

RESEARCH ON THE ECONOMIC EFFICIENCY IN ROMANIA'S TOURISM

Agatha POPESCU

University of Agricultural Sciences and Veterinary Medicine Bucharest, 59 Marasti, District 1, 11464, Bucharest, Romania, Phone: +40213182564, Fax:+40213182888, Email: agatha_popescu@yahoo.com

Corresponding author: agatha_popescu@yahoo.com

Abstract

The paper aimed to analyze the economic efficiency in Romania's tourism in the period 2005-2014 using the Eurostat data base. In the analyzed period, Romania was visited by more tourists (+33%), more foreign tourists (+25 %), meaning by 46.93 % more tourists per inhabitant. Also, tourism receipts increased by 62%, and expenditures increased 2.44 times. But, tourism contribution to GDP which is just 0.9 %, very low compared to other EU countries, and Romania's contribution to EU-28 receipts is very small, just 0.24% and in a decreasing trend. The share of tourism receipts in export value is just 2.64 % and in a declining trend. Tourism receipts per international visitor increased by 33.88% not only because the increased number of foreign tourists, but also due to the high tariff per tourism services and high VAT practiced in Romania. Romania registered a deficit of - 446 Euro million in Tourism Payment Balance, and the TTC Index value was just 3.78 in 2015, placing Romania on the 66th rank. Despite its huge potential for tourism, Romania is not yet able to develop an efficient tourism. A permanent promotion and extend of services size and quality on various markets are required to increase economic efficiency and competitiveness of Romania's tourism.

Key words: competitiveness, economic efficiency, EU-28, Romania, tourism

INTRODUCTION

Tourism is the most dynamic sector of the world economy [4, 9]. Its development is based on innovative actions in the use with high efficiency of natural, material and human resources [3].

As an important driver, it has a deep impact on the economic growth, the diversification of the economy structure and the involvement in the global development [1].

Tourism plays an important role in the EU with deep implications on its economy, employment, environment. It is also an opportunity for people to discover their own country or other states and regions of the world, to meet other people and learn about their cultures and to develop a mutual respect for their patrimony values [12].

Tourism is a catalyst for change and economic growth by expanding its infrastructure and increasing the competitiveness of its human resources. This will have a positive impact on an increased number of tourist arrivals, visitors expenditures, tourism receipts, export

growth and improvement of payment balance, as well as for the development of industry, trade, buildings sector and services (transport, banking, insurance, entertainment etc). [17]

After a period of decline, Romania's tourism started a recovery and the results obtained in the field during the last decade confirmed an optimistic image of the coming future for this branch of the economy [6].

Despite this positive trend, Romania's tourism is slowly developing and an analysis of its efficiency is needed in order to identify the possibilities to improve its growth and role in the economy. In Romania just a few studies approached economic efficiency in a restrained manner, mainly in terms of tourism contribution to GDP [5, 7, 8,].

In this context, the present paper aimed to analyze the economic efficiency in Romania's tourism in the period 2005-2014 using a large range of specific indicators, highlighting the difference compared to the EU-28 average and in some cases with other EU member states.

MATERIALS AND METHODS

The paper is based on the data provided by Eurostat Statistics Explained for the period 2005-2014 and other information sources which served for documentation.

The main aspects approached in this study were the following ones: evolution of the number of international arrivals, tourism intensity, international tourist arrivals/inhabitant, tourism receipts, tourism receipts/GDP, tourism receipts/inhabitant, tourism receipts/export, tourism receipts/import, tourism receipts/international tourist, tourism expenditures, tourism expenditures/GDP, net receipts from tourism in Payment Balance, expenditures per trip and per overnight stay, tourism and travel competitiveness index (TTCI).

The data were statistically processed using mainly the fixed indices and comparison

method.

RESULTS AND DISCUSSIONS

Number of tourists. In Romania, the number of tourists increased by 33.70 % from 5,805 thousand in the year 2005 to 8,444 thousand in 2014. The number of foreign tourists increased by 25 % from 1,430 thousand in 2005 to 1,912 thousand in 2014.

The share of the international tourist arrivals of Romania in the EU-28 international tourist arrivals is very small, but it recorded a slight increase from 0.38% in 2005 to 0.42 % in 2014.

In 2010, it was noticed a bottleneck in the EU tourism and in Romania as well, as an impact of the economic crisis. But since 2010, it started a recovery.(Table 1).

Table 1. International tourist arrivals in Romania and EU-28, 2005-2014

	MU	2005	2010	2014	2014/2005 %
ROMANIA	THOUSAND	1,430	1,346	1,912	133.70
EU-28	MILLION	368	384	455	125.00
SHARE OF ROMANIA	%	0.38	0.35	0.42	-

Source: Own calculations based on Eurostat Data.

Tourism intensity. As a measure of how many international tourists arrived per 100 inhabitants both in Romania and in the EU-28, tourism intensity reflected the dynamism of this economic branch. The density of foreign tourists/100 Romanians accounted for 9.58 in the year 2014 compared to 6.52 in 2005. This was due to the growth of the number of international tourist arrivals by 25 %, but also due to the decreasing trend in Romania's population by 7.71 %.

Table 2. Tourism intensity-International tourist arrivals/100 inhabitants, Romania and EU-28, 2005-2014

	2005	2010	2014
ROMANIA	6.52	6.63	9.58
EU-28	80.17	76.34	89.74

Source: Own calculations based on Eurostat Data.

In the EU, the number of international tourist arrivals per 100 inhabitants registered an increase from 80.17 arrivals in 2005 to 89.74 arrivals in 2014 (Table 2).

Tourism receipts. In Romania, the tourism receipts increased by 62.42 % from 849 Euro million in 2005 to 1,379 Euro million in 2014. In the EU-28, it was noticed a similar growth by 65.30 %, but from 66,260 Euro million in 2005 to 109,532 Euro million in 2014. The share of Romania regarding tourism receipts in the EU-28 is very small: 0.36 % in 2005 and 0.24 % in 2014, as Romania comes on the last position concerning the number of tourists and receipts among the EU member states (Table 3).

The highest receipts from international tourism were recorded by Spain (49.010 Euro Billion), France (43.34 Euro Billion), Italy (34.2 Euro Billion), Germany (31 Euro Billion) and United Kingdom (30.585 Euro Billion).

Tourism receipts/GDP(%). The share of international tourism receipts in Romania's GDP is very small: 1.06 % in 2005, 0.68 % in 2010 and 0.92 % in 2014, the lowest level in the EU.

Table 3. Tourism receipts in Romania and in the EU-28, 2005-2014 (Euro Million)

	2005	2010	2014	2014/2005 %
ROMANIA	849	860	1,379	162.42
EU-28	66,260	76,630	109,532	165.30
SHARE OF ROMANIA (%)	0.36	0.33	0.24	-

Source: Own calculations based on Eurostat Data.

In 2014, the highest receipts/GDP were recorded in Croatia (17.2%), Malta (14.4%) and Cyprus (12.3%), while the lowest receipts/GDP were registered in Romania (0.9%), Germany (1.1%), Finland (1.6%), United Kingdom (1.6%) and Netherlands (91.7%).

At the EU-28 level, the share of tourism receipts in GDP is enough small: 0.60 % in 2005 and 0.78 % in 2014 (Table 4).

Table 4. Tourism receipts/GDP in Romania and EU-28, 2005-2014 (%)

	2005	2010	2014
ROMANIA	1.06	0.68	0.92
EU-28	0.60	0.59	0.78

Source: Own calculations based on Eurostat Data.

Tourism receipts/inhabitant increased by 75.99 % in 2014, accounting for 69.13 Euro/capita, compared to 39.28 Euro/capita in 2005. In the EU-28, the tourism receipts per inhabitant increased by 50 % from 144.3 Euro/capita in 2005 to 216.06 Euro/capita in 2014.

Table 5. Tourism receipts per inhabitant in Romania and in the EU-28, 2005-2014 (Euro/capita)

	2005	2010	2014	2014/2005 %
ROMANIA	39.28	42.38	69.13	175.99
EU-28	144.30	152.99	216.06	149.73

Source: Own calculations based on Eurostat Data.

Therefore, compared to the EU-28 average, in Romania, in 2005, the receipts from international tourism were 3.67 times less while in 2014 they were 3.12 times less (Table 5).

Tourism receipts/Export ratio registered a decreasing trend in Romania compared to the EU-28 where it recorded an increase. In

Romania, the decline of the share of tourism receipts in the export value from 3.81 % in 2005 to 2.62 % in 2014 is explained by the high growth of export in 2014 compared to 2005 (+135.87%), while the growth of tourism receipts was smaller (+62.42%).

At the EU-28 level, the growth of tourism receipts in the export value increased from 1.69 % in 2005 to 2.36 % in 2014. This results was due to the +65.30 % growth of tourism receipts compared to +18.38 % in export value (Table 6).

Table 6. Tourism receipts/Export value, Romania and EU-28, 2005-2014 (%)

	2005	2010	2014
ROMANIA	3.81	2.30	2.62
EU-28	1.69	1.96	2.36

Source: Own calculations based on Eurostat Data.

Tourism receipts/Import ratio. The share of tourism receipts in the import value registered a decreasing trend from 3.90 % in 2005 to 2.35 % in 2014, because import value increased by +168.99%, while tourism receipts increased by +62.42 %.

In case of the EU-28 average, it was recorded a growth from 1.63 % in 2005 to 2.41 % in 2007, explained by the slight increase of the EU import value (+11.88%) compared to the high increase in tourism receipts (+65.30%)(Table 7).

Table 7. Tourism receipts/Import value, Romania and EU-28, 2005-2014 (%)

	2005	2010	2014
ROMANIA	3.90	1.83	2.35
EU-28	1.63	1.90	2.41

Source: Own calculations based on Eurostat Data.

Tourism receipts/International tourist increased by about 33.75 % both in Romania and at the EU-28 level in the period 2005-2014.

At the EU-28 level, the average receipt/tourist recorded an increase from 180 Euro/tourist in 2005 to 240.72 Euro/tourist in 2014 with large variations from a country to another.

In Romania, the receipt/tourist increased from 539.7 Euro/tourist to 721.23 Euro/tourist (Table 8).

Table 8. Receipts per tourist from international tourism, Romania and the EU-28, 2005-2014 (Euro/tourist)

	2005	2010	2014	2014/2005 %
ROMANIA	539.7	638.9	721.2	133.88
EU-28	180.0	199.55	240.72	133.73

Source: Own calculations based on Eurostat Data.

Tourism expenditures increased in Romania by 144.31 5 from 747 Euro million in 2005 to 1,825 Euro million in 2014, while at the EU-28 level, it increased by 17.30 % from 83,572 Euro million in 2005 to 98,038 Euro million in 2014.

As a consequence, the share of Romania's expenditures in tourism in the EU-28 tourism expenditures is very small, ranging between 0.89 % in 2005 to 1.86 % in 2014 (Table 9).

Table 9. Tourism expenditures in Romania and the EU-28, 2005-2014 (Euro Million)

	2005	2010	2014	2014/2005 %
ROMANIA	747	1,238	1,825	244.31
EU-28	83,572	88,748	98,038	117.30
SHARE OF ROMANIA (%)	0.89	1.39	1.86	-

Source: Own calculations based on Eurostat Data. [11]

In 2014, the highest travel expenditures were recorded by Germany (70.2 Euro Billion), United Kingdom (47.7 Euro Billion) and France (36.6 Euro Billion).

Tourism expenditures/GDP ratio has a small value both in Romania and at the EU level. However, it recorded a slight increase from 0.92 % in 2005 to 1.21 5 in 2014 in Romania.

Table 10. The share of tourism expenditures in GDP, Romania and EU-28, 2005-2014 (%)

	2005	2010	2014
ROMANIA	0.93	0.97	1.21
EU-28	0.75	0.69	0.70

Source: Own calculations based on Eurostat Data.

At the EU-28 level, it registered a small decline from 0.75 % in 2005 to 0.70 % in 2014 (Table 10).

In 2014, the highest tourism expenditure/GDP was recorded in Luxembourg (6%), Cyprus (5.4%) and Estonia (4.4.%), while the lowest

level was registered in Greece (1.2 %), Romania (1.21 %), Spain (1.3 %) and Italy (1.3%).

Net Receipts from tourism in Payment Balance. The economic importance of international tourism can be measured by looking at the ratio of international travel receipts relative to GDP; these data are from balance of payments statistics and include business travel, as well as travel for pleasure. [2]

Making the difference between tourism receipts and expenditures, it was found the net receipts in tourism payment balance. In case of Romania, in 2005, it was recorded a surplus of +102 Euro million, while in 2014 it was recorded a deficit of -446 Euro million. In case of the EU-28, in 2005 and 2010, it was registered a deficit, while in 2014, it was recorded a surplus +11,494 Euro million (Table 11).

Table 11. Net Receipts from tourism in Payment Balance, Romania and EU-28, 2005-2014 (Euro Million)

	2005	2010	2014
ROMANIA	+102	-378	-446
EU-28	-17,312	-12,118	+11,494

Source: Own calculations based on Eurostat Data.

In 2014, the highest net receipts were recorded in Spain (+35.4 Euro Billion), Italy (+12.5 Euro Billion), Greece (+11.3 Euro Billion). The highest deficit was registered by Germany (-37.6 Euro Billion), United Kingdom (-12.5 Euro Billion) and Belgium (-7.3 Euro Billion).

Expenditures per trip and overnight stay. In 2014, the number of trips accounted for 1,182 million in the EU-28 and 17.3 million in Romania, representing 1.46 % of the EU level.

The expenditures per trip were 83 Euro in 2014, by 77 % less than in 2005. In Romania, the expenditure/trip remained constant at about 105 Euro/trip.

The number of overnight stays declined by 72.4 % in Romania from 73.1 Euro million in 2013 to 20.2 million in 2014. In the EU-28, the number of overnight stays declined by 57 % from 6,206 million in 2013 to 2,684 million in 2014.

As a result, the expenditure/night increased in Romania from 26 Euro/night in 2013 to 90 Euro in 2014, while the average EU-28 level declined from 67 Euro in 2013 to 37 Euro/night in 2014 (Table 12).

Table 12. Expenditures per trip and overnight stay in Romania and EU-28 in 2013 and 2014

	MU	2013		2014	
		ROMANIA	EU-28	ROMANIA	EU-28
EXPENDITURES	EURO MILLION	1,868	415,748	1,825	98,038
ALL TRIPS	THOUSAND	17,682	1,177,349	17,387	1,182,025
EXPENDITURES/TRIP	EURO/TRIP	106	353	105	83
OVERNIGHT STAYS	MILLION	73.1	6,206	20.2	2,684
EXPENDITURES/NIGHT	EURO/NIGHT	26	67	90	37

Source: Own calculations based on the data provided by Eurostat. [10]

These variations were determined by the number of domestic and outbound trips and also by expenditures.

In 2013, in the EU-28, the average expenditure per trip was Euro 353, but per domestic trip it accounted for Euro 211, while for outbound trip it was Euro 785.

The lowest expenditure per trip is in Romania: Euro 106/trip (Euro 91 per domestic trip and Euro 369 per outbound trip), while the highest expenditure/trip is in Belgium, Euro 855/trip, (Euro 318 per domestic trip and Euro 988 Euro per outbound trip).

About 77 % of all tourism expenditures are spent for trips to a destination inside the EU. In 2013, the intra-EU tourism accounted for 94 % of all tourism trips (75 % being domestic trips and 19 % trips to another EU

country).

Of the total tourism expenditures, domestic trips accounted for 45 %, outside destinations accounted for 23 % and all the EU destinations for 77 %. [11]

Tourism and Travel Competitiveness Index (TTCI) is used as a measure of the factors and policies which support the development of the T&T sector in each country and is a term of reference for comparisons among various countries. The TTCI is based on three subindexes as follows: (i) the T&T regulatory framework subindex, (ii) the T&T business environment and infrastructure subindex, and (iii) the T&T human, cultural and natural resources subindex [13].

The TTC Index and Rank for Romania in the period 2007-2015 is presented in Table 13.

Table 13. Travel and Tourism Competitiveness Index and Rank for Romania, 2007-2015

YEAR	OVERALL		BY COMPONENTS					
	RANK	TTCI VALUE	T&T REGULATORY FRAMEWORK		T&T BUSINESS ENVIRONMENT AND INFRASTRUCTURE		T&T HUMAN, CULTURAL AND NATURAL RESOURCES	
			RANK	INDEX	RANK	INDEX	RANK	INDEX
2007	76	3.91	87	3.86	74	3.20	71	4.68
2009	66	4.04	61	4.68	64	3.61	77	3.83
2011	63	4.17	51	4.85	66	3.80	66	3.84
2013	68	4.04	66	4.61	68	3.67	73	3.85
2015	66	3.78	35	4.37	65	5.42	66	2.38

Source: The Travel & Tourism Competitiveness Report 2009, 2011, 2013, 2015 [13, 14, 15, 16]

Romania came on the 76th position for overall rank in the year 2007 and the TTCI value was 3.91. In 2014, Romania came on the 66th rank and had a TTCI of 3.78.

For the three subindexes, Romania's rank is different from a subindex to another and from

a year to another.

CONCLUSIONS

In the analyzed period Romania's tourism registered a significant development in terms

of number of tourists (+33%), number of foreign tourists (+ 25 %), number of tourists per inhabitant (+ 46.93 %), tourism receipts (+62%).

Tourism contribution to GDP which is just 0.9 %, very low compared to other EU countries, Romania's tourism contribution to EU-28 receipts is very small, just 0.24% and in a decreasing trend, the share of tourism receipts in export value is just 2.64 % and in a declining trend.

However, tourism receipts per international visitor increased by 33.88% not only because the increased number of foreign tourists, but also due to the high tariff per tourism services and high VAT practiced in Romania.

Tourism expenditures increased 2.44 times which is a positive aspect, but its share in the EU-28 average expenditure is very small, just 1.86 % in 2014. But, the expenditures per GDP recorded a slight growth.

Romania registered a deficit of - 446 Euro million in Tourism Payment Balance, and the TTC Index value was just 3.78 in 2015, placing Romania on the 66th rank.

As a final conclusion, despite its high potential for tourism, Romania is not yet able to develop an efficient tourism. Tourism competitiveness must grow in order to enhance the size of its services exports to various markets and support the growth of economic efficiency in this economic branch.

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