

## 5 Vest (West) Region

### Demo-geographic characteristics

West Region has a surface of 32,034 km<sup>2</sup> (13,4 % of the country surface) and comprises 42 towns (out of which 12 municipalities) and 276 communes (318 administrative-territorial units), grouped in four counties: Arad, Caraş-Severin, Hunedoara and Timiș.

Historically, most of the region belongs to the former Banat province and is traditionally characterized by a high standard of development.

The region has a diverse and harmonious relief, which is to be found in plains, hills and mountains. The plains are part of the Great Western Plain are prevalent in Timis county. The climate is moderate-continental, with sub-Mediterranean influences, along the Danube's passage and in Valea Cernei, with average annual temperatures that range from 10 to 12<sup>0</sup> C. The average annual rainfall amounts to 560-580 l/m<sup>2</sup>, slightly higher in mountain areas.

The region is linked to Hungary and Serbia & Muntenegru through European road and railway corridors. Arad and Timișoara have airports with modern capacities for air traffic flows.

The region is part of the Euroregion Danube- Cris - Mureș - Tisa (DCMT), which comprises the four counties of the West region, three Hungarian counties and the autonomous region of Voivodina in Serbia. The Euroregion was settled in 1997 on the basis of a collaboration protocol signed by the local authorities' officials from the constituent regions.

The population of West Region is characterized by *cultural diversity* cohabiting communities of Romanian with Hungarian, German, Roma, Serbian. The national minority represented 11.7 % of the population within the region in the year 2002.

Starting with 1990, the population has constantly decreased, from 2,201,717 to 1,930,458 inhabitants in 2005, following a negative trend in the birth rate and the external emigration of the population in the region. The population density in 2003 was of 61.1 inhab/km<sup>2</sup>, much lower than the population density at national level (90.9 inhab/km<sup>2</sup>).

The region is confronted with a demographic aging process, but its effects in the economic and social life will be felt after 2005, when the generations after 1990 will join the active population.

The regional urbanisation degree (63.7% urban population) overcomes the national average of 54.9% and Hunedoara County has the highest urbanisation rate in the country, after the capital, respectively 76.9% urban population.

The rural area is characterised by a low population density, as a consequence of migration and of population aging, a low birth rate, as well as a low capacity of demographic renewal.

### **Employment and migration**

The region's labour force is the factor that contributes the most to the socio-economic development, as it is motivated, flexible, innovative, but also specialized, contributing thus to a dynamic and entrepreneurial environment.

In 2004, the occupied population represented 42.2% of the total population, with the highest percentage in the service sector (38.8%), followed by industry (34.7%) and agriculture (26.5%). The occupied population has the highest degree in Timiș (46.7%) and Arad (43.2%) counties.

However, the population occupied in the industrial sector has decreased significantly during 1993 - 2003, especially in the strong industrialised counties - Hunedoara and Caraș-Severin, especially as a consequence of massive lay-offs in the mining and siderurgy sectors. On this ground – of restructuring and lay-offs of the population in the industrial sector, the population oriented mainly towards the service sector.

The unemployment rate fluctuated from 2.5% in 1991 to 12.6% in 2004, with a maximum of 21.3% in Hunedoara County, following the lay-offs in the mining sector. It continued to decrease, reaching 5.8% in 2004. The highest unemployment rate is registered in Hunedoara County (10.8%) and the lowest in Timiș (2.6%).

After 1990, when working abroad has been allowed, an important number of specialised labour force left the country, on the basis of the traditional connections with German countries and Hungary. This is still missing, when more and more important investors set up enterprises within the region.

### **Regional Economy**

The economic parameters of the region consist in: important subsoil resources (mineral coal, anthracite, coloured metals, silver, gold, hard rocks, radio-active deposits, thermal and mineral springs), soil resources (forests with valuable essences, fertile soils), favourable climate, and easy transport links with the centre of Europe and hard-working population.

As in the case of other development regions, West Region can be split in two sub-regions, facing distinctive structural problems and have different development levels.

The first of the sub-regions includes Caras-Severin and Hunedoara counties, to which it is added the city of Nădrag and its adjacent area from Timiș county. Here were developed, since the 19<sup>th</sup>-century, branches of extractive industry, siderurgy, and metallurgy and of related industry, as machinery industry. This important sub-area of the region

experienced a strong decline after 1990, and the restructuring process, whose progress was slow and difficult, generated high unemployment. A special feature of this area is the economic situation of the coal basin Jiu Valley (Aninoasa, Petroșani, Uricani, Petrița, Lupeni, Vulcan), where the job decrease has caused repeated social instability, in spite of the numerous programmes to balance the situation.

The second sub-region includes the territory of Timiș and Arad counties. This sub-region with early, complex and diversified industrial development (light industry, machinery industry, electro-technical industry) is currently the favourite area for foreign productive investments in Romania. Against the background of numerous jobs created that require a highly qualified workforce and of massive population migration during the past years (German population migration has accentuated this phenomenon), the sub-region is facing a more and more pronounced lack of needed labour force. The new investments in the area are confronted with the lack of appropriate infrastructure for development (water supply and communication means).

Hunedoara –Deva area, Jiu Valley, Hațeg - Călan corridor, Deva, the mining area South of Caraș-Severin county and the mining area North of Hunedoara county (Brad, Apuseni Mountains), former mining areas, all need urgent infrastructure works to re-enter the economic circuit and to ensure the environmental protection of settlements affected by the pollution generated by mining activity (uranium, rare and coloured metals).

Jiu Valley (Lupeni, Petrița, Uricani, Vulcan), Moldova Nouă, Sasca, Oravița, Anina, Ocna de Fier, Dognecea, Rusca Montană, Brad area, Teliuc are areas where massive lay-offs were registered in the mining industry and the labour force has to be absorbed by other sectors. The investments in these areas must include the environmental rehabilitation of waste dumps and of abandoned industrial sites, the environmental rehabilitation of the entire area, and the modernization of sewerage and drinking water network.

The gross domestic product/capita in West Region has constantly increased starting with 1998 (1697 Euro), up to 2,733.3 Euro in 2003, being situated on the second place in Romania, after Bucharest – Ilfov. The contribution to this value has been brought mainly by the service sector (43.27%) and industry (26.77%). In the same time, the workforce productivity, of 5,454.2 Euro in 2003, situated the region at a medium level as compared to the national average.

In 2002, the service sector concentrated 28.7% of the total number of firms in the region and achieved almost 13.6% of the total turnover. Most of the units in the sector are active mainly in tourism, general services, transport and professional services.

The region-based industrial enterprises achieved in 2002 over a third of the gross investments and incorporated half of the labour force occupied in the region. In the region there are pit-coal and superior coal deposits and exploitations (Petroșani field, Anina), petroleum and natural gas, marble. By industry branches, the region is characterised by a wide variety of industries: siderurgy (Hunedoara and Reșița), heavy

vehicles construction (Reșița), mechanical equipments, electric and electrotechnic equipments, motorvehicles equipments, fine furniture (Arad, Lugoj, Caransebeș, Timișoara), chemical, construction materials (cement -Deva, marble – Simeria, varnish - Timișoara), textiles and ready-made clothes (Lugoj, Caransebeș, Timișoara, Arad), leather, food, drinks (beer, alcohol, mineral waters).

In 2004, 39,358 SMEs (20.38/1000 inhabitants) were active in the region; they are concentrated mostly in Timis County. Microenterprises have a high percentage - of 86.44%. Timis County has the most important contribution to the regional turnover and the highest labour productivity (measured in terms of turn-over). In 2003, the foreign direct investments in West Region were 1093 millions Euro.

In order to stimulate the business environment, the industrial parks development has been stirred and supported (Industrial Park Timisoara and Industrial Area Arad through Phare ESC 2001, Industrial Park Hunedoara through MDP Order no. 20/2003, Valea Țerovei Industrial Area – Reșița, on Phare ESC 2004-2006), as they provide for activities' development and services for investors.

## **Infrastructure**

### *Transport*

West Region is crossed by two of the three pan-European corridors – corridor IV Berlin / Nurnberg – Praga – Budapesta, which on Romanian territory has two branches, respectively Nădlac-Arad-Calafat-Vidin and Nădlac-Arad-București-Constanța, and corridor VII – the Danube, by five European roads and three international railways.

In 2004, West Region had a railway network of 2007 km, representing 18.15% of the national total. The roads network is well developed and with a relatively balanced territorial coverage of public roads of 10,205 km (12.84% of the national total) out of which 1,882 km are national roads and 8,323 km county and communal roads. Out of the total public roads, 26% are modernised, whilst at national level 26.3% is covered. The public roads density, of 31.9 km/100 km<sup>2</sup>, is very close to the national average (33.3 km/100 km<sup>2</sup>). By counties, the differences are significant between Hunedoara (44.2 km/100 km<sup>2</sup>) and Caraș-Severin (22.8 km/100 km<sup>2</sup>). The road infrastructure at the frontiers is partly modernised and needs new investments.

The high percentage of unmodernised county roads hinders the connections between the county centres Deva - Reșița, Timișoara - Reșița and Timișoara – Deva. The lack of motorways, the traffic increase on interregional and international inadequate roads, the low carrying capacity of the existing roads structure which is continuously degrading, the low-quality boards and illumination and a high percentage of unmodernised county roads lead to constraints of the traffic capacity and means.

### *Public utilities*

The length of the water network of West Region is 5,274 km, representing 11.72% of a national total of 44,987 km. The water alimentation networks, in general, and especially

the ones in urban centres, are confronted with problems linked not only to the extension of depositing capacities, but also to treatment and distribution ones, in order to ensure the sources' sanitary protection.

84 of West Region localities have sewerage networks. The total simple length of the sewerage pipes in West Region is of 2,189 km, representing 12.49% of the national sewerage length at national level (17,514 km). They cover mainly towns, with a concentration in the blocks' neighbourhoods. Many of the sewage networks are highly damaged, physically and especially morally.

The length of the natural gas provision system, of 2,917 km, represents 11.27% of the length of natural gas network in the country (25,879 km).

#### *Environment*

Rural protected areas of national interest (8.13% of the regions territory) are declared and recognized by Law 5/2000. Also, within the region, 138 natural reservations of national interest are declared and recognized: 53 in Caras Severin county, 42 in Hunedoara county, 20 in Arad county, 23 in Timis county. West counts the smallest number of localities connected at the sewerage network and the waste water collecting networks are under dimensioned and very obsolete

All urban localities have a system of collecting, transport and definitive depositing of housing waste but this is achieved in the old locations, not fulfilling the environment protection conditions. Waste management in rural areas is deficient, taking into account that the collecting activity is not organized in a centralized system and waste depositing is realized on dispersed locations, at the outskirts of the localities. Currently, the waste collection in West region is not realized in a selective manner. The selective collection of the waste collected from the population is partially implemented experimentally only in Timisoara.

#### *Education*

In 2004/2005 school year, the education institutions in West region have been represented by 766 kindergartens, 1,497 schools, 15 universities - public and private, out of which an important part at national level play the Technical and the Medicine Universities. Also, in the West Region exist private universities, such as: Tibiscus Timișoara, Aurel Vlaicu Arad, Dragan Lugoj.

#### *Health*

The life expectancy in West region is on average of 70.76 years, as compared to a national average of 71.32 years and to a European average of 78.31 years. In 2004, the public owned health institutions comprised 46 hospitals, 7 clinics, 37 dispensaries, 2 TBC sanatoria and 37 nurseries. If, from the point of view of the number of institutions the situation is relatively balanced in the region, the state of the infrastructure is low and needs rehabilitation and the equipments need to be replaced or modernised.

#### *Social services*

The social problems are relatively reduced as compared with the rest of the country, following the development of NGOs, which provide for best practices examples. Starting with March 2005, children are protected in family type institutions (66.51%) or residential services (33.49%). At the end of September 2005, there were 753 children whose parents were working abroad. In 2005, the number of the children left by their parents in health units was 298 (157 in Arad and 98 in Timis). At the end of 2004, there were 5903 children with disabilities, out of which only 1013 were benefiting from reintegration services.

### **Areas in difficulty**

The main development problems are concentrated in Caraş-Severin and Hunedoara counties, with mono-industrial centres. Within these counties, two areas have been identified and promoted for financing in the framework of Phare ESC 2001 Programme:

1. *The industrial area of Mehedinţi Plateau*, respectively Topleţ town in Caraş-Severin county;
2. *The industrial area of South Banat and of Petrosani Coalfield* (Reşiţa, Borşa, Oţelu Roşu, Călan, Hunedoara), characterized by an extremely high technical concentration of enterprises and of mining centers, by the lost of outlets as well as by the lack of work offers for female population, which led to major problems in the economic restructuring process, to a labile socio-cultural balance as well as to an unstable ecologic environment. Two counties benefited from financing through governmental programmes for assisted areas and disadvantaged areas: Hunedoara, Rusca Montană, Bocşa, Moldova Nouă, Jiu Valley (Petroşani, Vulcan, Lupeni, Petrila, Uricani), and Brad, which, through the valorification of local potential and through investment programmes could improve the socio-economic and the environmental aspects.

### **Development potential**

West Region presents a high development potential in the fields of research-development-innovation, following a university tradition of more than 80 years, tourism and services, which have a growing importance at regional level during the past years.

The research (in centres and universities) in the medical, construction, mining, chemistry, and agricultural fields is mainly concentrated in Timiş County (18 centres). Research centres are also in Hunedoara (6), Caraş-Severin (4) and Arad (2).

West region has a varied tourist potential, with special endowments for agritourism (in Caraş-Severin, in Apuseni Mountains – near Brad), as well as in the West and South of Hunedoara county (Sarmisegetuza - here being located the vestiges of the capital of the kingdom of Dacia in the pre-Roman period. Other forms of tourism are thermal and spa (Băile Herculane, Moneasa, Lipova, Baziaş, Geoagiu), business (Timișoara) and transit (international transport corridors Nădlag–Deva and Timișoara–Herculane).

Urban tourism presents an important development potential, the 42 towns in the region preserving a valuable architectural patrimony and museums which cover a wide range of fields: history, archaeology, art, natural science, mineralogy, ethnography, technical, some of them being displayed outdoors. In order to valorise the tourist potential of the region, in 2004 were functioning 365 accommodation units. The distribution within the region is relatively balanced, with percentages varying between 23.3% in Arad and 27.9% in Caras – Severin County.

## WEST REGION

### Indicators to characterize the development level and the economic potential - 2004-

INDICATORS	Region	Counties <sup>1</sup>				Romania
		AR	CS	HD	TM	
<b>I. I. Population, employment, unemployment</b>						
I.1 Total population (absolute figures)	1939514	460466	332688	484767	661593	21673328
Urban population (%)	63.7	55.6	56.3	76.9	63.3	54.9
Rural population (%)	36.3	44.4	43.7	23.1	36.7	45.1
Migration sold	1067	1389	252	-2524	1950	-10095
<b>I. 2 Employment</b>						
Active population in total population (%)	44.8	44.8	39.2	44.3	48.0	40.6
Employed population in total population (%)	42.2	43.2	35.6	39.5	46.7	38.0
Employed population by economic sectors:						
Agriculture (%)	26.5	25.5	37.6	23.2	24.9	32.0
Industry (%)	34.7	34.9	28.5	38.5	34.5	30.0
Services (%)	38.8	39.6	33.9	38.3	40.6	38.0
<b>I.3 Unemployment</b>						
Unemployment rate by December 31 <sup>st</sup> 2004 (%)	5.8	3.6	9.0	10.8	2.6	6.3
Feminine unemployment rate by December 31 <sup>st</sup> 2004 (%)	5.4	3.3	8.0	10.4	2.6	5.6
Percentage of unemployed not benefiting from indemnities by 31 December 2004 (%)	52.6	59.9	46.3	54.8	48.6	59.3
<b>II. Economic development</b>						
II. 1. GDP / inhabitant (2003) – euro	2.733,3	2595,9	2265	2303	3385,5	2.420,5
II. 2. Labour productivity (2003) - euro	5.454,2					4.625,3
II. 3. FDI (mil euro)	1.093					15.040

<sup>1</sup> Ar (Arad), CS (Caras-Severin), HD (Hunedoara), TM (Timis)

II. 4. Business infrastructure (industrial parks)	1			1		36
II. 5. SMEs						
SMEs / 1000 inhabitants (No.)	20,38	20,30	13,07	18,20	25,72	19,35
Total SMEs (absolute figures)	39.358	9.326	4.338	8.745	16.948	418.499
Out of which: Manufacturing (%)	14,57	16,43	17,33	14,36	12,96	13,6
Constructions (%)	6,69	5,85	6,52	6,50	7,29	6,20
Services (%)	74,76	72,33	72,75	76,42	75,76	77,48
SMEs structures by size:						
Micro (%)	86,44	84,58	86,51	87,3	87,00	88,03
Small (%)	10,79	12,47	10,55	10,00	10,33	9,57
Medium (%)	2,76	2,94	2,92	2,68	2,65	2,39
Atractivity rate	35,8					
<b>III. Infrastructure</b>						
III. 1 Transport						
Public roads density (km/100 sqkm)	31,9	28,9	22,8	44,2	33,4	33,3
Modernised public roads in total public roads (%)	26	22,3	39,4	22,2	23,9	26,3
III. 2 Public utilities						
Localities with water supply network in total number of localities (%)	23,2	36,8	10,2	12,3	39,3	
Localities with sewerage network in total localities (%)	6,4	8,9	5,8	6,2	5,0	
III. 3 Education						
Number of schools	1502	266	423	212	601	14,396
III. 4 Health						
Number of hospitals (**)	46	11	8	11	16	425**)
III. 5 Social services						
Number of institutions providing social services	3540	129	721	42	2648	13747
III. 6 Tourism						
Accommodation units (no)	369	81	95	87	106	3,900
Existing accommodation capacity (places)	21,066	4,690	7,000	4,189	5,187	275,941
Functioning accommodation capacity (places – days)	5,402,123	968,439	864,450	971,315	1,597,919	53,988,640