



West Region Aims to Catch Up With Its More Developed Peers in the European Union Over the Next Programming Period 2014-2020

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/ >TIMISOARA, September 6, 2013?The World Bank and the Agency for Regional Development - Region West, Romania today hosted a closing-project conference in Timi?oara on "Advisory Services on Competitiveness Enhancement and Smart Specialization Policies in the West Region.
About 50 participants attended, representing local entrepreneurs, companies involved in the preparation of the report, the local and national institutions and administration, and the local chamber of commerce.
Sorin Maxim, General Director of the Agency for Regional Development - Region West, delivered the opening remarks, together with Arabela Aprahamian, World Bank Senior Private Sector Development Specialist. Mr. Maxim also presented the Regional Development Plan 2014-2020.
The event in Timisoara focused on the West Region economy, with a special focus on those sectors with smart specialization potential. Mariana Iotty, World Bank Economist, and Delia Ionica, consultant, presented the findings of the Romania Western Region Competitiveness Enhancement and Smart Specialization report, as well as the conclusions and recommendations for policies and interventions in the West Region.
The aim of the Europe 2020 Strategy, launched in 2010, is to tackle structural weaknesses in Europes economies, while reducing regional disparities in income, wealth, and opportunities. Since the late 1990s, Romanias West Region has experienced rapid economic growth, which translated in rising real wages and improved productivity. The annual growth rate of output per worker amounted to 15 percent during the period 2000-2009. Entrepreneurial activity in the region is significant - the region has one of the highest concentrations of enterprises and exporters in the country. The region is ranked third in Romania regarding the number of firms per capita. In the West region, there are over 200 companies per 100,000 inhabitants. The region also has the third highest percentage of exporters in the country, at 15.7 percent.
According to the report, the physical, human, natural, and cultural endowments of the region can be leveraged to achieve more inclusive and sustainable growth. The West Region benefits from competitive strengths: relatively plentiful infrastructure, access to neighboring countries, skilled workforce, a tertiary education that is strong in natural sciences, mathematics, computer sciences, food and agriculture, medical and veterinary sciences, a largely pristine natural environment, and unexploited cultural and archeological assets.
The report notes that the region has an apparent comparative advantage in automotive, textiles, and information and communication technology (ICT), and a latent comparative advantage in agro-food and tourism.
Each industry cluster has constraints and specificities that will shape the future, according to the report, and might increase the smart specialization. The automotive sector should diversify towards higher value added activities and move up the international value chain. The textile sector should build skills and capacities allowing firms to design and produce their own brands. In the agro-food sector, the challenge is to better market the local produce and link to large distribution chains. In ICT the challenge is to expand the current set of activities, and overall productive capacity. In tourism, ownership at a high political level and institutional coordination are key to fully use the existing potential and endowments.
There are policy areas common to all the sectors that need to be enhanced in the future. The most important four relate to (i) education and training for management and industry-relevant curricula and skills, (ii) the road and rail infrastructure, (iii) access to finance, and (iv) enhancement of the institutional framework for innovation.
The report points out that EU structural funds and other sources can support cross-sectoral and sector-specific actions. National resources and private sector financing can enhance ownership and effectiveness of specific interventions deemed relevant for the West Region, in accordance with the objectives formulated by the EU Cohesion Policy: (i) strengthen research, technological development, and innovation, (ii) enhance competitiveness of small and medium-sized enterprises, (iii) enhance institutional capacity and efficiency of public administration, (iv) protect the environment and promote resources efficiency, and (v) invest in education, skills, and lifelong learning.
In West Region Romania, economic development has been somewhat unbalanced, with significant territorial disparities and a high concentration of economic activity and exports. Territorial disparities in wages, productivity, and exports indicate that the fruits of the strong growth of the past decade have not been distributed evenly. Furthermore, economic activity is concentrated in a few sectors that represent about half the regions turnover and employment. This might lead to high volatility in value-added growth, and sharp drops in per capita gross domestic product and employment during a crisis. Finally, the export-driven growth model of this past decade is vulnerable to shocks in export markets.
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