

## EFFECTS OF TOURISM ON THE ROMANIAN ECONOMY

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### *Abstract*

*Over the past six decades, tourism has experienced continued growth and diversification to become one of the largest and fastest growing economic sectors in the world. Over time, more and more destinations have opened up and invested in tourism development, turning modern tourism into a key driver for socioeconomic progress. According to the European Union's Statistic Office, the global economic crisis has affected the tourism in Romania. The purpose of this research is to evaluate the economic impact of tourism in the case of Romania, focusing on the effects of Travel & Tourism on the economic impact with the next key factors: Gross domestic product, direct and total contribution; employment, direct and total contribution; by visitor exports and investment, for the year 2012, with estimates and forecast for the years 2013 till 2023.*

**Key words:** *employment, GDP, Travel & Tourism, visitor export*

### INTRODUCTION

Romania has a real touristic potential to practice all forms of tourism existing in the world, at this time. Thanks to, first, his relief well diversified and the climatic conditions, many forms of expression can become real tourist travel brands in Romania. It remains only to improve other factors like: economic, ethnic, socio-political, which have a direct impact on the human condition.

In the monumental work "Encyclopedia of Romania", published in 4 volumes in Bucharest, in 1943, by the National Printing Office in Volume 4, Chapter "Tourism in Romania", Valeriu Puscariu considera grazing and carriage (*păstoritul* and *cărăușia*) "are ancient forms of Romanian tourism"(p. 195).

In a famous work, "The Shorter Oxford English, Dictionary" published in 1950, tourism is defined as "...theory and practice of field trips, the trip being for pleasure" and the tourist as "... the one who makes one or more tours, especially the one who does this for recreation; the one who travels for pleasure or for cultural purposes, visiting different interesting places for their objectives, landscape or others alike."

With her natural resources it holds, biodiversity of flora and fauna unique in Europe, Romania is among the countries with the most diversified tourism products. It is still a largely agricultural country, with a generous rural area, offering wonderful scenery and opportunities for rural tourism development.

In Romania there is a third of Europe's natural springs and 117 localities that have natural therapeutic factors, the most important being water and mud. Cultural heritage is remembered that our country is held, with 30 monuments included in the UNESCO World Heritage list, including wooden churches of Maramures, painted churches of Moldavia and dacian fortresses from Orăștie Mountains. Also in cultural heritage are recorded over 6,600 nationally important monuments and 670 museums. Are just some of the attractions of Romania, which may play an important role in the Romanian economy by attracting foreign tourists (Figure 1).

Travel & Tourism can be a catalyst for improving livelihoods throughout the country and has been identified as a hub in the National Development Plan for the period 2007-2013.

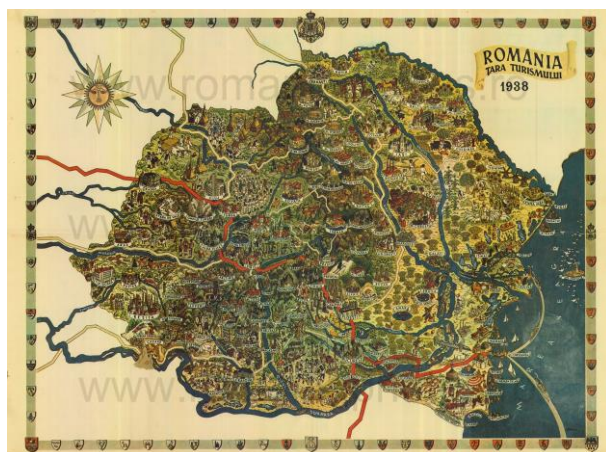


Figure 1. Romanian tourism map in 1938

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This recognition of the potential contribution of the tourism industry, is a step in the right direction, although there is still a lack of awareness of Travel & Tourism's (T&T) economic value and potential of travel and tourism segment among all levels (government and population).

## MATERIALS AND METHODS

To measure the economic effects of tourism, on the Romanian economy, we used the World Travel & Tourism Council (WTTC) key factors: direct contribution to GDP, direct contribution to employment, total contribution to GDP, total contribution to employment, visitor exports and investment, for the year 2012 and forecast for 2013 and a long term forecast for the next ten years also, 2013-2023.

## RESULTS AND DISCUSSIONS

Today, tourism is one of the largest industries in the world. The question is: why so many developed and less developed countries make huge efforts to develop tourism and why so many regions and cities struggle to provide facilities to attract visitors from home and abroad?

The answer is very simple, since tourism has a great potential to bring prosperity and wealth, creating a high added value.

For many developing countries tourism is one of the main sources of foreign exchange income and the number one export category, creating much needed employment and opportunities for development.

Travel & Tourism has an inherent capacity to diversify the Romanian economy, stimulating entrepreneurship, especially SME's, to catalyze investment, creating large numbers of sustainable jobs and by helping social development in the local communities.

In general, both sectors, government and private, are opened to tourism development.

Researchers and academics on the one hand, but also the tourism operators support the idea that tourism is a tool for economic growth.

According to the Statistic Office of European Union, the global economic crisis affected Romania as well, which doesn't have a stable market economy, the economy is based on consumption and credits.

The direct contribution of Travel & Tourism to GDP was 9 billion RON corresponding to 1.5% of total GDP for the year 2012.

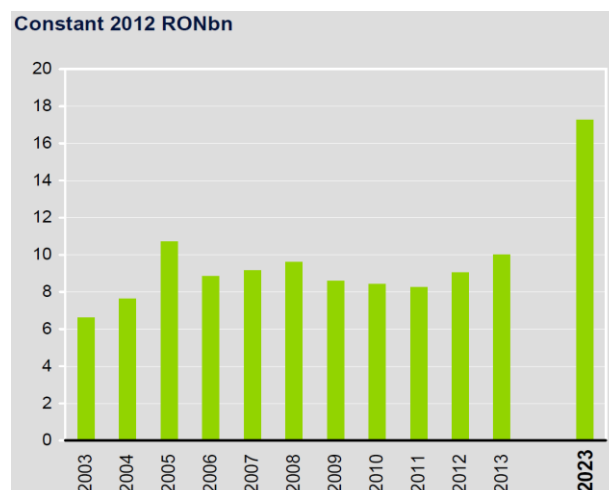


Figure 3. Country rankings: Absolute contribution, 2012, Travel & Tourism Total Contribution to GDP

Direct contribution to GDP = GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists.

It is forecast to rise by 10.6% in 2013, and to rise more, by 5.6% every year, from 2013 to 2023, reaching 17.3 billion RON in 2012, in constant 2012 prices (Figure 2).

In the year 2012, the total contribution on T&T to GDP was 30.5 billion RON (5.1% of GDP), ranking Romania on the position 62 out of a total of 184 countries worldwide, with 8.8 USD billion dollars, in absolute contribution (Figure 3).

Travel & Tourism's Total Contribution to GDP	2012 (US\$bn)
5 Italy	206.9
<b>World Average</b>	<b>52.3</b>
21 Austria	50.8
27 Greece	38.9
49 Czech Republic	17.1
53 Hungary	13.8
54 Croatia	13.8
<b>62 Romania</b>	<b>8.8</b>
66 Bulgaria	6.9
73 Slovakia	5.4
99 Albania	2.7

Figure 3. Country rankings: Absolute contribution, 2012, Travel & Tourism Total Contribution to GDP

Total contribution to GDP = GDP generated directly by the Travel&Tourism industry plus its indirect and induced impacts.

Related to relative contribution, the total contribution of T&T to GDP placed Romania, with 5.1% of GDP on the position 155. The Country rankings: real growth for 2013, placed Romania on the position 76, with 4.3% growth and the forecast is to rise by 5.8% pa to 56.1 billion RON in 2023, moving Romania on the position 30 (Figure 4).

T&T directly supported in 2012, 193.000 jobs, representing 2.3% of total employment. It is expecting to rise by 7.3% for 2013 and by 0.7% every year to 223.000 jobs (2.8% of total employment) in 2023 (Figure 5).

In 2012, the total contribution of T&T to employment, including jobs indirectly supported by the industry reached 479.000 jobs of total employment (5.7%). The forecast is to rise by 3.1% in 2013 (494.000 jobs) and to rise by 1.1% pa, reaching 551.000 jobs in 2023, representing 6.8% of total employment.

Travel & Tourism's Total Contribution to GDP	2013 - 2023 % growth pa
26 Croatia	5.9
<b>30 Romania</b>	<b>5.8</b>
47 Albania	5.3
<b>World Average</b>	<b>4.2</b>
139 Greece	3.3
141 Slovakia	3.3
160 Austria	2.6
161 Hungary	2.6
171 Italy	2.0
172 Bulgaria	1.9
176 Czech Republic	1.7

Figure 4. Country rankings: Long term growth, 2013-2023

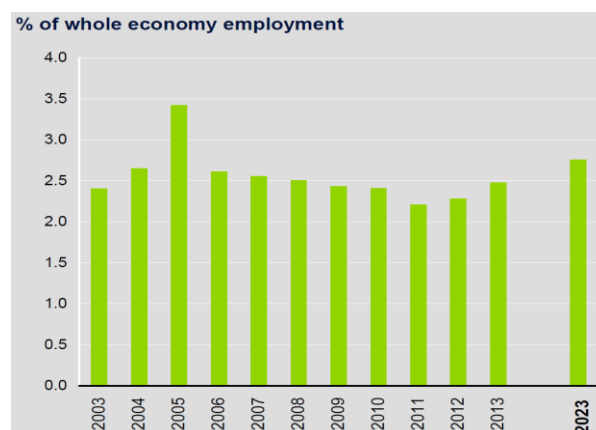


Figure 5. Romania: Direct contribution of Travel&Tourism to employment

Total contribution to employment = numbers of jobs generated directly in the Travel&Tourism industry plus its indirect and induced contributions (Figure 6).

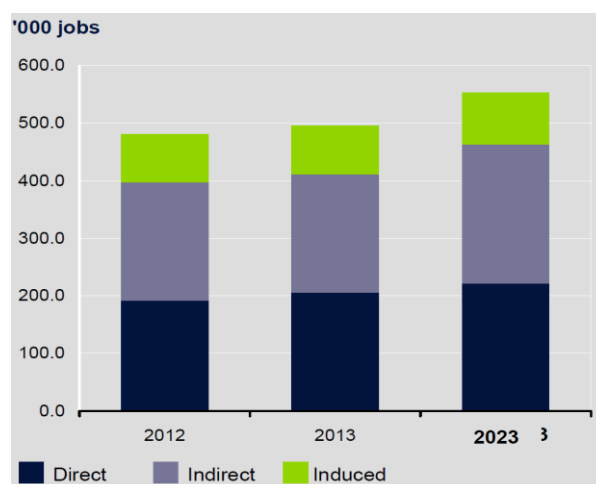


Figure 6. Romania: Total contribution of Travel&Tourism to employment

Visitor exports generated 7.4 billion RON (3.1% of total exports) in 2012. It is expected to rise by 13.2% in 2013 and grow by 6% every year, from 2013 to 2023, to 15.1 billion RON (Figure 7).



Figure 7. Romania: Visitor exports and international tourist arrivals

Travel & Tourism investment in 2012 was 12.8 billion RON (7.4% of total investment). The forecast for 2013 is negative. It should fall by 0.2% in 2013 and will rise by 6.8% pa to 24.5 billion RON in 2023 (7.7% of total).

## CONCLUSIONS

The global tourism industry is in growing but, at a different rate, for a certain period of time and, generates economic growth of countries in which it is developed.

For Romania tourism remains the economic sector that has most valuable potential for development but, unfortunately, still untapped enough, always remaining a source of attraction for investors as well as foreign tourists.

Also, a huge advantage of Romania is the natural and cultural potential of great diversity and harmoniously distributed in the territory, which also allows the practice of all forms of tourism.

Looking forward in, in future, the forecast is more than positive, we hope that Romanian tourism will start developing and reach the a better position in 2023 (same as the forecast)

on world ranking: GDP, employment, visitor exports and investment.

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