

Romania's efficient integration in the European Union through the dynamic participation in the foreign direct investment and international trade flows

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Summary

Romania's integration process in the European Union has aroused and continues to arouse a lively interest, both in academia, through contributions from the literature, and in the business and institutional environment, represented by companies and public authorities. This is due to the multilateral impact that European integration has had on our country, from an economic and social point of view.

The introductory part of the thesis addresses the main concepts related to research in economics and international business, such as foreign direct investment, the privatization of state-owned enterprises, market liberalization, openness to international trade and regional economic convergence, from the perspective of how they were managed by Romania and the effects they generated.

In its first part, the habilitation thesis includes the results of research that investigates the complex relationship between inward foreign direct investment, participation in international trade and how these economic activities have contributed to an efficient integration of Romania in the European Union. These studies started from the observance of the fact that due to Romania's relatively recent accession to the European Union (January 1, 2007), the literature contains only a limited number of studies that analyze the consequences of integration on Romania and other new member states. At the same time, economic activities such as foreign direct investment, privatization or liberalization, are concepts that became a reality only after 1990. As such, the thesis deals with new research directions related to how the Romanian economy has evolved in recent times under the influence of various novel economic factors.

The first chapter of the thesis analyzes the relationship between foreign direct investment (FDI) received by Romania during the last 30 years and the occurring economic development. At the same time, the role played by the member states of the European Union (EU), which stands out as the main investor, in the transformation of the Romanian business environment, is underlined. The research results indicate that through the transferred benefits (capital, technology, modern management), FDI has contributed to increasing competitiveness of the Romanian economic environment. The relationship between FDI and the privatization process is

also clearly highlighted. Foreign direct investment has had a good upward pace, especially after 2000, reaching a record in 2008, the year after EU accession.

The research is based on various statistical analysis tools that investigate the relationship between representative indicators, comparing Romania with other countries in Central and Eastern Europe. Another method used was the multiple correspondence analysis, also known as homogeneity analysis (or HOMALS).

It was intended to show the complex interaction of multiple variables such as turnover, profit margin, industry and type of company to study the comparative performance and competition between foreign affiliates owned by transnational companies in Romania and local companies. The research results indicate evidence for the crowding-out of domestic companies, respectively their replacement in the top positions, with the subsidiaries resulting from FDI.

The inward foreign direct investment was well represented in the Romanian energy sector. This topic is the subject of the second chapter of the habilitation thesis. The profound privatization and restructuring process implemented in Romania is analyzed, according to the reform program initiated by the European Union regarding the liberalization of the energy market. In line with the EU's objectives for the transition to "green" energy, Romania has taken huge steps towards replacing traditional (polluting) energy sources with renewable sources. The results illustrate the progress made by Romania in the installation of wind capacities, progress that places our country on one of the first places in the European Union in the field of wind energy production. Multiple methods were used for the research, combining exploratory analysis of secondary data with semi-structured interviews with managers of companies in the energy sector. The research results indicate a major change in the investment climate in the field of renewable energy. Legal changes after 2013 have discouraged continued investment in this sector, and the evolution of the renewable energy market is being critically investigated in the light of these transformations.

The third chapter of the habilitation thesis investigates how Romania's participation in international trade has contributed to a better integration of the country in the European economic environment. Romania's international trade has grown consistently, helped by the proximity to the European Union countries and especially by the lack of customs duties and non-tariff barriers. EU member states are among Romania's main trading partners, with the top seven export positions and a majority share of over 76% in 2019 in foreign trade.

The research comprises calculus of Romania's specialization index in exports and of the revealed comparative advantage index. At the same time, the Pearson correlation coefficient is calculated to investigate the link between the growth ratio of FDI stock and exports. The results show how Romania's comparative advantages have changed over time and indicate a

surprisingly positive evolution in the years following the economic crisis, in terms of increasing the value-added content of Romanian exports. Also, the analysis of the Pearson coefficient reveals a weak link between the analyzed variables, leading to the conclusion that at least from a statistical point of view, the link between FDI inflows and exports had not been strong in Romania until joining the European Union.

The fourth chapter of the habilitation thesis contains two empirical studies on regional economic convergence. The first study takes into account various macroeconomic variables (economic growth rate, GDP per capita, labor productivity, trade openness, etc.) in order to measure, through various statistical analysis tools, the regional convergence status of ten new Member States, belonging to the Central and Eastern European (CEE) region. The research results underline the importance of Romania as an individual country in achieving absolute and conditional convergence in the CEE area.

The second study investigates how achieving economic convergence can reduce social gaps at the intra-regional level. The existing disparities in Romania are revealed by an empirical study carried out in rural areas on the topic of food security of school children. The qualitative research is based on a project co-financed by the European Social Fund through the Human Capital Operational Program. The method used was that of non-directive in-depth interviews with qualified people from rural schools. The results of the research indicate the opportunity to implement at the level of all schools in rural areas programs in which a hot meal is provided to children. The application of such measures in the long term is likely to contribute to the fight against poverty in some rural communities and to a more balanced regional development.

Future research will focus on deepening the complex links between variables in the international economy such as economic growth, foreign direct investment, the degree of trade openness and the fulfillment of convergence criteria. The changes of these variables in the following years will be analyzed, in order to carry out comparative studies on the countries of Central and Eastern Europe, including Romania. I consider such research appropriate, as the issues mentioned above have not been sufficiently explored in the literature.

In the second part, the habilitation thesis contains the development plan of my professional career. This plan is based on my scientific experience, as well as on the professional experience gained in the field, starting from previous achievements. The career plan pursues two intertwined directions: the continuous improvement of the teaching activity, including the coordination of doctoral theses and the training of young researchers in the field of International Business; and the development of the future research activity in new, challenging directions, regarding the impact of FDI on employment and the environment, international trade flows with various parts of the world, and regional convergence at European Union level.