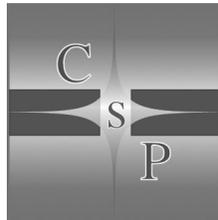


Romania as a Tourist Destination and the Romanian Hotel Industry

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By

Cornelia Pop, Smaranda Cosma, Adina Negrusa,
Claudiu Ionescu and Nicolae Marinescu



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To our families and friends

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INTRODUCTION

Part I: Unique features of the book

This book addresses the primary concern of the state of tourism business in Romania. Many efforts from promoting Romania using different slogans to complying with the United Nations requirements for preserving historical sites have been done by the Romanian government as well as its business people to promote the country's tourism potential to the international community. However, the results of all these efforts, to the date this book is written, show more like a run of the mill attempt. In terms of regulatory framework, business environment, and human, cultural and natural resources, Romania is still considered under developed in the World Economic Forum published the Travel and Tourism Competitiveness Report 2007. Staying in its current position in the world of tourism will waste Romania's natural potential as a world class tourism destination. Thus, a way to achieve a better status will be to understand the problems faced by Romania, find the most appropriate remedy to address the problems, and implement the most practical solutions that fit the Romanian culture yet internationally acceptable.

While the business community can benefit from information provided and policies implemented by the government or other tourism agencies, it is remarkably difficult to find an honest, informed, and comprehensive analysis of the subject. Moreover, information from those resources can be disorganized, flimsy, or contain erroneous facts.

A good understanding of the Romanian tourism requires candor and practical examination of the current situation in Romania. It also requires comprehensive knowledge of the tourism world in the international setting, and creativity in applying various theoretical business strategies in the tourism subject area. All of these are addressed in this book. One will greatly benefit from this book's most updated statistics, appropriate illustrations and pictures, and most importantly, unbiased and practical analysis.

Part II: Who should read this book

This book is aimed at two broad categories of readers. The first is practitioners in the tourism business. This includes the Romanian government, and the local and international tourism business owners, managers, and workers.

The second is financial market participants, which includes bankers, private investors, corporate financiers, and venture capitalists. The third is consultants, whose role is to advise investors and corporations on value creation, investor communications, and the risk of investing in the Romanian tourism business venture.

The second broad category includes participants in the academic community. More specifically, students in the business and tourism subject related areas. This book should also be of particular interest to students preparing themselves for interviews and careers in the hotel, travel, and other tourism-related industry.

Part III: Structure and content of chapters

Chapter 1 provides a comprehensive discussion on Romania as a tourist destination. The chapter contains a short description of Romania as a country that has the capacity to provide a world class tourism service, and various strategies that have been proposed and done by the Romanian government to turn this capacity into a reality, which unfortunately has not happened by the time this book is written. Thus, the final part of the chapter provides comprehensive analytical scrutiny on how to brand Romania as a tourist destination.

Chapter 2 concentrates on the Romanian hotel industry. The types of accommodation establishments in Romania are discussed in detail, based on the categorization provided by the Romanian National Institute for Statistics (NIS). The evolution of these accommodations from 1970 to 2005 is then elaborated in the second part of the chapter, followed by thorough explanation on the Romanian hotel market, the types of ownership, the grouping of these hotels, and the actual stage of development until the end of 2006.

In chapter 3, the three most prominent cities for tourist destination, Brasov, Cluj-Napoca, and Timisoara are presented in a colorful fact-packed writing style. Their tourism features are analyzed and their future potential development is explored and proposed from the academic and practitioner point of views. This chapter will provide a good harmony in the tourism literature, which tends to discuss the capital city Bucharest in great details, but nothing much in other equally interesting cities.

Finally chapter 4 closes the book by presenting the authors' systematic and detailed analysis on Romania's future as a tourist destination. And best of all, the most recent fact from 2007 is employed in the chapter to provide the latest and most updated perspective of tourism business for Romania, which is the aim of this book in the very first place.

Elisa Rinastiti Muresan, Ph.D.
Associate, Standard & Poor's
May 2007

CHAPTER ONE:
ROMANIA AS A TOURIST DESTINATION

PART I:

ROMANIA – A SHORT DESCRIPTION

Covering 238,391 km² (92,019 square miles) Romania is situated in the south-east of Europe, bordering with Hungary, Serbia, Bulgaria, the Black Sea, Republic of Moldova and Ukraine. Romanian climate is temperate continental. The official language is Romanian, a Latin origin language. Administratively, Romania has 40 counties. The capital, Bucharest, is situated in the south-eastern part of Romania and has over 1.9 million inhabitants.

Romania became a NATO member in 2002 on January 1st, 2007 became a member of the European Union.

The majority of Romanians are Christian orthodox (86.7%). The population is over 21.6 million inhabitants, with the following structure¹:

Romanians	89.5%
Hungarians	6.6%
Roma	2.5%
Germans	0.3%
Ukrainians	0.3%
Russians	0.2%
Turks	0.2%
Tartars, Serbs and Slovaks	0.3%
Other minorities	0.1%

Source: www.recensamant.ro/fisiere/Analiza%20date%20prelim.doc

The historical names of provinces: Wallachia, Oltenia, Dobruja, Moldova (including Basarabia and Bucovina), Transylvania (including Maramures) and Banat are still in use when referred to various Romanian regions.

Romania has a harmonious and diverse landscape. From touristy point of view, it could be considered one of the most beautiful and resourceful places in Europe. Romania also has a rich tradition and culture. The combination of

¹ This structure resulted from the 2002 Romanian population census.

both creates inspiring variety and ever-happening action. It is generally agreed that Romania has a huge potential for tourism.

Despite all these attributes, until now the country has not become, as was intended, a well known tourist destination. However, Romania can become one. The following pages will try to analyze what has been done and what should be done for Romania to capitalize on its potential in order to become a popular tourist destination.

Romanian tourism can be divided into 3 major segments:

- Ecotourism, including:
 - cultural and religious tourism,
 - rural and ethnographical tourism,
 - mountain tourism,
 - adventure tourism,
 - urban tourism in medieval towns;
- Aqua tourism, which includes the Danube Delta, Black Sea Coast and spa tourism;
- Business tourism including meetings, incentives, conference and events (MICE), and urban tourism.

Ecotourism

The potential of ecotourism is shown by the fact that 8.5% of the country's surface is protected in various ways through (NIS 2005):

- 3 Biosphere Reservation: the Danube Delta; Retezat mountain area, and Rodna mountain area;
- 26 national and natural parks;
- 55 scientific reservations;
- 851 other natural reservations and protected natural areas.

Valuing these national treasures, Romania has subscribed to the main European and international conventions and programs in the field of environmental protection.

A great variety of old Orthodox churches, monasteries and cathedrals reflects the importance these places have in preserving a part of the Romanian cultural heritage during the ages. This portfolio is even more diversified, mainly in Transylvania, by the Catholic, Calvinist, and Lutheran churches and cathedrals. All of these contribute to the area's great potential for religious and heritage tourism.

The Romanian potential for cultural tourism is represented by over 27,000 places of interest or locations grouped under different categories, and 151 monuments and archaeological sites of special value. Numerous

architectural styles are present: Romanic, Gothic, Renaissance and Baroque, Rococo, and Art Nouveau. Romania has also a specific architectural style named Brancoveanu. It is present mainly in castles, palaces and houses belonging to the province of Wallachia. A Moldavian architectural style can be identified as specific to Romania.

In a mixture of images and legends, the castles, palaces and houses from Romania tell the story of the period between the 12th and the 20th century inside the preserved medieval towns and in the modern towns which protected their historical heritage.

Together with other symbols of Romanian culture, most of the architectural achievements are now included in the international UNESCO heritage list.

For those searching for alternatives like rural, mountain and/ or adventure tourism, Romanian outdoor landscapes provide excellent opportunities. Secular woods, ozone rich air, mysterious caves, glacial lakes, waterfalls and peaceful countryside make the Carpathian Mountains a perfect place for relaxation. For restless spirits, hunting, fishing, mountaineering, sightseeing, alpine climbing, and skiing are available.

Aqua tourism

The Danube Delta

In 1971, the Danube Delta was declared a Biosphere Reserve by UNESCO and is one of the most important areas included in the Convention of Wetlands signed at Ramsar, Iran.

Being the third largest Delta in Europe, the Danube Delta hosts 98% of the European aquatic fauna. The Danube Delta covers a territory of 3,446 km² (1,610 square miles). Hosting more than 3,400 bird species, some of them unique in the world, the Danube Delta can be considered the European birds paradise.

The Romanian Black Sea Coast

Located in the south-east of Romania, the Black Sea Coast has a length of 245 km (152 miles), between Chilia, in the Danube Delta, and Vama Veche, at the border with Bulgaria. The length of the beaches is 80 km (50 miles) and their breadth varies between 50 and 250 meters (between 55 and 273 yards).

The Black Sea is a continental sea and the advantage of being tide less. Its salinity is much lower than other seas.

A range of summer resorts with names inspired by Roman mythology (Olimp, Neptun, Jupiter, Venus, Aurora, Saturn) was developed at the end of 1960s and early 1970s near the old resorts Mamaia, Eforie Nord, Eforie Sud and Mangalia. These were known since the early 1900s.

Spa and wellness tourism

Romania is home to one-third of the thermal and mineral water supply of Europe. Romanian spas have been famous since 1860s. The water from various mineral springs was bottled and transported to Paris starting with 19th century.

With underground thermal and mineral waters, salt mines, sulphurous thermal and mineral springs and a protective bio climate, Romanian spa resorts are an ideal place for health improvement, wellness or relaxation.

The most important treatment centres, from over 160 existing spa resorts (NAT Strategy 2006), are:

Baile Herculane, the oldest spa in Romania, dating from Roman times, recommended in the treatment of degenerative rheumatic pains, inflammatory diseases, diseases of the peripheral nervous system and other related diseases;

Baile Felix offers warm baths with mud and paraffin, thermal water pools, electro and hydro-therapy.

Sovata's salt waters are recommended for the treatment of gynaecological and locomotors system diseases, cardiovascular, digestive and endocrine diseases, and post-traumatic conditions.

The spas of the Black Sea Coast are known for the recreational possibilities combined with wellness treatment options.

Techirghiol, a spa resort on the Black Sea, is known for its sapropelic mud. The treatments available cover a range of diseases from the central and peripheral nervous system problems to dermatological diseases.

Calimanesti-Caciulata with its mineral waters is recommended for the treatment of digestive, urinary, and kidney diseases and also for gynaecologic, neurological and endocrine dysfunctions.

Otopeni Clinic was formerly known as Ana Aslan Institute. Here geriatric therapy is offered based on Professor Ana Aslan line of products.

Business tourism

Since 1995, when economic reforms accelerated, business tourism became an important segment of the tourism offerings. Bucharest and important cities like Timisoara, Cluj, and Iasi witnessed an important growth in the

number of accommodations, mainly hotels. Meetings and conference facilities have multiplied and provide good services and modern equipments.

The number of companies offering incentive trips to their employees has increased. Also the number of companies celebrating events, organising team building and workshops to specific destinations grew. Mountain and spa resorts have become the preferred destinations for this tourist segment.

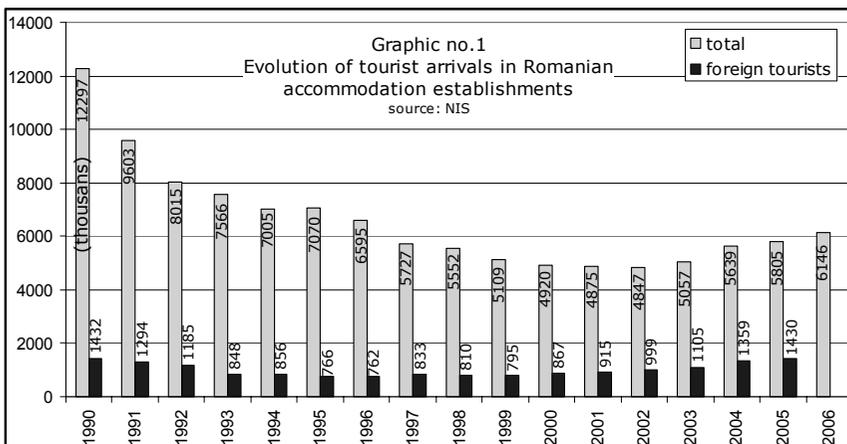
The number of conferences and other events also registered a growth, enhancing business and urban tourism.

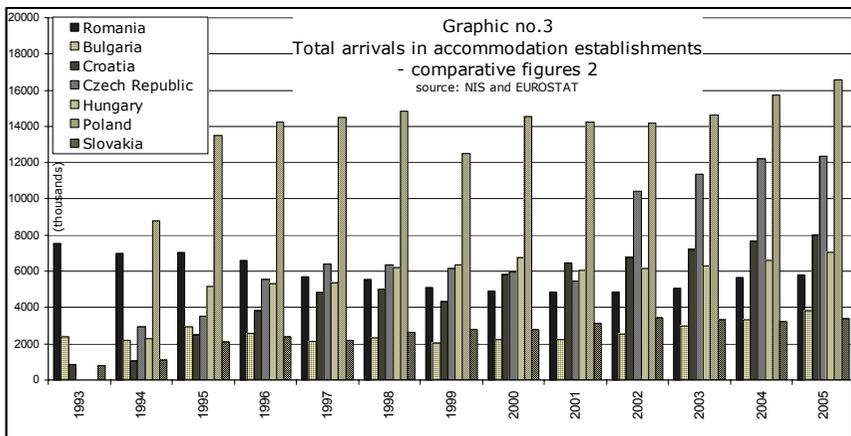
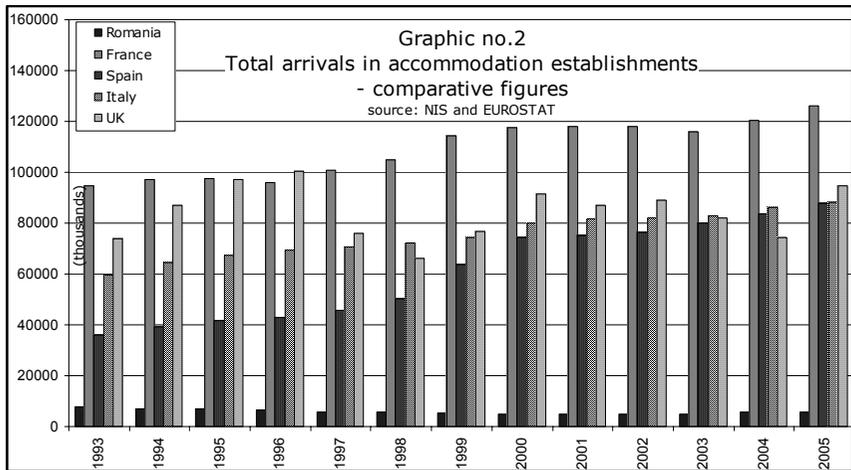
Romania organized and hosted the World Francophone Summit at the end of September 2006. It was an attempt to present itself as a new and dynamic destination for meetings, incentives, conferences and events.

Despite the rich tourism potential presented above, Romania is not a well-known tourist destination.

The evolution of total tourist arrivals in Romanian accommodations is presented in graph 1. It also highlights the number of foreign tourists out of the total. The trend has been a declining one until 2002. Since 2003, the situation slightly improved, but it is still far from the level of 1990.

Graphs 2 and 3 present Romania in comparison with four of most popular tourist destination in Europe, respectively with the country's main competitors in tourist market. Measuring Romania against destinations like France and United Kingdom seems unfair. Highlighting the discrepancy only intends to show the long road Romania faces. In comparison with the countries from Central and Eastern Europe, Romania lags behind four of them due to the declining trend in tourist arrivals.





PART II

ROMANIA'S STRATEGY FOR TOURISM DEVELOPMENT

Romania needs at least two things to become a well known tourist destination: a coherent strategy for tourism development, and a brand as a tourist destination.

The strategy for Romanian tourism development was formulated during the summer of 2006 and made available to the public on the website of National Authority for Tourism (NAT) since August 2006. It is almost unknown and its existence ignored. The branding process is advancing slowly, being stalled to many times until now. The answer to these situations is given by the ambiguous politicians and decision-makers attitudes toward tourism, and by the lack of strong and determined professional tourism organizations.

In order to understand the controversial attitude Romanian politicians and authorities had and still have toward tourism and toward branding Romania as a tourist destination, a brief presentation of the situation prior to 1989 is necessary.

The communist period started for Romania in 1948; for almost 20 years, Romanian authorities followed the Soviet Union model and gave no special attention to tourism.

The situation changed after Stalin's death and after Romania's refusal to participate in the military invasion of Czechoslovakia. The Western governments' attitude toward Romania changed as did Romanian's communist authorities' attitude toward foreign tourists. Realizing that a flow of foreign tourists could provide and incoming cash flow of hard currencies, Romania's authorities, under Ceausescu's ruling, decided that investments in hotels and other accommodation types would increase the expected outcome. In the first half of 1970s a large number of hotels were built and opened in Romania; the investments were concentrated on:

- ◆ Romanian Black Sea Coast;
- ◆ Prahova Valley where Predeal and Sinaia became main mountain resorts;

- ◆ Poiana Brasov, mountain resort near Brasov,
- ◆ spa resorts
- ◆ cities like Brasov, Cluj, Iasi, and Timisoara.

The pace of hotel construction and openings decreased in the second half of the 1970s.

The investment in hotels proved to be a good decision. During the second half of the 1970s, Romania was a popular destination for German, Scandinavian, Dutch, French, and Italian tourists. They were joined by Czech, Slovak and Hungarian tourists. The preferred destination was the Black Sea coast

Domestic tourism was not neglected and Romanians traveled, mainly during the summer holidays, to the Black Sea coast, or spent time in spa and mountain resorts.

By the end of the 1970s Romanian tourism was blooming and the hotel industry appeared to be strong and healthy, in the protected environment offered by communism, as all were state owned. The focus on tourism during that period was supported by promotional materials for every domestic destination. These materials were available for foreign and internal market alike. Romanian tourism also flourished due to reasonable price levels compared to other destinations of the period. That bright period is still vivid in the minds of several generations of Romanians including the present politicians, who believed that foreign tourist did not forget their time spent in Romania, experiencing its beautiful landscapes and Romanian 'traditional hospitality'.

Starting with 1980s, Ceausescu's ruling became more dictatorial; the arrival of foreign tourists was not a priority anymore and Romania faced severe economic problems.

Tourism lost momentum due to a sharp decrease in foreign tourists arrivals caused by Romania's economic decline, generating the degradation of accommodation services and conditions. Internal tourism was decreasing too, but at a slower pace. The effects of numerous rationalizations limiting the supply of fuel for cars, the supply of energy and natural gas, and also the access to basic products had a serious influence not only on the quality of accommodations, but also on the decision to travel. However, despite the poor conditions offered in Romanian resorts of the 1980s, domestic tourism stayed afloat due to low room rates offered for the members of communist trade unions; and almost every working person had such a membership. Since the summer period was popular for holidays, the lodging conditions were easier to support. Spa resorts also were still receiving tourists with health problems, who needed to continue their treatments.

Once again Romanian authorities paid little attention to tourism. As consequence, little or no investments were made in maintaining and modernizing hotels and other types of accommodations.

Being nearly absent from the tourist market during the 1980s, Romania was forgotten as a tourist destination.

At the beginning of the 1990s Romanian accommodations looked obsolete, stale, dusty, and sometime unfriendly. The fixtures and furniture had not been changed since the mid 1970s and despite minimal renovations, the materials and room designs remained at the same level. A night spent in a Romanian hotel, motel or villa during early 1990s was like traveling back in time 20 years. This situation created opportunities for the development of small lodging establishments during the second part of the 1990s.

The poor situation of the accommodations was further complicated by an old road, railway, and airports infrastructure. With such drawbacks, Romania was not an appealing destination for any foreign or domestic tourist despite memories they may have had from the 1970s.

Choosing to either avoid or ignore the crude reality, the new democratic Romanian authorities deluded themselves that 'the golden period of tourism' of the 1970s had returned. They were waiting for foreign tourists to come back and rediscover Romania. The foreign tourists did not come back for good reasons: during the first half of the 1990s, beside the poor accommodation conditions, difficulties of traveling and almost no tourist package offer, Romania's image abroad was a dark, tainted, and generally negative one.

In the early 1990s, the political discourses always indicated the tourism as one of Romania's competitive advantages (Gheorghe 2006a). Contrary to such declarations, the attitude of Romanian authorities and politicians toward tourism was passive. No important actions were initiated in order to transform Romanian travel and tourism into an important sector of the national economy.

As The Diplomat (2006), Badulescu (2005), and Bufnila (2005) highlighted, the general idea still very present in the minds of Romanian decision-makers was that 'everyone knows how beautiful Romania is and its hospitality is well-known'. Since Romania was barely present on the tourist market for almost 10 years, how does 'everyone knows'? The authorities ignored that tourists' memories are short, and the number of interesting and affordable destinations was growing every year.

As direct consequence of those false ideas, years passed without an accurate and sincere evaluation of Romania's tourist potential. The need for planning and strategy was ignored. The lack of funds dedicated to tourism development implied the cancellation of former tourist packages like Cruises on the Danube due to poor conditions. Other consequences triggered by the absence of money were represented by the scarcity of research studies on new

tourist products, the impossibility to implement them as required, and a small quantity of printed promotional materials. The existing prints still included photos from the 1970s.

However, Romanian travel and tourism industry managed to remain afloat due to domestic tourism. It was intense during the first half of the 1990s due to visa requirements imposed for Romanian citizens, but also to external tourism package prices too high for an average Romanian income at that time. On the other hand, Romanians were eager to rediscover former popular resorts and to enjoy their vacations in better conditions. The disappointment soon followed generated by the inappropriate accommodation conditions and low quality of services. The decline in tourist arrivals presented in graph 1 confirms this situation.

A political decision which deferred Romanian tourism development was the postponement of the privatization process, mainly in the hotel industry, despite the need for investment. Instead, individual persons or small companies started to manage the state owned hotels under the form hiring of management². Due to the provisional situation of those contracts, almost no investments were made by the new managers. Also the amount of funds needed to modernize the accommodation establishments was important. The Romanian banks, during the 1990s, did not offer many credit alternatives and the credit lines for investments were almost absent.

This situation contributed to a wide spread of ‘catch and kill’ behavior, with hotel and restaurant managers and owners concentrated only on short term profits.

At least two studies, Moraru (2005) and Societatea Academica din Romania (2004), consider that the delay in privatization combined with the ‘hiring of management’ contracts served some individuals and group of interests. Accommodations in an advanced stage of degradation could be sold at a lower price than a modernized one.

These opinions were supported by two facts:

- the International Monetary Fund managed to ‘convince’ the Romanian government between 1994 and 1995 to start the privatization process. However the tourism sector, mainly the hotel industry, was among those with a very slow pace of privatization;
- many privatizations were questionable and not transparent. One of the most frequently mentioned situation was the

² The Romanian term was ‘locatie de gestiune’ translated from the French word ‘location de gestion’.

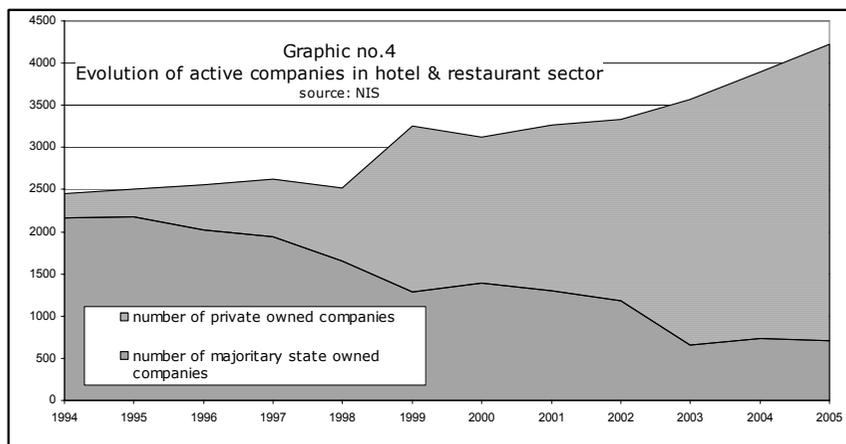
privatization case of the InterContinental Hotel building in Bucharest. The Marriott hotel group lost the competition to the Paunescu brothers, Romanian businessmen with important political connections (Societatea Academica din Romania 2004).

After 2000 the privatization process accelerated, but its transparency did not increase despite attempts to show privatization auctions on Romanian TV channels, mainly for hotels. As result, the accommodations were sold to small size companies, sometime the same which managed the lodging under the 'hiring of management' contract. Even after privatization, those companies did not have the financial capacity to ensure the investment level needed to modernize the lodging facility or facilities. Romanian banks become more active in financing small companies' investments only starting with 2003.

Other accommodation establishments were bought by bigger companies, with the financial capacity to make investments. But in many cases the needed investments were never made or were done at a minimum level. It was stated that the privatization contracts included the owners' obligation to invest in the accommodations they acquired. Until recently very little has been said about canceled privatization contracts because the re-investment obligation was not fulfilled. There were no true verifications regarding the privatization contracts, no one knows who should have done them. Perhaps the various group interests were more important and powerful than a legal obligation (Stefan 2006).

However, another important reason exists to explain the situation: the majority shareholders regarded the lodging establishments they purchased as real estate investments and the hotel business was of secondary importance. Those shareholders have the strong belief that, after Romania's accession to the European Union, foreign investors would come and buy the accommodations. They expected a large profit to be obtained through the difference between a high selling price and the low price paid through the earlier opaque privatizations.

As in almost all economic sectors, private initiatives were not supported within the tourism and hotel industries. Thus, the rhythm of initiating small private companies in tour-operator, restaurant, pubs, and bars was more rapid. In the lodging sector this pace was slower due to the high level of funding required for such an investment. It was also induced by the indifferent attitude of the Romanian state owned banks toward financing the private sector. This attitude changed slightly only in the second half of the 1990s, after the start of privatization in banking sector.



Accommodation room rates represented, during the 1990s, another problem. The state ownership of Romanian lodgings allowed, mainly between 1990 and 1997, tourism authorities to establish room rates in a centralized manner. Also a differentiation between foreign tourists (higher room rates), and Romanian tourists (lower room rates) existed. Price negotiation at the reception desk was out of discussion.

Even if the private accommodations were few, during the second half of the 1990s, the tourism authorities realized that there was a part of the sector where they could not establish the prices. Thus, they asked private lodgings to communicate, every year, at the Ministry of Tourism, what there should be a maximum level for their room rates. Such a request, combined with the above presented differentiation between room rates for foreign and domestic tourists, did not encourage a price policy based on flexibility and efficient management of Romanian accommodations.

Romanian tourism existence was under the influence of ideas resulting from too many decades of centralized planning, rigid price practices, combined with the absence of investments and groups of interest pressure. These conditions could not represent a base for a real development of travel and tourism sector.

Sometimes during 1994 or 1995, tourism was declared 'a national priority'. When and by whom, no one remembers now (Business Magazine 2006). The declaration seemed to be related with the strategy for tourism development created by the Ministry of Tourism during 1994-1996 and completed with the Strategic Plan for Tourism Development in Romania (Societatea Academica din Romania 2004). Those documents remained, unfortunately, only on paper. No clear implementation attempt took place.

However, those documents represented a first step in the right direction for the sector development.

Another important step ahead was made in 1998. For the first time since 1989, a regulation dedicated to Romanian travel and tourism sector was issued and enforced through the Government Ordinance no.58/ 1998³. It is also important to state the fact that, in the first paragraph of the regulation, tourism is declared to be a ‘priority domain of Romania’s economy’.

After those promising advances, Romanian authorities did not get any further. No important attempts were made to implement a coherent development strategy for tourism. However, not many efforts seemed necessary in that direction as long as Romanian tourism still survived based on domestic tourism. Traveling and spending holidays abroad were out of reach for many Romanians during the late 1990s. Romanian tourism also benefited from the subsidies provided for spa tourism by Romanian decision-makers. The subsidies were given under the form of generous discounts for accommodation and for train tickets. The main beneficiaries were retired people, low income individuals and those with health problems⁴. Romanian authorities chose to keep spa tourism afloat through social actions. The modernization of existing resorts, the privatization, and the direct domestic or foreign investments were postponed invoking the same social reasons (Popescu 2006a). Subsidies were considered cheaper than the launch of a modern spa & wellness product and implicit promotional actions.

Between 2000 and 2004 the Romanian politicians’ and authorities’ attitude toward tourism remained ambiguous. The situation arose also from the contradictory decision they took during 2003.

During the first 6 months of 2003, tourism was, again, declared ‘a national priority’. However, by the end of June 2003, the Ministry of Tourism was integrated into the bigger and more complicated structure of Ministry of Transportation, Construction and Tourism (MTCT). The sectors of transportations and constructions were already important, with a complicated situation. Adding tourism to this structure only contributed to its future neglect. As a result of tourism integration in MTCT, between July 2003 and March 2004, it was not clear which authority will be in charge with the sector. By the end of March 2004, the National Authority for Tourism (NAT) was created and for its head the status of ‘president of NAT’ was established.

³ Since its enforcement, the Government Ordinance was modified three times through: the Law no.755/ 2001, Government Ordinance no.5/ 2003 and the Law no.299/ 2003. It should have been republished since its last alterations, but this thing never happened, making it difficult to read and to understand for any interested party.

⁴ Those subsidies were justified in the eyes of Romanian authorities by the high inflation rates, and the low level of pensions and medium wages.

Despite the contradictory decisions and actions, between 2000 and 2003, the privatization process of hotel industry came to an end and was officially declared closed. A lot of criticisms were made regarding the low level of privatization transparency and the manner of selecting accommodation owners. Those criticisms were real because the privatization process generated a highly fragmented hotel industry (which will be described in the next chapter). Also the new owners could not support the required level of investments, and had little or no experience in managing a hospitality unit. In other cases, they were relying upon the experiences of the 1970s and 1980s and made no effort to update the process and/ or their knowledge.

During the same period, 2000-2003, numerous programs were proposed and launched by the Ministry of Tourism, under the guidance of minister D.M.Agathon. The positive output which resulted from the programs initiated by the Ministry of Tourism was represented by the good and creative ideas connected with those programs. It also showed that there were people who understood how Romania should explore its potential for tourism. All those interesting and modern ideas were, unfortunately, lost due several causes:

- the large number of launched program and their diversity;
- the time horizon established for implementing the programs (2-3 years) was unrealistic;
- the sources of funding were not indicated and no special budgets were allocated;
- no implementation guidelines were established. The absence of a strategy created the false belief that a good idea was enough; transpose it into practice would be easy. This proved not to be the case as for all the announced programs lacked the real communication between the central tourism authorities, local authorities, and local business communities which would have the most important role in the implementation of those programs. Further delays occurred when the Ministry of Tourism was included in the bigger structure of MTCT.

A list of these programs is presented below. A short description of these programs exists in the annex no.1.

- ✓ social programs, directed at Romanians with low incomes:
 - May 1st at the Seaside and One week at the Seaside
 - The Littoral for all
 - Recover in spa resorts and One week of recovering in spa resorts
 - Holiday in the countryside
- ✓ programs for tourism development

- Superski in the Carpathian Mountains
 - Salvamont
 - Romania - Country of Wines
 - Cruises on the Danube
 - Blue Flag
 - Q Mark (Seal) Program
 - Romanian Casinos
 - Infotourism
- ✓ other program ideas
- Mamaia – Riviera of the East;
 - Europa Resort
 - National tourist parks
 - The rehabilitation of burnt lodges
 - Old trains
 - Cultural and religious tourism

In November 2003 the Romanian National Institute for Research and Development in Tourism made available a new strategy for tourism development in Romania⁵. Its existence was ignored by many since it was not available either on institute website or on NAT official website. It was found, by chance, as a link on the website of the Agency for Regional Development, the North-West branch, in 2004 (Pop and Cosma 2005).

For Romanian tourism development to occur, this strategy had the foresight to highlight that a true collaboration network must exist between NAT and other ministries which have any connection with tourism sector. A more coherent fiscal policy in tourism and hospitality was also considered a priority. Because was almost unknown, the strategy's recommendations were ignored.

The lack of direction for Romanian tourism development generated at least 3 other situations which had an impact on country's image as a tourist destination:

- The controversial statements made by Miron Mitrea, minister of tourism between 2003 and 2004. He managed to contradict himself by first declaring that facilities for mass tourism would be developed in the Danube Delta, then latter announcing that the Danube Delta natural environment should be protected (Societatea Academica din Romania 2004).

⁵ Since the first strategy elaborated by the Ministry of Tourism for 1994-1996 was available only on paper, no comparison could be made.

- The absence of an efficient communication between tourism authorities and those working at the Romanian borders generated an embarrassing incident in the summer of 2003. A tourist cruise ship from Turkey came into Sulina harbor in the Danube Delta. The tourists were treated as delinquents and they complained about border officers' attitude. Romanian authorities' response, mentioned by Financial Times (2003) was that those tourists should have used trains, airplanes or buses if they intended to visit Romania (Societatea Academica din Romania 2004).
- While cultural and religious tourism was included in the tourist program list, no true collaboration has been seen between NAT and the Ministry of Culture and Religious Affairs at least on two topics: museums visiting hours and common projects for promoting Romania's cultural attractions. Several years were necessary for museums to agree on changing their visiting hours and stay open at least until 6.00 p.m. Even now, there are no flexible visiting hours for week days and longer hours during weekends (Business Magazin 2006). Only one common project regarding the monarchical tourism was identified and presented by HoReCa (2003) as collaboration between NAT and the Ministry of Culture and Religious Affairs. No other information exists on this respect.

General elections were held by the end of 2004. The newly elected government included, as the former governments did, tourism politics in its agenda. Once again the importance of tourism had been expressed, including emphasis upon infrastructure development supporting tourist destinations and better cooperation between NAT and the private sector (AnatMedia, February 2005). An optimistic declaration was made in January 2005 by G.Copos, vice-prime minister at that time. He stated that in two years Romanian tourism would compete directly with its western competitors (Business Magazin 2005a). A more realistic statement would have been appropriated.

At the beginning of 2005 the declarative stage continued. The NAT president, M.Crivtonencu, promised a (new) strategy for tourism development by the end of that year (AnatMedia April 2005 and Budurca 2005). In November 2005, the newly appointed NAT president, O.Marian, declared that the WTTC report on Romania would be published. Only after this would the strategy for Romanian tourism will be written (Onaca Purdea 2005)

Other much needed steps for further tourism development were made in 2006.

The WTTC report on Romania was published in March 2006 and it represented the starting point for the long waited strategy for Romanian tourism development.

At the end of the first quarter of 2006, the Romanian government declared and allocated, for the first time since 1990, the amount of 325 million EUR for tourism. These funds must be used by NAT, as Carmen Moraru, director for promotion within NAT declared, between 2006 and 2008 for the following destinations (Dionisio 2006a, Gheorghe 2006b, and Budin 2006):

- ✓ Ski resorts – 130 million EUR (divided as follow: 2006 – 50 millions; 2007 – 50 millions and 2008 – 30 millions)
- ✓ Spas (for an integrated and balanced development) – 90 million EUR
- ✓ Danube Delta – 60 million EUR; some sources include the Black Sea Coast too;
- ✓ Sibiu, 2007 Cultural Capital of Europe – 50 million EUR
- ✓ Mountain resorts (for lodging capacities and other infrastructure in higher mountain region) – 30 million EUR

Finally, at the beginning of August 2006, the official strategy for tourism development became available on www.mturism.ro. It was elaborated by NAT officials.

It has two parts; the first one is dedicated to an inventory of Romanian tourist products and tourist destinations. It is realistic and points out all the problems which must be eliminated. However, it gives no information on the stage reached by the programs launched during 2004 by NAT. The second part attempts to draft a strategy for Romanian tourism development. SWOT analyses are available, while weaknesses and threats are mixed. The document also ignores several critical problems, including:

- branding Romania as a tourist destination;
- how the UNESCO heritage sites could be utilized to promote Romania;
- what should be done to add more sites to the UNESCO list;
- the use of the Dracula name for a tourism product promoting Romania;
- establishment of a coherent fiscal policy for tourism industry;
- collaboration with other ministries in order to ensure the network needed for tourism development;
- collaboration with local authorities for strategy implementation.

The absence, for years, of a coherent strategy can be understood if the list of ministers of tourism or in charge of tourism, since 1990, is analyzed (Dogaru 2006):

January – February, 1990 – Mr. Mihai Lupoi

February – June, 1990 – n/a