

THE POSITIVE IMPACT OF ROMANIA'S ACCESSION TO THE EUROPEAN UNION ON THE ACTIVITY OF SMALL AND MEDIUM-SIZED ENTERPRISES

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Abstract

Romania's accession to the European Union marked a moment of great positive influence for our country.

Regarding the economy, we will see in this article the justification of Romania's desire to be among the countries included in the European Union. We will analyse Romania's power to implement the economic policies practiced by the European Union.

This paper examines the positive and less beneficial aspects of Romania's accession to the European Union.

Keywords: European Union, accession, economic policies, advantages, disadvantages, community.

Romania became a member state of the European Union on the 1st of January 2007. Through this accession, our country has assumed both the rights and the obligations deriving from the treaties adopted by the European Union.

Romania's diplomatic relations with the EU dates back to 1990, followed by the signing of a Trade and Cooperation Agreement in 1991. The European Agreement entered into force in February 1995.

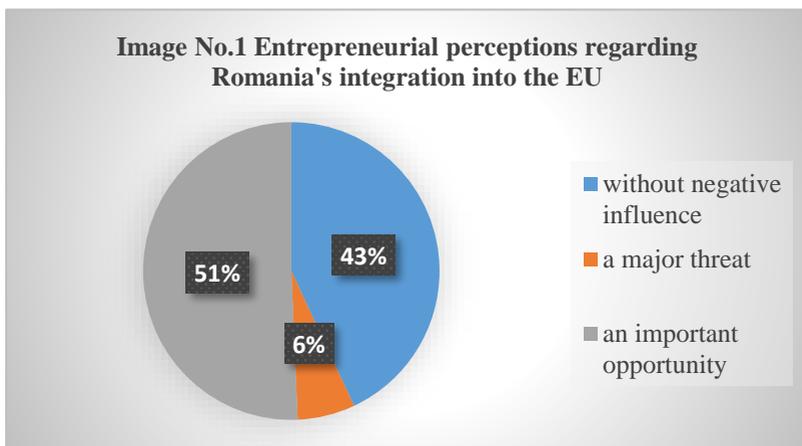
On June 22nd 1995, Romania expressed its willingness to become a member state of the European Union, but the EU accession negotiations started on 15 February 2000.

In 2004, our country received a report with recommendations for the Romanian authorities regarding stopping police abuses, anti-corruption measures, independence and the good functioning of the judiciary system. The European Commission has monitored and reported to the European Council the manner in

which Romania has remedied the shortcomings required in the report, setting out an action plan for the years before joining the union.

Romania's accession to the European Union has meant, at economic level, the formation of a free zone of exchange, economic and financial cooperation, the creation of a free trade area, which will result in the gradual elimination of the existing tax and non-tax barriers.

The association of the Romanian state with the European Union implied the achievement of an economic framework compatible with the good functioning of the EU and community mechanisms. Thus, the decentralization of the state sector and the creation of a strong core of small and medium enterprises, the alignment of all Romanian standards with the Community norms, the linking of the RON exchange rate with the EURO, and the modification of the structure of the employed population were urged.



Source: The White Charta of SMEs 2016

Regarding the implications of Romania's accession to the European Union, the results of the survey show that 50.69% of SMEs consider European integration to be a major opportunity for the activities carried out, 43.04% of the entrepreneurs appreciate the accession as having no significant influence, and in 6.27% of companies it is perceived as a major threat, three times higher than the one recorded in the 2015 survey.

Table no. 1 differentiating the perceptions of the effects of Romania's integration into the EU by the development regions the SMEs are part of

The perception to the EU accession	Development region							
	N.E	S.E.	S	S.W.	W.	N.W.	Centre	Buch-Ifov
A major threat	6.1%	5.5%	9%	9.6%	2.9%	5.37%	10.8%	4.68%
A major opportunity	71%	57%	37%	76%	69%	38%	35.3%	48.30%
With out significant influence	22%	37%	51%	76%	15%	55%	53.9%	47.15%

Source: the White Charta of SMEs 2016, own calculations

The analysis of the appreciations of SMEs by development regions reveals that:

- the frequency of companies in which EU accession is perceived as a major opportunity is higher in the South West region (76.58%) and lower in the Centre region (35.29%);
- the SMEs in which the European integration is considered to be a major threat are more numerous in the West region (15.38%) and have a low share in the South West region (2.70%);
- The enterprises in which it is considered that the accession has no significant influence on their activities record the highest share in the North West (55.26%) and the lowest in the West (15.38%).

Table no. 2 differentiating the perception of the effects of Romania's accession to the EU depending on the size of the SMEs

No.	The accession to the EU is perceived as	The economic size of the enterprise		
		Micro-enterprises	Small enterprises	Medium enterprises
1.	A major threat	5.78%	5.65%	4.84%
2.	A major opportunity	47.38%	66.12%	70.79%
3.	With no significant influence	45.78%	34.45%	24.34%

Source: the White Charta of SMEs 2016

Considering the size of enterprises, it is noticed that the EU accession is considered a major opportunity in medium-sized firms in the highest proportion (71.21%) and the lowest in micro-enterprises (47.81%). It is also the micro-enterprises that hold the largest share of SMEs in which the European integration is perceived as a major threat to their activities (6.51%).

Romania had to implement ways to relaunch production, boost investment, accelerate the reform process, restructure and privatize, increase the competitiveness of products, eliminate fundamental imbalances in the economy. In the legislative field normative acts of an economic character were adopted.

Each adopted bill had to specify a law that complies with the Community law.

As a result of financial cooperation between the EU and Romania, our country benefitted from financial assistance through donations and loans.

Romania has made significant efforts to achieve a market economy. It passed to the privatization of the enterprise, to the restructuring of the main trade barriers. Due to some areas that have not been managed well by the Romanian state, property rights are not fully secured, control bodies are not fully installed and do not have the capacity to enforce the law.

Economic operators consider that the current economic environment is not stable enough to stimulate domestic and external savings and investment. These macroeconomic instabilities are determined by the sinuous road of the reform but also by the non-acceptance in its totality by the economic agents.

Romania has gone through an institutional revolution as a result of official admission into the European Union. A specialized ministry was established,

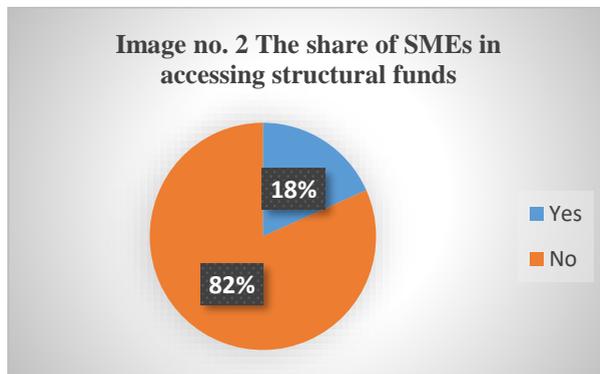
followed a series of procedures and rules that were interpreted by economic agents as a bureaucratic sign.

Table no. 3 Differences in the positive effects due to Romania's accession to the European Union by fields of activity in 2016

Positive impact	Fields of activities of SMEs				
	Servi ces	Tou rism	Trans por tation	Trade	Construc tions
Access to structural funds	14.29%	16.67%	18.63%	14.30%	17.70%
Better access to technologies	22.79%	23.31%	18.70%	17.01%	24.98%
More transpa rent procure ment procedu res	5.68%	0	4.60%	5.31%	7.73%
Better and / or cheaper potential factors	35.61%	33.30%	22%	37.01%	28.80%
Better access to markets	43%	41%	54.90%	45%	52.95%

Source: the White Charta of SMEs 2016

By studying by fields of activity the factors that positively influence the association of our state within the European Union, we found that three of the five domains were the leader in certain categories: transportation - access to structural funds and better access to markets, constructions - better access to technologies and more transparent procurement procedures, tourism - better and / or cheaper potential factors.



Source: the White Charta of SMEs 2016

Romania has enjoyed significant sums of billions of euros from the European Union. Image no. 1 shows a relatively low share of access to structural funds. These funds would help to achieve economic and social cohesion between the regions. Economic agents claim that bureaucracy in the Romanian system prevents them from accessing funds that are represented by projects on various development directions.

Table no. 4 Accessing European funds according to the size of the enterprise

No.	Accessing European funds	The economic size of the enterprise		
		Micro-enterprises	Micro-enterprises	Micro-enterprises
1.	Yes	16.60%	24.10%	30.34%
2.	No	83.38%	76.12%	68.79%

Source: the White Charta of SMEs 2016, own calculations

The proportion of companies that request access to funds have a larger share among medium-sized enterprises, while a fairly high percentage of micro-enterprises do not intend to seek the support of European funds.

Access to European funds is among the main positive aspects of integration in the European Union.

EU grant programs are for our country a real financial support, especially for small and medium-sized businesses that face different barriers to accessing bank loans. This support is provided through guarantees, beneficial loans or improvements within the legal framework, staff training and advice.

The grant programs or grants offered by the European Union were granted to Romania by signing treaties with the European Commission as representing the interests of the country that are part of this organization. Non-reimbursable funding is often awarded on the basis of a project selection process. Selection criteria and procedures are specific to each program, but the most important and most common ones are: the quality of the proposed project, including the business plan and the applicant, the degree of fulfillment of the eligibility criteria, the consistency of the project objectives with the objectives of the program, project sustainability and after funding has come to an end, project management has to be highly qualified.

Regarding the disadvantages of integration, the Ministry of Environment has indicated the costs that Romanian economic agents incur in order to comply with the environmental standards required by the European Commission. And Romania, as a state, has the same problem because non-compliance with the common law can lead to the Commission's infringement procedure.

Conclusions

Among the main benefits of Romania's accession to the EU are: the advantage of belonging to a larger family of nations; the security that this affiliation confers; continuous improvement of the quality of life, the advantage of participating in the largest single market in the world; consular and diplomatic protection from another Member State, high standards of environmental protection; access to structural funds for less prosperous regions of the EU, opportunities for growth; creating new jobs; social protection and safety at work; the right to travel and to settle in any Member State.

Various calculations show that the hypothesis of Romania recording a medium-term growth rate of 5%, given that in the EU the average growth rate would be 2%, it would take approx. 20 years to reach half of the average level per capita income in the EU, and the bottom line in terms of per capita income (at purchasing power parity) would be possible not sooner than 45 years. Entry into the EU does not mean reaching average income per capita in the club (as shown by the experience of some countries like Portugal and Greece), but such figures show the size of the gaps and a historical challenge for Romania.

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