

Kyiv National University of Trade and Economics
The World Economy Department

FINAL QUALIFYING PAPER

on the topic:

**«INTEGRATION OF UKRAINE INTO THE WORLD MARKET OF
TRAVEL SERVICES»**

**(based on the data of Ministry of Economic Development and Trade of
Ukraine)**

Student of the 2nd year, 2nd group,
speciality 051 “Economics”,
specialization “International
economics”

Dyshlievoi Sergiy

Scientific adviser
Candidate of Sciences (Economics),
Associate professor

Serova L.P

Manager of educational program
Candidate of Sciences (Economics),
Associate professor

Kravets K.P

Kyiv, 2019

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INTRODUCTION

Relevance of the topic. Modern conditions of functioning of world market are characterized by intensive development of all its components.

One of the most important, dynamically developing areas is service industry. Significant component of service industry is international market of travel services.

Nowdays travels are integral part of our lives: in the cost structure of average family, travel costs are the fourth article after food, clothing costs, and car maintenance.

From world experience, tourism provides the highest capital turnover, the highest return on investment and the cheapest workplaces.

According to the State Tourism Administration of Ukraine, this sector accounts for 10% of the world's gross output, about 35% of world trade in services, and almost 11% of world investment.

Travel industry influences on economic and social development of the state, system of economic relations so it requires regulation, support and control.

Ukraine has all prerequisites for intensive development of domestic and foreign tourism, favorable climate, rich natural, cultural, recreational potential.

But for today the development of this sector of economy, which, according to experts, only in the form of taxes could bring annually to \$ 4 billion to the state budget is not sufficient.

The reasons of it are difficult socio-economic situation in the country, lack of regulation and incentives for travel industry, lack of effective strategy for the development of this industry at both national and regional levels.

At the present stage of development of Ukraine, especially in the context of ongoing administrative reform, creating an effective structure for managing travel industry on all levels becomes an urgent issue.

Transformation of Ukraine into a travel state of world importance also requires ensuring coordination of activities of different sectors of the economy, including transport, trade, production of souvenirs, publishing and advertising activities, on which depend qualitative provision of travel services.

Analysis of recent publications of Ukrainian and foreign scientists.

Significant contribution to the development of defined problem have made: Luybintseva O.O, Mazaraki A.A, Malska M.P., F.Kotler, J.Holloway, J.Makens and others. At the same time, despite the large number of works of on the studied issue, the issue of integration of Ukraine into the world market of travel services requires further elaboration. Numerous scientific works have to be systemized and clarified.

It is worth noting that research does not have a comprehensive approach to addressing these issues.

The object of study is the process of development of travel industry in Ukraine in accordance with its foreign economic activity. **The subject of study** is theoretical and practical aspects of developing of travel industry in Ukraine and its integration into the world market of travel services.

Methods In final qualifying paper have been applied methods of analysis and synthesis, institutional, comparative methods, method of expert evaluation and statistical methods of forecasting.

Informational base of research served resolutions of the Cabinet of Ministers of Ukraine, Ministry of economic development and trade of Ukraine, submissions of State statistics service of Ukraine, World Tourism Organization.

Purpose of research is justification and development of practical recommendations for effective integration of Ukraine into the world market of travel services.

According to the goal of research **objectives** have been set as follows:

- to analyse the global market in the field of travel activity
- to characterize international regulatory framework of travel industry
- to follow the impact of regulatory framework on the activity of tourist enterprises
- to assess potential opportunities or Ukraine's travel industry
- to develop recommendations how to increase the effectiveness of tourist enterprises
- to forecast the possible development scenarios of Ukraine's travel industry

Scientific novelty of the work. Taking into account all political and economic changes in Ukraine, practical recommendations have been made on the basis of last researches.

With this aim have been involved new sources, in particular, submissions of Ministry of Economic development and Trade of Ukraine, latest statistical data of the World Tourism Organization. In research has been used method of comprehensive economic analysis on macrolevel, has been expanded classification of travel services.

Practical significance of obtained results consists in the possibility of elaboration by government concrete proposals on improvement of legal framework of tourism in Ukraine.

Approbation and utilization of research results. The main theses of final qualifying paper have been described in the article «The essence of travel services and their peculiarities» – Міжнародна економіка: зб. наук. ст. студ. ден. форми навч. / відп. ред. Т.М. Мельник. – Київ: Київ.нац. торг.-екон.ун-т, 2019 – Ч.2. – 288 с.

Final qualifying paper consists of introduction, 3 chapters, 6 paragraphs, conclusions, 5 appendices, 10 illustrations, 8 tables. Reference list consists of 50 titles. Total volume of work - 69 pages (without appendices).

PART 1

GENERAL ANALYSIS OF THE MAIN TRENDS OF WORLD TOURISM DEVELOPMENT

1.1. Analysis of the Global Market in the Field of Travel Industry

International tourism became an important branch of world economy. By data of World Travel & Tourism Council [45], the contribution of tourism into world GDP is almost 11%, providing employment of 10% of world labour force, 11% of world investments and the same amount of tax revenues.

Modern international tourism is important link of world economic complex. For some countries, tourism is the main profitable sector of economy, which involves to the budget more than 50% of costs.

In first turn, it concerns island countries: Macao (89.5% of costs), Antigua and Barbuda (75.8%), Angolia (71%), Aruba (70%), Maldives (61.3%), Seychelles (54.5%) the Bahamas Islands (53.6%)

Every day millions of people move from one country to another to visit friends or relatives, negotiate and lead business meeting, perform professional duties, get education etc. There are many reasons for leaving the home country, but nowadays travels are an integral part of human lives [21, p.60-61].

The UNWTO classifies three basic forms of tourism based on border crossing:

- Domestic tourism, involving residents of the given country travelling only within this country.
- Inbound tourism, involving non-residents travelling in the given country.
- Outbound tourism, involving residents travelling in another country. [47]

In total, 1.4 billion people in 2018 travelled abroad, 51% of them are citizens of European countries. World tourism increased on 5% comparing with previous year. Total international tourism exports (international tourism receipts + passenger transport) reached the number 1.7 trillion \$.

World tourism is growing faster than the world economy. According to UNWTO, the amount of travelers in 2020 will reach 1.6 billion [48].

Modern international tourism is characterized by significant spatial unevenness.

In general, it reflects different socio-economic levels of the countries of the world: developed countries share is 57% of tourist arrivals, developing countries - 30%, and transitive economies - 13% [15, p.43-46].

Taking into account regional structure of travel arrival and receipts, define five tourist macroregions of the world:

- 1) European, which includes countries of Western, Northern, Southern, Central and Eastern Europe as well as countries of Eastern Mediterranean – Israel, Cyprus, Turkey.
- 2) American, which encompasses countries of Northern, Southern Central America, island countries and the Caribbean
- 3) Asia-Pacific to which belong countries of Eastern and South-Eastern Asia, Australia and Oceania
- 4) African which includes African countries, except Egypt and Libya
- 5) Middle-Eastern, which includes countries of Western, South-Western Asia, Egypt and Libya [38, p.85-88].

The largest share of tourist arrivals has Europe (App.A, Figure A.1). It is explained by availability of all kinds recreational resources, stable economic and politic situation, developed infrastructure and favourable geographic location. But holiday in Europe is much more expensive, than in other region. This factor has negative influence on the development of tourism in this region.

On the second place is Asia-Pacific region, which is ahead American region since 2002. It demonstrates the most intensive pace of development (App. A, Figure A.2.).

The reason of it is availability of unique and exotic kinds or recreational resources on the background of lower prices and costs than in Europe or America. But negative influence on the development of this macro region and tourist arrivals have unstable political situation, natural disasters – earthquakes, tsunami, floods.

The third place keeps American macro region, lower share of tourist arrivals

is explained by not decline of tourist attractiveness of America, but faster pace of tourist industry development in other macro regions. Given region is characterized by availability of the most kinds or recreational resources, developed infrastructure.

But unstable political situation in Southern America countries, natural disasters in USA (hurricanes, floods) contribute to reducing the share of tourist arrivals.

African region is one of the cheapest places of the rest in the world, where are concentrated rich natural recreational resources, but not developed infrastructure, low level of services, lack of significant cultural and historical recreational resources has negative influence on the development of travel industry in this region.

Middle-Eastern macro region is characterized by the lowest share of tourist arrivals. The reasons of it are unstable political situation in the region, lack of developed infrastructure. But long travel season, availability of rich recreational resources, proximity of developed European countries have positive influence on the development of tourism in the region.

By assessments of many experts, there are 196 independent states on our planet (except for unrecognized or partly recognized). Each of them differ by square, amount of population, level of welfare, quality of infrastructure and hundreds of other indicators including what basically interest tourists – culture, traditions, cuisine, architectural monuments, climate and natural resources [40, p.59-70]. On the amount of tourist arrivals affect wide range of factors including visa requirements, security system and presence of attractions. Authoritative travel agencies and specialized international institutions analyze the flows of people and make objective ratings.

According to official data of the United Nations World Tourism Organization (UNWTO) [48], the most visited countries in the world in 2018 were: France, Spain, USA, China, Italy, Mexico, Great Britain, Turkey, Germany, Thailand (Table.1.1):

Table 1.1

Dynamics of tourist arrivals in the context of world countries for 2014 – 2018
(mln. people)

Number in order	Country	Year					Relative deviation			
		2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
1	France	83,7	84,5	82,6	86,9	89,4	101,0	97,8	105,2	102,9
2	United States	75,0	77,5	75,6	76,9	79,6	103,3	97,5	101,7	103,5
3	Spain	64,9	66,2	75,6	81,8	82,7	102,0	114,2	108,2	101,1
4	China	55,6	56,9	59,3	60,7	62,9	102,3	104,2	102,4	103,6
5	Italy	48,6	50,7	52,4	58,3	62,1	104,3	103,4	111,3	106,5
6	Turkey	39,8	39,5	30,3	37,6	45,7	99,2	76,7	124,1	121,5
7	Germany	33,0	35,0	35,8	37,5	38,8	106,1	102,3	104,7	103,5
8	United Kingdom	32,6	34,4	35,6	37,7	36,3	105,5	103,5	105,9	96,3
9	Mexico	29,3	32,1	35,0	39,3	41,4	109,6	109,0	112,3	105,3
10	Thailand	24,8	29,8	32,6	35,4	38,2	120,2	109,4	108,6	107,9

Source: developed by author on the basis of UNWTO Tourism Highlights: | World Tourism Organization

Travel industry in France forms around 9% of GDP and provides with work more than 3 mln of people. In French capital is located the most visited architectural monument in the world - the Eiffel Tower. Annually tourists come to visit Paris, Nice, Marseille, Strasbourg, Toulouse, Bordeaux, Lyon and other cities [21, p.64-65].

In GDP structure of Spain, the share of tourism is 14.4%. The most visited cities are Barcelona and Madrid. The country is known by its sandy beaches, corrida fests, music and dances.

USA is the third country in the world by tourist arrivals. In USA with their diverse culture, nature and climate are represented all kinds of rest : from nightlife and entertainment in Las Vegas casinos to lying in the sun on Hawaii beaches or exploring ice caves and uninhabited places in Alaska [21, p.65-66].

By tourism receipts USA are on the first place, significantly ahead of France and Spain taken together (Table 1.2):

Table 1.2

Dynamics of tourist receipts in the context of world countries for 2014 - 2018
(bln.dol.USA)

Number in order	Country	Year					Relative deviation			
		2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
1	United States	191,3	205,4	205,9	210,7	214,4	107,4	100,2	102,3	101,8
2	China	44,0	44,9	44,4	38,5	40,3	102,0	98,9	86,7	104,7
3	Spain	65,1	56,5	60,3	68,1	73,7	86,8	106,7	112,9	108,2
4	France	58,1	44,8	42,4	60,6	67,3	77,1	94,6	142,9	111,1
5	United Kingdom	46,5	45,5	47,9	49,0	51,8	97,8	105,3	102,3	105,7
6	Thailand	38,4	44,6	49,8	56,9	63,0	116,1	111,7	114,3	110,7
7	Italy	45,5	39,4	40,2	44,2	49,2	86,6	102,0	110,0	111,3
8	Germany	43,3	36,9	37,4	39,8	42,9	85,2	101,4	106,4	107,8
9	Turkey	29,5	26,6	18,7	22,4	25,2	90,2	70,3	119,8	112,5
10	Mexico	16,2	17,7	19,5	21,3	22,5	109,3	110,2	109,2	105,6

Source: developed by author on the basis of UNWTO Tourism Highlights

The first place in the world by the level of travel spendings keeps China (Figure 1.1)

As Chinese outbound tourists travel further and more frequently, competition to attract these high-spending visitors intensifies. At the same time, Chinese attract a large number of foreigners to their country. The most visited cities are Shanghai and Beijing, with their modern architecture and unique cuisine.

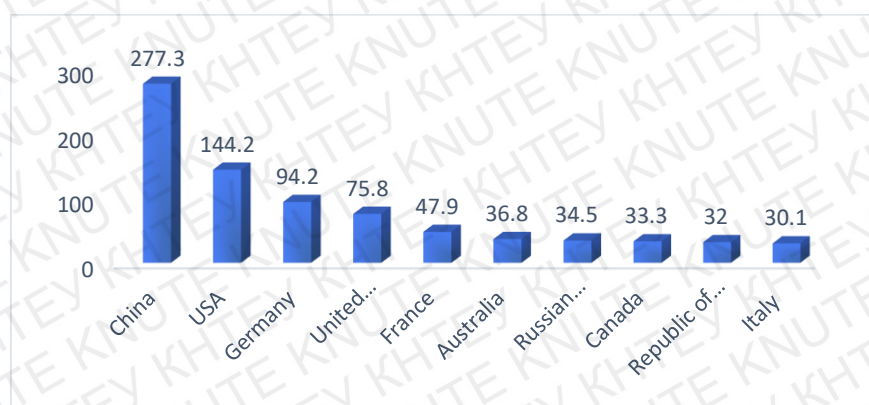


Figure 1.1. TOP tourism spenders, USD bln (2018)

Source: developed by author because of <http://www2.unwto.org/>

In Italy, which is fifth most visited country in the world, tourism revenues are more than 11% of GDP. The most visited cities are Rome, Milan, Venice, Florence and Naples. Country has developed infrastructure, great history, culture, unique fashion, art, national cuisine [21, p.66-67].

Mexico is another representative of American macroregion in the ranking of the most visited countries in the world. The country is known by multimodal beaches and recreational areas that attract not only Americans and Canadians, but also a large number of tourists from Europe and Asia.

Tourism in Great Britain generates around 9% of national GDP and creates more than 3 million of working places on British labor market. By assessments of local experts travel industry is the most developing sector of economy. The major part of tourists come to the capital of Great Britain – London, and the most visited place is London Tower, located on the north bank of Thames [21, p.66-67].

The share of tourism in structure of GDP of Turkey is 12.2%. Country has high tourism potential: favorable climate conditions, available prices, great amount of historical and cultural sites. The most visited city is Istanbul, which traditionally attend tourists from Germany, Russia, Ukraine, Asian countries.

One of the most visited countries in Europe as well as in the world is Germany. The share of tourism in national economy in 2018 was 8,6%.

The most popular German cities are Berlin, Munich, Hamburg, Frankfurt and Bremen. Apart from attending interesting folk fests, exhibitions and sport events, many foreigners aim to find a job in Germany or get prestigious education in German universities.

Among countries of Asia-Pacific macroregion Thailand demonstrates incredible success in economic development. In particular, the share of tourism in local GDP in 2018 was 21.6%. In average, it is in two times higher than world indicators [48].

First of all, attractive for tourists in this country are available prices, sandy beaches and Thai cuisine.

Herewith, according to UNWTO 14.23 mln tourists visited Ukraine in 2018, what is few times less than the number of tourist arrivals in leading countries. Our country earned on foreign tourists 1.261 billion \$, what is only 0.2% tourism revenues in European countries. The share of tourism in the GDP of Ukraine in 2018 was only 1,5%, meanwhile in countries leaders of industry this indicator is 10-15% [38, p.85-88].

Obviously, the gap between our country and the leaders in this industry by these indicators is significant. Therefore, it is necessary to carry out a radical reform of the legislative framework governing travel activity in Ukraine.

1.2. Characteristics of International Regulatory Framework of Travel Activity

Like any other sphere of economic activity, the tourism industry is a complex system. The constant expansion of international tourist exchange has led to the need for its international legal regulation and the creation of specialized international travel organizations. Tourist exchange associated with crossing of state borders, stay on the territory and moving around the country have to be regulated by international law.

Instruments of international regulation of travel activity are legal acts and official documents aimed at establishing a certain order, norms, rules, principles and approaches in the implementation of travel activities [9, p.110-113].

They serve as means of information, orientation, promotion and implementation of declared and proclaimed ideas, principles, concepts and strategies.

These instruments include international declarations, conventions, resolutions, agreements, protocols, approved on international conferences and forums [9, p.110-113].

International declarations are official statements made by international organizations or participants of international conferences that proclaim the main

policy principles or programmatic provisions of organizations in any particular area of international relations, for example in the field of tourism.

International conventions are one of the types of agreements. They establish mutual rights and obligations of states in the particular field of human activity.

Many conventions are elaborated and approved by empowered international organizations. For example, UN maritime law conventions codify norms of international law.

Basic instruments of regulation of international travel activity are (in chronological order):

- Warsaw Convention for the Unification of certain rules relating to international carriage by air (1929)
- Chicago Convention on International Civil Aviation (1944) and the Tokyo, The Hague, the Montreal Convention on the same subject
- The universal declaration of human rights (1948)
- Convention on Customs Security for Tourism (1954)
- International Covenant on Economic, Social and Cultural Rights (1963)
- Convention for the Protection of the World Cultural and Natural Heritage (1972)
- Budapest Convention on the Facilitation of Tourist Travel (1976)
- Manila Declaration on World Tourism (1980)
- Charter of Tourism, Tourist Code (1985)

Tourist Code is one of the most important documents, which regulate travel activity. According to article 13 of the Code tourists have right on free access inside and outside their countries to places and separate areas of tourist interest taking into account existing rules and restrictions on free movement in places of transit and temporary stay.

In these places, tourists should be entitled to:

- 1) objective, reliable and exhaustive information on the conditions and possibilities of their travel and stay

- 2) personal safety and security of their property, as well as protection of their rights as consumers
- 3) appropriate public hygiene, effective measures to prevent infectious diseases and accidents, as well as free access to health services
- 4) free and fast communication within the country, as well as with abroad
- 5) administrative and legal guarantees necessary for the protection of their rights [49].

In addition, foreign tourists have certain obligations. According to the 11th article of the Code tourists by their behavior are obligated to promote mutual understanding and friendly relations between people on both national and international levels and thus contribute to the preservation of the world. In places of transit and stay, tourists are obliged to respect the established political, social, moral and religious order, as well as obey existing laws and regulations [10].

- Buenos Aires Resolutions IX Sessions of the General Assembly of the WTO for tourism and safe travel (1991)
- Travel declaration of World travel forum in Osaka and World Tourism Ministerial Conference (1994)
- General Agreement on Trade in Services (1994)
- Cairo resolution XI Session of the General Assembly of the WTO on the prevention of organized sex tourism (1995)
- Manila Declaration on the Social Impact of Tourism (1997)
- The World Code of Ethics for Tourism (1999).

World Tourism Organization (UNWTO) is the UN specialized agency responsible for the promotion of responsible, sustainable and universally accessible tourism [44, p.368-397].

It is the leading international organization in the field of tourism, which promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide. For today, UNWTO is the well-known and recognizable organization around the world.

UNWTO was established in 1975 and UNWTO's membership includes 158 countries, 6 territories and over 500 affiliate members representing the private sector, educational institutions, tourism associations and local tourism authorities.

The objectives of the UNWTO are to promote and develop sustainable tourism to contribute to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion [41, p.80-83].

Directions of WTO activity:

- **Cooperation with the aim of tourism development** – making recommendations and assistance to governments on a wide range of tourism issues (investments, transfer of technologies, marketing, promotion of tourism)
- **Human resources development** – organization of educational system and professional training in the field of tourism
- **Environment** – WTO promotes for sustainable development of tourism and implementations of practical measures for solving environmental problems [32, p.46-53].
- **Quality of tourism development** – WTO works on elimination of barriers on the way of tourism development, stimulates liberalization of trade in travel services, take measures on healthcare system and providing safety of tourists.
- **Statistics, economic analysis and market research** – WTO is the center of data collection and analysis more than in 180 countries and territories. WTO constantly observes and analyzes trends in world tourism development
- **Communication and documentation** – WTO press & communications department operates as a publishing unit. The WTO Documentation Center focuses on a large number of sources of information and various data in the field of tourism.

Important directions of WTO activity are simplification of tourist exchanges, definition and harmonization of the legal order of tourism regulation in case of emergency (epidemics, natural disasters, etc.) [17, p.124].

The structure of WTO regulation of travel services is represented on the Figure 1.2:

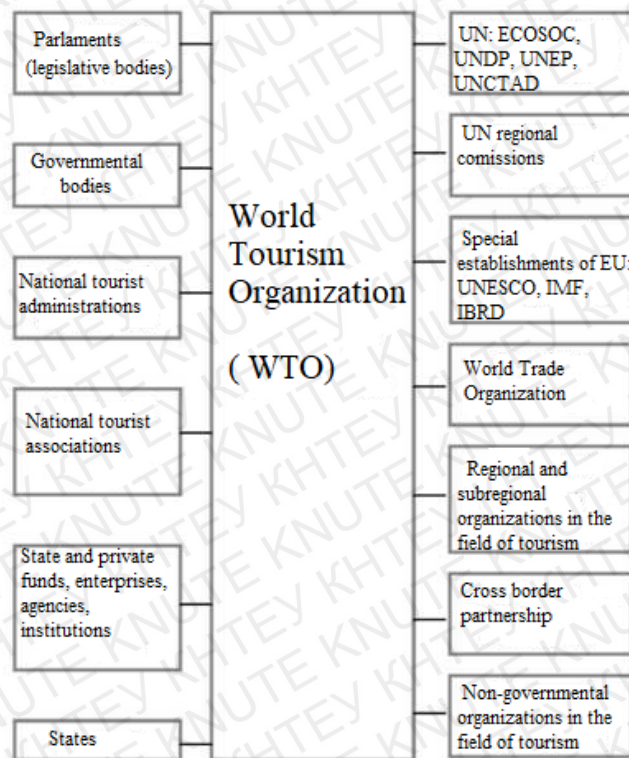


Figure 1.2. Structure of WTO regulation of travel services

Source: developed by author

In many countries in the world exist non-commercial associations, represented by consultative councils on tourism. These councils unite in non-governmental international associations like World associations of travel Agencies and tour Operators (WATA), International council of travel agencies (ICTA), International Federation Universal Federation of Travel Agents Association (UFTAA) [1].

Leading states have an effective tourism development policy, effective mechanisms for its implementation, based on proper regulatory support.

Legislation in the field of tourism is being improved and updated, effective work is being done to regulate tourism activities and protect the citizens who consume travel services.

In USA travel activity is regulated by «International Travel Act» (1961), «National Tourism Policy Act» (1981) , «Tourism Policy and Export Promotion Act» (1992).

In 1961 was established U.S.Travel Service. It was created to address a deficit in tourism in the United States. In 1981 it was replaced by United States Travel and Tourism Administration (USTTA). In 1996, the U.S. government decided that it would no longer need such and closed all offices. Since then, there are some Visit USA Committees in countries where many U.S. tourism companies have offices [11].

The coordinating function is assigned to the U.S. Travel Association, which represents the country on the international level.

State intervention is limited only to measures aimed at protection of lives and health of Americans (flight safety and air traffic regulation).

In addition to the national regulation, in every state is functioning a service, responsible for promotion of local tourism.

In Spain 17 territorial autonomies has their own legislation on tourism, the main provisions of which are in accordance with the national legislation.

In 1996 was adopted, «Act on Combined Travels», which clearly defined the rights and obligations of both consumer and tourist service provider. The Act sets out the main components of the tourist product and combined trips, as well as the approved information in the tourist business catalogs: duration of the trip, means of transport, type of accommodation, cost of the trip, additional offers, conditions and actions of the tourist in case of cancellation trip [11].

The main innovation in Italy was adopted in 2001 «Act on the Reform of the National Legislation on Tourism» was regulation on local tourist systems. Such legislation was aimed at stimulating efficient economic processes in order to restore and develop tourist activity throughout Italy, and it allowed to create a comprehensive systematic approach to the management of all territories of the country and its resources.

«Development of tourism Act», which regulates the travel in activity in Great Britain was adopted in 1969.

This act defined the structure of the public tourism sector, authorized the financing of the construction of hotels and established a system of mandatory registration and certification of accommodation establishments.

In recent years, the British government's policy on tourism has been steadily varying between the need to invest in tourism to create new jobs in the country and the desire to reduce government spendings [11].

In the 1990s of the twentieth century, state gave financial support to the travel industry, but then officials decided that since the industry became «stronger» investments must be made by private sector.

«Tourism Industry Act» (1992) adopted in France defined the conditions for conducting tourism activities for individuals and legal entities, and established a list of services related to tourism.

In fact, it is necessary to obtain a special permit from an enterprise (in the form of a license, certificate or other official document) to carry out tourism activities and to organize permanent control over the work of tourism enterprises by public authorities. The Law enshrines the basic rights and obligations of the producer and consumer of the tourism product, which must be contained in the contract, guarantees of the seller's liability for the quality of the tourist product, cases that exclude such liability, as well as sanctions against violators [11].

Such active tourism policy in these countries is justified. According to the statistics of the World Tourism Organization, it contributes to the positive dynamics of international tourist arrivals and foreign exchange earnings, so it could be a positive example to follow by Ukrainian authorities.

CONCLUSION TO PART 1

Tourism is a specific indicator of the degree of state participation in the economy, because by promoting tourism activities, state can effectively stimulate its rapid development.

The important role in the process of regulation has effective application of the

current legislation by the authorized bodies of state power.

The basis for structural reforms in the field of tourism is the formation of a special legislative and legal framework, which protects the interests of the state and society, human rights and citizens, as well as defines forms and methods of state intervention in tourism

Modern international tourism demonstrates intensive paces of growth, becoming an integral part of world economy. It provides creation of new working places, contributes to attraction of investments, is the source of tax revenues to the state budget.

Taking into account regional structure of travel arrivals and receipts define five tourist macroregions of the world: European, American, Asia-Pacific, African and Middle-Eastern.

The largest share of tourist arrivals has Europe. France, Spain, Italy, Turkey, Germany and Great Britain are countries with developed tourist infrastructure and positive dynamics of tourists flow.

Among countries of Asia-Pacific region the most intensive paces of development demonstrate China and Thailand. Herewith China is the biggest tourism spender in the world.

The most attractive countries of American macroregion for tourists are USA and Mexico. USA is the world leader by tourism receipts.

Countries of African and Middle Eastern macroregion have opportunities and resources for development of travel industry, but their share in world tourism is insignificant.

By number of tourist arrivals and tourism revenues Ukraine is far behind from leading countries.

International world tourism requires comprehensive regulatory framework.

Instruments of international regulation of travel activity are legal acts and official documents aimed at establishing a certain order, norms, rules, principles and approaches in the implementation of travel activities.

These instruments include international declarations, conventions,

resolutions, agreements, protocols, approved on international conferences and forums.

Organization, responsible for promotion of travel services in the world is World Tourism Organization (WTO).

The main directions of WTO activity are:

- Cooperation with other institutions for sustainable development of tourism
- Development of human resources
- Solving of environmental problems
- Increasing quality of travel services
- Research of global tourist market
- Accounting and analyzing the data on travel services in the world
- Communication and public relations

In many countries of the world exist non-commercial associations, represented by consultative councils on tourism. These councils unite in non-governmental international associations like World associations of travel Agencies and tour Operators (WATA), International council of travel agencies (ICTA), Universal Federation of Travel Agents Association (UFTAA).

Leading states have an effective tourism development policy, effective mechanisms for its implementation, based on proper regulatory support.

Such active tourism policy in these countries is justified. According to the statistics of the World Tourism Organization it contributes to the positive dynamics of international tourist arrivals and foreign exchange earnings, so it could be a positive example to follow by Ukrainian authorities.

PART 2

RESEARCH OF UKRAINE'S POSITION IN THE WORLD MARKET OF TRAVEL SERVICES

2.1. Impact of Regulatory Framework on the Activity of Tourist Enterprises

Ensuring the achievement of strategic goals and realization of priority directions of the state policy in the field of tourism is possible through the development of appropriate regulatory and institutional bases (Figure 2.1):

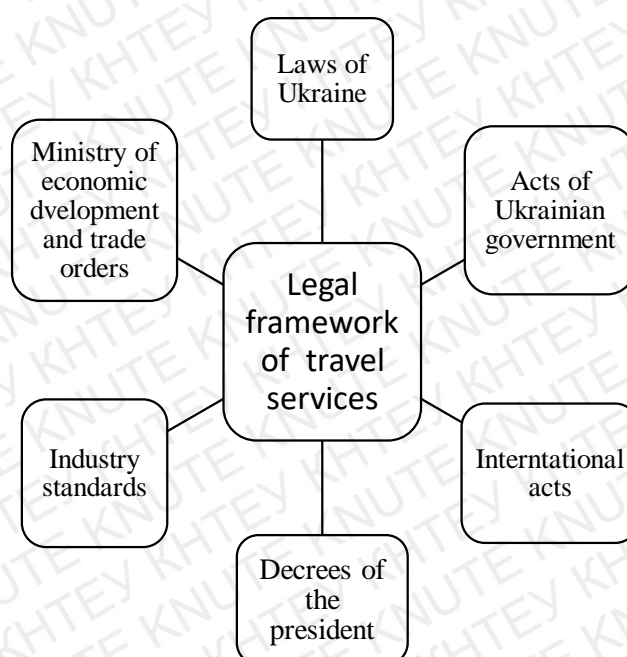


Figure 2.1. Legal and regulatory support for the development of the tourist services market

Source: developed by author

Law of Ukraine «On tourism» defines general legal, organizational and socio-economic foundation of implementation of state policy of Ukraine in tourist industry and aimed at securing the rights of citizens, enshrined in the Constitution of Ukraine on rest, freedom of movement, health care, safe life and environmental health, spiritual needs and other rights. It establishes the principles of rational use of tourist resources and regulates relations related to the organization and implementation of tourism on the territory of Ukraine [6].

Law of Ukraine «On resorts» defines legal, organizational, economic and

social foundations of resorts development in Ukraine and aimed at ensuring the use with the aim of treatment and healing natural resources, natural areas of resorts that are the property of the people of Ukraine, and their protection [7].

Verkhovna Rada of Ukraine and Government of Ukraine are the main empowered bodies on the national level of regulation of travel services (Figure 2.2):

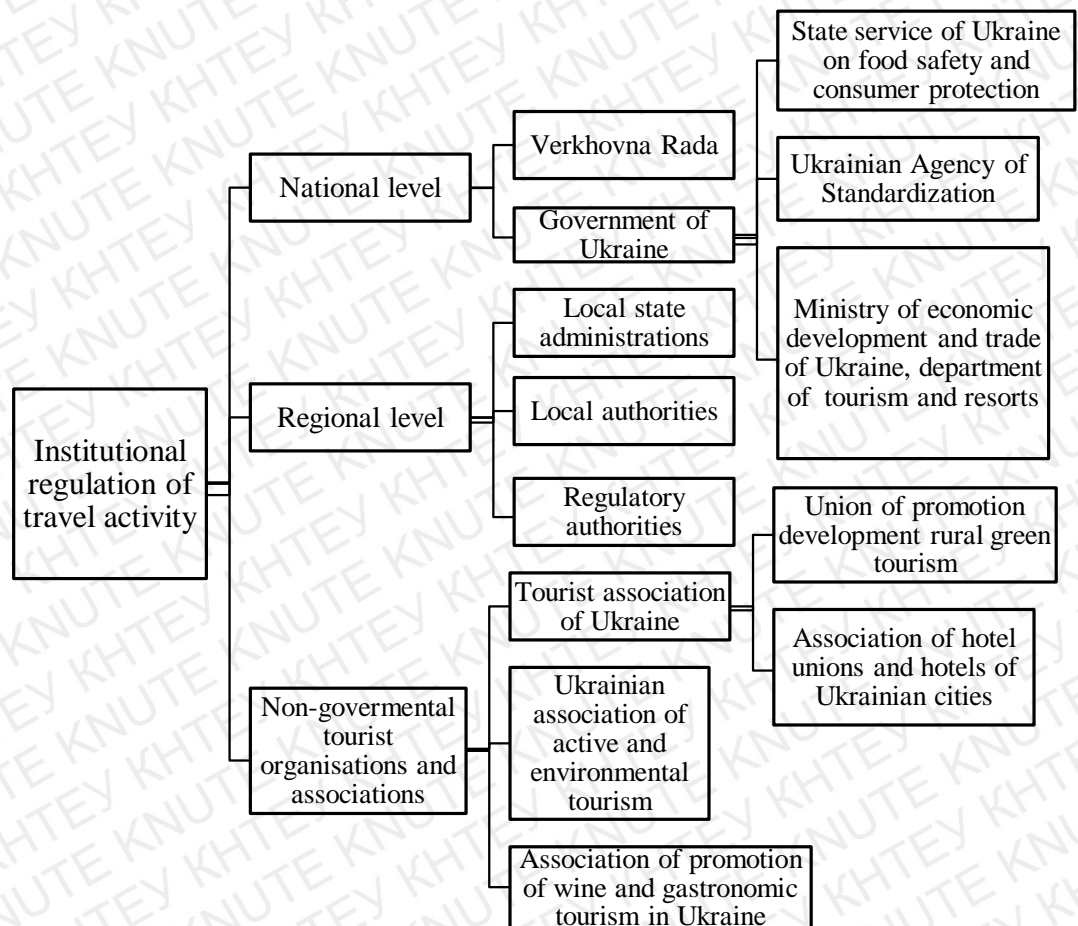


Figure 2.2. Institutional regulation of travel services in Ukraine

Source: developed by author

According to article 8 of the Law of Ukraine «On tourism», Verkhovna Rada of Ukraine has exclusive powers in travel industry [6]:

- defines main directions of state policy in travel industry
- defines legal regulative principles in travel industry, improve and adapt them to generally recognized norms of international law
- defines the volume of financing of travel industry

According to article 9 of the Law of Ukraine « On tourism» [6] exclusive powers of Ukrainian Government in travel industry are:

- management and implementation of state policy in travel industry
- development and approval of program of tourism development in Ukraine and financing of their implementation according to budget legislation
- approval of legal acts that regulate relationships in travel industry
- ensuring the rational use of tourist resources
- promoting the development of the tourism industry and creating an efficient tourism infrastructure
- taking measures to ensure the safety of tourists, protect their rights, interests and property
- organization and implementation of the state investment policy in the tourism industry
- creation of the state system of scientific support in the field of tourist activity
- implementation of international cooperation in the field of tourism, etc.

The main tasks of Department of tourism and resorts, defined in order of Ministry of economic development and trade of Ukraine «On Department of tourism and resorts» from 22.07.2016 № 1202 are:

- development of proposals about formation and implementation of state policy in travel industry
- implementation of priority directions of state policy in travel industry
- ensuring of development and implementation of development tourism and resorts programs
- representation of the country in international travel organisations and tourist events
- organization of accounting of tourist resources of Ukraine
- ensuring according legislation licensing of tour operator activity
- participation in standardization of tourist services and tourist infrastructure facilities
- Participation in complex analysis and forecasting of tourism and resort development, etc [13, p.235-242].

According to the Law of Ukraine «On tourism», the main ways of implementation of state policy in travel industry, regulation and management of tourist business are licensing, standardization and certification of travel services, organisation and implementation of control over compliance with the law [6].

Institutionally development of market of travel services on local level is ensured by local state administrations and local authorities' bodies.

According to the article 11 of the Law of Ukraine «On tourism» powers of local state administrations in travel industry are:

- implementation of executive, organizational and managerial functions regarding the organization and development of the resort and recreational sphere and tourism.
- development of projects of regional development programs; taking measures to implementation of regional tourism development programs
- promotion of tourist activity in the region and creation of modern tourist infrastructure
- development and implementation of measures to protect local tourist resources; analyze the market of tourist services within administrative-territorial units [6].

According to the article 11 of the Law of Ukraine «On tourism» powers of executive bodies of local authorities are:

- development of projects of local programs tourism development
- taking measures to implement local tourism development programs
- involvement on a contractual basis of enterprises, institutions and organizations in solving problems of development of local tourism and support of tourist resources.
- organization of inventory of tourist resources of local importance
- promoting the protection and conservation of tourist resources
- involvement of local people in tourism, creating new jobs etc [6].

Among national non-governmental and universal specialized organizations involved in the development of the tourism market, the most influential and authoritative are: Tourist Association of Ukraine, Ukrainian Association of active and environmental tourism, Association of promotion of wine and gastronomic tourism in Ukraine, Union of promotion development rural green tourism,

Association of hotel unions and hotels of Ukrainian cities [24, p.20].

The analysis of the activities of national tourist non-governmental associations allows to conclude their essential role in promoting the development of tourist services market. Their main functions are:

- a) coordination of activity of tourist enterprises, provision of methodological, legal, consultative and technical assistance to the subjects of tourism business on the basis of generalization of the best European and world experience
- b) promoting the preparation, retraining and advanced training of tourism personnel
- c) supporting initiatives on rational use of natural and cultural resources of Ukraine etc [27, p.240-243].

The most important way of providing state control over tourist enterprises is licensing of travel activity, standardization and certification of travel services. This is necessary to protect the rights and interests of tourists. Performing of these functions provide Department of tourism and resorts of the Ministry of Economic Development and Trade of Ukraine, Ukrainian Agency of Standardization, State Service of Ukraine on food safety and customer protection.

Department of tourism and resorts ensures licensing of tour operator activity according to the legislation, maintenance of a register of subjects of tour operator activity, take part in standardization of travel services [23].

Ukrainian Agency of Standardization ensures development of standards, expertise of standard projects, harmonization of national standards with international ones, ensures certification of tourist products, services and systems of management [37].

State service of Ukraine on food safety and consumer protection performs within the powers stipulated by the law, state supervision (control) of compliance with the requirements of the legislation on travel activities [25]

The directions of state management and regulation are represented on the Figure 2.3:

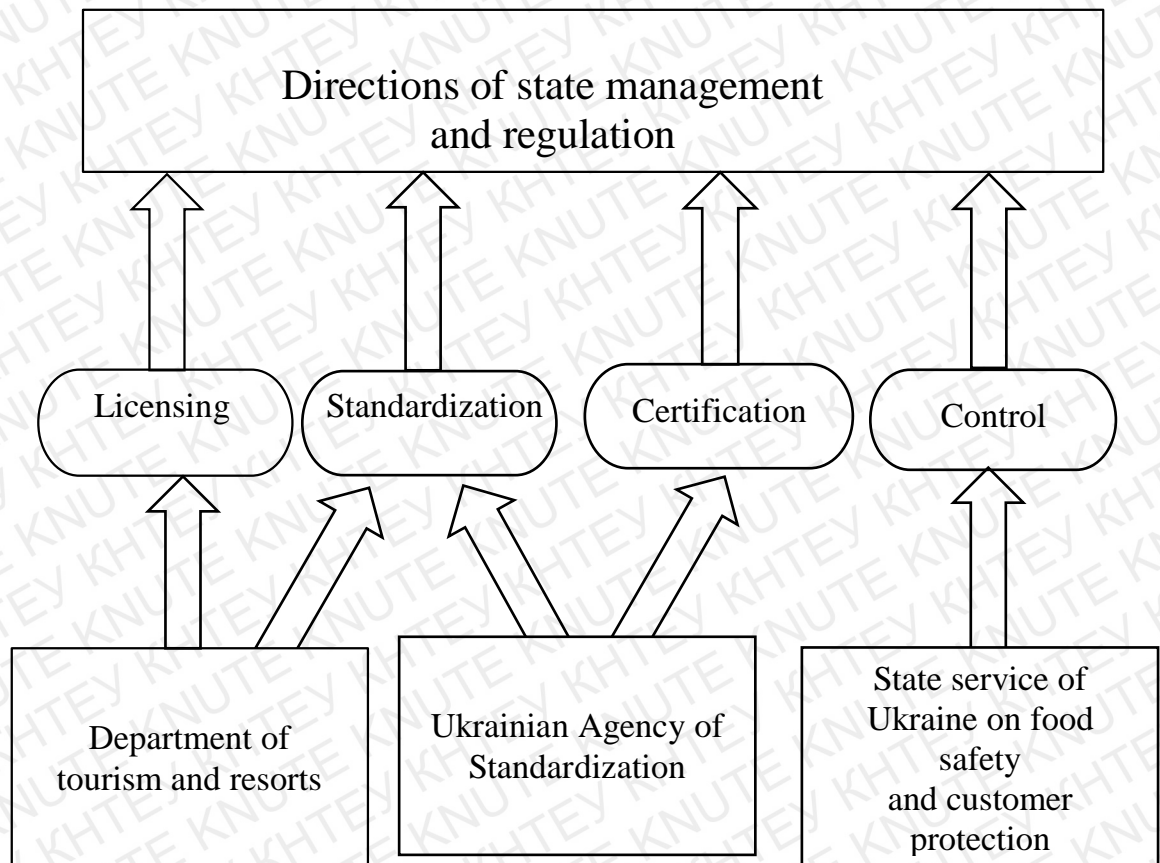


Figure 2.3. Structure of state regulation of tourism in Ukraine

Source: developed by author

2.2. Assessment of Potential Opportunities of Ukraine's Travel Industry

By experts' calculations, share of tourism in GDP of Ukraine is less than 2%, meanwhile in developed countries it reaches 10-15% (in some states even more than 50%).

For today tourist business in Ukraine is a multiplier of growth of national income and GDP, it creates new working places and consequently increases employment of population, promotes the development of local infrastructure and attracts investments. Tourist receipts is one of the most important sources of filling the state budget.

The influence of tourism on Ukraine's macroeconomic indicators is shown in the Table 2.1:

Table 2.1

Influence of tourism on Ukraine's macroeconomic indicators

Number in order	Indicator	Year					Relative deviation, %			
		2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
1	Tourists coming to Ukraine (tourist arrivals), mln.people	12,5	12,8	13,6	14,4	14,2	102,4	106,3	105,88	98,61
2	Travel related services, bln.dol.USA	0,23	0,2	0,21	0,24	0,29	86,96	105	114,29	120,83
3	Gross National Income (GNI), trln.dol.USA	1,55	1,96	2,36	3,05	3,64	126,5	120,4	129,2	119,34
4	Gross Domestic Product (GDP), trln.dol. USA	1,56	1,98	2,38	2,98	3,55	126,9	120,2	125,21	119,12
5	Foreign trade turnover of goods and services, bln.dol.USA	126,1	89,2	89,4	107,3	122	70,73	100,2	120,02	113,79
6	Export of goods and services, bln.dol.USA	65,3	46,6	44,8	52,3	59,1	71,36	96,13	116,74	113
7	Import of goods and services, bln.dol.USA	60,8	42,6	44,6	55	62,9	70,06	104,7	123,31	114,36

Source: developed by author on the basis of <http://www.me.gov.ua>

Ukraine is the exporter of transport services (51,3% of all services), IT-services (18%), materials processing services (15,4%), business services (8,7%) [App. B, Tables B.1, C.2].

Unfortunately, travel services are not the main article of export of Ukraine's services. In the structure of export services their share is only 2%. [App.B, Tables B.1, B2]

The weight of travel services export was the highest in 2012, then followed the recession and since 2015 it began slowly recover (Figure 2.3):

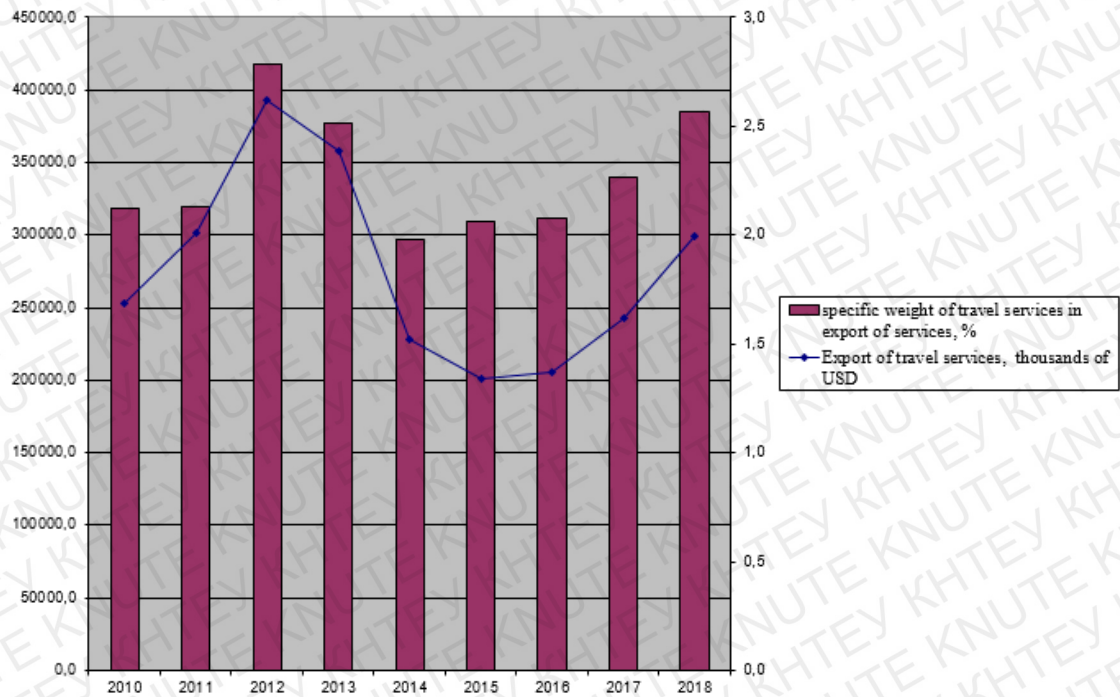


Figure 2.3 Specific weight of travel services in Ukraine (export), %

Source: calculated by author on the basis of <http://www.ukrstat.gov.ua/>

Ukraine is the importer of transport services (23,2 % of all kinds of services), business services (21,9%), intellectual property services (7,8%), financial services (7,5%), telecommunication services (7,4%) [App. B, Tables B.1, B.3].

Specific weight of travel services import is rapidly increasing. It is the third article of import of Ukraine's services. In 2018 its share was 15.7% of all import services (Figure 2.4):

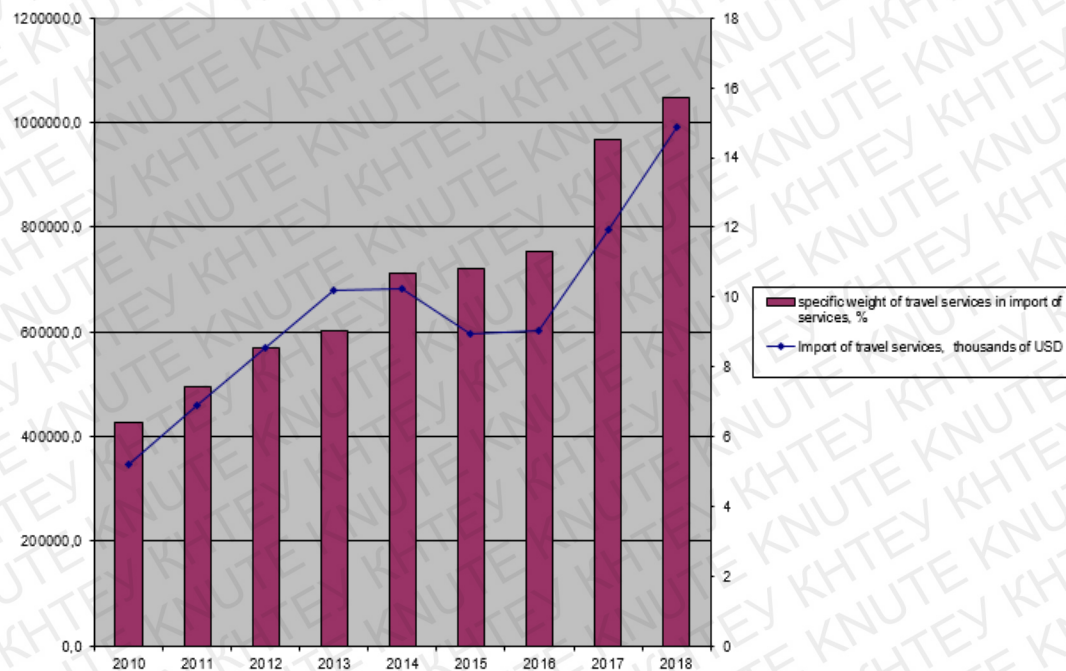


Figure 2.4. Specific weight of travel services in Ukraine (import), %

Source: calculated by author on the basis of <http://www.ukrstat.gov.ua/>

It can be concluded that paces of development of travel services export are much slower than paces of development of travel services import.

National market of tourist services is characterized by uneven development caused by differences in the distribution of natural resources, climatic features of the regions, cultural and historical conditionality, uneven placement of transport, communication, resort and entertainment infrastructure, asymmetry of distribution of recreational resources [14, p.36-69].

Leaders by volume of export of travel services in Ukraine are : Kyiv (city) – 30,7%, Odessa – 6,5%, Lviv - 4,6% regions. By volume of import – Kyiv (city) - 50%, Dnipro – 4,5%, Odessa – 4,0% regions [App. B, Table B.4].

The main consumers of Ukraine's travel services are CIS and EU countries (Figure 2.5):

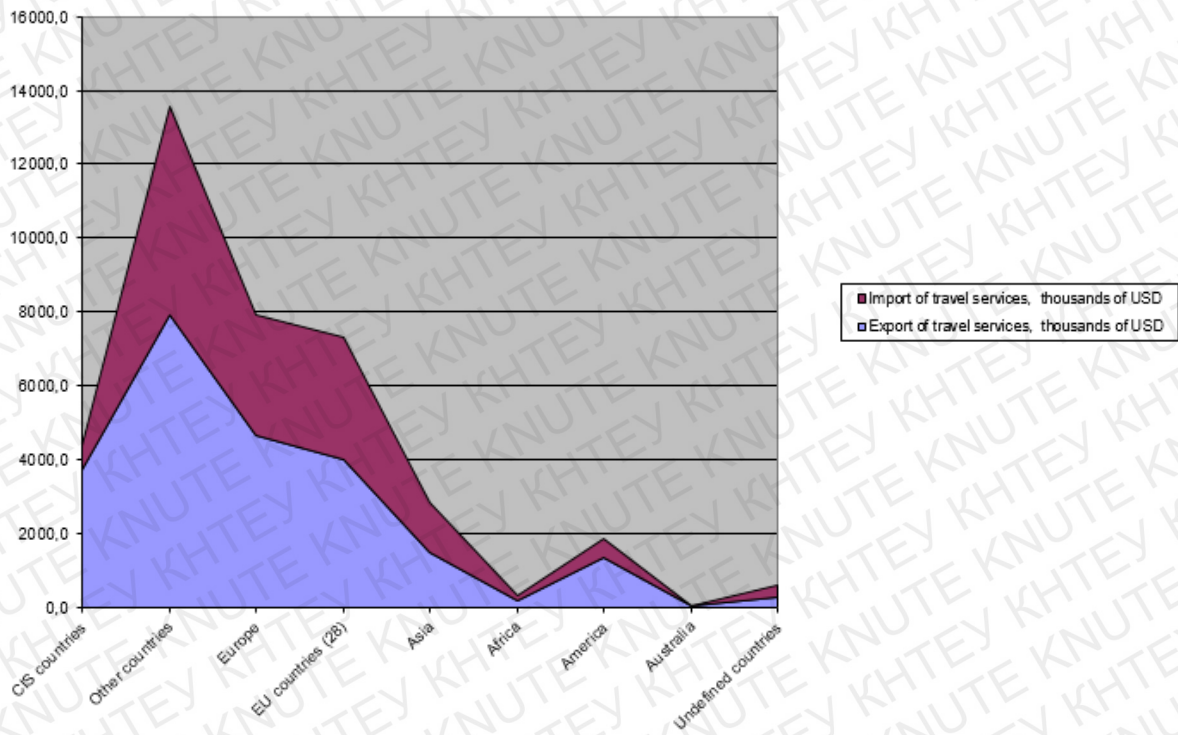


Figure 2.5. Ukraine's export and import of travel services

Source: developed by author on the basis of <http://www.ukrstat.gov.ua/>

Therewith, Ukraine has comfortable geographical location, favourable and diverse climate, unique combination of natural and recreational resources, rich cultural and historical heritage, which are competitive advantages of our country.

Thus we have real opportunities and perspectives for development and have to be among countries-leaders in this industry.

In the context of globalization, Ukraine must make travel industry the most priority sector of national economy.

Cross-border cooperation could be effective basis for cooperation of Ukraine and EU countries. EU citizens have an opportunity to visit Ukraine without visas since 2005. The decision about cancellation of visas could be basis for successful development of tourism in Ukraine. But Europeans are still dissatisfied with conditions of stay in Ukraine. There are hardships that outweigh advantage of visa-free regime.

First thing are road conditions, which make negative impression on those who cross the border with our country.

The other problem is lack of effective marketing and information regarding local sightseeings. Foreign tourists are not always aware of different places in Ukraine where they could go.

In view of Russian aggression in the east, Ukraine has to pay particular attention on war factor, provide information about security state on not occupied territories and communicate more effectively with neighbours.

So, despite provision with resources and boundless opportunities, for today Ukraine is not able to compete with developed states on world market [2, p.106-113].

On the world market Ukrainian tourist product is evaluated as less competitive and attractive, because of weakened role of the state in ensuring its development, not favourable investment policy in the travel industry and effective system of protection of the rights and interests of tourists [5, p.120-125].

Quality and price of services, that are rendered, do not meet European and world standards. Existing trends are associated not only with these problems, but also with Russian expansion in Crimea and military action in the east of the country. The violation of the territorial integrity of Ukraine has led to limited access to national tourist resources and caused the trend to reduction of market volume of travel services, reduction of number of foreign tourists and domestic tourists' flows.

Significant reduction of booked services was a result of economic instability in the country, namely reduction of volume of investments and volatility of currency exchange rate. Herewith prices on travel services increased. The events of 2014 and following years had negative impact on level of incomes of population and changed the structure of their use [16].

The Travel and Tourism Competitiveness Index (TTCI) produced by the World Economic Forum (WEF) measures the factors and policies that make a country a viable place to invest within the Travel and Tourism sector [46].

It is calculated once in two years and consists of four groups of sub indexes that unite 89 factors.

- Legal framework and state regulation in the tourism industry

- Tourist business environment (includes human resources and information & communication technologies – ICT)
- Infrastructure
- Natural and cultural resources

Disadvantage of this index is its complexity of calculation. It also does not take into account correlation of main indicators that indicate about current competitiveness of tourism of every country.

Basically, indicators which demonstrate successful development of travel industry are:

- increase of number of tourist arrivals
- increase of incomes from tourism, that go to the budget of country

The leader of the ranking was Spain. In TOP-10 countries are also France, Germany, Japan, Great Britain, USA, Australia, Italy, Canada and Switzerland.

In 2017 Ukraine was ranked 88th from 136 countries with the score 3.5 from 7 and lost 12 positions comparing with 2013 year when she was 76th from 140 country with the score 3.97 (in 2015 research for Ukraine was not conducted) [App. C, Tables C.1, C.2].

Unfortunately, travel industry in Ukraine is not considered as foreground (122th place).

Significant reason of low competitiveness of tourist industry in Ukraine is low priority of travel sector in the government and relatively high amount of funds that are allocated from the budget on development of tourist industry.

Analysis of data shows that in our country business environment is not favourable for tourism development (124th place by this indicator). Negative influence also has safety rate (127th) and infrastructure, particularly quality of roads (132th).

Competitive advantages in this ranking are human resources and labour market (41th) and health care & hygiene (8th).

Final result also showed that prerequisites for the proper development of tourism in Ukraine are not sufficiently used [46].

The analysis of the situation on the tourist market of Ukraine allowed to systematize existing problems in this area:

- insufficient regulatory support for international tourism
- tendency of disproportionate development of the tourism industry
- slow development of tourism in those regions of Ukraine that are potentially attractive from the point of view of tourist interest
- imperfection and underdevelopment of tourist infrastructure [29, p.70-74].

Infrastructure of tourism in Ukraine does not meet the international requirements for most such indicators as hotel and road facilities, service, etc.

There is a lack of effective targeted programs for the development and support of sectors designed to cooperate with the tourism sector.

Outlined problems require immediate solution. Applying of PEST analysis allows to follow the influence of macro environment factors on the development of tourism in Ukraine (Table 2.2):

Table 2.2

PEST analysis of tourist industry in Ukraine

Factors	Significance for tourist industry
<i>Political factors</i>	
- Interstate relations	Provides the development of tourist industry, national and world economies
- Terrorism	Emergence of safety problem and psychological tension leads to decrease of demand on travels
- Conflicts between countries	Decrease of demand on resorts (from both sides)
- Financial state support of tour operator activities	Provides additional insurance of tourist enterprises, reliance of travel services
<i>Economic factors</i>	
- Investments in industry	Growth of investments contributes to the growth of tourist business
- Inflation	High rates of inflation cause increase of consumer prices and consequently decrease of demand on travel services
- Market share	Increase of market share leads to increase of competitive pressure between tourist enterprises
<i>Social factors</i>	
- Average incomes of consumers	Decrease of incomes leads to decrease of demand on travel services

Continued table 2.2

- Lifestyle of consumers	Rendering diversified services to active and mobile consumers leads to increase of demand on active kinds of rest
- Development of mass media	Placement of advertisement increase the competitiveness of tourist enterprises
- Duration of holidays	Longer holidays lead to increase of demand on travel services and give additional profits to tourist enterprises
<i>Technological factors</i>	
- Interactive communication of tourists and travel agencies	Internet technologies save travel costs, allow to attract more consumers. But introduction of new technologies provides the involvement of additional financial resources
- Specialized programs for work with customers	Allow to serve customers faster, provide them more accurate and complete information but requires special training of employees working with them.
- Emergence of new kinds of rendering services	Customer support service and consulting increase the quality of travel services and demand on them
- Development of transport	Reduce time costs, provide customers with the freedom of choice to travel to their destination by convenient transportation

Source: developed by author

SWOT analysis of tourist industry allows to monitor the competitiveness of the tourism in Ukraine and define main trends of its development. The criteria for conducting a SWOT analysis of touristy industry in Ukraine are represented in the Table 2.3:

Table 2.3

Criteria for conducting a SWOT analysis of the competitiveness of tourist activity in Ukraine

Strong sides	Weak sides
S- Strengths	W- Weaknesses
- Great history	- Bad road conditions

Continued table 2.3

- Favorable geographical location	- Poor service standards
- Amiable population	- Negative attitude of Ukrainians towards domestic tourism
- Availability of recreational resources	- Absence of formed national brand
- Low prices	- High incidence rate of AIDS, tuberculosis, hepatitis
O - Opportunities	T - Threats
- Development of tourist infrastructure	- Unstable political situation
- Improvement of service quality	- Man-made disasters
- Expanding the range of rendering services	- Increase of prices on travels
- Creation of image stable and safe country	- Possibility of emergence infectious diseases

Source: developed by author

A pairwise comparison of all strengths and weaknesses, as well as opportunities and threats of the tourism market of Ukraine is given in Table. 2.4 :

Table. 2.4

Pairwise comparison of SWOT analysis criteria

	Strengths						Weaknesses					Sum
		1	2	3	4	5	1	2	3	4	5	
Opportunities	1	5	5	4	5	5	-2	0	0	-1	-1	20
	2	5	5	3	5	4	0	-1	-1	-2	0	18
	3	2	5	4	5	5	0	-1	-1	-1	-1	17
	4	5	5	3	5	5	-3	-2	-2	-1	-1	14
Threats	1	0	0	0	-1	-2	-4	-2	-2	-1	0	-12
	2	0	0	0	0	0	-2	-3	-1	0	-3	-9
	3	0	0	0	-1	0	-1	-4	-2	-3	-2	-13
	4	0	-1	-1	-2	-2	-1	-3	-2	-1	-4	-17
Sum		17	19	13	16	15	-13	-16	-11	-10	-12	

Source: developed by author

According to SWOT-analysis the strongest side of Ukraine is favorable geographical location (19 points), on the second place – great history (17 points), on

third – availability of recreational resources (16 points).

The weakest side is poor service standards (-16 points), on the second place – bad road conditions (-13 points), on third – high incidence rates of AIDS, tuberculosis, hepatitis (-12 points).

The main opportunities are – development of tourist infrastructure (20 points), improvement of service quality (18 points), expanding the range of rendering services (17 points).

The main threats are possibility of emergence infectious diseases (-17 points), increase of prices on travels (-13 points) and unstable political situation (-12 points).

CONCLUSION TO PART 2

In our state the main regulative laws in the field of tourism are: Law of Ukraine «On tourism» and Law of Ukraine «On resorts». Verkhovna Rada of Ukraine and Government of Ukraine are the main empowered bodies on the national level of regulation of travel services.

Verkhovna Rada of Ukraine has exclusive powers in the travel industry. It defines the volume of travel industry financing, main directions, legal regulative principles of state policy in travel industry.

Government of Ukraine is the branch of executive authority. It manages and implements state policy in the travel industry, approves financing of industry according to budget legislation, implements the investment policy, ensures the rational use of tourist resources, provides safety of tourists, protects their rights, interests and property, implements international cooperation in the field of tourism.

State management and regulation of travel activity provides implementation of four main functions – licensing, standardization, certification and control.

Licensing of travel agencies and tour operators ensures Department of tourism and resorts of the Ministry of Economic Development and Trade of Ukraine.

Ukrainian Agency of Standardization is responsible for development standards of travel projects, their harmonization with international standards and certification of tourist products, services, systems.

Function of control performs State Service of Ukraine on food safety and customer protection.

On the local level travel sphere is regulated by local authorities, local state administrations and regulatory authorities. The important role in promotion of tourism in Ukraine play non-governmental organizations: Tourist association of Ukraine, Ukrainian association of active and environmental tourism, Association of promotion of wine and gastronomic tourism in Ukraine.

Their main functions are:

1. Coordination of activity of tourist enterprises, provision of methodological, legal, consultative and technical assistance to the subjects of tourism business on the basis of generalization of the best European and world experience
2. Promoting the preparation, retraining and advanced training of tourism personnel
3. Supporting initiatives on rational use of natural and cultural resources of Ukraine
4. Coordination of activity of tourist enterprises, provision of methodological, legal, consultative and technical assistance to the subjects of tourism business on the basis of generalization of the best European and world experience
5. Promoting the preparation, retraining and advanced training of tourism personnel
6. Supporting initiatives on rational use of natural and cultural resources of Ukraine

Ukraine has real opportunities and perspectives for development of tourism and have to be among countries-leaders in this industry, an effective basis for it could be cross-border cooperation with EU countries.

But despite provision with resources and boundless opportunities, for today Ukraine is not able to compete with developed states on world market and travel industry in Ukraine is not considered as foreground. There are factors that inhibit development of travel industry: road conditions, lack of effective marketing and information regarding local sightseeings, war on the East.

By Travel and Tourism Competitiveness Index, produced by World Economic Forum in 2017 Ukraine was ranked 88th from 136 countries with the score 3.5 from 7 and lost 12 positions comparing with 2013 year when she was 76th from 140 country with the score 3.97. Competitive advantages of Ukraine in this ranking are human resources and labour market, and health care & hygiene. Analysis of data showed that in our country business environment is not favourable for tourism development. Negative influence also have safety rate and infrastructure. Infrastructure of tourism in Ukraine does not meet the international requirements for most such indicators as service, hotel and road facilities.

PART 3

FUTURE PERSPECTIVES AND WAYS OF DEVELOPMENT OF TRAVEL ACTIVITY IN UKRAINE

3.1. Measures to Increase the Effectiveness of Tourist Enterprises

Today in Ukraine dominate large complexes of the Soviet Union times with low levels of comfort.

According to forecasts of future demand, **new construction and reorganization of existing hotel fund** has important meaning, because it is not able to satisfy increasing demand, even brought to international standards [19, p.3-15].

Another factor hindering the development of the tourism market in the country is unfavorable environmental situation. Ukraine has already taken significant steps towards solving this problem. Pollution of atmosphere has decreased by 58% since 1990.

There is a great amount of architectural sightseeings in Ukraine that can be used as recreational facilities. All they need reconstruction, but funds from state budget are not allocated for this aim. Such sightseeings are located in Mezhyrich, Khotyn, Izyaslav.

The main development of the industry is concentrated in big recreational zones, like Carpathians. Herewith the **potential of many small towns is not being used**, where there is an opportunity to organize recreational, industrial or any other kind of tourism [18].

One of the priority directions of industry development is **holding sport events of world level**. Due to holding Euro-2012, the amount of tourists significantly increased. Today government is working on project «Winter Olympic Games 2022», that is going to be hold in Carpathians.

Its implementation will foster growth of prestige of Ukraine on the international level.

Natural resources of Ukraine give an opportunity for green tourism development. This direction develops in Kherson, Zakarpattia, Carpathians, Poltava, Cherkasy.

Such kind of tourism attracts inhabitants of megapolities with opportunity to familiarize with rural culture, traditions, folk crafts.

The problem of financing of industry still requires the solution. Financial tools that have to be used to promote the development of tourism in Ukraine are:

- Financing from state budget
- Lending funds
- Support by banks, insurance companies
- State subsidiaries
- Reduction of tax pressure

As main sources of financing of travel industry are state and local budgets, state policy in the field of regulation of financial support for tourism is not systematic and gradual, constantly fluctuates between the need to invest in tourism and the desire to reduce budget expenditures. Small amounts of budget financing for the tourism industry are evident [34, p.35-39].

Under such terms, it will be appropriate to **create a Fund of tourism development**, which would provide necessary financing of travel business.

One of the most effective ways of financing could be foundation of travel enterprise together with foreign partner – joint venture.

In this case investor is included to the working team of this enterprise, has ability not only control the use of his costs, but influence on change directions of financing, implement the results of scientific researches and promote new goods and services on the domestic and international market.

Enterprise can reduce its costs, not paying interest on bank loan. The investor would also share internal and external risks.

The financing of new founded enterprises has to be implemented through business incubators [33].

Incubators patronize new created enterprises, helping them to survive and

grow during start period, when they are most vulnerable. Beside access to financing they offer professional, technical, consulting services, transfer of technologies, flexible premises lease terms [App.D, Figure D.1].

For today in Ukraine are registered more than 70 business incubators. According to recent research conducted by the Ukrainian Association of Business Incubators and Innovation Centers (UABIC), their number turned out to be much smaller and is only about 10 business incubators that really work. This significant difference in data is due to still not legally defined concept of business incubator. The Economic Code of Ukraine does not even mention such an organization as a business incubator [23].

Unification of existing enterprises in group of clusters will allow to reduce costs on implementation of innovations, through the development of competitive advantages of the enterprises-members of the cluster and the whole region, will improve specialization of cluster entrepreneurs and, accordingly, the quality of tourism services.

Due to better use of tourist resources, creation of clusters will increase the labour productivity of personnel of separate enterprises and the efficiency of management activities through a management body common to all cluster members.

Other advantages are customs privileges, opportunities for joint solution of social problems in the region, pooling of financial capacities of economic entities for large investments, etc [22, p.66-67].

Investments aimed at cluster development benefit all enterprises integrated into the territorial-branch association [30].

Well-organized work of one component of the tourist cluster helps to improve the activities of others.

For example, the impressions received by tourists at the seaside resort are improved by the quality of service in hotels, the development of infrastructure and so on.

The disadvantages of creating of tourist cluster may be:

- the risk of joining a territorial-branch association of unprofitable enterprises

- complexity of coordination of joint actions of enterprises-members of the association
- the problem of profit sharing between cluster members [22, p. 66-67].

Ineffective position of the state in the formation of national protectionism against the producers of services impedes the development of tourism.

In particular, hotels, transport and tourism are not recognized as export industries. The equipment and their components are taxed, which increases the cost of services and impedes the export of travel services to foreign tourists. As a result, Ukraine is far behind the leading countries in both the provision of tourism services and the development of the tourism industry [4, p.37-42].

It will be reasonable to make changes in system of taxation:

- 1) Exemption from value added tax on operations for the sale of vouchers for treatment in sanatorium establishments**, which will allow to increase their workload and, consequently, the volume of payments to budgets of all levels.
- 2) Preferential taxation of the land on which the objects of the tourist-recreational complex are located**, which will not only to the development of its material base, but also to reducing the cost of services and increasing the competitiveness of domestic enterprises.

One of the priority objective of tourism development is **implementation of effective methods of economic stimulation**.

In majority of countries in the world, tourism policy is directed on revitalization of backward regions [22, p.66-67].

In developed countries, the promotion of tourism in regions is carried out by "infusion" of capital into these areas and creation of new centres of economic growth [25].

A good example is France, where the construction of international class mountain tourist centers led to the development of mountainous areas and increased the employment of population through the creation of new working places [26].

For today there is a need to **improve standards and quality of professional education** in travel industry caused by increasing demand of society and high

requirements of consumers [28, p.25-29].

The reason to implement new innovational approach to solution of this problem is the fact, that in the world professionals in travel industry to promote travel services must know basics of management, economy, psychology of influence, be able to work with specific technologies and program products.

More than 90 higher educational institutions of Ukraine and large number of professional colleges are engaged in training of specialists of the tourism industry.

This contributes to the development of the tourism industry, but the low degree of cooperation between these institutions and businesses does not make it possible to develop high quality not only theoretical but also practical aspects of education.

Lack of practical skills impedes the development of travel industry, because enterprises must teach their employees in the process of work, spending time and money.

Big importance for gaining new experience for future specialists is ability to have industry internship abroad and participate in student's exchange programs [31, p.102-108].

Implementation of foreign experience is actual and necessary for Ukraine. Universities abroad have flexible and multivariate training programs in educational system and directly in travel agencies.

The development of travel enterprises in franchising system is relatively new and little-known way of doing business in Ukraine.

This is caused, first of all, by the lack of proper informational support of entrepreneurs regarding the effectiveness of franchising and, consequently, uncertainty about the results and fear of possible risks, as well as the absence of laws and regulations on business activity in the franchising system [20].

However, in developed countries, franchising has proven itself as an effective way of maximizing customer satisfaction [42, p.68-81].

The integration of travel enterprises into franchising networks is important for the further development of the tourism business in Ukraine and conquering

competitive positions in the European tourism market. Franchise organization of enterprise significantly reduces entrepreneurial risk, because in this case is used already successful business, the model which proved its effectiveness.

Thus, the development of franchising can be one of the most effective forms of support for the tourism business, one of the possible solutions to an important state problem. In addition, franchising relations are profitable for the state, because they create new jobs, promote the use of modern technologies in the activity of enterprises, and therefore attract the attention of foreign investors.

The rapid development of franchising in most countries of the world is explained by undeniable mutual benefits for both small travel enterprises (franchisees) and large companies with well-known brand (franchisers):

The advantages of unification enterprises in franchising network are shown on the Figure 3.1:

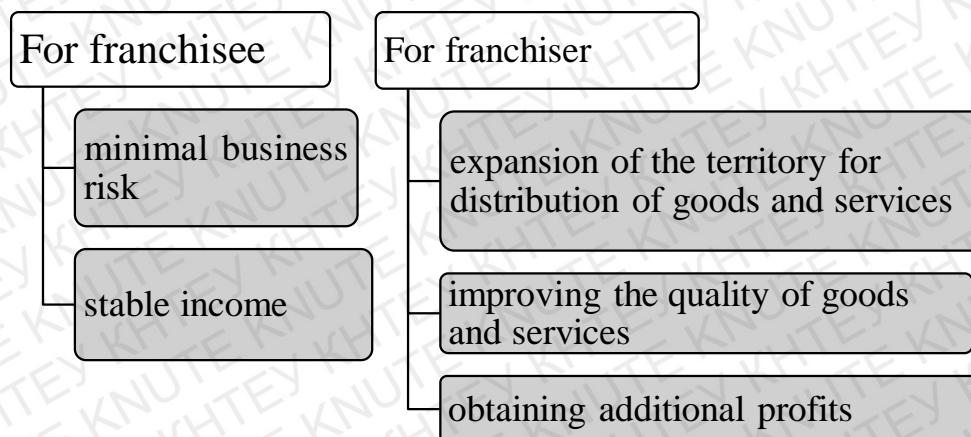


Figure 3.1. Advantages of unification enterprises in franchising network

Source: developed by author

On the 6th March 2017, the Government of Ukraine approved Strategy of Development of tourism and resorts for the period up to 2026.

The document is designed to create the conditions for accelerated development of tourism and resorts, and turn it into a highly efficient, world-integrated industry. Implementation of the Strategy is envisaged in the following areas:

- ensuring the safety of tourists and protecting their legal rights and interests.
- harmonization of legislation according to EU standards
- ensuring the integrated development of the territories, in particular the creation of favourable conditions for attracting investments in the development of tourist infrastructure
- improving the system of professional training of tourism professionals
- formation and promotion of a positive image of Ukraine as an attractive country for tourism [26].

The implementation of the act is envisaged at the expense of state, local budgets and other sources not prohibited by the law, and the amount of financing will be determined annually, taking into account specific tasks and real opportunities.

The current regulatory acts governing tourism activity in Ukraine do not identify issues regarding the establishment of interaction between state authorities and business structures, their role and importance in the processes of tourism development [12, p.13-16].

Studies of the mechanisms of state regulation of the tourism sector show that the basis of state regulation is the organizational mechanism. Therefore, it requires the greatest improvement.

Conceptually, state regulation of the tourism in Ukraine is carried out in three main directions: legislative, administrative and economic, each of which provides a number of tasks by certain state authorities [App.E, Table E.1].

The important meaning has creation of free economic zones and territories of priority development in those regions of Ukraine that have significant tourism potential, which use is limited because of their unpromising and unprofitable nature for economic entities.

First of all, it concerns the peripheral territories, which houses historical and architectural monuments, museums and exhibition halls, preserved authentic traditions, culture and way of life of the Slavic people [13, p.34-43].

In other words, historical and cultural potential, contributes to the

development of the most promising destinations of tourism.

Functioning of free economic zones and territories of priority development will create conditions for intensification of investment activity, development of tourist infrastructure, improvement of quality of the offered services, volumes of served tourists and accordingly profits of the main participants of the tourist market, development of the tourism sector as a whole.

Priority types of tourism should also be determined on the legislative level, taking into account existing national resources and traditions.

In general, the following key strategic directions for tourism development are:

- health tourism (including spa, mud cure and medical services)
- ethnographic tourism, which is determined by the considerable mosaic of the ethnic structure of the population
- active types of tourism, aimed primarily at youth audiences
- educational and cultural tourism (in Ukraine there are more than 150 thousand objects of cultural heritage, but no more than 5.5 thousand are used)
- eco-tourism (38 national parks, 53 regional landscapes, 3203 nature sites)
- rural tourism
- congress and business tourism [43, p.205-219].

Administrative measures include, first of all, the creation of an effective management apparatus, formed from a system of bodies at different levels, with clear responsibilities, powers and responsibilities [8, p.72-76].

It is important to optimize the activities of the authorities throughout the vertical, to bring their structure in line with the requirements of a competitive economy.

It is also necessary to provide conditions for dialogue between public authorities at different levels, public organizations, as representatives of local population, non-governmental bodies, economic entities, regarding the development of measures aimed at the development of tourism.

The main prerequisite for the development of tourism is the support by the state of inbound and inbound tourism, as the main directions of attraction funds to the state budget, including currency.

However, the promotion of these types of tourism is possible only through the implementation of active informational support of Ukraine, its individual tourist regions and destinations, promotion of them in national and world markets.

Organization of complete statistical account of inbound and outbound tourism, Establishment of a Regional Information Bureau will allow to get information concerning tourism market segmentation, economic, demographic, behavioural characteristics of each segment, define priority goals and build appropriate marketing strategies.

Particular relevance has a need of development of a centralized state advertising program aimed at holding and participating actively in the work of regular international and national exhibitions and conferences, placement of information stands, activation of publishing and printing activities [35].

Economic measures of state regulation of the tourism sector are related, first of all, to the revision of the taxation norms of the activity of the subjects on the tourism market.

In this aspect, it is necessary to review the rates of taxation of the activities of tourist entities, to create conditions for stimulating business activity, growth of income, and not the formation of the shadow sector and the export of capital abroad.

Public authorities need to encourage the voluntary involvement of business structures in the implementation of government obligations, for example, through the involvement of entrepreneurs in charity, which will reduce the tax base.

In the economic direction, active support and creation of special operating conditions for market participants involved in the development of modern technologies for the use of national tourist and recreational potential should also be carried out in order to offer tourists new types of services.

This concerns exploration and access to thermal waters, therapeutic muds, mineral springs, which will expand the range of tourist services, diversify tourist

activities, and extend the tourist season.

In the result of conducted research of the state regulation of tourist industry in Ukraine, it can be argued that there is an urgent need for a clear specification at the national level of basic strategic, tactical and operational directions for the development of the tourism sector, while simultaneously determining ways and criteria for their achievement, responsible persons, terms of implementation.

The tourism in Ukraine will develop only providing interaction between all its subsystems and institutions.

Implementation of these ways will allow increase the efficiency of state regulation of the tourism sector, pursue an active regional tourism policy, ensure effective coordination of activities of local executive bodies, local self-government bodies, and public organizations.

This will help to increase tourist flows in the regional tourist services market, create new jobs, and increase state and local budget revenues.

The introduction of these mechanisms will stimulate tourism activities, enhance the interconnection of tourism with other areas of social, economic and cultural development.

It will help to increase the international prestige of Ukraine as a tourist state in the world market of tourist services, replenish state and local budgets on the basis of intensive socio-economic shifts in the society as a result of creation of modern tourist industry.

3.2. Forecast of the Possible Development Scenarios of Ukraine's Travel Industry

At the moment, Ukraine has two possible scenarios of development in travel industry. Now it is heading to turning point, on what depends its future: either it will be a significant source of filling the state budget or remain on the same level. It depends on reference points that will be basis of the tourism development policy [36].

Thus, there are two alternative ways of development: either to put emphasis on foreign consumer or to recover domestic tourist business. In accordance with many experts' opinions the second variant is more promising. Anyway in both cases is necessary changing of domestic market of travel services according to international standards.

Improving quality of travel services and lowering prices on them requires state intervention. Its assistance can be consisted in price subsidies, refunding value added tax on all kinds of services, related to domestic tourism.

Herewith there is a need explicitly support domestic tourism to the detriment of international. It does not mean ignoring international tourism, but primarily attention should be paid on development at the expense of own consumers and then strive to improve achievements on the international level. On development of travel industry in Ukraine will influence economic situation in the country on the whole.

Cabinet of Ministers of Ukraine announced three possible scenarios of development of the economy in near three years – realistic, optimistic and pessimistic. By all three – indicators will permanently grow, albeit at different rates.

First scenario provides implementation of reforms and maintaining of favourable conditions on the world markets. This scenario matches with IMF forecasts and on the basis of this forecast Ministry of Economic Development and Trade of Ukraine offers to calculate the state budget on year 2019. Realistic scenario involves GDP growth on 3-4% in 2019-2021.

Second scenario provides implementation of difficult reforms – land and tax in the part of taxation of enterprises (introduction of exit capital tax). Herewith external conjuncture has to remain favourable. According to optimistic scenario, Ukrainian economy will be able to generate GDP growth on 4-5% in 2019-2021.

Third scenario is pessimistic. It assumes that negative trends of external conjuncture will weaken possibilities for implementation of the reforms, primarily in financial sector. Slowdown of economic development and loss of foreign investor's trust will exacerbate problem of payment by Ukraine its debt liabilities. In case of pessimistic scenario Ukraine's GDP growth will impede to 1-2% in 2019-2021.

According to forecasts, economic situation in the country in the nearest future will get worse and on the background of decreasing incomes of population and increasing consumer prices, citizens of Ukraine will spend costs on essential goods and payment of utility services.

Tourist enterprises will be forced to spend a lot of funds on automatization of their work:

- Use Internet sites to receive applications and reviews from tourists.
- Use specialized programs to give online feedback – it will allow to contact firm quickly and process of communication will not be expensive
- Installation of software, allowing tourists make payments online or with the help of specialized terminals, set in trade malls.

Changes in tourist industry will occur due to following:

- 1) Increase of competition associated with increasing of information volume in the world (every 10 years the amount of information doubles, what makes people work more. In order to avoid stress they have to relax more). Scientific and technological progress make people refine themselves. Consequently, they have to travel more and familiarize with achievements in other countries. Informational society leads to accelerating development of service industry, so state must turn to tourism.
- 2) Increase of counteraction through anti-advertising and political ways.
- 3) Decrease of quantity of services allows to lower price and become more competitive in certain area.
- 4) Lowering prices – is reaction on competition [50, p.20-30]

In the future are forecasted global changes in the travel industry (Figure 3.2):

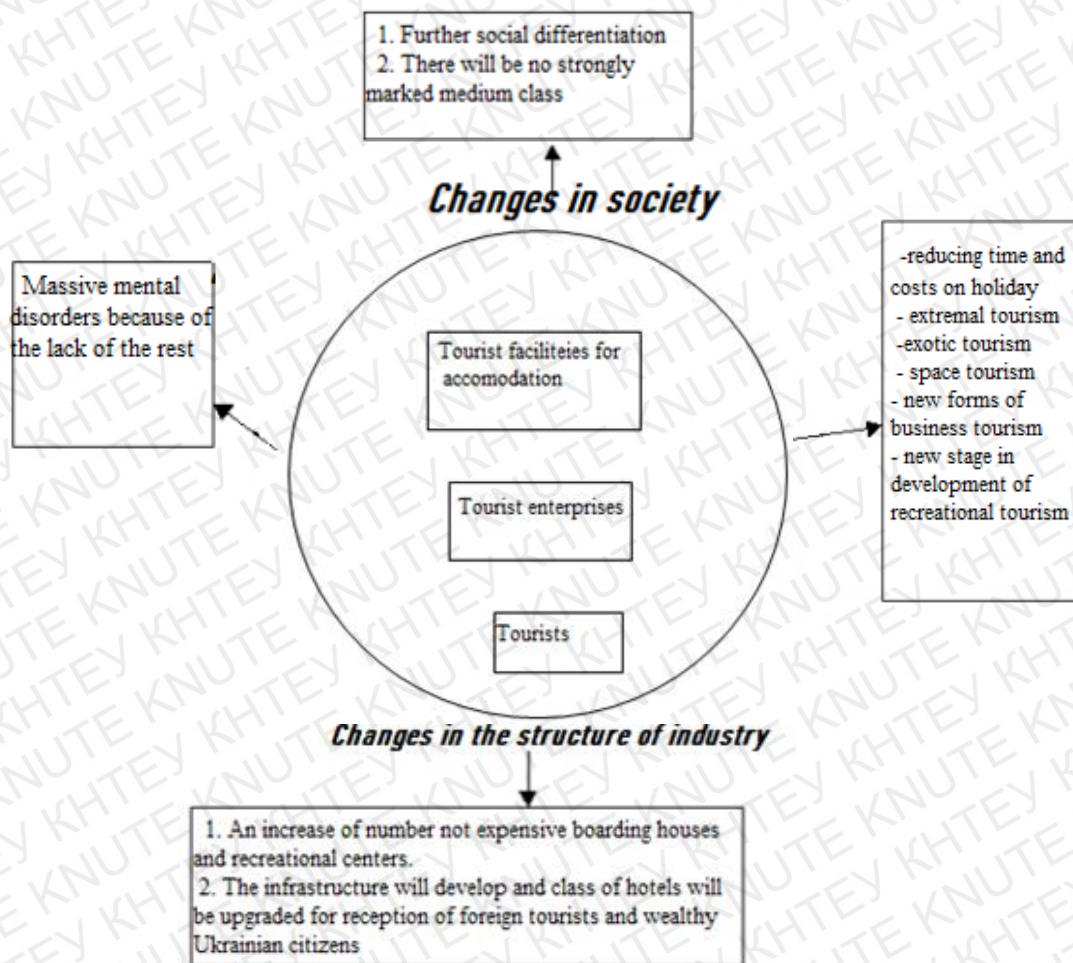


Figure 3.2 Perspectives of tourism development in Ukraine

Source: developed by author

Forecast . The Least Squares Method (LSM) is reliable and prevalent means to solve prediction problems in applied research and in econometrics particularly. It is used in the case when the function is represented by its observations. Commonly used statistical form of LSM is called Regression Analysis (RA). The method of least squares assumes that the best fit curve of a given type is the curve that has the minimal sum of deviations, i.e., least square error from a given set of data.

Suppose that the data points are $(x_1, y_1), (x_2, y_2), \dots, (x_n, y_n)$ where x is the independent variable and y is the dependent variable. The fitting curve $f(x)$ has the deviation (error) e_i from each data point, as follows:

$$e_1=y_1-f(x_1), e_2=y_2-f(x_2), :e_n=y_n-f(x_n) \quad (3.1)$$

According to the method of least squares, the best fitting curve has the property that $\sum 1n e_i^2 = \sum 1n [y_i - f(x_i)]^2$ is minimum :

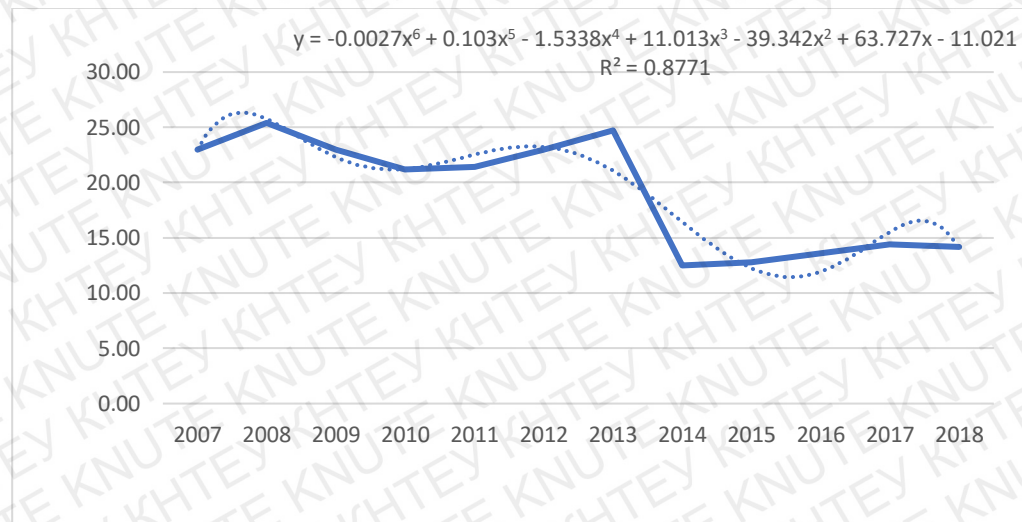


Figure 3.3. The dynamics of tourists coming to Ukraine (tourist arrivals) – The Least Squares Method (LSM), mln.people

Source: developed by author

When we are trying to determine the relationship between two variables, one of the relationships might be the equation of a straight line [i.e., $y = (f)x$.]

On the basis of regression analysis is possible to estimate relationship between two variables: Gross National Income and tourist arrivals to Ukraine. This relationship is represented in Table 3.1:

Table 3.1

Estimation of relationships between Gross National Income (GNI) of Ukraine and amount of tourists coming to Ukraine (tourist arrivals)

<i>Number in order</i>	<i>Period (year)</i>	<i>Tourists coming to Ukraine (tourist arrivals), mln.people</i>	<i>Gross National Income (GNI), bln.dol.USA</i>	<i>Gross Domestic Product (GDP), bln.dol.USA</i>
1	2014	12,50	24914,65385	1566728,00
2	2015	12,80	33147,66667	1979458,00

Continued table 3.1

3	2016	13,60	40792,64286	2383182,00
4	2017	14,40	46409,06897	2982920,00
5	2018	14,20	58968,30769	3558706,00

Source: developed by author

Multiple R. It is the Correlation Coefficient that measures the strength of a linear relationship between two variables. The correlation coefficient can be any value between -1 and 1, and its absolute value indicates the relationship strength. The larger the absolute value, the stronger the relationship. 0.87 means a strong positive relationship.

R Square. It is the Coefficient of Determination, which is used as an indicator of the goodness of fit. It shows how many points fall on the regression line. The R2 value is calculated from the total sum of squares, more precisely, it is the sum of the squared deviations of the original data from the mean. In our case, R2 is 0.87 (rounded to 2 digits), which is fairly good. It means that 87% of our values fit the regression analysis model. In other words, 87% of the dependent variables (y-values) are explained by the independent variables (x-values). Generally, R Squared of 87% or more is considered a good fit.

For forecasting foreign tourists entry to Ukraine it is offered to use « moving average» method. According to method of « moving average» formula for calculation of forecasting indicators is:

$$y_{t+1} = m_{t-1} + \frac{1}{n} \cdot (y_t - y_{t-1}) \quad (3.2)$$

where t+1 – forecasting period, t – period, previous to forecasting (year, month, etc.).
y t+1 – indicator that is being forecasted, m t-1 – moving average for two periods before forecast; n – number of levels of smoothing; y t – actual value, y t-1 – actual value for two periods before forecast.

The necessary stage of forecasting by methods of «moving average» is calculation of average relative error by formula:

$$\varepsilon = \frac{1}{n} \cdot \sum_{i=1}^n \left[\frac{|y_{\phi} - y_P|}{y_{\phi}} \cdot 100 \right] \quad (3.3)$$

The results of calculations by the method of « moving average» are represented in Table 3.2:

Table 3.2

**Forecasting of foreign tourist entry to Ukraine for 2020-2022 years
(on the basis of «moving average» method)**

Number in order	Period (year)	Tourists coming to Ukraine (tourist arrivals), million	Moving average (m)	Average relative error
1	2007	23,00		
2	2008	25,40	24	6,30
3	2009	23,00	23	0,87
4	2010	21,20	22	3,14
5	2011	21,40	22	2,18
6	2012	23,00	23	0,14
7	2013	24,70	20	18,76
8	2014	12,50	17	33,33
9	2015	12,80	13	1,30
10	2016	13,60	14	0,00
11	2017	14,40	14	2,31
12	2018	14,20	14	0,00
13	2019	14,00	14	0,79
14	2020	14,13	14	0,26
15	2021	14,16	14	0,17
16	2022	14,10		
<u>Average relative error (2007-2018)</u>				6,03
<u>Average relative error (2015-2018)</u>				0,90

Source: developed by author

According to «moving average» method (forecasting of foreign tourists

entry to Ukraine) average relative error is 6,03 (for period 2007-2018) and 0,90 (for period 2015-2018).

CONCLUSION TO PART 3

To become more competitive on the market of travel services Ukraine has to implement following measures:

- Create Fund of tourism development and solve problem of industry financing. For this aim it will be expedient to finance travel enterprises from the state budget, use lending funds, provide support of enterprises by banks, insurance companies, give state subsidiaries. Alternative could be creation of joint ventures with foreign partners or financing through business incubators.
- Reduct tax pressure: tax holidays for new founded enterprises, exemption from value added tax on operations for sale of vouchers, preferential taxation of the land on which the objects of the tourist-recreational complex are located.
- Develop standards of high professional education
- Make unification of existing enterprises in group of clusters or integrate them into franchising networks
- Organize complex of statistical account of inbound and outbound tourism through establishment of Regional Informational Bureau
- Use potential of small towns, holding there sport or cultural events of world level.
- Construct and reorganize existing hotel fund.

There are three possible scenarios of development of Ukrainian economy on which will depend the development of travel industry in Ukraine – optimistic, realistic and pessimistic. By all three – indicators will permanently grow, albeit at different rates.

First realistic scenario provides implementation of reforms and maintaining of favourable conditions on the world markets. It involves GDP growth on 3-4% in 2019-2021.

Second optimistic scenario provides implementation of difficult reforms –

land and tax in the part of taxation of enterprises (introduction of exit capital tax). Herewith external conjuncture has to remain favourable. According to optimistic scenario Ukraine's economy will be able to generate GDP growth on 4-5% in 2019-2021.

Third scenario is pessimistic. It assumes that negative trends of external conjuncture will weaken possibilities for implementation of the reforms, primarily in financial sector. Slowdown of economic development and loss of foreign investors' trust will exacerbate problem of payment by Ukraine its debt liabilities and impede Ukraine's GDP growth to 1-2% in 2019-2021.

In the future are forecasted global changes in the travel industry. Tourist enterprises will be forced to spend a lot of funds on automatization of their work by:

- Use Internet sites to receive applications and reviews from tourists.
- Use specialized programs to give online feedback – it will allow to contact firm quickly and process of communication will not be expensive
- Installation of software, allowing tourists make payments online or with the help of specialized terminals, set in trade malls.

In a global dimension will be observed the following trends:

- 1) Increase of volume of the information will cause the increase of competition on the world travel market and accelerate the development of service industry on the whole.
The reaction on competition will be lowering prices on rendering the services.
- 2) Further social differentiation will lead to increase of number not expensive boarding houses as well as to development of infrastructure and appearance of high class hotels.
- 3) The most popular kinds of tourism will become space, exotic, extremal tourism. Herewith this will be accompanied by reducing time and costs on holiday.

According to forecasts, the number of tourist arrivals in Ukraine will not significantly change in 2020-2022 years.

On assumption of it Ukraine has either to develop domestic or international

tourism. The development of domestic tourism is more promising and it requires state intervention.

The tourism in Ukraine will develop only providing interaction between all its subsystems and institutions.

CONCLUSIONS AND RECOMMENDATIONS

Tourism is a specific indicator of the degree of state participation in the economy, because by promoting tourism activities, state can effectively stimulate its rapid development.

The important role in the process of regulation has effective application of the current legislation by the authorized bodies of state power.

The basis for structural reforms in the field of tourism is the formation of a special legislative and legal framework, which protects the interests of the state and society, human rights and citizens, as well as defines forms and methods of state intervention in tourism

Modern international tourism demonstrates intensive paces of growth, becoming an integral part of world economy. It provides creation of new working places, contributes to attraction of investments, is the source of tax revenues to the state budget.

Taking into account regional structure of travel arrivals and receipts define five tourist macroregions of the world: European, American, Asia-Pacific, African and Middle-Eastern.

The largest share of tourist arrivals has Europe. France, Spain, Italy, Turkey, Germany and Great Britain are countries with developed tourist infrastructure and positive dynamics of tourists flow.

Among countries of Asia-Pacific region the most intensive paces of development demonstrate China and Thailand. Herewith China is the biggest tourism spender in the world.

The most attractive countries of American macroregion for tourists are USA and Mexico. USA is the world leader by tourism revenues.

Countries of African and Middle Eastern macroregion have opportunities and resources for development of travel industry, but their share in world tourism is insignificant.

By number of tourist arrivals and tourism revenues Ukraine is far behind from leading countries.

International world tourism requires comprehensive regulatory framework. Instruments of international regulation of travel activity are legal acts and official documents aimed at establishing a certain order, norms, rules, principles and approaches in the implementation of travel activities.

These instruments include international declarations, conventions, resolutions, agreements, protocols, approved on international conferences and forums.

Organization, responsible for promotion of travel services in the world is World Tourism Organization (WTO).

The main directions of WTO activity are:

- Cooperation with other institutions for sustainable development of tourism
- Development of human resources
- Solving of environmental problems
- Increasing quality of travel services
- Research of global tourist market
- Accounting and analyzing the data on travel services in the world
- Communication and public relations

In many countries in the world exist non-commercial associations, represented by consultative councils on tourism. These councils unite in non-governmental international associations like World associations of travel Agencies and tour Operators (WATA), International council of travel agencies (ICTA), Universal Federation of Travel Agents Association (UFTAA).

Leading states have an effective tourism development policy, effective mechanisms for its implementation, based on proper regulatory support.

Such active tourism policy in these countries is justified. According to the statistics of the World Tourism Organization it contributes to the positive dynamics of international tourist arrivals and foreign exchange earnings, so it could be a positive example to follow by Ukrainian authorities.

In our state the main regulative laws in the field of tourism are : Law of Ukraine «On tourism» and Law of Ukraine «On resorts». Verkhovna Rada of Ukraine and

Government of Ukraine are the main empowered bodies on the national level of regulation of travel services.

Verkhovna Rada of Ukraine has exclusive powers in the travel industry. It defines the volume of travel industry financing, main directions, legal regulative principles of state policy in travel industry.

Government of Ukraine is the branch of executive authority. It manages and implements state policy in the travel industry, approves financing of industry according to budget legislation, implements the investment policy, ensures the rational use of tourist resources, provides safety of tourists, protects their rights, interests and property, implements international cooperation in the field of tourism.

State management and regulation of travel activity provides implementation of four main functions – licensing, standardization, certification and control.

Licensing of travel agencies and tour operators ensures Department of tourism and resorts of the Ministry of Economic Development and Trade of Ukraine.

Ukrainian Agency of Standardization is responsible for development standards of travel projects, their harmonization with international standards and certification of tourist products, services, systems.

Function of control performs State Service of Ukraine on food safety and customer protection.

On the local level travel sphere is regulated by local authorities, local state administrations and regulatory authorities. The important role in promotion of tourism in Ukraine play non-governmental organizations: Tourist association of Ukraine, Ukrainian association of active and environmental tourism, Association of promotion of wine and gastronomic tourism in Ukraine.

Their main functions are:

1. Coordination of activity of tourist enterprises, provision of methodological, legal, consultative and technical assistance to the subjects of tourism business on the basis of generalization of the best European and world experience
2. Promoting the preparation, retraining and advanced training of tourism personnel

3. Supporting initiatives on rational use of natural and cultural resources of Ukraine
4. Coordination of activity of tourist enterprises, provision of methodological, legal, consultative and technical assistance to the subjects of tourism business on the basis of generalization of the best European and world experience
5. Promoting the preparation, retraining and advanced training of tourism personnel
6. Supporting initiatives on rational use of natural and cultural resources of Ukraine

Ukraine has real opportunities and perspectives for development of tourism and have to be among countries-leaders in this industry, an effective basis for it could be cross-border cooperation with EU countries.

But despite provision with resources and boundless opportunities, for today Ukraine is not able to compete with developed states on world market and travel industry in Ukraine is not considered as foreground. There are factors that inhibit development of travel industry: road conditions, lack of effective marketing and information regarding local sightseeings, war on the East.

By Travel and Tourism Competitiveness Index, produced by World Economic Forum in 2017 Ukraine was ranked 88th from 136 countries with the score 3.5 from 7 and lost 12 positions comparing with 2013 year when she was 76th from 140 country with the score 3.97. Competitive advantages of Ukraine in this ranking are human resources and labour market, and health care & hygiene. Analysis of data showed that in our country business environment is not favourable for tourism development. Negative influence also have safety rate and infrastructure. Infrastructure of tourism in Ukraine does not meet the international requirements for most such indicators as service, hotel and road facilities.

To become more competitive on the market of travel services Ukraine has to implement following measures:

- Create Fund of tourism development and solve problem of industry financing. For this aim it will be expendient to finance travel enterprises from the state

budget, use lending funds, provide support of enterprises by banks, insurance companies, give state subsidiaries. Alternative could be creation of joint ventures with foreign partners or financing through business incubators.

- Reduct tax pressure: tax holidays for new founded enterprises, exemption from value added tax on operations for sale of vouchers, preferential taxation of the land on which the objects of the tourist-recreational complex are located.
- Develop standards of high professional education
- Make unification of existing enterprises in group of clusters or integrate them into franchising networks
- Organize complex of statistical account of inbound and outbound tourism through establishment of Regional Informational Bureau
- Use potential of small towns, holding there sport or cultural events of world level.
- Construct and reorganize existing hotel fund.

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trust will exacerbate problem of payment by Ukraine its debt liabilities and impede Ukraine's GDP growth to 1-2% in 2019-2021.

In the future are forecasted global changes in the travel industry. Tourist enterprises will be forced to spend a lot of funds on automatization of their work by:

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- The most popular kinds of tourism will become space, exotic, extremal tourism. Herewith this will be accompanied by reducing time and costs on holiday.

According to forecasts, the number of tourist arrivals in Ukraine will not significantly change in 2020-2022 years.

On assumption of it Ukraine has either to develop domestic or international tourism. The development of domestic tourism is more promising and it requires state intervention.

The tourism in Ukraine will develop only providing interaction between all its subsystems and institutions.

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APPENDICES

Appendix A

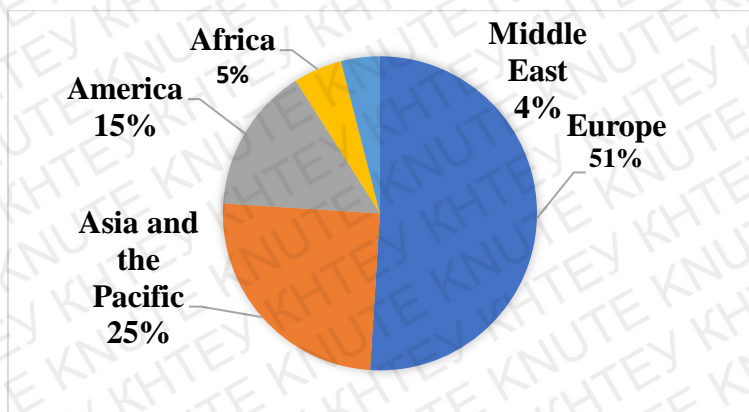


Figure A.1. Shares of tourist arrivals in the world by regions

Source: developed by author on the basis of UNWTO Tourism Highlights: 2019 Edition | World Tourism Organization

Asia and the Pacific, recorded the highest growth in arrivals, closely followed by Africa

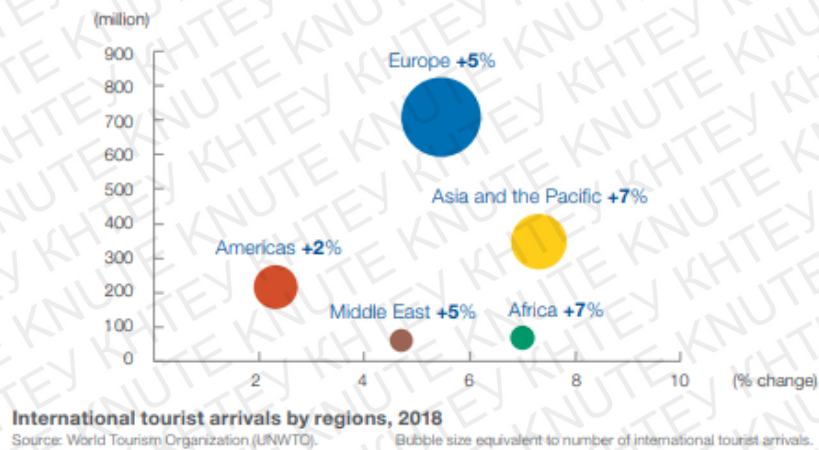


Figure A.2. Paces of macro regions development

Source: UNWTO Tourism Highlights: 2019 Edition | World Tourism Organization

Table B.1

Structure of services by kinds in the first half of 2019

Service	Export			Import			Balance
	Ths. \$	in % to first half year 2018	in % to total amou nt	Ths.\$	in % to first half year 2018	in % to total amo unt	
Materials processing services	824499,1	99,1	14,0	1587,1	175,5	0,1	822912,0
Services of processing goods for sale in domestic economy	3131,6	84,7	0,4	41,2	90,8	2,6	3090,3
Services of processing goods for sale abroad	821367,5	99,1	99,6	1545,9	180,0	97,4	819821,7
Repair and maintenance services	122003,1	115,7	2,1	38024,3	90,1	1,3	83978,8
Transport services	2982964,6	107,5	50,6	679342,7	101,8	23,0	2303622,0
Marine transport services	263999,1	101,1	8,9	129697,1	128,9	19,1	134302,1
River transport services	c*	c.	c.	164,0	53,2	0,0	c.
Air transport services	629525,8	119,1	21,1	318095,3	106,0	46,8	311430,5
Railway transport services	244339,2	86,0	8,2	124744,0	89,2	18,4	119595,2
Road transport services	145398,7	96,9	4,9	61894,4	90,1	9,1	83504,3
Pipeline transportation services	1539703,3	109,9	51,6	23842,0	60,7	3,5	1515861,3
Electricity transmission	c.	c.	c.	-	-	-	c.

* data is confidential

Source : <http://www.ukrstat.gov.ua/>

Continued table B.1

Other auxiliary and additional transport services	122373,2	106,3	4,1	11468,4	107,5	1,7	110904,8
Postal and courier services	19799,4	111,2	0,7	9437,5	123,9	1,4	10361,9
Travel services	130158,8	97,3	2,2	538930,7	122,4	18,2	-408771,8
Construction services	45342,4	126,2	0,8	17083,5	84,8	0,6	28258,9
Construction abroad	28289,6	94,9	62,4	4801,2	61,0	28,1	23488,3
Construction for domestic needs	17052,8	279,5	37,6	12282,3	100,0	71,9	4770,5
Insurance services	19399,3	88,5	0,3	45885,2	105,4	1,6	-26485,9
Financial services	58772,7	120,9	1,0	221965,5	122,5	7,5	-163192,7
Royalty and intellectual property services	23111,9	110,7	0,4	242486,1	116,0	8,2	-219374,2
Franchise and trademark services	2018,9	28,8	8,7	103930,5	103,5	42,9	-101911,6
Services related to licensing activity	17847,1	183,0	77,2	98749,3	116,1	40,7	-80902,2
Patent related services	1118,8	89,8	4,8	289,6	38,9	0,1	829,2
Other royalties	2127,2	74,5	9,2	39516,7	173,3	16,3	-37389,5
Telecommunication, computer and informational services	1137466,7	112,7	19,3	203891,6	99,0	6,9	933575,1
Telecommunication services	57611,1	71,4	5,1	38944,7	73,1	19,1	18666,4
Computer services	901653,0	116,1	79,3	116292,1	109,5	57,0	785360,9
Informational services	178202,7	117,4	15,7	48654,9	104,8	23,9	129547,8
Business services	541909,2	110,9	9,2	611889,1	89,9	20,7	-69979,9
R&D services	55169,5	87,8	10,2	c.	c.	c.	c.
Professional and consulting services	247895,3	109,8	45,7	227415,4	99,0	37,2	20479,9

Source : <http://www.ukrstat.gov.ua/>

End of table B.1

Scientific and technical services	127019,6	137,3	23,4	56041,9	112,2	9,2	70977,7
Services of treatment and elimination of environmental pollution	-	-	-	c.	c.	c.	c.
Agricultural and mining services	14337,3	150,7	2,6	71004,6	148,3	11,6	-56667,3
Operational leasing services	18789,4	109,6	3,5	178983,7	80,6	29,3	-160194,4
Trade, intermediary services	36069,1	90,5	6,7	9776,2	80,0	1,6	26292,9
Other business services	42629,1	103,4	7,9	31270,6	166,1	5,1	11358,5
Services for individuals, cultural, recreational services	8737,6	116,1	0,1	2479,4	32,8	0,1	6258,2
Audiovisual and other related services	7138,1	127,0	81,7	1070,9	23,3	43,2	6067,2
Cultural and recreational services	363,3	75,2	4,2	648,9	28,8	26,2	-285,6
Other private services	1236,2	86,7	14,1	759,6	107,6	30,6	476,6
Public and governmental services	2398,3	114,3	0,0	356326,3	91,6	12,0	-353928,1
Total	5896763,7	107,6	100,0	2959891,4	102,5	100,0	2936872,3

Source : <http://www.ukrstat.gov.ua/>

Table B.2

Dynamics of export foreign trade in services by kinds (2014-2018)

Service	2014	2015	2016	2017	2018
Materials processing services	1334394,1	1078345,1	1125705,2	1419720,3	1699301,1
Services of processing goods for sale in domestic economy	18695,3	18892,4	8702,3	20227,1	7232,9
Services of processing goods for sale abroad	1315698,8	1059452,7	1117002,9	1399493,2	1692068,2
Repair and maintenance services	298247,7	192224,7	231864,6	243965,8	242651,1
Transport services	6101923,5	5263155,3	5300545,6	5861405,6	5851423,3
Marine transport services	850878,8	735935,8	661619,1	612112,3	523257,5
River transport services	46342,3	44494,8	c	c	c
Air transport services	1071262,5	853618,5	882840,3	1091775,1	1221610,7
Railway transport services	1098830,7	751254,1	561118,6	580897,5	538914,8
Road transport services	459623,7	249071,0	237949,1	273773,7	304438,0
Pipeline transportation services	2207902,0	2258041,9	2630686,4	2998248,4	2959047,5
Electricity transmission	3288,5	c	c	c	c
Other auxiliary and additional transport services	330069,7	341649,9	262868,2	239941,0	233398,4
Postal and courier services	33725,3	c	31194,4	30558,8	35769,6

Source : <http://www.ukrstat.gov.ua/>

Continued table B.2

Travel services	228049,1	200937,0	205236,3	242748,2	298855,
Construction services	231960,0	291640,9	389262,9	102256,4	150338,3
Construction abroad	160030,5	282275,2	382357,0	89924,0	124756,3
Construction for domestic needs	71929,5	9365,7	6906,0	12332,4	25582,0
Insurance services	44814,0	46111,1	53745,7	39799,4	45021,0
Financial services	222101,1	190841,8	83142,8	74211,7	107547,2
Royalty and intellectual property services	97504,1	50963,3	29374,1	29079,6	42805,3
Franchise and trademark services	12698,2	8337,8	8174,4	7280,0	12494,8
Services related to licensing activity	68682,7	36480,4	16017,7	14141,6	22902,0
Patent related services	6350,8	2494,0	2352,8	2910,5	2586,5
Other royalties	9772,5	3651,1	2829,1	4747,5	4822,1
Telecommunication, computer and informational services	1675551,7	1585572,6	1644093,0	1760794,6	2114956,9
Telecommunication services	370334,9	352553,0	253853,1	190525,4	157745,5
Computer services	1102009,8	997296,6	1145087,5	1311793,3	1633152,9
Informational services	203207,0	235723,0	245152,4	258475,8	324058,6
Business services	1250398,7	816706,9	790618,1	921837,5	1060698,7
R&D services	154911,4	143235,8	130862,3	125127,5	115141,8
Professional and consulting services	535812,2	341505,4	359292,2	399073,2	490017,9

Source : <http://www.ukrstat.gov.ua/>

End of the table B.2

Scientific and technical services	376271,4	189016,3	156085,1	201924,4	c
Services of treatment and elimination of environmental pollution	1267,2	c	167261,6	c	c
Agricultural and mining services	6551,9	c	6759,4	c	25402,2
Operational leasing services	54901,0	43005,7	32396,0	33177,2	36741,4
Trade, intermediary services	50948,7	45469,0	50408,0	82162,7	92993,2
Other business services	69735,0	49457,5	54815,3	65401,1	83996,5
Services for individuals, cultural, recreational services	31298,8	15819,9	10831,4	14737,5	19131,9
Audiovisual and other related services	25532,4	11908,5	7393,5	10930,3	15656,4
Cultural and recreational services	2646,3	1397,4	899,1	1235,3	936,7
Other private services	3120,0	2514,0	2538,8	2571,9	2538,8
Public and governmental services	4608,1	4335,9	3580,0	3812,9	5220,4
Total	11520850,7	9736654,2	9867999,7	10714369,5	11637950,6

Source : <http://www.ukrstat.gov.ua/>

Table B.3

Dynamics of import foreign trade in services by kinds (2014-2018)

Service	2014	2015	2016	2017	2018
Materials processing services	51248,7	63415,8	5299,1	2703,9	2812,6
Services of processing goods for sale in domestic economy	34,2	c*	c	c	70,0
Services of processing goods for sale abroad	51214,5	c	c	c	2742,5
Repair and maintenance services	106511,9	85773,1	90837,5	71591,1	84195,0
Transport services	1376552,3	1153393,5	989274,8	1213073,6	1464807,2
Marine transport services	243651,7	191729,0	141180,7	222770,1	222986,3
River transport services	c	600,8	351,1	c	c
Air transport services	431037,6	466937,6	357465,0	452397,3	695720,1
Railway transport services	431305,2	287002,5	259877,0	297715,4	282974,7
Road transport services	189804,7	91845,4	114860,7	132793,4	142892,5
Pipeline transportation services	c	98123,3	87229,5	c	c
Other auxiliary and additional transport services	15717,7	11332,6	20863,9	16592,6	2339
Postal and courier services	11359,7	5791,2	7446,9	10521,4	17163,9
Travel services	681021,7	597645,5	603216,5	794973,9	990392,9
Construction services	147985,0	40265,4	61458,2	106650,2	58247,8
Construction abroad	73703,2	13866,2	19648,0	40895,5	24543,7
Construction for domestic needs	74281,9	26399,2	41810,3	65754,7	33704,1
Insurance services	84076,0	74018,0	119013,4	128456,9	78401,9
Financial services	800347,0	874717,8	561108,9	424453,4	476962,6
Royalty and intellectual property services	450481,3	301580,2	323128,3	406199,7	493142,0

Source : <http://www.ukrstat.gov.ua/>

Continued table B.3

Franchise and trademark services	178788,3	123612,1	108736,4	169981,7	210081,7
Services related to licensing activity	193136,0	121911,4	150271,9	171974,8	210636,9
Patent related services	4019,7	609,5	750,8	1176,9	1319,3
Other royalties	74537,2	55447,2	63369,2	63066,4	71104,1
Telecommunication, computer and informational services	512016,7	548344,7	420442,3	423969,8	472297,2
Telecommunication services	211388,2	277044,3	150248,1	135140,3	112593,7
Computer services	217288,4	192195,2	187973,8	200243,1	251596,4
Informational services	83340,2	79105,2	82220,4	88586,4	108107,2
Business services	993917,2	719164,8	813508,3	828231,1	1387268,5
R&D services	23332,1	14200,6	24382,4	26310,1	15302,5
Professional and consulting services	391961,5	321685,3	358494,8	384805,7	503794,4
Scientific and technical services	140929,2	127150,0	69935,9	78601,4	104321,6
Services of treatment and elimination of environmental pollution	93685,6	c	167261,6	104590,6	180741,2
Agricultural and mining services	17558,3	c	6842,1	39466,2	115614,6
Operational leasing services	172340,5	69151,0	96233,5	116561,4	396366,6
Trade, intermediary services	79096,1	64154,3	57742,5	34396,8	26788,0
Other business services	75013,9	31882,7	32615,6	43498,9	44339,6

Source : <http://www.ukrstat.gov.ua/>

End of the table B.3

Services for individuals, cultural, recreational services	10154,4	8290,2	6703,3	20574,0	11935,3
Audiovisual and other related services	6708,3	5737,1	3107,3	17586,0	7210,0
Cultural and recreational services	1318,4	1084,9	1137,0	1127,6	2659,7
Other private services	2127,8	1468,2	2459,0	1860,3	2065,5
Public and governmental services	1158815,8	1056413,2	1332522,0	1055271,3	788347,3
Total	6373128,1	5523022,4	5326512,7	5476148,9	6308810,2

Source: <http://www.ukrstat.gov.ua/>

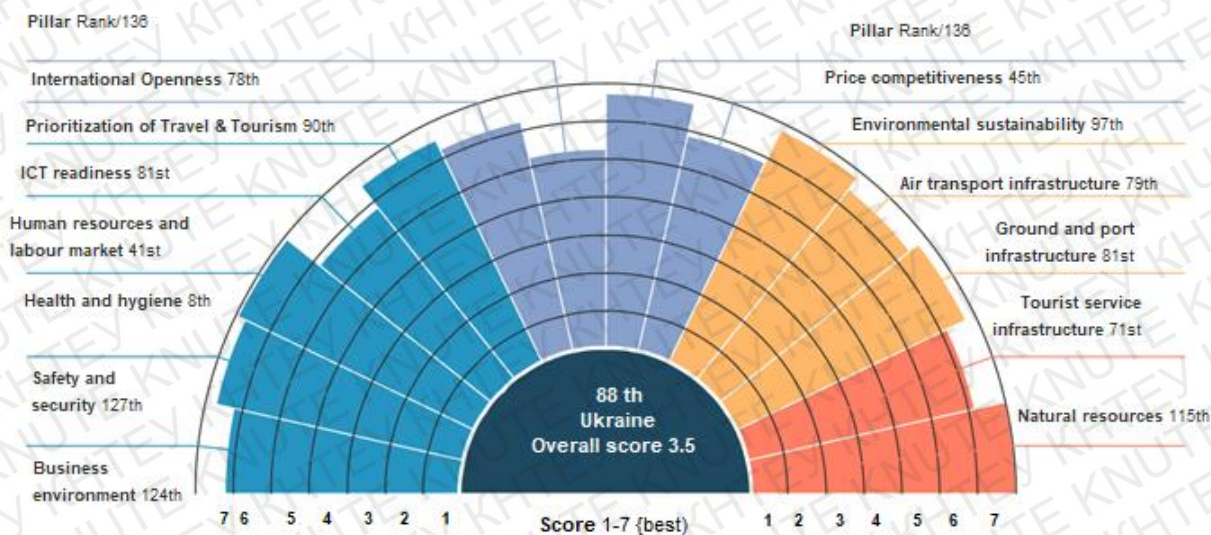
Table B.4

Regional volumes of foreign trade in services in the first half of 2019

Region	Export			Import			Balance
	Ths. \$	In % to first half 2018	In % to total amount	Ths. \$	In % to first half 2018	In % to total amount	
Vinnitsia	57994,3	127,3	1,0	15920,4	225,2	0,5	42073,9
Volyn	48868,7	117,0	0,8	17604,8	130,8	0,6	31263,9
Dnipro	63995,9	93,3	1,1	132658,4	117,4	4,5	-68662,5
Donetsk	39581,4	80,2	0,7	69182,2	96,4	2,3	-29600,8
Zhytomyr	44790,2	130,5	0,8	11822,2	86,3	0,4	32968,0
Zakarpattia	151391,7	94,9	2,6	16289,8	144,5	0,6	135101,9
Zaporizhia	96455,1	120,4	1,6	16267,5	74,9	0,5	80187,5
Ivano-Frankivsk	33688,2	103,8	0,6	12235,6	130,7	0,4	21452,7
Kyiv	162161,2	109,0	2,8	73767,6	111,2	2,5	88393,5
Kropyvnytskyi	13814,5	162,2	0,2	7682,8	92,7	0,3	6131,7
Lugansk	15583,9	105,5	0,3	12612,9	130,3	0,4	2971,0
Lviv	274047,3	98,7	4,6	34783,7	115,7	1,2	239263,6
Mykolaiv	258762,0	114,1	4,4	12646,0	110,7	0,4	246116,0
Odessa	380472,2	107,1	6,5	118606,9	116,4	4,0	261865,4
Poltava	28669,3	108,0	0,5	58296,3	93,5	2,0	-29627,0
Rivne	27770,2	118,4	0,5	8381,6	91,7	0,3	19388,5
Sumy	14108,2	106,8	0,2	7732,0	61,1	0,3	6376,2
Ternopil	44785,5	124,9	0,8	3579,4	102,7	0,1	41206,1
Kharkiv	176609,7	114,0	3,0	28680,7	94,5	1,0	147929,0
Kherson	14742,6	117,2	0,3	6808,8	100,7	0,2	7933,8
Khmenlytskyi	11034,5	78,0	0,2	8303,2	106,4	0,3	2731,3
Cherkasy	16943,0	119,1	0,3	8468,8	131,3	0,3	8474,3
Chernivtsi	18715,2	105,8	0,3	1631,4	121,6	0,1	17083,7
Chernigiv	13297,1	103,8	0,2	13350,7	168,2	0,5	-53,6
Kyiv (city)	1808901,3	107,1	30,7	1481094,8	108,8	50,0	327806,5
Total Ukraine	5896763,7	107,6	100,0	2959891,4	102,5	100,0	2936872,3

Source: <http://www.ukrstat.gov.ua/>

Performance Overview



Key Indicators

International tourist arrivals	12,428, 286
International tourism inbound receipts	1,082.0 million \$
Average receipts per arrival	87.1 \$
T&T industry GDP	1,304.8 million \$
T&T industry employment	214,364 jobs
% of total	1.2%

Source: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

Figure C.1 Performance overview of Ukraine

Table C.1

Travel and Tourism Competitiveness Index

<i>Index Component</i>	<i>Rank/ 136</i>	<i>Score</i>
<i>Sub Index Favourability of environment</i>	78	4.6
Business environment	124	3.7
Property rights	129	3.0
Business impact of rules on FDI	128	3.2
Efficiency of legal framework in setting disputes	119	2.8
Efficiency of legal framework in challenging regions	125	2.5
Time required to deal with construction permits days	9	67
Cost to deal with construction permits % construction cost	129	15.2
Extent of market dominance	98	3.4
Time to start business days	22	5.0
Cost to start a business % of GNI per capita	11	0.5
Effect of taxation on incentives to work	122	3.0
Effect of taxation on incentives to invest	131	2.5
Total tax rate % profits	114	51.9
Safety and security	127	3.5
Business costs of crime and violence	114	3.5
Reliability of police services	102	3.5
Business costs of terrorism	126	3.2
Index of terrorism incidence	126	1.0
Homicide rate	83	4.4
Health and hygiene	8	6.6
Physician density / 1000 pop.	19	3.5
Access to improved sanitation % pop.	51	95.9
Access to improved drinking water % pop.	71	96.2
Hospital beds /10000 pop.	4	90.0
HIV prevalence % of adult pop.	111	1.2
Malaria incidence cases / forecasted on 100 000 pop.	1	-
Human resources and labour market	41	4.9
Primary education enrolment rate net %	57	96.2
Secondary education enrolment rate gross %	53	99.2
Extent of staff training	92	3.7
Degree of customer orientation	82	4.5
Hiring and firing practices	47	4.0
Ease of finding skilled employees	38	4.7
Ease of hiring foreign labour	79	3.9
Pay and productivity	42	4.4
Female participation in the labour force ratio to men	58	0.83

Source: [46]

Continued table C.1

ICT readiness	81	4.2
ICT use for biz-to-biz transactions	104	4.2
Internet use for biz-to consumer transactions	35	5.1
Internet users % pop	80	48.9
Fixed broadband Internet subscriptions /100 pop.	64	11.8
Mobile-cellular telephone subscriptions / 100 pop.	26	144.0
Mobile network coverage	128	8.1
Quality of electricity supply	36	99.9

<i>Sub index State policy in creation of favourable conditions in travel & tourism industry</i>	85	4.1
Prioritization of Travel & Tourism	85	4.4
Government prioritization of travel & tourism industry	90	4.3
T&T government expenditure % government budget	122	3.4
Effectiveness of marketing and branding to attract tourists	36	5.1
Comprehensiveness of annual T&T data 0–120 (best)	103	3.6
Timeliness of providing monthly/quarterly T&T data 0–21 (best)	18	92
Country brand strategy rating 1–10 (best)	104	12.0
International Openness	65	75.2
Visa requirements 0–100 (best)	105	23.0
Openness of bilateral Air Service Agreements 0–38 (best)	111	7.0
Number of regional trade agreements in force number	48	19.0
Price competitiveness	45	5.2
Ticket taxes and airport charges 0–100 (best)	99	61.2
Hotel price index US\$	29	95.4
Purchasing power parity PPP \$	2	0.3
Fuel price levels US\$ cents/litre	65	116.0
Environmental sustainability	97	3.9
Stringency of environmental regulations	110	3.3
Enforcement of environmental regulations	116	3.0
Sustainability of travel and tourism industry development	108	3.7
Particulate matter (2.5) concentration µg/m3	90	10.4
Environmental treaty ratification 0–27 (best)	43	23
Baseline water stress 5–0 (best)	89	2.9
Threatened species % total species	78	6.4
Forest cover change % change	73	0.1
Wastewater treatment %	63	14.1
Costal shelf fishing pressure tonnes/km2	28	0.0

Source: [46]

End of table C.1

Sub index Infrastructure	79	3.1
Air transport infrastructure	79	2.4
Quality of air transport infrastructure	102	3.7
Available seat kilometres, domestic millions	54	7.0
Available seat kilometres, international millions	59	242.5
Aircraft departures /1,000 pop.	97	1.0
Airport density airports/million pop.	117	0.3
Number of operating airlines	37	60.0
Ground and port infrastructure	81	3.0
Quality of roads	132	2.4
Road density % total territorial area	68	-
Paved road density % total territorial area	52	-
Quality of railroad infrastructure	34	4.0
Railroad density km of roads/land area	24	3.6
Quality of port infrastructure	94	3.4
Ground transport efficiency	53	3.9
Tourist service infrastructure	71	4.0
Hotel rooms number/100 pop.	103	0.2
Quality of tourism infrastructure	107	3.9
Presence of major car rental companies	72	5
Automated teller machines number/thousand adult pop.	21	94.6
Sub index Natural and cultural resources	88	2.2
Natural resources	115	2.3
Number of World Heritage natural sites number of sites	46	1
Total known species number of species	81	450
Total protected areas % total territorial area	121	4.0
Natural tourism digital demand 0–100 (best)	83	7
Attractiveness of natural assets	105	4.1
Cultural resources and business travel	51	2.1
Number of World Heritage cultural sites number of sites	36	6
Oral and intangible cultural heritage number of expressions	56	2
Sports stadiums number of large stadiums	25	17.0
Number of international association meetings 3-year average	78	11.3
Cultural and entertainment tourism digital demand 0–100 (best)	51	12

Source: [46]

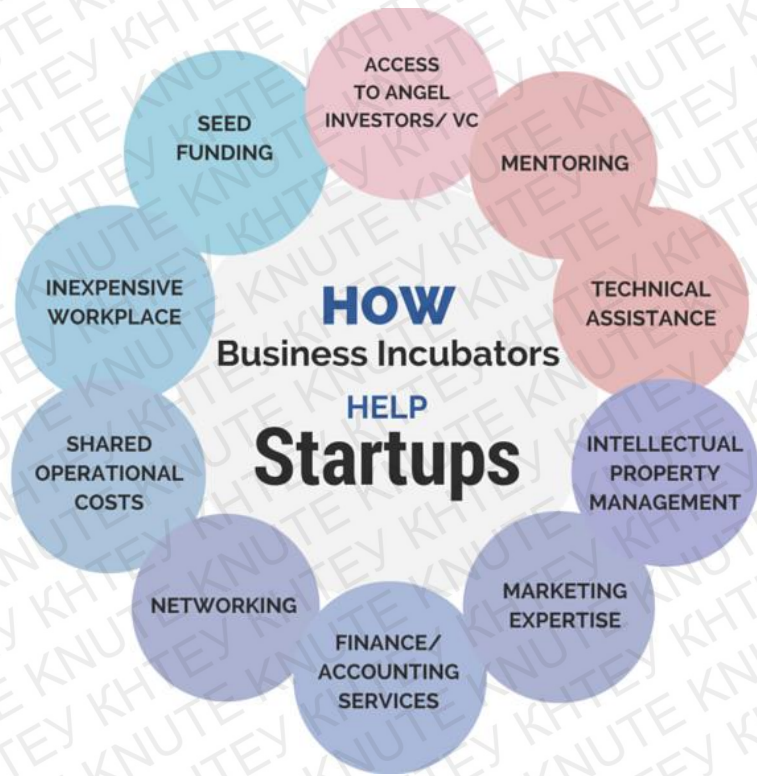


Figure D.1 How business incubators help startups

Source: [33]

Directions of state regulation of travel services

Directions of regulation	
Legislative	<ul style="list-style-type: none"> - creation of free economic zones and territories of priority development - improvement of norms of certification and standardization, licensing - establishing partnership with foreign countries to exchange experience on tourism development - simplification of land legislation (allotment of land for construction of tourist infrastructure objects) - holding tenders for the use of protected areas for tourism - regulation of procedures for visa registration and obtaining foreign passports - approval of effective strategic programs for tourism development with determination of special status of tourism, priority of domestic tourism
Administrative	<ul style="list-style-type: none"> - delimitation of powers of the central and local executive authorities - audit of subjects of tourism - creation of databases of the main actors of the tourist market - intensification of advertising and information policy of the state and regions, promotion on the international and national levels - development of new tourist routes in terms of interaction with cultural institutions

Source: based on [39]

Continued table E.1

Economic	<ul style="list-style-type: none">- creation conditions of crediting and subsidizing of subjects of tourism- preferential taxation of tourist entities that make a significant contribution to the development of inbound and outbound tourism- financing of fundamental scientific researches
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Source: based on [39]