

THE IMPACT OF THE COVID-19 PANDEMIC ON THE TOURISM SECTOR

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Abstract

Throughout history, pandemics have had a dramatic impact on all spheres of activity in human society. Nowadays, the whole world is facing a ruthless virus, Covid-19 or Coronavirus, which is a topical issue. The Covid-19 pandemic has evolved rapidly and caused changes for both the medical system and the economic and social systems of states around the world. This crisis has affected thousands of lives and continues to put great pressure on economic systems. These events show that economic and social issues need to be managed as soon as possible and solutions need to be promoted to support the sectors affected by the pandemic crisis. Tourism is a sector of consequence being severely affected by the imbalances of the socio-economic metasytem that includes it. Attempts to predict the likely impact of the pandemic on the tourism economy were quickly overcome by the speed with which the situation grew as the pandemic spread. Tourism is of particular importance in the world economy as well as in the national economy and must be supported by limiting losses, relaunching business and avoiding long-term negative effects. The COVID-19 pandemic crisis viewed from a different perspective may provide a rare and invaluable opportunity to rethink and reset tourism to a better path for the future. Such a vision requires a community-centered tourism framework that redefines and reorients tourism based on the rights and interests of local communities. The purpose of this article is to inform and analyze the impact that this virus has on world tourism, but also national tourism. In this context, tourism in our country has also been severely affected.

Keywords: *tourism, COVID-19, tourist behaviour, resilience, responsible travel*

Clasificare JEL: *L83, L88, Z3*

1. Introduction and context of the study

The coronavirus pandemic has caused major imbalances in financial markets around the world, with an expected effect on the world economy as a result of measures taken to manage the Covid-19 crisis. The total impacts will depend not only on the duration of the pandemic but also on the speed of response and the measures taken. However, the serious situation also presents a major challenge, in evolution.

Many countries of the world have shown that tourism contributes to the growth and development of their national economy, through numerous economic connections they generate in relation to other economic sectors, but also by building and consolidating an image identity, a notoriety in the collective mind, by building a country brand which certifies the originality and quality of the destination. Each responsible country evaluates the economic field of tourism not only from the perspective of the capacity to attract tourists but as a platform for economic growth and sustainable development.

Today, world tourism is facing an unprecedented crisis, with an impact that will radically change the way this industry will look from now on. All international and national specialists make predictions, evolution scenarios, analyze according to various models the intensity with which each national economy will be affected and how it is estimated that each will recover.

"What is significant is not the condition of a component in a relative equilibrium, but the process through which the system adapts itself to a change in its own condition or in its environment, since the imbalances create problems that management must solve (Demetrescu, 1983)", and in this case, the imbalances are generalized.

The decline in the tourism sector has been rapid and severe. Overcoming this crisis depends on the speed, correctness of the decisions of the authorities, as well as the ability of specialists in the field to find remedies.

The purpose of this article is also relevant to support the measures that should be taken accordingly to limit losses, but also to ensure conditions for relaunching tourism activity in conditions of affordability. The documentation made by the author consisted of analyzing the impact of the crisis on the tourism sector.

2. Literature Review

An industry with a globalizing vocation par excellence, tourism has represented in the last half-century one of the most dynamic sectors of activity, with a multiplier effect in all incidental economies, which capitalized on otherwise naturally wasted resources, created millions of jobs, even in the extremely poor areas, being an important means of education, knowledge and human development (Petcu and David-Sobolevschi, 2020).

The World Tourism Organization (UNWTO) has defined the tourism product as „a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific focus, which tell the core of the target marketing mix and create an overall experience, including emotional issues, for potential customers” (UNWTO, 2007). The tourism industry has led researchers to conduct numerous studies from various perspectives on the scale and importance of it.

Through the facilities made available to contemporaneity, through its irrefutable valences, the hospitality industry is inscribed as an important coordinate of the quality of life, offering means by which the universal right of man to rest and travel materializes in consensus with everyone's aspirations. Social security, food, health and people's safety are indispensable conditions for the tourism industry.

Towards the end of last year, several people in the Wuhan region (China) showed symptoms of pneumonia, of unknown origin. The cause was later discovered in the form of a highly contagious and, in some cases, even lethal coronavirus (SARS-CoV-2), so these are the 11 million Chinese citizens in the province who were forced to stay for two months, in total quarantine (Băhnăreanu, 2020). At the end of November 2020, the World Health Organization (WHO) recorded a total of approximately 62.2 million cases of infected people and approximately 1.5 million deaths worldwide (WHO, 2020).

The current statistics are truly cruel, because the virus is spreading rapidly, and the states of the world, strongly affecting all levels, must mobilize and act to combat it, tourism being among the most vulnerable sectors being subject to coronavirus disruptions.

3. Effects of the COVID-19 pandemic on tourism

The humanitarian crisis caused by the COVID-19 pandemic has also triggered a global economic crisis. The predictions of the impact of the pandemic on the tourism economy were quickly exceeded by the speed with which the situation evolved with the spread of the pandemic, and the total impact will depend not only on the duration of the pandemic, but also on the speed of response and measures taken (Iștoc and Băleanu, 2020). However, the changes are subject to major evolving challenges.

Initially, the states most affected by the pandemic were Italy, Spain, France and the United Kingdom, later the USA, Russia, India and South American countries were forced to face a huge wave of diseases.

Countries affected by COVID-19 have decided to limit the spread of the virus and to protect citizens from declaring a state of emergency and from taking various measures, such as partial/total closure of borders for aliens, restriction/restriction of movement of persons and physical distance, reduction/suspension of certain categories of transport (air, rail, road) except freight, closure of schools, shopping centers, hotels, casinos, clubs, restaurants and public places, sports and cultural centres, suspension/cancellation of social activities with the participation of large masses of people etc.

Measures to protect the health of the population have had different effects on society, the environment and the economy. In the short term, we have witnessed a reduction in pollution and carbon emissions, but we have also witnessed the decline of tourism.

The World Tourism Organization proposes a series of priorities for the recovery of tourism, but which it has revised according to the evolution of the current situation, making travelers safe both for tourists and for employees, companies and destinations. Priorities for the recovery of tourism are mentioned (UNWTO, 2020):

- Provide liquidity and protect jobs;
- Recover confidence through safety and security;
- Colaborare public-privat pentru o redeschidere eficientă;
- Open borders with responsibility;
- Harmonise and coordinate protocols and procedures;
- Added value jobs through new technologies;
- Innovation and Sustainability as the new normal.

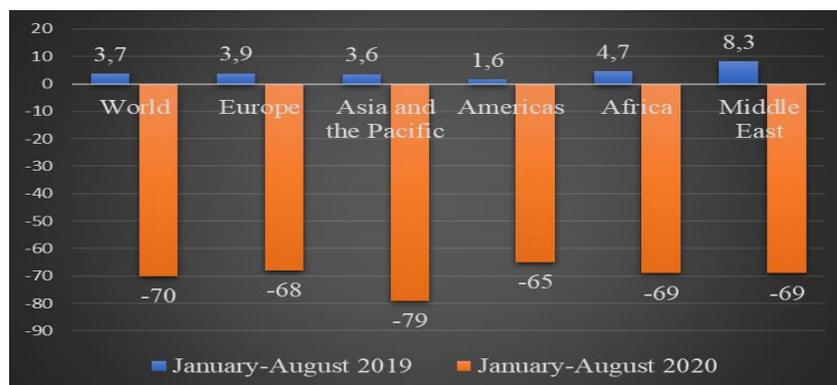


Fig. no. 1 - International Tourist Arrivals (%)

Source: authors, based on data provided by UNWTO

Data recorded by UNWTO in January-August 2019 and January-August 2020 (Fig. no. 1) show that they are supported by arrivals of international tourists decreased by 70% in the first eight months of 2020 in the same period of the last year, against the background of global travel restrictions, including many completely closed borders, in order to contain the ongoing COVID-19 pandemic.

Experts consider travel restrictions as the main barrier to the recovery of international tourism, along with the slow containment of the virus and low consumer confidence.

According to the latest data from the World Tourism Organization (UNWTO), global tourism suffered its worst year on record in 2020, with international arrivals dropping by 74% and destinations worldwide welcomed 1 billion fewer international arrivals in 2020 than in the previous

year, due to an unprecedented fall in demand and widespread travel restrictions. This situation compares with the 4% decline recorded during the 2009 global economic crisis (UNWTO, 2021).

In this context, the gradual rollout of a COVID-19 vaccine is expected to help restore consumer confidence, contribute to the easing travel restrictions and slowly normalize travel during the year ahead.

The latest UNWTO Panel of Experts survey shows a mixed outlook for 2021. Almost half of respondents (45%) envisaged better prospects for 2021 compared to last year, while 25% expect a similar performance and 30% foresee a worsening of results in 2021 (UNWTO).

Tourism suffered the greatest crisis on record in 2020 following an unprecedented health, social and economic emergency amid the outbreak of the COVID-19 pandemic. International tourism expenditure continues to reflect very weak demand for outbound travel (**Fig. no. 2**).

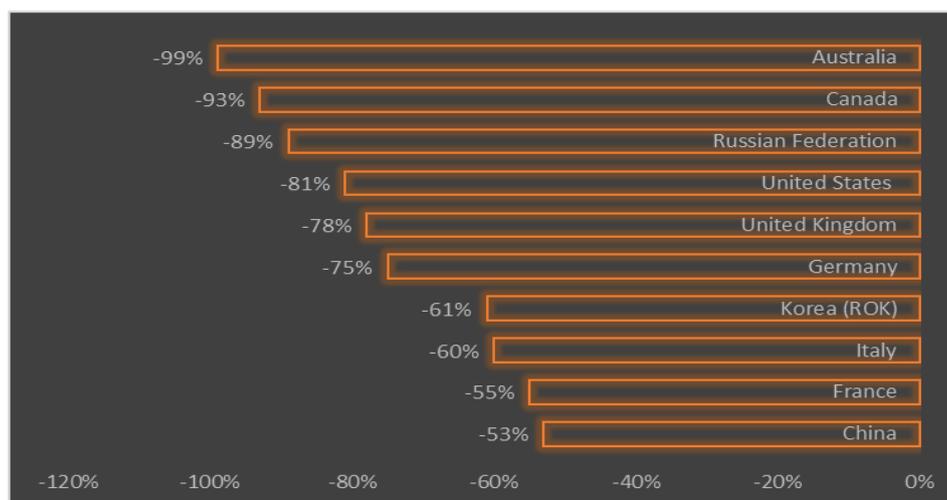


Fig. no. 2 - Year-To-Date Percent Change (%) in real terms, by top 10 source markets between September and October 2020

Source: authors, based on data provided by UNWTO, January 2021

According to UNWTO, the year 2021 registered the weakest demand for outbound passengers in most major source markets (Australia, Canada, China, France, Germany, Italy, Korea, Russian Federation, United Kingdom, United States) due to the effects of the pandemic Covid19 (**Fig. no. 3**).

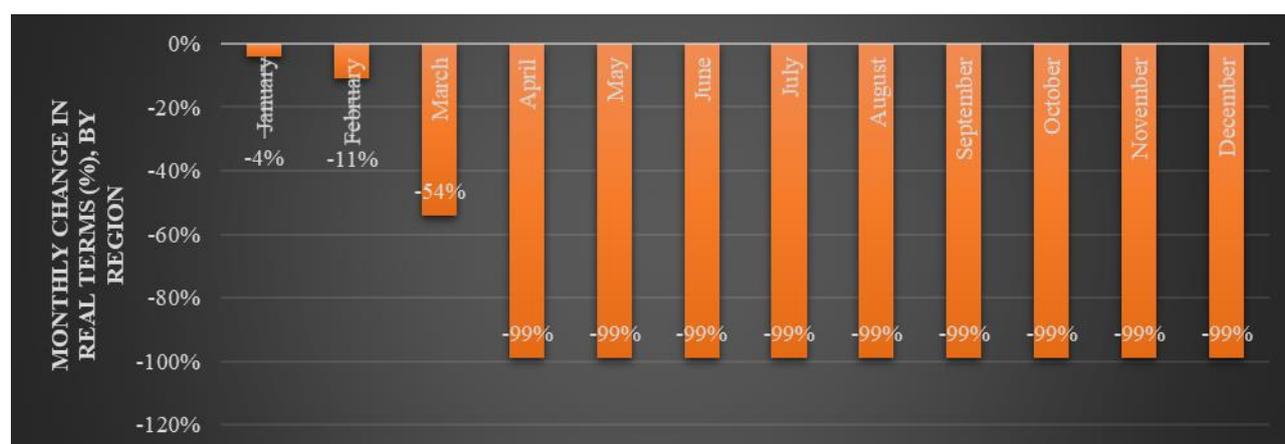


Fig. no. 3 - Weak demand for outbound travel in the majority of the main source markets by monthly change in real terms (%), by region

Source: authors, based on data provided by UNWTO, January 2021

4. Tourism: Europe is one of the hardest hit regions by COVID-19

The European tourism industry accounts for half of the world’s tourist arrivals. Tourism is one of the sectors most affected by the Covid-19 pandemic, impacting economies, livelihoods, public services and opportunities on all continents. All parts of its vast value-chain have been affected.

“It is imperative that we rebuild the tourism sector. But it must be in a way that is safe, equitable and climate-friendly,” UN Secretary-General António Guterres said today when he launched a policy brief on COVID-19 and tourism (United Nations, 2020).

Tourism has been a vehicle for integration, empowerment and generating income for women, rural communities, indigenous peoples and many other historically marginalized populations. Many European regions will need tourism to stimulate growth and create employment.

To slow down the spread of coronavirus and protect the health and well-being of all Europeans, some travel restrictions have been necessary. The European Commission is doing its utmost to allow people to meet friends and family and to ensure free movement of citizens, goods and services – with full respect of health and safety measures (Eurostat, 2020).

On 15 June 2020, the European Commission launched Re-open EU. The platform was initially set up as one of the measures announced by the Commission in its Tourism and Transport package to help travelling and tourism safely resume in the EU while respecting the necessary health precautions. Following the current health situation and coronavirus resurgence, the focus has shifted more towards providing an overview per country on epidemiological data, and national corona safety and travel measures such as quarantine and testing requirements.

The European Commission (2020) has adopted a proposal for a Council Recommendation to lift travel restriction for countries agreed by Member States. This was done on the basis of a set of principles and objective criteria including:

- the health situation;
- the ability to apply containment measures during travel;
- reciprocity considerations;
- data from relevant sources such as the European Centre for Disease Prevention and Control and the World Health Organisation.

The tourism industry is currently being affected by the Covid-19 outbreak, due to travel restrictions that have been implemented in response to the pandemic. To gauge the potential loss that the tourism sector will have experienced because of these restrictions, we can examine tourism figures of the previous two years for the periods of March-June (the ‘spring shoulder season’) and July-August (the ‘peak summer season’). For the purpose of this analysis, the ‘peak summer’ season does not comprise June, but focuses on the two months (July and August) overlapping with the main holiday season in most Member States (Eurostat, 2020).

Spring and summer are the most popular seasons for Europe’s tourism industry. In 2019 (Eurostat), the number of nights spent by residents and non-residents in EU tourist accommodation establishments during the spring and the peak summer season each accounted for nearly one-third (32%) of the annual total for overnight stays.

The share of nights spent in these accommodation establishments (Eurostat, 2020) was particularly high in the month of June for the spring season, accounting for 11% of the annual total, as well as in the months of July (15%) and August (17%). A similar trend is observed for both residents and non-residents of the countries visited.

Across the EU Member States, the share that the spring season contributes towards annual tourism accommodation stays is relatively similar, ranging from 24% in Croatia and 27% in Bulgaria to 35% in Cyprus, Luxembourg, Malta and the Netherlands. For the peak summer season, this share ranged from 23% in Malta to 58% in Croatia (Eurostat, 2020).

5. Romania in the face of the COVID-19 pandemic

Romania went through the COVID-19 crisis, noticing, maybe a moment before others countries, which have become foci (Italy and Spain), the danger of the COVID-19 crisis and the entry into a social crisis and economic.

Attentive to the two impact plans, Romania focused on measures with an immediate focus on saving as many lives as possible and minimizing the number of deaths. The strategies that follow, in stages, had as authors specialists in the field of infectious diseases and epidemiological researchers. Detecting the nature of the shock was important for the package of measures that the government and the central bank, the NBR, have implemented (Pop, Ioan-Franc, 2020).

The effects of the pandemic on Romanian tourism (**Fig. no. 4**) can be seen in the statistics: arrivals registered in the tourist reception structures decreased by 44.4% in July 2020 compared to July 2019, to 917,800 arrivals. Overnight stays decreased by 44.7%, to 2,436,500, informs the National Institute of Statistics (2020). Romanian tourism now needs customers, to be responsible and to postpone the holiday and not to cancel it. And in the near future we hope to resume our vacation plans and travel again.

The pandemic represents, for Romanian tourism, a forced reinvention. For example, more and more restaurants have started investing in terraces. Travel agencies have started to go online more and more, and hotels have done the same. Good or remade applications have started to appear.

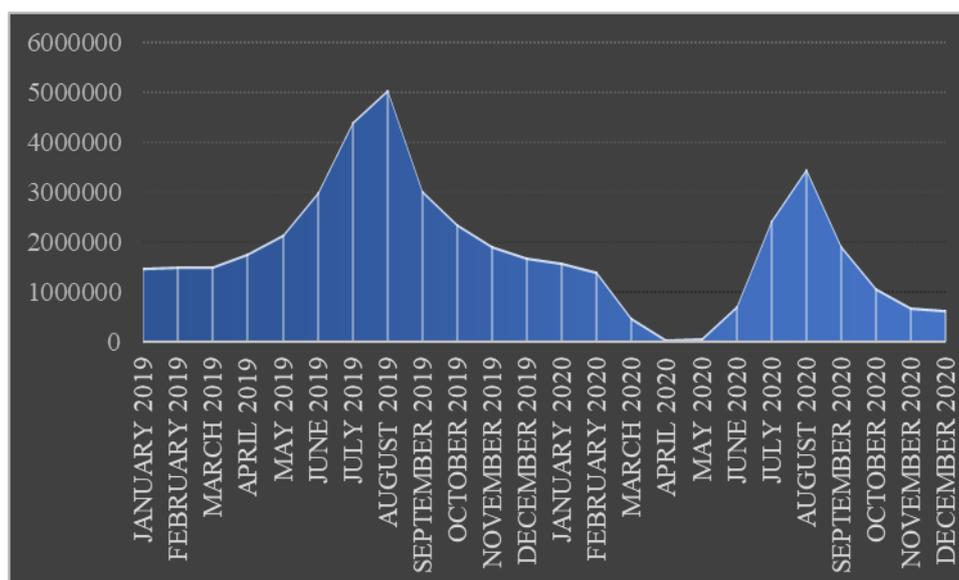


Fig. no. 4 - Overnight stays in tourist reception structures in Romania, all types of structures, on Mondays, in the period 2019 – 2020

Source: authors, based on data provided by INS

Conclusions

Now, more than ever, there is a need for multilateral cooperation and global solidarity, for the involvement of the international community in supporting national initiatives and for providing financial assistance to countries that are less prepared economically and healthwise. Decision-makers need to work together at all levels to address inequalities and socio-economic problems that threaten a possible recovery from the crisis caused by the new type of coronavirus. Undoubtedly, the national and global economies will continue to contract, as a result of both the measures taken

this year and a possible new wave of disease. The macroeconomic impact of tourism and its contribution to the overall value added is a crucial parameter for economic policy.

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