

THE TOURISM INDUSTRY IN ROMANIA DURING THE COVID-19 PANDEMIC

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Abstract: *The COVID-19 pandemic has had a dramatic and unprecedented impact on the tourism sector, drastically reducing tourism flows and, therefore, the revenues of businesses in this sector. International, regional and local travel restrictions immediately affected national economies, including tourism systems, international travel, domestic tourism, air transport, public transport, accommodation, restaurants, festivals, sports events etc. Beyond the immediate shock, the tourism sector faces other, longer-term challenges, related to its green and digital transformation, its competitiveness, its sustainability and its resilience (according to ECA, Special Report 27 p.4)*

The paper presents an analysis of tourism in Romania during the 2019-2021 period, based on the analysis of the main indicators and the presentation of the solutions proposed by the European Union to recover the tourism sector. The multiannual financial framework for the 2021-2027 period comprises a number of 14 programs designed to finance actions in the tourism sector and the Recovery and Resilience Mechanism (RRM) provides Member States with the opportunity to finance investments and reforms, including in the tourism sector. Romania's National Recovery and Resilience Plan approved by the Commission in September 2021 focuses, in particular, on digitizing services, increasing responsiveness and ensuring institutional resilience at national level. Furthermore, through the S.O.S. Romanian Tourism, the Alliance for Tourism (APT) presents us with two important objectives: helping tourism out of the critical state in which it currently is and resetting the entire hospitality industry, as well as the measures taken to achieve the proposed objectives.

Keywords: *tourism; COVID-19 pandemic; Recovery and Resilience Mechanism; Romania's National Recovery and Resilience Plan; the Alliance for Tourism.*

JEL Classification: L83; Z32

1. Introduction

The EU is the most visited region in the world, with a share, in 2019, of around 37% of the total number of international tourists. Thus, tourism is a key economic sector in the EU, accounting for 9.9% of the gross domestic product and 11.6% of the total employment in 2019. Four EU Member States (France, Spain, Italy and Germany) are, individually, among the top 10 countries in the world in terms of international tourist arrivals and tourism revenues (according to ECA, Special Report 27 pp.4-6). Following the COVID-19 pandemic, the tourism industry has been among the most affected industries. As a result of travel and other restrictions, tourism has gradually

ceased its operations in the first quarter of 2020 in the EU and worldwide. The OECD estimates that this decline in activity ranges between 45% and 70%, depending on the duration of the health crisis and the pace of recovery (according to the European Commission, 2020 pp.9-11). The development of the EU tourism sector faces major medium- and long-term challenges related, in particular, to its environmental transformation, its digitization and the integration of new technologies, as well as competitiveness and resilience. In this regard, sustainable tourism is one of the most important concepts related to the development of tourism. This involves balancing the environmental, economic and socio-cultural aspects of tourism development, in order to guarantee the long-term sustainability of tourism (according to ECA, Special Report 27 pp.18-20).

2. Research Methodology

In this paper, we have focused both on a quantitative, as well as a qualitative analysis. In order to perform the quantitative analysis we used statistical data provided by the National Institute of Statistics and Eurostat and, in terms of the qualitative analysis, we focused both on documenting official sites (EU, Ministry of Investments and European Projects, etc.) and on synthesizing the aims and objectives proposed by the Alliance for Tourism through the S.O.S. Romanian Tourism project

3. EU support for the tourism sector in 2021

In March 2021, the Parliament adopted a resolution on “establishing an EU strategy for sustainable tourism”, calling on the Commission to present an action plan in 2021 and to draw up an updated EU strategy to replace the one presented in the 2010 Communication on Sustainable and Strategic Tourism (according to ECA, Special Report 27 p.29).

Also in May 2021, the EU Council invited the Commission and Member States to draw up a European Agenda for Tourism 2030/2050. This should be conducted in cooperation with relevant stakeholders and address the key strategic challenges in order to drive the green and digital transition of the tourism ecosystem and to strengthen its competitiveness, resilience and sustainability (according to the Council of the European Union, Brussels, May 27, 2021)

In June 2021, the European Parliament and the Council reached an agreement on developing a certificate under the name of "EU Digital Certificate on COVID" to relaunch tourism both at national and international level. Thus, the EU digital certificate on COVID played a key role in resuming intra-EU travel for the summer of 2021. The EU digital certificate system for COVID provided for three different types of COVID-19 certificates: a vaccination certificate, a test certificate and a recovery certificate. The certificate was issued by all EU Member States and could be used in all EU Member States, as well as in Iceland, Switzerland, Liechtenstein

and Norway. A common drafting model was developed with the Member States (according to https://ec.europa.eu/health/system/files/2021-05/covid-certificate_paper_guidelines_en_0.pdf) to facilitate the recognition of EU COVID certificates issued on paper (according to ECA, Special Report 27 pp.40-44).

In the multiannual financial framework, there is no budget dedicated to tourism. Several EU initiatives and programs can provide funding for investments in tourism. During 2014-2020, there were 12 programs that could be used to fund actions in the tourism sector, through direct management or shared management. For 2021-2027, this number will increase to 14 such programs, including those created to mitigate the impact of the COVID-19 pandemic (according to ECA, Special Report 27, p.14). According to the Official Journal of the European Union (2021:34) for 2021-2027, the legislative framework of the ERDF includes two common indicators related to tourism: “Cultural and tourist sites receiving support” (as an indicator of achievement) and “Number of visitors to cultural and tourist sites receiving support” (as a result indicator). The recovery and resilience mechanism provides Member States with the possibility to finance investments and reforms, including in the tourism sector, as part of their national recovery and resilience plans. According to the situation of October 2021, 26 of 27 such plans had been submitted to the Commission and 19 had been adopted by the Council. The funding available under the RRM should be engaged by the end of 2023. The Commission has the obligation to prepare an evaluation report on the implementation of the RRM, by February 2024, as well as an ex-post evaluation report, by December 2028 (according to ECA, Special Report 27, p.17).

4. Romania’s National Recovery and Resilience Plan (Component C11. Tourism and Culture)

Romania’s National Recovery and Resilience Plan was approved by the Commission in September 2021.

Component C11. *Tourism and culture* fall under the policy field of European importance on social and territorial cohesion (Pillar 4). “The reforms and investments of the component aim for Romania to become a well-known tourist destination, of high quality, throughout the year, focused on the uniqueness of its cultural and natural heritage and offering services of international calibre, but also supporting the digital transition of cultural and creative sectors through measures that increase the resilience of enterprises in the field by accelerating the digital transition” (according to the Ministry of European Investments and Projects p.34). Also, by improving the accessibility of tourist areas and digitizing them, the strategic capitalization of cultural heritage will be accelerated as a national competitive advantage, supporting economic and social resilience. Investments for the digitization of services, the development of infrastructures, as well as the increase of skills provide an integrated response to possible unforeseen situations, the increase of responsiveness and ensuring the institutional resilience at national level (according to the Ministry of Investments and European Projects p.43). Measures of

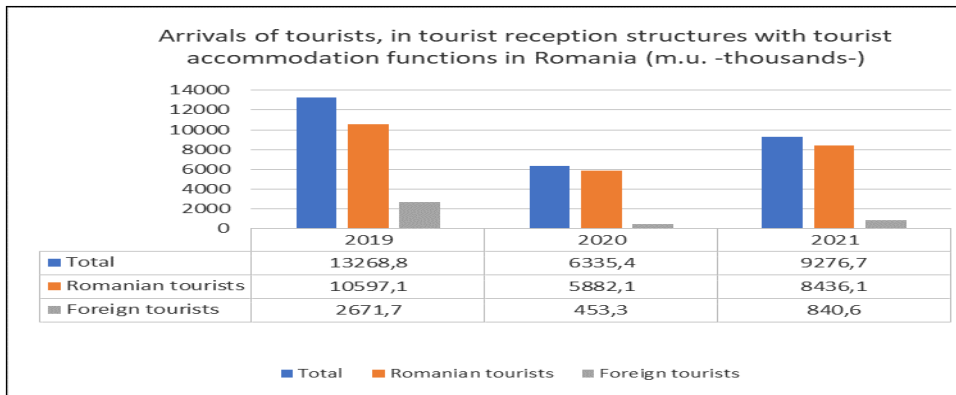
component *C11. Tourism and culture* “support the mitigation of the economic and social impact of the crisis due to the numerous economic connections it generates in relation to other economic sectors, jobs creation and contribution to the GDP, and also due to the construction and strengthening of an image identity, of a notoriety in the collective mind and through the construction of a country brand, which is proof of the novelty and quality of the destination” (according to the Ministry of European Investments and Projects p.46).

5. Tourism during 2019-2021. Statistical data

Traditional tourist destinations, such as Croatia, Cyprus, Greece, Malta and Spain, have suffered the largest reductions in the contribution of travels and tourism to the GDP (over 60%), (According to ECA, Special Report 27, pp.12-13). The economic importance of the tourism sector varies considerably from one Member State to another, from 4% to 6% of the GDP in Ireland, Poland, Belgium and Lithuania and up to over 20% in Croatia and Greece. Also, the ratio between domestic and foreign visitors varies greatly from one Member State to another. In Sweden, Poland, Romania and Germany, over 75% of tourists are visitors who already live in that respective country. Countries with a low population (Luxembourg and Malta), as well as Croatia, have the highest ratio of foreign visitors (the ratio for these countries is of approximately 90%). In two of the EU’s main tourist destinations, Italy and Spain, the distribution is more balanced (according to ECA, Special Report 27, pp.7-8).

According to the data presented in the chart below, we can say that the number of tourists in Romania registered a decreasing trend in the period 2019-2021. Thus, if in 2019 the number of tourists arriving in the structure of tourist reception with tourist accommodation functions in Romania was 13268.8, in 2020, the number of tourists has halved, registering only 6335.4 people. The decrease in the number of tourists in 2021 was caused, on the one hand, by the accelerated increase in the number of cases Covid-19, and, on the other hand, by the requirement of the green certificate as a condition for accommodation. Of the 9.3 million tourists who arrived in the accommodation units between January and December 2021, only 840,000 were foreigners, i.e. 9% of the total number of tourists. The statistics show a slight recovery in the number of tourists in 2021 compared to 2020, but the values are still far from the level recorded in 2019, the reference year for the local travel market (according to Diaconu, M 2022b).

Chart no.1 Arrivals of tourists, in tourist reception structures with tourist accommodation functions in Romania (m.u. -thousands-)

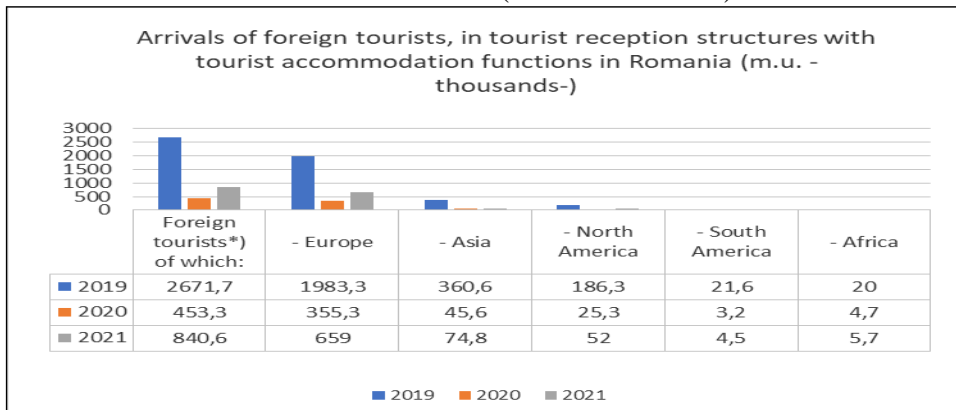


Source: created by the author, based on the information provided by INS 2021 and 2022

Arrivals registered in the tourist reception structures in 2021 totalled 9276.7 thousand people, an increase by 46.4% compared to 2020. In 2020, in the context of the pandemic, the arrivals registered in the tourist reception structures totalled only 6335.4 thousands, a decrease by 52.3% compared to 2019.

By comparing the number of Romanian tourists with that of foreigners, we notice that in the period 2020-2021, the arrivals of Romanian tourists in the tourist reception structures with accommodation functions accounted for approximately 91% of the total number of tourists, while the foreign tourists, around 7% -9%. We infer from this that during 2020-2021, Romanian tourists focused particularly on national tourism.

Chart no.2 Arrivals of foreign tourists, in tourist reception structures with tourist accommodation functions in Romania (m.u. -thousands-)

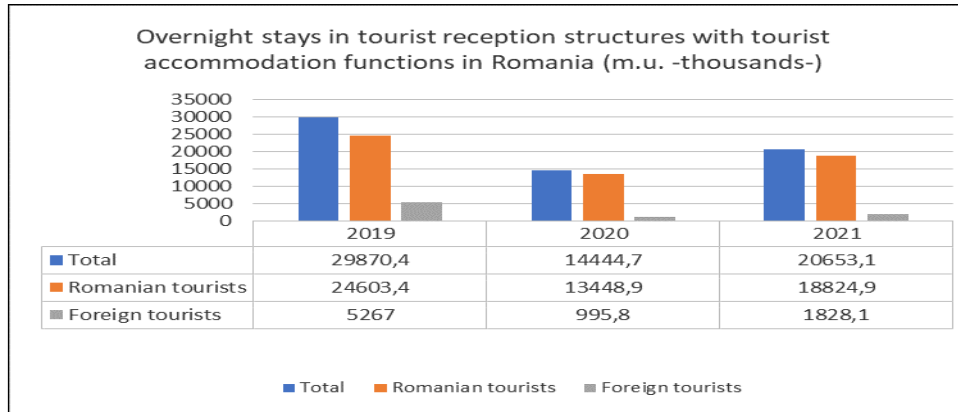


Source: created by the author, based on the information provided by INS 2021 and 2022

Monitoring the indicator regarding the arrivals of foreign tourists in the tourist reception structures by country of residence, we notice that during 2019-2021 the largest share consisted of those arriving from Europe (78.4% in 2021 and 76.7% in

2020) and of these, a significant percentage represented tourists from European Union countries (76.8% in 2021 and 75.8% in 2020).

Chart no.3 Overnight stays in tourist reception structures with tourist accommodation functions in Romania (m.u. -thousands-)

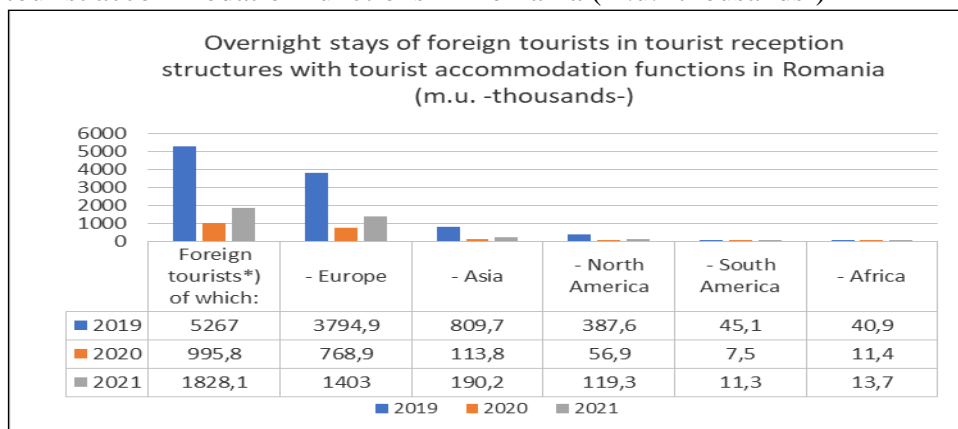


Source: created by the author, based on the information provided by INS 2021 and 2022

Overnight stays registered in the tourist reception structures during 2021 totalled 20653.1 thousands, an increase by 43.0% compared to those in 2020. In 2020, overnight stays registered in the tourist reception structures totalled only 14444.7 thousands, a decrease by 51.6% compared to those in 2019.

Overnight stays of Romanian tourists in the tourist reception structures with accommodation functions in 2021, accounted for 18824.9, an increase by 40% compared to 2020. Also, overnight stays of foreign tourists in 2021 accounted for 1828.1, an increase by 55% compared to 2020.

Chart no.4 Overnight stays of foreign tourists in tourist reception structures with tourist accommodation functions in Romania (m.u. -thousands-)



Source: created by the author, based on the information provided by INS 2021 and 2022

Regarding the overnight stays of foreign tourists in the tourist reception structures by country of residence, we notice that during 2019-2021 the largest share was represented by those arriving from Europe (76.7% in 2021 and 77.2% in 2020) and of these, the majority were from European Union countries (75.8% in 2021 and 73.0% in 2020).

The average length of stay, in 2021, was of 2.2 days, for both Romanian and foreign tourists, and, in 2020, it was of 2.3 days, for Romanian tourists and of 2.2 days for foreign tourists.

The index of net use of tourist accommodation places, in 2021, was of 26.5% per total tourist accommodation structures, an increase by 3.6% compared to 2020, while, in 2020, it was of 22.9 % per total tourist accommodation structures, a decrease by 11.3% compared to 2019. Higher indices of net use of tourist accommodation places, in 2021, were registered in hotels (32.1%), bungalows (25.2%), tourist villas (25.0%), accommodation on ships (24.3%), camping sites (20.4%), tourist houses (19.9%), tourist stops (18.6%), tourist pensions (18.3%), hostels (17.7%), agritourism pensions (17.3%) and tourist chalets (15.6%) and, in 2020, were registered, for accommodations on ships (29.3%), in bungalows (28.9%), hotels (26,7%), camping sites (24.3%), tourist houses (22.1%), tourist villas (21.4%), tourist stops (19.4%) and agritourism pensions (16.7%).

6. Solutions for the Organisation and Support of Romanian Tourism - the Alliance for Tourism

The Alliance for Tourism (APT) is an open, informal structure, voluntarily constituted. To date, 18 professional organisations of Romanian tourism have joined this group of attitude and initiative, many other organisations and experts expressing their interest, APT being the expression of unity, will power and determination of the entire hospitality industry in the face of these great threats and challenges, that Romanian tourism has to deal with.

Nevertheless, the primary purpose of the S.O.S. Romanian Tourism project is for the Romanian tourism to achieve much better performances as a result of implementing the measures in this document (according to Alliance for Tourism, 2020, p.8):

- ✓ Increasing revenues from tourism:
 - accommodation, from the current level of EUR 1.4 billion, in 2019, to EUR 3 billion, in 2025
 - restaurants and public catering from the current level of EUR 3.5 billion, in 2019, to EUR 7 billion, in 2025
 - travel agencies and tour operators, from EUR 0.8 billion, in 2019, to EUR 2 billion, in 2025
 - activities for organisation of fairs and events, from EUR 120 million, in 2019, to EUR 500 million, in 2025

- ✓ Increasing the average expenditure per tourist – from the current level of EUR 480, in 2019, to EUR 575, in 2025;
- ✓ Increasing the average length of stay of tourists – from 2 days, in 2019, to 2.8 days, in 2025;
- ✓ Increasing the number of foreign tourists – from 2.85 million, in 2019, to 5.5 million, in 2025;
- ✓ Increasing the number of jobs in hotels and restaurants – from 220,000, in 2019, to 450,000, in 2025.

Romanian Tourism (Solutions for the Organisation and Support of Romanian Tourism) is the first project of this Alliance and constitutes a unitary approach, coordinated and focused on the future of Romanian tourism (according to Alliance for Tourism, 2020, pp.7-8)

Table 1: The objectives pursued by the S.O.S. Romanian Tourism project

Proposed objectives	Measures to achieving the objectives
Objective 1 pulling tourism out of the critical state in which it currently is, during these extremely difficult times we are going through, in the context of the crisis generated by the coronavirus epidemic	For the first objective, the 70 professional practitioners in the field, constituting ten working groups, devised a plan of 10 urgent measures, that would allow the overcoming of the critical moment generated by the pandemic, with as little damage as possible.
Objective 2 resetting of the entire hospitality industry, positioning it on other coordinates, that would take into account the global trends in the field, that would take into consideration successful international models, but also local specificities.	However, in order to reset the entire field of tourism, a plan has been structured, which currently contains a number of 50 measures dedicated to several generic lines of action: increasing administrative efficiency, promoting investment in tourism, labour and education, digitization and innovation, sustainability in tourism, but also actions specifically aimed at the main sectors of tourism: accommodation structures, restaurants, recreation facilities, tour operators and agencies, tourism guides, related services and tourist transport.

Source: created by the author based on the information presented in the article Solutions for the Organisation and Support of Romanian Tourism - Alliance for Tourism

Achievement of the proposed objectives requires a broad undertaking of a ten-year multiannual program for tourism, a National Pact for Tourism, in which all government structures, all political parties and all employers' and professional associations in the field should conclude an agreement, both formally and informally, that together with the business and professional environment in the hospitality industry, to follow a rational, consistent and visionary strategic line leading us, as

soon as possible, to achieving the goal: Romania, a preferred and unanimously appreciated European tourist destination.

7. Instead of conclusions... Challenges and opportunities in the hospitality industry in 2022

Consumer satisfaction is the main concern when it comes to hospitality. In the last year, the new expectations and the new technologies have been evident in the hospitality market at international level. The various challenges the hospitality industry is facing are related to technology, reputation, skilled labour, digital marketing, customer loyalty, etc. Electronic check-in is the latest technology adopted by the industry. When guests plan their trips, hotels check-in guests and then send key cards equipped with the new identification recognition. Regardless of the sectors of the national economy, a high level of trust should be maintained between the service provider and the consumer. The reputation of a hotel is what guests say about the hotel through online reviews, comments and pictures. Most of the reviews are posted on high-ranking social media networks i.e. Instagram, Facebook, Yelp and TripAdvisor. Reviews and comments can destroy or promote a hotel's reputation. This is a challenge that the industry is facing and will continue to face in the years to come. Moreover, retaining employees is a significant challenge, regardless of the sector. Focusing on referral-based hiring is a significant method that needs to be implemented in order to protect such talent. The industry will also need to adopt processes that will increase employee productivity and morale. Work schedules, technology or favourable incentives are among the ways to motivate employees. As the industry continues to grow, retaining and attracting top talent will become a priority. Hiring staff who can fluently speak several languages, provide information and provide services in different languages, will be essential. Technology giant Google has recently launched headphones that could help hotels meet this challenge. Wireless headphones can automatically translate in 40 languages. Effective use of digital channels to boost sales and build a customer base are two of the primary challenges of digital transformation the hotel industry is facing (according to article *Challenges and opportunities in the hospitality industry in 2021*).

Another critical challenge, which hotels face and will continue to face in the upcoming years, is related to the loyalty programs based on discounts and special offers aimed at customer retention. For local tourism, 2022 will mean further return of the tourism business, but reaching the level of 2019 is questionable, in a context where the rising food prices, but also the increase of utility bills, put even more pressure on tourism operators, who barely managed, in 2021, to recover some of the losses caused by the pandemic (according to Diaconu, M 2022a). Experts believe that tourism will return to the level of 2019 only in 2023, but everything will depend on the evolution of the pandemic and the conflict between Russia and Ukraine.

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