

THE EVOLUTION OF ROMANIAN TOURISM IN TERMS OF ECONOMIC INSTABILITY

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Abstract:

The contribution of tourism to economic and social life is different from one country to another, depending on development level and the policy promoted in connection with these activities.

Within the economy, tourism is manifested as a means to diversify its structure by creating specific activities such as hotel industry, which takes into consideration not only accommodation and all conditions and comfort created for travelers, but also some various additional benefits, from information to commercial services, non-specific services. A direct contribution of tourism on employment is particularly significant for tourism intensive economies. Currently, tourism provides millions of jobs and international tourism has an important role in increasing and diversifying exports. International tourism influences the balance of payments through foreign currency balance of tourism which can compensate for, reduce or worsen a deficit of balance of payments.

In this paper we intend to present an analysis of Romanian tourism from the perspective of several indicators used to indicate the status of tourism in terms of economic instability, given that the difficult economic period felt worldwide is, undoubtedly, felt by the Romanian tourism, too.

Keywords: tourism, crisis, economic recovery

Classification JEL: E00, L83

1. Introduction

Tourism is an economic sector with a multiplier effect on several other sectors, but not insensitive to the current difficult situation experienced not only by the Romanian economy but throughout the world economy. Thus, we could say that the exit of the crisis of the Romanian tourism would inevitably contribute to economic recovery in sectors that are interdependent, such as food industry, transport, tourism equipment industry, construction industry, communications industry and others. Are we witnesses of a permanent crisis of tourism since 1990? How can tourism exit the crisis? These are questions we are trying to answer.

Romania's natural tourism potential is undeniable, an element that could sustain the idea of tourism as one of the sectors to support the Romanian economy in recovery, once the crisis is over. But, as everyone knows, this is not the only element used to solve this premise of economic recovery, and there are other issues to be considered, still not resolved, even if they are obvious and extremely important for tourism development so as to hold up the economy and to become Romania's "engine".

Tourism represents a complex activity, with a fragile finality, that needs people and a peculiar type of organization, to exist. "In times of change, only continuous learners can inherit the future. Those who have ceased to learn will find themselves ready to live only in a world that no longer exists", Eric Hoffer says. (Rotariu Ilie, 2004, p. 289)

Tourism has hidden meanings and can be seen in this position of "sedative" of social problems, as part of the living standard, or as a valve for employment, for maintaining development and recovery of capital and using it as a means of mass media.

2. Obstacles to economic recovery of Romania through tourism accumulated in time

A radiography of the problems interfering with the chance of economic recovery through tourism development was carried out by specialist Ilie Rotariu in his paper Globalization and Tourism- the Romania's case, where he identified the main issues faced by tourism in the last 20 years:

- during the transition period - due to the lack of a Western support similar to that for the Czech Republic, Poland, Slovenia and Hungary, Romania adopted the American formula based on tough, even wild free competition. With no precedent as a model, it was almost impossible to imagine the reaction of the population, and, as everyone knows, in contemporary tourism the population as a whole represents the determining factor.

- it is well known that tourist activity **requires minimal infrastructure**: highways, railways, aviation facilities to standards at least compatible with those of countries of origin of tourists;

- for a normal tourist supply, **an economy able to sustain tourist activity at international level is needed.** Although there are large differences among salaries, almost all services included by local tourism products are priced close to those from the West, so that the final package cannot reach an acceptable level like in the western market.

- between issuing areas and Romania there was a gap of at least a decade, from 1980 to 1989, incoming tourism being almost absent. The "reunion" was shocking to both sides.

- a planning of minimum infrastructure involves important amounts of money. The only western funds spent for Romania were used for exploration and consulting. Since 2007 European funds have turned towards tourism, but the absorption percentage is still unsatisfactory.

- the lack of a project able to clearly define Romania's tourist opportunity and to underline the problem of degradation and thereby depriving population of a "holiday", as part of living standard and their possible reaction to this race on the switch to "capitalism"

- the emphasis on rural tourism led to poor results. In addition people start to realize that it may be just an additive to basic activity.

- Romania's tourist chance "was and still is only a slogan without any real support. In a time when Romania will build a" destination "- such as Thailand, UAE, South Africa etc. - we can talk about tourism as an industry or economic sector and about all effects of such activities in the social, political field etc.. Meanwhile, especially aviation companies and global hotel chains have entered Romania. But, as one can see, their main current target is business and congress tourism. (Rotariu Ilie, 2004, p 232)

3. Romanian tourism in terms of statistical indicators

For a complete and complex analysis of tourism in Romania, during 2007-2010, we used several representative statistical data taking into account the indicators useful to characterize the tourist activity for the eight regions. We refer here to: employed population in tourism, GDP in tourism, existing tourist accommodation capacity, tourist accommodation capacity in use; index of net use of accommodation capacity in use by category of comfort, the number of arrivals (tourists stay), number of tourist accommodation units (total) etc..

Table 1 Employment, by main activity of tourism

Activity	Thou persons		
	2008	2009	2010
Third sector of which:	3719	3780	3810
Hotels and restaurants	154	165	180

Source: National Institute of Statistics, Romania in figures, 2011

Tourism is a field affected by a seasonality specific to this sector, but creating jobs, as reflected in the above table, where one can see that in 2010 there were 180,000 employed persons in Romanian tourism, with more than 15,000 persons than in 2009 and more than 26,000 persons in 2008. Showing a positive trend, we can say that tourism remains a sector that can absorb, even in crisis situations, people unemployed from other sectors.

Table 2 Gross domestic product (GDP) in tourism

	Million lei in current prices			
	2007	2008	2009	2010
Gross domestic product (GDP) TOTAL	416006.8	514700.0	501139.4	522561.1
Hotel and restaurant	7817.3	8727.3	8534.8	
Wholesale and retail; repair of motor vehicles and motorcycles; transport and storage; hotels and restaurants	-	99593.8	94359.5	102122.2

Gross domestic product obtained in the Romanian economy is very high in 2008 compared with 2007, issue that in 2009 is no longer confirmed over 2008. However, it may be noted that compared with 2007, total GDP and for hotels and restaurants is high. As a percentage of total gross domestic product, in 2009 hotels and restaurants contribute with only 0.16% similar to 2008. It is interesting to note that 2010 is a convenient year for the economy in terms of GDP achieved, higher than in 2008. But, we must take into consideration that it is measured in current prices, it does not always show the real trend since this includes aspects related to inflation, exchange rates, etc.. In this sense, we receive useful information from GDP indices which in 2009 was 93.6% which means a decrease of 6.4% compared to 2008 even if the absolute value is greater, and in 2010 98.5 % also showing a decrease of 1.5% from 2009. For 2010, GDP data obtained in hotels and restaurants have been aggregated with those of the wholesale and retail trade, repair of motor vehicles and motorcycles, transport and storage in accordance with NCEA 2, for which we presented data on previous years for a better interpretation. An absolute decrease is recorded in 2009 and a

significant increase in 2010, but, in accordance with the indices we have declines of 10.8% in 2009 and of 0.5% in 2010.

For further analysis we discuss the existing accommodation capacity representing the number of tourist accommodations listed in the last reception, approval and classification act of the establishment of tourists' reception with functions of tourists' accommodation, excluding additional beds that can be installed if necessary. Also, tourists' accommodation capacity in use represents the number of beds available to tourists within establishments, given the number of days they are open in the period considered, that is days when accommodation of tourists was possible.

Regarding the evolution of tourist establishments and accommodation capacity, data are presented in the table below:

Table 3 Establishments of tourists' reception with functions of tourists' accommodation and the tourist accommodation capacity

	2007	2008	2009	2010
<i>Establishments of tourists' reception with functions of tourists' accommodation</i>	99,7	103,7	108,5	112,5
<i>Existing accommodation capacity</i>	98,8	103,6	107,0	109,9
<i>Accommodation capacity in use</i>	101,1	103,1	106,9	111,7

Source: *Statistical Abstract*, 2009 and 2010, p 18

In 2008, an increase of 3.6% of the capacity of tourists' establishments with functions of accommodation is recorded over 2007 (from 283,701 beds to 295,898 beds), the most important increase of 4,215 places was recorded in the urban and rural pensions. In 2009 compared with 2008 growth is over 4%, a trend maintained in 2010, too, for both existing accommodation capacity and for the capacity in use. Following these data we can say that the current economic crisis has not negatively affected tourism in Romania. This phenomenon can be explained by the increasing number of urban and rural pensions, given the lower volume of financial effort required for investment in pensions and the increasing interest for this form of tourism.. Also, we must say that during this period structural funds specific to tourists' establishments became operational. . De asemenea s-au redus capacitatile din structurile neclasificate cu 3,3%. The capacities of unclassified structures were reduced by 3.3 In the tourism infrastructure, there are phenomena with favorable effects on tourism development in our country. Net use indices such of accommodation capacity in use, by categories of comfort is represented as follows:

Table 4 Net use indices of tourist accommodation capacity in use, by category of comfort

Categories of comfort	2009	2010
5 stars	28,2	31,2
4 stars	25,1	25,0
3 stars	24,4	21,8
2 stars	33,2	28,8
1 stars	28,3	22,7
Non classified	31,4	19,0

Source: *Statistical Abstract*, 2009 and 2010, p. 19

It may be noted that in 2009 the highest index of capacity utilization was at 2-star accommodation, down with 4.6% in 2010, when the highest index recorded was at 5 stars, up 3% from 2009. A significant decrease of the index at 19% is recorded in 2010 at non-classified units compared to 31.4% in 2009. This can confirm that tourists are becoming more educated and they seek protection provided by quality consonant with the category of comfort conferred by the authority entitled to do so.

In terms of property type, accommodation units are over 10 times more majority private to majority state, that is an increase with 185 units in 2010 compared to 2009.

Table 5 Establishments of tourists' reception with functions of tourists' accommodation, by type of ownership

	2009	2010
Mainly state owned	450	449
Mainly private owned	4645	4830

Source: *Statistical Abstract*, 2009 and 2010, p. 21

For a clear view over the establishments of tourists' reception with functions of tourists' accommodation and tourists' accommodation capacity, by tourist destinations, we present detailed data according to specific destinations such as: seaside resorts, mountain, Delta, Bucharest, county capitals and other localities.

In terms of the overall tourists' accommodation structures we see an increase in 2010 compared to 2009 with 184 units, a trend sustained by establishments of tourists' reception from the seaside (68 units), the spa (9 units) and in Bucharest and other cities (140 units). The same cannot be said about the accommodation in ski resorts, Delta and other regions, which have experienced declines.

Table 6 Establishments of tourists' reception with functions of tourists' accommodation and tourists' accommodation capacity, by tourists destinations

	2009	2010
Establishments of tourists' reception with functions of tourists' accommodation, of which:	5095	5279
Seaside	946	1014
Spas	377	386
Mountain resorts	1052	1038
The Danube Delta	141	127
Bucharest and county capacity cities	980	1120
Other Localities	1599	1594
Existing accommodation capacity – number of places:	303484	311698
Seaside	118835	121003
Spas	37419	36706
Mountain resorts	35393	35426
The Danube Delta	4988	4287
Bucharest and county capacity cities	64599	71877
Other Localities	42250	42399
Accommodation capacity in use – places/days:	61155080	63808286
Seaside	9113842	8975469
Spas	9371165	9150435
Mountain resorts	9906114	10126289
The Danube Delta	542696	549122
Bucharest and county cities	22015538	23884394
Other Localities	10155080	11122577

Source: Statistical Abstract, 2009 and 2010, p. 22

The evolution of the number of places in tourist facilities sees an increase of 1.03% in 2010 compared to 2009, therefore in a very difficult period, an increase found in the coastline area where 2168 more places are recorded, compared to a much lower percentage in mountain resorts, of only 33 seats, and in cities and other localities. This increase of 7278 places in Bucharest and other cities entitles us to sustain the tendency to develop business tourism in Romania. The spa resorts recorded a 1.91% decrease in the number of places, and the Danube Delta aligns to this trend, contributing to the decrease with 701 places in establishments of tourists' reception.

When referring to accommodation capacity in use things change slightly from the indicators discussed above, that is the overall positive evolution of the number of places-days is mainly supported by the mountain resorts, Danube Delta and urban areas.

Generally speaking, we can say that tourism may be a profitable sector even in terms of adverse economic conditions, and as we said before, this could entail other economic sectors.

Table 7 Tourists accommodated in the establishments of tourists' reception with functions of tourists' accommodation, by tourist destinations

	Number	
	2009	2010
Seaside	788356	702566
Spas	639739	568257
Mountain resorts	830943	814973
The Danube Delta	70479	68414
Bucharest and county cities	2884121	3011688
Other Localities	927497	906859

Source: Statistical Abstract, 2010, p. 40

Taking into question the number of tourists by destinations we can observe that their decline is recorded on the coast (with less than 85,709 tourists in 2010 compared to 2009), the spa (a decrease of 71,482 tourists) and the Danube Delta. The large number of tourists, still increasing in 2010 in the urban area supports the idea of development of business tourism in Romania.

A presentation of the evolution of establishments of tourists' reception with functions of tourists' accommodation by type of establishments is also very important.

Table 8 Establishments of tourists' reception with functions of tourists' accommodation by type of establishment
Number of establishments

	2007	2008	2009	2010
Total	4694	4840	5095	5222
Hotels	1081	1111	1170	1246
Motels	150	153	146	151
Tourist Inns	6	5	5	4
Hostels	79	81	97	114
Touristic villas	708	718	747	768
Bungalows	266	264	265	267
Tourist Chalets	108	116	123	134
Holiday villages	3	3	4	4
Camping sites	62	59	55	51
School and pre-School camps	115	111	111	92
Tourist halting places	30	31	30	32
Tourist boarding houses	736	783	878	949
Agro-Tourist boarding houses	1292	1348	1412	1354
Houselet type units	49	50	46	49
Ship accommodation places	9	7	6	7

Source: *Statistical Abstract*, 2009 and 2010, p. 23

One can notice that during the period analyzed, the number of establishments largely increased, without omitting here, as a real cause, the inflow of structural funds in this sector, which, in the last period went from 3121 in 2000 to 4694 in 2007 and 5222 tourist units in 2010. The largest increase is found in the hotels and tourist guesthouses both in urban and rural areas. Tourist accommodation capacity and activity for the period 2007-2010 is shown in the figure below:

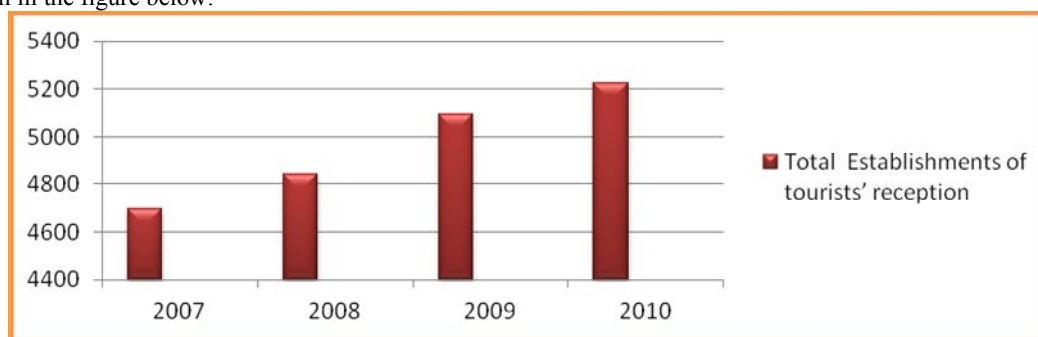


Figure 1. Trends of tourist accommodation activity, by type of establishments during 2007-2010

Tourists accommodated in establishments of tourists' reception with functions of tourists' accommodation by nationality can be found indexed in Table 9, where we can notice an increase of the number of foreign tourists in 2008 with 4.4%. The lack of any travel restrictions throughout the Community for Romanian citizens maintained the appetite of Romanians for travels abroad to prejudice holidays in Romania. On the other hand, we can explain the positive trend because we have witnessed a significant increase in tourist arrivals, as a consequence of EU citizens' desire to better meet the new EU members.

Table 9 Tourists accommodated in the establishments of tourists' reception with functions of tourists' accommodation

	2007	2008	2009	2010
Total	100	102,2	88,1	87,2
Romanians	100	94,5	82,2	86,8
Foreigners	100	104,4	89,8	87,1

Sursa: *Statistical Abstract*, 2010, p. 38

In the case of Romanian tourists we have a downward trend primarily due to a lower purchasing power of Romanians and to this tendency to give up holidays from both employees and, especially, employers.

Table 10 Number of tourists participating in tourist activities organized by travel agencies
Number of tourists

	Incoming activity			Activity of domestic tourism			Outgoing activity		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Tour operator travel agencies	148663	172260	178099	416541	129900	113841	712031	334001	269172
Travel agencies with sales activity	8526	6210	2503	21103	98076	49584	27744	129174	56673

Source: *Statistical Abstract*, 2010, p. 38

Travel agencies scored lower results both for incoming activity, domestic tourism and outgoing activity in 2010 compared to 2009.. Sales of Romanian travel agencies decreased in 2010 compared with 2009 for domestic tourism, because many Romanian tourists bought cheaper packages, with fewer days of accommodation, or definitively abandoned holiday.

2010 was a year marked by special offers, both for domestic tourism, as well as for outgoing activities (foreign tourism).. Another feature of 2010 was found in terms of the average stay that fell from six or seven nights, as it was in last years, to five nights. In 2010, despite the global crisis, a slight increase in the number of foreign tourists arrived in Romania by tour operators specialized in incoming activities was recorded. Even if the total number of tourists on the coast saw a slight decrease, an increase of 30% of foreign tourists which spent their holidays on the seaside, through travel agencies, was also recorded. One of the main reasons of this increase is the new flight of Air Berlin towards the coast, an action implemented through the Association of Seaside - Danube Delta, which has reopened the Seaside as the Romanian destination for the German market. We have to consider also the flights TO, Ryanair (Italy) and Constanta-Brussels (Maxitour).

For the outgoing segment, the number of tourists has remained constant, but revenues fell because of the limited travel budgets. Most requested destinations were Bulgaria, Turkey and Greece. Depending on the number of tourists, Bulgaria (summer season) and Austria (especially in winter) are the first destinations chosen by Romanians.

The Senior programs are of great interest, promoting this year Spain, Cyprus and Greece. These programs target tourists aged over 55 years and take place during extra season, ie October to April. We must add that senior companions enjoy the same low price.

According to a study carried out by the National Authority, the preferences of foreigners who have traveled in Romania through travel agencies in 2011 aimed at[13]:

1. **Cultural tours:** most tourists come from Germany, Austria, France, Spain, United Kingdom, Italy, and from the eastern markets: Poland, Czech Republic, Moldova, Russia, Ukraine. It should be noted that the average age of foreigners who choose circuits in Romania is 55 +, and their interest relates especially to the objectives found in UNESCO patrimony;

2. **Spa tourism:** most tourists come from Germany, France, Israel and they become loyal to spa resorts. The year 2011 saw an extra 16.5% compared to 2010 in terms of foreign tourists.

3. **Danube Delta:** this year grew by 45.2% compared to 2010, the Danube, unique in Europe, with its meadows and Delta, being the elements of great interest for Europeans. Germany, Italy, France, Hungary are countries whose tourists show most interest for this destination.

4. **Black Sea Cruises:** most tourists come from Germany, Austria and USA; 2011 brought 20% more foreign tourists than in 2010.

5. **City-break tourism:** Bucharest is especially preferred by young people due to the scale shows and events organized in 2011. It is a less demanding product, because of the high price of Romanian city-break packages as compared to the European ones;

6. **The seaside:** most tourists come from Germany, France, Italy, Ukraine, Russia, Belarus, Moldova, noting that the Bulgarian coast represents an alternative to Romanian Riviera for foreigners.

Conclusions

We can conclude, based on ideas presented above, that Romanian tourism is a very important economic sector for economic recovery at least for a region if not for the country.

Some of the indicators that characterize tourist activity showed favorable trends, namely:

- in 2010, 180,000 persons were employed in Romanian tourism, with 15,000 persons more than in 2009 and with 26,000 persons more than in 2008.
- in 2008, an increase by 3.6% of the capacity of establishments with functions of tourists' accommodation was recorded compared to 2007 (from 283,701 places to 295,898 places), the most important increase of 4,215 places was in urban and rural boarding houses. Also, in 2009, compared to 2008 the increase is over 4%, a percentage maintained in 2010 for both existing accommodation capacity and the one in use.
- in 2009 the highest index of use of accommodation capacity was recorded for the 2 stars establishments, but reduced with 4.6% in 2010, a year when the highest index, with 3% compared to 2009, is recorded for the 5 stars establishments. A significant decline of this index can be observed in 2010 for non-classified units from 31,4%, in 2009, to 19%.
- the overall number of establishments of tourists' reception increased with 184 units in 2010 compared to previous year.
- we can observe that the number of tourists by tourist destinations declined in the seaside area (with 85,709 tourists less in 2010), in spa resorts (a decline of 71,482 tourists) and in Danube Delta. The great number of tourists in urban area, with an upward trend in 2010, sustains the idea of a developing business tourism in Romania.
- we can observe that during the period analyzed the number of establishments of tourists' reception has increased, the main real cause being the inflow of structural funds in this sector that saw an evolution from 3,121 in 2000, to 4,694 in 2007 and 5,222 units in 2010.

We can say that, if during a period of increased economic instability, Romanian tourism managed to have indicators with positive evolution, it can be an activity for which the exit from the crisis does not represent an objective difficult to be achieved, and it can quickly restore other sectors, covered by the multiplier effect of tourism. Through a sustainable national and local development strategy of tourism one can find those resources to support the development of Romanian tourism.

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