

**STUDENT'S CORNER****THE IMPACT OF THE ECONOMIC CRISIS ON TOURISM SERVICES –  
CASE STUDY ROMANIA****Păun Iulian Gabriel<sup>1</sup>****Master's student, Faculty of Commerce, The Bucharest University of Economic Studies,  
Bucharest, Romania****ABSTRACT**

Being a complex and dynamic sector of activity, an important job and cash flow generator and also a source of economic development and growth, the tourism industry represents one of the most important pillars of the economies of countries. Starting with 2007, humanity began to face a severe economic crisis of unprecedented dimensions in a society that has never before been so closely connected and interdependent. This paper seeks to examine the emergence of the global crisis, conduct a review of the main paradigms of current economic thinking and to relate some of the experts' opinions about the causes of the economic crisis creation. In the same time, the importance of tourism to the economy is highlighted, starting from a global point of view and moving into an European perspective. The impact of the global crisis on tourism is observed and, especially, that suffered by national tourism. In the last part of the work, a forecast is made of the arrivals indicator for a period of three years, with the aim of observing future trends in Romanian tourist activity. Knowledge of how individuals make choices and how these choices have changed after the economic crisis may offer important advantages in business practice and can help in making policies that lead to the development of Romanian tourism. Also, this paper can contribute to understanding the effects of the economic crisis in the tourism industry in order to readjust the policies supporting this sector.

**Keywords:** economic crisis, impact, tourism, travel, Romania, Europe, forecasts.

**JEL Classification**

A10, B53, E20, L83

**1. Introduction**

Tourism equals competitive activities in creating added value, but it is much less destructive to the natural and human environment if developed rationally, by respecting the carrying capacity of the places where it is conducted. It lies at the intersection of many sectors of the national or regional economy, making it an important component of economic and social life for an increasing number of countries. Tourism is internationally recognized for a positive incentive effect on long-term economic growth through various channels. It is an important generator of foreign revenues that allow payment for imported capital goods and basic inputs used in the production process. At the same time, tourism plays an important role in stimulating new investments in infrastructure and the competition between local firms and firms in other countries of interest for tourists.

The extremely broad role and influence of this industry that touches the social, cultural, political and economic, make it an area that deserves to be analyzed so as to better understand its operating procedures and to identify new levels of influence.

Because the global economic crisis, which was triggered only a few years ago, has affected and continues to affect a large number of industries, it is necessary to study its effects on tourism as well and to understand the impact suffered by the sector.

**2. The global economic crisis**

Currently, national or global economic discussions are directly related to the issue of the economic crisis. Crisis is defined in Webster's dictionary as "an unstable or crucial time or state of affairs in which a decisive change is impending, especially one with the distinct possibility of extremely undesirable results" (Merriam-Webster, 2013). Another definition given by the National Bureau of Economic Research defines economic crisis as "a drop in economic activity for several months reflected in the decline in GDP, lower

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individual income, employment reduction, reduced industrial production and consumption." (Luke, 2010, pp. 13-14).

The global economy presents difficulties since 2007 when the U.S. financial crisis shows its signs. In June of this year the U.S. bank Bear Stearns announced that two investment funds it endorsed lost all the capital, and the bank itself lost almost all its liquidities amounting to approximately 17 billion dollars (Bal, 2009). This year's economic problems begin to propagate to other national economies, coming in 2008 to affect the Romanian economy.

The problems which the global economy, and at the same time our Romanian economy, encounters, raise questions about the effects on tourism. We wish to understand if global tourism is affected by the global crisis and we want to see in particular its influence on Romanian tourism.

The economic crisis is a manifestation of one of the phases of the economic cycle. The business cycle is a wide fluctuation in the economy or production fluctuation which extends over several months or years (Smeral 2012). There are currently three theories related to economic cycles (Jora, 2009):

- The Neoclassical theory that believes that the economy is made up only of complex conditions caused by atypical developments in the structure of production factors, which can not be systematically controlled by the government;
- The Keynesian theory, assigning to economic fluctuations the various failures of the market and "market psychology". The remedy provided by this theory is implementing countercyclical policies;
- The theory of the Austrian school of economics that believes that artificially low interest rates by the central bank will lead to an expansion phase and then recession.

Expert opinions about the causes of the economic crises are very different. Certain authors consider as the main cause deregulation, banking sphere system errors and shareholders' wish to maximize profit (Fota, 2009). Other authors have contrary opinions: considering that, traditionally, banks were subject to regulation by the government more than any other economic sector. Banking regulations imposed restrictions which took the form of limiting entry on the market, limiting the work performed, geographical limitation, the imposition of minimum reserve and capital (Glăvan, 2009). Glăvan believes that "putting its crises (financial system - Ed) on account of nonsense perpetrated by agents implied, due to the high level of freedom enjoyed, proves a serious intellectual handicap " (Glăvan, 2009 , p 42). Neaguț (2009) identifies the oil shock of 1973 as the most powerful trigger of economic crisis after the Second World War. He believes competition between those seeking oil and those who hold it, global tensions and the struggle for resources are causative factors of the economic crisis.

It is also believed that another factor causing the economic crisis was that starting with 2007 big money entered the U.S. from rapidly growing economies in Asia and oil-producing countries. Thus "the inflow of funds combined with low interest rates contributed to the 2002-2004 simple American credit conditions, which fueled both the housing and the credit bubble. Loans of various types were easy to obtain and consumers assumed an unprecedented debt load." (Logojan, 2009, pp. 7-17). A similar explanation is given by another specialist who considers "First, there was an asset bubble caused by a glut of savings in the global economy and inexhaustible appetite for U.S. debt. The glut of savings, which led to low interest rates that were financed largely excessive U.S. consumption and not investment. " (Tanasescu, 2009, pp. 97-103).

Nobel laureate Paul Krugman believes that the repeal of the Glass-Seagall law, which allowed commercial banks to engage in investment banking operations and assume higher risks, it was a wrong move. He believes, however, that the substantive issue were not a deregulated institutions that took on higher risks, but taking risks by some institutions that were never regulated (Krugman, 2009).

To overcome the problems in the economy due to the economic crisis, as well as on their causes, the authors have different recommendations. Thus Krugman recommends Keynesian fiscal stimulus. He believes that although this policy was implemented in the U.S., the results have been disappointing for two reasons - the first reason is that the stimulus East amounted to a percentage of GDP, is too small compared to the need, and the second reason is that a Much of the fiscal stimulus in the form of cash resulted from tax cuts, which often have been saved and not spent. The economist suggests offering support and expansion of public spending. Support by providing aid to state and local authorities, and expansion by funding infrastructure projects.

Other authors recommend for combating the economic crisis increasing prudential supervision and regulation of risk management, promoting accountability and transparency, encouraging savings and investment as opposed to consumption and waste, providing loans to small and medium enterprises which can boost

economic growth, lower unemployment and increase productivity. At a broader level, international financial institutions should agree on pro-cyclical policies, strengthening global accounting standards regulation of derivatives markets (Donath and Cismas, 2009).

Luke (2010, pp. 216-217) believes "that the directions that both fiscal policy and monetary policy in this period took are profoundly wrong." It believes that excess money owed to monetary policies adopted by the major central banks of the world (FED, National Bank of Japan, ECB) will be reflected in a galloping inflation, with disastrous economic results. Fiscal interventions, warns the author, have a major negative effect - locking adjustment errors and waste of capital investment in the pre-crisis period. It is the unsustainable growth of the housing sector, durable goods consumption such as industrial equipment and machines. Government interventions are aimed precisely at the growth of these sectors, sectors which the crisis has shown to be increased beyond measure and must undergo a contraction, releasing resources to other productive sectors. The macroeconomic vision of government policies omits these adjustments at the micro level, which are key to overcoming the crisis.

### 3. The importance of tourism and its role in the economy

Tourism is defined by W. Hunziker (1940 cited in Minciu, 2004, p.13) as "all the relationships and phenomena resulting from the movement and stay of people outside the place of residence, as long as the stay and movement are not motivated by a permanent establishment or a gainful activity. "

The tourist is defined according to the World Tourism Organization (WTO) as a temporary visitor who stays at least 24 hours in the country visited and whose reasons are leisure travel, business, family, missions and meetings.

The tourism market is the geographical and economic space that allows for the meeting between tourist supply, reflected by tourism production with tourism demand, reflected by tourist consumption (Cristureanu, 2006).

The smooth operation of tourism activity requires inputs from other industries such as agriculture, construction and building materials machinery industry and so on, and maintaining direct links with transport, telecommunications, culture etc.

These things outline the strategic positioning of tourism in the current economy and the awareness of its role in the broader society development and evolution.

Thus stands the impact of tourism on the economy by (Minciu, 2004):

- ✓ acting as *global economic stimulating factor*;
- ✓ contribution to *the value added*;
- ✓ a significant *positive effect and stimulation of the production in other related fields*;
- ✓ *diversification of the economy*;
- ✓ providing *ways for all categories of superior resources*;
- ✓ favoring the *elimination of gaps between regions*, taken at national or global level;
- ✓ *ensuring money circulation*;
- ✓ *alleviating unemployment*;
- ✓ a *significant contribution to the growth and diversification of exports*;
- ✓ *improving balance of trade and balance of payments*.

There are many economic implications of tourism, with extremely high importance. In addition tourism provides **social and cultural meanings** such as (Minciu, 2004): *material and spiritual needs* of people, positively influence the size and structure of consumption; *important means of spending free time* - tourism is presented as one of the most complex and beneficial ways to use it; *influence on the environment and its components* - the relationship between tourism and the environment has many facets, positive or negative; *manifestation as an active factor of sustainable development* - integrating the value of resources through sites with appropriate architecture that is suitable to natural, cultural, historical and ethnographic and folk conditions (Minciu, 1995).

Tourism equals competing activities by creating added value, but is much less destructive to the natural and human environment, as long as it is developed rationally and takes into account the capacity of the places where it is conducted.

### 3.1 The importance of global tourism

The tourism sector is probably the only sector of services that provides concrete, quantifiable business opportunities to all nations, regardless of their level of development. However, it is actually an area where there is an unequal distribution of clear benefits that threatens economic sustainability, social and environmental performance of tourism in some developing countries.

Currently the role of tourism is very important, representing a growth industry that has contributed in total **world GDP** (including wider effects from investment, the supply chain and induced income impacts) to **6,630 billion USD in 2012 (9, 3% of global GDP)**. It is expected that in 2013 the total contribution to increase by 3.2%, reaching **6.842 billion USD threshold, threshold will represent 9.4% of global GDP** (WTTC, 2013).

The total contribution of tourism includes the **"broader effect"** (ie, indirect and induced effects) on the economy.

Indirect contribution includes the GDP and jobs supported by:

- *travel and tourism investment spending;*
- *government collective spending;*
- *domestic purchases of goods and services by the sectors dealing directly with tourists.*

Induced contribution shows larger contribution to GDP and employment expenses by those who are directly or indirectly employed tourism (WTTC, 2013).

Tourism has an important role in **employment**. This role is focused on **261.39 million jobs in 2012. This amount represents 8.7% of total employment worldwide and it is foreseen a increase by 1.7% in 2013 to 265.75 million jobs (8.8% of total employment in level this year)**.

**Tourism exports** are a key component of the direct contribution of tourism generating **2012-1243 billion. In 2013, this is expected to grow by 3.1%**.

While with increasing total contribution to global gross domestic product, the number of jobs in tourism and exports of tourists will increase capital investment allocated to this sector of the economy. It is expected an increase of 4.2% in 2013, after he attracted investments **amounting to 765 billion USD in 2012**. It also expected an increase of 5.3% per year over the next ten years, to the value of 1,341 billion USD in 2023 (WTTC, 2013).

#### The contribution of tourism worldwide

Table no. 1

Global	2012 billion USD	2012 % of total	2013 growth (adjusted for inflation)%
<b>Total contribution to GDP (constant prices)</b>	6.630	9,3	3,2
<b>Total contribution to employment</b>	261,394 (millions)	8,7	1,7
<b>Visitor exports</b>	1.243	5,4	3,1
<b>Capital investment</b>	756	4,7	4,2

Source: WTTC, *The Economic Impact of Travel & Tourism 2013*, p. 7

We see (table no. 1) that tourism has a by no means negligible contribution to global economy, recording weights up to about 9 percent, such as employment.

The tourism industry has defied the economic uncertainty by overcoming the global economy in 2012 and is expected to do so again in 2013.

Tourism has also exceeded the growth in manufacturing, retail, financial services and communications in 2012 (WTTC, 2013).

Compared with other sectors in 2011 with 9.1% of global GDP, the industry generates economic results higher than automotive manufacturing (7.9%), mining (8.0%) and chemical products (9.0%) and about half as much as the banking and financial industry contributes world (WTTC, 2012).

Regarding employment, its importance is even more pronounced. With 98 million people directly employed in 2011, tourism directly used (WTTC, 2012):

- ✓ 6 times more labor than the auto industry;
- ✓ 5 times more labor than the entire chemical industry;
- ✓ 4 times more labor than the global mining industry;
- ✓ 2 times more labor than the global communications industry;
- ✓ one-third more labor than the financial services industry.

The total impact of 8.7% of employment in the world in 2011, tourism is one of the main creators of jobs in the world. Supporting 255 million jobs in 2011, which exceeds the impact on jobs in the automotive, chemicals and mining sector, being almost on par with education. This may notice the following:

- ✓ tourism directly supports more jobs than automobile industries and chemicals combined in each region of the world (Europe, America, Middle East, Asia-Pacific and Africa);
- ✓ employment in tourism in Europe - reaching 10 million employees in 2011 - exceeds employment in the automotive industry;
- ✓ in Asia, there are seven times more jobs in tourism than in the auto industry jobs and five times more than the chemical industry;
- ✓ every region of the world, tourism directly supports more jobs than it financial services, communications and mining.

### 3.2 The importance of tourism in Europe

In the year 2012 the **total contribution of tourism to the GDP** of Europe was USD 1.736 billion (**representing 8.2% of GDP**) and is **expected to grow by 0.8% to 1.750 billion USD** (which **representing 8.2% of GDP**) in 2013. It is estimated that this contribution will increase by 2.7% per year to 2.287 billion USD by 2023, reaching the threshold of 8.4% of European GDP.

The latest research shows **contribution to GDP growth for the third consecutive year in 2012**, and production of more than 4 million new jobs. The largest increase in 2012 was in the international demand as a result of the appetite for travel across national borders, the demand for leisure and business tourism remains strong.

Important **contribution to employment** is also significant to the European continent, it represents 30.8 million jobs in 2012 (equivalent to 8% of total employment). In the year 2013, it is expected to increase by 0.7% to Euro 31 million jobs (equivalent to 8% of total employment). In the long term, is expected to increase 1% per year until 2023 and the support of 34.1 million jobs.

In 2012, the European continent has generated 513.8 billion USD in tourism exports. In 2013, this is expected to rise **1.3%, and the region is expected to attract 544 million international tourist arrivals**. Is expected that by 2023 international tourist arrivals to represent 711 million and generate 718 billion USD expenses.

**Investments in the capital** are expected to grow by 1.1% in 2013, after they recorded the amount of 186 billion USD in 2012. The next ten years would be expected to increase 3.8% per year until 2023 when they must reach a value of 279 billion USD (WTTC, 2012).

#### The contribution of tourism at European level

Table no. 2

Europe	2012 billion USD	2012 % of total	2013 growth (adjusted for inflation)%
<b>Total contribution to GDP (constant prices)</b>	1.736	8,2	0,8
<b>Total contribution to employment</b>	30,804 ( millions )	8	0,7
<b>Visitor exports</b>	513,8	5,3	1,3
<b>Capital investment</b>	185,9	4,7	1,1

Source: WTTC, *Travel and Tourism Economic Impact 2013 - Europe*, p. 7

It can be observed from the above (table no. 2) that at the European continent, the tourism industry has a considerable contribution.

### 4. Impact of economic crisis on global and European tourism

Because it is an interference sector, the tourism industry is evolving under the influence of many factors. These factors contribute to the production of the tourism phenomenon in different proportions, depending on their specific content, but the location and impact.

Such a strong impact on you ism and they have factors:

- ✓ **economic** (household income, the tourist offer rates);
- ✓ **techniques** (performance of transport);
- ✓ **social** (urbanization, leisure, fashion);

- ✓ **demographic** (population trends, age structure, socio-professional categories);
- ✓ **psychology, education and civilization** (education level, temperament, character individually);
- ✓ **natural** (geographical location, topography, climate);
- ✓ **organisational and policies** (border formalities, visas, conflicts, etc);
- ✓ **seasonal** (cyclic - the seasons, the structure of the school year, work in agriculture);
- ✓ **conjunctural** (economic and political crises, armed conflicts, natural disasters, weather conditions).

To observe the impact suffered by global and European tour will follow the main indicators characterizing the dynamic developments in the tourism, further (table no. 3).

### The economic contribution of tourism worldwide – indicators

Table no. 3

The global developments% (adjusted for inflation)	2007	2008	2009	2010	2011	2012	2013 (estimated)
Visitor exports	4,5	1,7	-6,2	5,2	4,8	4,7	3,1
Total contribution to GDP	3,8	0,1	-3,9	2,6	3,1	3,0	3,2
Capital investment	9,5	5,9	-9,7	-0,4	3,4	2,4	4,2
Total contribution to employment	2,8	-3,7	-3,1	-1,2	1,7	1,6	1,7

Source: WTTC, *The Economic Impact of Travel & Tourism 2013*, p. 10

It is observed (Table no. 3) how the contribution of tourism exports grew lower in 2008 than in 2007, and it became negative in 2009 when he recorded a maximum negative value of -6.2% marking the peak of the economic crisis on tourism exports. Since 2009 growth becomes positive, reaching 5.2% in the coming years it will record positive, but decreasing, signifying overcome the problems created by the crisis in tourism activity.

The total contribution of tourism to global GDP registered a positive 0.1% in 2008, but decreasing as against the 2007. This development can be interpreted as a sign of the economic crisis that emerged in 2007 in the U.S.. Evolution contribution to global GDP becomes negative in 2009 when it is observed a decrease of -3.9%. Year 2010 restore positive developments trend period, the largest increase is estimated to register for the year 2013 - increase of 3.2%.

At the level of capital investment in 2007 observed an increase of 9.5%, the highest in the entire period under review, following the next year growth is still positive but lower than the previous year - 5.9%. In 2009 capital investment showed a reduction of -9.7%, which is the largest decrease of the indicator in the entire intervening years. In 2010 decreasing is kept only slightly (-0.4%), as with 2011 this trend to resume positive growth of 3.4% and 2.4% in the years 2011 and 2012. In 2013, the indicator is expected to grow by 4.2%.

Regarding the total contribution to employment, this negative trend recorded between 2008 and 2010, it is noted declines -3.7%, -3.1% and -1.2%. With the 2011 indicator has positive developments 1.7%, 1.6% in 2012 and is expected to increase 1.7% in 2013.

We can see that most affected indicator is one that refers to equity investments that had the largest decrease of all other indicators. This was a decrease of -9.7% in 2009, declining to be interpreted in terms of contextual factors influence tourism. Thus decreasing the indicator may be a consequence of the decline in credit to the global banking system loans without capital investments can be made harder. Rapid return of the indicator after 2010 may be due to the monetary policies of the major central banks of the world that have severely reduced the benchmark interest rate in an attempt to restart lending binding, with the start of the economic crisis, but also to stimulate consumption.

The total contribution of tourism to employment is most affected in 2008, when a decrease of -3.7% decline that is maintained in the next two years, but with values becoming smaller. This trend of the indicator can be interpreted in terms of economic factors, in particular the tourist offer which to become competitive in relation to other sectors had to make staff cuts.

Tourism exports experienced a strong decrease of -6.2% in 2009, but later returned to positive and even exceeded the growth in 2007, reaching values of 3.7% and 3.8% in 2011 and 2012, followed in 2013 to record an increase of 3.1%. This development of the indicator can be interpreted through the psychological factor in this case the shock suffered by consumers of tourism services after the onset of the economic crisis, the shock will be

quickly overcome through international climate more favorable tourist traffic, the development of international transport of passengers and elimination of customs barriers.

After observing what was the impact of the global economic crisis and how they have evolved in the light of analyzed indicators influencing factors will proceed to the analysis and interpretation of the same indicators in the European continent. These indicators are presented below (table no. 4).

#### The economic contribution of tourism at European level - indicators

Table no. 4

The European developments % (adjusted for inflation)	2007	2008	2009	2010	2011	2012	2013 (estimated)
Visitor exports	2,7	0,0	-7,2	1,4	6,3	3,5	1,3
Total contribution to GDP	0,8	-1,9	-3,3	-0,3	2,3	0,4	0,8
Capital investment	-3,1	4,2	-6,3	3,7	5,7	-2,4	1,1
Total contribution to employment	-0,8	-1,0	0,0	-3,5	0,1	1,4	0,7

Source: WTTC, *Economic Impact 2013- Europe*, p. 10

According to previous data (table no. 4), it can be seen that the evolution of tourism exports to this region decreased by -7.2% in 2009, while in 2007 there was an increase of 2.7%, and in 2008 a stagnation was registered. After 2010, tourism shows positive export trends of 1.4% in this year, then a steep increase of 6.3% in 2011 and 3.5% in 2012. For the year 2013, it was estimated a rise of 1.3%. The strong decrease in 2009 can be interpreted in the light of the same psychological factor influencing tourism and in this case, the psychic shock experienced by the consumers of tourism services.

The GDP total contribution of tourism registered values of 0.8% in 2007, -1.9% in 2008 to -3.3% in 2009 and -0.3% in 2010. The strongest decrease is observed in 2009, though it may be considered that the effects on this indicator are felt in 2008, when the first fall in the studied interval was recorded. Since 2011, the indicator starts to record positive values of 2.3% in this year, and 0.4% next year. It was estimated that in 2013, an increase of 0.8% would be recorded.

Capital investment at an European level showed a reduction of -3.1% in 2007, and an increase of 4.2% next year, followed in 2009 by the largest decrease in the entire range of analyzed years -6.3%. Between 2010 and 2011, the indicator rises, and in 2012 there is a decrease of -2.4%. In the year 2013, an increase of this indicator by 1.1% is expected.

Regarding employment, tourism has contributed in a decreasing manner by -0.8% in 2007 and -1% in 2008. In 2009, the indicator registers a standstill, followed by a strong decrease of -3.5% in 2010. One can consider that the effects of the economic crisis that started in the U.S. in 2007 in relation to this indicator, are also present in Europe including the year 2010.

#### 5. Case study - Romania

After observing the importance of tourism at a global and European level and the effects suffered by it as a result of the global economic crisis, the issue will be analyzed at a national level.

The **direct contribution of tourism to GDP in 2012 was 9 billion lei**, representing **1.5% of GDP**. It was forecast to grow by 10.6% to 10 billion lei in 2013. The **total contribution of tourism was 30.5 billion lei**, which represents 5.1% of GDP and is expected to grow by 4.3% to 31.8 billion lei (equivalent to 5.3% of GDP) in 2013 (WTTC, 2013).

Nationally, tourism represented the generator of **479,000 jobs in 2012 (equivalent to 5.7% of total employment)**. Furthermore, this number increased by 3.1% in 2013, to **494,000 jobs (equivalent to 5.9% of total employment)**. Till 2023, tourism is expected to support 551,000 jobs, which will represent 6.8% of total employment (WTTC, 2013), an increase of 1.1% per year during the period.

In 2012, Romania generated **7.4 billion lei of visitor exports**, followed by an increase of 13.2% in 2013, and the country is expected to attract 6.4 million international tourists. Until 2023, international tourist arrivals are forecast to reach a total of 12 million, generating spending of 15.1 billion lei, an increase of 6% per year.

Tourism has attracted a **capital investment of 12.8 billion lei in 2012**. It is expected to fall by 0.2% in 2013, and grow by 6.8% per year over the next decade to a value of 24.5 billion lei in 2023 (WTTC, 2013).

It is noted (table no. 5) that the Romanian visitor exports have been analyzed during a strong trend swing. The year 2007 recorded a decrease of -4.7% for this indicator, then the next year showed an increase of 9.6%, and finally in 2009, visitor exports recorded a decline of -25.8% (the largest decrease throughout the period under review). Just as with global and European tourism, this decrease can be interpreted through the lenses of psychological factors that influence tourism and especially the psychic shock perceived by consumers of tourism services. In 2010, there is an increase of 1.6%, and the next year shows a decrease of -5.4%. In 2012, there was an increase of 19.2% and in 2013, the indicator is expected to increase by 13.2%.

The total contribution of tourism to GDP is positive in the first two years of the period, and in 2009 a decrease of -12.9% appears. This could be interpreted as a sign that the global economic crisis began to be visible at a national level. During the years 2010 and 2011, decreases were also recorded, but lower than 2009 and 2012; the total contribution to GDP increased by 9.2%. For 2013, the contribution is expected to increase by 4.3%.

Capital investment in the period under review recorded its first decline in 2009, by -19.1%, and the next year still registered a decrease of -6.7%. For 2013, the indicator is expected to fall by 0.3%.

In relation to employment, the Romanian tourism has contributed with up to 5.2% in 2007. The strongest effects of this indicator started to be apparent in 2009, when it was registered the first major drop indicator (-9.5%). The indicator continues to decline in 2010 and 2011, by -6.4% and -9.8%, respectively. These decreases can be interpreted as the results of the attempts to restructure the Romanian tourism business in order to become more competitive, while competition is intensifying in the international tourism.

#### National economic contribution of tourism - indicators

Table no. 5

Romania developments % (adjusted for inflation)	2007	2008	2009	2010	2011	2012	2013 ( estimated )
Visitor exports	-4,7	9,6	-25,8	1,6	-5,4	19,2	13,2
Total contribution to GDP	11,3	9,7	-12,9	-7,1	-4,3	9,2	4,3
Capital investment	26,8	14,5	-19,1	-6,7	2,6	12,1	-0,3
Total contribution to employment	5,2	5,1	-9,5	-6,4	-9,8	4,7	3,1

Source: WTTC, *Travel&Tourism Economic Impact 2013 - Romania*, p.14

Regarding visitor exports services in Romania, they have the third highest position in the total exports of services, with an average size of 15.1% between 2006 and 2011 (Inciã et al., 2012). This is surprising since Romania has a huge tourism potential, superior to other countries with better results in their exploitation of tourism resources.

For a deeper analysis, developments and other significant indicators will be presented (table 6).

#### Tourist traffic indicators and macroeconomic indicators – Romania

Table no. 6

Indicator	2005	2006	2007	2008	2009	2010	2011	2012
Utilization coefficient of accommodation -%	33,4	33,6	36	35	28,4	25,3	26,4	25,9
Arrivals - thousands	5805,1	6216,0	6971,9	7125,3	6141,1	6036,2	7002,4	7653,4
Overnights - thousands	18373,0	18991,7	20593,3	20726,0	17325,4	15967,1	17914,1	19091,4
ALS* - days	3,2	3,1	3,0	2,9	2,8	2,6	2,6	2,5
Foreign arrivals - thousands	5839,4	6037,0	7721,7	8862,1	7575,3	7498,3	7611,1	7936,7



<b>Romanian departures - thousands</b>	7139,8	8905,8	10979,8	13072,2	11722,5	10905,2	10936,2	11489,5
<b>GDP at current prices - billion</b>	288,2	344,7	416,0	514,7	501,1	523,7	556,7	587,5**
<b>GDP at constant prices - billion</b>	264,4	208,1	280,3	288,3	321,4	325,5	352,6	440,7
<b>GDP deflator</b>	1,09	1,656	1,484	1,785	1,559	1,609	1,579	1,333

\* ALS - average length of stay; \*\*GDP in 2012 is estimated.

Source: National Institute of Statistics, Roundup tourism indicators year 2005-2012, Romanian Statistical Yearbook 2012.

It can be seen that the utilization coefficient of accommodation in our country achieved the maximum value from the entire range of years analyzed in 2007, when this indicator reached 36%. Since 2008, the coefficient is decreasing, until 2011, when it increases to 26.4% and in 2012 decreases to 25.9%.

The evolution of the number of tourist arrivals in the establishments of tourists' reception with functions of tourist accommodation presented an increasing trend between 2005 and 2008, and in 2008 there were 7.1 million arrivals in the establishments of tourists' reception with functions of tourist accommodation. Between the years 2009 and 2010, there were decreases in the number of arrivals, the crisis occurring at a national level. In 2011, the development retook a positive course, reaching the level recorded in 2012 (7.6 million tourist arrivals).

Over-night number experienced the same evolution as the number of arrivals, increasing until 2008, then dropping the next two years, while the values rose in 2011, reaching the level recorded in 2012 regarding over-night stays to 19.1 million.

Moreover, the average length of stay is continuously decreasing from 2005, until 2010, when this index reaches the value of 2.6 days, a value which will stagnate over the next year. In 2012, this indicator will decrease reaching 2.5 days.

The number of foreign arrivals at a national level reached the highest value in 2008, when it equaled 8.8 million. A value of 7.6 million was recorded in 2009 and 7.5 million in 2010. Since 2011, the number of foreign arrivals began to rise to a value of 7.4 million in 2012.

Romanian departures registered an upward trend until 2008, when it recorded 13 million, the maximum value of the entire analyzed period. Between 2009 and 2011 this indicator decreased. In 2012, an increase was observed (the indicator reached the value of 11.4 million departures).

Regarding the Romanian GDP trend, an increase in the price of current sites in relation to the level recorded in 2008 (when the global crisis was spreading to Romania) can be observed. In this year, a level of the nominal GDP of 541.7 billion lei was recorded. In 2009, the only decrease of the main macroeconomic indicators was recorded, and in 2010 the growth was resumed, until 2012 when a value of 587 billion lei was recorded. However, if we consider GDP growth in real prices (after deflation time), we would see a decrease in 2006 compared to 2005; this decrease can be interpreted in terms of the inflation rate, which was 9% during 2005. Interestingly, while nominal GDP decreases in 2009 compared to the previous year (when GDP deflated), we can see an increase from 288 billion lei in 2008 to a value of 321 billion lei in 2009. This increase is mainly due to the decrease in inflation from 7.8% in 2008, at a rate of 5.6% next year, which led to a decline of the Consumer Price Index and the deflator, thus increasing the real GDP.

From the analysis, it can be observed that 2007 and 2008 were the best years of Romanian tourism. During these years, most indicators had maximum values, followed by a decrease in 2009.

It seems that some sub-branches of national tourism, such as travel agencies, have felt the effects of the economic crisis since November 2008. These effects took the form of slight decreases in demand for domestic or foreign travel for both leisure and business tourism (Săseanu et al., 2010).

Considering that the indicator arrivals of tourists' reception with functions of tourists' accommodation, best captures the evolution of the analyzed phenomenon, its evolution over the next three years can be envisioned. Furthermore, a forecast of the number of arrivals is achieved during 2013-2015 by means of average growth method, the average index of dynamic and linear trend. After the analysis, it was found that the linear trend method best adjusts the series data, this method having a coefficient of variation of 7.502%.

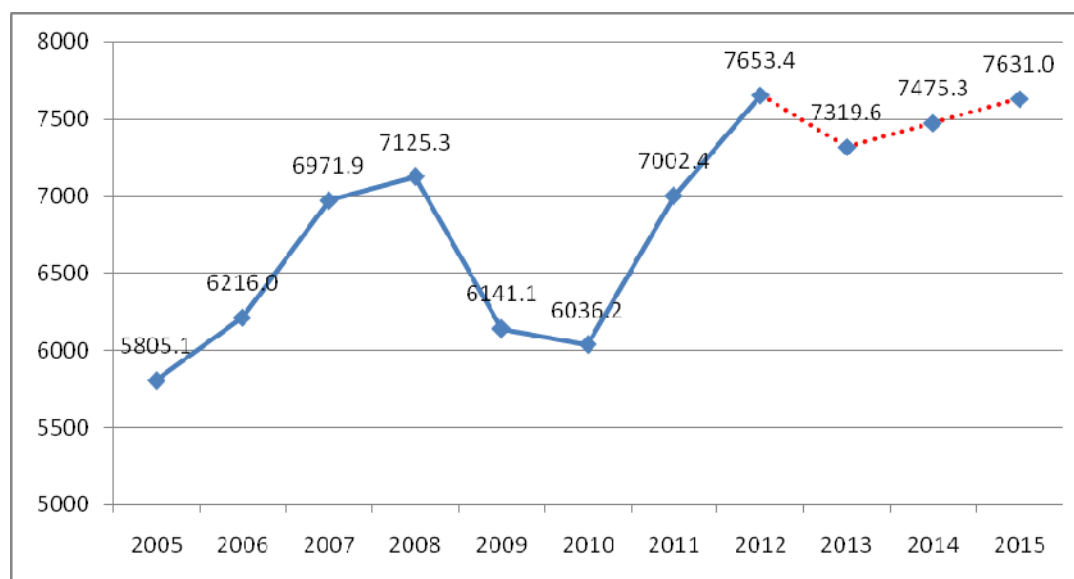


Fig. 1.: The forecast evolution in the number of arrivals in Romania 2013-2015 – thousands

There was a decrease of arrivals in 2013 in comparison with the previous year, reaching a value of 7.3 million, but still above the level recorded in 2008. Between 2014 and 2015, the growth trend of the 2010-2012 indicator is resumed. This increasing trend is similar to the global and European trends, meaning that Romania has great potential with regards to opportunities that should be exploited to a high degree.

## 6. Conclusions

In the light of previous analyses, it can be observed that the main factor responsible for the emergence of the global economic crisis is, in the opinion of specialists, the strong deregulation of the financial-banking system that was released by the rigors of the law that makes it work well and without much deviation. At the same time, some regulations provide the leverage necessary for correcting any practical errors occurring in the sector of primary importance. This is not the only opinion in relation to the causes of the current crisis. There are specialists who have contrasting opinions and who consider that the banking sphere system is one of the most regulated industries, eliminating the guilt of this factor that is associated with the economic crisis. Those who reject deregulation as one of the causative factors of the crisis, considered that the reference interest rate of the main central banks of the world is one of the main triggers.

Similar to the causes of the economic crisis in terms of ways to combat this phenomenon, there are also different opinions among authors. Some of them recommended the stimulation of consumption by increasing government spending, which must be directed towards projects aimed at improving infrastructure, while others consider that the losses suffered by sectors during the crisis were caused by some erroneous investment which must be allowed to disappear in order to free up resources for other more productive areas.

We can also note that global tourism contributes 6.6 trillion USD which represents 9.1% of the global GDP. The contribution to GDP is expected to increase in 2013 to 6.8 trillion USD, representing 9.3% of the global GDP. Tourism is of particular importance in employment; this importance is explained by the fact that 261 million jobs worldwide in 2012 were due to these industries. This amount represents 8.7% of total employment worldwide and it is expected to grow by 1.7% in 2013, to 266 million jobs, equivalent to 8.8% of total employment.

On the *European continent*, tourism contributed 1.7 trillion USD to the total GDP (representing 8.2% of GDP) and a growth of this parameter by 0.8% in 2013 is expected. Employment generated by the tourism sector at the European level reached a value of 30.8 million, which represents 8% of total employment, and in 2013 a growth of 0.7% is anticipated.

The impact of the economic crisis suffered by the global tourism becomes visible from 2008. Then, the contribution of tourism to employment showed a reduction of -3.7%; this decline ended in 2011, when an increase of index by 1.7% was noticed. At the level of total contribution of tourism to GDP, the effects of the crisis are visible starting with 2009, when there was a decrease of -3.9%. After this year, the development contribution rises. Therefore, we can see that the contribution to GDP, even though it showed a reduction greater than the contribution to employment, is associated with a time-period of returning to growth of only 1 year (the lowest), whereas in the case of tourism contribution to employment, return to growth occurs after 3 years. This

can be interpreted as an attempt to restructure global tourism, which is necessary for increasing efficiency and competitiveness in relation to other sectors.

At a European level, the effects of the crisis are firstly felt in the contribution to employment as well. A decrease of -0.8% and -1% in 2007 and 2008 respectively, were recorded; the year 2009 is represented by stagnation, followed in 2010, by a decrease of -3.5%, and then progress becomes positive. Contribution to European GDP was affected in 2009, when a decrease of -3.3% was recorded. In 2010, development experienced a decrease of -0.3% and after that, it became positive.

Nationally, contributions to employment and GDP are both affected since 2009. This year was associated with a falling trend of -10.5% contribution to GDP and -9.5% contribution to employment. These evolutions remain negative until 2011, when both indicators show positive developments.

Main indicators of national tourist traffic have an increasing trend between 2005 and 2008, followed by a decrease between 2009 and 2010. Since 2011, the examined trend indicators resumed positive developments, sign that Romanian tourism was recovering from the economic crisis. The forecast evolution in the number of arrivals helped us in observing a decrease in 2013 in comparison with the previous year; in 2014, this development is back on the rise, a proof of the fact that national tourism has not escaped the full impact of the crisis.

Therefore, it can be concluded that global, European and national tourism rapidly recovered after the impact caused by the economic crisis. However, there are several issues that require further research, the present essay being just a small peek into the extremely broad studied issues.

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