

THE FUTURE OF ROMANIAN AUTOMOTIVE INDUSTRY IN THE CONTEXT OF EUROPEAN AND GLOBAL MARKET

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Abstract: In the context of automobiles manufacturing will increasing, the Central and Eastern Europe will become the target for new investments from automobile's manufacturers, approximately six billions euros. Comparing the investments opportunities from Eastern Europe and Romania in particular, it is to be outlining the Romanian contribution on this market.

In the nearby automotive manufacturing development, Romania will play a major part in it, knowing that already two of the most important automobile manufacturers (Ford and Renault) brought major investments in our country. This trend is sustained also by the last change in this domain, namely the buying of Automobile Craiova by Ford for sustaining the selling capacity in Europe. This paper tries to prove the special role played by Romania on the European and global market.

1. INTRODUCTION – GENERAL AND SECTOR CONTEXT

Southeast Europe is now in a moment of change and challenges generated by the new European context. An analysis of the evolution of GDP shows the positive trend in this region. In this condition, the automotive industry is one of the most dynamic domain of economic.

Table1.1. Evolution of GDP

Country	Evolution Of GDP (Billions USA Dollars)								
	2000	2001	2002	2003	2004	2005	2006	2007	2008 <i>estimated</i>
Albania	3.695	4.096	4.456	5.600	7.452	8.376	9.145	10.310	11.276
Bosnia and Herzegovina	5.298	5.558	6.184	7.801	9.331	10.058	11.396	13.536	14.891
Bulgaria	12.639	13.749	15.646	20.021	24.679	27.260	31.516	39.071	45.086
Croatia	18.404	19.863	23.021	29.596	35.645	38.882	42.915	50.053	54.950
Greece	146.549	150.459	170.943	222.323	264.493	284.226	308.720	356.258	388.332
Macedonia	3.597	3.438	3.779	4.642	5.377	5.825	6.282	7.322	8.095
Romania	37.060	40.188	45.825	59.506	75.516	98.861	121.901	158.532	190.750
Serbia	8.963	11.759	15.831	20.340	24.518	26.232	31.989	40.524	46.436
Slovenia	23.027	22.242	24.098	29.361	33.371	35.177	38.240	44.369	48.343
Turkey	198.230	143.096	182.973	240.596	302.561	362.461	401.763	482.015	513.298

Source: <http://www.imf.org>

The evolution of Southeast Europe economy has a positive trend in all the countries of this region, but with some differences between them:

- The media of GDP evolution is a growth of 9.41% per year;
- Serbia and Romania have the most important evolution of GDP with a growth of 19.47 respective 19.58 percent in this period;
- Macedonia and Slovenia are the countries with the lowest evolution of GDP;
- Analyzing the evolution of GTP in this region we presume that those countries, with some exception represent opportunities of investment for companies.

The general conditions for investments in automotive industry are presented below:

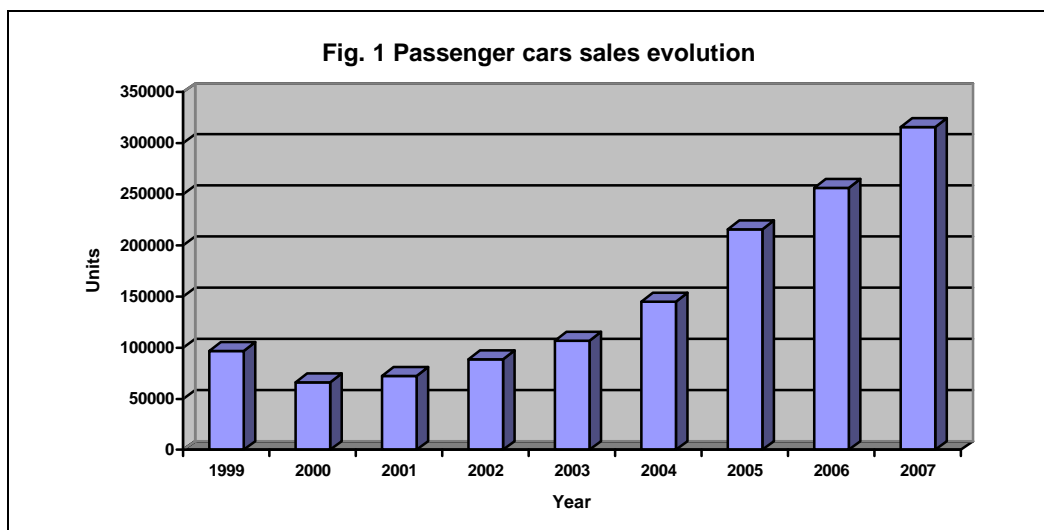
- Bosnia and Herzegovina (is destined to become the supply-base for Volkswagen in Southeast Europe);
- Bulgaria (has recently become a desired destination for automotive parts manufacturers due the reasonable operational costs and the tendency for original equipment manufacturers to move eastwards);
- Romania (is well positioned to attract further FDI in the automotive industry thanks to its combination of skilled and cheap labor);
- Serbia (the great potential of the sector in its current operational under-capacity, combined with competitively priced and experienced labor);
- Slovenia (there are over 185 companies in sector, hiring over 24,500 employees).

We can say that Southeaster Europe is in a moment of development. The automotive industry is one of the most importants sources of development for regional and global economy. In this condition for the automotive sector is a „must” to be one of the most important sector for development of Romanian economy. Romania is in this moment the most important regional auto manufacturer, specially because of Renault and Ford participation.

2. SECTOR EVOLUTION

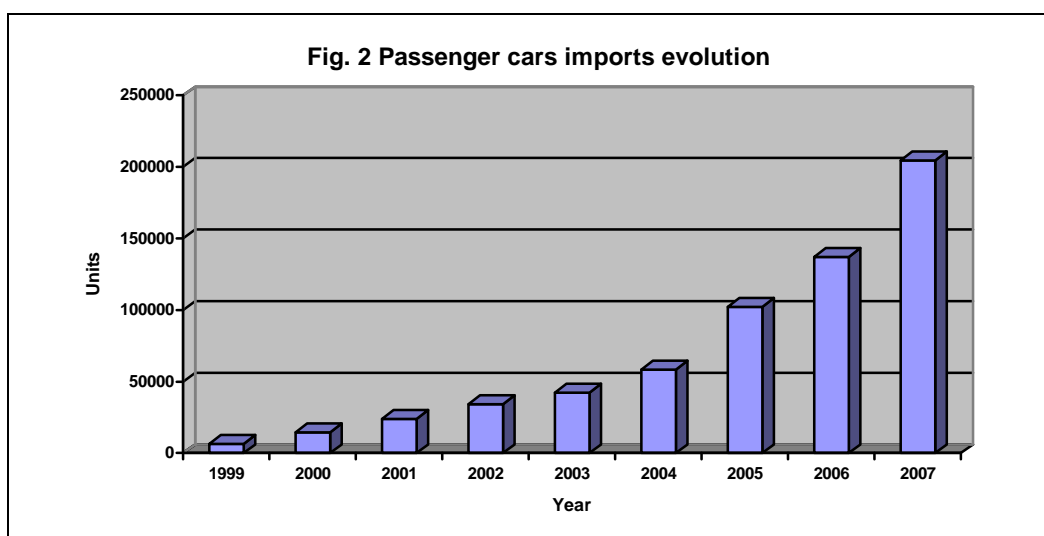
PricewaterhouseCoppers shows in a study that the worldwide automobiles manufacturing will increase with about 12% in 2006-2014, at 78 mill. units. Although if the Asian states like China and India, together with other countries in a present development will bring the major contribution to this increase, the already developed markets will ensure, a third part from the total increase.

The Romanian automotive sector is one of the most spectacular in our economy, due to his contribution to national GDP, and foreign investment witch characterize sector benefices. After Dacia privatization in 1999, one of the most important FDI, the automotive sector is in a continuous development. Romania has become one of the most important regional automotive manufacturers.



Source: www.apia.ro

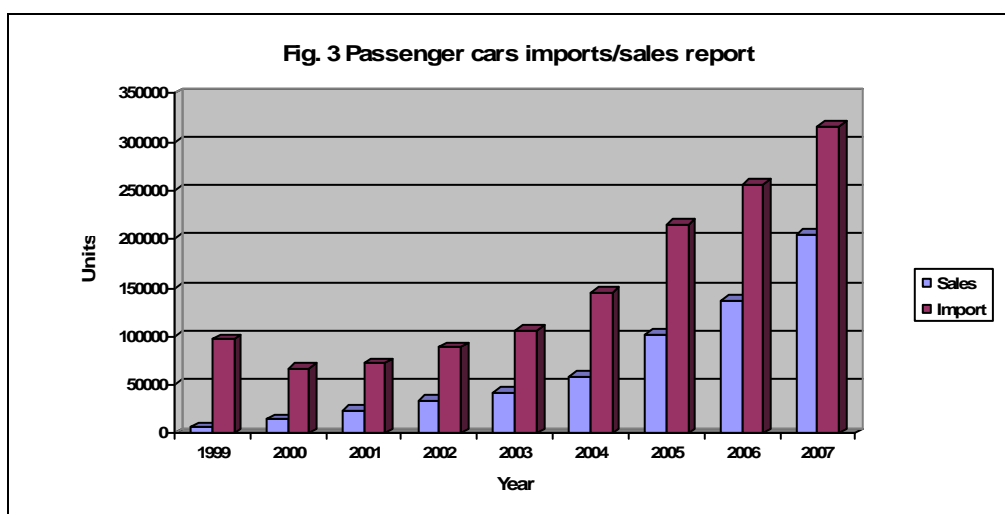
The graphic shows the positive trend of this market after Dacia privatization. An interesting element is the rapport between national production and imports. The evolution of import is show in next figure.



Source: www.apia.ro

By comparing the evolution of national sales and the evolution of imports, we can remark the growing of foreign marques to the national auto park (fig.3). It is interesting to show that the dynamic of import is very spectacular and shows the general trend of markets opening. In the condition of market opening, the role of imports grows up. To create a balance it is very important to sustain, develop and differentiate the national production.

As a consequence of acquisition of Automobile Craiova by Ford, Romania, becomes the most important player in the Southeaster Europe automotive manufacturing. We consider that this movement will not increase the weight of national production in national market, but it will be generally orientated for exports.



Source: www.apia.ro

3 CONCLUSIONS

The Central and Eastern Europe is the target for new investments from automobile's manufacturers, approximately six billions euros. Comparing the investments opportunities from Eastern Europe and Romania in particular, it is to be outlining the Romanian contribution on this market

In the future automotive manufacturing development, Romania will play a major part in it, knowing that already two of the most important automobile manufacturers (Ford and Renault) brought major investments in our country. This trend is sustained also by the last change in this domain, namely the buying of Automobile Craiova by Ford for sustaining the selling capacity in Europe.

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