

Banking and European Funds: Funding Mechanisms Accessible to the Romanian Industry?

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Abstract. *As is well known, industry is one of the key sectors of the Romanian economy that has contributed significantly in the last century to the country's economic development. Like any other economic sector, the industry has suffered many transformations over time, owing primarily to the technological revolutions that took place in the last century worldwide. Speaking strictly on the case of Romania, it can be said that these technological revolutions have imposed large-scale reforms at the level of the entire industry, which presupposed the assumption of many costs. I consider that in addition to the social costs, the human resources costs, the environmental costs, the most important costs for the reforms in the Romanian industry were represented by the financial ones. Thus, I would like to point out that without the existence of accessible financing mechanisms for the Romanian industry, which would help to cover the financial costs necessary for the implementation of these reforms, the development would have been much lower. The objective to be achieved by financing the industry is a simple and clear one: increasing the competitiveness of the operators in this sector by retechnologizing them, which will contribute to the development of this sector and at the same time to the growth and development of the Romanian economy.*

Keywords: Romanian industry, European funds, banking institutions, bank credit

Classification JEL: F15, F36, G00, G10, G20, G21, H00

1. Introduction

The industry is enjoying today a special attention in all the world's states, regardless of the level of economic development. Historically speaking, state economies have gone through several stages of development from the Stone Age, the Bronze Age, the Iron Age to the era of industrialization. Currently, industry contributes to job creation, generating a significant proportion of GDP in modern economies, both directly and indirectly, by stimulating other economic sectors as well. Due to technological progress, especially in the last three decades, the economy of Romania, as well as the economies of other states, is now based on information, know-how, research and a "digital economy". It has to be stressed that, through "technological progress", I wanted to emphasize in particular the part relating to the Internet, automation, digitization, information technology, and those aspects that contributed to the total change in technological production flows used in many sectors of the industry worldwide.

In both Romania and the European Union, industry has a significant impact on the development of the economy. Statistics confirm that for both Romania and the European Union, industry is a major provider of jobs. In addition, industry is an important incentive for other economic sectors, such as the research and development sector. At the level of the European Union and of course also in Romania, over the last decades, thanks to the evolution of the R & D sector, it has contributed to the digitization of manufacturing technological flows, of many products, services and raw

materials. This has contributed to the promotion of a qualitative industry, but also to a technological revolution. Referring to the latest technology revolution, known as "industry 4.0," I think it has to be emphasized that it has caused a number of positive aspects that are visible on the market and favour the final consumer, being related to the increase in the quality and productivity of products and services. However, besides these positive aspects, the "4.0 industry" has also provoked a "chaos" among economic operators who have not kept pace with the scientific progress generated especially by the Internet, new communications technologies and, of course, the new production technologies with high degree of innovation launched on the market. I believe that these aspects have been and still can be observed at the level of the Romanian industry. Nobody disputes the fact that after 1989 the Romanian industry underwent many transformations and was characterized by the following phenomena: industrial reforms, restructuring of large industrial collapses, closure of mining, bankruptcy of large industrial parks, etc. I appreciate that these phenomena at the level of the industrial sector contributed to the development of the industry and to its alignment with the technological progress in the field and the strategy of the regional development policy of both Romania and the European Union.

The conclusion is that all these phenomena implied the realization of investments in the industry by Romania, investments which it would have been unable to accomplish and will not be able to achieve in the future without accessible sources of finance. Regarding the financing mechanisms of an economic sector and the economy as a whole, I think no one even has a doubt that self-financing is the most accessible mechanism. However, as is well known, Romania does not currently have the capacity to self-finance for large-scale investments such as those that would contribute to the reform of the industrial sector. For this reason, variants such as bank credit, leasing, budget subsidies, European funds, etc. remain one of the solutions that Romania can use to finance the industry.

For this reason, taking into account the status of Romania as a member state within the European Union, in this present case I tried to make a comparative analysis of two financing mechanisms that can be used to finance this sector, namely bank credit and funds Europe. Specifically, the first financing mechanism of the Romanian industry that we will analyze is the classic bank credit. The second financing mechanism of the Romanian industry proposed to be analyzed is represented by the European funds or the structural and cohesion funds, an alternative financing mechanism that Romania can benefit from the European Union in 2014-2020. Thus, the analysis will aim at identifying the most accessible financing mechanism for the Romanian industry between the two mentioned.

From the architectural point of view, the research proposed in this article has two parts. In the first part I proposed to make a presentation of the evolution of the Romanian industry in the last three decades, using the main statistical data considered to be the most relevant in this respect. Also, in the first part I wanted to highlight the importance of the Romanian economy and the importance of its consolidation and development. Concerning the second part, the research focused on the analysis of the two financing mechanisms of the Romanian industry proposed to be studied in the present process.

By realizing this paper, it can be said that I intend to highlight those hypotheses and opinions regarding the most accessible financing mechanism that Romania can take during this period in order to develop the Romanian industry.

2. Romanian Industry: Three decades of market economy?

The Romanian industry is a sector of the national economy based on the following fields of activity: energy production, mining and manufacturing. Within this

sector, the same economic laws act as on the economy as a whole. From December 1989 until now, the Romanian industry has undergone numerous transformations. I appreciate that these transformations have as main causes the following technological progress and the transition of Romania from the command economy regime to that of the competitive economy.

The first cause, represented by technological progress, has affected both the economies of command and the economically competitive countries. Technological advances made by some states in the industrial sector, thanks to innovation in the field, but also thanks to the launch of state-of-the-art technologies on the market, have transformed industrial parks from many countries into "heaps of scrap iron". The main cause being the negligence of making investments in retrofitting or the financial inability of these states to achieve this.

In this trap also dropped Romania, which, after December 1989, instead of refurbishing the industrial parks, the big factories and the world-renowned combined factories privatized most of the economic operators in an inefficient way. I believe that this decision is closely related to the second cause that contributed to the transformations suffered by the Romanian industry, namely the transition from the command economy to the competitive one.

Probably the lack of experience of economic operators operating in the industry in the 1990s with regard to the rules and the way in which they operate in a free market economy can be used as an argument about the decline of the industry afterwards. But this aspect is quite subjective given the success in terms of the number of export contracts that many industrial operators have signed before 1989 with many states in most of the world's continents. Moreover, I believe that it should be remembered that by 1989 Romania had built giants and brands in many key areas of industry. As examples in this regard we can mention "Oltchim Ramnicu Valcea" - in the field of chemistry, "Electroputere Craiova Factory" - in the field of locomotive manufacturing, "Arctic Gaești" - in the field of refrigeration production and others. The products made by these industrialists were appreciated in that period both in Romania and abroad.

Analysing the industry statistically, we have found that it has experienced a considerable decline over the past three decades. Thus, we conducted an analysis of the main industry-related economic indicators, which we considered to be most relevant in order to obtain an overall, more objective picture of this sector, namely gross value added and average number of employees. As regards the first analysed indicator, for instance the gross added value generated by industry, of **Chart no. 1** it can be concluded that it has been decreasing in the period 1990-2015.



Chart no. 1. Gross added value of the industry sector (%)

Source: the website of the National Institute of Statistics

Added value of industry is defined as the difference between the volume of products produced at one time and the volume of raw materials, services, consumables used in the production stream of manufactured products. No one can question the fact that the economic efficiency of a state's industry is represented by the added value this sector generates. Practice has shown that the higher the added value of the industry, the more efficient this sector, which automatically leads to the efficiency of the nation's economy as a whole. Considering the negative trend recorded by this indicator from 1990 to 2015, the added value of the industry decreased by approximately 17.70%, from 44.10%, as recorded in 1990, to 26.40% in 2015, it can be concluded that the level of efficiency of the Romanian industry is in decline.

I appreciate that the information presented in Chart no. 1 highlights the effects of the major technology revolutions in the industry over the past 30 years that have been mainly linked to: technological progress, importance to information and telecommunications technology, new energy sources, innovation, etc. Considering that Romania did not react positively to these revolutions after 1989, we believe that the industry has suffered, losing important steps in its development. Perhaps the lack of a development strategy, a lack of confidence in new technologies, combined with new policies on environmental protection and climate change, with the migration of qualified staff, have contributed to the reduction in added value generated by industry. However, besides these factors that have contributed to the stagnation of the industry, I believe that the lack of the necessary funding resources that it has and will still need to be highlighted.

The existence of affordable financing mechanisms for the development of the industry would contribute to the increase of the added value of this sector and automatically to the growth and development of the Romanian economy. Doubtless, many of the economic operators currently operating in the industry will disappear due to the technology revolution in the field, but others will be able to strengthen their position and be able to grow with the assimilation of future technologies. This issue can only be achieved with the help of massive investments that involve firstly the identification of sources of financing and, secondly, their access to the implementation of the development strategy.

By analyzing the industry's main areas of activity, we can easily identify industrial activities that can be relaunched, consolidated and developed to generate greater added value in the sector. Thus, if we are talking about the energy industry, we could say that in Romania there is a need for massive investments in the production of green energy produced from renewable sources, which will contribute to: the protection of the environment and the climate by reducing the energy consumption obtained from fossil fuels to meet the objective of the European Union through regional development and cohesion policy and at the same time to increase value added. As far as the manufacturing sector is concerned, many economic activities in which Romania has excelled before 1989 and which can be relaunched and supported in order to assimilate state-of-the-art technology in order to become competitive and in order to generate high added value. Among these activities can be mentioned:

- car manufacturing by developing and upgrading the Ford factory in Craiova and Renault from Pitesti or by re-launching of "ARO Câmpulung Muscel";
- the construction of agricultural machinery through the re-launching and development of some economic operators or industrial parks in the field such as "MAT Craiova or "Braşov Tractor" for the production of tractors, combine hybrids with hybrid or electric motors to support agriculture;
- the construction of railway equipment by modernizing the locomotive factory in Craiova and the wagons in Caracal;
- construction of ships by re-launching and modernizing the shipyards in the country, for example Drobeta Turnu Severin Shipyard or Orşova Shipyard;

- aircraft construction by refurbishment of the Romanian factories in the field, giving as example Avioane Craiova SA;
- chemical production by modernizing the chemical combinations from: Râmnicu Vâlcea, etc;
- production of building materials through the modernization of the large manufacturers of building materials.

In view of the above, it cannot be argued that the promotion of affordable financing mechanisms for the Romanian industry is not a priority. It should be stressed that the implementation of the technologies imposed by the technological revolution "Industry 4.0", which will contribute to the increase of the quality, its competitiveness and at the same time the increase of added value generated, cannot be achieved by Romania without the existence of accessible sources of financing.

Regarding the second proposed indicator to be analyzed, it can be stated that, at the level of Romania and at the level of other states in the European Union, statistics confirm that the average number of employees in the industrial sector represents a significant percentage of the average number of employees generated by the economy of that State. According to the European Commission: "one in four private sector jobs in the EU is provided by the manufacturing industry and at least one in four of the related services depending on the industry." Regarding Romania, according to the data published on the website of the National Institute of Statistics, the average number of employees registered in the year 2016 by the Romanian economy was about 4,759.42 thousand, and the average number of employees in the industry sector was of approximately 1,253.26 thousand people, representing 26.33% of the total number of employees generated by the entire Romanian economy.

Next, we conducted an analysis of the evolution of the average number of employees in the Romanian industry compared to the average number of total employees of the Romanian economy taking into account the data provided by the National Institute of Statistics website for the years: 1990, 2000, 2007, 2013, 2016.

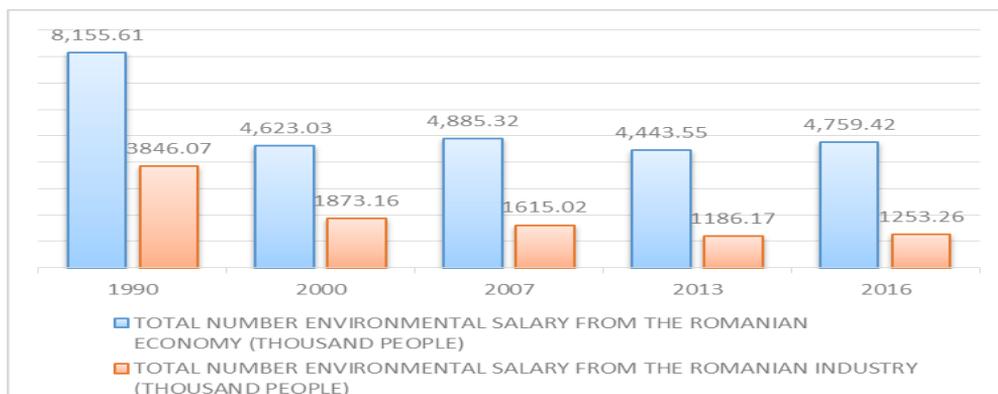


Chart no. 2. Average number of employees in the Romanian industry vs. average employees in the Romanian economy (thousands of people)

Source: the website of the National Institute of Statistics

From the data presented in Chart no. 2, it can be concluded that by the year 2013, starting with 1990, both the average total number of employees in the economy and the average number of employees in industry registered a decreasing trend. In fact, in 2013, the total average number of employees in the economy reached 54.48% compared to the level recorded in 1990, and the average number of employees in industry reached 30.84% compared to the level recorded in the mentioned year.

Surprise occurs in 2016, when the value of both indicators increases. Respectively, the total average number of employees in the economy reached 58.35% compared to the level recorded in 1990, and the average number of employees in the industry reached 32.58% compared to the level recorded in 1990. I appreciate that this growth can be attributed to European funds absorbed and invested by Romania in the industrial sector, whose effects started to occur just after 2013. As an argument in this respect, it can be said that 2013 was the last year of the period programming period 2007-2013 where Romania had the opportunity to attract European funds made available by the European Union through the regional development and cohesion policy.

Another aspect to be perceived is the share of the average number of employees in the industry in the total average number of employees in the economy, which according to the calculation was the following: 47,16% in 1990, 40,52% in 2000, 33,06% in 2007, 26.69% in 2013 and 26.33% in 2016. It can be noticed that the evolution of this weight has shown a decreasing trend aggressively from 1990 to 2013. From 2013 until 2016 the value of this share continued to decrease insignificantly compared to 2013, which we believe can confirm the efficiency of European funds in terms of increasing the average number of employees in the Romanian industry.

In view of the above, it can be said that the industrial sector in Romania has suffered a decline over the last three decades also from the average number of employees in industry. From the analyzed data, it is obvious that the issue of the development of industry must remain a priority for Romania, given its significant impact on the economy.

Thus, considering the two analysed indicators as a general conclusion, we are in solidarity with the idea of developing the Romanian industry according to the European Union's regional development strategy, emphasizing: "the comparative advantages (Ricardo), relatively abundant resources (Heckscher - Ohlin) and competitive advantages (Porter) of the region".

3. Bank credit and European funds: complementary or alternative financing mechanisms for the industrial sector?

Even if in a market economy state intervention is to be done in extreme cases involving government failure or market failure, I believe that certain industrial policy measures are welcome by the Romanian state for the consolidation and development of the industry. Among these measures that can be promoted, considering that the most effective ones are those related to the simplification regarding the accessibility of the Romanian industry actors to certain sources of financing meant to invest in endowment with state-of-the-art equipment and equipment increasing their competitiveness and creating jobs.

As is well known and considering the quality of Romania as a member state of the European Union, the most relevant and accessible mechanisms for financing the Romanian industry in this period are represented by: European funds and bank credits. For this reason, in this chapter we conducted a comparative analysis of the two mentioned financing mechanisms in order to highlight their advantages and disadvantages as well as their impact on the industry.

Thus, the first financing mechanism of the proposed industry to be analysed is represented by bank credit, considered as the "classic form of financing". Banking is one of the most common forms of financing an economic sector and, of course, an economy as a whole. It should be noted that, unlike other financing mechanisms, bank credit involves much higher costs that are perceived by the financial institutions that grant and administer them. The cost of the bank loan is represented by the expenses related to the analysis of the financing file, interest on the loan, administration fee, etc.

From the point of view of the granting period, the investment credits that are used for the refurbishment and the development of production capacities are generally granted in the medium term, between 1 year and 5 years and in the long term, longer than 5 years.

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- facilitates the process of centralizing capital;
- contribute to increasing production capacity;
- contributes to lowering the expenses involved in monetary circulation;
- favours the mutual clearing of claims by accelerating the cash availability rotation;
- allows the use of credit titles as payment instruments;
- reflects the efficiency of economic operators;
- stimulates the economic activity from a qualitative point of view.

With regard to the risks that bank credits may entail, it should be stressed that they can be generated by both a certain conjunctural economic condition that may occur at one time and individual economic phenomena. To avoid these risks, referring in particular to the risks of individual economic phenomena, banks carry out extensive risk analyses to determine the creditworthiness of the potential borrower. In this respect, banks must have access to real information on the economic and financial situation of the respective economic operator, but also on the economic activity it carries on.

Regarding the accessibility of this industry financing mechanism and bank credit, I appreciate that the question to which we need to have a very clear and objective answer is the following: Are the banks in Romania preoccupied to finance the industry and its actors? The answer is the following: Unfortunately, in the last 30 years, the banks in Romania, mostly with foreign capital, have highlighted their interest in lending to economic operators operating in the industrial sector, as well as in other sectors of the Romanian economy, much by advertising advertisements, or their marketing strategy. The credit offer of these institutions is quite diverse, but not accessible to many industry players and why not in the Romanian economy. I believe that the main reasons why bank credit is not accessible to many actors in the Romanian industry are related to:

- the fairly high costs involved, ie costs quite high with: related interest, grant fees, early repayment fees, drawing fees, administration fees, etc;
- excessive bureaucracy for obtaining the loan;
- loan-oriented policy only to fund profitable activities involving very low default rates;
- loan-oriented policy aimed only at financing those very well-performing economic agents, reducing the risk of default;
- the low interest of banks in granting investment credits compared to consumer loans;
- the low interest of the banks in their involvement in the regional development process of Romania;

- the lack of effective collaboration between banks and institutions with a decisive role in the process of regional development;
- the poor involvement of banks operating in Romania in the absorption of European funds;
- poor involvement of banks with Romanian capital and still managed by the Romanian state in the process of regional development, referring to CEC BANK S.A. and EXIMBANK S.A.

From the above answer, it can be appreciated that bank credit is the financing mechanism of the industry that is quite difficult to obtain and which involves quite high costs. At the same time, despite these aspects, bank credit is the safest financing mechanism available on the Romanian market, which can be accessed by economic operators in Romania, given that the project they want to finance is "bankable". Thus, it can also be stated that bank credit represents the financing mechanism which, compared to other financing mechanisms, guarantees to a great extent the success of the funded project. This conclusion is drawn also taking into account the analysis performed by economists from the banks in Romania before granting a bank loan.

The second financing mechanism analyzed is represented by the European funds made available to Romania by the European Union. European funds or structural and investment funds, as they are known, are an alternative funding mechanism. Romania benefits from these funds through the regional development policy, in 2014-2020, as a member state of the European Union. These funds are made available to Romania by the European Union through the main instruments used within the framework of regional development policy.

In order to highlight the level of funds allocated by the European Union to Romania through the mentioned instruments, further in **Table no. 1** we made a short presentation of them, namely:

**Table no. 1. The level of European Funds allocated to Romania
2014-2020**

Criteria no.	European funds	Programming period 2014-2020 (billion euro)		
		Funding from the European Union	Co-financing from the Romanian budget	Total funding
1	European Regional Development Fund	10,73	2,53	13,26
2	European Social Fund	4,62	0,82	5,43
3	Cohesion Fund	6,93	1,76	8,69
4	European Agricultural Fund for Rural Development	8,13	1,51	9,63
5	European Fund for Fisheries and Maritime Affairs	0,17	0,03	0,32
6	The Youth Employment Initiative	0,30	0,03	0,32
Total allocation (EUR billions)		30,88	6,68	37,56

Source: European Commission website.

From Table no. 1, it can be noticed that the European Union has allocated most funds to Romania during 2014-2020, through the European Regional Development Fund, the European Agricultural Fund for Rural Development and through the Cohesion Fund. By analysing the areas of intervention financed by these instruments, it is clear that European funds will be directed mainly towards: support for SMEs, research and innovation, infrastructure, information and communication technology, renewable energy, environment, transport, etc. Thus, I appreciate that once: Romania's infrastructure is developed, the economic operators will equip themselves with state-of-the-art equipment, invest in research, implement the strategies related to the environment and the energy sector, develop the transport infrastructure, etc. The industry will be able to relaunch, consolidate and develop. Under these conditions, there will be an increase, first of all, of the added value for industry and, secondly, an increase in the number of jobs generated by the sector. All these aspects will contribute to the development of the economy.

In view of the above, I believe that the European Union's regional development policy for the 2014-2020 programming period was designed to support industrialized regions in Romania. An argument in this respect is the funding programs aimed at developing the industry during the 2014-2020 programming period. Regarding these programs, it should be made clear that through these the Romanian funds are accessed by the European funds made available through the instruments of the European Union's regional development policy. Through these funding programs, micro-enterprises, SMEs in the industry sector, as well as NGOs and public institutions with a role in the development of the industry are supported. Referring strictly to private finance programs, we make it clear that they have as main objectives: increasing the competitiveness of SMEs, increasing the average number of employees, internationalizing businesses, research and development, implementing know-how, promoting innovation, sustainable development, energy efficiency, etc.

I consider that the most relevant funding programs, which could be given as an example in this respect, are the following: The Regional Operational Program 2014-2020 Axis 2.1.a and the Regional Operational Program 2014-2020 Axis 2.2.a. Thus, through the two financing programs, activities can be financed from the industrial sector, especially from the manufacturing sector, both micro-enterprises and small and medium-sized enterprises that implement projects in urban areas in the development regions of Romania, with the exception of the Bucharest-Ilfov region. With regard to the ROP 2.1. It should be specified that it is intended to meet micro-enterprises with a non-repayable financing of up to 90% of the total eligible expenditure of the project up to EUR 200,000. Regarding the opportunity offered by ROP. 2.2, it can be stated that through this program SMEs can obtain a grant of up to 70% of the total eligible expenditure of the project up to a limit of EUR 1 million, but only for the expenditure covered by the state aid. Apart from the two private sector industrial financing programs, we mention that in the 2014-2020 programming period, Romania can also access European funds through other funding programs specifically designed to fund research and development projects and to finance infrastructure.

Regarding this mechanism of financing the industry, respectively the European funds, it should be mentioned that they can contribute to the development of the Romanian industry only provided they are accessed by the actors involved in the industrial sector. Thus, the question is the following: Are economic operators and other public and / or private entities involved in the industrial sector able to access European funds? I think the answer is the following: According to the data provided by the Ministry of Regional Development, Public Administration and European Funds, the rate of effective absorption of EU funds allocated by the European Union through the main instruments used by the regional development policy on 02.02.2018 was 10 07%. According to the same sources, only 0.37% of the funds allocated under the Regional

Operational Program, only 5.83% of the funds allocated under the Competitiveness Operational Program and only 9.11% of the funds allocated under the High Infrastructure Program, were accessed. I highlighted this on the basis that these programs are the most accessible sources of funding for private and public sector actors active in the industry sector in the 2014-2020 budget exercise. Against this background, given that there are around 3 years left until the end of the 2014-2020 programming period, when these funds can be accessed, it can be concluded that accessibility of European funds is now "under" question mark". I believe that in the near future, Romania needs to take urgent measures to increase the absorption of European funds, which in our opinion can become the most accessible financing mechanism of the Romanian industry.

It is well known that in order to be able to sign a financing contract for an investment with European funds, applicants must demonstrate that they have the ability to finance their own contribution. As a rule, this contribution is represented by all non-eligible expenditures related to the investment and a fixed share of the total eligible expenditure of the project. The level of this contribution is set by the guide of the financing program that wants to finance the investment. Thus, depending on the total investment value and the specific financial sustainability conditions in these guidelines, it is possible to reach own contributions whose value reaches a significant percentage of the total investment. For example, the own contribution of European fund applicants through the ROP 2014-2020, AXA 2.2 is now 30% of the eligible state aid spending plus the total non-eligible expenditures related to the investment. To be more explicit, for the implementation of a project whose eligible value is EUR 1,000,000 excluding VAT, the applicant will have to pay a total contribution of 300,000 euros to the eligible costs financed under the state aid scheme to which he will add 190,000 euros representing VAT. Practically, in order to access 700,000 euros of non-reimbursable European funds, the applicant will have to hold 490,000 euros. To ensure this, applicants typically have two options: self-financing and bank credit. The ideal solution is self-financing, but as a rule most industrial operators do not have enough financial resources and need to make loans from banks that are quite expensive.

In view of the above, it can be concluded that ensuring financial sustainability by the applicants for structural and investment funds is a real problem in the absorption of these funds. For this reason, I appreciate that one of the most important measures that should be taken by the Romanian state authorities to support this process is to stimulate banks to credit European applicants. This measure also highlights the fact that the two industry financing mechanisms analysed in the present approach can be used both alternatively and complementarily.

Next, the analysis of the two financing mechanisms was carried out in the form of a S.W.O.T. analysis, through which we wanted to highlight the strengths and weaknesses as well as the opportunities and threats offered by each of the two financed financing mechanisms.

Table no. 2. The SWOT analysis European funds vs. bank credit

Strongs	Weaknesses
<p>European funds:</p> <ul style="list-style-type: none"> - involve very low costs which in some cases tend to zero; - costs related to project application development and project management consultancy are eligible for most types of projects, - addresses both private and public applicants; - the 2014-2020 financial exercise provides through the funding programs various financing solutions for operators interested in the Romanian industry; <p>Banking:</p> <ul style="list-style-type: none"> - it is granted quickly if the conditions imposed by the financial-banking institution are met; - the monitoring process is easy; - Funded investments are viable, as they are checked "by blood" by specialists in financial and banking institutions. 	<p>European funds:</p> <ul style="list-style-type: none"> - a long time from submitting the application for funding to the completion stage of the application for funding; - excessive bureaucracy; - the monitoring process is a complex process, requires compliance with many procedures, many reports, etc., - in many cases require proof of financial sustainability of the project, ie ineligible costs and compulsory co-financing, before signing the financing contract, - Poor involvement of the financial and banking institutions in supporting the applicants for European funds to achieve the financial sustainability of the projects. <p>Banking:</p> <ul style="list-style-type: none"> - involves high costs related to interest and commissions for granting, drawing, administering, etc.; - the low interest of banks in the financing of economic activities in the Romanian industry, which are oriented towards other more profitable activities;
Opportunities	Threats
<p>European funds:</p> <ul style="list-style-type: none"> - reducing bureaucracy in the process of implementing and implementing projects funded by European funds; - simplification of funding procedures; - restructuring of the legislative and institutional framework in the field, contributing to the efficiency of the process of absorption of European funds; <p>Banking:</p> <ul style="list-style-type: none"> - diversifying the offer of the financial-banking institutions in order to support the Romanian industry; - streamlining the credit granting process; - subsidizing certain interest and costs by the State in respect of loans granted by financial and banking institutions - stimulation by the Romanian state of the financial-banking institutions in order to involve them in the process of regional development and in the absorption of European funds; 	<p>European funds:</p> <ul style="list-style-type: none"> - the exit of Romania from the European Union; - the abolition of the European Union; - the emergence of an economic crisis; - Withdrawal and / or withdrawal of European funds by the European Commission due to their poor management by the Romanian authorities. <p>Banking:</p> <ul style="list-style-type: none"> - the emergence of an economic crisis; - the collapse of the financial and banking market; - the lack of interest of the financial and banking institutions in supporting the Romanian industry; - raising interest rates; - reducing the level of indebtedness.

Source: elaborated by the author

4. Conclusions

In view of the above, I appreciate that one of Romania's priorities in terms of the development of the industry will be in the near future to make the accessibility of the main mechanisms for financing the industry more efficient and why not to identify and create other financing mechanisms. No one can contest the positive effects that a developed and competitive industry can have on a country's economy, and in this case on Romania's economy. For this reason, I believe that the process of consolidating and developing this sector needs to be streamlined. Thus, I believe that the provision of easily accessible financing mechanisms for the development of industry is the first condition to be met in this process.

In this sense, I believe that regional development authorities need to create an effective legislative and institutional framework to help facilitate access to bank credit, as well as European funds allocated to the development of industry. I appreciate that only by creating and securing affordable and safe financing mechanisms can industry be relaunched and developed. Therefore, the development of the Romanian industry so that it can keep up or catch up with the industries in the European countries is provided with easy access to financing. I now feel that there is also a barrier to perception created over time as a result of the various problems faced by entrepreneurs in their desire to finance themselves.

So, with regard to bank credit, I believe that solutions need to be found regarding increasing the "appetite" of banks in Romania in terms of lending to economic operators in the industrial sector. In this respect, the following solutions could be considered, the applicability of which may differ depending on the economic context at that time, but also on the restrictions that the European directives may impose:

- state subsidization of a percentage of interest on credits for the industrial sector;
- adoption of legislative acts regarding the involvement of banks in the regional development process;
- adoption of legislative acts on the involvement of banks in the absorption of European funds;
- creation of financing programs for the activities of the Romanian industry managed and managed by the state authorities empowered in this respect in collaboration with the banks in Romania.

With regard to European funds, following the analysis carried out in the second part of the action, it can be concluded that Romania has a significant allocation of funds in the period 2014-2020, which can be used to revive and develop the industry. The only problem related to this is the absorption of these funds. Thus, if Romania succeeds in absorbing a significant percentage of European funds allocated to industry funding, it will contribute to increasing the competitiveness of the sector, which will automatically lead to job creation, increase in value added and its development. It should be noted that, in the end, these issues will have positive implications for the Romanian economy.

In conclusion, I appreciate that both bank credit and European funds, as they become more accessible, are efficient financing mechanisms for the development of the industry. At the same time, I think that in the period 2014-2020, the most efficient solution for financing the industry, which Romania can take advantage of, is the mix between the two financing mechanisms, namely: bank credit and European funds. Thus, the banking system should become a link between the authorities that facilitate access to European funds and private companies that would like to apply for such funding. By structuring the range of banking products so they support European fund

applicants, banks will only help to develop the industry by financing companies that will later have more profitable and intensive business. This will ultimately be reflected in more intense business for the bank and in a higher profit for the bank.

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