

A RETROSPECTIVE LOOK AT THE EVOLUTION OF ROMANIAN TOURISM, AT THE BORDER BETWEEN THE MILLENNIA (1989-2019)

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Abstract

During the last 30 years we have witnessed major changes in tourism worldwide due to a lot of factors. Changes in political situation in Eastern Europe open a lot of countries to international tourism. Changes in air transport made more accessible some overseas or island destination. The increase of general welfare boosted the demand for tourism and the stability of the socio-political environment sustains a steady upward trend in international tourism arrivals. Looking back at Romania's tourism we see a period with major structural changes and some major turning points. A brief evolution of the sector is presented with an emphasis on the most important years. The most important regulations are presented in this paper together with their impact on Romania's tourism sector. To show a more accurate image we include main statistical information about this topic demonstrating that tourism is an important part of Romanian economy.

Keywords:

Romania, tourism, change, industry evolution

JEL Classification: E66, G38, Z32, L83

DOI: 10.24818/CTS/3/2021/1.07

Introduction

At the beginning of the decade two of the twenty-one century, Olivier Dehorne (2013) -- from the University of West Indies -- said that at the level of the world it seems that an era is over. The era where world is a large playground open to tourists.

On the other hand, a report by the World Tourism Organization (UNWTO, 2012) shows a galloping evolution toward what we now call mass tourism. Thus, if in 1950 tourist flows were only about 25 million international tourists, two decades later they increased to 278 million, and then there were already 687 million people in 2000.

Tourism has become a mass practice. Tourism flows around the world correspond to economic and political logic and are reflected in complex power relationships, involving the most sophisticated strategies. This is because we are currently discussing the beneficial effects of the multiplier effect of tourism activities carried out in certain areas, regions, countries and over-tourism in others.

Obviously, tourism activities have repercussions on the economy, on the natural and built environment, on the local population of the destination and on the tourists themselves. The range and variety of production factors needed to obtain these goods and services purchased by visitors, as well as the range of agents interested in or affected by tourism, generate multiple impacts and an integrated approach to tourism development, management and control is needed. This approach is strongly recommended for the formulation and implementation of national and local tourism policies, as well as for necessary international agreements or other mechanisms regarding tourism.

Tourism has proved vital for many countries, such as Egypt, Greece, Lebanon, Spain and Thailand, and for some island nations (Bahamas, Fiji, Maldives) due to the substantial financial contribution from goods and business services and employment opportunities in the tourism-related services industry. The services industry includes transport services (air transport, cruises, taxis) and hospitality services

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(accommodation, including hotels and resorts, entertainment revenues such as parks, casinos, malls, music and theater revenues).

Practice has shown that tourism generates, directly and indirectly, an increase in economic activity in the visited places (and not only), mainly due to the demand for produced and provided goods and services. From this point of view, the multiplier effect of tourism activities on tourism areas has been discussed and studied. In the economic analysis of tourism, a distinction must be made between the "economic contribution" of tourism, which refers to the direct consequences of tourism and is ratable, and the "economic impact" of tourism, a much broader concept, which is the synthesis of direct, indirect and induced effects of tourism and which must be assessed by applying models. Economic impact assessments aim at quantifying the economic benefits, i.e. the net increase in the wealth of residents resulting from tourism. This is measured in monetary terms, above the starting level.

What happened in the decade 1990-2000?

In the last decade of the 20th century, we have witnessed a prodigious expansion of the tourist area. 1989: walls fall, borders open, the bipolar world is over. Western young people are curious to discover Central and Eastern European countries for a long time rooted behind the Iron Curtain, such as East Germany, Poland, Hungary, Romania and so on. The union of the world under the only banner of capitalism then seemed promising. The number of territories and countries open to tourism is constantly expanding and the geopolitical context seemed very favorable. It is also the opening period of China (17 877 registered foreign visitors in 1965, then 31,2 million in 2000 and 57,6 million in 2011), post-apartheid in South Africa (the second destination in African tourism after Morocco, with 8,4 million tourists in 2011), Vietnam (1,4 million tourists in 2000 and 6 million in 2011), not to mention the positioning of new destinations in the Caribbean (such as Cuba and the Dominican Republic) in mass tourism.

What has been the situation in Romania over the last three decades?

An interesting study on Romania's tourism offer is carried out by Dan Constantin Radulescu and Manuela Sofia Stanculescu (2012). The study includes two historical stages: 1948-1989 and 1990-2010. Is a total of 63 years, grouped on the main indicators (tourism capacity and occupancy) and secondary indicators (tourism demand and tourism performance).

As regards the period under review, the study refers to the first two decades after December 1989. The period is characterized by profound political, social and economic changes. In economic terms, the slowness with which the reforms related to the privatization and structuring of a functioning market economy were legislated and, in particular, implemented, determined the amplification and prolongation of the systemic crisis started in 1990.

Unemployment and the reduction of purchasing power have affected the evolution of Romanian tourism, by diminishing demand for tourism services. Downward developments were observed at the level of all tourist indicators. The number of tourist facilities, existing tourist capacity, operational tourist capacity and indications of use of tourist accommodation capacity in operation have decreased for the analyzed period. For example, the number of tourists has fallen sharply, from 12 297 thousand people, of which 1 432 thousand foreign tourists (in 1990) to 7 070 thousand people, of which 766 thousand foreign tourists (in 1995) – (INS, 1996).

During this period, a series of initiatives were adopted to connect the country to the Central-Western European and North Atlantic cooperation area, finalized by Romania's accession first, to NATO (2004) and later, to the European Union (January 1, 2007). The pre-accession negotiations and the reception of Romania among EU Member States imposed the impetus, development and modernization of Romanian tourism. At the same time, we have witnessed the activity of crystallizing the new institutional-organizational norms to establish, organize and operate tourist units. In this respect, both private entrepreneurs and companies with full or majority state capital in the field of tourism had at their disposal, during the period 1990-2010, an appropriate range of legislative regulations on the general economic environment or issued specifically for tourism. These measures made possible the operation of the tourist units, including the transformations and modifications of the names and the object of activity of these units.

Since 1995, the statistics showed - along with tourist guesthouses - agritouristic farms and rural tourism guesthouses (INS, 1994 and 1996) - as a result of the emergence and development of rural tourism. Subsequently, other tourist units begin to appear in private or mixed forms of property: hotels, youth hotels, hostels, motels, campsites and cottage units, tourist villas and bungalows, accommodation on ships, inns, tourist chalets and camps for students and preschoolers.

We note that together with the consolidation and development of tourism activities in rural areas a series of normative acts such as Government Ordinance (OG) No 62 of 24 August 1994 (Official Journal of Romania, 1994) appears. They set the ground for measures to stimulate private initiative, the organization of tourist guest houses or agritouristic farms, in the rural areas of the mountain area over 500 m, in the Danube Delta or on the Black Sea coast. Subsequently, these facilities were extended, by the provisions of OG no. 63, of 28 August 1997 (Official Journal of Romania, 1997), in order to stimulate the setting up of rural tourist hostels in the rest of rural localities with tourist potential. One year later, the OG No 58/1998 (Official Journal of Romania, 1998) stated that: "tourism is a priority area of the national economy". The coordination of tourism and the control of tourism activity was performed by the Ministry of Tourism. It shall draw up the medium- and long-term tourism development strategy and the General Tourism Development Program, to be approved by the government". In order to increase the financing of tourism promotion and development projects, OG no. 8 was issued on 30 January 1998, approved by Law no. 23 of 27 March 2000 (Official Journal of Romania no. 2000), on the setting up of the Special Fund for Tourism Promotion.

These were some of the main institutional-legislative initiatives that had consequences on the establishment, organization and operation of tourist units in Romania, between 1990 and 2010.

The return to privatization of tourism

The privatization of tourism has been delayed and largely carried out in a flawed way, in the absence of a clear strategy to encourage investment and tourism development. Until around 2000, most tourist establishments (state owned locations) had applied the "management location" formula in which managers, not being owners, had no investment interest; just to make a small profit with minimum effort. The effects of privatization in the tourism industry have been disastrous, with examples from the resorts of Baile Herculane, Malnas, Borsec, Sovata and others, including the seaside. These effects have been associated with a sharp fall in tourism demand with negative impact until now.

As a result of the slow pace of privatization of tourism companies, OG No 7 was issued, dated 11 January 2001 (Official Journal of Romania, 2001), on certain measures to speed up and complete the privatization process of tourism companies. The Authority for Privatization and Administration of State Participations (APASP) transfer the administered properties to Minister of Tourism.

The result of these measures will be, between 1996 and 2010, a considerable progress in the privatization process, from 852 privatized units, out of a total of 2,965 units (i.e. only 29%), in 1996, to 4,830 privatized units out of a total of 5,279 tourist units (i.e. 91%), in 2010.

The number of tourist units increased after 1995. Growth has been more pronounced since 2000 with the recovery of the national economy. Most of this increase was in hotels, guest houses or agritouristic pension. At the same time, education reforms have had the effect of drastically cutting school camps, even in times of economic growth.

Although the network of tourist establishments has expanded, diversified and modernized compared to the 90s, tourism demand has been much more sensitive to the evolution of population incomes. The number of national tourists accommodated in tourist facilities fell from 12 297 thousand in 1990 to 920 thousand in 2000. It then increased steadily until 2008 to 7 125 thousand people, but remained well below the initial level. After 2008, the indicator stops its upward trend to around six million tourists, i.e. about half of the 1990 reference value, mainly due to the international financial crisis, but also to the austerity package implemented by the government.

The period 1990-2010 highlighted important structural changes in tourism. While at the beginning of the 90s, the majority of the population prefer the Romanian seaside, after 2000, foreign destinations (mainly Bulgaria, Turkey, Greece, Spain or Egypt) have gained more and more ground. The importance of the Romanian seaside has decreased significantly due to outdated infrastructure, poor quality of

services and uncompetitive rates and prices. This has caused a substantial part of the Romanian market to turn to other places.

At the level of domestic destinations, rural tourism, mountain areas and the Danube Delta have established themselves. Touristic boarding houses in rural areas managed to cope fairly well with the structural changes that took place during the period under review; even better than other types of tourist units. Therefore, the tourist and agrotourism pensions represented profile initiatives, relatively well supported by private investors, which contributed significantly to the general development of the tourism activity and ensured real conditions for sustainable development and raising the quality of life in rural areas in which they were set up and functioned.

Apart from the changes regarding the holiday destinations of the Romanians, there have also been changes regarding the duration of stays. They preferred short trips (with 1–3 overnights), self-organized (95% of all trips in 2009), with accommodation in small and/or informal tourist facilities, as well as to relatives/friends (only 10% of all overnight trips involved accommodation in a hotel, motel or similar). As a result, the majority of trips required reduced costs of only €70 per trip, compared to €234 per trip, the EU-27 average (Eurostat, 2011).

The first two decades, 1990-2010, have had particularly complex developments. Against the background of the accentuated economic decline from the first years of the transition, the tourism followed a descending evolution. Delayed and faulty privatization, instability of the legislative and institutional environment, uncoordinated reforms in taxation, education and other sectors have had destructive effects, all the more so as the sector is facing a drastic decline in demand for services due to the impoverishment of large segments of population. After 1995, but especially after 2000, the sector has been revitalized as a result of market development and economic growth. The year 2008 saw the negative effects of the international financial crisis.

The last decade, 2011-2020, was marked by periods of crisis (2014 and 2015), then by the trends of increasing the number of foreign tourists in 2017 compared to 2016 (a doubling of them); the end of 2019 (December 12, 2019) is marked by the beginning of the Covid-19 Pandemic (Hui et al., 2020). By country of origin, foreign visitors were coming from: Italy (14,55%), Germany (13,96%), France (8,39%), Hungary (7,3%), USA and the United Kingdom (6% each), Israel (5,7%).

Romania's international tourism has slowed down, but with a small but steady growth, so we can talk about almost a triple number of foreign tourists in 2017 compared to 2012. In terms of tourist departures, they have not increased significantly, from 6.274.000 in 2003 to 6.497.000 in 2008, by a percentage increase of 3,5%.

As for the Romanians' holidays, the report drawn up by Eurostat, based on 2016 data, shows that about 76% of Romanians do not go on holiday - the highest level in the European Union. The statistics presented take into account only persons over 15 years of age and include only travel for personal reasons (leisure) and not for professional, medical or similar reasons.

After Romania, the highest percentages of those who were not on vacation in 2016 were registered in Portugal (74.4%) and Bulgaria (70.2%). According to Eurostat, quoted by the profit.ro website, over 55% of Romanians who say they did not go on vacation invoke financial reasons.

About 13% of Romanians say they could not travel for professional reasons or because of a form of education they attend, the percentage being approximately equal to that of Romanians who did not travel due to health. At the same time, profit.ro shows, almost 9% of Romanians say that they did not go on vacation for family reasons, and about 5% say that they did not feel motivated to travel. By comparison, 62% of Europeans traveled in 2016 at least once for personal reasons. A study by Eurostat also shows that almost a third of the EU population traveled abroad for tourism purposes during that period.

The situation is different at the end of the second decade of the current century, when the same Eurostat - in the report based on 2019 data - states that 29% of residents of EU Member States over 16 years could not afford to pay for a vacation annual away from home. The percentage was declining compared to 2010, when 39% of Europeans could not afford a holiday a year. But the highest percentage is registered in Romania, where 54% of citizens did not afford a vacation in 2019. Romanians are followed in the ranking by Greeks (49%), Croats (48%), Cypriots (45%) and Italians (44%) (ZF, 2020).

