Industrial Parks in Romania: From Success Stories to Emerging Challenges

Anca Dodescu and Lavinia Chirilă

Abstract—The present paper illustrates the state of the industrial policy in both European Union and Romania. In the last 20 years, Romania passed through several changes regarding industrial production. At first it lost its former communist industry highly centralized once with the end of communist regime. We are assisting in the last 20 years on the communist industry highly centralized once with the end of communist regime. We are assisting in the last 20 years on the one hand, at the restructuring of Romanian industry largely as a result of foreign direct investment inflows and, on the other hand, at a weak national industrial policy. Through this paper we try to put into force the solutions that European Union promotes in order to support industry, solutions that are based on innovation and business agglomeration. Presenting the success story of Eurobusiness Industrial Park from Oradea, we reveal how efficient, and in accordance to the latest trends in matter of industry, creating industrial parks can be in a country that is still facing difficulties to fully integrate to the European Union.

Index Terms—Industrial park, agglomeration economies, industrial policy, enterprise policy, regional policy.

I. INTRODUCTION

Some theoretical aspects about industrial parks as tool of industrial policy

Somewhat deprived in literature in comparison with the more sophisticated concepts of Marshallian industrial district, better defined especially through the contribution of Italian regionalists, especially Giacomo Becattini [1], or famous Porterian industry cluster [2], and somewhat overlapped by these concepts, the concept of industrial park is based on the same Marshallian agglomeration economies work and frequently found in the family of terms like scientific park, technology park, scientific research park, ecological park or different combinations of these. The concept of industrial park has the meaning of a portion of a city that is zoned for industrial use (group of industries, manufacturing and associated activities etc.), an area usually located on the outskirts of a city and combined with tax incentives for businesses to locate there. The spatial separation, dedicated infrastructure and support from public authorities are distinctive characteristics for industrial parks, while scientific park, technology park, research park, ecological park or different combination of these involve additional partnership between business – universities - research institutes and the civil society. As tools to encourage agglomeration economies, industrial parks are instruments of industrial policy defined as public actions taken in order to influence a certain production market in the course aimed by government [3] – [6].

We will discuss in the present paper the industrial policy of the European Union (EU), and the way in which it has influenced the industrial policy of Romania in using instruments as industrial parks. As an Eastern European country, Romania passed through several changes regarding industry: a difficult separation of the command economy and transition to the free market economy, a delayed adjustment in accordance to EU requirements and development paths. Facing the challenges of European integration and confronted with the economic financial crisis, Romania is still far from the Italian experience in the industrial districts field (more than 200 industrial districts, mainly in textile, fashion and in furniture industries) or other EU Member States in the scientific, technology, research, ecological parks (France - Grenoble, Montpellier and Sophia-Antipolis; Sweden - the Gnosjö district; Germany - Baden-Württemberg; United Kingdom – London- Bristol etc.) [7] etc. The industrial parks are until now the only “success stories” in the field of Romanian EU convergent industrial or enterprise policy. We will present the success story of Industrial Park Eurobusiness Oradea, situated in the North – West Region, in the context of emerging challenges of Romanian industrial policy.

II. THE INDUSTRIAL POLICY OF THE EUROPEAN UNION

During the last half century, in EU and EU Member States, objectives and instruments, strategies and practices in industrial policy were continuously enriched in close correlation with the history of EU Member States and the evolution of common policies evolving toward a close relationship with enterprise policy and regional policy. The bridge between them is, nowadays, innovation. European countries faced two World Wars on their territory and as a result had to pass through reconstructing industry – in the case of defeated (Italy, Germany), or, if we speak about victorious countries, besides reconstruction costs they had to add the costs of decolonization (UK, France, Belgium). In sixties and seventies, sectorial industries were hit by crises proving that local know-how and synergies cannot handle fast modifications of markets and technologies [8], [9]. At that moment, Member States decided to take the integration process to a higher phase and eliminated progressively tariff and non-tariff barriers through Single European Act (1986) and through the Treaty of Maastricht (1992) that put for the first time emphasis on research and innovation in order to increase competitiveness. At present, the approach regarding EU industrial policy has changed significantly, especially with the introduction of Lisbon Strategy and recently the
Europe 2020 strategy. The accent moves from the narrow understanding of industrial in relation just with industrial activity itself towards the capacity of economic activities to face competition. Taking advantage of sources of competitive advantages, increasing internationalization, increasing interest for innovation, creating and supporting innovation networks and strengthening technical and scientific capacity of EU are the main challenges [9]. The EU industrial policy is currently directly promoting globally competitive clusters and networks in both traditional and emerging industries and encouraging Member States to promote “smart specialization”, to develop clusters and improve the innovation performance of regions [10] - [15].

Actual approach of EU industrial policy, according with recent developments of regional policy, is characterized by more attention to the territorial capital, especially for the role of soft and knowledge components of territorial capital [16]. According with the OECD, list of determinants of territorial capital may include “the area’s geographical location, size, factor of production endowment, climate, traditions, natural resources, quality of life or the agglomeration economies provided by its cities, (...) its business incubators and industrial districts or other business networks that reduce transaction costs, (...) ‘untraded interdependencies’ such as understandings, customs and informal rules that enable economic actors to work together under conditions of uncertainty, or the solidarity, mutual assistance and co-opting of ideas that often develop in clusters of small and medium-sized enterprises working in the same sector (social capital). Lastly, according to Marshall, there is an intangible factor, ‘something in the air’, called the ‘environment’ and which is the outcome of a combination of institutions, rules, practices, producers, researchers and policy makers that make a certain creativity and innovation possible” [17].

The paradigm shift in EU industrial policy consists in shift from selective support of certain industries considered able to produce more wealth than others to supporting business agglomeration generally, considering that all of them are able to generate wealth because of the rise of productivity they determine. Moreover, the paradigm shift in EU industrial policy reflects transition in EU policy styles from investment in material to immaterial assets, from tangible to intangible industrial policy reflects transition in EU policy styles from investment in material to immaterial assets, from tangible to intangible factor, ‘something in the air’, called the ‘environment’ and which is the outcome of a combination of institutions, rules, practices, producers, researchers and policy makers that make a certain creativity and innovation possible” [17].

A brief retrospective of industrial policy changes shows that we can associate a main goal to each 20 years: industry reconstruction, export industry, internationalization for 1950 - 1970, competitiveness, innovation, technological diffusion and SMEs for the 1970 - 1990, territorial capital and smart specialisation for the 1990 – 2010.

Considering Camagni and Capello analysis of evolution of regional policy targets and styles from historical perspective as follows: “1950s infrastructure, as precondition for growth”; “1960s attraction of external activities, development poles, export industry”; “1970s endogenous development: SMEs, local competencies”; “1980s innovation, technological diffusion, innovative milieu”; “1990s knowledge base, intangible factors, local culture”; “2000s relational capital”, collective learning, interconnection, territorial capital” [18] and interdependence between industrial and regional policy in EU, agglomeration economies, business incubators and industrial districts, industrial parks, clusters, other business networks are considered instruments of the new industrial innovation policy from regional perspective.

For a New EU Member State as Romania, application of these tools is important not only to ensure an EU convergent industrial and enterprise policy, but also in terms of recovery of regional development disparities. Just for illustration, we are noting that on EU accession date, Romania was the poorest Member State, seven times poorer than Luxembourg - the richest and the difference was greater at regional level - North-East region of Romania was the poorest region of the EU with 23 % of the EU-27 average GDP per capita. A slight improvement is observed after accession, which confirms the EU expectations on the catch-up process in the New Member States. Of 1.5 % per year, regional GDP per capita in % of the EU-27 average increased to 29% in the North East region, but Romania and Bulgaria remain "pole of poverty" both as Member States (GDP per capita in Romania is 45% of average EU-27, respectively 44% in Bulgaria) and in regional terms. The situation worsens under the impact of severe economic crisis, in 2009 real Romanian GDP suffered an almost double contraction compared with EU-27 average (4.2 %) [19], [20].

III. INDUSTRIAL POLICY AND INDUSTRIAL PARKS IN ROMANIA

After 1990, the image of Romania as a communist highly industrialized country gradually begins to change. There are many voices claiming that Romania, like other Eastern European countries, has experienced in the last 20 years a process of deindustrialization caused primarily by a deep crisis of the post-communist system and determined by closing representative factories in mono-industrial cities and many failures in privatization process [21]. For the last 20 years, Romania has been avoiding the industrial policy, even though the European Union has one and promotes it including through Europe 2020 strategy [10]. The fact is that over the last two decades, we are assisting on the one hand, at the restructuring of Romanian industry largely as a result of foreign direct investment inflows and, on the other hand, at a weak national industrial policy. Comparing with the new EU innovative industrial policy, infrastructure, mechanisms and instruments of Romanian industrial policy are still at an early stage of development. Chronic very low public RDI expenditure as direct instruments and largely insufficient indirect instruments, such as tax incentives, characterize Romanian industrial policy [22].

Industrial parks (and related concepts such as business incubators, industrial districts, industrial parks, clusters, and other business networks) are a relatively new phenomenon in Romania. While few would deny the benefits of innovation-based economy, it is possible that implementing a "clusters policy" to be seen as very ambitious for a country that still needs to add the missing pieces to complete the image of a functional market economy. The model of
industrial parks seems to fit better Romanian market and registers a growing trend lately. Romania has all prerequisites to overcome the economic and industrial crisis, as it benefits not only of a cheap and qualified labor force, but also of operational programs dedicated to the development of economic competitiveness (allocated by the European Commission) being allocated over 5 billion euros. Following successful models in the European Union, Romania succeeded to attract investments of "greenfield" or "brownfield" in various industrial parks, from the textile industry to the software and electronics. Benefits, structure, function and their emergence will be studied in this section of the paper, along with analysis of a model that we consider successful, namely Industrial Park "Eurobusiness" Oradea.

The closest form of industrial policy intervention similar to the nature of the clusters are related to legislative and administrative decisions on the establishment of industrial parks, free zones or science parks. Industrial parks are usually administered by a company which holds the title of industrial park while the land of the industrial park must meet certain conditions, provide certain facilities (access to road infrastructure and / or rail, exemption from taxes for example) and obligations.

In accordance with the other policies and strategies of the national economy and the European Economic Recovery Plan, Romania's industrial policy has as main objectives: “competitiveness and market access, improving the general and specific research conditions and eco-development for active participation in the new European Research Area; consolidation of the environmental potential of industry, sustainable use of resources, development of industrial services and public-private partnerships, modernizing the labor market” [23].

Development of industrial parks began in Romania in 2001 when the Government, through legislation [24] (Law 490/2002 regarding creation and functioning of industrial parks), has provided several facilities for investors willing to concentrate in certain locations with adequate infrastructure for industrial activity. In 2010, in the records of the Ministry of Interior and Administrative Reform were registered 63 industrial parks (IPs), totaling an area of over 2000 ha, of which 1200 ha are investments of "greenfield" and the rest of "brownfield" with various objects of economic activity.

In the next part of the paper we will analyze Eurobusiness Park from Oradea, an industrial park that so far registered success in attracting investors and creating workplaces.

IV. STUDY CASE: EUROBUSINESS PARK ORADEA

The Eurobusiness industrial park is situated in Oradea, the county residence of Bihor, situated in the Northwest Region. Northwest region includes six counties: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare and Salaj. It has a strategic geographical position, having borders with Hungary and Ukraine and with the Central, West and North-East Development regions of Romania [25]. Its position gives a European Central privileged position, Oradea city being an important communications hub located at sensitive equal distances from four important capitals of EU: Bucharest (651km), Vienna (518km), Budapest (248km), Prague (676km), which gives it a competitive advantage. The surface of the city is of 11,556 hectares and has a number of 205,077 citizens. Eurobusiness Park Oradea is the newest industrial park in the North - West region, located in Oradea on E60 (European road between Brest (Brittany) and Constanța, 8.53 km away from the Borș border point) exit to Hungary, 4 km from the border. It has an area of 121 ha, and is located in the industrial area of the city and the works for creating its own network of industrial roads and infrastructure are in progress, as well as connection to public utilities: electricity, heating, sanitation, running water, gas and even public transport to the park site [26].

The land is buildable with industry-specific and is fully owned by Oradea Municipality. The industrial park is administered by "Eurobusiness Park Oradea Ltd" company owned by the City Council of Oradea through Oradea Real Estate Administration. The company holds the title of industrial park under The Order of the Ministry (MIRA) nr.685 Order from December 15, 2008. The main objective of the park is to attract investors and support local businesses. Surfaces available in the park after the road and utilities will be finished will be divided into two destinations: land for services and land for production and research activities [26].

The main activities developed in the park include: processing industry; business, prevailing financial and banking activities, consulting, design, research and development and business management activities; distribution, predominantly storage and logistics of goods; services predominantly industries creating services; in addition to activities that prevail and which give the specialization of the industrial park to support the development of these activities, can be conducted a range of services: provision of utilities, cleaning and security, trade and catering services, hotel activities, accounting services, business assistance, insurance services and other similar or directly related to them. According to the official web-site of the Eurobusiness industrial park, access and distances to the industrial park are as it follows: 4 km from the border with Hungary, 4 km from Transylvania highway access node, 3 km from the entry into Oradea, street front to E60 1.2 km, 6.8 km away from Oradea international airport, 5.2 km from city center (city Hall), 2 km away from Oradea train station. Eurobusiness industrial park has great access from all directions due to the three of the main European roads (E60, E671, E79) and to four National roads (DN1, DN19, DN79, DN76). At present there have been signed 26 contracts with investors so that the occupancy grade of the park is of approximately 50%. Three of the biggest investors are: the American company PLEXUS – with a surface of 86,824 square meters, an investment of approximately 30 million EURO and 250 new workplaces created; the Korean group ShinHeung occupies 100,000 square meters and invested 30 million EURO and created 900 workplaces; FAIST Mekatronic, part of the Industrial Group FAIST leased 36,978 square meters, invested 25 million EUR and created 650 workplaces. The fiscal facilities given in the industrial park by the Municipality regard the reduction and even exemption from the payment of tax on buildings and land in the limit of equivalent in lei of 200,000 Euro, respectively.
100,000 Euro in the case of enterprises that develop road transport activity [26].

V. FINAL CONSIDERATIONS

Up to this stage we consider that Eurobusiness Industrial Park is a real success as it brought great investments in our city and region and created workplaces, increasing the competitiveness of the North – West region. The Eurobusiness Park is a real example of how local government and public institutions (as is the case of Oradea City Hall) can intervene in economy to encourage industrial production. The instrument that should be used efficiently in order to facilitate Foreign Direct Investments in development regions is innovative industrial facilities such as industrial parks, where the price of land is law, local taxes are exempted and infrastructure and utilities are provided. We assume that by the end of the investment in Eurobusiness Park will be about 4000 workplaces created and investments of 200 million Euros. Oradea City Hall decided to create another two Industrial Parks in the area, based on the success registered with Eurobusiness Park.

From regional perspective, the case of Eurobusiness Park is a success story, but there are no many success stories like this in North – West region and Romania. As the proverb says “a swallow does not make spring”, this success deserves to be replicated in other cities and regions in terms of the main weaknesses of actual Romanian regional policy: cvasi-total reliance on EU regional policy and structural funds, weak administrative capacity, bad governance and inefficient multi-level governance in regional development. From industrial policy perspective, deindustrialization process, mono-industrial or predominantly agricultural economic structures, poor infrastructure and the migration of active population, are the greatest threats to actual Romanian industrial policy, in our opinion. In this context, encouraging agglomeration economies, industrial parks, no less business incubators, clusters, cluster-based technology hubs, entrepreneurs’ and innovation networks as instruments of industrial and enterprise policy from regional perspective, collaborative relationships among industry - local government - university, and a new way of thinking based on empowering the role of network for innovation, “outside the box” of traditional thinking, in the sense of “triple helix interaction” at regional and national level, can be effective solution for Romanian recovery. Still far from other EU Member States experience in the field of industrial districts, scientific, technology, research, ecological parks etc. and still far from the perspective of the EU in designing policies, emerging challenges for Romania in the presence of imperative of “exiting the crisis” revolve around innovation.

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