

Development of Domestic Tourism in Pandemic Environment: National Programs of Support for the Industry

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Abstract

This work is aimed at determination of the most promising trends and measures of support for tourism in modern environment. The reasons are summarized, due to which the indicators of Russian tourism are significantly behind those of leading countries in the scope of tourism. The major measures of governmental support for domestic tourism in Russia and some countries are analyzed. The main bottlenecks of tourism industry in crisis environment are evaluated, the experience of support for tourism sector under current conditions is systemized. The practical importance of the work is in systematization and upgrading of theoretical approaches to analysis of possible trends of recovery and further development of tourism in the Russian Federation.

Key-words: Crisis Situation, Domestic Tourism, Supporting Measures, Governmental Control.

1. Introduction

Tourism is one of the major sectors of economy, which creates workplaces, promotes export, and improves standards of living for million of people (Anufrieva et al., 2020; Bushueva, 2020). In 2019 the tourism created about 10.3% of global GDP, providing 330 million workplaces or 10% of total employment. The tourism sector provided 6.5% of total amount of world export and 27.2% of total amount of world export of services (World Travel & Tourism Council (WTTC), n.d). However,

tourism strongly depends on external factors. The crisis resulting from COVID-19 is, probably, more significant than the events of September, 2001 and the world financial crisis of 2008 taken together: this time the tourism sector was the first, which faced with nearly complete termination of its activity, quite possible that it would be the last to resume it. According to the data of World Tourism Organization (WTO), the industry could lose about USD 450 billion (International Air Transport Association (IATA), n.d).

As for Russia, according to Rosturizm, the sales decrease in tourism sector in the spring 2020 nearly reached 100%, total amount of income deficiency in the industry only in the first half of the year could amount to about RUB 1.5 trillion, including incomes of hotels, spas, holiday centers, tourist operators, tourist agents, and all types of tourist travelling (RATA News, 2020). Tourist companies are among those companies that the most acutely experience consequences of the pandemic and accompanying crisis (Abdulkadirov et al.: 2020). Due to constant high operation expenses, they quite often cannot maintain their activity without incomes during several months (Sklyarenko, Feoktistova, 2020; Deeva et al., 2020).

Nowadays, the most important task is to determine reasonable outputs from the crisis, which would mostly depend on efficiency of measures of governmental support (Kireeva, 2020; Vapnyarskaya, Krivosheeva, 2020). At present, various scenarios are considered regarding recovery of economic activity, in particular, in tourism sector according to implemented and future measures, as well as trends of virus propagation and varying consumer behavior. Governments of all countries allocate maximum efforts for assistance to suffered sectors of economy in addition to economic support to health care and direct support to incomes of the most vulnerable populations.

Representatives of tourism are sure that after the pandemic high efforts should be applied to recover confidence of travelers. Negative attitude to tourists as risk bearers by host communities could also be a consequence of the pandemic. Domestic tourism will play an important role for many countries at the recovery stage. In different countries the importance of domestic tourism strongly varies; however, in average the portion of domestic tourism in the OECD countries (Organization for Economic Cooperation and Development) amounts to about 75% of tourism consumption (Shakhramanyan, Ivolga, 2020).

The problem of recovery of suffered national economies, tourism industry in particular, is very urgent and at present it should be solved as soon as possible, thus, many researchers (Shubtsova et al., 2020; Shayakhmetova et al., 2020) propose approaches, which could minimize consequences of

crisis and contribute to revival of tourism industry. The approaches to recover tourism industry were considered by E. I. Makrinova (2020), E. I. Algazina (2020), I. D. Shakhramanyan (2020), and others. However, the scientific status of the problem could hardly be referred to as sufficient, especially accounting for changing situation with the second wave of the COVID-19 pandemic. Hence, the analyzed subject seems to be urgent.

The research hypothesis is as follows: in modern environment the development of domestic tourism is the most promising.

2. Methods

The research procedures were comprised of systematic approach related with the analysis of global and Russian markets of tourism services, general scientific methods of cognition, analysis and synthesis, dialectic, abstract logic, system analysis, as well as methods of legal analysis: analogies, comparisons, generalizations. Theoretical aspects were studied using such methods of scientific cognition as induction and deduction, methods of updating, classification, abstraction and concretization. The hypothesis was proved on the basis of theoretical and methodological developments in the field of studies of issues related with operation and advances of tourism industry, disclosing features of tourism activities under nonconventional conditions: the pandemic. Theoretical basis of the investigations was comprised of the data of World Health Organization, Rosturizm, as well as reports of Russian Cabinet members concerning support for tourism.

3. Results

A distinctive feature of the current pandemic is the simultaneous occurrence of the so-called non-infectious pandemic (pandemic of fear), related with intensive development of information technologies and instant distribution of information in the world. The established situation exerted significant influence on all sectors of world economy, including tourism. According to unanimous experts' opinion, such crisis in tourism was not observed since the Second World War (Loguntsova, 2020).

According to the analysis by the World Travel and Tourism Council (WTTC) performed in spring, 2020, the coronavirus pandemic began to reduce up to one million workplaces in world tourism every day. In this regard the most suffered European country was Germany, where almost 1.6

million workplaces were at risk. Russia was at the second position, Italy and Great Britain were at the third position (Loguntsova, 2020).

Regarding this situation, the WTO prepared relevant recommendations aimed at mitigation of social and economic impact of the pandemic on tourism sector in various countries. The document was prepared in cooperation with the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the Airports Council International (ACI), the Cruise Lines International Association (CLIA), the International Air Transport Association (IATA). The recommendations are separated into three interrelated units: 1) management of crisis and mitigation of its consequences (preservation of workplaces; support for liquidity of companies; reconsideration of taxes and dues related with tourism industry; protection of consumer rights; improvement of digital skills of employees in tourism business; inclusion of tourism into general strategies to save economy of various regions and countries, development of mechanisms of anti-crisis management); 2) promotion of rapid recovery of tourism industry (promotion of investments into tourism; preparation of tourists for travelling related with the existing pandemic risk level; creation of new workplaces; accounting for environmental stability of tourist regions; comprehension of market and prompt actions in the market of tourist services; improvement of marketing role; establishment of special management authority to control tourism recovery); 3) preparation for future situation (diversification of markets, products, and services, investments into analytical systems of market and digital transformation; improvement of tourism management efficiency at all levels; provision of readiness to crisis situation; investments into human capital; conversion to waste-free economy and adoption of measures of steady development) (Kononenko, 2020).

Following the aforementioned recommendations, many countries have developed and launched national programs of economy support, where significant attention is paid to rescue of tourism industry.

The Spanish government launched the crisis intervention program for the amount more than EUR 200 billion, which equaled to 20% of national GDP (Finkenzeller, 2020). Special regime was provided for tourism companies for the period from 3 to 6 months. During this period a tour operator or a hotel could temporarily dismiss employees, and during this period the government would pay to the dismissed person 75% of his average salary for the last half year; moreover, the social costs were also included. An employee in tourism business in Spain earned in average EUR 1,200 per month.

Therefore, the government would pay to temporarily dismissed person about EUR 900 per month. Preferential crediting with state guarantees was introduced for tourism companies as well as delay for tax payments. Payment of EUR 700 was provided for individual entrepreneurs, including those in tourism sector who temporarily terminated their activity (Kirchhoff, 2020). All these measures were aimed mainly at assistance to hotel business and tour operators of inbound and domestic tourism. Tour operators of outbound tourism also obtained assistance but only when operators did not violate the Law of combined travel (tour package) and returned 100% cost of reserved tours in the case of forced cancelation of tour. The Spanish government supported all tour operators, provided that the consumer interests did not suffer. If an entrepreneur had not sufficient resources, then he should have applied to bank and obtain credit for payments to tourists.

On April 25, 2020 the Bundestag approved the largest German anti-crisis program. The measures of protection against the COVID-19 consequences included separate national program of assistance to small-scale companies and self-employed persons in amount of EUR 50 billion. This sum will be borrowed from supplemental state budget in the amount of EUR 156 billion (Gurkov, 2020). Such measures of assistance give confidence that the tourism sector of Germany, which contributed more than EUR 105 billion into national economy in 2019 (4% of GDP), will survive and recover quickly from the crisis. In order to rescue the German economy, the government developed the extensive program. A set of measures was presented aiming at emergency assistance to individual entrepreneurs and small-scale companies with personnel of not more than 10 persons. Exactly such companies are widely presented in tourism sector. The site of Federal Ministry for Economic Affairs and Energy of Germany includes separate section for assistance to small-scale companies. As a rule, the small-scale companies could hardly have any security or supplemental income. These companies should receive assistance rapidly and without bureaucracy delays. In order to provide their liquidity, they receive lump payment for three months, depending on the company scale: EUR 9,000 for up to five employees, up to EUR 15,000 for up to ten employees (Bundesministerium für Wirtschaft und Energie, 2020b). These words evidence priority of small-scale business for government. Another priority of the anti-crisis program is to preserve as much workplaces as possible in all companies in the environment of temporarily forced downtime. A company participating in this program pays salary to its employees while there is work. During downtime they receive 60% of their pure salary from government. Those with at least one child receive 67%. According to governmental forecasts, such regime will be used by more than two million employees of various economic sectors.

The Czech government agreed on special assistance to the sector in the frames of its measures to recover economy, which, according to its statements, was higher than EUR 37 billion (Coronavirus in Czech Republic: n.d). Under such situation, tourism agencies and hotels pay attention to the plan presented by the Ministry of regional development, according to which the government would make contributions to discount coupons offered to Czechs vacationing at home. Independently on the government, the capital allocates EUR 9.3 million to support tourism and culture in the city. Advertising campaign persuading Czech citizens to visit the capital will be accompanied by fees for residing and sightseeing (Prague, n.d). Cultural institutions would also receive financial assistance.

At the end of March, 2020, the Russian government determined the economic sectors, which would be the first to receive the governmental assistance in connection with the pandemic, including tourism, hotel business, and health resort sector. Regarding the tourism industry as the most suffered sector: 1) tax payments and insurance charges for small and medium entities were rescheduled for the period from 3 to 6 months depending on the tax; 2) in some subjects of Russia the tax rates for simplified tax system were decreased to 1% in the case of income taxation and to 5% in the case of income–expenses taxation; 3) preferences were approved concerning lease of federal and municipal property; 4) RUB 24 billion were allocated to banks for payment of preferential loans to backbone companies for replenishment of current assets and distribution of grants; 5) the grant in amount of minimum monthly wage (RUB 12,130) for each employee was allocated for companies and individual entrepreneurs included in the registry of small and medium companies and performing activities according to OKVED code mentioned in the list of suffered economic sectors; 6) in some subjects credits were provided at the preferential interest rate up to 0.5%, herewith, partial guarantee was stipulated by regional and financial microcompanies; 7) interest-free credits were provided for salary payments; 8) the procedure and terms were defined regarding repayment of monetary sums to tourists and other customers paid by them for tourist products, from the fund of personal responsibility of tour operator; 9) payments to Reserved fund of tour operators in the sphere of outbound tourism in 2020 were reduced to RUB 1; 10) regulations of grant provision to tour operators were approved for refunding of expenses related with the pandemic of new coronavirus wave. The table below summarizes and compares the governmental measures.

Table 1 - Comparison of supporting measures for tourist industry

Country	Measures of governmental support			
	Taxes and duties	Financial and credit sector	Sector of employment	Informational support
Spain	Tax holidays	Preferential loans with governmental guarantees	Payment of 75% salary to employees on behalf of government	Insight into cultural heritage, infrastructure, and initiatives of regions in the tourism sector by arrangement of various events and participations in exhibitions and shows beyond the regions
Germany	Tax holidays	Preferential loans Single payment EUR 9,000-15,000	Payment of 60% salary to employees on behalf of government	Social advertisement of local places of interest
Russia	Tax deferral up to 6 months. Redemption of tax payment to the reserve fund of Turpomoshch Association and payments to funds of personal responsibility.	Preferential loans. Partial financing of new transport routes	Payment of minimum monthly wage (12,130 rub) per each salaried employee, interest-free credit for salary payment	Provision of attractiveness of new touristic objects. Participation in touristic exhibitions.

Therefore, on the basis of the comparison it can be concluded that in Russia direct payments to tourist companies are not stipulated and payments for support of employees are significantly lower in comparison with Germany and Spain.

4. Discussion

Russia possesses high tourism potential. However, at present the country occupies a negligible position in the world tourist market. Its share is about 1%. In Russia tourism is an important trend of economic development, which requires continuous improvement of forms and methods of tourism management. In all sectors of tourism activity, both at the level of governmental entities and of business, new forms of activity are being searched, product proposals are expanded with improvement of its specialization. At present, it is obvious that long-term activities concerning outbound tourism are premature in the environment of closed country and growing COVID-19 second wave. Hence, governmental support should be prioritized with respect to systematic predefined promotion of domestic tourism.

The Russian Union of Travel Industry (RUTI) has developed a set of post-crisis measures aimed at rapid recovery of tourism industry, including:

- 1) financing of actions to decrease the cost of tourist products so that they become more accessible for mass tourism after termination of the pandemic;
- 2) financing of social tourism: organized travelling of socially vulnerable groups (students, pensionaries, and the like);
- 3) partial financing of air flights for groups to tourist regions, which are poorly accessible due to high costs of flight (Sakhalin, Altay, Baikal, and others);
- 4) support for entrepreneur initiatives regarding development of tourist products, objects of tourist infrastructure, etc. aimed at creation of new workplaces and increase in tourist flow (Stavtseva, 2020).

In addition, in July, 2020 the Russian government allocated RUB 15 billion for partial compensation to citizens for domestic tourism. It was possible to return from RUB 5 thousand to RUB 15 thousand for vacations in Russia depending on the tour (Mertsalova, 2020). Thus, the most proposed measures were aimed at support to domestic tourism; however, these measures separately

and jointly were rather narrow, whereas they should have been a part of integrated targeted federal program.

International practices of creation and promotion of targeted federal programs in the field of tourism can be exemplified by the experience of Germany, which is in the top ten in terms of incomes and tourist visits, and the rates of development of this sector are by far higher than the average European level (Reisen für Alle, n.d). In this respect, analysis of German experience in creation and development of domestic tourism by means of political forces can be useful and important for development of tourism in Russia, which currently does not properly comply with the modern international requirements and is not characterized by appropriate growth rates.

In Germany the prioritized fields of governmental regulations of tourism are distinctly defined. The federal government pursues the policy of the so-called qualitative growth (Politik des qualitativen Wachstums) (Reisen für Alle, n.d), stipulating new opportunities for wealth growth of individuals and regions (Lands) due to structurization and socialization of touristic policy. Thus, one of the main targets of the 18th Bundestag was reinforcement of economically weaker regions, though rich in cultural inheritance, by means of integration of culture and tourism and, finally, improvement of their touristic attractiveness. In addition, the federal government as one of prioritized fields considers updating of accessible tourism and support for creation of national certification system for travelling without barriers. One of the leading trends of German governmental policy in the field of tourism is Rural Territories. It is well known that tourists are attracted mainly by large cities. Rural districts are characterized by significantly lower attractiveness. Meanwhile, in economically weak rural areas tourism can promote creation of new workplaces and increase incomes of rural inhabitants. On the basis of the aforementioned backgrounds, the Federal Ministry of Economy in close cooperation with the Federal Ministry of Food and Agriculture launched the project titled Opportunities of tourism in rural areas (Tourismusperspektiven in ländlichen Räumen) (Bundesministerium für Wirtschaft und Energie, 2020a). The project stipulates for analysis of touristic potentials of rural areas aiming at their promotion as attractive tourist sector. Proposals are presented to improve the situation, key strategies of tourism activity are developed, recommendations are provided for arrangement of accompanying measures. On the basis of the project results, the practical guide was developed: Opportunities of tourism in rural areas: recommendations for tourism promotion. Short reports (ten in total) were published with all requirements for separate spheres of tourism sector (Bundesministerium für Wirtschaft und Technologie, 2013). The materials were

supplemented with special publication: Entertainment parks, Fairs, and Folk Fests (Sonderstudie “Freizeitparks, Märkte und Volksfeste”) (European Commission. Centre for Strategy and Evaluation Services, 2016).

Success of this activity resulted in the fact that a similar project was launched in Germany titled Destination as a scene: Cultural tourism makes rural areas successful (Die Destination als Bühne: Wie macht Kulturtourismus ländliche Räume erfolgreich?) (Antropov et al., 2020). The project was based on the fact that cultural variety in regions and not only in large cities was a trademark of Germany. On the basis of positive results of the previous project, the federal government paid attention to implementation of cooperation between culture and tourism. The project objective was to reveal the opportunities of arts and culture in rural areas (Antropov et al., 2020).

The German experience demonstrates that the development of domestic tourism, which promotes formation of touristic infrastructure of adjacent sectors, such as hotel business, transport and many others, creates workplaces in rural areas, requires for efforts of all interested parties, mostly of government. The most important factor of development could be presented by national projects involving governmental structures, businessmen, analysts, experts, and members of community.

5. Conclusion

National integrated targeted programs, developed with consideration for best world practices, can be an important factor of development of domestic tourism. The main tasks for such programs with consideration for the Russian conditions will be improvement of tourism infrastructure up to the level of common global requirements, stimulation of social layers not currently involved in tourism by governmental financing, development of tourism innovations suitable for use under conditions of restrictions related with the pandemic. Therefore, the research hypothesis seems to be proven. The subject, developed in this work, should be continued by investigation into opportunities of implementation of tourism innovations in current crisis environment.

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