

ROLE OF TOURISM IN THE GROWTH OF ECONOMIC COMPETITIVENESS

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Abstract

The paper highlights the role of tourism in Romania as a force of economic development. It starts by a brief presentation of the components of Romanian tourism and continues by the analysis of tourism's contribution to the GDP in the EU, and also in Romania. It further presents the contribution of tourism to exports and to the total number of jobs, indicating the connections with the other industries.

Keywords: tourism, economic growth, sustainable development, competitiveness

JEL Classification: O₁₀, L₈₃

1. Introduction

We discuss more and more frequently the issue of our country's economic growth. We speak about the development of the agricultural sector and of industry – as driving forces of economic development. However, one of the elements of economic growth to be considered is tourism. Romania is a country endowed with diverse types of landscapes, ranging from white peaks where chamois wander, alpine pastures or multi-tiered forests to the meanders of the Danube Delta and the long seashore spread with spas and resorts.

All the above, plus the diverse historic vestiges existing since the Romans' times, can bring their contribution to the increase of Romanian economy. Romania may follow the example of numerous countries from Europe and beyond that practice large-scale tourism, its importance in the GDP being impressive.

Romania's touristic potential may be analysed through the prism of two components: “the natural components (represented by spectacular landscapes, varied relief configurations, favourable climatic conditions, therapeutic value and profusion of certain natural cure factors) and the anthropic component (represented by vestiges of the civilisations having lived on Romania's territory since ancient times, laic or religious monuments and artistic heritages, museums and a museum collections, elements of ethnography and folklore etc.” [1]

2. Tourism and its role in the growth of economic competitiveness

Tourism has become one of the major players in international commerce, and represents at the same time one of the main revenue sources for many developing countries. [2]

Tourism represents a modality for the countries to attempt at creating added value. This global spread of tourism in industrialised and developed states has produced economic and employment benefits in many related sectors, from construction to agriculture or telecommunications. [2]

As regards jobs, with 98 million new jobs created in 2011, travel and tourism were employing: 6 times more personnel than the car industry, 5 times more employees than the global chemical industry, four times more people than the mining industry, 2 times more staff than global communication industry, and a third more persons than global financial services industry. [3] In 2011, with an 8.7% percentage of the total employment figures, travel and tourism were offering 255 million jobs, of which 28 million in Europe. Moreover, throughout Europe it has 10 million direct employees, being one of the largest employers in the region, surpassing chemical, car, mining and communication industries, and also financial services industry. In Romania, in 2012, tourism

and travel generated 193,000 direct jobs (2.3% of total employment) and their number is expected to increase by maximum 7.3% in 2013 to 207500 (2.5% of total employment). The total contribution of tourism and travel to the total number of jobs was of 494, 000 (5.7% of the total).

Furthermore, Romania should follow the example of other states that lay the accent on tourism, as its contribution to the GDP is very important.

In 2011, the contribution of travel and tourism in the global GDP was of 9.1%, higher than in the car industry (7.9%), mining (8.0%) or chemical industry (9.0%). [4]

In 2010, tourism's highest contribution to the GDP was identified in Malta (13.2 %), Cyprus (9.5 %) and Croatia (13.9 %, data for 2009).

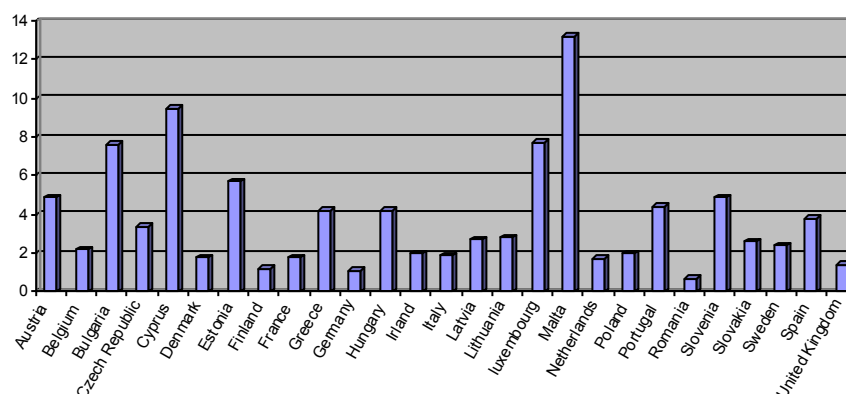


Figure 1: Tourism receipts from travel - Relative to GDP, (%), (2010)

Source: *Europe in figures — Eurostat yearbook 2012*, pag.349

In absolute terms, the highest revenues come from tourism were recorded in Spain (39 621 mil. euros) and France (34 939 mil. euros), followed by Italy (29 244 mil. euros), Germany (26 156 mil. euros) and Great Britain (23 038 mil. euros). On the opposite pole we find Latvia (480 mil. euros), Lithuania (778 mil.euros), Malta (813 mil. euros), Estonia (815 mil.euros) and Romania (859 mil.euros).

However, according to the World Travel and Tourism Council (2013), tourism's total contribution to the GDP is expected to grow by around 10.6% in 2013, i.e. by 10 billion lei (5% of the GDP), growing by 5.6% per annum and reaching 17.3 billion (1.8% GDP) in 2023. Moreover, the contribution of tourism in employment is estimated to grow, on the average, by 0.7% per year, from 479000 jobs in 2012 to 551000 jobs, i.e. 6.8% of total employees, until 2023. [5]

Investments in tourism in 2012 were of 3.6 billion US dollars or 7.4% of the total investments in 2012, and were expected to drop by 0.3% in 2013 and then to grow again to 6% per year, and to reach the figure of 24.5 billion lei (7.7% of total investments) in 2023.

In 2011, the number of foreign tourists increased by almost 4%, reaching 983 billion euro, and tourism's contribution was of 1,032 billion US\$ (€ 741 billion) to the revenues from exports. [2]

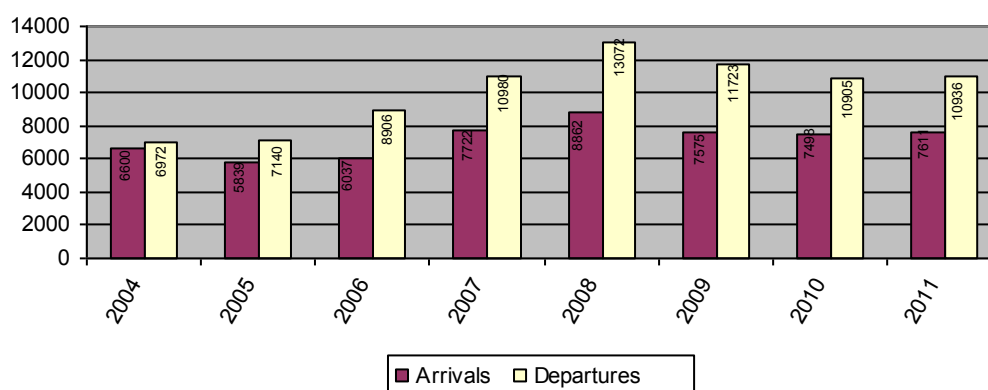


Figure 2: International travels recorded at Romania's frontiers (thousand persons)

Source: National Institute of Statistics, *Romania in figures 2012*, p. 70

Our country should include tourism in the strategy of economic development, because, as shown above, it represents an important element of economic growth. However it is not a priority for the authorities, and the figures from tourism are a proof in this respect.

In 2010, the index of the net use of touristic accommodation capacity in operation was, in Romania, 26.2% lower than that in the previous years (28.4% in 2009 and over 35% in 2008). [6],[7] Furthermore, the number of foreign visitors in Romania was of 7.6 million, higher than in 2010 (7.5 million) and much lower than the number of Romanian visitors abroad (10.9 million in 2011, and 13.1 million in 2008). [8] – Figure 2.

Foreign visitors have an important contribution to any country's tourism. However, for this purpose we need a good infrastructure and a good support industry allowing the realisation of tourism in optimum conditions. Romania is expected to attract 6452000 foreign tourists in 2013, and until 2021 their number is expected to reach 12,068,000 able to generate expenditure in value of 15.1 billion lei [5]

On the other hand, inbound tourism, according to the purpose of the visit, is structured as follows: most tourists / travellers do it for spending their leisure time, recreation or holiday, and there are few who travel for business purposes. (Figure 3)

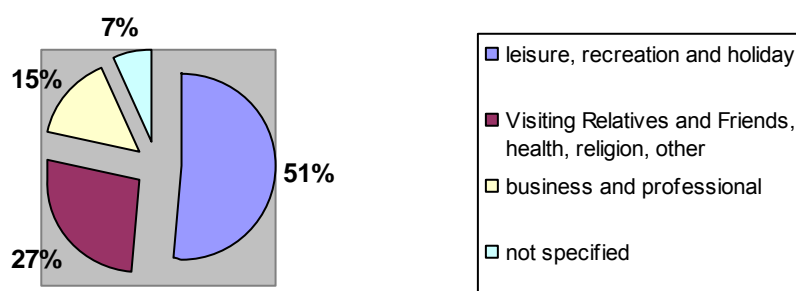


Figure 3: Inbound tourism by purpose of visit, 2011
Source: World Travel and Tourism Council

Domestic travel spending generated 56.8% of direct Travel & Tourism GDP in 2012 compared with 43.2% for visitor exports (foreign visitor spending or international tourism receipts). [5]

Although it is appreciated that in the next decade touristic services in Romania will develop at a more accelerated place, faster than the rate recorded in the European Union, the revenues generated will be rather modest. [9]

The contribution of tourism to economic well-being depends on the quality and the revenues of the tourism offer. Thus, each tourist selects the area based on certain criteria: natural conditions, cultural-historic richness, economic-social conditions, general infrastructure, legislation and regulations in vigour. [10] That is why our country must make sustained efforts for creating all the conditions corresponding to the requirements of different types of tourists.

Romanian tourism's competitiveness is reflected, most correctly, by comparison with the results obtained in this domain by the neighbouring countries, the main competitors of Romania on the touristic market.

While in Greece and Bulgaria the contribution of tourism in the GDP (for 2012) is of 16.4%, and 13.6% respectively, whereas in Albania and Croatia it exceeds 20%, in Romania tourism contributes only by 5.1% to the GDP formation (2.6 billion dollars).

The number of jobs offered directly and indirectly by the touristic activities in Romania is expected to reach the figure of 479000, in 2012, i.e. 5.7% of the total jobs.

According to this indicator also, Romania ranks last in the hierarchy of competing touristic countries in the region. For instance, in Austria, Hungary, Bulgaria, Greece, Albania and Croatia tourism's contribution to employment ranges between 10.1% and 30.2%.

Furthermore, tourism is one of the important export branches, foreign visitors representing a component of exterior trade, by the cashing-ins it generates in the payment balance.

In Romania, tourism contributes by only a little over 3.1% to the total exports of the country, whereas in other countries of the region this weight is much higher, even exceeding 44% in Croatia (figure 4).

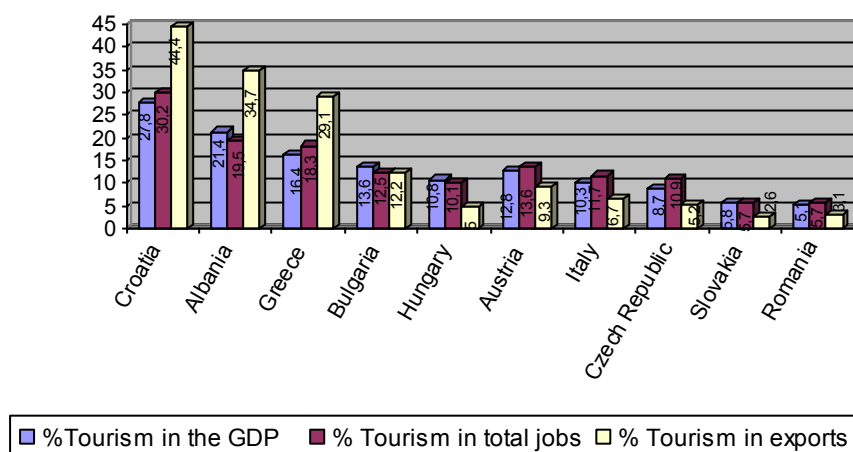


Figure 4: Contribution of tourism to the GDP formation, employment and total exports, in Romania and the neighbouring countries of the region, in 2012

Source: World Travel and Tourism Council, *Travel and Tourism Economic Impact 2013, Country Reports, Romania*, p. 8

On the other hand, the economic contribution of voyages and tourism can be analysed along three levels: [3]

On the other hand the economic contribution of travel and tourism can be analysed along three levels [3], as follows:

Direct: comprising only the industries with added value afferent to this sector: accommodation, recreation, transport other related services.

Indirect: including those with an important impact upon the supply chain: security services, car rentals, administration of transports, promotion of tourism, naval industry, aircraft industry, production of glass, iron and steel etc.

Induced: the broader contribution to GDP and employment of spending by those who are directly or indirectly employed by Travel & Tourism (spending of direct and indirect employees): food and beverages, recreation, clothing, housing.

For 2012, in Romania, the direct contribution of travel and tourism was of 29,6%, the indirect contribution – 51,7%, and the induced one – 18,7%.

Thus, we must underline once again the importance of tourism in the economic development, though the numerous industries they engage. Its role in the economic development can be important, as long as the decision makers decide to include tourism in a country's strategy, and consequently to ensure the infrastructure necessary for the optimum deployment of the activities it supposes, and also the legislative frame able to offer tourists' security.

3. Tourism and sustainable development

Sustainable development is a subject of great present interest, defined and treated by many authors, as it is known that the destiny of future generations depends on the intensity of our success in raising the awareness about its importance, and of our acceptance and will to place it before any other objective related to profit growth.

The impressive growth of the number of tourists obviously attracted the dynamic development of a new industry, and revenues from tourism have constantly grown. [11]

However, this could result in serious problems for the environment, unless certain measures in this respect are adopted.

Tourism industry requires an integrated planning with regulations in the field, as in many countries there is no area specific to tourism, and it develops in urban, rural or beach areas, which may result in the deterioration of the environment. This development imposes more attention as regards the techniques of environment evaluation, especially in the countries where "the economic imperatives have priority before their qualitative aspects." [12] UNWTO highlights that particularly developing countries stand to benefit from sustainable tourism and acts to help make this a reality.

If tourism is not controlled and planned adequately, it risks to lead to the occurrence of misbalances in the environment, affecting thus the touristic resource, the raw material of tourism, without which the latter could not exist. [11]

Consequently, tourism should follow the trend as regards sustainable development, because it needs an unpolluted natural frame, and in this respect we adopted the notion of “sustainable tourism”. Moreover, nowadays, more and more stress is laid on ecotourism or green tourism. [11] We are thus witnessing the development of ecotourism, which gains more and more importance, especially in developed countries, its message being to protect and preserve the environment, making sure that the impact of tourism on it is minimum. It also demands a certain responsibility and accountability of its clientele promoting recycling, energy efficiency, water conservation, and creation of economic opportunities for the local communities. [14]

4. Conclusion

So as to conclude, although our country has a comparative advantage in this field, tourism industry is insufficiently developed, ranking Romania on the last places in the region. This reality means a new approach of economic policies in the field, concentration of investments towards touristic infrastructure, so that the country’ touristic potential can be valued appropriately. It is not enough to benefit from wonderful landscapes and remarkable vestiges or traditions if the infrastructure and support industry do not allow the deployment of tourism in good conditions. [9]

Travel and tourism represent one of the largest industries of the world, in absolute terms, but they need a well-developed infrastructure, for the benefit of the other industries. Furthermore, they have powerful connections with other industries in the national economy, which supposes important indirect benefits. That is why the investments in the promotion of certain touristic areas bring significant revenue gains for our country.

All the above lead to the idea that governments should consider travel and tourism as being an integrated part of the strategy of national economic development. Tourism can be indeed a driving force for the economic development of any country, including Romania.

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