

Tourist Activity in North-Eastern Romania from the Regional Development Perspective

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Abstract

The goal of this paper is to study the North-Eastern region as compared to the other Romanian regions, according to their general development and to their tourist activity, using the ranking method applied to four relevant indicators. Ranking the regions by their overall development and their tourist activity will lead us to the idea that there are low developed regions in which tourism has an acceptable level, but it must be boosted for a better development of those regions. The North-Eastern region is ranked last in both classifications. However, the presence of tourism among the priority domains in the Regional Operational Program, financed by The European Fund for Regional Development, creates the premises for the development of this domain and for region potential capitalization, by means of European financing. By tourism development, other domains can also be boosted, leading to a higher development level of the area.

Key words: regional development, North-Eastern region, tourism, ranking method, gross domestic product

JEL Classification: L83, P25, Q01

Introduction

The paper begins with the presentation of some aspects referring to the importance of the regionalization and the principles of the regional development in the EU. We intend to analyze the general development level of the North-Eastern region compared to the other Romanian regions and, next to analyze the tourist activity in regional profile, based on some statistical indicators of tourism, using the ranking method. This observation has of high importance in measuring the existing gaps. The research will continue with a comparison between the general development ranking of regions and the one of the tourist activity level, focusing on the North-Eastern region which will lead us to the main conclusions.

General Aspects regarding the Regional Development

The term ‘region’ can have different connotations. All of them have in common the idea of space as entity, so that the most significant definition of region is that it represents a unit which contains a limited number of medium length areas territorially adjacent.

Although most of the European states are unitary states, the decentralization of the decision is an idea unanimously accepted. Consequently, the regionalization became a common tendency in

the evolution of the territorial organization of the European states, the regions representing the structures responsible for the assurance of the institutional convergence of the states, members of the European Union. Although the formation of regions is not a consequence of the regional development policy of the European Union the high level of the funds meant to accomplish its general objective (the acquirement of the economic and social cohesion by eliminating and preventing the imbalance among regions) had an important contribution to regionalization as well as to the establishment of some strategies, plans and programs of regional development which can appropriately ensure the distribution and use of resources.

The Nomenclature of Territorial Units for Statistics (NUTS) was established by Eurostat (the Statistic Office of the European Union) in 1981. This classified list was created in order to produce a unique coherent plan of the territorial distributions so as to unify the regional statistics and to make possible the application of the regional policies of the European Union.

In Romania there have been created 8 *development regions*, constituted by the reunification of several counties. The development regions are not administrative-territorial units, with no juridical personality, being a result of free agreement between county and local councils. The regions' function is to allocate the European Union's funds for regional development and to interpret and research the regional statistics. The current tendency in the EU is to decentralize the decisions.

The regional development policy reinforces the role and responsibilities of the local public administration and of the regional organizations in the economic and social development of each development area and regions, concomitantly with the diminution of the involvement of governmental institutions in such activities. The regional development policy is an important component of the local autonomy. One goal is the diminution of the regional imbalances, focusing on the stimulation of the balanced development and on the refreshment of the poor areas (with slow development). The North-Eastern region is one of the less developed areas.

The policies and plans of regional development in the last years took more and more into account the tourist sector, as a strategic sector for providing a dynamic and durable economic growth, of certain regions with an important tourist potential.

The Development Level of Romanian Regions

Concerning the measuring of *the development of a region*, one of the most used indicators is the Gross Domestic Product (GDP). From this point of view, on the first place, between 2001 and 2005, is Bucharest-Ilfov region, followed at great distance by the Western and Central regions. The *North-Eastern region* was the poorest in 2001, after South-Muntenia, and also in 2005 when it followed the South-West. From the statistical data and the calculation of *regional disparity indices* we notice that the North-Eastern region has the lowest GDP out of all the development regions of Romania (Table 1 and 2).

Table 1. The Gross Domestic Product per inhabitant in Romania between 2001 -2005, per region
- lei -

GDP/inhabitant	2001	2002	2003	2004	2005
Total	5210,9	6950,1	9090,3	11372,0	13326,8
North-East Region	3737,4	4970,9	6575,9	7884,3	9114,2
South-East Region	4490,0	5966,8	7788,1	10323,4	11627,7
South Muntenia Region	4138,0	5562,7	7377,4	9506,8	10908,3
South-West Region	4378,1	5553,1	7698,0	9493,8	10460,4
West Region	5521,2	7527,4	10265,2	13045,1	14960,4
North – West Region	4811,1	6538,1	8783,8	11068,4	12647,2
Center Region	5465,0	7505,4	9747,8	11858,3	13549,2
Bucharest-Ilfov Region	11028,6	14467,0	17639,0	21673,3	28325,7

Source: Romanian Statistical Yearbook 2007, National Institute of Statistics, p. 454-459

We can see in Figure 1 that, between 2001 and 2005, the GDP national average increased with about 2.5 times and there were significant increases in GDP in all regions, but the gaps between them were not reduced, the ranking in 2005 being almost identical to that of 2001.

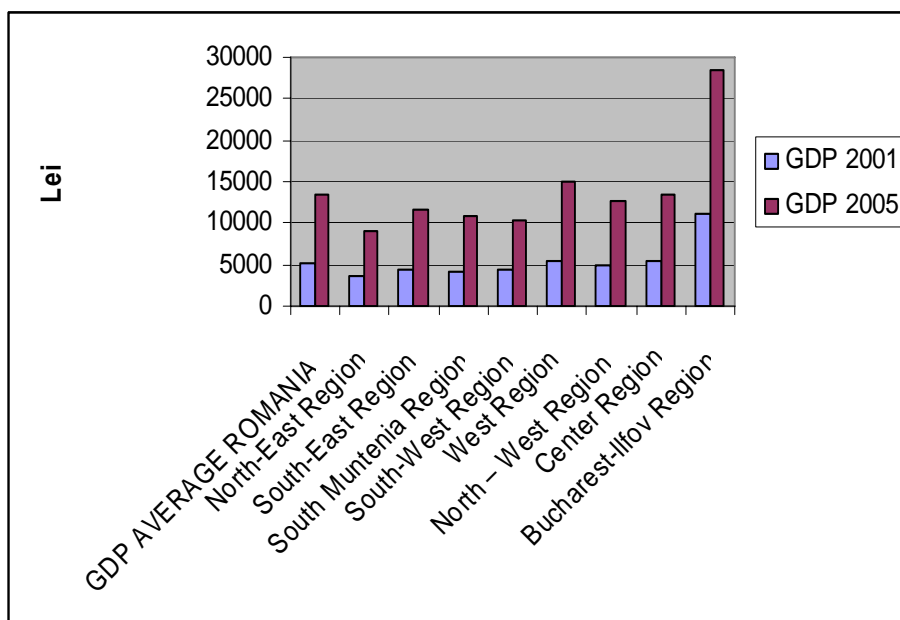


Fig. 1. The Regional Gross Domestic Product per inhabitant in 2001 and 2005

Source: calculations based on Romanian Statistical Yearbook 2007, National Institute of Statistics, p. 454-459

In order to better highlight the gaps between the regions, we calculated the regional disparity indices using GDP. Only the regions Bucharest-Ilfov (GDP/inhabitant is about twice than the national average) and the West and Center regions are over the national average of the GDP/inhabitant, tendency that kept during 2001-2005.

Table 2. Regional disparity indexes

Regional disparity indexes	2001	2002	2003	2004	2005
North-East Region	0,717	0,715	0,723	0,693	0,684
South-East Region	0,862	0,859	0,857	0,908	0,873
South Muntenia Region	0,794	0,800	0,812	0,836	0,819
South-West Region	0,840	0,799	0,847	0,835	0,785
West Region	1,060	1,083	1,129	1,147	1,123
North - West Region	0,923	0,941	0,966	0,973	0,949
Center Region	1,049	1,080	1,072	1,043	1,017
Bucharest-Ilfov Region	2,116	2,082	1,940	1,906	2,125

The regional disparity indexes are calculated as report between GDP/inhabitant din from every region and national GDP/inhabitant.

Source: Calculated by the Romanian Statistical Yearbook 2007, National Institute of Statistics, p. 454-459

Next, we will do some research in order to find out whether the tourist activity level has the same numeral distribution like GDP on regions, or if tourism is more developed in some poor regions, being able in this way to contribute to the development of the area.

Tourist Activity in the North-Eastern Region Compared with Other Regions

In order to have an image of the tourist activity in regional profile, we will analyze the evolution of four indicators: accommodation existing capacity in development regions, tourist arrivals in the tourist units in the development regions, stayings overnight in the tourist units in development regions, indices of net using the capacity in function in development regions.

From the analysis of available data (Table 3), regarding the capacity of existing accommodation, in 2001 the highest value was in South-Eastern region, followed at great distance by Central and North-Western regions, while the lowest values were in South-West and Bucharest-Ilfov. We observe that in 2006 these regions occupied the same places. The *North-Eastern region* is on the 6th place in 2001, as well as in 2006.

Arrivals of tourists had the highest values in 2001 in South-Eastern regions, Center and North-West, and the lowest values were in Bucharest-Ilfov and South-West. The *North-Eastern region* is on the 6th place in his classification. In 2006 something changed, so on the first place is the Central region, followed by South-East and Bucharest-Ilfov - which reached the third place from the penultimate in 2001, and the *North-East region* reached the 5th place. The lowest values are in the West and South-West regions, the last ranking at great distance from the penultimate.

At the overnights, in 2001, and in 2006 the first places are South-East, Center and North-West regions. In 2001 the last places were occupied by the North-East and Bucharest-Ilfov regions and in 2006 the last regions are South-West and *North-East*. We can see that the last one got on the last place, from the 7th in 2001.

In terms of indices of use of capacity in operation, in 2001 South-West, South-East and West regions ranked the first, while the last were the Central and North-Western regions. In 2006, South-West, Bucharest-Ilfov and South-East regions occupy the first places, and the last are occupied by the Center and *North-East*. This region experienced a decrease in the using index by 1.3%, getting from the 5th place in 2001, on the 8th in 2006.

Even if many elements of classification remained the same after 5 years, there are still to be seen a few changes in rankings regions by the four indicators, which will be analyzed in the following lines. In most regions we can notice that absolute values of indicators increased, but the classification did not change too much. In the case of *North-East region*, 3 of the 4 indicators increased, but the places occupied in the classification remained appreciatively the same.

Table 3. The values of the indicators that will be used for the tourist activity evaluation in regional profile in 2001 and 2006

Region	Accommodation existing capacity in development regions, on development regions (number of accommodation places)	Tourist arrivals in the tourist units, in the development regions (thousand)	Stayings overnight in the tourist units, in development regions (thousands)	Indices of net using the capacity in function, in development regions (%)
2001				
North-East	16971	535,0	1406,0	30,2
South-East	132053	994,0	5602,0	42,3
South-Muntenia	21321	546,0	1759,0	29,2
South- West	15326	338,0	1745,0	44,9

Table 3 (cont.)

West	22298	541,0	1933,0	36,9
North- West	25197	596,0	2118,0	21,9
Center	34648	837,0	2591,0	28,2
Bucharest-Ilfov	9233	488,0	968,0	32,2
2006				
North-East	18968	678	1599	28,9
South-East	134560	1081	4854	36,8
South-Muntenia	20827	627	1941	30,5
South- West	14816	371	1641	38,8
West	21423	614	2006	36,3
North- West	26816	781	2363	32,1
Center	37025	1164	2930	29,5
Bucharest- Ilfov	12723	900	1658	38,0

Source: Territorial Statistics 2002, INSSE, Bucharest, p. 327-336; Romanian Statistical Yearbook, INSSE, Bucharest, 2002, p. 784, 2003, p. 839, 2004, p. 713, 2005, p. 740, 2006, p. 740 and 2007, p. 758

From the analysis of these data, because according to every indicator we have different ratings, we felt the need to have a single classification, which takes into account all four indicators. This is possible using the ranking method.

The ranking method involves the ranking of units, successively, depending on each indicator analyzed. The first rank is assigned a unit with maximum performance quality and rank the highest, equal to the number of territorial units investigated, assigned to the unit registers a minimum level of quality. Then we had the assigned ranks to each indicator included in the analysis for each unit and got the total score on which the final ranking depends.

Table 4. The classification of the Romanian development regions, based on some statistical indicators of tourism, using the ranking method

Region	Rankings by				Final score	Final ranking
	Accommodation existing capacity in development regions on development regions	Tourist arrivals in the tourist units in the development regions)	Stayings overnight in the tourist units in development regions	Indexes of net using the capacity in function in development regions (%)		
2001						
North-East	6	6	7	5	24	7
South-East	1	1	1	2	5	1
South-Muntenia	5	4	5	6	20	5
South-West	7	8	6	1	22	6
West	4	5	4	3	16	3
North- West	3	3	3	8	17	4
Center	2	2	2	7	13	2
Bucharest-Ilfov	8	7	8	4	27	8
2006						
North-East	6	5	8	8	27	8
South-East	1	2	1	3	7	1
South-Muntenia	5	6	5	6	22	6
South-West	7	8	7	1	23	7

Table 4 (cont.)

West	4	7	4	4	19	4-5
North-West	3	4	3	5	15	3
Center	2	1	2	7	12	2
Bucharest-Ilfov	8	3	6	2	19	4-5

Source: data calculated using the data from the Table 3.

The final ranking gets together in a single classification the four classifications which would be obtained by region ranking according to each of the 4 indicators.

In 2001, the first place is assigned to the South-East region, followed by Center, West, North-West, South, South-West, North-East and Bucharest-Ilfov. In 2006, on the first place it still remains the South-Eastern region, followed by Center, North-West, West, South, Bucharest-Ilfov, North-East and South-West.

Even if the 2001 and 2006 classifications do not differ very much, we can mention that the Bucharest-Ilfov region ranks the 4th or 5th in 2006, as compared to 2001 when it was on the 8th place, due to its recording of higher growth than other regions.

For assessing the level of development, the economics practice and theory still use the turnover, even if this indicator is not representative enough. The available turnover indicators, that we will use, are those referring to the group hotels and restaurants, in 2004 and 2005 (Table 5).

In terms of value, the turnover from tourism has the highest values in Bucharest-Ilfov, Center, South-East regions, and the lowest values are in the South-West and North-East regions. The *North-East region* is on the 6th place in 2004 and on the 7th in 2005.

According to their share in total turnover, in the 2005 classification the first places were assigned to Center, South-East and West regions, and on the last places there were placed South-Muntenia and South-West, the *North-East region* being on the 5th place, managing to overpass the national average, still at a small difference from the next 2 places (table 5).

Table 5. Turnover in the development regions of Romania (millions lei (RON) current prices)

		North-East Region	South-East Region	South-Muntenia Region	South-West Region	West Region	Region North-West	Region Center	Region Bucharest-Ilfov	Total Romania
2004	Hotels and restaurants	382	605	367	281	417	482	613	1290	4437
	Total	42357	53273	50656	30044	39344	46236	48757	141406	452073
	Hotels and restaurants share in total (%)	0,0090	0,0114	0,0072	0,0094	0,0106	0,0104	0,0126	0,0091	0,0098
2005	Hotels and restaurants	468	745	483	333	513	613	726	1691	5572
	Total	42795	58264	63654	33239	43462	52434	53884	166338	514070
	Hotels and restaurants share in total (%)	0,0109	0,0128	0,0076	0,0100	0,0118	0,0117	0,0135	0,0102	0,0108

Source: National Institute of Statistics, Regional Statistics, http://www.insse.ro/cms/files/statistici/Statistici_teritoriale2007/rom/57a.htm

The North-Eastern Region according to Overall Development and Tourist Activity Level

Next, we will compare the classification of regions according to the tourist activity with the classification according to the GDP per inhabitant. Even if we do not have available data for the GDP per inhabitant indicator in 2006, we will use the classification obtained from the 2005 data, taking into account the fact that in the first part of the work we have seen that the classification remains almost identical.

If we compare the two classifications (Table 5), we notice that there are important differences, on which we will focus in the following lines.

Even if the South-East region has the most intense activity in the tourism industry, it is placed only on the 6th position in terms of GDP/inhabitant.

A reverse situation is in Bucharest-Ilfov region, where GDP is almost twice the national average, but tourism activity is not assigned a very significant position. A similar situation is in the West.

North-West and Center regions are below in the classification in terms of GDP/inhabitant than in the tourism activity classification, and the *North-East* and South-Muntenia occupy the same positions in both classifications. Unfortunately, the *North-East* region is on the last place in both classifications, still noticing a low increase in regional tourism turnover, being recommended to stimulate the tourism development that can lead to increasing overall development of the entire region.

Table 6. The classification of the Romanian regions by the final ranking and GDP/inhabitant

Regions classification by final ranking - 2006		Regions classification by GDP/inhabitant - 2005	
Region	Final ranking 2006	Region	PIB/inhabitant 2005
South-East	1	Bucharest-Ilfov	28325,7
Center	2	West	14960,4
North-West	3	Center	13549,2
West	4-5	North – West	12647,2
Bucharest-Ilfov	4-5	South-East	11627,7
South-Muntenia	6	South-Muntenia	10908,3
South-West	7	South-West	10460,4
North-East	8	North-East	9114,2

Source: Romanian Statistical Yearbook 2007, National Institute of Statistics, p. 454-459, Table 4

So, tourism can become an important component of economy, which would cause *significant changes in territorial profile*, contributing to raising economic and social regions of less developed regions such as *North-East*, *South-West*, and *South-Muntenia*. The existing potential recovery should be considered.

The *North-East region* has an important potential for developing mountain tourism or cultural and religious tourism. Infrastructure development is one of the prerequisites for tourism development in these areas. In recent years we have seen a slight increase in tourism; a favorable evolution has been predicted, especially as regards drawing tourists from the EU.

By attaining the targets of the tourism development we will reach its multiplying effects. The profitable results will be noticed in the level of the population's earnings and in other external areas of the tourist activity.

The development of tourism also leads to the development of other related areas. The notion of effects of multiplication established by receipts/expenditures in tourism becomes relevant as a considerable number of other branches benefit from the activities of the tourist sector, the multiplier's value may be interpreted as a stimulus-answer report in the context of the initial injection of expenditures in the tourism area.

The tourist multiplier underlines that an initial expenditure made by a tourist in a region or in a country, successively becomes income for other economic areas (agriculture, the processing industry, the industry of consumer goods, the construction and construction material industry, trade, services) related directly or indirectly to tourism until the moment when those financial resources leave the country, the reference zone or the economic sphere, generally under the form of tax payments, savings, imports etc., called leakages (Minciu Rodica, 2001, p.303).

Tourism from the Regional Development Perspective – Priority of the Regional Operational Program

Operational Programs (OP) are detailed sector investments to be made in various fields. They must be prepared and completed by a ministry or public institution responsible for policy development. The process of implementation is the responsibility of Regional Development Agencies.

Regional Operational Program 2007-2013 (Regio) is one of the Romanian Operational Programs in agreement with the European Union, being a very important instrument for implementing the National Development Strategy and policies for regional development. The program is available to all 8 regions of development in Romania. Regio is funded by the European Regional Development Fund (ERDF). It supports EU regions that have a GDP per inhabitant of less than 75% of the European average.

Allocation of funds to development regions was done so this should support the achievement of the target of Regional Operational Program regarding the supporting of a balanced development of all regions of Romania. To this end, less developed regions and areas have received more funds to prevent the growth of economic and social disparities existing between regions. 724.09 million representing 16.32% of the total funds of Regio have been allocated to the *North-East region* owing to this program.

The fact that *tourism* plays an important role and needs to know a better development is also shown by its presence in the Priority Axis 5 of Regional Operational Program - Regio (POR) entitled "Developing and promoting tourism". It includes 3 major areas of intervention:

1. Restoration and sustainable recovery of cultural heritage, and creating / upgrading related infrastructure;
2. Creation, development and modernization of tourism infrastructure for the recovery of natural resources and increase in the quality of tourist services;
3. Promoting tourism potential and creating the necessary infrastructure in order to increase the Romania's attractiveness as a tourist destination.

Being one of the regions that will receive more funds, the North-East region will be able to use the advantages of its tourism potential, cultural heritage, and the investments in tourism and culture will allow the improvement of the competitive advantages.

Recovery of tourist attraction in North-East can contribute to the economic growth of the area, by promoting the creation and development of local firms, raising their competitiveness.

Conclusions

Being aware that tourism is a complex activity that is influenced by a multitude of factors, we have made a classification of the developing regions of Romania in terms of the level of tourist activity, focusing on the *North-East region*. Some regions occupy better places in tourist activity classification than in that of GDP, leading to the need to boost tourism activities, which will finally lead to an increase in the overall development of a region.

In the *North-East region*, as well as in other regions, there is a tourist potential not fully exploited, and tourism is one of those areas which do not require huge investments.

The European financings can have a great impact; tourism is one of the priority domains in The Regional Operational Program financed by The European Fund for Regional Development. Its development will determine the development of the region by increasing income and by stimulating the related tourism activities. Tourism is able to contribute to the internal development of a region, to the reduction of the regional unbalances, to the geographical redistribution of the welfare from the metropolitan areas towards the poor, peripheral ones. Consequently, tourism appears as a viable alternative for the development of different regions.

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Dezvoltarea generală și activitatea turistică în regiunea Nord-Est a României din perspectiva dezvoltării regionale

Rezumat

Articolul își propune să cerceteze cum se prezintă regiunea Nord-Est comparativ cu celelalte regiuni de dezvoltare ale României din punct de vedere al dezvoltării generale, respectiv din punct de vedere al activității turistice, folosind metoda rangurilor aplicată la patru indicatori relevanți. Integrarea clasamentului regiunilor după dezvoltarea generală și a celui după activitatea turistică ne vor conduce la ideea că există regiuni slab dezvoltate în care turismul are un nivel acceptabil, dar trebuie impulsionat pentru o mai bună dezvoltare a respectivelor regiuni. Regiunea Nord-Est se află pe ultimul loc în ambele clasamente. Totuși, prezența turismului printre domeniile prioritare în Programul Operațional Regional finanțat prin FEDR creează premisele dezvoltării acestui domeniu și valorificării potențialului din regiune, cu ajutorul finanțărilor europene. Prin dezvoltarea turismului se pot impulsiona și alte domenii, ajungându-se la ridicarea nivelului de dezvoltare al zonei.