Romanian specifics within the framework of regional economic cooperation

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ABSTRACT

The various forms of economic cooperation are so many channels for the Romanian economy to connect itself to European and International Economy. That is why, by making use of R&D (Research & Development) cooperation mechanisms, Romania could access - even in times of transition but with the help of its national highly qualified labor force - peak technology sectors.

By developing production capacities in cooperation with companies from the European Union, Romania’s affordable (cheap) labor, natural resources, commercial facilities could be driven to the technology of the third millennium.

Cooperation with regard to marketing and sales is leading to the integration of the Romanian market into the European one, increasing the awareness of market requests and improving negotiation skills.

High technology, new technique, trade under the auspices of international competition are steering the capitalization and management of natural, human, financial and information resources, facilitating both the integration processes and the economic and social development.

KEY WORDS: cooperation, technical, production, trade, development

1. INTRODUCTION

After the fall of the Berlin wall and the disintegration of the soviet-type socialist system, Romania has chosen its path, since December 1989, to market economy and democracy.

The changes in the political and social systems have generated mutations in economics. Even if Romania inherited some strong background economic ties, it became part of the many upgrading and rearrangements of the international economic relations (form, structure, geographical approach aso).

The privatization process, a major priority since 1989, demonstrates the political will to streamline economic processes with private ownership laws.

The road to market economy involves, besides the nature of (dominant) property, proper access to international finance.

At the same time, both European integration and globalization require non-restricted capital flows and branch out for multinationals.

Romania’s line up to European and international values could be achieved by developing its exchanges in commodities, technology, personnel, culture aso. These constitute both cause and
EFFECT OF STRENGTHENING ECONOMIC COOPERATION AND INTERDEPENDENCIES, AS A FUNDAMENTAL FOR DEVELOPMENT.

ROMANIA – IN ITS CONDITION OF SMALL-MEDIUM SIZE COUNTRY, WITH NOT A VERY HIGH LEVEL OF ECONOMIC DEVELOPMENT – HAD TO ADDRESS VARIOUS FORMS OF ECONOMIC COOPERATION IN ORDER TO CREATE THE BACKBONE OF ITS FUTURE DEVELOPMENT AND TO GAIN ACCESS TO SEVERAL SOURCES OF CAPITAL, RAW MATERIALS, TECHNOLOGIES ASO.

2. THEORETIC FUNDAMENTS

“INTERNATIONAL ECONOMIC COOPERATION REPRESENTS A SPECIFIC AND VERY COMPLEX FORM OF INTERNATIONAL TRADE, WHICH PULLS TOGETHER STATES OR ECONOMIC UNITS, ON BILATERAL OR MULTILATERAL BASIS, IN ORDER TO PERFORM - BY JOINT EFFORTS AND IN TERMS OF SPECIFIC CONTRACTS – RELATED ACTIVITIES (MANUFACTURING, TRADE, R&D, SERVICES), WITHIN A TIMEFRAME, WITH COMMON OUTPUTS, SUPERIOR TO THE SUM UP” (ALEXANDRU ALBU, 1995: 93).

THIS DEFINITION HIGHLIGHTS THE MAJOR COMPONENTS OF ECONOMIC COOPERATION, ALSO BY POINTING OUT ITS GOAL.

SOME SORT OF TENTATIVE MATHEMATICS FORMULA FOR THE EFFECTS OF THE ECONOMIC COOPERATION COULD BE:

\[ E_C = \Sigma E_I + E \]

WHERE: \( E_C \) = TOTAL EFFECT OF THE COOPERATION;
\( E_I \) = EFFECT OF EACH INDIVIDUAL ACTIVITY (I >=2);
\( E \) = ADDITIONAL EFFECT PROVIDED BY COOPERATION, AS RESULT OF A BETTER MANAGEMENT IN PARTNERS’ CO-OPERATIVE EFFORTS.

THE TERM “E” SUGGESTS BOTH THE GOAL AND THE ROLE OF INTERNATIONAL ECONOMIC COOPERATION, WHICH POSSESSES SOME VERY IMPORTANT FEATURES, RELATED BOTH TO PARTIES INVOLVED AND TO THE COOPERATION PROCESS ITSELF:

✔ BILATERAL AND/OR MULTILATERAL BASIS ARE NOT EXCLUSIVE, ALL PARTNERS HAVING FULL AUTONOMY IN DESIGNING AND MANAGING THEIR CO-OPERATIVE LINKS;
✔ MUTUAL CO-ORDINATION, TO SOME EXTENT, IN ORDER TO JOINTLY FULFILL ONE OR MORE ECONOMIC FUNCTIONS;
✔ A CATALYST FOR ATTRACTING MORE COUNTRIES TO THE INTERNATIONAL DIVISION OF LABOR (FOR BETTER MAKING USE OF THEIR COMPETITIVE ADVANTAGES);
✔ CO-OPERATION MEANS BOTH MACROECONOMIC AND MICROECONOMICS-LEVEL PROCESSES, WHICH COMPLEMENT AND HARMONIZE THEMSELVES;
✔ CO-OPERATION BRINGS JOINT EFFORTS OF PARTNERS, ON COMPLEMENTARY BASIS;
✔ CO-OPERATION IS A FORM OF INTERNATIONAL COMMERCE, WITH RULE-OF-LAW-BASED REGULATIONS AND CONTRACTS, WHICH STIPULATE RIGHTS AND DUTIES FOR ALL PARTNERS INVOLVED;
✔ CO-OPERATION MEANS, IN MOST CASES, NETWORKING OF RELATED ACTIVITIES;
✔ CO-OPERATION PROVIDES LONG-TERM RELATIONS, WHICH CONFER BOTH COMPLEXITY AND STABILITY;
✔ ATTRACTS FOREIGN CAPITAL, FINANCIAL AND MATERIAL RESOURCES FOR DEVELOPING COUNTRIES, RAISING THEIR ECONOMIC AND TECHNOLOGY POTENTIAL.

FOR A BETTER PRESENTATION OF THE IMPORTANCE OF INTERNATIONAL ECONOMIC CO-OPERATION, IT WOULD BE WORTH TO PORTRAY ITS FUNCTIONS. IT SHOULD BE MENTIONED THAT, APART FROM OTHER ECONOMIC ACTIVITIES, INTERNATIONAL ECONOMIC COOPERATION BASED WORK FULFILLS DUTIES ON MICROECONOMICS, MACROECONOMIC AND WORLD ECONOMIC SCALES (GRIGORIU & GRIGORESCU, 2001:95).

AT THE ECONOMIC UNIT LEVEL (MICROECONOMICS), THE FUNCTIONS OF THE INTERNATIONAL ECONOMIC CO-OPERATION ARE:

- CONTRIBUTES TO THE IMPROVEMENT OF THE COMPANY MANAGEMENT;
- INCREASES THE COMPETITIVENESS OF THE PRODUCTS;
- FACILITATES THE RATIONAL USE OF RESOURCES (LABOR, MATERIAL, FINANCIAL);
- CONTRIBUTES TO PLANNING OF STRATEGIES FOR COMPARATIVE ADVANTAGE(S);
• Provides a window of opportunity for specialization.

At the national economy level (macroeconomics), the functions of the international economic cooperation are:

• Contributes to better use of natural resources;
• Increases the GDP and national wealth;
• Facilitates mutations in the structure of the national economy;
• Improves and intensifies foreign exchanges;
• Facilitates the training of highly skilled specialists;
• Favors some macroeconomic and/or sectorial policies;
• Contributes to the expansion of the R&D sectors;
• Contributes to establishing some balance of payments issues.

At the world economy level (the global scale), the functions of international economic cooperation are:

• Stimulates foreign investments;
• Consolidates the role of the host states in international relations;
• Widens economic and technology interactions;
• Puts international specialization into the context of branches and sectors;
• Speeds up the rhythm and increases the international trade bulk;
• Modifies the structure of international trade;
• Facilitates exchanges between countries with different levels of development /asymmetric structures and potentials/;
• Deepens interaction between different international economic flows;
• Intensifies the dynamics of labor force and highly trained specialists;
• Stimulates international interchanges of know-how, licenses, patents.

Both on macroeconomic (states, governments, international organizations) and microeconomics levels (companies, R&D units, non-profit organizations) it is important to depict – as accurate as possible – the amount of the term “E” and the shares that are being related to each and every cooperative partner.

3. Method and Results

Being aware of the functions and goals of international economic cooperation, at each and every level of engagement, one could address several forms to evaluating the benefits provided by cooperative trade efforts.

(1) R&D cooperation (research / science-related cooperation), both in economics and engineering, constitutes – in most cases – a concern for governments and/or international organizations.

It is a fact that through international research programmes, topics of common interest - like solutions for the protection of the environment, ecological technologies, raw material rational exploitation and management techniques - are trying to benefit from an integrated approach. By involving specialists from transition countries (generally with limited access to R&D resources), the more developed countries could benefit of highly skilled personnel, with lower costs than usual.

An aspect has to be marked out: it is important to support Romanian specialists to be involved in international R&D cooperation programmes. A possible secure-clause that the Romanian state (or company) would benefit from the outputs could be taken also into consideration.

(2) Co-operation in manufacturing can be achieved by ordering certain products in the case when the foreign partner comes with a bigger involvement than partial financial support /payments for commodities. The foreign partner could provide to the Romanian firm necessary equipment for manufacturing required items, which are going to be paid by selling the products. Another form of cooperation could be the supply of technology lines and the right to sell the surplus, after leveling the amount of products with the provider. Using manufacturing premises for local (or imported) raw materials could be another solution.

Part-production represents another way of co-operation in manufacturing. The Romanian enterprise could contribute to the end-product with specific items.
This type of co-operation makes better use of premises and facilitates easier access to markets abroad (instead of using a Romanian trademark). Another advantage is the possibility to purchase new equipment and technologies with long term financial projections /possible way out for a company in need.

Part-production is a possibility for the Romanian manufacturers to cooperate with partners from developed countries and to use some sort of umbrella-trademark for the entire product. It also facilitates access to specific markets abroad by using the partner’s reputation and quality guarantees.

(3) International trade cooperation is accounting activities like: joint offers, specialized trade networks, leasing procedures (complex equipment, certain tools), long term trade contracts, franchising trademarks/operating techniques/products.

The benefits provided by this form of cooperation are: increase in exports; better prices on certain markets abroad and bigger profits; diversified catalogue of products; development of a commercial network abroad, nearer to end-users; long-term relationships that avoid brokers; better awareness of foreign markets; better use of favorable haphazard; better streamlining to market forces; low-cost inputs of raw materials and equipment in national economy.

(4) Cooperation by joint ventures is a prerequisite for making companies to become more profitable or to project Romanian firms to markets abroad. Developing a company with two or more parts involved means also cooperation in trade and manufacturing.

The advantages for the Romania partner could be: reshaping national economy without foreign currency efforts, better use of national resources, inputs in terms of modern technologies and equipment, new branches for modern products, competitive products, highly skilled technicians, increase in sales figures, easy access to emerging markets, rapid response to needs of spare parts or engineering and – last but not least – fairness in profit sharing.

All these advantages provide the possibility for Romanian-made products to meet international standards and to gain access to modern technologies, as well as the opportunity to expand on foreign markets, which, in other circumstances, might be difficult to approach.

With respect to the benefits of a partner from a developed country, these consist of: investment opportunities, better use of technology, increase in sales, lower prices because of cheap labor, use of raw materials that could meet limitations in his own country.

It is very important to stress that, by being aware of the forms of international economic cooperation and its advantages for each and every party, one could itemize the possible added value.

International economic cooperation stipulates in its very definition the fundamentals that apply to the European integration related processes, as well as to full membership.

In practical terms, European integration and/or economic globalization represent the proper use of national resources in order to supply specific products to the European and world market.

From Romania’s point of view (taking into consideration that it is a small-to-medium sized country and less developed than EU members), one of the roles of international economic cooperation – even if it could be harder to be described in quantitative models – is to facilitate the access of Romanian-made products to the EU common market.

The important benefits that could be achieved both at microeconomics and macroeconomic levels could become also great risks in terms of exporting cheap labor, raw materials or, to some extent, emerging markets.

From 18 analysed enterprises that have developed contracts or other forms of international cooperation, only three of them have the goal to promote Romanian products on foreign markets (as components of a more complex product). Many companies that have been taken over by foreign partners are now selling under a different trademark, some of them using only local labor and importing raw materials (Lohn). There are also some that are using the mother-company’s brand even on the Romanian market.

Because of these reasons, administration executives have to take into account a grid of criteria for evaluating the impact of international economic cooperation and to determinate the margins for profit both on microeconomics and macroeconomic levels.
4. DISCUSSIONS

There are, in our opinion, some questions (problems) that should be on the priority agenda of governmental institutions when trying to establish some generic guidelines for international economic cooperation and foreign trade policies.

These could be, *inter alia*:

- **International economic cooperation - is it envisaged as an instrument for economic development and European integration?**
- **Are high efficiency products considered as priorities in the efforts towards economic promotion?**
- **Are there any index systems for evaluating the efficiency and the capitalization of the international economic cooperation operations?**
- **The impact of the privatization process – has it been evaluated in terms of economic development and international trade relations?**
- **Are there any links between efficiency / both at microeconomics and macroeconomic levels/, liberalism and protectionism?**
- **How much liberalism and how much protectionism are necessary for a proper integration into the international trade flows?**

5. CONCLUSIONS

It is to be said that, after twelve years from the December revolution, there would be natural for Romania to step into a new qualitative approach as a result of better understanding of market mechanisms and requirements, of local (national) needs and priorities.

Of course, there are many concerns related to a progress in terms of international trade favorable to the general economic development, framework in which international economic cooperation gets a higher importance.

The evolution of the cooperation with the Dutch Government is worthy of explanation – the annual Dutch funds for supporting Romanian projects are speeding up transition, facilitating integration and development processes. As leader of foreign investors, the Netherlands are providing (starting this year) economic assistance for joint venture related projects, the financial support being offered both for manufacturing and trade. The process continues on the base of equal memberships of European Union.

Another conclusion is that Romania has some specific natural resources and highly trained specialists that could facilitate, through policies structured mostly on efficiency criteria, the country’s performances as a robust EU-type business partner.

The EU integration process is the first step towards global economy required alignments and aspiring countries, more or less in competition among themselves, have to design quite accurately their future role and actions on the world market(s). The mark-up strategies used by companies are, for the time being, more related to national perspectives than to the global environment.

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