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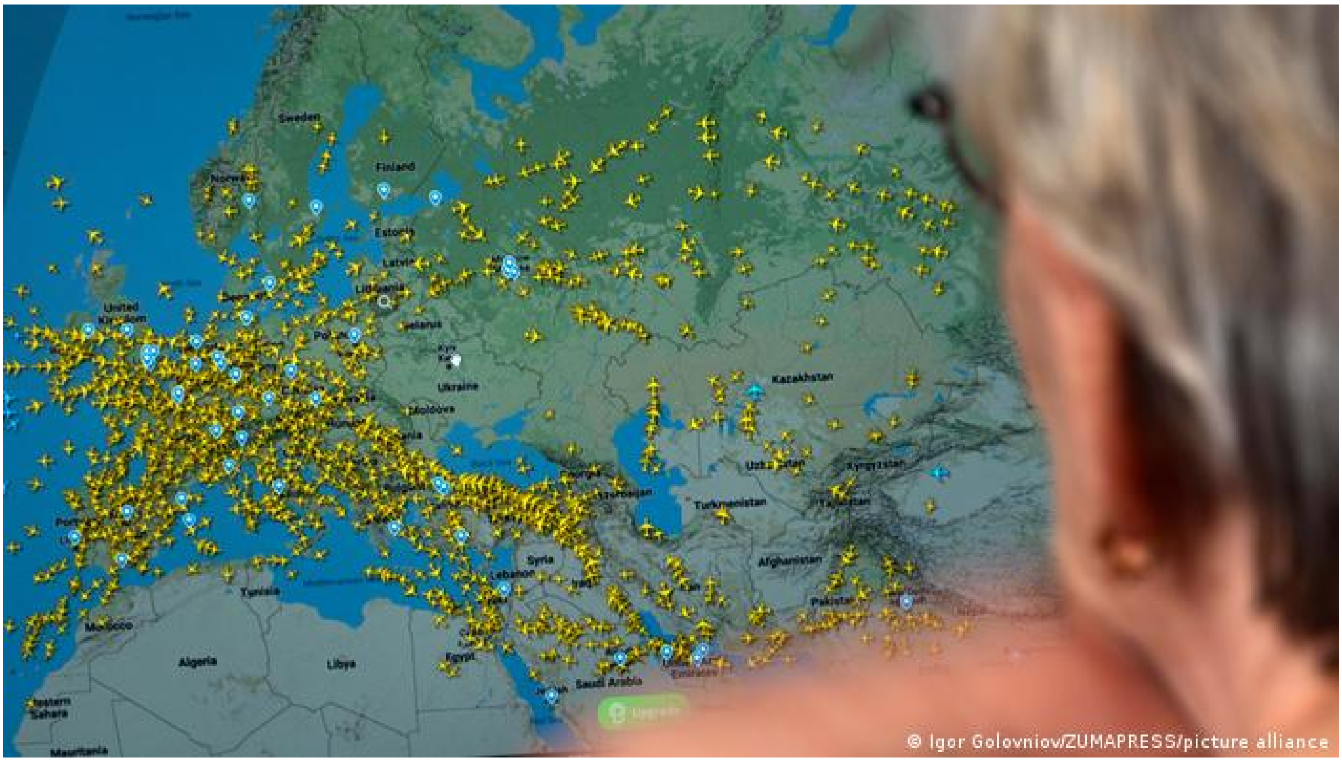
Russia-Ukraine war hits world tourism industry

- A Monitor Desk Report Date: 23 August, 2022



Russia-Ukraine war has caused widespread economic damage across the globe, not least in travel and tourism.

Between them, Russian and Ukrainian tourists usually spend around 45 billion US dollars per year on outbound travel, much of it in the countries of emerging Europe.

Hardly had the Covid-19 pandemic abated than Russia invaded Ukraine, providing the travel and tourism sector throughout emerging Europe with yet another challenge.

According to the Economist Intelligence Unit, the war will affect Europe's tourism industry in four ways: a loss of Russian and Ukrainian tourists; restrictions on airlines and use of airspace; higher food and fuel costs; and a big hit to traveler confidence and disposable incomes.

The loss of Russian and Ukrainian tourists, who spent a combined 45 billion US dollars per year prior to the Covid-19 pandemic (around eight per cent of the global total), will impact many countries in emerging Europe.

However, some regional experts also see the positive side of decreasing reliance on tourism from Russia in particular.

Loss of tourists in the Baltics?

Estonia, Latvia, and Lithuania could potentially also lose 10 per cent or more of their annual visitors owing to the effective ban on Russian travellers, as more and more countries in the Schengen space are choosing to stop issuing tourist visas to

Russian passport-holders.

"The war in Ukraine came as we were all still recovering from the impact of the past two years and tourism numbers were not yet at pre-Covid levels," Kadri Gr□□n of Travel Estonia tells Emerging Europe.

She points to a 50 per cent decrease in the number of cruise ships docking in Tallinn as a direct effect of the war. She further argues that this is not a result of fear, but because they could no longer visit St Petersburg, a key attraction for Baltic Sea cruises.

Nonetheless, she is optimistic about the future of the Estonian tourism industry. "We have heard about the impact of the war as a reason for cancelling group trips, but we have not seen the direct impact of the war in tourism statistics. Passenger numbers have been gradually improving every month," she says.

Regarding the cruise ships, she states that those ships that do come to Tallinn will stay longer than before. Also, more cruise ships have visited other ports than in previous years, for example Estonia's largest island, Saaremaa.

similar situation in Latvia.

"The Covid-19 pandemic and war in Ukraine have had an impact on tourism sector, reducing the number of travellers from North America, Asia, Russia, Belarus, Ukraine," Janis Kovalevskis of the Investment and Development Agency of Latvia tells Emerging Europe.

"The war in Ukraine had an immediate impact on booking figures for the spring and summer season, especially for group segment. A large number of booked group reservations were cancelled during March and did not re-book for the summer season. According to estimates provided by the tourism sector, bookings have been cancelled at around 60 to 70 per cent. Currently, incoming tourism is mainly based on individual travellers and small tourist groups, also domestic travel, and domestic and regional corporate travel."

She explains that in order to ameliorate the effects of the war, in close cooperation with industry stakeholders, the Latvian tourism marketing strategy has been revisited in order to redefine priority markets and products.

"Due to the geopolitical situation, a large part of our tourism marketing budget now is invested in campaigns in our target markets in Scandinavia and Western Europe. Most of the tourists come from Lithuania, Estonia, Sweden, Finland, Germany, and other European countries," says Kovalevskis.

Loss of tourists in the Balkans?

Montenegro, which attracted wealthy Russians to its exclusive beach resorts and marinas, has also been predicted to see large drop in tourism-related income, although some Russians have still been making their way to the country through Serbia. Belgrade is one of just a handful of European airports still open to flights from Russia.

In May, the World Bank downgraded Montenegro's 2022 economic growth forecast to 3.6 per cent from a previous 5.9 per cent, partly due to the expected drop in the number of high-spending tourists.

"Russia and Ukraine represented one of the most important markets for Montenegro as a tourist destination in the last few years, as both were among the top five countries from which the largest number of tourists came. Prior to the war tourists from Russia and Ukraine made up 15.8 per cent of foreign visitors and 21 per cent of those that stay in the country overnight," Milena VujoviĈ of the National Tourism Organisation of Montenegro tells Emerging Europe.

She says that the country's tourism industry has encountered a significant change as a result of this crisis, bust still managed to have a successful tourist season by attracting tourists from the region, Western Europe, but also from Israel, Kazakhstan, as well as some new markets for Montenegro, such as Saudi Arabia and Egypt.

"According to our data on the number of tourists since the beginning of this year, on average, we are recording a growth of 9.91 per cent compared to the same period of the pre-pandemic year 2019," VujoviĈ says.

The Bulgarian Black Sea was another major tourist destination for Russian and Ukrainian tourists, and Deutsche Welle Bulgaria estimates that over 350,000 Russians own property on the country's seaside.
In our country, the war had a detrimental effect on tourism. In January we recorded a very high number of bookings for the starting spring and summer season. During this time, we were also experiencing a rather satisfactory winter tourism season. In February, the hostilities in Ukraine started and this stopped virtually all sales," Pavlina Ilieva, chairwoman of the Future of Tourism Organisaiton which offers independent representation of the Bulgarian tourism industry, tells Emerging Europe.

A government scheme to boost tourism and assist some of the 297,000 Ukrainian refugees that had by the end of May settled or passed through Bulgaria included payments of 20 euros per day for food and accommodation given to hoteliers which hosted over 40,000 refugees in seaside resorts.

However, according to Ilieva the lack of clarity on when the scheme will end made it difficult for those participating to take bookings.
Tourists need not be afraid
lieva further argues that some tourists remain confused over where Bulgaria is located, something that has also contributed to the low number of seaside visitors.

"Some tourists are under the wrong impression that Bulgaria shares a border with Ukraine, and this led to the cancellation of reservations from the Western market."

Some Bulgarian tour agencies have reported receiving calls from long-term clients from western countries asking if Russian shelling of Ukraine can be heard from Bulgaria.

Kadri Gr□□n of Travel Estonia is also at pains to point out that currently, there is no military threat to Estonia.

"It is the same distance from Tallinn to Kyiv as it is from Berlin or Vienna. Whilst we do share a border with Russia, we are a proud northern European country, a member of the EU and NATO and just 80 kilometres across the gulf from Helsinki," she says. Bulgaria, Estonia, and all other eastern EU member states in-between currently have the lowest (Level 1) travel warning status issued by the US Department of State
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