

TOURISM PHENOMENON IN THE POST-CRISIS ECONOMY

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Abstract

Tourism is an important economic activity in most countries around the world. Tourism industry is recognized as a sector which support and sustain economic growth. For many developing countries, and not only, 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. Viewed as an export industry of three G's: get them in, get their money, and get them out, tourism has assisted many developing countries to move away from a dependency on agriculture and manufacturing. In 2012, the total impact of the tourism industry contributed with 9% of global GDP, having a value of over 6.6 trillion US dollars and 260 million jobs. Over the time, various methods and instrument were developed with the aim of measuring tourism contribution to economic growth of a country, namely input-output analysis, computable general equilibrium, tourism satellite account, econometric models, survey techniques and so on. For each of this instrument an important amount of data are necessary in order to comprise the economic growth induced by tourism.

Key words: *economy, employment, GDP, impact, Travel & Tourism*

INTRODUCTION

After four years from the eruption of the global financial crisis, the world economy is still struggling to recover. During 2012, global economic growth has weakened further.

Even so, more significantly, tourism has emerged as a distinct and well-defined national economy for many countries. As a nice activity to spend the leisure time, has established itself as a service activity in various areas adjacent to it. Characterized by mobility and adaptation to the demands of both, the demand and the supply, is, from this point of view, the most dynamic sector and, in addition, the most important generator of jobs, acting as a stimulating global economic system, engaging and stimulating production of other areas.

Tourism is an attractive tool for economic development, specifically in the developing world.

Viewed as an export industry of three G's: "get them in, get their money, and get them out", tourism has assisted many developing countries to move away from a dependency on agriculture and manufacturing (Tooman, 1997).

MATERIALS AND METHODS

The article analyzes the tourism industry in the post crisis-economy after macroeconomics indicators: GDP (direct and total contribution), employment (direct and total contribution), visitor exports and investment for the year 2012.

RESULTS AND DISCUSSIONS

The Travel & Tourism industry has outperformed the global economy in 2012 – growing faster than manufacturing, retail, financial services and communications.

The international tourist arrivals (overnight visitors) grew up significantly in the last 60 years.

In the 1950's, 25 million tourists travelled internationally. Starting from 1960's, the number of tourists started to grow significantly reaching 69 million tourists travelling internationally, 165 million tourists in 1970's, 278 million tourists in 1980's, 440 million tourists in 1990's. The year 2000 has ended with 678 million tourists travelled internationally. International tourist arrivals grew by 4% in 2012 surpassing a record 1 billion tourists globally for the first time in history. Asia and the Pacific saw the highest growth of all regions with 7% more international tourists. With an additional 39 million tourists, international arrivals reached 1.035 billion, up from 996 million in 2011 (Figure 1). Strongest month was March (+6%) and weakest month was July (+1%). In the same year, around five billion tourists of seven billion from world total population, traveled domestically within their own countries.

Demand held well throughout the year, with a stronger than expected fourth quarter.

Despite ongoing economic challenges, the growth of international arrivals worldwide is expected to continue in 2013 at a similar to slightly slower pace (+3% to +4%) and in line with UNWTO's long-term outlook Tourism Towards 2030, which projects an average growth of 3.8% per year between 2010 and 2020.

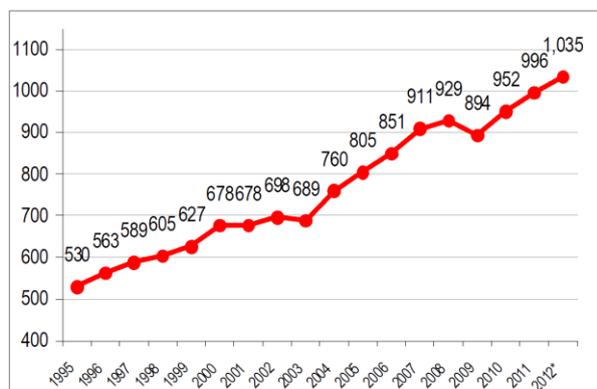


Fig. 1. World: Inbound Tourism International Tourist Arrivals (million)

The year 2012 demonstrated again the resilience of the Travel & Tourism industry in the face of continued economic turmoil, as economic growth slowed and was even negative in key global markets.

The direct contribution in 2012 of Travel & Tourism to GDP was 2,056 billion USD which represents 2.9% of total GDP. The forecast is to rise by 3.1% in 2013, and to rise by 4.4% every year, during the period of 2013-2023, reaching 3.249 billion USD in 2023 (in constant 2012 prices).

This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists (Figure 2).

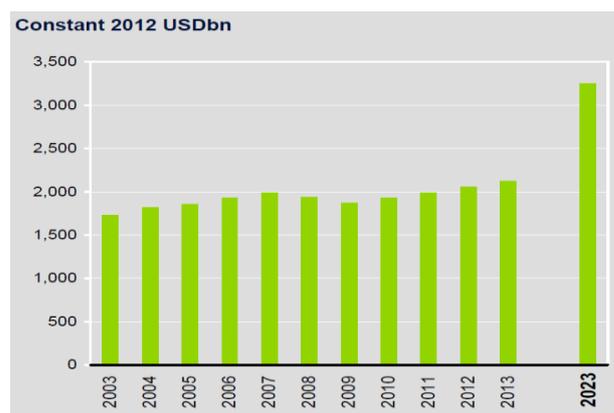


Fig. 2. World: Direct contribution of Travel & Tourism to GDP

The total contribution of T&T to GDP was 6,630 billion USD representing 9.3% of GDP in 2012. The forecast is to rise by 3.2% in 2013, and every year with 4.4% till 2023, to 10,507.1 billion USD.

The total contribution of Travel & Tourism includes its 'wider impacts' (the indirect and induced impacts) on the economy.

The 'indirect' contribution includes the GDP and jobs supported by:

- T&T investment spending (eg: purchased of new aircraft, construction of new hotel)
- Government "collective" spending (eg: tourism marketing and promotion, administration, security services, resort area security services, etc.)

-Domestic purchased of goods and services by the sectors dealing directly with tourists (eg: purchased of food and cleaning services by hotels, of fuels and catering services by airlines, IT services by travel agents). The 'induced' contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel & Tourism industry (Figure 3).

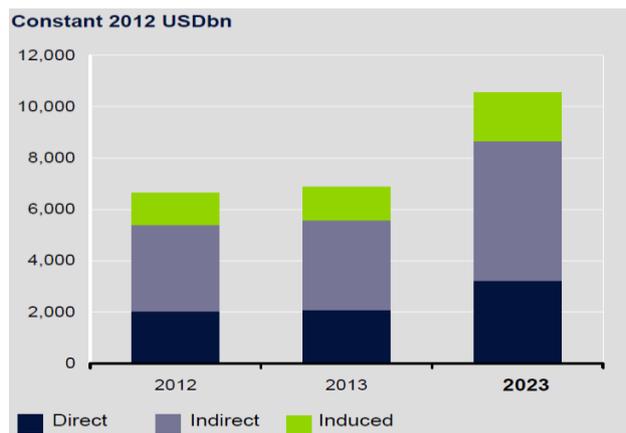


Fig. 3. World: Total contribution of Travel & Tourism to GDP

For the 2012, T&T directly supported more than 101 million jobs representing 3.4% of total employment. The expectation is to rise with 2% every year till 2023, when it's estimated to reach 125 million jobs. This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists (Figure 4).



Fig. 4. World: Direct contribution of Travel & Tourism to Employment

The total contribution of T&T to employment, including jobs indirectly supported by the industry was 8.7% of total employment, 261 million jobs. For the period 2013-2023, is expected to rise by 2.4% pa to 337,819,000 jobs in 2023, 9.9% of total employment (Figure 5).

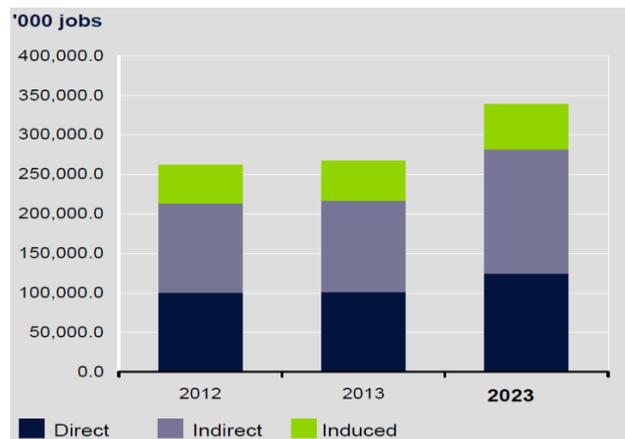


Fig. 5. World: Total contribution of Travel & Tourism to Employment

Visitor exports are a key component of the direct contribution of T&T, generating 1,243 USD bn in 2012, representing 5.4% of total exports. The forecast is to grow by 3.1% in 2013 and by 4.2% pa, from 2013 to 2023, to 1,934.8 USD bn (Figure 6).



Fig. 6. World: Visitors exports and international tourist arrivals

The investment in 2012 for Travel&Tourism was 764 bn USD, representing 4.7% of total investment. The forecast is positive, to rise by

5.3% during the next ten years, reaching 1,341.4 bn USD in 2023 (Figure 7).

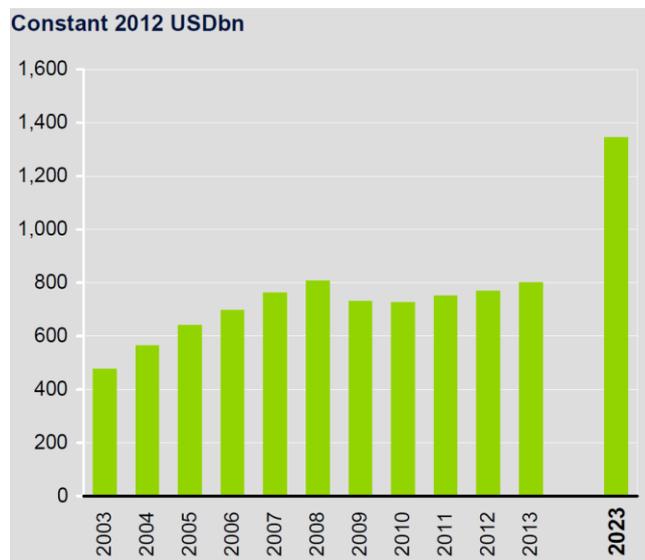


Fig. 7. World: Capital investment in Travel & Tourism

In the last 63 years, the international tourist arrivals had problems in only one year, when the growth has been negative, registered in 2003: -2% compared to 2002, from 702 decreasing to 691 million international tourist arrivals and one year when the growth registered was 0, in 2001, compared with 2000.

CONCLUSIONS

Despite the fact that world economy is struggling to recover after four years from the global financial crisis, Travel & Tourism's contribution to GDP grew for the third consecutive year in 2012, creating more than 4 million new jobs. Also, the number of international tourist arrivals (overnight visitors) grew by 4%, reaching more than one billion in 2012, for the first time in history.

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