



The war and tourism: security issues and business opportunities in shadow of Russian war against Ukraine

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Abstract

The effects of war have far-reaching consequences. They bring numerous victims—also civilians, destruction of infrastructure, enterprises, and citizens' property. They cause political instability and lead to great security concerns, especially in tourist destinations. Experience with various wars indicates a minimum three-year negative effect of warfare on the tourism industry. The terrorist industry is also negatively affected by terrorism, which can occur regardless of the duration of the war itself. Terrorist attacks are deliberately organized in such a way as to evoke images of human victims, which affects the fear of tourist arrivals to such heavily burdened places. The paper discusses potential scenarios for the continuation of the war and its impact on the operational activity of international business with Russia. Russia's unprovoked war against Ukraine brings closer the threat of war itself and shock to various industries, including the tourism industry. The paper presents the effects of the war on tourist trips from Russia but also Ukraine and its effects on traditional touristic destinations. Issues of threats to business are raised but also opportunities appearing on the horizon. The visa ban for Russians introduced by the EU with the simultaneous escalating and ruthless Russian attacks on Ukrainian civilians does not inspire optimism. It should be expected that the 2023 tourist season will remain burdened with the stigma of war and the limited movement of Russians around Europe.

Keywords War · Tourism · Security · Tourist destinations · Ukraine · Russia

1 Introduction

The effects of war have far-reaching consequences. They bring with them numerous casualties—including civilian casualties, destruction of infrastructure, businesses, property of citizens. Cause political instability, lead to high security concerns, especially in tourist destinations. Omer and Yeşiltaş study for Iraqi Kurdistan Region for the period January 2003 to September 2018 indicate a minimum of three years of negative effects of hostilities on the tourism industry (Omer and Yeşiltaş 2020).

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The tourism industry is also negatively affected by terrorism, which can occur regardless of the duration of the war itself. Terrorist attacks are deliberately orchestrated in such a way as to echo images of human casualties, influencing fears of tourist arrivals towards such high-pressure locations. The negative impact of terrorism on tourism itself has been written about by many (Fleischer and Buccola 2002; Buğut et al. 2017; Poprawe 2015), although it is worth to stress it has not always a long-term negative impact (Rittichainuwat and Chakraborty 2009; Yaya 2009).

Diana Ojeda points the way for Columbia to restore its territory to tourism. She draws attention to the role of imaginative geographies and the need to outline, secure and promote “imaginative counter-geographies”. In the conclusion to her study, she raises the role of feminist geopolitics as the need to create alternatives to the hegemonic order, which enables the creation of new geographies of imagination that deal with the production of everyday experiences of security across physical and symbolic boundaries. On a practical level, the Colombian government undertook a series of measures oriented towards securitisation process and touristification, which resulted in a new cartography: an archipelago of tourist trenches linked by militarised routes. From the perspective of both public finances and the labour market it was the reactivation of tourism that provided a constructive impetus for the country’s internal safety (Ojeda 2013).

To a lesser extent than Columbia two decades ago, terrorism has posed a challenge to the tourism industry in Turkey. Not only the Kurdistan Workers’ Party (PKK) but also other organisations carried out armed actions inside Turkey bringing threat to tourists. Although terrorism may be a major bane for Turkey’s tourism industry, as the results of research conducted in the pre-covid period from January 2012 to December 2018 indicate, it did not, from a short-term perspective, have a determinant effect on the volume of tourism to the country. However, when the longevity of the challenge in question is summed up, there is already a noticeable impact on the industry’s revenue and so it is estimated that 1% increase in terrorist attacks resulted in a serious number of casualties (injuries) and led to a decrease of approximately 0.1% in long-term tourism revenues (Kaya et al. 2022). The findings confirm the need for continued support to guarantee the safety of this country thereby increasing foreign tourists’ sense of confidence in future holiday arrivals. This also ties in with the edu-tourism sector, which, even more than traditional tourism, requires a safe environment for sustainable development (Hong et al. 2023).

As Russia’s war against Ukraine continues, in order to draw conclusions on its consequences in terms of security and international business, it is important to approximate possible scenarios for its end.

Russia began military action against Ukraine in 2014, annexing Crimea and occupying part of eastern Ukraine—the Donbass region, creating the so-called Lugansk and Donetsk republics there. Since then, unoccupied Ukrainian territory free of Russian troops has been continuously shelled from alleged separatists in eastern Ukraine, resulting in some 15,000 human casualties by the end of 2021.

Following President Joe Biden’s rise to power in the United States, Moscow-Washington talks have intensified. It can be assumed that the talks were linked to an influx of information about Russia’s intensifying preparations for further interference in Ukrainian affairs. For the Kremlin, the annexation of Crimea and parts of the Donbass, in the absence of formal acceptance of these acts by the international community, was a motivating factor to take more radical action, with the aim of exerting pressure on Ukraine itself and, incidentally, on the wider West.

President Putin explained his current (24. 02. 2022) attack on Ukraine by saying “the denazification of Ukraine, the liberation from the undemocratic Zelenskii government

and the need to demilitarise this state, which threatens Russia's security". In doing so, he added the need to block the country's aspirations to join NATO and the EU. While the first two arguments are an example of defamatory accusations without substance, but intended to carry an emotionally negative message to the Russian and Russian-speaking public, the arguments about aspirations to join NATO and the EU are as true as possible and reflect the efforts of the Ukrainian authorities and the majority public support to integrate with Western organisations, trusting that this is the only way to ensure the economic and state security of Ukraine in general vis-à-vis its aggressive eastern neighbour.

In 2007, Putin announced at the Munich conference that the greatest tragedy of contemporary Russia was the collapse of the USSR and that he sees it as his mission to restore the ruled state's due standing and respect on the international stage (Speech and Q&A February 10, 2007). It treats its mission as a historical obligation, in keeping, moreover, with the imperial continuity of the Russian state, and the structures of the state in all areas of its activity were to be subordinated to the chief aim of restoring Russia's power. Thus, it can be assumed that aggression against Ukraine does not exhaust the aspirations of Putin's power camp and that even the complete occupation of Ukraine would not determine the final delimitation of the Russian space of territorial aspirations which can be describe (Johnson 2022; Kozłowski 2016; Nygren 2008) as following:

- **geographical dimension**—to establish direct Kremlin control over neighbouring states, particularly the so-called 'near abroad' states':
 - Belarus—already subordinated,
 - Ukraine—in process with Putin's hopes of imminent subjugation,
 - Moldova—here the Russians have occupied part of the territory since Soviet times—Transnistria,
 - Georgia—the 2008 war was aborted and the successful attempt to install a pro-Russian president did not produce the desired reorientation of the state anyway, so it can be expected that Moldova or Georgia will be Putin's next targets, provided he manages to conquer Ukraine fairly quickly,
 - Central Asian states, particularly Kazakhstan.
 - influencing, albeit temporarily or by sector, the control of other countries in order to consolidate their presence there and influence the decisions of governments, companies, etc.
 - This group of countries may include governments generally sympathetic to pre-war Russia: Austria, Germany, Hungary, Italy,
 - Poland and the Baltic states are considered Russophobic, but this does not prevent the Kremlin from supporting anti-system parties;
- **political dimension**
 - destabilisation of liberal democracies
 - by supporting parties and their leaders who represent a high potential for anti-system action,
 - the disintegration of western structures, especially the EU
 - support for social polarisation and direct (financial) support for separatist organisations and those critical towards the EU,

- supporting pro-Russian politicians on their way to take over and exercise power in their countries: Trump, Salvini, Le Pen, Farage et al.
 - corruption of western politicians—by embedding them in the management or supervisory boards of Russian state-owned enterprises,
 - through direct funding of their political activities,
 - by engaging in the election campaigns of “their” pro-Russian candidates and supporting them with activities such as disinformation and manipulation in all types of media in favour of their own candidates;
- **economic dimension**—the dependence of key Western countries on natural resources from Russian territory, especially energy resources
 - eg. Nord Stream, gas critical infrastructure (storage facilities), refineries (in a sense also located in Poland the Gdansk Refinery),
 - in subservient states, taking over key sectors of the economy (Armenia, Belarus).

In the face of Russia’s incomplete realisation of the dimension of its political goals of destabilising the West, with the progressive cultural westernization of Ukraine in terms of aspirations and optics, and, strange though it may seem, Putin’s age influencing his impatience with the lack of progress in subjugating Ukraine, he made a personal decision to initiate military action against the neighbouring state. The military action was initiated by Russia communicating to its own population that it was solely a ‘special operation’ aimed at the alleged liberation of Ukraine. Assumed to be a quick military attack, a so-called blitzkrieg, the aggression of Russian troops from the territories of not only Russia and annexed Crimea, but also Belarus, in the face of unexpected armed resistance from the Ukrainians by Russian intelligence, turned into a full-scale war with all the consequences for the attacked state: destruction of infrastructure, economy, loss of life, wave of refugees.

2 What are the effects of Russia’s war against Ukraine so far from a general and tourism business perspective?

Russia’s violation of Ukraine’s state integrity has been met with unequivocal condemnation from the West and progressively more sanctions introduced. Their arsenal and scope covered wide areas of activity of the Russian state and its elected representatives—especially representatives of the Russian government and those representatives of the administrative authorities, the media and the oligarchs who openly support the armed attack against the Ukrainian state.

From a strategic perspective, the most significant sanctions are those of the financial, energy, consumer or high-tech sectors. The freezing of \$630bn of Russian financial reserves in foreign currencies contributed to Russia’s first inability since 1998 to meet financial obligations for its \$100 m of bonds. What undermines Russia’s credibility as a debtor for future bonds. Financial transactions severely restricted after Russian banks were excluded from Western interbank systems.

The sanctions imposed on the energy sector are taking on an ever-increasing dimension with the effect of raising the prices of these raw materials and energy in general and thus increasing the inflation felt in many countries, including the West. Here, in the short term, Russia has secured its 2022 revenues by selling less at a higher price but the effects of the loss of confidence of Western customers could seriously reduce financial revenues for the

Russian budget and thus severely limit its investment opportunities as well as perpetuate the recession. The arrangements of the European Union countries and the United Kingdom in the dimension of trade in Russian energy resources assume a near total ban on all imports of oil brought in by sea from Russia by the end of 2022 (BBC 27 June 2022). A ban on imports of this raw material has also already been introduced by the United States. The EU has also banned coal imports since August, and Putin's closure of the Nord Stream pipeline marks a new dimension in the trade war with the West European unity in this regard is undermined by Hungary, which does not alter the fact that Russia has lost its credibility as a partner in securing raw materials for its contractors.

The arsenal of sanctions against Russia is further expanded by a ban on trade in Russian gold, Western luxury goods, and finally sanctions on individuals, including the confiscation of their movable property such as luxury superyachts (BBC 06 April 2022). To date, more than 1000 Russian citizens and the businesses they run are subject to sanctions announced by the EU, UK, US and Canada, and the list is growing with further Russian attacks on civilians. In addition, a ban has been imposed on direct Russian flights in the airspace of the listed Western states. These other sanctions introduced are affecting mutual business relations, but by the end of the 2022 summer season, they have not eliminated the tourist traffic of Russians to Western countries, especially Mediterranean destinations. The visas for Russians introduced from September 2022 changed this situation¹ (Council of the EU 09 September 2022).

The dimension of international business relations with Russia is completed by the mass exodus of large foreign companies from the Russian market. The list opens with global and popular brands such as McDonalds, Coca-Cola, Starbucks, and Marks & Spencer, but also with the likes of BP, Exxon, Shell and many others. These companies have written off huge investments in this previously very promising market and only a few have decided to continue working together like business as usual. One of the last one to announce its losses is German BASF which takes for 2022 a \$7.9 billion writedown as its Wintershall Dea energy business pulls out of Russia (Reuters 18 January 2023).

The largest presence on the Russian market had US companies as on 24th of February 2022 they numbered 409 companies, of which only 6% continue to operate or cooperate with Russia until January 2023. Another big investor was German companies, of which 19 out of 127 remained on the Russian market, i.e. 15%. This is a reduction of its number from 23 in September 2022 (18% accordingly). British companies have sharply reduced their activities with Russia among which with 95 per day of invasion cooperation continues one only. From a business ethics perspective it is puzzling to note the high proportion of some European companies continuing to operate on the territory of the aggressor state (Table 1). For September 2022 these included Austrian companies (50%—no pulls out until 19th January 2023), French (over 30%—one pull out in September'22 till January'23), Italian (over 30%—one additional pull only till 19th January 2023), Spanish (over 20%—one additional pull only till 19th January 2023). More than 20 per cent of multinational companies from leading economies still operate in Russia having more than 20 large businesses there before 24 February 2022.

The trend of multinational companies leaving the Russian market between September 2022 and January 2023 is presented in Fig. 1. A slowdown in the exit of multinational

¹ Council of the EU adopting visas for Russians states as following: 'The full suspension affects all categories of travelers coming to the EU for a short stay. The Commission is expected to present additional guidelines to ensure this suspension does not negatively impact certain people travelling to the EU for essential purposes, such as journalists, dissidents and civil society representatives'.

Table 1 Top 16 countries with more than 20 companies operating in Russia before 24.02.2022—state as of the day 03.09.2022 and 19.01.2023

No.	A		B		C		D		F		Total Country 19th January 2023	% F			
	Sept. 2022	Jan. 2023	Sept. 2022	Jan. 2023	Sept. 2022	Jan. 2023	Sept. 2022	Jan. 2023	Sept 2022	Jan 2023					
1	United States	112	122	161	154	67	65	41	43	26	25	407	6	409	6
2	Germany	24	31	39	39	22	20	19	18	23	19	127	18	127	15
3	United Kingdom	43	46	40	40	3	3	8	5	1	1	95	1	95	1
4	France	10	10	21	21	5	5	13	13	26	25	75	35	75	33
5	Japan	3	5	34	33	5	5	7	9	15	13	64	23	65	20
6	Switzerland	14	13	19	19	9	10	7	8	5	4	54	9	54	7
7	China	0	0	5	5	1	1	4	4	41	41	51	80	51	80
8	Finland	21	21	16	16	6	6	3	3	0	0	46	0	46	0
9	Netherlands	10	11	13	13	9	9	6	5	4	4	42	10	42	10
10	Poland	17	18	15	15	3	3	2	3	3	1	40	8	40	3
11	Italy	2	2	9	9	7	7	8	9	13	12	39	33	39	31
12	Sweden	8	8	21	21	4	5	0	0	0	0	33	0	34	0
13	Denmark	7	8	12	11	3	3	5	5	0	0	27	0	27	0
14	Austria	1	1	2	2	2	2	7	7	12	12	24	50	24	50
15	India	2	2	2	2	4	3	1	1	12	12	21	57	20	60
16	Spain	0	1	12	13	2	2	1	1	6	5	21	29	22	23
	Total	274	299	421	414	152	149	132	134	187	174	1166	22.5	1170	21.2

Table 1 (continued)

A—Companies totally halting Russian engagements or completely exiting Russia
B—Companies temporarily curtailing most or nearly all operations while keeping return options open
C—Companies that are scaling back some significant business operations but continuing some others
D—Companies postponing future planned investment/development/marketing while continuing substantive business
F—Companies that are just continuing business-as-usual in Russia

Source: Own elaboration based on Yale School of Management (Jeffrey Sonnenfeld and Yale Research Team: Wiktor Babinski, Ricardo Barcelo, Yash Bhansali, Forrest Michael Bomann, Michal Boron, Katie Burke, Adriana Coleska, Samuel Choi, Drew D'Alelio, Kevin Groid, Hunter Harmon, Georgia Hirsty, Daniel Jensen, Mateusz Kaspro-wicz, Cate Littlefield, Maksimas Milta, Rémi Moët-Buonaparte, Christophe Navarre, Marina Negropponte, Camillo Padulli, Jeremy Perkins, Magdalena Rego, Nick Shcherban, Franek Sokolowski, Steven Tian, Ryan Vakil, Michal Wyrebkowski, Israel Yolou, and Steven Zaslavsky.) report, Over 1,000 Companies Have Curtailed Operations in Rus-sia—But Some Remain. September 3, 2022. Online: <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>. Access 23.01.2023

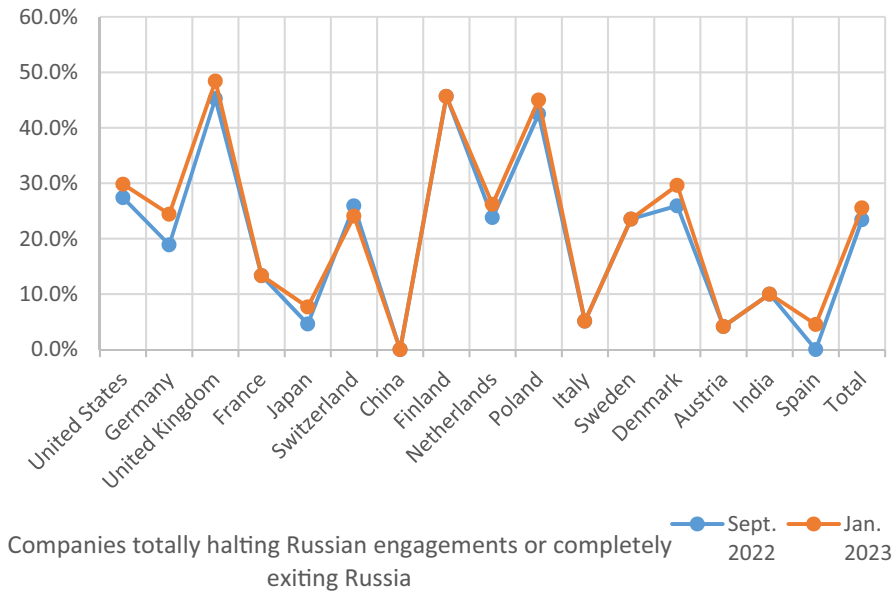


Fig. 1 Top 16 countries with more than 20 companies operating in Russia before 24. 02. 2022 which totally halting Russian engagements or completely exiting Russia—state as of the day 03.09.2022 and 19.01.2023

corporations from the Russian market is evident but the trend has not been reversed and still successive decisions by the managements of these companies result no longer in mass, but in individual decisions to leave the market of the aggressor state.

Analogous to the exit of multinational corporations from the Russian market is the behaviour of the boards of multinational corporations continuing business operations in Russia. While 2.1 percentage points of multinationals exited Russia between September 2022 and January 2023, 1.1 percentage points fewer companies continued their ‘normal’ operations over the same period, bringing the ‘continuing business-as-usual’ indicator down to 14.9% of companies not modifying their operations in Russia as a result of the country’s war against Ukraine from the 24th of February 2022 (Fig. 2).

Although the war is still ongoing the economic impact on Russia is already evident. Inflation of nearly 18%, a drop in retail trade of around 9%, including a large drop in automotive trade of over 80%, is indicated. (BBC 27 June 2022). Even though the Russian GDP for 2022 was expected to fall significantly, with estimates varying from 7.8% to as much as 30%² it ultimately ended with negative growth of -2.1% (IFS 2023). Undoubtedly, Russia owes this to the Asian markets where it can still count on significant revenues from energy raw materials. Sakhalin 2 liquefied natural gas (LNG) is estimated to bring double the value of revenues in 2023 compared to the previous year (Reuters 26 January 2023)³.

² The difference estimated by Russian official forecast of fall in its GDP in 2022 and Institute of International Finance unofficial forecast of Russian GDP collapse.

³ Reuters: Russia’s Sakhalin 2 may double LNG revenue as top buyers stay despite Ukraine crisis, By Katya Golubkova and Yuka Obayashi. Online: <https://www.reuters.com/business/energy/russias-sakhalin-2-may-double-lng-revenue-top-buyers-stay-despite-ukraine-crisis-2023-01-25>. January 26, 20,231:44 AM GMT.

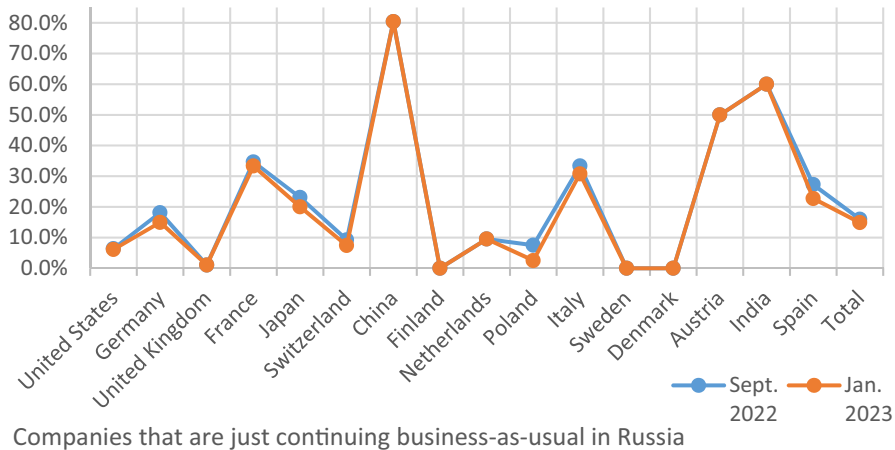


Fig. 2 Top 16 countries with more than 20 companies operating in Russia before 24. 02. 2022 which are just continuing business-as-usual in Russia—state as of the day 03. 09. 2022 and 19. 01. 2023

The Russian economy has been experiencing perturbations in the tourism business since the first stage of aggression against Ukraine with consequences for its own citizens as well as tourist destinations.

The annexation of Crimea by Russia in March 2014 brought enormous changes to the functioning of this hitherto Ukrainian territory. The local population was overwhelmed with consternation after the Russians held an illegal referendum and incorporated the Crimean peninsula into the Russian state which is still not recognised by the overwhelming majority of countries in the world today. The consequences of such Russian action were the international sanctions imposed on Russia and annexed Crimea resulting in the blocking of financial transactions and international cross-border traffic with the region. This clearly had a negative impact on Crimean tourism business which was restricted to receiving tourists mainly from Russia (Godwin 2014; Shishkin 2014). In the first period the Russians themselves were cautious about visiting this annexed territory and this despite the subsidies for air transport and holidays offered to their citizens by the Russian government (MacFarquhar 2014). Places in some resorts managed to be filled with wounded veterans, but even so the negative effect of Western sanctions could not be avoided (Economist 2015).

Russia’s tourist traffic to Crimea has managed to recover over the years but by the time of the new escalation of the war against Ukraine in February 2022 foreign tourism had not returned to pre-annexation levels. And while Western sanctions against Russia after the annexation of Crimea did not block Russians from travelling to Western countries for holidays the destination of the Russian-controlled part of the Black Sea basin was the very first choice for many. Yuri Barzykin, Vice President of the Russian Union of the Tourism Industry, in an interview with the trade press, concluded as follows: Most Russians prefer a beach holiday and unable to go abroad people go to Crimea and Krasnodar Territory. In doing so, he expressed the hope that in time Crimea too would attract investments such as in Sochi where international hotel chains such as Hyatt, Swissotel and Rixos have invested (kudamoskvazovet.ru 2022).

In domestic travel Russian tourist traffic to Crimea has gained ground already reaching more than 17% in 2020 (Table 2). The argument in favour of this was the opening of the road link via the Kerch Bridge in 2018 which connects the Crimean Peninsula with

Table 2 Distribution of domestic holiday travelers in Russia in 2020, by destination

No.	Region	% of Russian travelers
1	Krasnodar Krai	45.20
2	Republic of Crimea	17.20
3	Moscow city	4.90
4	Saint Petersburg city	4.40
5	Moscow Oblast	3.10
6	Karelia Republic	2.90
7	Stavropol Krai	1.90
8	Tatarstan Republic	1.60
9	Leningrad Oblast	1.30
10	Samara Oblast	0.70
11	Other	16.80

Source: Russian Federal State Statistics Service, Statista 2022

the Russian Taman Peninsula (Krasnodar Krai). In the current war this bridge represents a potential strategic target for Ukrainian troops as it already had been shelled ones. The situation may repeat as cutting off Russian supplies of military supplies to occupied Crimea is a strategic goal when there are plans to reconquer these territory from Russia. The annexed territory ceased to be free of military action after the Ukrainian army successfully attacked Russian military targets in Crimea. The 2022 July and August explosions caused some Russian tourists to flee Crimea but also resulted in a slight reduction in interest in holidaying in the region. From a tourism perspective year 2022 comparing to year 2021 saw a 32% drop in Russian trips to Crimea (ATOR 27 December 2022).

The impact of Russia's war against Ukraine in relation to Crimea also has an additional and rather unanticipated economic effect on Russia. Well, since the effective summer (2022) Ukrainian offensive pushing the Russian army out of the occupied eastern and southern lands of Ukraine, there has been a noticeable decline in property values on the Crimean peninsula (Radio Free Europe Radio Liberty 07 January 2023). This is linked to both the warfare effects itself and declarations by the Ukrainian President to seek the liberation of the entire pre-2014 territory of the state. The front-line defeats suffered by the Russian army in the second half of 2022 introduce far-reaching uncertainty as to the final Crimea statehood.

In international terms tourist trips from Russia have been declining since 2014 with a bump recorded in 2015 when tourist traffic fell by 31% the largest decline since 1998. Only 2016 and beyond proved to be better. Growth dynamics were shown by destinations such as the United Arab Emirates, Vietnam, Thailand, but also the Czech Republic and Italy (btet.ru. 2022).

Russia's war phase against Ukraine so far has not eliminated outbound tourism to Western countries. For many operators, hoteliers and restaurateurs they were a desirable recipient of their services especially when considering the average level of spending by Russian tourists when travelling abroad (Table 3).

In years Pre-covid 19, Russian tourists were keen to choose holidays in Turkey and European countries with their activity not indifferent to the political activity of the Russian authorities, as reflected among other things, in the collapse of tourism to Turkey in

Table 3 The expenditures for one trip in the world (2016–2017, \$)

1	Saudi Arabia	5333
2	Kuwait	3143
3	China	2988
4	Australia	2745
5	UAE	2722
6	Russia	1676
7	Average around the world	1793

Source: Visa Global Travel Intentions Study. After: Russian Tourism Market Report: Trends, Analysis & Statistics. How to impress Russian tourists and attract them to your country. RMAA Group. Russian Marketing and Advertising Agency. Online: <https://mtu.gov.hu/documents/prod/RMAA-Group--ndash--Russian-Tourism-Market-Report--Trends---Analysis-and-Statistics.pdf> p. 22. Access 30. 08. 2022

Table 4 Number of tourist trips of Russian citizens abroad in thousands, 2014–2019

	2014	2015	2016	2017	2018	2019
Total, thousands to countries	42,921	34,390	31,659	39,629	41,964	45,330
<i>Europa</i>						
Finland	4283	3067	2894	3333	3361	3653
Ukraine	2558	1657	1804	2283	2290	2527
Estonia	1775	1477	1511	1728	1798	1808
Germany	1435	1111	1057	1229	1297	1318
Poland	1608	1322	1104	1230	1093	1118
Italy	994	662	710	893	1086	1277
Spain	1140	693	790	929	961	1007
Greece	1165	634	782	856	808	750
<i>Asia</i>						
Turkey	4216	3460	797	4520	5719	6756
Abkhazia	3282	3824	4257	4344	4496	4787
Kazakhstan	3330	3125	2850	2978	2955	3163
China	1731	1284	1676	2003	2018	2334
Georgia	532	651	742	1003	1233	1170
Thailand	1250	675	867	1094	1173	1180
<i>Africa</i>						
Tunisia	260	49	624	520	611	
Egypt	2880	2244	0,3	0,4	0	
<i>America</i>						
Dominicana	163	36	132	230	217	
USA	310	237	225	238	213	
Cuba	54	32	45	75	106	

Source: Rosstat: Gdzie i jak Rosjanie odpoczywają (baw się dobrze). Jakie kraje najczęściej odwiedzają rosyjscy turyści? Dokąd teraz Rosjanie latają na odpoczynek? [Where and how the Russians rest (have fun). Which countries are most often visited by Russian tourists? Where do the Russians fly now to rest?] <https://pay-miner.ru/pl/advice/gde-i-kak-otdyhayut-razvlekayutsya-russkie-lyudi-v-kakie-strany-chashche/> 30. 06. 2021. Access 30. 08. 2022

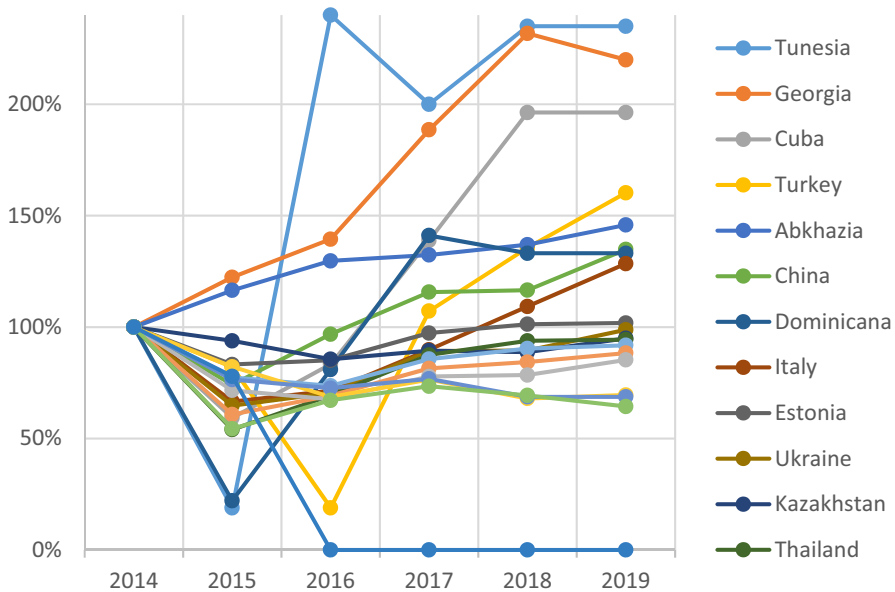


Fig. 3 Trend of tourist trips of Russian citizens abroad in thousands, 2014–2019—with a reference point to the year 2014

2016 and its recovery after the normalisation of mutual relations between the two countries (Table 4). A similar effect is expected from the Autumn 2022 final suspension of the visa agreement between the EU and the Russian Federation.

The last pre-covid year (2019) reflected directional trends in Russians' overseas tourism. Turkey's popularity has increased significantly, with a smaller increase but still a significant increase in tourist traffic to Italy but also after five years since the annexation of Crimea tourist travel to the Ukraine has increased. The trend of post Crimea annexation and pre-covid tourism destinations presents Fig. 3. Among the top tourist destinations, the largest percentage increase in tourist trips was recorded to Tunisia, Georgia, Cuba, Turkey, Abkhazia, China, the Dominican Republic and the only European country in this group, Italy (which is the only one of this group to lose out as a result of the war on edu-tourism). It is worth to add that in 2019 two more destination were popular which are UEA 968,000 and Cyprus 860,000 tourists visiting from Russia (Table 5).

Turkey, Cyprus, Egypt, Italy, Greece were favourite Russian tourist destinations. Turkey alone received 6.7 million Russian tourists in 2019. Expectation of continues growth to around 10 million Russians tourists in 2022 had not been met. Taking the war situation into account 5, 3 million Russians tourists still was a significant gift to Turkish economy and reflect its policy towards war itself. Russians also have a taste for far-flung travel, so recent exceptional increases have been recorded in countries such as Thailand, Sri Lanka, Bahrain, Cuba, the Maldives, Japan. Today, Russian foreign tourism also puts a question mark over these destinations. Rubel depreciation, money transfer problems and airline blockade paralyse travel agencies.

The war against Ukraine and the sanctions introduced for the 2022 summer season have not closed off tourism opportunities for Russians in the EU. A Russian industry analyst firm posted encouraging information for clients on its website. Despite the

Table 5 Key Russian tourists foreign destinations with a predominant or significant share of tour operators in 2022 (in thousands)

No	Total	2022 est
		23,500
1	Turkey	5300
2	Abkhazia	1100*
3	UEA	1000
4	Egypt	900
5	Thailand	410
6	Maldives	205
7	Dominican Rep	92
8	Sri Lanka	85
9	Serbia	80
10	Cuba	60
11	Qatar	60
12	Goa (India)	60
13	Israel	48
14	Seychelles	30
15	Venezuela	25
16	Iran	20

* ROSSTAT estimated different number of Russian tourists visiting Abkhazia in the first three quarters of 2022—4,419,000

Source: ATOR summed up the preliminary results of the tourist year 2022. Online: <https://www.atorus.ru/node/50839> Access 27. 12. 2022

sanctions, the demand for travel to Europe among Russian tourists has grown. Such data was provided by the insurance company Rosgosstrakh. According to the company's report, the demand for insurance policies to the Schengen countries grew by 7% this summer (Russtd.com 2022). The lack of reliable data on tourist trips of Russians to Europe for 2022 makes it impossible to show the impact of the war on this direction of tourist traffic. Although it is apparent that the EU Mediterranean countries were the destination of many Russians here Italy, Spain and Greece in particular are pointed out. Association of tour operators of Russia omits European destinations in the publicly available report, concluding 'vacation bookings in Europe have moved into the category of "exotic". There is still a very small demand for these countries—tour operators receive applications for booking hotels and tours to Italy, France, Greece, Montenegro, Cyprus and Bulgaria' (ATOR 27 December 2022).

The above statistics for 2022 do not include Russians travelling without Russian passports. The practice of acquiring so-called 'golden visas' for foreign investment has only intensified in 2022. A particular increase in transactions in property purchases entitling to such visas was observed in 2022 in Turkey and the AUE. In the former of these countries, \$250,000 had to be invested in a property, while in the case of UAE, only \$205,000 was required. This trend is bound to continue in 2023, especially when we consider the

number of Russians who have left their country permanently in protest against the war, forced mobilisation and Putin's policies⁴.

3 Tourism business in Ukraine during war period and still hope for better future

Due to Russia's war against Ukraine, Ukrainian business has suffered greatly. The tourism industry which has been almost non-existent for the last three years is no exception although it is struggling to survive—first because of the Covid-19 pandemic, now because of the war. Flights are grounded to a halt, the sea is mined and only bus routes remain, meaning the journey to foreign resorts takes more than 24 h. Part of the territory of Ukraine is occupied or in a war zone and tourism activities are not possible there. The western and central regions act mainly as a refuge area for those Ukrainians who were forced to leave their homes as a result of the aggression of the Russian Federation.

The huge loss of Ukrainian infrastructure including from a tourism perspective especially in the Black Sea basin points to the urgent need to rebuild it after the war ended. The Ukrainian authorities are aware of this, but Western leaders are also discussing it. President Zelensky at a meeting with US business representatives called for a further exodus of Western companies from Russia while encouraging them to locate in Ukraine. Presenting proposals for international investors he pointed out concrete steps businesses can take: Hiring highly trained Ukraine-based tech workers for remote jobs; hiring Ukrainian refugees, with 5 million having fled Ukraine since the beginning of the invasion; investment in strategic growth sectors such as digitalization and green renewable energy; continuing purchases of Ukrainian exports; and aiding the rebuilding of the country's decimated infrastructure and industrial capabilities (Sonnenfeld and Tian 2022).

President Zelensky realises that business needs to protect the security of investments and a stable legal system but rules out peace at any price "Ukraine is willing to put an end to this war-but not at the price of our independence"—he says. He sees the stay of Western companies in Russia as an endorsement of the Russian financial system, which prolongs the ongoing war and although he did not say so explicitly, investment preferences can be expected for those companies or their countries of registration that have passed from Ukrainian point of view the ethical test during the ordeal. With the words 'We need to work on rebuilding Ukraine' he indicates that he will create the conditions for the international reconstruction of the Ukrainian state.

Due to the war and the sanctions imposed on Russia tourist travel to eastern destinations has been frozen and previously popular weekend trips to Lviv, Kiev or Moscow have disappeared from the market. In the past some Ukrainians used to fly to Russia for weekends. Today this does not exist because traffic is simply frozen and all tourism in that direction is virtually non-existent. For today tourism towards Ukraine has also ceased to exist. In turn, the closure of airspace over Ukraine and Russia means that planes flying to popular eastern

⁴ Georgia with around 1.5 million Russian migrants and Kazakhstan with 300,000 Russian migrants have become a kind of hub for anti-war Russians. See: Georgia becomes a hub for anti-war Russians. By Giorgi Bolkvadze February 18, 2023. Online: <https://www.euronews.com/2023/02/18/georgia-becomes-a-hub-for-anti-war-russians>; Radio Free Europe Radio Liberty. About 200,000 Foreigners Apply For Kazakh ID Numbers Amid Influx Of Russian Nationals. By RFE/RL's Kazakh Service. October 26, 2022. Online: <https://www.rferl.org/a/kazakhstan-russians-id-numbers-ukraine-mobilization/32101506.html>

destinations such as Bali today have to circumnavigate the arc of these territories and make up their journey. However this is not reflected in the volume of tourist traffic in that direction. It is still believed that once the war is over and the troops are gone, tourism in Ukraine will certainly recover quite quickly. Tourists will return as soon as it is completely safe to do so.

The reconstruction of the infrastructure destroyed by the war will be a challenge of enormous proportions, which the Ukrainian state alone will not be able to cope with. The creation of an international fund for the reconstruction of the Ukrainian state should be envisaged and the selection of the beneficiaries of the contracts, assuming the defence of Ukrainian state sovereignty will be influenced by the authorities of the Ukrainian state and key donors. At the same time, there will be an opportunity to rebuild industrial infrastructure including the tourism industry. It is to be expected that leisure and tourism related industries will need capital injections in the first period of their return to the market and may offer to sell shares at an attractive price. From the perspective of a country emerging from war the invitation to foreign entrepreneurs to invest provides an incentive to engage external capital not only in the return to the market of companies located in Ukraine but also provides an element of credibility to the security of investments located here.

4 Conclusions

The consequences of Russia's war against Ukraine have already had far-reaching consequences. At the level of the invaded state it is a huge blow to the Ukrainian population (casualties—soldiers and civilians, migration) but also to the infrastructure (massive destruction) and the accompanying consequences. For the attacking Russia it has consequences that reflect the scale of violence and repression it has used and therefore also the loss of life (soldiers not civilians), the withdrawal of numerous investors and the cutting off of the inflow of Western technology (directly as some sanctions are still being circumvented).

The perpetuation of the state of war will result in a further gradual dewesternization of the Russian economy, as well as a continued reduction in the economic activity of Western companies on Russian territory, including their further withdrawal. However, some western companies will certainly remain in this market, hoping to develop a competitive advantage for the post-war period. With a further prolongation of the war, these companies will be under pressure to choose cooperation or exit from the aggressor state with image and perhaps capital consequences.

In the dimension of tourism business a visible effect is the immediate deturification of both countries although in different dimensions. Many Ukrainian citizens in particular have been forced to migrate leaving all their belongings behind. Some of them have fed into the European tourism business but often as low-paid workers. For Russians the war mean limitation to domestic tourism only or a shift in international tourism geographical destinations as Europe is becoming perceived as 'exotic'. The visa suspension for Russians will limit European direction trips. Taking into account Russian brutality of military action against Ukrainians including civvies this reduction in tourist traffic can reduce the social unrest associated with ignoring the war tragedies in pro-European Ukraine.

It is unlikely that 2023 will lead to the end of hostilities, so the changes already taking place in both geopolitics and business, including tourism, may become entrenched. Russian and Western business will loosen ties and those severed will not soon recover. Russia will orient itself more towards Asian and African countries while it will withdraw economically

from Europe. For the West and Europe in particular this means reorienting economies towards greater economic independence—not yet deglobalisation but certainly seeking its alternatives. The European tourism industry will follow this trend and the reduced number of tourists from Russia and its allies will likely be replaced by higher price margins for the recipients of tourist services. On the other hand the new directions of Russia's economic activity will be linked to the search for new tourist destinations, while their direction is currently being tested and may not necessarily mean a permanent change in the tourist preferences of Russians.

It is too early to set a date for the end of war especially for the elimination of all threats to the security of the region but huge investments are expected for the reconstruction of Ukraine. The beneficiaries will obviously be the Ukrainians themselves but also to some extent the Western countries which nowadays support Ukraine financially and with equipment in its struggle for sovereignty. What shape and condition Ukraine emerges from the war may guide business investment in the region's tourism. These will need to be accompanied by investments in ensuring the security of the Ukrainian state itself as well as individual industries and regions.

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Conflict of interest The authors have not disclosed any competing interests.

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