

Specialization and Geographical Concentration in Manufacturing Industry of the European Union Member States

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Abstract

The article deals with some aspects of regional development and specialization in the European Union, highlighting disparities between regions in these respects and the main causes that determined them. The results of some analysis – performed using indicators such as GDP/inhabitant, labour force employed, regional competitiveness, Hallet and Keeble –, are summarized, these results being largely convergent. Special attention is paid to issues of regional specialization and development in Romania, which places, in these respects, our country's developing regions, except Bucharest-Ilfov region, on very modest places throughout the Community ensemble.

Keywords: *economic activity; manufacturing industry; regional specialization; regional development; regional competitiveness*

JEL Classification: *L6; O18; R11; R12*

Introduction

One of the most prominent policies of the European Union is the regional one, whose main purpose is to support the regions within the perimeter of the Union to fully utilize their potential, improve competitiveness and, thus, contribute to the achievement of sustainable development and raising standards life of citizens. The main instrument for achieving regional policy is the European Regional Development Fund – ERDF, which is allocated about one third of the EU budget for, which aims to gradually reduce economic and social disparities between regions by creating jobs and supporting economic development. The EU regional policy materializes, so, the community spirit of solidarity with the countries and regions lagging behind in terms of economic and social development.

The most commonly used measure of the economic development of regions is the ratio of regional GDP / capita. It is a relevant measure but, still, approximate, since it does not include a number of important elements for regional development, like negative externalities of environmental protection and social inclusion. Despite its imperfections, the measure serves to direct investments to create jobs, ensures economic growth and improve competitiveness and, ultimately, raises the standard of living, according to EU cohesion policy. Investment funds are allocated on different levels of regional development support within the following limits:

- for the less developed regions, with GDP = 75% of the EU27 average;
- for regions in transition, GDP = 75-90% of the EU27 average;
- for the most developed regions, with GDP = 90% of the EU27 average¹.

Recent Developments in Economic Activity Specialization of Member Countries' Regions

Analysis of statistical data recorded on the basis of this division reveals that before the onset of the 2008 global financial and economic crisis it was outlined a clear tendency to reduce disparities between regions, but cancelled by crisis which caused backlash of already lagging regions, especially of those in which operated the activities the most affected by the crisis. Dispersion of regional developments, expressed in terms of the mentioned indicator, was, in 2011, very broad, ranging from 321% to EU28 average realized by Inner London (UK) to 29% in the North-East region of Romania. The regions with the highest levels of GDP / capita at purchasing power parity (PPP) were Inner London, Luxembourg, capital regions of Belgium, Czech Republic, France, Slovakia and Sweden, Hamburg and Upper Bavaria (Germany), Groningen (Netherlands). In 2011 there were 76 NUTS2 regions belonging to the first group mentioned above, of which 20 with a GDP / capita below 50% of the EU28 average, all located in former communist countries: six in Romania, five in Bulgaria, five in Poland, four in Hungary.

In Romania, all NUTS2 regions were placed, in this regard, in the first group mentioned, except Bucharest-Ilfov region, which recorded a higher or equal level to 125% of the EU28 average. It should be noted that in Germany, Italy, Netherlands and Spain capitals of NUTS2 regions have not registered the highest national levels of GDP / capita, that Berlin is the only capital of the region in the European Union with the mentioned indicator below the national average, and that Sweden is the single member country to which all NUTS2 regions have this indicator over the EU28 average.

Regarding NUTS3 regions, the situation remains, in general, similar to that shown about NUTS2 regions, regions of Germany being at the highest level in relation to the EU average, while 24 regions were at less than 30% of the average (Bulgaria – 15 regions, Romania – eight, Hungary – one).

NUTS2 regions differ also noticeably depending on the pace of change in time of this indicator's level. In the period 2008-2011, so when the crisis became manifest, the index rose the most in comparison with the EU28 average in all regions of Austria, Belgium, Bulgaria, Germany, Poland, Slovakia (except one region) and Hungary; instead, the NUTS2 regions in Croatia, Greece, Ireland, Netherlands, Portugal, United Kingdom, Slovenia, Spain saw cuts more or less sensitive of the indicator's level relative to EU28 average.

In Romania, the changes were varied: Bucharest-Ilfov, South East, South West, West regions – growth 5.0%; Centre and South-Muntenia regions – growth from 0 to 2.0%; North-West and North-East regions – change between -2.0% and 0%. The existing situation in terms of the GDP / capita is repeated, with minor deviations, also in terms of labour productivity expressed in GVA / person employed.

It should be noted that labour productivity refers to the entire range of economic activities carried out in a region, so including industrial activities (e.g. Inner London region, which ranks

¹ European Union. Regional Policy. Making Europe's regions and cities more competitive, fostering growth and creating jobs. European Commission, Directorate General for Communication, Brussels, November 2014, Luxembourg, Publications Office of the European Union, 2014, p. 10

first in the hierarchy according to this indicator, has highly developed financial services, these determining, predominantly, occupying the position mentioned).

We made this synthetic insight into the development of the regions as their specialization has close links with the indicators mentioned above (one of the determinants of economic and industrial specialization is the development of the entity analysed).

Industrial specialization is the subject of business structural statistics data – SBS, detailed by NACE sections and divisions, which refer to the number of persons employed at the regional level in each of these sections and divisions (no SBS data on gross value added)². Using labour force in non-financial economic activities presents, generally, the highest shares in the industrial branch; of the 268 NUTS2 regions for which statistical data are available, in 73 regions industry covered more than 32% of the workforce employed in non-financial activities, the largest shares being registered in two regions of the Czech Republic, one of Hungary, two in Bulgaria and two in Romania (Central and West). In fact, the largest shares of the workforce employed in industrial activities were recorded in countries of Central and Eastern Europe, doubtless as a delayed effect of the industrial units' gigantism practiced irrationally during the regime of centralized economy.

Variation by regions of the determinants of industrial specialization (availability of natural resources, appropriate skilled labour force, transport, communications and energy infrastructures, production costs, geographic and climatic conditions, business laws, transport distances, access to markets) resulted in the creation and progressive widening of regional disparities. Thus, in Central and Eastern Europe can be identified an “industrial banana” (similar to that in the West that stretches from Manchester and Birmingham to northern Italy) – which extends from Liberec, Czech Republic, crossing Hungary, West, Central and South-West of Romania and reach Ruse city in Bulgaria - where the share of employment in industrial activities in the workforce of all non-financial economic activities is significantly higher.

At the same time, there were 72 regions in which industrial activities occupy less than 18% of the workforce engaged in activities specific to non-financial economy, most of these regions including the country's capital (where the predominant activities are the business services) and those at the periphery of the Union.

By industrial sectors (NACE activities), the most specialized regions are shown in the next table.

Table 1. NUTS2 regions most specialized in NACE activities, 2011

Activity	NACE Code	NUTS2Region	Country	% in workforce employed in non-financial economy of region
Manufacturing industry	C	Severovýchod	Czech Republic	44,6
Food	10	Bretagne	France	13,9
Beverages	11	La Rioja	Spain	3,4
Tobacco products	12	Trier	Germany	C
Textiles	13	Provincia West-Vlaanderen	Belgium	3,6
Clothing	14	Severozapaden	Bulgaria	10,4

² See EUROSTAT regional yearbook 2014. 6. Structural business statistics, Luxembourg: Publications Office of the European Union, 2014, p. 137

Table 1 (cont.)

Leather and leather products	15	Marche	Italy	6,3
Wood and wood products	16	Latvija	Latvia	4,3
Paper and paper products	17	Norra Mellansverige	Sweden	3,8
Printing and reproduction of recorded media	18	Limousin	France	1,5
Coke and refined petroleum products	19	Opolskie	Poland	c
Chemicals and chemical products	20	Rheinhessen - Pfalz	Germany	8,3
Pharmaceutical products and preparations	21	Province Brabant Wallon	Belgium	c
Rubber and plastics products	22	Auvergne	France	11,4
Other non-metallic mineral products	23	Świętokrzyskie	Poland	4,6
Basic metals	24	Norra Mellansverige	Sweden	10,1
Metallic products	25	Voralberg	Austria	8,2
Computers, electronic and optical products	26	Eszak - Magyarország	Hungary	6,0
Electric equipment	27	Oberpfalz	Germany	8,3
Other machinery and equipment	28	Tübingen	Germany	11,6
Motor vehicles, trailers and semi-trailers	29	Braunschweig	Germany	C
Other transport equipment	30	Midi - Pyrénées	France	5,7
Furniture	31	Warminko - Mazurskie	Poland	7,6
Other manufacturing	32	Border, Midland and Western	Ireland	3,5
Repair and installation of machinery	33	Dytiki Makedonia	Greece	14,1

Note: c – confidential data

Source: EUROSTAT regional yearbook 2014. 6. Structural business statistics, Luxembourg: Publications Office of the European Union, 2014, p. 144

Regarding the data contained in the table and the other concerning industrial specialization, in the cited work are some details, which we add our comments to:

- primary processing activities (of agricultural resources, fisheries, forestry) are often concentrated in rural areas close to agricultural centres (which implies the existence of agro-industrial combined plant), as is the case of regions Bretagne (France), Podleskie (Poland), Del-Alfold (Hungary), Severozapaden (Bulgaria) etc.;
- France is industrially diversified at the national level, but has four specialized industrial regions that occupy the top ranks in hierarchy established depending on percentage of labour force engaged in the industry;
- natural resources endowment is the main determinant of specialization of certain regions, such as some of the Nordic countries (in wood, pulp and paper production), of other countries in the processing of mineral etc.;
- specialization of regions by industrial sectors sanctions well-established reputation of respective countries in these areas (France in food, Germany in the production of electrical equipment and motor vehicles, Italy in the production of leather etc.);
- no region of Romania appears in the table, despite the fact that in certain industrial activities – Refined petroleum products, Non-metallic mineral products, Wood and wood products etc. - employment in some regions has a relatively high share in labour force employed in non-financial economic activities.

Another important aspect of regional development is the competitiveness of firms, a key determinant of development, conditioned, in its turn, by the regional specialization in certain economic activities.

In Annex 15 of the EUROSTAT document mentioned above³, regional competitiveness is assessed with Regional Competitiveness Index - RCI, a composite indicator which aggregates sub-indicators on both economic and social elements, divided into three groups, namely: *I. Basic sub-indicators*: 1. Institutions; 2. Macroeconomic stability; 3. Infrastructure; 4. Health; 5. Basic education; *II. Sub-indicators on efficiency*: 6. Higher education; 7. Efficiency of the labour market; 8. Market size; *III. Sub-indicators on innovation*: 9. Technological readiness; 10. Complexity of the business; 11. Innovation.

RCI calculation for NUTS2 regions led to interesting and useful conclusions to guide the distribution of regional development funds and support the regions' specialization in the most appropriate economic activities:

- the most competitive regions are concentrated in Denmark, Belgium, Holland, Luxembourg, UK (South East), France (North-East), Germany, Austria, Finland and Sweden, so in the Northern and North-West Europe, where most regions showed values of RCI higher than 0.50 level (EU28 = 0);
- less competitive regions are placed in Southeast Europe, in Romania, Bulgaria and Greece, most recording RCI values < -1.00;
- in Poland, Slovakia and Hungary most regions have RCI values between -1.00 and -0.50, but there are regions whose RCI is between -0.50 < 0.00;
- The Czech Republic and Estonia occupy privileged positions in the group of former communist countries, all regions with RCI range from -0.50 to 0.00, the first country having a region with RCI above European average;
- differences between the recorded RCI exists not only between countries, but also between regions within the same country, the largest disparities occurring in France, United Kingdom, Italy and Spain;
- in many countries there are considerable differences between RCI of the region comprising the capital and the second region, a situation encountered in Bulgaria, Czech Republic, Denmark, France, Greece, Romania, Slovakia. An interesting exception to this situation is presented by region comprising Germany's capital, Berlin, whose RCI is below the national average.

Hierarchy of the regions according to RCI registered confirms the polarization of the most competitive and less competitive regions in the said areas, as shown in the following table.

Table 2. The top 10 most competitive NUTS2 regions and the last 10 less competitive NUTS2 regions according to 2013 RCI level

Most competitive			Less competitive		
Rank	Region	RCI	Rank	Region	RCI
1	Utrecht (Netherlands)	100,0	257	Peloponnisos (Greece)	5,1
2	London Zone (United Kingdom)	94,2	258	South-West Oltenia (Romania)	4,2
3	Berskshire, Buckinghamshire and Oxfordshire (United Kingdom)	93,5	259	Centre (Romania)	4,2
4	Stockholm (Sweden)	92,7	260	Anatoliki Makedonia, Thraki (Greece)	3,9
5	Surrey East and West Sussex (United Kingdom)	90,7	261	Notio Aigaio (Greece)	3,7

³ EUROSTAT regional yearbook 2014. 15 – Focus on regional competitiveness, Luxembourg: Publications Office of the European Union, 2014, p. 306 and the next.

Table 2 (cont.)

6	Amsterdam Zone (Netherlands)	90,1	262	Dytiki Makedonia (Greece)	2,8
7	Darmstadt (Germany)	89,2	263	Yugoiztochen (Bulgaria)	2,7
8	Ile de France (France)	89,1	264	Stereia Ellada (Greece)	2,2
9	Hovedstaden (Denmark)	88,8	265	South-East (Romania)	0,1
10	Zuid-Holland (Netherlands)	87,6	266	Severozapaden (Bulgaria)	0,0

Source: EUROSTAT regional yearbook 2014. 12. Focus on regional competitiveness, Luxembourg:

Publications Office of the European Union, 2014, p. 309

RCI calculation detailing by the sub-indicators composing clearly explains the causes of considerable differences existing in regional development and industrial specialization in member countries located in different parts of Europe, as shown in the following table, which ranks the first three and the last three countries according to the grades of each sub-component of the RCI indicator.

Table 3. Ranking member countries / NUTS2 regions according to their competitiveness at some dimensions of RCI sub-components

		First three countries/regions	Mark/ Rank	Last three countries/regions	Mark / Rank
Basic sub-indicator	Institutions	1. Finland	1,77	26. Greece	-1,34
		2. Luxembourg	1,35	27. Romania	-1,56
		3. Denmark	1,34	28. Bulgaria	-1,70
	Macro-economic stability	1. Estonia	2,04	26. Portugal	-1,15
		2. Luxembourg	1,49	27. Ireland	-1,88
		3. Sweden	1,43	28. Greece	-2,76
	Basic education	1. Finland	3,94	24. Greece	-0,96
		2. Estonia	2,17	25. Bulgaria	-2,93
		3. Netherlands	1,43	26. Romania	-2,98
Sub-indicator on efficiency	Tertiary education and longlife learning	Hovedstaden (Denmark)	1	South-East (Romania)	258
		Stockholm (Sweden)	2	Severozapaden (Bulgaria)	261
		Berkshire, Buckinghamshire and Oxfordshire (United Kingdom)	3	Notio Aigaio (Greece)	262
	Labour market efficiency	Åland (Finland)	1	Severozapaden (Bulgaria)	238
		Utrecht (Netherlands)	2	Stereia Ellada (Greece)	264
		Oberbayern (Germany)	3	Ciudad Autonoma de Ceuta (Spain)	266
Sub-indicator on innovation	Technological readiness	Stockholm (Sweden)	1	Kentriki Ellada (Greece)	250
		Amsterdam Zone (Netherlands)	8	Severoiztochen (Bulgaria)	264
		Hovedstaden (Denmark)	11	North-East (Romania)	266
	Innovation capability	Stockholm (Sweden)	1	Stereia Ellada (Greece)	262
		Hovedstaden (Denmark)	2	Yugoiztochen (Bulgaria)	265
		Berkshire, Buckinghamshire and Oxfordshire (United Kingdom)	3	South-East (Romania)	266

Source: EUROSTAT regional yearbook 2014. 12. Focus on regional competitiveness, Luxembourg: Publications Office of the European Union, 2014, p. 311-321

Countries and NUTS2 regions presented in the latter table, on the first and last three places in the rankings determined by the dimensions of sub-components of RCI indicators, are largely the

same summarized in Table 2, confirming the role of industrial specialization and competitiveness determinants in establishing their levels. Close link between regional competitiveness and the regional GDP / capita appears as the final result of the direct influence of factors materialized in dimensions mentioned of RCI sub-indicators, the quality of these factors conditioning decisively the overall level of specialization and development of each region.

Findings of the researches carried out by the specialized department of the European Commission and included in the quoted Yearbook of regional development are confirmed, only partially, by the conclusions of other specialists who have approached the regional specialization.

Thus, M. Hallet demonstrates - using indicator that bears his name⁴, calculated in terms of regional GDP -, that in the European Economic Community countries regional specialization decreased during 1981-1984 and 1989 -1993 (period covered by his research was 1980-1995)⁵. Although during the entire analysed period only 34 regions have emphasized their specialization and 85 diminished it; the regions of Western European “industrial banana” mentioned above, so in the stronger industrialized area of Europe, have significantly increased their degree of specialization.

Changes occurred during that period in the structure of economic activities of the various regions does not allow drawing a dominant pattern of specialization trends, they both occurring in areas with lower regional GDP (Sicily in Italy, Andalusia in Spain) and in areas highly developed as shown; it is but true that the explanation for substantially increasing specialization of many regions, especially those in the southern part of Europe, lies in the reduced basis of their economy. At the same time, many highly developed industrial regions have increased their degree of specialization, passing from the industrial sphere (especially in the manufacturing industry) to the services.

The subject of another study of Professors R. Ezcurra, C. Gil and P. Pascual of the University of Navarra, Spain, consist in the changes occurred in a period, 1977-1999, similar in scope to that of the previous reference, in the regional specialization of member countries of the EU as a whole. Using multiple measurement tools they have reached the following conclusions:

- during the said period there was an emphasized tendency of convergence of productive activities structures carried out at regional level;
- intensity of changes occurred in the productive structure of regions analysed is closely linked to GDP / capita of the regions concerned;
- empirical evidence demonstrates the significant influence other factors have on regional specialization, namely the size of regions (inversely related to the degree of specialization), the overall level of development (as reflected by the GDP / capita), their geographical location (central or peripheral; “peripheral” areas show a structure of productive activities the more different from the average structure of the whole community the higher their distance from its centre), population density (industries characterized by high transport costs

⁴ The indicator Hallet– H_r measures the relative distance between specialization of a region and the average of all regions, with formula:

$$H_r = \frac{1}{2} \sum_{s=1}^N |P_r^s - \bar{P}^s|$$

where: s represents industrial sector; N – total number of industrial sectors; r – region; P_r^s – share of sector s production in r region; \bar{P}^s – production average of s sector in all regions. Zero value of the indicator signifies lack of specialization, the unit value means extreme specialization (region is specialized in one sector).

⁵ M. Hallet. Regional Specialization and Concentration in the EU, European Communities, Economic Papers, Number 141, March 2000, pp. 6-8.

- agglomerate in densely populated areas, but high concentration of productive activities generate additional costs, “of congestion”, so that the influence of this factor is questionable);
- according as the regional development occurs, specializing in productive activities initially decreases and then increases (according to a curve in U);
 - regions with high levels of specialization show a stronger tendency of geographical concentration than those less specialized.

Centrality and Peripherality of Member Countries and Their Regions

Empirical evidence from researches conducted over the past two decades have demonstrated the existence of differences in specialization and developing countries and regions at the edge of the European Union territory compared to the situation of those placed in the centre, the “core” of the continent. Were developed thus, probably under the spur of the New Economic Geography, centrality and peripherality concepts of economic entities (countries, regions) existing in a delimited territory.

In general, periferality of an entity is appreciated in geographical terms, i.e. away from a central location. In a comprehensive vision, periferality but means much more: higher costs of transport, more difficult access to markets, less attraction for investment, export potential more reduced due to transport costs, poor zonal characteristics (scanty physical and institutional infrastructures, poor market demand, insufficient skilled labour, small creative and technological capabilities). At the same time, periferality can mean the existence of local comparative advantages - exploitable natural resources on favourable terms, the low cost of labour (although this advantage can become a disadvantage when, for reasons of social peace, may appear pressure to increase salaries; however, should not be overlooked that low wages mean low labour productivity).

Under the new conditions of globalization and the emergence of the knowledge society, the difficulties of geographical distances lose their importance as access to information is greatly facilitated, but access remains conditioned by the existence of favorable local conditions - infrastructures, appropriate qualifications etc.

As a result, according to R. W. McQuid⁶, there are several regional peripheralitys: *geographical*, determined by the distance to supply markets and outlets; *determined by access to sources of information*; *determined by innovation potential*. In view of the same author, there are also several levels of peripherality: *ultra-peripherality* (regions outside the continent, as Canary Islands belonging to the Spanish, Azores – to Portugal, overseas territories - to France); *continental peripherality*; *regional peripherality in the same country*.

The author quoted, using a reference source⁷, shows the hierarchy determined on the basis of the Keeble indicator of peripherality* of the European Community regions in 1983, shown in the following table. The situation shown in the table is interesting to compare with the recent situation of the same regions, which reveals that for most of them their status of central or peripheral entity remained, basically, the same, situation explained by advantages or weaknesses determined by the two positions held by the various countries and regions on the continental territory.

⁶ R. W. McQuid. Relative Peripherality in a Pan-European Context, Fifth World Congress of the Regional Science Association International, Tokyo, May 1996, p. 9

⁷ D. Keeble, J. Offord and S. Walker. Regions in a Community of Twelve Member States, Luxembourg, Publications Office of the European community, 1988.

Table 4. Hierarchy of the European Community regions according to peripherality indicator, 1983(CE10 average = 100)

	Indicator
Paris / Ile de France (France)	209,4
Brussels / Brabant (Belgium)	161,1
Amsterdam / Noord (Netherlands)	139,7
Merseyside (United Kingdom)	133,4
Milan / Lombardia (Italy)	123,7
Northern Ireland (United Kingdom)	56,5
Ireland (Ireland)	50,7
Highlands and Islands (United Kingdom)	42,2
Calabria (Italy)	39,6

Source: D. Keeble, J. Offord, and S. Walker. Regions in a Community of Twelve Member States, Luxembourg, Publications Office of the European Union, 1988

From the table result clearly the considerable differences of the mentioned indicator level between the regions located in the central and peripheral areas of the European Community, a situation which will be perpetuated further because, as we know, has grown following enlargement in two waves, in 2004 and 2007, of the European Union, with 12 new countries.

In fact, although at the time of the cited communication the prospect of European construction enlargement was still distant, the quoted author realistically anticipated profound political, economic and institutional implications of integration into the European Union of Central and Eastern Europe countries, given peripherality of these countries and included regions:

- new integrated countries and regions will be confronted with existing peripheral regions at the outset of their integration into community ensemble area;
- these new countries and regions have characteristics that differ considerably from those of the peripheral regions of the Community (very high share of agricultural activities, industrial structure with high share of "heavy industry", technical and institutional infrastructure poor and insufficiently mature etc.);
- channelling EU funds for regional development towards the new integrated regions will significantly reduce the allocated share for former peripheral regions of the Community, which will generate doubtless tensions;
- unrestricted mobility of labour within the Community will deprive the new peripheral regions of an important comparative and competitive advantage etc.

A meaningful analysis of the relationship centre - periphery in the spatial distribution of industries in the EU ensemble was made by M. Brühlhart⁸, who identified, from this point of view, three types of manufacturing industries:

- *highly specialized* (high value of the Gini coefficient) *and concentrated in the centre of the Community territory* (positive correlation with the index of centrality) - Chemicals and chemical products, Motor vehicles (industries characterized by economies of scale);
- *dispersed* (low value of the Gini coefficient) *and with high share of labour force employed in peripheral regions in labour force across manufacturing* (negative correlation with indicator centrality) - Textiles, Clothing (labour-intensive industries with reduced skills);
- *highly specialized* (high value of the Gini coefficient) *and strongly localized unrelated to the relationship centre - periphery* (weak correlation with centrality indicator) - high-tech industries such as Computers, Electronics and optical products, Data processing.

7 M. Brühlhart, Trading Places: Industrial Specialization in the EU, in: Journal of Common Market Studies, Vol. 36, No. 3, September 1998, pp. 340-341.

This division of manufacturing industries according to the relationship centre - periphery made by the quoted author fully fits the situation of the Romanian industrial specialization, particularly with respect to the last two mentioned types.

Conclusions

Regional development policy, which involves regional specialization in certain economic activities, constitutes one of the essential pillars of European construction. Despite generous community programs for regional development - whose principal operating instrument is European Regional Development Fund - ERDF, which means investment in targeted regional development (training, infrastructure, economic recovery activities etc.) -, significant regional disparities continue to remain.

These disparities have decreased noticeably until 2008, global crisis triggered in that year causing subsequently their amplification.

Analysis of development of NUTS2 regions in the European Union, carried out on the basis of regional competitiveness indicator - RCI, a composite one, highlights some major issues: the existence of most developed regions in the Nordic countries and some western Europe, and the least developed in Central and, especially, Southeast; presence in many countries, including developed ones, of some considerable differences in regional development; large distance existing in some countries between the development of the region which includes the capital and the rest of the regions; natural factor endowment, which provides important comparative advantage, continue to represent a determinant of regional specialization through some developed countries. Further researches on the same subject of regional development but made from other points of view (geographic concentration of economic activities, relations centre - periphery), confirm, in general, these issues, and emphasize the idea of keeping, over the different stages of the Community ensemble evolution, differences in regional development.

Regional development in Romania shows most of these aspects, our country being placed, on this plan, on a modest position among member countries of the European Union, with poor results concerning the institutional framework, basic education etc.; three NUTS2 regions of Romania (development regions) - North-East, South-East and South-West Oltenia - are those with the largest development deficits.

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