

ȘTIINȚE ECONOMICE

INTEGRATION OF THE SLOVAK REPUBLIC IN THE EUROPEAN UNION AND ITS CONTRIBUTION FOR SLOVAK TOURISM

Anton STRAŠÍK, Anna FRIEDOVÁ
Univerzita Mateja Bela
Ekonomická fakulta
Katedra cestovného ruchu a spoločného stravovania
975 90 Banská Bystrica, Slovak republic

Abstract:

The entrance of the Slovak Republic in the community of advanced European countries brings many opportunities for Slovak tourist enterprises. The expansion of the European Union, as a part of world economic globalisation, also presumes the change and harmonisation of preconditions for entrepreneurial environment. The harmonisation of conditions for entrepreneurial environment can give a significant impulse and great opportunities for the development of small and medium-sized businesses in tourism. Although the entrance of Slovakia in the European Union creates the opportunities for the origin of multinational and integration groups of tourist enterprises, strengthens their capital power, and increases their competitiveness on the market of tourism of the third countries, it also brings several risks for tourist enterprises.

Key words: *extent of the European Union, tourism, harmonisation of entrepreneurial activities, co-operation of enterprises, integration of enterprises.*

1. The Change of Business Conditions

The expansion of the European Union as a part of world economic globalisation also supposes the change and harmonisation of conditions of entrepreneurial environment. The opportunities for tourist enterprises in Slovakia results from its pillars that keep the European Union.

The first pillar consists of the summary of four basic freedoms, as follows: free movement of merchandise, free movement of people, free provided services and free movement of capital.

Basic freedom and the greatest success of common market is the removal of barriers of free movement of goods. Market mechanism refers to commercial activity whose aim is the sale of goods. Internal trade is about that goods trading in the territory of one member country may be sold in all the member countries. To ensure free movement of goods within united market, it was necessary to remove all the tariffs (duties, payments), and non-tariff (quotas) and administrative obstacles. At present companies can offer their goods and services anywhere in the EU under the same conditions. Consumers may buy the goods in any EU country and transport it back to its home country without any other fees and formalities. As the only restriction can be considered the restriction of quantity that can be imported for the own consumption, at some kinds of goods for end-users, e.g. alcohol, cigarettes.

The right for free movement, travelling, studying, working, for entrepreneurial activities and settlement in the whole European Union. Freedom of movement of people is understood in a broad sense as the performance of working or economic activity on free labour market. The limitation, however, can be temporary protection measures that member countries can apply when expanding the EU towards new entering countries, as we may witness nowadays. When applying the limitation of the entering in the labour market, the EU accepted the system of 2+3+2 years. However, some

member countries introduced limitations only for specific working spheres/professions, or they apply a quota in the number of accepted workers per year.

The agreement of the EU, article No. 79 sets the duty to member countries to remove any limitations that can prevent free movement of services. For services can be considered all the activities carried out by gainfully employed people, industrial, agricultural subjects or subjects working freelance. Free movement of services enables the EU citizens to carry out services across borders of member countries of the EU without limits leaning on the nationality. The subject of home country must not be privileged against the subject from other member country of the EU. Free movement of services is based on economic competition.

Common economic space is also defined by common capital market and financial services. Owing to this there is larger space for capital supply, lower fees, more perfect competition and improved allocation of capital. European citizens and companies have free access to financial services in all member countries (deposits, loans, insurance, etc.). There are common measures aimed against tax evasion and against dirty money laundering. Banks that gain the right to make activities in one member country can offer its services within the whole EU, and thus the variability of financial services available.

Free movement of services (FMS) is one of four basic freedoms of European integration. First of all it lies on freedom of services supplier settled in one of member countries to offer its services in other member countries without having the permanent settlement in those countries. In a host country it supplies only that service that is of temporary character, while the settlement is in its home country. That means that the foundation of new entrepreneurial subject, daughter company, or only its subsidiary of a foreign company. FMS includes besides cross-border movement of a supplier also cross-border movement of a buyer of the service itself. Modernisation of the market of services as a programme of the European Union emphasises their task in the present economy and creates potential possibilities for their growth.

Common foreign and safety policy (CFSP) of the EU, as a second pillar of the EU, was set by the articles J.I and J.II of the Agreement of the European Union (Maastricht Treaty, valid from 1 November 1993). According to the foundation agreement its aims are: to protect common values, basic interests, and independence of the union, to strengthen safety of the EU and its member countries, to defend peace and to establish international safety in accordance with the Charter of the UNO by the principles of Final Helsinki Act and that of the aims of Paris Charter, to support international co-operation, to develop and establish democracy, juridical system of individual countries, and to respect human rights and basic freedoms. The threat of violation of internal safety of the EU became extremely strong without internal border examinations. Before it was possible to abolish completely the examinations of people crossing the borders among member countries, it was necessary to adopt measures that would ensure that freedom of movement will not be misused by organised crime, uncontrollable movement of drugs, frauds, or illegal migration. For this reason member countries have co-operated in the sphere of justice and interior matters since the Maastricht Treaty valid from 1993. However, at the Summit in Brussels on 5 November 2004 the leaders of the EU finished with the validity of five-year transition period that was related to the implementing of asylum and immigration policies from the inter-government third pillar in the first community pillar, as it was supposed by the Amsterdam Treaty, and thus asylum and immigration policies were transferred definitely to the first pillar of the EU.

Process of harmonisation of individual standards and parameters of entrepreneurial environment is extremely important pre-condition for increasing competitive ability of the European Union. Competitiveness of the European Union is not based only on its increasing in the case of big multinational companies and corporations, but also on its considerable increase in the conditions of small and medium-sized businesses.

One of the branches of economy that can significantly contribute to the harmonisation of the development of the community economy, and to the expansion of European integration is also tourism. The opportunities for Slovak tourism coming from the membership in the European Union

are clear also from the documents accepted by the organs of the EU, among which a dominant position belongs to the document of the European Commission about the future of tourism in the European Union (Working Together for the Future of European Union) from November 2001. "This document is first of all aimed at the competitive potential of tourism and up to now it belongs to decisive documents concerning its development in the European Union. (Gúčík, M. p. 13).

Harmonisation of entrepreneurial environment can give important impulse and great opportunities for the development of small and medium-sized businesses.

According to the National Agency for the Development of Small and Medium-sized Businesses, the most significant changes of entrepreneurial environment in connection with the entrance of Slovakia in the European Union are these:

- simplification of conditions and decrease of administrative burden at setting up the business,
- income taxes,
- access to bank loans,
- help from the state,
- European funds.

2. Integration and Co-operation of Tourist Enterprises

The entrance of Slovakia in the European Union creates the chance and great possibilities also for the origin of multinational and integration groups of tourist enterprises, it strengthens its capital power and increases their competitive ability on tourism market of the third countries. The coming of large and multinational corporations has direct impact on the labour market: it creates new jobs, offers personnel training, brings experience with tourism, and supports management. Thus it increases qualification of local labour forces and quality of tourist services.

In the sphere of marketing and advertising of tourism the co-operation of several countries based on regional principle will be of greater importance. In the region of Central Europe, the national agencies for tourism of Visegrad 4 co-operate more effectively in this sphere. Under the common logo and motto: "European quartet - one melody" they carry out co-ordinated common marketing on the market of tourism of the USA, Canada, Brazil, Japan, and China. The offer of European quartet for overseas is based on preserved and valuable cultural and natural heritage and knowing capitals of these countries. Aims and perspectives of co-operation of the countries of Visegrad 4 in the sphere of marketing and advertising of tourism offer great chance for implementing Slovakia among the countries with highly developed tourism.

Presumed entrance of Slovakia into the European Monetary Union in 2008, or 2009 and the use of unified European currency will also remove the deformations in Slovakia, which come from different rates of exchange of national currencies. It will decrease the threats of tourist enterprises coming from the consequences of currency instability and frequent changes of Slovak crown rate of exchange. On the one hand the introduction of Euro means the contribution, on the other hand it represents only the first step towards the approach of Slovak economy to the economy of the European Union. If Slovakia does not continue in the process of harmonisation of tax systems, budget policy, subvention mechanisms, regional policy and other stimulation tools, it will not achieve sufficient frame for unification of pre-conditions for entrepreneurial activity neither in the sphere of tourism.

The sector will slowly be clear from the enterprises that were not able to compete and will be replaced by profitable enterprises. Within the rules of the Union, Slovakia had to change the whole system in a year, that was functioning here more than 40 years, from pre-financing to post-financing.

3. Expectations of Enterprises and the First Results

Expectations of entrepreneurial subjects of Slovak tourism are great in this sphere. Financial help for structured funds of the European Union are very often considered for the only outcome for their further development. In the period of the years 2004 - 2006, the Slovak Republic

can withdraw from structured funds up to SKK 40 milliard (billion), from which about 5 milliard is budgeted for the development of tourism in Slovakia. By their effective use Slovakia can create the conditions for the increase of supply standard and reach the standard and quality of tourist services comparable with other countries of the European Union. Slovakia will be able to finish the construction of infrastructure, to renew and protect cultural heritage, to support cultural activities, to create and modernise united information system in the field of tourism by using new technologies and the Internet, to better use natural potential of Slovakia for the development of tourism, to increase the number of visitors, etc.

The first results are documented by the statistics of foreign exchange revenues and expenditures, of in-coming foreign tourists, and out-going Slovak citizens of abroad, that can be seen in the Table 1.

Tab.1: Statistics data of tourism in the Slovak Republic in the years 2004 and 2005

INDEX	2004	2005	INDEX 05/04
Foreign exchange revenues from in-coming foreign tourism (mil. USD)	901, 2	1 209, 8	134, 2
(mil. EUR)	725, 9	972, 4	134, 0
Foreign exchange revenues from out-going foreign tourism (mil. USD)	745, 1	845, 7	113,5
(mil. EUR)	600, 1	679, 8	113,3
Balance of foreign tourism (mil. USD)	156,1	364,1	233,2
(mil. EUR)	125,8	292, 6	232,6
Coming of foreign visitors (crossing the borders)	26 415 235	29 395 628	111, 3
Travelling of citizens of the SR (crossing the borders)	20 379 741	22 405 082	109,9

Source: National Bank of Slovakia, Statistics Office of Slovakia

3. Conclusion

By the entrance in the European Union Slovak tourist enterprises have gained great chances and opportunities. Up to what extent they will be able to use them will depend not on the European Union, but on the fact if tourism becomes not only proclaimed but also real priority of the development of Slovak economy as it is in several European countries with highly developed tourism.

The results of corporate sphere depends in many things on the competition on European market. In the European Union there are more than 2 million enterprises and proprietors who employ together 8 million people, i.e. about 5 per cent. The estimation for the Slovak Republic is about 20,000 enterprises and proprietors. In entrepreneurial sphere of tourism there is developed competitive environment mostly of small and economically weak businesses providing predominantly accommodation and hospitality services. There are no bigger corporations that would fulfil the function of market leader from the viewpoint of quality and innovation of services and by improving the image of the country abroad. At travel agencies and tour operators their significant orientation to out-going tourism is prevailing, that means travelling of our citizens abroad. Therefore it will be necessary in future to motivate these subjects in the way they may be oriented more to in-coming foreign and domestic tourism as well. They should be supported first of all by means of state promotion and presentation of Slovakia on the domestic and foreign markets.

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Anton Strašík, Ing., PhD.

Univerzita Mateja Bela

Ekonomická fakulta

Katedra cestovného ruchu a spoločného stravovania

975 90 Banská Bystrica

Slovak republic

Tel.: 00421 48 446 21 30

anton.strasik@umb.sk

Anna Friedová, PhDr.

Univerzita Mateja Bela

Ekonomická fakulta

Katedra odbornej jazykovej komunikácie

975 90 Banská Bystrica

Slovak republic

Tel.: 00421 48 446 2517

anna.friedova@umb.sk