

TATJANA I. TKACHENKO<sup>1</sup>

## Cooperation between Ukraine and Hungary in the context of tourism development models convergence

The tourism is one of the most profitable and dynamic sectors of the world economy. The author showed the importance of tourism in Hungary, and its promising possibilities in Ukraine. She defined the concept of tourism model, and analyzed the institutional and organizational problems of cross border cooperation in the tourism sector.

Globalization metamorphosis, as well as challenges faced by countries that are in the process of building their own socio-economic identity, provided the crucial importance to the definition of sustainable development models of those sectors of national economy, which are "potential generators" of the "new economy" development.

The main vector of global change lies in the direction from sufficient capital intensity and small mobile industrial economy to a flexible and dynamic service industry. Along with this, there is a shift of the emphasis from the priority of the material base of production processes and systems to the area of human capital importance growth. This causes significant sectoral changes and actualizes the problem of developing such an important sector as tourism.

Modern tourism industry is one of the profitable and dynamic sectors of the world economy and regional economic development. The share of tourism in the world gross domestic product is 10%, 7% of total investment, 11% of consumer spending, 5% of all tax revenues and a third of world trade in services [9]. These indicators show that the tourism sector of economic activity is capable of having generating and integrating role in the positive dynamics of quantitative and qualitative indicators of other economic sectors development and improvement of macroeconomic indicators in general.

Tourism is a weighty sector of Hungarian economy and promising sector of Ukrainian economy, although the resource potential of the latter is not fully used. Thus, according to the World Travel & Tourism Council (WTTC) and to the system of consolidated national accounts of "Tourism" sector in 2011, the contribution of tourism to the world GDP reached 1805 billion US dollars (2,8%), and taking into account the multiplier effect – 9,1%. The share of tourism direct influence on Hungarian GDP (4,6%) is almost 2,5 times higher than the one in Ukraine (2%). (Table 1)

---

<sup>1</sup> Prof., Doctor of Economic Sciences, Kiev National University of Trade and Economics

Hungary is a country that according to the tourist exchange rating is traditionally among the top five most requested in the tourist exchange. In general in the structure of international tourism the share of Hungary among other countries was 11% in 2005 and 5% in 2010. in the structure of outbound tourism the share of Hungary comprises 12% in 2005 and 10% in 2010. Bordering countries provide arrival of over 90% of foreign tourists to Ukraine (table 2).

*Table 1  
Economic indicators of tourism development in the world, Ukraine and Hungary  
in 2004, 2011, 2021 p.  
(forecast)*

Indicators	2004				2011				2021		
	In the world	Hungary	Ukraine	In the world	Hungary	Ukraine	In the world	Hungary	Ukraine		
Contribution of tourism to GDP, \$ bln (direct influence)	1542,1	4,6	0,8	1805	5,927	3,066	2806	10,528	7,018		
Contribution of tourism to GDP, \$ bln (indirect influence)	4217,7	9,8	...	5991,9	15,433	11,764	9226,9	26,422	26,743		
Tourism share in GDP, % (direct influence)	3,8	4,7	1,56	2,8	4,6	2	2,9	4,3	1,9		
Tourism share in GDP, % (indirect influence)	10,4	10,1	...	9,1	12	8	9,6	10,8	7,5		
Government expenditure on tourism, \$ bln	265,3	0,5	0,04	385	0,182	0,179	683,1	0,292	0,45		
Investment in tourism, \$ bln	802,3	1,7	0,2	652,4	1,02	0,694	1487,9	1,486	1,64		
Employment in tourism, mln people (direct influence)	73,7	237,7	173,9	99,048	235,8	371,2	120,247	244,1	357,7		
		(thousand people)	(thousand people)		(thousand people)	(thousand people)					
Employment in tourism, mln people (indirect influence)	214,7	385,7	...	258,592	429,3	1450,6	323,826	420,1	1368,7		
		(thousand people)	(thousand people)		(thousand people)	(thousand people)					

*\* Figures are taken from the information of World Travel & Tourism Council [11].*

*Table 2*  
*Top 10 major inbound tourism countries rating in 2005 and 2010\**

Year 2005					Year 2010				
No	Country	people	share, %	rate of increase 2005/2004	No	Country	people	share, %	rate of increase 2010/2009
	<b>Total,</b>	17 630 760	100 %	13%		<b>Total,</b>	21 122 157	100%	2%
1	Russia	6 043 829	34%	1%	1	Russia	7 881 321,00	37%	13%
2	Poland	3 489 033	20%	95%	2	Moldova	4 057 678,00	19%	-6%
3	Moldova	2 780 880	16%	-4%	3	Belarus	3 056 157,00	14%	2%
4	<b>Hungary</b>	<b>1 957 708</b>	<b>11%</b>	<b>-3%</b>	4	Poland	2 085 245,00	10%	-18%
5	Belarus	1 841 783	11%	4%	5	<b>Hungary</b>	<b>941 240,00</b>	<b>5 %</b>	<b>16%</b>
6	Slovakia	321 977	2%	98%	6	Romania	909 553,00	4 %	-15%
7	Germany	189 546	1%	34%	8	Slovakia	609 279,00	3%	13%
8	Romania	161 948	1%	65%	7	Germany	225 356,00	1%	6%
9	USA	73 046	0,4%	-7%	9	USA	122 955,00	0,6%	2%
10	Israel	51 186	0,3%	15%	10	Uzbekistan	104 719,00	0,4%	9%
	<i>Total 10 countries</i>	<i>16 910 936</i>	<i>97%</i>			<i>Total 10 countries</i>	<i>19 993 503</i>	<i>84%</i>	

*\* According to the State board guard service of Ukraine [12]*

In the structure of outbound tourism the share of Hungary comprises 12% in 2005 and 10% in 2010. Bordering countries provide arrival of over 90% of foreign tourists to Ukraine (table 3)

*Table 3*  
*Top 10 major outbound tourism countries from Ukraine rating in 2005 and 2010\**

2005					2010				
No	Country	people	share, %	rate of increase 05/04	No	Country	people	share, %	rate of increase 10/09
	<b>Total</b>	16 453 704	100%	6%		<b>Total</b>	17 180 034	100%	12%
1	Russia	5 967 881	36%	2%	1	Russia	5 233 972	30%	5%
2	Poland	4 357 567	26%	13%	2	Poland	3 999 602	23%	35%
<b>3</b>	<b>Hungary</b>	<b>2 028 771</b>	<b>12%</b>	<b>5%</b>	3	Moldova	1 889 724	11%	-5%
4	Belarus	1 231 281	7%	6%	<b>4</b>	<b>Hungary</b>	<b>1 789 308</b>	<b>10%</b>	<b>12%</b>
5	Moldova	1 108 593	7%	0,50%	5	Belarus'	1 135 094	7%	9%
6	Slovakia	310 358	2%	-21%	6	Romania	503 195	3%	-8%
7	Turkey	284 336	2%	30%	7	Turkey	459 061	3%	4%
8	Germany	181 133	1%	35%	8	Slovakia	383 961	2%	2%
9	Romania	174 454	1%	15%	9	Germany	383 325	2%	2%
10	Egypt	116 996	1%	133%	10	Egypt	328 623	2%	39%
	<i>Total 10 countries</i>	<i>15 761 370</i>	<i>96%</i>			Total 10 countries	<i>16 105 865</i>	<i>93%</i>	

*\*According to the State board guard service of Ukraine [12]*

The positive change is moving accents in the structure of inbound tourism from travelling to Ukraine for business purposes to organized recreational tourism and the increase of the share of sports and health and medical tourism.

The dynamics of export and import of travel services in Ukraine in the direction "Hungary" for the period of 1995-2004, and the balance of payments is positive for Ukraine and its volume increases (table 4).

*Table 4*  
*The balance of international tourist trade in Ukraine*  
*for 1995-2004, \$ mln. \**

Indicator	Years									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Export of tourism services	74,8	111	62,9	82,8	83,8	60,4	80,2	102,3	117	162,3
Import of tourist services	31,8	45,0	24,6	33,0	32,2	42,9	41,1	50,3	58,9	100,4
Balance	43,0	66,0	38,3	49,8	51,6	17,5	39,1	52	58,1	61,9

*\*These tables are calculated according to the data of statistical yearbook of Ukraine for 1996-2004 [9-17] and taking into account the materials of the State Statistics Committee [23]*

The main factors of intensifying export of services (inbound tourism) at the present stage are: the use of modern information systems and technology to promote tourism products, the development of the necessary infrastructure of tourist services and leisure travelling, including the border area, the safety of foreign citizens staying in the country.

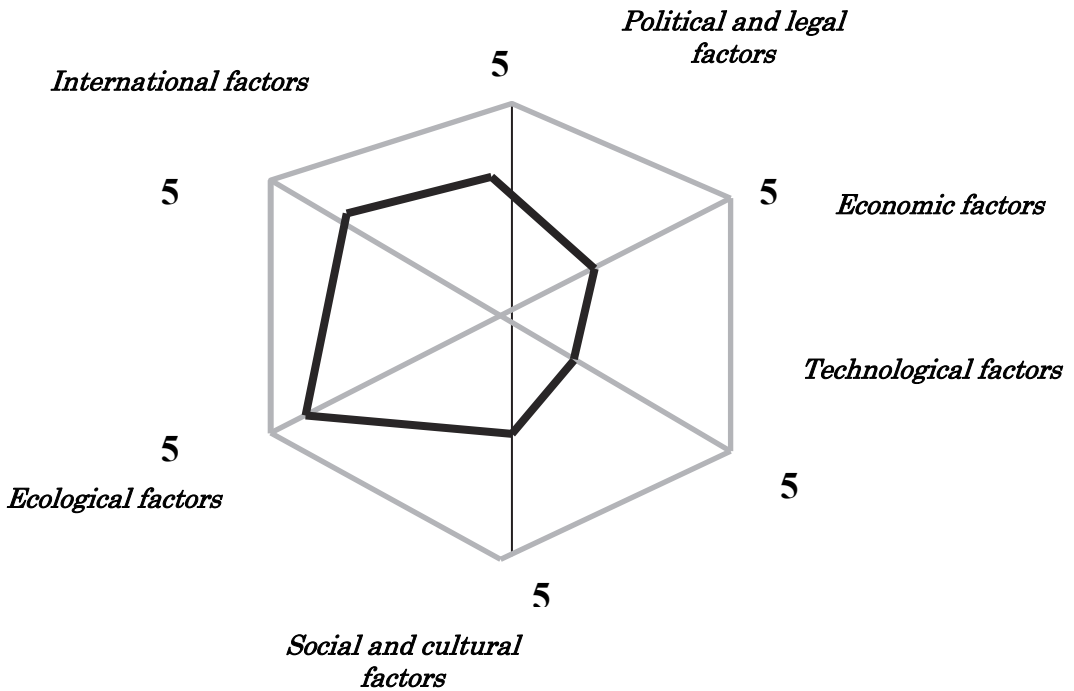
The transformation of tourism into a socially significant social and economic phenomenon, the globalization processes are developing the problem of the study of successful experience of the countries in which the industry is rapidly growing and is a major export item of the economy.

The choice of alternatives to substantiate the national model of tourism development can occur only in the course of determining what and how to regulate, and to which priorities the efforts should be directed. In this context, the primary objective is to define the concept of *"tourism model"*. In our view, the model of tourism should be determined in two interrelated positions. *Firstly*, as a simplified scheme of phenomena and processes perception that allows to monitor the movement of tourist flows and tourism products in all components of tourism infrastructure (branches, areas) and to identify the factors that influence the development of tourism, and *secondly*, as institutional structure that provides economic involvement in the process of all structural elements and the tourism business (state legislative and executive bodies of all levels of government, business and community organizations, consumers).

Taking into consideration the interconnection of models of tourism formation process with the affects of macro environment factors, a prerequisite for determining the model of tourism are the areas of critical analysis of its development.

The research results show that the critical areas of influence on the development of tourism of Ukraine are economic, political, legal and technological factors that cause unfavorable conditions of long-term development of both domestic and

international tourism. Therefore these areas should be interpreted as the display of limiting factors, and the visualization model with the use of Spider diagrams can represent the instability model of tourism development in Ukraine (pic. 1).



*Pic. 1.*

*The visualization of a model of tourism development in Ukraine after the influence of the factors of macro environment*

Main destabilizing factors in the development of tourism in Ukraine are: the lack of large-scale investments and a mechanism to promote investment in tourism infrastructure, high taxes, complicated and bureaucratic procedures of approval of investment projects. A lack of effective capacity in domestic demand is also a constraint. Despite the high tourist potential of Ukraine further planning of the creation of new tourist zones as well as the possibility of large-scale investments is hampered. Increasing instability in the social field also affects the development of tourism in Ukraine.

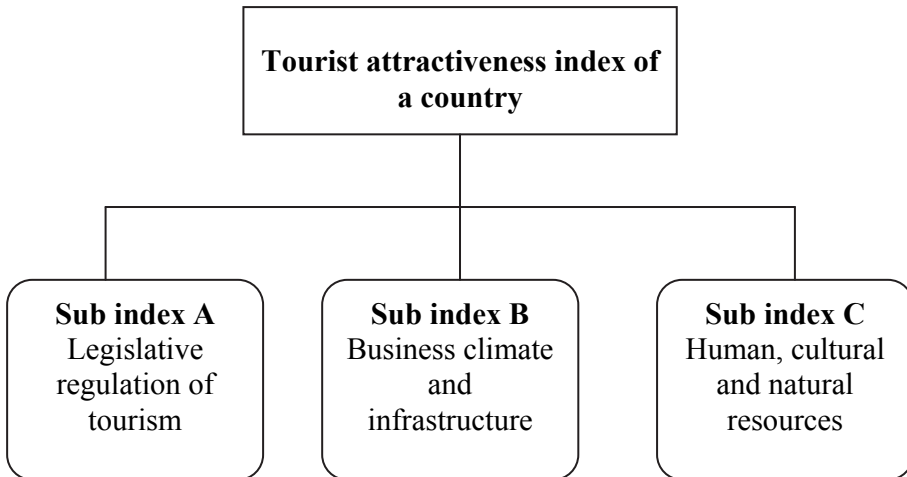
Preparation for Euro 2012 has helped to improve the investment climate.

Perception of tourism as an integral part of globalization is apparent, that makes the context of the national benchmark of tourism from the prospective of global trends development in service sector.

It is significant that theoretical conclusions are also spread enough in the research given the importance of tourism as an indicator of relations between countries; a stabilizer of partnerships in the international political arena, its growth is primarily explained by global economic processes and relationships rather than the immanent (internal) reasons.

The most complete set of indicators that reflect the process formation of tourist attractiveness of a country and methods of its evaluation with the aggregation in general index of tourist attractiveness of a country was developed by the World Economic Forum together with the International Air Transport Association (IATA), UNWTO and WTTC.

World Economic Forum makes annually the travel and tourism competitiveness which includes three subindexes: legislative regulation of tourism, business climate and infrastructure, human, cultural and natural resources. According to the index of travel and tourism competitiveness (pic. 2).



*Pic.2.*  
*Components of tourist attraction index of a country*

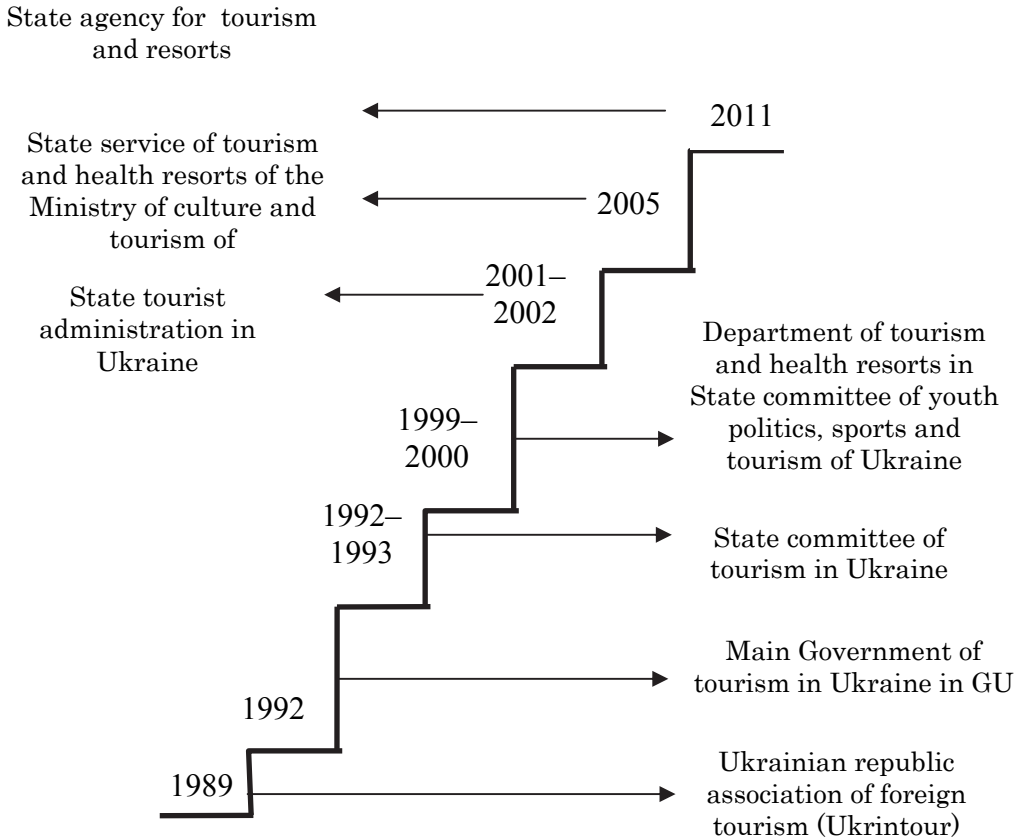
Among the top ten countries are Switzerland, Germany, France, Austria, Sweden, USA, UK, Spain, Canada, Singapore; Angola, Burundi and Chad are at the end of the list. Hungary occupies the 38th place, and Ukraine, with no less resource potential, is on the 85th place (table 5).

*Table 5*  
*Selective rating of tourist competitiveness of countries in 2011*

Country	Place	General index of competitiveness	Sub index , Points					
			Legislative regulation of tourism		Business climate and infrastructure		Human, cultural and natural resources	
			Place	Subindex	Place	Subindex	Place	Subindex
Switzerland	1	5,68	1	5,99	1	5,58	1	5,48
Singapore	10	5,23	6	5,72	4	5,39	23	4,59
Hong Kong	12	5,19	4	5,8	13	5,19	24	4,59
Estonia	25	4,88	17	5,5	19	5,09	50	4,06
UAE	30	4,78	57	4,77	9	5,32	42	4,24
Hungary	38	4,54	26	5,35	42	4,06	59	3,95
Poland	49	4,38	49	4,86	65	3,81	30	4,48
Turkey	50	4,37	66	4,44	55	3,53	28	4,56
Russia	59	4,23	73	4,49	53	4,07	45	4,15
<b>Ukraine</b>	<b>85</b>	<b>3,83</b>	<b>64</b>	<b>4,63</b>	<b>76</b>	<b>3,53</b>	<b>118</b>	<b>3,33</b>
Moldova	93	3,64	68	4,58	98	3,11	129	3,12

*\* Figures are taken from the travel and tourism competitiveness report 2011 [10].*

Destabilizing factor of forming the model of tourism in Ukraine is constant restructuring for the years of independence of Ukraine central executive government institutions in the sphere of tourism (pic. 3) which has been sufficiently changed usually every 2-3 years.



*Pic. 3.  
Reforming of state government of tourism in Ukraine for the period  
of 1989-2011*

Accordingly its authorities, rights, personnel have been changed, etc. As a result of realization of long-term state programs, strategic changes and tactical tasks are much complicated. Main tasks of realization have been determined partially.

Staff assistance and preparation of specialists for the sphere of tourism is one of the most actual questions of state policy in Ukraine. In connection with this All – Ukrainian center of training, retraining and advanced training of specialists of tourism was established on the basis of KNTEU in 2009. Strengthening of cooperation between universities which was started and has been effectively developed between KNUTE and Budapest economic institute is the most important factor of approximation of the level of services to the best world and European standards.

Mechanisms of regulation of cross-border cooperation have great importance in the system of tourism exchange.

In spite of positive moves in the sphere of administration of cross-border cooperation (CBC) and presence of the number of implemented projects, as is told by the research specialists, implementation of such cooperation in cross-border regions of Ukraine is characterized by the number of negative aspects: too low level of intensity of cross-border cooperation in cross-border regions of Ukraine, insignificant part of economic component in realized cross-border projects which mainly have political or cultural trend; insufficient level of development of native institutional basis, undervaluation of possibilities of Euro regions as leading subjects of cross-border cooperation, underdevelopment of cluster form of CBC, absence of complex approach to realization of programme, low movement of development of cross-border infrastructure and simplifying of procedure of customs clearing, complication of procedure of obtaining visa in the EU states. But according to the latest researches Tourist Association of Ukraine, Hungarian embassy is one of the most friendly towards Ukrainian citizens.

Taking into consideration mentioned above institutional-legal and institutional-organizational problems which are in the sphere of cross-border cooperation of Ukraine, for its activation and access to qualitative new level of development, from principles of paternalism to equal partnership relations of native and foreign subjects CBC it is necessary to provide a number of tasks.

The solution of institutional-organizational problems CBC should anticipate:

1. Minimalization of restrictive influence of visa regime on intensity of cross-border movement of Ukrainian people which needs full implementation of the Agreement of simplifying obtaining visa between Ukraine and Hungary, other states of the EU by the way of full monitoring of the quality of implementation of this agreement and its influence at visa policy and practice of the EU states. In its way it anticipates implementation of requirements on harmonization of regulatory provision of Ukraine with visa legislation of the EU, observing the complex of technical criteria of the EU for further effective realization of «visa dialogue» between Ukraine and the EU in the way of cancellation of visa regime.

2. Assistance of informing of potential recipients of existing CBC programs. The goal of working in this way is the agreement of projects with regional, state and all-European priorities, achievement of mutual agreement in realization of projects in different time periods and with different sources of financing.

Ukraine, mainly its western regions, along with the states of Central Europe (Hungary, Poland, Slovakia, Rumania) have common historical heritage, geographical peculiarities of the territory, the Carpathian mountains, intertwining of cultures. It allows affirm about the possibility to get synergetic effect from cooperation in the sphere of tourism between Ukraine and Hungary for national economies of both states. The main trends of such cooperation can be:

- Establishing of ecological parks, ecological paths and correspondingly ecological tour itineraries, attracting people from Western Europe, South-Eastern Asia and North America into this territory, which have demand for the given kind of tours, because it has high degree of ecological conscienceness.

Using of common achievements of culture of two ethnoses, during many centuries had mutual influence and penetration.

It enables us to organize various ethno festivals, film festivals, trade fairs for handicrafts, exhibitions etc.

- The development of the project for holding culinary festivals of the nations of the Carpathian region, which is famous for dishes of Ukrainian, Hungarian, Polish, Slovakian, Romanian, Russian cuisine and mixed cuisines of the given ethnic groups. It will favor strengthening friendly relationship between neighboring countries and creating additional tourist attraction for this region. Wine, sheep cheese, banosh festivals which are held on both sides of the border can be examples of this activity. But these events should be promoted beyond the given countries. It is necessary to favour active informing foreign citizens about an opportunity of gourmet tourism in the border territories of Ukraine.
- The formation of joint projects on the development of culture and traditions of sub-ethnic groups of the border territories of Ukraine and Hungary, in particular, boiky, lemky, hutsuly.
- Holding mass joint sports events (Winter Olympic Games, paragliding, sports speleology, orienteering, rafting, and cycling).
- Doing collaborate research with the representatives of Middle Asia countries on the history of Turkic tribes which left their marks in the history of this region, as Mongols and Turks were stopped in the territory of the Halytska and Volynska State and Hungary.

The usage of positive results of cooperation between Ukraine and Hungary will favor the adaptation of the national tourism industry to European standards, its entering the world tourist flows, and provide the implementation of successful tourism models into the reality of national business, directing the state policy towards complex development of regions and tourist centers, taking into account economic and social interests of their population, protecting and renewing the natural environment and historic and cultural heritage.

## References

1. Issues of Optimization of the System of Central Executive Authority: Ukraine President Decree of 06 April 2011 № 370/2011
2. Ukraine in 2010: Annual Evaluation of Social and Political and Social and Economic Development: monograph / under the editorship of A. Yermolayev. – K.: NISD, 2010. – 528 p.
3. Innovation Strategy of Ukrainian Reforms / A. Halchynskiy, V. Geyets', A. Kinakh, V. Semynozhenko – Znannya Ukrainy Publishers, 2002. – 326 p.
4. Strategic Development of Travel Business: monograph / [ T. Tkachenko, S. Melnychenko, M. Boiko and others]; under the editorship of A. Mazaraki. – Kyiv National University of Trade and Economics, 2010. – 596 p.
5. T. Tkachenko. Sustained Development of Tourism: Theory, Methodology, Business Reality: monograph. – Kyiv National University of Trade and Economics Publishers, 2009. – 537 p.
6. Value Oriented Management in Tourism: monograph / M. Boiko. – Kyiv National University of Trade and Economics Publishers, 2010. – 524 p.
7. [www.tourism.gov.ua](http://www.tourism.gov.ua)
8. [www.ukrstat.gov.ua](http://www.ukrstat.gov.ua)
9. [www.world-tourism.org](http://www.world-tourism.org)
10. [www.weforum.org](http://www.weforum.org)
11. [www.wttc.org](http://www.wttc.org)
12. [www.pvu.gov.ua](http://www.pvu.gov.ua)