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CENTROPE Regional Development Report

Focus and Stock Taking Report on the Service Industry as a Growth Factor in CENTROPE

Karol Frank (Co-ordinator, EU SAV), Peter Huber (WIFO), Tomas Jeck, Martin Labaj, Ivana Sikulova (EU SAV), Irén Kukorelli (WHRI), Petr Rozmahel (MENDELU)

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Abstract

This report deals with the structure of the service sector in CENTROPE and compares the supply and demand side of tourism industry and its structure. This part also pays attention to issues of cooperation in tourism within CENTROPE. We find that there are obvious disparities in the development of knowledge intensive services between the urban agglomeration of CENTROPE and its more rural regions. This suggests rather different preconditions for co-operation in this field among regions. Tourism by contrast is an important sector in all regions and provides many possibilities for cross-border co-operation, which are exemplified in the policy conclusions.

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Focus and Stock Taking Report on the Service Industry as a Growth Factor in CENTROPE

1. Introduction

Karol Frank

The Focus Report “The service industry as a growth factor in CENTROPE, with special emphasis on the role of the tourism industry and structure of the business service industries" of the CENTROPE regional development report project is divided into two parts. The first one deals with the service sector with a focus on its structure. The second one analyses and compares the supply and demand side of tourism and its structure and pays attention to selected issues of cooperation in tourism within CENTROPE.

The aim of the first part of Focus Report is to analyze the structure, development, regional concentration, investment activity and the supply-side development of the service sector within CENTROPE. In part 2.3 we analyze the structure of service sector in CENTROPE in terms of share of employment in the regional economy.

Regional investment activity determines the service sectors’ potential for further economic development. Therefore in part 2.4 we analyze investment activities in CENTROPE. First we focus on the sectoral investment structure in CENTROPE. This is then compared with national patterns and across the regions. We pay special attention to the investment structure in the tertiary sector and in business services. Then we analyze investment intensity in CENTROPE. Again, we focus on investment intensities in particular branches of the service sector.

In part 2.5, we then identify the concentration of particular industries within CENTROPE. The mapping of concentration of industrial activities in the regional economy allows us to identify possible clusters and activities which contribute to regional economic development. To analyze regional concentration of particular industries we applied location quotient.

The development of the service sector in the previous decade is analyzed in part 2.6. Based on the available statistical time series we focused on identification of structural changes in selected service industries.

In part 2.7 we analyze the supply-side development of CENTROPE. Because of differences in data availability we analyze each of the CENTROPE country parts separately. Value added growth in CENTROPE is decomposed to the contribution of labor, capital and total factor productivity growth. We analyze overall development as well as the development in particular sectors to reveal the role played by the service sector in CENTROPE.

The aim of the second part of the report is to a) analyze development tendencies in tourism in CENTROPE, b) compare the development in the respective parts of the region and c) analyze their shares in several indicators in CENTROPE as a whole.

First, we focus on the importance of tourism as reflected in its economic impacts in the CENTROPE countries. In part 3.3, we then analyze structure and development of collective accommodation establishments in the last decade, namely the number of establishments, bedrooms and bed places. Based on these data and data on population statistics, we calculate intensity of tourism supply.

Part 3.4, by contrast, deals with arrivals of both domestic and foreign tourists, the length of their stays in the respective destination and a calculation of such indicators as tourism intensity, tourism density and net use of beds. We analyze the structure of tourists visiting CENTROPE from different points of view to reveal similarities and differences among the respective regions. In this part, we also pay special attention to spa tourism as a particularly important type of tourism in CENTROPE.

In part 3.5, we deal with CENTROPE as a tourist destination and with the current level as well as future possibilities for cross-border cooperation in the field of tourism. We also identify the main factors and barriers of tourism development in the CENTROPE region.

In the last part of the report, policy conclusions are formulated. They include identification of the main goal in tourism in the region, specification of possible target groups of CENTROPE visitors from the domestic region as well as from abroad, a SWOT analysis of the CENTROPE region as a tourism destination and several suggestions for further cooperation in the region.

PART ONE: Service Sector and Tourism Development in CENTROPE

2. Service sector in CENTROPE

Authors: Tomáš Jeck, (EU SAV) Martin Lábaj (EU SAV)

2.1. Introduction

The service sector has grown in importance over the last decades in the EU economies. It involves the provision of a wide range of services to businesses as well as final consumers. It consists of a heterogeneous set of activities like retailing, real estate, banking and insurance, transport, information and communication, accommodation and food activities, as well as non-market services provided by general government or non-profit organizations. According to the OECD definition (OECD, 2000) “services are a diverse group of economic activities that include high technology, knowledge-intensive sub-sectors, as well as labor-intensive, lows kill areas." The service sector changes its structure over time. The traditional service industries like transport, accommodation and food or financial services are enriched by the new ones (e.g. scientific, telecommunication and information services or management consultancy).

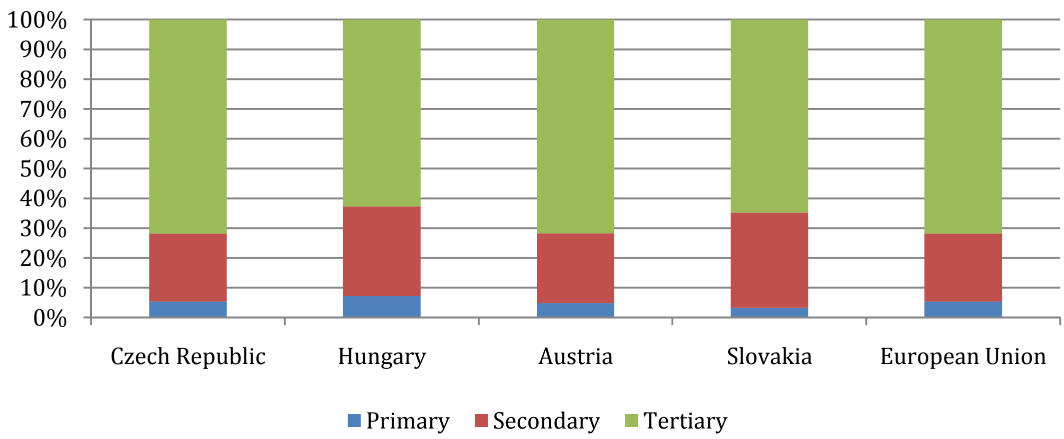
Services differ from other economic sectors in particular ways (Jovanovic, 2005): The production and consumption of most services occur at the same time and place therefore most of services have non-tradable nature. On the other side, the progress in information and communication technologies in the last decades has made some services eligible for international trade. The service sector is also characterized by relatively high level of governmental interventions. Regulation and public interventions are focused on entry, operation, competition and exit from most of service industries. Service industries also attain a relative slow growth of labor productivity, but they contribute to raising productivity of their clients considerably (particularly business services industries). Generally, there are two major causes of low labor productivity growth in services: 1. competition in services is obstructed by high degree of national regulation and 2. substitution of labor for capital is more limited in services than in manufacturing.

Also from a labor market perspective the characteristics of service sector employment are a higher share of employment of women as well as part-time employees and temporary contracts than in manufacturing. In most service industries also small and medium-sized enterprises (SMEs) dominate the employment and enterprise structure, so that there is a close connection between SME policy and service sector policy in most countries.

2.2. Service sector in CENTROPE countries

Services play a dominant role in the sectoral employment structure of the EU structure. As figure 2.1 shows, the service sector (or tertiary sector) contributes more than 60 % to total employment in the CENTROPE countries. On a national level the highest level of tertiarization is attained in Austria (71.8 % share of employment) and Czech Republic (with a similar value of 71.7 %). On the other hand, the lowest shares of service sector in terms of employment are attained by the Slovak and Hungarian economies (with less than 65 % employment share in the tertiary sector).

Figure 2.1: Share of employment in CENTROPE countries and EU



Sources: Eurostat

Table 2.1 presents a more detailed view on the share of employment in particular sectors in four CENTROPE countries and European Union (EU). There are some differences in service sector in CENTROPE and EU. In 2011, Austria as the most advanced economy from the CENTROPE countries, recorded similar shares of employment in the most service industries to EU level. All CENTROPE countries attained a higher share in labor-intensive services (wholesale and retail trade, transport, accommodation and food service activities); a slightly lower share in information and communication services and a lower share in business services (professional, scientific and technical activities; administrative and support service activities) than the EU average. By contrast, non-market services in all CENTROPE countries (public administration, defense, education, human health and social work activities) also had a lower share in total employment than in the EU average.

Table 2.1: Share of sectoral employment in CENTROPE countries in 2011 (in %, NACE 2)

Sector	Czech Republic	Hungary	Austria	Slovakia	European Union
Agriculture, forestry and fishing	3.0	7.2	4.8	3.2	5.3
Industry (except construction)	26.7	23.4	16.4	23.8	16.0
Manufacturing	24.4	21.0	15.0	21.5	14.4
Construction	9.2	6.7	7.1	8.2	6.9
Wholesale and retail trade, transport, accommodation and food service activities	25.0	24.8	27.0	26.9	24.4
Information and communication	2.6	2.6	2.4	2.5	2.8
Financial and insurance activities	1.8	2.5	3.2	1.8	2.7
Real estate activities	2.3	0.8	1.4	1.1	1.0
Professional, scientific and technical activities; administrative and support service activities	8.5	7.4	10.5	9.7	11.6
Public administration, defense, education, human health and social work activities	17.4	20.6	22.5	20.3	23.1
Arts, entertainment and recreation; other service activities;	3.5	4.1	4.7	2.5	6.3
TOTAL	100	100	100	100	100

Sources: Eurostat

Table 2.2: Net trade in services in 2010* (mil. USD)

	Austria	Czech Republic	Hungary	Slovakia
Total services	17 651.93	3 451.37	3 185.44	−1 090.14
Transportation	799.95	970.41	569.78	−102.62
Travel	8 424.66	2 608.06	2 394.38	290.01
Communication services	287.40	−300.52	−26.50	86.26
Construction services	266.21	353.48	46.38	−242.42
Insurance services	189.39	−129.74	−131.18	−284.06
Financial services	717.84	5.30	−43.73	−301.91
Computer and information services	434.41	14.56	500.87	86.26
Royalties and license fees	−765.52	−667.24	−299.46	−108.57
Other business services	7 506.84	688.42	−49.03	−340.58
Personal, cultural and recreational services	−623.80	−39.72	286.21	−75.85
Government services, n.i.e.	414.54	−52.96	−58.30	−5.95

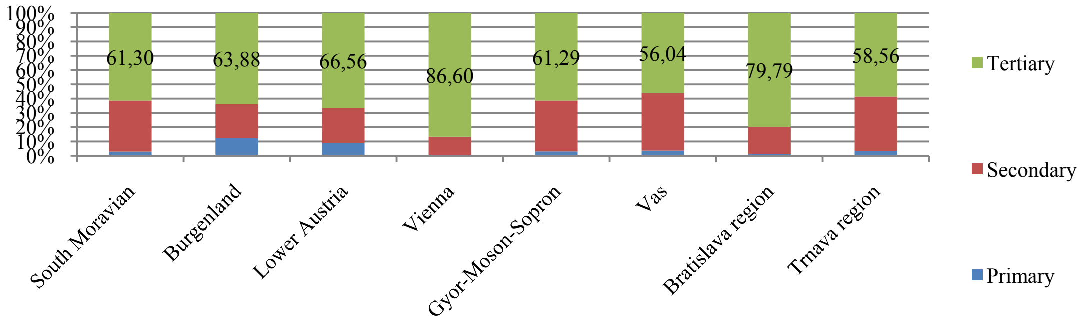
Source: OECD (2012); * – provisional data.

Services as a dominant part of national economies play an important role in international trade. Net trade in services reflects a country´s international position and competitiveness of services industries on international markets. Net trade in services of the four CENTROPE countries in 2010 was rather diverse (see table 2.2). According to provisional data from balance of payments for 2010, Austria as the only economy has a highly positive balance of trade in services with high share of travel services and other business services contributing strongly to this surplus. The Czech Republic and Hungary also have a positive balance of trade with again travel contributing most substantially to this surplus. Slovakia, by contrast, is the only economy among the CENTROPE countries which is a net importer of services and thus has a negative balance in the majority of services (expect of travel, communication and computer and information services). One common fact shared by all CENTROPE countries is the negative technological balance (higher payments for royalties and license fees than receipts) in 2010.

2.3. Employment in service sector in CENTROPE

Figure 2.2 moves this analysis to the regional level. It shows the share of regional employment[1] in primary, secondary and tertiary sectors in CENTROPE. According to the latest available data for 2009, the highest level of tertiarization is achieved in Vienna region with more than 85 % share of service sector and Bratislava with value of 79.8 % of employment in service sector. In contrast to these advanced urban regions, a relatively low share of employment in service sector (less than 60 %) is found in, Vas and Trnava region. In all other CENTROPE regions the share of secondary employment is between 60% and 70%.

Figure 2.2: Structure of employment in CENTROPE (%, 2009, NACE 2)



Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; South Moravia is for 2010

At a more detailed level of disaggregation of statistical data available for employment in CENTROPE a more differentiated picture of the employment structure in CENTROPE emerges. As shown in table 2.3, trade services (wholesale and retail trade; repair of motor vehicles and motorcycles) is the largest employer in the service sector in the

[1] Employed persons.

CENTROPE aggregate and also in all of the individual CENTROPE regions. In most other respects there is, however, substantial heterogeneity among the CENTROPE regions, which often reflects the functional differences between CENTROPE. Thus for instance:

Table 2.3: Sectoral Employment in CENTROPE in 2009 (share on total employment; NACE 2; %)

	South Moravia	Burgen-land	Lower Austria	Vienna	Győr-Moson-Sopron	Vas	Bratislava region	Trnava region	∅ in CENTROPE
Agriculture, forestry and fishing	2.96	12.27	8.80	0.15	3.09	3.66	1.22	3.55	4.59
Mining and quarrying	0.32	0.17	0.27	0.02	0.08	0.07	0.18	0.33	0.16
Manufacturing	23.44	13.05	15.76	6.78	28.43	33.97	11.22	25.00	18.95
Electricity, gas, steam and air conditioning supply	1.30	0.87	0.48	0.78	0.64	0.50	0.63	1.05	0.75
Water supply; sewerage, waste management and remediation activities	0.89	0.78	0.65	0.35	1.22	1.45	0.93	1.35	0.91
Construction	9.80	8.96	7.48	5.33	5.24	4.31	6.02	10.16	6.56
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.96	15.06	17.10	14.34	13.69	11.96	20.79	16.86	14.90
Transportation and storage	6.78	3.92	6.31	4.93	6.89	6.71	6.95	5.81	6.09
Accommodation and food service activities	3.79	6.79	4.76	5.43	4.31	4.50	2.58	4.36	4.58
Information and communication	2.77	1.39	1.40	5.37	1.15	0.74	3.49	2.21	2.34
Financial and insurance activities	2.34	2.79	2.47	4.43	1.86	1.34	4.36	1.09	2.82
Real estate activities	0.66	1.22	1.00	2.79	1.73	1.46	2.13	0.84	1.59
Professional, scientific and technical activities; Administrative and support service activities	7.97	5.66	8.10	15.77	8.43	6.03	10.02	4.42	9.70
Public administration and defense; compulsory social security	7.29	8.09	7.06	7.69	5.35	6.21	15.03	8.51	7.33
Education	6.14	6.53	5.66	7.66	8.05	6.63	6.30	6.84	6.79
Human health and social work activities	7.23	8.01	8.54	11.36	7.18	8.16	4.92	5.20	7.97
Arts, entertainment and recreation; Other service activities	4.37	4.44	4.15	6.84	2.65	2.30	3.22	2.42	3.95
TOTAL	100	100	100	100	100	100	100	100	
Variance of service sector	10,119	15,225	19,897	17,597	14,276	11,79	34,46	20,35	

Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Note: South Moravia is in 2010.

- Vienna and Bratislava region attain the highest shares of employment in services like information and communication, financial intermediation and real estate activities and business services. Generally, these types of services (financial and knowledge-intensive) are rather concentrated in urban-type regions.

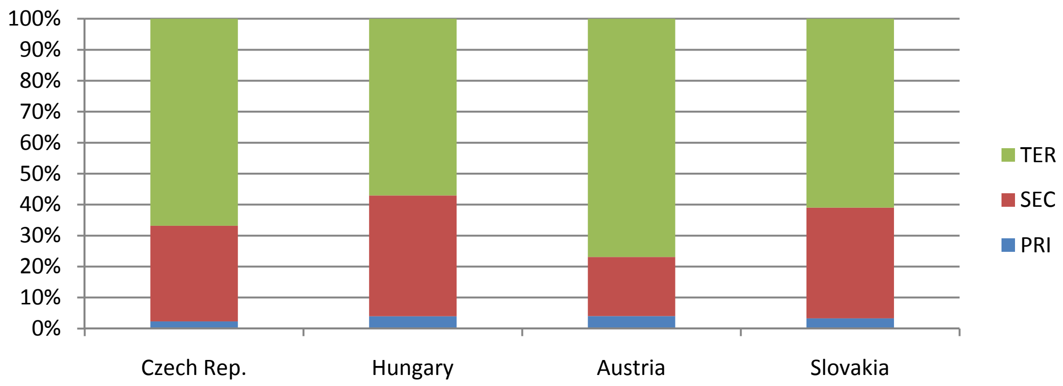
- In the case of business services (professional, scientific and technical activities; and administrative and support service activities), there is high variation within CENTROPE. The shares of employment in business services range from 15.77 % in Vienna to 4.42 % in Trnava region.
- Somewhat surprisingly the lowest share of tourism employment (accommodation and food service activities) is found in Bratislava region (2.6%), while the highest share (6.8%) id found in Burgenland.
- Trnava region and Bratislava region attain the highest level of heterogeneity (measured by variance) within services sector in CENTROPE. The lowest heterogeneity of services sector is in South Moravia and Vas. Although, Vienna showed high concentration of services, service sectors are proportionally distributed within Austrian CENTROPE (in terms of variance).

2.4. Investment activities in CENTROPE

2.4.1. Sectoral investment structure in CENTROPE

The production and growth potential of the CENTROPE countries and the CENTROPE region depends, among other factors, on private and public investment activities in particular sectors. To understand the importance and further development of service economy in particular regions it is therefore important to compare the investment activities among them as well as with national averages. In figure 2.3 we analyze the investment shares in CENTROPE countries and in figure 2.4 we look in detail at the CENTROPE region.

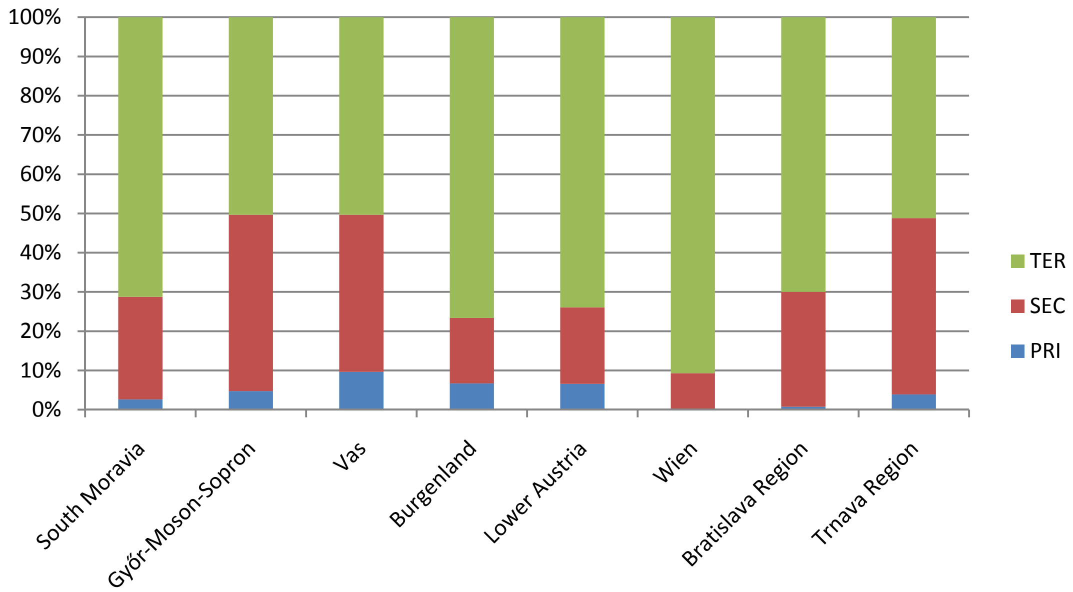
Figure 2.3: Investment shares in CENTROPE countries in 2010*



Source: Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office Note: *Austria and Slovakia in 2009.

As can be seen, the sectoral structure of investment activities corresponds to value added and employment shares in these countries. The lowest investments are found in the primary sector in each country. Investments in the secondary sector by contrast still play an important role in the Czech Republic (30.9 %), Hungary (39 %) and Slovakia (35.7 %). Most of the investments are in tertiary sector, however, with an extraordinary high share in Austria (76.9 %), the most developed country in this region. Among the former centrally planned economies, the Czech Republic has the largest share of investments in the service economy (66.8 %).

Figure 2.4: Investment shares in CENTROPE region in 2010*

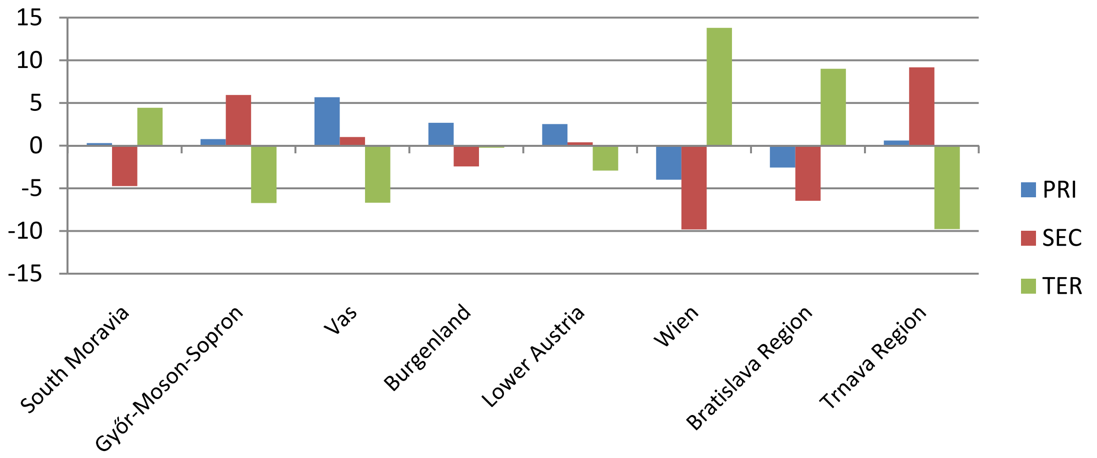


Source: Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Note: *Austrian regions and Slovak regions in 2009.

In general, the investment structure in CENTOPE region follows the national patterns but nevertheless there are some sizeable differences. Investments in the service economy dominate in all regions but they are only slightly above 50 % in Győr-Moson-Sopron, Vas and Trnava Region. Most of the investments in Vienna go into service sector (90.7 %) and only 9.3 % are directed to secondary sector with almost zero investments in primary sector on account of the low share of agriculture in this city. Aside from the Austrian regions, South Moravia and Bratislava region invest more than 70 % in the service sector. Industrial investments are characteristic for Győr-Moson-Sopron (45 % %), Trnava Region (44.9 %) and Vas (40 %). The share of investments in primary sector is highest in Vas but it is still very high in Burgenland and Lower Austria.

To understand the investment structure in particular regions it is important to compare it not only among themselves but with national averages as well. As we can see from figure 2.5 there are some sizeable differences. In particular South Moravia and especially Vienna as well as Bratislava region invest in the service sector more than in the nation-wide average (13.8 percentage points in Vienna and 9.02 percentage points in Bratislava Region). Győr-Moson-Sopron and Trnava region, by contrast, are the only two regions that invest markedly above average in industrial sector. As mentioned before, Vas, Burgenland and Lower Austria have highest share of investments in primary sector in CENTROPE and their shares are higher than national investment share in primary sector.

Figure 2.5: Differences between national and regional investment shares in p.p.



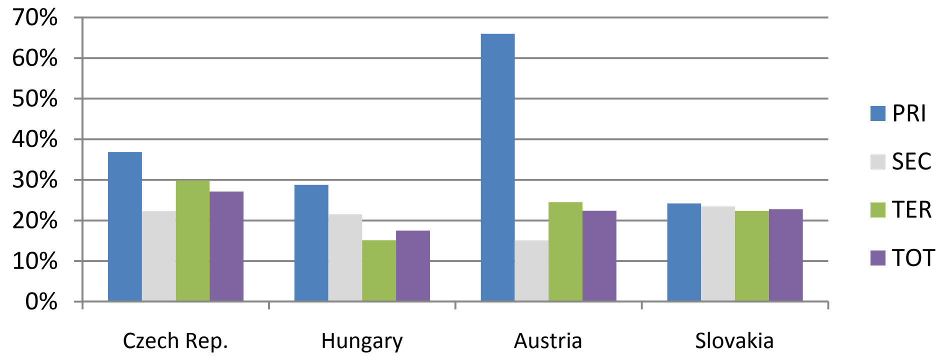
Source: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Note: *Austrian regions and Slovak regions in 2009.

2.4.2. Sectoral investment intensity in CENTROPE

This analysis therefore shows that the structure of the investment activities at sectoral level is strongly shaped by the functional and sectoral specialization of regions, with urban centers usually having higher investment shares in services and more industrial regions having higher shares in manufacturing. To assess the level of the investment activities in CENTROPE with respect to size of particular regions it is, however, also necessary to look at the investment intensity measured as the share of gross fixed capital formation (investments) in value added. Figure 2.6 presents the results for CENTROPE countries while figure 2.7 shows the results for individual CENTROPE regions.

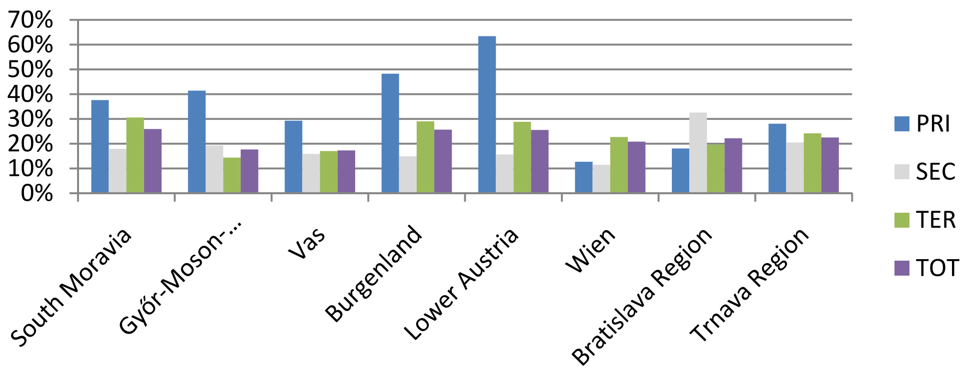
Total investment intensity is lowest in Hungary (17.5 %) while it is above 20 % in other CENTROPE countries. In all the countries, the highest investment intensity is in primary sector even though its importance (measured by value added or employment) is smallest in each country. An above average investment intensity in primary sector is typical mainly in Austria and Czech Republic with lower extent in Hungary and Slovakia. This high investment intensity in the primary sector increases its importance for the economy through indirect effects on industrial production. Slovakia and Hungary have a higher investment intensity in the secondary sector than in the total while secondary sector investment rates are below average in the Czech Republic and Austria. In the Czech Republic and Austria therefore typically the service sector has the highest investment rate.

Figure 2.6: Investment intensity in CENTROPE countries in 2009*



Source: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Note: * Czech Republic in 2010.

Figure 2.7: Investment intensity in CENTROPE in 2009*



Source: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Note: *South Moravia in 2010.

Table 2.4: Investment structure in business sector in CENTROPE, 2010*

	South Moravia	Győr-Moson-Sopron	Vas	Burgenland	Lower Austria	Vienna	Bratislava region	Trnava region
Primary and secondary sectors	**28.7**	**49.7**	**49.7**	**23.3**	**26.0**	**9.3**	**30.0**	**48.8**
Wholesale and retail trade; repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities	**27.4**	**28.1**	**29.4**	**12.2**	**22.0**	**15.1**	**20.4**	**16.1**
Wholesale and retail trade; repair of motor vehicles and motorcycles	6.1**	5.6	5.1	5.3	5.1	4.3	7.3	5.9
Transportation and storage	20.2**	20.9	23.4	3.3	16.3	9.6	12.5	9.6
Accommodation and food service activities	1.1**	1.6	0.9	3.6	0.6	1.2	0.7	0.6
Information and communication	3.4	3.6	1.2	0.8	0.7	9.7	7.7	3.4
Financial and insurance activities	2.2	0.7	0.3	0.5	0.8	3.2	2.3	0.6
Real estate activities	20.6	4.6	2.5	53.4	35.8	31.1	24.1	20.1
Professional, scientific and technical activities; Administrative and support service activities	**4.5**	**2.8**	**1.9**	**0.9**	**4.5**	**20.2**	**3.5**	**1.4**
Professional, scientific and technical activities	2.6**	0.9	0.8	-	-	-	2.5	0.9
Administrative and support service activities	2.0**	1.8	1.1	-	-	-	1.0	0.5
Public administration and defense; compulsory social security; Education; Human health and social work activities	**11.5**	**9.0**	**8.4**	**7.4**	**8.5**	**8.4**	**11.0**	**8.7**
Public administration and defense; compulsory social security	6.3**	2.1	4.2	3.6	3.9	2.9	8.1	6.2
Education	2.8**	5.4	2.0	0.9	1.4	1.4	0.9	0.9
Human health and social work activities	2.4**	1.5	2.3	2.9	3.2	4.1	2.0	1.7
Arts, entertainment and recreation; Other service activities	**1.7**	**1.4**	**6.5**	**1.5**	**1.7**	**2.9**	**0.8**	**1.0**
Arts, entertainment and recreation	1.2**	0.6	2.8	-	-	-	0.4	0.6
Other service activities	0.4**	0.8	3.7	-	-	-	0.4	0.4
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Notes: *Austrian and Slovak regions in 2009; **Based on 2009 investment shares.

From a regional perspective, within CENTROPE, the investment rate is highest in Burgenland and Lower Austria. These are the only regions that have an above average investment intensity relative to the national average. The lowest investment intensity is, by contrast, found in the Hungarian CENTROPE (17.3 % in Vas and 17.7 % in Győr-Moson-Sopron) which reflects the low Hungarian investment rate and also accords with the difficult macro-economic development of Hungary in recent years.

Also, with the exception of Vienna and Bratislava region - reflecting national statistics - all the other regions have very high investment intensities in the primary sector. Lower Austria and Burgenland dominate the picture with investment intensities in the primary sector of 63.4 % and 48.3 % respectively, while investment rates in the primary sector are around 40 % in Győr-Moson-Sopron and South Moravia.

The Highest investments intensities in the service sector, by contrast, are also found in Burgenland, Lower Austria and South Moravia while Győr-Moson-Sopron and Vas invest the lowest share of value added share in the service sector. Finally, comparing Vienna and Bratislava region - that have the most developed service sector (with respect to value added shares), - Bratislava region still invests above average share in industrial production while service investment intensity is substantially higher in Vienna.

In South Moravia, more than 71 % of total investments are directed into the service sector. More than half of these investments are realized in transportation and storage industry and in real estate activities (20.2 % and 20.6 % from total investments in respective order). This high share of investments in real estate activities (in 2010) suggests that the real estate market was not hit more by the crisis in 2008 than other Czech regions (the average share of investments in Real estate activities in Czech Republic was 22 % in 2010). The relatively high transportation and storage investments in South Moravia with respect to the rest of CENTROPE and the Czech average (12.2 %) suggest that this industry will increase its capacity in the future. Furthermore, following the substantial investments in R&D facilities documented in other reports of the CENTROPE regional development report project (see Csizmadia, 2011) investments in professional, scientific and technical activities are slightly also above the national average (4.5 %) in South Moravia, while investment shares in Information and communication technologies are around one percentage point below the national level.

In both Hungarian regions, almost half of the investments are in primary and secondary sector. These regions have lowest share of investments in service sector in CENTROPE and their share is also below national average. On the other side, Hungarian regions invest the highest share in the transportation and storage industry in CENTROPE (23.4 % in Vas and 20.9 % in Győr-Moson-Sopron) while there are very low investments in financial and insurance activities in both regions and low investments in information and communication technologies (especially in Vas, 1.2 %). Investments in real estate activities in Hungary were also very low in 2009 (8 %) relative to the other CENTROPE countries and they were even lower in Győr-Moson-Sopron (4.6 %) and Vas (2.5 %), which suggests a strong impact of the crisis in terms of the housing market in these regions. Győr-Moson-Sopron and Vas also invest between 5 % and 6 % in wholesale and retail trade, which is a level about comparable to the Austrian CENTROPE regions, but lower than in the Czech or Slovak CENTROPE.

Austrian regions, especially Vienna, following their higher tertiarisation also have the highest share of investments in service sector in CENTROPE. The investment share in service sector is almost 77 % in Austria as a whole, 74 % in Lower Austria, 76.6 % in Burgenland and more than 90 % in Vienna. From the rest of the CENTROPE only South Moravia (71.3 %) and Bratislava Region (70 %) have comparable share in service sector. Reflecting the continued positive development on the housing market in Austria relative to other EU countries the investment shares are highest in real estate activities in all three Austrian regions. Lower Austria and Vienna invest around one third of total investments in real estate activities while Burgenland invest more than half of total investments in this sector. Only around 15 % of investments are directed to other service activities in Burgenland with relatively high investments in accommodation and food service activities (i.e. tourism - 3.6 %). Lower Austria invests 16.3 % of total investments in transportation and storage activities while it invests very low shares in accommodation and food service activities (0.6 %), information and communication technologies (0.7 %) and financial and insurance activities (0.8 %). Investments in professional, scientific and technical activities (20.2 %) and in information and communication (9.7 %) dominate in Vienna.

Bratislava region belongs to the most developed part of CENTROPE with respect to investment share in service sector (70 %). On the other side, there is an important share of investments in industry in Trnava region (48.8 % both in primary and secondary sector). Investments in real estate activities are sizeable in Bratislava region (24.1 %) as well as in Trnava region (20.1 %). With regards to other services there are relatively high investments in transportation and storage activities in Bratislava region (12.5 %) and in information and communication technologies (7.7 %). With respect to professional, scientific and technical activities, Bratislava region invests a higher share than in the Slovak national average (3.5 % vs. 2.1 %) due to its function as a capital city but the share of investments in these activities is far behind Vienna. Investments in transportation and storage (9.6 %) and wholesale and retail trade (5.9 %), by contrast, are very important in Trnava region.

Investment intensity, measured as the share of investments (gross fixed capital formation) in total value added, also varies a lot among the regions as well as among the service industries in CENTROPE. On a national level, total investment intensity is lowest in Hungary (17.6 %) and highest in Czech Republic (27.1 %). In CENTROPE it varies from 19 % in Győr-Moson-Sopron to almost 26 % in Burgenland, Lower Austria and South Moravia.

Table 2.5: Investment intensities in service sector in CENTROPE, 2010*

	South Moravia	Győr-Moson-Sopron	Vas	Burgenland	Lower Austria	Vienna	Bratislava Region	Trnava Region
Primary and secondary sectors	**18.8**	**18.6**	**22.3**	**18.5**	**19.4**	**11.5**	**31.9**	**20.9**
Wholesale and retail trade; repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities	**36.2**	**37.2**	**41.5**	**14.1**	**22.9**	**14.9**	**17.6**	**21.1**
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.6	-	-	11.4	8.9	6.3	-	-
Transportation and storage	74.7	-	-	19.8	58.9	53.5	-	-
Accommodation and food service activities	16.4	-	-	15.7	5.5	8.0	-	-
Information and communication	17.1	32.2	17.6	13.4	15.3	24.1	29.3	23.2
Financial and insurance activities	23.3	5.4	2.3	2.8	6.3	10.0	6.4	7.2
Real estate activities	73.1	11.0	6.5	131.3	88.3	71.7	55.4	93.4
Professional, scientific and technical activities; Administrative and support service activities	**15.6**	**9.7**	**7.1**	**4.8**	**18.6**	**29.9**	**7.5**	**5.2**
Professional, scientific and technical activities	12.3	-	-	-	-	-	-	-
Administrative and support service activities	24.1	-	-	-	-	-	-	-
Public administration and defense; compulsory social security; Education; Human health and social work activities	**18.9**	**12.4**	**11.4**	**8.9**	**12.3**	**9.0**	**17.5**	**15.2**
Public administration and defense; compulsory social security	27.9	-	-	10.6	15.5	8.7	-	-
Education	13.6	-	-	3.2	7.1	4.9	-	-
Human health and social work activities	13.6	-	-	13.5	13.4	12.7	-	-
Arts, entertainment and recreation; Other service activities	**16.6**	**10.4**	**40.1**	**14.6**	**18.2**	**14.1**	**3.4**	**14.6**
Arts, entertainment and recreation	28.8	-	-	-	-	-	-	-
Other service activities	7.7	-	-	-	-	-	-	-
Total	**25.9**	**19.0**	**21.3**	**25.6**	**25.6**	**20.8**	**22.2**	**22.5**

Source: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office *Austrian and Slovak regions in 2009.

Except for Hungary and the Hungarian CENTROPE regions, investment intensity is very high in real estate activities in all the other regions. It is slightly above 55 % in Bratislava region, more than 70 % in Vienna, South Moravia and Trnava region and more than 100 % in Burgenland (131.3 %). These very high investment rates, may however be distorted by large individual projects in this industry in some regions and (in particular in Burgenland) the small size of the sector in GVA High investment intensity is typical for transportation and storage activities in Lower Austria, Vienna and South Moravia. It is also almost twice as high as the national average in accommodation and food service activities in South Moravia. Győr-Moson-Sopron and Vas have considerably higher share of investments on value added in the information and communication sector (32.2 % in Győr-Moson-Sopron and 17.6 % in Vas, comparing to 13 % in Hungary as a whole).

Burgenland in comparison to Lower Austria and Vienna invests a much lower share of value added in transport and storage activities but – following the rapid development of tourism in this region in the last decade - substantially more tourism accommodation and food service activities (15.7 %). Vienna and Lower Austria have the highest investment intensity in professional, scientific and technical activities and in administrative and support service activities (29.9 % and 18.6 %), which once more reflects the functional specialization of this region. Investment intensity in Bratislava region and Trnava region is relatively high in information and communication activities. Financial and insurance activities have a very different investment intensity in CENTROPE. This varies from 2.3 % in Vas and 2.8 % in Burgenland to 10 % in Vienna and 23.3 % in South Moravia. The differences in investment intensity are much lower in information and communication activities where they vary from 13.4 % in Burgenland to 32.2 % in Győr-Moson-Sopron.

Investment intensity is very high in real estate activities and transportation and storage activities in CENTROPE (with exception of Hungarian regions) even during the crisis. On the other side, investment intensity in professional, scientific and technical activities is still very low in Slovak and Hungarian regions.

The analysis of investment structure in CENTROPE suggests that Austrian regions (especially Vienna), Bratislava region and South Moravia specialize in investments to services while in Győr-Moson-Sopron, Vas and Trnava Region investments in industrial sectors still plays an important role. High share of investment in transportation and storage industry in South Moravia, Győr-Moson-Sopron, Vas and to a lesser extent in Lower Austria increases these regions' potential in logistic activities. Bratislava region (Bratislava) and South Moravia (especially Brno) have the most developed service sector in CENTROPE after Vienna but they need to increase their investment in professional, scientific and technical activities as well as in information and communication technologies to be able to compete with Vienna in knowledge intensive services. A higher share of investment in these activities in Bratislava and South Moravia could increase the attractiveness of CENTROPE for knowledge intensive services and create positive externalities that would be beneficial for Vienna as well.

2.5. Regional concentration of service industries in CENTROPE

The mapping of concentration of industrial activities in regional economy enables to reveal possible clusters and activities which contribute to regional economic development. To analyze regional concentration of particular industries we applied the location quotient (LQ). This compares the regional share of economic activity in a particular industry to the national share of economic activity in the same industry. It is a localization measure that allows us to assess the relative concentration of given industry or sector in a given region. It reveals the degree of regional specialization in each industry or sector. It can therefore help to determine which industry is strongly represented in a region, relative to the national average.

Formally the location quotient can be calculated from the following formula:

$$LQ_i = (e_i/e) / (E_i/E)$$

Where:

LQ_i = location quotient for industry i in the regional economy

e_i = employment in industry i in the local region

e = total employment in the local region

E_i = employment in industry i in the national (or EU) economy

E = total employment in the national (or EU) economy

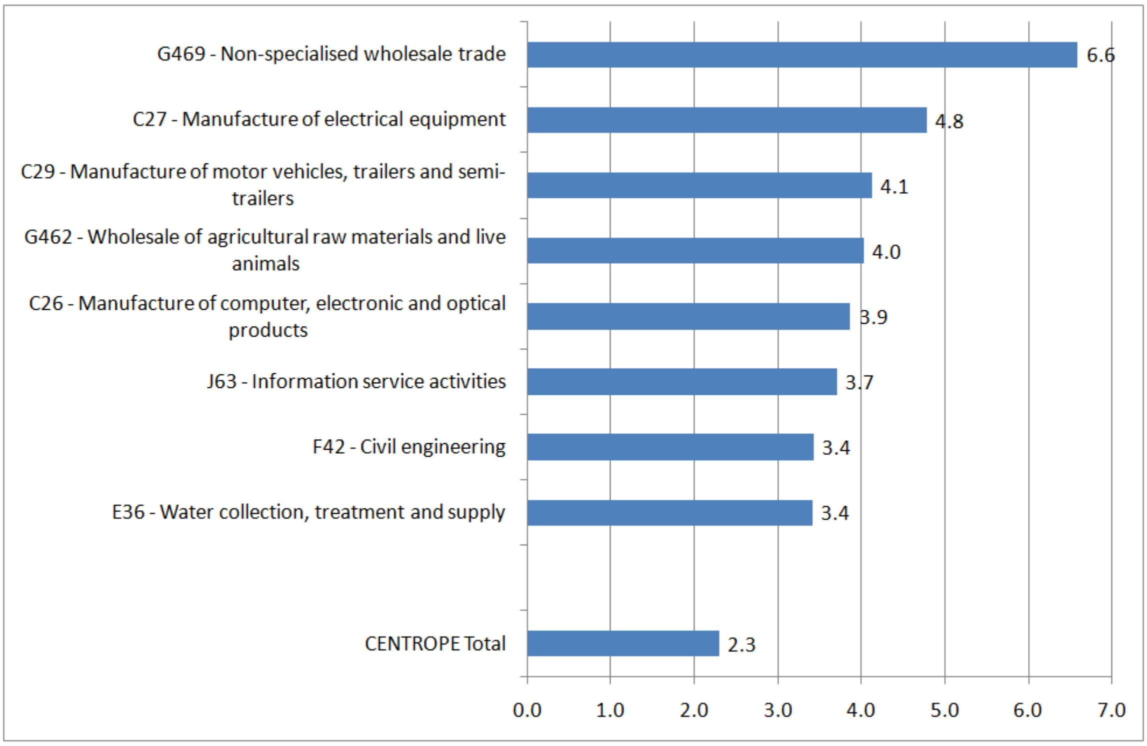
Thus if LQ is between 0 and 1 the region under consideration is less specialized than the whole economy; by contrast if LQ is larger than 1 the regions' specialization in the respective sector is larger than in the national (or EU) economy.

2.5.1. Results at the EU level

Therefore as suggested in the formula above, localization quotients can be calculated using either national employment shares or EU wide employment shares as a basis. While European data would be preferable for our purposes, such data unfortunately, have important drawbacks on account of a rather limited representation of sectors and regions, as well as on account of a lacking recency of this data. Furthermore these data are only available on a NUTS 2 level, while the CENTROPE regions are defined on a NUTS 2 level.

Thus using is from the structural business statistics which are, however, available only for the year 2009 and also miss data on some important service industries suggests that CENTROPE in aggregate is a rather diversified region. Only eight sectors of the region have a localization coefficient exceeding 1.5 (i.e. their share in the regions' industry specific employment relative to the EU exceeds the share of the CENTROPE in EU wide employment by a factor of more than 1.5). Of these branches 2 (Nonspecialized wholesale trade and wholesale trade of agricultural raw materials and live animals) belong to wholesale trade. This specialization reflects the location of a number of larger cities and in particular two capital cities, where many import export firms reside, in this region. In addition also the high localization of water collection, treatment and supply is due to the high urbanization of the region. These areas of specialization are therefore, owed more to the regions geography rather than reflecting a revealed comparative advantage.

Figure 2.8: Share of EU wide employment in NACE 2 digit branches with coefficient of localization 1.5 or higher (i.e. 3.4% of EU wide employment or more)



Source: Eurostat Structural business Statistics, Note: Values indicate the share of employment in the respective industry in % of EU wide employment in this industry.

Among the five other sectors three (manufacture of electrical equipment, manufacture of motor vehicles, trailers and semi-trailers and manufacture of computer electronical and optical products) are manufacturing branches. These specializations reflect the comparative advantage of regions such as CENTROPE – which are located at the rim between the EU-core and high growth markets - in ancillary supplier industries such as the automobile, electronics and electronic industries (see Palme and Feldkircher, 2006). In particular automobile production – due to some major foreign direct investments - has seen a rapid increase in localization in the last decades, and is regionally rather broad based in CENTROPE with Bratislava region, Trnava region, Györ-Moson-Sopron and Lower Austria showing a noticeable localization of this industry on their territory. This industry seems to be a primary candidate for cross-border enterprise networks and policy initiatives. The electrical equipments and computer electronic and optical products industries by contrast are heavily localized in South Moravia and Trnava region (electrical equipments) or Györ-Moson-Sopron and Trnava (computer electronic and optical products industries), so that here no such ubiquous production structures exist as in the automobile industries.

The final two sectors (civil engineering and information service activities) are advanced producer services sectors and are mostly localized in the capital cities of Vienna and Bratislava. These sectors therefore also highlight the potentials for cross-border co-operation in the business service sector among the capital cities of CENTROPE.

2.5.2. Results at the national level

Given the rather limited value of EU wide data for our purposes, we therefore focus on localization coefficients relative to the national average for the further analysis. This adds to the above analysis in a number of respects. For instance as can be seen in Table 2.7, in South Moravia three high point service industries (where LQ > 1.2) can be identified through this procedure. These are accommodation and food service activities, financial and insurance activities and arts, entertainment and recreation and other service activities, which attained the highest value of LQ from the service sector. Also the location quotient for information and communication services in South Moravia region shows a certain level or regional specialization (since exceeds unity).

Table 2.6: Localization quotient of sectors in CENTROPE

Sector	South Moravia*	Burgen-land	Lower Austria	Vienna	Győr-Moson-Sopron	Vas	Bratislava region	Trnava region
Primary	1.08	2.07	1.49	0.02	1.09	1.29	0.35	1.03
Secondary	0.96	1.04	1.07	0.58	1.28	1.45	0.58	1.16
Tertiary	1.02	0.90	0.94	1.22	0.88	0.81	1.25	0.92

Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Notes: * - 2010.

As shown in tables 2.6 and 2.7 regional economy in Burgenland is strongly specialized on braches of primary sector, the public utilities (electricity, gas, steam and air conditioning supply as well as water supply; sewerage, waste management and remediation activities) and construction relative to the national average. From service sector only public administration and defense; compulsory social security have higher share than national level. Business services (professional, scientific and technical activities plus administrative and support service activities) and knowledge-intensive services (information and communication) are very weakly represented in this region, by contrast.

In terms of sectoral concentration, Lower Austria is also specialized on activities of the primary and secondary (in particular manufacturing) sectors. There are, however, also some exceptions where services are more strongly specialized in this region. Thus on account of the shopping centers on the outskirts of Vienna located in Lower Austria wholesale and retail trade; repair of motor vehicles and motorcycles, have a high localization in that region and also transportation and storage; and public administration and defense; compulsory social security attain higher regional concentration than at the national level.

The structure of the regional economy of Vienna as a metropolitan region and capital city, however, is highly concentrated on service sector. Particularly information and communication are strongly concentrated in this region (LQ = 2.25). From the service sector only accommodation and food activities are less concentrated than in national economy.

By contrast, Győr-Sopron-Moson as well as Vas are specialized on manufacturing (LQ = 1.42 and 1.72 respectively) and attains a moderate concentration in tourism-related industries: accommodation and food service activities (LQ = 1.1 and 1.15) and in the case of Győr-Sopron-Moson arts, entertainment and recreation, other service activities (LQ = 1.13).

Bratislava region has similar economic structure to Vienna region; low concentration of primary and secondary sectors and high share of most of service industries. Particularly the financial sector (financial and insurance activities) and business services (real estate activities; professional, scientific and technical activities plus administrative and support service activities with localization coefficients higher than 2) are strongly localized in this region from a national perspective. Interestingly in many of the service industry localization on a national scale is higher than in Vienna, which suggests that the dominance of Bratislava as a service centre in Slovakia is more strongly pronounced than that of Vienna in Austria.

Finally, the local economy in Trnava region is once more strongly oriented towards industries of the primary and secondary sectors with a low localization of service industries. Among the service industries only accommodation and food activities have higher concentration in this region than in national economy.

Table 2.7: Localization quotients of economic sectors in CENTROPE

	South Moravia*	Burgen-land	Lower Austria	Vienna	Győr-Moson-Sopron*	Vas*	Bratislava region	Trnava region
Agriculture, forestry and fishing	1.08	2.07	1.49	0.02	1.09	1.29	0.35	1.03
Mining and quarrying	0.34	1.14	1.80	0.14	0.55	0.49	0.52	0.93
Manufacturing	0.85	0.89	1.07	0.46	1.42	1.70	0.52	1.15
Electricity, gas, steam and air conditioning supply	1.65	1.32	0.73	1.19	0.82	0.64	0.69	1.16
Water supply; sewerage, waste management and remediation activities	0.67	1.57	1.30	0.69	0.87	1.03	0.87	1.26
Construction	1.45	1.30	1.08	0.77	0.95	0.79	0.71	1.19
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.94	1.00	1.14	0.95	0.89	0.78	1.17	0.95
Transportation and storage	1.02	0.77	1.24	0.97	1.08	1.06	1.15	0.96
Accommodation and food service activities	1.21	1.08	0.75	0.86	1.10	1.15	0.78	1.31
Information and communication	1.11	0.58	0.59	2.25	0.44	0.28	1.51	0.96
Financial and insurance activities	1.26	0.89	0.79	1.42	0.82	0.60	2.33	0.58
Real estate activities	0.55	0.81	0.66	1.84	1.03	0.87	2.20	0.87
Professional, scientific and technical activities,	1.07	0.56	0.80	1.55	0.89	0.63	1.97	0.87
Public administration and defense; compulsory social security	0.96	1.29	1.13	1.23	0.66	0.76	1.44	0.81
Education	0.87	1.01	0.87	1.18	0.96	0.79	0.82	0.89
Human health and social work activities	0.99	0.81	0.86	1.14	0.81	0.92	0.84	0.89
Arts, entertainment and recreation, Other service activities	1.72	0.92	0.87	1.43	1.13	0.98	1.22	0.92

Sources: Hungarian Central Statistical Office, Czech Statistical Office, Slovak Statistical Office, Austrian Statistical Office; Notes: * - 2010.

In summary therefore, in terms of level of economic activities in service economy we can distinguish between two types of region in CENTROPE. The first type is composed of the capital city regions of Vienna and Bratislava region, with a high concentration of knowledge-intensive services (communication, information and scientific services), financial and insurance activities and business services (professional, scientific and technical activities plus administrative and support service activities). Such economic activities tend to be concentrated in locations where substantial presence of local consumers and supplier markets is ensured. Knowledge intensive services are closely related to the innovation capacity of national and regional economy. Professional, scientific and technical activities and information and communication services as a part of business services are strong innovation and productivity drivers and as well as determinants of competitiveness of these two regions. These branches of services heavily depend on recent stock of highly-educated working force, quality of educational system and number of local universities and are thus often localized in major urban agglomerations.

Other important factors of business services development in these regions are information and communication technologies penetration, high labor productivity and inflow of foreign direct investment into the regional economy as well as a high population density and presence of research and development organizations. In the past, most of the business services were conducted in-house. This was the case of such services with strategic character as IT-consulting, research and development, legal, accounting, business consulting and human recourses development. Worldwide dynamic growth of the business services in the previous two decades have been based on increasing outsourcing, liberalization of trade and investment and the rapid advance in information and communication technologies.

The rest of CENTROPE (with the potential exception of the city of Brno, for which we, however, lack data as a separate identity) remains to be concentration on economic activities of the primary and secondary sectors and has only a moderate concentration of some service industries among which (importantly for the current study) tourism related activities have an above average localization in South Moravia, Burgenland, the entire Hungarian CENTROPE and Trnava.

2.6. Development of service sector in CENTROPE

This part of the report is focused on analyze of development of services sector in CENTROPE in the previous decade. In case of Austrian and Hungarian CENTROPE, the availability of statistical data limit possibilities of analysis and therefore time series is divided into 2 periods.

2.6.1. Development of service sector in Austrian CENTROPE 2000 – 2006

In table 2.6 we illustrate development regional employment (in terms of employed persons) in Austrian CENTROPE during 2000 – 2006. Available statistical data allow a breakdown of the service sector to only three subsectors: 1. wholesale and retail trade; hotels and restaurants; transport; 2. financial services and 3. non-marked services. The three Austrian CENTROPE regions exhibit some common trends in the development of the economic structure during 2000 – 2006: In all regions there is an evident decrease in the share of the primary and secondary sectors and a significant increase of financial services as well as a moderate growth of public administration and community services and activities of households.

Table 2.8 Employment* in Austrian CENTROPE 2000 – 2006 (NACE 1)

	Employment in thousands			Share on total regional employment		
	2000	2006	average annual growth rate in %	2000	2006	average annual growth rate in %
Burgenland						
Primary and secondary sector	87.50	77.30	***-1.67***	46.52	40.64	***-1.26***
Wholesale and retail trade; hotels and restaurants; transport	42.50	49.30	***2.29***	22.59	25.92	***1.47***
Financial intermediation; real estate	11.90	15.90	***4.80***	6.33	8.36	***3.21***
Public administration and community services; activities of households	46.20	47.70	***0.46***	24.56	25.08	***0.21***
TOTAL	188.10	190.20	***0.16***	100	100	
Lower Austria						
Primary and secondary sector	473.20	435.90	***-1.13***	42.34	38.75	***-0.85***
Wholesale and retail trade; hotels and restaurants; transport	314.90	322.20	***0.33***	28.17	28.64	***0.17***
Financial intermediation; real estate	93.30	112.60	***2.96***	8.35	10.01	***1.99***
Public administration and community services; activities of households	236.30	254.30	***1.09***	21.14	22.60	***0.69***
TOTAL	1,117.70	1,125.00	***0.09***	100	100	
Vienna						
Primary and secondary sector	271.30	232.20	***-2.06***	18.77	15.84	***-1.56***
Wholesale and retail trade; hotels and restaurants; transport	437.30	419.10	***-0.59***	30.26	28.59	***-0.55***
Financial intermediation; real estate	297.20	342.00	***2.15***	20.00	23.00	***1.34***
Public administration and community services; activities of households	439.40	472.70	***1.08***	30.40	32.24	***0.61***
TOTAL	1,445.20	1,466.00	***0.21***	100	100	

Sources: EUROSTAT Notes: * employed persons.

2.6.2. Development of service sector in Austrian CENTROPE 2007 – 2009

As table 2.9 illustrates, a decrease in the share of the primary and secondary sectors remained also in period 2007 – 2009. In Burgenland, there was also a relatively considerable decrease in information and communication services and financial and communication activities. In the rest of Austrian CENTROPE, Lower Austria experienced a decline of financial and insurance activities by 2.29 % and Vienna a moderate growth. Contrary to the finance and insurance sector in Burgenland and Lower Austria, real estate activities increased in these two regions and business services (professional, scientific and technical activities, administrative and support service activities) showed a significant growth rates in all Austrian CENTROPE regions. Among the non-market services, in particular education attained significant growth of more than 4 % in whole Austrian CENTROPE.

Table 2.9: Employment* in Austrian CENTROPE in 2007 – 2009 (in thousands, NACE 2)

	Average annual growth rate 2007/2009 of employment in %			Average annual growth rate 2007/2009 of share on total regional employment (%)		
	Burgenland	Lower Austria	Vienna	Burgenland	Lower Austria	Vienna
Primary and secondary sectors	−0.48	−0.65	−0.18	−0.82	−1.05	−0.79
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.20	0.28	−0.12	0.84	−0.12	−0.73
Transportation and storage	−0.72	0.78	−1.10	−1.07	0.37	−1.69
Accommodation and food service activities	0.88	0.83	1.77	0.52	0.42	1.13
Information and communication	−1.96	0.35	0.67	−2.29	−0.06	0.05
Financial and insurance activities	−1.96	−0.76	0.98	−2.29	−1.16	0.35
Real estate activities	2.56	2.05	−0.62	2.19	1.62	−1.21
Professional, scientific and technical activities, Administrative and support service activities	2.19	1.95	1.46	1.81	1.52	0.83
Public administration and defense; compulsory social security	0.36	0.77	0.09	0.01	0.35	−0.52
Education	1.88	2.08	1.53	1.51	1.65	0.90
Human health and social work activities	0.74	1.23	1.35	0.38	0.81	0.72
Arts, entertainment and recreation, Other service activities	1.36	1.84	1.00	1.00	1.41	0.38
TOTAL	0.35	0.41	0.62			

Sources: Austrian Statistical Office Notes: * employed persons.

2.6.3. Development of service sector in Slovak CENTROPE 2000 – 2009

As shown in table 2.10, in the previous decade in Bratislava region the share of primary and secondary industries decreased rapidly, thus reflecting the heavy restructuring process in this city (the average annual rate of decline in employment was 0.52 %). This urban region was characterized by the considerable growth rates of some service industries, in particularly trading services and business services.

Also real estate and information and communication services recorded an appreciable growth with an average annual growth rate of over 3% with very similar impact on their share of total employment. In spite of moderate annual average growth rates in the sector of financial and insurance activities, however, total proportion of this sector virtually did not change during 2000 – 2009 in Bratislava region.

On the other side, non-market services sectors like education and human health and social work activities showed stagnation in growth of employment and decreasing of their shares in the total economy. There was also a significant positive average annual growth rate of accommodation and food service activities and business services (particularly in professional, scientific and technical activities). This dynamic development of employment had considerable impact on increase of share of these services in Trnava region. A second significant trend was the overall decrease of the share of non-market services caused by negative average annual growth rates particularly in sector of education and human health and social work activities.

Table 2.10: Employment* in Slovak CENTROPE in 2000 – 2009 (NACE 2)

	Employment in thousands			Share on total regional employment (%)		
	2000	2009	average annual growth in %	2000	2009	average annual growth in %
Bratislava region						
Primary and secondary sectors	94.514	89.639	***-0.52***	26.05	20.21	***-2.24***
Wholesale and retail trade; repair of motor vehicles and motorcycles	56.694	92.204	***6.26***	15.63	20.79	***3.30***
Transportation and storage	28.723	30.825	***0.73***	7.92	6.95	***-1.22***
Accommodation and food service activities	9.930	11.442	***1.52***	2.74	2.58	***-0.58***
Information and communication	11.189	15.489	***3.84***	3.08	3.49	***1.32***
Financial and insurance activities	15.822	19.327	***2.22***	4.36	4.36	***-0.01***
Real estate activities	6.829	9.463	***3.86***	1.88	2.13	***1.33***
Professional, scientific and technical activities	26.611	44.454	***6.71***	7.34	10.02	***3.66***
Administrative and support service activities	19.848	28.733	***4.48***	5.47	6.48	***1.84***
Public adm. and defense; com. soc. security	31.860	37.953	***1.91***	8.78	8.56	***-0.26***
Education	27.912	27.963	***0.02***	7.69	6.30	***-1.81***
Human health and social work activities	21.791	21.820	***0.01***	6.01	4.92	***-1.81***
Arts, entertainment and recreation	5.780	6.672	***1.54***	1.59	1.50	***-0.56***
Other service activities	5.285	7.604	***4.39***	1.46	1.71	***1.77***
TOTAL	362.788	443.588	***2.23***	100.00	100.00	***0.00***
Trnava region						
Primary and secondary sectors	88.925	94.398	***0.62***	44.83	41.44	***-0.76***
Wholesale and retail trade; repair of motor vehicles and motorcycles	28.951	38.400	***3.26***	14.59	16.86	***1.55***
Transportation and storage	12.194	13.232	***0.85***	6.15	5.81	***-0.55***
Accommodation and food service activities	5.198	9.939	***9.12***	2.62	4.36	***6.65***
Information and communication	3.690	5.045	***3.67***	1.86	2.21	***1.90***
Financial and insurance activities	2.075	2.480	***1.95***	1.05	1.09	***0.41***
Real estate activities	1.427	1.924	***3.48***	0.72	0.84	***1.74***
Professional, scientific and technical activities	5.865	10.065	***7.16***	2.96	4.42	***4.94***
Administrative and support service activities	4.772	7.231	***5.15***	2.41	3.17	***3.19***
Public adm. and defense; com. soc. security	11.321	12.155	***0.74***	5.71	5.34	***-0.65***
Education	16.727	15.593	***-0.68***	8.43	6.84	***-1.88***
Human health and social work activities	13.269	11.841	***-1.08***	6.69	5.20	***-2.23***
Arts, entertainment and recreation	1.868	2.370	***2.69***	0.94	1.04	***1.05***
Other service activities	2.081	3.140	***5.09***	1.05	1.38	***3.14***
TOTAL	198.363	227.813	***1.48***	100.00	100.00	

Sources: Slovak Statistical Office Notes: * employed persons.

Table 2.11: Employment* in Hungarian CENTROPE in 2004 – 2008 (NACE 1)

	Employment in thousands						Share on total regional employment (%)					
	Győr-Moson-Sopron		Vas		average annual growth rate in %		Győr-Moson-Sopron		Vas		average annual growth rate in %	
	2004	**2008**	**2004**	**2008**	**Győr-Moson-Sopron**	**Vas**	**2004**	**2008**	**2004**	**2008**	**Győr-Moson-Sopron**	**Vas**
Primary and secondary sectors	62.274	62.508	42.76	40.431	***0.08***	***-1.09***	46.98	41.32	51.15	47.02	***-2.41***	***-1.61***
Trade, repair	12.798	20.560	6.857	10.099	***12.13***	***9.46***	9.66	13.59	8.20	11.74	***8.16***	***8.63***
Hotels and restaurants	3.889	5.934	2.658	3.719	***10.52***	***7.98***	2.93	3.92	3.18	4.32	***6.70***	***7.20***
Transport. storage. post. telecommunications	12.551	11.849	7.29	5.939	***-1.12***	***-3.71***	9.47	7.83	8.72	6.91	***-3.47***	***-4.16***
Financial intermediation	2.060	2.767	0.873	1.259	***6.86***	***8.84***	1.55	1.83	1.04	1.46	***3.50***	***8.04***
Real estate renting and business activities	5.456	12.405	3.455	6.533	***25.47***	***17.82***	4.12	8.20	4.13	7.60	***19.80***	***16.76***
Public administration and defense	9.681	8.162	6.742	4.631	***-3.14***	***-6.26***	7.30	5.40	8.06	5.39	***-5.23***	***-6.64***
Education	11.056	12.191	5.78	5.408	***2.05***	***-1.29***	8.34	8.06	6.91	6.29	***-0.68***	***-1.81***
Health	5.035	9.844	6.356	5.642	***19.10***	***-2.25***	3.80	6.51	7.60	6.56	***14.26***	***-2.74***
Other community. social and personal services	3.742	5.043	2.15	2.334	***6.95***	***1.71***	2.82	3.33	2.57	2.71	***3.62***	***1.11***
TOTAL	132.545	151.263	83.6	85.995	***2.82***	***0.57***	100	100	100	100		

Source: Regional Statistical Yearbook of Hungary 2008; 2004. Note: * number of employees.

Table 2.12: Employment* in Hungarian CENTROPE in 2009 – 2011 (NACE 2)

	Employment in thousands						Share on total regional employment (%)					
	Győr-Moson-Sopron		Vas		growth rate in %		Győr-Moson-Sopron		Vas		growth rate in %	
	2009	2011	2009	2011	Győr-Moson-Sopron	Vas	2009	2011	2009	2011	Győr-Moson-Sopron	Vas
Primary and secondary sectors	59.07	55.53	35.62	29.24	***-5.99***	***-17.9***	47.95	48.51	54.50	49.55	***1.16***	***-9.07***
Wholesale and retail trade, repair of motor vehicles and motorcycles	11.39	10.38	5.65	4.86	***-8.91***	***-13.9***	9.25	9.07	8.64	8.24	***-1.98***	***-4.64***
Transportation and storage	6.67	6.55	2.12	2.13	***-1.80***	***0.80***	5.42	5.72	3.24	3.62	***5.67***	***11.66***
Accommodation and Food service activities	3.87	3.54	1.95	1.83	***-8.33***	***-6.25***	3.14	3.09	2.98	3.10	***-1.35***	***3.85***
Information and communication	0.67	0.95	0.20	0.29	***41.55***	***44.22***	0.54	0.83	0.30	0.49	***52.33***	***59.76***
Financial and insurance activities	1.07	1.20	0.33	0.29	***12.58***	***-12.2***	0.86	1.05	0.50	0.49	***21.15***	***-2.74***
Real estate activities	1.80	1.31	0.66	0.68	***-27.32***	***3.04***	1.46	1.14	1.01	1.15	***-21.79***	***14.15***
Professional, scientific and technical activities	1.91	2.07	0.85	0.85	***8.70***	***0.71***	1.55	1.81	1.29	1.44	***16.97***	***11.56***
Administrative and support service activities	6.48	3.05	1.64	1.50	***-52.96***	***-8.29***	5.26	2.66	2.51	2.55	***-49.38***	***1.59***
Public administration and defense, compulsory social security	6.40	6.30	4.88	5.16	***-1.47***	***5.78***	5.19	5.51	7.47	8.75	***6.03***	***17.18***
Education	11.79	11.72	5.13	5.07	***-0.60***	***-1.15***	9.57	10.23	7.85	8.59	***6.96***	***9.50***
Human health and social work activities	9.12	9.14	4.81	5.58	***0.25***	***16.08***	7.40	7.99	7.36	9.46	***7.88***	***28.58***
Arts, entertainment and recreation	1.67	1.49	0.80	0.83	***-11.08***	***3.51***	1.36	1.30	1.22	1.40	***-4.31***	***14.66***
Other services; activities of households	1.29	1.25	0.74	0.69	***-3.26***	***-6.22***	1.05	1.09	1.13	1.17	***4.11***	***3.88***
Total	123.19	114.476	65.361	59.004	***-7.07***	***-9.73***	100	100	100	100		

Source: Hungarian Central Statistical Office; Note: * – Enterprises with more than 4 employees, institutions of central and local government, social security and non-profit institutions

2.6.4. Development of service sector in Hungarian CENTROPE 2004 – 2008

According to the Hungarian CENTROPE data for 2004 – 2004, there was substantial structural change in terms of employment in this period. Both regions attained a significant increase in the sector of business services (real estate renting and business activities), where average annual growth rates of share on total employment in Győr-Moson-Sopron and Vas were 19.8 % and 16.8 % respectively. The trend of non-market services was rather heterogeneous: Győr-Moson-Sopron experienced a decrease in the share of public administration and defense services, a significant growth of health services and a stagnation in education services.

Contrary to the development in Győr-Moson-Sopron, Vas showed an overall decrease in all branches of non-market services. Both these regions also recorded an increasing of proportion of labor-intensive services (trade, repair, hotel and restaurant) in this observation period.

2.6.5. Development of service sector in Hungarian CENTROPE 2009 – 2011

Also during 2009 – 2011, the Hungarian CENTROPE recorded considerable changes in the structure of its service sector (see table 2.12). Both regions experienced an increase of the share of transportation and storage services and non-market services. There was also increase in share of business services, expect of administrative and support service activities in Győr-Moson-Sopron, where this sector strongly reduced employment.

2.6.6. Development of service sector in South Moravia 2005 – 2010

Time series available for the service sector in South Moravia show a similar heterogeneous development within labor-intensive services, while the share of trade services in total employment increased between 2005 and 2010, transportation and storage and accommodation and food services experienced a modest decline. This region attained a significant increase in employment in the information and communication sector with annual average growth rate of 9 %, In non-market services only human health and social work activities recorded strong average annual growth (of 4.1 %).

2.7. Summary and conclusions

From a sectoral point of view, economic structure of the CENTROPE is rather heterogeneous. There is an evident split between the CENTROPE, with strongly service oriented urban regions and the less urbanized rest of CENTROPE. The highest level of tertiarization is reached by the urban regions, Vienna with more than 85 % share of service sector and Bratislava region with value of 79.8 %. In contrast to these advanced urban regions, a relatively low share of service sector employment (less than 60 %) applies to Vas and Trnava region. Vienna and Bratislava region also have the highest shares of employment in advanced technology intensive services like information and communication, financial intermediation and real estate activities and business services. In the case of business services (professional, scientific and technical activities; and administrative and support service activities), there is high variation within CENTROPE. The shares of employment in business services range from 15.77 % in Vienna to 4.42 % in Trnava region. Trnava and Bratislava region attain the highest level of heterogeneity (measured by variance) within services sector in CENTROPE. The lowest heterogeneity of service sector is in South Moravia and Vas.

Table 2.13: Employment* in South Moravia in 2005 – 2010 (CZ-NACE)

	Employment in thousands			Share on total regional employment (%)		
	2005	2010	average annual growth rate in %	2005	2010	average annual growth rate in %
Primary and secondary sectors	182.9	165.1	***-1.6***	41.23	36.67	***-1.8***
Wholesale and retail trade; repair of motor vehicles and motorcycles	56.4	68.8	***3.7***	12.71	15.28	***3.4***
Transportation and storage	29.8	27.9	***-1.1***	6.72	6.20	***-1.3***
Accommodation and food service activities	12.8	12.6	***-0.3***	2.89	2.80	***-0.5***
Information and communication	8.9	13.9	***9.4***	2.01	3.09	***9.0***
Financial and insurance activities	5.6	6.4	***2.4***	1.26	1.42	***2.1***
Real estate activities	5.1	5.2	***0.3***	1.15	1.16	***0.1***
Professional, scientific and technical activities	16.6	19.6	***3.0***	3.74	4.35	***2.7***
Administrative and support service activities	15.6	16.7	***1.2***	3.52	3.71	***0.9***
Public administration and defense; compulsory social security	32.5	27.3	***-2.7***	7.33	6.06	***-2.9***
Education	37.7	38.0	***0.1***	8.50	8.44	***-0.1***
Human health and social work activities	28.5	36.1	***4.4***	6.42	8.02	***4.1***
Arts, entertainment and recreation	6.3	6.1	***-0.5***	1.42	1.35	***-0.8***
Other service activities	4.9	6.5	***5.4***	1.10	1.44	***5.1***
Total	443.6	450.2	***0.2***	100	100	

Sources: Czech Statistical Office * Note: average number of employees (preliminary data).

In addition a mapping of sectoral concentration (measured by LQ) showed heterogeneous tendencies within CENTROPE:

- In South Moravia region, there are three high point service branches (where LQ > 1.2): accommodation and food service activities, financial and insurance activities and arts, entertainment and recreation and other service activities. Particularly a higher concentration of accommodation and food services and arts, entertainment and recreation than in national economy signals an appropriate potential for further development of travel and tourism activities.

- Burgenland is strongly specialized on primary sector, public utilities and construction sectors. Only public administration and defense; compulsory social security – and to a much lesser degree accommodation and food services and arts - showed higher concentration;
- Lower Austria is similar to Burgenland, with specialization on activities of primary and secondary sectors and some services, particularly concentration is apparent in labor intensive and some non-market services.
- Vienna is typical urban region with high concentration of service sector, significant concentration was identified in information and communication (LQ = 2.25), real estate (LQ = 1.84) and business services (LQ = 1.55).
- Győr-Moson-Sopron attains moderate concentration of two tourism-related industries: accommodation and food service activities (LQ = 1.1) and arts, entertainment and recreation, other service activities (LQ = 1.13). This signals a revealed comparative advantage for the development of tourism and travel activities.
- Vas is underdeveloped in term of concentration and has a rather diverse sectoral structure with strong location of manufacturing sector and moderate concentration of accommodation and food service activities.
- In Bratislava region the financial sector (financial and insurance activities) and branches of business services (real estate activities; professional, scientific and technical activities plus administrative and support service activities (with an LQ of more than 2) are particularly concentrated.

In addition in the previous decade, the Austrian CENTROPE experienced a significant increase of financial services and a moderate growth of public administration and community services and activities of households. After 2007, the share of trade services in the sectoral structure of the economy increased only in Burgenland. This region also showed a drop in information and communication and financial intermediation activities (the average annual decline rate 2007/2009 was 2.29 %). The total Austrian CENTROPE also attained some growth in the sector of business services and education. The Slovak CENTROPE by contrast was characterized by two apparent trends during the period 2000 – 2009. First, there was significant positive average annual growth rate of accommodation and food service activities and business services (particularly in professional, scientific and technical activities). This dynamic development of employment had considerable impact on increase of share of these services in Trnava region. Second a significant trend was also the overall decrease in the share of non-market services caused by negative average annual growth rates particularly in sector of education and human health and social work activities. The Hungarian CENTROPE also showed significant changes in the 2004 – 2008 period. There was strong positive change particularly in trade, repair, hotels and restaurants activities and business activities, where the employment grew rapidly. After 2009, Vas and Győr-Moson-Sopron showed strong but heterogeneous structural changes in structure of service sector. There was a decrease in labor-intensive services (expect of transportation and storage activities) and a rise in the shares of non-market services. South Moravia in the second half of the previous decade recorded positive trends in growth of knowledge-intensive service (average annual growth of 9 % in information and communication services and 2.7 % in professional, scientific and technical activities).

There are several important characteristics in CENTROPE with respect to investment structure and investment intensity:

- investments in the tertiary sector are highest in Austria, the most developed country in this region while in Slovakia, Czech Republic and Hungary investments in secondary sector play an important role, but are slightly lower;
- South Moravia, Bratislava Region and Vienna invest more than 70 % of total investments in service sector (Vienna more than 90 %) that is much above their national averages; investments in secondary sector are around 50 % in Győr-Moson-Sopron, Vas and Trnava Region;
- investment intensity is highest in the primary sector both at a national as well as at a regional level and therefore the primary sector plays an important role through indirect effects on industrial production and through a high demand for capital goods;
- investment intensity in CENTROPE in the tertiary sector is highest in Burgenland, Lower Austria, Vienna and South Moravia and is very low in Hungarian regions;
- with respect to value added shares Vienna and Bratislava region have the most developed service sector but Bratislava region still invests above average in industrial production while in Vienna service investment intensity is dominant;
- South Moravia invests more than 71 % of total investments into the service sector and more than half of these investments are realized in transportation and storage industry and in real estate activities. High transport and storage investments in

South Moravia with respect to the rest of CENTROPE and Czech Republic average (12.2 %) increase its potential in areas such a logistics;

- Győr-Moson-Sopron and Vas have the lowest share of investments in service sector in CENTROPE and their share is even below Hungarian average. There are very low investments in financial and insurance activities in both regions and low investments in information and communication technologies;
- Lower Austria and Vienna invest around one third of total investments in real estate activities while Burgenland invest more than half of total investments in this sector. Investments in professional, scientific and technical activities 20.2 % and in information and communication 9.7 % dominate in Vienna;
- In business services there are relatively high investments in transportation and storage activities in Bratislava region (12.5 %) and in information and communication technologies (7.7 %). Bratislava region invests 3.5 % of total investments in professional, scientific and technical activities (relatively high in national context) but the share of investments in these activities is far behind Vienna. In Trnava region investments in transportation and storage (9.6 %) and wholesale and retail trade (5.9 %) are very important;
- except for Győr-Moson-Sopron and Vas investment intensity is very high in real estate activities in all the other regions. High investment intensity is typical for transportation and storage activities in Lower Austria. Vienna and South Moravia. Burgenland with a comparison to Lower Austria and Vienna invest much lower share of value added in transport and storage activities but it has high investment intensity in accommodation and food service activities (15.7 %);
- investment intensity in professional, scientific and technical activities is still very low in Slovak and Hungarian regions.

3. Development and tendencies in tourism in CENTROPE

Authors: Ivana Šikulová (EU SAV)

3.1. Introduction

Tourism is travel for recreational, leisure or business purposes. It is one of the most popular ways of spending free time. Traveling enables people to see other places, get to know other people, cultures and traditions. Tourism is also an important economic activity with significant direct, indirect as well as induced impacts. It brings amounts of income into countries in payment for goods and services available. It also creates opportunities for employment in the service sector of the economy, associated with tourism. These service industries include transportation services, such as airlines, railways, cruise ships and taxicabs; hospitality services, such as accommodations, including hotels and similar establishments, as well as museums, theatres or shopping centers. In addition, tourism helps provide jobs to the residents of the country that is being visited not only in the tourism and service industry, but also in the manufacturing industry and in trade as many people purchase souvenirs and similar items. A lot of people got used to having numerous, shorter vacations throughout the year in recent times. Even during the period of weak economic development in the EU in the last years, many people are still travelling to experience what other countries have to offer and thus also travel over long distances.

3.2. Economic impacts of tourism in the CENTROPE countries

Table 3.1 shows various indicators of the economic importance of travel and tourism[2] in the CENTROPE countries in comparison to the EU 27 as well as to the worldwide importance of tourism in 2011. The direct contribution of travel and tourism to GDP is generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of the restaurant and leisure industries that deal directly with tourists. The total contribution of travel and tourism to GDP, which includes also wider effects from investment, the supply chain and induced income impacts, is approximately three times greater than its direct contribution.

In both direct and total contribution to GDP, Austria is the leader followed by Hungary, the Czech Republic and finally Slovakia, which is the only country among the four with lower total contribution of tourism to GDP than the EU average. The same is the case

[2] Travel and tourism relates to the activity of travellers on trips outside their usual environment with a duration of less than one year.

for the contribution of tourism to total employment and capital investment as a percentage of the economies' GDP. From the point of view of business spending[3], Austria and Slovakia reached higher values than the EU in 2011. Only in Austria visitor exports[4], as a key component of the direct contribution of tourism, generated higher share in total exports than in the EU. This therefore suggests a more international structure of tourists in Austria than in the other CENTROPE countries. Also domestic spending[5] is above the EU average only in Austria.

Table 3.1: Economic impact of tourism and travel on national economies in 2011 (% of total)

	Austria	Czech Republic	Hungary	Slovakia	EU	Worldwide
Direct contribution to GDP	4.8	2.8	4.0	2.3	2.9	2.8
Total contribution to GDP	13.8	8.5	10.5	6.0	7.9	9.1
Direct contribution to employment	5.2	4.9	5.6	2.4	3.3	3.3
Total contribution to employment	14.7	10.3	9.8	5.8	8.5	8.7
Visitor exports	9.6	4.9	5.2	2.8	5.5	5.3
Domestic spending	5.2	2.7	3.2	2.8	3.4	4.0
Leisure spending	9.1	5.3	6.9	3.8	4.6	4.4
Business spending	1.6	1.1	1.2	1.5	1.3	1.4
Capital investment	4.6	4.4	3.9	2.2	4.6	4.9

Sources: World Travel & Tourism Council (2012a), (2012b), (2012c), (2012d), (2012e), (2012f).

The importance of tourism for the CENTROPE region, however, is apparent as it contributes to employment and economic growth of regions involved as well as to development and socioeconomic integration of rural and underdeveloped areas. In today's challenging macroeconomic environment, tourism can be considered as a stabilizing force of regional economies, since tourism development has been shown to be less sensitive to the business cycle than for instance manufacturing. CENTROPE has a range of attractive places and events to offer for both for private and business trips. It is an interesting region for short term as well as longer stays, for visitors who prefer history, culture, wellness and spa tourism, natural landscapes or sports tourism, gastronomy and wine tourism, entertainment or shopping. CENTROPE also offers the opportunity to combine these various forms of tourism and all these forms of tourism allow the region that is being visited to benefit both economically as well as socially.

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[3] Business spending means spending on business travel within a country by residents and international visitors.
[4] Visitor exports means spending within the country by international tourists for both business and leisure trips.
[5] Domestic spending means spending within a country by that country's residents for both business and leisure trips.

3.3. Capacity of tourist accommodation

3.3.1. Number of establishments

Over the last decade, the number of collective tourist accommodation establishments (hotels and similar establishments, tourist campsites, holiday dwellings and other collective accommodation) in CENTROPE has increased by 6.5 % on average (table 3.2). Vienna recorded an increase by 18 %, Bratislava of almost 30 % and Trnava by 38 %. On the other hand, Vas reported a slight decline and in the other regions constituting the CENTROPE, the number of collective tourist accommodation establishment has remained more or less stable since 2001. At the national level, by contrast, a reduction was registered in all CENTROPE countries with the exception of Slovakia. As a consequence the growth rates of accommodation capacities were higher in all regions of the CENTROPE than at the national level in the respective countries.

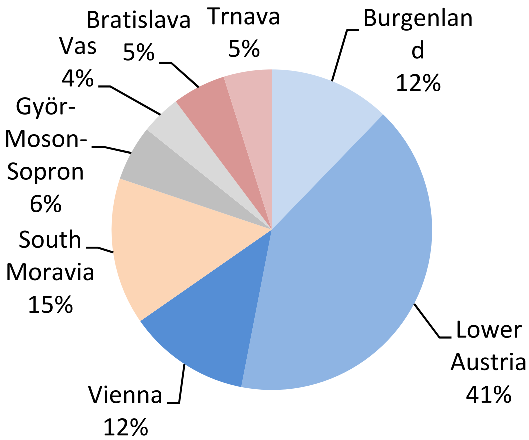
Table 3.2: Number of collective tourist accommodation establishments

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011/ 2001
Austria	**20 724**	**20 609**	**20 548**	**20 457**	**20 730**	**20 438**	**20 386**	**20 339**	**20 323**	**98.1**
Burgenland	434	451	453	446	441	445	453	452	439	101.2
Lower Austria	1 437	1 456	1 469	1 484	1 464	1 461	1 464	1 439	1 468	102.2
Vienna	372	387	389	396	395	410	421	417	441	118.5
Czech Republic	**7 703**	**7 640**	**7 605**	**7 616**	**7 845**	**7 705**	**7 557**	**7 235**	**7 657**	**99.4**
South Moravia	511	490	496	489	502	518	507	490	533	104.3
Hungary	**3 044**	**3 001**	**3 117**	**3 056**	**2 956**	**2 924**	**2 993**	**2 954**	**2 892**	**95.0**
Györ-Moson-Sopron	196	196	202	200	187	196	198	199	201	102.6
Vas	150	134	125	120	138	130	132	138	144	96.0
Slovakia	**2 002**	**2 062**	**2 016**	**2 043**	**2 675**	**2 767**	**2 683**	**2 591**	**2 539**	**126.8**
Bratislava	149	158	150	155	181	186	188	187	193	129.5
Trnava	127	133	133	130	190	184	184	182	175	137.8
CENTROPE	**3 376**	**3 405**	**3 417**	**3 420**	**3 498**	**3 530**	**3 547**	**3 504**	**3 594**	**106.5**

Source: Eurostat, own calculations.

The Austrian part of CENTROPE accounted for almost two thirds of the overall number of collective tourist accommodation establishments in 2011 with Lower Austria being the evident leader (figure 3.1). South Moravia has a relatively high share of 15 %, while the Slovak and Hungarian regions contributed only about 5 % each to the CENTROPE's collective tourist accommodation establishments.

Figure 3.1: Distribution of collective tourist accommodation establishments in CENTROPE, 2011



Source: Eurostat, own calculations.

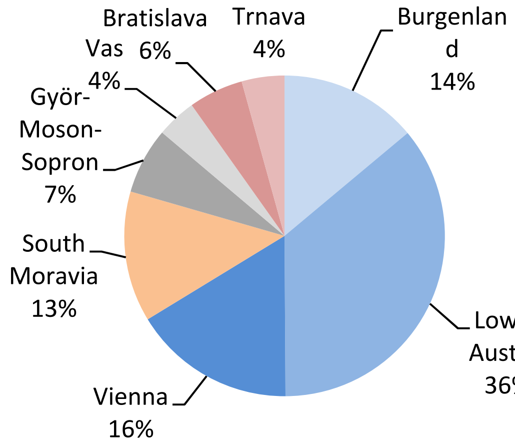
In contrast to the development of all tourist accommodations the number of hotels and similar establishments (that is accommodation facilities excluding tourist campsites, holiday dwellings and other collective accommodation) in CENTROPE has remained more or less stable since the beginning of this millennium. While the Slovak regions recorded an increase by 80 %, the number of hotels and similar establishments has fallen significantly in Lower Austria, in particular in 2011 (table 3.3). Logically, the share of the capital city regions of Vienna and Bratislava in the total number of hotels in CENTROPE (i.e. the high quality accommodations) is higher (figure 3.2) than their shares in accommodation establishments in general, on account of the large number of business tourists travelling to these regions.

Table 3.3: Number of hotels and similar establishments

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011/ 2001
Austria	**15 293**	**14 435**	**14 267**	**14 051**	**14 204**	**13 756**	**13 645**	**13 461**	**13 134**	**85.9**
Burgenland	356	362	363	358	358	357	358	359	348	97.8
Lower Austria	1 160	1 169	1 173	1 177	1 156	1 136	1 136	1 120	899	77.5
Vienna	355	367	366	371	373	386	400	396	409	115.2
Czech Republic	**4 112**	**4 311**	**4 278**	**4 314**	**4 559**	**4 483**	**4 469**	**4 300**	**4 612**	**112.2**
South Moravia	258	275	274	268	284	300	298	302	329	127.5
Hungary	**1 994**	**1 952**	**2 061**	**2 032**	**1 999**	**2 001**	**2 042**	**2 033**	**1 927**	**96.6**
Györ-Moson-Sopron	153	153	168	166	158	169	170	173	167	109.2
Vas	108	99	95	92	101	97	98	104	100	92.6
Slovakia	**764**	**873**	**885**	**922**	**1 249**	**1 313**	**1 324**	**1 322**	**1 297**	**169.8**
Bratislava	77	92	97	103	119	121	129	134	138	179.2
Trnava	60	70	66	68	118	118	117	113	108	180.0
CENTROPE	**2 527**	**2 587**	**2 602**	**2 603**	**2 667**	**2 684**	**2 706**	**2 701**	**2 498**	**98.9**

Source: Eurostat, Statistical Office of the Slovak Republic, own calculations.

Figure 3.2: Distribution of hotels and similar establishments in CENTROPE, 2011



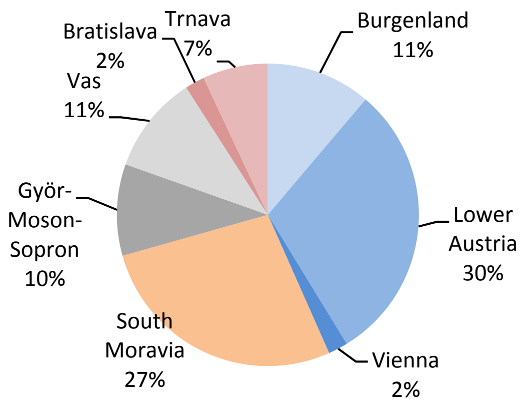
Source: Eurostat, own calculations.

Table 3.4: Number of tourist campsites

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011/ 2010
Austria	**542**	**536**	**536**	**546**	**538**	**542**	**540**	**547**	**553**	**555**	**551**	**101.7**
Burgenland	16	16	16	16	16	15	17	17	17	17	16	100.0
Lower Austria	47	45	50	51	49	49	47	50	53	51	43	91.5
Vienna	3	4	4	4	4	4	4	4	4	4	3	100.0
Czech Republic	**480**	**481**	**475**	**476**	**499**	**512**	**516**	**509**	**485**	**480**	**487**	**101.5**
South Moravia	45	44	42	37	40	43	42	40	39	37	39	86.7
Hungary	**316**	**339**	**333**	**283**	**273**	**254**	**252**	**249**	**249**	**238**	**244**	**77.2**
Györ-Moson-Sopron	17	18	18	16	16	15	12	13	14	14	14	82.4
Vas	19	21	20	15	13	12	16	14	15	15	15	78.9
Slovakia	**78**	**80**	**77**	**75**	**73**	**69**	**71**	**70**	**71**	**70**	**68**	**87.2**
Bratislava	3	3	3	4	4	3	3	3	3	3	3	100.0
Trnava	11	12	11	9	9	9	10	11	11	11	10	90.9
CENTROPE	**161**	**163**	**164**	**152**	**151**	**150**	**151**	**152**	**156**	**152**	**143**	**88.8**

Source: Eurostat, Statistical Office of the Slovak Republic, own calculations.

Figure 3.3: Distribution of tourist campsites in CENTROPE, 2011



Source: Eurostat, own calculations.

The number of tourist campsites has fallen by almost 11 % in CENTROPE (table 3.4). In particular the Hungarian parts of CENTROPE were characterized by a significant drop since 2001. The character of the different regions within CENTROPE from the view of tourism is reflected in the differences between distribution of hotels and the distribution of campsites in CENTROPE. Vienna and Bratislava clearly have the lowest share of campsites (only 2 % of the overall number of camps is located in these regions - figure 3.3). The opposite is the case for Lower Austria with more than a 30 % share in campsites, despite recently decreasing number of camps, as well as South Moravia with a 27 % share of campsites. These two regions therefore seem to be more strongly specialized on lower cost camping tourists.

3.3.2. Number of bedrooms

The tourist capacity as measured by the number of bedrooms in hotels and similar establishments in CENTROPE has grown by almost one quarter since 2001 with the fastest increase, due to a substantial increase in urban tourism - registered in the regions of the capital cities Bratislava and Vienna but also in Vas and South Moravia (table 3.5). In the case of South Moravia, the city of Brno probably was an important driving force of this increase. Considering the negative trend in development of the number of hotels and similar establishments in Burgenland, Lower Austria or Vas, changes in the number of bedrooms imply that capacity of already existing establishments has increased over the last decade in these regions, which in turn indicates an increasing concentration in this part of the tourist sector.

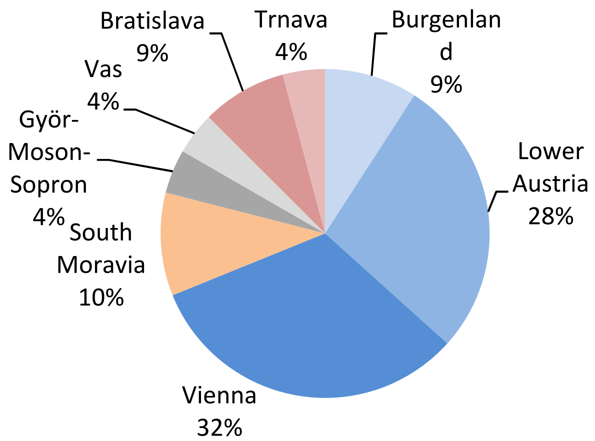
Table 3.5: Number of bedrooms in hotels and similar establishments

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011/2001
Austria	**288 346**	**290 491**	**289 879**	**282 002**	**285 558**	**286 571**	**288 934**	**290 287**	**290 509**	**100.8**
Burgen-land	6 363	7 269	7 271	7 324	7 360	7 594	7 727	7 920	7 812	122.8
Lower Austria	20 945	21 648	21 803	22 409	23 352	21 382	22 793	22 692	23 552	112.4
Vienna	21 529	22 468	22 765	23 160	23 478	25 609	26 651	26 775	27 564	128.0
Czech Republic	**95 460**	**98 764**	**99 916**	**101 563**	**106 907**	**111 891**	**114 452**	**113 417**	**115 795**	**121.3**
South Moravia	6 682	7 088	7 070	7 113	7 420	7 878	8 101	8 272	8 670	129.8
Hungary	**59 897**	**64 263**	**66 066**	**66 873**	**65 638**	**65 815**	**67 310**	**69 129**	**66 029**	**110.2**
Györ-Moson-Sopron	3 143	3 626	3 640	3 390	3 291	3 581	3 533	3 740	3 709	118.0
Vas	2 494	2 695	2 886	2 793	2 961	3 390	3 686	3 801	3 563	142.9
Slovakia	**23 967**	**27 712**	**28 231**	**28 460**	**32 766**	**33 966**	**35 878**	**35 844**	**36 208**	**151.1**
Bratislava	3 959	4 411	4 635	4 719	5 060	5 187	6 080	6 442	7 141	180.4
Trnava	3 448	3 482	3 277	3 172	3 757	3 891	3 889	3 642	3 558	103.2
CENTROPE	**68 563**	**72 687**	**73 347**	**74 080**	**76 679**	**78 512**	**82 460**	**83 284**	**85 569**	**124.8**

Source: Eurostat, own calculations.

As Vienna has more accommodation establishments with higher capacities, it also records a higher share in the number of bedrooms (figure 3.4) than in the number of hotels and similar establishments (figure 3.2). This is also true in Bratislava, however, its shares are significantly lower than the shares of Vienna or Lower Austria.

Figure 3.4: Distribution of bedrooms in hotels and similar establishments in CENTROPE, 2011



Source: Eurostat, own calculations.

Table 3.6: Number of bed places in collective tourist accommodation establishments

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011/ 2001
Austria	**939 804**	**928 217**	**926 078**	**934 671**	**948 960**	**958 484**	**964 567**	**959 779**	**981 301**	**104.4**
Burgenland	30 862	27 857	28 163	28 292	28 929	28 934	29 238	28 399	27 812	90.1
Lower Austria	61 362	62 139	62 750	64 622	65 177	65 045	66 420	66 540	67 959	110.8
Vienna	44 968	47 792	48 342	50 168	50 395	55 338	56 759	57 148	59 307	131.9
Czech Republic	**440 314**	**433 214**	**433 211**	**441 968**	**451 707**	**466 832**	**463 087**	**449 068**	**461 434**	**104.8**
South Moravia	33 247	30 168	30 540	30 319	31 311	32 212	32 260	31 690	33 813	101.7
Hungary	**317 629**	**336 494**	**329 290**	**315 284**	**314 742**	**302 889**	**301 873**	**311 441**	**304 087**	**95.7**
Györ-Moson-	13 928	22 218	20 487	16 371	11 057	11 992	11 265	11 949	11 561	83.0
Vas	12 238	11 964	11 484	10 651	11 758	11 940	12 924	13 146	13 940	113.9
Slovakia	**102 241**	**106 049**	**106 554**	**107 728**	**126 556**	**129 936**	**129 540**	**127 525**	**129 861**	**127.0**
Bratislava	10 793	11 376	12 875	12 921	14 172	14 430	16 029	16 777	19 468	180.4
Trnava	9 360	9 369	9 186	8 851	10 506	10 359	10 327	10 181	10 149	108.4
CENTROPE	**216 758**	**222 883**	**223 827**	**222 195**	**223 305**	**230 250**	**235 222**	**235 830**	**244 009**	**112.6**

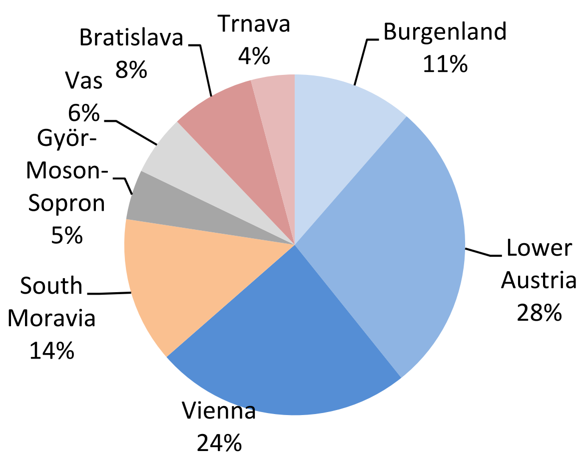
Source: Eurostat, own calculations.

3.3.3. Number of bed places

During the last decade the capacity of collective tourist accommodation establishments as expressed by the number of beds has also increased by more than 12 % in average in CENTROPE (table 3.6). The most significant changes were experienced by Bratislava (+80%) and Vienna (+32%). This therefore corresponds with the development of capacity as measured by the number of bedrooms in hotels and similar establishments in the capital cities.

Differences between the distribution of collective tourist accommodation establishments (figure 3.1) and the distribution of bed places in these establishments (figure 3.5) confirm that Vienna disposes of many large establishments, while in Lower Austria smaller establishments are more typical.

Figure 3.5: Distribution of bed places in collective tourist accommodation establishments in CENTROPE, 2011



Source: Eurostat, own calculations.

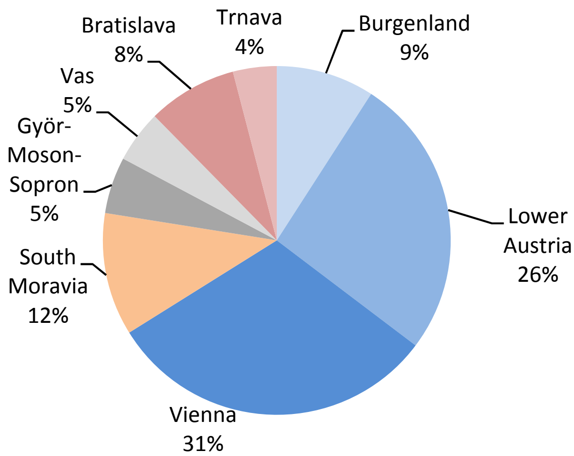
Table 3.7: Number of bed places in hotels and similar establishments

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011 /2001
Austria	**587 305**	**570 785**	**571 377**	**572 514**	**573 726**	**579 758**	**587 899**	**589 293**	**594 357**	**101.2**
Burgen-land	13 154	14 434	14 819	14 914	14 803	15 190	15 402	15 872	15 642	118.9
Lower Austria	40 853	41 155	41 742	42 866	42 499	42 226	43 462	43 252	44 928	110.0
Vienna	40 246	41 682	42 592	43 753	44 414	49 005	50 911	51 342	52 905	131.5
Czech Republic	**218 645**	**229 689**	**232 211**	**236 104**	**248 077**	**258 076**	**260 736**	**255 882**	**261 858**	**119.8**
South Moravia	14 503	15 925	15 906	15 968	16 747	17 663	17 955	18 165	19 558	134.9
Hungary	**148 225**	**157 970**	**162 235**	**158 762**	**154 088**	**154 521**	**157 464**	**161 381**	**158 564**	**107.0**
Györ-Moson-Sopron	7 569	8 782	8 731	7 854	7 592	8 353	8 271	9 082	9 020	119.2
Vas	6 181	6 498	6 901	6 419	6 951	7 680	8 460	8 912	8 312	134.5
SK - Slovakia	**48 723**	**56 296**	**57 071**	**57 985**	**67 178**	**70 113**	**74 066**	**74 597**	**75 266**	**154.5**
Bratislava	7 930	8 754	9 266	9 426	10 060	10 331	12 097	12 949	14 270	179.9
Trnava	6 661	6 808	6 273	6 099	7 331	7 495	7 500	7 148	6 976	104.7
CENTROPE	**137 097**	**144 038**	**146 230**	**147 299**	**150 397**	**157 943**	**164 058**	**166 722**	**171 611**	**125.2**

Source: Eurostat, own calculations.

The number of bed places in hotels and similar establishments has grown even faster since 2001 (table 3.7), resulting from the increase of the number of bedrooms in these establishments. The number of bed places rose by one quarter in CENTROPE as a whole, driven mostly by Bratislava, South Moravia, Vienna and Vas. In 2011, Vienna had a share of more than 30 % in the total number of bed places in hotels and similar establishments in CENTROPE (figure 3.6), which is by 8 percentage points more than its share in bed places in collective tourist accommodation establishments in general.

Figure 3.6: Distribution of bed places in hotels and similar establishments in CENTROPE, 2011

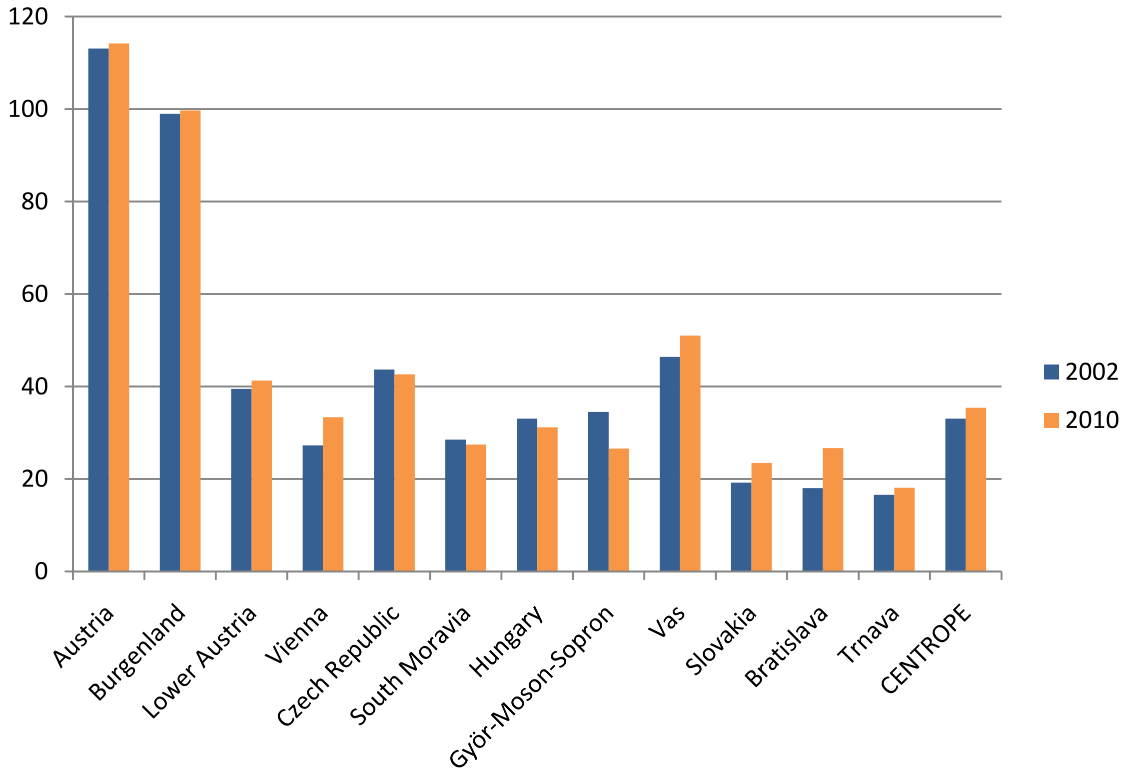


Source: Eurostat, own calculations.

3.3.4. Intensity of tourism supply

Intensity of tourism supply calculated as the number of bed places per 1000 inhabitants gives a more exact picture of accommodation capacities. It reached a value of 35 in the CENTROPE average in 2010, with Austria as a whole and Burgenland noticeably above the CENTROPE average (figure 3.7). In contrast Slovakia and its NUTS 3 regions included in CENTROPE recorded below average values despite a noticeable improvement since the beginning of this millennium. In Hungary the development has been more heterogeneous – intensity of tourism supply has increased in Vas, while in Györ-Moson-Sopron a significant deterioration has been registered. Although the intensity of tourism supply in the Czech Republic in total is higher than in the CENTROPE average, South Moravia records values below the CENTROPE average. Also considering the large population of Vienna, the intensity of tourism supply in this region is relatively low. However, Vienna is the best performer as regards capacity of tourist accommodation establishments in absolute terms.

Figure 3.7: Intensity of tourism supply (beds per 1 000 inhabitants)



Source: Eurostat, national statistical offices, own calculations.

3.4. Occupancy in collective accommodation establishments

Accommodation establishments of different types are visited by tourists from the home country and from abroad. This chapter focuses on arrivals of both residents (tourists travelling inside their country of residence) and non-residents (tourists travelling outside their country of residence), the length of their stays in the respective destination and calculation of such indicators as tourism intensity, tourism density and net use of beds. Special attention is paid to spa tourism, since this plays a particularly important role in CENTROPE.

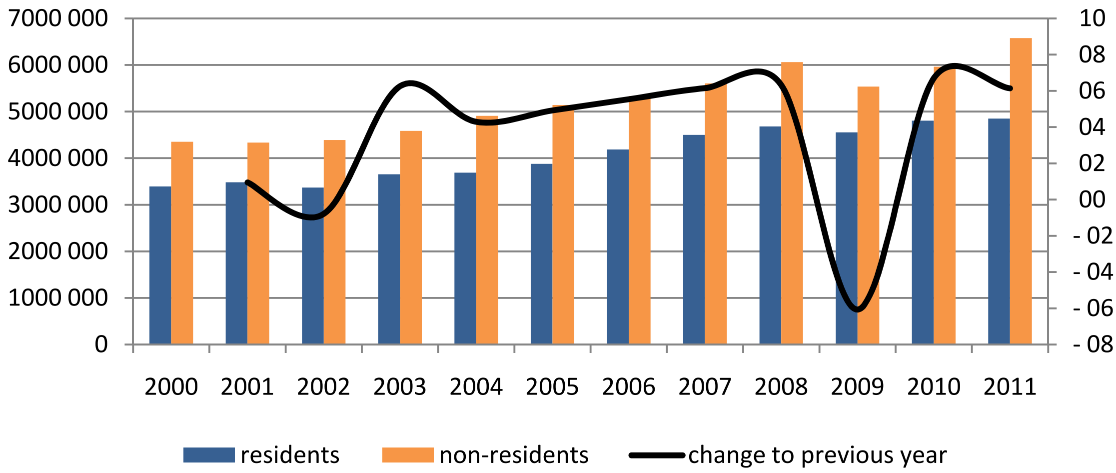
3.4.1. Arrivals in collective accommodation establishments

As a result of the recent recession, arrivals of tourists (in particular non-residents) and the nights they spent away suffered a strong decrease in worldwide tourism as well as in the CENTROPE region. This trend started in the second half of 2008 and manifested itself fully in 2009. The tourist accommodation industry also reported a decline in the net use of beds so that substantial excess capacities existed in the world tourism markets in these years. However, evidence suggests that tourism as a global phenomenon shows no signs of substantially abating in the long term. Travel is necessary in order to maintain relationships as social life is increasingly networked and conducted at a distance and evidence also suggests that tourists – rather than reducing their travels in bad economic times – prefer to continue travelling and save while being on holiday. This is also reflected in the tourist numbers recovering rather rapidly since the economic crisis.

After a continuous increase between 2004 and 2008 followed by a sharp drop in 2009, the number of visitors in CENTROPE increased again in 2010 (figure 3.8). Vienna even exceeded the peak registered before the start of the crisis (figure 3.9). Recovery continued in 2011 when 11.4 million tourists visited the CENTROPE region, among them more than 4.8 million domestic tourists and almost 6.6 million international visitors. This is approximately by 50 % more than at the beginning of this decade. This therefore provides evidence for the rapidly increasing importance of tourism in the region.

The increase in the number of visitors has been gradual, apart from a deep fall of 6 % in 2009, which was followed by 7 % and 6 % growth of arrivals, respectively, in 2010 and 2011. However, neither the Slovak parts of CENTROPE nor South Moravia succeeded in returning to the pre-crisis level yet (figure 3.9).

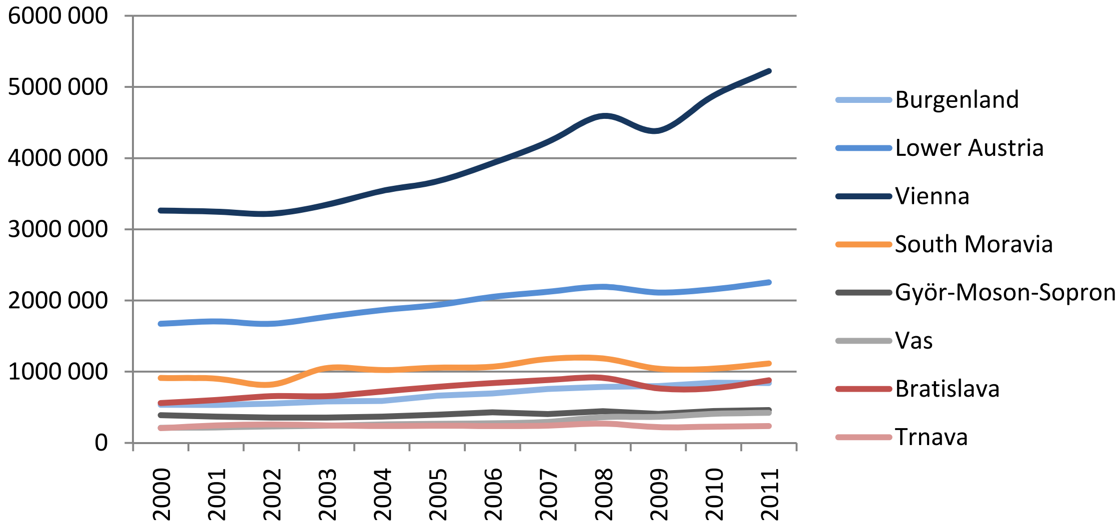
Figure 3.8: Arrivals of residents and non-residents in CENTROPE and changes compared to previous year



Source: National statistical offices, own calculations.

As already mentioned in 2011 Vienna region was visited by significantly more tourists than before the crisis. While arrivals in collective tourist accommodation establishments in the region declined by almost 5 % in 2009, it grew again in the following two years, reaching more than 5.2 million arrivals in 2011. This means an increase of 600,000 arrivals compared to the pre-crisis level. While Burgenland and Vas experienced only stagnation in 2009 followed by a further increase of arrivals in the next year, the regions most significantly affected by the crisis within CENTROPE were Trnava (-19 % in 2009), Bratislava (-16 %) and South Moravia (-12 %).

Figure 3.9: Development of arrivals in collective tourist accommodation establishments in CENTROPE

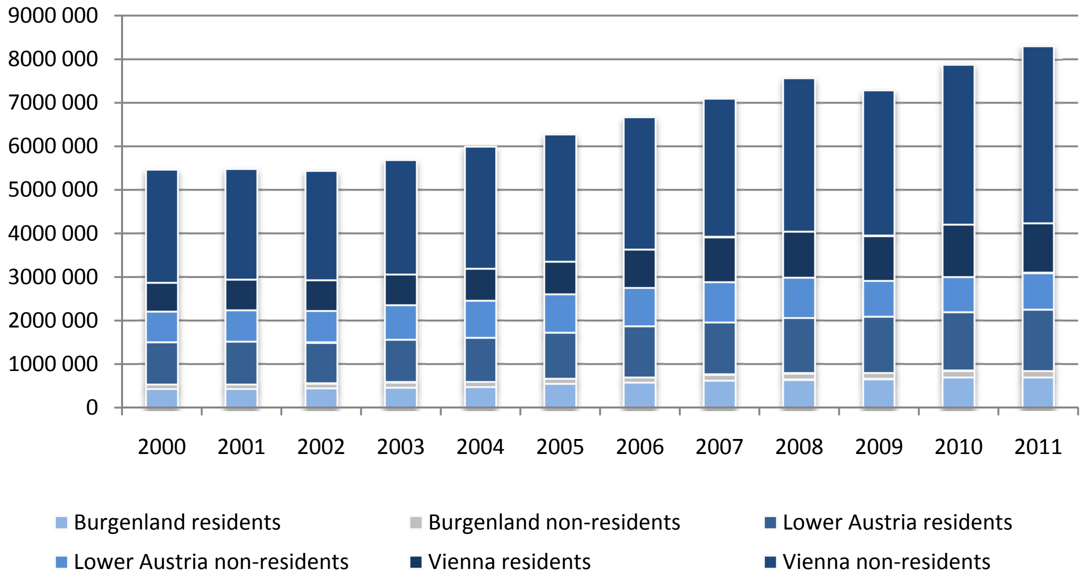


Source: National statistical offices.

In addition Slovakia adopted the Euro in January 2009, fixing the exchange rate of the Slovak koruna against the Euro already in the half of 2008. As a result of the strong Euro against currencies of the neighboring countries, whose exchange rates weakened in response to the outbreak of the crisis, price competitiveness of Slovakia compared with other Visegrad countries deteriorated. Thus Slovakia temporarily became a more expensive destination for tourists from Hungary, the Czech Republic or Poland. This reinforced the negative effects of economic recession on tourism in Slovakia.

As regards the Austrian parts of CENTROPE the number of both domestic and foreign visitors increased continuously over the last decade, apart from 2009, reaching a peak of more than 8 million in 2011 (figure 3.10). The crisis disturbed the development of arrivals in the Austrian regions only slightly and for a very short term. Vienna reported the most substantial growth of arrivals from abroad by 10 % in 2008 and later in 2010 and 2011. In contrast to Vienna, being visited particularly by international tourists, Burgenland is a typical destination for domestic tourists. In Lower Austria proportion of residents and non-residents has been more balanced in the last decade.

Figure 3.10: Development of arrivals of residents and non-residents in collective tourist accommodation establishments in the Austrian regions



Source: Calculations of WIFO based on the Statistics Austria data.

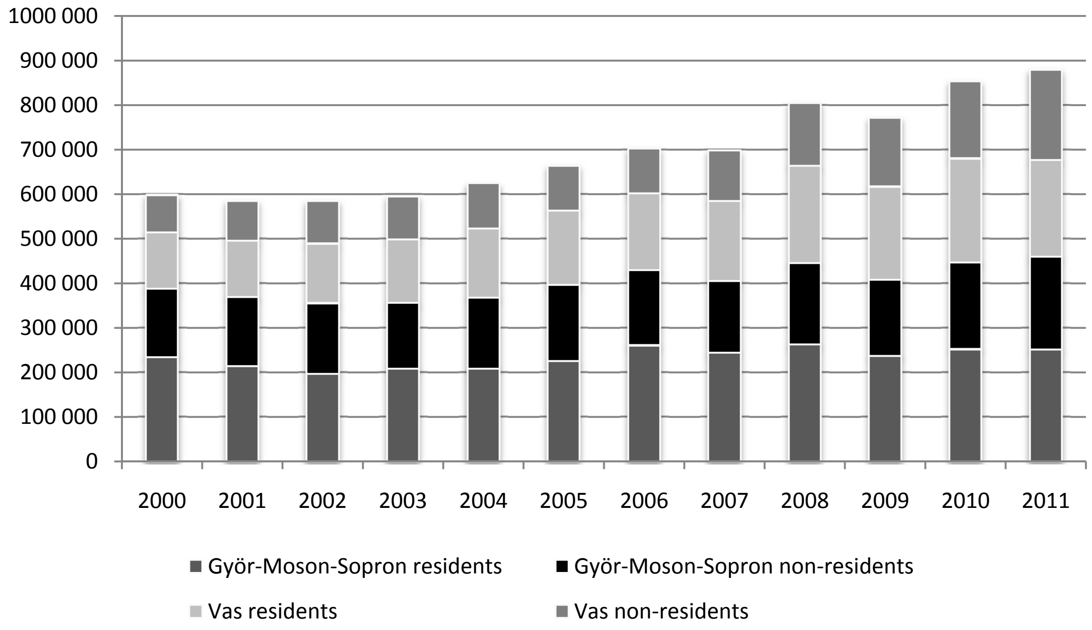
An increase in the number of arrivals can also be observed in the Hungarian regions within CENTROPE, although here the upward trend is less apparent when compared to Austria (figure 3.11). After the crisis year 2009 tourists from abroad also contributed to recovery of arrivals to a larger extend than residents. The shares of domestic and foreign visitors are more or less equal, with more than 200,000 visitors for each group arriving to both Györ-Moson-Sopron and Vas in 2011.

The development of tourism in South Moravia was more mixed, with phases of growth and decline alternating over the last decade (figure 3.12). After a substantial decline in 2009 and 2010 the situation seems to have stabilized again in 2011 with arrivals of residents rising by 5 % and non-residents even by 11 %. However, the record number of visitors of almost 1.2 million reached in 2008 has not yet been exceeded. Over the whole decade the number of domestic tourists has outweighed the number of foreign visitors.

Also in the case of arrivals to the Slovak parts of CENTROPE the picture is mixed (figure 3.13). After a gradual increase from 2003 to 2008, when almost 1.2 million tourists visited Bratislava and Trnava, a deep drop to less than 1 million occurred.

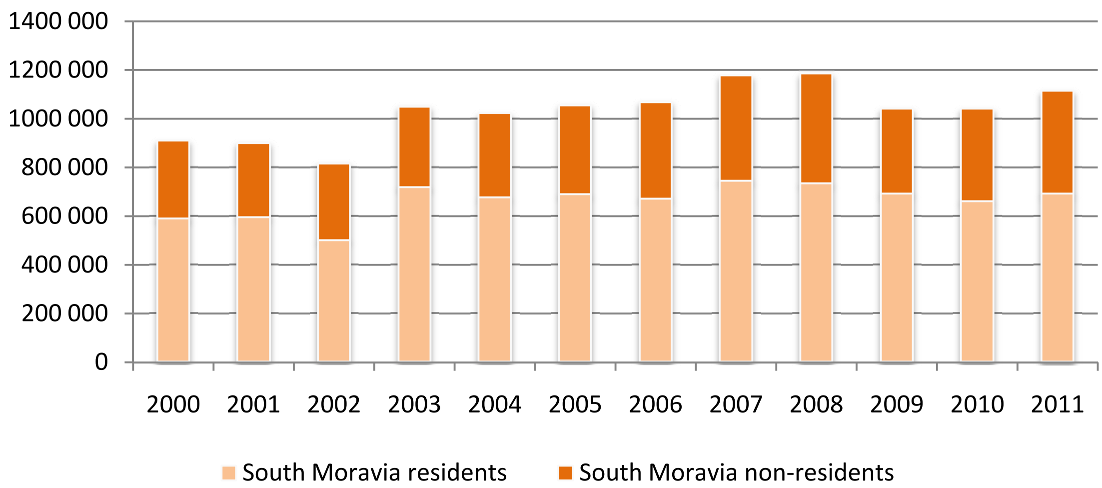
Since then, the recovery has been driven mainly by non-residents arriving to Bratislava. Typically international visitors have considerably a higher share in the total number of visitors in Bratislava, while in Trnava residents dominate slightly.

Figure 3.11: Development of arrivals of residents and non-residents in collective tourist accommodation establishments in the Hungarian regions



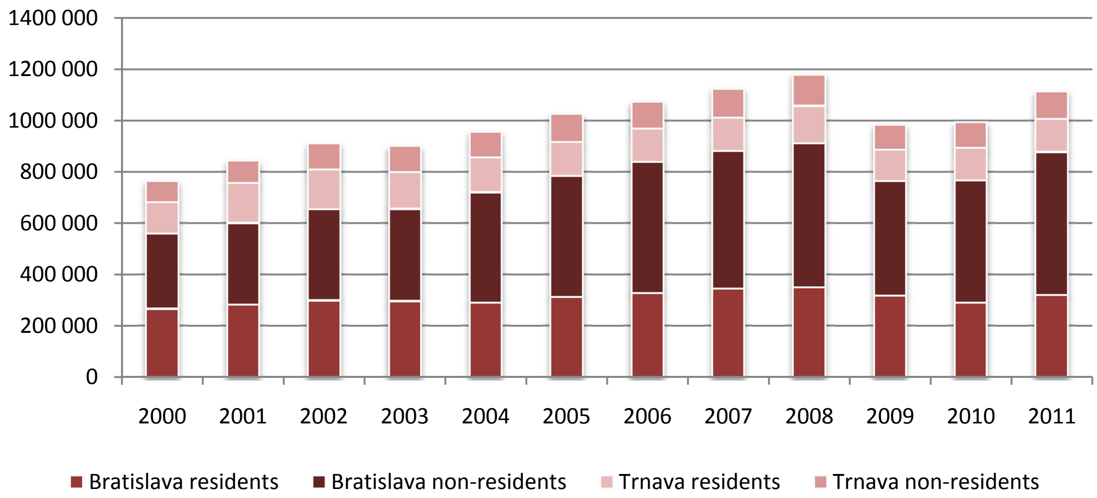
Source: Hungarian Central Statistical Office.

Figure 3.12: Development of arrivals of residents and non-residents in collective tourist accommodation establishments in South Moravia



Source: Czech Statistical Office.

Figure 3.13: Development of arrivals of residents and non-residents in collective tourist accommodation establishments in the Slovak regions

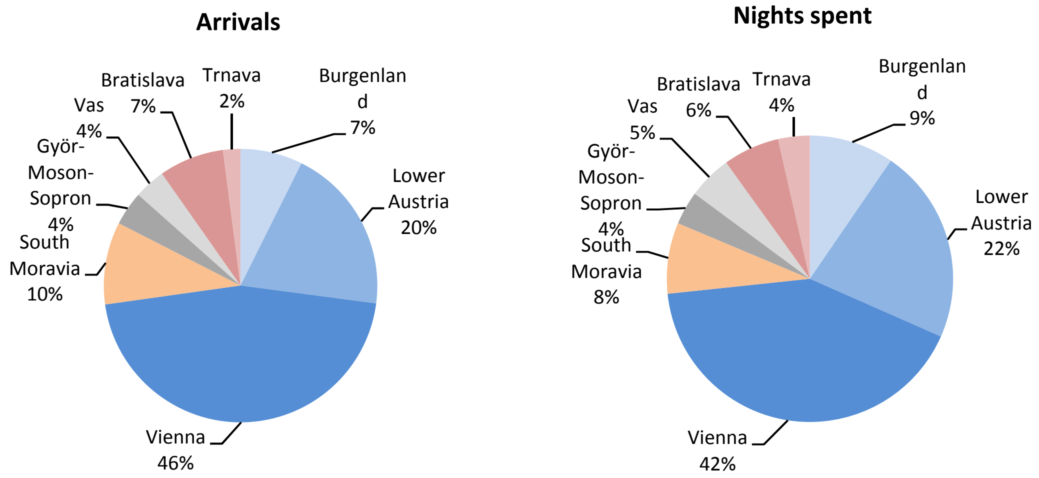


Source: Statistical Office of the Slovak Republic.

A broader view on tourism in CENTROPE therefore shows that Vienna was a clear leader in 2011 as it accounted for 45 % of the total arrivals and for 41 % of the total nights spent (figure 3.14) in the CENTROPE region. The second highest share of both indicators was recorded in Lower Austria with more than 20 %, followed by South Moravia and Burgenland with about 10 %, Bratislava with less than 10 % and Vas and Györ-Moson-Sopron with less than 5% each. While South Moravia and Bratislava recorded higher shares in the total arrivals compared to their shares in the total overnight stays, the opposite is the case for Burgenland, where on average guests stay for a longer time period. Bratislava and Vienna are examples of cities visited only for few days. In contrast, the Trnava region with a dominant specialization on spa tourism reached double the share in the total nights spent when compared to its share in the total arrivals in CENTROPE.

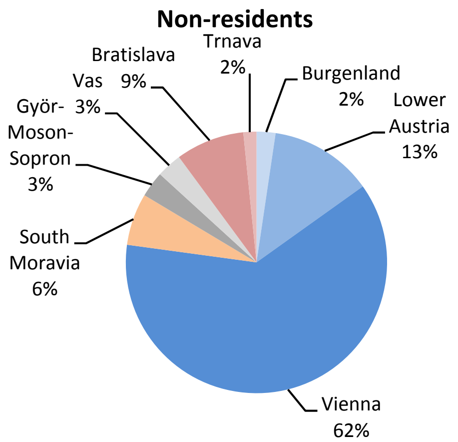
Arrivals of domestic tourists in CENTROPE are distributed much more equally than arrivals of foreign tourists (figure 3.15). In the first indicator Lower Austria with almost 30 % is the leader followed by Vienna (24 %), Burgenland and South Moravia (both 14 %), while in the second indicator Vienna reached almost two-thirds share in 2011. This confirms the position of Vienna as the most favorite destination for international tourists in CENTROPE. Lower Austria stays behind with 13 % and Bratislava, driven in particular by the capital city effect, with 9 % share in the total arrivals of non-residents. In case of Burgenland and to a lesser extent also in case of South Moravia the dominance of domestic tourists is strongest.

Figure 3.14: Distribution of arrivals and nights spent in collective tourist accommodation establishments in CENTROPE, 2011



Source: National statistical offices.

Figure 3.15: Distribution of arrivals of residents and non-residents in collective tourist accommodation establishments in CENTROPE, 2011



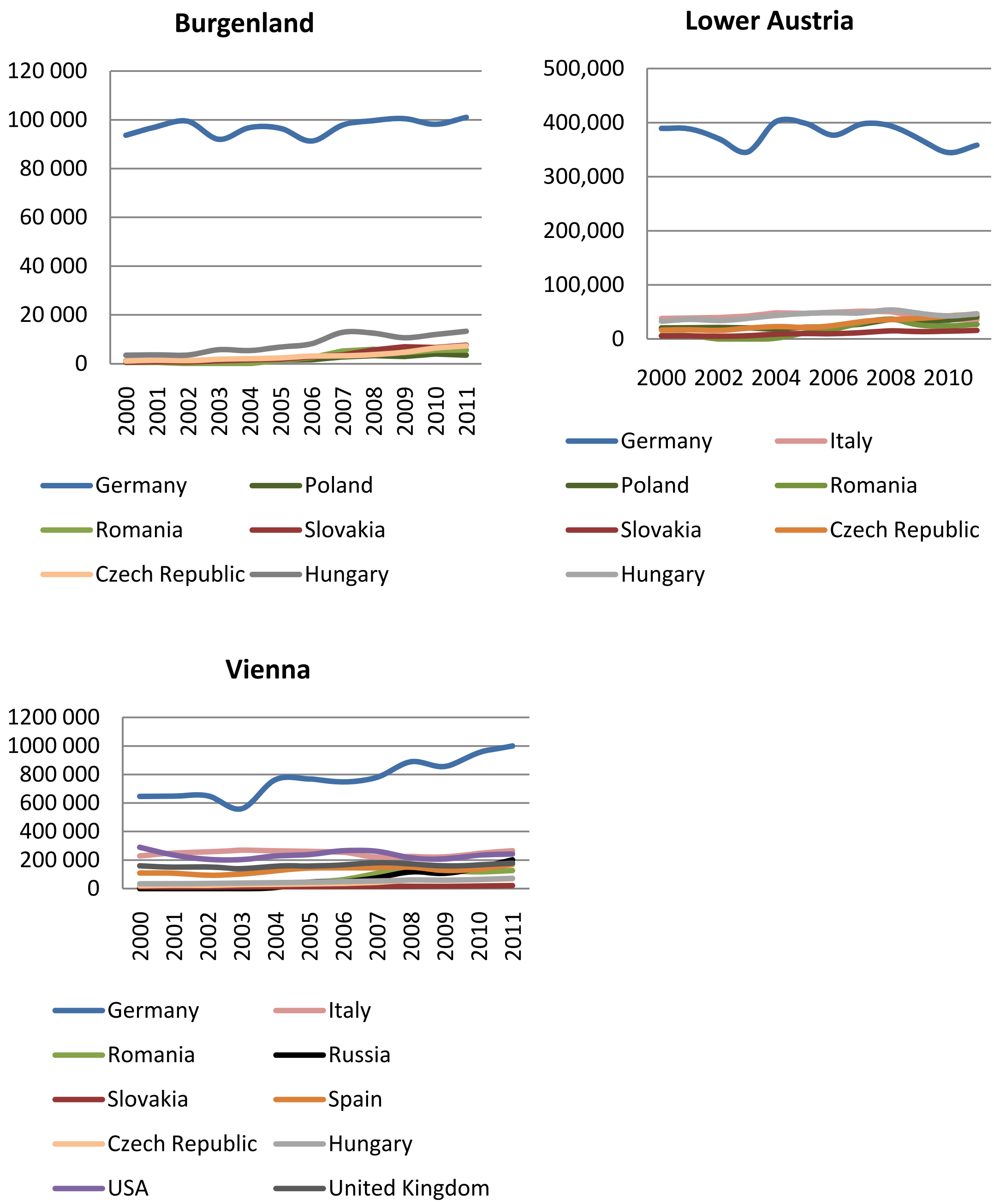
Source: National statistical offices.

Figure 3.16 demonstrates that tourists from Germany clearly dominate among non-residents coming to the Austrian regions of CENTROPE. Their visits have remained stable in Burgenland over the last decade, have decreased slightly in Lower Austria and have grown sharply in Vienna since 2007, where the number of German tourists reached nearly 1 million in 2011.

Among the other markets relatively many tourist from Hungary arrive to Burgenland and Lower Austria. The structure of foreign visitors is different and more balanced in

Vienna, where apart from German tourists also visitors from the USA, Italy, Spain and from the UK dominate. Recently, the number of Russian tourists visiting the capital city of Austria has also grown noticeably as it almost doubled since 2009.

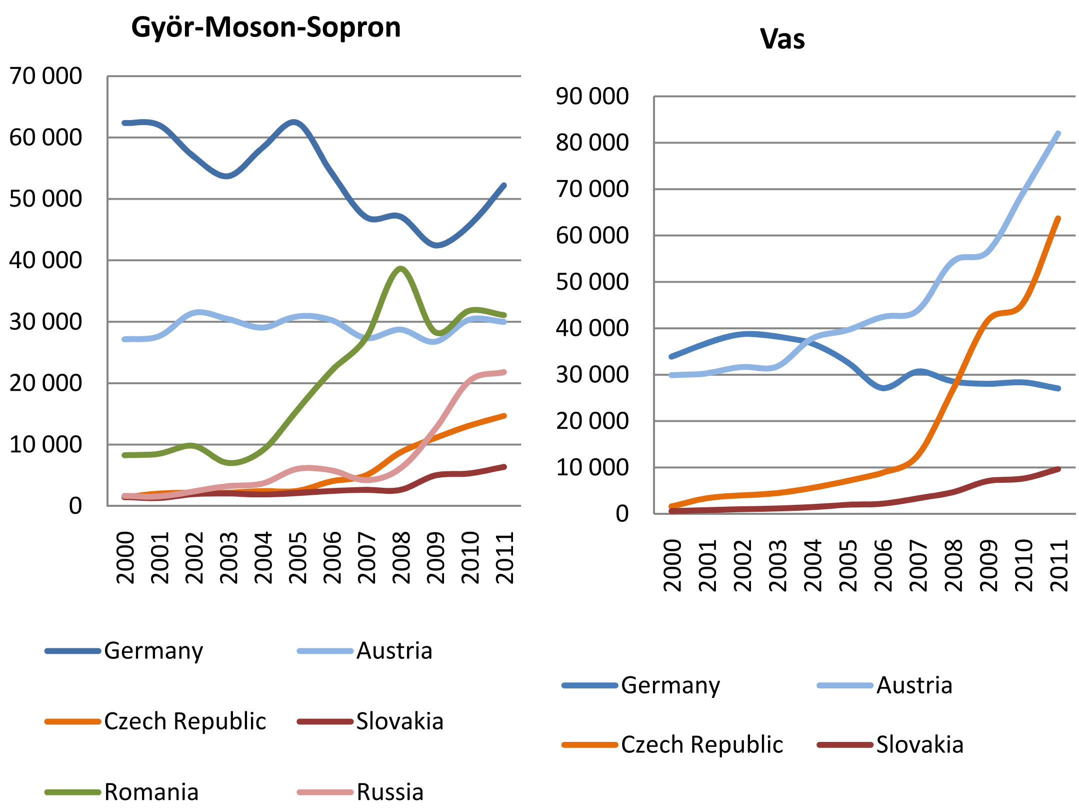
Figure 3.16: Development of arrivals from the main markets in tourist accommodation establishments in Burgenland, Lower Austria and Vienna



Source: Statistics Austria.

The dominance of the German tourists is not as significant in the Hungarian regions as it is in the Austrian parts of CENTROPE. In Vas the number of visitors from Germany was clearly exceeded by the number of the Austrian visitors since 2004 (figure 3.17). Vas has also recorded a strong increase in arrivals from the Czech Republic since 2007. Győr-Moson-Sopron is an increasingly attractive region for tourists from Romania as well as from Russia.

Figure 3.17: Development of arrivals from the main markets in tourist accommodation establishments in Győr-Moson-Sopron and Vas



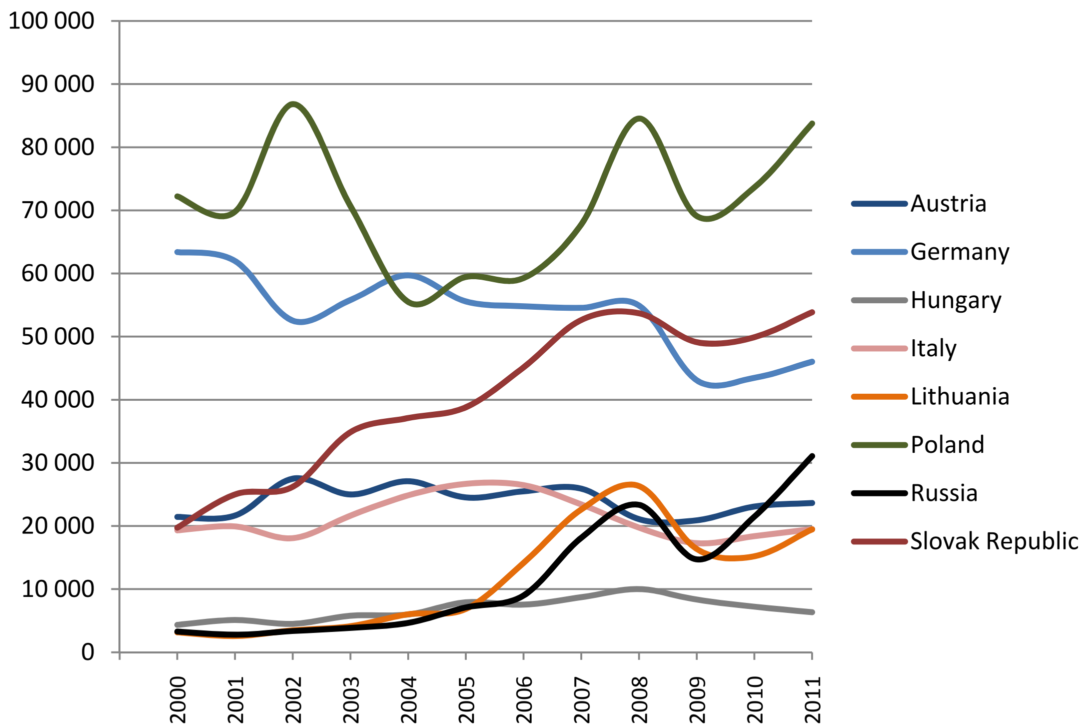
Source: Hungarian Central Statistical Office.

South Moravia is a popular destination for the Polish, Slovak and Austrian tourists (figure 3.18). After the crisis year 2009 Russia with Poland seem to be the fastest growing markets. In contrast, arrivals of Germans have dropped between 2004 and 2010 and arrivals of Hungarians have fallen slightly since the peak in 2008.

As has been already mentioned, the relatively strong drop in arrivals to the Slovak parts of CENTROPE over the crisis period has been induced by combination of the crisis itself and Euro adoption. As can be seen in the figure 3.19, arrivals from the

Czech Republic and Poland fell most markedly in 2009 and 2010, which was in all likelihood caused also by the weakening Czech koruna and Polish zloty against the Euro in the beginning of the crisis. Consecutive strengthening of their exchange rates against the Euro helped to mitigate the negative impacts of the crisis on tourism in Slovakia in the subsequent years, however.

Figure 3.18: Development of arrivals from the main markets in tourist accommodation establishments in South Moravia



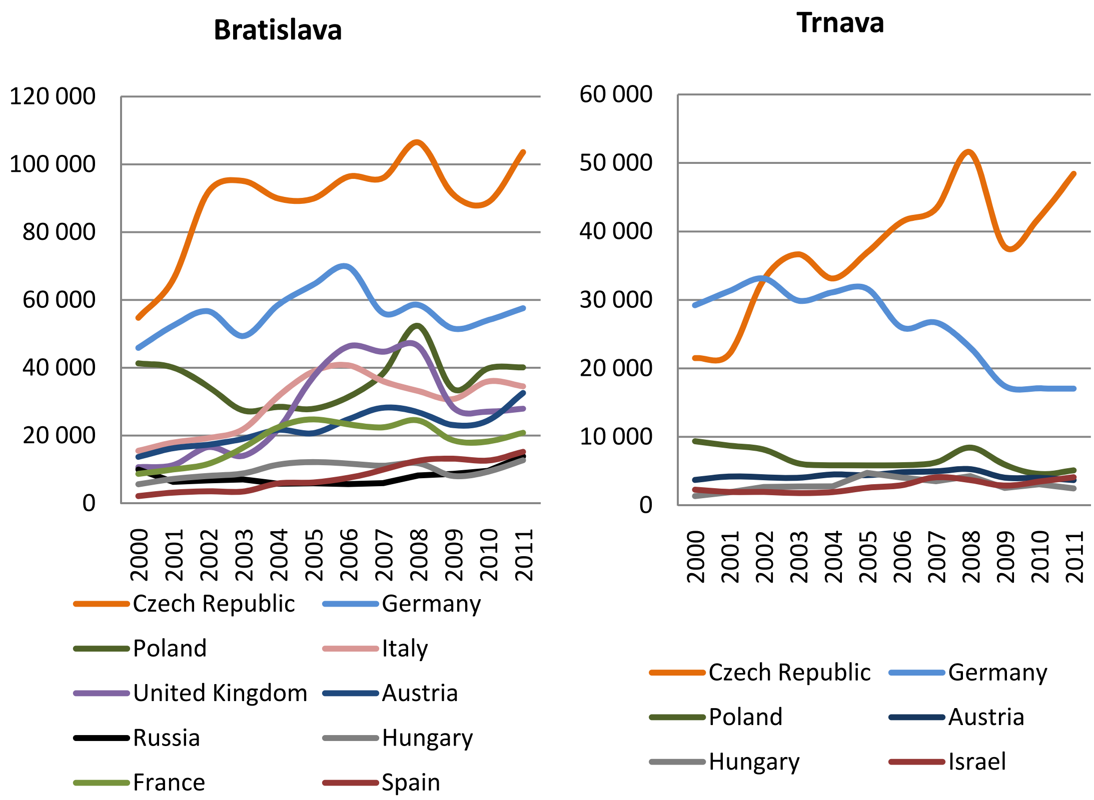
Source: Czech Statistical Office.

While the sharp increase in visitors from the UK to Bratislava weakened in 2009 and did not recover so far, Italy, Spain and Russia remain more prospective markets. The number of the German tourists decreased in both Bratislava and Trnava region, but more significantly in the second. Trnava is also strongly dependent on visitors from the Czech Republic as the number of tourists from other countries is stagnating or even declining.

Looking at the development of arrivals from the CENTROPE countries to the respective parts of CENTROPE, we see that Austrians have increasingly visited mainly the Hungarian regions, in particular Vas (figure 3.20), and vice versa Hungarians have travelled to the Austrian regions, in particular Vienna and Lower Austria (figure 3.21).

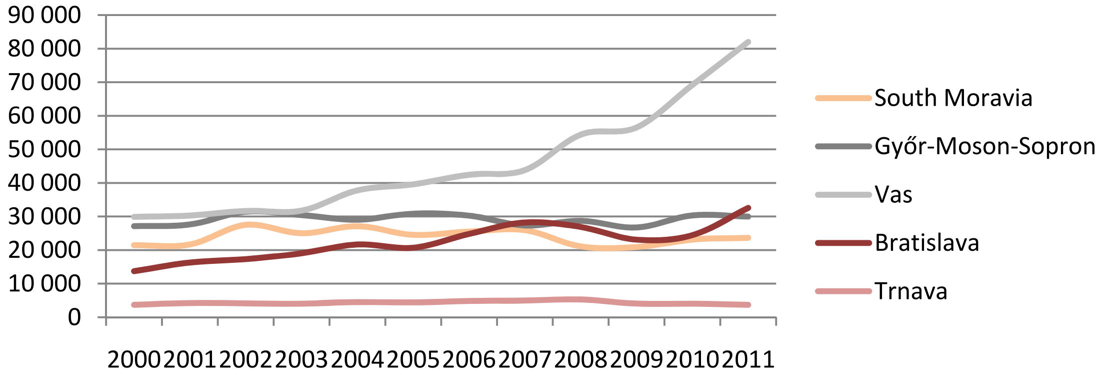
At the same time and probably based on the common historical background and similar languages, the Czech tourists have preferred Bratislava (figure 3.22) and the Slovak tourists South Moravia (figure 3.23). Both these flows have grown substantially in the last years and were disturbed only by the crisis in 2009 and 2010. For tourists from the CENTROPE countries Vienna is the most popular region among the Austrian regions and Bratislava among the Slovak ones. Vas is visited more frequently by the Austrian, Czech as well as Slovak tourists than Győr-Moson-Sopron. Trnava is apparently the least attractive region within CENTROPE for the Austrian as well as the Hungarian tourists, which implies the need to utilize its tourism potential as a tourist destination for the CENTROPE population better.

Figure 3.19: Development of arrivals from the main markets in tourist accommodation establishments in Bratislava and Trnava



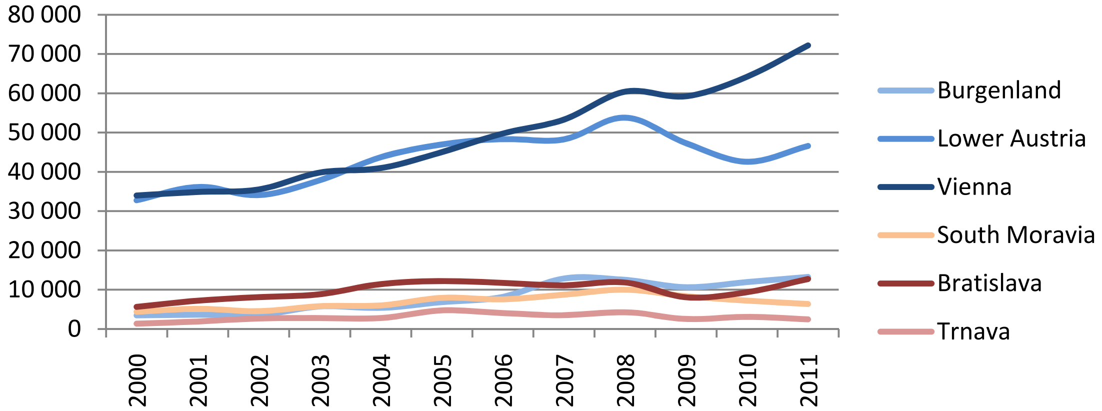
Source: Statistical Office of the Slovak Republic.

Figure 3.20: Development of arrivals from CENTROPE Countries in foreign parts of CENTROPE



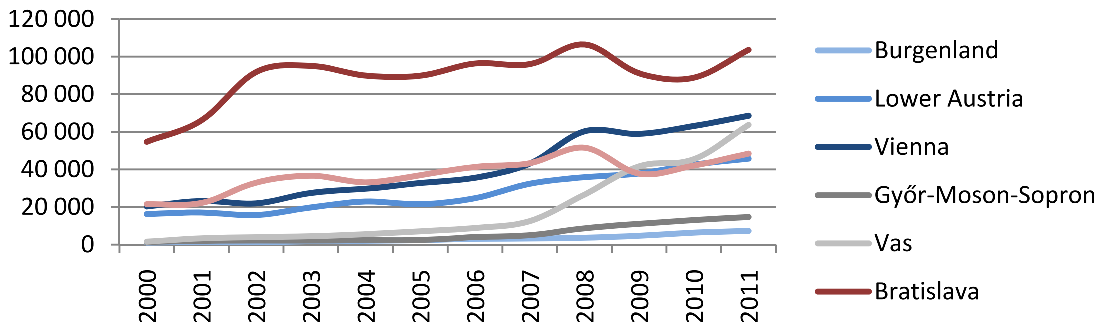
Source: National statistical offices.

Figure 3.21: Development of arrivals from Hungary in foreign parts of CENTROPE



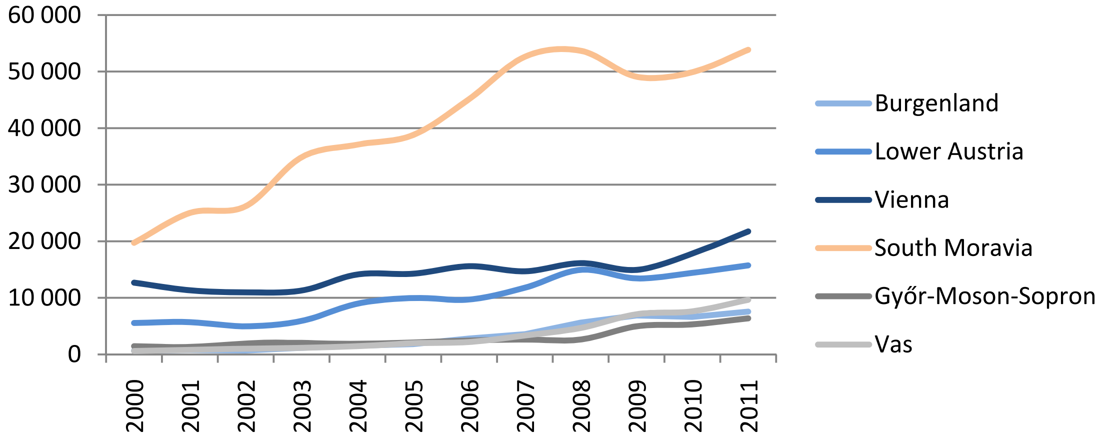
Source: National statistical offices.

Figure 3.22: Development of arrivals from the Czech Republic in foreign parts of CENTROPE



Source: National statistical offices.

Figure 3.23: Development of arrivals from Slovakia in foreign parts of CENTROPE

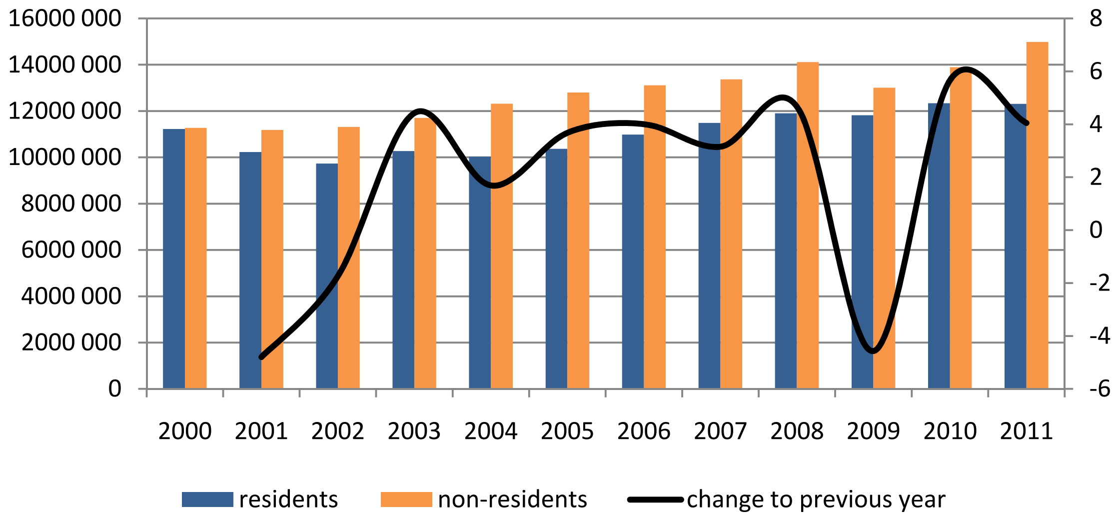


Source: National statistical offices.

3.4.2. Nights spent in collective accommodation establishments

Figure 3.24 and table 3.8 confirm impacts of the crisis on the tourism industry in CENTROPE as a whole with decrease of the total number of nights spent in the region by 4.6 % in 2009. Recovery occurred in 2010 and 2011, when growth of 5.7 % and 4 %, respectively, was registered. The Slovak regions (-18 % and -15 %) and South Moravia (-10 %) experienced the deepest slump due to the recent crisis. The fastest recovery occurred later in both capital city regions and in Vas.

Figure 3.24: Nights spent by residents and non-residents in CENTROPE and changes compared to previous year



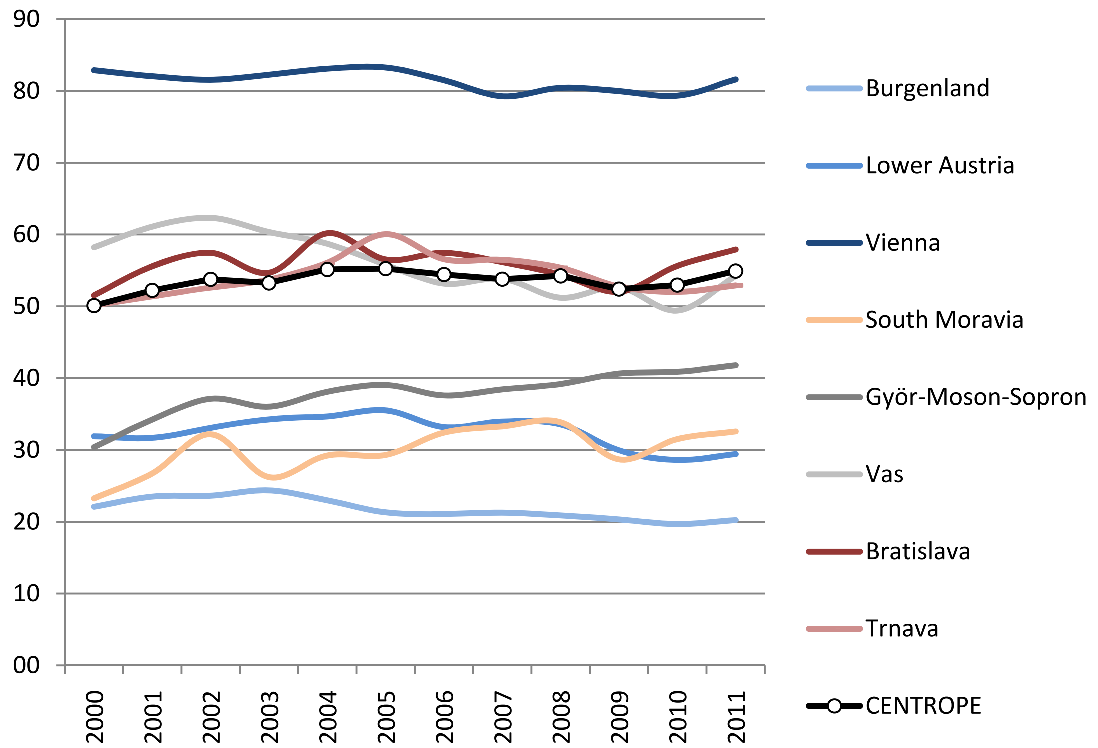
Source: National statistical offices, own calculations.

Table 3.8: Changes in nights spent compared to the previous year (%)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Austria	**1.6**	**1.8**	**1.6**	**0.0**	**1.9**	**1.2**	**2.6**	**4.0**	**−1.8**	**1.1**	**1.3**
Burgenland	−1.8	1.4	0.3	−2.7	7.3	3.4	5.2	4.0	2.2	2.1	1.0
Lower Austria	−1.4	−3.5	2.9	4.2	0.2	3.9	4.3	3.2	−1.5	0.8	2.7
Vienna	−0.4	−0.6	4.1	6.1	3.9	6.8	3.3	6.0	−3.8	10.3	4.9
Czech Republic	**−11.5**	**−5.1**	**6.0**	**3.7**	**−1.1**	**2.8**	**−1.5**	**−3.8**	**−6.7**	**0.7**	**3.6**
South Moravia	−29.0	−12.5	21.3	−9.5	3.7	0.9	0.5	−2.3	−10.3	−1.4	7.4
Hungary	**−8.7**	**−1.1**	**0.9**	**1.5**	**4.4**	**−0.4**	**2.4**	**−0.8**	**−6.3**	**1.7**	**n.a.**
Györ-Moson-Sopron	−10.2	−7.6	7.3	3.5	−1.3	4.2	−2.5	5.4	−4.5	11.8	0.4
Vas	5.4	−0.5	1.7	0.9	4.7	−1.8	7.4	15.3	1.3	17.5	2.2
Slovakia	**7.7**	**8.4**	**−2.3**	**−10.9**	**−0.1**	**3.7**	**3.7**	**7.3**	**−16.4**	**−0.1**	**1.7**
Bratislava	6.3	9.3	0.3	5.1	16.2	3.2	2.1	5.9	−15.2	−0.4	11.0
Trnava	−0.1	5.6	−3.2	−11.0	−0.9	−3.4	0.7	5.6	−18.3	1.7	−1.4
CENTROPE	**−4.8**	**−1.7**	**4.4**	**1.7**	**3.7**	**4.0**	**3.2**	**4.7**	**−4.6**	**5.7**	**4.0**

Source: National statistical offices, own calculations.

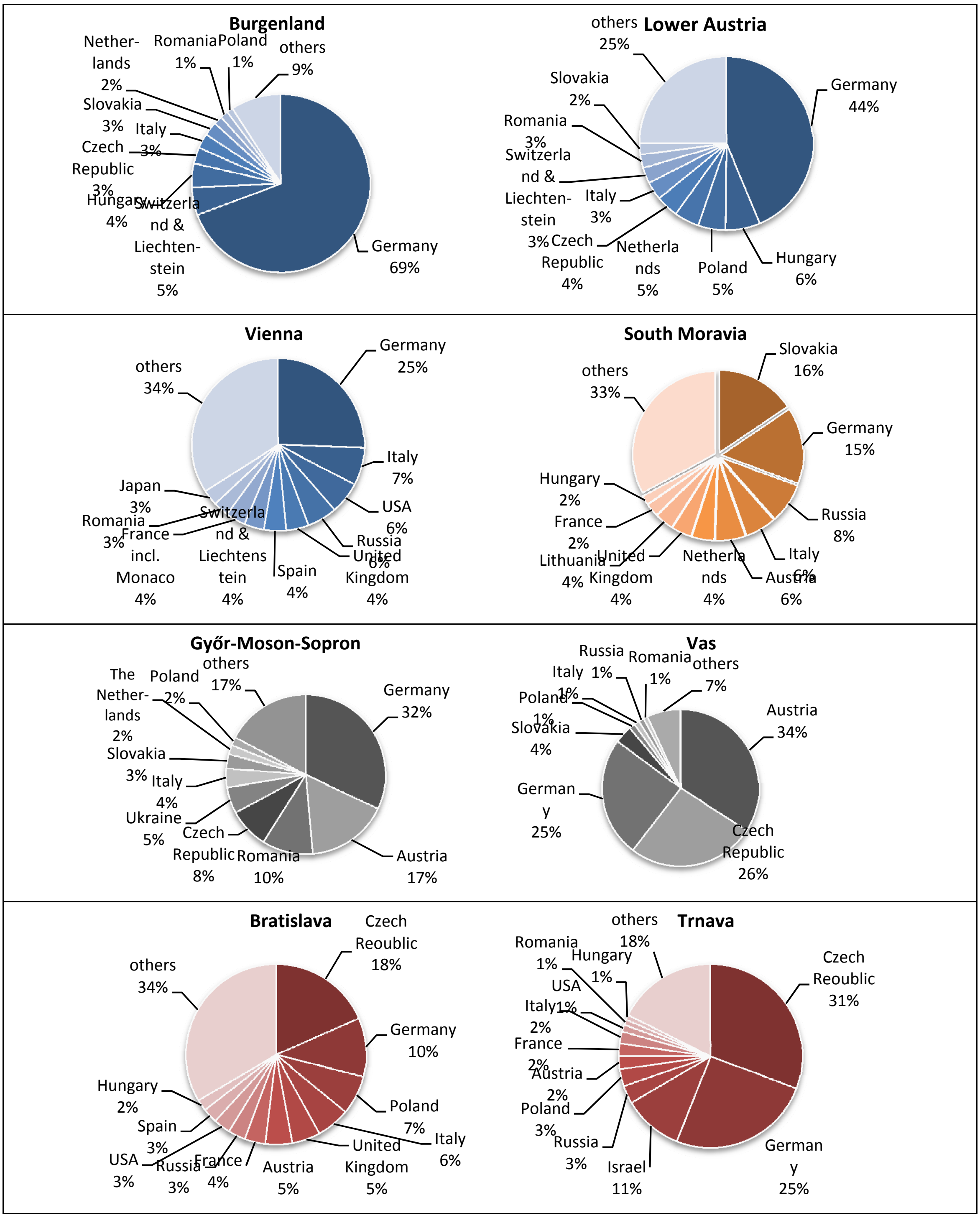
Figure 3.25: Shares of nights spent by non-residents in collective tourist accommodation establishments (%)



Source: National statistical offices, own calculations.

As already mentioned in case of arrivals, Vienna is the most attractive region for foreign tourists among all CENTROPE parts, accounting for 80 % of non-residents in the total nights spent (figure 3.25). Bratislava (thanks to the so-called “city breaks" of international tourists), Trnava and Vas (both probably mainly thanks to spa tourism) have recorded a relatively stable share of non-residents in the total overnight stays in the range from 50 to 60 %, over the last decade.

Figure 3.26: Distribution of nights spent by non-residents in tourist accommodation establishments in the regions of CENTROPE by country of residence, 2011



Source: National statistical offices.

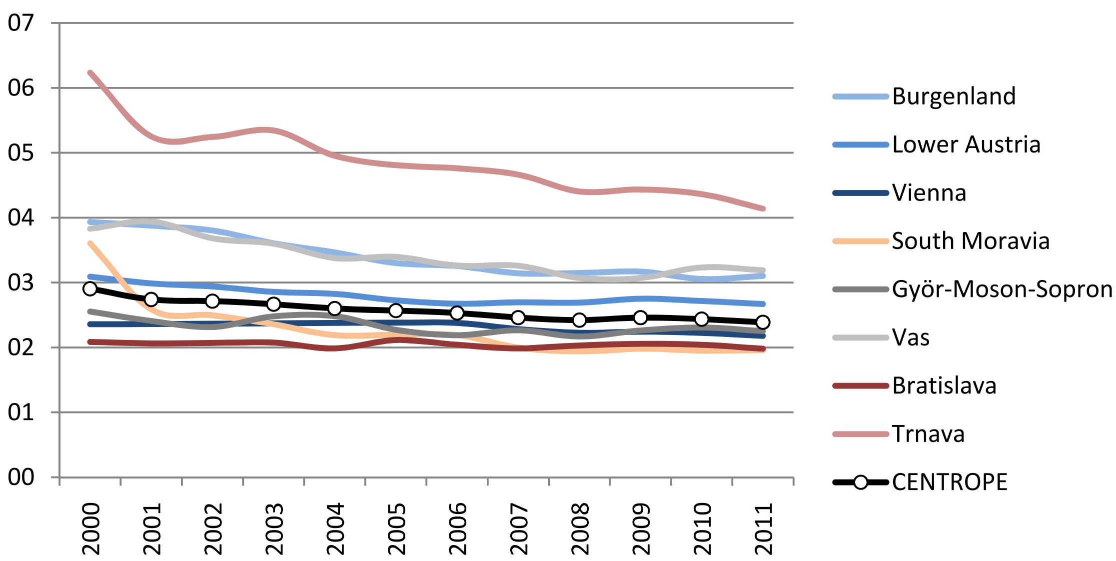
This is around the average value for CENTROPE as a whole. Győr-Moson-Sopron, South Moravia, Lower Austria and Burgenland are well under the average value with shares between 20 % and 42 %.

The main markets for the CENTROPE region can be easily seen from the following figures. Besides the CENTROPE countries themselves, Germany, Poland, Italy, Russia and also Romania have relatively high shares in the total nights spent in the region.

3.4.3. Average nights spent

Over the last decade gradual shortening of average nights spent by visitors can be found in CENTROPE as a whole, reaching 2.4 days in 2011 as compared to 2.9 days in 2000 (figure 3.27). This trend is most obvious in South Moravia (-46 % since 2000) and Trnava (-34 %), while Vienna (-8 %) and Bratislava (-5 %) – which, due to a high share of business trips and city tourism have the shortest average duration of stay - kept the average length of the stay at a relatively stable level of approximately 2 days. Despite of staying for a shorter time tourists still spend more than 4 days in Trnava on average, mainly owing to longer spa holidays. Also Burgenland and Vas are destinations where tourists spend more than 3 days on average in spite of gradual shortening of their stays in these regions.

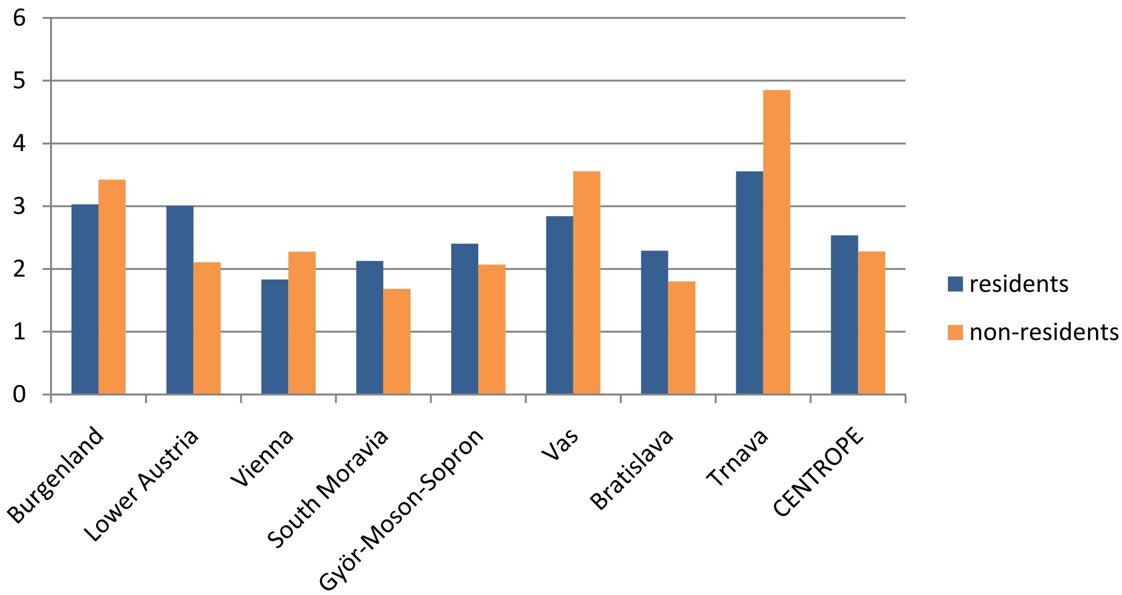
Figure 3.27: Development of average nights spent in CENTROPE



Source: National statistical offices, own calculations.

In CENTROPE as whole domestic tourists spend more than 2.5 days, while foreign visitors stay for 2.3 days in average (figure 3.28). Foreign tourists stay longer than residents in Trnava, Vas, Burgenland and Vienna. On the other hand, longer stays of residents are found in Lower Austria, Bratislava and South Moravia.

Figure 3.28: Average nights spent in collective tourist accommodation establishments in 2011



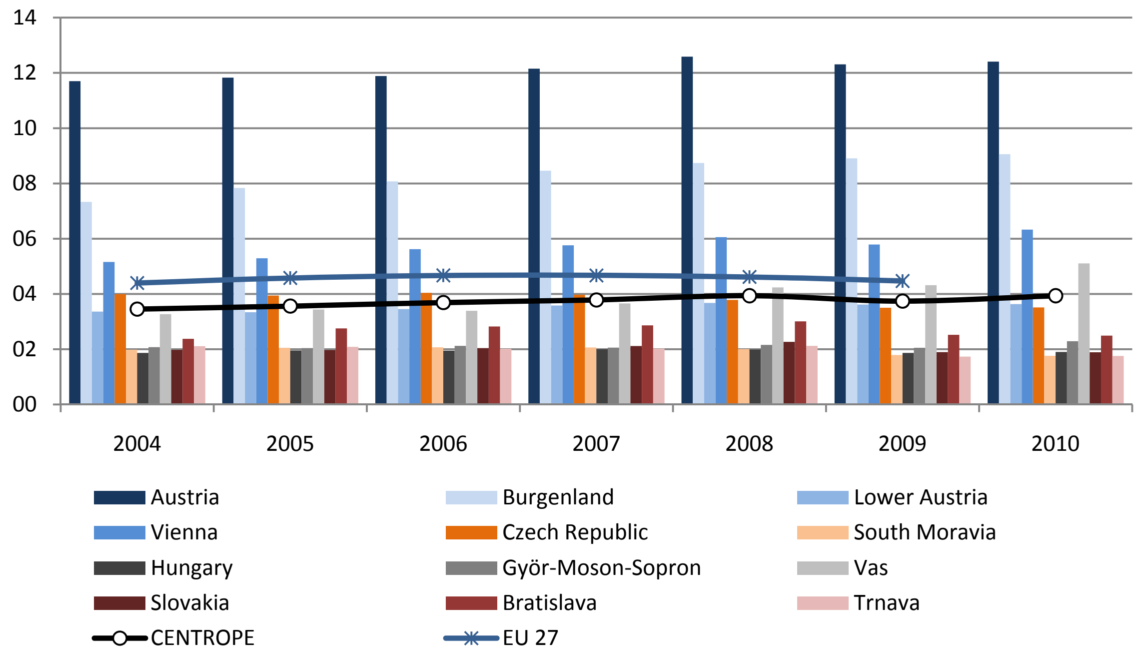
Source: National statistical offices, own calculations.

3.4.4. Tourism intensity, tourism density ratio and net use of beds

Tourism intensity is calculated as the number of overnight stays in collective tourist accommodation establishments divided by the resident population. From this point of view, Austria as well as the Austrian CENTROPE regions of Burgenland and Vienna are above the EU 27 average (figure 3.29). While average tourism intensity ranges from 4 to 5 overnight stays per inhabitant during the second half of the last decade in the EU, Austria recorded a relatively stable value of 12 nights spent per inhabitant and in Vienna and Burgenland the respective values are 5 to 6 nights in Vienna and 7 to 9 nights in Burgenland. In the EU only Malta and Cyprus with their small populations have higher tourism intensity than Austria.

Although less tourists visit the Austrian part of CENTROPE than some other Austrian provinces, Burgenland and Vienna are still significantly above the CENTROPE average in terms of tourist nights per inhabitant. On the other hand, Hungary and Slovakia in total as well as the CENTROPE regions of South Moravia and Trnava registered a rather low number of nights spent in relation to their population. At the same time, Bratislava region and both Hungarian CENTROPE regions exceeded the average values for Slovakia and Hungary. Vas has even reported higher values than the CENTROPE average since 2008.

Figure 3.29: Development of tourism intensity in CENTROPE compared with the EU average



Source: Eurostat, national statistical offices, own calculations.

An alternative relative measure of tourist activity is the tourism density ratio. This is the number of arrivals of tourists per square kilometer. It, therefore, shows the density of tourists in the country or region at any point in time on average. In case of CENTROPE as a whole tourism density ratio has gradually increased from 176 to 258 since 2001 (table 3.9). On the national level only Austria exceeds the CENTROPE average among the CENTROPE countries (figure 3.30).

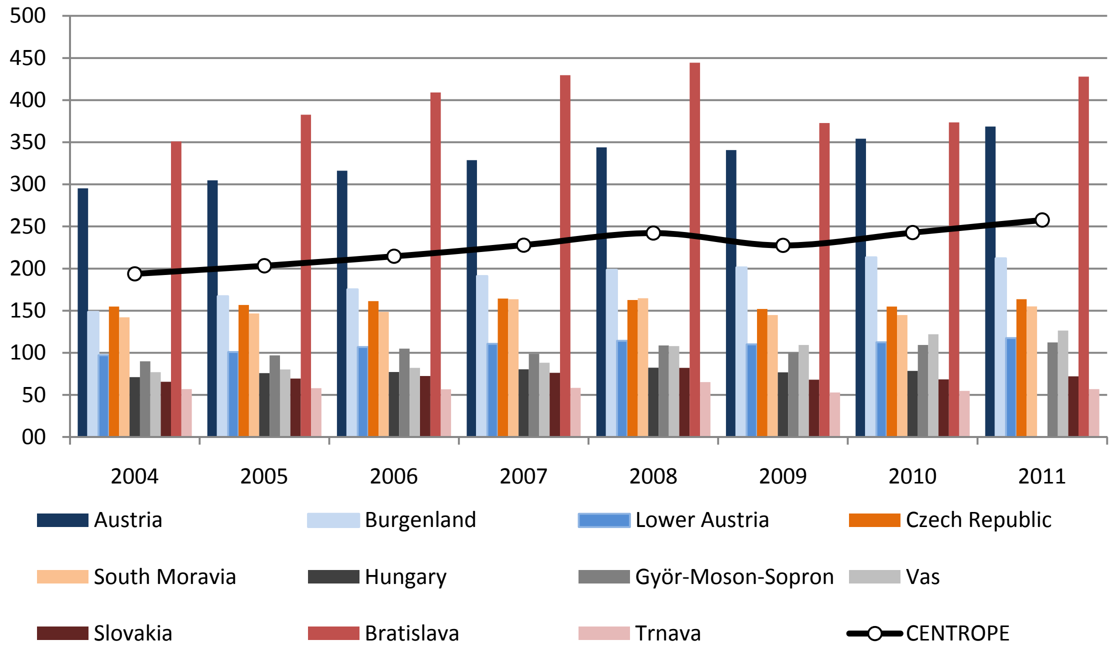
Not surprisingly and similarly as in case of tourism intensity, Vienna with a value exceeding 10,000 is the leader in terms of the tourism density ratio in CENTROPE. The Slovak metropolis Bratislava reached the second highest level during the last decade and 428 in 2011, which is still under the pre-crisis level. The tourism density ratio in the other CENTROPE regions is below the CENTROPE average. Since the beginning of this decade Vas has recorded the strongest increase, followed by Vienna (which, due to extreme values, is excluded from the figure below) and Burgenland. By contrast Trnava region is the only region in CENTROPE with a decrease of this indicator.

Table 3.9: Tourism density ratio in CENTROPE

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2011/2001
Austria	**275.9**	**295.3**	**304.8**	**316.2**	**328.7**	**343.9**	**340.7**	**354.2**	**368.6**	**133.6**
Burgenland	134.2	148.5	167.3	175.3	191.1	198.6	201.5	213.3	212.2	158.1
Lower Austria	88.9	97.2	100.9	106.9	110.6	114.2	110.1	112.4	117.5	132.1
Vienna	8 219.1	8 953.7	9 293.8	9 937.8	10 692.4	11 620.1	11 092.6	12 338.1	13 216.4	160.8
Czech Republic	**143.1**	**154.9**	**156.7**	**161.3**	**164.3**	**162.8**	**152.0**	**154.8**	**163.6**	**114.3**
South Moravia	125.3	142.1	146.8	148.6	163.7	164.8	144.7	144.8	155.0	123.7
Hungary	**65.3**	**71.1**	**75.9**	**77.2**	**80.3**	**82.2**	**76.9**	**78.5**	**n/a**	**n/a**
Györ-Moson-Sopron	90.3	90.0	97.0	104.9	98.9	108.8	99.6	109.2	112.4	124.4
Vas	64.6	77.0	80.2	82.0	88.2	107.9	109.3	122.0	126.4	195.7
Slovakia	**64.2**	**65.6**	**69.3**	**72.4**	**76.3**	**82.1**	**68.1**	**68.4**	**72.1**	**112.3**
Bratislava	292.9	351.0	382.6	409.0	429.7	444.4	372.7	373.6	428.0	146.1
Trnava	58.9	56.8	58.1	56.7	58.3	65.2	52.9	54.7	56.9	96.5
CENTROPE	**176.2**	**193.8**	**203.3**	**214.6**	**227.8**	**242.2**	**227.5**	**242.7**	**257.6**	**146.2**

Source: Eurostat, national statistical offices, own calculations.

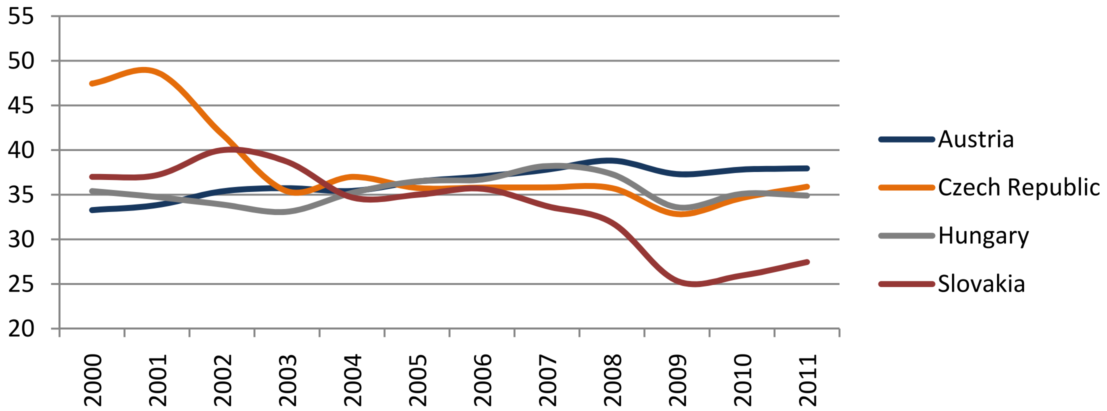
Figure 3.30: Development of tourism density ratio in CENTROPE*



Source: Eurostat, national statistical offices, own calculations. Note: without Vienna reaching extreme values.

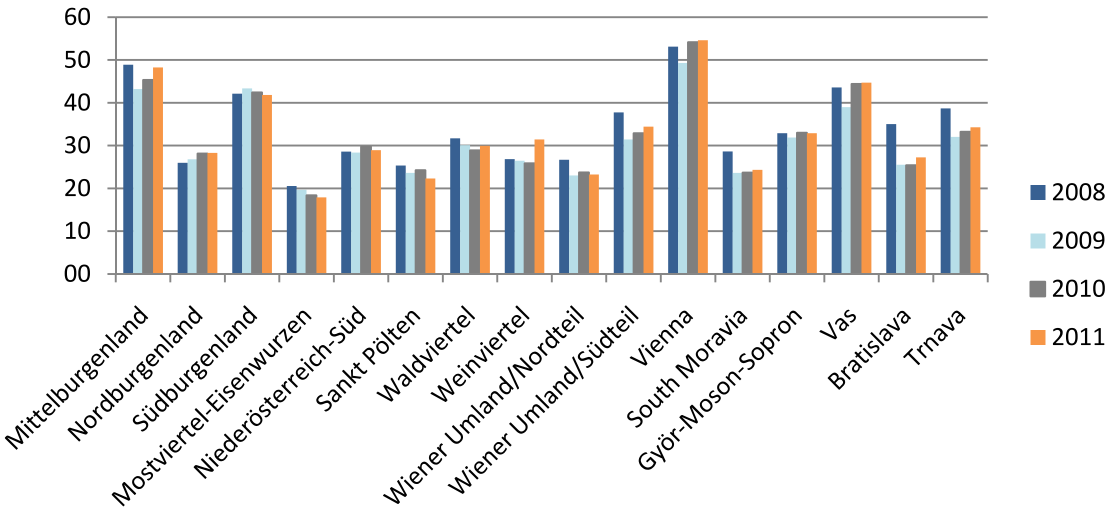
Development of the net use of beds at hotels and similar establishments has been mixed in both regions within CENTROPE and respective CENTROPE countries since 2000. It has grown gradually in Austria with a minor impact of the recent crisis and has stagnated in Hungary, which was more affected by the economic slowdown (figure 3.31). On the other hand, the net use of beds has fallen in the Czech Republic and Slovakia, in particular in the crisis year 2009, before recovering slightly in the course of the next two years. However, Slovakia is still far from return to the pre-crisis level.

Figure 3.31: Evolution of the net use of beds (NUB) at hotels and similar accommodation establishments (%)



Source: National statistical offices.

Figure 3.32: Evolution of the net use of beds (NUB) at hotels and similar accommodation establishments during the recent crisis (%)



Source: National statistical offices.

As regards the net use of beds in the respective NUTS 3 regions of CENTROPE, it is the highest in Vienna with almost 55 %, owing to rapidly increasing number of tourists after the crisis year 2009, followed by Mittelburgenland (more than 48 % in 2011) and Vas (almost 45 %). Bratislava, South Moravia and several Austrian NUTS 3 regions recorded the net use of beds that is lower than 30 % in 2011, Mostviertel-Eisenwurzen as a part of Lower Austria had a net use of beds of less than 20 % (figure 3.32).

Table 3.10: Arrivals in spa

	2001	2004	2005	2006	2007	2008	2009	2010	2011	2010 / 2001
Burgenland	11 353	11 520	12 046	13 093	13 421	13 546	13 030	12 718	13 695	112.0
share of non-residents (%)	*2.3*	*2.1*	*3.4*	*2.5*	*2.8*	*4.1*	*4.1*	*3.1*	*3.7*	
Lower Austria	37 872	35 882	35 586	38 656	41 004	48 978	61 570	63 261	55 122	167.0
share of non-residents (%)	*2.2*	*1.7*	*2.9*	*3.1*	*3.9*	*4.3*	*2.6*	*1.6*	*1.4*	
Vienna	0	0	0	0	0	0	0	0	0	
South Moravia	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	
Györ-Moson-Sopron	32 380	18 683	16 959	18 869	21 219	15 610	17 153	18 274	n.a.	56.4
share of non-residents (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	
Vas	43 812	62 534	49 929	36 549	36 876	55 214	68 076	76 736	n.a.	175.1
share of non-residents (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	
Bratislava	0	0	0	0	0	0	0	0	0	
Trnava	43 744	49 178	53 941	58 833	62 704	64 166	53 151	57 345	55 324	131.1
share of non-residents (%)	*62.2*	*56.6*	*54.2*	*55.6*	*53.3*	*56.3*	*55.4*	*48.8*	*48.5*	
CENTROPE	169 161	177 797	168 461	166 000	175 224	197 514	212 980	228 334		135.0

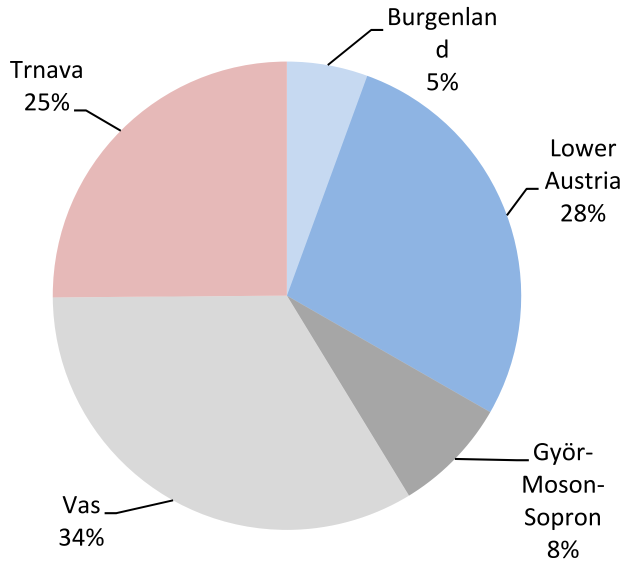
Source: National statistical offices, own calculations.

3.4.5. Spa tourism

Spa tourism is one of the most popular tourism types in CENTROPE. Considering the number of visitors in spas, the most attractive regions are Vas, Lower Austria and Trnava (table 3.10). After the Euro introduction in Slovakia in 2009 and strengthening of the Euro against other currencies in the Central Europe in the following period, arrivals of foreign spa tourists dramatically dropped in the Trnava region. By contrast, arrivals in the Hungarian and Austrian spas have grown and, despite the crisis, more tourists visited spas in CENTROPE in 2009 and 2010 than in the previous years. Since 2001 the number of spa tourists has increased in CENTROPE by more than one third, mostly in Vas (75 %), probably at the expense of spas in Györ-Moson-Sopron (–44 %), and in Lower Austria (67 %). While the Austrian spas in CENTROPE are visited mostly by domestic tourists, Trnava, thanks to spa Piestany, has a share of foreign spa visitors of almost 50 % and is thus a spa region of overregional importance.[6]

Figure 3.33 shows that the share of Vas in spa tourism in CENTROPE reached one third in 2010. Spas in Lower Austria were visited by 30 % and spas in Trnava by one quarter of the total number of tourists arriving to spas in CENTROPE. Györ-Moson-Sopron and Burgenland had a share of less than 10 % of total spa tourism in CENTROPE and other regions of CENTROPE do not provide data on spa tourism.

Figure 3.33: Distribution of arrivals in spa in CENTROPE, 2010



Source: National statistical offices, own calculations.

The average length of stay in spas in CENTROPE as a whole – like overall length of stays - has fallen gradually over the last decade (figure 3.34). In 2010 spa tourists spent less than 9 days on average in the region, while in 2001 it was 11 days. The longest stays (with more than 15 days in 2011) were recorded in Burgenland and Lower Austria. While domestic tourists spend more than two weeks in spas in these regions, foreign spa tourists in average stay for only about 5 days. The shortest stays were registered in spas of the Hungarian CENTROPE (3.1 days in Vas and 3.4 days in Györ-Moson-Sopron in 2010).[7] Trnava slightly exceeded the CENTROPE average in this indicator with the average stay of non-residents being a bit longer than that of residents.

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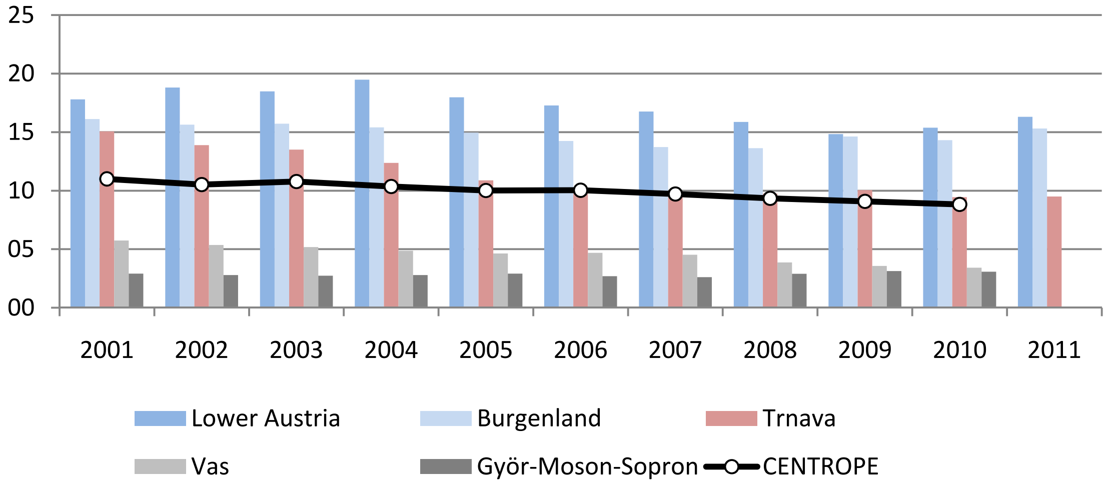
[6] Data on foreign tourist in spas in the Hungarian regions are not available.

[7] The latest data available.

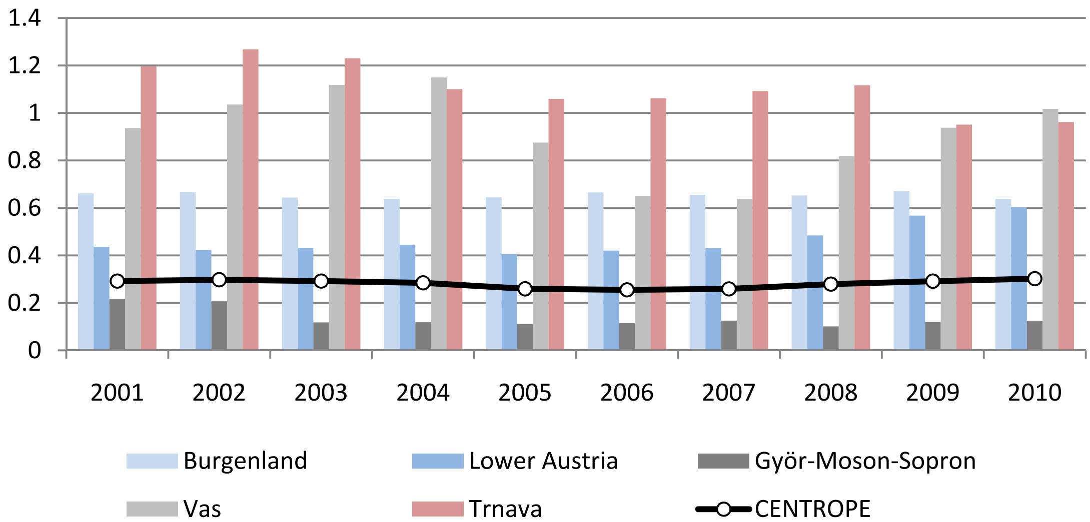
Figure 3.34: Development of average nights spent in spa in CENTROPE



Source: National statistical offices, own calculations.

Spa tourism intensity calculated as the number of overnight stays in spas divided by the resident population was stable in CENTROPE since the beginning of this millennium (figure 3.35). Spa tourism intensity was the highest in Trnava and Vas, with a rather heterogeneous development over the last ten years. While it fell from 1.2 to less than 1.0 in Trnava, it increased to more than 1.0 in Vas, thus overtaking Trnava. Among the NUTS 3 regions with available data on spa tourism Györ-Moson-Sopron was the region with the lowest spa tourism intensity during the whole last decade.

Figure 3.35: Development of tourism intensity in spa in CENTROPE



Source: National statistical offices, own calculations.

3.5. The role of tourism and the current level of cooperation in CENTROPE

The CENTROPE region offers a rich mixture of different tourism types. Whether it is history, culture, natural environment, sports including cycling or water sports, wellness and spa, gastronomy, wine, entertainment or shopping, tourists can find everything in the region and can choose the “right” combination for their holiday. In addition, CENTROPE includes cities, in which MICE tourism (meetings, incentives, conferences, events) plays an important role. This is true in particular for Vienna, the world leader in MICE, and in a lesser extent for Bratislava and Brno. MICE is one of the most stable tourism types. An evidence for this statement is tourism development in Vienna after the crisis year 2009, when the number of visitors in the city reached a new peak.

Sustainable tourism (tourism attempting to make as low impact on the environment and local culture as possible) is also gaining importance in CENTROPE. The share of the use of public transport should increase and cycling is becoming more popular not only as leisure activity but also as means of transport. Both these factors contribute to the mitigation of problems with car traffic, in particular in cities. However, conditions for cyclists are very different across the region. An important factor in support of such forms of transport in CENTROPE is the compactness or small-size area of the region, respectively, which makes possible connection of two capital cities, Bratislava and Vienna, by public transport within less than an hour.

The CENTROPE region shares common cultural and historical aspects and mutual proximity of territorial units, but the region is also characterized by a certain diversity. This includes four different languages used in the region, own customs, traditions, typical natural and cultural monuments in each area as well as regional differences in governance structure, competencies and capacities. Diversity within the CENTROPE region is currently the reason of defragmented partial activities in tourism, reflected in the preference given to a district approach over a regional or transregional approach respectively.

Cooperation in tourism within the CENTROPE has a big potential of development as well as large possible synergy effects based on already existing offers across the region, in particular in cycle tourism, cultural, historical and natural attractions. Considering the increasing attractiveness of cycle tourism, it is crucial to improve infrastructure for cyclists in the lagging behind regions. However, hiking and maintenance of tourist ways should not be neglected either.

On the other side, in the field of MICE, spa and wellness tourism, the respective regions of CENTROPE have rather competitive relations. In these tourism types cooperation would be possible on the assumption that tourists prefer to change locality for their holiday in spa or wellness and MICE organizers look for diversity as well. In addition a possible joint objective of co-operative tourist strategies could aim at increasing the length of stay, in particular of MICE tourists, for instance by motivating tourism providers to offer packages, where such tourists can visit nearby sites in the CENTROPE region, when staying for a little bit longer.

In general, however, cooperation within the CENTROPE region in the field of tourism has intensified recently. One of the activities already under preparation is the establishment of the ”CENTROPE” cards which, after its implementation, would provide a wide range of discounts for visitors of the region. A calendar of events will facilitate easy access to the up-to-date best offers of the region.

Introduction of the CENTROPE Tourism and Marketing Tool (CTMT) transformed to the CENTROPE tourism portal www.tourcentrope.eu is a further step towards increasing the number of visitors in CENTROPE. CTMT represents a pilot project of the new web application. Its primary objective is to provide an information tool containing comprehensive information, which cannot be found in other information sources. The content consists of a wide range of information supplied by regional tourist organizations including maps, cycling routes, cultural events, points of interest with photographs as well as information concerning individual facilities (admission fees, opening hours, accessibility, etc.). Thus it enables tourists who make private trips to plan tourist activities of various kinds for anyone.

Further development of this tool depends on the needs of the web users as the IT technology already used allows an extension of further levels of web modules of information provision, e.g. wellness and spa or traditional gastronomic specialties. The last step should be transformation of the tool into the common CENTROPE tourism portal, which would provide a comprehensive information background including an option of booking accommodation in the CENTROPE region with connection to the transport infrastructure.

In June 2012 representatives of the regional tourist organizations from regions of CENTROPE were asked to answer several questions in form of a questionnaire. Table 3.11 summarizes their views on the current cooperation in tourism in the CENTROPE region with focus on strengths, weaknesses, opportunities and threats.

Table 3.11: SWOT analysis of the current cooperation in tourism in CENTROPE

Strengths	*Weaknesses*
- making the region more visible thanks to the information on the webpage - growing together as one region	**- economic and cultural differences among the regions involved - little willingness of some partners to cooperate**
Opportunities	***Threats***
- creating joint products in tourism - pilot project for possible future projects	**- low awareness of the CENTROPE as a cross-border region - sustainability of the project results after finishing the project**

The main factors and barriers of the development of the CENTROPE region as a common tourist destination have been identified.

The main factors of development in tourism include:

- the level of infrastructure and suprastructure,
- ability to create new, unique and attractive tourism products,
- willingness to and effectiveness of cooperation among all actors within the respective regions,
- willingness to and effectiveness of cooperation at different levels among respective regions.

The main barriers include:

- significant differences within the CENTROPE region regarding the quality of services in tourism, the level of the transport infrastructure, suprastructure, tourism infrastructure (e.g. tourism offices and information boards), tourism product development as well as marketing activities,
- communication barriers,
- lack of strategic documents focused also on cross-regional activities,
- not enough efficient cooperation and not enough strong coordination of activities among the respective regions.

3.6. Summary and conclusions

Tourism is an important economic activity with significant direct, indirect as well as induced impacts. It contributes to employment and economic growth in a region as well as to development and socioeconomic integration in rural and underdeveloped areas.

In today's challenging macroeconomic environment, tourism can be considered as a stabilizing force in the region. CENTROPE has a range of attractive places and events to offer for both private and business trips, for short as well as longer stays, for visitors who prefer history, culture, wellness and spa, natural landscapes, sports tourism, gastronomy and wine tourism, entertainment or shopping. Organizing meetings and conferences is typical for both capital cities in CENTROPE (Vienna and Bratislava) as well as for Brno as the second largest city in the Czech Republic. Although tourism plays an important role in all parts of CENTROPE, the data analysis confirms the leading position of Vienna and other Austrian provinces.

Over the last decade the CENTROPE region has recorded a continued increase of accommodation capacities in tourism as measured by the number of establishments, bedrooms and bed places. This was driven mainly by a strong increase in capacities in both capital cities. Intensity of tourism supply calculated as the number of bed places per 1000 inhabitants reached a value of 35 in CENTROPE in 2010 with Burgenland noticeably above the CENTROPE average.

As a result of the global financial crisis arrivals of tourists to CENTROPE and the nights they spent in their destination suffered a strong slowdown in 2009. The number of visitors rose again in the next year, in particular in Vienna. Recovery also continued in 2011, when 11.4 million tourists visited the CENTROPE region, among them more than 4.8 million domestic tourists and almost 6.6 million international visitors. This is approximately by 50 % more than at the beginning of the new millennium. In general the medium perspectives of tourism development therefore seem to be intact and unaltered by the economic crisis.

As in all indicators analyzed in the CENTROPE regional development report there are, however, also important quantitative and qualitative differences in tourism development. Vienna has the share of more than 40 % in both arrivals and nights spent in the CENTROPE region followed by Lower Austria with more than 20%. In the number of arrivals of domestic tourists in CENTROPE Lower Austria with almost 30 % is the leader followed by Vienna (24 %), while in the number of arrivals of foreign visitors Vienna recorded almost two-thirds share in 2011. At the same time, non-residents reached 80 % share in the total nights spent in Vienna. Furthermore, the capitals of Vienna and Bratislava as well as the city of Brno are the centers of meetings, incentives, conferences and events (MICE) tourism in the region, while in Trnava, the Hungarian CENTROPE, Burgenland and Lower Austria spa and wellness tourism is an important form of tourism. This difference also impacts on many of the indicators of tourism in the region, such as average duration of stay and others.

As regards the country of residence the German tourists dominate in the Austrian regions and in Győr-Moson-Sopron, the Austrian visitors in Vas, the Polish tourists in South Moravia and tourists from the Czech Republic in both Slovak regions. When looking at visitors of CENTROPE only within the CENTROPE countries, Austrians visit mainly the Hungarian regions and Hungarians often travel to the Austrian regions. At the same time, the Czech tourists prefer Bratislava and the Slovak tourists South Moravia. Besides the CENTROPE countries themselves, Germany, Poland, Italy, Russia and also Romania have relatively high shares in the total nights spent in the regions of CENTROPE.

Over the last decade – following international tourism trends – also a gradual shortening of average nights spent by visitors can be found in the CENTROPE total. The average duration of stay reached 2.4 days in 2011 compared with 2.9 days in 2000. Tourism intensity calculated as the number of overnight stays in collective tourist accommodation establishments divided by the resident population has been relatively stable in the CENTROPE region since 2000, reaching the level of 4 overnight stays per inhabitant. Only Burgenland, Vienna and Vas exceeded the CENTROPE average in this indicator in 2010. Considering the number of visitors in spas, the most attractive regions of CENTROPE include Vas, Lower Austria and Trnava. In 2010 spa tourists spent less than 9 days on average in CENTROPE, while in 2001 it was 11 days.

The CENTROPE region shares history and mutual proximity of territorial units, but the region is also characterized by certain diversity including four different languages used in the region, own customs and traditions, typical natural and cultural attractions as well as regional differences in governance structure, competencies and capacities. This diversity is currently the reason of preference given to a district approach over a regional approach in tourism co-operation. Yet, co-operation in tourism within the CENTROPE has a big potential of development based on already existing offers across the region, in particular in cycle tourism, cultural, historical and natural attractions. On the other side, in the field of MICE, spa and wellness tourism, respective regions within CENTROPE have rather competitive relations. In these tourism types cooperation would be possible on the assumption that tourists prefer to change locality for their holiday in spa or wellness and MICE organizers look for diversity as well. In addition a possible joint objective of co-operative tourist strategies could aim at increasing the length of stay, in particular of MICE tourists, for instance by motivating tourism providers to offer packages where such tourists can visit nearby sites in the CENTROPE region, when staying for a little bit longer.

Also, cooperation within the CENTROPE region in the field of tourism has intensified recently. Introduction of the CENTROPE Tourism and Marketing Tool has been one important step towards increasing the number of visitors in CENTROPE and further development of the tool is desirable.

As the main factors of the development of CENTROPE as a common tourist destination the following were identified: the level of infrastructure and suprastructure, ability to create new tourism products, willingness to and effectiveness of cooperation among all actors within the respective regions as well as at different levels among the respective regions. The main barriers of development represent in particular differences within CENTROPE regarding the quality of services in tourism, the level of the transport infrastructure, suprastructure, tourism infrastructure, tourism product development and marketing activities; communication barriers and lack of strategic documents focused also on cross-regional activities.

4. Summary and Policy Conclusions

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The Focus Report "The service industry as a growth factor in CENTROPE, with special emphasis on the role of the tourism industry and structure of the business service industries" of the CENTROPE regional development report project first of all deals with the structure of the service sector in CENTROPE and second of all analyses the development of tourism industry in this region. The first part analyses the patterns of specialization on different service sectors in CENTROPE as well as investment data, with an aim to identifying the comparative advantages of individual regions in service sector development. The second part pays special attention to the structure of both the supply and demand side of tourism industry in the region and also discusses the issues of cooperation in tourism within CENTROPE.

4.1. Results for the service sector

4.1.1. The structure of the service sector differs markedly between the urban centers and the other CENTROPE regions

This report first of all deals with the structure of the service sector in CENTROPE and second of all analyses and compares the supply and demand side of tourism industry and its structure. This part also pays attention to issues of cooperation in tourism within the region. With respect to the structure of the service industry the report finds an evident split between the strongly service oriented urban regions and the less urbanized rest of CENTROPE in terms of specialization on service industries and in particular on advanced knowledge intensive business services (see Figure 1). The highest level of tertiarisation is attained in the urban regions. Vienna has a share of service sector employment of more than 85% and Bratislava region of around 80%. By contrast, Vas and Trnava have a service sector employment share of less than 60%, while in all other CENTROPE regions the service sector accounts for between 60% and 70% of total employment. The capital cities of Vienna and Bratislava region also have the highest shares of employment in knowledge intensive services like information and communication, financial intermediation and real estate activities and business services. In the case of business services (professional, scientific and technical activities[8] and administrative and support service activities), there is also high

[8] This includes: legal and accounting activities, management consultancy activities, architectural and engineering activities, scientific research and development, advertising and market research, veterinary and other activities.

variation within CENTROPE. Their shares of employment range from 15.8% in Vienna to 4.4% in Trnava region.

A mapping of concentrations of different service sectors illustrates this large heterogeneity. In particular (see table 1):

- In South Moravia, there are three high point service branches: accommodation and food services, financial and insurance activities and arts, entertainment and recreation.
- Burgenland is strongly specialized on non-market services. Among the service sectors higher employment concentrations are only found in public administration and - to a lesser degree - defense, compulsory social security and accommodation and food services.
- In Lower Austria transportation and storage services as well as public administration and defense have a high concentration, but in general this region is specialized on manufacturing.
- Vienna as a typical urban region has a high concentration of the service sector. In particular in information and communication, real estate and business services.
- Győr-Moson-Sopron attains a moderate concentration in accommodation and food services and arts, entertainment and recreation.
- Vas has a rather diverse sector structure in services with a moderate concentration in accommodation and food services.
- In Bratislava region the financial sector as well as business services are particularly strongly concentrated.
- Trnava region is specialized on the primary and secondary sectors with a low localization of service industries. Among the service industries only accommodation and food services have higher concentration than in the national economy.

The analysis thus shows that only Vienna, Bratislava and Brno have a high concentration of knowledge intensive service activities. Since co-operation in these activities requires a critical mass of service providers, this suggests that co-operation in the development of knowledge-intensive service industries is primarily an interesting topic for the large cities of the region (Bratislava, Brno, and Vienna), while in most of the other CENTROPE regions the main aim objective should be to attract more such services to their own territory, since for them the low level of development of these service industries represents a weakness.

4.1.2. The heterogeneity of CENTROPE also applies to recent growth experiences in the service sector

The heterogeneity in service sector development in CENTROPE also applies to recent growth experiences in this sector. In the previous decade, the Austrian CENTROPE experienced a significant increase of financial services and a moderate growth of public administration and community services as well as in business services, education and the (quantitatively less important) sector of activities of households[9]. After 2007, the share of trade services increased only in Burgenland. This region also showed a reduction in the share of information and communication and financial intermediation activities between 2007 and 2009, with an average annual decline of 2.3%. The Slovak CENTROPE, by contrast, was characterized by two countervailing trends during the period 2000 to 2009. First, there was significant growth of accommodation and food service activities as well as business services. Second, however, also a decrease in the share of non-market services in particular in education and human health and social work activities was registered. In the Hungarian CENTROPE the shares of wholesale and retail trade and accommodation and food services as well as business activities increased substantially. On the other hand, since 2009, Vas and Győr-Moson-Sopron experienced a decrease in labor-intensive services and a rise in the shares of non-market services. South Moravia, finally, recorded a positive development in knowledge-intensive services in particular in the second half of the previous decade. This reflects the rapid development of the city of Brno in these areas of economic activity.

4.1.3. Investment data suggest an increasing regional specialization of the service sector

Finally, although investments in the tertiary sector account for the majority of all investments in all of the CENTROPE regions, there are also several important differences in the region with respect to the investment structure and intensity in services. These are highest in the Austrian CENTROPE and slightly lag behind in the Slovak, Czech and Hungarian parts of the region. Also in the urban regions and South Moravia (where the city of Brno determines the development) more than 70% of total investments (public as well as private) go to the service sector. In Vienna this share even exceeded the 90% mark. By contrast, investments in the tertiary sector are only around 50% of total investments in Győr-Moson-Sopron, Vas and Trnava Region.

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[9] This includes the activities of households as employers of domestic personnel (e.g. maids, gardeners, gatekeepers, stable-lads, chauffeurs, caretakers, babysitters, tutors and others)

Investment intensity (i.e. investments as a share of GDP) in the tertiary sector is, however, highest in Burgenland, Lower Austria, Vienna and South Moravia but very low in the Hungarian parts of the region. This thus suggests that while a further expansion of services can be expected in most CENTROPE regions, the Hungarian regions may fall behind in the next years.

The service sectors into which these investments go also differ substantially between individual regions. This may reflect an emerging service sector specialization in CENTROPE. Thus in South Moravia more than half of all investments in the service sector are in transportation and storage industry and in real estate activities. This reflects the increase of this regions' potential in areas such as logistics. By contrast, in Lower Austria and Vienna around one third and in Burgenland more than half of total investments are in real estate activities. Furthermore, in Vienna investments in business services and in information and communication are very important. This suggests an increasing specialization of Vienna on these services. By contrast, Bratislava has a high share of investments in business services and in transportation and storage activities as well as in information and communication technologies, indicating comparative advantages in particular in logistics. In Győr-Moson-Sopron and Vas, finally, the low share of investments in the service sector seems to primarily arise from very low investments in financial and insurance activities and in information and communication technology services. In sum therefore within CENTROPE a specialization in knowledge intensive services seems to be slowly arising among the large urban centers. In this Bratislava and Brno seem to be specializing on logistics, while Vienna is gaining shares in business services.

4.2. Results for tourism development

4.2.1. Tourism is an important economic activity with significant impacts on economic development in all CENTROPE regions

In the CENTROPE regions outside the major urban agglomerations, however, tourism is more relevant than are knowledge-intensive services. This is an important economic activity with significant direct, indirect as well as induced impacts in all CENTROPE regions, although its importance also varies among regions (see table 2). It contributes to employment and economic growth and – despite most tourists in the region visiting the capital cities – also contributes to the development and socioeconomic integration in rural and underdeveloped areas. In addition in this industry CENTROPE in aggregate has a wide range of attractive places and events for almost all types of tourism, with different regions partly specializing on different tourism market segments.

Over the last decade CENTROPE has also recorded a continued increase of accommodation capacities in tourism as measured by the number of establishments, bedrooms and bed places. This was driven mainly by a strong increase in capacities in the capital cities (Vienna and Bratislava) and has led to the intensity of tourism supply (calculated as the number of bed places per 1000 inhabitants) reaching a value of 35 in CENTROPE in 2010, with Burgenland (which reached a value of 100) registering the highest value among the CENTROPE regions.

As a result of the global financial crisis, however, arrivals of tourists to CENTROPE as well as the nights spent suffered a strong slowdown in 2009 (Figure 2). The number of visitors rose again in the next two years (in particular in Vienna) and in 2011 approximately 11.4 million tourists visited the region. Among these more than 4.8 million were domestic tourists and almost 6.6 million were visitors from abroad. This is approximately by 50% more than at the beginning of the new millennium. Although – according to the limited data available - turnover is recovering much slower than arrivals and overnight stays of tourists the medium perspectives of tourism development therefore seem to be intact and unaltered by the economic crisis in CENTROPE.

4.2.2. Tourism development and specialization varies substantially within CENTROPE

As in all indicators analyzed in the CENTROPE regional development report project there are, however, also important quantitative and qualitative differences in tourism development among the individual CENTROPE regions. These apply both to the market shares of individual regions in total CENTROPE tourism, the origin country structure of international tourists, the importance of international tourism in total tourist activities and the tourism market segments on which regions specialize. Thus for instance Vienna has a share of more than 40% in both arrivals and nights spent in CENTROPE followed by Lower Austria with more than 20% and in the number of arrivals of domestic tourists in CENTROPE Lower Austria with almost 30% is the leader followed by Vienna (24%) so that the Austrian CENTROPE including Burgenland accounts for more than 70% of total arrivals and nights spent.

In addition, while the capital city regions (i.e. Vienna and Bratislava region) are typical destinations for international visitors, Burgenland, Lower Austria and South Moravia are visited mainly by domestic tourists and the origin country structure of foreign tourists differs markedly between regions: Among the foreign visitors, Germans dominate in the Austrian CENTROPE and in Győr-Moson-Sopron. In Vas, by contrast, Austrian tourists dominate, while in both Slovak regions visitors from the Czech Republic are the most important. Finally, in South Moravia international stays are rather diverse but have a noticeably higher share of Polish and Slovak guests (see Table 4 in the Appendix).

Furthermore, the capitals of Vienna and Bratislava as well as the city of Brno are the centers of meetings, incentives, conferences and events (MICE) tourism in the region, while in Trnava, the Hungarian CENTROPE, Burgenland and Lower Austria spa and wellness tourism is an important part of tourism. This difference also impacts on many of the indicators of tourism in the region such as average duration of stay and others. This therefore suggests that the individual CENTROPE regions are operating in rather different segments of the tourism market.

4.2.3. Average durations of stay have fallen throughout the region, tourism intensity has remained stable

Over the last decade – following international tourism trends – also the number of average nights spent by visitors has been gradually shortening in CENTROPE. In 2000 the average visitor still spent 2.9 days in the region; in 2011 this figure was only 2.4 days. Tourism intensity (i.e. the number of overnight stays divided by the resident population) has been relatively stable since 2000 and reached 4 overnight stays per inhabitant in 2010 in CENTROPE though. Yet, even in the Austrian CENTROPE, where tourism intensity ranges between 3.3 and 9.0 overnight stays per inhabitant and year, and is thus higher than in the other parts of CENTROPE, this is still much lower than in the western Austrian provinces specialized on winter tourism (where tourism intensity reaches values of up to 47 overnight stays per inhabitant and year). In terms of tourism intensity CENTROPE therefore is still quite a distance from the most tourist intense regions in Europe.

In addition, - apart from tourists who stay for at least one night in their destination, also 1-day visitors contribute to the tourism industry in CENTROPE. The sparse evidence that exists on this form of tourism suggests a rather high importance in CENTROPE. For instance the share of one day excursionists in the total number of international visitors was 64% in South Moravia in the last three years and tourism satellite accounts for Lower Austria and Vienna suggest that around 25% of all expenditures by tourists in the Austrian CENTROPE are made by persons on 1-day trips.

4.3. Policy Conclusions

4.3.1. Developing cross-border knowledge economy networks (in particular in knowledge –intensive service industries)

As shown in this report therefore the more urban regions in CENTROPE have a strong specialization on more knowledge intensive service industries and in general services have provided an important impetus to both GVA and employment growth in CENTROPE in recent years. Co-operations in service sector development are therefore an important element in an encompassing cross-border development strategy. Furthermore, some recent studies on individual CENTROPE countries and regions have shown that in international comparisons the export intensity of knowledge intensive service industries is rather low in many CENTROPE regions (e.g. Mayerhofer, 2010). Fostering the co-operation of enterprises in knowledge-intensive and business services with the joint aim of entering new export markets in other CENTROPE regions and internationalization of the service industry, could therefore be one aim for cross-border policies directed at the knowledge-intensive services in CENTROPE.

Activities here could for instance focus on business services (e.g. for tax consultancy, marketing and similar activities), for which the high concentration of manufacturing industries in many CENTROPE regions creates a high demand that could be satisfied through exports from the urban centers of the region, logistics, for which there is an emerging specialization in a number of CENTROPE regions or on creative industries, where a market exists for contents for the numerous cultural institutions and events in the cross-border region, that once more could be satisfied from the urban centers of the region.

In principle for developing such co-operations the same tools (e.g. networking activities and know-how transfer between enterprises) as for cluster development in industrial policy can be used. Yet, in doing so, a number of particularities of the knowledge intensive service industries have to be considered:

- These arise first of all from the fact that only few clustering attempts for the knowledge intensive service industries exist in CENTROPE, so that here CENTROPE actors could either lobby for the creation of clusters or initiate the development of such clusters. As mentioned above these clusters could be organized around the business services consultancy enterprises (e.g. CENTROPE consultants' cluster), logistics or the creative industries, for which some initiatives exist at least in Vienna.

- The second particularity arises from the fact that much of the knowledge intensive service industry sector is dominated by small and medium sized enterprises (SMEs). This, given the many impediments SMEs face in their internationalization attempts, implies that effort should go into informing enterprises of these sectors on business opportunities in other CENTROPE countries or abroad. One tool that could be provided by CENTROPE actors in this respect is a CENTROPE service tender observatory, which could collect tenders for services in the CENTROPE and other European countries as well as by the European Commission to support the internationalization of and networking among knowledge intensive service providers in the region.
- Finally, a third particularity that has to be considered is that provision of knowledge intensive services as well as consultancy services often requires the interaction of the service provider and the client. Internationalization in these sectors – in contrast to that in manufacturing – is therefore often associated with foreign direct investments rather than export. As a consequence in addition to exports also FDI's should be a primary focus when providing support to service firms wanting to internationalize. In this respect the specific know-how of CENTROPE actors on the legal situation in the CENTROPE countries could be used to develop special consultancy services for internationalization of the knowledge intensive service sector, since enterprises often mention lack of knowledge of legal stipulations and/or market conditions as a barrier to internationalization.

4.3.2. Co-coordinating tourism policies and tourism market strategies

A further service industry where increased cross-border interaction could be beneficial is tourism. This is an important sector in all of the economies of CENTROPE and results presented in this report suggest that, apart from the urban agglomerations, many CENTROPE regions present rural areas whose tourism development focuses on spa resorts of regional and sometimes international significance, wine production, sports and wellness tourism as well as other aspects of weekend tourism. CENTROPE therefore offers a large and diverse set of attractions for many different segments of the tourism market, with, however, different regions sometimes specializing in different market segments.

The main goals for co-operations in tourism could therefore be to attract more tourists to the region, to make them stay longer, to extract a higher value added from visitors and to use potential synergies to increase the international competitiveness of the region for tourism as a whole. This requires making the region more visible to tourists, to deepen cooperation between local and regional authorities as well as across the private, public and civil sectors in the individual CENTROPE regions and to strengthen the coordination of activities of individual actors.

This also suggests that a joint marketing strategy of CENTROPE as a tourist destination should be developed. The preconditions for such a co-operative strategy, however, seem to differ substantially for different segments of the tourism market. In particular two target groups could be specified for such marketing initiatives:

1. The active population residing in CENTROPE - This group of tourists include young people, families with children as well as active seniors living in the region and visiting other parts (usually only one country) of the region for one day excursions or for a few days (e.g. weekends tourism). For this group providing information on the region (as is for instance currently done at www.myCENTROPE.com and www.tourCENTROPE.eu) and potentially also creating interesting events are important policy initiatives. Therefore care should be taken to provide up-to-date and interesting information on such portals. In addition within this group also activities for some special target groups (e.g. trips organized by schools and summer camps for children) could be of interest for cross-border tourism marketing. For these groups developing co-operative marketing and development strategies seems to be less of a challenge as can also be seen from a number of more small scale activities that already exist in this field. One reason for this is that competition in this form of tourism is less intense within CENTROPE since the provision of an additional attraction or more information often results in these tourists either taking an extra trip or possibly substituting a short term stay outside CENTROPE for one in the region.
2. The population outside CENTROPE – This group of tourists include people who make both shorter and longer trips. During their holiday they could possibly visit more than one country in CENTROPE. They prefer knowing history and culture of the region, some of them in combination with tasting wine or national culinary specialties. This group also includes MICE tourists who usually stay only for a short term, but could potentially prolong their visit or come again to get to know a particular destination better.

   For this market segment developing co-operative strategies is more difficult because - as shown in this report - individual regions specialize in different touristic market segments (in terms of sending countries and tourism types) and because where common specializations exist some competition among regions, which counteracts incentives to co-operate, may be expected. Nonetheless a common

marketing strategy could make sense also for this group. Thus for instance a possible joint objective of cooperative tourist strategies could be to increase the length of stay of (MICE, spa and other) tourists or increasing the number of tourists returning to CENTROPE by increasing efforts to “cross-sell” tourism products.
This could for instance be done by motivating tourism providers to offer packages, where such tourists can visit nearby sites in the CENTROPE region, when staying for a little bit longer or by co-operating to make the many spa’s in the region, that are currently mostly visited by national tourists, better known internationally. Another possibility could be to better inform MICE tourists or persons on city trips in the large cities on the attractions of CENTROPE in sports, wellness and recreational tourism in other parts of the region so as to motivate them to return for a different holiday another time.

4.3.3. Improving the quality of tourism services, infrastructure and accommodation

There is, however, also still a big potential for development in CENTROPE in terms of the infrastructure for tourism, accommodation facilities and in terms of quality of the services provided. In case of several regions in CENTROPE, regional tourism product development is necessary in order to achieve stronger synergy effects from cooperation within CENTROPE. This would inter alia include improving the quality of tourist infrastructure as well as of accommodation facilities and restaurants. Thus improving the quality of tourist infrastructure and accommodation could also be a joint objective of cross-border tourism development in CENTROPE. Even though also here many concerns may exist as to the potential of increased competition through more quality suppliers in the region, any strategy that aims to attract more tourists to the region, make them stay longer and extract a higher value added from visitors, critically hinges on an improvement in the quality of the product. Therefore CENTROPE actors could at least engage in activities that exchange best practice methods for support of tourist enterprises or even develop specialized consultancy services to contribute to improving the quality of tourist products.

Furthermore, given the heterogeneity of tourism products offered in the region, it is also likely that tourism service providers in different touristic market segments face rather different preconditions for co-operation. Although a detailed analysis of these preconditions is beyond the scope of this study, one idea would be to organize multilateral thematic fora among firms providing thematically similar services. If these fora find co-operation mutually beneficial they could develop into clusters of mutually interconnected entities, firms and institutions in a particular field in the long run. In

CENTROPE these fora could potentially be based on history and culture, the long tradition of wine production, traditional gastronomic specialties, recreation and sports tourism including cycle tourism to name just a few possibilities. In particular in the region of Neusiedl Lake and in the surroundings of the national park Donau-March-Thaya-Auen (The National Park of the Danube, Morava and Dyje wetlands), there are also good preconditions for creation of cross-border holiday packages with common marketing activities. These opportunities, however, are currently often not used on account of different levels in development of infrastructure, differences in service quality and inadequate coordination of tourism development strategies. One example of this is cycling tourism. Considering its increasing attractiveness, it would be interesting to create joint products in this form of tourism. However, a crucial precondition for launching such products is to improve infrastructure for cyclists in the lagging behind regions.

PART TWO: Stock Taking Report on Tourism

5. Stock taking report: Tourism in Austrian CENTROPE

Authors: Peter Huber (WIFO)

5.1. Introduction

Tourism is an important industry in Austria, since value added from tourism expenditure (excluding business trips) accounted for a total of 5.2% of total GDP (5.5% of total GDP including business trips) in 2011 and the indirect effects of the expenditures of tourists account for a further 2.2%. In total therefore almost 8% of the Austrian GDP is accounted for by tourist activities (see table 5.1). Despite this importance of tourism and the continued growth of value added in tourism in the last decade in all years except for 2009, tourism was, however, slow to recover from the crisis. Total turnover in tourism is still below its 2009 level in real terms, revenues from international tourism reduced by 1% - despite an EU wide increase of 5% - in 2011, and also the number of tourist nights spent in Austria – which were 1.3% above the crisis level of 2009 in 2011 – could not increase to the same extent as in the EU or in international markets. As a consequence the Austrian market share in international tourism (as measured by tourist exports) which attained a record high of 6.4% in 2009 has been decreasing in the last few years to reach 6.0% in 2011 (see BMWFJ, 2012).[10]

This development is, however, based on rather differentiated regional trends. The extensive tourist areas of Austria (such as Salzburg, Tirol, Vorarlberg and Carinthia), which have a traditional specialization on ski-tourism in the winter season and (to a slightly lower degree) on hiking and mountaineering in winter, have experienced slow growth on account of (amongst others) a decreasing share of these forms of tourism in the world markets. The less tourist intensive regions, including the Austrian CENTROPE regions (Vienna, Burgenland and Lower Austria) – which are specialized in city tourism (Vienna) or in the spa and wellness segments – by contrast, have seen rather rapid growth on account of both an increasing attractiveness of these forms of tourism on the domestic and international markets and an increasing share of tourists from the neighboring countries. In particular Vienna has experienced a substantial

[10] This slow recovery has led the ministry for economy, family and youth to commission a stud in 2012 (Smeral et al, 2012) which focuses on potentials to increase the dynamics in tourism and provides a series of policy suggestions with respect to improved marketing, increased co-ordination among destinations and investment and innovation in tourism.

increase in overnight stays of tourists - by 10.3% in 2010 and 5.0% in 2011 (relative to increases by 0.5% and 0.9% in the Austrian average) - in the last years (see also the focus report for a summary of recent developments in CENTROPE regions).

Table 5.1 The direct and indirect macroeconomic importance of tourism in Austria 2000 to 2011

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
										Prel.	forecast
in billion €											
Total[1])	**16.8**	**17.4**	**17.8**	**18.7**	**19.5**	**20.2**	**20.7**	**21.6**	**20.9**	**21.5**	**22.3**
Direct tourism value added	10.6	10.9	11.2	11.7	12.0	12.5	13.1	13.8	13.8	15.1	15.6
Indirect tourism value added	6.2	6.5	6.6	7.0	7.5	7.7	7.6	7.8	7.1	6.4	6.6
Percentage change from previous year											
Total[1])	***3.8***	***4.0***	***2.1***	***5.0***	***4.5***	***3.4***	***2.3***	***4.7***	***-3.4***	***2.9***	***3.6***
Direct tourism value added	*3.5*	*3.3*	*2.7*	*4.3*	*2.5*	*4.1*	*4.7*	*5.7*	*0.1*	*9.3*	*3.6*
Indirect tourism value added	*4.2*	*5.3*	*1.0*	*6.1*	*8.0*	*2.4*	*-1.6*	*2.9*	*-9.5*	*-9.5*	*3.6*
Percentage share in GDP											
Total[1])	***7.8***	***7.9***	***7.9***	***8.0***	***8.0***	***7.8***	***7.5***	***7.6***	***7.6***	***7.5***	***7.4***
Direct tourism value added	*4.9*	*4.9*	*5.0*	*5.0*	*4.9*	*4.8*	*4.8*	*4.9*	*5.0*	*5.3*	*5.2*
Indirect tourism value added	*2.9*	*3.0*	*2.9*	*3.0*	*3.1*	*3.0*	*2.8*	*2.8*	*2.6*	*2.2*	*2.2*

Source: STATISTICS AUSTRIA, Tourism Satellite Accounts for Austria; WIFO (Austrian Institute of Economic Research). Compiled on 08 March 2012. – 1) without business trips.

5.2. Legislation and institutional arrangements related to tourism support on national level

5.2.1. Competences

From an institutional perspective according to the Austrian constitution responsibility for tourism is the sole responsibility of the federal provinces (Bundesländer), although the central government has important policy competencies in the field of general economic policy and other areas (e.g. transport policy) that heavily impact on tourism development. As a consequence the responsible ministry for tourism policy (the ministry of economy, family and youth) only has rather weak co-ordination powers in Austrian tourism policy. Aside from its central role in international tourism relations (e.g. representation of Austria in international organizations) it acts as an information and co-ordination hub for the Austrian policy actors in this field, by commissioning studies and providing statistics, coordinating tourism policy as well as representation in the central bodies for tourism marketing (The Österrreich Werbung) and provides subsidies administered through the specialized Austrian Hotel and Tourism Bank (ÖHT).

5.2.2. Institutions responsible for tourism support

Aside from the ministry for economy, family and youth also the Austrian chamber of commerce (in particular its tourism branch – Bundessparte für Tourismus und Freizeitwirtschaft) is an important national actor in tourism policy. It on the one hand side represents the interests of Austrian tourism industry and on the other hand side holds shares in the national agency for tourism marketing (Österreich Werbung - see below).

Table 5.2: Important Actors in Tourism Policy in Austria at the National Level

Institution	Competencies
Ministry of the Economy, Family and Youth	- Provides financial support to tourism industry through subsidies administered by ÖHT - Co-owner of the Austrian tourism marketing organization (Österreich Werbung) - Central co-ordination and information hub for Austrian tourism policy - Representation of Austria in international tourism organizations
Austrian Economic Chambers (Wirtschaftskammer Österreich)	- Represents interests of tourism industry at national level - Co-owner of the Austrian tourism marketing organization (Österreich Werbung)
Österreichische Hotel- und Tourismusbank Ges.m.b.H. (ÖHT)	- Administers federal as well as many regional support program for tourism economy (in the form of guarantees, loans at reduced interest rates and direct payments) - Acts as a co-ordination platform between national and regional providers of financial support
Österreich Werbung	- Is responsible for marketing the central brand “Urlaub in Österreich” both in Austria and abroad

Source: BMFJ (2012), own research.

Aside from this most of the important national actors in tourism are organized according to private law. Thus the Austrian tourism marketing organization (Österreich Werbung) is organized as a private non-profit organization financed by public funds and owned by the ministry for economy, family and youth and the Austrian Economic Chamber. Its main tasks are to market the central Austrian tourism brand “Urlaub in Österreich” and to support value added growth in the Austrian tourism industry. This organization has representations in all of the important source countries for Austrian tourism and maintains an own tourism call-center as well as an internet portal (*www.austria.info)* providing information and on touristic offers for holidaymakers in Austria.

The Austrian Hotel and Tourism Bank (ÖHT), by contrast, is a specialized bank owned by the large Austrian banks (UniCredit Bank Austria, Raiffeisen Bank and Erste Bank) which is entrusted with the administration of financial support for the tourism industry on behalf of the ministry of economy, family and youth and also acts as a “one-stop-shop” for financial support tourism enterprises and as a co-ordination platform for other Austrian institutions (in particular those of the Austrian provinces) providing financial support to the tourism industry. Its central instrument for support are guarantees to tourism enterprises that are provided for investments in improving the quality of existing enterprises, providing touristic infrastructure, optimizing enterprise size, newly founded tourism enterprises, improvement of housing of personnel, innovation and co-operation and certain construction works. In addition the bank also provides loans at reduced interest rates (for investments in quality improvement and lengthening seasons) as well as subsidies (according to changing priorities) and provides support to newly founded tourism enterprises as well as to networking activities in tourism. According to its activity report the bank provided subsidies in the value of € 67.4 million to the Austrian tourism industry in 2011 of which € 40.4 million were subsidized by national funds. The total volume of investments triggered by these subsidies was € 880.5 million (Österreichische Hotel und Tourismusbank, 2012)

5.2.3. Links to regional level

Clearly the fact that the competences of the central state are rather limited in Austrian tourism creates a certain necessity to create internal co-ordination of tourism policy among the provinces. This has sometimes also led to controversial policy debates in particular with respect to marketing strategies. The co-ordination requirements are usually implemented through regular meetings among the relevant actors, which in the field of tourism marketing are staffed by the various provincial marketing agencies and the Österreich Werbung and are represented by the organizations of the provinces responsible for tourism in all other areas of tourism policy. Since tourism is, however, the sole competence of the provinces, these meetings are of an informal character only, and there is no formal (legally established) institution that deals with the co-ordination of tourism policy among provinces.

5.3. Legislation and institutional arrangements related to tourism support on regional level

5.3.1. Institutions responsible for tourism support

In tourism policy regional actors at the level of the federal provinces are arguably the more important actors. In particular in each of the individual provinces of the CENTROPE region (Burgenland, Lower Austria and Vienna) there is an own department that is responsible for co-coordinating and administering tourism policy which in turn has access to an own agency that is usually responsible for the marketing of the individual province as a tourist destination. Furthermore, in the provinces of Lower Austria and Burgenland also a number of local tourism boards exist that are usually responsible for the joint development of a particular tourist region that may consist of one or more communes (see table 5.3). Both local as well as regional tourist boards as a rule are financed by own local tourism taxes.

Table 5.3: Important Institutions for Tourism Support at the regional and local level

Institution	Competence
	Regional level
Departments of the provincial administrations	Responsible for the design and implementation of tourism policy and subsidies at the provincial level
Niederösterreich Werbung	Responsible for the management and co-ordination of tourism marketing and tourism support
Wiener Tourismusverband	Responsible for the management and co-ordination of tourism marketing and tourism support at provincial level
Burgenland Tourismus	Responsible for the management and co-ordination of tourism marketing and tourism support at provincial level
Regional level	
Regional tourism boards Lower Austria (6 Regionalverbände)	Responsible for the management and co-ordination of tourism marketing and tourism support at regional level in agreement with strategies at provincial level
Regional tourism boards Burgenland (6 Tourismusdestinationen)	Responsible for the management and co-ordination of tourism marketing and tourism support at regional level in agreement with strategies at provincial level
Local level	
Local tourism boards Lower Austria (at community level)	Responsible for the management and co-ordination of tourism marketing and tourism support at local level , are members of the regional tourism boards
Local tourism boards Burgenland (community level)	Responsible for the management and co-ordination of tourism marketing and tourism support at local level , are members of the regional tourism boards

Source: own research.

Furthermore, each of the individual provinces has its own tourism law, which defines the organization of tourism policy in the regions, the conditions according to which tourism support may be granted to individual communities and/or enterprises as well as the rules for determining the local tourism taxes that exist in all provinces (see table 5.4).[11]

[11] These tourism taxes are usually levied from the local tourism enterprises (as well as of enterprises profiting from tourism such as retail trade) by the communes according to a tax rate that differentiates between the attractiveness of locations as well as by the type of enterprise. Furthermore certain territories may be excepted (e.g. the spas of Bad Sauerbrunn and Bad Tatzmannsdorf in Burgenland) from the tax.

While this institutional setup in general applies to all of the Austrian CENTROPE provinces, details differ slightly between the individual provinces:

1. In Vienna for instance according to the regional tourism law the Wiener Tourismusverband (Vienna tourist association) is responsible for both supporting tourism development in the province of Vienna as well as representing the interests of the province of Vienna. This institution receives its funding from the regional tourist tax as well as the regional governments' budget and according to the law is governed by a politically staffed tourist board (and associated expert committees), whose president also carries the responsibility for tourism policy in Vienna. Thus in Vienna the tourist association is the central institutions responsible for conducting tourism policy.

Table 5.4: Important Laws regulating Tourism Support at the regional level

Law	Contents
Burgenländisches Tourismusgesetz	Regulates the organization and funding of regional and local tourist agencies
Wiener Tourismusförderungsgesetz	Regulates the organization and funding of the regional tourist agency
Niederösterreichisches Tourismusgesetz	Regulates the organization and funding of regional and local tourist agencies

Source: own research.

2. By contrast, in Burgenland the provincial tourism agency is organized around a series of local tourism agencies, which in turn are organized into 6 larger regional agencies (6 Regionalverbände called: Rosalia, Leithaauen Neusiedlersee, Sonnenland Mittelburgenland, Oberwart – Bad Tatzmannsdorf, Güssing – Stegersbach, Jennersdorf). These are again financed by the local tourism taxes as well as the regional governments' budget and are responsible for co-coordinating all activities for the development of tourism in their respective regions according to the marketing strategies laid down by the provincial tourism agency.

3. Similarly, in Lower Austria the local tourism agencies, are organized into 6 larger regional agencies called Tourismusdestinationen (Donau Niederösterreich, Mostviertel, Waldviertel, Weinviertel, Wienerwald, Wiener Alpen in Niederösterreich). These are organized as private limited companies but financed by local tourism taxes. They are also responsible for co-coordinating all activities for the development of tourism in their respective region, based on a medium term plan which accords to the marketing strategies laid down by the provincial tourism agency, with the provincial agency being responsible for the overall marketing strategy of the province.

Furthermore all of the provinces also foresee the possibility to subsidize tourism enterprises (mostly for investments in new or expanding enterprises as well as investments improving quality and innovation) as well as individual regional authorities for the development of tourism (e.g. the development of tourism infrastructure and the improvement of quality), with the instruments – despite some regional variations in details in the terms and conditions of these subsides - being similar to those provided by the national authorities. Furthermore, also some of the subsidies paid for cultural events are financed through funds of the tourism budget in all provinces.

5.3.2. Strategies and Future development

In addition to these institutional regulations for support of tourism development all Austrian provinces, have separate strategies with respect to tourism development (see table 5.5) with the strategies of the smaller regional tourism agencies (if they exist in the respective province) following the major lines laid sown in the provincial strategies.

- Thus for instance the Lower Austrian tourism strategy, which has a time frame until 2015 and is based on the general economic development strategy of the province, aims to focus the regions' touristic position around the topics of culinary art, culture and vine. In particular here the aims are to increase the value added created from people making one day excursions (e.g. from Vienna), increase overnight stays and improve capacity utilization, improving marketing of the brand name of Lower Austria and increasing the number of potential customers in mountaineering, health and prevention and increasing the share of foreign guests.
- The tourism strategy of Burgenland by contrast suggests that tourism in this region will develop along five topical fields: food and wine, sports, nature, culture and wellness. Furthermore, this strategy foresees concrete measures in the areas of developing touristic supply, developing the organization of tourism suppliers, using modern technologies to improve marketing and networking among suppliers, improving marketing, increasing appreciation of tourism among the population at large and deepening networking activities among regions for each of the topical themes.
- Finally, the tourism strategy of the city of Vienna sets itself the goal of increasing tourism expenditure by € 100 million (from a level of € 487 million in 2008) and tourist nights by 1 million (from 10.2 million in 2008) until 2015. Furthermore, it aims to move Vienna's image in tourism from a timeless destination, where tourists may choose to go later, to a destination that has to be visited soon. In addition the strategy foresees concrete measures by improving accessibility and increasing

attractiveness of railway stations and the airport, improving transport systems and facilitating orientation in the city, focusing on the touristic topics architecture and design, culture, conferences, shopping and markets, sports and excursions by inter alia developing and improving touristic offers in these areas and by improving marketing.

Table 5.5: Strategies for Tourism development at the regional level

Strategy	Content
	Provincial Level
Tourismusstrategie Niederösterreich	Focuses tourism activities around the topics of culinary art, culture and vine. Objectives are to - increase the value added created from one day excursions - increase overnight stays and improve capacity utilization, - improve marketing - increase the number of potential customers in mountaineering, health and prevention - increase the share of foreign guests.
Toursimusstrategie Burgenland 2011-2015	Focuses tourism activities around the topics of food and wine, sports, nature, culture and wellness. Aims are to - develop touristic supply in each of the fields - develop the organization of tourism and increase networking among destinations - use modern technologies to improve marketing and networking among suppliers - improve marketing - increase appreciation of tourism in the population - deepen networking activities among regions
Tourismuskonzept Wien 2015	Sets the goal of increasing tourism expenditure by € 100 mio. and tourist nights by 1 mio. until 2015. Aims to move Vienna from a timeless destination to a destination that has to be visited soon. Foresees measures in: - improving accessibility and increasing attractiveness of "ports of entry" - improving transport systems in the city - focusing on the topics architecture and design, culture, conferences, shopping and markets, sports and excursions - improving marketing

Source: BMFJ (2012), own research.

5.3.3. Extent of cooperation within the CENTROPE region or other cross-border cooperation

Cross-border issues as a rule play only a very limited role in the regional strategies. None of the headline initiatives focus on cross-border issues and also none of the concrete measures mentioned in these strategies make reference to cross-border aspects, so that on a strategic level so far cross-border tourism development is not a priority area in Austrian tourism policy.[12] Most of the cross-border initiatives in the region (such as those financed in the framework of the European territorial co-operation objective of structural funds – see table 5.6) are therefore of a very concrete and of a more local nature.[13] They are often devoted to the development of a particular tourist offer or attraction in a region, or to increasing awareness of existing attractions in other areas of the region.

Table 5.6: Cross border project in tourism

Acronym	Objectives
	Austria – Czech Republic
ZIELE-TOP-CÍLE	- Development and marketing of excursion goals in Lower Austria and South Moravia
REILA 2009	- Development of a cross-border exhibition on the topic of the Austrian - Czech Relationships in history
	Austria – Slovak Republic
PALTOUR	- Extension of cooperation and publicity in fields of culture and tourism with emphasis on the common cultural heritage in Lower Záhorie and Lower Austria
TERE	- Co-operation in activities in culture and tourism between the city Holič and the commune Hollabrunn
HS 2012	- Co-operation in tourism development between Hainburg – Šamorin
SERVUS	- Developing new marketing products to support tourism and cultural cooperation between Burgenland and Bratislava
TRAKER	- Founding a pottery museum in Modra
	Austria – Hungary
Tourist-Net	- Construction of a cross-border tourism network
Kneipp	- Developing a Kneipp resort in Hungary
Alpannonia	- Developing a tourist hiking route from Köszeg to Semmering
ÖRRAGO	- Developing tourist infrastructure in the cross-border national park of Örség-Raab-Goričko
PIKNIK	- Developing the fall of the iron curtain as a cross-border tourism product
PILGRIMAGE AT-HU	- Constructing a network of pilgrimage paths in the Austrian Hungarian border regions
Leitha-Lajta AT-H	- Developing touristic supply for canoeing in the Leitha from Bruckneudorf to Mosonmagyaróvár

Source: BMFJ (2012), own research.

[12] This should, however, not be surprising given the rather decentralized structure of tourism policy in Austria, where sometimes even co-operation of destinations within the same province is problematic.
[13] See chapter 11 for some examples of exceptions from this rule.

5.4. Summary

In sum therefore Austrian tourism policy is highly decentralized with almost all of the competences with respect to tourism marketing and support being in the hands of the provincial governments. Despite some co.-ordination through joint marketing agencies and specialized banks, this leads to a rather fragmented management of different destinations and locations of tourism. In part as a result of these institutional preconditions in the Austrian CENTROPE cross-border co-operation has so far mainly played an important role in developing tourism infrastructure or improving marketing primarily at the local level through projects co-funded by the EU, while the topic is usually not mentioned at the strategic documents of individual provinces.

6. Czech Republic, South Moravia, Tourism

Authors: Petr Rozmahel (MENDELU)

6.1. Legislation and institutional arrangements related to tourism support on national level

The Czech Republic is an attractive area for tourism due to a plethora of historical, cultural and natural features. In addition to that, the country is situated in the centre of Europe. These factors provide for favorable preconditions for a successful tourism development. Tourism is considered as an important factor of regional development and economic growth. Its development is supported by institutions and strategic documents on a national as well as on a regional level in the Czech Republic. Thus, the national government co-ordinates and supports policies of tourism development in the Czech Republic. The tools and policies of tourism are described in the respective strategic documents and the policy is conducted by the Ministry of Regional Development, municipality authorities and other institutions at national as well as regional level.

6.1.1. Institutions responsible for tourism support

The following institutions are the main central government agencies responsible for conducting tourism policy:

- **Ministry of Regional Development -** The Ministry of Regional development is considered as the main methodical and coordination authority for tourism in the Czech Republic. The Ministry conducts the national policy aiming at support of tourism development in the country. The main goals and tools of the policy is defined in the strategic document titled the Concept of National Tourism Policy. The Ministry is also involved in activities of the international organizations dealing with tourism. The CzechTourism agency was established by the Ministry in order to present and promote the Czech Republic as an interesting tourist destination abroad. The ministry supervises a number of projects contributing to the Czech Tourism development supported financially by the European Union.
- **The CzechTourism Agency -** The CzechTourism agency was established as the official Czech Tourist Authority in 1993 in order to present and promote the Czech Republic as an attractive tourist destination abroad. In 2003 it was transformed into the Czech Tourism agency. It uses 26 affiliations domiciled abroad to spread the

tourist information on the Czech Republic. The agency supports incoming as well as domestic tourism. Apart from general propagation policy it also focuses on particular areas of tourism such as spa and congress tourism, incentive tourism, golf tourism. Recently many activities are directed into the Czech regions to increase the number of foreign visitors there. Apart from conducting marketing and promotion, the Czech Tourism agency conducts some statistical surveys, which are an important source of official statistics of tourism in the Czech Republic. The agency also provides support for the Czech associations of the travel agencies as well as individual bodies and entrepreneurs dealing with tourism. Generally, increasing the number of visitors and income received from tourism are the main objectives of all Czech Tourism activities.

- **Czech Confederation of Commerce and Tourism -** The Czech Confederation of Commerce and Tourism is an independent, voluntary and open professional association of firms and entrepreneurs in commerce and tourism aiming at furthering its business interests. The main goals of the confederation are amongst others to influence the economic, tax, social and environment policy conducted by authorities at the national and regional levels, advocate legislation supporting business and tourism development at the European level and in the Czech Parliament, support the social corporate and political authorities and to eliminate the barriers of free trade and mobility.

6.1.2. Strategic documents on tourism support

On a national level there are three fundamental strategic documents related to support on tourism in the Czech Republic. These are The Concept of National Tourism Policy, Economic Growth Strategy and the Regional Development Strategy in the Czech Republic. All mentioned documents are related to the time period 2007-2013. In addition to that the development of tourism has to comply with limitations of functional use of the areas defined by the National Policy of Spatial Development. It also should be in line with the principles of sustainable development and the National Policy of Environment Protection.

The Concept of National Tourism Policy

The Concept of National Tourism Policy is a medium-term strategic document describing current possibilities of tourism and its support in the Czech Republic. It is designed with respect to the strategic role of tourism in the Czech economy. The document classifies the Czech government support of tourism into four thematic groups:

- **Urban and cultural tourism**
- **Holiday in nature**
- **Sport and active holidays**
- **Spa tourism**
- **Congress and incentive tourism**

The policy document characterizes the main problems of the Czech tourism such as incomplete legislation on tourism, coordination of tourism policies on national and regional levels, insufficient international and domestic propagation and marketing support via the CzechToursim agency, low inclusion of rural areas in tourism. Based on the defined general problems and a detailed SWOT analysis of the current situation in tourism in the Czech Republic the policy document defines global and specific goals of the tourism policy, principles of the policy conducted and the main priorities and strategies of the tourism policy.

The Global tourism policy goals are:

- Strengthening the role of tourism in the national economy (e.g. increase the share of tourism in national GDP and employment) and support of small and medium-sized enterprises in the Czech tourism.
- Improving competitiveness of Czech tourism in Europe (measured by an increase in spending by foreign tourists).
- Increasing the share of long-stay tourism in the Czech Republic (including an increase in domestic tourism).
- Preserving the quality of environment used and influenced by tourism.

The principles of the national tourism policy are:

- Tourism development should result mainly from private sector activities with an appropriate support of the state.
- The main purpose of the national tourism policy is to create a consistent framework of government activities supporting sustainable development, prosperity of enterprises, innovations and investments in tourism.
- Public administration should support increasing capacities of small and medium enterprises in tourism.

The main priorities of national tourism policy are:

- Increasing competitiveness of national and regional products and services in tourism
- Expanding and improving infrastructure and services in tourism
- Tourism marketing and human resources development

- Creating the organizational structure in tourism.

For each priority there is a set of tools, strategies and activities to reach the global and specific goals suggested in the strategic policy document.

Regional Development Strategy of the Czech Republic

The Regional Development Strategy is considered as the fundamental official document defining the goals, priorities and tools of the Czech regional policy conducted at the national level. This document is the primary source for designing the official regional development strategies of individual Czech regions and municipalities. The document summarizes the current situation of tourism using basic indicators of regional tourist capacities. It also estimates the contribution of tourism to the overall economic performance of the Czech Republic. The contribution of tourism to GDP measured at national as well as regional level is considered as the main goal of all policies supporting tourism. Two strategic options for improving competitiveness of the Czech Tourism and increasing its total GDP and employment contribution are suggested in the strategy:

a) Improving the extent and quality of infrastructure and services provided in tourism in order to converge to other comparable attractive destinations.
b) Increasing attractiveness of the Czech Republic and its regions as a popular tourist destination using their cultural, natural and region-specific potential.

Economic Growth Strategy

The main goal of The National Economic Growth Strategy of the Czech Republic is to reach an appropriate level of convergence to the EU average[14]. The document also partially deals with the role of tourism in the national economy of the Czech Republic. It points to the increasing significance of tourism in the overall economic performance including the share of employment. The policy recommendations focus mainly on infrastructure development on national as well as regional level.

6.2. Legislation and institutional arrangements related to tourism support at the regional level

South Moravia offers a wide range of cultural, natural, and technical sights. As regards the natural sights, UNESCO supports two biosphere reservations, the Lower Morava Basin and the White Carpathian Mountains. The supporters of architecture will also be

[14] The goal of reaching the EU average in GDP per capita in 2013 is defined in the original strategic document.

satisfied during their visit of the region – two very specific local sights are entered in the UNESCO World Cultural and Natural Heritage List. The Tugendhat Villa in Brno, designed in 1928 by the German architect Ludwig Mies van der Rohe, is one of the main international buildings of modern architecture built in the functionalist style and is considered to be a building defining new standards of modern housing. The Lednice-Valtice Cultural Landscape is situated between the towns of Lednice and Valtice in the southern part of the region near the borders with Austria and is considered to be a jewel of landscape architecture of unprecedented proportions. The southern part of the region has a tradition of attractive folklore and wine tourism. And again, two unique items were recently added to the UNESCO Heritage List: the “verbuňk”, a male folk dance originally from Moravian Slovakia, and the Ride of Kings, a traditional folklore festival offering a parade full of folk costumes.

Furthermore, South Moravia is well known thanks the Austerlitz battleground. The Moravian Karst with its karst caves and the Macocha Abyss with the underground Punkva River attracts many visitors from all over the world. A small natural park Podyjí is also located in the region close to the Austrian border. And naturally Brno, the second largest city in the Czech Republic, offers a wide variety of touristic attractions as well as cultural and sport events. Besides the Tugendhat Villa, the Masaryk circuit track in Brno (which inter alia hosts the Czech Grand Prix for motorcycles) belongs among the most visited places. Brno is also a traditional place where international fairs have been held for many decades.

Therefore, the metropolis of Brno together with a varied countryside area offers a very interesting touristic destination. On the other hand, a touristic potential of the South Moravian Region has not been fully utilized so far. Thus the institutional support and promotion of tourism development in the South Moravian region belong to its key priorities.

6.2.1. Institutions responsible for tourism support

The institutions dealing with tourism support in the South Moravian Region can be divided into two lines: specialized institutions and regional as well as local authorities. As regards the former, the Tourist Authority of South Moravia is the most important one. As regards the later, the South Moravian Region and the Statutory City of Brno have a major influence on tourism development in South Moravia. Nevertheless, other smaller towns and microregions support tourism development as well.

Tourist Authority South Moravia (Centrála cestovního ruchu – Jižní Morava)

The Tourist Authority of South Moravia is a special-interest association of legal entities that was founded in December 2005. The founding members were: the South Moravian Region, Statutory the City of Brno, the Czech Confederation of Commerce and Tourism. The Tourist Authority of South Moravia has the following governing bodies: General Assembly, Supervisory Board and Manager.

According to the official webpage (www.ccrjm.cz/en), the agency coordinates “the development of tourism in Southern Moravia aimed at a maximum utilization of territorial tourist potential in harmony with the principles of a sustainable development. The Authority is focused on finding the interests of the given persons in the development of tourism and on providing them with complex services (from detailed information, comfortable reservation (booking), faultless stay and return), on securing enterprise prosperity and thus competitiveness of Southern Moravia.”

The Tourist Authority of South Moravia has three strategic aims:

- Establishing Southern Moravia as a competitive tourist destination
- Increasing the number of visitors and their average duration of stay
- Increasing economic productivity in tourism

Among the key activities to achieve these aims, we can list cooperation with legal entities operating in tourism, creation of tourist products, promotion, providing information, development of human sources in tourist services etc.

South Moravian Regional Authority (Krajský úřad Jihomoravského kraje)

The South Moravian Regional Authority ensures coordination and management of tourism activities. At the Division of Regional Development, there is the Department of Tourism. It ensures the elaboration of strategies on tourism as well as other thematic documents, supports development of touristic infrastructure and carries out communication both on a horizontal (other departments) and on a vertical level (central authorities). Since 2007, a part of competences was moved to the Regional Council of the South-East Cohesion Region. The South Moravian Region is also one of the founders of the Tourist Authority of South Moravia.

The South-East Cohesion Region

The Regional Council of the South-East Cohesion Region is the managing authority of the Regional Operational Program NUTS 2 South-East (ROP SE). It was established by Act No 248/2000 Sb., on regional development support, in July 2006 as an implementation agency of the Regional Operational Program NUTS 2 South-East

(ROP SE). Among the specific ROP SE's objectives, we can find also: “Increase the proportion of sustainable tourism in the economic prosperity of the region”. Moreover, tourism is among three priority axes of the ROP SE (together with transport and development of urban and rural areas).

Brno City Municipality

Directly under the Mayor’s Office the City Strategy Office is the central economic planning and development office in Brno. It is responsible for the elaboration of strategic documents (Strategy for Brno, Conception of Economic Development of the City etc.). Furthermore, it also ensures the promotion of activities of the city and supports tourism development.

In addition to that, there is a network of other subjects supporting tourism development in South Moravia on various hierarchical levels. Similarly as in other Czech regions, the **Czech Tourist Club**, whose history dates back to the year 1888, is an important subject in tourism development. Its South Moravian branch ensures and maintains the marking system of numerous walking trails in the region.

At a lower hierarchical level, other tourism organizations such as microregions and municipality associations have been established. Examples of these include:

- Region Slovácko – an association for tourism development, which coordinates tourism development in this micro region in a complex way.
- The Bata-Canal (Baťův kanál) – a specific organization within Region Slovácko, which supports completing and maintenance of this water canal (built in the 1930s) and particularly related touristic activities.
- Czech Environmental Partnership Foundation (Nadace Partnerství) – a foundation, which supports sustainable regional development and healthy lifestyle including sustainable tourism.
- Greenways – a programme focused on green trails development. Green trails are trails, roads or natural corridors used in accordance with their ecological functions and potential for sport, tourism and recreation.
- Moravian Wine Trails – a touristic product focused on wine trails and travel guide for cyclists, inline skaters, canoeists and horsemen.

At the local level, there is also a very dense network of **tourist information centers** across the South Moravian region. Their founders are usually municipalities. They provide, in particular, information to visitors and offer other commercial services. Furthermore, they carry out the collection of data on touristic demand as well as providing other services to tourism suppliers.

6.2.2. Strategic documents on tourism support

Generally, it is possible to state, that the strategic documents on tourism support on regional level are based on the principles defined in national documents and operational programs (see previous subchapter). The key regional strategy on tourism development and also other thematic analyses are available on web page of the South Moravian Regional Authority. The South Moravian Regional Authority together with the Touristic Authority of South Moravia are also the founders of the official tourism portal of South Moravia (Welcome to South Moravia, www.jizni-morava.cz) where it is also possible to find other information on tourism in the region.

Program of Development of Tourism in the South Moravian Region for the period 2007-2013

The key regional document on tourism development in South Moravia, however, is the Program of Development of Tourism in the South Moravian Region. It is divided in two main parts: an analytical part and a proposal part.

The analytical part provides the basic characteristics of the South Moravian Region, an analysis of supply and demand, a summary of potential in terms of various kind of tourism, a description of contemporary touristic region South Moravia and a description of tourism system and management.

The proposal part offers a vision, general and partial aims, priorities and particular measures as well as a financial framework for tourism development in South Moravia.

The vision is understood as a desirable state of tourism in the destination of South Moravia in 2013-2014. The vision is divided in four basic pillars:

- sources
- demand (visitors)
- supply
- institutional framework.

Based on the tourism profile of the South Moravian Region, the main proposed lines of tourism development are: Cyclotourism, Folklore, festivals, cultural events, Gastro tourism and wine tourism, Golf tourism, Water tourism and recreation at the lakes, Congress and fair tourism, Spa and wellness tourism, Cognitive tourism.

7. Stock taking report: Tourism in the Hungarian CENTROPE

Authors: Iren Kukorelli (WGRI)

7.1. Introduction

Tourism is a very important sector in the Hungarian economy and its role was increasing year by year until the economic crisis of 2008. The Hungarian economy had to face a 6,7% decline in GDP in 2009, the unemployment rate increased and reached 11%, the inflation also increased (4,9%). These factors influenced the domestic and international tourism demand negatively. The gross value added of tourism as a national economic division (tourism, catering, accommodation) saw a 5,3% drop in 2009, but it increased by 2,1% in 2010.

Table 7.1: Main data of tourism in the Hungarian economy

	Unit	2005	2006	2007	2008	2009	2010
Gross value added in national economy	previous year=100	103.2	103.6	100.8	100.8	93.3	101.2
Gross value added in tourism	previous year =100	99.6	101.6	103.7	100.7	93.3	100.4
Investments in national economy	previous year =100	106.4	98.0	100.3	97.0	91.4	94.5
Investments in tourism sector	previous year =100	112.0	106.0	109.5	110.9	68.8	97.0
Consumer prices in national economy	previous year =100	103.6	103.9	108.0	106.1	104.2	104.9
Consumer prices in tourism	previous year =100	105.8	105.3	108.2	107.5	106.2	104.2
Number of persons employed	1,000 persons	2,786.5	2,790.2	2,760.6	2,761.9	2,660.7	2,701.8
Number of persons employed in tourism	1,000 persons	83.4	82.3	87.2	87.9	80.4	84.4

Source: Report on the performance of tourism sector in 2010, KSH.

The Tourism sector in Hungary – and other countries as well – is a key sector, responsible for significant economic revenues, and provides potential development possibilities for in particular rural regions. The sector developed unbrokenly until 2008, the health tourism was very significant within tourism sector increasing even quicker as tourism as a whole. According to the last data, in 2007, the output of tourism as a whole was 2971 billion HUF, which is 5.3% of the whole national economic output. The gross value added was 1322 billion HUF, 5.3% of the gross value added of the national economy. The number of persons employed by the tourism sector increased in 2010;

that year 154500 people were employed in the sector, which is 4.1% of the all employees in the national economy. Despite the economic crisis the number of employees in the tourism sector also increased by 1.1% in 2010.

The largest tourism region according to the number of inbound visitors is Budapest, in the second place there is West Transdanubia because of the previously mentioned increase in health tourism. In this region the renewed and newly established spas increased the demand and supply in tourism strongly in the last decade. So Győr-Moson-Sopron and Vas counties which both belong to the CENTROPE area hold a prominent place in the Hungarian tourism market, both in domestic and inbound tourism. The foreigners in first place visit Budapest, in the second place, however, there is already West Transdanubia while the foreign tourist demand in other regions is much lower

Table 7.2: Number of persons employed

Name	2005	2009	2010
National economy, 1000 persons	3,901.5	3,781.9	3,781.2
From which services, 1000 persons	2,443.5	2,425.6	2,448.6
Accommodation services , catering, 1000 persons	154.3	152.8	154.5
Rate of persons employed in accommodation services, catering (%)	4.0	4.0	4.1

Source: Report on the performance of tourism sector in 2010, KSH.

Table 7.3: Foreign visitors in Hungary by regions

		Budapest	West Transdanubia	Other regions together
2005	1,000 persons	4,108	1,862	5,711
	%	42.5	19.3	38.2
2006	1,000 persons	3,546	2,121	4,414
	%	38.3	22.9	38.8
2007	1,000 persons	3,342	2,006	3,974
	%	38.7	23.2	38.1
2008	1,000 persons	3,612	2,346	3,666
	%	41.0	26.6	32.4
2009	1,000 persons	3,838	2,306	3,805
	%	42.4	25.5	32.1
2010	1,000 persons	4,029	2,502	3,915
	%	42.4	26.3	31.3

Source: Report on the performance of tourism sector in 2010, KSH.

In 2010 the tourists visiting Hungary spent (both domestic and foreign) 1207,2 billion Ft from which the VAT only was 241,4 billion HUF. The estimated data for 2011 is 1265 billion HUF, so it is increasing.

7.2. Legislation and institutional arrangements related to tourism support on national level

7.2.1. Competences

The institution system of tourism has changed a lot since 2010 in national, regional and local levels. Nowadays the sector is working under the supremacy of two ministries. (The new acts regulating tourism are under negotiations at the Parliament, and expected to enter into force in January, 2013.) On the one hand it is governed by the General Department of Tourism and Catering Services within the Ministry of National Economy, which is responsible for regulation. Its codification task is strategy elaboration, the elaboration of regulation plans of the sector and it is responsible for legal harmonization. The co-operation with other areas of the economy and connection building with other tourism organizations are also the tasks of the department. It is also coordinating the governmental touristic and tourism diplomacy tasks arising from the EU membership and co-operation and connections with EU organizations responsible for tourism. The Hungarian Tourism Ltd. is responsible for tourism marketing and is administered by the Ministry of National Development, which is thus the second important ministry governing tourism policy in Hungary. This national tourism marketing organizations is owned by the Hungarian state, and the right of ownership is exercised by the Hungarian Development Bank Private Limited Company.

Table 7.4: Actors and their competences in tourism at national level

Institution	Competencies
Ministry of National Economy – General Department of Tourism and Catering Services	- Regulation - harmonisation with other areas of the economy - co-operation - elaboration of development strategies
Ministry of National Development - Owner of the Hungarian Tourism Marketing Organisation: Hungarian Tourism (PLC)	- elaboration of marketing strategy - marketing tasks
Hungarian Development Bank Private Limited Company (PLC)	- owner of Hungarian Tourism Marketing Organisation
The most important Civil Organisations: Hungarian Hotel and Restaurant Association Hungarian TDM Association	- advocacy, dynamisation of Hungarian tourism - responsible for sustainable and competitive tourism in regional and local levels
Ministry of Rural Development	- responsible for rural tourism - responsible for support of rural tourism

Source: own research

Nowadays almost 150 tourism information offices are working in Hungary (Tourinform) under the direction of Hungarian Tourism Ltd. They offer touristic information for Hungarian and foreign tourist. Besides this the Ministry of National Economy and the Ministry of National Development are responsible for national level for tourism, and the Ministry of Rural Development is responsible for rural tourism.

7.3. Legislation and institutional arrangement related to tourism support on regional level

7.3.1. Institutions responsible for tourism support in different territorial levels

According to the 4/2000.(II.2) government regulation there are nine touristic regions in Hungary (figure 7.1). As the governance of Hungary is centrally coordinated these regions do not have an independent organization for tourism. The previously operating Regional Tourism Committees and county level tourism offices ceased to exist, so nowadays the Regional Marketing Directorates (RMI) of Hungarian Tourism Ltd. are responsible for destination management at the regional level. Such directorates are operating in each of the nine touristic regions. Their main tasks are to develop tourism marketing in the region, establish the widest possible and most effective cooperation with municipalities, establish tourism organizations (both civil and professional),support tourism services providers, elaborate marketing plans of the region as well operating regional marketing, developing tourism supply and the promotion of regional programs.

Figure 7.1: Touristic regions of Hungary

To realize the National Tourism Development Strategy (NTS) (2005-2013) the creation of a bottom-up built Tourism Destination Management (TDM) institution system (already working in many European countries) has started. This task was drawn up in the NTS. For the development and operation of the TDM organizations resources of 13 billion Forints were available from European Union budgets. The utilization of the available resources and the formation of the institution system are ensured by the tenders of the Regional Operative Programs (ROP).

The organizational structure of TDM (Tourism Destination Management) organizations has four levels:

- Local level (municipality, or co-operation of municipalities)
- Medium level (spatial, not always the same as the statistical area)
- Regional level (region)
- National level

In one region there can be 15-20 local, 3-5 medium and 1 regional TDM organizations.

Since the formation of the TDM organizations the institutional system of tourism is as follows: The TDM organizations are firstly formed in the municipalities, in villages and towns then the municipality level TMDs build micro regional TDM organizations, the association of them can form the regional level TDM organization. Each organization has a decision making and an operational structure. The later can be the previously operating Tourinform office or a non-profit company. From the 136 Tourinform offices 60 offices are operating TDM organizations. According to the latest registration date 76 local TDM offices are operating in Hungary, from which only one can be found in the area of CENTROPE in the town of Bük. This TDM organization is built on the spa in the region. Most of the TDMs belong to the municipalities at Lake Balaton and to the municipalities rich in historical and tourism attractions in the Eastern part of the country. The formation of TDM organization after 2008, and the rebuilding of them from 2010 on, however, was recently stopped, mostly o account of financial constraints of the actors involved.

The potential forms of finance that can be obtained by the TDM organizations are:

- Contribution of associations: through an annual membership fee or annual compulsory taxes
- Support coming from municipalities or from the government: Either through normative support from local government (from the local taxes)or through Systematic/normative county level support or ad hoc county level support
- Donation (foundations, sponsors, individuals)
- Tenders
- Revenues from business activities or organizations (selling souvenirs, other services)
- Local taxes
- Revenues from properties

The finance of TDM institutions, however, became totally uncertain, recently in part due to the postponement of ratification of formerly mentioned tourism act, and partly because of the new self-government system which modified significantly the finance system of self-governments. Finally also the Hungarian LEADER organizations are an important part of the Hungarian institutional system of rural and micro regional tourism development LEADER associations. In particular their objectives, tenders and projects are strongly connected to tourism development in most areas.

Table 7.5: TDM resources (2010)

Region	Balaton	According to 2009-2010 action plan in 2010
South Great Plain		508 million Ft
South Transdanubia		600 million Ft
	South Transdanubia	300 million Ft
North Great Plain		600 million Ft
North Hungary		2010 million Ft
Central Transdanubia		990 million Ft
	Central Transdanubia	330 million Ft
Central Hungary		388 million Ft
West Transdanubia		250 million Ft
	West Transdanubia	100 million Ft
Together:		**6076 million FT**

Despite the centralized organization of tourism policy in Hungary, the different territorial administrative levels, however, have regional development and even tourism development concepts, but these concepts are not based on own touristic competencies. The regions lost their weak independency, recently, when the regional development councils ceased as well as the in touristic partner institutions (e.g. the Regional Tourism Committees) ceased to exist. At the regional level as a consequence de-concentrated organizations have taken over their role, and on the local level existing bottom-up TDM (Tourism Destination Management) organizations are connected to them.

The Fertő–Hanság National park and the Őrség National Park are tourism attractions in the territory of the CENTROPE area. But their development – aside from European grants – depend solely on national governmental support. On the territory of the two Hungarian counties belonging to the CENTROPE region four “nature park associations” can be found (Nature Park Kőszeg, Nature Park Sokoró, Nature Park Sopron, Nature Park Őrség). These areas also serve tourism, but again their financing is precarious. The modification in the year 2004 of the law 1996/LIII, defined the concept of a nature park in Hungary, but it failed to attach development resources to such nature parks. As a consequence these areas do not reckon as tourism destinations, and are not mentioned by the national tourism development documents. These areas could, however, be accepted as tourism destinations in the upcoming rules, mainly in the new tourism law.

Table 7.6: Institutional system for tourism support at regional, micro-regional and local level

Regional level	
Regional marketing directorates **West Transdanubian Marketing Directorate, Sopron in Hungarian CENTROPE area**	- supplying the role of TDMSZ - Responsible for development of regional marketing - responsible for cooperation among the touristic partners (local governments, civil organizations, tourism associations, etc..) - responsible for the marketing strategy of the region - responsible for implementation of marketing strategy
Regional level	
Rural Tourism Association of Győr-Moson-Sopron county	- qualification of rural accommodations - cooperation with actors of rural tourism, entrepreneurs, civil organizations - marketing, participation at fairs, organizations of local, rural tourism-heritage programmes
Micro-regional level	
Micro-regional Associations	- responsible for elaboration of tourism development strategy plans - to find grant and other resources to implement the plan
Leader Associations	- collaboration between the settlements for tourism development - creating the rural strategy plan included the development of tourism
Local level	
TDM	- to build a collaboration between the actors of local tourism - to generate supply and demand in tourism - to create the own marketing activities
Tourinform office	- to inform the visitors about the attractions and touristic programs in the town - if it is aTDM operational organization, than TDM tasks

Source: own research.

7.3.2. Development strategies for tourism

National level

The planning process for tourism development has been restructured hand in hand with the restructuring of the institutional system described above. The New Hungarian Development Plan which was elaborated for the planning period of the EU 2007–2013 and its regional operative programs and the economic operative program deal with tourism development. Beyond these documents a National Tourism Development Plan has been developed in 2005. A new tourism institutional system was defined in it with the formation of TDMs and the strategy has defined five aims:

- People-oriented, competitive domestic tourism
- Development of tourism attractions
- Development of regional and local institutions
- Human resource development for the tourism
- Actions for the improvement of the hosting

300 billion HUF have been planned in regional operative programs for the period of 2007–2013. The breakdown of this amount by regions in billion HUF:

- West-Transdanubia: 32.0
- Central-Hungary: 29.0
- Central-Transdanubia: 33.6
- North-Hungary: 54.9
- North-Great Plain: 51.7
- South-Transdanubia: 38.2
- South-Great Plain: 40.0

After elections of 2010 (when the competence for tourism was withdrawn from the Ministry of Interior) aside from the changes to the institutional system also the “New Hungary“ Development Plan has been revised, and this new version under the name “New Széchenyi Plan” is valid until 2013. The revision of the previous Tourism Development Strategy has been finished in 2011. The strategic document is valid until 2020. It has named the TDM organizations as the central local institutions for tourism development.

The vision of the Tourism Development Strategy is that: „Hungary will be the most popular destination in health tourism!” To achieve this ambitious goal the strategy contains the following priorities:

- Improving the competitiveness
- Creating more jobs in tourism sector
- Sustainability and social responsibility
- Effective interest in tourism sector to support the resources
- Improving the supply through the innovation and market demand and effective marketing communication

The concept of development of the tourism mainly the rural tourism appears in the „Új Magyarország Vidékfejlesztési Terv" (New Hungary Rural Development Plan). In the measure which connects to the axis 3 and the axis 4 (horizontal axis: LEADER) „Encouraging of touristic activities". In these axes support for the development of agro-touristic services, creating new rural accommodation, protecting rural built-heritage and rural gastronomy events can be obtained.

Regional level

At regional level the Regional Operative Program (2007-2013) exists for all seven regions. The 2nd priority of the West-Pannon Operational Program (2007-2013) is the *Tourism Development – Renewal of Pannon Heritage.*

The priority objectives are:

- health tourism and recreation, leisure time improvements based on thermal waters;
- an integrated development chain of historic heritage and cultural heritage, supported by each other and complementing one another;
- support for thematic programs and services organized on a micro-regional basis, and structured around eco-tourism appropriate to the area;
- renewal of the system of tourism institutions in the region (i.e. setting up tourist destination management organizations).

The Development Strategy for West-Pannon Touristic Region (2007-2013) also exists: Its priority objectives for development of the tourism are the following:

- Improving the competitiveness of the region and strengthening the market share
- Encouraging the potential of sustainable development
- Strengthening the touristic attractiveness with new touristic products and attractions, building the image and developing new touristic micro-regions,
- Improving the human resources, creating a guidance system for touristic enterprises and strengthening the collaboration among the touristic actors
- Improving the accessibility

These two documents are in harmony, the priority objectives are similar, although in the touristic strategy plan health tourism is not emphasized. Strategy documents for development of the tourism are generally missing at the micro-regional and local (village and towns) level. But all LEADER LAG projects have prepared development plans including the developing of rural tourism, protecting the local rural heritage, and improving touristic attractiveness. In the Hungarian CENTROPE region 9 LEADER LAG projects exist. In their development plans one top priority objectives is to develop rural tourism.

7.4. Extent of cooperation within the CENTROPE region or other cross-border cooperation

Cross border cooperation concerning the tourism started in the 1990s when the PHARE CBC program existed. Implementation of Írottkő-Geschriebenstein Nature Park was one of the first cross border cooperation projects in tourism which was financed by PHARE CBC.

After EU accession more and more cross border cooperation projects concerning tourism were/are implemented, some of them are the follows:

- **Tourist-Net** – Határtalan turizmus Nyugat-Pannóniában – Burgenlandban: Együtt könnyebb (Boundless tourism in West Pannon Region and Burgenland: together easier)
- **Alpannonia** – Határon átnyúló Prémium Turistaút előkészítése és kialakítása Kőszegtől a Semmeringig és tovább a Joglland Waldheimat régióba (Preparation and implementation a cross-border touristic path from Kőszeg through Semmering to Joglland Waldheimet region)
- **ÖRRAGO –** Kompetenciahálózat az Őrség- Rabagoricko Hármashatár Natur Park mintarégióvá fejlesztéséért (Creating a competence network for implementation of model region in the area of Őrség-Rabagoricko Threeborder Nature Park)
- **PILGRIMAGE AT-HU** – Zarándoklás és búcsújárás Közép-Európában – Zarándokutak közép-európai hálózatának kiépítése az osztrák-magyar határtérségben (Pilgrimage in Middle Europe – Building a pilgrimage path in Austrian-Hungarian border area)
- **ÖKO**-VELO AT-HU – Határon átnyúló ökomobilitás és kerékpáros élmény a Borostyánkő út és a vasfüggöny mentén (Cross border ecomobility and experiences by bike along the Borostyánkő and iron curtain path.

- **Fertő-Hanság Mobil –** Fertő-Hanság környezetbarát mobilitás (Neusiedler See-Hanság environmentally friendly mobility)
- **WELTERBE –** Az UNESCO Fertő-Neusiedler See világörökség kezelési tervének megvalósítása (Implementation of plan for Fertő-Neusiedler See as a part of world heritage)
- **Natur Kulinarium –** Turismus-Regionalverband Oststeiermark
- **IGEN –** Írottkő- Geschrieben Nature Park

7.5. Summary

We can therefore conclude that Hungarian tourism policy is rather centralized. The institutional system of the tourism legislation and the marketing activities relates to the Administration, but the TDM system is related to a bottom-up policy, therefore the grass-root initiatives can be found mainly at the local level. In the two Hungarian counties of the CENTROPE area - which are rich in attractiveness, - the strategic development documents at national and the regional level emphasize those priorities (ecotourism, spa-tourism, health-tourism) which suit these two counties. Also the microregions, villages and small towns are open to collaboration through projects mostly co-funded by the EU, as the different strategic documents emphasize the development of collaborative activities.

8. Stock taking report: Tourism in Slovak CENTROPE

Authors: Karol Frank (EU SAV)

8.1. Introduction

Although tourism is perceived as important part of the Slovak economy, the support for its development in the last decades has been rather inconsistent and susceptible to political cycle. However, in the last years, the tourism industry is becoming an important part of the economic and social development strategies in the self-governing regions, and activities related to tourism are becoming more important.

Approximately 20,000 entrepreneurs are active in the tourism industry, the industry generated an annual foreign currency income of € 1.8 billion and there are approximately 2,500 accommodation facilities with 130,000 beds in Slovakia. According to the latest Tourism Satellite Account statistics the tourism industry (with all relevant industrial branches) has employed 342,000 persons in 2009.

The potential of tourism in Slovakia is relatively extensive, covering almost all major types and forms of tourism but it is still underdeveloped. There are 9 national parks, 14 protected landscape areas, numerous lakes, extensive forests, almost 4,000 caves out of which 12 are publicly accessible. There are approximately 12,000 km of marked tourist paths. Unfortunately their length is continuously decreasing. Almost 62% of the country is covered by mountains and mountainous areas which create favorable preconditions for the development of winter tourism. There are approximately 350 ski resorts equipped with more than a thousand lifts and ski-lifts in such mountainous areas. Approximately twenty of the most important mountain ski resorts are providing European standard services. There are more than 1,200 thermal and mineral springs in Slovakia which creates preconditions for development of spa and health tourism.

8.2. Legislation and institutional arrangements related to tourism support on national level

New Tourism Development Strategy of the Slovak Republic until 2013

In terms of institutional preconditions the Act No. 91/2010 on tourism support is the main legislative instrument covering various aspects of tourism support, while in terms of strategy the New Tourism Development Strategy of the Slovak Republic until 2013 is the central strategic document.

This strategy was elaborated for the present 2007 – 2013 programming period and outlines the main objectives of tourism development. The strategic objective is to increase the competitive strength of tourism by improving the exploitation of its potential with the objective to reduce the regional disparities and create new jobs.

The strategy also outlines the following specific objectives:

- Strengthening the position of tourism industry in the national economy.
- Increasing the attractiveness of Slovakia as holiday destination.
- Increasing the duration of stay of tourists.
- Improving the structure of foreign visitors of Slovakia by improving of provided services.
- Support of creation of new jobs mainly in regions with important tourism potential.

The strategy outlines the following main forms of tourism which are most suitable for development in Slovakia:

- Summer tourism and stays by waters
- Spa and health tourism
- Winter tourism and winter sports
- Urban and cultural tourism, rural areas tourism and agrotourism.

In the programme declaration of the incumbent government, which was adopted in May 2012, the government declared the intention to increase the competitiveness of tourism with the aim to address regional disparities and create new jobs. This objective should be achieved by the following measures:

- Evaluate the existing institutions focused on tourism on all levels,
- Elaborate a new tourism strategy, with the objective to increase the quality and competitiveness of the tourism industry in Slovakia,
- Support the tourism potential of Slovakia,
- Increase the efficiency and transparency of public funds in tourism support, including a more efficient use of EU structural funds,
- Consider to introduce incentives (subsidies) for existing airports and airlines in order to strengthen their role in tourism in Slovakia.

Operational Program Competitiveness and Economic Growth

In the present programming period the OP Competitiveness and Economic Growth is supporting tourism in the third priority axis. The support is focused on the use of the natural, cultural, and the existing potential for the development of sustainable tourism with the objective of preferentially financing the building of comprehensive tourism services, connected with sales (local services), through new services with a higher added value to ensure innovativeness, sustainability, and to support employment in the regions. It is further focused on the promotion of tourism in Slovakia locally and internationally, particularly through completing the National Unified Tourism Information System (NUTIS).

The priority axis is being implemented thought two measures:

Support of business activities in tourism

This measure aims to assist the private sector to achieve a synergic effect namely by investing in the tourism infrastructure with significant impacts on the growth of tourism sector's performance in the private sphere and on the growth of employment. Beneficiaries are entrepreneurs or associations of legal entities that submit a joint project for establishment, reconstruction or modernization of complex centers of tourism with comprehensive tourism services used all year round

Development of information tourism services, presentation of regions and Slovakia.

This objective is to create a comprehensive strategy followed by a programme of intensive promotion. The efforts are also aimed at creating an information system. The implementation of the measure is focused on the cooperation with the entities providing the presentation on both local and regional level, using and involving new or existing tourist information offices in the information system mentioned. The NUTIS system should also be extended with a booking system or a system enabling on-line connection between potential tourists and tourist service providers, which will create conditions for making the system self-financing. The beneficiary is the Slovak Tourist Board.

The National Strategy of Regional Development

The main objective of the Strategy is to facilitate the strategic approach of the national institutions towards regional development support. The Strategy is focused on development of respective NUTS III regions by:

- Identifying the inner potential of the region and its competitiveness within Slovakia.

- Identifying the specific characteristics and comparative advantages of the regions in national and European context.
- Setting the appropriate development strategies and priorities.

8.2.1. Institutions responsible for tourism support in Slovakia

The main public stakeholders responsible for tourism are the following:

- The Committee for economy, construction and transport of the National Council of Slovakia.
- Government of the Slovak Republic.
- Ministry of Transport, Construction and Regional Development – Section of Tourism.
- Slovak Tourist Board Agency.
- Self-governing regions.
- Regional and local tourist boards.

Ministry of Transport, Construction and Regional Development

The tourism section at the Ministry of Transport, Construction and Regional Development of the Slovak Republic is responsible for[15] the:

- Creation of conditions for the development of tourism as a state priority,
- Formulation, implementation and monitoring of state policy of the development of tourism,
- Elaboration of a national concept of development of tourism and responsibility for its implementation,
- Provision of required incentives and help for investments of the private sector in tourism,
- Participation in the establishment of a system of statistical information about tourism and processing of comprehensive statistical data on the development of tourism in the Slovak Republic.
- Cooperation with the Ministry of Education, Science, Research and Sport of the Slovak Republic in the support of the application of international standards and in the development of education in tourism.

[15] http://www.telecom.gov.sk/index/index.php?ids=108698&lang=en

- Cooperation with the Ministry of Environment of the Slovak Republic in the harmonisation of the interests of the development of tourism and the protection of nature.
- Administration of the register of regional tourism organizations.
- Fulfillment of tasks and commitments of the Slovak Republic resulting from the membership of Slovakia in international tourism organizations.
- Implementation of:
    - tasks of cross-border cooperation in tourism;
    - foreign cooperation in tourism in the area of bilateral and multilateral relations;
    - international bilateral and multilateral contracts in tourism;
- Elaboration of programs for the development of tourism and evaluation of their implementation;
- Supporting of activities of local self-governing authorities for the development of tourism and activities of regional tourism organizations;
- Assignment of tasks to organizations implementing the research of tourism.

The Slovak Tourist Board

The Slovak Tourist Board, a contributory organization, was transferred to the competence of the Ministry of Transport, Construction and Regional Development of the Slovak Republic. The Slovak Tourist Board was established in 1995 with the objective to market tourism at the national level, provide information on travel opportunities in Slovakia, promote Slovakia as a travel destination, contribute to creation of a positive image of Slovakia abroad and support for sale of travel products of the Slovak Republic. The Slovak Tourist board is operating a web page www.slovakia.travel, which provides all information related to travel to Slovakia.

The Slovak Tourist Board elaborated a Marketing Strategy for 2011 – 2013 and is responsible for its implementation. The main vision of the Strategy is to make Slovakia an interesting and distinctive tourist destination in the European area till 2020.

The Slovak Convention Bureau

The Slovak Convention Bureau was established in 2010 as a non-profit organization affiliated to the Slovak Tourist Board. The main objectives of the Bureau are to promote

Slovakia as destination for congress tourism (MICE - meetings, incentives, congress/conferences, events). It provides following services:[16]

- Wide scale of complex current information and guarantee for the quality of organization of congress tourism events in a special way.
- Assistance with finding the most suitable conference venues and hotel accommodation.
- Assistance in selection of local partners and first contact with Slovak suppliers - conference venues, hotels, destination management companies (DMCs) and incentive agencies.
- Coordination of site inspection visits that are tailor made to various requirements.
- Preparation of bid documents for decision makers.
- Provision of promotional material.

8.3. Legislation and institutional arrangements related to tourism support on regional level

8.3.1. Bratislava region and Bratislava City

Due to the geographic location and rich cultural and natural heritage of the Bratislava region, the National Regional Development Strategy identifies besides other important development factors the role of tourism, especially with the cooperation of neighboring Austrian regions of Burgenland, Lower Austria and Vienna as one of the areas of economic development. The new legislation (Act No. 91/2010) adopted on a national level introduced a new form of tourism management on the regional level. The legislation created conditions for the establishment of regional and local tourist boards.

The Bratislava region has elaborated a number of strategic documents focused on tourism development:

- Tourism Development Strategy 2007 – 2013
- E-marketing Strategy of Bratislava region and Bratislava city
- Study on the present state of and investment opportunities in tourism in Bratislava region

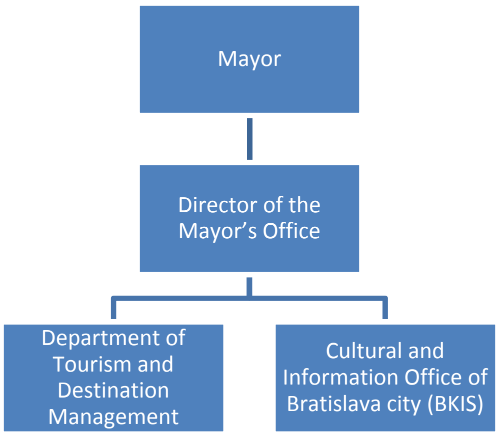
[16] http://www.slovakconvention.sk/bureau.html

To further improve the tourism the Bratislava region established a regional tourist board – Region Bratislava Tourism. The Bratislava region is also developing cross-border activities with the neighboring countries in the framework of following programs:

- Project DESTINATOUR 2013 is financed by the ERDF in the framework of the Cross-border cooperation Austria – Slovakia. The project partners are the Bratislava region and Lower Austria. The main objective of the project is to further strengthen the cooperation between these two regions and create an institutional network of destination management in the Bratislava region using the know-how of the Austrian partner.
- CENTROPE Culture and Tourism Marketing Tool. The objective of this project is to encourage the citizens of the CENTROPE as well as tourist living outside the CENTROPE to experience the short-trip intraregional tourism by providing easy and accessible information on the region.

Furthermore, the city of Bratislava established the Bratislava Tourist Board (local tourist board) with the objective to develop and support all tourism related activities in the city, support the promotion of tourism, create a platform for cooperation of private and public sector in tourism and improve the image of the city as attractive destination. The Bratislava Tourist Board is focusing its activities on attracting more tourists especially from the Czech Republic, Germany, Italy, Great Britain, Poland, Hungary, France and Spain. The main selection criterion for these countries was the number of nights spent in the city, as the majority of tourists came from these countries.

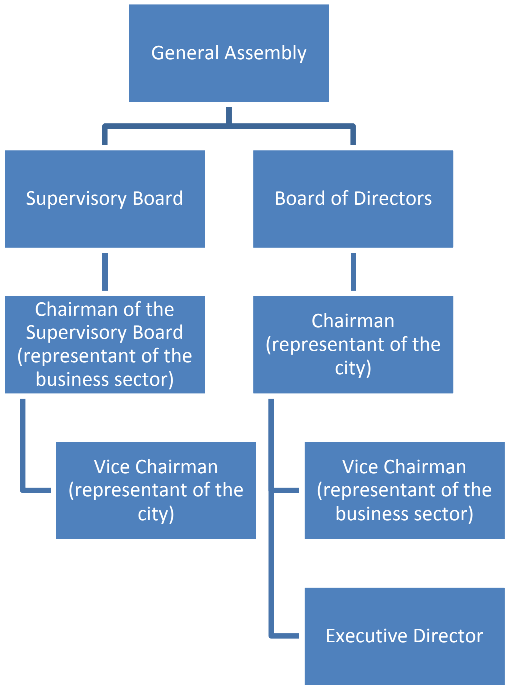
Figure 8.1 Organizational Chart of Tourism Management in the Bratislava city



The Bratislava Tourist Board is focused on following activities in the field of tourism support:

- Destination Management
    - Market research and strategies
    - Creation of databases and tourism product support
    - Consulting, education and training
    - International cooperation
- MICE - meetings, incentives, congress/conferences, events tourism
- Communication and Distribution
    - Business to customer communication
    - Business to business communication
    - Provision of information and services for tourists

Figure 8.2: Organizational Chart of the Bratislava Tourist Board



8.3.2. Trnava region and Trnava city

The strategic documents on tourism support of Trnava region are closely linked to the National Regional Development Strategy and the operational programs outlined in the National Strategic Reference Framework as well as in the regional development strategy of the Trnava region. The main documents focused on tourism in the Trnava region are following:

- Tourism Development Strategy for 2008 – 2013 with four priorities
    - Support for tourism development in the region
    - Development of human capital in tourism
    - Development of tourism infrastructure
    - Development of cooperation platform for all relevant stakeholders.
- Action Plan for Tourism Development in the Trnava region.
- Marketing Strategy of Slovakia 2011 – 201 elaborated by the Slovak Tourist Board.

In the framework of the present programming period the Trnava region is implementing the following projects supported by the Regional Operational Program and Cross-border cooperation programs:

- Trnava region – Region for Everyone. The objective of the project is to create conditions for further development of tourism in the Trnava region.
- Improvement of cross-border accessibility in the area of Hrušov - Gabčíkovo power plant. The objective of the project is to increase the social and economic integration in this cross-border area, interconnection of Hungarian and Slovak municipalities on the riverside of Danube.
- Development and networking of family passes Lower Austria – Burgenland – Trnava region “Family net”. The objective of the project is to create a connection between the participating regions by introduction of family passes, which already exist in the Austrian regions of Burgenland and Lower Austria. The main objectives of the projects are following:
    - Connection and cooperation between Lower Austria, Burgenland and Trnava region (The Bratislava region joined recently to partner in this project).

  - Improvement of quality of live and living conditions of families in these regions.
  - Further integration between the involved regions.
  - Impulse for further development of value added in the regions.
- Mutual interconnection of tourist centers and roads by ferry through old Danube basin between Gabčíkovo and Dunaremete municipalities. The objective of the project is to support sustainable relationships among the citizens living in the above mentioned municipalities, promote tourism, the economy of this cross-border region and increase the quality of life by improving the transport accessibility of the region.
- Implementation of QR codes. The objective of the projects is to support the development of information and cross-border cooperation by improving the existing information and communication accessibility of the border regions.
- Joint Cycling Trails Strategy Trnava Region – South Moravia.

The Trnava self-governing region also established a regional tourist board with the objective to support and create conditions for development of tourism in the region. Members of the regional tourist board (krajská organizácia cestovného ruchu) are the self-governing region and the following local tourist boards (oblastné organizácie cestového ruchu):

- Trnava Tourism.
- Resort Piešťany.
- Žitný ostrov – Csallóköz with seat in Veľký Meder.

The Trnava self-governing region with the cooperation of the city of Galanta also established the Tourism Cluster – West Slovakia. The main objective of the cluster is to support mutual cooperation of the existing accommodation facilities in the region thus creating a more complex and attractive products and services for potential tourists.

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