

Winter School in
Political Economy
(ATU, Iran)

NATIONAL TOURISM DEVELOPMENT POLICY AND PRACTICE IN RUSSIA DURING PANDEMIC

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Chelyabinsk State University, Russia



Today's Lektion

DISCUSSION POINTS

What is tourism now?

Russia's touristic potential and attraction points

Some topic related data

COVID and tourism in Russia

**Tourism Development policy in Russia during
pandemic**

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Teaching Courses

Managerial Decision Making, Political Economy, Institutional Economics, Theory of the Firm

Research Interests

Institutional theory, Theory of the firm, Strategy, Alienation and Opportunism, Regional Development

What is tourism now?

Is it just kind of rest after hard work?

11.1%

Share on experience economy
in total expenses in UK (2017)

THE QUIET REVOLUTION

7.1%

Share on experience economy
in total expenses in Russia
(2013)

With huge differentiation by
regions

A 21st Century World



is world of value of
experience, not property
or goods

A 21st Century World



is world of value of
experience, not property
or goods

Value added will increase
rapidly

The increased income will
be spent in the service
sphere, including

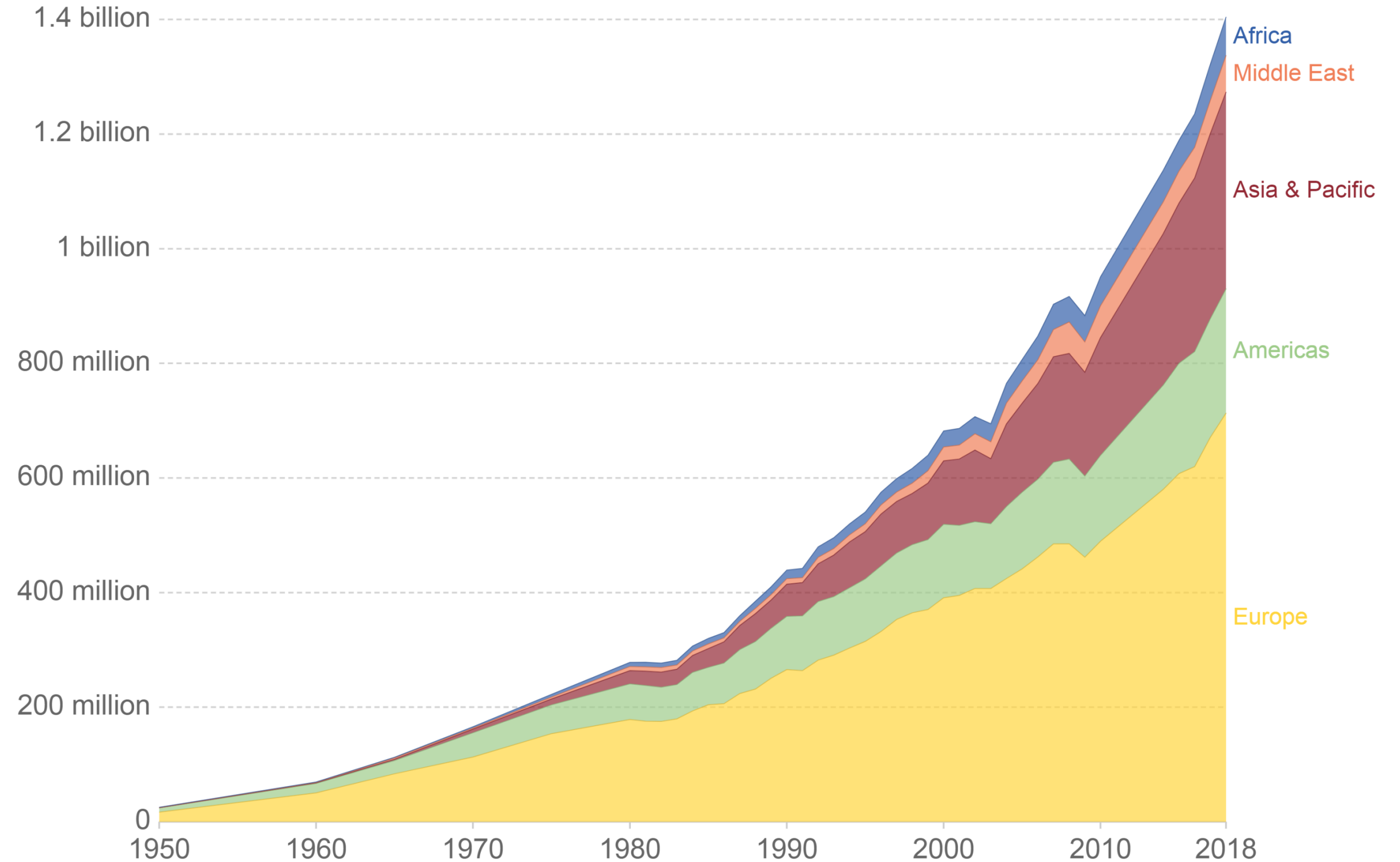
HoReCa:
Hotels
Restaurants
Catering

Rise of touristic flows

Almost all people
dream to travel
abroad. And many do
it

International Tourist Arrivals by World Region

Our World
in Data



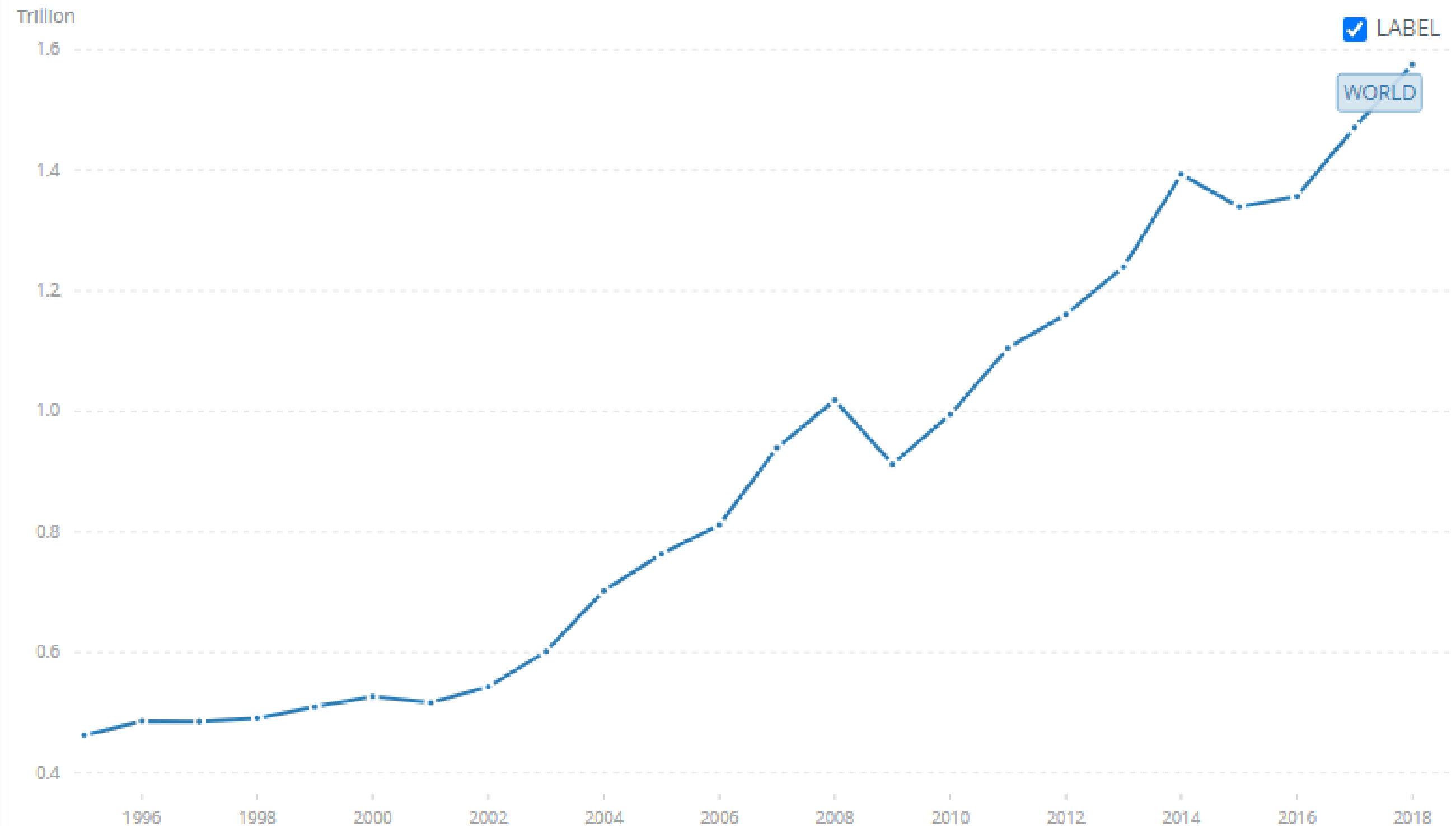
Source: United Nations World Tourism Organization - World Tourism Barometer (2019)

OurWorldInData.org/tourism/ • CC BY

Rise of touristic flows

Almost all people
dream to travel
abroad. And many do
it

International tourism, world expenditures (current US\$)



6.6%

Of global import

\$1.575 trillion

International tourism
expenditures / receipts in
2018

6.6%

Of global import

IS IT JUST A UNNECESSARY WAY
OF REST?..

\$1.575 trillion

International tourism
expenditures / receipts in
2018

The
answer
is NO

The tourism is economic sphere with a:

- **big money already invested**
- **big employment**
- **big potential**
- **big value added**

and

- **huge risks (weather, epidemic)**
- **huge investments needs**
- **very high competition level**

The
answer
is NO

The tourism is one of
‘future oils’

RUSSIA'S ATTRACTION POINTS FOR TOURISTS

and its potential



- thick forests and vast plains,
- high mountains and deep valleys
- thousands rivers and lakes
- hundreds volcanoes and caves
- sunny beaches and arctic fields
- some of most beautiful cities in the world
- Russian peoples with their famous hospitality



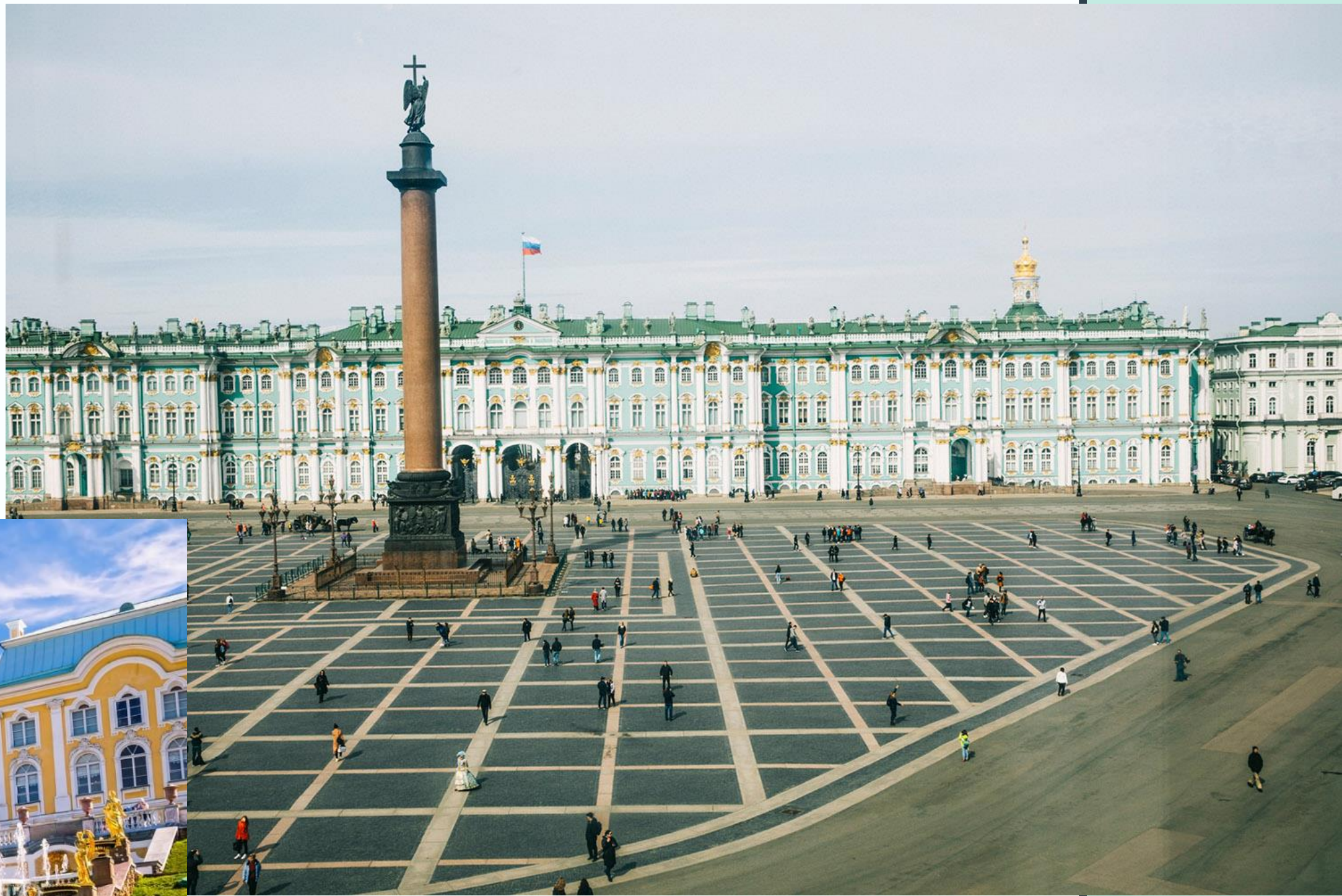
Russia's attraction points:

MOSCOW



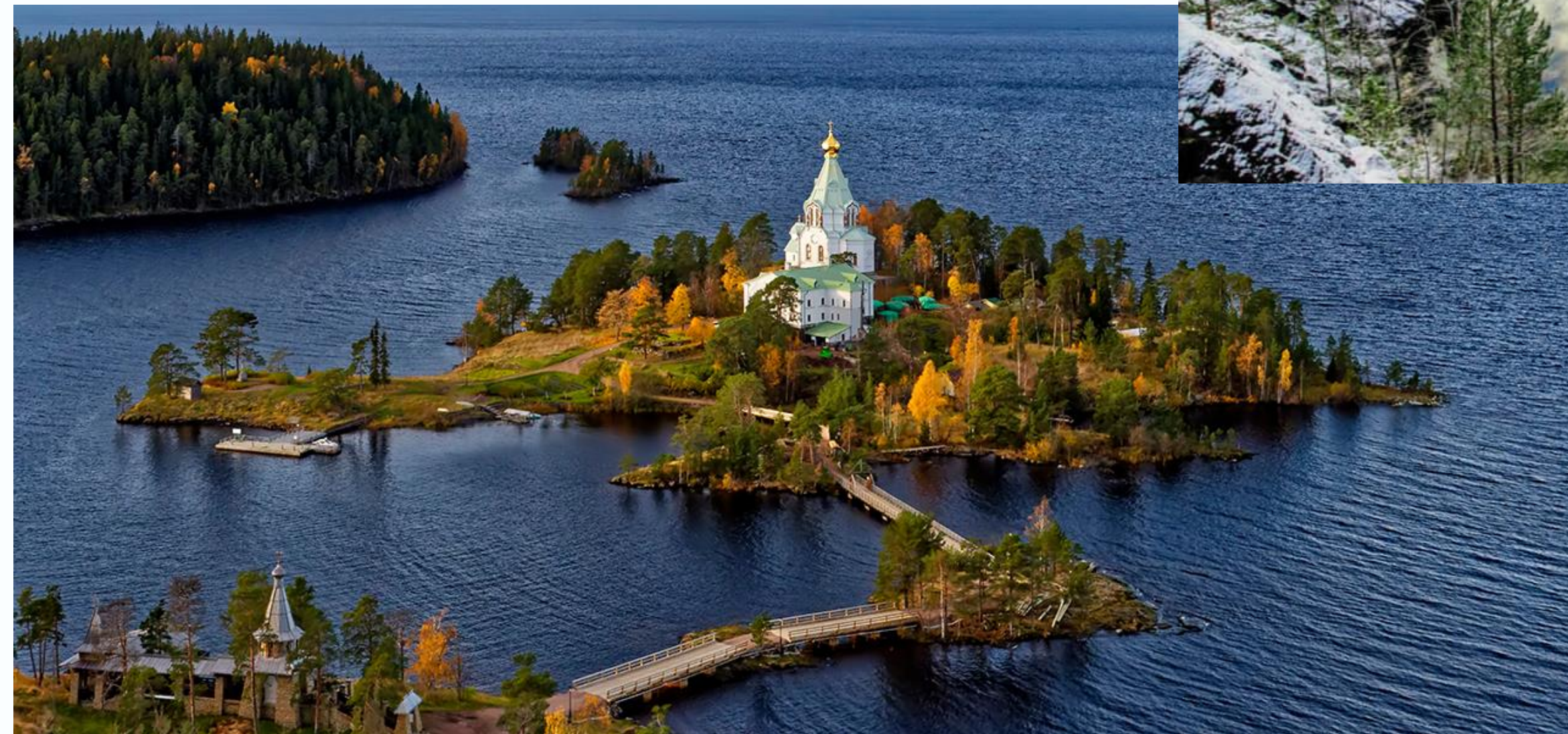
Russia's attraction points:

SAINT PETERSBURG



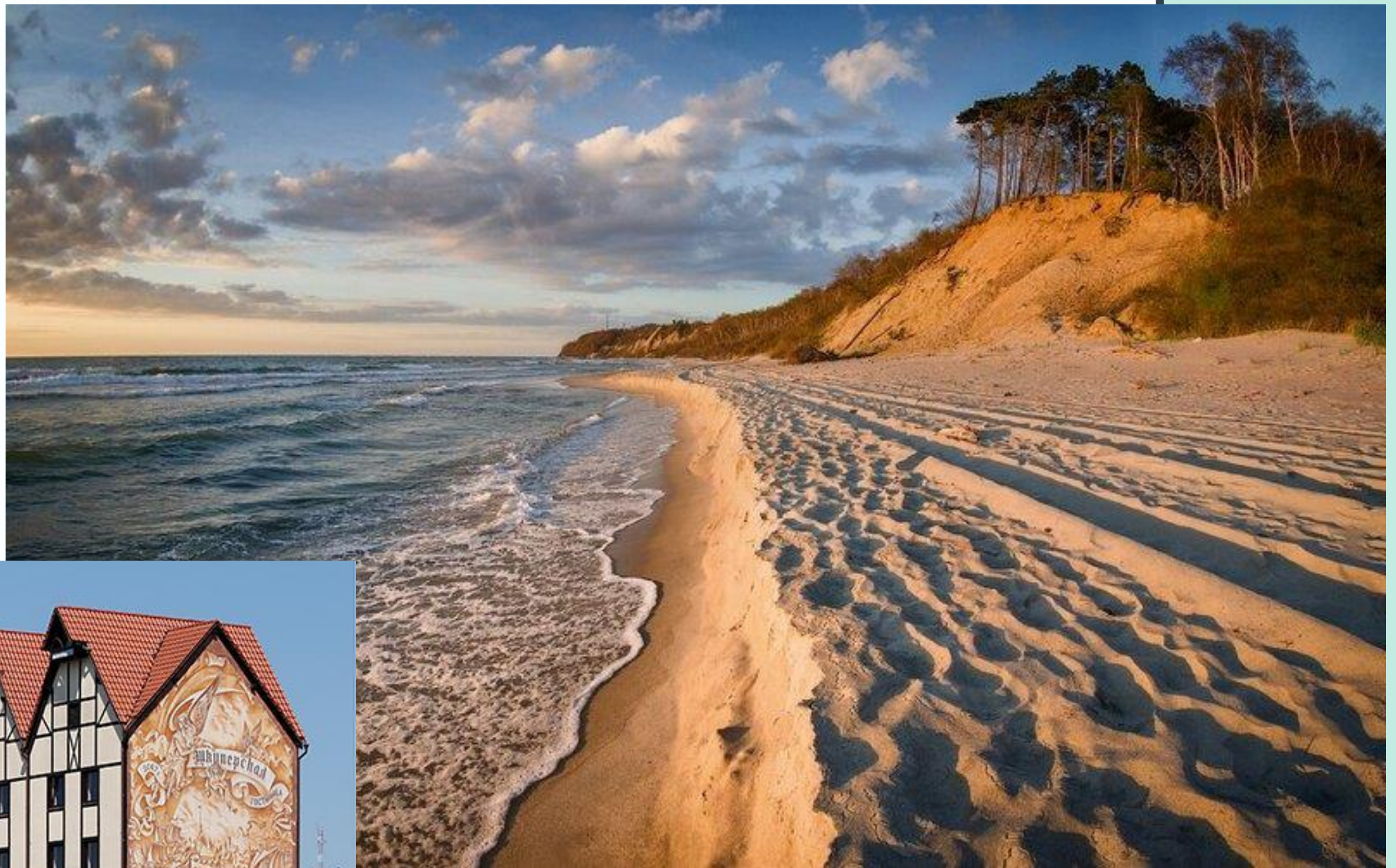
**Russia's attraction
points:**

KARELIA



Russia's attraction
points:

KALININGRAG



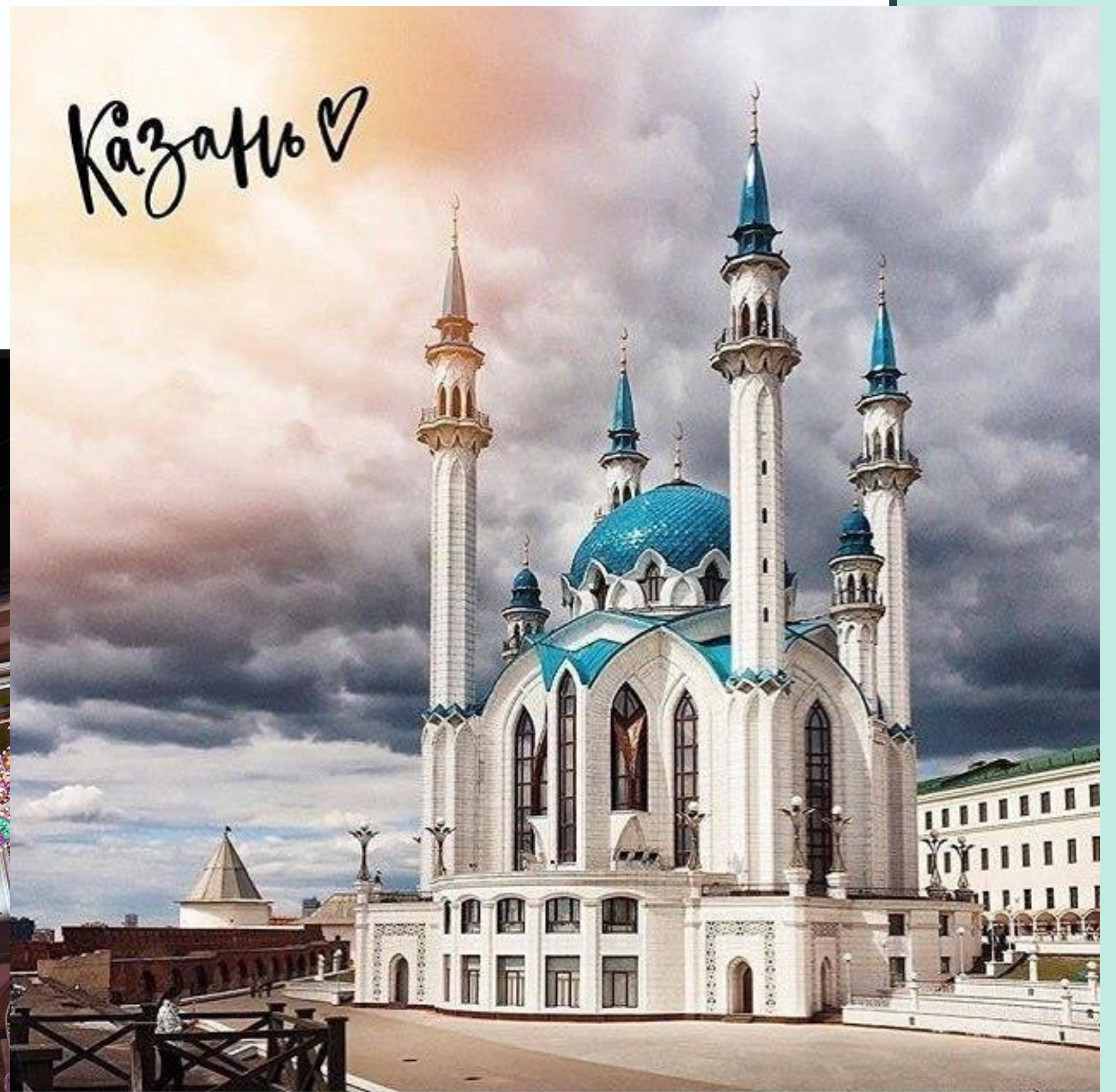
Russia's attraction points:

THE GOLDEN RING



Russia's attraction
points:

KAZAN



Russia's attraction points:

SOCHI



Russia's attraction
points:

CRIMEA



**Russia's attraction
points:**

KAMCHATKA



Russia's attraction points:

PRIMORYE (seaside)



**Russia's attraction
points:**

**SIBERIA (ALTAY,
SAYANES, BAIKAL)**



Russia's attraction
points:

URAL



Touristic flows in Russia

**The number of domestic tourists in
Russia:**

2019: 68,000,000

The inbound touristic trips to Russia

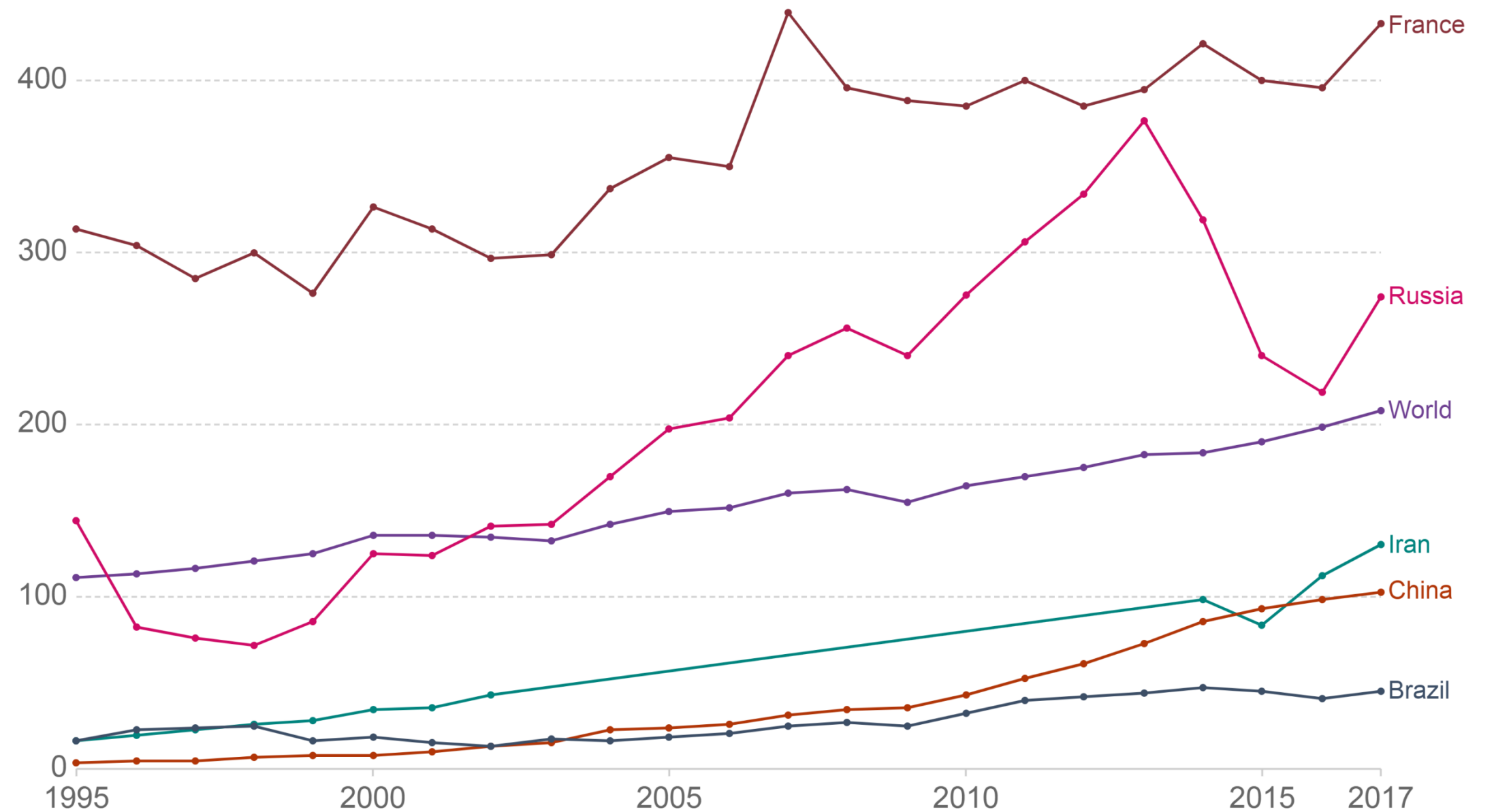
2019: 24,419,000

Touristic flows in Russia

Number of tourist departures per 1000 people, 1995 to 2017

Our World
in Data

International outbound tourists are the number of departures that people make from their country of usual residence for any purpose other than business. The data on outbound tourists refer to the number of departures, not to the number of people traveling. Thus a person who makes several trips from a country during a given period is counted each time as a new departure.

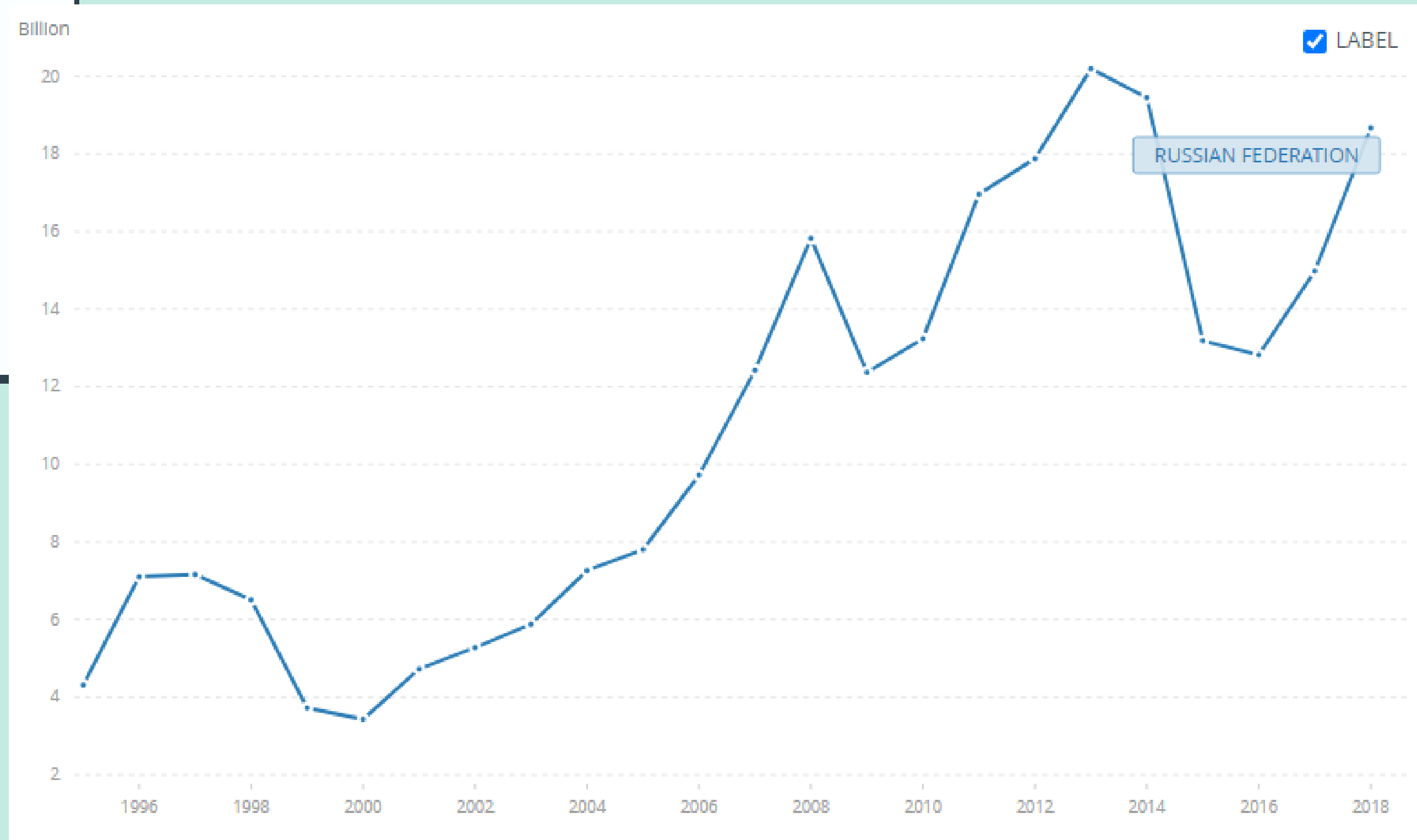


Source: World Bank

CC BY

International tourism, receipts, 1996-2018, bln USD:

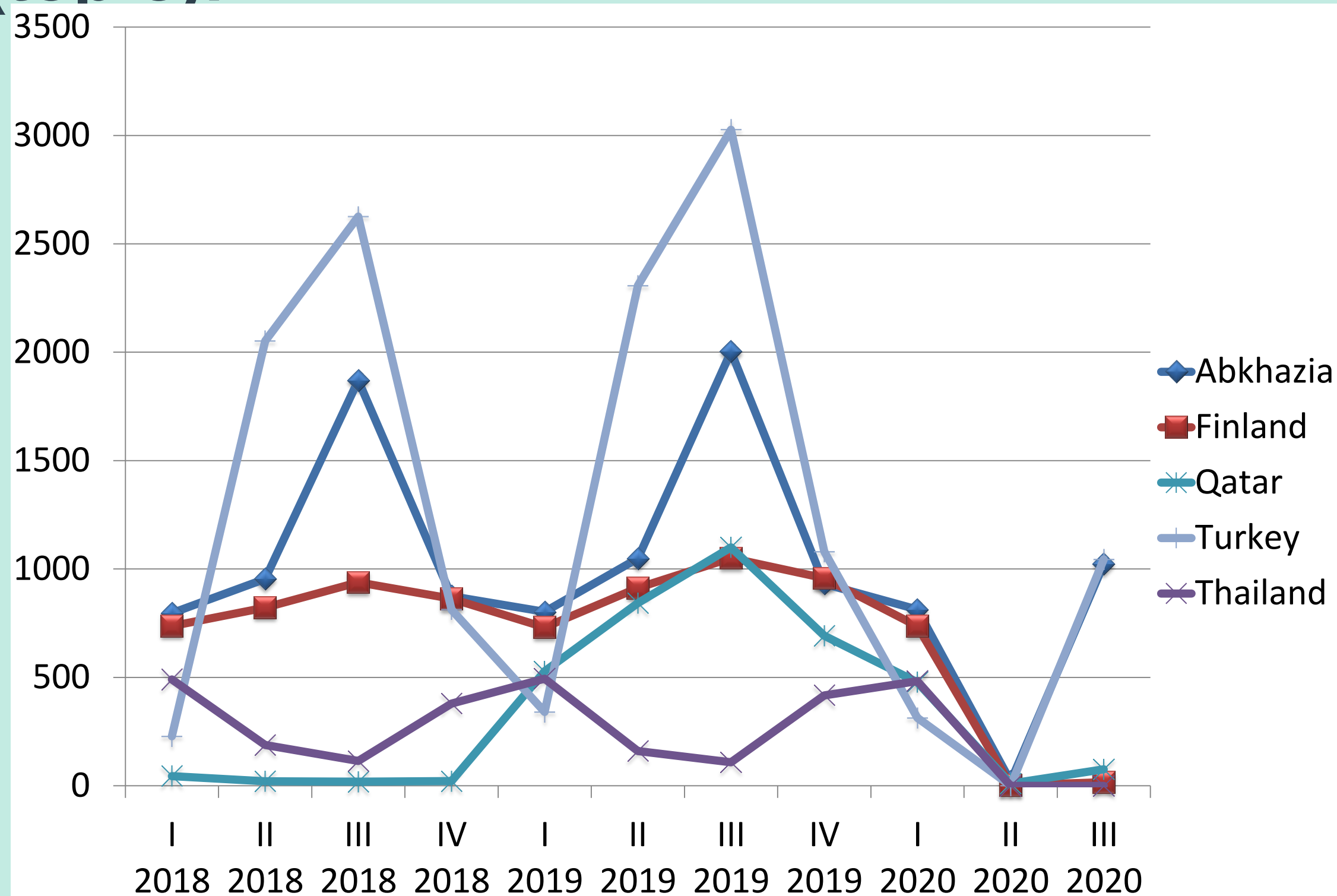
Touristic flows in Russia



Touristic
flows in
Russia

during
pandemic

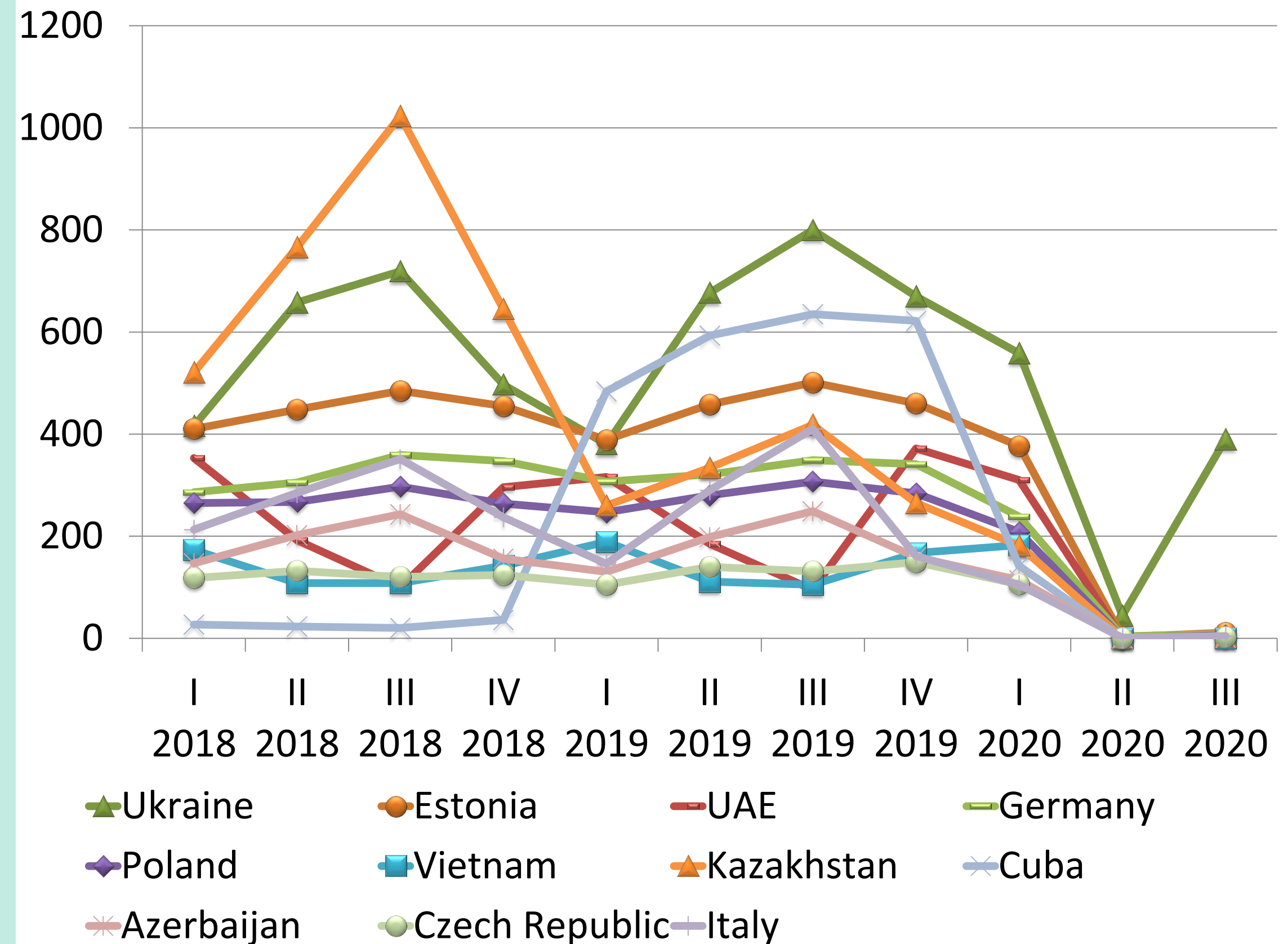
The number of outbound trips of
Russian tourists, 2018-2020, thousands
(top-5):



Touristic flows in Russia

during
pandemic

The number of outbound trips of Russian tourists, 2018-2020, thousands (6-16).



Touristic flows in Russia

The number of inbound trips to Russia:

2018: 24,551,000

2019: 24,419,000

2020: 5,147,400

during
pandemic

during
pandemic

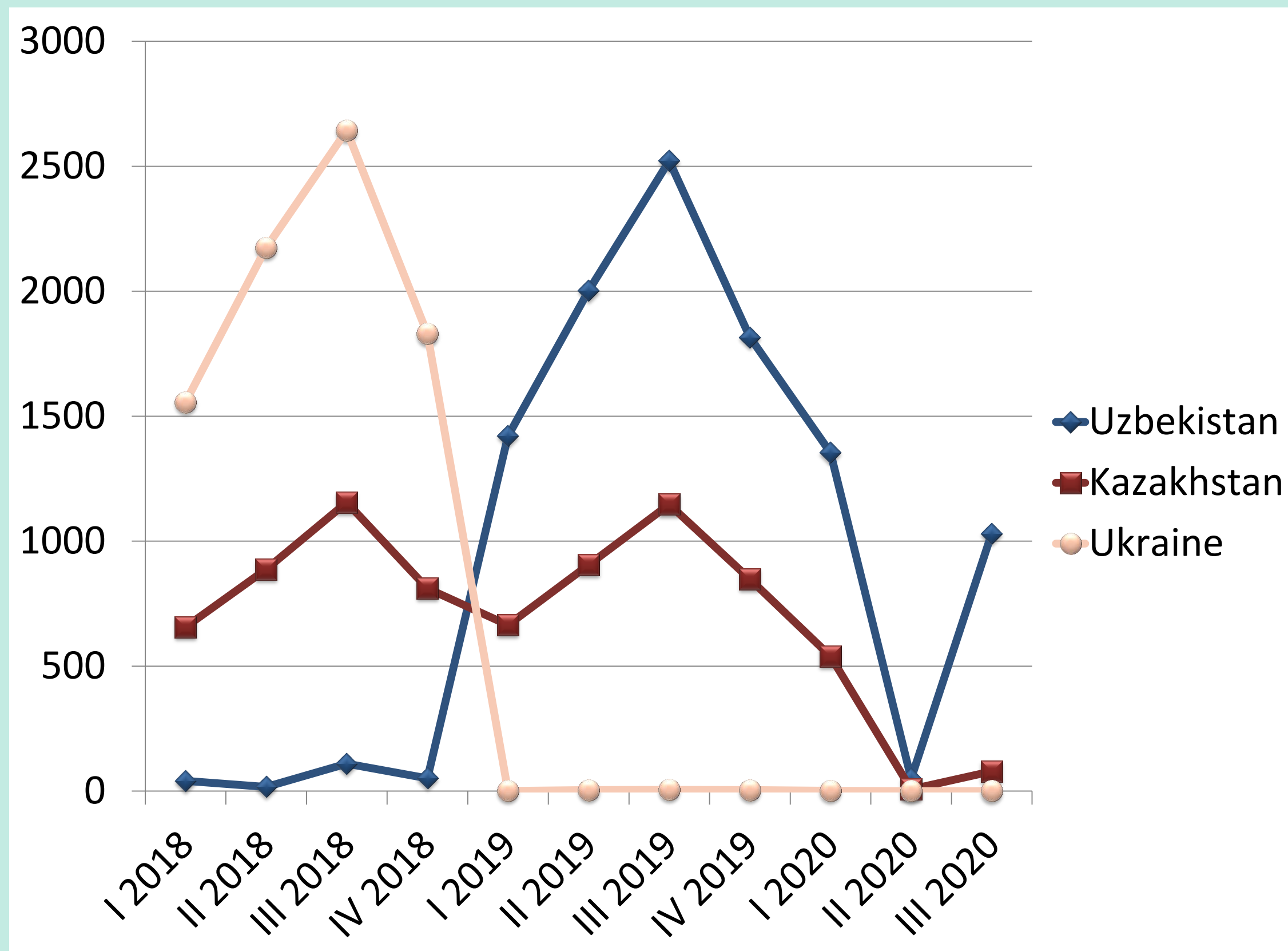
The chart displays the progression of COVID-19 cases across 11 countries. China's data is the most prominent, showing two major peaks in early 2020. Germany and the USA follow with significant peaks in early 2020. Other countries like Finland, Poland, and France show smaller peaks. The data for all countries converges to zero by March 2020.

Country	I 2018	II 2018	III 2018	IV 2018	I 2019	II 2019	III 2019	IV 2019	I 2020	II 2020	III 2020
China	210	450	750	270	250	520	810	280	70	0	0
Finland	200	260	260	230	190	240	250	210	160	0	0
Germany	60	200	280	100	60	210	320	100	40	0	0
Poland	160	180	180	150	150	170	180	140	110	0	0
The Republic of Korea	30	130	150	70	20	90	150	30	20	0	0
Netherlands	10	20	100	40	80	100	110	60	40	0	0
Turkey	30	20	20	20	40	80	120	60	160	0	0
USA	20	130	150	20	20	90	150	30	20	0	0
Israel	30	50	100	40	50	100	110	60	40	0	0
Italy	20	50	80	30	20	60	100	40	20	0	0
France	30	70	60	40	40	110	70	40	160	0	0

Touristic flows in Russia

during
pandemic

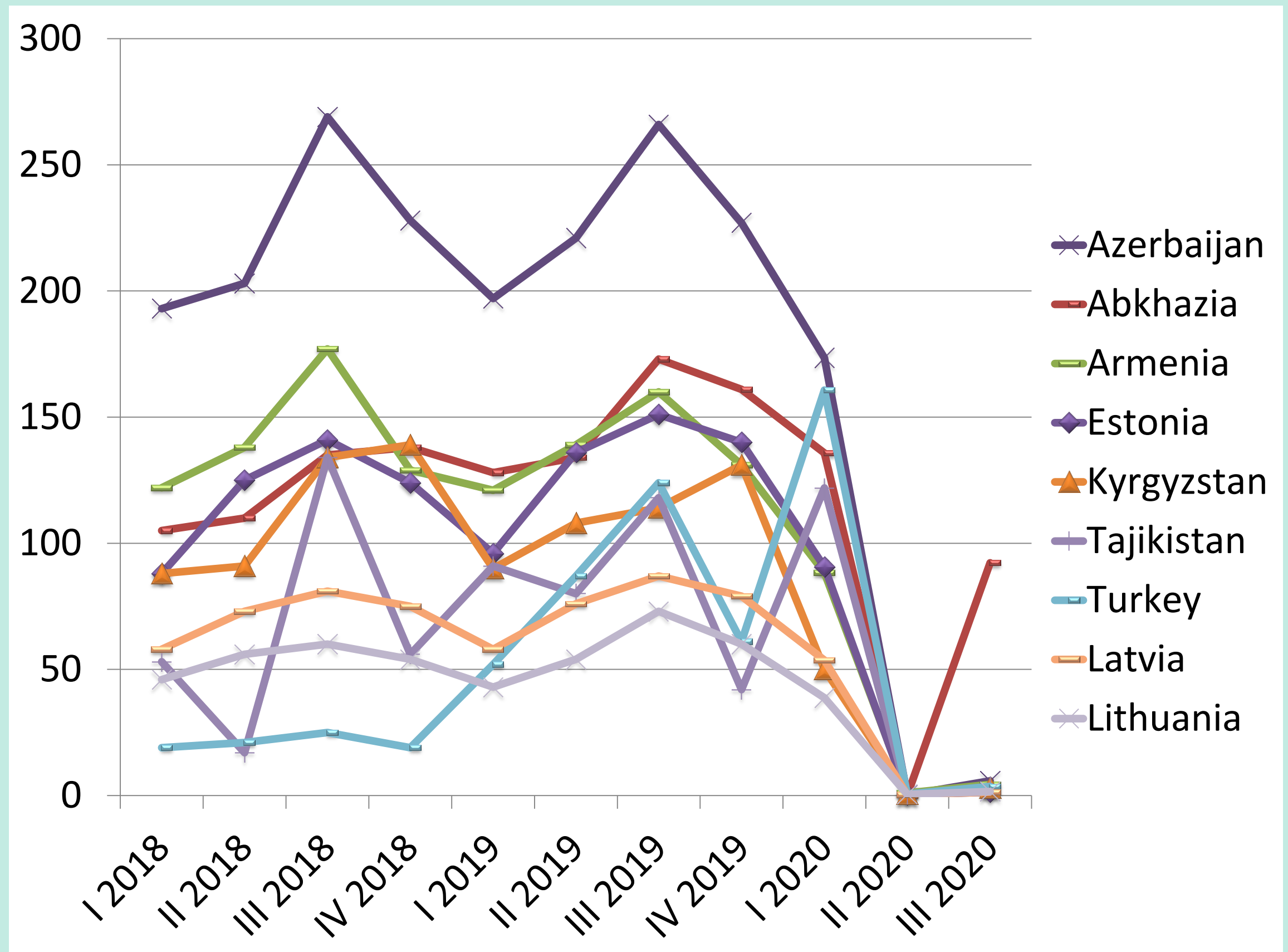
The number of inbound trips to Russia, 2018-2020, thousands (**latent work migration etc**):



Touristic flows in Russia

during pandemic

The number of inbound trips to Russia, 2018-2020, thousands (**latent work migration etc**):



Touristic flows in Russia

during
pandemic

The number of domestic touristic trips:

2019: 68,000,000

2020: **41,000,000**

The touristic season in 2020 is two-times **shorter** than in 2019

By regions:

Moscow -72%

St. Petersburg -80%

Sochi and neighborhood -33%

Crimea -18%

Kaliningrad -30%

Karelia -40%

Altai +10%

TOURISM DEVELOPMENT POLICY IN 2020

REGULATION

- Canceling scheduled tax and other **checks**
- Taxes and social security **deferral**
- **Bankruptcy** procedures moratorium
- Prolongation of tours and flights obligations

TAXES etc

- **Reduction** of tax rates
- Regional taxes **cancelling**
- **Reduction** of social insurance tariffs

EMPLOYMENT

- Compensation of the minimal **wages**
- Subsidized interest-free **salary loans**

DEMAND

- 15-20% for domestic tourism expenditures **compensation**
- **Subsidies** for regular and charter flights to touristic attraction places



REGULATION

No check of small and medium-sized business (tax, sanitary, etc)

.Taxes, loans and rent payment deferral
(up to 6 months)

Rent deferral or exemption of payment for
State property

Bankruptcy procedures moratorium (no
new bankruptcies)

Flights and tours prolongation or changes
without extra fee



TAXES etc

Tax for revenue (for touristic SME)
decreased from 6% to 3 %)

.0% rate for social insurance in April, May,
June 2020

Costs now includes expenditures for
COVID protection

Social insurance rate is decreased from
32 to 15%

Regional property taxes canceling in 2020



EMPLOYMENT support

If SME keep up to 90% of employees,
State compensate its minimal wage
(around 180 USD)

.Bank loans for salary with 1% interest
rate



DEMAND support

State “touristic cashback”:
20% of money spent to domestic tourism-
related expenses will return

Subsidized flights from Russian cities to
Russian attraction points (from
Chelyabinsk to Crimea, 2500 km – 110
USD)

.

SRI Score by Country over Time

Filter countries using the below dropdown menu

Russia x

- Global average x

Turkey x

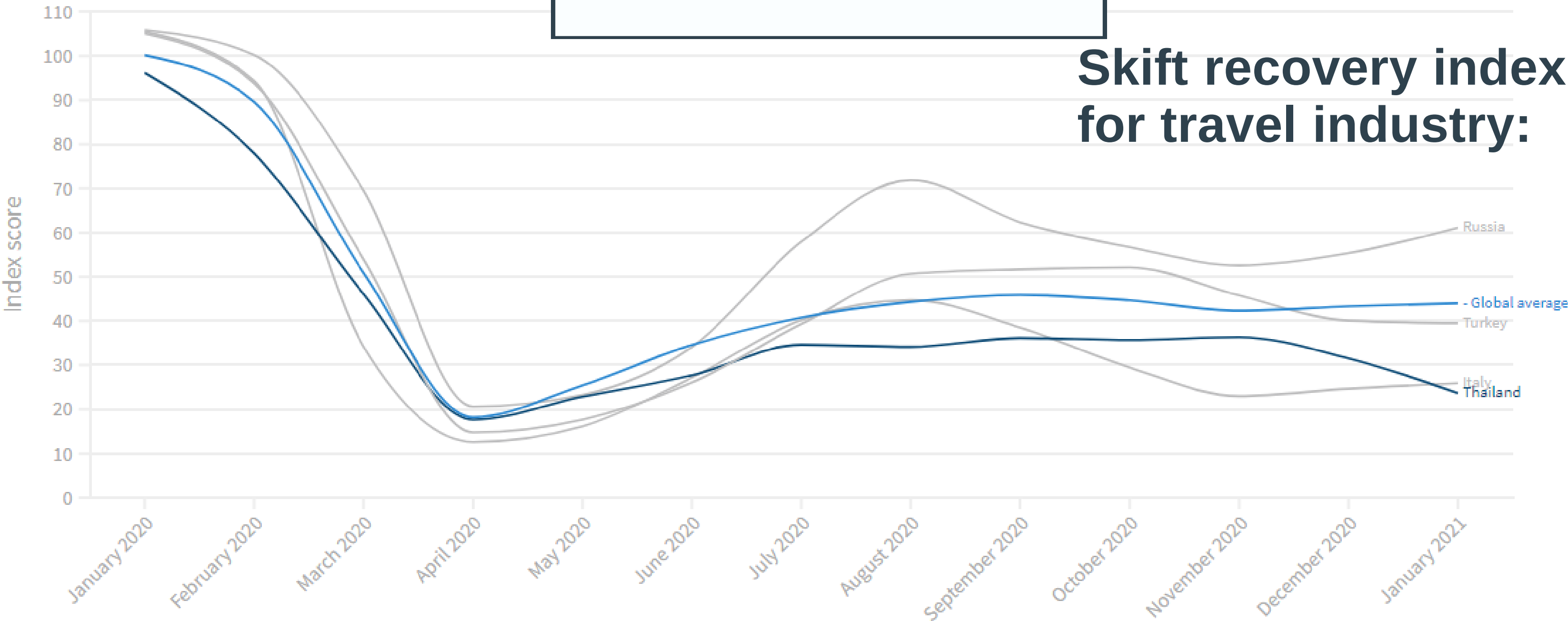
Italy x

Thailand x

F

As a result:

Skift recovery index for travel industry:



Key trends for 2021



Ready for new destinations

Possibilities window for new places and countries (**Zanzibar**, 5 times up trips).



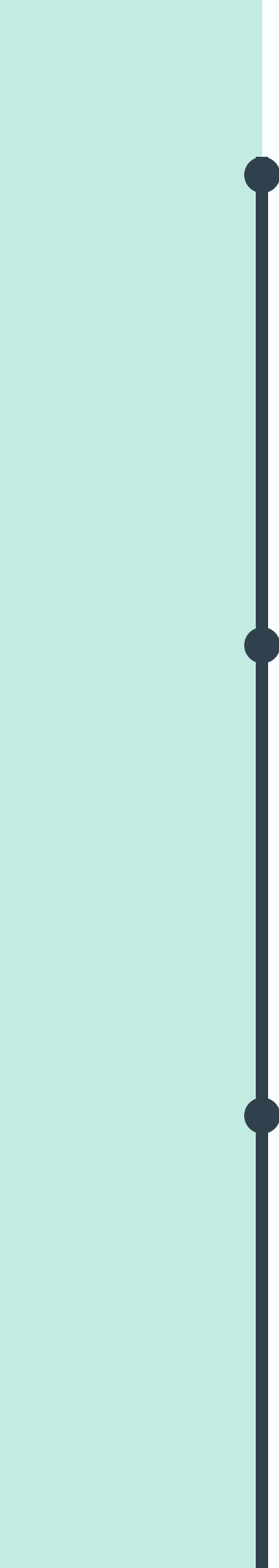
Ready go for a long time

Jleisure = job+leisure.



Ready to get benefits from the State support

Players understand and accept the State support policy.



Open for the new
destinations

Zanzibar, Iran ?..

Open for the new
forms

Jleisure, bleisure, ?..

Open for the new
players

AIRBNB IPO, niche offers,
premium segment development.

CREATIVE
DISRUPTION
TIME

EXPECTATIONS for 2021

Russian COVID-vaccines will work

This touristic season in Russia will start at time
and without strict limitations

From summer season outbound tourism will
resumed

HoReCa in Russia will work just before
Pandemic

A solid teal vertical bar on the left side of the slide.

THANK FOR YOUR
ATTENTION

AND SEE YOU IN RUSSIA...