

THE IMPACT OF COVID ON TOURISM AT THE EUROPEAN UNION LEVEL AS AN ELEMENT OF FINANCIAL RISK

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Abstract

Tourism holds significant importance due to its multifaceted nature, encompassing economic, social, cultural, educational, and political dimensions. It plays a vital role in supporting and boosting a country's economy, motivating those who have been traveling for a long time and are doing it more frequently. Globally, the COVID-19 pandemic's quick and widespread spread has had a big impact, particularly on the travel and tourist industry. People's ability to travel plays a crucial role in the growth of this industry, which is why the strict measures implemented by authorities to curb the virus greatly hindered tourism's progress. This article aimed to explore the impact of the COVID-19 global pandemic on the tourism industry, highlighting the importance and sensitivity of crisis situations in this sector. The research methodology involved analyzing internal and international databases, calculating, analyzing, and interpreting statistical indicators regarding tourism flow. The findings of this study indicate that, by 2023, tourism demand had reached nearly 96% of the levels observed in 2021-2022. This demonstrates a remarkable recovery for the EU overall, with certain countries, such as Belgium, Germany, France, Italy, and Ireland, even surpassing their pre-pandemic levels.

Key words: Covid-19 pandemic, tourism, tourist arrivals, overnight stays, accommodation occupancy rate, EU

INTRODUCTION

Tourism plays an important role in the economy by generating income, creating jobs, stimulating investment in infrastructure and promoting regional development, thus contributing to economic growth and diversification of a country's income sources [7].

The COVID-19 pandemic has had a significant impact on the tourism industry, at the global level and especially in the EU countries as the industry was closely tied to people's ability to travel [2, 6, 9, 11]. For this reason, the restrictions imposed by authorities to stop the spread of the virus severely hindered the tourism industry.

In 2020, the United Nations World Tourism Organization reported widespread travel restrictions in most destinations worldwide. Affected by this, the tourism industry suffered more than other industries.

In December 2019, the first cases (41 infected individuals) of a previously unknown respiratory illness appeared in the Wuhan

region of China [5], particularly at a market known for trading live animals.

The recently discovered coronavirus was officially named SARS-CoV-2, and the resulting disease is called COVID-19. The acronym "COVID" stands for "Coronavirus Disease," while "19" represents the year it was identified [12]. Hubei Province, where approximately 80% of confirmed cases were reported, continues to serve as the epicenter of this outbreak. It is noteworthy that the global tourism industry has faced widespread crises in the past. The September 11 terrorist attacks (2001), the Severe Acute Respiratory Syndrome (SARS) outbreak (2003), the global economic crisis of 2008/2009, and the Middle East Respiratory Syndrome (MERS) were among the main disruptive events that occurred between 2000 and 2015. This demonstrates how adaptable the tourist industry is to outside shocks, but there is strong indication that the COVID-19 pandemic will have an extraordinary impact and recovery [10]. The COVID-19 epidemic

substantially impacted the amount of travelers worldwide and had a major impact on how the international tourism business evolved. The global outbreak of the 2019 pandemic led to substantial transformations within the industry.

Travel restrictions and measures were implemented by governments worldwide in response to international tourism [8]. The enforcement of social distancing measures led to the temporary closure of popular tourist sites and a significant decrease in the number of tourists.

Restrictions put in place to stop the infection's spread are already having a significant negative impact on tourist areas whose economies rely significantly on tourism. For instance, the drop in tourism cost Egypt \$50 billion in just six months.

In this regard, the paper's goal is to investigate how the COVID-19 worldwide epidemic has affected traveler arrivals, revenues, accommodation units and their occupancy rate highlighting the importance and sensitivity of crisis situations in this economic sector.

MATERIALS AND METHODS

The research methodology was focused on the indicators characterizing the pandemic's impact on international tourism.

These included tourist arrivals and overnight stays in accommodation establishments.

Additionally, the number of accommodation units and their occupancy rates were also considered. Spending per trip was also emphasized reflecting the changes in tourist options for the duration of stay.

To observe the effects of the pandemic, empirical data from the World Tourism Organization (UNWTO) and Eurostat data base on Tourism were used.

The analysis of the tourism sector is segmented into two distinct time intervals: the pre-COVID period (2021-2022) and the post-COVID period (2023). Comparison method allow to quantify the differences among various EU members states.

Ultimately, this allows for observing the pandemic's consequences and the influence of potential crises on the global tourism industry.

Following a visual representation of the researched indicators' level, a comparison between the pre-Covid and post-Covid pandemic was made.

RESULTS AND DISCUSSIONS

The case study made it possible to provide a thorough examination of how travel agencies handled the extraordinary circumstances of the COVID-19 epidemic on a global scale.

Table 1. Global COVID-19 Case Situation

The number of COVID-19 cases recorded in the 28 days leading up to October 6, 2024
increased by 322,343 + 63,728 over the previous 28 days
COVID-19-Related Deaths Reported
4,591 - 1,295 less over the previous 28 days
13.64 billion COVID-19 vaccine doses were administered in total
Total Doses of the COVID-19 Vaccine Given

Source: own processing [13].

Number of arrivals in accommodation establishments in the pre and post-pandemic years

The number of arrivals at lodging facilities in different nations prior to the COVID-19 pandemic's start is clearly seen in Figure 1. A general upward trend can be seen when comparing statistics from 2021 and 2022, with an increase in arrivals at the majority of the EU destinations listed. Among these, Germany and France, the most prominent on the chart, confirm their status as leaders in European tourism, both countries recording impressive visitor numbers. Germany and Italy also demonstrate their attractiveness, with a strong tourist presence and a significant number of arrivals.

On the other hand, countries like Luxembourg and Malta maintain a lower profile, with relatively stable figures between the compared years, suggesting a steady but less intense tourist flow. Overall, the chart reflects a flourishing tourism industry in pre-pandemic Europe, with high hopes and expectations for the future of tourism during those times.

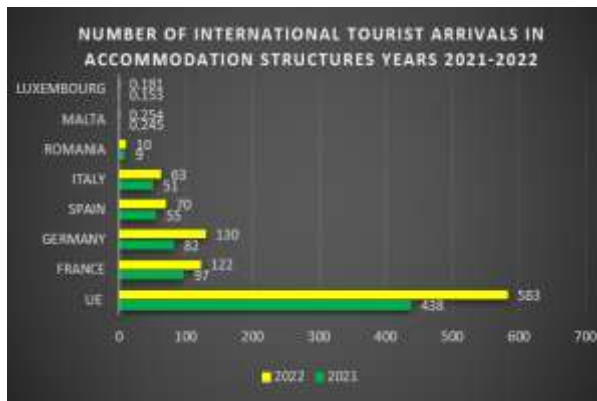


Fig. 1. Change in the Number of Foreign Visitors to Tourist Accommodations in the EU and a Few Selected Countries in 2022 Compared to 2021 (million)
 Source: own processing [4].

Figure 2 presents arrivals in tourist accommodation establishments by country in the post-pandemic period, with data for the year 2023. Examining the profound impact of the pandemic in the past, the well-known worldwide travel restrictions and, as a result, the closing of borders are reflected in the sharp decline in arrivals in all represented nations.

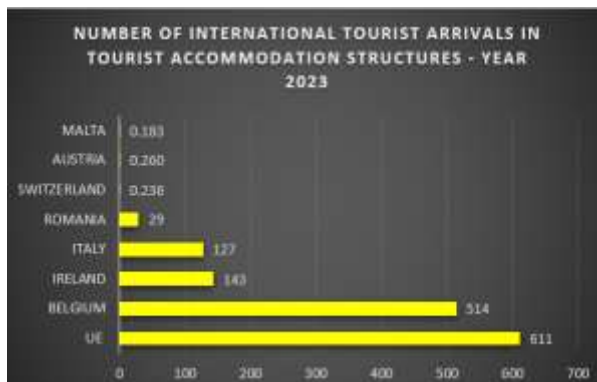


Fig. 2. Changes in the quantity of foreign visitors staying at lodging facilities (million)
 Source: own processing [4].

The year 2023 indicates a recovery in the tourism industry, with a noticeable increase in arrivals compared to the previous year. Similar changes were noticed in other EU countries like Bulgaria and Romania [1, 3, 14]. This upward trend is expected to continue into the next year, 2024, although no data is currently available to analyze this further. This is an encouraging sign that tourism is beginning to stabilize and recover from the shock of the pandemic.

As observed, the EU recorded a total of 611 million international tourist arrivals, with the highest numbers recorded in countries like Belgium, with 514 million international tourist arrivals, and Ireland, with 143 million international tourist arrivals. In contrast, the lowest figures were registered in Malta, with 1.83 million international tourist arrivals, and Switzerland, with 2.36 million international tourist arrivals.

Spending per trip in the pre and post-pandemic years

Comparatively, Figure 3 illustrates the average spending per trip in various countries for the years 2021 and 2022, providing insight into tourist expenditures prior to the impact of the COVID-19 pandemic.

In 2022, almost all countries show an increase in spending per trip compared to the previous year. Luxembourg stands out with the highest spending per trip in both years, closely followed by Austria and Norway. At the other end of the spectrum, Turkey and Albania have the lowest spending per trip. The general increase in 2022 suggests a positive trend in the European tourism industry pre-pandemic.

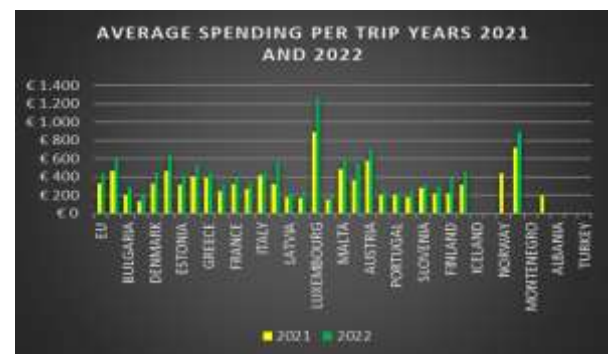


Fig. 3. Pre-Pandemic Average Spending per Trip in 2021 and 2022 (Euro per trip)
 Source: own processing [4].

For the post-pandemic period, which includes 2023, Figure 4 displays the progression of the average expenditure per trip in the same nations as shown in the pre-pandemic picture. Reflecting the direct impact of the COVID-19 pandemic, a continuous increase in spending is observed in 2023, with clear signs of recovery.

Luxembourg again stands out with considerable amounts spent per trip, suggesting that the tourism industry is

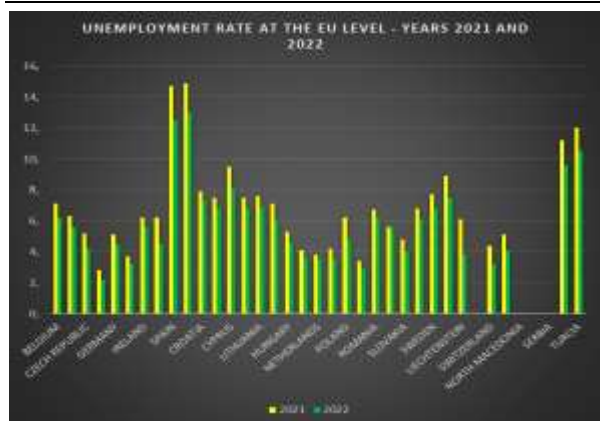


Fig. 7. Unemployment Rate Level Before the Pandemic in 2021 and 2022 (%)
 Source: own processing [4].

Spain shows the highest unemployment rates during this period, with a slight downward trend from year to year, while countries such as Germany and Switzerland exhibit relatively low and stable unemployment values.

Thus, the graph indicates economic and social variations among these countries before the global economic impact of the pandemic.

In Figure 8, the unemployment rates for the year 2023 are presented. A general recovery of the post-pandemic labor market can be observed, with unemployment rates decreasing in most countries as economies adapt and begin the recovery process after the initial shock of the pandemic.

For example, countries that had a high unemployment rate during the pre-pandemic period, such as Greece and Spain, appear to be experiencing a decline in this post-pandemic period, signaling a possible recovery of jobs.

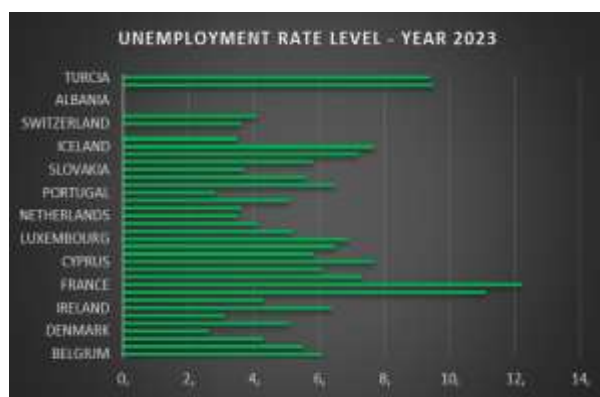


Fig. 8. Unemployment Rate Level Post-Pandemic in 2023 (%)
 Source: own processing [4].

This graph indicates the adaptability and resilience of European labor markets in the face of an unprecedented global crisis.

Number of overnight stays in the pre and post pandemic years at the EU Level

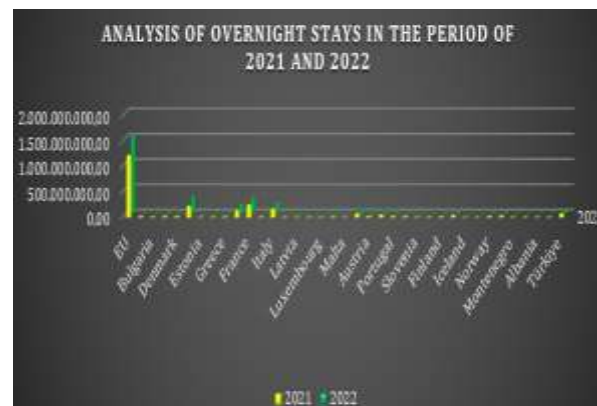


Fig. 9. Analysis of the Number of Overnight Stays in the years 2021 and 2022
 Source: own processing [4].

Figure 9 compares the total number of nights spent by tourists in various European countries during the years 2021 and 2022.

It is clear that France, Germany, and Italy are the most popular destinations, with a significantly higher number of nights spent by tourists compared to other countries, especially in 2022. Italy also stands out with a large figure, underscoring the status of these countries as some of the main European tourist destinations. In contrast, countries like Liechtenstein and North Macedonia show a much lower number of nights spent, reflecting a more modest tourist flow. The data indicate a vibrant tourism industry in these countries during the pre-pandemic period, with Germany, France, and Italy clearly leading in tourist preferences.

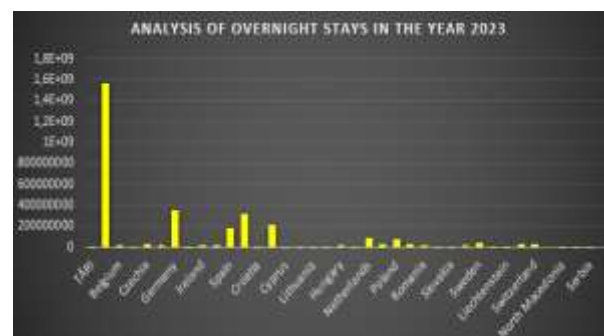


Fig. 10. Evolution of the Number of Overnight Stays in 2023 (million)
 Source: own processing [4].

Figure 10 shows the number of nights spent by tourists in different European countries for the year 2023.

The year 2023 continues this upward trend, suggesting an even stronger recovery of the tourism industry. Despite the recovery, the number of nights spent has not yet returned to pre-pandemic levels, which may indicate ongoing caution in travel behavior or lasting changes in the tourism industry. However, it is important to also note the significant differences between countries.

Net occupancy rate index in the pre and post pandemic years

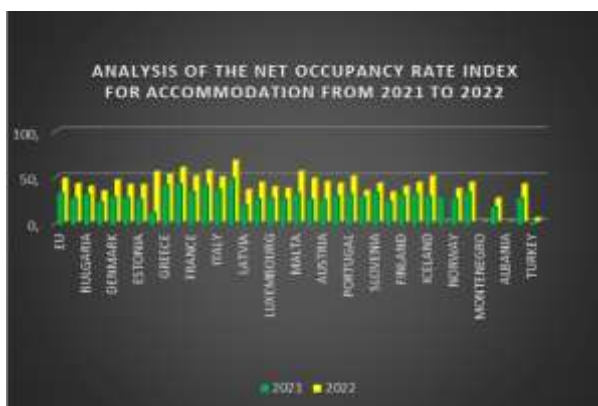


Fig. 11. Analysis of the Net Occupancy Rate Index for Accommodation from 2021 to 2022
 Source: own processing [4].

Analysing the graph of the net occupancy rate index for accommodation between 2021 and 2022, a significant increase can be observed in most countries after the pandemic, especially in Greece and Spain, where the 2022 values far exceed those from 2021. Furthermore, countries like France and Italy showed a strong recovery, reflecting a swift rebound in tourism. However, some countries, such as Latvia and Lithuania, demonstrate a more modest increase, suggesting a slower recovery in these regions.

Figure 12 illustrates the net occupancy rate index for accommodation in 2023 which shows varied levels of recovery among European countries. Notably, Greece reached an occupancy rate of around 55%, indicating significant recovery compared to earlier years. Similarly, France also performed well, with a rate of around 50%. On the other hand, countries like Latvia and Albania showed lower occupancy rates, approximately 34%

and 27% respectively, indicating that the recovery has been uneven across different regions. The EU average reached around 49%, suggesting an overall positive trend with certain countries performing above or below the average.

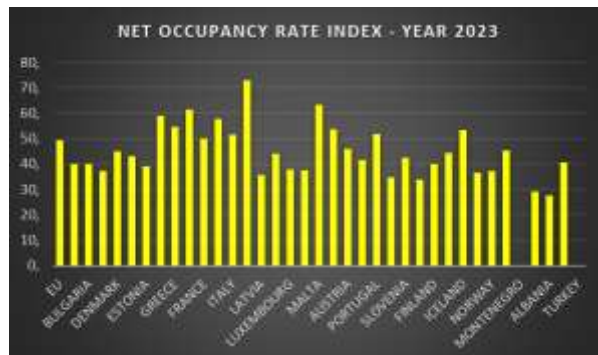


Fig. 12. Net Occupancy Rate Index in the year 2023
 Source: own processing [4].

CONCLUSIONS

The COVID-19 pandemic had a profound and unprecedented impact on the tourism industry, causing dramatic declines in tourist activities globally due to severe travel restrictions and imposed health measures.

However, in the post-pandemic period, the sector has demonstrated a remarkable capacity for recovery, with international arrivals and tourism spending nearly reaching pre-pandemic levels in many regions.

By 2023, tourism demand had returned to almost 96% of the levels observed in 2021-2022, with a remarkable recovery in the EU, where some countries even recorded increases compared to the pre-pandemic period.

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