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INTERNATIONAL EXPERIENCE OF STATE REGULATION OF THE TOURISM INDUSTRY: LESSONS FOR UKRAINE

Problem setting. It is a well known fact that tourism business is one of those industries which allows the government to quickly implement its economic needs – to create jobs through the development of small and medium businesses, upgrade infrastructure and attract investments. Unfortunately, in Ukraine there is an extremely unfavourable situation in the tourism sector not only as a result of the ATO and the temporary occupation of Crimea and territories of the Donetsk and Luhansk regions but also because of the inconsistent policy of the state authorities and ineffective activities of the Executive bodies.

The world has accumulated vast experience in the field of state regulation of the tourism industry but this experience is scarcely used in Ukraine. For this reason, the issues of effective state regulation of the tourism industry are becoming an urgent necessity; there is a need for constructing a system that would be based, on the one hand, on the modern achievements of the developed countries, and on the other – on the real needs and opportunities of our society. Active and dynamic policy in the sphere of tourism is based on effective and continuous impact of the state through the coverage of all stages of the tourist services development and every policy should be formed under the influence of the main needs and interests of the country, the state regulation should reflect the multidimensional nature of these needs and interests to maximize the existence and significant improvement in tourism.

Recent research and publications analysis. It should be emphasized that the scientists and tourism managers' interest to the problem is increasing yearly both quantitatively and qualitatively.

The issues of the state management in the sphere of tourism, the notion of tourism state regulation, features and characteristics of this definition as well as

functional peculiarities of the regional approaches were discussed in the works of A. V. Apilat, V. M. Vakulenko, I. V. Valentyuk, A. B. Vasyliwa, L. P. Voronkova, A. V. Gutnik, V. F. Kyfyak, S. I. Popovych, V. K. Fedorchenko and other scientists. The models of the tourism sector regulation together with the problems of organizational, social and economic mechanisms of the state tourism policy functioning in the market environment were investigated in the works of S. S. Halasyuk, O.V. Tsaruk, A. M. Chechel. However, due to the instability of the governing institutions, frequent changes of management approaches to the tourism sphere, the problems of state regulation of the tourism industry remain incomplete and the study of international experience will help to define the optimal model of the tourism development in Ukraine.

Paper objective. The main objective of the article is to analyze international experience of the state regulation of tourism development and the opportunities for certain models adaptation in Ukraine in order to create an effective mechanism of state regulation in the sphere of tourism.

Paper main body. Modern scientists distinguish several approaches to the state regulation of tourism development. The existence of certain models is explained by the obvious factors – the level of socio-economic development of the country, the political situation and the role it plays in the tourism industry. They are also determined by the state policy in the sphere of tourism which can be interpreted as a system of ways and methods of the state influence, mechanisms and instruments of socio-economic, legal and cultural nature which are implemented by authorities, public and private enterprises that are engaged, directly or indirectly, into tourism activities with aim of the regulation and support of the entire tourism industry.

It should be noted, that the Law of Ukraine “On tourism” [2] does not provide the definition of the notion “state regulation in the sphere of tourism”. There are no definitions of the term in the existing normative and legal acts regulating relations in the sphere of tourism. According to the norms of international practice and fundamental principles of the WTO, we propose to define the state regulation in the sphere of tourism as the organization of work of state authorities, aimed at the study,

coordination and regulation of tourism development in the country and at the international level, planning the work of public authorities and taking into account all possible aspects – social, economic, educational, recreational, informative and ecological.

Tsaruk O.V. offers three models of the state regulation of the tourism sector [8]: the model of a liberal market (American) – does not have the central state administration (USA); the Keynesian – has a strong and authoritarian ministry which supervises the entire sector (Turkey, Tunisia, Egypt, Malta, Croatia) and mixed (European) – problems of tourism development are resolved at the level of a multi-functional ministry which is usually of economic nature (France, Czech Republic, Austria and other European countries). The last model is characterized by the availability of two clearly separate directions: the first one deals with the global issues of the state regulation of tourism – regulatory framework, coordination of activities on the regional and international levels, international cooperation. The second direction is connected with marketing: creation of the positive image of the country, its representation at international exhibitions and forums, promotion of the inbound tourism.

Galasyuk S.S. [1] distinguishes four basic models of the state regulation of tourism according to the level of the state intervention in the organization of the activities of the tourism sector. The first model is common for the developing countries and presupposes the existence of a powerful ministry which concentrates the significant control over tourism. Having analyzed 193 countries of the world, Galasyuk S.S. referred to this model about 21% of the countries. The second model represents the creation of a joint ministry which apart from tourism is also engaged in the activities: of the tangible sector (energy, trade, transport, communication) or intangible sector (culture, sport, environmental protection). This approach of development is typical for both developing economies and economies in transition. The factor that unites these countries is their intention to position themselves as the receptive tourism markets. This model is the most widespread and accounts for about 41% of countries. The third model is characterized by the creation of an independent

specialised body – the National tourism administration in the framework of the multifunctional Ministry or with the direct subordination to the government. This trend is prevalent in the European macro region and generates 31% of countries. The fourth model suggests the absence of any central body of executive power in the sphere of tourism and is currently used in only 14 countries (7%). Different tourism issues are either solved at the regional level or independently by business entities on the basis of the market relations. It is important to note that this model includes countries that have a developed tourism infrastructure and do not require additional advertising (Belgium, Korea), or those that do not pay proper attention to the tourism development and have rather complicated political and economic situation (Somalia, Congo, Kuwait).

This distribution of countries is conditional because each state is constantly searching for the most optimal management option of the highly profitable but volatile tourism sector. For example, for a long time the United States did not have any Central government that regulated tourism and this allowed Tsaruk O.V. to single out the “American” model. But recently this country has moved to the third model (according to Halasyuk S.S.) and created the National tourism administration in the framework of the multifunctional ministry.

The analysis of the contemporary models of the state regulation of tourism leads to the conclusion that the success of tourism development depends on the government attitude to the tourism sphere, the extent to which the state supports this industry, its comprehensive and integrated vision of the industry in the general promotional strategy of the country.

It should be noted that none of these models is used in Ukraine in the pure form. At present there are continuous transformations in the bodies of central and executive authorities which lead to more inconsistency and lack of control in this area. Thus, the State Agency of Ukraine for tourism and resorts which was created in 2011 and participated in the preparation of draft legislative and other regulatory acts on tourism and in its form and objectives was consistent with the European model of state regulation of tourism, was liquidated by the provision of the Cabinet of

Ministers of Ukraine “On optimization of Central Executive authorities” dated 10, September 2014, No. 442 [4], and its powers were transferred to the Ministry of economic development and trade of Ukraine [3] where the Department for tourism development consisting of 6 employees was created. This Department is not the central body of the executive power and, due to its quantitative composition, cannot cover all the issues of the tourism industry, so other departments of the Ministry and other state Central and Executive bodies, namely the Ministry of ecology and natural resources, Ministry of regional development, construction and housing and communal services, the Ministry of infrastructure, Ministry of culture, Ministry of youth and sports, State Agency for forest resources, State Agency of land resources of Ukraine and others are involved in the work on the tourism issues. These bodies, within their competence, prepare and submit proposals for the implementation of the existing state policy in the tourism industry, help to create organisational, legal and economic mechanisms for the implementation of the state policy in the tourism sector. But the offers provided are not systematic, respond to the specific needs of the specialized ministry, seldom coincide with the overall strategy of tourism development.

At the same time, by the provision of the Cabinet of Ministers No. 338 [6], the Coordination Council on the issues of tourism was created which is a temporary consultative body of the Cabinet of Ministers whose main task is to promote coordination of actions of executive bodies on formation and implementation of the state policy in the sphere of tourism and resorts. But the Coordination Council has not held a single meeting and has not discussed any issues related to the formation and implementation of the state policy in the sphere of tourism since the moment of its organisation. And this happens despite the fact that in the country there is no inter-ministerial cooperation on tourism; the work on the development of tourism, as well as the formation and promotion of brand image “Ukraine as an attractive country for tourism” (according to the Strategy of sustainable development “Ukraine – 2020” [5]) and the implementation of the action Plan of the Association Agreement between Ukraine and the European Union in the field of tourism, are not coordinated.

In other words, the country has an unregulated system of the tourism industry management guided by the obsolete Law of Ukraine “On Tourism” [2] (the last amendments were made in 2004), a new project of which was proposed but has not been still voted in the Parliament. The proposed amendments are supposed to make the law of more applied nature, the one that will not only define the overall strategy of the tourism industry development and legal and normative framework, but also comply with the European course of the country, regulate the issues of international activities and create conditions for promotion of Ukraine in the external markets. Unfortunately, this aspect, which is extremely important and long awaited by the representatives and participants of the tourism industry and tourism businesses, is still not performed.

Despite the need for the state regulation of tourism, it is necessary to be particular careful in this issue. As, on the one hand, tourism is a diversified industry which activities need to be coordinated much more than any other sphere. On the other hand, the excessive presence of government regulation hinders the entrepreneurial initiative which is the basis of tourism development. The world experience proves that there is no optimal formula that would have created the perfect control system in the field of tourism but a consistent, well thought out and goal-oriented state policy in the chosen direction in close cooperation with the self-regulatory organizations in tourism leads to a significant success.

Over its history Ukraine has tried to apply almost all models of the state regulation in the sphere of tourism. Some of them (the State Agency of Ukraine for tourism and resorts which was the part of Ministry of culture and tourism of Ukraine) had wide responsibilities and with certain optimisation could become the basis of the sustainable development. Unfortunately each government tries to implement its own, not always justified, modifications in all spheres of life which seldom prove to be successful.

The constant change of vectors and forms of tourism management has led to the fact that a powerful system of self-regulation has appeared in the country (Tourism Association of Ukraine, Association of business tourism, Association of

tour guides) which in conditions of non-interference and stable economic and political situation could bring tourism to a new level of development. However, private sector cannot provide large investments in the tourism infrastructure, create modern high quality attractions, entertainment centres and resort facilities.

Conclusions of the research. On the basis of the analysis of the current state of the country's development, two models of the state regulation of the Ukraine's tourism industry are believed to be the most appropriate. The first is "European" (mixed) model of the state regulation of tourism which is common in the European countries (Switzerland, Germany, Denmark, Finland, Austria, France, Monaco, Portugal, Serbia, Macedonia, Slovakia, Slovenia, Estonia, Latvia, Lithuania). Ukraine has already made a step towards the Europeanization of the tourism sector and at the moment it should remain focused and persistent on the selected direction. Thus, the Department for tourism development which was created in the framework of the Ministry of economic development and trade of Ukraine should be expanded and empowered to shape and implement the strategy of tourism development. In accordance with the "European" model, the Department should have two clearly defined areas of work – administrative and marketing. The first one is to be engaged in the issues of global public administration, conducting research with participation of the leading experts, analysis of the statistical information, development of cooperation at the international level, coordinating activities of the regions. Marketing direction should develop the inbound and domestic tourism, create an attractive tourism image of the country, develop competitive tourist product, advertise the product created during tourism fairs and exhibitions, create the network of missions abroad, and develop multilingual Internet portals.

The second model (Keynesian), which is tougher but much more effective, is based on the creation of a separate Ministry of tourism. Ukraine's great tourism potential, which has all the advantages that will be in the greatest demand among tourists in the following several years: extreme beauty and unique originality, should be managed centrally, through a separate entity. The countries like Turkey, Tunisia, Egypt, Malta, Croatia and some others have shown a steady progress in the

development of tourism services and hospitality thanks to the powerful, goal-oriented and consistent policies of their Ministries of tourism.

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