

### Problems and prospects of cross-border cooperation in tourism between Russia and Europe

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# TOURISM



## PROBLEMS AND PROSPECTS OF CROSS-BORDER COOPERATION IN TOURISM BETWEEN RUSSIA AND EUROPE

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*The relevance of this research is related to the increasing role of tourism in the world in general and in border areas in particular. This article sets out to identify the problems and prospects of the development of cross-border cooperation in tourism between Russia and European countries. The authors focus on the scientific and theoretical aspects of cross-border cooperation and examine the role of tourism, and recreational potential and its effective use. The authors employ the methods of expert judgement and statistical analysis, refer to the surveys of Russian and European consumers showing their preferences, as well as to the authors' own materials. The analysis makes it possible to have a deeper insight into the issue of cross-border cooperation in tourism between Russia and European countries and to assess the prospects of it. The authors provide an assessment of changes in the socio-economic relations between Russia and European countries and identify key problems in the development of cross-border cooperation in tourism. These problems relate to both macroeconomic and regional/industrial factors. The article is of interest for researchers studying cross-border tourism, the regional and local administrations of border areas of Russia and European countries, and representatives of the tourism business.*

*Key words:* tourism, cross-border cooperation, diversification, regional development, economic cooperation, Russian Federation

### 1. Introduction

Despite certain social and political difficulties in the relations between the Russian Federation and European countries, the issue of economic cooperation between them has not lost its relevance.

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The interaction of the countries having a common border with Russia is of particular importance. Hence an increasing number of scientific studies dedicated to the problems and prospects of developing such kind of cooperation, particularly, cross-border cooperation in the cost-effective areas, such as tourism.

European and Russian scientists have a long history of research into the general issues of cross-border co-operation, as well as that in specific regions. Some problems of the Polish-Ukrainian region are reflected in the work by: Brym [1]; Grama [2], who investigates the EU — Romania interaction issues; Kovacs [3] with the results of trade and economic relations between Slovakia and Hungary); Gal [4] covering the issues of economic cooperation in the Danube region; Scott & Laine [5] dealing with the Finnish-Russian options on cooperation. Apart from that, Russian scientists from the border areas also carefully examine this subject.

Some studies focus on the contribution of tourism to the regional economy. According to Smith [6], tourism product is the result of a complex production process. The researcher assesses the contribution of tourism to the regional domestic product. The role of tourism in the regional economy is researched in: Stabell and Fjeldstad [7]; Goeldner, Ritchie and McIntosh [8].

However, after the change of social and political relations between Europe and Russia since 2014, some of the results of these studies need to be reviewed and updated, as there have been changes in the macroeconomic conditions for trade and economic interaction. To that end, the I. Kant Baltic Federal University initiated a study on the "Development of cross-border cooperation with a view to diversifying the economic activities of the Russian Federation on the basis of effective use of tourist and recreational potential of the territories". The Project was financed by the Russian Foundation for Basic Research.

## 2. Methodological framework

For the analysis, it was important to start with defining cross-border regions and the kind of borders they have. According to Korneevets and Fedorov [9], cross-border regions are those created in the course of cooperation of the municipalities of neighboring states or, in the case of socio-cultural regions, the border regions of neighboring countries sharing important similarities. They are formed on the basis of the links between the territories of different countries.

However, other researchers, such as Baklanov and Ganzei [10], in their definition of the boundaries of cross-border tourist areas, suggest that the outer boundary of the peripheral zone should be taken as an international cross-border area. They assume that thus a cross-border area can be considered a complex natural and socio-territorial system enjoying a certain natural and territorial integrity.

Other studies demonstrate a wider view of this concept. For example, Mirzekhanova [11] suggests considering a cross-border tourist area as a territorial unit consisting of two or more adjacent or closely linked countries (regions of these countries), with a common interest and commitment to the development of international tourism, creating a single tourism product and

implementing preconditions for closer exchange of tourists in comparison with other countries or regions. According to I. Dragileva, I. Anisovich and T. Palmowski [12], such a proposal makes it possible to leave aside the cluster approach, which, in our opinion, is not quite correct.

As their research is based on the studies of cross-border cooperation between the Russian Federation and European countries, including the tourism sector, the authors decided to use a broader interpretation of the concept of "cross-border cooperation", proceeding from the definition given by E. Kropinova [13]. E. Kropinova defines cross-border tourist regions as a special kind of territorial recreation systems, i. e. compactly lying areas located on the territory of two or more countries, having a common tourist resource combined with substantial (backbone) linkages.

It is obvious that an effective use of a common tourism resource is affected by many factors — from the international agreements at the highest level to the attitude of the population of the border areas to the population of neighboring countries. These aspects were primarily analyzed by the authors exploring the problems and prospects of development of cross-border cooperation of the Russian Federation with the European countries in the field of tourism.

### 3. Results

Within the framework of the project "Development of cross-border cooperation with the purpose to diversifying the economic activities of the Russian Federation on the basis of effective use of tourist and recreational potential of the territories", a study of public opinion and trends of tourism development in Russia was primarily conducted.

#### *The study of public opinion on the prospects of development of Europe — Russia relations*

In the course of researching the statistical data on the development of relations between the Russian Federation and European countries a survey was conducted to find out Russian citizens' attitude towards people and the politics of European countries, and towards creation of various political and economic alliances. The research carried out by the All-Russian Public Opinion Research Center (RPORC) revealed that 70% of Russians positively assess the creation of the Eurasian Economic Union of Russia, Belarus, Kazakhstan and Armenia, with many understanding that Russia will have to pay a significant share of the integration costs. Slightly more than a quarter of respondents said that the creation of the EAEU would result in some kind of reincarnation of the Soviet Union. At the same time, 40% of respondents are confident that this alliance has the most economic and trade objectives that will contribute greatly to the development of the economies of these countries [14].

Thus, many researchers have noted that the Russian Federation has been "turning eastward" for the last two years. The issues like "how this will affect relations with European countries", and "who may be affected by this trend", were surveyed in the Russian Public Opinion Research Center (RPORC) in late 2015 (Fig. 1)

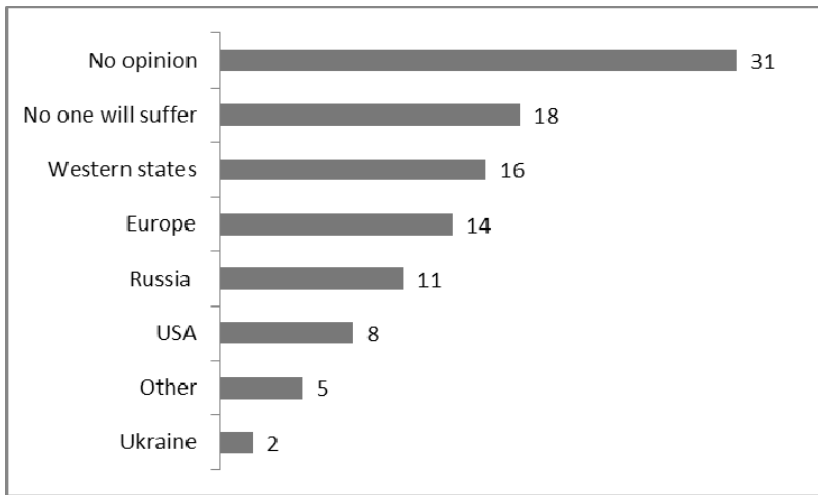


Fig. 1. Who, in your opinion, would suffer if “Russia’s turn to the East” is really going to happen? (Open-ended question; any number of answers; % presented responses called no less than 2% of respondents). Source: the poll was conducted on 24—25 October 2015, 1600 respondents were interviewed at 130 sampling points in 46 regions and republics of Russia. The statistical error does not exceed 3.5% [14]

As is seen in Figure 1, the Russians are aware that not only the European countries, but Russia as well may suffer from the reduction of the socio-economic co-operation (14% and 11% respectively).

In order to determine the Europeans’ attitude towards the development of relations with the Russian Federation, the authors conducted a survey of Europeans on how they evaluate these prospects (Fig. 2).

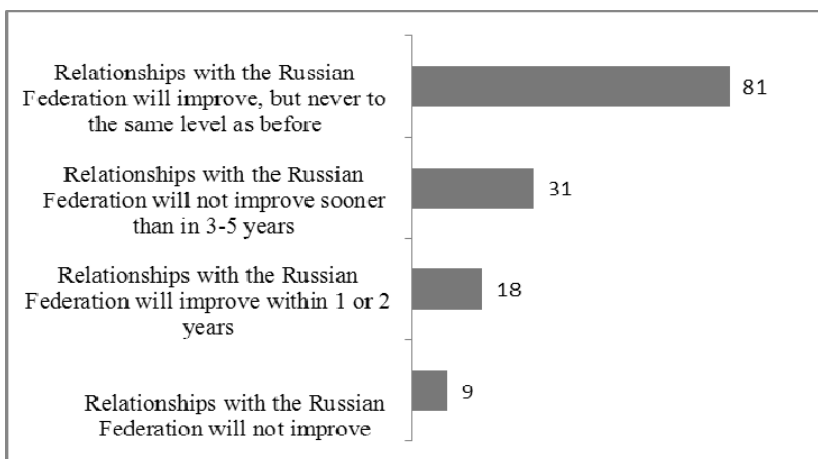


Fig. 2. Distribution of answers of European citizens about the prospects for a change in the relations with the Russian Federation (close-ended question; any number of answers allowed; %). The sample of 250 European residents; study period: September 2015 — February 2016. Source: research conducted by the authors [14]

Unfortunately, the majority of respondents (81 %) believe that although the relationships of the European countries with Russia will be improved in the future, they will never again be as strong as before. At the same time, 18% of respondents believe that the relations will improve shortly, within a 2-year period, which may be possible if the economic sanctions are lifted. The decision on the sanctions is postponed to the summer of 2016.

### *Change of preferences of Russians in their choice of tourism destinations*

Considering the development of cross-border cooperation with the purpose to diversifying the economic activities of both the Russian Federation and the countries of Europe through the effective use of tourist and recreational potential of the area, it is important to note that over the past two years these countries have also seen a significant change in public policy, as well as in the ratio of the population.

Another recent opinion poll of RPORC has shown that many Russians consider that in the state policy in the field of tourism the development of domestic tourism should prevail over outbound tourism issues (Figure 3).

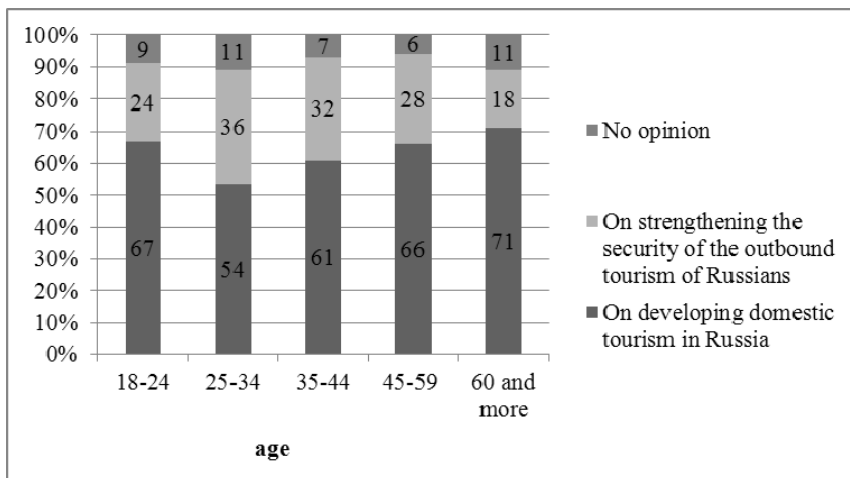


Fig. 3. In your opinion, should the Russian government now focus on strengthening the security of the outbound tourism of Russians or on developing domestic tourism in Russia? (Close-ended question; one answer; %). Source: RPORC was conducted on the 14—15 November 2015. 1600 respondents were interviewed at 130 settlements in 46 regions and republics of Russia.

The statistical error does not exceed 3.5 % [4]

However, despite the general trend, different age groups differently assessed the importance of these issues. Despite the fact that 54% of the most mobile population (aged 23—34 years) said that it is important to prioritize the development of domestic tourism in Russia, nevertheless, 36% of them recommend to focus on strengthening the security of the outbound tourism of Russians. Consequently, more than a third of this group of respondents are going to spend their holidays abroad and want to be assured that their security will be guaranteed there.

If we look at the last year trends in Russian demand, it clearly shows that a sharp reduction (up to 40% in 2015) of outbound tourist flow from Russia resulted in about 70% of Russian tour operators having terminated their work in 2015. According to the estimates of the Association of Tour Operators of Russia, in case this trend continues in 2016, the remaining 685 tour operators in Russia will be slashed by over 25% [15].

However, the reduction in the number of trips to overseas destinations did not lead to an automatic increase in the number of Russians traveling within their own country. A study conducted by Sberbank CIB "Ivanov Consumer Index" shows that on the New Year's Day (Celebration of the 2016) 93% of Russians did not go anywhere, preferring to stay at home or attending the show and leisure facilities inside the region. However, within 7 percent of those who went to travel, 64% chose a trip inside Russia.

Of those destinations that relate to cross-border areas of cooperation, Belarus showed a sudden increase as a host country for Russians during the New Year holidays. Compared with the previous New Year's holidays (Celebration of the 2015), 1.2 times more Russians chose Belarus to see the New Year-2016 in [15].

*Changes in the preferences of Russian tourists, and their influence  
on the country's economy and the development  
of cooperation with the European countries*

However, unlike with outbound tourism, even in the border areas where a considerable part of Russians resort to travel operators for services, tourists traveling on Russian territories prefer amateur tourism. According to the Russian Tour Operators Association estimates, about 80% of Russians organize their trips independently, i. e. without intermediaries such as travel agencies. Consequently, the probability of a large effect of domestic tourism on the Russian economy is not very high, although some progress is still observed. Such an increase is the aim of many of the latest initiatives of the Russian government. Thus, in January 2016, the *Chairman of the Government* of the Russian Federation offered to subsidize the participants of the tourism market with the aim to promote national routes. The Minister of Culture provided statistics showing domestic tourism as the fastest growing sector of the economy, with its annual growth rate standing at 20%. He proposed to include domestic tourism as a priority in the election program of the leading Russian party, the "United Russia" [16].

As far as the prospects for tourism are concerned, the framework of cross-border cooperation included, the Federal Tourism Agency estimates its growth by 5% in 2016. The main inflow is expected from Asian regions; however, an increase of tourist numbers from Europe is possible as well. There are high hopes that travellers from France and Spain will contribute due to the *Cross-Year of Tourism* scheduled for 2016.

The authors' own research supported by the study of public statistics made it possible to identify the issues affecting the state and the prospects of cross-border cooperation of the Russian Federation with the countries of Europe in the tourism sphere, to be as follows:



- Deterioration of the socio-political relations between the Russian Federation and Europe has led to a decrease in the attractiveness of mutual trips;
- With the weakened Russian currency, costs of a tour calculated in euros have increased considerably, making travelling unaffordable for the part of those Russians who were previously focused on European tourism;
- State support for domestic tourism in both economic and ideological terms is not conducive to improving the attractiveness of outbound tourism of Russian;
- Despite the decline in the attractiveness of tourism in Europe, the Russians stepped up cross-border cooperation with Belarus.

Further we will focus on the main problems that adversely affect the development of cross-border cooperation of the Russian Federation to the European countries in the sphere of tourism, and on the prospects of tourism industry.

#### 4. Discussion

The results of the study allow us to conclude that the first symptoms of changing the system of cross-border cooperation between Russia and Europe in the field of tourism were already noticeable in 2013—2014. They were particularly emphasized in: Olli [17], and Campo, Díaz, Yagüe [18]. The authors continued their research in this area, which resulted in identifying two groups of contemporary problems of cross-border cooperation between the Russian Federation and European countries in the tourism sector. They are as follows:

- Macroeconomic problems of cross-border cooperation between the Russian Federation and European countries;
- Socio-economic problems of developing cross-border cooperation between the Russian Federation and European countries in the field of tourism.

Each of these groups of issues includes many others presented in Fig. 4.

Of course, some of these problems can stir debate. For example, among the problems of cross-border cooperation between the Russian Federation and European countries in the tourism sector there may also be listed such issues as: a lack of attractive regional tourist products, a lack of promotion on foreign markets, etc. The authors combined these issues in the last block of Figure 4: "Reducing the attractiveness of Russian and European holiday destinations on a parity "price — quality"". At the same time, we take into account the specificity of the perception of tourism services in its entire integrity (not only accommodation, food, transport, sightseeing and other services, but also the satisfaction with recreational infrastructure, local attitudes, etc.). Therefore, quality of service embraces a sufficiently large number of factors affecting the overall assessment of the tour. Thus, more and more importance is given to such a factor as the safety of tourists. Due to the increase in the number of migrants in Europe, the Russians perceive European destinations as unsafe, while for the Europeans Russia has become in recent years the personification of military power.



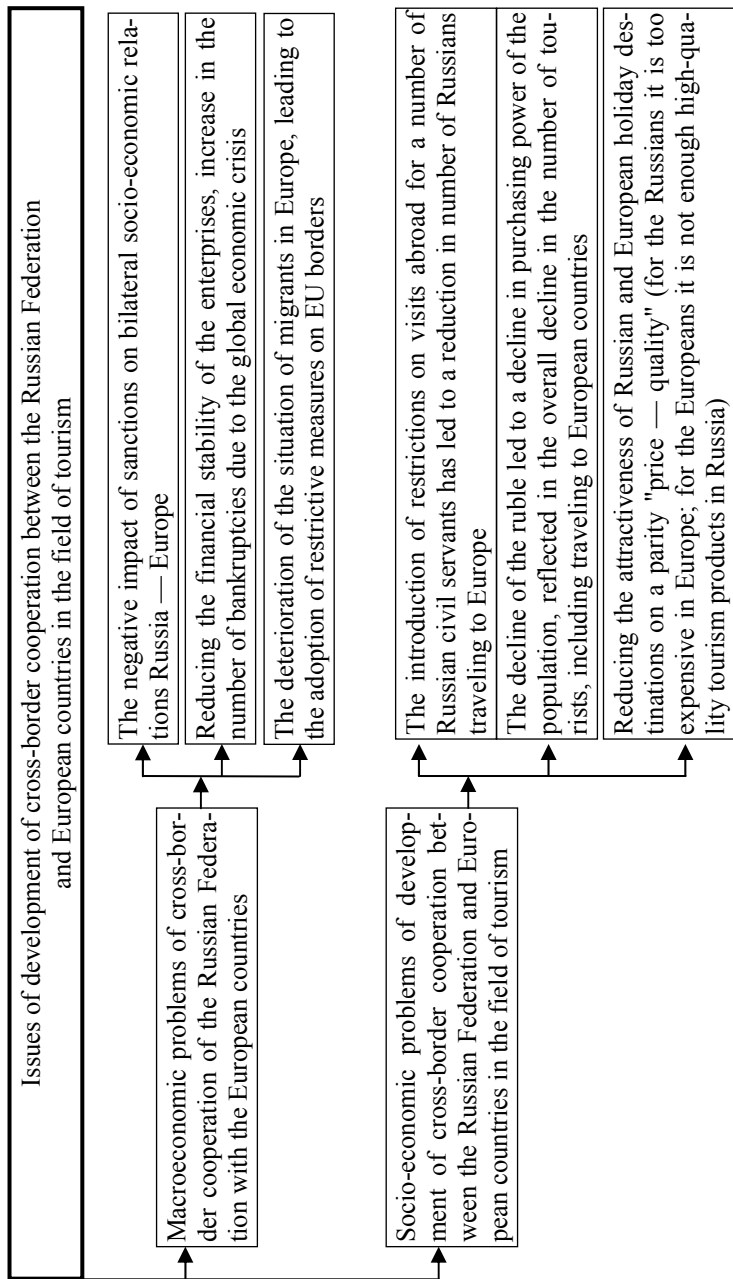


Fig. 4. Issues of cross-border cooperation between the Russian Federation and European countries in the field of tourism

In addition to the above said, there are burning issues regarding the training of qualified personnel capable of providing quality services and developing tourism in the border areas on a level not lower than that in the countries from which tourists come. As is said in: Zaitsev, Goncharova & Androsenko [19], both in Russia and in Europe there is a gap between the competences and skills acquired by students in the course of their studies and the employers' expectations and requirements for the graduates' educational background. Many employers bemoan the quality of graduates. The prospects for the development of tourism in the border areas is hugely dependent on whether it will be possible to eliminate this gap in the near future.

Thus, considering the prospects for the development of cross-border cooperation between the Russian Federation and European countries in the field of tourism, it should be noted that they will depend on how and when the above mentioned problems will be solved. It is evident that rapprochement and development of cross-border cooperation should be reciprocal and based on the interests of each of the regions comprising the cross-border tourist areas.

## 5. Conclusion

The analysis of statistical data and the research conducted by the authors made it possible to identify the main problems that hinder the development of cross-border cooperation between the Russian Federation and European countries in the field of tourism. Some of these problems can be quickly resolved, however, the solution will depend on a variety of global macroeconomic and political factors beyond Russia and European countries. At the same time, there is a significant part of the issues can be successfully resolved already at the level of individual areas of cross-border tourist regions thus enhancing the integration of population and industries of these areas.

## 6. Recommendations

The study makes it possible to draw up recommendations for the governments of border areas of Russia and European countries and representatives of the tourism business: in spite of the difficult times in the relationship between Russia and Europe, the development of cross-border cooperation in the tourism sector of the Russian Federation and European countries should not stop; on the contrary, it should develop new forms and attitudes, contributing to the economic development of border regions, to the increase in employment in these areas, and as a result — to the increase the quality of life.

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