

Tourism

Thanks to its favourable geographical endowments, a thousand years of history, colourful cultural traditions, celebrated cuisine and to the hospitality of its inhabitants, Hungary plays a key role in global and particularly in European tourism. During the last decade, due to growing competition within the tourism industry, Hungary lost its formerly prominent position in the international rankings (in 1996 Hungary held 6th place, while in 2007 it was just 22nd). However if the number of visits by foreigners is taken in the context of the country's territorial extension or population number, it can be stated that Hungary is still in the leading group. Significant experience in hospitality was already gained during the millenary exposition (1896) organised in Budapest, and attracting thousands of foreign visitors. During the period of the Austro-Hungarian Monarchy, holiday resorts and locations for excursions into the Carpathian Mountains were also very popular. The prestigious conferences organised in the Hungarian capital between the

two world wars, and the city's reputation as a spa destination contributed to the international recognition of the Hungarian tourism industry. Between 1945 and 1990 the villages near Lake Balaton met the recreational needs of visitors from other Eastern Bloc countries, which along with plentiful domestic visits, served as the engine of growth for the Hungarian hotel and catering industry. Over the two decades since the change of regime, the importance and necessity of raising the country's competitiveness, and the enduring maintenance of the latter, was recognised by the leaders of the Hungarian tourism sector. This interest is reflected by the clearly defined and successful development strategy, recently instigated in the framework of the tourism industry. These days, beside its role as an economic contributor to GDP, tourism in Hungary also represent an intersectoral phenomenon, with an eminent part to play in the improvement of the quality of life.

The Role of Tourism in the Hungarian Economy

It is difficult to define the importance of tourism with precise indicators, however, it should be asserted that tourism is one of the 'pull' factors in the Hungarian economy. Analysing the productivity of tourism in terms of its multiplier effect, beyond merely hospitality and catering, it is to be stated that tourism contributes 8% to the national GDP. The number and size of enterprises directly related to tourism are increasing, and the number of employees working in the sector

is stable. This means that 4% of all wage-earners in the Hungarian economy are employed in the tourism industry. Tourism has a key role in the current account balance of the Hungarian National Bank. Considering that the consumption rate of foreign visitors arriving in Hungary is higher than the expenditure of Hungarians travelling abroad (which in 2007 accounted for EUR 1.3 billion), the balance of the current account is positive (*Table 51*).

Table 51. Economic indicators related to tourism (2004–2007)

	2004	2005	2006	2007
Number of employees in tourism (thousand persons)	149	154	157	156
Indicators	Balance of current account (billion EUR)			
Tourist revenues	3,265	3,433	3,371	3,450
Tourist expenditure	2,302	2,347	1,687	2,149
The tourist balance	962	1,085	1,684	1,301

Source: Hungarian Central Statistical Office (www.ksh.hu)

Tourism is also considered to be an important issue by the Hungarian political body and its influence can be seen in the stimuli provided, and support given for investments within the sector, along with the funding of an effective marketing campaign.

In the national budget tourism appears as a separate head of expenditure and this is used to achieve the objectives laid out by the National Tourism Development Strategy (2005–2013).

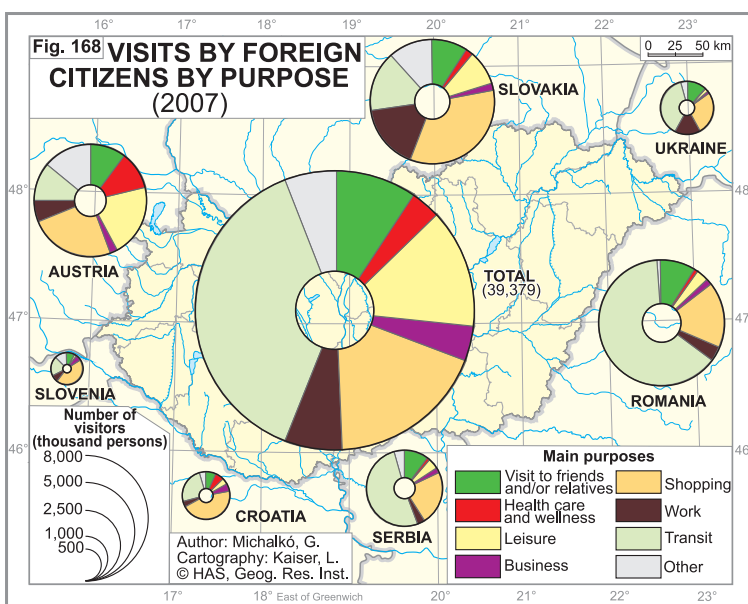
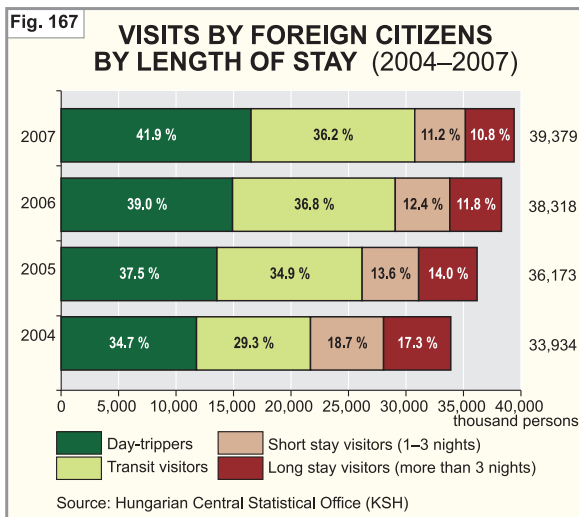
Foreign Visitors

Year on year, the annual rate of arrivals in Hungary significantly exceeds the total population figure of the country. During the period between 2004 and 2007, the number of international arrivals increased by 16%, and by 2007 it was around

40 million. These favourable figures indicate the intensity of international transit and excursion flow, rather than the demand generated by foreign tourists. The particular geographical position of Hungary contributes to the heavy *transit traffic*. A considerable proportion of the flow of Turkish, Romanian and Serbian guest workers travel through Hungary, using the transport corridors leading from the Balkan peninsula towards West Europe. The movement of tourists heading from North European countries towards the Mediterranean region is also significant. In 2004–2007 the number of transit visitors arriving in the Hungarian Republic increased from 29.3% to 36.2% of all visitors (*Figure 167*). Beside transit visitors, there was also a high proportion of *day-trippers*, especially in the settlements near to the national borders (in 2002 it was 41.9%). In the period 2005–2007, the ratio of overnight visitors decreased by 30%, and they accounted for 8.6 million tourists in 2007. On the

one hand, the decreasing number of foreign tourists can be explained by the economic decline experienced in the most important source countries, especially in Germany, on the other hand, newly emerging tourist destinations are providing greater competition when trying to attract the attention of foreign tourists.

Analyses of the *touristic intentions of foreign visitors* to Hungary have led to the conclusion that, beyond the aforementioned transit traffic, the primary motivations for visiting in 2007 were: shopping (18.7%), visiting friends and relatives (VFR, 9.4%), work (6.7%), business (4.1%) and health tourism (3.5%) (*Figure 168*). Shopping is popular, thanks to the



wide range of goods, favourable prices, and excellent shopping environment, and as well as to the well-known Hungarian products such as salami, paprika, spirits and wine. In 2007, shopping represented a share of 45.4% in the expenditure of day-trippers. The high proportion of tourists coming to visit friends and relatives can be explained by the intense relationship between the sizeable Hungarian minority living in neighbouring countries, and friends and relatives that are resident in the mother country. The high share of work visits reflects the advantages offered by EU membership, the free movement of the workforce being a fundamental right.

The majority of visitors recorded crossing the Hungarian borders hailed from the *neighbouring countries* (71.8%). In 2007 the

highest rates were represented by the citizens of Romania (20.3%), Slovakia (19.8%) and Austria (16.5%). The most intensive mobility towards Hungary among foreign visitors who are not from a neighbouring country was represented by German (7.8%) and Polish citizens (3.3%). With respect to the share of each nationality from neighbouring countries by purpose of their visit, it can be affirmed that a high number of people from Romania arrived with transit intentions (6.7%), many Ukrainian citizens were bound to visit relatives (11.3%), most people from Croatia came for shopping (44.4%), job opportunities attracted people from Slovakia (16.7%), business purposes had importance for Slovenians (5.8%), while in health tourism Austrian visitors had the highest share (10.8%).

Tourism Substructure and Attractions

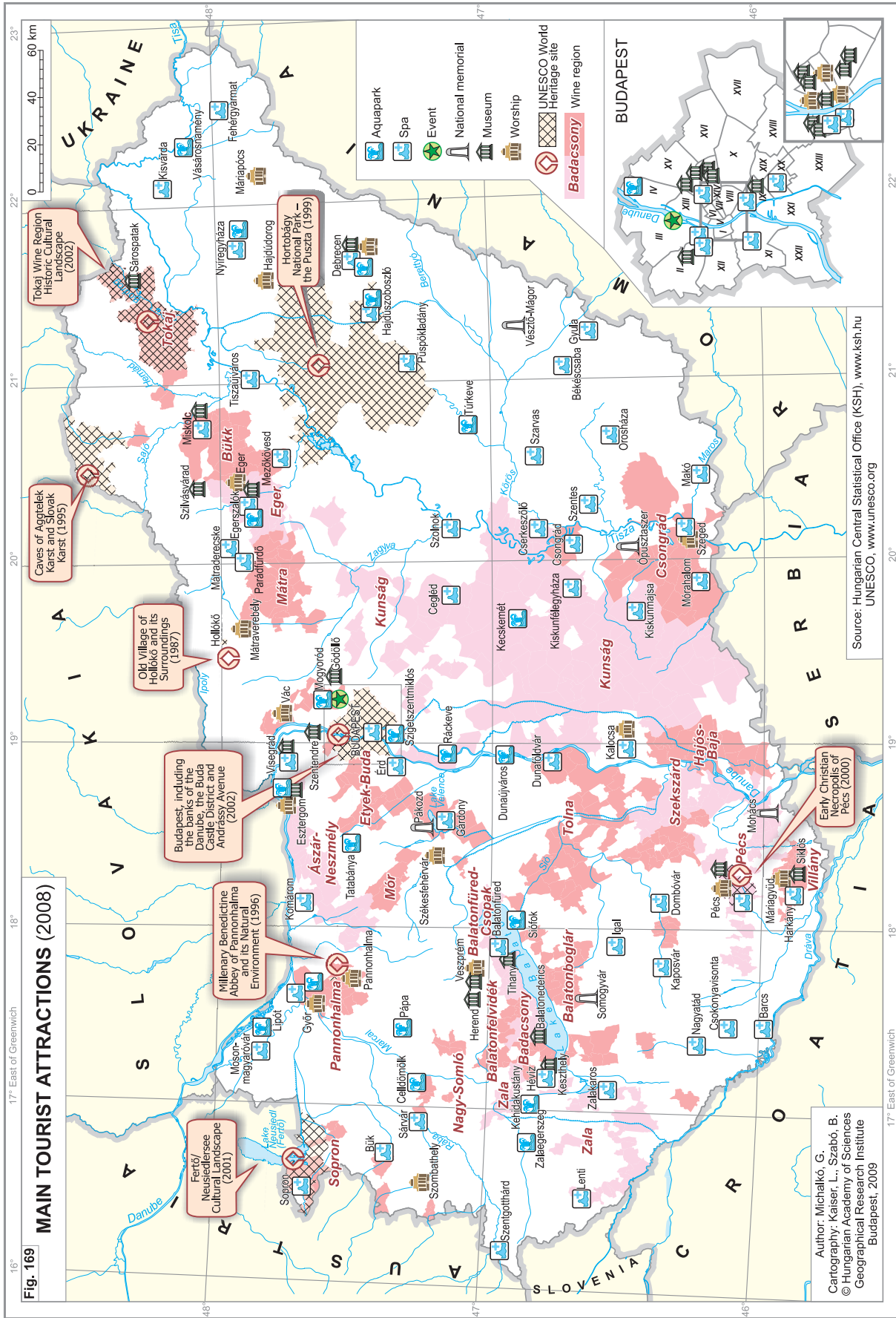
Hungary has a *modern, internationally competitive tourism substructure*. Access to the country is facilitated by the well-developed transport network including air, rail, water and road access; visitors usually prefer travelling by road.

The marketing of Hungarian tourist attractions is facilitated by the pre-existing infrastructure that has been developed with tourism in mind. The prime destination for Hungarian urban tourism is of course Budapest, where the historic atmosphere is blended with modernity. Beside the capital city, the six regional centres of Győr, Székesfehérvár, Pécs, Miskolc, Szeged and Debrecen have characteristics of a busy and colourful city, which can be attractive to tourists. Budapest and the regional centres have a leading economic position, moreover these cities are the privileged bastions of culture (with their museums and theatres), and science (universities and research institutions), therefore beside their key role in business and conference tourism they are well known destinations for cultural tourism. High quality hotels – which often belong to an international chain – offer much of the commercial accommodation to be found in these cities. Most of the country's 21 five-star hotels are to be found in Budapest: properties belonging to the leading hoteliers (InterContinental, Marriott,

Hilton, Accor, Best Western, Four Seasons, Kempinski, Le Méridien and Radisson) are located in the Hungarian capital.

Health tourism is the leading touristic product in Hungary (Figure 169). Due to the country's favourable geological features, thermal waters (at a temperature of 60–70°C) and thermal baths rich in different mineral compositions constitute the natural endowments of this sector of tourism, to be found in many of the country's settlements, with the curative effects and healing power of the thermal waters differing by region. In Hungary there are 51 settlements labelled as 'health spas' (such as Gyula, Hévíz, Hajdúszoboszló, Debrecen, Sárvár, Bük and Zalakaros). The majority of them, due to the clearly defined development strategy and financial support of the government (in the framework of the Széchenyi Plan), are equipped with the water circulation and filtration equipment required under EU regulations. The spas offer high quality medicinal treatment for visitors that can choose among 56 spa, and 63 wellness hotels in 2007, together offering around 24 thousand hotel rooms.

The *UNESCO World Heritage sites* are the principal destinations for *cultural tourism* in Hungary. Four of the eight World Heritage sites



are to be found within the administrative borders of settlements (Budapest, Hollókő, Pannonhalma and Pécs), whereas another four sites are spread across several settlements or communes: Caves of Aggtelek Karst and Slovak Karst (22 settlements); Hortobágy National Park–The Puszta (20 settlements); Fertő-Neusiedlersee Cultural Landscape (10 settlements); and Tokaj Wine Region Historic Cultural Landscape (27 settlements). The *cultural and sporting calendar* (Budapest Spring Festival, Formula One Hungarian Grand Prix), and other events targeted at the youth market (Sziget Festival), benefit from more than a decade of tradition and are some of the foremost attractions of Hungarian tourism.

Some of the countryside attractions in Hungary are represented by the *national parks*

and *wine-growing regions*. The former locations meet the demands of *ecotourism*, whereas wine regions offer a popular destination for those who are keen on *gastrotourism* in general, and viticulture in particular. One of the special features of the Hungarian national parks is that two of the ten protected natural sites – the Caves of Aggtelek Karst and Slovak Karst; and Fertő-Neusiedlersee Cultural Landscape – additionally feature as World Heritage sites and are cross-border (shared with Slovakia and Austria). Tourists who visit at least one of the cellars of the 22 Hungarian wine regions will experience the heritage of an internationally competitive Hungarian wine industry, and can sample its outstanding products.

Tourist Flow

In the period between 2004 and 2007, the registered number of arrivals increased by 6.5% in hotels, boarding houses, campsites, tourist hostels, youth hostels and bungalows. This rate can be explained by the *increase in domestic turnover*, along with the stability reflected by international tourist demand. The growing domestic demand stems from the availability of additional disposable income, the introduction of the holiday voucher system and from a sheer home-grown interest in rediscovering the country's touristic attractions. The *most visited location* in Hungary is *Budapest*, in the region of Central Hungary. In 2007 its share of the total tourist flow was 31%, and it is even higher (52.4%) when considering international visitors (Figure 170). The counties in West Transdanubia registered a significant influx of tourists (42.6%), mostly thanks to *Lake Balaton*, the largest lake in Central Europe offering fine opportunities for bathing and relaxation. With a particularly high ratio of international demand (34.5%), these regions surpassed those situated east of the Danube (11.3% for international visitors), which otherwise only had a 23.4% share of the total tourist flow. Accommodation establishments in *West Transdanubia* registered one of the highest numbers of tourist arrivals, second only to Bu-

dapest. The popularity of the region among both domestic and international visitors is also contributed to by the numerous high quality spas (Bük, Hévíz, Sárvár, Zalakaros, etc.) and by its geographical proximity to the most important source countries (Germany and Austria).

The number of *visitor nights* spent in accommodation establishments dramatically dropped during the period between 2004 and 2007 (-23.8%). *Germany* still ranks first among the source countries; its share from the total tourist flow is 25.8% (Table 52). Similarly, Hungary is extremely popular among *Austrians* (7.0%), the *British* (6.1%) and *Italians* (4.9%), along with former Eastern Bloc citizens such as Romanians (3.5%) and Poles (3.1%). Citizens arriving from the European Union member states are highly represented (71.1%), and there is a considerable ratio of overseas tourists arriving from the USA (5.3%), Japan (2.1%) and Israel (1.6).

The *purchase of real estate*, with the possible establishment of a second home *by foreign citizens* in Hungary, has been one of the most important phenomena of tourism during the period since the regime change. In the period between 2001 and 2006, around 36 thousand foreign citizens purchased real estate in Hungary (Figure 171). The foreign owners are concentrat-

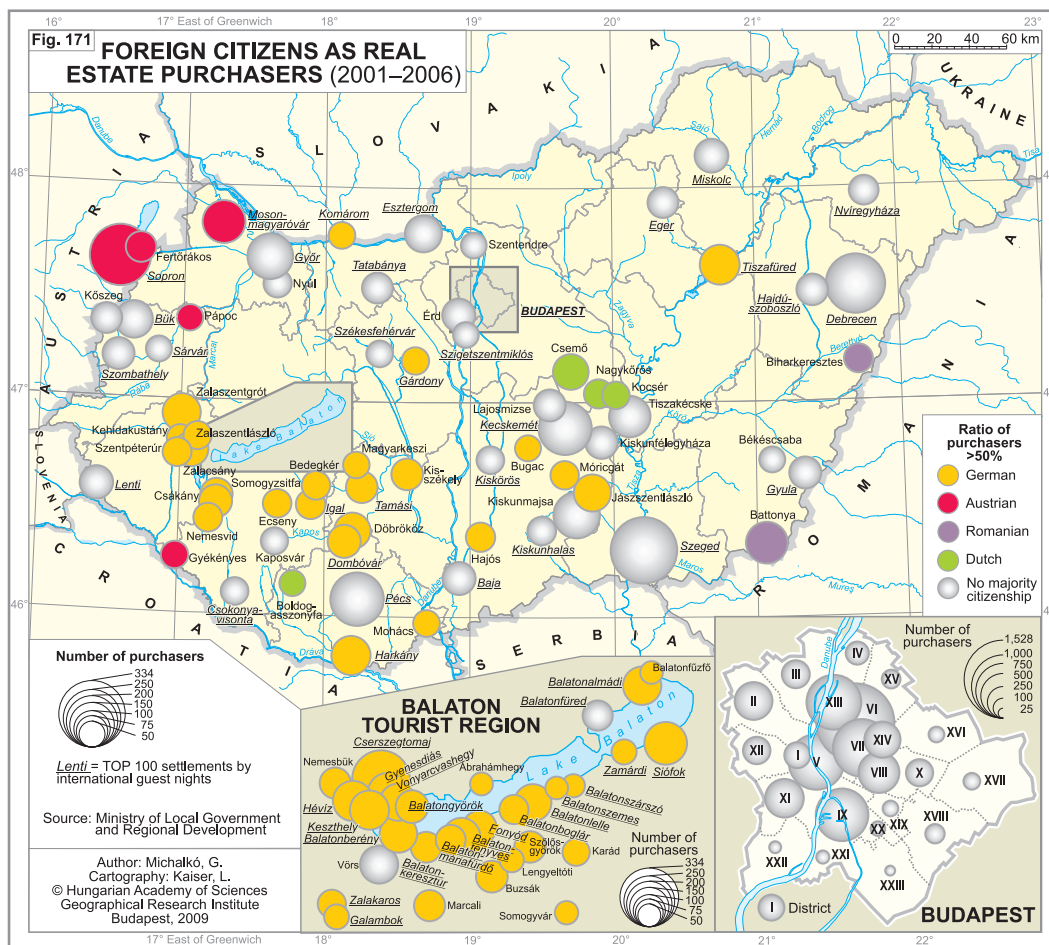
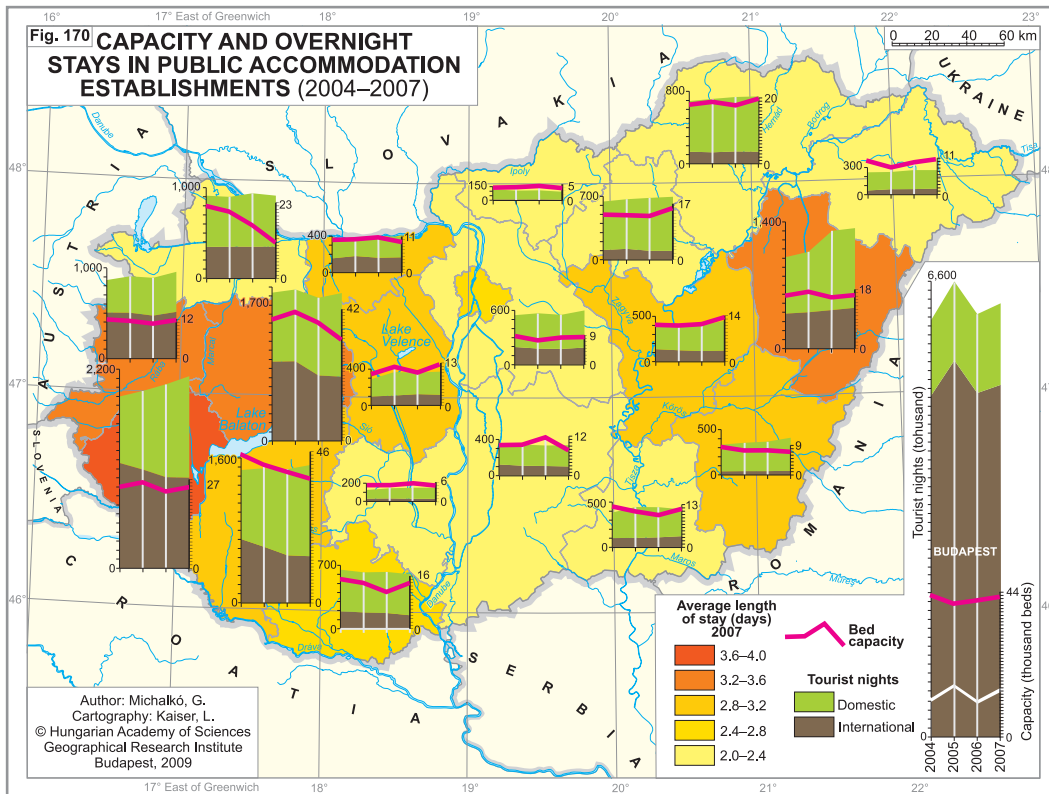


Table 52. Leading countries rate in public accommodation establishments (1990, 2007)

	Tourist nights				Foreign visitors	
	thousand		%		%	
	1990	2007	1990	2007	1990	2007
Total	13,618	10,171	100.0	100.0	100.0	100.0
<i>of which EU countries</i>	-	7,231	-	71.1	-	81.2
Germany	5,186	2,621	38.1	25.8	7.0	7.5
Austria	988	711	7.3	7.0	13.7	15.8
United Kingdom	223	620	1.6	6.1	0.3	0.8
USA	435	534	3.2	5.3	0.6	0.9
Italy	672	499	4.9	4.9	1.0	1.6
Spain	-	394	-	3.9	0.1	0.4
Romania	193	353	1.4	3.5	24.0	20.8
France	221	346	1.6	3.4	0.4	0.8
Netherlands	977	343	7.2	3.4	0.4	0.8
Poland	861	313	6.3	3.1	10.1	3.6

Source: Hungarian Central Statistical Office (www.ksh.hu)

ed in the most popular regions of the country, around *Lake Balaton* (29%) and in *Budapest* (21%). In the studied period, *German* (33.1%), *Austrian* (14.7%), *Romanian* (9.6%), *Dutch* (8.6%), *Irish* (6.3%) and *British* (4.1%) citizens had the highest share (total 76.4%) among the private investors buying real estate in Hungary. Distinct preferences could be identified by na-

tionality: Germans prefer the surroundings of Lake Balaton, Austrians tend to choose settlements near to the western border, the British and Irish give preference to Budapest, the Dutch are keen on buying properties in rural settlements and farms, whereas Romanians purchase properties in villages near the eastern border.

Hungarians Travelling Abroad

One of the key responsibilities of the Hungarian tourism sector is to ensure the provision of a high standard of services that serve the requirements of Hungarian citizens who travel abroad. Although between 2004 and 2007 the number of multi-day visits abroad by Hungarian citizens was decreasing year on year (-19.5% in total), the number of *day-trippers* increased (119.7%). In 2007 around twice as many Hungarians travelled abroad for one day (11.3 million) as those did with the intention of staying some days (5.9 million) (Figure 172). When analysed by travel purpose, visits abroad for *shopping* were characteristic of the one-day trips (47.3%), which were accomplished mostly in the border regions of *Austria* (37.7%) and *Slovakia* (34.6%), while *multi-day trips* were overwhelmingly for the purpose of *holidaying* (73.3%). As far as the latter is concerned, *Croatia, Italy, Austria, Greece* and *Romania* are the most popular destinations among Hungarian citizens.

