

ABOUT GENERAL INFRASTRUCTURE AND ACCOMMODATION SYSTEM IN ROMANIAN BALNEOLOGY

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Abstract

A strong infrastructure is a precondition for the development of balneology. On this base new tourism might build the modern services that supply the experiences. The key factor is the labor force: an EU project about labor force in Romania and Bulgaria in balneology allow us to present the preliminary findings focusing on general infrastructure and accommodation which allow the development of the balneology as well as the additional conditions as the existence of a social pact, easy access facilities etc. Our paper gives more details about the accommodation facilities in Romania insisting about the results of the transition and privatization of the former socialist facilities and the transformation of the property into private ones and the consequences of this. It also present the capability of new developed accommodation units built after 1990 and how they might compete in an international competition. The findings force us to conclude that the actual facilities do not allow the balneology resorts to compete in the international competition and might fill only a poor and low demanding tourists

Key Words: *balneology, accommodation system, privatization, competition*

Clasificare JEL: *M01, O02, I01*

1.Main conditions that the general tourism infrastructure must provide to allow balneology development

Our paper is based on a work in progress on the preliminary findings of Phase 2 of the Project “Creating a transnational network for balneology tourism” Bulgarian Ministry of Labor and Social Policy – EU Human Resource Development Operational Program BG051PO001-7.0.07 about labor force in balneology in Romania and Bulgaria.

During our research we have found out that some elements of the general tourism infrastructure which we believe to be essential for the accession of Romanian balneology tourism in the spectrum of global tourism which we present before getting into the subject of the labor force.

“*Compulsory invisible infrastructure*” of which we mention only two elements here:

- *The capacity of the economy to generate income* for a sufficient number of people in order to include them in mass tourism to avoid that 80% of potential tourists (internal tourism) are lost. We do not have to stay only on the GIP per capita for Romania. When we mention the assurance of income which is sufficient for tourism, we do not refer to the exceptional rich cases or the weekend periods, but rather the entire tourist “basket” of a global type (similar to developed countries). The impact of a loss of 80% of tourists on an economy is obvious. Do not forget that international tourism arrivals means only 20% of total, in average. 80% is domestic! We do not argument any further the perspectives of this idea, it is included in the concept of general development.

- *The existence of the social pact*, either implicit or explicit regarding the existence, within the life standard, of the holiday as a whole: rejuvenation, treatment, business, etc. The “trader tourism”, or grey or illegal areas, even if the nature of the ordinary Romanian in this case, the “travel” is not tourism: *hospitality and leisure*, only tolerance from inhabitants of the destination for the so called tourists. This kind of social pact, theoretically is still in force after 1989, at least by the Law for holiday ticket vouchers; the market of holiday vouchers currently has a value of 1.3 million euros and only 19% of them were used for spas services. In Romania, unfortunately, there are still many employees who do not use leave to go somewhere on vacation.

- *The legislative system:* an essential condition for the good functioning of international tourism. The Romanian Tourism Ministry has adopted actual legislation with long hesitation and delay, although the initiative

of actors on the tourist market was timely and insistent. Where there is legislation, even incomplete and lacking, its following is still just a desire, as it focuses on the collection of taxes for the state budget. More, according to the law, the budget, including social funds for health treatment in spas has to be approved by the Parliament before the beginning of the year there was an exception when it was approved in due time. More, the low state that the first quarter might follow at 80% of the previous year, but as a rule, by government decisions this legal must was cancel for health funds for treatment.

- “*Compulsory access infrastructure*” of which we mention the transportation means and the information system.

Railways were the main means of transportation until 1989. It is only a bed politics of the state on the domain which might explain the downfall of railways system: Romania was an important producer of locomotives and wagons, but these plants were closed if not already in bankruptcy. In 1990 when the Yugoslavian war started in order to protect its highways, Hungary, has decided to put the truck transportation on wagons. Romanian did not. Today using Romanian railways to reach the spas means high prices, few trains and only on major routes, long waiting in near abandoned railways stations, only bus / minibus connection during day time and only for important resorts. Unfortunately, the main Romanian resorts are km away from the first station a train still stop. The small resorts are difficult to reach.

To reach the balneary resort the main access way is by road. The number of car is really high in Romania, mainly second hand of Western countries. A wide net of minibuses and couches assure the transportation by regular line schedule. Unfortunately the quality of roads are less than poor, the lack of highways is notorious, the roads are in a pathetic condition, due to heavy traffic which has to use local roads because of lack of highways for long distance road transport. The costs of transportation on roads are high enough even if they are less than railways tickets. The low gives the facility for free transportation of pensioners supported by public funding but it is few used on auto lines as the reimbursements from the state budget to the transport companies is slow and very late. We might also conclude that now the international tourism by road might be consider for Romania as an adventure sport. The internet is supplying detailed information for this kind of transportation, including on line reservations.

There are no regular connections from airports to the resort and the in land air transportation is expensive and might be an exception for travelers to a spa. As the flights operate with regular rates and there is not enough traffic for charters from aboard, even if there are several airport operating in Romania, which cover almost the whole country they cannot be used for incoming international tourism. Even famous spas during socialist time - as the former resorts are only a pale shadow of the past, as their infrastructure has strong disintegrated - are no longer operating charters on local airports. After the modernization of the spas, they will face a challenging problem to solve in order to supply the international transfers from the international airport to the resort. As per example, Herculane spa, famous once upon a time, is near 200 km far from Timisoara airport and 400 km from Bucharest meaning 3 or 6 hours of couch transfer, which is unacceptable for an average client; or Felix spa, closed to Oradea airport which has few regular flights and charters are difficult to complete from only a certain market. As per small resorts (of “local interest”) they are practically cut of the markets because of lake of transportation or poor information about reaching them.

2. Accommodation structures:

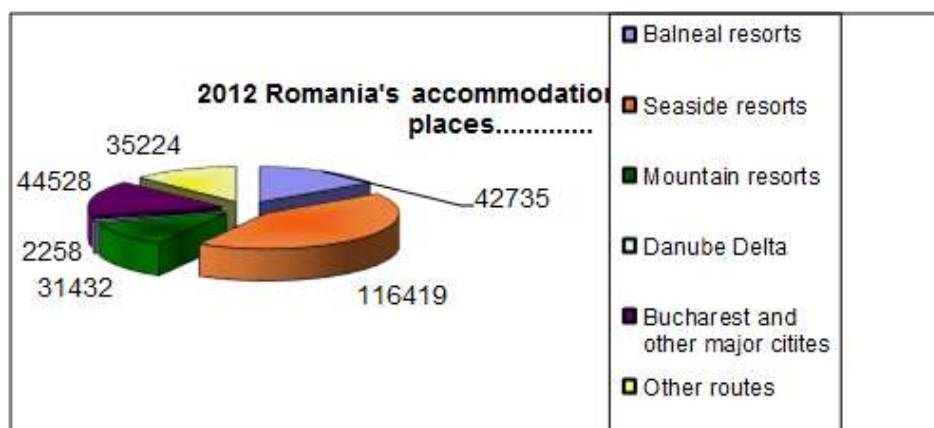
Good accommodation structures are the key element that allow the use of natural factors at the location they are. During last century and before, at their beginning the Romanian spas have emerged as a result of an existent demand of thick people looking for cure, as they have heard about the worthy results the natural factors have had on others. As consequence, private commercial facilities have get into operation, mainly during summer time, specific at the time period. Soon after, health people have built holidays cottages for their own use or to invite their friends during summer time; it was a kind of being in fashion, on trend during that time. Once in power the communists have nationalized all these facilities declaring they are “give them back to the working class” showing that way the superiority of their regime versus capitalism and the advantages the socialist working class enjoy, and have organized the mass tourism, including for balneology in order to allow the workers to enjoy a paid holidays and to recover the labor force capacity affected by an illness,. It was very expensive and difficult to handle, in a commercial system, the administration of “villas”, build for family use. After 1989 all confiscated properties would have been given back to the owners or the heirs, the process is still open. Until the last 3-4 years the abandoned villas have produced a miserable atmosphere in the resorts, but lately many of them were renovated and introduced into commercial exploitation.

Table 1: evolution of accommodation capacities

Establishments of touristic reception with functions of touristic accommodation no						
1	2	3	4	5	6	7
	1989	1990	2011	% 2011 / 1989	From which in spas	
					no	% column 6/4
Total: from which	3490		5003	143	413	8.3
hotels	829		1503	181	135	9.0
% of hotels in total	24		30		33	
touristic boarding houses (TBH)			1050			
Agro-touristic boarding houses (ABH)	1525		1210			
Touristic accommodation capacity – existing places						
Total: from which	418944	353236	278503		37810	13.6
hotels	168895	167568	182368		27668	15.2
% of hotels in total	40	47	65		73	
touristic boarding houses (TBH)			20499			
Agro-touristic boarding houses (ABH)	4909		20683			
Touristic accommodation capacity – thou place days						
Total: from which	77022		68417		10284	15.0
hotels	46787		47582		8527	17.9
% of hotels in total	61		70		83	
touristic boarding houses (TBH)			6000			0.0
Agro-touristic boarding houses (ABH)			5378			0.0

Source: INSEE Romania

Table2: the structure of accommodation offer in Romanian in 2014:



Source: calculated on data of INSEE Romania

The hotels number has increased since 1989 as a result of local investments. The average capacity has dropped from 191 to 177 places for hotels and the average capacity in a pension is 7-13 places. Anyway, the hotels were and still are the main accommodation facility in Romanian resorts reaching over 70% of the capacity and over 80% of the capacity in function. The bad news is that almost of the hotels are of low comfort 65% of 2* and 18% of 1*. The first capacities of 5* just now are on the way and only a couple of 4% are in work. The

official utilization factor is low all over Romania, as the calculation relies on official declared season and extra season periods. Unfortunately we have no info about the turnover as the published statistic figures have only a total “hotels and restaurants” which is not relevant for our purpose.

3. Hotels system:

It is the largest part of the accommodation system, but soon in competition for the first place as rooms' number with pensions. Let us reveal the main forms of material base during socialist period, without which the tourism activity would be impossible, according to their owners:

- lodging units of the Tourism Ministry, public alimentation, transport, treatment, agreement, etc. and tourism agencies;
- Former units of the “Carpati” Trust (Communist Party property), an integrated enterprise consisting of lodging basis, public alimentation, spare time, transport, as well as agricultural productive units, various crafting units, etc.
- Former lodging units, public alimentation and treatment of the UGSR (socialist trade union), UNCAP (National union of agricultural cooperatives), UICC (union of craft cooperatives) , The Health Ministry and agencies of the Labor Ministry
- Camps and holiday colonies of pioneers, pupils, from the Ministry of Education
- The material base and tourism agencies of the BTT (youth associations)
- Hunting lodges, resting lodges, etc., hunting and fishing grounds of the Ministry of Forests and the Environment, AGVPS, etc.
- The material basis of various enterprises, institutions, associations, etc. the material basis of the Consumption Cooperative.
- The material basis of the Romanian Automobile Club – the general infrastructure concerning public transportation, intrinsic tourism patrimony represented by cities, villages, economic objectives, works of art, picturesque areas, paths, etc.
- Cultural material basis, of any nature, of the various institution which take part in tourism
- Commercial units and providers of services destined for the population, as they participate to the tourism activity
- Material basis and the activity of associations, clubs, circles and other informal organization which take part in tourism activity: Salvamont, Salvamar, tourism clubs, etc.

The socialist facilities have survived but in other property structures: the hotels of the Tourism Ministry have been privatized by several way of property's transfer. The process was long and for near two decade the transfers were “in progress” or the assets were not purchased by somebody that wanted to run them. This lack of responsibility has induce the degradation of the units, as even the current maintenance was not properly done. The hotels were and still are the main accommodation facility in Romania and in spas.

The evolution of hotels system was much inciting after 1989. The first main transformation was that to privatize towards the employees. The lack of a bank net put the new “investors” in shortage of funds: even the working usual capital was difficult to find; sometimes the state owned company that had the property of the unit had allowed to pay it in instalment. Even those private persons who had black money couldn't use them to buy. Many of the establishments of the touristic resorts, former in Tourism Ministry administration, were mainly bought for realty speculation. Only round 2000 they have arrived to the owner that have taken them in order to run a regular business. Even today Romania still have not a real bank system to supply the necessary credits for economic activity. The international brands in banking have practically taken the whole bank market (with 3 exceptions for the time being). The new hotels' owner have to resolve the investment with the financial resources obtained from their businesses. All the spa hotels needed urgent and major renovations as they lack even the normal maintenance for the last 10-15 years. The new managers have started with repainting, changing the soft equipment, changing the tile floors with hone, replacing the windows and doors with double pan glasses, where they usually offered substantial commissions to the politicians that have helped them etc. etc. The strong skeleton, elevators, in built installations etc. were too expensive. Very few exceptions as hotel Europa in Eforie Nord that was uncovered up to the structure and rebuilt and fitted with features of a global level. The restaurant facilities are in the same state. More, a huge lost in services quality: still almost of them have separate rooms for low cost meals (cantina) and restaurants with fix meal for several diets and distinct for a la carte. They are supposed to be checked by medical doctors, but they do not display any more the number of calories or the composition of a dish: proteins, lipids, carbohydrates, etc. Sometime, the furniture was replaced in hotel and restaurant but more often it was just repaired. We may conclude that the quality of these hotels might be accepted by the locals, which are used with it, but is far from global standards.

New hotels were built, some with a large investments, some with complete range of basic services: accommodation, restaurant and health facilities. Please see below the considerations for the pensions which are valid for these hotels too. Almost of the hotels are of small capacity that hang them to the services of the large

ones in the resort, for restaurant and mainly for treatment services. We note that the old hotel facilities have respected a correlation (valid at the time) between different services organized in the areas: room number, as type and comfort, restaurants, bars, café bar, capacity of treatment bases, number of staff etc. these are no longer valid as the new capacities rely on the same facilities, new investment have appeared only in area were the profit is quickly and large. During the last years we have witnessed the appearance of the first hotels of high comfort, at 4* fitted near the global standards. These type of facility has not reach the critical level to be able to get on international market and is only used by a small slide of Romanians, the rich ones that want to avoid contacts with the crowd. It is too early to have a conclusion on that.

To conclude we point out that in Romanian spas there are only two foreign brands which come in this area, a Hungarian one in Sovata and a Best Western franchise in Balványos.

4. Villas and pensions system:

Many small investors, with poor investing funds, or successful businessmen in speculative or even productive sectors, that have been manipulated by the EU propaganda, that tourism and agriculture are the “chances” of Romania, have decided to “save” their money by building and putting into operation a small hotel or a pension in a resort. They did not have the knowledge about tourism operating or management and they expected to earn and have profits by hiring staff in a 10-15 room units. It is also true that the local councils or Mayor Houses did not have had the qualified staff or expertise to handle the pressure of the new owners and their missing knowledge on the matter.

We approach the new built pensions in balneology resorts: the holiday house sector: almost completely made in an amateur fashion at early ‘90s not as a means of profit, but as a personal dream. The new owners – small investors did not really had any way of coping with international standards, they did not know the savoir-faire, and they did not had a “sticking” offer. Two extremes have appeared: the personal villa (agro-tourism!) and the eclectic palaces. Neither have anything to do with real rules of tourism. Although they created temporary working places, brought some income, but even close to real tourism. The theory and the practice in the countries with a developed tourism, show that a “run on the house unit” is under 80 places and involve as staff mainly the owner or the tenant’ family. This sector is in crisis already. Many owners, not possessing their initial financial means, in front of taxation, attempt a final salvation: the owner of “small hotels” have chosen the “tourist pensions” regime in order to enjoy some taxation facilities or to access to EU funds. The great disservice done to Romanian resorts by the quickly built pensions, without minimum know-how is the almost complete destruction of resort’s architecture and space and environmental comfort. There are resorts were almost any free space was “equipped” with a new pension or a small hotel so we can gently say that Romanian spa enjoy an “eclectic” style!

From tourism exploitation point of view all these new offers in a spa have to face the poor equipment (as comparing with the luxurious private and discrete villas in famous international spas), the poor services chain, the lake of high qualified staff (sometime even just staff), the compulsory access to treatment services and often to restaurants too. And to end, they do not have an effective selling system and have to wait the major facilities to be occupied and then to get some clients according to their location near the treatment and restaurants facilities; their site are not preformat and, for the time being, there is no Romanian selling system and the global conditions can hardly by met by these bidders.

5. Conclusions:

The accommodation system is the main condition that allow the exploitation of the natural cure sources in a resort. We have pointed out that the development of balneology is compulsory linked to a general level of development and quality of the infrastructure which allow a normal integration in the international market whose rules must be observed. Our finding concerning the general conditions and the accommodation system has led to the conclusion that Romania is still at the standards of 70’s that means nonfunctional legislative rules and a lake of attention of the politicians for balneology, poor and old accommodation facilities or new built ones that are far to cope with the commonly rules use in the international accommodation resorts and hardly fill the special requirements of balneology. The Romanian balneology accommodation system might be only for local and low demanding clients.

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