

THE MANAGEMENT OF ROMANIA AS TOURISM DESTINATION IN THE CONTEXT OF UKRAINE'S WAR

Gina GILET DOBROTA¹

Catrinel Raluca DRIDEA²

Abstract

Although each tourism sector has been affected by the diversity of economic, political or natural crises, this has not stopped the entire tourism industry to recover and revive every time. The Covid 19 pandemic has generated disastrous effects on tourism, unprecedented from the emergence of mass tourism until the present time. Nowadays, the negative economic effects of Ukraine's war have a major impact worldwide. As tourism flows towards Romania and Eastern Europe are deeply influenced by this context, the potential tourists are looking for safer destinations.

The proximity of the war situation, on the north border of Romania, translates in major concerns in terms of safe and security issues, the number of tourist arrivals in Danube Delta or Bucovina, the closest areas to Ukraine, have registered decreases of 40% compared to 2021³ and the seaside with 50% compared to 2019⁴.

Keywords: war, economic crisis, tourism, Ukraine, Romania

JEL Classification: Z30, Z32, L83

1. The Impact of the Ukraine War on Wordwilde Tourism

The military offensive undertaken by Russia in Ukraine poses a negative risk to international tourism. As well as already having affected travel in the Eastern Europe, it has determined a major increase in oil prices and transportation costs, important challenges in this uncertain context.

Beside Russia and Ukraine, the main actors of this political conflict, there are destinations heavily impacted, that are facing decreases in flights since 24 February (compared to the statistics of 2019), such as Republic of Moldova (-69%), Slovenia (-42%), Latvia (-38%) and Finland (-36%) according to Eurocontrol's data. There have been important drops in the Russian bookings of outbound flights in late February and early March, but have since rebounded according to data from Forwardkeys⁵.

¹ Dobrota Gina Gilet is Lecturer at The Romanian American University, Bucharest, e-mail: gina.gilet.dobrota@rau.ro

² Dridea Catrinel Raluca is Lecturer at The Romanian American University, Bucharest, e-mail: catrinel.raluca.dridea@rau.ro

³ <https://www.b1tv.ro/eveniment/turismul-in-delta-dunarii-a-scazut-cu-40-fata-de-2021-as-fi-inchis-daca-nu-as-fi-avut-rezervari-pentru-august-si-septembrie-1178588.html>

⁴ <https://republica.ro/minunea-de-pe-litoral-realitatea-paralela-a-ministrului-turismului>

⁵ <https://www.unwto.org/impact-russian-offensive-in-ukraine-on-tourism>

Although this negative context has profoundly influenced flight booking in previous destinations, European air traffic has grown steadily from middle March to early May. Similar to this, are the increasing demands for intra-European travel, as well as for flights from the US to Europe.

This trend is consistent with the initiatives of travel restrictions reduction in order to normalize and revive travel, for example 36 countries had lifted all COVID 19 travel restrictions since 13 May 2022. But in this situation, the recovery of tourism related activities continue to be, unfortunately, under the influence of this the conflict.

Posing as a threat to international tourism, this could result in considerable changes in travelling to Europe, especially from the USA and Asian source markets, as these markets are known to be more cautious.

Statistics⁶ have shown that, Russia and Ukraine, as source markets, consists of 3% of global spending on international tourism as of 2020. Therefore, a long-lasting conflict could convert into a loss of US\$ 14 billion in tourism receipts globally in 2022.

In 2019, travel abroad spending of Russian arrived at US\$ 36 billion and Ukrainian spending US\$ 8.5 billion, For 2020, the values have registered a decrease up to US\$ 9.1 billion and US\$ 4.7 billion, for the mentioned countries. As tourism destinations, Russia and Ukraine represent 4% of international tourist arrivals in Europe and 1% of Europe's international tourism receipts.

Nevertheless, the inbound and outbound tourism of Russia and Ukraine are to be considered significant especially for neighboring countries, but also for European sun and sea destinations. During the crisis, the Russian market expanded significantly in far-off places including the Maldives, Seychelles, and Sri Lanka.

International tourism has also been affected by the embargo imposed on Russian citizens to visit other destinations, as many countries are relying on Russian tourists, such as Greece, Turkey, Egypt etc.⁷ As a result, all of these countries have undertaken important actions for attracting tourists from other countries, for reducing the negative effects determined by the lack of Russian tourists.

Other nations quickly followed Canada, the EU, the UK, and the US in banning Russian planes from their airspace following the invasion of Ukraine. Russia's response was to impose a ban on both of these nations. The sanctions and air banning have translated in suspending or rerouting of flights for several companies.

The military offensive together with the sanctions and air restrictions imposed will inevitably have a significant impact on the airline and tourism industry⁸. For instance, Aeroflot, Russia's flag carrier has announced the suspension of all international flights except to Belarus, as well as S7, the country's second-largest airline.

Many non-Russian airlines are forced to divert in order to avoid flying through Russian airspace, with some European airlines canceling routes to Asia entirely.

Another example is represented by Finnish airline. Finnair had at first cancelled its flights to Japan, China, and South Korea but has since continued its ventures to Seoul, Tokyo, and Shanghai, taking a course circumventing Russian airspace. Its flights to Osaka and Hong Kong are cancelled until late April.

⁶ idem

⁷ https://airport.nridigital.com/air_apr22/russia_ukraine_tourism

⁸ idem

To conclude broadly, it can be acknowledged that the Ukraine war has had two shock waves. The first one has made everyone stop to watch the consequences of first days of the attacks, especially still being under the psychological impact of pandemics. The outcome was represented by flights canceling, no more travelling to/from Ukraine, the air spaces in the conflict zone were closed, and then followed the travel restrictions of Russian citizens and so on. Afterwards, the neighboring countries have started to receive Ukrainian refugees, the governments of those countries subsidizing the accommodation of these refugees, but the rest of the world has begun traveling and the greater the distance from the conflict zone, the more tourism developed accordingly.

2. The Impact of the Ukraine War on European Tourism

Based on the proximity to the conflict areas, the negative effects of Ukraine's war are registered at a higher level for all European tourism space.

On its way to recovery from the profoundly devastating impact of the COVID-19 pandemic, the European tourism is now facing another major crisis generated by Russia's invasion of Ukraine.

This war is to affect Europe's tourism industry in four specific ways: a loss of Russian and Ukrainian tourists; restrictions on airlines and use of airspace; higher food and fuel costs; major decrease in traveler's confidence and disposable incomes⁹.

This strife has as of now activated a sharp rise in energy prices, which can straightforwardly influence the costs of transportation and tourism services whereas too posturing risks to more extensive consumer demand in Europe. The war has the potential to have a damaging effect on Europe's reputation as a safe travel destination in long-haul markets, as well as generating disruptions in air connectivity¹⁰.

The negative effects are definitely more than it could have been imagined. If it was considered to be a short conflict, the reality shows a different perspective, that this will be a prolonged war situation. There are areas bordering Ukraine that will continue to be affected, but also European well-known tourist destinations, where tourism will not be so strongly influenced by. For instance, in choosing European destinations, people tend to select Southern European countries, including Spain, France and Italy, countries that typically attract the most tourists. Central and Eastern Europe, are close behind, still being popular. For wellness and spa and city breaks, Hungary and the Czech Republic are the destinations high ranked in tourists' demands. Poland is well known for its cities, like Krakow and Warsaw, and villages on the Baltic Sea coast. Romania and Bulgaria are appealing for seaside tourism due to their location on the Black Sea. The Baltic states of Estonia, Latvia and Lithuania in the north, which border Russia and Belarus, attract tourist which enjoy panoramic landscapes and quiet towns with a diversity of options for hiking and biking¹¹.

3. The Effects of the War on Tourism in the Balkans

Effects of the war are to be observed in Balkans as well. Montenegro, which was a leading destination for wealthy Russians, generating attraction from its exclusive

⁹ <https://emerging-europe.com/news/how-russias-war-on-ukraine-impacts-travel-and-tourism/>

¹⁰ <https://etc-corporate.org/event/etc-webinar-impact-of-the-ukraine-war-on-european-tourism/>

¹¹ <https://www.dw.com/en/how-the-war-in-ukraine-affects-tourism-in-eastern-europe/a-61074491>

beach resorts and marinas, has estimated important decrease of the tourism incomes. Its predictions are of lower tourist related incomes, although some Russians have still been arriving through Serbia. Belgrade is one of the few of European airports still open to flights from Russia.

In May 2022, the World Bank has presented the estimations for Montenegro's 2022 economic growth forecast at 3.6% from a previous 5.9%, mainly as a result of the major decrease in the number of high-spending tourists. Tourists from Russia and Ukraine would consist in 15.8% of foreign visitors and 21% of overnight stays, previous to the war situation¹².

According to their initiatives, Montenegro was able to attract tourists from the region, Western Europe, but also from Israel, Kazakhstan, as well as some new markets for Montenegro, such as Saudi Arabia and Egypt.

The Bulgarian Black Sea was another major tourist destination for Russian and Ukrainian tourists. More than that, statistics show that over 350,000 Russians own property on the country's seaside. Officials have declared high negative influence of Ukraine war on Bulgarian tourism.

One important government initiative was adopted for boosting tourism as well as assisting some of the 297,000 Ukrainian refugees, which had settled or passed through Bulgaria, by the end of May. This action included payments of 20 euros per day for food and accommodation given to hoteliers which hosted over 40,000 refugees in seaside resorts.¹³ The lack of clarity regarding the ending of this scheme made it difficult for those participating to take bookings.

4. THE IMPACT OF THE UKRAINE WAR ON ROMANIAN TOURISM

As expected, Romanian tourism was definitely affected by the outbreak of war in Ukraine. Even though the war has restrained tourism flows in East and South-East Romania, after two years of pandemic tourism activity has recorded positive values compared to 2021, the number of tourists has increased with 21.8% than the previous year, and the overnight stays with 17.8%. As Covid 19 pandemic has diminished the tourism flows to Romania, due to travel restrictions, the overnight stays of foreign tourism has now increased with 89.2% higher than 2021¹⁴.

Table no.1.1. Tourism flows indicators in Romania

Indicators	2019 ¹⁵ (mil pax)	2021 (mil pax)	2022 ¹⁶ (mil pax)	2022/2019	2022/2021
Total Tourists	13,268	9,276	11,299	-14,84%	+21,8%
Foreign Tourists	2,671	0,840	1,581	-40,8%	+88,0%
Total Overnights	29,870	20,644	24,319	-18,58%	+17,8%
Foreign Tourists (overnights)	5,257	1,828	3,459	-34,2%	+89,2%

Source: <https://seenews.com/news/romania-tourist-numbers-rise-22-in-2022-813444>

¹² <https://emerging-europe.com/news/how-russias-war-on-ukraine-impacts-travel-and-tourism/>

¹³ idem

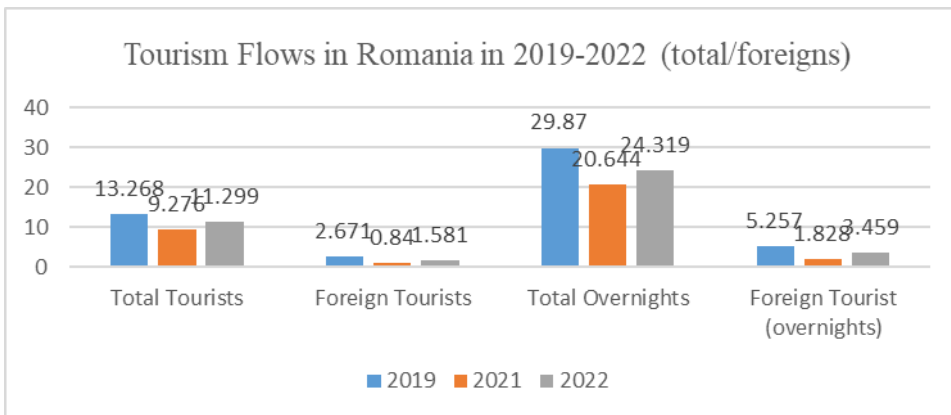
¹⁴ <https://seenews.com/news/romania-tourist-numbers-rise-22-in-2022-813444>

¹⁵ <https://www.zf.ro/business-travel/turistii-straini-au-ocolit-romania-in-2019-ins-sosirile-au-scazut-cu-4-fata-de-2018-18782854>

¹⁶ <https://seenews.com/news/romania-tourist-numbers-rise-22-in-2022-813444>

All of these data are not entirely relevant, as they are compared to 2021, another pandemic affected year. If analyzed in comparisons to 2019, all the indicators have negative value.

Taking into consideration the fact that the foreign tourist arrivals in 2019 in Romania have been reduced by approximately 4.08%¹⁷ compared to 2018, it shows that 2022 continues to be affected by pandemic and war crisis. In close proximity to the start of the military conflict in Ukraine, the tourism activity has stopped, especially in East and South – East of Romania.



Source: <https://seenews.com/news/romania-s-tourist-numbers-rise-22-in-2022-813444>

A study for May-August 2022, published on www.statista.com, showed that 75,5%¹⁸ of respondents have declared that visiting Europe in this summer was not influenced by the conflict, 12,2% haven't made plan to travel due to the war context and for the other 12,4% their vacation plan was affected for various reasons closely related to the war.

Even though travelling has been affected and the military conflict has raised global concern, at the same time, there have been solidarity actions for supporting refugees, fleeing the war. Companies have responded rapidly, to cater for the refugee requirements, joining the brands that helped refugees, therefore creating an online platform through which 1000 free accommodation places were offered for Ukrainians.

Hoteliers and holiday home owners have encouraged this initiative by housing refugees in their accommodation units, providing a safe environment.

Russia's invasion in Ukraine delays the revival of European tourism, particularly in Eastern European destinations. After two years of pandemic limitations and restrictions, the war context continues to set back the recovery of tourism. Despite this situation, local travel and tourism companies are welcoming Ukrainian refugees fleeing the war by providing them shelter, food and transportation. This is also the case of Romanians that have expressed solidarity and assistance to Ukrainian refugees.

In terms of tourism, in 2022, like many sectors, has been confronting with increases prices, high inflation rate, that has translated into a major challenge in

¹⁷ idem

¹⁸ <https://www.statista.com/statistics/1311159/russia-ukraine-war-impact-on-europe-travel-plans-by-country/>

Romania. Another negative consequence of the war is represented by the decrease of population revenues, reconsidering the travelling budget altogether. This was the reason why, many tourists have accessed domestic travel promotions and have used holiday vouchers, being more price aware.

Particularly, the Danube Delta tourism has been affected by the war, as this region is situated close to the Ukraine border. It has influenced the consumers that were reluctant to travel in proximity of military conflict. Cruises departing from Romania and arriving in Ukraine were suspended, Romanians have preferred to choose cruises that depart for Serbia¹⁹, strategic opposed to the conflict zones.

Alongside the war situation, the high rise of utilities, food and fuel prices added up to this complicated context in the Danube Delta²⁰.

The only one that hasn't been profoundly affected by the war is leisure tourism. Romanians as well as Ukrainians have travelled to Danube Delta reservation, both in the continental Delta, which can be reached by car, and in the center of the Delta, accessible only by boat²¹.

As a result of these consequences, all parties involved in the development of tourism must join their efforts for a more efficient management of tourist destinations in Romania.

One of the first actions of the Romanian government since the onset of military offensive on Ukraine was of an active and anticipatory diplomatic nature, which led to efficient decisions in order to strengthen national security, actions that provide safety for Romanian tourists and especially the foreigners.

The Ministry of Entrepreneurship and Tourism in Romania's National Strategy for Tourism Development for 2023-2025²² aims to:

- Improve the legal framework regarding the destination management organizations (DMO),
- To regulate the form of organizing and funding of DMOs,
- To support the development of participatory management within the DMOs and the professionalization of destination management through a performing public-private partnership;

Also, more than ever, marketing actions in both traditional and online format must be intensified, which will contribute to increasing the notoriety of the Romanian tourist destination at national and international level.

5. Conclusions

As a result of the Ukraine war, Romanian tourism flows have registered a decrease in 2022; the number of foreign tourist arrivals and overnight stays in 2022 has been significantly lower than 2021 and 2019 (year unaffected by the pandemics). At the national level, the negative impact of the war was felt intensely, especially in the first 2 months after the onset of the war. The number of tourist arrivals was also

¹⁹ <https://www.zf.ro/eveniment/delta-dunarii-incepe-resimta-efectele-razboiului-pesto-granita-20603033>

²⁰ http://stiri.tvr.ro/turismul-din-delta-dunarii-afectat-de-razboiul-din-ucraina_915918.html#view

²¹ idem

²² <https://turism.gov.ro/web/wp-content/uploads/2022/11/SNRDT-actualizat-var-pt-HG-2023-2035.pdf>

diminished in the Danube Delta area, which has received during the Easter Holiday a number of tourists similar to the level of 2013.

At the national level, the Romanian government continued aiding HORECA sector, after financing SMEs during the Covid19 lockdown by providing the necessary funding to continue the activity, subsidizing the accommodation of Ukrainian refugees, settling hoteliers for the cost of accommodation and meals for refugees.

For supporting the development of Romanian tourism, in 2022 holiday vouchers were introduced for employees in the budget system. At the same time, the Ministry of Tourism carries out intensive activities to finalize the legal framework of the DMOs activities at the national level.

The development of the country brand and the intensification of the marketing and promotion activities of the tourist destination Romania represent another priority of the Romanian government authorities, in the context of Romania's proximity with Ukraine.

References

1. <https://www.unwto.org/impact-russian-offensive-in-ukraine-on-tourism>
2. https://airport.nridigital.com/air_apr22/russia_ukraine_tourism
3. <https://emerging-europe.com/news/how-russias-war-on-ukraine-impacts-travel-and-tourism/>
4. <https://etc-corporate.org/event/etc-webinar-impact-of-the-ukraine-war-on-european-tourism/>
5. <https://www.dw.com/en/how-the-war-in-ukraine-affects-tourism-in-eastern-europe/a-61074491>
6. <https://seenews.com/news/romania-tourist-numbers-rise-22-in-2022-813444>
7. <https://turism.gov.ro/web/wp-content/uploads/2022/11/SNRDT-actualizat-var-pt-HG-2023-2035.pdf>
8. <https://www.zf.ro/eveniment/delta-dunarii-incepe-resimta-efectele-razboiului-pestegranita-20603033>
9. http://stiri.tvr.ro/turismul-din-delta-dunarii-afectat-de-razboiul-din-ucraina_915918.html#view
10. <https://www.b1tv.ro/eveniment/turismul-in-delta-dunarii-a-scazut-cu-40-fata-de-2021-as-fi-inchis-daca-nu-as-fi-avut-rezervari-pentru-august-si-septembrie-1178588.html>
11. <https://republica.ro/minunea-de-pe-litoral-realitatea-paralela-a-ministrului-turismului>
12. <https://www.statista.com/statistics/1311159/russia-ukraine-war-impact-on-europe-travel-plans-by-country/>