results can be supported the transition to sustainable power, ensuring both the energy saving and the possibility of expanding the use of renewable sources [5].

If we ask ourselves the question: “Why is the efficient use of resources so important to mankind?”, the answer lies in accepting that the economic activities of mankind are closely related, being found in the global ecosystem, which means that both the capacity to provide resources and absorb the pollution and waste are found on Earth, which is a closed material system that shapes the possibilities for growth. Although some non-renewable resources, including many metals and minerals, supply security are not yet a concern, for others, such as fossil fuels, high-tech metals, and land availability are an issue.

INDUSTRY’S PLACE IN ROMANIA – CASE STUDY

The National Strategy for Energy Development in Romania must also meet the requirements mentioned above, endeavouring by initiating and materialization of energy conservation programs, which require the implementation of new solutions and technologies to reduce the country’s gap with the developed countries and also to defuse the current situation on imported energy costs. Among these industries are found metallurgy, chemical and metal products, which strengthen the fact that these industries cannot be left behind not even on short or medium term.

The solutions for maintaining upgrading processes can provide, on one hand, a reduction in the energy requirement of the process and, on the other hand, can reduce any possible loss of energy.

Studies and analyzes revealed four types of barriers [6]:
- technical barriers (lack of equipment, including gauges, lack of knowledge and experience in management, lack of adequate framework for research and technology transfer);
- economic barriers (prices of energy producers that do not reflect costs, lack of a system of price controls and price calculations ignoring the marginal deformation energy holding cost of the products);
- financial barriers (limited funds in energy savings, lack of financial and investment tax auctions, other additional priorities for energy investment);
- institutional and managerial barriers (decision making structure always inadequate local and national level legislation and regulations incomplete energy efficiency potential inability awareness of energy conservation, lack of economic and bank-ing consultancy in the field, lack of modern energy management in enterprises).

According to the data of the European Environment Agency [7], only six countries reported targets for material efficiency and material use. Germany and Romania reported having targets in place to improve material productivity, while four countries (Austria, Estonia, Italy and Sweden) reported targets for reducing absolute amounts of material use. Also, according to Annex 4 from the National targets related to resource efficiency [8], Romania has achieved a 24 % share of renewable energy in the final gross energy consumption. The share of electricity produced from renewable sources in total gross energy consumption will be provided from 35 % in 2015 and 38 % in 2020.

Benefits of energy resources management program include [9]:
- Increasing efficiency of primary energy resources;
- Reduce or eliminate energy losses;
- Increased profitability;
- Better monitoring of energy flows, which leads to appropriate decisions about the distribution of resources;
- Reducing the negative impact on the company for rising energy prices;
- Providing viable options for reducing energy consumption;
- Reducing environmental impact.

CONCLUSIONS AND FUTURE PERSPECTIVES:

EU energy policy updated for the period 2011 - 2020 is based on three fundamental objectives, for which EU has proposed separate packages of legislative and regulatory reform [10]:
1. Durability - underlines the EU’s concern for climate change by reducing its emissions of greenhouse gases (GHG) at a level that would limit the effect of global warming to just 2°C in addition to the pre-industrial temperatures; in this regard, the package “Energy - Climate Change” was approved in December 2008;
2. Competitiveness - aims to ensure effective implementation of the internal energy market; in this regard, the third package for the internal energy market was adopted in September 2008 by the European Parliament and the Council;
3. Safety in power - aims to reduce the EU’s vulnerability on imports of energy, power interruptions, possible energy crisis and uncertainty regarding future energy supply.

The package of regulations on the EU future policy in the field of energy - climate change was approved by the European Council and the European Parliament and adopted in December 2008 (published in the Official Journal of the European Union in June 2009) [11]. In the context of the establishing the functioning of internal markets with regard to environmental protection and conservation, EU energy policy aims to [12]:
– Ensure the functioning of energy markets in a competitive manner;
– Ensuring security of energy supply;
– Promoting energy efficiency and energy saving;
– Development of renewable energy sources;
– Reduction of greenhouse gas emissions;
– Promote the interconnection of energy networks.

References
[3] ETC/SCP, Key messages on material resource use and efficiency in Europe – Insights from environmentally extended input-output analysis and material flow accounts, European Environment Agency European Topic Centre on Sustainable Consumption and Production, Copenhagen, 2011

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