

STAVROPOL STATE AGRARIAN UNIVERSITY

Faculty of Social and Cultural Service and Tourism

**INNOVATIVE ASPECTS OF THE DEVELOPMENT
SERVICE AND TOURISM**

Book of proceedings
of VII International scientific-practical conference
(Stavropol, 10-12 April 2019 г.)

research materials and reports

Stavropol
SEQUOIA
2019

УДК 338.48
ББК 65.433
И66

Co-organizers:

Stavropol State Agrarian University, Russia. Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia. Institute of Agricultural Economics, Belgrade, Republic of Serbia. Institute of economic sciences, Belgrade, Republic of Serbia. Faculty of Hotel Management and Tourism in Vrnjačka Banja, University of Kragujevac, Kragujevac, Republic of Serbia. Institute of Regional Economics and Rural Development Faculty of Economics and Social Sciences Szent Istvan University, Gödöllő, Hungary. Eszterhazy Károly Róbert University, Gyöngyös, Hungary. Utena University of Applied Science, Lithuania. Faculty of Economic Science from Petroleum – Gas University of Ploiesti, Romania

Chairman:

Vladimir Trukhachev – rector, Stavropol State Agrarian University, Professor, Corresponding Member of the Russian Academy of Agricultural Sciences

Members:

- Alexander Trukhachev – Minister of Resorts and Tourism of the Stavropol Region, Professor of Social and Cultural Service and Tourism department, PhD, SSAU*
- Anna Ivolga – Head of Department Social and Cultural Service and Tourism, PhD, SSAU*
- Jovana Brankova – Research Associate at the Social Geography Department, Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia.*
- Miroslav Čavlin – Assistant professor at the Faculty of Hotel Management and Tourism, Kragujevac, Republic of Serbia.*
- Nevena Čurčić – Dr, Full Professor, University of Novi Sad, Faculty of Natural Sciences, Department of Geography, Tourism and Hotel Management, Serbia.*
- Drago Cvijanović – Dean of the Faculty of Hotel Management and Tourism, Kragujevac, Republic of Serbia.*
- Stefan Denda – Ph. D, Research Assistant at the Social Geography Department, Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia.*
- Zoltán Bujdosó – Dr. Habil. Vice Rector, Eszterházy-Károly University Gyöngyös KárolyRóbert Campus, Hungary.*
- Vladimir Kraguljac – Teaching Assistant, Faculty of Hotel Management and Tourism in Vrnjačka Banja, University of Kragujevac.*
- Dragana Milijašević Joksimović – Research Associate at the Social Geography Department, Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia.*
- Ana Milanović Pešić – Research Associate at the Social Geography Department, Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia*
- Marko D. Petrovic – Research Associate at the Social Geography Department, Geographical Institute "Jovan Cvijić", Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia*
- Marko Jelocnik – Institute of Masters of Agricultural Economics, Belgrade, Republic of Serbia*
- Ramutė Narkūnienė – Associate professor, Utena University Of Applied Science, Utena, Lithuania*
- Jan Zawadka – Secretary of the magazine «Tourism and Regional Development», PhD of faculty of economic sciences, Department of Tourism and Rural Development, Warsaw University of Natural Sciences, Warsaw, Poland*
- Henrietta Nagy – PhD. habil. (Ms.) associate professor, vice-dean for international relations, Institute of Regional Economics and Rural Development Faculty of Economics and Social Sciences SzentIstvan University, Gödöllő, Hungary*
- Gao Tianming – Director and Chief Expert of Center for Russian and Ukrainian Studies, Harbin Engineering University, Harbin, China.*
- Vasilii Erokhin – Associate Professor of Center for Russian and Ukrainian Studies, Harbin Engineering University, Harbin, China*
- Jean Vasile Andrei – Ph.D., Director of Research Network on Resources Economics and Bioeconomy (RebResNet), Ploiesti, Romania*
- Raimundas Čepukas – Associate Professor. Dr. rector of Utena University of Applied Science, Utena, Lithuania*
- Aurelia Patrascu – Ph.D. Associate Professor, dean of faculty of Economic Sciences from Petroleum – Gas University of Ploiesti, Romania*
- Zoltán Bujdosó – Dr. Habil. Vice Rector, Eszterházy-Károly University GyöngyösKárolyRóbert Campus, Hungary*

Innovative aspects of the development service and tourism : book of proceedings of VII
И66 International scientific-practical conference (Stavropol, 10-12 April 2019 г.). – Stavropol :
SEQUOIA, 2019. – 129 с.

The book of proceedings includes the papers concerned with the innovative development of tourist and service industry and their influence on the related sectors. The book includes results of researches and practical investigations of authors from Russia, Lithuania, Serbia and Hungary.

УДК 338.48

ББК 65.433

© Оформление ООО «СЕКВОЙЯ», 2019

LEGAL ASPECTS OF TOURISM DEVELOPMENT IN SERBIA

Stefan Denda¹³, Slađana Stojanović¹⁴, Vladimir Malinić¹⁵

Abstract: The tourism industry has recorded significant results both in the world and at the level of individual countries. The tourism destination policy is realized through the adoption of appropriate regulations and supporting documents. Therefore, the aim of the paper is to evaluate the Serbian legislation in this field, with an emphasis on the Law on Tourism. An analysis of the current regulations (laws, strategies, master plans, and rule books) was carried out. The results pointed to the key tourist products and sites followed by statistical data. At the same time, the organization of the tourism and hospitality sector was presented, with the rights and obligations of all stakeholders. It was pointed out the significance of the Tourism Registry as a unique base in Serbian tourism. Finally, through the SWOT analysis, all good and bad aspects of this sector were presented as well as possible challenges in the future.

Key words: tourism, legislation, statistics, SWOT analysis, Serbia.

Introduction

Tourism is one of the fastest growing industries in the world, both in quantitative and qualitative terms. According to data from the UN World Tourism Organization, in the year of 2018, 1.4 billion international tourist arrivals were recorded. This was the second strongest year since 2010. At the regional level, the Middle East (+10 %) and Africa (+7 %) grew above the world average, while the Asia-Pacific region and Europe grew at 6 %. International arrivals in Europe reached 713 million. Growth was driven by Southern and Mediterranean Europe (+7 %), Central and Eastern Europe (+6 %) and Western Europe (+6 %). Results in Northern Europe were flat due to the weakness of arrivals to the United Kingdom. According to UNWTO estimates in the forthcoming period growth will be at 3–4 % per year.

World Travel and Tourism Council data indicate an increasing presence of this industry. Travel & Tourism economy grew by 3.9 % annually, with a direct share of 10.4 % in GDP or \$2,570bn in 2017. This sector directly generated 118.5 million jobs (3.8 %), while indirectly this number reached 319 million jobs, with

¹³ Stefan Denda, Ph.D. Student in Tourism, Research Assistant, Geographical Institute “Jovan Cvijić”, Serbian Academy of Sciences and Arts (SASA), Belgrade, Republic of Serbia, +381 64 903 8989, *Corresponding author: s.denda@gi.sanu.ac.rs

¹⁴ Slađana Stojanović, MSc in Tourism, University of Novi Sad – Faculty of Sciences, Department of Geography, Tourism and Hotel Management, Novi Sad, Republic of Serbia, +381 63 366 238, sladjana.stojanovic@yahoo.com

¹⁵ Vladimir Malinić, Ph.D. Student in Tourism, University of Belgrade – Faculty of Geography, Belgrade, Republic of Serbia, +381 64 068 5360, v.malinic92@gmail.com

investments from \$882bn (4.5 %). At the same time in Europe, the travel and tourism industry accounts for 9.9 % of GDP, directly 3.6 % (€69.5bn). It directly provides 14.4million direct jobs (3.8 % of total), with €191.4bn investments. It is assumed that the growth will be 2.4 % per annum over the next decade (WTTC, 2018a).

In the case of Serbia, there is a constant increase in the number of arrivals and overnight stays from 2012. It should be noted an increase in the number of foreign visitors, but also domestic ones after the state subsidy measures from 2015. During 2018, over 3.43 million arrivals and 9.33 million overnight stays were recorded. In the region of Southern and Mediterranean Europe, Serbia has relatively modest economic results in the T&T industry. In 2017,its total share in GDP was \$2,606.8mn or 6.7 %, while the actual impact was \$906mn (2.3 %). With related activities in the tourism and hospitality industry worked 96,500 employees (4.9 %), directly only 37,000 or 1.9%. Total investment in this sector was low and amounted to only \$299.3mn (WTTC, 2018b). Despite fluctuations from 2008 to 2010, since 2011, Serbia has recorded a steady increase in tourism revenues from €710mn to €1,396mn in 2018 (National Bank of Serbia, 2019).

Methodology

The main objective of the study is to determine and evaluate key regulations and accompanying documents related to tourism development in Serbia. As the starting point, the Law on Tourism was used as an “umbrella document” on the basis of which tourism policy was defined. Additionally, statistical data were used to monitor the achievement of the objectives defined by the Law, as well as the Tourism development strategy of the Republic of Serbia.

Tourism regulation – the evidence from Serbia

Tourism policy can be defined as a set of regulations, rules, guidelines, directives, promotion objectives and strategies that provide a framework within which the collective and individual decisions directly affecting tourism development and the daily activities within a destination are taken (Velasco, 2017). Governments can have an important impact on the attractiveness of developing this sector, depending on whether the policies that they create and perpetuate support or hinder its development (Popesku, 2016). In this respect, the regulatory framework is the basis for sustainable development and tourism management, protection, conservation of natural and cultural resources; and facilitating the stakeholders and local communities involvement in tourism development activities (Goeldner & Ritchie, 2011).

On the international plane, Serbia has aligned its legislation with the EU regulation, *Directive 2015/2302 on package travel and linked travel arrangements, and Directive 2006/123 on services in the internal market*. The existing national legislation distinguishes the following groups of official papers in this area: 1. Laws; 2. Spatial-planning documents; 3. Strategies; 4. Master plans; and 5. Rule books.

Table 1. Classification of legal acts in tourism by number and category

Laws	Spatial-planning acts	Strategies	Master plans	Rule books
9	36	5	18	unlimited no.

Source: authors, based on relevant documents

In addition to the *Law in Tourism* (OG of RS, no. 36/09 et al.), the *Law on Spas* (OG of RS, no. 80/92, 67/93), *Public ski resorts* (OG of RS, no. 46/06), *Special customs in tourism* (OG of RS, no. 33/01), as well as *Law on financing local self-governments* (OG of RS, no. 62/06 et al.) are also highlighted. A number of spatial planning documents have been adopted at the national (1), regional (10) and local levels (174 towns and municipalities). Regional plans include 29 administrative districts of Serbia. Also, a whole series of 26 spatial plans for the special purpose areas (protected and tourist areas) has been adopted (data by the end of 2018). In accordance with the Law on Tourism, two *Tourism Development Strategies* (2005–2015 and 2016–2015) have been adopted. From 2006 to 2011, 18 Master Plans were developed for priority tourist destinations.¹⁶

Results and discussion

Tourism Law of the Republic of Serbia defines the conditions and manner of planning and tourism development; tourist organizations for tourism promotion; tourist agencies; catering, nautical and hunting activities; services, taxes and penalties in tourism; establishing and maintaining the Registry of Tourism; and other issues of importance for the tourism development and improvement.

First, this law enabled the adoption of the Tourism Development Strategies that determines the long-term goals of planning and tourism development in accordance with the overall economic, social, ecological and cultural-historical

¹⁶ The new Tourism Development Strategy (2016) defined several key destinations/areas: 1. Belgrade (capital), 2. Novi Sad, Fruška Gora and Sremski Karlovci, 3. Subotica, Palić, and Potisje, 4. Tourist region of Western Serbia, 5. Kopaonik Mt., 6. Kragujevac and Pomoravlje, 7. Vrnjačka Banja Spa, 8. Sokobanja Spa, 9. Danube basin – Upper, Middle, Lower part, 10. Arančelovac and Topola, 11. Golija, Novi Pazar and Ivanjica, 12. Divčibare and Valjevo, 13. Niš and Niška Banja, 14. Vlasina, Vranje, and Vranska Banja Spa, 15. Stig and Kučevske Mt., 16. Banat and Vršac, 17. Stara planina Mt., 18. Podrinje.

development (shortest for a period of five years). These documents highlighted key tourist products: city break, MICE + business tourism, touring, nautical tourism (cruising); tourism of special interest (rural and transit tourism, nature/adventure (mountain, lakes, hunting, and fishing) tourism; and health/medical (spa & wellness) tourism.

Second, the law made it possible proclamation and sustainable use of tourist areas in accordance with the *Law on Nature Protection* (OG of RS, no. 36/09, 88/10, 14/16) and the *National Strategy of Sustainable Development* (OG of RS, no. 57/08).

Third, the categorization of tourist sites was introduced. It is based on quantitative (tourism turnover) and qualitative criteria (utility, transport, tourist infrastructure, and suprastructure). Four categories of tourist centers were identified: I (Belgrade, Novi Sad, Niš, Vrnjačka Banja Spa, Zlatibor); II (Arandelovac, Vršac, Kruševac, Sremski Karlovci); III (Sombor, Ada, Kanjiža); IV (Kučevo).

Fourth, by-laws were adopted for the purpose of stimulating domestic tourist turnover (40 euros per visitor), but also for the organized arrival of foreign visitors (10–15 euros per guest for the agency).

Table 2. Tourist arrivals and overnight stays by tourist resorts

Category	Tourist arrivals			Tourist overnight stays		
	2008	2014	2018	2008	2014	2018
Main adm. centers	772,251	850,666	1,308,638	1,417,859	1,603,865	2,707,776
Spa resorts	366,098	386,345	596,884	2,367,730	1,852,036	2,542,391
Mountain resorts	448,855	372,672	596,313	1,912,008	1,411,822	2,172,906
Other tourist resorts	577,208	489,026	769,201	1,377,867	995,332	1,539,478
Other resorts	101,755	93,499	159,486	258,642	223,220	373,552

Source: SORS, Municipalities, and regions of the Republic of Serbia

In 2018, the results showed that the main administrative centers (Belgrade and Novi Sad) were the most visited (38.1 % of arrivals and 29 % of overnight stays), with the dominance of foreign visitors (BG – 84.4%, NS – 65.8 %). Mountain and spa resorts recorded the same share in the number of arrivals at the national level (17.3 %), with a mild predominance of the spas in regard to overnight stays (27.2 % vs 23.3 %). Among them, Vrnjačka Banja Spa and Zlatibor Mt. are the most visited destinations with the longest average stay of tourists. Among the other sites with significant results, the City of Subotica (Northern region) and the City of Niš (Southern region) should be singled out.

Table 3. A SWOT analysis of Serbian tourism performances

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. favorable geostrategic position; 2. rich cultural and historical heritage; 3. untouched nature; 4. relatively developed system of personnel training in tourism; 5. expressed hospitality; 6. the existence of strategic and master plans; 7. the presence of world-renowned hotel chains; 8. the continuous increase in the number of foreign and domestic visitors 	<ol style="list-style-type: none"> 1. undeveloped image of Serbia as a tourist destination; 2. undefined tourist product; 3. poor coordination between interest groups; 4. inadequate and outdated infrastructure and suprastructure; 5. seasonality of tourist turnover; 6. an inflexible recruitment system; 7. insufficient green and brownfield investments and incentives; 8. high level of business in the “gray” zone; 9. inadequate measures for the protection of natural areas;
<ol style="list-style-type: none"> 1. strengthening public-private partnership; 2. reforms aimed at improving the investment environment; 3. the adoption of new legislation in the field of tourism and related activities and compliance with EU regulations; 4. signing bilateral agreements with the leading stakeholders; 5. better promotion of Serbia in the western (USA, UK, France) and eastern (China, Russia, Israel, Korea, Iran) tourism markets; 6. the creation of regional products and a joint appearance in the third markets) 	<ol style="list-style-type: none"> 1. slower growth and reduced investment in the world tourism market; 2. geopolitical tensions and security risks in the Middle East and North Africa; 3. lack of incentives for small and medium-sized entrepreneurs in tourism and hotel business; 4. continued subsidization of non-profitable companies in this sector; 5. the absence of reform of the management and coordination system (associations, organizations, local communities etc.)
Opportunities	Threats

Source: Authors, based on Tourism Development Strategy

Fifth, the law regulated establishment of tourism organizations at national (TOS); regional (Tourism Organization of Vojvodina AP and the Region of Western Serbia); and local level (units of local self-government), and the formation of tourist clusters (Vojvodina, Belgrade, Western Serbia with Kosovo and Metohija, and Eastern Serbia).

Sixth, the travel agencies and tour operators business has been harmonized (rights and obligations, licensing, etc.). In accordance with the previous one, tourist profession services have been defined (tourist guide, escort, animator and representative in destination).

Seventh, the hospitality industry services (rights and obligations, types of facilities, personnel qualification etc.) as well as nautical and hunting activities (facilities, services, marina categorization) were regulated.

Eighth, with this law, the *Regulation on Residence Taxes* (OG of RS, no. 44/13) was adopted (sojourn tax, penalties for using priority tourist destination, but also the competence of inspection and penal provisions were defined.

Finally, a Tourism registry was also established. It keeps records of the agencies – travel organizers and intermediary agencies, but also of all others involved in the tourism and hospitality sector.

The modern tourism industry is characterized by a number of different changes. Therefore, it is necessary to react in a proper way to the turbulent market. It is necessary to define a clear tourism policy followed by appropriate legislation. In the case of Serbia as a destination, the Law on Tourism has the most important role, as well as the accompanying strategies and master plans for priority tourist sites. The key tourist products and areas of interest are defined by these documents. Also, the responsibilities of tourist organizations, as well as the rights and obligations of tour operators and agencies have been determined. At the same time, the management of the hospitality industry, as well as nautical and hunting activities, are regulated.

The most important contribution of the law is the establishment of the Tourism Registry as a tool for unifying all stakeholders in travel and tourism sector. It was pointed out to certain shortcomings, among which the most important is the high percentage of the gray economy and inadequate management of the destination product.

Conclusions

Consequently, these aforementioned and other disadvantages conditioned have caused that Serbia has a low level of tourism competitiveness, lagging behind its competitors (Denda & Stojanović, 2016). Therefore, in the following period, coordination of all stakeholders is necessary, as well as emphasized inspection supervision of all business entities.

Acknowledgment

The research was supported by the Ministry of Education, Science and Technological Development, Republic of Serbia (Grant III 47007).

References:

1. Denda, S., & Stojanović, J. (2016). Indicators of competitiveness in tourism: Case of Serbia, Montenegro, and FYR Macedonia. In: D. Cvijanović et al.

Eds.), *Spa Tourism in Serbia and Experiences of Other Countries: Thematic Proceedings. 2 / The First International Scientific Conference Tourism in Function of Development of the Republic of Serbia* (pp. 99–117). Vrnjačka Banja: University of Kragujevac, Faculty of Hotel Management and Tourism.

2. Directive 2006/123 on services in the internal market, Official Journal of the European Union, no. L 376/36

3. Directive (EU) 2015/2302 on package travel and linked travel arrangements, Official Journal of the European Union, no. L 326

4. Goeldner, C. R., & Ritchie, J. R. B. (2011). *Tourism: Principles, Practices, Philosophies*. Hoboken, NJ: Wiley.

5. The Government of the Republic of Serbia (2016). *Tourism Development Strategy of the Republic of Serbia 2016-2025*. Belgrade: Ministry of Trade, Tourism, and Telecommunications.

6. Law on spas, Official Gazette of RS, no. 80/92, 67/93 (other law)

7. Law on financing local self-governments, Official Gazette of RS, no. 62/06, 47/11, 93/12, 99/13, 125/14, 95/15, 83/16, 91/2016, 104/16, 96/17, 89/18, 95/18.

8. Law on public ski resorts, Official Gazette of RS, no. 46/06

9. Law on tourism, Official Gazette of RS, no. 36/09, 88/10, 99/11 (other law), 93/12, 84/15, 83/18 (other law)

10. Law on Nature Protection, Official Gazette of RS, no. 36/09, 88/10, 14/16

11. National Strategy of Sustainable Development, Official Gazette of RS, no. 57/08

12. National Bank of Serbia (2019). Serbia's Balance of Payments. Retrieved from http://www.nbs.rs/internet/english/80/platni_bilans.html

13. Popesku, J. (2016). *Menadžment turističke destinacije*. Beograd: Univerzitet Singidunum.

14. Regulation on Residence Tax, Official Gazette of RS, no. 44/13

15. Special customs in tourism, Official Gazette of RS, no. 33/01

16. *Tourism development strategy of the Republic of Serbia (2005-2015)*, Official Gazette of RS, no. 91/06

17. UNWTO (2019). *UNWTO World Tourism Barometer*. Retrieved from <http://marketintelligence.unwto.org/content/unwto-world-tourism-barometer>

18. Velasco, M. (2017). *Tourism Policy*. In A. Farazmand (Ed.), *Global Encyclopedia of Public Administration, Public Policy, and Governance* (pp. 1-6). Cham: Springer International Publishing.

19. WTTC (2018a). *World and Europe – Travel & Tourism Economic Impact*. UK, London: World Travel & Tourism Council.

20. WTTC (2018b). *Serbia – Travel & Tourism Economic Impact*. UK, London: World Travel & Tourism Council.