
THE ANALYSIS OF THE NET INVESTMENTS – MODEL OF STUDY

Prof. Constantin ANGHELACHE, PhD

*“Artifex” University of Bucharest
Bucharest University of Economic Studies*

Prof. Radu Titus MARINESCU, PhD

“Artifex” University of Bucharest

Assoc. prof. Aurelian DIACONU, PhD

“Artifex” University of Bucharest

Abstract

Net investments represents a concept that underlines the expenses made for constructions, equipment and setting works, for the acquisition of equipment, conveyance means, other expenses meant to generate new fix means, for the development, modernization, reconstruction of the existing ones as well as the value of the services connected to the property transfer on the existing fix means and lands, taken over against payment from other units (notarial taxes, commissions, transport, loading-unloading expenses) etc. Our purpose is to analyze the investments at national level, aiming to underline the development degree of the different categories of activities in the total et investments achieved in Romania, according to the data issued by the National Institute of Statistics.

Key words: *net investments, analysis, payment, development, achieved, structure, evolution, period*

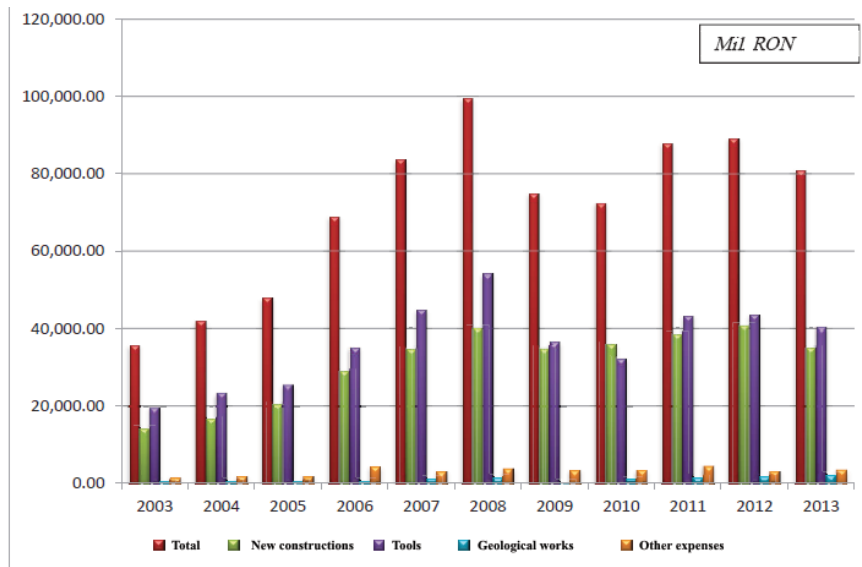
As explained above, the investments are playing a particularly important role in the context of the economic stability and, implicitly, of the economic growth.

In this context, we keep on analysing the investments at national level, aiming to underline the development degree of the different categories of activities in the total et investments achieved in Romania, according to the data issued by the National Institute of Statistics.

Thus, we shall emphasize the structure in the total net investments, comparatively, at the level of the year 2003, respectively 2013, representing the weights of the main domains of activity: constructions, equipment, geological works as well as other expenses.

The concept of *net investments* underlines the expenses made for constructions, equipment and setting works, for the acquisition of equipment, conveyance means, other expenses meant to generate new fix means, for the development, modernization, reconstruction of the existing ones as well as the value of the services connected to the property transfer on the existing fix means and lands, taken over against payment from other units (notarial taxes, commissions, transport, loading-unloading expenses) etc.

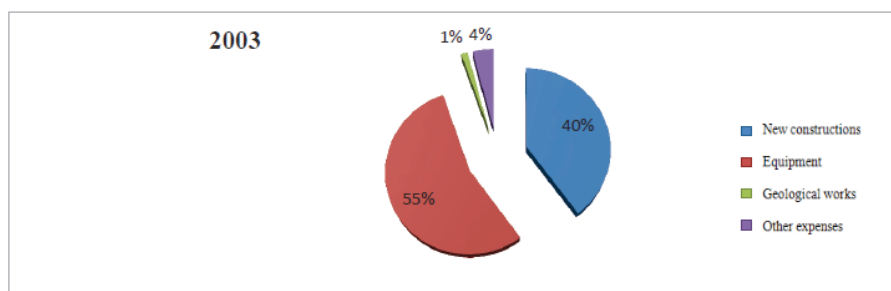
**Net investments in Romania by structure elements, during the period
2003 - 2013**



Source: National Institute for Statistics

In the context of a detailed comparative analysis we shall submit a parallel between the proportion of the net investments by elements of structure in the year 2003, respectively, 2013.

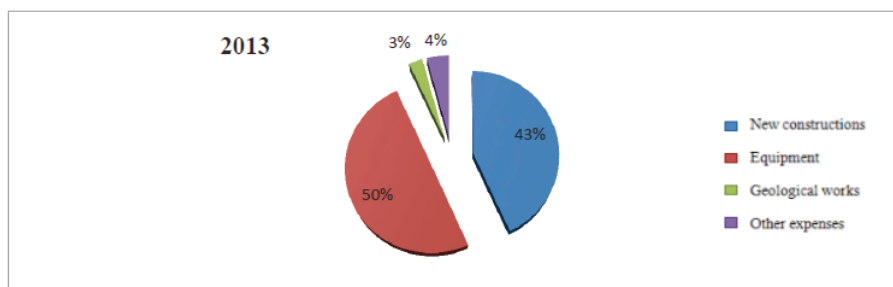
Net investments in Romania by structure elements in the year 2003



Source: National Institute for Statistics

Graphically, the weights recorded at the level of the year 2013, out of the total net investments made at the national level can be represented as follows:

Net investments in Romania by structure elements in the year 2013



Source: National Institute for Statistics

Taking into consideration the comparative analysis of the net investments by elements of structure, we notice that, at the level of the year 2013 there is a diminishing of 5% as against the year 2003 for the proportion of the *equipment* (with and without setting) – representing the machinery, equipment, technological lines and installations which can function only after providing the setting works, respectively those which can function independently. Also, this group is including the conveyance means as well. These are representing those means used for displacements outside and inside the unit, such as: road conveyance means, naval transportation (including the drilling and exploiting platforms), railway means, airway means, bicycles and motorcycles, vehicles for invalids, vehicles with manual and animal traction.

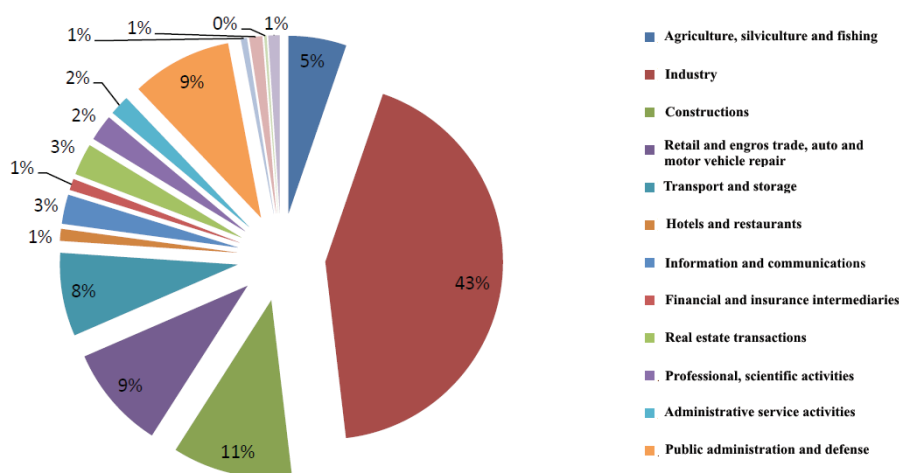
Meantime, in 2013 as comparatively with 2003, we note the increase by 3% of the activities connected to the *constructions* sector, representing the ensemble of the works through which the new constructions, the development and modernization of the buildings meant for industrial, agricultural etc. sectors, are achieved. The constructions are including as well the setting works for the technological and functional equipment, along with the entire complex of operations through the which the assembling on the building site of their components as well as the their fixing on the foundation is achieved (including also the value of the mechanical samplings and grindings for the technological lines and equipment).

Another variation of the weight of the elements of structure is given by the increase of the proportion of the geological works by 2% in the composition of the net investments at the level of the year 2013 as comparatively with year 2003. By *geological works* we understand the ensemble of the works meant to: identify new reserves of utile mineral substances, both solid and fluid, within the perimeters already in exploitation, in new structures or under research processes; to promote the reserves of utile mineral substances to superior categories; establish certain characteristics of the reserves of utile mineral substances in order to include them into the group of the balance sheet reserves; obtain the date concerning the drawing of the energetic, hydro-technical, industrial etc., constructions in order to set up the structure and composition of the soil, the regime of the phreatic waters for those lands where the investment

objectives are going to be placed; extract the utile mineral substances in fluid form (exploitation drilling); increase the recuperation factor and the exploitation rhythm for the crude oil, through injecting fluids into the deposits and oil fields.

Graphically, the proportion of these activities can be represented as follows:

Net investments by activities of the national economy in 2013



Source: National Institute for Statistics

As regards the evolution of the autochthonous investments of the analyzed period, to be noticed that, at least during the last five years of the considered statistical interval there are not major variations, with a recorded annual average value of 22,300 million RON.

The analysis will be extended considering the year 2013 which will be structurally represented, from the point of view of the contribution of certain branches of activities of the national economy to the achievement of the net investments. Hence, considering the activities contributing to the value of the net investments in our country, the year 2013 shows a particularly significant contribution held by the industrial sector, in a proportion of 43%, followed by the constructions sector which in this marked a launching, contributing with a proportion of 11%, the retail trade holding 9% of the net investments from our country, the public administration and defense holding 9%, while the activities of transport and storage held 8% only, followed by the agriculture participating in proportion of 5% to the net investments forming etc. The total of the net investments recorded in Romania for the year 2013 counted 80,846.60 million RON.

The evolution of the net investments by ownership forms

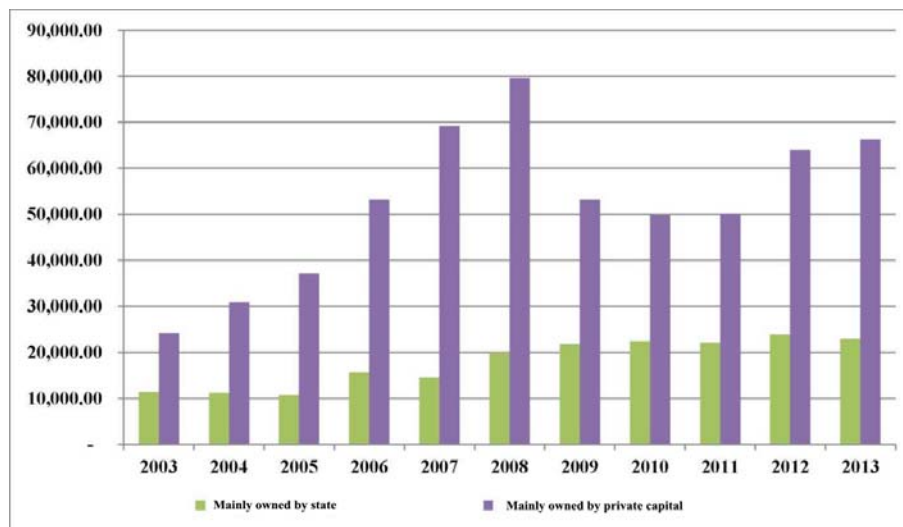
The net investments in Romania can be put forward structurally by ownership forms in order to visualize the extent to which the foreign or autochthonous contributed to the economic growth in our country.

Out of the graphical representation submitted further, we notice a participation of preponderantly foreign origin from the point of view of the net investments in our country. The maximum point of the evolution of the foreign investments in Romania has been recorded in the year 2008, when their recorded value counted for 79,593.60 million RON. Afterwards, although the foreign investments keep on holding a major proportion in the structure of the net investments, they diminish significantly their volume.

The diminishing of the foreign investors' activity was due, as mentioned in other analyses, to the baneful effects of the economic and financial crisis being resented at the European level as well, with a major impact on the foreign investors from our country.

As mentioned previously, the autochthonous investments in our country are developed to a significantly smaller extent comparatively with the investments entailed by the private sector, this situation involving both positive effects, such as jobs being created, improvement and specialization of the labor force, development of certain sectors of activity of the economy etc., and negative effects relating strictly to the national security.

Net investments by ownership forms in Romania during the period 2003 - 2013



Source: Self representation based on data supplied by the National Institute for Statistics

Therefore, even after the period of economic boom economic, Romania is finding weight relatively low for the private investments which get significantly reduces at the level of the year 2009, as a consequence of the crisis launching. A period of slight recovery of the investing process, with ownership mostly private,

developed at national level, is noticed stating with the years 2012 and 2013. During the period 2010 -2013, the investments with state ownership as majority keep a certain steadiness on the ground of the economic instability, without recording significant increases of volume.

Conclusions

Taking into consideration the comparative analysis of the net investments by elements of structure, we notice that, at the level of the year 2013 there is a diminishing of 5% as against the year 2003 for the proportion of the *equipment* (with and without setting) – representing the machinery, equipment, technological lines and installations which can function only after providing the setting works, respectively those which can function independently. Also, this group is including the conveyance means as well. These are representing those means used for displacements outside and inside the unit, such as: road conveyance means, naval transportation (including the drilling and exploiting platforms), railway means, airway means, bicycles and motorcycles, vehicles for invalids, vehicles with manual and animal traction.

Meantime, in 2013 as comparatively with 2003, we note the increase by 3% of the activities connected to the *constructions* sector, representing the ensemble of the works through which the new constructions, the development and modernization of the buildings meant for industrial, agricultural etc. sectors, are achieved. The constructions are including as well the setting works for the technological and functional equipment, along with the entire complex of operations through the which the assembling on the building site of their components as well as the their fixing on the foundation is achieved (including also the value of the mechanical samplings and grindings for the technological lines and equipment).

Another variation of the weight of the elements of structure is given by the increase of the proportion of the geological works by 2% in the composition of the net investments at the level of the year 2013 as comparatively with year 2003. By *geological works* we understand the ensemble of the works meant to: identify new reserves of utile mineral substances, both solid and fluid, within the perimeters already in exploitation, in new structures or under research processes; to promote the reserves of utile mineral substances to superior categories; establish certain characteristics of the reserves of utile mineral substances in order to include them into the group of the balance sheet reserves; obtain the date concerning the drawing of the energetic, hydro-technical, industrial etc., constructions in order to set up the structure and composition of the soil, the regime of the phreatic waters for those lands where the investment objectives are going to be placed; extract the utile mineral substances in fluid form (exploitation drilling); increase the recuperation factor and the exploitation rhythm for the crude oil, through injecting fluids into the deposits and oil fields.

The analysis will be extended considering the year 2013 which will be structurally represented, from the point of view of the contribution of certain branches of activities of the national economy to the achievement of the net investments. Hence, considering the activities contributing to the value of the net investments in or country,

the year 2013 shows a particularly significant contribution held by the industrial sector, in a proportion of 43%, followed by the constructions sector which in this marked a launching, contributing with a proportion of 11%, the retail trade holding 9% of the net investments from our country, the public administration and defense holding 9%, while the activities of transport and storage held 8% only, followed by the agriculture participating in proportion of 5% to the net investments forming etc. The total of the net investments recorded in Romania for the year 2013 counted 80, 846.60 million RON.

As mentioned previously, the autochthonous investments in our country are developed to a significantly smaller extent comparatively with the investments entailed by the private sector, this situation involving both positive effects, such as jobs being created, improvement and specialization of the labor force, development of certain sectors of activity of the economy etc., and negative effects relating strictly to the national security.

Therefore, even after the period of economic boom economic, Romania is finding weight relatively low for the private investments which get significantly reduces at the level of the year 2009, as a consequence of the crisis launching. A period of slight recovery of the investing process, with ownership mostly private, developed at national level, is noticed stating with the years 2012 and 2013. During the period 2010 -2013, the investments with state ownership as majority keep a certain steadiness on the ground of the economic instability, without recording significant increases of volume.

Bibliography

1. Anghelache, C. (2012). -“România 2012. Starea economica în criza perpetua”, Editura Economica, București;
2. Anghelache, C., Manole, A. (2012) -“Correlation between GDP direct investments–An econometric approach”, *Metalurgia International*, Nr. 8, pp. 96-98, categorie ISI;
3. Anghelache, C., Anghelache, G.V. (2012) -“GDP and the final consumption of Romania. Evolution and correlation in the last decades”, *Metalurgia International*, Nr. 8, pp. 158-160, categorie ISI;
4. Anghelache C., Marinescu, R. T., Manole, A. (2011) - „Unele aspecte teoretice referitoare la modelul de regresie liniară simplă utilizat în analizele macroeconomice”, *Scientific Research Themes/Studies Communications at the National Seminary „Octav Onicescu”*, Romanian Statistical Review Trim. 2, pp. 40-54;
5. Anghelache, C. și alții (2012) – „Elemente de econometrie teoretică și aplicată”, Editura Artifex, București;
6. Anghelache, C. și alții (2011) – “Econometrie”, Editura Artifex, București;
7. Anghelache C., Mitrui, C. și alții. (2010) – „Econometrie”, Editura Artifex, București;
8. Andrei, T., Bourbonais, R. (2008) – „Econometrie”, Editura Economica, București;
9. Biji E.M., Lilea E., Vătui M., Lilea F.P.C. (2010) - „Statistical Analysis of The Monthly Regularity of Romanian’s Foreign Trade In 2009”, volumul Conferinței Internaționale “5th International Conference On Applied Statistics”, București
10. Dinu, A. M. și alții, (2013) - “Evolution of GDP and Foreign Investments”, *Revista Română de Statistică, Supliment, Trim. IV*, pag. 34 - 39, ISSN 1018-046x, categoria B+
11. Mitrui, C.; Dinu A. M. și alții (2014) – “GDP and Foreign Investments Evolution”, *Romanian Statistical Review Supplement, Vol. 62, Nr. 1*, pag. 126-129, București, ISSN 2359-8972 CNCSIS.