

# ECONOMY OF SIBIU COUNTY. RESOURCES FOR A FUTURE DEVELOPMENT.

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**Abstract:**

*Economically, the County of Sibiu has been characterized, especially after 2007, by an accelerated speed of development, the recorded increase pushing our County among the most dynamic economies at regional and national level as well. The present paper aims at analyzing the specificity of the economic development of Sibiu County, namely to identify the resources of the obtained economic progress. The purpose of this study also consists in identifying new opportunities for the local economy, outlining new sources of development that are more important as competition, both at regional and national level, is tighter and tighter.*

**Keywords:** economic development, employment, industry.

**JEL classification:** N34, N64, N74, N94, O14.

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## **1. The County of Sibiu. Population and Labor Force.**

According to official data, the County of Sibiu records a total surface of 5.432 km<sup>2</sup>, being composed, from the administrative point of view, of 2 municipalities, 9 towns, 23 communes and 162 villages. The population of the County of Sibiu numbers 397.322 inhabitants, 66.15 % of them living in urban areas, and 33.85 % in rural areas (Statistical Yearbook of Romania 2013/Population and Housing Census 2011). Taking into consideration this indicator, the County of Sibiu presents a level of urbanization above average,

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population distribution, at national level, showing a percentage of 54 % of urban population, as compared to 46 % rural population.

Of the total population of the County, more than 46 % is represented by employed population (184.8 thousand inhabitants), the main sector of activity being services (46.33 %), followed by industry (31.22 %), agriculture (15.80 %) and constructions (6.65 %).

Regarding this aspect, the County of Sibiu differs considerably from the general picture, the representation of the population employed in services sector being above the national average. Another specific feature is that, in the case of Sibiu, the industry outruns agriculture regarding the structure of the employed population by economic activities categories.

**Table 1: Employed population by main activities of national economy (%).**

| <b>No.</b>                 | <b>Services</b> | <b>Agriculture</b> | <b>Industry</b> | <b>Constructions</b> |
|----------------------------|-----------------|--------------------|-----------------|----------------------|
| <b>National level</b>      | 43.0            | 29.3               | 20.6            | 7.1                  |
| <b>The County of Sibiu</b> | 46.3            | 15.8               | 31.2            | 6.6                  |

Source: Statistical Yearbook of Romania, 2013/County Directorate of Statistics, Sibiu.

According to the Statistical Yearbook of Romania (2013) and to the Annual Investigation "Labor Cost", at national level, the average number of employed persons in the year 2012 was of 4.443 thousand employed persons (60.27 %: services; 29.16%: industry; 8.01 %: constructions; 2.34 %: agriculture). In the County of Sibiu there was recorded a number of 116.234 employed persons, more than half of them being employed in the field of services ( 52.42 %), followed by industry (39.06 %), constructions (7.16 %) and agriculture (1.34 %). If, in this respect, Sibiu falls within the general trend, as far as the unemployment is concerned, our County is, again, below average, with an unemployment rate of 4,5 %, compared to the percentage of 5,4 %, at national level.

The latest statistical data (Monthly Statistical Bulletin of Counties, April 2015) show an increase of the employed persons in the County (122.179 employed persons), while the unemployment rate has decreased (4,2 %). Regarding the distribution of the labor, the changes are more sensitive: 52.80 %: services; 46.32 %: industry and constructions; 1.33 %: agriculture.

Local economic development also impacts the value of the earnings obtained by the employees in Sibiu. Consequently, if the Statistical Yearbook of Romania mentioned for 2012 a nominal net average salary of 1.379 lei (4 % smaller than the net average national income), in April 2015 this earning amounted, in Sibiu, to 2.004 lei, being 7 % higher than the national average. The earnings above the average of the County were recorded in industry and constructions, the ones below the average of the County being obtained in agriculture and services (1.504 lei: agriculture; 2.241 lei industry and constructions; 1.768 lei: services).

## **2. Economic Entities in the County of Sibiu. Structure and Dynamics.**

The primacy owned by the service sector in the local economy is also reflected in the number of the economic entities registered in the County, of the total 9.703 active companies at the end of 2012, the highest percentage: 73.98 % being represented by the entities belonging to the service sector, followed at considerable distance by those whose main activity is in the industry: 13.12 % and constructions sectors: 10.26 %, the most modest presence being of the companies whose object of activity is agriculture: 2.61 % (County Statistics. Results and performance of enterprises).

As structure of the registered companies, the statistical data show the predominant character of microenterprises (85.55 %), to the detriment of small businesses (11.45 %), and especially of the medium companies (2.44 %) and big companies (0.55 %).

Over 78 % of the microenterprises active in the County of Sibiu operate in services sector. On the other hand, most big companies (over 68%) operate in industry sector, more exactly in the manufacturing sector.

As one can notice, industry and services represent the sectors that ensure most work places in the County of Sibiu, being, at the same time, the source of the most important income. The automotive industry, especially, has continuously expanded lately, an accelerated dynamics being also recorded by the companies in the IT or renewable energy sectors.

By the number of employees, the largest employers in the County of Sibiu are represented by the national companies Romgaz and Transgaz, both being located in Mediaș. Employers' top is completed by private companies, such as: Trenkwalder, Continental Automotive Systems, Takata Sibiu, etc.

**Table 2: Top employers of the County of Sibiu (2013).**

| <b>No.</b> | <b>Company</b>            | <b>No. of employees</b> |
|------------|---------------------------|-------------------------|
| 1.         | ROMGAZ                    | 6.297                   |
| 2.         | TRANSGAZ                  | 4.939                   |
| 3.         | TRENKWALDER               | 4.696                   |
| 4.         | CONTINENTAL<br>AUTOMOTIVE | 2.369                   |
| 5.         | TAKATA SIBIU              | 2.042                   |

Source: Trade Registry/Ministry of Finance.

As far as the turnover is concerned, the largest company of the County of Sibiu is, again, Romgaz (around 3,9 billion lei). Nevertheless, during 2013 the highest turnover was recorded in the auto industry sector, companies like: Continental Automotive Systems, Compa, Takata, Marquardt Scaltssysteme constantly increasing their turnover, placing Sibiu on the 9<sup>th</sup> place (with a total turnover of 28 billion lei) and contributing greatly to a GIP 8% higher than the national average.

**Table 3: Classification of companies in the County of Sibiu, by turnover (2013).**

| <b>No.</b> | <b>Company</b>            | <b>Field of activity</b> | <b>Turnover</b> | <b>Net profit (mil. lei)</b> |
|------------|---------------------------|--------------------------|-----------------|------------------------------|
| 1.         | ROMGAZ                    | natural gas production   | 3.894           | 995,6                        |
| 2.         | CONTINENTAL<br>AUTOMOTIVE | Automotive               | 2.228           | -16,1                        |
| 3.         | TRANSGAZ                  | natural gas transport    | 1.485           | 334,5                        |
| 4.         | POLISANO                  | medicine distribution    | 1.461           | 9,0                          |
| 5.         | CARPATICA<br>ASIG         | Insurance                | 679             | -30,3                        |
| 6.         | MARQUARDT<br>SCALTSYSTEME | Automotive               | 638             | 5,2                          |
| 7.         | AMBIENT                   | construction materials   | 628             | 37,4                         |
| 8.         | COMPA                     | Automotive               | 458             | 21,4                         |
| 9.         | TAKATA SIBIU              | Automotive               | 419             | 76,4                         |
| 10.        | BENROM                    | textile production       | 304             | 14,6                         |

Source: Trade Registry/ Ministry of Finance.

The consequence of the economic dynamics of the County was also an increased number of foreign investors, most of them coming from Germany, the Netherlands and Austria. Thus, 719 companies with German capital (13.960 employees), 129 Austrian companies (9.832 employees), and 95 companies from the Netherlands (3.702 employees) were registered in Sibiu in 2013 (Trade Registry 2013).

### **3. The County of Sibiu. Representations in the International Trade.**

The international trade represents another source of the economic development that occurred in the County of Sibiu. The data of the latest Monthly Statistical Bulletin show that, in April 2015, the exports in the County of Sibiu (FOB) reached 187.465 thousand euro, and imports (CIF) amounted to 158.703 thousand euro. Therefore, it results a degree of 118 % of covering the imports through exports, the commercial surplus (FOB-CIF) being of 28.762 thousand Euro.

According to these values, our County occupies the second place at the level of the Centre development region, as export volume (29.51 %), being preceded by Braşov (36.96 %) and followed by Alba (14.15 %), Mureş (11.53 %), Covasna (4.1 %) and Harghita (3.72 %). As import volume, our County occupied the same second place in the Centre region (28.75 %), after the County of Braşov (38.02 %), being followed by Mureş (15.27 %), Alba (8.37 %), Harghita (5.46 %) and Covasna (4.1 %) (Monthly Statistical Bulletin. April 2015).

At national level, the County of Sibiu achieves 4.26 % of the total volume of exports and 3.14 % of the total volume of imports (INSSE TEMPO-online database, own calculation. Total volume of exports FOB: 4.398.219 thousand Euro/Total volume of imports CIF: 5.044.104 thousand Euro).

Regarding the structure of the imports done by the County of Sibiu, the main shares belong to the cars category, appliances and electric equipment (54.03 %), means of transport (16.91 %), leather, furs and derived products (5.46 %), common metals (5.31 %) and textiles (5.26 %) respectively. As export partner countries, we can mention: Germany, Italy, Turkey, and Austria.

As far as imports are concerned, cars and appliances category comes first (48.06 %), followed by common metals and derived products (12.79 %), plastics (9.03 %), textiles (8.83 %).

**Table 4. Activity of international trade with goods, by main categories (the County of Sibiu, April 2015).**

| <b>No.</b> | <b>Categories (NC)</b>                  | <b>Export</b> | <b>Import</b> |
|------------|---|---------------|---------------|
| 1.         | Living animals and animal products      | 821           | 730           |
| 2.         | Vegetable products                      | 140           | 344           |
| 3.         | Food, drinks products, etc.             | 806           | 1.042         |
| 4.         | Mineral products                        | 490           | 665           |
| 5.         | Chemical products                       | 1.947         | 6.734         |
| 6.         | Plastics, rubber                        | 4.242         | 14.775        |
| 7.         | Hides, leather, furs                    | 10.248        | 9.243         |
| 8.         | Wood products                           | 1.192         | 534           |
| 9.         | Paper                                   | 901           | 1.261         |
| 10.        | Textiles/derived products               | 9.865         | 14.014        |
| 11.        | Shoes, hats                             | 2.507         | 1.411         |
| 12.        | Stone, cement products                  | 520           | 1.366         |
| 13.        | Common metals/derived products          | 9.959         | 20.305        |
| 14.        | Cars, appliances and electric equipment | 101.305       | 76.278        |
| 15.        | Means of transports/transport materials | 31.702        | 5.115         |
| 16.        | Optical tools and equipment             | 1.022         | 3.132         |
| 17.        | Commodities and miscellaneous products  | 9.429         | 1.546         |
| 18.        | Other goods                             | 369           | 166           |

Source: INSSE TEMPO – online database.

#### **4. The Development of Tourism in the County of Sibiu.**

The increased fame of our county, due especially to the program Sibiu-Cultural European Capital 2007, and also to the real patrimonial and touristic potential of Sibiu, is reflected in the constant success it has as tourist destination.

**Table 5. Tourist arrivals: the County of Sibiu/ Centre development region/national level (2007-2014).**

| <b>No.</b> | <b>Year</b> | <b>Sibiu</b> | <b>Centre Region</b> | <b>Total</b> |
|------------|-------------|--------------|----------------------|--------------|
| 1.         | 2007        | 327.925      | 1.328.992            | 6.971.925    |
| 2.         | 2008        | 287.103      | 1.291.514            | 7.125.307    |
| 3.         | 2009        | 244.708      | 1.072.785            | 6.141.135    |
| 4.         | 2010        | 228.195      | 1.126.887            | 6.072.757    |
| 5.         | 2011        | 263.684      | 1.435.771            | 7.031.606    |
| 6.         | 2012        | 285.136      | 1.654.856            | 7.686.489    |
| 7.         | 2013        | 329.986      | 1.859.853            | 7.943.153    |
| 8.         | 2014        | 355.698      | 1.953.022            | 8.465.909    |

Source: INSSE TEMPO – online database (own calculation)

Thus, in 2014, Sibiu was visited by 355.698 tourists (265.905 Romanians/89.793 foreigners), being the greatest number of tourists registered since 2007 (the same evolution also at the level of the Centre Region and at national level).

Despite the positive development in this respect, Sibiu continues to be surpassed within the Centre Region by the County of Braşov, Mureş representing another County which, especially after 2012, has known an important change regarding this indicator.

According to the existing data, in 2014 the biggest part of the tourists present in the Centre Region belonged to Braşov (865.689 arrivals/44.32 %), followed by Mureş (410.904 arrivals/21.03 %) and by Sibiu (355.698 arrivals/18.21 %). Compared to the national level, the County of Sibiu was represented by 4.20 % of the total number of tourists.

Regarding the current year, statistics show that in the first half of 2015, the number of arrivals in Sibiu reached 152.358 tourists, indicating a share of 16.08 % of the total number of tourists registered in this period in the Centre Region, 3.78 % of the total number of tourists in Romania respectively.

### **5. Creative Economy: a New Opportunity for the County of Sibiu.**

Besides the classic sectors, a more and more visible role has been played, in the economy of Sibiu County, especially after 2007, by the creative-cultural sector. We speak, in fact, of a double relation. On the one hand, the general economic development sets a positive evolution of the creative economy field, the dynamics of the company in this category translating, in its turn, into profit, work places, in other words, an important contribution to strengthening the local economy.

According to the study of the National Institute for Research and Cultural Development (Cultural Vitality of the Towns in Romania 2010), Sibiu occupied in 2010 the second place in the top of cultural vitality of towns, the quality of the human resources in the field and performances of the creative industries facilitating this placement, ahead of big urban centers like: Timișoara, Constanța or Brașov.

Creative economy/creative industries in the County of Sibiu prove, therefore, not only that they have the potential to facilitate profitable economic activities, but also that they are able to produce a number of other gains, especially in the sense of increasing the visibility of Sibiu and, consequently, of attracting new tourists and new possible investors.

### **6. Conclusions.**

In the last period especially, the County of Sibiu has known an increased economic development. Among the most important contributors to this positive evolution, we can identify: engineering industry, means of transport industry (subassemblies and auto components), electrical industry, light industry, the performances obtained by the companies in these fields pushing Sibiu among the most attractive counties for business.

Together with the industry, the services sector brings its own contribution to the economic welfare of the County of Sibiu, facilitating attraction of a considerable number of investors coming especially from the states of the Western Europe. Other development vectors for Sibiu are represented by international trade and tourism, the cultural tourism and the creative economy opening new development perspectives for the County of Sibiu.



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