

## TOURISM IN UKRAINE IN THE WAR CONDITIONS: THE EUROPEAN INTEGRATION ASPECT

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**Abstract.** *The direction of our research is based on the issue of the development of tourism and the European integration course of Ukraine in the conditions of a full-scale Russian invasion. In the paper, the author emphasizes the need for the development of national tourism both in the conditions of war and in the framework of post-war reconstruction. At the same time, the development of tourism should take place strictly within the limits and taking into account the European integration course of Ukraine. Author emphasizes that today, Ukraine faces a task that consists in the contradiction between the need to integrate into the world economy, on the one hand, and to ensure the protection of national interests and security, on the other. That's why the main aim of our study is the analysis of the development of tourism in the war conditions in the context of the European integration of Ukraine. The paper states, that military actions have a significant negative impact on the tourism industry regions and the whole country. There are reasons for military actions and their impact on tourism security concerns; decrease in demand; infrastructure damage; loss of jobs and a negative image, all of which have a significant impact on development of tourism in Ukraine. At the same time, the author notes that the situation in tourism, as in other sectors of the economy, is closely related to the issue of Ukraine's European course. Thus, the article noted that the experience of European integration of Ukraine in the conditions of war has a unique character. By resisting large-scale armed Russian intervention, suffering from huge human costs and financial and economic losses, the country acquired the status of a candidate for joining the EU, continues European integration in various areas, deepens partnership with the EU in sectoral directions, implements the recommendations of the European Commission and implements the provisions of the Agreement in practice about the association.*

**Keywords:** *tourism industry, development, war conditions, Russian intervention, European integration course of Ukraine.*

**JEL:** L83, Z32

**Formulas:** 0; **fig.:**0; **tabl.:**1; **bibl.:** 15

**Introduction.** In 2022, a new stage in the relations between Kyiv and Brussels began — Ukraine received the status of a candidate for joining the EU, which materialized the prospects of joining the European community, contributed to further reforms, became an incentive for the authorities and citizens of the country, and a positive signal for European and global investors. Currently on the agenda is the adaptation of national legislation in all areas of the national economy to the European legal space, deepening the integration of Ukrainian business into EU markets, the

practical introduction of visa-free travel in various areas, further sectoral integration, etc.

Ukraine's European integration is taking place in conditions of large-scale Russian invasion. The war unleashed by the aggressor country, on the one hand, proved the readiness of Ukrainians to defend the independence of their country, the European path of its development, united the Ukrainian nation and strengthened public support for the movement towards the EU. And on the other hand, it activated the bilateral processes of European integration, gave a new quality to the policy of Brussels in the Ukrainian direction, forced to review the approaches and priorities in the field of security. At the same time, the war, during which Ukraine suffered colossal human and financial and economic losses, influenced the nature of progress towards a united Europe, conditioned the peculiarities of "military" European integration.

Currently, the main component of relations between Kyiv and Brussels is joint opposition to Russia's continental expansion, political solidarity and military, financial and economic support of Ukraine. Our country has been defending the eastern flank of the EU for a long time, bearing the brunt of the entire military power of the aggressor country. Today, the future of Europe depends on the Armed Forces of Ukraine. This is the geopolitical significance, exclusivity and priority of Ukraine's European integration. At the same time, the European integration of Ukraine is the most important modern trend, which has a powerful influence on the processes of reforming the tourism industry.

**Literature review.** Despite the fact that the problems of European integration of Ukraine during the war are covered in the scientific literature, the issue of the European integration aspect of the development of tourism during the Russian military invasion has not been developed in such detail. The attention of the authors on this topic is focused, first of all, on the peculiarities of the functioning of the tourism industry in the conditions of political crises and military invasions. So, in particular, the studies of Ukrainian scientists L. Kvasnii, L. Malyk, O. Moravska & Y. Shulzhyk (2023) are devoted to the analysis of the factors of development of enterprises in the tourism industry of Ukraine and the formation of scenarios for their development in conditions of martial law and after the end of hostilities. According to the results of the analysis, the authors note that strategic management and change management are recognized as one of the optimal approaches to the formation of scenarios for the development of enterprises in the tourism industry of Ukraine in the conditions of general dynamism, unpredictability and variability of the business environment.

In the paper "Sustainable business development in the context of the contemporary risks and challenges" V. Kostynets & Y. Kostynets (2023) claim that Russian aggression not only creates significant obstacles to the recovery of the continent's tourism industry after the pandemic, but also encourages tourists to consider alternative tourist destinations to other countries. A big problem in this situation was also the fact that all international logistics routes that pass through the territory of Ukraine are not functioning now. However, the Ukrainian market is not

the only one affected by this war: on certain European destinations, a drop in the number of flights is observed after February 24, compared to the same period in 2021. So, for example, the number of flights in Moldova fell by 69%, in Slovenia by 42%, in Latvia by 38%, and in Finland by 36%.

M. Nikolova (2022) in her research emphasizes that Russia's brutal war on Ukraine, while and first and foremost a humanitarian tragedy, has caused widespread economic damage across the globe, not least in travel and tourism. Between them, Russian and Ukrainian tourists usually spend around 45 billion US dollars per year on outbound travel, much of it in the countries of emerging Europe. Hardly had the Covid-19 pandemic abated than Russia invaded Ukraine, providing the travel and tourism sector throughout emerging Europe with yet another challenge. According to the Economist Intelligence Unit, the war will affect Europe's tourism industry in four ways: a loss of Russian and Ukrainian tourists; restrictions on airlines and use of airspace; higher food and fuel costs; and a big hit to traveler confidence and disposable incomes.

A separate field of research covers the issue of restoration of the tourism industry and the country as a whole after the end of hostilities. According to H. Alipour & L. Dizdarevic (2007), "the development and recovery of a nation after a war is at the forefront of the process of the rebuilding of that nation in which the tourism industry, through proper planning, can play a formidable role". S. Fernando, J.S. Bandara & C. Smith (2013) highlight that "tourism can play a role in poverty alleviation via employment generation, in increasing foreign exchange earnings and in accelerating economic growth including in the war-affected areas".

Different authors (Novelli et al., 2012; Causevic & Lynch, 2011; Fernando et al., 2013) pointed out that the normalization of the socio-political context is a basic condition for a successful tourism development in a post conflict period. The active role of the government and the political system is essential, firstly to foster such a normalization (Causevic & Lynch, 2013; Winter, 2008), secondly to implement an adequate tourism policy aimed to regulate and drive tourism development (Novelli et al., 2012; Winter, 2008), thirdly in order to rebuild the infrastructure system (Hall, 2003).

Another stream of studies focus on the destination image reconstruction, as tourist usually don't want to go to places perceived as unsafe (Huang et al., 2008). Wars can contribute to create in people's mind the idea of a place which remain unsafe, even after the end of the conflict. This perception can be reinforced by inaccurate information and stereotypes propagated by media (Alvarez & Campo, 2014). In order to face these issues, according to Vitic & Ringer (2008), destination branding has become a strategic marketing factor in promoting tourism destinations impacted by conflicts. The strategy used can be different, depending on the context.

**Aims.** The literature review showed the main focus of research by world and Ukrainian authors, however objective prerequisites for increasing the role and significance of the European integration of Ukraine for the development of tourism in the war conditions and especially in the post-war period, as well as the prospects for a further increase in tourist flows in the global community are increasing the need to

further investigate the problem of tourism development taking into account the European integration aspect. Accordingly, the main aim of our study is the analysis of the development of tourism in the war conditions in the context of the European integration of Ukraine.

**Methodology.** In the research process, general scientific and special methods were used: dialectical and abstract-logical - for theoretical and methodological generalizations, determination of the essence of the development of tourism in Ukraine, taking into account the specifics of its functioning during the war, formulation of conclusions; comparison - to compare the actual data of the reporting period with the indicators of previous years; analytical groupings - to establish connections and dependencies between factors and effectiveness of existing tourism development strategies; correlation-regression analysis - to determine the degree of influence of the main factors on the development of tourism in Ukraine in the war conditions in the one side and European integration in the other side.

**Results.** Today, Ukraine faces a task that consists in the contradiction between the need to integrate into the world economy, on the one hand, and to ensure the protection of national interests and security, on the other. At the current stage, the tourism industry in Ukraine is one of the most affected industries during the war. For obvious reasons, this type of economic activity has not been able to function and develop normally in our country for more than a year. The ban on air travel and cross-border currency transactions are also one of the determining factors inhibiting the development of the tourism industry. In fact, the Russian-Ukrainian war has become almost destructive for the tourism industry. Closed airspace, difficulties with payment and the unreliable situation with the safety of tourists suspended all prerequisites for the "survival" of this species were met economic activity. However, despite everything the complexity of the situation, the tourism industry in Ukraine continues to function. Tourism industry adapts to new realities, finds new solutions, lays down basis for future development and works on a common goal. Activities of tourism entities industry today is significantly supported by the state budget, since this function is very important in terms of martial law (Mashika, P'jatka, 2022).

**Income from tourism.** The war reduced the revenues of the state budget of Ukraine from subjects of the tourism industry almost by 34%, because its state budget did not receive taxes from tourism due to the war. So, for nine months of 2022, representatives of the tourism industry of Ukraine paid taxes by 33.34% less than in the same period of 2021. Such thus, for the nine months of 2022, the total number of taxpayers engaged in tourist activities decreased on average by 28%. At the same time, the number of legal entities decreased by 36%, and the number of individuals - by 25%. In addition, tax revenues from the activities of tourist operators decreased by 32%. For example, for nine months of 2022, UAH 125 million of taxes were paid to the state budget, while for similar period of 2021 to the state treasury UAH 184 million was paid. They decreased by 5% tax revenues from the activities of travel agencies. Increase in taxes paid for nine months of 2022 took place in Lviv region (197 million UAH against 2021's 151 million hryvnias), Ivano-Frankivsk region (136 million UAH compared to 2021 almost UAH 104 million) and Kyiv

(UAH 120 million vs 2021's almost UAH 89 million). Tax revenues significantly decreased in the city of Kyiv (by 43%) and Odesa region (by 78%) compared to 2021's data (DART).

**Table 1. Income of taxes from the tourism industry in Ukraine for 2022**

Objects of taxation	Receipt of taxes for 2022, thousand UAH	Income of taxes in 2022 compared to 2021, %
Hotels	898 381,44	-30,3
Travel agencies	204 795,22	-26,7
Touoperators	167 858,10	-35,2
Recreation centers	141 163,66	-57
Other objects of accommodation	137 394,00	+45,9

It should be noted that the decrease in revenues from the tourist tax was recorded in 14 regions of Ukraine. These are mainly areas that were or are currently in war zones and temporarily occupied. For example, in the Kherson region the amount of the tourist tax decreased by 95%, in Mykolayiv region - by 90%, in Donetsk region - by 83%, in Luhansk region - by 80%. Also, a significant decline occurred in Odesa region (80%), Zaporizhia region (78%), Kharkiv region (61%), Sumy region (58%), Kyiv region (54%), Chernihiv region (53%), Kyiv city (43%) and Zhytomyr region (24%). In Dnipro and Rivne regions receive income from the tourist tax decreased by 15%.

The leader among the regions of Ukraine in terms of tourist tax in 2022 Lviv region became UAH 41,430,000 in 2018, showing a 79% increase in compared to 2021. The capital increased its budget by 31 million 474 thousand UAH, although compared to 2021, this amount was less than half. Also among the leaders in paying the tourist tax are Zakarpattia region - 19 million 471 thousand. UAH Ivano-Frankivsk region - 17 million 956 thousand UAH and Cherkasy region - 12 million 555 thousand UAH (DART).

In addition, the amount of visitors to Kyiv for 2022 has greatly decreased, since by February 2022 the number of foreign and domestic tourists. The reason is Russia's aggression against Ukraine, because the number of foreign tourists who visited the capital city of Kyiv decreased in 3 times, which is about 300 thousand people in the first half of 2021, and in the first half of 2022 the number of foreign visitors decreased to 98 thousand people. According to studies of Kyiv by foreign tourists in recent years were citizens of such countries as Turkey, the USA, Israel, Poland, Germany, India, Azerbaijan, France and Italy, which is about 60% of the total number foreign visitors who visited Kyiv for tourist purposes (DART).

So, military actions have a significant negative impact on the tourism industry regions and the whole country. There are reasons for military actions and their impact on tourism security concerns; decrease in demand; infrastructure damage; loss of jobs and a negative image, all of which have a significant impact on development of tourism in Ukraine. In general, the impact of military operations on the tourism industry is very serious and predicts serious losses in tourism and other areas, and the consequences are possible felt for many years after the end of hostilities.

***The European integration course of Ukraine in the war conditions.*** The European integration of Ukraine is the most important modern trend, which has a powerful influence on the processes of reforming the tourism industry in war conditions. The process is equally important globalization. At the current stage of development of the tourism sphere, political forces strive to conform to the image of the leaders European integration, which also affects activities state authorities. But often there is a positive attitude towards European integration trends is accompanied by the lack of real reforms, in particular, the preservation of obstacles and complications of doing business is observed, the practical absence of positive changes in attracting investments and budget financing social programs related to development tourism.

The large-scale war unleashed by Russia against Ukraine changed the picture of the world, caused a number of risks and threats, caused turbulent processes in the political, economic, and security environments, the consequences of which are currently difficult to predict. Russian aggression deepened the contradiction of the modern world, worsened the socio-economic situation at the regional and global levels. In particular, the rise in the cost of energy resources provoked a crisis on the food market caused increase in the price of consumer goods and, accordingly, a large-scale impact on the level of well-being citizens of many countries of the world. In parallel in different regions of the world from the beginning of 2022. inflationary processes accelerated, which was clearly felt by the tourism industry.

The large-scale intervention by the Kremlin accelerated European integration processes in Ukraine, led to profound pro-European changes in public consciousness, united the Ukrainian nation. Also Russian the threat contributed to strengthening the consolidation and solidarity of the EU countries in the Ukrainian directly. However, despite the advantages and new prospects, the candidate status is an important, but yet another stage of Ukrainian European integration, the success of which depends on the tactical plan from Ukraine's performance of current tasks European integration. And in the strategic one - from full-scale accession to the European political and legal space.

**Discussion.** In the war conditions, Ukraine focused its efforts on implementing the recommendations of the European Commission, in particular regarding reform judicial system, fight against corruption and money laundering, modernization of national legislation in the field of media and of national minorities, in the hotel industry and the service sector, etc. Simultaneously, within the framework of the implementation of the Association Agreement, the Ukrainian side has made significant progress in the field of digital transformation, customs affairs, overcoming technical barriers to trade, public procurement, etc.

The war did not weaken the mood of Ukraine to continue pro-European reforms, to provide the necessary conditions for initiation of negotiations on membership in the European Union. This requires additional efforts and support from all branches of government society. This topic, even against the background of war, will be one of the relevant ones in the dialogue between Kyiv and Brussels.

At the same time, there are a number of internal and external factors of a minor nature, which slow down the movement of Ukraine to the EU, in particular internal problems in Europe and the expansion of the range of candidate countries for joining the European Union. It should be noted that the exclusivity and weight of Ukrainian European integration, unlike other applicant states, determined by a complex of political and security factors of a geopolitical scale, which are of crucial importance for the future structure of Europe and the world.

**Conclusion.** By the results of the analysis determined that despite the Russian-Ukrainian war, which has become almost devastating for the tourism industry of Ukraine, this branch of the economy continues to function and develop, adapting to new realities. Considering the issue of priorities functioning of the tourism industry in Ukraine, it should be noted that the priority measure should be development of a strategy for the development of national tourism taking into account international experience and European integration. At the same time, it should be taken into account that in Ukraine, during the post-war recovery, it is necessary to actively promote tourism potential, develop new initiatives and attract to of this process of international partners. Worth it too to be taken into account in the post-war reconstruction of Ukraine the experience of countries that at the present stage have a strong tourist potential, but in the past have suffered losses from war or armed conflicts.

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