

Demo-geographic characteristics

Centre Development Region has total surface of 34,100 sqkm (14.31% of the country's surface), and is formed by Alba, Braşov, Covasna, Harghita, Mureş and Sibiu counties. The region has the relief characteristics of a plateau, East-West oriented valleys, significant methane reserves, gold bearing, silver bearing and coloured ores, non-metal ores, salt, mineral and thermal waters, and more than one third of the surface covered by woods. The area, compared to other regions has important hydrographical resources and a well-developed transport network, (except for the North-South direction), but the most important resource is the human capital. The birth rate is low and there is a process of demographic aging, but the immigrants from other parts of the country were harmoniously integrated. Crafts have a long tradition and economic activities are diversified.

With a population 2,539,160 inhabitants the Region concentrate 11.7% of the country's population. The average regional density is of 74.6 inhab/sqkm, below to the national value. The highest population density is registered in Brasov country (111.1 inhab/sqkm), while the lowest values, below the regional average, are in Alba (60.9 inhab/sqkm), Covasna (60.4 inhab/sqkm), Harghita (49.3 inhab/sqkm) counties.

While initially mining for gold, silver, coal and salt was the main economic activity, currently, the metal processing, chemistry and light and food industry represent the most significant branches. Agriculture is well developed, specialised in industrial crops and quality viticulture is widespread.

Production activities were supported by the region's location, favourable to trade, also with a long tradition.

60% of the population lives in urban areas – in the 57 towns of the region. Braşov (74.9%) and Sibiu (67.8%) counties have a high degree of urbanisation while in Harghita county the rural population is dominant (55.7%).

The urban network is well structured, many of the small and medium towns having mature and well developed urban structures. The largest towns, with population over 100 therefore have a mosaical development and correspond to the commercial and productive interest points on traditional economic change routes.

Regional economy

At the level of year 2003, a 2,595.5 euro GDP/capita was registered in this region (7.21% above the national average). The highest value is in Braşov with 3086.1 euro/inhabitant, and only Mures and Sibiu counties register values above the regional and the national GDP / capita values. The other three counties have a GDP/capita below the national average. The contributions of the industry and service sectors to GDP are of 30% and

42.2%. The agriculture sector contributes with 11.5% and the construction sector with 5.6%.

The level of FDI sum up to 1038 mil euro in 2004 (6.9% of the total FDI in Romania). As for the intra-regional development Brasov and Sibiu counties attracted more investments compared to the other counties. Covasna' County lack of attractivity is due to the underdeveloped transport and utilities infrastructure (low density of communication network, poor state of public roads).

The number of small enterprises increased with 26.8% between 1999-2003 as the micro enterprises developed and the access to financing through different programmes was easier. The number of large enterprises, with more then 250 employees decreased with over 11.9% especially due to the restructuring of state owned enterprises. Most of the enterprises develop activities in the service and industry sector as reflected in the contribution of these sectors to the GDP formation.

From an economic point of view, the low populated areas of the Apuseni Mountains from Alba County are the least developed. The most developed industrial areas are located in the South (led by the cities of Brasov and Sibiu and their satellites) and are specialised in the machinery construction, chemical, textile and food industry. In the centre of the region, along the Târnave Valley, there are many settlements with diversified industry, well-defined urban structures and attractive architecture. The North of the region has more specialised economic structures, dominated by machinery building, chemical, furniture, textile and food industry.

The Centre Region has a complex industrial structure with traditional branches and recognized qualified personnel. Basic chemical industry is very well represented (Targu Mures, Ocna Mures, Tarnaveni), as well as the pharmaceutical industry (Europharm – Brasov, Aromedica – Targu Mures) alongside with motor oil – Brasov, auto subcomponents – Compa Sibiu, mechanical industry – Independenta Sibiu, aeronautical industry – IAR Brasov. The wood processing industry is well represented through superior processing (Schweighofer enterprise Sebes), furniture – Targu Mures, but also the clothing (Sfantu Gheorghe, Odorhei) and food (sugar – Ludus, beer – Blaj, sweets - Brasov).

The territorial distribution of the 51,924 SMEs acting in the region (2004) shows a concentration in Braşov (30.44%), Mureş (20.50%) and Sibiu (17.3%), and la weak presence in Covasna (below 8%).

In this region 11 industrial parks are functioning: seven of them are in public ownership, three in private ownership and one in PPP. The total surface of the parks is 436.75 ha, out of which 355.67 greenfield. There are also 4 functioning business incubators (from the total 21 at the level of the country) that created over 250 jobs in the region. 10% of the consultancy centres activate in Centre Region.

Employment and migration

The active population represents 43% of the total (above the national average – 40.6%). The employment rate is of 39.7%, out of these 38.6% being employed in the service sector and 35% in industry. In Braşov and Sibiu counties, the percentage of employed population in industry and services is high, these counties having a dominant industrial activity, unlike Harghita and Mureş Counties where the agriculture activities dominate and the employment rate in the sector is 36.6% respectively 32.4%.

At present, Brasov county and especially the municipality is confronted with employment problems due to the restructuring of the Roman and Tractorul machinery construction plants and armament factories and the massive lay offs of the personnel. In Covasna, Harghita și Alba counties the restructuring of the mining area Baraolt, Bălan and Apuseni mountains approach finalisation. The process is undergoing in the monoindustrial towns where metallurgy, chemistry and construction industry is performed: Aiud, Zlatna, Făgăraş, Victoria, Coşca Mica, Dumbrăveni, Ocna Mureş, Târnăveni, Luduş, Râşnov, Gheorgheni, Topliţa, Întorsura Buzăului.

The population migrated towards other activity areas; after 1990 the German ethnic people left for Germany, but also to other Countries of Western Europe.

In 2004, the unemployment rate in the region was 7.8%, the highest level being registered in Brasov (10.7), followed by Alba (10%), all values being above the national average of 6.3%.

Through its complex economic structure the region had a significant professional capital, highly recognised, especially in the technical field. The reduction of the industrial activity determined the migration of specialists to other fields of activity or abroad, affecting thus future increases of the traditional economic activities.

Infrastructure

In Centre Region, the national roads are mostly modernised (93.4%), but only 4.22% of the county and communal roads are modernised. The public roads average density of 29.7% is below the national average (33.3%), only Alba County has 41.6 % modernised roads.

With 44.5 km of railway per 1000 km², the Centre Region is below the national average (46.2 km/1000 km²). Below the national average is Alba, Covasna, Harghita Counties (38.0; 30.7; 30.1 km/1000 km²) and above it is Braşov (61.5 km/1000 km²) and Mureş (51.7 km/1000 km²) counties.

The drinking water distribution system, of 5571.4 km of length (12.38% of the total) was mostly located in the urban area (3280.1 km – 58.87%), according to the data for year 2004. From the point of view of the connection to the drinking water system, 24.1% of

the regions localities are connected to this network. The only counties that register higher values in comparison with regional and national average are Braşov and Harghita.

In 2003, 123 settlements were connected to the sewerage network, out of which 56 towns of the region. In the same year, the length of the sewerage pipeline was 2382.7 km. Brasov and Covasna Counties have most of the localities connected to this network (12.6% of each counties localities). In Alba and Mures the connection is deficitary.

From a total of 1407 settlements connected to the gas distribution network, 598 are located in Centre Region (42.5% of the national total) with a pipe length of 7272.5 km (28.10% din total), most of them being in rural areas (53.95% of the total pipe length in Centre Region).

Environment

Water Management:

- At regional level, in some towns, there are recorded the lack of waste water treatment plants and the existence of inadequate waste water treatment plants from the point of view of quality standards
- The water distribution network, with a total length of 4770 km (12.2% of the total country length) was distributed 64.4% (2946.2 km) in urban areas, according to the year 2000 data.
- Within rural areas, the level of localities endowment with water supply public network was low. According to the statistical data from the year 2000 only 7.3% of the sewerage network was in rural areas.
- The length of sewerage networks was at the end of the year 2001 of 2176 km, recording an increase with 18.8% compared with 1990

Waste management is one of the major problems that the local authorities must tackle:

- There are big waste quantities within the urban and industrial waste deposits that cover large surfaces and affect the quality of environment
- The problems that endanger the human settlements are related with utility, collection, transport and deposition of housing waste

By the cumulative effect of anthropic activities large forest surfaces are facing draying and important mountain surfaces are barren. In year 2001 34.4% of the regional forest surfaces were affected by deforestation (37.5% the country level), the most affected counties being Sibiu 49.9 %, Covasna 41.1 % and Alba 38.3%.

Education

In Centre Region function 2568 school units (17.93% of the total). The school population is decreasing the main causes being the diminishing of the school age population and the higher abandon rate. The multiethnic character of the region's population provides the possibility for teaching specific mother tongue. With 15 university centres (9 public and 6 private), this level is well represented in the region.

Health

In the region function 2248 sanitary units mostly state owned (13.38% of the total). The functioning state does not correspond to the standards, both the buildings and the

equipments being morally used. In the region function 50 hospitals, the most of them being concentrated in Braşov (14) and Sibiu (10), 4 policlinics, 28 dispensaries, 1273 medical cabinets, 392 dental cabinets, 65 pharmacies. The private sanitary units are well represented, at levels compared with 2003: 61.26% of the dental cabinets are in private property, 90.47 % of the polyclinics, 89.38% of the pharmacies and all the dental labs and pharmaceutical deposits.

Social services

This region has the highest number of residential care institutions for elderly (5). A number of 10371 children are protected in family type institutions (62.52%) or residential services (37.48%) starting with March 2005. At the end of September 2005, there were 1231 children whose parents were working abroad. At the end of 2004, there were 10290 children with disabilities, but only 1649 were benefiting from reintegration services.

Areas in difficulty

Through governmental programmes in Centre Region there have been financed areas affected by the restructuring of the mining industry which led to the increase of unemployment and the worsen of the socio-economic situation. These programmes concentrated in Harghita, Covasna, Alba şi Sibiu. The total investment level (until 2003) was of 1259668.3 mil lei and 3221 jobs were created.

To respect the concentration principle of the European funds, the investments through Phare 2003 were oriented to the industrial restructuring areas identified in NDP 2002-2005. In Centre Region two such area are located, namely: the industrial extracting area of Apuseni Mountains, covering only Alba county, and other two counties but from North West Region, and the complex industry area of central Transylvania, covering the other counties. The region was facing problems linked to industrial restructuring in the field of mining, metallurgy, car construction, arms, etc.

Development potential

The Centre Region potential is diversified as it has natural, human, social and economic resources. The university network is very well developed, it the region acting famous universities in the field of medicine, pharmacy as well as in the theatre – all located in Targu Mures, silvic and technical field in Brasov, human profile in Sibiu. The engineer profile is also represented.

Three institutes acting in the field of wood processing develop research activities in the Region, as it has tradition in the industry in the field. There are also two institutes studying the historical aspects of the region.

The touristic potential of Centre Region is diversified due to the relief and the historical and cultural variety. There is a number of 17 resorts where winter sports can be practiced, many of them recognized internationally (Predeal, Poiana Brasov, Paltinis). Important treatment bases are located in this region, four of them of national interest (Covasna

county, Predeal- Braşov county, Băile Tuşnad- Harghita county, Sovata- Mureş county) and 11 are considered of local interest¹. These resorts have natural curative resources, but an old infrastructure, improper services, insufficient promotion and undiversified offer. The agro tourism is developing, the rural areas having a great potential in this field (237 pensions are accredited by NAT).

The cultural and historical tourism is of special importance as the villages preserve very well the traditions, architecture and techniques (house building, gates, religious monuments), used materials, installations (mills) and wood processing techniques². This is due to the isolation and a weak infrastructure. As for the historical part, the medieval cities and fortified churches are very well preserved³ and some of them internationally recognized as they being in the UNESCO patrimony

In 2004 the material basis of the Centre Region comprised 914 accommodation units (23.43% of the total), and 34,365 accommodation places (12.45% of the total). The accommodation facilities are unevenly distributed, the highest concentration being registered in Braşov (431 units, 47.15% of the regional total and 11.05% of the national total), followed by Harghita (180 – 19.7%) and Sibiu (114 – 12.47%); at the opposite side are Alba with only 29 units (3.17% of the regional total and 0.74% of the national total).

¹ Balványos- county Covasna, Bazna- Sibiu county, Băile Homorod, Borsec, Harghita- Băi, Izvorul Mureşului, Lacu Roşu şi Praid – Harghita county, Păltinis- Sibiu county, Pârâul Rece şi Timişu de Sus - Braşov county

² the most important ethnographic areas are located in Apuseni Mountains, Superior Olt area, Sebes Valley, Odorhei, Casin, Covasna, Marginimea Sibiului, Seckle area, Tarnava plateau etc

³ Transilvanias' Saxon fortresses, the most important medieval cities - Sighişoara, Sibiu, Braşov, Mediaş, Făgăraş and Târgu Secuiesc, fortified churches in UNESCO patrimony): Calnic, Biertan, Valea Viilor, Saschiz, Bunesti, Viscri, Prejmer, Darjiu

CENTRE REGION
Indicators to characterize the development level and the economic potential
- 2004

INDICATORS	Region	Counties ¹						Romania
		AB	BV	CV	HG	MS	SB	
I. Population, employment, unemployment								
I.1 Total population (absolute figures)	2539160	382971	596140	223878	328547	584089	423535	21673328
Urban population (%)	60.0	58.0	74.9	50.5	44.3	52.9	67.8	54.9
Rural population (%)	40.0	42.0	25.1	49.5	55.7	47.1	32.2	45.1
Migration sold	-2611	-582	-447	-381	-875	-336	10	-10095
I. 2 Employment								
Active population in total population (%)	43.0	48.7	43.0	42.2	40.5	42.0	41.9	40.6
Employed population in total population (%)	39.7	43.8	38.4	38.7	37.6	40.1	39.2	38.0
Employed population by economic sectors:								
Agriculture (%)	26.4	31.4	15.4	30.0	36.6	32.4	18.2	32.0
Industry (%)	35.0	32.2	40.2	34.4	30.7	31.8	38.9	30.0
Services (%)	38.6	36.4	44.4	35.6	32.7	35.8	42.9	38.0
I.3 Unemployment								
Unemployment rate by December 31 st 2004 (%)	7.8	10.0	10.7	8.1	7.2	4.4	6.3	6.3
Feminine unemployment rate by December 31 st 2004 (%)	7.2	9.1	10.4	6.4	6.2	4.2	6.1	5.6
Percentage of unemployed not benefiting from indemnities by 31 December 2004 (%)	55.2	45.7	63.0	59.1	38.2	60.2	59.1	59.3
II. Economic development								
II. 1. GDP / inhabitant (2003) – euro	2595.5	2330.9	3086.1	2262.9	2106.8	2623.7	2664.0	2420.5
II. 2. Labour productivity (2003) - euro	5467.6							4625.3
II. 3. FDI (mil euro) ⁵	1038							15040
II. 4. Business infrastructure (industrial parks)	11	2	6			1	2	36
II. 5. SMEs								
SMEs / 1000 inhabitants (No.)	20.51	16.00	26.55	17.70	19.80	18.23	21.28	19.35

¹ BC (Bacău), BT (Botoșani), IS (Iași), NT (Neamț), SV (Suceava), VS (Vaslui)

⁵ The National Bank of Romania and the National Institute for Statistics undertook a research to determine the Foreign Direct Investments (FDI) in Romania on the 31st Decembre 2004 based on the existing balance account at the beginning of year 2004 and the flows from the 2004 financial year, of direct investments in the resident enterprises.

Total SMEs (absolute figures)	51924	6064	15806	3962	6464	10640	8988	418499
Out of which : Manufacturing (%)	17.28	20.41	12.36	20.21	22.98	17.63	17.98	13.60
Constructions (%)	6.72	7.02	7.16	6.26	5.50	6.30	7.30	6.20
Services (%)	73.13	69.1	78.80	69.05	67.77	72.41	73.38	77.48
SMEs structures by size:								
Micro (%)	86.85	85.70	88.40	85.31	85.47	86.67	86.80	88.03
Small (%)	10.45	11.31	9.17	11.96	11.92	10.70	10.12	9.57
Medium (%)	2.70	2.96	2.43	2.72	2.60	2.63	3.07	2.40
Atractivity rate ¹	32.7							
III. Infrastructure								
III. 1 Transport								
Public roads density /100 sqkm (%)	29.7	41.6	27.8	22.5	24.8	29.2	29.4	33.3
Modernised public roads in total public roads (%)	23.0	15.5	29.0	26.5	28.21	21.8	24.05	26.3
III. 2 Public utilities								
Localities with water supply network in total number of localities (%)	24.1	14.4	54.7	22.8	41.8	19.1	22.5	
Localities with sewerage network in total localities (%)	6.7	2.7	12.6	12.6	7.8	7.6	8.1	5.08
III. 3 Education								
Number of schools	2580	494	459	386	557	700	251	14396
III. 4 Health								
Number of hospitals	50	9	14	6	5	6	10	425**)
III. 5 Social services								
Number of institutions providing social services	6779	235	419	467	4305	788	565	13,747
III. 6 Tourism								
Accommodation units (no)	914	29	431	64	180	96	114	3900
Existing accommodation capacity (places)	34365	1276	11380	4000	5964	7156	4589	275941
Functioning accommodation capacity (places – days)	9072	377	3900	1030	1473	1185	1107	53989

¹ Survey, Romanian Business Digest 2005