

THE ECONOMIC ENVIRONMENT OF SEBEŞ ON THE 100 YEAR ANNIVERSARY FROM THE UNION

Prof. MIOARA BULBUCAN, prof. VASILE ŞTEF
The National High School "Lucian Blaga" Sebeş, Romania

ABSTRACT: *Named the town with zero unemployment (rate) in Romania, due to numerous foreign and native investments, Sebeş has a steady economic growth, reflected also in the ascending numerical evolution of the population (32.256 inhabitants - January 2015, compared to 29.954 inhabitants in 1992) being the second largest town in the county. The town of Sebeş is an economic motor of the county, placing Alba county on the second place in the country as economic performance in 2016 compared to 2015 (13% economic growth compared to a national average of 4%). The two biggest companies, as turnover, in the county are from Sebeş: Star Assembly (Daimler gearboxes) and Kronospan, which together have a turnover of over 2.5 billion lei (2016).*

Keywords: *Sebeş; economic growth; company; investors; strong brands;*

Sebeş is one of the most important towns in Alba County due to its economic development over the past decade but also because of its geographic position.

The Mühlbach (Sebeş), founded by the German colonists in the second half of the 12th century, has been even since the Middle Ages one of the most important urban settlements in southern Transylvania

This town is situated at 45 ° 57 'northern latitude and 23 ° 34' eastern longitude, in the Sebeş - Alba Iulia hollow, at 250 m altitude

(Fig. 1), at the crossing of two European roads: E 68 (Deva - Sibiu - Brasov) E81 (Cluj-Napoca - Sibiu - Piteşti) and the A1 Sebeş-Deva highway bypasses the town through the north, the accessibility being ensured by three road nodes.

By 2020, it is expected that the junction between A1 and A10 will have been achieved through several bridges in the Sebeş-Lancrăm area.

The town is situated on a plane land, a terrace of the lower course of Sebeş river,

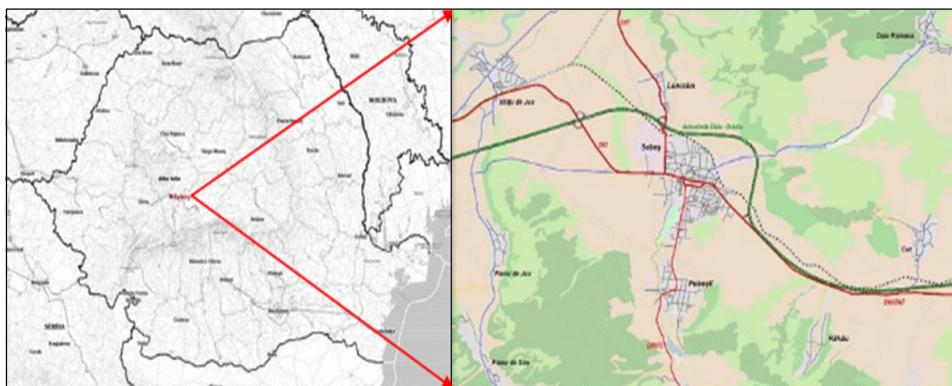


Fig. 1. Geographical location of Sebeş
(source: Sustainable Local Development Strategy of Sebeş 2014-2020)

close to the Secaş river confluence, being delimited by two distinct natural units: the Secas highlands to the East and the Mureş river corridor to the West, and to the South we can see the mountainous area of the Meridionals through Sureanu and Cindrel Mountains.

The distance between Sebeş and other important cities from the heart of Transylvania is relatively small: Alba-Iulia at 15 km away, Deva at 63 km away, Sibiu at 55 km away and Clu-Napoca at 115 km away, the last two cities benefiting also from an international airport with a positive influence on the development of the region.

To the Sebeş town (Figure 2) it also belongs the townships of Lancrăm (in the North), Petreşti (Petersdorf) in the south and Răhău (in the southeast), running on 115,54

km², with a population of 32,553 inhabitants in 2017, growing from 27,019 inhabitants according to the 2011 Population and Housing Census.

The Alba County has experienced a spectacular economic growth over the last three years, currently ranked second in Romania, after Ilfov County. Reported in 2015, Alba County has a 13% increase in turnover, compared to a national average of 4% (Figure 3).

Alba County has the second economic performance in 2016 as compared to 2015 - as turnover - with Ilfov County being the first one with a 14% increase, according to an analysis made by the notorious paper "Ziarul Financiar".



Fig. 2. Municipality of Sebeş
(source: Google maps- adapted)

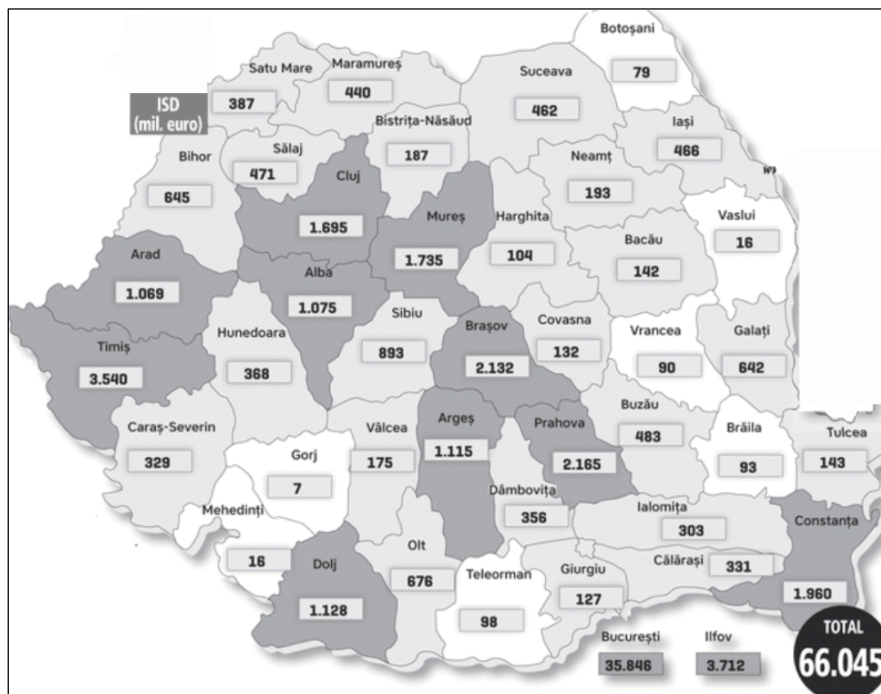


Fig. 3. Foreign investment map in the counties of Romania in 2016
(source: "Ziarul Financiar" paper)

The results are considerable, given the fact Bucharest has increased by only 2%, Timis by 5%, Cluj by 9% and Constanța had a minus of 4%.

In 2016 - according to the third edition of the Romanian Private Capital, the total turnover of the companies from Alba County reached 16.5 billion lei, ranking the 17th place in Romania. The turnover of all Romanian companies in 2016 was 1.225 billion lei. The share of gross value added in turnover is 76%, compared to a national average of 62%. Romanian private capital accounts for 51% of Alba's business, foreign private capital holds 47%, and state-owned companies 2% (Figure 4).

The largest companies in Alba County are Star Transmission and Star Assembly (German Daimler gearboxes) with a turnover of 1.49 billion lei in 2016 compared to 124 million lei in 2015. On the second place we find Kronospan Sebeș, with 997 million lei,

going down from 2015, a company that started its in 2017. On the third place it Albalact, a company bought by the French from Lactalis for 527 million lei, and on the fourth place we can find Transavia, the company of the Romanian entrepreneur Ioan Popa, with a turnover of 478 million lei.

Among the top foreign investors are also Holzindustrie Schweighofer, the Belgian company VCST, the Germans from Bosch Rexroth Company, with their investment from Blaj town, the Italians from Savini Due and the Dutch controlling the DN Agrar group.

It is remarkable that Alba County has given Romania many Romanian entrepreneurs who have managed to build really strong brands: Mr. Raul Ciurtin with Albalact, a company that was number 1 in Romania and then was sold to the French group Lactalis, Mr. Ioan Popa with Transavia, a company that is number 1 in the production of chicken meat in Alba-Iulia and

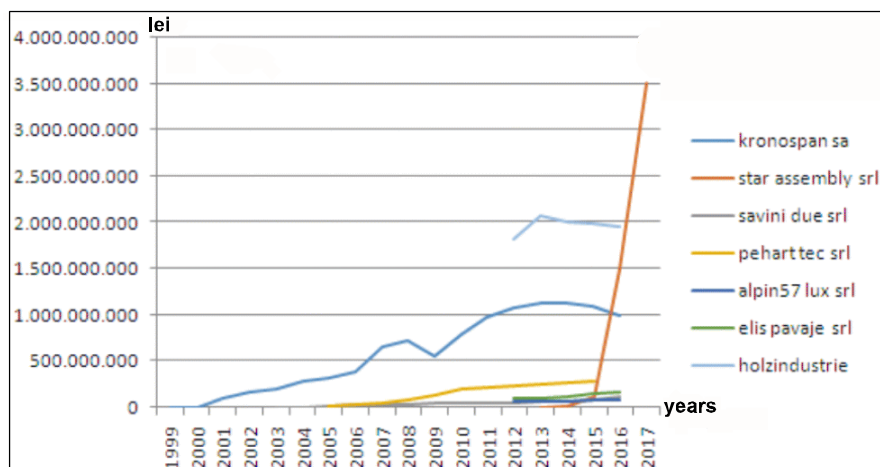


Fig. 4. The turnover evolution from the main economic agents in Sebeș

Oiejdeia, the Necșulescu family with Jidvei - number 1 company in wine production with over 2,500 hectares of vineyards in the Blaj area, Octavian Crețu from Romaqua Grup (Borsec) with the Albacher beer factory in Lancrăm, a grup of companies which produce porcelain (APULUM, IPEC, AXA Porcelaine) in Alba Iulia, all owned by local investors, Mr. Ioan Tecar with Perhart in Sebeș, a company sold to the Abbris Investment Fund, Mr. Levente Bara with the Supremia spice company in Alba-Iulia, a company sold to a French group, Mr. Victor Mateș with Apidava Blaj - one of the largest producers of honey in Romania, Mr. Ioan Istrate with Alpin57 Lux in Sebeș - the biggest producer of ice cream from Romanian ice cream - a company which was sold in 2017 to Latvian grup. Also in Alba county there stand out the international transport companies like Oprean, GIRO, Atlas and Xcurier.

The statistics show that the local authorities in the county and the Romanians that created the businesses have embraced the foreign capital that has brought them investments, know-how, foreign markets, including Alba county in a globalization circuit with foreign investments of over 1 billion euros, but also the sum of investments with native capital reaches this amount.

Transavia, Jidvei Group, Elis Pavaje, Florea Grup, IPEC. In comparison: Gorj county has attracted investments of over 7 million euros, Mehedinti -16 million, Vaslui -35 million, Botosani-79 million, Vrancea-90 million, Braila-93 million, Teleorman-98 million. From 1 billion euros to 100 million euros there is a 10-fold difference.

Sebeș registered in 2016 a turnover of 3.7 billion lei (847.6 million euros) which means 25.47% of Alba County's turnover and the 7.244 employees in Sebeș represented 12, 40% of the total number of employees in the county. The net profit of economic agents in the same reference year was 127.9 million lei (29.1 million euros), or better said 12.96% from the profit in our county achieved.

The graphical representations below provides information regarding the turnover of the main economic entities in Sebeș (Figure 5) and the evolution of the number of employees in the period 1999-2017.

Daimler Mercedes businesses in Sebeș have "exploded" in the year of 2017. Star Assembly has recorded 1,800 employees at its factory, where they assemble one of the world's most modern gearboxes. Inaugurated in 2016 by the Daimler Mercedes company, Star Assembly had in the first half of 2017 over 10 times more businesses, compared to the same period from 2016. Its turnover

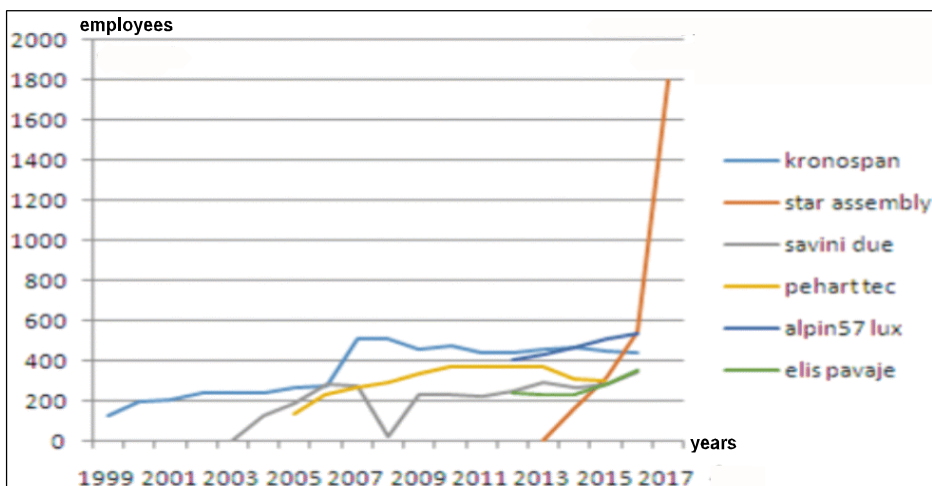


Fig. 5. The evolution of the number of employees from the main economic entities in Sebeș

climbed in the first half of this year to more than 3.5 billion lei (762 million euros), 13 times more than in the first half of last year.

half of this year. The company's representatives estimate for the end of 2017 a turnover approaching 7 billion lei ,more than

Years	Fiscal value (mil. euro)	Net income (mil. euro)	Number of Employees
2013	0,4	0,0	9
2014	5,4	0,3	168
2015	27,9	-1,1	321
2016	336,2	11,8	1194

Fig. 6 The evolution of the main indicators of the Star Assembly

In addition, in the first semestre company recorded a 134% higher business activity than the full year of 2016. The strong increase registered by the Star Assembly factory comes after the company inaugurated in April 2016 a 9G-TRONIC 9-speed automatic gearbox production line dedicated to Mercedes-Benz automobiles. The new gearbox is currently being used on 20 Mercedes-Benz automobile models, and its potential is to reach over 800,000 units produced each year in Stuttgart and Sebeș. At the same time, the number of employees from Star Assembly rose from 860 in the first half of the past year to 1,800 in the first

1.5 billion euros (Figure 6).

Kronospan SA acquired in 2004 from GruppoFrati the Sebeș factory that produces chipboard and MDF (medium-densityfibreboard) for the furniture industry in a transaction of 250 million euros. Kronospan is one of the global leaders in the production of wood-based boards, and in Romania there are two production units in Sebeș and Brasov. Kronospan's investments in Romania rise over 600 million euros and the company has about 800 employees in the two cities.

Savinidue is a company producing bathroom furniture and toilet bowl caps,

which over the years has grown and developed by increasing its range of products, offering customers a vast and detailed range from solid wood furniture to modern painted furniture, as well as a wide range of toilet mdf caps. Savini Due, controlled by Italian businessman Piersante Savini, had a turnover of 6.7 million euros in the first semester, more by about 23% over the same period last year and expected to close 2018 with total business of 30 million euros. Export represented 64% of the total turnover of the company last year, the main foreign markets being Italy, Hungary, Bulgaria and Greece.

Alpin 57 Lux, the company from Alba County, which produces ice cream is one of the firsts from Romania with an 18% market share. Alpin 57 Lux had a turnover of about 91 million lei (about 20 million euros) in 2016. The Latvian Food Union, owned by Russian businessman Andrey Beskhmel'nitskiy, bought a 70% stake in Alpin 57 Lux founded by contractor Ioan Istrate, which owns the remaining 30% of shares, in accordance with a decision of the Alpin 57 Lux associates from 7 April 2016.

The story of Elis Pavaje SRL from Petresti, begins in 1991 as a small family business, with a production of only 6 sqm / day, made on a scale equipment. Today, Elis

Pavaje represents a team of 380 employees whose efforts ensure a production of over 10,000 square meters / day in two production units and with a turnover of 161 million lei in 2016.

Romaqua Group has invested over 60 million euros in its beer factory in Sebeș, where it produces 60,000 liters of beer per hour. The construction of the factory in July 2007 on a 25-acre plot of land was chosen due to its strategic location in the center of the country and because of its position, right next to the motorway junction.

The factory, a greenfield project that incorporates the world's newest technologies was inaugurated in May 2008. According to a press release, the German production and bottling technology used collects for the first time in a single factory, the latest production processes as well as the most advanced technology.

Sebeș is an important economic player from the Central Region, relying on high connectivity due to its role as a road junction for the two A1 and A10 motorways. It is an attractive city for investors, generating jobs and welfare, visible through territorial expansion as a result of the real estate projects needed for a city in full economic development.

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