

Market of Tourism in Russia: Structure, Trends, Changes of Preferences, Prospects

**Professor Victoria V. Petrova (Izhevsk State Technical University, Izhevsk, Russia),
Dr. Alexey V. Shchenyatskiy (Izhevsk State Technical University, Izhevsk, Russia),
Professor Jean-Louis Martin (Ecole Nationale Supérieure des Arts et Industries
Textiles, Roubaix, France)**

Izhevsk State Technical University

7, Studencheskaya Street

426069, Izhevsk, Russia

victorya.petrova@gmail.com

victoria.petrova@istu.ru

+ 7 912 461 08 90

+ 7 3412 59 25 55

Ecole Nationale Supérieure des Arts et Industries Textiles

2 allée Louise et Victor Champier

BP 30329, 59056 Roubaix Cedex 1, France

jean-louis.martin@ensait.fr

+33 0 3 20 25 75 79

Under financial support of Victoria V. Petrova's participation
in the 8th International Marketing Trends Congress in Paris
from the Russian Fund of the Humanities

<http://www.rfh.ru>

Project № 09-02-15002 3

Market of Tourism in Russia: Structure, Trends, Changes of Preferences, Prospects

Contents:

Summary	1
1. Introduction	2
2. Russia snapshot: brief socio-economic description	3
3. Outbound tourism	5
3.1. Dynamics and structure of outbound tourist flow in 2007	5
3.2. Dynamics of traveling preferences in 2003-2008, by directions	7
3.3. To Paris, again! Demand forecasts for 2009, tour-operator rating in 2008	9
4. Direction: Russia	10
4.1. Dynamics and structure of inbound tourist flow in 2007	10
4.2. Kinds of tourism	12
4.3. Tourism statistics	15
4.4. Prospects for tourism development in the Udmurt Republic	16
5. Legal base of tourist activity in Russia. The policies of the government	16
6. Conclusions	18
References	19

Summary

This study investigates the Russian tourist market, legal base of tourist activity, policies of the government in this area; based on the tourism statistics provided by official sources the structure of the market and dynamics of Russian tourists' preferences in 2003-2008 are evaluated. It also suggests that in our days Russian tourism promotion becomes more and more important for national economy, because it is one of the factors for improving social-economic situation in Russia by means of: inflow of money from tourist activity, diversification of the national economy, increase of living standards of Russians and changing of inertial scenario of Russian economy evolution based, mainly, on export of oil and gas, to a new effective scenario reflecting modern realities. Dynamics of outbound tourist flow for direction Russia-France and preferences of Russians for this direction were described; demand forecasts for 2009 were prepared; the rating of tour operators for 2008 was presented. Prospects for tourism development in the Udmurt Republic, the home region of Russian authors of the research, were estimated.

Аннотация

В работе проведено изучение туристического рынка России, законодательства в области регулирования туристической деятельности и политики правительства; на основе статистики туризма, представленной официальными источниками, дана оценка структуры рынка и динамики предпочтений россиян, выезжающих на отдых за границу. Предполагается, что сегодня развитие туризма становится все более важным для российской экономики, так как является одним из факторов улучшения социально-экономической ситуации в России путем: получения дополнительных доходов от туристической деятельности, диверсификации национальной экономики, повышения уровня жизни россиян, замены инерционного сценария развития экономики, основанного на экспорте топливно-энергетических продуктов, новым эффективным сценарием, соответствующим современным реалиям. Проведено изучение динамики выездного потока по направлению Россия-Франция, охарактеризованы предпочтения россиян по направлению, построен прогноз спроса на 2009 г., представлен рейтинг туроператоров на 2008 г. Оценены перспективы развития туризма в Удмуртской Республике, регионе российских авторов данного исследования.

Keywords: Russia, tourism, Russian tourists' preferences, statistics of tourism

Ключевые слова: Россия, туризм, предпочтения россиян, статистика туризма

1. Introduction

In our days, it is very difficult to underestimate significance of tourist activity for world economy and for national economies of countries; because tourist industry is the largest in number of employed people in many countries. This industry (including domestic tourism) provides with working places more than 100 million people around the Globe.

By some estimations, today every 7th workplace in the world is in tourist business. Under forecasts of the WTO, by 2020 the quantity of the international tourist arrivals will make 1.6 billion. This number is 3 times more than the same parameter for 2000.

2006 year was marked by the growth of tourist arrivals and inflow of money from tourist activity for majority of European countries. 13.6 % of total amount of inflow of money from tourist activity in Europe fall on Spain; 11.5 % - on France; 10.2 % - on Italy.

Tourism promotion in modern conditions is one of national politics priorities for many countries; that is determined by the following facts:

1. As distinct from other branches of economy, tourism does not lead to the exhaustion of natural resources;
2. Tourism shows more stability than other branches of economy in conditions of unstable situation on the world market, because of export orientation;
3. Tourist industry does not only provide an inflow of money for a country, this promotes diversification of national economy because tourist business creates and maintains branches that serve tourism. Thus, investments into a tourism infrastructure stimulate the activity of numerous enterprises of small business, create new work places;
4. As well, tourism promotes realization of foreign policy of a country.

Russia has a huge potential for internal and international tourism development; that will contribute to changing of inertial scenario of Russian economy evolution based, mainly, on export of oil and gas, to a new effective scenario reflecting modern realities.

2. Russia snapshot: brief socio-economic description

According to official opinions and official data, Russian economy is in growth stage. Numbers presented in the Table 1 show that there are positive tendencies for all indicators except inflation rate: real GDP, industrial production, agriculture, personal incomes, retail trade turnover, investments in fixed capital.

Table 1. Economic growth in Russia: is it true?

Indexes ^a	2002	2003	2004	2005	2006	2007
Inflation rate (consumer prices)	115.0	112.0	111.7	110.9	109.0	111.9
Real GDP (in market prices)	104.7	107.3	107.2	106.4	107.4	108.1
Industrial production	103.1	108.9	108.0	105.1	106.3	106.3
Agriculture	101.5	101.3	103.0	102.3	103.6	103.3
Real personal incomes	111.0	115.0	110.0	112.0	113.0	111.0
Retail trade turnover	109.0	109.0	113.0	113.0	114.0	116.0
Investments in fixed capital	102.8	112.5	113.7	110.9	116.7	121.1

a. Percentage of the previous year, comparable prices.

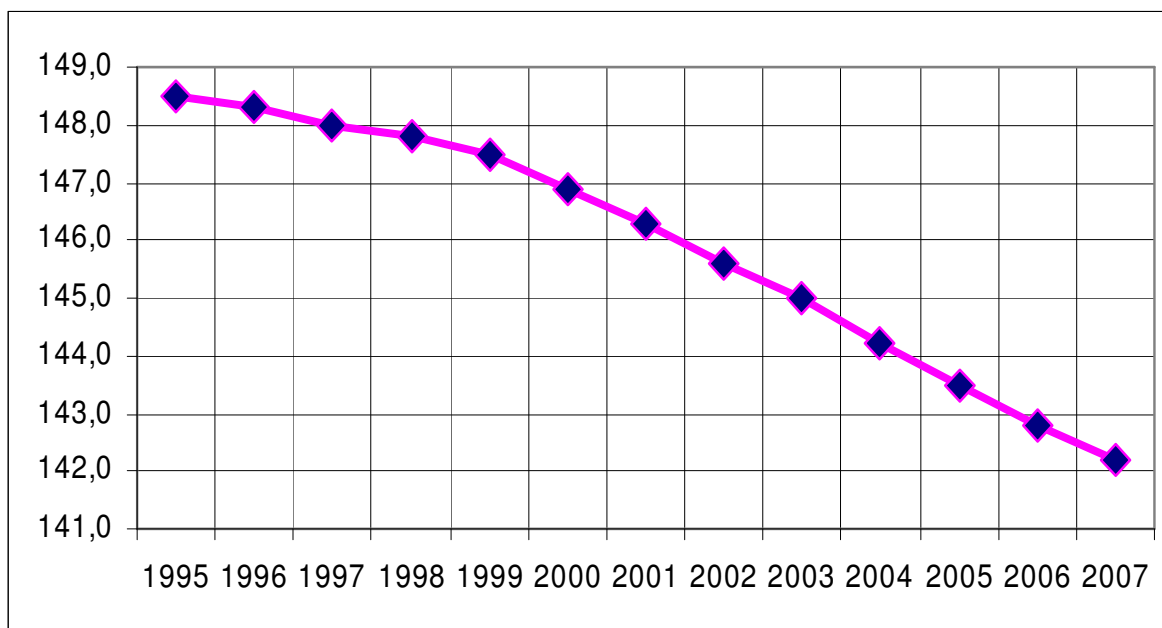
Source: Russian Federal State Statistics Service¹.

Long-term dynamics of the indicators presented in Table 1 looks not so good. By our estimations, despite of real GDP growth since 1999, in 2007 GDP of Russia just came near 100 % GDP in 1990 (in prices of 1990).

Dynamics of personal incomes for the same time period looks similar to the dynamics of GDP. Thus, real personal incomes in 2005 constituted only 86 % of personal incomes in 1991². As well, another important tendency does exist in Russia: the differentiation coefficient that characterizes difference between incomes of 10 % of the richest and 10 % of the poorest population of a country was equal 15 times last year in Russia. Normal value of this index for European countries constitutes 7-8 times. By opinions of some experts, increasing of this coefficient describes real economic situation in Russia.

Low incomes and living standards of sizeable share of Russian population results in significant shrinking presented in Figure 1.

Figure 1. Shrinking population, million people



Source: Own elaboration based on official statistics of the Russian Federal State Statistics Service¹.

By the forecast of the World Bank Russia's population will shrink by 12 percent (over 17 million people) by 2025 in comparison with 2000; Russian population is also aging rapidly: by 2025, one person in every five will be over the age of 65; share of population over 65 will be 18 percent in 2025. These demographic trends will affect negatively labor supply in Russia.

Thus, today we can not make a conclusion concerning prosperity of Russian national economy and society. Despite of improving the situation for last years, there are a lot of socio-economic problems in modern Russia. Russian tourism promotion is one of the factors of improving the situation by means of:

- inflow of money from tourist activity,
- diversification of the national economy,
- increase of leaving standards of Russians.

3. Outbound tourism

3.1. Dynamics and structure of outbound tourist flow in 2007

According to data of Federal Tourist Agency of Russia, 34.3 million Russians went abroad for holiday in 2007. The number seems to be very large; it makes about 118 % as compared with 2006. The year 2006 in Russia was characterized by tourist business slowdown. Only 27.1 million Russians traveled abroad in 2006, it makes about 101.9 % as compared with 2005. Number of Russians traveled abroad in 2005 was equal to 117 % as compared with 2004.

According to the Agency data, the total outbound tourist flow is growing. In 2007 it made 121 % as compared with 2006. Number of Russians going abroad for business trip keeps on decreasing. In 2007 it made just 92 % as compared with 2006.

Structure of holidaying abroad in 2007 is shown in the Table 2 (by preferred countries with percentage over 0.5 %)

Table 2. Structure of traveling abroad in 2007

Country	Purpose of trip						Percent of total number
	Business / official	Tourism	Private	Permanent residence	Service	Military personnel	
Azerbaijan	1.41	1.86	93.27	0.02	3.45	0.00	2.08
Armenia	4.40	6.93	76.24	0.05	12.18	0.19	0.58
Bulgaria	3.02	79.56	9.72	0.07	7.63	0.00	0.63
Germany	21.44	26.83	41.50	1.01	9.21	0.00	2.52
Greece	2.06	79.65	9.87	0.12	8.31	0.00	0.89
Georgia	0.06	0.00	99.75	0.00	0.12	0.07	9.68
Egypt	0.46	89.06	5.08	0.02	5.38	0.00	4.11
Spain	4.02	79.85	9.84	0.20	6.09	0.00	1.16

Italy	9.62	69.30	13.57	0.10	7.40	0.00	1.41
Kazakhstan	3.52	0.75	89.32	0.06	6.23	0.12	8.27
Cyprus	2.86	81.87	10.03	0.05	5.19	0.00	0.54
China	17.37	57.34	18.67	0.00	6.62	0.00	8.40
Latvia	18.91	16.27	55.03	0.04	9.74	0.01	0.57
Lithuania	4.71	7.27	81.95	0.22	5.76	0.09	2.56
Republic Moldova	9.35	0.96	89.07	0.06	0.47	0.09	0.85
United Arab Emirates	5.79	76.43	11.25	0.07	6.45	0.00	0.79
Poland	2.44	14.78	76.90	0.11	5.78	0.00	2.15
Great Britain	24.24	33.27	34.58	0.40	7.51	0.00	0.69
Thailand	3.09	88.16	3.10	0.02	5.63	0.00	0.77
Turkey	3.00	80.31	10.21	0.01	6.47	0.01	6.99
Ukraine	3.33	3.18	89.68	0.11	3.68	0.02	22.83
Finland	10.00	23.49	45.26	0.57	20.69	0.00	8.16
France	18.90	55.24	17.61	0.14	8.11	0.01	0.90
Czech Republic	9.42	72.72	12.72	0.05	5.08	0.00	0.71
Estonia	2.36	1.96	92.60	0.00	3.08	0.00	4.02
Others	12.76	38.96	28.69	0.57	19.02	0.00	7.71
Percent to total entries quantity	6.31	27.33	59.01	0.17	7.16	0.03	100.00

Source: Own elaboration based on official statistics of the Federal Tourist Agency of Russia³

So, 59.01 % of all Russians who traveled abroad in 2007 undertook the trip for private purposes; 27.33 % went as tourists; 7.16 % indicated in the traveling papers 'as servicer', only 6.31 % went abroad for business purposes; 0.17 % went to place of their permanent residence; number of military personnel trips made 0.03 % of total number of travels.

Analysis of outbound flow structure by countries shows that maximum percentages fall on republics of the former Soviet Union: Ukraine – 22.33 %, Georgia – 9.68 %, Kazakhstan – 8.27 %, Estonia – 4.02 %, etc. Most Russians visited these countries for private purposes (from 55.03 to 93.27 % of all cases), which may be attributed to historical reasons. Among the countries, that are visited by Russians for tourist purposes the five leading countries are: China – 8.40 %, Turkey – 6.99 %, Egypt – 4.11 %, Italy – 1.41 %, Spain – 1.16 % of total number of travels in 2007. Tourism is a prevailing purpose for these countries (from 57.34 to 89.06 % of all cases).

Only 0.90 % of all Russians who traveled abroad in 2007 visited France; 55.24 % of them – as tourists; 18.90 % – for business purposes; 17.61 % indicated in the traveling papers the purpose ‘private’; 8.11 % – the purpose ‘as servicer’; 0.14 % went to place of their permanent residence; number of military personnel trips made 0.01 % of total number of travels.

3.2. Dynamics of traveling preferences in 2003-2008, by directions

Ratings given by experts of «BANKO» Service were used to estimate dynamics of tourists’ preferences. The ratings are regularly published by specialized journal ‘Hot line. Tourism’ devoted to tourist business in Russia ⁴.

The ratings are based on the results of yearly surveys of top-managers of Moscow tourist agencies. So, to prepare a forecast for summer 2008, top-managers of 622 Moscow tourist agencies were polled in April 2008. They were asked about the most probable directions of work (countries) for summer season 2008. Managers had to call 2-6 such tourist directions. As a result, a rating forecast for summer 2008 was made (see Table 3).

The forecast and the actual popularity ratings, calculated by results of summer seasons 2003-2007 for preferred directions, are presented in Table 3 below.

Table 3. Popularity ratings for tourist directions

Directions	Data on summer seasons, %					Forecast for summer season 2008, %
	2003	2004	2005	2006	2007	
Turkey	27.9	25.9	28.5	22.9	22.2	16.8
Greece	5.4	3.6	7	11.5	10	10.7
Spain	7.7	9	10.3	11	9.6	10.2
Egypt	8.2	10.3	10.1	6.6	9.4	8.7
Croatia	5.8	6.8	6.2	6.4	8.8	5.2
Italy	5.3	6.3	6.4	8.5	7.7	9.6
Russia	7.1	5.5	5.1	3.7	6.8	2.9
Tunisia	5.5	6.7	4.2	3.6	3.2	4.6
Bulgaria	3	3.1	2.9	2.8	2.9	2.7
France	3.2	4	2.7	3.9	2.7	3.7
Cyprus	4.4	4.1	3	2.9	2.6	3.5

Source: Ratings of countries, preferred by Russians in 2003-2008, given by experts of specialized journal ‘Hot line. Tourism’ ⁴

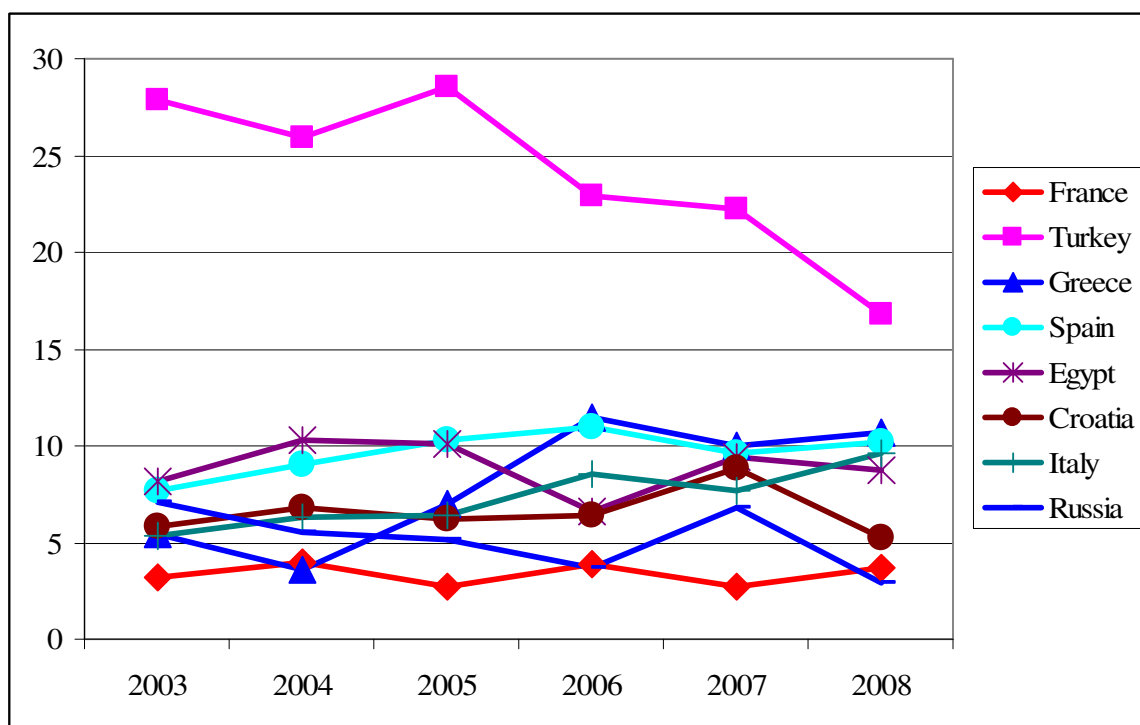
Directions are ordered in the Table 3 by results of summer season 2007 (in descending order).

So, in summer 2007 about 22.2 % of Moscow and regional tourist agencies (as their clients) worked with Turkey, 10 % – with Greece, 9.6 % – with Spain, 9.4 % – with Egypt, etc.

Analysis of popularity ratings by tourist directions in summer 2007 shows that countries in top-rating list are ranged in full accordance with number of Russian tourists having visited the countries in summer 2007. Therefore, we can conclude, that the ratings may be used to estimate preferences of Russian tourists.

Figure 2 shows dynamics of Russian tourists' preferences for 7 countries. The countries were called by more than 100 managers of Moscow tourist agencies and had, as a result, top ranks in the popularity table. France was also included. It held rank 10 among the most popular directions in summer 2007.

Figure 2. Dynamics of Russian tourists' preferences



Source: Own elaboration based on ratings of countries, preferred by Russians in 2003-2008, given by experts of specialized journal 'Hot line. Tourism' ⁴

Using Figure 2 we can make the following conclusions regarding the long-term tendencies in preferences change of Russian tourists in 2003-2008:

1. Popularity of Turkey for the mean time has noticeably decreased (from 27.9 to 16.8 %).

2. Popularity of Greece, Spain and Italy has increased (from 5.4 to 10.7 %, from 7.7 to 10.2 % and from 5.3 to 9.6 % respectively).
3. Popularity of France, Croatia, Egypt fluctuated slightly from year to year. In 2008 it was at about the same level as in 2003 (3.7, 5.2 and 8.7 % respectively);
4. Popularity of holidaying in Russia for the mean time has decreased (from 7.1 to 2.9 %).

3.3. To Paris, again! Demand forecasts for 2009, tour-operator rating in 2008

In 2002 Russia left behind Denmark, Sweden and Norway in number of tourists having visited France. In spite of significant reduction of the total number of Russian tourists visiting France in 2006 (by 20 %, as compared with the year 2005), the positive basic tendency is retaining. As a result, in 2007 the total number of Russian tourists visiting France rose by 23 % as compared with the year 2006 (See Table 4 below).

Table 4. The Russians traveling to France

Year	Aim of traveling to France						Total number
	Business / official	Tourism	Private	Permanent residence	Service	Military personnel	
2006	61135	138625	54094	598	24646	92	279190
2007	58391	170665	54397	425	25059	18	308955

Source: Official statistics of the Federal Tourist Agency of Russia³

The reduction of Russian tourists having visited France in 2006 was caused by changes in the policy of issuing visas by French Consulate in Russia and by various technical problems in issuing visas. Because of the problems with visas in 2008, the total number of Russians having visited or going to visit France in the current year will probably remain the same as in 2007. By our estimates, the mentioned problems in 2008 will result in about 1 % drop of the popularity of the direction (from 3.7 % in 2008 to 2.7 % in 2009 – see Table 3) in preferences of Russian tourist agencies, so the situation of 2006 may be repeated. However this popularity drop of the direction in the preferences of Russian tourist agencies cannot prevent the growth of the number of Russian tourists who will visit France. Probably, the number of Russian tourists visiting France will increase by 10-15 % in 2009. As a result, the parameter in 2009 will approximate to 200 thousand visits.

According to statistics of Russian tourist agencies, Russian tourists aspire to visit not only Paris. Bretagne, Normandy, islands, some cities, such as Deauville, Montpellier, Reims and

others, are of demand among Russian tourists. Mountain-skiers resorts are very popular in winter seasons. Rich Russian tourists prefer to stay in French castles ^{5,6}.

Rating of preferred tour-operators working in Russia – France direction in 2008 is given by experts of specialized journal ‘Hot line. Tourism’. The rating results from a survey of top-managers of 622 Moscow tourist agencies and is presented in Table 5 below.

Table 5. Rating of tour-operators working in Russia – France direction in 2008

Tour-operator	Votes, %
Lenta-Tour Voyage	9.8
The Capital Tour Company	9.3
Evolution Voyages	8.8
BSI Group	6.2
Danko Travel Company	5.2
Others	60.7

Source: Ratings of tour operators in 2008, given by experts of specialized journal ‘Hot line. Tourism’ ⁴

By determination of the rating it was assumed that total number of tour-operators mentioning by top-managers for the direction is equal to 100 %. One can see that 9.8 % of Russian tourist agencies working in Russia – France direction were going to turn to Lenta-Tour Voyage in summer season 2008, 9.3 % – to The Capital Tour Company, 8.8 % – to the Evolution Voyages, etc.

4. Direction: Russia

4.1. Dynamics and structure of inbound tourist flow in 2007

According to data of Federal Tourist Agency of Russia, 22.9 million foreign citizens visited Russia in 2007. This makes 101.9 % as compared with the year 2006. In 2006 22.5 million foreign citizens visited Russia (101.3 % as compared with the year 2005). We may conjecture that this indicator has positive tendency. But number of foreign tourists, who visited Russia in 2007, made only 91 % as compared with the year 2006. The reduction may be attributed to rise of prices for services and hotels available for foreign tourists in Russia.

Number of foreign citizens arriving with business/official and tourist purposes increased in 2007 for the following countries: Germany, France, Great Britain, Austria, Italy, Spain, Australia, Israel and some others.

Structure of foreign citizens having visited Russia in 2007 (by preferred countries with percentage over 0.3 %) is presented in the Table 6.

Table 6. Structure of foreign citizens having visited Russia in 2007

Country	Purpose of trip						Percent of total number
	Business / formal	Tourism	Private	Permanent residence	Transit	Service	
Azerbaijan	4.02	0.15	89.51	0.03	2.47	3.83	4.34
Germany	26.32	56.31	8.89	0.07	1.79	6.62	2.68
India	23.51	18.91	13.54	0.50	12.25	31.29	0.30
Spain	9.00	82.27	5.95	0.03	0.51	2.23	0.42
Italy	23.42	62.89	5.73	0.06	0.26	7.65	0.90
Kazakhstan	2.22	0.44	86.15	0.07	5.21	5.90	12.64
Kirghizia	8.27	0.22	81.08	0.04	4.23	6.16	2.24
China	24.02	16.96	44.12	0.05	1.48	13.37	3.34
Republic Korea	11.58	39.13	15.70	0.19	20.61	12.81	0.54
Latvia	35.65	16.12	34.34	0.16	0.93	12.80	1.74
Lithuania	28.05	6.36	57.04	0.33	1.35	6.87	3.24
Republic Moldova	2.22	0.20	92.05	0.00	1.00	4.53	4.55
Mongolia	10.36	7.44	49.22	0.29	10.96	21.72	0.63
Netherlands	38.24	42.21	7.29	0.08	0.31	11.88	0.35
Poland	10.40	4.48	79.78	0.03	1.22	4.09	4.18
Great Britain	33.59	54.75	5.92	0.03	0.25	5.46	1.04
United States	26.11	58.72	10.95	0.11	0.49	3.62	1.28
Tadjikistan	33.90	0.16	62.89	0.01	1.22	1.82	3.22
Turkey	46.50	20.87	6.75	0.21	0.61	25.06	1.04
Uzbekistan	20.38	0.20	74.26	0.02	1.70	3.43	5.17
Ukraine	3.67	0.77	87.34	0.02	1.26	6.94	28.03
Fillipins	6.59	8.01	0.65	0.00	0.72	84.03	0.35
Finland	49.91	15.70	24.88	0.08	0.07	9.37	4.26
France	28.13	55.98	9.36	0.08	0.44	6.01	0.88
Estonia	31.10	11.93	46.87	0.17	1.32	8.60	1.71
Japan	31.46	53.91	8.43	0.07	1.73	4.39	0.37
Others	19.87	19.89	42.89	0.16	4.21	12.98	10.57
Percent of total number	14.28	9.66	65.93	0.07	2.32	7.74	100.00

Source: Own elaboration based on official statistics of the Federal Tourist Agency of Russia³

Using the table data we can draw the following conclusions. Most of all foreign citizens (65.93 %), who visited Russia in 2007, did that for private purpose. The high number may be attributed to historical reasons: most people visiting Russia for private purposes came from republics of the former Soviet Union. 14.28 % of all foreign citizens, who visited Russia in 2007, arrived for business/formal purposes; only 9.66 % – as tourists; 7.74 % indicated in the traveling papers the purpose ‘as servicer’; 2.32 % crossed Russian territory as transit passengers; 0.07 % went to place of their permanent residence.

Analysis of inbound flow structure by countries shows that maximum number of visits falls on republics of the former Soviet Union: Ukraine – 28.03 %, Kazakhstan – 12.64 %, Uzbekistan - 5.17 %, Republic Moldova – 4.55 %, etc. Most foreigners visited Russia for private purposes. Tourism is a prevailing purpose for people coming from Germany, United States, Great Britain, Italy, France, Republic Korea, Japan and Netherlands (from 39.13 to 82.27 % of all cases). The countries are listed by number of visits (in descending order).

0.88 % of all visits to Russia in 2007 were from France. The purpose of 55.98 % of them was tourism; 28.13 % – business/official trips; 9.36 % – private purposes; 6.01 % of travelers indicated ‘as servicer’ in their traveling papers; 0.44 % crossed territory of Russia as transit passengers; 0.08 % came to place of their permanent residence.

Foreign visitors coming to Russia with tourist aim provide considerable inflow of money into national economy. Thus, we can make a conclusion that the main target group for implementing the strategy of tourism development is tourists coming to Russia from Germany (15.62 % from total number of arrivals with tourist aims in 2007), United States (7.79 %), Finland (6.92 %), Great Britain (5.90 %), Italy (5.87 %), France (5.09 %), Spain (3.59 %). China is a leader on this parameter (5.86 %) among Asian countries.

4.2. Kinds of tourism

Large territory, varied landscape, suitable climate, extensive cultural and historic heritage going back 1000 years, predominantly within the frame of the unique Russian civilization bearing the elements of both European and Oriental cultures, plus traditional hospitality of the population – all that favors appearance and development of various kinds of tourism in Russia. There exist the following kinds of tourism in Russia: ecotourism, sporting and extremal tourism, hunting and fishing, children- and youth tourism. There exist a lot of options for mountain-skiers, sea and river cruises, excursion and individual tours. Event-

trigger and gastronomical tourism, business tourism and search for business partners in Russia are relatively new kinds, but tourist companies promote these as well.

Territory of Russia is characterized by extremely diverse natural conditions and numerous picturesque landscapes. The diversity of landscape allows a wide range of nature-based tourist services, provides opportunities for ecotourism. Some places in Russia are objects of UNESCO world heritage. They include primeval forests of Komi Republic, the Lake Baikal, volcanos of Kamchatka, Altai mountains, Western Caucasia. There are also other places in Russia appropriate for ecological tourism, such as areas on the north-west of Russia (Karelia, districts of Arhangelsk and Murmansk), forests of central Russia (in particular, forest reserve in Tver district), the lake Seliger in central Russia, Northern Caucasia with Elbrus – the highest mountain peak in Europe, and others.

There exist opportunities for various kinds of sporting and extremal tourism in Russia, including mountaineering, speleotourism, skiing, hiking, cycle-, equestrian-, motor-car and motorcycle tourism. The most popular among them are hiking, mountaineering, water-based tourism and skiing.

The coasts of Russia are washed by thirteen seas. The coast lines of the Black Sea, the Azov Sea, the Caspian Sea, the Baltic Sea, the White Sea, the Sea of Japan and the Sea of Okhotsk are the most favourable for sea cruises. The most exotic among them must be the cruises on ice-breakers around the islands of the Arctic Ocean.

River cruises are realized in Russia in several ways:

- Short cruises from Moscow to St.Petersburg take 3-4 days;
- Long cruises on Volga, Lena, Yenisei, Ob or Amur river take 9 to 13 days;
- “Circumnavigations”, which means that liner routes are circular. For instance, Moscow circumnavigation takes 8 to 10 days; a liner starts from Moscow, follows on Moscow canal, Volga, Oka and comes back to Moscow canal.

There exists an infinite number of opportunities for organizing water-based tourism. Along with numerous and diverse rivers there are picturesque lakes rich in fish, including the largest fresh water body on the planet – the Lake Baikal. Volga, Oka, Yenisei, rivers of Caucasia, Altai- and Ural mountains are very popular places for water tourism.

The vast areas in Russia covered with forests are rich in wild mushrooms and berries. There are also ample opportunities for organizing various kinds of hunting trips for big and small

game. Hunting and fishing are good in Astrakhan district. Murmansk district and Karelia are very popular places for fishing. Hunting is also arranged by Russian companies on the Kamchatka Peninsula.

There are a lot of options for mountain-skiers in Russia. The most known are Caucasia mountain-skier bases. Tourists have chance to practice in skiing on the Elbrus and Cheget mountainsides, in the Dombay valley. Several popular mountain-skier centers are situated in the Southern Ural mountings (Abzakovo, Zavyaliha) and in the Hibini mountings on the Kola Peninsula.

Event-trigger and gastronomical tourism are new tourism kinds for Russia. International events, able to attract foreign tourists, are not numerous in Russia. The most interesting among them are international sport competitions, international film festival in Moscow, ethnic festivals of local nations, Russian Pancake week – Maslenica. Pilgrimage to Russian cloisters attracts palmer from abroad as well. Gastronomical tourism is now developing in Russia as an element of other programs.

At present Russian tourist companies propose a new for Russia kind of tourism – business tourism and search for business partners in Russia. It is actively developed today because, according to statistics, more then a half of all foreign guests come to Moscow with business aims and they spend in Russia more money than average statistical tourists.

An architectural ensemble of Moscow Kremlin, palaces of Saint Petersburg, and ancient cities of the Golden Ring are known all over the world. Moreover, Russian great cities and Russian province have many other opportunities for arranging excursion tours.

The Golden Ring is the oldest Russian tourist route. It gives an opportunity to see the Russian countryside and small old towns full of history and unique Russian architecture. The route goes to the north-east from Moscow and forms an oval. The 'classical' route, counter clockwise, starts from Moscow, goes through Vladimir, Suzdal, Kostroma, Yaroslavl, Rostov Velikiy, Pereslavl-Zalesskiy, Sergiev Posad. Main reasons to go there are to see Russian architecture, old churches made of white stone, hear the bell-ringing, see old fortifications, fortresses, beautiful monasteries; and learn more about history of Russia. Another reason to travel along the Golden Ring, besides architecture and history, is to experience provincial way of life in Russia: more traditional, not so westernized, fancy and hectic as in big cities.

4.3. Tourism statistics

According to estimations of Federal Tourist Agency of Russia, tourism in Russia is developing rapidly recently. Number of native tourists is growing from year to year. The growth resulted in hotel building boom throughout the country. The number of investment proposals for hotels construction from Russian and foreign investors is increasing in last years as well. Experts of the Agency especially emphasize successful development of tourist infrastructure in Krasnodar region. It contributed to the decision to make Sochi a site of the 2014 Winter Olympic Games.

As a result of the efforts aimed at development of tourism, today there are over 6 thousand hotels in Russia, whereas in 2004 there were only 4 thousand hotels. Taken together with other places of tourists accommodation, such as rest houses, tourist centers, etc., the value amounts to 10 thousand. About 26.6 million Russian people were accommodated in hotels, sanatoria, health resorts and holiday centers in 2006, including 16.4 million people in hotels.

Amount of paid services provided by Russian hotels and other places of accommodation is growing from year to year. In 2007 it was equal to 88.9 billion rubles, i.e. 147 % as compared with the year 2005.

According to the forecast of World Travel & Tourism Council (WTTC), revenue from tourism in 2007, taking into account multiplicative effect, amounts to 6.7 % of Russia' GDP; number of work places makes 1 % of total employment (or 5.7 % taking into account adjacent branches); investments to fixed capital of tourist industry amount to 12.1 % of all investments to fixed capital in Russia; the yearly growth is 8.2 %.

There is a great number of cultural and natural sights and other places of tourist attendance in Russia. They include 2368 museums in 477 historical cities, 590 theaters, 67 circuses, 24 zoos, nearly 99 thousand monuments, 140 national parks and reserves, 103 museum-reserves and 41 memorial estates.

Russia has enormous potential for the development of foreign tourism. However, the potential is now realised incompletely. The number of foreign tourists, visiting Russia annually (20 199 thousand people in 2006), is much lower than similar indicator in France, Spain and Italy, the world's leaders in this sphere, (79 083, 58 451 and 41 058 thousand people per year respectively). Experts of Federal Tourist Agency of Russia express the opinion, that further tourism development in Russia will need more active state policy in this sphere⁷.

4.4. Prospect for tourism development in the Udmurt Republic

Udmurt Republic or Udmurtia located in the picturesque part of Russia between the Kama and the Viatka rivers, 1,000 kilometers to the east of Moscow. Its surface is approximately 42.1 thousand square kilometres; that amounts 0.25 % of total area of Russia. Population of the Republic was equal 1532.7 thousand people in the beginning of 2008; among them 60.1 % of Russians, 29.3 % of Udmurts, 6.9 % of Tatars and 3.7 % - people of other nations.

First of all Udmurtia is an industrial area. There is oil industry, machine building, automobile and instrument making industries, wood-working, production of high quality steel, zirconium, communication systems in Udmurt Republic.

Because of industrial and oil specialization of the regional economy, tourism is not promoted actively in the Republic for last years; but, Udmurtia has a good potential for this branch development.

Udmurt Republic has two main tourist brands. It is the mother-land of the world-wide known Russian composer Peter Tchaikovsky who was born and spent most of his childhood in the city of Votkinsk. The legendary small arms designer Mikhail Kalashnikov lives and works in Izhevsk. There are wide possibilities for ethno-tourism in some Udmurt villages; for hunting and fishing in Udmurt forests and rivers.

Mountain-skiers tourism becomes an area of specialization of Udmurt tourist product. There are six mountain-skiers centers in Udmurt Republic, two of them of European level; those are able to attract tourists.

5. Legal base of tourist activity in Russia. The policies of the government

The main federal body of executive power in this area is Federal Tourist Agency of Russia, created by the Decree of President of the Russian Federation № 1453 of 18.11.2004. The Agency is a state institution; its mission consists in realization of presidential policy, that is, in providing economic growth in Russia and strengthening the international positions of the country by means of Russian tourism promotion in the internal and the international markets.

The principal aims of the Agency are:

- providing the state control of the activities in the tourism sphere,
- legal regulation in this field,

- promoting the tourist product on domestic and international markets,
- establishing favorable conditions for development of tourist infrastructure and for increasing the quality of tourist services,
- international cooperation in the tourism sphere.

Legislation for regulation of tourist activity in Russia includes laws and acts of various levels:

- Federal laws,
- Acts of President and the Government,
- Acts of federal bodies of executive power (the Agency and others),
- Regional legislation regarding tourist activity.

The most important among the listed laws and acts are Federal laws. There are 4 Federal laws in this area:

- law of 1996 “On Bases of Tourist Activity in the RF” (edited by law of 5.02.2007),
- law “On Consumers Rights Protection”,
- law of 2005 “On Special Economic Zones in the RF”,
- law “On Licensing of Some Kinds of Activities”.

Texts of these laws and some other acts may be found on the Agency web-site.

For further fruitful development of tourism in Russia, the Agency jointly with the Ministry of Culture, Ministry of Education and Science, the Finance Ministry, the Ministry of Economic Development, the Ministry of Natural Resources, other federal executive power bodies concerned and in collaboration with the power bodies of the regions of the Russian Federation has prepared a strategy of tourism development in the Russian Federation for the period till 2015 and a plan of measures to implement it, with a focus on:

- Identification of priority areas of tourism development;
- Adjustment of content, composition and timeframes for implementing the above measures;
- Studying the issues of Russian regions participation in the development of tourism;
- Financial and economic validation of the measures proposed⁷.

Vladimir Strzhalkovsky, Head of the Agency, submitted the strategy and the plan of measures for consideration to the Government of the Russian Federation. The strategy and the plan got full approval of the Government.

6. Conclusions

By results of our research we can do the following conclusions:

- Russian tourism promotion is one of the factors of improving the socio-economic situation in the country;
- Number of Russians going abroad is rising from year to year;
- Russian tourists' preferences becomes more and more varied from year to year;
- Popularity of France, as tourist direction, according to preferences of Russians changed slightly in 2003- 2008 and varied within 2.7-4.0 %;
- Russian tourists visiting France today prefer to see not only Paris. Bretagne, Normandy, islands, some cities, such as Deauville, Montpellier, Reims and others, are of demand among Russian tourists. Mountain-skiers resorts are very popular in winter seasons. Rich Russian tourists prefer to stay in French castles;
- Russia has a huge potential for internal and international tourism development that is not used today, but due to efforts of the government, probably, Russian tourism will approach to international standards in this area by 2015. Key factors of the success are determined in the strategy of tourism development in the Russian Federation for the period till 2015 and in the plan of measures to implement it;
- Udmurt Republic located in the picturesque part of Russia between the Kama and the Viatka rivers, 1,000 kilometers to the east of Moscow, despite of industrial and oil specialization of the regional economy, has a good potential for some kinds tourism development; first of all for ethno-tourism in Udmurt villages; for hunting and fishing in Udmurt forests and rivers. Mountain-skiers tourism becomes an area of specialization of Udmurt tourist product.

References

1. Official statistics of the Russian Federal State Statistics Service - <http://www.gks.ru>; accessed August 27, 2008.
2. Ekaterina Sherbakova, “Real personal incomes in Russia have been increasing but still did not reach the level of 1991”, Demoskop Weekly №247-248, May 22 – June 4, 2006 - <http://demoscope.ru/weekly/2006/0247/barom01.php>; accessed August 28, 2008.
3. Official statistics and publications of the Federal Tourist Agency of Russia - www.russiatourism.ru; accessed August 1, 2008.
4. Ratings of countries, preferred by Russians in 2003-2008, and ratings of tour operators in 2008, given by experts of specialized journal ‘Hot line. Tourism’ devoted to tourist business in Russia - www.tourdom.ru; accessed August 1, 2008.
5. Official news of the tourist agency ‘Saga’ - http://www.saga.ua/44_archives_news_66881.html; accessed August 1, 2008.
6. Official news of the RATA-service - <http://www.travel.ru/news/2006/10/25/95478.html>; accessed August 1, 2008.
7. Strategy of tourism development in Russian Federation for period till 2015 year, developed by the Federal Tourist Agency of Russia - www.russiatourism.ru; accessed August 14, 2008.