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INTERNATIONAL TOURISM IN THE POST-PANDEMIC PERIOD - CURRENT SITUATION AND PERSPECTIVES

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Abstract

Tourism has a significant and, for some countries, even a dominant impact on economic growth and more efficient use of natural, technical and human resources. The main goal of the research is to explore the current state of international tourism, and the basic causes of that state, as well as to indicate possible ways of increasing income based on the export of tourist services. The paper will use the descriptive method, the method of specialization and comparison, the methods of analysis and synthesis, as well as the methods of generalization and observation. The main conclusion is that the global Covid-19 pandemic has hit the international tourism sector the hardest, and that it is gradually returning to the pre-crisis level. The paper focuses on the EU and B&H, which has been found to have great possibilities for the growth and development of tourism, especially in the field of rural tourism.

Key Words: international tourism, income from tourism, EU, Bosnia and Herzegovina, rural tourism

JEL classification: Z32

Introduction

Tourism can be defined as the temporary travel of individuals or groups of people from one place to another, with the basic aim of finding balance or harmony with the environment in different dimensions (Wardiyanta, 2020). International tourism refers to all actions or activities that individuals undertake outside their place of residence, whether for tourist,

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business, religious or other purposes. International tourism is one of the world's industries that has been developing most dynamically in the last period. It appears as the main source of economic growth, as well as sustainable development. Its importance in the economy is reflected in several of its basic functions: „it is a source of foreign exchange income and a means of employment for the population; contributions to the balance of payments; contributes to the diversification of the economy; increases the attractiveness of the country; and creates incentives for the inflow of foreign capital" (Chitadze, 2023, p. 1). However, recently there has been an increasing insistence that tourism projects, and tourist services, be sustainable and responsible (the environmental dimension). Touristic sector is strongly influenced by crises (health, safety, environmental, financial, political), but unlike some other sectors, it can recover and stabilize relatively quickly. The global characteristics of international tourism make it very sensitive to external shocks. The recent Covid-19 crisis has left serious consequences and enormous losses on the tourism sector, greater than during the global economic crisis of 2008. What is specific to this sector is that potential income was lost during the pandemic, i.e. non-reimbursable (for example, unsold accommodation capacities could not be stored and sold in the period after the crisis), so this had an additional effect on the state of employment in the mentioned sector, i.e. mass layoffs and the expressed need for state intervention. The capacity of natural and cultural resources in Bosnia and Herzegovina (B&H) is very diverse and attractive to foreign tourists, but it is insufficiently explored. With a more adequate relationship and more efficient management of the mentioned resources in B&H, it is possible to improve the growth of the tourism sector, and consequently the development of the national economy.

Review of previous research

Recently, there have been many researches that deal with the study of the situation in the field of international tourism, as well as ways in which it can be further increased, given the fact that its growth and development inevitably affect the increase in gross domestic product. In the following, some of the research with the results that have been reached will be listed.

Parfinenko (2023) investigated the main characteristics of the formation and development of international tourism as a basis for the formation of a liberal world order. He came to the conclusion that international tourism played an important role during the Cold War. According to the author,

travel has become a very important basis for integration processes in Europe.

Leonid et al. (2023) researched the main factors and prerequisites for the implementation of the Sustainable Development Goals by international tourism companies. They formulated suggestions for the development of green tourism. The aforementioned proposals were formulated for the countries of the EU and Ukraine.

In their work, Lazarević & Stanišić (2023) aimed to examine the impact of the crisis on international tourism. International tourist traffic in the countries of Mediterranean and Southern Europe countries were affected differently. Heterogeneity was noted in the observed countries in terms of the influence of global crises.

Panova & Hladukhova (2023) tried to present the basic theoretical foundations related to international tourism. The main conclusion reached is that the consequences of globalization and growing international cooperation have become increasingly important factors in the development of international tourism in the EU. In addition, socio-economic prerequisites can be very important ways of stimulating the tourism sector, which has become a key driver of economic growth.

Pestushko et al. (2023) in their study determined the modern characteristics of international tourism in the context of the challenges that the tourism sector has been facing in recent years. The development of international tourism has been accompanied by alternating periods of growth and slowdown, as well as periods of crisis. The biggest crisis experienced by world tourism since the beginning of its history in the middle of the 19th century occurred during the Covid-19 pandemic.

Research methodology

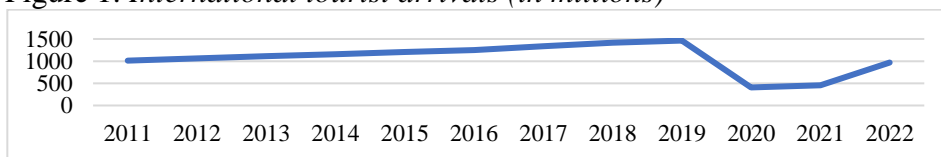
A deductive and inductive research approach was used for the preparation of this paper. Sources of data, in addition to professional Bosnian and foreign literature dealing with the topic of international tourism, were also various data available on the Internet and obtained from the pages of relevant agencies that deal with issues and problems of tourism. This primarily refers to data from the World Tourism Organization (WTO), UN Tourism (UNWTO), the European Commission and the European Parliament, and the Ministry of Foreign Trade and Economic Relations of

B&H. Data analysis has been done on the basis of scientific methods, primarily: descriptive method, specialization and comparison method, analysis and synthesis methods, as well as generalization methods.

Results and discussion

Europe is the most visited tourist destination in the world. According to UNWTO data, in 2022, 61% of the total number of tourists in the world came to Europe, while 39% of tourists went to all other regions of the world, namely 16% to America, 11% to Asia and the Pacific, 7% to the Middle East and 5% to Africa. It can be noted (Figure 1) that international tourist arrivals fell from almost 1.5 billion in 2019 to around 380 million in 2020, a drop of 74 percent (Committee for the Coordination of Statistical Activities, 2021, p. 28). The largest decline occurred in the Asia and Pacific region (about 84%), followed by the Middle East and Africa (74%).

Figure 1: *International tourist arrivals (in millions)*

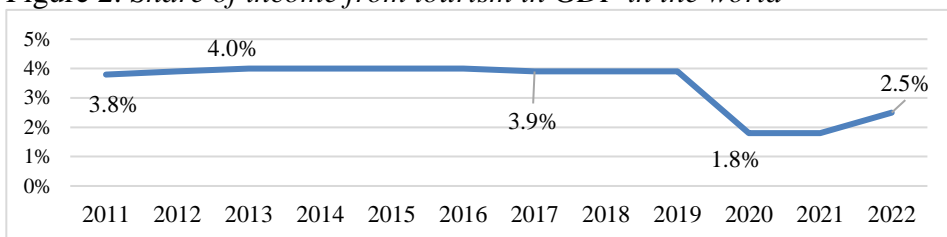


Source: *UN Tourism, 2023*

Arrivals for all regions of the world are still below the level they were in 2019. For global arrivals, the decrease in 2021 was 69%, and in 2022 it was 37%. As in 2020, the biggest drop in tourist arrivals was in Asia and the Pacific (93% in 2021; 77% in 2022) (UNWTO, 2023a). The drop in tourist arrivals in 2020 denotes a loss in international tourism spending of an estimated USD 1,300 billion, which is about 11 times more than the loss since the global financial crisis. For the year 2020 as a whole, global passenger traffic has fallen drastically by 60% or 2.7 billion, compared to 4.5 billion in 2019 (Committee for the Coordination of Statistical Activities, 2021, p. 18). It is expected that recovery from the consequences caused by Covid-19 will take 2.5-4 years to return to the level of 2019.

According to UNWTO data, in 2022 the share of income from tourism in GDP (Figure 2) is 2.5% of GDP, which is still quite low compared to the values that were before Covid-19 crisis. If we look regionally in 2022, the largest share will be the region of Europe 4%, followed by the Middle East 3.7%, Africa 3.2%, America 2.5%, and Asia and the Pacific 1.3%.

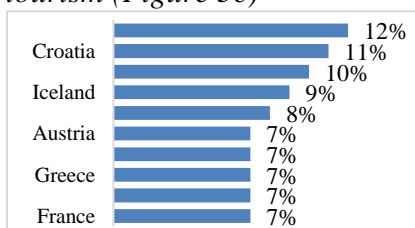
Figure 2: *Share of income from tourism in GDP in the world*



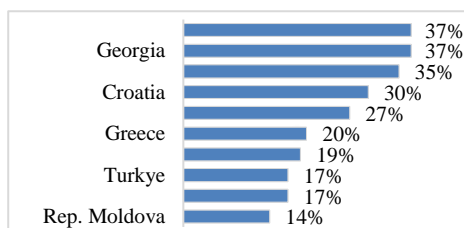
Source: *UN Tourism, 2023*

The largest share of tourism in GDP, when looking at European countries, is Spain 12%, Croatia 11% and Montenegro 10% (Figure 3a). If we look at the share of tourism in total exports, the situation is somewhat different. In this case (Figure 3b) the largest share of tourism in the total export has Montenegro and Georgia 37%, followed by Albania 35%. Tourism as a share in total exports for B&H is only 13%. Monaco has the largest share of international tourism in total tourism at 99%, followed by Liechtenstein at 97% and Montenegro at 93% (Figure 3c). International tourism as a share of total tourism for B&H was 52%.

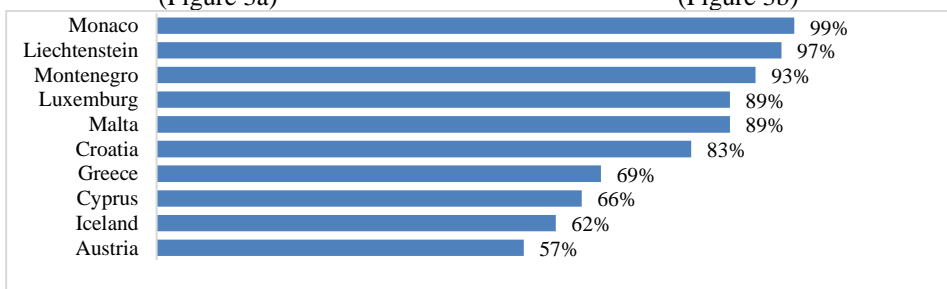
Figure 3: *Tourism as a share of GDP (Figure 3a), tourism as a share of total exports (Figure 3b), and international tourism as a share of total tourism (Figure 3c)*



(Figure 3a)



(Figure 3b)



(Figure 3c)

Source: *UNWTO, 2023b*

Based on the presented data, it is evident that for some countries tourism has an important role in their economies. That is why it is necessary to launch certain initiatives and programs within countries or groups of countries, which will increase the development of certain tourist destinations. With the development of the tourism sector, it is possible to realize the growth of GDP and increase the country's competitiveness in the financial markets. In addition, tourism offers and destinations that are ecologically sustainable are increasingly being promoted.

Some of the most famous initiatives in the EU with the aim of increasing the development of the tourism industry, as well as achieving the goal of Europe as a leading tourist destination, are (European Parliament, 2023a):

- The „EDEN“ initiative - promotion of European destinations (new or little known) that respect the principles of sustainability.
- The „Calypso“ initiative - socially inclusive tourism, i.e. increasing the promotion of tourism intended for elderly people, people with reduced mobility, poor families, and young people in difficult situations.
- The „Green Belt“ initiative - turn the part between the Barents and Black seas into a network of pedestrian and bicycle paths.
- The „DiscoverEU“ program - enables young Europeans (mostly 18-year-olds) to travel and discover the diversity of Europe.
- The „COSME“ program - initiatives, such as: sustainable growth in the tourism sector, promotion and development of products and services in the areas of sports and wellness, tourism for the elderly and young people in the off-season or in the moderate season, and the like.

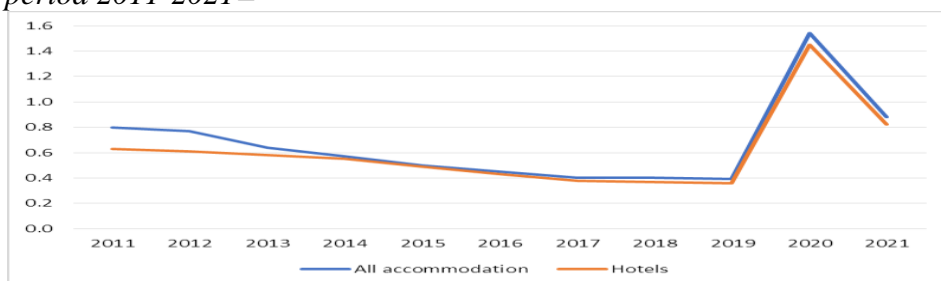
The EU, with the aim of contributing tourism to regional development, offers a number of funding sources (European Parliament, 2023b). With the aim of a more detailed insight into the state of tourism, numerous data related to this sector of the economy are available on the Internet:

- *The UNWTO Tourism Data Dashboard* - statistical information and insight into the basic indicators related to tourism at the global, regional and national level.
- *The EU Tourism Dashboard* - online way of promotion, monitoring and control of digital and green transitions, and socio-economic factors of resilience of the European tourism ecosystem.

In B&H there are good foundations and opportunities for the development of international tourism. Due to its geographical position as well as the

presence of numerous natural beauties (unspoiled nature), cultural and historical monuments and heritage, a wealth of rivers and thermal-mineral waters, and due to its favorable climatic conditions, represents one of the very interesting and attractive tourist destinations for foreign tourists. Low prices for services, food, drinks, accommodation and the like, as well as hospitality, form the basis for creating a good impression of tourists about B&H, as well as the main reason for their return visit. Figure 4 shows the relationship between foreign and domestic tourists in B&H for the period 2011-2021., where a value of 1 means that there is an equal number of domestic and foreign tourists per night, a value above 1 means that there is a greater number of domestic tourists per night. The stated values are observed through the indicators of all accommodation capacities and accommodation in hotels. It can be seen that after the onset of the Covid-19 crisis, the number of domestic tourists increased, primarily due to the fact that travel outside the country's borders was prohibited, so residents of B&H mostly went on vacation to some tourist areas within the country. This situation remained until 2021, when the number of trips outside the territory of B&H increased again as a result of the opening of borders.

Figure 4: *The ratio between foreign and domestic tourists in B&H for the period 2011-2021=*



Source: *UN Tourism, 2023*

The Covid-19 pandemic had a great and positive impact, especially on the development of rural tourism. During this period, the possibility for the development of rural tourism opened up, and the projects of tourist vouchers, which tried to promote and expand the activity of rural tourism as much as possible, contributed to this. What attracts tourists to Bosnian villages are the gastronomic offer (traditional Bosnian food) and authentic experiences (staying in nature, riding hiking and cycling trails, getting to know the way of life in the villages) that can be experienced during a visit. One of the negative influences on the development of rural tourism

can be cited as the fact that the majority of Bosnian villages are demographically old. The distance of villages from cities is a significant limitation, especially for tourists who come with their own transport, as well as the seasonal nature of rural tourism. In order to encourage the development of tourism in general and international tourism in particular, certain activities, initiatives, projects, as well as the development of tourism development strategies are implemented in B&H, but only at the entity level. Thus, the Tourism Development Strategy for the period 2022-2027 was adopted for the Federation of Bosnia and Herzegovina (FB&H) in October 2022. The period from 2022 to 2027 marks a new phase of tourism development firmly based on the idea of environmental protection with the aim of increasing tourism resources for the benefit of the local population. Four basic measures are listed as basic priorities in this Strategy (Visit B&H, 2023): "development of tourist products, development of destination marketing, development of human resources, and improvement of the stimulating environment for sustainable growth". The focus is on the development of rural tourism, as well as on tourism and health. The investment in human resources is also strengthened, because it is estimated that by the end of the period for which it was created, i.e. by 2027, 12,000 new jobs will be needed in tourism, which requires more intensive cooperation with educational institutions for the qualification or further qualification of staff. Harmonization of laws and regulations on tourism between FB&H and cantons was emphasized as a particularly important aspect. USAID Tourism previously supported the development of the Republika Srpska Tourism Development Strategy 2021-2027, which was adopted in December 2021, and the Brčko District Tourism Development Strategy 2022-2027. In this way, B&H received harmonized strategies and a harmonized approach to the development of tourism, which will significantly contribute to the strengthening of the destination brand at the international level.

Conclusion and recommendations

In 2023, the European Commission planned to pass a regulation on the digitization of travel documents, which would facilitate travel and benefit the tourism sector. Recovery from the consequences caused by the Covid-19 pandemic is still ongoing, so the situation in the tourism sector has not returned to the level it was at before the onset of the pandemic. In the future, the tourism sector will need the support and support of many authorities within the countries, as well as certain international institutions, in order to achieve significant progress. It is necessary to take

care that the development of the tourism sector is sustainable, i.e. in accordance with the goals of sustainable development and does not lead to the destruction of natural resources in countries. Tourism in B&H has a very high potential for further development and expansion. Although growth trends in the tourism sector have been evident lately, its potential has not yet been fully utilized, so it is often called a „diamond in the rough“ in terms of the degree of underutilization of the tourism potential of B&H. Of course, the safety and security dimension is an important aspect that affects the growth of the number of tourists in the country, so additional efforts should be made in this regard to make B&H a safer and more attractive world tourist destination. Rural tourism in B&H could be improved by creating opportunities for investments, as well as providing subsidies to small rural households, which do not have enough capital to develop a better and more diverse range of services.

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