

THE IMPORTANCE OF TOURISM AND TOURISTIC SERVICES IN GDP

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***Abstract:** At the beginning of this century, travel and tourism industry is considered the world's most dynamic sector and at the same time, the most important generator of income and jobs. In present it is established that the world economy will be driven by three service industries: information technology, telecommunications and tourism. Also, tourism plays an important role in the whole world besides its potential economic and employment work, also because of its social and environmental implications.*

***Keywords:** services, tourism, GDP, tourism industry, touristic services, growth.*

Introduction

Services represent a major component of modern economic system, their place and their importance is growing and the entire economic and social development is marked by the third sector of the economy.

Services do not have a clear definition, but most economists regard them as a utility system, where the beneficiary buys or uses not a product, but a certain utility, which gives them certain advantages or rewards in most cases as a material and for satisfaction of personal and social needs. Although in present services have an important role in the economy of any state, they did not have the same status from the beginning. For a long time, services have been ignored and considered unproductive by many experts in the field (for example A. Smith, D. Ricardo, S. Mill, Say, Marx). For many specialists, services such as transport, trade, banks were considered "intermediaries" useful to the extent that facilitate travel and purchase goods without being considered to create any value. New economic theories reconsider the role of services in economic development, revising the outlook on growth, thus some countries have begun to focus on the service sector. For information on the world economy that, the more a country has a higher level of development, the tertiary sector, that includes the services, has the most significant part of the total workforce¹.

It is very well known that tourism is a strategic economic activity for any state and its importance in national economies is growing worldwide. Being constituted by a wide range of products and destinations and involves both the public and private sectors, tourism has great potential for contributing to several

¹ Ionciă M., *Economia serviciilor*, Editura Uranus, București, 2000.

of the major objectives of countries, such as economic growth, sustainable development, employment labor and economic and social cohesion. Today, most experts say that there is a tourism industry, with many priorities for some countries due to the everyday and business ties caused by the practice of domestic and international travel. The worldwide development of tourism makes this sector a major source of recovery of national economies of all countries with important tourism resources and also tourism industry positively influence the increase of national income through visitor expenditure structure itself, which turns into cashing and ultimately the revenues of other sectors involved in tourism product realization. Furthermore, tourism is particularly important in the provision of employment opportunities for young people who weight twice as large workforce in tourism compared to the rest of the economy.

The importance of tourism and touristic services in the economy

In time, tourism and touristic services has experienced constant evolution and extending diversification to become one of the fastest increasing economic sectors from the world. Contemporary tourism is closely associated to development and includes rising number of new destinations. These dynamics have made tourism very important for socio-economic progress. Currently, the business volume of tourism equals or even tops that of oil exports, food production or automobiles industry. Tourism become one of the major players in international commerce, and represents all at once one of the main income sources for many emerging countries. This progress goes hand in hand with a increasing diversification and competition amid destinations. This global range of tourism in industrialized and developed states has produced economic and employment benefits in many related sectors - from construction to agriculture or telecommunications.

Among countries where tourism was far superior economic performance, are Iceland, Japan, Mexico, New Zealand, Qatar, Saudi Arabia, Thailand and Uganda.



Source: UNWTO 2016

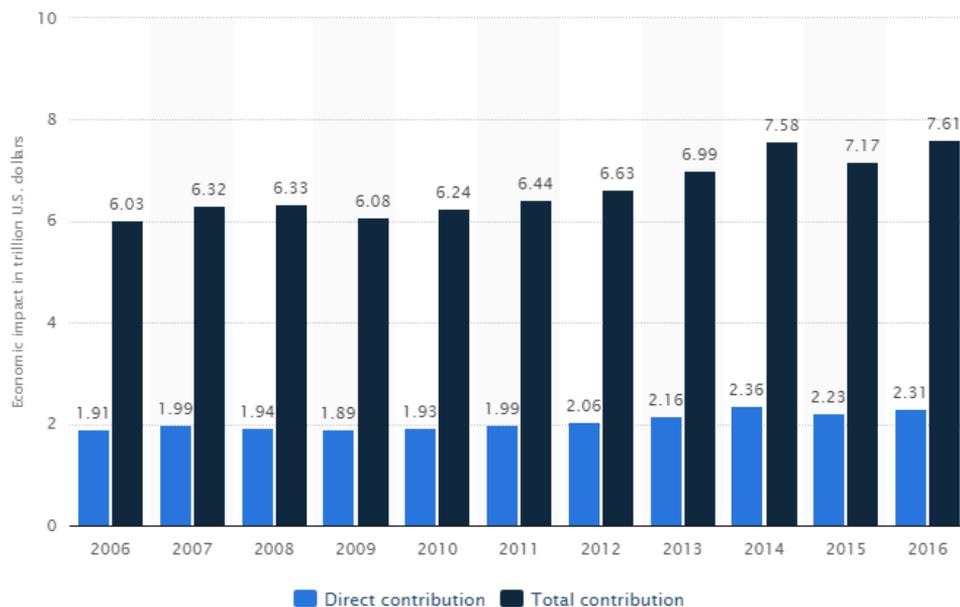
Figure 1. Why tourism matters in the world economy

In 2015 tourism sector increased by 3.7%, contributing 9.8% to total world GDP and the tourism sector held a total of 284 million jobs in 2015, with 7.2 million more than in 2014, which means that currently supports, directly or indirectly, one from 11 jobs in the world. According to a study made by WTTC, the direct contribution of tourism to GDP evolution exceeded overall a growth rate of GDP in 127 of the 184 countries included in this report. Countries where tourism was far superior economic performance in 2015 are Iceland, Japan, Mexico, New Zealand, Qatar, Saudi Arabia, Thailand and Uganda. The increasing of tourism is maintained by the aging population, which tends to travel more, and increase connections between destinations, making tourism more accessible.

Tourism in the world GDP

Over time, the travel and tourism industry has contributed about 7 trillion U.S. dollars to the world economy annually, reaching 8 trillion in 2016. As a very profitable and valuable industry to the global economy, travel and tourism has a direct economic impact of more than two trillion U.S. dollars each year. North America makes the largest contribution in this area, closely followed by the European Union and North East Asia. Due to their less developed tourism industries, regions such as North and Sub Saharan Africa make a much smaller impact. Though, according to the World Travel and Tourism Council (WTTC), some of the fastest-emerging tourism destinations can be found in Africa, with Namibia, Zambia and Angola. This is perhaps because of the realization of the benefits travel and tourism can offer to a country's economy, or maybe because of the increasing popularity of fewer traveled destinations among international tourists.².

² <https://www.statista.com/statistics/233223/travel-and-tourism--total-economic-contribution-worldwide/>



Source: <https://www.statista.com/statistics/233223/travel-and-tourism--total-economic-contribution-worldwide/>

Figure 2. Direct and total contribution of travel and tourism to the global economy from 2006 to 2016 (in trillion U.S. dollars)

According to the data from the World Travel & Tourism Council (WTTC) from 2014, 9 of the 10 of the countries that have tourism the most important sector of activity and with the biggest income are the islands, such as the Maldives and the Seychelles in the Indian Ocean, and the British Virgin Islands, the Bahamas, Aruba and Anguilla in the Caribbean, Macau that relies more on foreign visitors than any other place, nevertheless, with 44 % of its GDP stemming from the tourism and travel industries. The Asia-Pacific region is widespread and varied, though in general some countries share a high level of commitment to the tourism industry. The area’s most developed zones, including Oceania, and Japan, all have very well transport infrastructure, high degrees of ICT readiness and openness, and outstanding human resources. Australia ranks 7th in general and top in the Asia-Pacific region, and has made tourism 1 of 4 national investment priorities. With attractions from the Great Barrier Reef to Kangaroo Island and the largest number of World Heritage natural sites, it ranks 2nd globally on natural resources. It is also one of the top three destinations for leisure and entertainment, according to digital demand³.

³ http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015/index-results-the-travel-tourism-competitiveness-index-ranking-2015/?doing_wp_cron=1492615158.5562539100646972656250

Tourism in the European Union's GDP

Tourism plays a major role in the European Union's economy. Europe is the world's number one tourist destination with a total market share of 51% in 2015. The tourism industry generates (directly and indirectly) 9.9% of total EU-28 GDP, a figure which is forecasted to rise to 11% of GDP by 2026 and a number of 25.6 million of employees.

Also, Europe remains the area with the most worldwide arrivals per year, because in a part to the rich cultural resources, world-class tourism service infrastructure, very good health and hygiene conditions, and, particularly with the Schengen Area, high mark of international openness and integration.

According to the European Commission, tourism represents the third key socio-economic activity in the European Union (after trade, distribution and construction sectors), and has a general positive effect on economic growth and employment⁴. The UNWTO evaluates the impact of tourism in the world economy as 9% of world GDP, while in the EU it stays the third-largest socio-economic sector and has generally remained strong throughout the financial crisis. Measuring the exact impact of tourism-related activities on GDP or employment does carry certain challenges. Though tourism is officially accepted as a directly-measurable activity, and despite the progress reported in harmonizing definitions and measurements, differences in national practices still present difficulties in completely capturing the economic importance of tourism and attaining full comparability of the resulting measurements.

In 2014, international tourism arrivals recorded 1.133 billion (4.3%), of which 582 million in Europe, 51% of the total (+3%). Thus, Europe (first ranked being France) confirms its position as the world's top tourist destination. In addition, a long-term prospective study of the World Tourism Organization (WTO) in 2030 provides for a more modest growth of tourism in Europe, estimated at 744 million tourists (1.8%), 41.1% of total.

With an estimated growth of 3.9% in 2015, travel and tourism industry will become one of the main engines of growth locally, regionally and globally. But as tourism recorded growth in all segments, recreation and leisure, business and group, tourist destinations will have to invest effectively and implement strategies that can help them differentiate themselves from others. A number of new hotels were opened in 2015 and will continue the process of changing existing owners for attractive properties. Overall, the industry is planning currently a tranche of about 1.3 million new places.

Although global hospitality industry was dominated by a few key cities and destinations considered most attractive to global tourism (such as New York, Paris or London), travel enthusiasts began to be interested in new destinations.

⁴Tourism and the European Union. Recent trends and policy development – a study by European Commission

suppliers serving projects or tourism facilities and overheads in the savings sector employees.

In Romania it is estimated that, in 2014, tourism generally represented 3.5% of GDP and about 150,000 employees, representing 1.6% of the workforce of the country. It can be seen that Romania stands below the European average and this is worrying because Romania's tourism potential is much higher compared to that of most European Union countries, having a significant cultural heritage and a rich diversity of natural resources.

Indirect contribution of tourism to national GDP (such as investment, other services generated or supported by tourism and shopping, refueling etc.) was in 2014, an amount of 33.1 billion lei (nearly 7.4 billion) or 4.8% of GDP. Also in 2014, tourism generated for Romania 205,000 jobs, representing 2.4% of total employment. The leisure tourism spent were 69.1% of total rest to business tourism and events. Oppositely, costs related to foreign tourists represent only 37.3% of the total. It is interesting that in a global ranking of the contribution of tourism to GDP, Romania ranks 66, ahead of other tourist countries such as Slovakia and Bulgaria. Compared to the share of labor in tourism Romania stands better, 59th, and reported investments, 40th (3.5 billion), ahead of other countries in the region, including the Czech Republic, Hungary, Croatia, Bulgaria Slovakia.

Tourism had in 2015 a total contribution of 5.1% of GDP, which ranks Romania on the 154 place in the total of 184 countries, behind Albany, Bulgaria, Hungary, Czech Republic and Slovakia, and a total contribution of 33.1 billion lei (9.9 billion dollars) to Romania's GDP, of which 10.5 billion lei (3.2 billion dollars) a direct contribution, according to a report by the Council world Tourism (WTTC).

Conclusions

Travel and tourism industry has been growing steadily over the decades and diversifying its potential to become one of the world's emerging economic sectors. Besides, tourism can be considered one of the most effective diplomatic tools, since it is mainly a mean of socialization. Modern tourism is very connected to the developing world and international dynamics have turned into a key exponent of socio-economic progress. The worldwide spread of tourism in industrialized and developed states has produced economic benefits and boost employability determined interconnected in many sectors - from construction to agriculture and telecommunications. In 2015, tourism sector supported directly or indirectly, an amount of 284 million jobs and the direct contribution of tourism to GDP growth exceeded overall growth rate of GDP, in 127 out of 184 countries.

WTTC estimates that in the next decade, tourism will record better performance of the world economy with an average growth of 4% per year and

also, travel and tourism will have a lower contribution at the economic expectations of France, Turkey and Brazil, due to terrorist attacks and political and economic turmoil. The security concerns, oil prices, the appreciation of the US dollar relative to other currencies and other macroeconomic developments will continue to influence trends in tourism.

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*** www.adevarulfinanciar.ro

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***www.unwto.org

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