

Integration of Romanian Tourism into The National Policy for Sustainable Development

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Abstract: - Starting from 1990 the Tourism Sustainable Development in Europe became a major problem of the European Institutions. From the beginning of 2007 Romania became a member of European Union. The Romanian national strategies assume that tourism is influenced by economic, social and environmental objectives at national and local level by setting out a national tourism strategy that is based on knowledge of environmental resources, and is integrated with national and regional sustainable development plans. So they established a national tourism strategy that is updated periodically and a master plan for tourism sustainable development and management. These intend to integrate conservation of environmental resources into all such strategies and enhance prospects for economic development and employment while maintaining protection of the environment. We debated in this paper these aspects using also important results from Global Competitiveness Report 2006-2007 made by World Economic Forum (WEF).

Key-Words: - Romania, Tourism, Sustainable, Development, Investors, Hotels

1 Introduction

Starting from 1990 the Tourism Sustainable Development in Europe became a major problem of the European Institutions. The European Commission proposed some basic orientation for the sustainability of European Tourism finalized as directives: Natura 2000, Water Framework, Bathing Water Quality, Strategic Environmental Assessment, Convention on Biological Diversity, Environmental Eco-Management and Audit Management Scheme.

Being a member of European Union, Romania must adopt these directives. The Romanian Govern proposed some overall strategies for sustainable development in tourism industry.

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2 Problem Formulation

So they established a national tourism strategy that is updated periodically and a master plan for tourism development and management. These intend to integrate conservation of environmental resources into all such strategies and enhance prospects for economic development and employment while maintaining protection of the environment. Also there are a lot of support through policy development and commitment to promote sustainability in tourism and related activities.

The industry of tourism in Romania is more and more attractive to foreign investors, especially after we joined the European Union. Specialists foresee that in a period of three years the most important players on the hospitality market will be present in Romania and investments will reach 1.1 million euros.

Before we “analyze” the future, we should see how the Romanian tourism looks like at present. Proceeding from Global Competitiveness Report 2006-2007 made by World Economic Forum

(WEF), Romania is the 76th economy with a score of 3.91, close to countries like Azerbaijan and Guatemala. The leaders are Switzerland 5.66, England 5.54 and Germany 5.48. For this classification there were taken into consideration 13 criteria regarding factors that measure the development potential of different countries in the field of tourism and also transform it into a more attractive field. Natural and cultural resources brought Romania on position 46 out of 124 with a score of 4.46. For this there were taken into consideration the following: level of carbon dioxide and number of national and UNESCO reservations. Regarding the legislation and the settlements in tourism, Romania is situated at number 67, 4.64 points. Here attention was paid to the visa requirements for foreigners. Tourism infrastructure and IT&C received the following grades and positions: 3.55- 50th economy and 2.85-56th position. WEF took into consideration the number of hotel accommodation per 100 habitants, the presence of well known rent- a- car companies on the market and the number of ATM-s for Visa cards.

The human resources of Romania in the field of tourism are on the 76th position with 4.96 points. Attention was paid to primary, secondary and tertiary enrollment, life expectancy and medium-term business impact of malaria, tuberculosis, HIV/AIDS. Safety and security conditions regarding terrorism and organized crime placed Romania on position 72 in the world score 4.26.

Environment protection settlements in Romania are very few. The score they received was 3.31 and offer position number 101 in the world.

Health and hygiene were situated on the 99th position. Here, access to water and to medical service and the number of doctors per 1000 habitants was analyzed.

Air infrastructure received a score of 2.28 placing Romania on position 93. WEF took into consideration the number of airplanes per 1000 habitants and o airline companies present on the market.

Regarding the price competitiveness, Romania is placed on position 87 with 4.19 point. At this criterion the price of fuel and the level of air taxes were important. If we take into account the expenses of foreign tourists, Romania is to be found on position 95 in the world.

The importance that the government grants to tourism placed Romania on the 107th position, way behind Bulgaria which is situated at number 58. Even worse is the support granted to a sustainable development which brought only the 115th place.

Marketing strategies and branding have a very low efficiency, so Romania was placed almost at the end of the classification at number 111, after Mongolia and Moldavia. Analyzing the financial segment in Romania, especially the tax department, we will see that the tax level is very high and from this point of view Romania in the 108 economy very close to Brazil, which has the highest taxes.

The quality of transportation granted Romania the following places: land transportation - position 111; air transportation - place 82. Taking into consideration the number of people that traveled by plane per 1000 habitants, position 77 is taken by Romania. Place 76 was given to Romania after WEF analyzed the respect for property.

Political instability and lack of public trust in the political system brought the Romanian state to the 79th place [1].

After reading this report we can conclude that the situation of Romania is not very colorful. Which are the problems of the hospitality industry and what kind of improvement measurements were taken?

3 Problem Solution

One of the main problems is that the support that the Romanian government offers for the development of tourism is very low even if in theory tourism is a priority. Romania allots only 1% of the gross internal produce for tourism, unlike Hungary which invests 5% [2].

Beside the government, the local authorities do not support or stimulate foreign investments. For example at the Borsec health resort, where investors from Israel intend to invest over 20 millions euros, the local authorities do not even try to improve the road infrastructure even if this will facilitate and quicken the start of the investment project [3]. In the city of Cluj-Napoca where hoteliers pay 2% income tax to the local authorities, the situation is the same. The public authorities are ignorant. But after many complain from the hotel keepers the city hall initiated a project to modernize the infrastructure and in the near future will open an information center for tourists [4].

This behavior of the local and central authorities leads to a very weak promotion of Romania on the international market, as a tourist destination [5]. Despite the fact that Romania offers a variety of attractions for tourists, from beach holidays at the Black Sea Coast to viewing rare birds in the Danube Delta, to snow skiing or soaking in curative mineral waters in mountainous Transylvania, the offer is reduced to a few cities and curative resorts and

inside them at a low number of hosting accommodation.

The seaside represents another huge problem for this state. The seacoast is affected by erosion. The fastest rhythm of erosion is at Mamaia. Here, the coast is disappearing at a pace of 1.5m per year. To stop this phenomenon in accordance with Romanian and Japanese experts there is a need for 316 million euros.

Work will start in 2008 in resorts like: Eforie- Sud, Eforie Nord, Mamaia and Tomis, and will last until 2020. The starting budget consists in 100 million Euros, 43 from the Romanian Government and the rest, 57 million, from the Ministry Of Environment [6].

The road and air infrastructures are not in a very good condition and this stops tourists from coming to Romania because they do not want to destroy their cars on Romanian streets. Transportation and international flights are only a few. Usually they end in Budapest and from there you have to come by car or train. To remove this inconvenient the Ministry Of Transportation initiated several plans to rehabilitate this infrastructures. Work started to build the Bucharest Constanta and Bucharest Brasov highways. In the future many local airports will become international. According to the mayor of Brasov, George Scripcaru, the international airport from Ghimbav will be opened in 2009 and it required an investment of 100 million euros. This year work will begin at the airports in Cluj Napoca and Timisoara. Upgrades of 2.5 million euros will be made at Henri Cuanda and Baneasa airports in Bucharest [7].

The number of international flights has grown this year thanks to companies like Air France and British Airways. The Italian company My Air introduced two flights per week from Bucharest to Catania (Italy). Birthing Airways has 7 new flights per week to Heathrow London from Timisoara and Tirgu-Mures [8]. Air France introduced 3 new flights per week for business class- Ottima- and for economy- Unica. The itinerary is as follows: Timisoara- Malpensa 1 from Milan-Charles de Gaulle airport in Paris [9]. Also, the number of touring cars, which bring tourists straight to Romania, has grown from 30 to 100 busses.

The lack of qualified personnel in the field of tourism has represented a problem since 1990. After the revolution people with knowledge in this field went abroad because of the low salaries from Romania. This is still happening today. Many high school graduates consider themselves experts in this field, but it is not enough and this is why most of Romania's tourism facilities are operated by

incompetent management. To be an expert you have to attempt professional courses.

Perceiving the need of professional training Lausanne University from Switzerland found a method to contribute to the improvement of education in the field of tourism. 11 professors from the university will come to Romania in the next 11 months and they will hold training courses for 25 middle managers from the following companies: Ana Hotels, Howard Johnson, Best Western, NH Hotels, Ramada, Felix Truism, City Plaza or SIND Romania. For every person the companies will have to pay 5000 euros [10].

Every 5-star hotel should have 1.5 employees per room to be able to offer high quality services and the 4-star ones 1 employee per room. This is not the case in Romania. Beside this, there is a huge difference between the salary received by a foreign employee and a local one. For example if a chef from abroad can receive 8000 euros per month a Romanian can not hope for more than 5000 euro [11]. The direct consequence is that the quality of the services is reduced heavily and also causes a lack of poise between price and quality. For example in Bucharest the medium price per accommodation per night is 106 euros, 3 euros higher than the medium price in Europe.

Politics represents another problem for the Romanian tourism. Here, these two go hand in hand. Beside this, the political instability is even worse. The Romanian Convention Bureau, RCB, suggested that the Ministry of Tourism should become an independent institution [12]. The hostellers insist that the National Authority in Tourism (ANT) should pass under the authority of the prime minister [13]. Some political parties, like the Democrat Party, are against these projects because of different interests, so, you never know what will happen next, which interest will be stronger.

It is important to know that the most important 81 hotel accommodations, out of which 14 are 4- and 5-star hotels, belong to a handful of business men. Their names have a certain political implication because very often they are related to the "Ex" and actual power. Nine businessmen out of the richest men in Romania own 30000 hotel rooms, almost 9% of the total hosting capacity of Romania.

The first eight are as follows: Viorel Paunescu the owner of the Intercontinental and Lido hotel from Bucharest is on the eighth place. He has 644 rooms. On the seventh place we can find George Copos, with a portfolio of 951 rooms evaluated at \$96 million. Iosif Armen has 1247 rooms with a value of \$13 million so he is at the sixth place. Gabriel Popoviciu and Radu Dimofte are on the fifth

position and the value of their rooms is \$90 million. The fourth place is taken by Radu Enache the owner of the Continental chain of hotels. He owns 1700 rooms with a total value of \$70 million. The third is Mohammad Murad with 2000 rooms which worth \$70 million. 2520 rooms brought Josef Goschy second. And finally the owner who has the most rooms is Viorel Micula. He has 3180 rooms but because most of them carry a two-star rating, their value is only \$32 million [14].

Because of the political implications in tourism and the numerous arguments between the local and central authorities tour operators like TUI interrupted every contract with Romania in favor of Bulgaria.

As we can see there is a very important and rough competition between Romania and Bulgaria as countries that offers seaside holidays at Black Sea. At least for the moment, Romania is overlap by Bulgaria. Our neighbours (Bulgarians) attracted not only the foreign tourists but the Romanian tourists also. This situation was generated and is still argued by the wrong tourism policy of Romanian Hotels' managers. After hotels privatisation (Black Sea area) in Romania, the new investors didn't invested too much in modernisation and quality of services. Bulgarian investors renovated and built new hotels at Black Sea seaside, and the quality of services is quite high. The problem is not quite simple, because the managers of Romanian Hotel at Black Sea want to obtain huge profits in a very short time (4 – 5 months) more than 50-60%. The desired profit is to be generated by high prices for tourists, and a low quality of services. Every year a lot of persons are mistreated and their complainings have no effects. Moreover, the prices grow in one season in two or three stages depending the number of tourists. The complainings of tourist are related to restaurant services, beach preparing and facilities, room service. Comparing to this negative situation, Bulgaria offer different services at less than 100 km from the Romanian seaside. With the prices paid for one week into a Romanian Hotel, you can stay 2 weeks in Bulgaria in higher quality conditions. This is the main reason that made even Romanian tourists to reconsider their holidays plans, and they choose for Bulgarian Seaside. There is in Romania a national faith day 1 – 2 of May. Generally speaking is the starting of the Summer and Romanians go to seaside. This year was the first one, when Bulgarians offered special packages for Romanians for these couple of days. The provocation for Romanian tourists was won by Bulgarians Hotels that announced for that weekend incomes more than double than the Romanian hotels. This situation

should have been an advertisement for Romanian Hotels managers, but the situation remain the same, and the conditions and services offered for this summer are almost the same as last year. Surprisingly, there are still a number of Romanians that go to Romanian seaside and there are location with full booking rooms for 2-3 months. We can mention that there are different situation for high class hotels, that offer high quality and exclusivist prices, that have no rooms available in the entire season. The conclusion of specialists in tourism appreciate that the Seaside tourism in Romania will have to change the strategy until it is not too late, and the gap between Romanian offer and Bulgaria offer will not be too high.

The situation is quite similar in winter time. The Romanian best offer is in Prahova Valley in 9-10 locations. The prices are very high, the ski condition and facilities are not at high quality all over. If you want to pay for a week into a mountain resort in January you should pay 1,200 euro for two persons for bed and breakfast. The prices for skipass is not included and is quite high. Despite this offer, Romanians are more and more attracted by Austrian Ski Area, where you can pay for 2 persons 1,000 euro at the same condition and the prices include skipass for 6 days. The quality of all services, skiing conditions and infrastructure is very high in Austria and this must be an alert for Romanian Hotels also. From these two examples we may conclude that the tourism in Romania is very expensive (mountain and seaside) and the quality of services is not enough for the prices requested. But this attitude is generated also by distances to similar destination. A people from Bucharest (Romanian capital) will choose for Prahova Valley because the distance is not too high, but a people from Transilvania, Banat, Maramures or even Moldova will prefer to go in Alpes because the 700 km difference is acceptable. Also a person from these last regions may choose in Summer a destination in Croatia or Italy instead of Romanian Black Sea, because the same 700 km distance difference does't matter too much.

The tourism industry has become more active in the last three years. In 2006 incomes from tourism reached 400 million euros. The number of foreign tourists that visited Romania in 2006 was 6.037million, higher by 3.4% than in 2005. 94.2% of them came from Europe and 46.4% came from the European Union [15].

Accommodation facilities include hotels, inns, tourist villas, tourist huts, tourist and agro-tourist pensions, camps, vacancy villages, bungalows, kindergarten and pupil camps, tourist camps, and passenger ships. Hotels contain the greatest amount

of accommodation followed by kindergarten and pupil camps and tourist villas. But the Romanian market is lacking in high class hotels. The most developed cities, from the accommodation point of view are Bucharest and Cluj-Napoca. The accommodation utilities in Bucharest are somewhere around 5000 rooms. Until it reaches the critical number of 9000 there is still place for 1000-5 star rooms, 900-4 star rooms, 600-3-star rooms and 1100- 2-star rooms.

The local market is dominated by 3 and 4 star quality rating units, which represent 66% of the hotel facilities in Romania. In Cluj-Napoca, for example, there are 16-3 star hotels, 8-4 star units, 1-5 star hotels, 2-units classified at 1 star and the number of 2 star hotels in 5. An improved comfort is offered by six five star hotels, totalizing 1467 rooms.

In Romania you can find several important names from the hotel industry. Best Western has six hotels in cities like Bucharest, Cluj-Napoca, Timisoara, Mamaia, Balvanyos and Gura Humorului. Accor Group has four units; three of them are in Bucharest and one in Constanta. Golden Tulip has four hotels, all of them in Bucharest- Golden Tulip Times, Golden Tulip Sky Gate, Golden Tulip Bucharest, and Tulip Inn Bucharest City. Other brands like Hilton, Crown Plaza and Howard Johnson are only to be found in Bucharest [16].

Once Romania became a member of the European Union the interest of foreign investors and international tourists was stimulated even more. ANT foresees that this year the number of foreign tourists will double. They will be motivated by the low-cost tickets offered by the airlines, by the development of the transportation that brings you directly to Transylvania or Bucharest and also by the curiosity for the new members of the EU (European Union) [17].

Analyzing the month of January 2007 it is possible to see a growth in the volume of tourists. The number of international tourists which entered the Romanian state in this month was 339400, 0.05% higher than the same period of last year. The majority comes from Europe-93.9%- , and 61.7% come from the EU [18].

The ANT foresees that future investments in Romania will exceed 1.1 milliard euros. The accommodation capacity of Romania measured in beds per capita covers only 1.3% of the population. This indicator in developed countries has a value of 6%. Perceiving this lack of accommodation many investors made their intentions of investing in Romania public [19].

The main trends on the market are: famous hotel chains will invest in the Romanian hospitality industry; small and medium capacity accommodation units will be built in the mountain area; at least one five star hotels will be opened until 2010 in the main cities of Romania; the hospitality industry will be oriented mainly towards business tourism, especially from the field of MICE-Meetings, Incentives, Conventions, Exhibitions [20]. Proceedings from a study made by HVS International, the most profitable investments are in the 4-star and 2-star hotels. A 4-star room costs with 30% less than a 5-star room, and the price difference is only 40 euros per night, so as HVS says the 4-star hotels are very convenient regarding the profit per room.

Considering the management, hostellers have three options: Self Administration, International Management and Franchise. The preference of the customers for something different is a good reason for having independent business. The advantage of the external management is the transfer of Know-how, which helps optimizing the business. Also the management is responsible for everything. Franchise offers the possibility to use the knowledge, marketing programs, image and brand from another hotel or chain of hotels [21].

Even if the development of the hospitality industry is a national phenomenon, it happens differently all over Romania. Bucharest is the luckiest of them all. In the next three years 125 million euros will be invested in upgrades and new structures. There is a high interest in the historical areas of the city, because these old buildings are perfect for boutique-hotels [22]. Hotels like Perla Majestic, Bucharest Radisson SAS (124rooms), Continental (61rooms) and Ramada tourist will be modernized.

There are many plans for new investments. In September 2007 the Pro Confort Company will open a 4-star giant. They will invest 30 millions euros and the hotel will have 14 floors and 1500 rooms. By 2009 River Invest will open a 5 star hotel built on a surface of 18000 square meters for which they are willing to invest 25 million euros.

Cefin Real Estate will build on a 25000 square meter surface a 5-star hotel with 22 floors and 300 rooms. The investment will cost 40 million euros. Dumitru Dragomir, the president of the Professional Soccer League, will enter the 5-star hotel segment with 300 rooms organized in a 25-floor unit. By the end of 2007 Ramada will open its third hotel. It will be a 4 star unit with 11 floors and 302 rooms called Ramada Convention Center. Europa Group will open in the spring of 2009 its first hotel. Europa Royal Bucharest will need an investment of 14.5

million euros. Rembrandt Hotel will open a 3-star hotel with 40 rooms [23].

Curative health and Spa resorts form all over Romania will undergo transformations. The country hosts around 70 health resorts, some founded centuries ago by the ancient Romans. For example at Borsec businessmen from Israel will invest 20 million euros to build a tourist complex called Renaissance. The complex will include: a 5-star hotel with 200 rooms, a conference room, a casino, a treatment center, restaurants, clubs and shops, according to Schor Armand, one of the investors.

Another company interested in Romania in Lampas from Greece. The company was established in 1874 and the members of the Laskaridis family hold 60% of the capital [24].

Until 2010 every major city from Romania like: Cluj-Napoca, Brasov, Constanta, Iasi, Timisoara, Oradea and Sibiu will have at least one 5 star hotel under one of the following names: Marriott, Radisson, Cendant or Intercontinental.

Intercontinental Hotels Group wants to enter the 3 star hotel segment under the brand Holiday Inn, and the 2-star segment under Holiday Inn Express. Cendant, owner of the 5-star Howard Johnson hotel in Bucharest, will have until 2015, 1000 new rooms organized in 30 hotels all over the country. Marriott International intends to bring to Romania brands like: Courtyard and Renaissance. Golden Tulip Hospitality BV offers franchise for the following brands: Golden Tulip for the 4-star business category and Tulip Inn for the 3-star segment. In 2007 they will open seven units under franchise [25]. Other brands that are interested in Romania are: Four Seasons, Sheraton, Hyatt, Radisson and NH Hotels from Spain.

4 Conclusion

All these debated problems, the strategies and tourism sustainable development follow to conserve the environment, maintain the quality of the visitor experience, and provide benefits for Romania tourism sector by ensuring that tourism planning is undertaken as part of overall development plans and that plans for the short-long-term encompass these objectives. Also they intend to incorporate tourism planning for all sectors and development objectives to ensure that the needs of all areas are addressed. The local committees must ensure that plans create and share employment opportunities with all interested entities and to ensure that plans contain a set of development guidelines for the sustainable use of natural resources and land. They will also promote development of a diverse tourism base that

is well-integrated with other local economic activities in order to protect important habitats.

Despite problems like bad infrastructure, political instability and lack of trained personal, Romania is very attractive for investors from all over the world because of its future opportunities and unexploited capacity. For investors looking for an early market entry, Romania can be considered an excellent option. They will have to undertake the challenges of the growing market by improving both the domestic conditions and its international image as a tourist destination.

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