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TOURISM INDUSTRY IN THE REPUBLIC OF MOLDOVA AMID COVID-19 PANDEMIC

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Abstract. Being a highly vulnerable industry, tourism was one of the most affected sectors, suffering the greatest crisis on record. The article reveals the impact of the Covid-19 pandemic on the tourism industry in the Republic of Moldova. There were explored the effects of the pandemic on tourism in the country and analysed the current situation in hospitality and tourism industry compared to the pre-pandemic period. The analysis showed that while the world saw an unprecedented fall in



international tourism, domestic tourism has shown positive signs in the market. Also, it was highlighted that the tourism industry is undergoing changes, being mainly affected by economic factors, geopolitical situation and technological advancements. Main trends and challenges for tourism development in the Republic of Moldova were identified.

Keywords: tourism, domestic tourism, travel, arrivals, overnights, pandemic.

Introduction

In recent years, the importance of tourism for economic development has significantly increased. Tourism affects economy and GDP level through the creation of new jobs and increase of demand for goods and services. Being a highly vulnerable industry to various environmental, political, economic and social risks, tourism became resilient from crises and outbreaks [7, p.312]. Global tourism represented a unique sector of economic activity that had seen almost uninterrupted growth over time. However, the COVID-19 pandemic has led to global lockdown, national quarantines and travel restrictions and has created a significant economic shock, surpassing that of the global financial crisis in 2007–2008. As a result, tourism was one of the most affected sectors, suffering the greatest crisis on record.

In the Republic of Moldova, tourism represents a significant tool for promoting rich heritage and national culture. Actions towards tourism development should be implemented taking into account numerous factors that affect the sector, global trends that shape the future of the tourism and local conditions and peculiarities that determine the current and potential state of the development [3, p. 520]. Growth in tourism industry can contribute to the development of a region and whole country.

Nevertheless, there are a number of studies on the impact of the Covid-19 pandemic on tourism in the world [1; 2; 4; etc.], including in the Republic of Moldova, some of the issues are yet not fully studied and deserve further attention. In this context, it is important to comprehensively analyse the impact of Covid-19 pandemic on the tourism industry and determine directions for tourism development in the country.

The paper aims at exploring the impact of the Covid-19 pandemic on tourism industry and determine the directions for tourism recovery and development in the Republic of Moldova.

In order to achieve the purpose of the paper, the following scientific methods were used: quantitative analysis of data, analysis of statistical data, synthesis, induction and deduction. The information base of the article includes the works of foreign and local researchers in the field, analytical reporting data and data collected from the National Bureau of Statistics.

The value of the paper consists in analysing the effects of the crisis generated by the Covid-19 pandemic on the tourism industry in the Republic of Moldova and determining main opportunities to facilitate tourism recovery. The findings of this study may be helpful for upcoming research in the area of regional tourism development.

Tourism industry in the Republic of Moldova

Tourism represents an effective tool for promoting national culture and heritage. The Republic of Moldova has a rich heritage of tourist interest. There are over 15 thousand anthropic tourist attractions, over 300 important natural areas, over 1000 protected architectural monuments, about 50 Orthodox monasteries, massive forest areas in the centre of the country, medieval places, fortresses, wineries, etc.

In recent years, tourism has evolved in the Republic of Moldova, main indicators being on the rise. But, despite government measures to support the industry and whole economy, the Covid-19 pandemic caused unprecedented damage to the tourism sector. Partial closure of borders and travel restriction imposed by most countries in the world as a measure to prevent the accelerated spread of the Covid-19 pandemic were some of the main factors that dramatically affected tourism. In 2020 fewer tourists and excursionists benefited from the services provided by travel agencies and tour operators amounting to 124506 persons, which is 3 times less than in the previous year, representing the biggest decrease. Nevertheless, the tourism sector started to recover in 2021, the number of

tourists and excursionists remains lower by 14.8% comparing to the pre-pandemic period and constituted 320880 persons.

The Republic of Moldova does not represent a popular tourist destination, the main form of tourism in the country being the *outbound tourism* with a share of 67.8% in the total number of tourists and excursionists. The outbound tourism was growing steadily with high rates, but in 2020 the sector was strongly affected by the Covid-19 pandemic, when the number of departures of Moldovan visitors abroad declined 4.2 times comparing to the prior year, registering only 74708 departures abroad (Figure 1). In 2021, the number of departures of Moldovan visitors abroad slightly increased, reaching 217678 persons, which at the same time is by 29.9% less than in 2019.

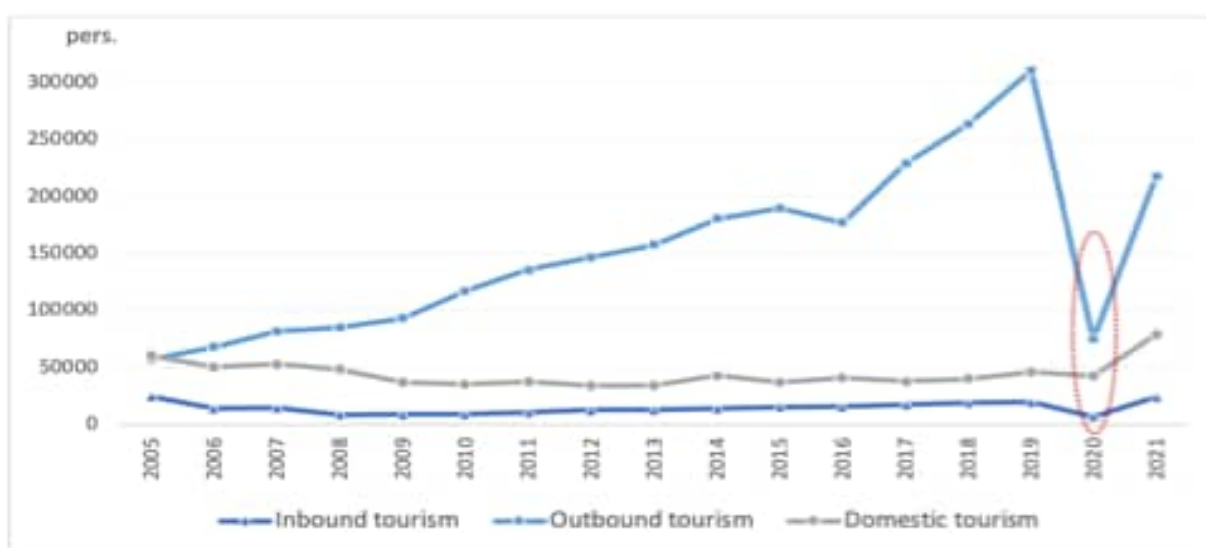


Fig. 1. Dynamics of organised inbound, outbound and domestic tourism in the Republic of Moldova, 2005-2021

Source: developed by the author based on NBS data

The data reveals that fewer people decided to travel abroad for different reasons, mainly caused by the ongoing pandemic and maintained restrictions in some countries of destination. In these conditions, some people chose domestic tourism, which is still underdeveloped in the country.

Due to the reduction of travels of Moldovan tourists abroad, the share of *domestic tourism* in the country rose by 22.2 p.p. from 12.2% in 2019 to 34.4% in 2020. Despite the fact that domestic tourism decreased by 7.1% in 2020 due to the pandemic crisis, in 2021 it registered a positive trend, accounting totally 79196 tourists and excursionists, or by 71.7% more than in pre-pandemic year. Today domestic tourism accounts for ¼ of the touristic services offered by travel agencies and tour operators.

Additionally, visitor arrivals into the country through travel agencies or tour operators also significantly fell by 65.0%, registering less than 7000 arrivals of foreign visitors in 2020 compared to almost 20000 persons before the pandemic. Comparing to outbound, the *inbound tourism* is faster recovering after the pandemic, the total number of arrivals of foreign tourists reached 24006 persons or by 20.9% more than in 2019. At the same time, to these over 20000 tourists who came organised, using the services provided by travel agencies, should be added other tourists, who planed vacation themselves, also staying in hotels and visiting restaurants, thus contributing to the sector. It is estimated that about 85% of tourists who come to Moldova come unorganized and only about 15% of tourists come organized [6].

In 2020, the *revenues of travel agencies and tour operators* from the tourist activity fell sharply from 2509.1 mil. lei to 782.8 mil. lei or 3.2 times (Figure 2), which caused financial problems for travel agencies.

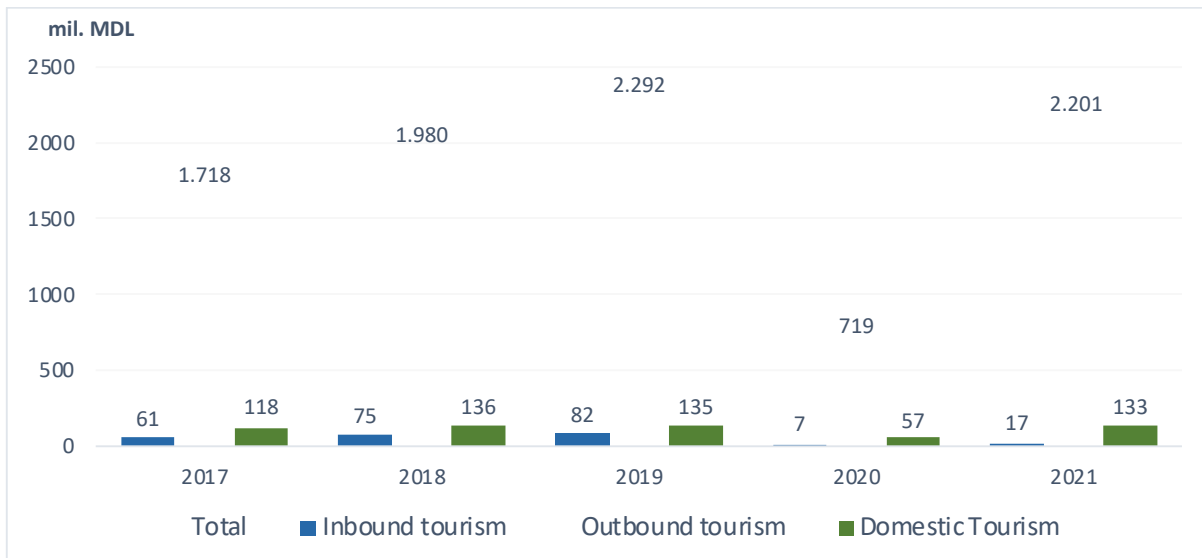


Fig. 2. Dynamics of the receipts of travel agencies and tour operators from the tourist activity for 2017-2021

Source: developed by the author based on NBS data

Main revenue of travel agencies and tour operators is generated by the outbound tourism (over 90%), which reduced by 68.6% and inbound tourism lost 91.1% of revenue. Due to elimination of some travel restrictions, the tourism sector started to recover and tourism receipts increased 3 times in 2021 compared to the previous year, but remains by 6.3% lower compared to the income obtained in 2019.

According to the data provided by National Bureau of Statistics, due to the crisis situation, employees working in hotels and similar establishments were affected as well. Thus, only in hotels and similar establishments the number of employees decreased by almost 40% in one year, constituting 1.1 thou. in 2020, which led to an increase of unemployment in the sector.

Main *motives* for citizens departures abroad include holidays, recreation and leisure (99.5%). At the same time, if earlier most foreign tourists were visiting the Republic of Moldova for business purposes (65.3% in 2005), after the financial crisis of 2007-2008 the share of tourist arriving for business purposes was mainly decreasing. Today most foreigners come for holiday (93.5%), while business tourists constitute only 6.1%.

The data on organised inbound tourism shows that in terms of individual countries, the number of tourists arriving to the Republic of Moldova is very unstable. In 2020, out of the total number of 6950 arriving tourists, most of them were coming from Romania (73.4%), Ukraine (14.9%) and Russia (3.1%). As stated above, the number of arriving tourists in 2021 increased 3.5 times reaching 24006 persons. Inbound tourism by country of origin is represented in Figure 3.

In 2021, tourists were mainly coming from Romania (8421 persons), Polonia (4147), Russian Federation (3711), Ukraine (2735) and Italy (2430), totally amounting to 89.3% out of the total number of incoming tourists. Over the last years, most of tourists visiting the country are from Romania (35.1% in 2021). Generally, it should be mentioned that during the last 2 years, the number of tourists from Romania increased by 2.4 times, reaching 5102 persons in 2020 (forming almost $\frac{3}{4}$ out of the total number of visitors) and 8421 persons in 2021.

The pandemic has influenced the decision of Moldovan citizens regarding their holiday destination. Most of Moldovan citizens chose to travel to Turkey (57.4% in 2020). It should be mentioned that Egypt became more and more popular for Moldovan tourists, the number of tourists doubled in 2021 comparing to 2019 and constituted 49149 persons.

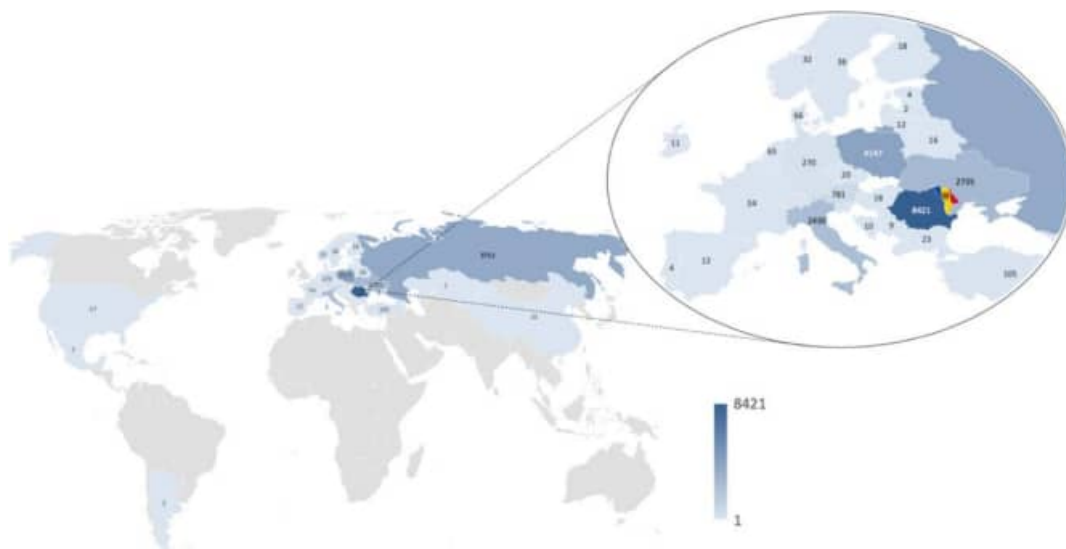


Fig. 3. Arriving tourists by country of origin in 2021
 Source: developed by the author based on NBS data

At the same time, other destinations like Greece (due to travel restrictions), Bulgaria and Romania became less popular for organised travel (by 67.0%, 57.2% and 88.7% correspondingly) than in the pre-pandemic year. Nevertheless, these 5 destinations are traditionally chosen by about 90% of Moldovan tourists. Additionally, could be mentioned Ukraine and Montenegro as popular destinations. Moreover, it should be mentioned that the picture in non-organised travel may be different, since with the development of informational technologies more and more people organise the vacation themselves.

The number of tourists placed in hotels and other establishments (motels, tourist pensions, hostels, health-care structures, recreation camps and children summer camps) drastically decreased by 97.4% in the second quarter of 2020 compared to the corresponding period of prior year (Figure 4).

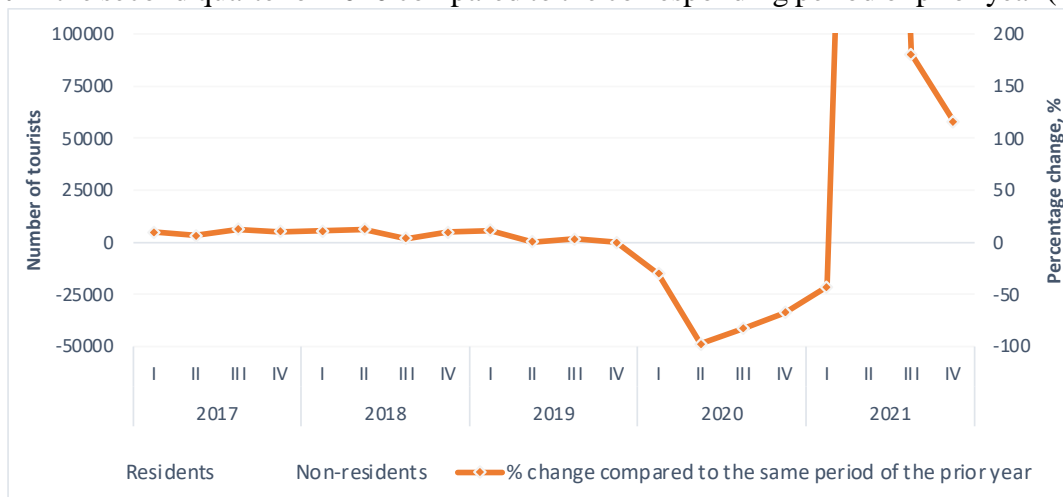


Fig. 4. Tourists placed in establishments of collective touristic reception with functions of accommodation for 2017-2021 years
 Source: developed by the author based on NBS data

Totally, in 2020 the number of accommodated tourists constituted only 90338 persons or by 75.9% less compared to 2019, out of which the number of non-residents was 28732 persons, or by 83.5% less. Nevertheless, the number of tourists doubled in 2021, it did not reach even half of the number of tourists in pre-pandemic period, constituting 47.5% of the level registered in 2019. Out of



the total number of tourists accommodated in hotels and other establishments, 61.4% are residents and 38.6% are non-resident tourists.

The most popular type of accommodation in the country are hotels and motels, chosen by over half of the total number of accommodated resident and non-resident tourists and by 86.8% of non-residents. After 4.2 times decline in 2020 (50581 accommodated tourists), the number of stays in hotels remains quite low – 99970, which is only half of the pre-pandemic level.

Before the pandemic, tourist and agritourism pensions were serving about 17000-18000 tourists annually. Nevertheless, there was a significant drop by 98.3% in the second quarter of 2020, totally this type of accommodation registered the lowest level of decline in 2020 – by 15.1%, number of accommodated tourists reaching 14576 persons. This could be explained by the fact that due to travel restrictions more residents chose to spend their vacation in the country. The same trend continued in 2021, when 18210 Moldovans (85.0% of all tourists) stayed in tourist and agritourism pensions, which is by 37.0% and 65.0% more than in 2020 and 2019 correspondingly. Nevertheless, still underdeveloped, pensions have become an attraction known and appreciated by residents. The total number of resident and non-resident tourists who chose to stay in this type of accommodation reached 21411 persons, or by 24.7% more than in the pre-pandemic year. Thus, the Covid-19 pandemic had a positive impact on the development of rural tourism.

Correspondingly, the pandemic led to 4.2 times decline in *overnight stays* in hotels and other establishments in 2020 (375968 overnights) with a positive tendency seen in 2021.

Before the pandemic the value of indices of net use of touristic accommodation capacity in function ranged between 33% and 34%. The situation drastically changed in 2020, when this index dropped by 20.3 p.p. compared to the previous year and amounted to only 13.0%. In 2021, the index reached 20.3%. The average duration of the tourists stays in establishments slightly exceeds 4 days, constituting 4.3 days in 2021.

Conclusions

The paper analyses the implications of the Covid-19 pandemic on tourism. The analysis of tourism industry in the Republic of Moldova showed that fewer tourists and excursionists benefited from the services provided by travel agencies and tour operators amounting to 124506 persons in 2020, which is 3 times less than in the previous year, representing the biggest decrease. Thus, outbound tourism declined by 76% and inbound tourism fell by 65% comparing to the prior year. The number of foreign visitors arrived into the country through travel agencies or tour operators amounted to almost 7000 arrivals in 2020 compared to almost 20000 persons before the pandemic. At the same time, according to experts' opinion, it is estimated that about 85% of tourists who visit Moldova come unorganized and only about 15% of tourists come organized [6]. Nevertheless, the tourism sector started to recover in 2021, the outbound tourism is lower by 30% comparing to the pre-pandemic period. Moreover, despite the fact that the number of tourists accommodated in hotels and other establishments doubled in 2021, it did not reach even half of the number of tourists in 2019.

While the world saw an unprecedented fall in international tourism, domestic tourism has shown positive signs in the market, accounting totally 79196 tourists and excursionists in 2021, or by 71.7% more than in pre-pandemic year. Domestic tourism continues to drive recovery of the sector. Other determined biggest trends imply the development of nature and rural tourism, responsible and sustainable tourism, new concerns related to health and safety, growing desire of tourists to visit new destinations and get the experiences they missed out during the pandemic.

Based on conducted analysis of the effects of Covid-19 pandemic on tourism, identified challenges and trends in the sector, there were determined main directions for tourism development in the country: rural and agrotourism, enotourism, gastronomic tourism, cultural tourism, religious, balneary tourism, event tourism, etc. Republic of Moldova has magnificent nature, which represents a good premise for the development of hiking trails, birdwatching routes, etc. Taking into account existing challenges in the sector, related to economic environment, political situation, technological



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advancements, demographic factors, lifestyle changes, etc., a set of measures should be taken to foster tourism growth, specifically to ensure the development of infrastructure, accommodation facilities and routes, training of employees, accessibility of information, strengthening of marketing activities to promote inbound and domestic tourism, advancement of innovation and digitalisation of services, etc. Determined measures coupled with positive external factors could contribute to tourism development in the country.

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