STUDY CONCERNING THE ROLE OF TOURISM IN ROMANIA'S ECONOMIC DEVELOPMENT

STUDIU PRIVIND ROLUL TURISMULUI ÎN DEZVOLTAREA ECONOMICĂ A ROMÂNIEI

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Abstract. *The paper analyzed the impact of tourism in Romania's economic development in the period 2000-2008. Tourism has given an increased contribution to GDP, labor productivity, production, intermediate consumption and gross value added, to the creation of new jobs employing more and more people. But is still has a negative impact on Romania's payment balance. Tourism performance is far away from its potential and records in other EU countries. Its role in the national economy is definitely more and more evident, but there are still many efforts to be done in order to transform tourism in an efficient economic sector.*

Keywords: *tourism, impact, economic development, Romania*

INTRODUCTION

Tourism is one of highest dynamic branches of the economy with a deep impact on a country's development. Its contribution to GDP assures revenues for its own development but also stimulates the progress of other economic sectors (constructions, food industry, trade, services etc). Investments facilitates the modernization of accommodation units and creates new job opportunities, attracting an important part of employees. As a part of invisible trade, tourism has a positive impact on payment balance and also allows injections of foreign currency in the economy [1, 3].

The oscillatory touristic flow at international level after the year 2001 has determined a new approach of the touristic phenomenon based on a scientific analysis of tourism trends and factors influencing its development in the future [1]

In this context, the paper aimed to evaluate the economic impact of the Romanian tourism, starting from the question: "Is tourism a stimulating factor for Romania's economic development ?"

In this purpose, the data provided by National Institute for Statistics for the period 2000-2008 have been used [4].

MATERIALS AND METHODS

In order to set up this paper, the following indicators have been taken into account;

-*Tourism contribution to GDP* (TC) based on the formula; TC = (TR/GDP)x100, where TR = tourism revenues, GDP=gross domestic product.

-*Active population working in tourism* and its share in active population at national level ($S_{APT\%}$):

$S_{APT\%}$= (TAP/AP)x100, where TAP = active population employed in tourism, AP = total active population.

-*Labor productivity* in hotels and restaurants and its share in labor productivity at national level ($W_{T\%}$):

$W_{T\%}$=(W_T/W)x100, where W_T= productivity in tourism and W = productivity at national level.

-*Production, intermediate consumption and gross value added in tourism* and its share in production, intermediate consumption and gross value added at national level.

-*Investment in tourism* and their weight in national investments ($I_{T\%}$):

$I_{T\%}$= I_T/I)x100, where: I_T = investments in tourism and I = investments at national level.

-*Consumption Expenditures of households* in hotels and restaurants and their share in total consumption expenditures ($CE_{T\%}$):

$CE_{T\%}$= (CE_T/CE)x100, where CE_T = consumption expenditures in tourism and CE = consumption expenditures at national level.

-*Tourism Payment Balance* (TPB), involving Revenues (TR) and Expenditures (TE): TPB = TR – TE

-*Tourism contribution to Romania's export* ($TC_{E\%}$) as a ratio between tourism revenues (TR) and Export value (E_X): $TC_{E\%}$ = (TR/Ex)x100

-*The share of Tourism Expenditures* (TE%) in Romania's import value (I): TE% = (TE/I) x100

The data have been collected from National Institute for Statistics for the period of reference 2000-2008. Calculations are made in Euro based on the modern methods used in the analysis of Tourism indicators [1,3].

RESULTS AND DISCUSSIONS

Tourism Contribution to GDP. The GDP, created in tourism activities, has continuously increased, so that in 2008, it accounted for Euro Million 2,355.6, being 2.8 times higher than in the year 2000, when its level was Euro Million 849.1. The tourism contribution to Romania's GDP is still very low compared to other EU countries and has recorded a slight decrease from 2.10 % in the year 2000 to 1.68 % in 2008 (Table 1).

Table 1. Tourism Contribution to GDP

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008/2000 %
GDP (Euro Mil)	40,322	45,480	48,585	52,667	60,976	79,722	97,388	124,677	140,140	347.5
GDP in Hotels and Restaurants (Euro Mil)	849.1	785.8	872.5	830.6	937.5	1,419.5	1,871.2	2,342.8	2,355.6	277.4
Tourism GDP in Romania's GDP (%)	2.10	1.72	1.79	1.57	1.53	1.78	1.92	1.88	1.68	-

Share of Tourism in Active Population. The number of employed persons in tourism activities has increased by 17.05 % from 108.5 thou persons in the year 2002 to 127 thou persons in 2007. This is a positive aspect compared to the constant active population during the reference period, showing that tourism is an attractive job sector. As a result, tourism share in active population at national level has increased from 1.07 % in 2002 to 1.27 % in 2007, but its level is still lower compared to Spain, France, Italy, Austria, Greece where tourism offers more jobs for employable people (Table 2).

Labor Productivity in tourism has registered a dynamic evolution in the period 2002-2007. In the year 2007, its level was 2.35 times higher than in the year 2002, reaching 18,332 Euro/employed person. Compared to labor productivity recorded at national level, labor productivity in tourism was 1.7 times higher in 2002 and 1.55 times higher in the year 2007,

reflecting a more efficient use of labor force in touristic activities than in other sectors (Table 3).

Table 2. Active Population working in Tourism (thou persons)

	2002	2003	2004	2005	2006	2007	2007/2002 %
Active Population	10,079	9,915	9,957	9,851	10,041	9,994	99.15
Active Population in Tourism	108.5	116.2	136.7	119.0	116.5	127.0	117.05
Share of Tourism in Active Population (%)	1.07	1.17	1.37	1.20	1.16	1.27	-

Table 3. Labor Productivity in Hotels and Restaurants (Euro/employed person)

	2002	2003	2004	2005	2006	2007	2007/2002 %
In Hotels and Restaurants	7,776.3	6,898.3	6,662.7	11,417.1	15,337.9	18,332.1	235.7
At national level	4,570,1	4,895.1	5,787.1	7,598.1	9,215.4	11,788.4	257.9
Share of Labor Productivity in Hotels and Restaurants (%)	170.1	140.9	115.1	150.2	170.8	155.5	-

Contribution of Tourism to Production, Intermediate Consumption and Gross Value Added. The activities run in hotels and restaurants have resulted in higher performances concerning production, intermediate consumption and gross value added compared to the evolution of the same indicators at national level. In 2007, tourism production was 3. times higher than in 2001, intermediate consumption was 4.5 times higher and gross value added was 3 times higher.

In 2007, the weight of tourism production in national production was 1.94 % compared to 1.39 % in the year 2001. Intermediate consumption in tourism registered in 2007 represented 2.08 % of national intermediate

consumption, compared to 1.21 % in the year 2001. Tourism contributed to GVA by 1.79 % in 2007 compared to 1.60 % in 2001 (Table 4).

Table 4. Production, Intermediate Consumption and Gross Value Added in Hotels and Restaurants (Euro Billion)

	Total Economy			Hotels and Restaurants		
	2001	2007	2007/2001 (%)	2001	2007	2007/2001 (%)
Production	88,223.9	234,967	266.3	1,232	4,578	371.5
Intermediate Consumption	47,304.0	124,521	263.3	574.3	2,593.6	451.6
Gross Value Added	40,919.8	110,396	269.8	657.6	1,984.4	301.7

Investments in Tourism have recorded an important development in the period 2000-2008. In 2008, tourism investments accounted for 542.8 Euro Billion being 9,92 times higher than in the year 2000.

Compared to the dynamics of investments at national level, investments in tourism have registered a double increasing rhythm in the analyzed period.

The weight of tourism investments in total investments has increased from 0.87 % in the year 2000 to 2 % in 2008 (Table 5).

Table 5. Investments in Tourism (Euro Billion)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008/2000 %
Total Investments	6,223	7,874	8,685	9,508	10,380	13,202	19,451	25,073	27,101	435.4
Investments in tourism	54.7	105.9	105.9	128.4	184.9	258.4	353.0	479.8	542.8	992.3
Share of Investments in tourism in total investments (%)	0.87	1.34	1.22	1.35	1.78	1.96	1.81	1.91	2.00	-

Consumption Expenditures of households in hotels and restaurants have increased by 258.85 %, from 17.40 Euro/household in the year 2001 to 62.44 Euro/household in 2008. The share of consumption expenditures of household in hotels and restaurants, in tourism in general, is still very low because of the low revenues per family but it has registered a slight increase from 1 % to 1.4 % in the period 2001-2008, which is a

positive trend reflecting the willigness of households for spending money for leisure (table 6).

Table 6. Consumption Expenditures of households in Hotels and Restaurants (Euro/household/year)

	2001	2002	2003	2004	2005	2006	2007	2008	2008/2001 %
Consumption Expenditures at national level	1,742	1,820	1,814	2,224	2,860	3,264	3,973	4,461	256.08
Consumption Expenditures in Hotels and restaurants	17.40	18.18	18.14	24.46	31.45	35.91	47.69	62.44	358.85
Share of Consumption Expenditures in Hotels and Resturants (%)	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.4	-

Tourism Payment Balance. Tourism revenues have been 1,358 Euro Billion in the year 2008, being 3.45 times higher than in the year 2000, when they recorded 393 Euro Billion. Tourism expenditures have registered a similar increasing trend, accounting for 1,477 Euro Billion in 2008 compared to 466 Euro Billion in the year 2000. As a result, revenues created in tourism could not cover expenditures and tourism payment balance has been a negative one during the analyzed period, except the year 2005 and 2007. This aspect is caused by the low revenues of households and also the unsufficient flow of foreign tourists visiting Romania (Table 7).

Table 7. Romania's Tourism Payment Balance (Euro Million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008/2000 %
Revenues	393	405	352	396	406	852	1,034	1,173	1,358	345.5
Expenditures	466	503	416	423	434	750	1,035	1,120	1,477	316.9
Balance	-73	-98	-64	-27	-28	+102	-1	+53	-119	163.0

Tourism Contribution to Romania's export has increased from 3.5 % in the year 2000 to 4 % in the year 2008, but it is still very low. However, it deserves to notice that tourism revenues have registered a higher increase (3.45 times) compared to export value (2.99 times) in the studied period, reflecting that tourism is a more dynamic sector compared to commodity export (table 8).

Table 8. Tourism Contribution to Romania's Export (Euro Million)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008/2000 %
Tourism Revenues Euro Mil.	393	405	352	396	406	852	1,034	1,173	1,358	345.5
Export Euro Mil.	11,273	12,722	14,675	15,614	18,935	22,255	25,850	29,549	33,725	299.2
R/E	3.5	3.2	2.4	2.5	2.1	3.8	4.0	4.0	4.0	-

The share of Tourism Expenditures in Romania's Import has registered a continuous decrease from 3.27 % in the year 2000 to 2.58 % in 2008, because import value have been 4 times higher in 2008 compared to 2000 while tourism expenditures have been 3.16 times higher in the same year of reference (Table 9).

Table 9. The Share of Tourism Expenditures in Romania's Imports (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008/2000 %
Tourism Expenditures Euro Mil.	466	503	416	423	434	750	1,035	1,120	1,477	316.95
Romania's Import Euro Mil.	14,235	17,383	18,881	21,201	26,231	32,568	40,746	51,332	57,240	402.10
TE/I	3.27	2.89	2.20	1.99	1.65	2.30	2.54	2.18	2.58	-

CONCLUSIONS

1. Tourism has an important role in the national economy generating an important contribution to Romania's economic development.

2. Its evolution during the period 2000-2008 is characterized by the increased GDP created in tourism, a higher number of employed person in the touristic activities, and a higher share of active population working with tourism in total active population at country level, the increased tourism contribution to production, intermediate consumption and gross value added, the increased labor productivity in tourism, important investments destined for modernization of touristic units, an increased contribution of tourism to Romania's export.

3. The negative aspects noticed in tourism evolution in the reference period are: the decreasing tourism contribution to GDP and the negative tourism payment balance and its negative impact upon Romania's payment balance.

4. Romanian tourism performance is still far away from Romania's tourism potential and records of other EU countries. Its role in the national economy is definitely more and more important, but there are still many efforts to be done as tourism to be an efficient economic sector.

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