

**THE ROMANIAN EXPERIENCE IN LOCAL INVOLVEMENT TO  
DEVELOP EXPORT AND TO REDUCE POVERTY**

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## 1. Poverty - Definition and Evaluation

There are many ways to define poverty and the poor and, thus, in order to make a coherent analyse, the wealthiness level of a household is measured in accordance with the methodology elaborated by the International Bank and by the Commission of Anti-Poverty and of the Social Inclusion Promotion in 2003., through the consumption expenses per equivalent adult. The human beings are classified as being extremely poor if their consumption per equivalent adult is less than the limit of extreme poverty. Calibrating the social and economic policies promoted by decisional factors at the central and local level bases on:

- a) analysing the social problems elaborated at a community level
- b) the geographical profile of wealthiness, as well, indicating those areas/ localities in which poverty is located and towards which resources must be allotted.

Demographical, economic and social indicators, which are aggregated at the regional level must be used in order to define poverty. This approach is earmarked, to a great extent, by the lack of a valid indicator concerning the population's living standard.

The main obstacle in founding a relevant indicator at a local level necessary for the population's wealthiness is given by the fact that the data concerning the consumption and the incomes are accessible only through a questionnaire based on sample.

The information provided by the National Institute of Statistics through the means of the Questionnaire of Family Budget is representative only at a national level or regions of development.( our region – South Muntenia has a poverty rate of 0,35, closely related to the country average rate; however, it has extremely heterogenous counties in what concerns the economic/ social issues.Those data available at a regional level hardly provide an image about the local development which is under discussion).

Estimating poverty at a province level is only one side of that province specific poverty.

Two approaches can be used so that the dimension of poverty and of exclusion can be analysed:

- a) using an aggregated indicator of the community's development
- b) measuring the exclusion at a regional level referring to some specific dimensions: dwelling, living, education, access to services.

## 2. Case Study – Drajna Locality

The unemployment rate of the county is of 5,7%, and of Drajna region is of 6,4%. A great number of the locality's inhabitants work in agriculture, more precisely in sustenance small familial farms, which do not provide products for the general market and thus, they do not have a clear profit.

The exclusion rate from dwelling is emphasized by the non – existence of some utilities in the region, such as: coupling at current water, sewerage, or by the number of the houses without electric installations: overcrowding – sq.m. dwelling/ person, respectively, and the safety of living – the number of houses made of adobe from the total number of houses( 14% ). The exclusion risk from education comprises as an indicator the population over 15 who graduated only the primary school , without any qualification. At the regional level, immediately after 1990, commercial societies were founded, now reaching a number of 58.

### **Gilmet SRL – the effects of the company development and its orientation towards export on the local development**

Among these, GILMET SRL, a firm founded in 1991, having 8 employees who in 2006 reached the number of 405( see the slide ), has had a special development.

The GILMET company is a producer of frames and other objects of wood. Having a management oriented towards satisfying the clients' necessities at the maximum standard, GILMET has succeeded in a very short period of time to earn the trust of all its partners. Its obsession for beauty, the quality of raw material, the ultra-modern technical equipment, the qualified staff, the performing management and last but not least, the competitive prices – these are the arguments which GILMET offer to its

foreign clients, the export representing more than 90% of its turnover. Those products manufactured in Drajna are exported in Europe, North America, Asia and Africa, 60% of the company's export being made towards IKEA.

The export has brought its contribution to a great extent at the firm's development, thus, the year 1997 – when the export activity began – is not a coincidence with the continuous and accelerating rise of its turnover ( see slide 2 ).

These levels could not have been reached without incomes, innovation, the employees' continuous specialization, a good strategy of promotion, a special quality of products, but, more specially, without a complete technology, at the highest standards, provided by an investment programme reaching the total amount of 4.360.672 Euro ( slide 3 ).

SC GILMET SRL is an active member of the Chamber of Commerce and Industry Prahova, from 2001, always situating among the firms with exquisite successes in the field of their activity, being awarded both with the Trophy of Excellence in Business, and with The Trophy of Exporter. A permanent participant at the fairs organized in our country and at different manifestations from abroad, as well, this firm has permanently enlarged its clients portfolio and has extended its sale markets so that a flexible export can be made.

As a result of special successes obtained by Gilmet, Mr. Mihai Gavrilă, the firm employer, has been designated to lead the destinies of Drajna Province in the quality of its Mayor, with the hope that he will be able to implement his vast and successful knowledge of management in the province.

If we take into account the fact that from 2356 families in the village, 5761 inhabitants, respectively, 350 families ( 800 persons ) are direct beneficiaries of Gilmet and that the rest of the families are indirect beneficiaries from the company development – the incomes of town hall represent a percentage of 22% from the taxes paid by this firm, taxes which remain at a local level.