NEW PERSPECTIVES OF THE ROMANIAN MARKETS UNDER THE IMPACT OF THE EUROPEAN INTEGRATION

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Abstract: The Europeanization and the globalization of the Romanian economy is an objective, one-way process in need for a legislative intervention to support and feed it. For Romania, one perspective of facing the already existent competition on the European Union markets might be to encourage the legislation able to cut costs of getting in and out one market. The total cost of the companies and the opportunity costs should be as low as possible, in order to compete with the UE economic agents.

INTRODUCERE

The Europeanization and the globalization of the Romanian economy is a process having wide past roots in the history. Nevertheless, our country has started after the Revolution a new approach of macro-economic growth and sustainable development, according to the international requirements of The United Nations Conference on Environment and Development, UNCED, held in Rio de Janeiro, Brazil, in June 1992, considering all five major issues signed up then.

This is a one-way road for the strong economies, because those ones who do not participate and integrate with the enlargement of the markets process are out of competition.

The survival in the modern economy is the subject of the re-shaped features of the competition, and the classic description of the market forces: who is stronger, who is faster – wins has other limits imposed by the current legislation, especially inside the highest regulated European Space.

The present world of business, agriculture, industry and neo-sectors included, is based on the aggressively spread of all markets. This occurs passing from the national economy to the European (UE) and international one. Proceeding to a close analysis of the real agents action we can distinguish a set of underlining characteristics of the future economy, elements that have been put to work from some while, and among which we mention:

- The quasi-free expansion of the markets dealing with the legislative protection of financial capitals and labor force all around the world.
- The leading role of the IT, telecommunications and audio-visual businesses, having a sustainable role in all economic branches. If in 1997, these were 5.3% of the gross international product (level reached only by the automobile industry), in 2000 they have reached 6.3%, thus becoming a leader ever after.
- The stronger competition between the great poles of economic and commercial power: NAFTA (USA, Canada and Mexico), the European Union and S-E Asia.
• The contradiction (sweeping to a gap) between the economic rationality and the mandatory necessity of protection the natural environment, in order to provide a clean world for the third millennium and the future.

United Europe has regulated this by The White Paper on Growth, Competitiveness and Employment: the challenges and way foreword into the XXI-st century, Brussels, December the 5-th, 1993. For Romania, one perspective of facing with the already existent competition on the European Union markets, as the Copenhagen Summit (1993) stipulates, is to encourage the legislation to cut costs of local production and also the company or enterprise costs of getting in and out one market. In this respect, the public authority is concerned, using the legal tools, for fixing the market competition and release the potential benefits out of it.

For these rules to be properly implemented and functioning, our country had to align to the regional imperatives of the E.U. economic organization: in 1998, our country has adopted the 151 Law, of regional development, establishing the institutions, the objectives, the competencies and the specific instruments required by the regional development policy of Romania.

The present development of the economy is a process that emerges under the impact of three essential factors, dominating the European policy and eventually protectionist-orientation:

• The enlargement of the dimensions of the international exchange by the integration of the new states from Eastern and central Europe, Latin America and Eastern Asia: in 1947, the exchange of goods and services were 8% of the gross international product, 12% in 1967 and 25% in 2000.
• The legal framework that facilitates the development of trade and exchanges, especially in the financial-services field.
• The globalization of companies able to integrate their activities, mainly those of research and development, purchase, production and trade at the international level.

Thus, the globalization of the competition appears as an effect of the globalization of all markets and companies. The inner motion of the macroeconomics, having a larger space of evolution, displays the consequences of the competitive success or non-success on the national market will not being limited by the borders much time and having a great influence upon the competition of the companies thus being spread every where in the world.

In the context of accelerating the economic restructure and E.U. enlargement, the international mobility of people has highly increased, Western Europe being since many years now, the target of the personnel. Expecting the augmentation of this phenomenon, The European Commission named the year 2006, The European year of workers mobility. The E.U. decision goals would come to increase the understanding and concern versus the facts and facilitate the awareness in a higher degree with the labor advantages abroad. The development of a working activity in the host countries or sectors offers the workers new skills and experience of which both workers and their employers make use.

In the agriculture of U.E. we notice today, extensively, a migration of workers abroad. Also, the migration of labor can be domestic, from a region to another in Romania or in the administrative – territorial areas, from a major to another or from the public system to the private one or from the private sector to the public one. In this case it is determined by earning a better salary in the private sector or achieving some cumulative activities based upon services which lead to the extra incomes for the involved person.

Migration of labor is the most suggestive and accurate instrument of measuring the state of a real market, because of its’ decisive and clear burden in the weight of the demand and the supply. This shows mainly that migrants are a risk-category as the most flexible or the most
rigid element of the market competition; inside it, the most chances to cope with the demand and supply on the labor market are those with multiple qualifications, with experience and professional abilities which assure them the adaptability to a complex and changing life. Thus, a migration of qualified people takes place and the impact on the native country varies according to the sector type of occupation, the way of financing the education and type of migration: temporary, permanent, circular. (Within the European Strategy concerning the social affiliation, focused on the need to reduce poverty and social excluding of the immigrants and ethnical minorities, EURES portal offers information regarding the available working places, standards of living and working in European Union.)

The White Paper on Growth, Competitiveness and Employment shows the challenges and way forward into the 21-th century, Brussels, 5 December 1993. This paper contains the four directives of the global competitiveness policy:

1. supporting the European companies to adapt to the competition generated by globalization;
2. Exploiting the competitive advantages and gradually pass to the economy grounded on knowledge;
3. Promoting the long-term lasting industrial development;
4. Reducing the time of reaction of the modification of the supply according to the demand.

The regulations of The Treaty of Amsterdam (1997) upon European Community, including those regarding employment, also refer to the mentioned above directives.

The weapons of the competition fight belong to the legal sphere, to the ethics of business (like the diminishing of the costs and prices, the launching of new products, in few number or unique-products, personally-designed products, the purchase of shares), or to the infracional field, of illegal, unfair competition, practiced as all types of spying or even sabotage.

The economic policy of The Community in the competition domain is based on five fundamental principals:

1. the forbidding of the focused practices, arrangements or associations that could put in danger the trade among the member states and could impede, restrict or unbalance the competition on the common market;
2. The interdiction of the abuse of dominant position on the unique market, in the situation that it affects the trade among the member states;
3. The survey of the help given by the member states which threatens to unbalance the competition making favors to certain take-over of companies or to the production of certain goods;
4. The preventive survey of the fusions having an European dimension, by approving or forbidding the targeted alliance;
5. The liberalization of certain sectors where the public or private companies were involved as monopoles, like communications, transport and energy.

The first two principles can become the subject of some derogation, particularly when an understanding between firms improves the production and the distribution of the products or promotes the technical progress. In the case of the state schemes for help, social subventions, subsidies for promoting culture and preserving the patrimony there are exceptions from the strict application of the competition regulations.

The difficulty of setting up an efficient competition policy lies in the fact that, within The Community there are followed divergent purposes, that must take in consideration that the construction of the perfect competition on the internal market does not affect the competitiveness on the world market, and the liberalization efforts do not impend the public
services satisfying basic needs.

Romania has made great steps forward joining the competitive European markets, under
the survey of The Competition Council. We mention some milestones of this type:

- To set up studies on the evolution of the competition environment on various
relevant markets; the institutionalization of the competition rules applicable for the
firms and stipulated in the 64-th article of The Association Agreement of Romania to
The U.E. .
- To add and adapt the secondary legislation in the competition field with the
including in The Regulations Regarding the Authorizing the Economic Concentrations
of specifications of the notification dead-line,
- To publish a Guide for the control of the bankruptcy-price, the European version
of the American law forbidding the one-dollar purchases,
- To add and adjust the secondary legislation referring the exceptions per
categories, according to the new approach of the vertical restrictions in U.E.,
according to The Regulations of The U. E. Commission no.2790 per 12.22.1999,
- To adapt and add the secondary legislation of the competition, according to add
up of The Community Aquis.

Under the doctrinaire point of view, European markets are contestable, or disputable
markets: this is based on the observation that it is no longer important the number of the
competitors to determine the competitiveness degree and the behavior of the firms, but the
possibility, restricted or not, that companies outside the market could have in order to step in a
market and to have an influence on the pre-installed firms from the market.

To have a contestable market, following conditions must be fulfilled:
1. The freedom of stepping in the market, a characteristic common with the perfect
market,
2. The freedom of getting out, meaning how easy the firm can leave any type of
market.

This conception about the market substantially contributes at the increasing the role of
the freedom of leaving the market.

For a new company to try competing with the already installed companies on a market
is not enough to have the freedom of stepping in.

To step in the market, the company has to invest in marketing and technical studies,
equipment, promotions. Because many markets have economical, political, social or even
natural risks, the companies aim to spend as less as possible, not to waist money. If the
company will not achieve the estimated profitableness in a short time, it will proceed to step
out of the market.

When getting out, the companies have expenses that should be as low as possible:
through paying off some initial costs, or resealing the initial equipments, or redirecting them
to other activities.

The smallest the getting out-costs are, the more attracted the competitors are to
approach the market; the highest the getting out-costs are, the less contestable the market is.

The perfect disputable market is when the freedom of entering the market is total, and
the firms getting out after a wasted tentative of compete risk no other costs but the normal pay
off of the investments in means of production.

The authorities are able to help with a proper legislation and an adequate competitive
behavior decreasing the getting out-costs that signify a null risk when entering a market.

In such a situation, the companies settled on the market take in consideration the
inside competitors as well as the potential competition of the outside competitors in order to
step in the market. On a contestable market, there might be one or more producers; they behave as they were in a perfect market situation, having a perfect competition, to escape the steady burden of the potential competitors.

On such a market, a monopoly is not able to get an over-profit all the time, in contrast with the competitor companies, unless it can handle the pushing entering of the new firms. On a contestable market with free input and null get-out-costs, any enterprise has the chance to come in the market for selling the same goods or services, at such a high price that allows over-profits, and to take its share from the producers' incomes, already set on the market.

When the global offer is increasing on the market, the inside firms will have to feedback the pressure from the competition lowering the price, which will lead to diminishing the profits; this option lasts as long as on this sectors we get higher profits than in competitions sectors.

When the getting out costs are negligible, the latest firm can leave again, as soon as the reaction of the others led to the price and profits lowering.

The presence of the company on the market lasts as long as the anticipated profitability period lives.

If a large number of short presences of some companies on a market are noticed, (ghosts), than we have a destabilizing effect upon the rest of the competitors, and they will be forced to practice those prices in order to discourage the entering on the market, that is the prices allowing only a normal short-term profit, as we were on a perfect market. So, if the market is perfectly contestable an oligopoly as well as a monopoly could practice a price as high as the marginal cost.

No matter the structure of the market is, the economic agents will only cash a normal, competition-profit; the real or potential entering and outings on the markets making extra-profits will end diminishing them.

There can be verified the observation that the profit ratios in different sectors are independent of the concentration degree of the firms.

Some type of markets can hardly become contestable because of the huge fix costs, that obviously turn to waist when bankruptcy is imminent (for example the natural monopoly), or because of the property on an unique technology or recipe, which is the case of the temporary technologic monopoly.

The most important consequence of the theory of contestable markets lies in the orientation of the economic competition policy towards the making and maintaining the contestability of the market, in the mean time with giving up the actions against the concentration of the companies.

CONCLUSIONS:

The shifting of the market equilibrium can be influenced by the tools or the instruments of the special policies like the credits, the interest rates, the handling of the inflation, the techniques of modification of the normal economic cyclic or of transferring the economic effects along the different geographical areas of the markets.

E.U. markets are moved by an old population, able to work but not physically perform ant. Macro-economic policies must be concerned by their important role in the economic and social development and labor flows should increase up to meeting the requirements of the enlarged European Union. For Romania this means a larger future in-put in the market-resources.
Meanwhile, measures and programs are set up to maintain the social cohesion and to secure an appropriate working and flexible climate, for growth and long-lasting development.

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