

CONTRIBUTION OF INTERNATIONAL TOURISM TO EXPORT AND DEVELOPMENT PERFORMANCE OF SERBIA

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Abstract

The development tendencies of international tourism in global framework create a need for examining its importance for the economies of individual states. In that sense, this paper examines the impact of international tourism on export and development performance of Serbia. On the basis of conducted analysis we conclude that international tourism cannot still be labelled as the generator of exports and economic growth. Through comparative analysis of the effects of international tourism on the economies of the neighboring countries we conclude that export and development oriented economy of Serbia has relatively weak reliance on tourism. Policy makers are facing a challenge of the development of international tourism which corresponds directly to overall economic development of the country.

Keywords: *international tourism, foreign exchange receipts from tourism, Serbia, export and development performance*

Introduction

In the last six decades, tourism experienced continuing expansion and diversification and became one of the largest and fastest growing economic sectors in the world (Pantelescu, 2012). Tourist industry is among leading service industries in the world and economic flows generated by international tourism are important factors of growth of large number of developing countries. In many national economies tourism has been considered as key export industry. Since a tourist as a consumer with money earned outside the place of his temporary residence

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has been “imported” instead of exporting material goods, this kind of exports are called “invisible exports” in economic literature.

The increase in the mobility of tourists is a global feature of modern tourism, which has been considered to be a driver of socio-economic progress. Tourism encourages the creation of new jobs, the development of trade and infrastructure, as well as the development of less developed regions contributing to the reduction of regional disparities (Obradović et al., 2013). In many countries, tourism has been considered as a generator of exports, economic growth and employment. Also, this economic sector affects almost all aspects of life – not only economic but also environmental, social and cultural ones.

In economic literature, general conclusion has been accepted that tourist industry is one of most dynamic and most profitable industries in the world. Taking into account the growing influence of tourism on global economy, it is important to point out to the difference between economic effects of domestic and international tourism. Domestic tourism affects the redistribution of monetary funds earned inside national economy through domestic tourist consumption while international tourism induces the spillover of funds from one economy to the other through foreign tourist spending. According to Bošković (2009), consumption of foreign tourists has multiplier effects on the economy as a whole. The multiplier effects of tourism are reflected in the fact that the means of tourist spending after their primary circulation continue to circulate in the economy and thus affect positively overall economic performance in the country, until the moment when they „flow out” of the „bloodstream“ of national economy through imports, travelling of domestic population abroad and withdrawal of money from the circulation in the form of savings. It is not difficult to conclude that international tourism, thanks to its described multiplier function, is in a position to provide a significant contribution to the development of national economy.

International tourism in the world

The sources of vast quantity of data that speak about the importance of international tourism are different international economic and financial institutions whose goal is to accelerate national and global economic development: International Monetary Fund (IMF), The World Bank, United Nations World Tourism Organization (UNWTO) (Obradović et al., 2014). According to the data of these institutions, international

tourism as a global export category is on the fourth place after oil, chemical and food industry. International tourism accounts for 30 percent of world exports of services and 6 percent of world exports of goods and services.

Favorable development trends of international tourism date from the 1950s (Šantić et al., 2014). In international framework, the number of international tourist arrivals has grown from 25 million in 1950 to 1,087 million in 2013. The trend of growth has continued in 2014, when the number of international tourist reached record 1,135 million, which represents 4.4 percent growth comparing to the previous year. In the composition of international tourist arrivals Europe has a dominant share with 584 million of arrivals (52 percent). At the second place are Asia and Pacific with 263 million of international arrivals (23 percent), while at the third place is America with 182 million arrivals (16 percent). The remaining two regions have significantly lower share in international tourism: Africa accounts for 56 million of arrivals (5 percent) and Middle East accounts for 50 million of arrivals (four percent) (UNWTO, 2015).

Presented increase in the mobility of tourists at the global level due primarily to improved living standards caused an increase in international tourism receipts. International tourism receipts increased from two billion US dollars in 1950 to 1,197 billion US dollars in 2013 (Pantelescu, 2012). The growth of these receipts has been achieved in 2014, too, when they grew at a rate of 3.7% reaching historical maximum of 1,245 billion US dollars. The composition of international tourism receipts corresponds mostly to the composition of international tourist arrivals. Europe is at the first place with 509 billion US dollars (41 percent), Asia and Pacific are at the second place with 377 billion US dollars (30 percent), America is at the third place with 247 billion US dollars (22 percent) while the last but one and the last place are occupied by Middle East with 49 billion US dollars (four percent) and Africa with 36 billion US dollars (three percent) respectively (UNWTO, 2015).

Data in Table 1 point out to the fact that the percentage change of international tourism receipts is mostly in conformity with the percentage change of the number of international tourist arrivals.

Table 1: *International tourism development trends in the world*

Year	2008	2009	2010	2011	2012	2013	2014
1.International tourism receipts (in billion US dollars)	967	882	965	1.080	1.115	1.197	1.245
Index (2008=100)	100	95	101	105	109	115	119
2.International tourist arrivals (in millions)	928	891	949	997	1.038	1.087	1.135
Index (2008=100)	100	96	102	107	112	117	122

Source: *UNWTO, 2015*

In 2009, approximately equal percentage drop, and in the following years approximately equal percentage growth of international tourist receipts and international tourism arrivals has been recorded, which confirms our previous assumption on the conformity of those two indicators. The drop in international tourist receipts and international tourism arrivals in 2009 has been a direct consequence of current world economic crisis. However, despite global economic uncertainties and instability, in all following year international tourism has recorded growth, which tells us about its extraordinary resistance to global crises. In 2011, international tourism receipts have exceeded the amount of one trillion US dollars, and in 2012 more than one billion tourist travelled all over the world (Table 1). These numbers confirm the position of tourism as one of the largest sectors of the world economy. *UNWTO* has marked the achieved record of one billion international tourist arrivals with the campaign *One Billion Tourists – One Billion Opportunities*. The intention of *UNWTO* was to point out that even the smallest action has large positive effect when multiplied by one billion. In another words, only with joint action of tourist the present state in international tourism could be changed and improved.

International tourism in Serbia

International tourism market does not perceive enough Serbia as tourist destination, where low government budget expenditures for the promotion of Serbian tourist industry offer are to be blamed. Insufficient budgetary allocations make national marketing in tourism uncompetitive on the global scene.

The fact is that Serbian tourist industry attains modest results despite its quality resource base, that is, quality resource development potentials. At

the moment, Serbia is going through final phase of transition reforms and is also adapting to European standards aiming to become a full member of the European Union. The fulfilment of these tasks is going to be a springboard on its road of economic development and tourism development as well as an integral part of its national economy (Obradović et al., 2013).

In scientific works which deal with the problems of international tourism, international tourist receipts are usually equated with foreign exchange earnings from tourism. This fact implies that data on the magnitude of foreign exchange earnings recorded in the balance of payments could be used in evaluating the importance of international tourism for national economy. Besides the data on the magnitude of foreign exchange earnings from tourism, the data on the number of international tourist arrivals are often used to show the development trends of international tourism (Table 2).

Table 2: *Development trends of international tourism in Serbia*

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Foreign exchange inflow from tourism (in million US dollars)	865	944	865	798	992	906	1.053	1.139	1.048
Index (2007=100)	100	109	100	92	114	105	122	132	121
Int. tourist arrivals (in thousands)	696	647	645	683	764	810	922	1.029	1.132
Index (2007=100)	100	93	93	98	110	116	132	148	163

Source: *Author's calculations, on the basis of data from Narodna banka Srbije, Republički zavod za statistiku Srbije*

In the observed period, foreign exchange earnings from tourism have increased from 865 million US dollars in 2007 to 1,048 million US dollars in 2015. In relation to the 2007 base year, the largest increase of foreign exchange earnings from tourism has been accomplished in 2014, while the fall of foreign exchange earnings from tourism has been recorded only in 2010.

On the other hand, in the observed period, the number of international tourist arrivals has increased from 1,132 thousand arrivals in 2007 to

1,132 thousand arrivals in 2015, while in relation to the 2007 base year the fall in international tourist arrivals has been registered in 2008, 2009 and 2010. The fall in the number of visits of international tourists in this three years period is a direct consequence of negative impact of current global economic crisis which did not spare Serbian economy or Serbian tourism. The factors that contributed to avoid larger fall of international tourist arrivals are the following (Obradović et al., 2013):

- The event of XXV Summer University Olympic Games in Belgrade from July 1st to July 12th, 2009 with 9,000 participants from 145 states;
- Introducing tourist offer of Serbia in catalogues of foreign tourist agencies – the contracts have been signed with 14 German tourist agencies, 10 agencies from Netherlands and Belgium, 9 from France, three from Great Britain and one each from Italy and Switzerland.

Resilience of tourist industry to economic crisis has been already proven in 2011, with the trend of growth of foreign exchange earnings from tourism and the trend of growth of international tourist arrivals. According to Čerović et al. (2015), this trend of growth is positively correlated with European integrations of Serbia because the accession to the European Union has a positive impact on the attitudes of foreigners, the country becomes more open and accessible and legal regulations more harmonized.

Based on previous presentation, general conclusion can be drawn that contemporary trends of international tourism development in Serbia are positive but regrettably insufficient because in the observed period foreign exchange earnings from tourism has been lower than foreign exchange expenditures on tourism.

The data presented in Table 3 show unambiguously that in all observed years Serbia experienced deficit in tourism balance worth 38 million US dollars in 2014 to 310 million US dollars in 2008. Having in mind traditional foreign trade deficit of the Republic of Serbia (Gnjatović, 2007), it could be concluded that in the analyzed nine years period tourism only aggravated the results in foreign exchange of goods and services. Yet, it is encouraging that the deficit in tourism balance in the last two years recorded the lowest values in the observed period, in the amount of 38 million US dollars in 2014 and 49 million US dollars in 2015.

Table 3: *Tourism balance of Serbia in 2007-2015 period (in million US dollars)*

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
1.Foreign exchange earnings from tourism	865	944	865	798	992	906	1.053	1.139	1.048
2.Foreign exchange expenditures on tourism	-1.041	-1.254	-959	-953	-1.114	-1.017	-1.117	-1.177	-1.097
1.-2.	-176	-310	-94	-155	-122	-111	-64	-38	-49

Source: *Narodna banka Srbije*

Table 4 presents the composition of foreign exchange earnings from tourism in 2007-2013 period, aiming to point out to the share and importance of individual components. From this Table, it can be concluded that in the observed period, the use of payment cards of non-residents had the largest share in the composition of foreign exchange earnings from tourism ranging from 41.9 percent to 47.1 percent. The second component according to its importance is personal consumption of tourists for which the share has been estimated in the range from 34 percent to 38 percent.

Foreign exchange earnings originating from health services for non-residents, repurchase of checks from non-residents, purchase of foreign currency of non-residents and services of tourist agencies, hotels, restaurants and other services (sale of goods and services to foreigners - tourists, education expenses of non-residents) are considerably lower, so their share in the composition of foreign exchange earnings from tourism is of a modest scale.

The lowest foreign exchange earnings come from repurchase of checks from non-residents whose share in the composition of foreign exchange earnings has fallen from 2.9 percent in 2007 to minor 0.04 percent in 2013. Also, the share of purchase of foreign currency of non-residents in foreign exchange earnings from tourism is diminishing, while the share of other components is relatively stable (Gnjatović & Leković, 2015).

Table 4: *The composition of foreign exchange earnings from tourism in Serbia 2007-2013 (in thousands US dollars, in %)*

Component	2007	2008	2009	2010	2011	2012	2013
Health services for non-residents	19,846 (2.3%)	27,467 (2.9%)	29,794 (3.4%)	33,236 (4.2%)	40,805 (4.1%)	31,235 (3.4%)	39,109 (3.7%)
Use of payment cards of non-residents	362,770 (41.9%)	434,209 (46%)	385,341 (44.5%)	363,092 (45.5%)	454,699 (45.9%)	426,544 (47.1%)	490,053 (46.5%)
Repurchase of checks from non-residents	25,213 (2.9%)	18,398 (1.9%)	1,197 (0.1%)	1,399 (0.2%)	814 (0.1%)	2,209 (0.2%)	370 (0.04%)
Purchase of foreign currency of non-residents	72,853 (8.4%)	68,998 (7.3%)	46,737 (5.4%)	31,646 (4%)	34,150 (3.4%)	25,750 (2.8%)	28,016 (2.7%)
Services of tourist agencies, hotels, restaurants etc.	35,609 (4.1%)	49,282 (5.2%)	42,806 (4.9%)	43,670 (5.5%)	57,241 (5.8%)	49,861 (5.5%)	61,573 (5.8%)
Tourism-other	15,010 (1.7%)	24,897 (2.6%)	24,608 (2.8%)	19,552 (2.4%)	30,353 (3.1%)	28,401 (3.1%)	32,612 (3.1%)
Personal consumption of tourists (an estimate)	334,000 (38.6%)	321,000 (34%)	334,890 (38.7%)	305,787 (38.3%)	373,598 (37.7%)	342,127 (37.8%)	401,151 (38.1%)
Total	865,301 (100%)	944,251 (100%)	865,373 (100%)	798,382 (100%)	991,660 (100%)	906,127 (100%)	1,052,884 (100%)

Source: *Narodna banka Srbije*

Besides the share and importance of individual components in the composition of foreign exchange earnings from tourism, it is important to point out to total foreign exchange earnings from tourism by countries of origin of payments³.

³ National Bank of Serbia obtains data on foreign exchange earnings from tourism from commercial banks, which means that these data are presented according to the countries of the origin of payments and not the countries of the origin of tourists.

Table 5: *Total foreign exchange earnings from tourism of the Republic of Serbia by countries of origin of payments 2007-2013, (million US dollars)⁴*

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Great Britain	216.8 (40.8%)	276.4 (44.4%)	120.2 (22.7%)	101.7 (20.6%)	116.5 (18.8%)	35.7 (3.9%)	57.0 (5.4%)	61.0 (5.4%)	62.0 (5.9%)
Germany	75.1 (14.1%)	122.2 (19.6%)	222.7 (42%)	211.5 (42.9%)	268.8 (43.5%)	77.1 (8.5%)	130.3 (12.4%)	92.0 (8.1%)	65.0 (6.2%)
USA	44.0 (8.3%)	30.1 (4.8%)	27.7 (5.2%)	30.2 (6.1%)	37.9 (6.1%)	39.5 (4.4%)	46.8 (4.4%)	47.0 (4.1%)	56.0 (5.3%)
Belgium	20.9 (3.9%)	6.0 (1.0%)	22.4 (4.2%)	29.9 (6.1%)	43.8 (7.1%)	24.7 (2.7%)	37.8 (3.6%)	23.0 (2.0%)	22.0 (2.1%)
Monte Negro	19.1 (3.6%)	27.3 (4.4%)	19.1 (3.6%)	19.9 (4.0%)	17.9 (2.9%)	78.6 (8.7%)	102.8 (9.8%)	77.0 (6.8%)	71.0 (6.8%)
B&H	14.1 (2.6%)	26.3 (4.2%)	23.4 (4.4%)	24.0 (4.9%)	30.2 (4.9%)	100.2 (11.1%)	187.8 (17.8%)	168.0 (14.7%)	155.0 (14.8%)
Other countries	141.1 (26.6%)	134.8 (21.6%)	94.9 (17.9%)	75.4 (15.3%)	102.9 (16.7%)	550.4 (60.7%)	490.3 (46.6%)	671.0 (58.9%)	617.0 (58.9%)
Total	531.3 (100%)	623.2 (100%)	530.5 (100%)	492.6 (100%)	618.1 (100%)	906.1 (100%)	1.052.9 (100%)	1.139 (100%)	1.048 (100%)

Source: *Narodna banka Srbije*

Table 5 shows that in the observed nine-year period, Great Britain, Germany, the USA, Belgium, Monte Negro and Bosnia and Herzegovina contributed the most to foreign exchange earnings from tourism in Serbia. Cumulative share of those countries in foreign exchange earnings in 2007-2011 period has been from 73.4 percent to 84.7 percent, and in 2012-2015 period it has dropped to around 40%.

Great Britain and Germany made major contribution to foreign exchange earnings from tourism in Serbia whose individual share reached 44.4 percent and 43.5 percent respectively. In the last four years the share of those countries has diminished significantly while on the other hand the share of Monte Negro and Bosnia and Herzegovina in Serbian foreign exchange earnings has grown considerably. Possible explanation could be that during economic crisis, tourists avoid distant destinations with the aim of lowering transport costs and choose mainly the neighboring countries. Also, in time of crises, the priority is given to cheaper destinations and cheaper tourist offer, what is exactly the tourist offer of Serbia.

⁴ Individual consumption of tourists is not included in the calculations for 2007-2011 period.

The impact of international tourism on export and development performance of Serbia

The tendency of development of international tourism in international framework imposes the need for examining its role in the economies of individual countries. The importance of tourism for national economy is reflected in its contribution to export and development performance. Key question here to be asked is to what extent international tourism contributes to the exports and economic growth of Serbia.

The contribution of international tourism to export performance of Serbia is measured by its share in the revenues form exports of services and in total revenues from exports of goods and services (Table 6).

Table 6: *The share of foreign exchange earnings from tourism in revenues from exports of services and total revenues form exports of goods and services of the Republic of Serbia, 2007-2014 (million US dollars)*

Year	2007	2008	2009	2010	2011	2012	2013	2014
1.Exports of services	3,167	4,033	3,489	3,531	4,221	3,970	4,563	5,041
2. Exports of goods and services	11,924	14,991	11,854	13,339	16,001	15,175	19,127	19,202
3. Foreign exchange earnings from tourism	865	944	865	798	992	906	1,053	1,139
3./1.x100	27.3%	23.4%	24.8%	22.6%	23.5%	22.8%	23.1%	22.6%
3./2.x100	7.3%	6.3%	7.3%	6.0%	6.2%	6.0%	5.5%	5.9%

Source: *Author's calculations, on the basis of data from Narodna banka Srbije*

In the observed period, the share of foreign exchange earnings from tourism in export revenues from services has stabilized on the level of 22.6 percent to 27.3 percent. The fact that one fourth of export revenues form services comes from international tourism speaks about the importance of this industry for the position of overall services sector in country's foreign trade. On the other hand, the share of foreign exchange earnings from tourism in total revenues from exports of goods and services is much lower, ranging from 5.5 percent to 7.3 percent. Such relatively modest contribution of international tourism to overall export performance of the Republic of Serbia is inconsistent with the

development possibilities of international tourism which were perceived for the reference period in the adopted strategic documents of the Republic of Serbia (Ministarstvo trgovine, turizma i telekomunikacija, 2006).

Yet, the importance of international tourism as an export industry is greater than it could be concluded initially on the basis of official published data. Additional importance of international tourism stems from the advantages of “invisible” exports in contrast to classic exports of goods and services (Mihalič, 2002, 93):

- „Some goods, which cannot become the subject of exchange within international trade, such as natural and cultural or social attractiveness of the country, can be valorized through tourism. They attract tourism demand and are indirectly „sold“ on the tourism market, in a form of higher prices for tourism products.
- Some products that are „exported“ by being sold to foreign tourists visiting the country, such as a bottle of wine or food, may achieve higher prices than if exported traditionally.
- ‘Exporting’ by selling to tourists also results in higher profits, because apart from the higher prices mentioned earlier, the costs are lower (for example, lower or no transportation costs or insurance costs).
- Some perishable goods, such as agricultural products, which are sold to the tourists in the country, may simply not be suitable for owing to an insufficiently developed infrastructure and management of export flows.“

Comparative analysis of the effects of international tourism on export performance of the countries in the region confirms the thesis that export oriented economy of Serbia has relatively weak support from tourism (Table 7). Within these countries, Albania, Montenegro and Croatia have strong reliance on tourism in their export orientation, Bosnia and Herzegovina and Bulgaria have moderate reliance on tourism while Serbia, Macedonia and Romania have the weakest reliance on tourism. So, when it comes to the ranking of countries in the region on the basis of the contribution of tourism to overall export performance, Serbia is among the countries that are at the bottom of this list. Although Serbia has a potential to be an important European tourist destination, before all, thanks to various natural beauties and rich cultural heritage, international tourism cannot still be considered as a generator of exports.

Table 7: *The share of foreign exchange earnings from tourism in total revenues from export of goods and services of the countries from the region, 2007-2013 (in percent)*

Country	2007	2008	2009	2010	2011	2012	2013
Albania	60.0	56.4	65.8	53.5	48.5	45.6	43.4
B&H	18.8	17.7	17.0	13.0	12.1	12.5	12.4
Bulgaria	15.9	15.9	18.4	14.9	12.7	12.3	12.5
Montenegro	41.7	47.3	55.1	50.9	48.0	50.3	50.4
Croatia	38.3	39.6	40.7	35.5	36.7	36.3	39.1
Macedonia	6.1	6.2	7.7	5.8	5.0	5.5	5.8
Romania	4.8	4.7	3.7	3.0	3.0	3.0	2.5
Serbia	7.3	6.3	7.3	6.0	6.2	6.0	5.5

Source: *The World Bank, Narodna banka Srbije*

After the analysis of the share of foreign exchange earnings from tourism in total revenues from exports of goods and services, it is necessary to point out to the share of foreign exchange earnings from tourism in country's GDP. In this way, one can get complete insight into the importance of international tourism for national economy (Table 8).

Table 8: *The share of foreign exchange earnings from tourism in GDP of Serbia, 2007-2014 (million US dollars)*

Year	2007	2008	2009	2010	2011	2012	2013	2014
1.BDP of the Republic of Serbia	40,331	49,224	42,685	39,370	46,464	40,676	45,512	44,143
2.Foreign Exchange of Tourism	865	944	865	798	992	906	1.053	1.139
2./1.x100	2.1%	1.9%	2.0%	2.0%	2.1%	2.2%	2.3%	2.6%

Source: *Author's calculations, on the basis of data from Narodna banka Srbije, Republički zavod za statistiku Srbije*

In the observed eight-year period, the share of foreign exchange earnings from tourism in GDP of Serbia ranged from 2.0 percent to 2.6 percent, providing the clearest picture about modest proportions of the contribution of international tourism to development performance of the country.

Previous thesis is also confirmed by comparative analysis of the effects of international tourism on development performance of the countries in the region (Table 9).

Table 9: *The share of foreign exchange revenue from tourism in GDP of the countries in the region, 2007-2013 (in percent)*

Country	2007	2008	2009	2010	2011	2012	2013
Albania	15.9	18.4	19.4	16.6	16.6	14.5	13.1
B&H	6.5	7.0	5.9	5.2	5.7	5.2	4.2
Bulgaria	12.8	13.9	13.0	12.2	13.6	12.4	8.3
Montenegro	24.3	29.6	28.9	27.3	32.0	30.5	20.8
Croatia	19.4	23.2	19.8	18.0	21.1	19.7	16.8
Macedonia	3.3	3.7	3.3	2.9	3.3	3.2	2.5
Romania	1.8	2.1	1.5	1.4	1.7	1.6	1.0
Serbia	2.1	1.9	2.0	2.0	2.1	2.2	2.3

Source: *Author's calculations, on the basis of: The World Bank, Narodna banka Srbije, Republički zavod za statistiku Srbije*

Among the above mentioned countries, the largest share of foreign exchange earnings from tourism in GDP has Montenegro and the smallest Romania. Regrettably, Serbia is on the one but last place considering the contribution of international tourism to development performance of the country. It is not difficult to conclude that international tourism cannot still be considered as a generator of economic growth.

Speaking about the importance of international tourism for national economy, it is important to point out to the fact that this sector of the economy provides foreign exchange funds so necessary to meet foreign debt obligations of the country. International tourism could play in time an important role in diminishing the rate of external indebtedness of Serbia, contributing to the foundations of stable and sustainable development of the national economy (Gnjatović, 2008).

Conclusion

A growing number of international tourist arrivals in the world testifies to the tourist movement as the most massive phenomena of modern times, and growing revenues from international tourism confirm its position as one of the largest sectors in the world economy.

By examining the importance of international tourism for Serbian economy, insufficient contribution of this industry to country's export and development performance has been found. One of the reasons for modest results of international tourism as an export and development segment of the economy is insufficient commitment to tourism and tourist policy within development policy of the Republic of Serbia. By putting the focus

on policies to improve tourism in the economic policy of the country, adequate commercialization and full valorization of Serbian tourist products would be provided and ultimately that would induce country's economic growth (Gnjatović & Grbić, 2009). Unenviable position of tourism points out to the necessity of urgent financial support from the State in the form of subsidies, issued guarantees, tax incentives, soft loans and similar instruments of financial assistance. Also, capital investments that are an instrument of long term and healthy development are needed, thus such investments should be considered as priority ones (Leković & Pantić, 2014). So, policymakers face a challenge of the development of international tourism as propulsive sector of the economy that corresponds directly to the overall country's economic development.

Despite the fact that Serbia lags significantly behind developed countries regarding the level of development of investment funds (Jakšić et al., 2015), the chance for the development of hotel industry and tourism in general should be sought in investing in investment funds. It is particularly important to attract financial resources of special type of investment funds which invest in immovable property (*Real Estate Investment Trust – REIT*). The exchange of examples of good practices with the world and the implementation of the above mentioned and similar examples is tracing a path to the development of international tourism of Serbia and promising positive effects on national economy.

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