

## THE ECONOMICAL AND SOCIAL VIABILITY OF TOURISM IN ROMANIA

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**Abstract:** The transition of national economies towards macroeconomic structures, in which services dominate, constitutes one of the most important structural mutations in global economy. Global economy has begun several decades ago, but has accentuated in the last two. We encounter this process in every country but mostly in well developed ones. Services constitute the infrastructure of a national economy, whether it is well developed or in course of development. This sector is indispensable to the well functioning of an economy.

**Key words:** developing countries, distribution, economic viability, touroperators

Tourism acts like a dynamic element of the global economic system because it requires certain goods and services that engage a growth in their production. Like all other markets in economy, the tourist one is in continuous transformation.

On one hand, tourism represents today one of the most expansive industries in European economy because of the national and international character of tourist activities, and on the other hand because it represents the subject of many economic politics of EU. As a general tendency, it records a dynamic with a rhythm superior to the global economic growth, even in case of international, political and economic events that may affect in a negative way tourist activities. This proves a slight independence of tourism when it comes to economic and social events. Despite the absence of legal basis, the economic importance of tourism has determined the European institutions to focus upon this sector.

Despite all these, Romania and other developing countries, in comparison to those well developed, often find them in disadvantage because of the problems they have with the systems of global distribution but mainly because of lack of technology.

The bases of a developed tourism are already implemented as a sequel to the liberation of the sector of tourism and also to the continuous liberation of other sectors of services. The economic and social viability of tourism, in countries in course of development in general and especially in Romania, depends on the viability of the perspectives of growth of this sector and on its capacity of retaining more added value, also on its capacity of breaking down barriers in tourism and to reduce losses.

The economical and social viability of tourism in developing countries depends on the stability and durability of the growth perspectives of this sector, of its capacity to retain more added value, to eliminate the boundaries in tourism and to reduce the

losses. The bases of a developed tourism are already implemented in most of developing countries as a consequence of the liberalization of the touristic sector and of the progressive liberalization of other sector of services. But developing countries are, often, in disadvantage, in comparison to the already developed ones, due to the problems of access to the global distribution systems, due to the cost associated to the access to these services, of some anticompetitive practices, but, especially, because of the lack of technology.

The social-economical importance of tourism is determined by the following elements:

- a. tourism stimulates the economic global system, involving through its developing important production efficiency. The tourist travel implicates a consummation of goods and specific services, which determines the production stimulation of the branches that tourism interacts with.
- b. tourism contributes to the realization of the added value in a superior proportion to the branches close from the point of view of the developing level;
- c. tourism has the role of a means of diversification of the economical structure of the countries, because, the necessity of adaptation to tourists demands helps the apparition of specific branches: the industry of pleasure, the travel agencies etc. and gives new dimensions to the already existent branches: agriculture, alimentary industry, constructions, transportations etc.
- d. tourism allows the attenuation of inter- regional disequilibrium, by the mutation it produces in the territorial field, representing, this way, a solution to the prosperity of the less fortunate arias, of the unindustrialized localities.
- e. tourism allows a superior valorization of resources, especially the natural ones and the small ones. Many elements such as: the beauty of the landscape, the thermal and mineral waters, the art monuments, the historical vestiges find the best valorization, sometimes even the only valorization, through tourism.
- f. tourism contributes to the assurance of an equilibrated circulation of money. Internal tourism, through the expenses made by tourists, gives back into circulation part of the incomes obtained by them; international tourism, through the cashing in foreign currency, contributes to the attenuation of the deficit of the payment balance, to the consolidation of the national money and of the free convertibility.<sup>51</sup>
- g. tourism contributes to the equilibration of commercial and payment balance. International tourism represents an important source of devices or of economy of devices, as a mean of valorization in more advantaging conditions in comparison to the classical forms of exports, of internal resources spent for the production of merchandise destined to the international market.
- h. tourism generates new jobs, attracting the working force surplus from other sectors and so giving its contribution implicitly to the diminution of unemployment. Tourism influences in a positive way the use of working force in its supplying branches, such as: agriculture, alimentary industry, constructions, etc. the studies show that a job coming directly from the tourism field can create from 1 to 3 direct or induced jobs.
- i. tourism contributes to the diversification of exports, because the goods and services the tourists consume in the period of their travel from one country to

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<sup>51</sup> R. Gruescu (2002), *International Tourism*, Publishing House Sitech, Craiova, 2002

another can be assimilated, for the visited country with an export. Some of the products and services found at the disposition of tourists have the specific nature and, in classical conditions, whether they can be exported, whether they can be exported through great efforts and risks (because of its perishable state, of the uncompetitive prices, the long distance to the consummation markets), so the international tourism represents the only way of valorize them, as an export form.

- j. tourism represents an important means of spending the spare time, this being the main destination of spare time, for the week-ends and also for the holidays and resting vacations.
- k. tourism acts in the direction of the intensification and diversification of the connections between nations<sup>52</sup>, the international circulation representing an efficient way of contact, with the realities and people of other countries, more and more important as the number of those who participate at this activity increases.

In comparison with other sectors of services, the touristic sector is remarkably lacking *the professional practices*. The Secretariat's reports about the commerce problems with touristic services show that many of the stipulations that affect tourism, such as the capital limitations from the sphere of direct foreign investments, have the tendency to be above the products of general economical, political and social interest, and, so, applicable to a great number of sectors. The touristic industry is in fact an important part of the rapid world growth of direct foreign investments. As far as the commercial presence of hotel services are concerned, still, it should be taken into consideration the fact that practices such as the imposing of high tariffs on the hotel equipment can be some important boundaries for the attraction of direct foreign investments.

In some cases, *the restrictions* can be imposed as much on the importer as on the exporter of services. Such measures include especially the prevention of immigrations and the assurance of security, along with the requested documentation, like any other way of restriction on the monetary exchanges that could be applicable to individual tourists and to the business tourism. The specific stipulations applicable to the touristy sector could have as objectives the protection of the consumer, assuring the developing of the local economy and of the internal touristy industry. The lack of transparency of the stipulations could also act as general boundaries in the international commerce with touristy services.

The development of international tourism is based upon the effective commercialization of tourist products to the countries providing tourism. Most of the countries that provide tourism are developed countries that have access to technology and constantly use the computerized systems of reservation and the Internet. The world networks of information and distribution – *CRS- Systems of computerized reservation, GDS- systems of global distribution and the internet* play a decisive role in the sector of international tourism, because they connect the producers to the consumers of touristic products. This systems represent the vertebral spine of the international networks of information, that offer the touristic operators, tour-operators, travel agencies, air lines, facilities in order to obtain and process information, to book and commercialize tourist products.

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<sup>52</sup> R. Minciu, The economy of tourism, Publishing House Uranus, Bucharest, 2000, p. 36.

If, initially, the CRS were developed (1970) by the great air companies for the processing of flight reservations, afterwards they evolved and developed themselves to offer a plus of services connected to the transportation by air: the stocking of information in a world wide bases, the emission of tickets, marketing- by informing the passengers on the cost of the travels, the discount and the specific conditions, or the sell of products and services. Nowadays they cover, beside the services offered by the air lines also the land ones, offered to tourists such as: travel packages (transportation, accommodation, meals, visits and shows) or rental of vehicles. Thanks to the enlargement of the range of services, they become known as systems of strategic alliances and of other forms of cooperation these systems interfere on the most important markets and allow the minimization of costs, reducing the need for the presence of the direct commerce.

But Romania are, often, in disadvantage, in comparison to the developed ones, because of the problems of access tot the global distribution systems, because of the costs associated to the access to these services, because of some anticompetitive practices, but, most of all, because of the lack of technology. The installation and the maintaining of a system in developing countries causes great problems to the travel agencies from the developing countries because of the deficiencies in the infrastructure needed for such an informative network and because of the lack of professionals that would lead, operate and maintain the system. These facts set the travel agencies in developing countries in disadvantage to their competitors in the developed countries.

The touristic sector of the developing countries is submitted to a negative impact and because of the anticompetitive behavior of the tour- operators and of the dominant tourism agencies in the developed countries that act as much on their own markets as abroad.<sup>53</sup>

The touristic market of every country providing of tourism is dominated by a small number of national firms, owners of a rather big share of market, which competes tightly one another. The travel agencies on the receiving markets of the in developing countries are almost entirely depending on their connections to dominant tour operators, and the tourism consumers become prisoners in their choices, limited to the touristic packages supplied by the dominant sustainers. This situation is found on Romania's touristic market.

The incomes and the costs of the touristic packages in Romania depend most of all on the nature and the terms of their contracts with the tour operators in the countries that provide tourism. The contract between the tour- operator and the tourism out-carriers in Romania involves the reservation on rooms in a future term at a negotiable price and specifies the terms of the dividing of risk in case not all the packages are sold. Normally, the tour- operator has a greater power of negotiation at the time of the projects finalization; this way, if he considers that the offer of the negotiation partner is not attractive enough, he can chose another hotel, from the same aria or from another region of the same country. So, we are witnessing the operator's use of the monopoly-like power on the performers of local tourism.

Another important aspect, through which we can state that Romania is in disadvantage inside the international tourism, is represented by the international competition between hotels. In most of the destinations in developing countries there

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<sup>53</sup> Francois Souty (2004) Passport to progress: challenges for world tourism and global anti-competitive practices in the tourism industry

were major investments made in the receiving and accommodation sector, using national resources and attracting foreign investors. The ability of sustaining this sector in the touristic destinations in developing countries depend on the occupation rate and on the income level, which are strongly influenced by the results of the commercial transactions between the hotel operators and the operators of the providing countries. The accommodation sector is the most affected by the dominant power of the mega-operators, whose special demands in terms of the quality standards are not sufficiently compensated from the financial point of view.

The tourism supporters in Romania- hotels, internal operators and the transport companies take part to the international tourism especially through the transactions with the tour- operators and the travel agencies in the developed countries. For them the touristic package represents an attractive option, with many advantages: they assure the tourists flux, reduces the international marketing costs of destination and enlarges the volume of the travelers flux, which will probably lead to the growth of the investments made by the foreign construction companies, by the major tour- operators and by the air lines, that intend to make the touristic product more attractive to the consumers.<sup>54</sup>

In conclusion, in order to be able to participate in advantageous conditions to the international tourism, Romania must adopt a *series of measures*: adequately cover the commitments from all the touristic activities, to improve the negotiation modalities of transactions, to prevent the monopolizing behavior and the anti- competitive practices promoted by the dominant suppliers on the main markets, to assure the efficient access and the use of information on discriminatory bases, to implement a more adequate environment for the sustenance of the development of tourism and to make efforts to protect the environment, of tourism and of the cultural inheritance.

An UNCTAD representative observed that the strategies for the enforcement of the competitive aspect of the touristic sector in Romania involves also: the modernization of the legislative environment, the enforcement of the institutional capacity (for instance the coordination and planning mechanisms); the application of international standards and the enforcement of the concurrence's stipulations. A representative of Switzerland tourism stated that tourism involves in a too low degree scale economies because of the fact that different economical sectors- most of which having only a partial connection to tourism- must closely cooperate in fields such as the distribution and advertisement systems. So, it is important for the touristic national politics to focus on the vertical nature of the sector that deals with marketing and development politics.

An important problem of the Romanian tourism deals with the inadequate infrastructure to the sustenance of the tourism activities for the internal tourism and also for the international one. This clearly includes airport facilities, port facilities, road and telecommunication system, also water supplies, electric energy, and accommodation facilities. As far as the present touristic facilities are concerned, we must take notice of legal aspects of manipulation and alimentation, and also of the local transportation. Romania also deals with significant cost and technical boundaries to the access to GDSL the small air companies and the tour- operators consider that the reservation taxes of the individual CRS are extremely high and the systems are often insufficiently developed in developing countries. The creation of associations could offer the scale

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<sup>54</sup> G. Stanculescu N. Lupu, G. Tigu (2002) The management of tourism operations, Publishing House ALL BECK, Bucharest

economies necessary for the CRS. At the same time, GDS could be developed nationally. The standardization of the electronic systems could lead to the reduction of costs.

In conformity to UNCTAD, the touristic exports of in developing countries are stopped by the lone distances between most of the developing countries and the main centers that provide tourist and by the big air tariffs caused by the reduced density of the air traffic. The World Tourism Council (WTTC) states that the protection politics of aviation limit the development of tourism. In conformity to an WTTC official, the aviated protection distance the clients from the entire line of travels and tourism- hotels, touristic resort, cars rentals, systems of computerized reservations, pleasure, cultural attractions and the rest of the touristic industry<sup>1</sup>. A recent WTTC report strongly supports the liberalization of aviation, noticing the fact that, in most countries, the actual hotel and other touristic activities incomes are greater than those of the national airlines and that the diminution of winning from the foreign currency differences is more reduced. The losses from the importation for the small national airlines in developing countries are generally of 65- 70 % from the total of the operative costs.

An OMT study, entitled “Aviation and tourism politics”, shows that some countries spend more money protecting their internal professions than producing at the level of the whole touristic industry.

WTTC stated that many bilateral accords encourage the inefficiency in the air transportation through the restriction of the market access, the prices and capacities control and the protection of the transport firms with main public capital generating of losses. WTTC considers that the airline services consider the crucial factor in the development of tourism and the type of property of the airlines. The recent privatization initiatives have reduced the attempt of the developing countries to protect their national airlines. The possible problems include the risk that a single company would be dominant.

Still, the concept of “open sky” has been taken into consideration, but the members of the countries in developing and of some developed countries saw that as a threat of their next participation to the international air transport. Still, it was adopted the decision that every state should chose its own changing strategy, using bilateral, regional and multilateral systems. There were discussed different options for the air liberalization step by step of developing countries, including the liberalization of the charter flying as a first stage.

In conformity to the OMT *durable tourism* is generally defined as the meeting point of the present tourists needs with those of the host regions, at the same time with the protection and the growth of the future opportunities. “Durable development” can be defined as the improvement supported of the eco- tourism, defined as a responsible journey to the natural zones that preserve the environment and help the rising of the well fare of the local population.<sup>2</sup> Although the mass tourism had been often blamed because it undermines the economical- social bases of the local traditional life, the positive effects of tourism can include in fact the rebirth of the local art and artisan products.

Strong motivations for the protection of the environment exist as much at the industrial level as at the clients’ level. In 1995 WTTC, OMT and the World Council

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<sup>1</sup> OMT (1995), Seminary about the GATS implications on Tourism, 1995, p. 36

<sup>2</sup> Wolfgang Hein (1997), The Tourism and the Durable Development

lanced a plan of common environment called Agendum 21 for the Tourism Industry: “To a Durable Development”. The plan contains problems such as: the use of dross, the energy and non recyclable resources preservation, waters protection, the involvement of the local community in the acknowledgement of the consumers and the education and preparation of the staff. Also, are included the mechanisms for the development of the consultative accords between the government, industry, local communities and the environment interests. An initiative example at the governmental level is represented by the European Union’s communication network regarding the environment.<sup>7</sup>

The liberalization of commerce in the touristic sector, including the growth movement of the aboriginal population led also to the growth of the demand for the development of *the international standards*. OMT works at the development of other quality standards, starting with those that will be applied to touristic destinations and the International Standard Organization (ISO) created a work group for the examination of the terminological standards at the hotel accommodation.

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