APPROACHES OF THE COMPETITIVENESS AT THE MACROECONOMIC LEVEL

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Abstract

In this article we approach gradually the competitiveness. Thus we present in the introduction some definitions of this concept, although there isn't a widely accepted definition for this term. Then, we present how this indicator can be measured and used to achieve the national or European strategies. Taking into account the current economic and financial crisis, we presented the measures approved by the Romanian Government for this stage and their effects on the productivity and competitiveness.

Key-words: *competitiveness, Lisbon Agenda, pact on the competitiveness, productivity, Euro Pact*

JEL Classification: P_{42}, G_{01}

Introduction

Taking into account the current context of the global economic and financial crisis, we intend to capture some elements about the concept of competitiveness measuring and the evolution of this indicator.

The concept of competitiveness has the frequent confrontation of the divergent views, so that, until now, there is not a widely accepted definition of the competitiveness and has not yet developed a comprehensive model for the formalization of its content. The current status of the research in this field leaves the disputes of the competitive concept open.

To achieve the purpose objectives we conducted an analysis and a synthesis of the information presented in the literature and in the various reports issued by organizations that monitoring and analyzing the national or international competitiveness evolutions, such as the World Economic Forum, Group of Applied Economics and the Lisbon Agenda.

The concept of the competitiveness

In terms of the reference levels, the approaches of the competence concept are multiple.

The focus can be on the firm level, the industrial sector, on the industry as a whole, a region, national, international (economic blocs) and worldwide. At the *national level,* treating the issue of competitiveness is based on the Porter's model, which has many interpretative meanings and defines four determinants of a country's competitive advantages: the resource endowment, the business environment, related and supporting industries, the demand of the intern goods and services. The novelty and the strength of the model consist in the simultaneous coverage of the firm specific to the factors, industry and country.

The main definition of the competitiveness at the macroeconomic level affirms that it is/means:

- an accumulation of the economic, social and political factors, which contribute to the welfare of a country (*World Economic Forum*, Lopez-Claros et al., 2007, *International Institute for Management Development*, Garelli, 2006);
- balance of the surplus trade and the economic growth (OCDE, 1992);
- higher standard of living, lower level of the involuntary unemployment and the balance of the surplus trade (European Commission, 1998);
- productivity (Dollar & Wolff, 1993, WEF);
- productivity, higher living standards, high levels of export (Burnet, 1999);
- the ability to *sell*, the ability to *attract*, the ability to *adapt* and the ability to *win* (Trabold, 1995);
- the surplus trade balance (Popescu, 2001), trends in prices, of the unit costs with the labour, high rates of the economic growth, while successful in the social and environmental areas (Aiginger, 1998, 2006);
- the performance amount at the microeconomic level (Reiljan et al., 2000);
- the term is meaningless (Krugman, 1994, 1996).

One of the simplest definitions is recommended by the ***World Economic Forum***, which describes competitiveness as "the ability of an economy to achieve and maintain high growth rates of GDP per inhabitant". A similar definition, but more detailed, is given by the ***OCDE***, according to which competitiveness is a result when a country can, under free trade and efficient market, produce goods and services that can stand to the test of the international market, on the background of the continuing and even growth of the real incomes in the long term.

From the perspective of the ***Lisbon Agenda***, the competitiveness refers to the ability of the countries to maintain at least the high rates in the medium term for both employment growth and labour, which results in increasing the welfare, in the long term. From this perspective, the competitiveness depends primarily on the institutional and economic capacity of the countries to help increase the productivity and innovation.

Lisbon Agenda and competitiveness problem

Lisbon Agenda is the most important European development project that reflects the strategic thinking for the economy and society, at the community level. This document aims: to promote the economic growth based on knowledge and innovation, to make Europe a more attractive place to invest and work, to provide more and better jobs.

The pact on the competitiveness is for the EU, in 2010, another objective of the Lisbon Agenda. In its main lines, it has been approved by the European Council in October last year and aims to strengthen the fiscal discipline, with a strong reflection of the ***public debt criterion,*** which must not exceed 60% of the gross domestic product and, at the same time, creates a system of sanctions for countries that do not fit the criteria of the Stability Pact or the Maastricht criteria. A second important element of competitiveness of the pact is to ***extend the economic surveillance***, the macroeconomic imbalances and competitiveness. So, through the Commission, the Council intends to pass and will pass – we shall see how – to expand the economic surveillance, ***the macroeconomic imbalances and competitiveness***. For example, when we refer to the competitive imbalances, the European Commission will *monitor imbalances between the productivity and the wage increases*. There is a type of competitive imbalance, in order to prevent crises within the EU and the European single market. Also in this competitiveness pact, a robust framework for managing the crisis in the euro area and for creating a mechanism for stability is needed. At the Euro zone Summit on 11 March 2011, the Member States of the Euro area have adopted the **Euro Pact**, which sets a closer ***coordination of the economic policies*** designed to ***increasing the competitiveness and convergence***. The Pact is basically an exercise to coordinate the economic policies of the euro area countries, but Romania is directly interested, given its objective of joining the Euro zone. The decision took into account the broad reform program promoted by agreement with the International Monetary Fund, European Commission and World Bank. The Government of Romania adopted on 23.03.2011 the Romanian participation at the Pact for the Euro.

Evaluation of the competitiveness at the macroeconomic level

Evaluations so far over the competitiveness of the national economies were done either in a wide framework for the assessments on a large number of WEF (World Economic Forum – the annual reports on the competitiveness, IMD World Competitiveness Yearbook) economies[1], or in the context of the EU economies assessments, including the new members and the candidate countries (EU Commission, EU Sectoral Competitiveness Indicators, Lisbon Review, CER, The Lisbon Scorecard I...VI) or by the direct national assessment on the achievement of the Lisbon objectives especially in the National Reform Programmes drawn up by all the EU countries. In the case of Romania, there are taken into consideration the GEA reports (Group of Applied Economics) and the National Reform Programmes – Lisbon Strategy 2006.

Of course, not all the included items in these assessments are fully comparable, because indicators do not follow identically.

World Economic Forum captures the factors complexity by which the competitiveness depends in the current condition, respectively the productivity which expressed it. It is taken into account, in addition to the previous assessments, the labour efficiency factor, the labour market flexibility, otherwise considered very important in the Lisbon Strategy.

The global competitiveness factors are included in 9 groups[2]. Although these are common factors of competitiveness, it is assumed that their importance is not

[1] Number of economies took in the assessment amounts, in the latest Report of WEF, is 172, and in case of IMD, World Competitiveness Yearbook, 60 national and regional economies.

[2] The 9 pillars of competitiveness: 1. Institution; 2. Infrastructure; 3. Macroeconomics; 4. Health and primary education; 5. Higher education and qualifications; 6. Market efficiency; 7. Technological preparation degree; 8. The level of complexity of the business; 9. Innovation in WEF Global Competitiveness Index, 2006.

the same in all countries in a given period, due to different levels of development. As a result, the weight factors in the final outcome in a given time vary from one country to another, from one group of countries to another. Depending on the contribution of the productivity factors, in the WEF report were identified three stages (Porter M., 1993) in which the countries are, and those are the following:

Stage I: *Competitiveness due to factors of production* (unskilled or poorly qualified labour; the natural resources). The economy is competitive, mainly due to the lower prices, but the products are less complex. However, there is assumed the presence of the essential basic conditions (institutions, infrastructure, macroeconomics, health and primary education).

Stage II: *Competitiveness determined by efficiency factors* (the more efficient production is; the better quality products are). The competitive conditions related to a higher education and continuous training and ability to benefit from existing technologies.

Stage III: *Competitiveness based on innovation* (new products obtained from the innovative, complex production processes).

The importance of the individual factors, expressed by weight in the total contribution of the three "pillars" of competitiveness, depends on the stage in which the respective country is in. In other words, to enhance the competitiveness of each country will prioritize according to what can best contribute to enhancing competitiveness/productivity, beside the stage where they are. Putting first, the inconsistent priorities with the country's economic conditions can mean a waste of resources. There is obviously a logical sequence of these stages, and a logical link between competitive conditions.

Although Romania is far from the final stage of the economic development based on the innovation, it is not unimportant the analysis of such economic germs. This is because studies confirm the importance of higher research and development is the activity leading to innovation, beside the capital accumulation or labour. Economics shows that sustainable growth cannot only be achieved through investment and macroeconomic conditions, unless they are accompanied by the technical progress, which enhances the value of the capital and labour.

Therefore, the change from the resource exploitation to the knowledge exploitation is the touchstone, the jump from the competitiveness based on the cost to that based on the final value. Stimulating the innovation, the research and development activities is therefore an instrument of the jump to other growth tracks of the Romanian economy.

Evolution of the global competitiveness index in Romania

Analysis of the global economic competitiveness index shows the significant differences in the performance between Romania and the **ECE**.

The index of the global competitiveness in Romania increases to 3.85 in 2004, decreases to 3.67 in 2005, increasing to 4.11 in 2009. Romania's position in the competitiveness ranking (the 67^{th} in 2005, the 68^{th} in 2006, the 74^{th} in 2007, the 68^{th} in 2008 and the 70^{th} in 2009) is mainly explained by the poor quality of institutions (business environment, perception of the corruption), by the relatively low access to technology and by the poor innovation capacity of the economy.

Government's fiscal strategy has consisted of a series of steps which produce long-term savings and improve the quality of the public finances through the reforms in the seven areas of the public sector:

- the public sector restructuring, meaning to reduce the number of employees, combined with a reform of the wage system;
- pension reform;
- implementing of a fiscal responsibility law and the medium-term budgetary;
- reform of the state enterprises;
- financial relations restructuring with the local authorities and self-financing institutions to ensure a greater financial responsibility;
- improvements of the tax administration;
- the flexible social assistance programs;

The effects of these measures on the change of the competitiveness level will be discussed below.

Recently, *Word Economic Forum* published the annual report *Global Competitiveness* (2010-2011). This report shows the index of competitiveness for the countries of the world, providing a worldwide reference report and is considered by companies in the international investment plans, especially in the context of globalization, which leads to a significant acceleration of the competition between the economies worldwide.

Studying this report is very important, because it clearly expresses the weaknesses and strengths of the economy. Moreover, the Report constitutes a reference point for the authorities responsible for the macroeconomic policies. In order to increase the national economic competitiveness, the authorities may adopt the appropriate mitigation measures of the economy weakness.

In the Annual Global Competitiveness Report (2009-2010) Romania ranks 64 out of 139 countries with a score of 4.11 p. (on a scale of 1 p. to 7 p.) and in the Annual Global Competitiveness Report (2010-2011), the index of competitiveness for Romania is 4.16 p. what makes our country to be ranked on the 67 position (table 1), then it lost three positions in the global competitiveness rankings.

The first 5 worldwide positions are occupied by Switzerland (5.63 p.), Sweden (5.56 p.), Singapore (5.48 p.), United States (5.43 p.) and Germany (5.39 p.).

As regards the Romanian economy, it ranks on the 77th position on the pillar I, with 4.36 p. In terms of the Pillar II, the economy ranks the 54th position with 4.18 p. The worst situation is represented by the Pillar III (innovation), where we occuped the 91st position with 3.24 p.

Within the European Union Member States, the domestic economy ranks the 24th position with 4.16 p., outpacing the economies of Latvia (4.14 p.), Bulgaria (4.13 p.) and Greece (3.99 p.) (table 1). In my opinion, on the one hand, this situation is due to the worldwide economic crisis, and other issues that affect the business environment in Romania, such as:

– a difficult access to the financing sources;
– the infrastructure quality;

– the government bureaucracy;
– the taxation and regulation in the taxation field;
– lack of transparency of the government decisions.

I believe that Romania's economy has the advantage that can promote the competitiveness, such as: reduced trade tariffs, the number of procedures and the time required for starting a business, the market size.

But in order to be competitive, the economic entities should have both the internal and the external conditions that determine the achievement of the products and services at the lower cost. Or, the benefit that we have to produce cheap is the cheaper labour, which it began not to be cheap because of the social contributions.

Table 1

Rankings of the EU27 in the Global Competitiveness Index 2010-2011

Economy	Rank	Score
Sweden	2	5.56
Germany	5	5.39
Finland	7	5.37
Netherlands	8	5.33
Denmark	9	5.32
United Kingdom	12	5.25
France	15	5.13
Austria	18	5.09
Belgium	19	5.07
Luxembourg	20	5.05
Ireland	29	4.74
Estonia	33	4.61
Czech Republic	36	4.57
Poland	39	4.51
Cyprus	40	4.50
Spain	42	4.49
Slovenia	45	4.42
Portugal	46	4.38
Lithuania	47	4.38
Italy	48	4.37
Malta	50	4.34
Hungary	52	4.33
Slovak Republic	60	4.25
Romania	67	4.16
Latvia	70	4.14
Bulgaria	71	4.13
Greece	83	3.99

Source: The Global Competitiveness Report 2010-2011

We will present below the effect of the employees number decreasing.

According to the National Statistics Institute, the Romanian economy recorded a labour productivity growth in the first two quarters of 2010, compared to the same period of 2009. In order to obtain a unit value of the labour productivity throughout the economy, the ratio of gross value added to the number of employees, respectively to the number of worked hours has been calculated. In *fig. 1* and *table 2,* it can be observed the labour productivity, monitored in the quarterly series on the sectors since 2007.

There is a pronounced cyclical productivity, not just in construction and agriculture, where it would be normal, but also in industry or in financial intermediation, which is no longer justified, in terms of the business seasonality.

The average yield for the 14 quarters, following the values:

– agriculture – 5.86 lei/hour;
– industry – 26.97 euro/hour;
– construction – 31.21 lei/hour;
– commercially – 28.79 lei/hour;
– in the banking sector – 85.77 lei/hour;
– other activities and services – 21.41 lei/hour.

Based on the data from table 2 and figure 1, there are drawn the following conclusions:

– The highest productivity in both the average and the nominal values are recorded in the financial sector and the real estate banking, however, this indicator decreased by approx. 19% in the first half of 2010 and approx. 33% in the second half of 2010 compared to the fourth semester of 2009, due to the diminished consumption, wages and the changed credit conditions.

This high rate of the productivity in the banking services reflects the high costs of financing from the bank loans; it is not training the rest of the economy, increase the exports and imports, it just increases the indebtedness, and further, the bankruptcy risk.

– The lowest indicator of the labour productivity is recorded in agriculture, an average of 5.86 lei/hour, which is primarily due to lack of investment in the technological equipment justified by the difficult access to the financing sources.

– Paradoxically, the productivity in the services is less than in the industrial field, which means that any change in the employment structure from industry towards services has not increased the productivity.

– The labour productivity in construction increased in every quarter, so that, in the fourth quarter of 2008 reachied the maximum of 63.1 lei/hour. I believe that this happend due to increasing the turnover in this area as a result of increasing the demand for tourist services, facilities provided by the state for „the acquisition by the young of the first home” and the possibility of contracting the bank loans. Restricting the possibility of the contracting credit, the low wages but also the other effects of the economic crisis caused a drastic reduction in productivity for this sector, of 2010 reaching in the second quarter of 2010 to 24.3 lei/hour.

Table 2

The hourly labour productivity, quarterly series, lei/hour

	TOTAL	Agriculture, hunting, forestry fishing and fishery	Industry, including the electrical energy and thermal, gas and water	Construction
2007T1	15.4	1.7	18.1	13.4
2007T2	18.3	3	23.3	21
2007T3	22	8	24.9	28
2007T4	27.9	6.6	28	50.4
2008T1	18.6	1.8	22.6	17.3
2008T2	23.5	4.2	29.8	30.4
2008T3	28.4	12.2	30.3	39.3
2008T4	33.8	10.3	30.1	63.1
2009T1	20.6	2.1	22.9	20
2009T2	23.0	4.3	28.8	26.5
2009T3	26.6	11.4	29.7	32.0
2009T4	32.4	9.5	31.9	54.7
2010T1	21.0	2.3	25.0	16.6
2010T2	24.3	4.7	32.3	24.3

	Commerce, hotels and restaurants and transport	Financial intermediation and the real estate transactions	Other activities and services
2007T1	23	74.2	11
2007T2	25.6	70.9	14.1
2007T3	26.2	78.2	20.7
2007T4	33.9	88.8	29.3
2008T1	25.8	80	29.3
2008T2	29.4	82	18.5
2008T3	31.4	83.7	27.3
2008T4	40	93.8	17.6
2009T1	26.3	93.8	17.6
2009T2	27.0	81.0	19.3
2009T3	26.9	94.0	25.5
2009T4	34.7	108.2	33.8
2010T1	26.0	91.	16.8
2010T2	26.9	81.3	19.0

Source: processed by the INSSE data.

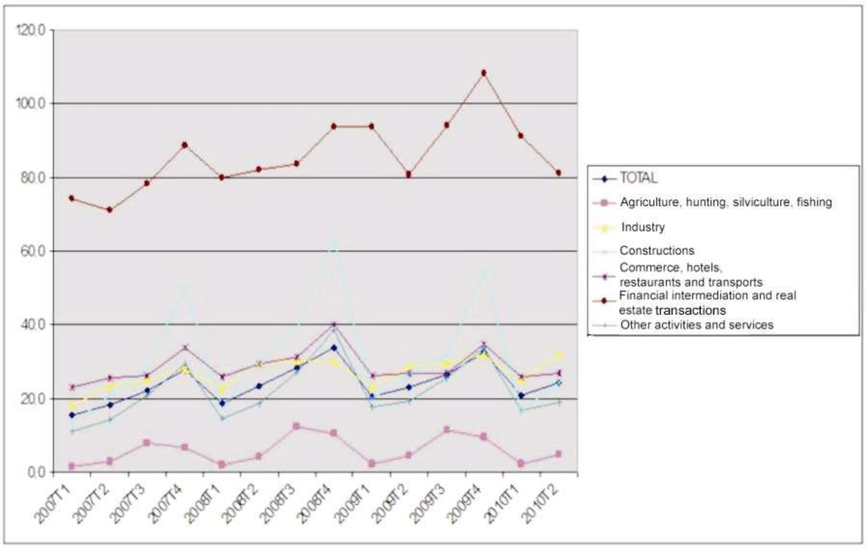


Fig. 1. *The dynamics of hourly labour productivity, lei/worked hour*

In the first ten months of 2010, the number of employees was reduced in the public sector, with 88,300 (-6%) and in the private sector, with 83,000 (-2.9%). The net average monthly wage at the national level increased in November 2009 – November 2010 with 11 lei (0.8%). This means a decrease in purchasing power with 7% (taking into account the inflation of 7.9%). The wages in the private sector has come to exceed the average of that in the public institutions.

According to the productivity Barometer, the decreasing of the employee's number did not make the Romanian economy competitive, but it adjusted the cost of production. But the gross added value does not depend on the number of employees in the first place, but the degree of technology and quality of the equipment, the organization and management efficiency, the corporate governance, the productivity vs. wages, the level of sophistication of the products (which influences the price). Romania is bad in all these chapters, and the mass dismissals, both in public and private sectors, does not solve the problem of the productivity.

The comparative analysis of the productivity.

Although there is an increase in the labour productivity in the nominal terms, when compared to the other EU countries, we find that is less than half the average productivity of the EU countries. Currently, only Bulgaria has a lower productivity than Romania (see table 3). Figure 2 compares the level and evolution of the labour productivity of the economies against which Romania is competing in Europe. There are a range of interesting aspects:

1. The labour productivity growth in Romania between 2000 and 2008 was not unique; all the countries Romania directly competes with, recorded the positive dynamics.

2. Romania, whose productivity is at 48% of the EU average, is ranking significantly after Croatia, Macedonia and Turkey, the non-EU countries. With

such low productivity, Romania cannot find in the exports the main engine of the economic recovery.

3. The only EU countries that have experienced declines in the labour productivity in 2009 were Romania, Lithuania and Greece (see table 3), practically, the European countries have applied the most stringent anti-crisis measures. As for Romania, these measures culminated in 2010, and we expect the negative growth in the productivity to continue.

Romania's transition, but also other former socialist countries of Central and Eastern Europe to a market economy more or less functional, occurred due to expansion of FDI in the region. This was considered the only solution with the best chance of success to reduce the enormous handicap competitiveness of developed economies and economies of new EU Member States.

Note that the FDI recipe works successfully only in countries that direct foreign capital into sectors oriented towards innovation and high technology, such as Denmark, Finland, Germany, Sweden and the UK. Countries like Austria, Belgium, France, Ireland, Luxembourg and the Netherlands are part of the EU27 Member echelon two innovative economies. The two groups of countries are also the ones whose citizens have the highest living standards in the EU, but also those that invest most in training employees, another Achilles heel for Romania. In this regard, even Bulgarians are not worse. Of the total expenditure on labor market, Romania spend only 11.8% on training the employees and Bulgaria – 15.2%, in marked contrast to spending on innovation and performance in countries with high levels of labour productivity, such as Germany (40.4%), France (43.4%) and Ireland (44.2%).

High values of labour productivity are associated with high innovation performance, and differences between countries in this regard is reflected in the welfare of their citizens.

The situation is not singular. The other new Member, States, also attractive markets for FDI, managed a small developmental disability able to recover what separates them from the advanced European economies, considered as standard functionality and performance.

Also note that the highest productivity in the period 2001-2009 is registered in Luxembourg, so I will present below some of the characteristics of this economy:

- is a very small state and has a wide opening to integration and trade (exports of goods and services is 85% and imports about 75-85% of GDP);
- structural changes in economy were very fast (structural developments in the production, use of labor and foreign exchange reflect scope changes over the last two decades);
- there is a policy of economic diversification (more than 100 industries attract more expanding range of services offered by banks, insurance companies and reinsurance emergence of agri-food sector, create more efficient entities in trade and crafts);
- have a very high standard of living (this situation is explained by different factors: the existence of highly productive sectors, financial activities – banking, a relatively large active population due to migration and an important contribution to that);
- add to moderate density of population, absence of large cities, very low rate of unemployment, etc.;
- the financial market is an important segment of the national economy;

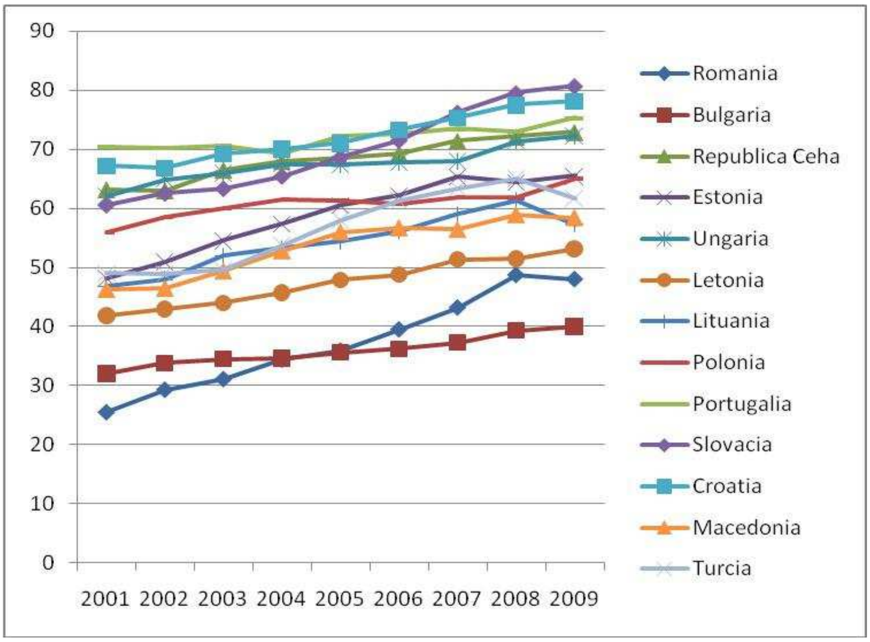
▪ and the Luxembourg Government provides a range of incentives for foreign investors and locals, consisting of subsidies, tax breaks, legislation that promotes the rights of investors and a coherent legal structure and transparency.

Table 3

The labour productivity per person employed, EU27 = 100

	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
European Union (27 countries)	100	100	100	100	100	100	100	100	100
European Union (25 countries)	104.6	104.5	104.4	104.2	104	103.8	103.6	103.3	104.4
European Union (15 countries)	112.7	112	111.6	111	110.8	110.6	110.2	109.8	109.6
Euro area (16 countries)	112	111.2	110.5	109.5	109.7	109.6	109.6	109.4	109.6
Euro area (15 countries)	112.8	111.9	111.2	110.1	110.3	110.1	110.1	109.9	110
Belgium	113.5	136.2	134.5	131.7	129.7	128.3	126.9	125.5	125.5
Bulgaria	32	33.8	34.5	34.6	35.6	36.2	37.3	39.3	40
Czech Republic	63.2	63	66.5	68	68.5	69.3	71.4	72.1	72.9
Denmark	107.5	108.4	106.1	108.6	106.6	106.4	104.3	103.8	103.3
Germany	106.7	106.3	108.5	108.1	109.2	109.1	108.4	107.2	105.1
Estonia	48.1	50.9	54.5	57.4	60.5	62.1	65.4	64.4	65.5
Ireland	128.1	133.7	136.1	135.4	134.3	135.1	136.9	127.8	130.5
Greece	97.2	99.5	101.2	100.6	98.3	98	96.5	99.3	98
Spain	103.1	104.7	103.7	102	101.1	102.6	103.1	104.2	109.8
France	102.9	125.4	121.5	120.6	122.1	121.1	121.3	120	120.9
Italy	125.4	117.6	115.4	112.1	110.9	109.9	110.5	111.5	111.8
Cyprus	86.6	84.5	82.4	82.8	82.8	83.7	85.3	88.5	89
Latvia	41.8	43	44	45.7	47.9	48.8	51.4	51.5	53.2
Lithuania	46.9	48	52	53.3	54.4	56.2	59	61.3	57.3
Luxembourg	162.2	163.2	167.1	169.6	169.3	178.6	179	177.7	170.3
Hungary	62	64.9	65.9	67.5	67.4	67.8	68	71.4	72.3
Malta	89.8	91.9	90.2	90	91.4	91	89.4	88.9	90.7
Netherlands	113.2	113.2	110.7	112.2	113.9	113.8	113.9	114.3	111.1
Austria	115.2	117.1	118.1	117.5	115	115.9	113.9	114.2	113.2
Poland	56	58.6	60	61.5	61.3	60.7	61.9	61.9	65
Portugal	70.4	70.2	70.5	69.2	72.2	72.5	73.4	72.9	75.3
Romania	**25.5**	**29.3**	**31.1**	**34.4**	**35.9**	**39.5**	**43.2**	**48.7**	**48**
Slovenia	76.3	77.8	79.2	82	83.8	83.9	83.9	84.6	82.4
Slovakia	60.5	62.5	63.3	65.4	68.6	71.5	76.2	79.5	80.7
Finland	112.3	111.4	109.3	112.9	110.5	110	113	112.5	109.1
Sweden	108.5	108.6	111.2	114.9	111.4	112.5	114.3	112.8	109.9
United Kingdom	111.6	112.1	112.5	113.8	112.3	112	109.5	108.6	106.6
Iceland	103.6	104.2	101.1	107.6	105.4	98.7	96	98.8	99.5
Norway	136.5	131.4	134.8	142.3	152.5	156.5	150.1	156.3	146.8
Switzerland	106.8	107.3	105.4	105	104	105.5	108.5	110.5	108.1
Croatia	67.1	66.8	69.2	70	71	73.3	75.3	77.5	78.1
Macedonia	46.3	46.5	49.4	52.8	56	56.7	56.4	58.9	58.4
Turkey	49	48.9	49.6	53.8	58	61.3	63.4	65	61.6
U.S.A.	140.2	140	141.8	142.9	144	140.3	139.2	136.8	140.6
Japan	97.6	97.9	98.5	99.3	99.4	97.4	97.7	94.5	92

Source: Eurostat.



Source: Eurostat.

Fig. 2. *The labour productivity in the different European economies, EU27 = 100*

Conclusions

At micro, mezzo, macro and mega-economic levels, the new appearance that influences the competitiveness in the 21st century is the intensity of competition, both domestic and international, diverted by the economic globalisation phenomena, the rapid technological change, especially in computing and telecommunications and the progressive liberalization of the international trade, etc.

Regarding the competitiveness definition, we noted that there is no widely accepted definition and we consider the appropriate the OECD definition, according to which competitiveness is the result when a country can, under free trade and efficient market, produce goods and services that can stand the test of the international market, on the background of continuing and even growing of the real incomes in the long term.

Competitiveness at the macroeconomic level is usually assessed through a mix of indicators. Nowadays, one of the best known tools for evaluation/monitoring of the competitiveness is that used by the World Economic Forum, which are linked to the Porter's theory.

The index of the global competitiveness in Romania increases from the 3.85 in 2004 to 4.16 in 2010. In 2010, although there were taken several measures, which must have the immediate effect on the productivity and competitiveness increasing, their level was not increased, but, according to the WEF Report, the domestic economy has lost three places in the worldwide competitiveness rankings (comparative with the previous year), being now on the 67th position, with a score of 4.16 p. (on a scale from 1 p. to 7 p.).

Foreign direct investment in Romania caused mainly increased imports and increased current account deficit. Therefore, many experts believe that foreign direct investment recipe works with success only in countries that direct foreign capital into sectors and high technology oriented innovation

Finally, we consider that Romania's economic growth engines require a redirection in the medium term, from the consumption to the growth based on the investment and export.

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