

THE REORGANIZATION OF ECONOMIC ACTIVITIES IN THE APUSENI MOUNTAINS

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The reorganization of economic activities in the Apuseni Mountains presents several aspects of transition from the centralized economy of the communist period to the market economy after 1990, in a mining mountainous area. The present paper shows the rising of other industrial branches and of tourism development following the collapse of the mining and metal-processing industries. At the same time, small-scale individual initiative replaces the centralized decision, while the importance of external investments is still essential.

INTRODUCTION

The Apuseni Mountains represent a region in Romania of about 15,600 km². Middle altitude mountains, with large intra-montane and peripheral depressions that have allowed the practice of agriculture, these mountains have been known mostly for their mineral resources. Therefore, mining and metal-processing were the most important activities in the 20th century. Even though modern mining activities existed in this space since the 19th century, major effects were recorded following communist industrialization.

Based on traditional mining, the communist regime intensified this economic branch by planting big industries in the 1960 – 1980 period, a process that triggered migration to town of an important part of the able-bodied population and the polarization of the space. The highest employment rate was in towns and in the rural communes with mines on their territory (Beuran *et al.* 1980-1985). The problem is that those settlements were often specialized in one industrial branch alone, especially if they were small. It is the case of the communes of Roșia Montană, Almașu Mare, Lupșa (Alba County); Dobrești, Șuncuiuș, Vadu Crișului (Bihor County); Crișcior, Băița, Baia de Criș, Certeju de Sus, Luncoiu de Jos (Hunedoara County), etc.

In several towns, metallurgical plants (Zlatna, Baia de Arieș, Ștei, Crișcior, etc.) and related industries were added in order to supply the main industry with materials and parts (machine-building industry at Ștei, and Beiuș), or to use the by-products (chemical industry in Zlatna). Similarly, branches of the big textile works and food factories from cities outside the mountain area were located in the towns of the Apuseni Mts in order to balance the distribution of the workforce of both sexes. Thus, in the town of Ștei (named Dr. Petru Groza in the communist period), “Miorița” Company Oradea placed the production of knitware, and the Chemical Plant “Sinteza” Oradea its packaging section (Maier 2012); in Baia de Arieș, a classical mining town, a textile factory was opened in 1978 (Pop 1986). Besides, building-materials factories (cement, binder, refractory products), based on rocks and other materials in the area, were established in Aleșd, Aștileu and Șoimuș (Chișcăda). Forestry was centralized and timber factories in the region continued small-scale traditional activity, providing raw material for the furniture factories (Beiuș, Câmpani, Abrud, Sebiș, Ciucea, etc.), or for big processing wood complexes located near the mountain area: Sebeș, Blaj, Oradea, Gherla, and Arad. The presence of those branches was very important for the reorientation of economic activities after the industrial collapse that followed the 1990s.

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This study is based on statistical data from the National Institute of Statistics (NIS), reports from The Ministry of Tourism, from APDRP (Payment Agency for Rural Development and Fishing), and from County Councils, as well as economic data about companies posted on the website www.listafirme.ro. The study-area includes 153 administrative units, part of six counties: Alba, Arad, Bihor, Cluj, Hunedoara and Sălaj (Fig. 2).

1. The collapse of the mining industry

Spatially, there were three major mining areas. The first area, located in the Metalliferous Mountains, had a gold-mining tradition which, according to archaeological and historical evidence, has been functioning almost permanently since the Antiquity. Mining was concentrated around Brad, Zlatna, Abrud and Baia de Arieş towns, in a so-called “golden quadrilateral”. In the communist period, besides gold and silver, the mining of complex ore held an important share, supplying the industry with raw material from national sources. The most important new location was the open pit copper exploitation at Roşia Poieni (Lupşa commune, near Baia de Arieş). At Zlatna, a processing unit for gold concentrates was being operated since the 19th century, but a newer copper ore plant (with a chemical section that produced sulfuric acid) was commissioned in 1963.

A second area of nonferrous ore exploitation was Băiţa Bihor (Nucet area). A traditional gold – silver and copper exploitation, the area registered an explosive evolution since the discovery of uranium ore after the Second World War. Huge investments and new towns emerged: Nucet and Ştei. Nucet was an extractive site and Ştei hosted a primary ore processing unit.

Another mining area, the Crişu Repede Valley, around Aleşd town, and Pădurea Craiului Mountains, was rich in bauxite ore and refractory clay. This latter resource made Aleşd area specialized in the building-materials industry. The bauxite ore extracted in the region was primary processed in Dobreşti commune and then transformed into aluminum oxide in an Oradea plant.

After 1990, transition to the market economy triggered the collapse of the heavy industry, especially the mining one. In the conditions of low productivity, the mining activity was restructured, most mines were closed down and those still operated laid off many of their employees. By the year 2006, almost all mining activities in the Apuseni Mountains had stopped. The remaining ones concentrated on explorative activities or closing/ecological cleaning of mining-affected areas (*Strategia industriei miniere pentru perioada 2008-2020*).

Afterwards, copper exploitation at Roşia Poieni (Cupru Min SA) was reopened and continued to resist, with a fluctuating workforce (420 people in 2008), due to the rising market price of copper. In the Metalliferous Mountains, geological explorations and feasibility studies showed that profitable mining was still possible in other three locations: Roşia Montană, Certeju de Sus and Bucureşti communes (Tămaş-Bădescu 2010).

Besides social protection measures, such as anticipatory retirement and compensatory payments to the lay-offs (*Strategia industriei miniere pentru perioada 2008–2020*), areas affected by high unemployment rates were declared disadvantaged, and the Government offered new investors several facilities for a period of 10 years. Under Law 20/1999, the companies in those areas were exempted from the payment of the profit tax and of custom-duties for raw materials and production equipment.

2. Reorganization of the economy

Three processes can express economic reorganization in the Apuseni Mountains: strong contraction of the previous economy, emergence of new industries and tourism.

2.1. Average number of employees and the entrepreneurial initiative

Economic reorganization was associated with 50% reduction in the number of employees at regional level (from 124,212 in 1991 to only 61,036 in 2010). As expected, disadvantaged areas registered the biggest losses of manpower, from 53,152 employees in 1991 to 21,762 in 2010 (Fig. 1). A closer look at the different disadvantaged areas shows important differences: if Alba and Hunedoara counties had initially almost the same personnel (16,448 and 16,893, respectively), in 2010, the former maintained only 4,377 people, while the latter almost twice that number (7,557). The same in Bihor, differences between the two disadvantaged areas in its mountains are huge. While the area around Aleşd town lost almost a third of its workforce (from 7,940 in 1991 to 5,368 in 2010), the Ştei – Nucet – Drăgăneşti area maintained only a third of its employees (from 11,871 in 1991 to 4,460 in 2010). A difference appears between the rural and the urban environment as well: with almost the same numerical workforce, the urban area appears to start recovering earlier than the rural one (Fig. 1).

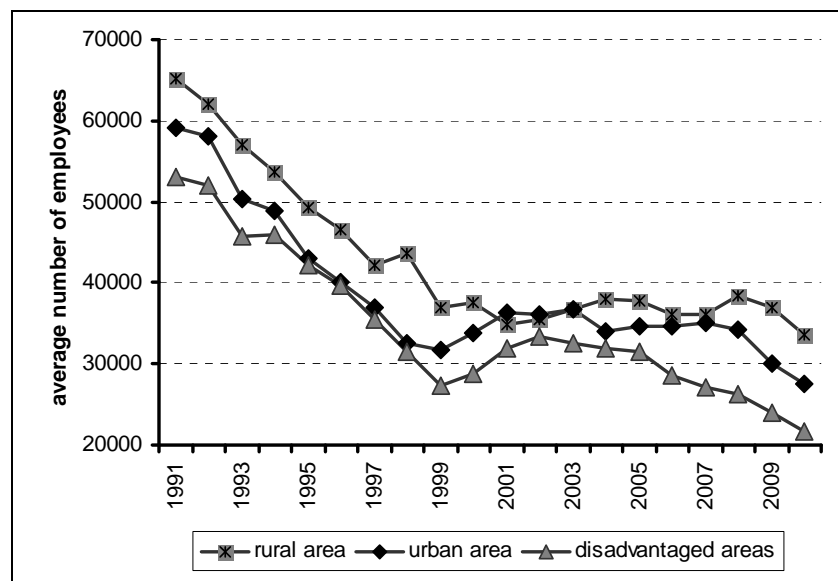


Fig. 1 – The evolution of the average number of employees in the Apuseni Mountains (source: National Institute of Statistics (NIS) data, calculations and graphical representation by the author).

At the same time, on local level, one may see winner and loser communities. If the town of Brad had almost the same number of employees in 2010 as in 1991, Ştei lost two-thirds of its workforce over the two decades. On the other hand, several rural communes registered a positive evolution during that same period. It is the case of Auşeu, Bratca, Bunteşti, Câmpani, Drăgăneşti, and Vadu Crişului (Bihor County), Săvădisla (Cluj County), Ribiţa (Hunedoara County) and Cricău, Galda de Jos and Vinţu de Jos (Alba County). Their evolution can be explained by the presence of external investments.

In terms of employee number (Fig. 2), the best situation is in town (there are several towns with a lower employment rate, e.g. Zlatna, Vaşcău and Geoagiu. The first two have not yet recovered from the collapse of mining, while the last one, raised to town status only recently, still has a rural economic structure). Usually, the present economic situation of communities in the disadvantaged area is based on the concentration of the workforce, a method used in other economic domains, too. Other towns in the Apuseni Mountains, which had an industrial tradition before 1990, still maintained their employees, especially in the wood processing sector – Transilvania Production SRL in Câmpani (furniture factory, 216 employees in 2008), Cedru Prod SRL Beiuş (133 employees in 2008), and many smaller companies in Sebiş.

Other high scores in terms of employee number are the result of a traditional activity being continued in the same location. Since after 2000 the Romanian economy grew, constructions overtook other economic sectors and the production of building-materials turned cost-effective. Nowadays, Aleşd area continues to be a traditional refractory items and cement producer (Helios SA, in Aştileu commune with 239 employees in 2008 and a cement factory in Aleşd that belongs to Holcim International Group). The same is the case of the cement factory in Şoimuş commune (Carpatcement Group).

The presence of many state employees can be another explanation for a high employment rate. In the case of Zam and Gurahonţ, the hospitals on their territory make a big contribution to employment (the Psychiatric Hospital in Zam had around 200 employees) (Hunedoara County Council), the hospital in Gurahonţ 49 in 2011 (Arad County Council). Beside health workers, Gurahonţ commune owes its workforce to other two companies with some 50 employees each, and to many smaller companies. Moneasa, previously a spa resort, still employs many people in tourism, who work in many small guesthouses rather than in a few big hotels.

The number of employees per 1,000 inhabitants highlights other communities in which new activities are being discharged and, here and there, industries have been planted. It is the case of Galda de Jos – Vinţu de Jos area which, lying near an important city (Alba Iulia) and close to the European highways and also with access to the railroad, has developed a food industry (Transavia SA, producer of chicken meat, Albalact SA, dairy producer and other smaller companies in the food sector). Building-materials are also well-represented by the Pomponio Group.

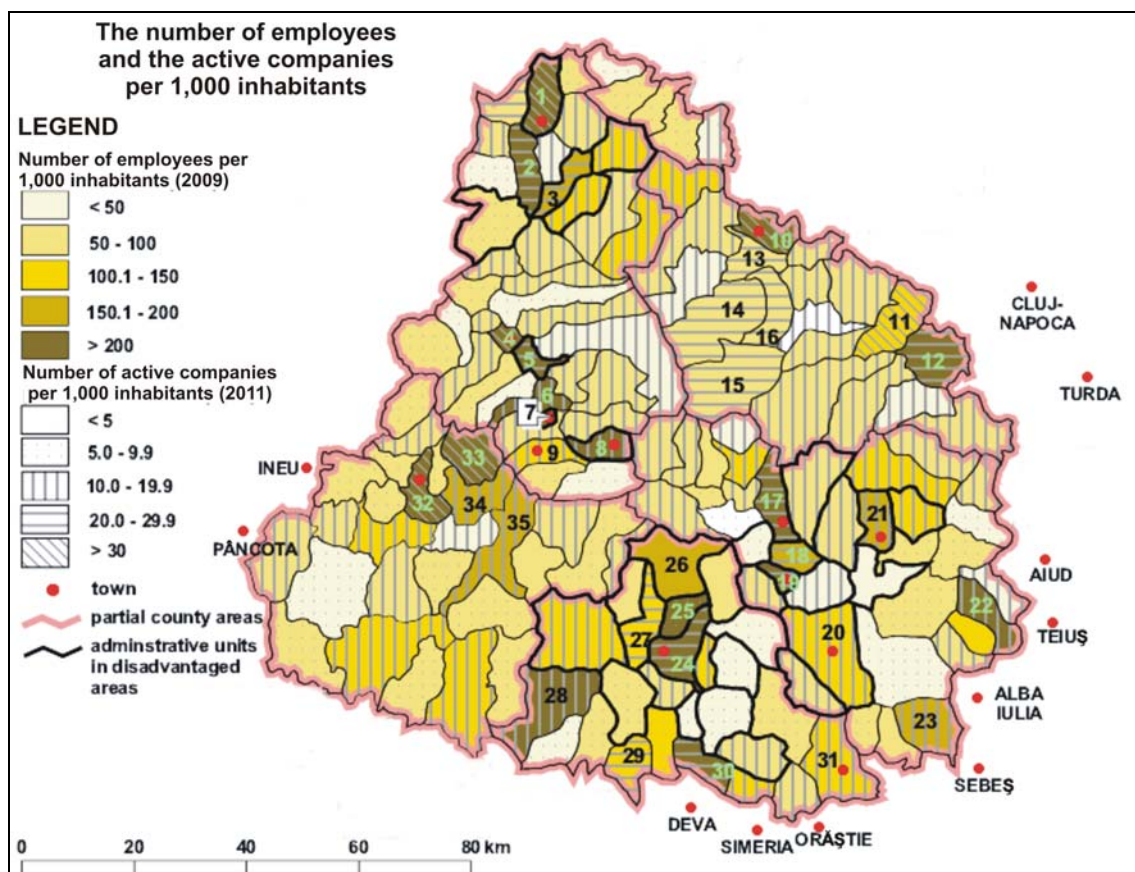


Fig. 2 – The average number of employees and of active companies per 1,000 inhabitants (source: NIS data, calculation and graphical representation by the author). Localities: 1 – Aleşd, 2 – Aştileu, 3 – Vadu Crişului, 4 – Beiuş, 5 – Drăgăneşti, 6 – Rieni, 7 – Ştei, 8 – Nucet, 9 – Vaşcău, 10 – Huedin, 11 – Gilău, 12 – Săvădisla, 13 – Sâncraiu, 14 – Mărgău, 15 – Beliş, 16 – Călăţele, 17 – Cămpeni, 18 – Roşia Montană, 19 – Abrud, 20 – Zlatna, 21 – Baia de Arieş, 22 – Galda de Jos, 23 – Vinţu de Jos, 24 – Brad, 25 – Ribişta, 26 – Bulzeştii de Sus, 27 – Baia de Criş, 28 – Zam, 29 – Iliia, 30 – Şoimuş, 31 – Geoagiu, 32 – Sebiş, 33 – Moneasa.

The case of Săvădisla is partly explicable by the presence of a big company that employs its workforce from outside the community, and of many small companies, too. Expressing the number of employees per 1,000 inhabitants may lead to some distorted values, as in the case of Bulzești de Sus, a very small commune (319 inhabitants in July 2009) with no active companies, but because many people work in the administration, it appears to have a good employment score.

In terms of entrepreneurial initiative, a statistical survey was conducted in order to identify the active companies in the area and their activity domain. Even if the Apuseni Mountains have 7,594 active companies (source: “The Complete Catalogue of Active Companies in Romania” - listafirme.ro, February 2011), most of them have less than 10 employees (92.2%), those with 10 – 49 employees representing 6.8% of the total. The companies employing more than 50 people (big companies with over 250 employees included) make only 1% of the total number of active companies with main offices in the area. There are a few big companies, but none with a mining profile e.g. Arieșul Conf SA (Baia de Arieș), Fabri SRL (Brad) and Manfred Euro SRL (Aleșd) all in the textile and footwear sector; Edy Transportation Group in Brad (with Edy International Spedition SA, Edy Logistics SRL and Autocamion Service SRL) and Transavia SA (Galda de Jos) in the food industry.

The economic statistics database that we have used registers the number of employees by the location of the company headquarters, even though the main activity has another location. In consequence, some companies appear to be located in the area, but they are not actually using mainly the local workforce. It is the case of Bechtel International Inc SRL, a road-building construction company, with headquarters in Săvădisla and a 2,377 workforce in 2009. On the other hand, companies active in the Apuseni Mountains can be missing from the catalogue if their main offices are located elsewhere. It is the case of the European Drinks&Food Group (with two industrial platforms in Rieni and Drăgănești communes), the Key Safety Systems Ro (with two factories in Brad and Ribîța, and 702 employees in the automotive industry) and of the cement factories in Șoimuș and Aleșd that belong to two international groups, but statistics do not record them in the Apuseni area. Despite inadequacies, this database, together with the number of administrative employees by unit (provided by NIS), does properly reflect the economic situation of the Apuseni Mountains (Fig. 2).

As expected, active companies are more numerous in towns and in several suburban communes, or in communes more developed economically (Gilău, Iara, Poieni, Săvădisla, and Ciucea in Cluj county; Bistra, Ighiu, Galda de Jos, and Vințu de Jos, in Alba county; Gurahonț, and Târnova in Arad county; Aștileu, Bratca, Borod, Buntești, Vadu Crișului, and Lugașu de Jos in Bihor county; Șoimuș, Iliă, Crișcior, Baia de Criș in Hunedoara county). In terms of population number and active firms per 1,000 inhabitants there are no important territorial distribution variations; it only partly changes the hierarchy by promoting also communes with fewer companies but with more entrepreneurial initiative: Moneasa in Arad county and the Beliș – Mărgău – Călățele – Sâncraiu area in Cluj County (Fig. 2).

2.2. The new structure of the economy

A classification by the CAEN nomenclature¹ shows that most companies in the Apuseni Mountains (30.6%) activate in commerce (Fig. 3). Transportation and storage is well represented, too (10.7%), the processing industry 13.3%, and the extractive industry only 0.7% of CAEN classified companies in the area. Quite well-represented are the building and hotels-restaurants sectors ((9.3% and 7.9%, respectively), but only 5.3% classified companies in agriculture and forestry.

¹ CAEN nomenclature is the national equivalent of the Classification of Economic Activity in the European Community. www.listafirme.ro database does not provide CAEN classification for companies in localities with less than 10 active companies. As a result, the database does not give the CAEN code for 1,305 companies representing 17.2 % of the total.

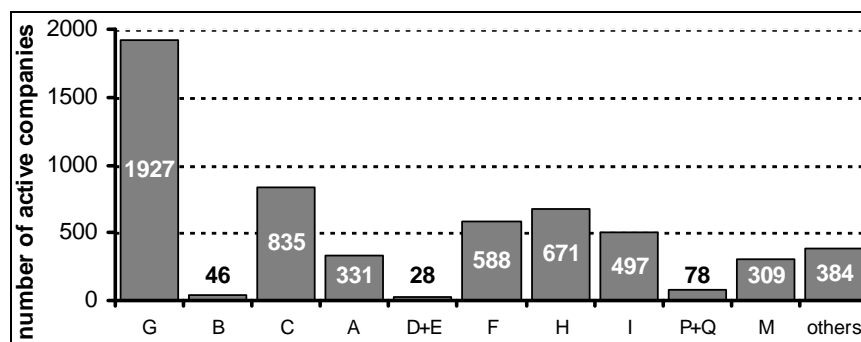


Fig. 3 – The number of active companies in the Apuseni Mountains by CAEN nomenclature (source: listafirme.ro database, calculations and graphical representation by the author).

Legend: G – commerce, B – extractive industry, C – processing industry, A – agriculture and forestry, D – production and supply of electrical power, thermal power, methane gas or water, E – salubrity, waste management, F – building, H – transportation and storage, I – hotels and restaurants, P – education, Q – medical and social welfare services, M – professional, scientific and technical activities.

Generally, most of the disadvantaged areas attracted lohn investments (industries that usually import raw materials and export manufactured goods), favoured largely by available cheap labour and exemptions from custom duties. As a result, textile and footwear replaced the mining industry (Fig. 4).

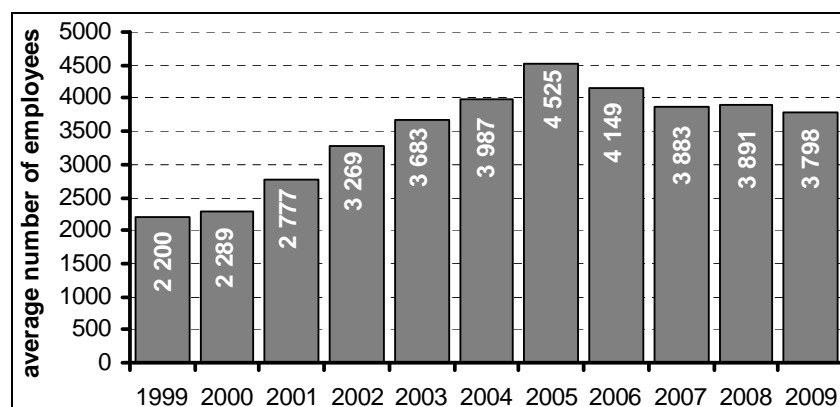


Fig. 4 – The evolution of the average number of employees in the textile and footwear industries of the Apuseni Mountains (source: www.lista-firme.ro database, calculations and graphical representation by the author). The database includes the following companies: Filatura de Bumbac Abrud SA, Arieșul Conf SA Baia de Arieș, Arieșul ProdimeX SRL Baia de Arieș, Ro.de.X Fashion SRL Zlatna, Kozara SRL Vințu de Jos, Albatex SRL Beiuș, Imagine SRL Beiuș, Italștei SRL Beiuș, Uniconf SA Beiuș, Moda Mania SRL Aleșd, Luxrom SRL Aleșd, Soletech SRL Aleșd, Vog Rom SRL Aleșd, Manfred Euro SRL Aleșd, Sarmac SRL Tinăud (Aleșd), Viriotex SRL Vașcău, Romtex Prod Impex SRL Vadu Crișului, High Tech Technosky Gilău, App Textil SA Brad, Teba Brad Industry, Fabri SRL Brad, and AS Tudor Logistic SRL.

The footwear industry (Manfred Euro SRL 830 employees in 2009, Soletech SRL 170, Sarmac SRL 172 and other smaller companies) employed much of the workforce in Aleșd and in the surrounding communes. The same, in several towns of the Metalliferous Mountains, where the previous local textile industry adopted the lohn production system, or investors opened a new lohn-based factory. It is the case of companies in Abrud (Filatura de Bumbac Abrud SA, 138 employees in 2009), Baia de Arieș (Arieșul Conf SA and Arieșul ProdimeX SRL, 309, and 98 employees, respectively in 2009), in Zlatna (Ro.de.X Fashion SRL 221 employees in 2008 and Robydav SRL) and in Brad (App Textil SA, Teba Brad Industry and Fabri SRL, with 161, 162, and 251 employees, respectively in 2009). In Ștei area, lohn companies can also be found, but here the leading role in the economic

reorganization was played by the European Drinks&Food Group industrial estates with a workforce of over 3,000 (Popa-Bota, Zotic 1998).

In the context of Romania's accession to the European Union (resulting in the systematic reduction of economic facilities for the companies of disadvantaged areas) and of the present economic crisis, the lohn industry has recently suffered a slight contraction (Fig. 4).

The analysis shows changes in the main industrial activities of the Apuseni Mountains, but the importance of non-regional investments remains essential. Since the presence of the State as industrial investor has been drastically reduced, the importance of foreign capital has grown: most of the textile factories belong to foreign investors, cement factories being now part of international groups (Holcim and Heidelbergcement). Fewer wood processing factories have remained in the Apuseni, while the new industrial units, opened in Sebeş town (Kronospan Sebeş SA and Holzindustrie Schwehofer SRL) which lies outside the mountain area, were growing fast (www.listfirme.ro).

2.3. Tourism development

Tourist tradition in the Apuseni Mountains dates to the inter-war period, Moneasa and Geoagiu Băi were known for spa therapy and Stâna de Vale for health sojourns. In the communist period, Moneasa, Geoagiu Băi, and Vața de Jos benefitted from major investments for the construction of hotels with hundreds of beds. Băișoara and Stâna de Vale were renowned winter sports resorts.

After 1990, the contraction of the national economy and the elimination of trade-union-sponsored organized tourism bankrupted most of those hotels. Only two resorts (Moneasa and Geoagiu Băi) succeeded to partially recover due to investments and PHARE funds and better promotion (Drăgan 2007).

However, it is winter resorts that recorded an upsurge, some of them remaining on the traditional location (the case of Băișoara), others developing in a new location (the case of Arieșeni – Vârtop resort). Accommodation is available mainly in villas and small hotels. Because big financial investments and exact locations are required, most local inhabitants are little interested in the development of tourism in health and winter resorts.

Instead, a new form of tourism, based on a very attractive natural and cultural environment (beautiful rural landscapes, ecological agriculture, handicrafts and folklore events) which can be more diversified in terms of spatial location has developed. It is rural tourism, with accommodation in small guesthouses available in numerous mountain households.

Starting with the assistance of international and national NGOs (Opération Villages Roumains, ANTREC – The National Association for Rural, Ecological and Cultural Tourism), rural tourism in the area has surged (Fig. 5). Agro-tourism is very suitable for mountain households to diversify their income sources and still continue to practice agriculture (studies have shown that rural tourism alone cannot support the rural household, it being only an extra income) (Benedek, Deszy 2006).

Official statistics indicate a number of 209 certified tourist units, but according to some studies official data underestimate the extent of this activity. In 2004, Rodica Petrea assumed that over 500 guesthouses existed in the Apuseni (the ones officially registered at the time, and those functioning only with mayoralty authorization or without any authorization at all). The real number today is probably larger than that; out of 144 projects for the diversification of rural activities in this area, funded by SAPARD Measure 3.4 and EARDF Measure 322, during 2002–2010, the great majority, with a few exceptions in Galda de Jos and Câmpeni, were aimed at the development of tourism.

Tourism development already shows its own regional disparities, resulting from different tourism potential in the region, and especially from the mentality and capacity of communities to seize opportunities. Even though guesthouses are spread all over the region, their density is higher in Alba County, in the Upper Arieș Valley and in Remetea commune, due to the proximity of the Apuseni Mts. Natural Park with karstic landscapes, and the Magyar cultural area with specific architecture at Remetea. Other rural guesthouse agglomerations are in the Crișul Repede Valley, Călata area, Săvădisla commune, etc. They are also numerous in spas and winter resorts (Drăgan 2007).

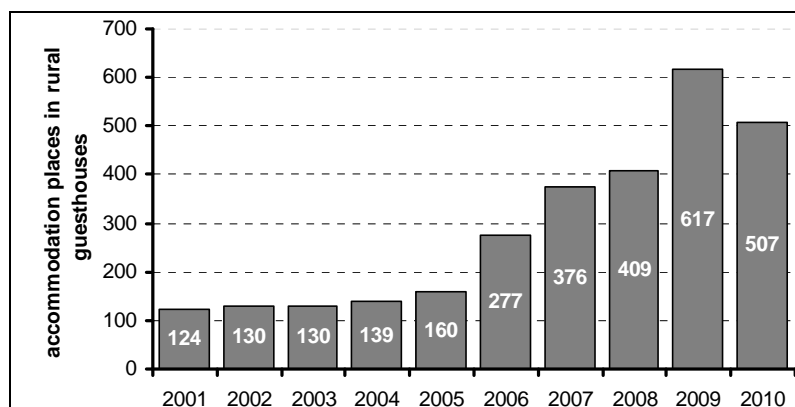


Fig. 5 – The evolution of accommodation places in rural guesthouses in Alba Apuseni (source: NIS data, calculations and graphical representation by the author)

CONCLUSIONS

In the last one-hundred years, the economic activity in the Apuseni Mountains has experienced a process of development, collapse and reorganization. In the communist period, characteristic of the region were mining and the heavy industry. Since 1990, mining registered a steep decline, its workforce being reduced by half.

At present, there is a noticeable entrepreneurial initiative all over the region. While the great majority of companies have less than 10 employees and are active in commerce, other industrial branches have emerged, e.g. the textile industry, the food industry and the automotive industry. After 1999, the lohn-based industry has become representative for the area and, once again, big factories developing, the region passed onto a new type of mono-specialization.

Rural tourism is strongly progressing, as an alternative to the resorts of the communist period. It is widely spread in space, yet some spatial disparities do exist, due to the different tourism potential and local initiative.

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