POTENTIAL OF SERBIA TO GENERATE TOURISTIC FLOWS IN TRANSITION PERIOD

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Abstract

Generative regions are the areas that generate touristic demand. It is important to aknowledge the potential of certain countries to generate touristic flows. This is essential asset for the development of destination countries in its souroundings, as well as faraway tourism destinations. The contribution of every country to the world tourism should not be ignored, as it plays its role in the global tourism phenomenon. Serbia is a small country with many demographical and economical problems. Despite the relativelly low standard of living of its population, the significant number of Serbs travel abroad every year.. This research examine the potential of Serbia to generate tourism flows, nowdays and in the future, the main destinations of Serbian tourists, the amount of money spent by Serbians on tourism and the role that tourism have in their culture of living.

Key words: *demography, Serbia, tourism demand, transition.*

JEL classification: *L83, H76*

1. INTRODUCTION

With appearance of tourism as a modern phenomenon we have come up to the situation where tourism has become its own purpuse and not only the instrument which leads to other goals. Modern tourist is very complexed being whose behaviour depends on many economical, sociological, political, psihological and other factors. (Hudman and Davis, 1994) Three basic forms of tourism are identified: domestic tourism where residents are visiting their own country, inbound tourism where nonresidents are travelling in a given country, and outbound tourism where residents are travelling in another country. These forms can be further combined in many ways in order to derive the following categories of tourism: internal tourism that involves both domestic and inbound tourism, national tourism that involves both domestic and outbound tourism, and international tourism that involves both inbound and outbound tourism (Theobald, 2005). To the economy of one country of greatest significance is statistics based on inbound and outbound tourism. From economical point of view every country wants to have the large inbound tourism and small outbound tourism. Outbound tourism consumption, by products and categories of visitors (visitor final consumption expenditure in cash) comprises the consumption of resident visitors outside the economic territory of the country of reference and provided by non-residents. It does not include goods and services acquired for or after the trip within the country of reference (TSA, 2001). Countries that are the main generators (sources) of international tourism are those in which "outbound tourism" (number of nights that domestic tourists spent abroad) is higher than the so-called „inbound tourism" (number of nights that foreign tourists spent in the host country), or where the income from international tourism is less than the national expenditure on international tourist travel of domestic population (Bovagnet, 2006).

Tourist demand is defined as the total number of persons who travel or want to travel in order to use the resources and tourist facilities in areas that are outside their places of permanent residence. Effective demand includes the actual number of participants in the tourism and is often measured by using statistical data on tourist traffic and the number of tourist nights. Generating regions are the areas in which exist the main causes of tourism developement, where the touristic needs are created, and in which the main financial and other socio-economic conditions exist to satisfy that needs (Hudman and Davis, 1994).

To aknowledge the potential of certain countries to generate touristic flows is essential for the development of destintion countries in its souroundings, as well as faraway tourism destinations. It is difficult to generalize about the pattern of intenational tourism flows as individual countries display marked differences and contrasts. Similarly, each destination receives a distinctive mix of tourist origins and modes of transport. The contribution of every country, even small one, to the world tourism expansion should not be ignored, as it plays its role in the global tourism phenomenon. The major tourism generating countries are those in high mass-consuption stage of economic development, although as countries reach the drive to maturity stage they become significant generating markets. For any particular destination country, a typical list of the top generating markets would contain neighbouring states

together with at least one from a list containing Germany, the UK, Japan and the USA. In part, this is explained by two conflicting trends: a declining of short-haul travel to neighbouring countries and a substantial growth in long-haul travel. This is due to consumer demand for new, more exotic destinations and the response from the travel industry to package long-haul destination. (Boniface, Cooper, 2005)

There are several studies that examine the potential of some countries to generate tourstic flows, mostly undertaken by govermental institutions and statistical bureaus. These studies examine the potential of strongest tourist markets to generate masive touristic flows, or some outbound regions as general, such as Europe, Americas, Asia and Africa, but there are a very few that examine the same potential of individual countries, especially small countries. The most of these studies are undertaken by the European Comission, WTO and WTTC. This study was undertaken with the purpose of showing which are the main factors that determinate outbound tourism, and to show how big is the tourist generting potential of Serbia. Tourism market of Serbia is often considered as internationally insignifican, based on the fact that it is relatively small country, with low standard of living, many political, economical and social problems.

2. LITERATURE REVIEW

With global tendency in developement of new destinations, the main problem is to determinate which is the main market for particular destinations. This problem could be solved only with research based on available data on tourism demand preferences of some countries. The conclusions could be made by examining the tendencies of touristic flows from generative countries in past periods, based on data on origin country of tourists. Statistical and comparative methods are the most frequently applied tools in the analysis of annual and monthly tourist flows (number of trips made and overnight stays) for the period observed, on the basis of which quantitative features of tourist flows are identified and demand trends are established. This data concerns the facts of how much some population travel, where they travel, how much they spend on travel, and the future trends in global tourist market. Non-casual quantitative techniques assume that tourism demand may be forecast without reference to the factors which determine the level of demand. Univariate time series methods determine future values of the variable. But the reasons for their use are essentially pragmatic, as they often generate acceptable forecasts at low cost (Jafari, 2000). International (inbound) tourism demand can be measured in different ways. The range of possibilities include number of inbound tourist arrivals; number of international tourist arrivals in per capita terms; tourism expenditure; tourism expenditure shares;

number of nights spent by international tourists in the destination or number of nights spent by international tourist in per capita terms. In most cases, the way of measuring tourism demand depends on the availability and quality of data. The chosen measure is defined as the 'dependent variable' in the tourism demand function. The level of foreign tourism from a generating market to a destination country is likely to be influenced by origin population (positive impact), origin income, substitute prices, qualitative effects, trend, destination marketing expenditure and lagged dependent variable (Lohhman, 2000). Domestic tourism demand can also be measured by the same variables as international tourism demand. Once again, the choice amongst a range of variables depends on the availability of data. Rigorous studies estimating domestic tourism models have not been previously conducted, largely due to the unavailability of appropriate data. Tourism demand faced by a destination depends on the price of tourism products in the destination and in alternative destinations, potential consumers' incomes, consumer tastes, and the promotional efforts of the destination and also other social, cultural, geographical and political factors. These factors are the determinants of tourism demand, which are the 'explanatory variables' in the tourism demand function (Blake and Cortes-Jimenez, 2007).

The region/country potential generation index is used to assess the relative capability of region or country to generate trips. The assumption here is that population is an important factor to consider in the generation of trips. The population can be though of as a potential pool from which tourists are generated. If we assume that there is a ceiling on tourism demand per person, then the size of the population deternines the limits on tourism generation from a given market place. (Ioannides and Dabbage, 1998). To determinate the total demand of generating space there must be assessed the capability of a country to generate trips. This involves three stages. First, the number of trips originating from the particular country is devided by the total number of trips taken in the world. This gives an index of the ability of each country to generate travellers. Second, the population of the country is divided by the total population of the world, thus ranking each country by relative importance in relation to world population. By dividing the result of the first stage to the result of the second the "country potential generation index" (CPGI) is produced. $CPGI = (N_e/N_w)/(P_e/P_w)$ where N_e = number of trips generated by country, N_w = number of trips generated in world, P_e = population of country, and P_w = population of the world. An index of 1.00 indicates an average generation capability. Countries with an index greater then unity are generating more tourists than expected by their popultion. Countries with an index below 1.0 generate fewer trips than average (Boniface and Cooper, 2005).

The evaluation of tourism generating countries and their market segments is a routine task in any National Tourist Office where strategic thinking guides the marketing planning process. In researching the possibilities for the development of touristic destination and focusing on specific market it is important to obtain some forecasting data (Witt and Witt, 1995). The factors influencing tourism demand vary according to purpose of visit, but the majority of visits are holiday, the main factors which determine the demand for international holiday tourism are considered. In this case, the data is collected based on Tourism Satellite Account statistics conduced by WTTC. As we are examining only the demand side of Serbian tourism represented in Personal Travel and Tourism consumption - this category includes all personal spending by an economy's residents on Travel & Tourism services (lodging, transportation, entertainment, meals, financial services, etc) and goods (durable and non-durable) used for travel and tourism activities (WTTC – TSA, 2008).

3. POTENTIAL OF SERBIA TO GENERATE TOURISTIC FLOWS

Even though Serbia is a small country with lots of political and socio-economical problems, especially in transitional period, it gives its modest contribution to global tourism movement. This research points out the size of the tourism market of Serbia and points out the demand side. The outbound tourism is especially important to indicate the possibilities of Serbian population to travel and to visit other countries and other cultures.

3.1. Socio-economical determinants of Serbian population

Before the fall of the socialist regime, Serbia was a part of the Federal Republic of Yugoslavia. In 2003, the F.R.Y. parliament adopted a new Constitutional Charter establishing the state union of Serbia and Montenegro. In 2006, the Republic of

Montenegro declared independence and the parliament of Serbia stated that the Republic of Serbia was the continuity of the state union, rendering the two republics independent and sovereign countries. The primary issues of concern in Serbia revolve around the stability of the weak coalition government in Serbia and its response to Kosovo's declaration of independence on February 17, 2008. (Milenković, 2003) Serbian economy is somehow managing to have its positive performance in transitional period by reaching 7.5% growth for the year 2008. The steady increase in the GDP of the country has been a trend ever since 2001 after the periods of stagnation in the 1980s, decline in the 1990s amid the FRY breakup, and collapse and hyperinflation in the 1999-2000 period. However, according to the Vienna Institute for International Economic Studies, Economic growth in Serbia has slowed down to 5% in 2009 and this pace will continue in the next years. Gross domestic product per capita in Serbia is considerably lower than in the neighborhood countries, Slovenia, Hungary, Croatia, Bulgaria and Romania, as in Serbia GDP per capita ranged from 2629 USD in 2003 to 6781 USD in 2008. The main contributors to the $44 billion GDP for 2007 were transportation, trade, mediation, and processing industry. Industrial production rose by an estimated 4.6% in 2008. Significant growth was achieved in the sectors of construction, as well as in retail trade. Total Industrial production, in 2009, recorded 12.1% decrease with the respect to 2008 mostly due to general economic crises. In January 2010, with the respect to December 2009, the recorded decrease of 21.8% was due to the seasonal and calendar factors.The volume of construction activity, expressed by hours of work on construction sites in enterprises, decreased by 22% in 2009, in comparison to 2008. The volume of transport activities in 2009 decreased by 14.8% in comparison to the previous year. In 2009, an increase of 23.3% in total exports and an decrease of 29.3% in total imports were recorded, comparing to the total export and the total import in the previous year.

Table 1 - Socio-economical indicators in Serbia

Year	Population	Active population	Unemployment rate (%)	GDP per capita (USD)	Average earnings per employee (USD)
2009	7334935	5032810	17,4	5742	714
2008	7381579	4967517	14	6781	793
2007	7381579	3606213	18,1	5476	685
2006	7411569	4975996	20,9	3994	561
2005	7440769	4991743	20,8	3400	452
2004	7463157	3398227	18,5	3177	364
2003	7532613	4846174	14,6	2629	294

Source: Statistical yearbook, Statistical bureau of Republic Serbia, 2008

Serbian inflation is high in comparison to other countries from the region. This sends a clear message to the domestic and foreign investors that the country still experiences macroeconomic disorder. According to the Vienna Institute for International Economic Studies, this year's inflation in Serbia will amount to 12% if there are no sharp price increases on the global market and will drop to 8% annually by the end of 2010. The consumer price index rose by 6.1% for the first half of 2008 which refute the economic plan predicting a rise in inflation of 6.5% for the whole year. According to Consumer Prices Index (CPI) the yearly inflation - total in January, February and March was 4.8%, 3.9% and 4.7%, respectively. Consumer prices followed the dynamics of retail prices with a monthly increase of consumer prices in January was 0.6%, in February 0.2%, and in March 2010 was 1.1%. All of these negative trends in Serbia's socio-economical position can be described as a consequence to a global economic crisis (TRENDS - Statistical Office of the Republic of Serbia, 2010).

The economic transition in Serbia has brought deep changes in the structure of the job market. Unemployment rate in Serbia range from 14,6% in year 2003 to 18,8% in 2008. During the period 2003 - 2008 positive tendency towards deceleration of the rise in average net earnings continued – a real rise in net earnings stands at 5.5%. Average earnings per employee also had a constant grow - from 210 eur in 2003 to 567 eur in 2008. It is noticeable an unequal distribution of this indicators in specific regions of the country, as the best socio-economical factors are registrable in the region of Vojvodina, Belgrade and some bigger towns in central and western Serbia, and the least in the southeast regions of the country (Table 1). The current unemployment rate is about 20% and this number is not expected to change dramatically in the years to come. This forecast is backed up by the latest data which shows that during the period January-April 2008 there was a decrease in the number of employees by 0.8%. Total employment in enterprises, institutions and organizations in 2009 decreased by 2.1%, comparing to the total employment in 2008. Employment private entrepreneurs and their employees decreased in 2009

by 11.5% with respect to 2008. According to the International Monetary Fund, labor market institutions discourage employment, which continues to fall even as output rises strongly. Serbia still has large potential labor supplies because only about 50% of the working-age (15-64) population is employed. Employment rates are low according to the Organization for Economic Co-operation and Development standards for most demographic groups, especially youths, women and the elderly. The consequence of the positive performance of the Serbian economy can be seen fully in the sharp increase of wages in the country. Economical position of Serbia contributes to a considerable extent in determination of the participation in international tourism.

3.2. Quantitative development of Serbian outbound tourism

Data derived from the Statistical yearbooks of Republic Serbia, could show the relationship between domestic tourism and international travel in Serbia. According to these data can be noted that the more Serbians travel to foreign destinations, then it remains inbound the resident country. Reason of this is the lack of affirmed tourist resources in resident country, as well as the affinity of Serbian tourists to use the summer season and the mass departure to the coastal holiday destinations. Winter holidays use relatively small number of Serbian tourists, and the village and spa tourism, according to data derived from the research is proved to be unattractive for the largest number of Serbian tourists. According to the Statistical yearbooks of some countries, the number of Serbs who traveled to a certain destinations is similar to data of international transport of Serbian passengers. Other data that should be considered in describing a generating potential of Serbia is the number of Serbian visitors registered in trans-boarder traffic with foreign countries. However, it can be concluded that the data on tourist trips is relative, and that they shouldn't be understood as absolutely accurate.

Table 2 - Serbian population included in tourism flows

Year	Domestic tourism	Outbound trips*	Total
2002	1898000	1525000	3423000
2003	1659000	1638000	3297000
2004	1580000	2119000	3599000
2005	1536000	1605000	3141000
2006	1537000	1319000	2856000
2007	1610000	1534786	3144786
2008	1620000	1534990	3164990

derived from statistical data on international cross-boarder traffic and WTO statistical data

Source: Statistical yearbook of Republic Serbia, 2008; Statistics Database and Yearbook, UNWTO, 2009

Data from Table 2 shows that the actual number of travelers from Serbia is growing. Certain number of these trips shouldn't be considered touristic. According to some estimates based on available data, the number of Serbs who travel abroad is about 3.14 million, which means that almost half of total Serbian

population travel regularly. From that number, touristic trips could be considered as about 2 million, because calculations include population that travel for business reasons and half-day excursions to neighboring countries, which can't be considered as a touristic in the true meaning of the term.

Table 3. Personal travel and tourism demand in Serbia

SERBIA (million, in LCU)	2005	2006	2007	2008	2009	2010 Forecast
Travel & tourism consumption	85,4	102,8	285,2	339,7	319	323
Travel & tourism demand	129,8	163,6	365,9	424,6	395,4	398,5

*LCU – Local Currency Unit (RSD)

Source: WTTC - TSA, 2009

Personal travel and tourism demand in Serbia show the constant grow in transitional period observed (2005-2010), shown by consumption which grows from 85.4 million in 2003 to 319 million in 2008. This data show us that the personal consumption of tourism by residents of Serbia was doubled in 5 years period. This was the consequence of great differences in most of the objective factors influencing the demand side – growth of GDP, decrease in unemployment rates, enlargement of personal income, VISA system benefits and other factors until 2009 (Table 3).

Tourist activity, measured by total number of tourist nights, in 2009 was 7.6% below the value realized in 2008. The number of domestic tourist nights in 2009 decreased by 10.6%, while the number of foreign tourist nights increased by 5.1% compared to the number of tourist nights in 2008. In January - February 2010, total number of tourist nights, the number of domestic tourist nights decreased by 32%, comparing to the same period of the previous year. In January 2010, compared to the same month in 2009, total tourist nights, domestic tourist nights, and foreign tourist nights decreased at annual rates of 36.5% and 40.4% and 15.6%. In February, compared to the same month previous year, realized the changing rates: -26.8%, -32% and -1.4%, respectively (TRENDS - Statistical Office of the Republic of Serbia, 2010).

The outbound tourism of Serbia also had a slightly decrease, but in much smaller rates, as the abolision of visa system, alowed the Serbian people to travel abroad. It is observed the tendency of decrease in inbound tourism and slightly increase in outbound tourism. It is expected that this trend stabilizes, starting from June 2010, and to continue the growth in slightly slower but still constant rates in next period.

3.3. Destinations of Serbian outbound tourism

Tourism demand of Serbia, according to the economic possibilities, the most popular destinations of Serbian tourists are those with favorable prices, those that could be found in most of travel agencies offer. Favorable type of tourist demand in Serbia is based on the summer holiday destinations, sky centers and excursions to European capitals.

Based on official data derived from Statistical Yearbook of Republic Serbia, the number of tourists visiting foreign countries, arranged by tourist agencies was 477,712 in 2007, and 615,744 in 2008, the most visited destinations are staying the same Greece, Montenegro, Turkey, Egypt, Tunisia and Bulgaria (Table 4 and Table 5).

If we monitor data from Table 6, number of tourists differ in some destination countries, but the main destinations are consistent – Greece, Montenegro, Turkey, Bulgaria. Such data is derived from statistics of categorized accommodation facilities. It shows that about 1.5 million of Serbs traveled, but as it excludes the use of alternative accommodation facilities, it could be concluded that the actual number of Serbian tourists traveling abroad is much greater.

Visits to touristic destination last 7 - 14 days, and most often are arranged by travel agency and based on half-board service in hotel or pension accommodation facility. This study included trips to a traditional Serbian summer destinations and neighboring countries, but also information about the stay of tourists in some popular European destinations such as Spain, Italy and France, because those countries have important number of Serbian tourists every year, but there are no official evidence of visitation of Serbs in those destinations. Even though, certain numbers of visitors in far-away countries originate from Serbia, there is no available data on the number of Serbian tourists in these destinations.

Tables 4 and 5 - Serbian tourists arranged by tourist agencies in 2007 and 2008.

Destination/2007	Tourists	Nights	Average stay
Total	827642	5246683	6.34
Serbia	349930	1382334	3.95
Total abroad	477712	3864349	8.09
Austria	3090	10732	3.47
Bosnia & Herzegovina	3171	16258	5.13
Bulgaria	25946	193882	7.47
Czesh Republic	13683	57433	4.2
France	5642	29112	5.16
Greece	195007	1767385	9.06
Italy	15283	93269	6.1
Hungary	17071	57935	3.39
Macedonia	6325	23670	3.74
Germany	2369	11450	4.83
Romania	2070	5115	2.47
Russia	1388	6948	5.01
Slovakia	1406	5895	4.19
Slovenia	1866	8537	4.58
Turkey	33548	310390	9.25
Great Britain	403	3734	9.27
Sweden	198	1184	5.98
Spain	7392	49653	6.72
Montenegro	89969	759044	8.44
Other European Countries	9497	52391	5.52
USA and Canada	732	6795	9.28
Egypt	19267	192600	10
Tunisia	17704	156254	8.83
Other Countries	4685	44683	9.54

Destination/2008	Tourists	Nights	Average Stay
Total	923453	6219260	6.73
Serbia	307709	1245489	4.05
Total abroad	615744	4973771	8.08
Austria	7231	23503	3.25
Bosnia & Herzegovina	5373	25455	4.74
Bulgaria	26308	206015	7.83
Czesh Republic	19506	75519	3.87
France	8007	38516	4.81
Greece	255897	2397998	9.37
Italy	25545	163155	6.39
Hungary	15230	48530	3.19
Macedonia	10605	41775	3.94
Germany	3261	9767	3
Romania	4578	10364	2.26
Russia	2398	14175	5.91
Slovakia	2626	6442	2.45
Slovenia	5416	20815	3.84
Turkey	55811	510211	9.14
Great Britain	906	6854	7.57
Sweden	198	1184	5.98
Spain	20142	112497	5.59
Montenegro	81189	663489	8.17
Other European Countries	5755	22275	3.87
USA & Canada	758	5535	7.3
Egypt	32755	322519	9.85
Tunisia	18566	171159	9.22
Other Countries	7881	77203	9.8

Source: Statistical yearbook, Statistical bureau of Republic Serbia, 2008 and 2009

Questionnaire based research was conducted on adult Serbian residents (age 18 - 60), focus group of 300 people from different parts of country, but only urban population, as it is considered that people from urban areas of Serbia travel the most. The results of the survey showed that about 60% travel every year, mostly during the summer vacations, about 20% of them travel more than once a year. About 50% travel every year to one of these destinations – Greece, Turkey, Montenegro, Bulgaria, and 10% visited Egypt, Tunis, Spain, Italy and, France. About 20% didn't travel during the last 2 years, and 5 % of people haven't traveled for more than 5 years (mostly people of 40 – 60 years old).

Table 6 - Serbian visitors in accommodation facilities abroad

	Destination country	Number of tourists
1.	Montenegro	389428
2.	Greece	285452
3.	Bulgaria	206000
4.	Turkey	193723
5.	Romania	167000
6.	Croatia	76929
7.	Hungary	65436
8.	Macedonia	43706
9.	United Kingdom	32366
10.	Slovenia	14600

	Destination country	Number of tourists
11.	Czech Republic	13269
12.	Bosnia & Herzegovina	13226
13.	Swicerland	11389
14.	Poland	10600
15.	Slovakia	5452
16.	Cyprus	2851
17.	Belgium	2203
18.	Finland	1156
	Total	**1534786**

Source: Tour Mis, Statistical yearbooks of several countries, 2008

Tourism expenditure is also a very important factor indicating the rapid growth in tourist generation from Serbia. According to Table 7 the amount of money spent on the basis of tourism consumption was 105 million USD in 2003 and it grew to 2680 million USD in 2008. As we can see, there was constant growth in 5 year period, so the tourism consumption and expenditure enlarged about 25 times.

Table 7 -Tourism expenditure abroad by Serbian tourists

Tourism expenditure in foreign countries (in milions USD)	2003	2004	2005	2006	2007	2008
Serbia	105	144	208	322	2069	2680

Source: World Tourism Organization Statistics Database and Yearbook, UNWTO, 2009

In next two year period it will record small rate decrease in tourism expenditure of Serbian tourist, mostly influenced by global economical crisis, but the tendencies are still in enlargement of the number of Serbian tourist traveling abroad and spending significant amount of money on their travel expenses. The global crisis is not sensed at a large scale on outbound tourism sector in Serbia, especially if we talk about Serbs travelling to foreign countries. This is the consequence of the abolishment of visa regulation system for Serbia in 2009, after the long period of closure of the borders and strict visa regulation systems.

2.4. Generation of tourists comparability with neighboring and some European countries

Development of international tourism, its importance and the level of growth is enormous, it is illustrated by the fact that number of tourists traveling internationally increased from 25.3 million in 1950. to more than 924 million in 2008. Today, it could be said that around 10.7% of the world population travels abroad. However, because many tourists made multiple trips per year, realistic assessment is that less than 10% of the world population is included in the international tourist movement. While about 80% of international travel is performed in the same region (intraregional), travel between different regions (interregional) have a significantly faster rate of growth. Europe is traditionally the most receptive and also generative region in the world, and the reason for that is the favorable socio-economic situation in most of its countries. However, there are significant differences in the generative potential of countries that are located in the western and eastern parts of Europe.

By calculating the CPGI we came to conclusion that the strongest tourist generating countries in Europe are Norwey, France, Spain, Germany and UK with CPGI values above 3, but other strong generating European countries are – Hungary, Switzerland, Slovenia, Sweden, United Kingdom, Poland, Netherlands. The EU countries are leading in the total tourist traffic with over 62%, while Eastern European countries participate, with about 30% of the total tourist traffic made in Europe. The formation of tourist demand in Western Europe still has a dominant role, and the most important generators of tourist demand in Europe are Germany, United Kingdom and the Netherlands. The growths in demand from Eastern European countries which can follow the strongest generating countries in West are only Russia, Poland, Czech Republic and Hungary (WTO - Market Trends, 2008). This is the result of several factors - economic, social, political, cultural and other factors. EU consists of countries that have a stable socio-economic system, development of market economy, the positive development trends and built value system in meeting the needs of tourists, in which recreation occupies an important place. This is as we already explained not the case in countries in transition process, especially the countries of Eastern and Central Europe.

Regarding tourism demand in Serbia, especially in the transition period, it shows constant growth. Still CPGI potential of Serbia is negligible in comparison to most European countries, as well as significantly lower in comparison to the neighboring states - Slovenia, Croatia, Hungary, Romania and Bulgaria. However, Serbian population is more included in tourist flows in relation to the inhabitants of Montenegro, Macedonia and Bosnia and Herzegovina (Table 8). It is expected that in the recent period Serbia will become a member of the European Union, providing for Serbia to experience major socio-economic changes that will lead to improving the living conditions of the population. With the opening of the borders to EU, which happened in December 2009, it is observed to be slight increase in touristic flows from Serbia. Because of above mentioned reasons, a great number of Serbian tourists engaged in traveling to neighboring counties in their own arrangement, after many years of traveling using almost exclusively the tour-packages of travel agencies. And in the time when global tourism sensed significant decrease, the number of Serbian travelers increased, especially in personal arrangement influenced by the opening of the EU borders. This opening to the doors of the EU, as it improved the possibilities of tourism and travel, it also brought to question the constant danger of massive brain drain. It is observed that in past periods of constant restrictions, wars and crises in Serbia, there was a large scale brain drain, even though the access to EU or USA was restricted and strictly regulated. With the opening of the borders, as the socio-economical situation and employment possibilities are still relatively bad in Serbia, it is most certain that there will be a strong migration of young educated population to EU.

Table 8 - Factors with strong influence on generating potential of some European countries and CPG

Country of origin	Population	GNP per capita (US$)	Urban population (%)	Unemploy ment (%)	Number of trips made	Tourist expenditure (billions US$)	CPGI
World	6470000000	-	48.6	-	842000000	525079	-
Europe	713000000	-	71.9	-	420000000	282104	1.00
Germany	83251851	28728	73.4	7.9	156156000	64689	3.18
UK	61100835	19847	89.7	5.5	122319000	47929	3.40
France	59765983	26374	76.7	7.5	185810000	23431	5.28
Spain	45061274	14641	76.7	10.9	109580000	9061	4.13
Italy	58751711	21219	67.6	6.8	68638000	20630	1.98
Austria	8169929	28218	66.5	3.7	13709000	11761	2.85
Netherlands	16318199	25426	80.2	4.6	27872000	14599	2.90
Belgium	10274595	26403	97.3	7	11928000	12176	1.97
Russia	142200000	2403	72.9	6.2	28416000	12880	0.34
Poland	38625478	4896	61.5	9.7	35500000	2410	1.56
Czech Republic	10256760	6806	73.5	5.5	5396000	2589	0.89
Switzerland	7507000	54925	73.3	2.6	11427000	7471	2.58
Denmark	5368854	47363	85.9	2	8227000	6658	2.60
Sweden	9090113	28546	84.3	6.2	21764000	8231	4.06
Norway	4525116	59768	77.3	2.5	16391000	6671	6.15
Hungary	10075034	6400	66.3	8	22692000	2801	3.82
Greece	11040650	17899	63	8.8	11294000	7007	1.73
Romania	21698181	1911	53.7	3.6	7140000	478	0.56
Bulgaria	7621337	3473	70.2	10.3	4235000	746	0.94
Slovenia	1932917	10600	49.5	6.7	3900000	753	3.43
Croatia	4437460	4511	56.5	13.9	2576800	672	0.99
Serbia	**9663742**	**1160**	**52.3**	**16.1**	**1605000**	**1160**	**0.28**

Source: Eurostat statistics, 2006, additional calculations

3. CONCLUSIONS

Tourism is considered to be an important economic sector in the world, it is one of the most profitable sectors. Besides, the development of international tourism has a constant growth rate, so that in the coming period it will have an increasing number of world population included in tourist flows. Generative potential distribution in the world is not proportional to the size of region or the number of its population, it is represented by a number of socio-economic factors the regions and countries of those regions. The tourist generation potential of Europe is still the largest in the world, as EU countries broadcast the largest number of tourists that also have the largest tourist expenditure in destinations. Expansion of EU is also very important, even though the effects on tourism are limited. Anyway, the general political process shows that the expansion of the European Union contributes greatly to a change of tourist demand. As a destination, the new EU members benefit from the inclusion of tourism, with increased demand for trips to Eastern and Central Europe from "the old EU members".

Regarding the generative potential of Serbia, especially in the transition period, observed in Table 2. a relatively constant but insignificant growth is shown. However, the potential of Serbia is still negligible in comparison to most of European countries, as well as significantly lower in comparison to the neighboring countries. The number of travelers from Serbia is slightly changed by year in observed period and scales from 3423000 travelers in 2002 to 3164990 in 2008. Personal travel and tourism demand and consumption in Serbia also showed a constant growth in transitional period observed (2005-2010), as the consumption grew from 85.4 million RSD in 2003. to 319 million RSD in 2008. After that period, in 2009, with a global economical crisis in Europe, there was a significant fall of the number of tourists traveling within Serbia, with the slightly different rates. The smallest rates of breakdown in tourism sector of Serbia were in outbound travel, as Serbian people continued to travel abroad, in larger amounts in 2010, after the abolishment of the visa system. The stabilization of this situation in Serbia is expected in June 2010. As the tourism demand grows, the most popular tourist destinations of Serbian tourists remain those with favorable prices - Montenegro, Greece, Turkey and Bulgaria. Preferable types of tourist demand in Serbia are based on the summer vacation destinations, winter ski centers and excursions to European capitals. It is expected that after Serbia becomes a member of the European Union, it will

provide major socio-economic changes that will probably lead to the improvement of the living conditions of population, construction of modern infrastructure and urbanization, and it is expected that it will lead to a significant increase in tourist flows to Serbia and from Serbia.

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