

Characterisation of Hungary's Regional Tourism and Economic Performance between 2004 and 2022 in the Light of EU Funding

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KEYWORDS

economic performance
regional differences
regional tourism performance
tourism situation assessment
tourism development

ABSTRACT

The objective of the study is to show the regional differences in Hungary in terms of economic determination and tourism performance. The overdominance of Budapest can be identified in most socio-economic indicators. The consequence of the capital's "hydrocephalus" is that Hungary's peripheral regions have developed serious economic challenges, and reducing regional disparities in these areas is key. From a tourism perspective in particular, the capital's hydrocephalus is also an opportunity, as the spill-over effect can increase the popularity of other destinations in the country. The Balaton and Western Transdanubia regions are the main beneficiaries of this effect. In addition to the analysis of regional disparities, the study also looks at the impact on tourism of the crisis periods caused by the 2008 global economic crisis and the pandemic that unfolded in 2020-2021, which led to a historic low in the tourism sector, notably the pandemic, by analysing longer time series data. The balance between international and domestic tourism is key to the resilience of tourism to the crisis. Multi-directional tourism can reduce exposure to external factors and contribute to the stability of the tourism industry.

Introduction

There is a high correlation between economic performance and the spatial concentration of tourist destinations (Bohlin et al., 2022; Gyurkó, 2022; Káposzta & Nagy, 2022; Priatmoko et al., 2021) in most destinations. Budapest, as the country's capital, stands out by far in terms of economic and social development indicators and determines the dynamics of the country's economic development. In terms of international tourism to the country, Budapest's hydrocephalus can also be identified. As a

result, the country's peripheral regions are struggling to keep up and regional disparities are widening.

Even the European Union cohesion development funds that have been coming to Hungary since 2004 have not been able to mitigate the excessive dominance of Budapest in reducing regional disparities (Dobó & Pintér, 2023). As a consequence, the peripheral regions of the country have been facing serious economic challenges, which may lead not only to economic problems but also to social tensions

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doi: 10.5937/gp28-48906

Received: January 25, 2024 | Revised: February 28, 2024 | Accepted: March 05, 2024

and depopulation, which threaten rural areas in the long term.

Further support for regional development policies and investments is therefore crucial for Hungary's economic and tourism development (Gyurkó, 2020), as tourism determination in European destinations shows a high and even correlation with overall socio-economic well-being indicators (Çaglayan & Sak, 2012; García-Sánchez et al., 2021). The reduction of regional disparities should be a priority in the coming years in order to achieve a more even and sustainable development of the country, both economically and in terms of tourism.

The relationship between socio-economic disparities and tourism performance

There is a very strong correlation between socio-economic development and tourism performance (Sam et al., 2014; Stec & Grzebyk, 2022). Countries with the highest tourism indicators also have strong economic indicators. The positive impact of tourism on economic growth is evident in both developed and underdeveloped economies (Dávid et al., 2007; Paramati et al., 2017). The most common of the economic impacts of tourism is its ability to create jobs, as this sector requires a large human resource (Dayananda, 2014; Manzoor et al., 2019; Scheyvens & Hughes, 2021). Despite the advances in technology and the spread of automation, it will require a large human workforce in the long run. Investment in tourism will greatly increase the number of jobs, thereby contributing to the reduction of unemployment, which will generate savings and revenue for the state. In the case of salaries, the private sector covers the contributions, while in the event of unemployment, the state pays the benefits. For these reasons, job creation is one of the most important economic impacts of tourism. However, job creation does not only have an economic effect, but it also has a positive social impact. It has the potential to make workers a valuable and active part of the local society and also contributes to the wider provision of livelihoods (Aykaç, 2010; Dávid et al., 2003; Leonard, 2015).

Socio-economic differences have a major impact on the performance of a tourist destination. One of the most prominent influencing factors is the economic development of a given region, which largely determines the attractiveness and performance of individual attractions and destinations. It is because economically stronger regions are often able to offer higher quality tourism services and are more attractive to tourists through more frequent and better-quality infrastructure development. In contrast, less developed regions tend to have more limited tourism opportunities, resulting in less competitiveness (Cárdenas-García et al., 2015). The most commonly used measure of economic performance and regional socio-economic disparities is gross domestic product (GDP) (Cracolici et al.,

2010; Giannetti et al., 2015) The relationships between this indicator and tourism performance are rather complex, but in general, it can be said that the economic situation of a region, as determined by its GDP, has a significant impact on tourism development and vice versa. The links are, therefore, two-way, i.e., the tourism sector can contribute to the economic development of a region through the efficient use of its resources, provided that long-term plans are developed. In this way, it can increase the income-generating capacity of the region under study, which can contribute to the sustainable development of the local economy and, at the same time, the national economy (Assadzadeh & Nasab, 2012; Khan et al., 2020).

The importance of balance and diversification in tourism resilience

There is a high correlation between economic performance and the spatial concentration of tourist destinations (Antonakakis et al., 2015) in most destinations. The periods of crisis in the 21st century – the 2008 global economic crisis and the coronavirus pandemic that unfolded in 2020 – have clearly shown that the key to the resilience of the tourism sector to crises is the balance between international and domestic tourism (Arbulú, et al., 2021; Bui & Wickens, 2021; Litvinova-Kulikova, et al., 2023; Fekete & Fábíán, 2022). It has proven the tourism industry to be resilient to negative events and has managed to recover, adapt, and innovate in the face of uncertainty (Sulhaini et al., 2023). Its aforementioned success is because a high level of tourist arrivals from several directions can reduce the sector's exposure to external factors and contribute to the stability of the industry. In the epidemic period, however, the Shumpeterian thesis of economic development – not sacrificing long-term interests for short-term goals – was inevitably pushed into the background during the pandemic, as the primary global objective was to minimise the epidemic risk. For crisis resilience, it is of paramount importance that the destination has a diversified tourism product offer, as socio-economic crises can restructure demand temporarily or even in the longer term. It can even lead to regional disparities, especially in small regions (Christofakis et al., 2019; Đokić et al., 2016).

In addition, the need to react quickly to changing consumer demands in times of crisis is a key pillar of maintaining competitiveness (Csugány & Tánzos, 2019), and it should maintain such economic, social, and environmental ways to continue to compete in the global tourism market (Díaz-Padilla et al., 2023). Therefore, it is crucial for destinations to focus on re-orienting the tourism system, regenerating tourism growth, and investing in infrastructure, product development, market development, and structural reforms (Varghese & Chennattuserry, 2022), as well as the role of stakeholders is highlighted in disaster

management from external roots to ensure tourism resilience and restore its image (Berbekova et al., 2021). Therefore, tourism destinations must follow a diversification strategy without dependence on one destination to mitigate future risks, thereby requiring the development of new attractions (Tömöri & Staniscia, 2023). In Hungary, this process was observed during the coronavirus epidemic, when destinations based on health tourism services suffered a much larger decline in turnover. However, another important factor is that the crisis in health tourism services has been affected not only by travel restrictions on foreign tourists, but also by the high proportion of elderly tourists. In Hungary, the example of the Western Transdanubia region is an excellent illustration of how a stable – with a more significant domestic but dominant international interest – and diversified tourism product offer shows a higher degree of crisis resilience.

Thus, maintaining a balance between domestic and foreign visitors and a diversity of tourist attractions is key to achieving tourism sustainability and stability. On this basis, the development and diversification of the tourism sector are also vital to improving Hungary's tourism competitiveness and increasing its resilience to crises.

The emergence of EU development funds in tourism development in Hungary

The European Union has recognised the positive economic and social effects of integration, such as job creation, development of peripheral regions, strengthening of transnational cooperation, social cohesion, etc. (Abbott & Wallace, 2014; Gwiazdzińska-Goraj et al., 2022; Popa, 2012). The recognition of these positive effects is demonstrated by the fact that the European Union has launched several international programmes for the general development of the sector, such as the European Year of Tourism, Philoxenia, and Calypso.

In Hungary, EU development funds have been present in the country's territorial development even before its accession in 2004. After the 1990s, the most significant domestic tourism development measure was the Széche-

nyi Plan 2000-2003. The programme aimed to improve the quality of tourism, based on the stimulation of domestic and international tourism and the increase of tourism performance. The biggest achievement of the development plan was the increase of the domestic tourist season from 221 to 316 days, which seemed to revitalise a tourism sector that had been in decline for decades. The expansion is mainly due to the significant development of health tourism, which has become the leading tourism product in the domestic tourism sector and is still the most dominant in Hungary today. In the following decades, the tourism sector has been consistently perceived as a priority sector.

The EU provided significant financial support to Hungary and the other Eastern European accession countries in the years following the change of regime, with the aim of promoting economic and social cohesion and ensuring territorial development (Börzel, 2010; Suurna, & Kattel, 2010). These support funds were indirectly linked to tourism development.

From 2004 onwards, the objectives for the use of aid funds were defined in the development plans (2004-2006 NFT, 2007-2010 ÚMFT, 2010-2013 ÚSZT, 2014-2020 Széchenyi 2020) and the associated operational programmes, which defined the periods for the use of aid funds. The so-called convergence regions, which are able to generate less than 75% of the EU average GDP, have received the largest amounts of funding for the development periods. In Hungary, all but the Central Hungary region fall into this category. There have been several debates and doubts about the success of the use of development funds, which basically question the absorption capacity of NUTS II regions.

The European Commission approved the Partnership Agreement with Hungary for the period 2021-2027 in December 2022. This agreement is worth nearly €22 billion and will allow for investments from these EU cohesion funds. However, in order for Hungary to be able to implement cohesion policy programmes, it is necessary to meet the eligibility criteria. Since December 2009, tourism policy has had its own legal basis, but it does not have its own budget in the current Multiannual Financial Framework for the period 2021-2027 (Körtvélyesi, 2023).

Methods

The following study of economic determination and tourism performance in different regions of Hungary has used reliable data sources originating from three databases, namely Eurostat, Hungarian Central Statistical Office (KSH), and Supported project search by additional sources. Firstly, the Eurostat was initiated from the official statistical office of the European Union, which provides reliable and comparable data on various economic and tourism indicators of the EU Member States, including the number

of nights spent, the number of tourists, the receipts from accommodation fees and GDP. In addition, this research involved the Hungarian Central Statistical Office (KSH), which is the source of the most important indicators of the Hungarian economy and society, including regional and national tourism and economic data. Lastly, this study obtained data by supported project search, such as the database available at https://www.palyazat.gov.hu/tamogatott_projektkereso which provides the most important

information on European Union development funds coming to Hungary from 2004 onwards. For the present study, the analysis of the database was relevant for the analysis of the grants awarded for tourism development in Hungary.

A comprehensive database was compiled from the data available between 2004 and 2022, which included the following data sets:

- Average gross earnings per capita (HUF)
- Gross domestic product per capita (GDP per capita, thousand HUF)
- Number of nights spent in commercial accommodation (number)
- Gross domestic revenue from accommodation in commercial accommodation (HUF 1 000)
- Total gross foreign turnover from accommodation in commercial hotels (HUF 1 000)
- Total gross receipts from commercial hotels (HUF 1 000)
- Number of foreign guests in commercial accommodation (persons)
- European Union (ERDF) aid granted for tourism development (HUF)
- Number of guests in commercial accommodation (persons)

The data series were analysed for the period 2004 to 2022. On a territorial basis, the EU-25 Member States (excluding Cyprus and Malta) have been analysed for the number of nights spent, the whole territory of Hungary for the other indicators and the NUT2 and NUT3 administrative units for some indicators.

Results

Tourism performance of Hungary in the European Union, 2004-2022

The growth of tourism in Europe has had a significant and far-reaching impact on national economies across the globe. Europe, including the Member States of the European Union, has consistently emerged as a leader in the tourism market. This can be attributed to the region's captivating history, diverse cultural heritage, and awe-inspiring natural landscapes. These factors combine to create a unique and irresistible allure that positions Europe as a top tourist destination. The tourism industry in Europe continues to thrive, attracting millions of visitors each year and generating substantial economic benefits for the countries within the region.

The tourism sector in the European Union plays a significant role in the overall economy, contributing to the GDP both at the national and integration levels. The revenue generated from tourism activities supports various sectors, including hospitality, transportation, and enter-

The methods of analysis based on the indicators used in the study were essentially descriptive. The analysis of the annual number of overnight stays, the number of tourists and the time trends of the absolute values of the gross receipts from accommodation allowed a deeper understanding of the evolution of the tourism performance. The tourism development subsidies, also analysed in absolute figures and in a descriptive way, provide a good indication of the tourism potential of a municipality or region, its development direction and the embeddedness of the tourism sector in the local economy. The fundamental objective of such aid is to develop and maintain a sustainable and prosperous tourism industry. The study analyses GDP per capita at NUTS3 level, compared with average gross earnings per capita and tourism and traffic indicators. The analysis contributes to understanding the regional specificities of economic performance and to exploring the links with tourism indicators.

The study also aims at inferring the regional conditions of tourism competitiveness by defining tourism GDP as a factor of tourism in the regions of Hungary. One of the tourism GDP factors was defined by the authors with the following indicator.

- Tourism development: Total gross revenue from commercial accommodation/permanent population

To illustrate the regional differences, a distorted map was produced using QGIS software, which shows the economic performance of each region in terms of GDP per capita based on the territorial coverage of NUTS2 regions, thus highlighting regional differences.

tainment, creating employment opportunities and stimulating economic growth.

One of the key factors driving the growth of tourism in Europe is the well-developed transport infrastructure and tourist services network. The Schengen Agreement, which allows for the free movement of people across many EU countries, has greatly facilitated travel for EU citizens. This seamless mobility has made it easier and more convenient for tourists to explore multiple destinations within Europe, contributing to the overall growth of the tourism industry.

Furthermore, Europe boasts a highly efficient and interconnected transportation system. Airports, railway stations, and transport networks are well-developed, ensuring smooth connectivity between various cities and regions. This accessibility enhances mobility for both domestic and international tourists, making it easier for them to navigate and explore the diverse attractions that Europe has to offer.

The objective of this study is to characterise Hungary's regional tourism and economic performance between 2004 and 2022 in the light of the European Union's tourism resources. In European terms, Hungary's tourism performance can be considered as medium. In 2019, a record year for tourism, the country's tourist arrivals exceeded 33 million nights, making Hungary the 15th most visited of the EU-27 Member States. In tourism terms, Hungary cannot be called a tourism powerhouse due to its lack of high mountains, coastline and global attractions. In line with this characteristic, the country's tourism is based more on the demand for built and natural cultural heritage, food and drink, spas and wellness services. The interest in Hungarian history and culture, as well as the numerous thermal and spa springs, renowned for their healing properties, are also important attractions. In terms of international tourists, the main visitors come from neighbouring Member States, but there is also an increasing number of tourists from Asia and the USA. A significant part of tourism in Hungary is based around the capital, Budapest and the Lake Balaton region, but rural regions are also dynamically developing destinations, both on the demand and supply sides.

Figure 1 shows the number of nights spent in commercial accommodation in the European Union in 2022. Due to a lack of data, the map does not include the EU-27 Member States of Malta and Cyprus. The most visited destinations in 2022, based on the tourism indicators, which in-

clude both domestic and international nights, were Spain, France, Germany, and Italy. These countries reached 400 million overnight stays, mainly due to their potential for classic beach holidays, with the exception of Germany.

Hungary's regional tourism performance between 2004 and 2022

Hungary's tourism industry has developed significantly over the past decades. In 2004, Hungary joined the European Union, which created new opportunities for tourism. Tourism in Budapest plays a very important role in Hungary's tourism. The capital has seen significant investments in tourism infrastructure and superstructure in recent decades. In addition, the capital offers a number of attractions of international interest, such as the Parliament, the Fisherman's Bastion, the Danube embankment and the famous Gellért and Széchenyi spas. As a result, Budapest attracts an increasing number of tourists every year. In a record year in 2019, the capital's visitor numbers exceeded 10.7 million overnight stays, generated by a total of 4.6 million tourists, of which almost 4 million were foreigners.

Figure 2 shows the number of nights spent in commercial accommodation in the NUTS 2 regions of Hungary in 2022. The map shows that Budapest remains the country's most popular tourist destination with over 8.6 million overnight stays. The capital offers a wide range of cultur-

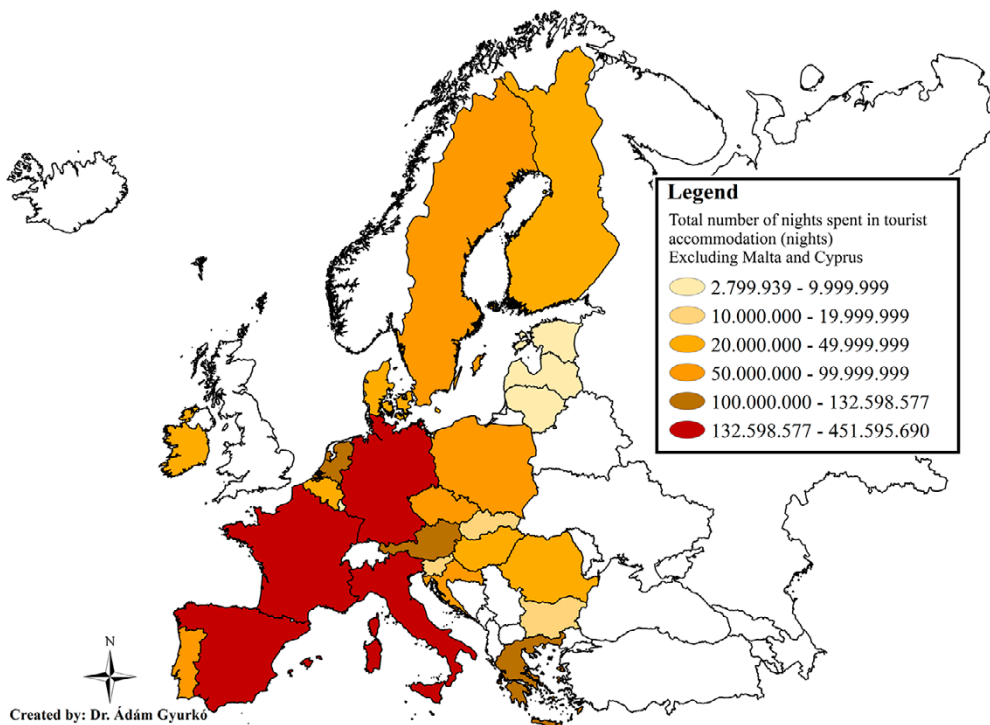


Figure 1. Number of nights spent in commercial accommodation in the European Union (EU-25, excluding Malta and Cyprus) in 2022

Source: Eurostat Database, 2023 based on own edits

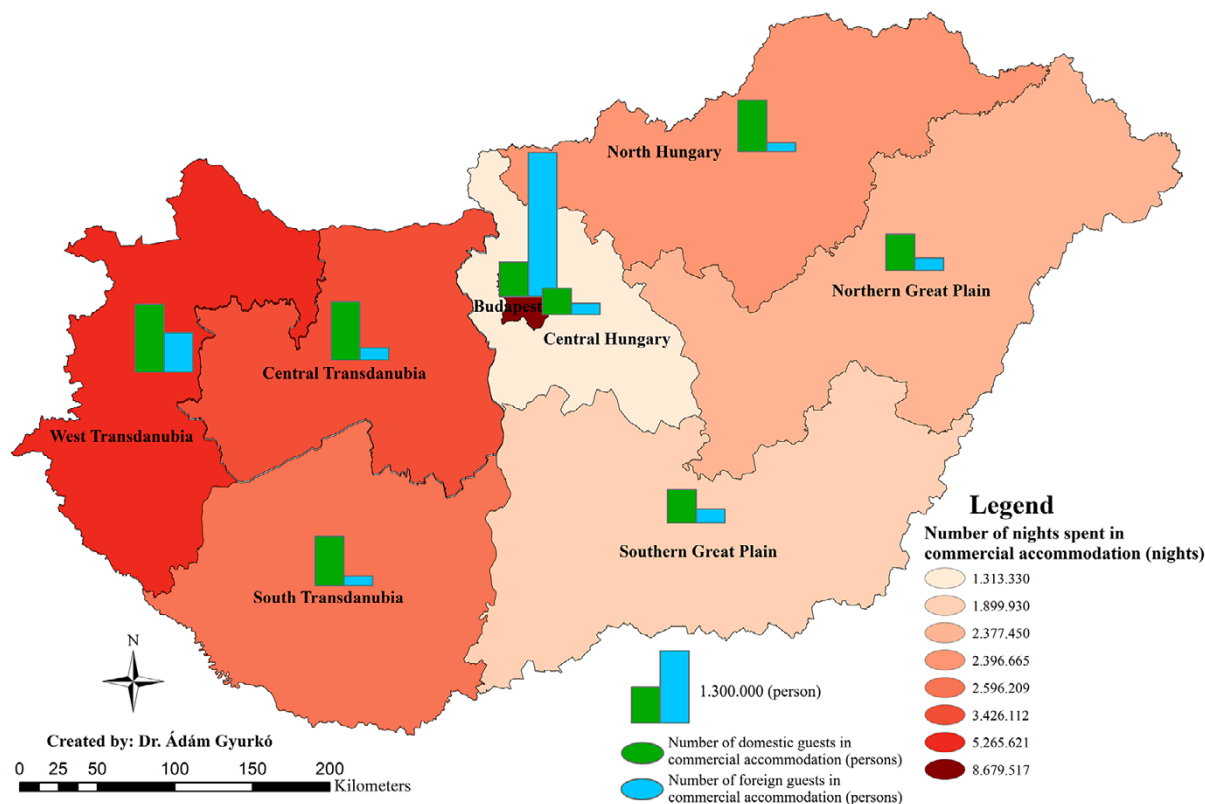


Figure 2. Regional tourism in Hungary in 2022 (NUTS2)

Source: KSH Database, 2023 based on own editing

al and historical attractions that attract a large number of foreign tourists (Schultz & Somodi, 2021). Budapest is virtually the only truly international destination in Hungary. The number and proportion of foreign visitors are also outstanding in national terms. In 2022, 2.5 million foreign tourists generated 6.8 million overnight stays, which exceeds the total number of international tourists arriving in other parts of the country.

At NUTS 2 level, the West Transdanubia region is the second most important Hungarian destination in terms of tourism performance (5.2 million overnight stays). The region attracts visitors with its natural beauties, its historical towns, but most of all with its spas (Hévíz, Zalae-gerszeg, Sárovar, Bükfürdő, etc.). The number and proportion of foreign visitors is quite high, mainly due to the proximity of the Austrian border. The Central Transdanubia region was the third most visited destination in Hungary in 2022, with 3.4 million overnight stays. The tourism potential of the region is mainly due to the northern shore of Lake Balaton. In the South Transdanubia region, Lake Balaton also generates the highest number of visitors in the region.

The eastern part of the country is becoming less and less of a priority region in tourism terms as it moves away from solvent demand. However, in recent decades, these

regions have also experienced a strong upsurge, with the number of overnight stays almost doubling in both the Northern Hungary and Northern Great Plain regions.

In tourism terms, in 2019, the share of tourism-specific activities in the gross output of the total national economy was 6.4% in Hungary, similar to the previous year, while the multiplier effect of production was 10%. The value added of tourism-related sectors was 6.8% of the national economy as a whole, or 11% including the multiplier effect. The two main sectors of the tourism sector, accommodation and food services, together accounted for about 2.1% of domestic production. At the historical low in 2020, the share of tourism-specific activities in the gross output of the total national economy fell to 5.4%, 7.9% including multiplier production effects. The value added of tourism-related sectors was 5.5% of the national economy as a whole, reaching 8.1% including the multiplier effect. The two main sectors of the tourism sector, accommodation and food services, together accounted for around 1.6% of gross domestic production, compared with 2.1% the previous year.

The tourism development indicator in national terms experienced a dynamic upswing from 2004 to 2019 (Figure 3), which was interrupted by the global economic crisis in 2008, pushing it into a declining, stagnant state until 2011.

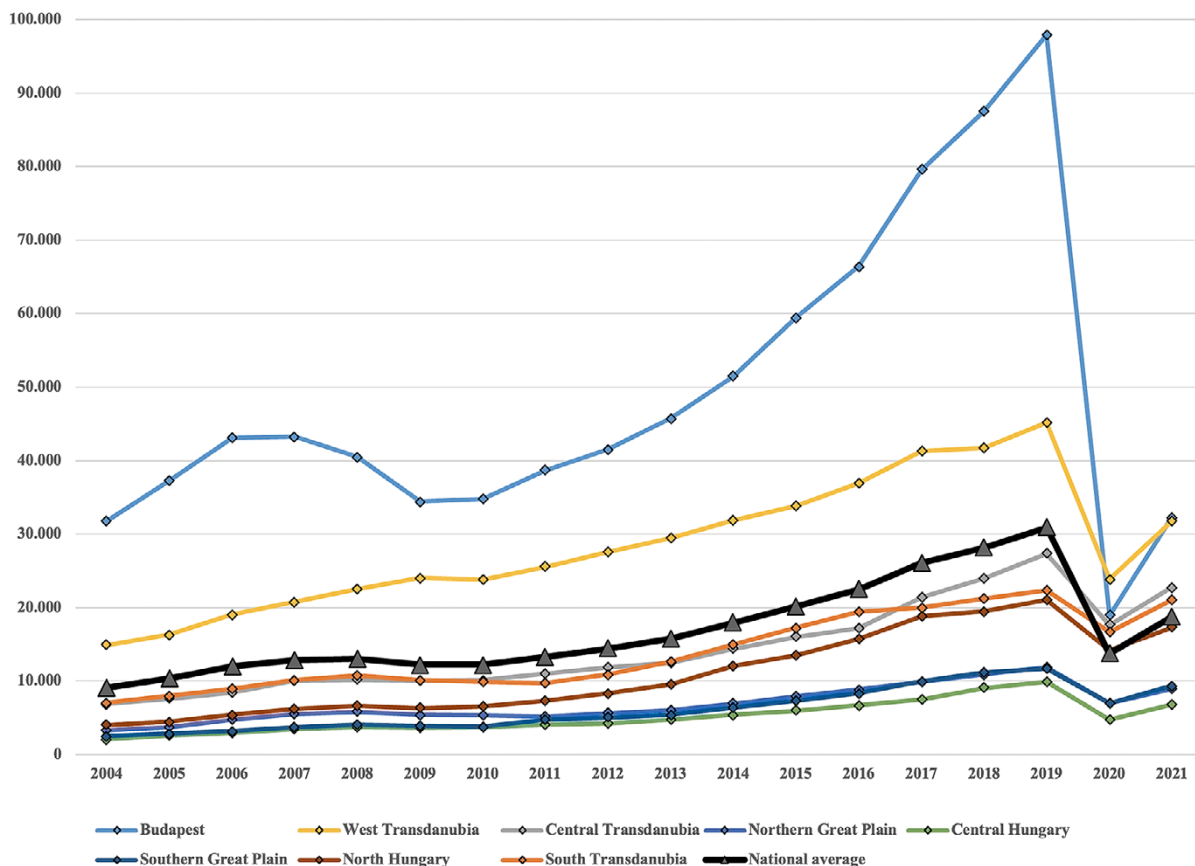


Figure 3. Tourism development (total revenue of accommodation establishments/permanent population) of commercial accommodation in Hungarian regions between 2004 and 2022

Source: KSH Database, 2023 based on own editing

The indicators allow objective, comparable performance assessment at both micro and macro levels. The indicator helps quantify the profitability of tourism in the target areas, understand the contribution of tourism to the local economy, and understand the impact tourism can have on the population of the area. The global crisis has mainly affected Budapest's destination in terms of the tourism development indicator, with a lack of mass international travel. During the pandemic that unfolded in 2020, the Budapest destination suffered an even more pronounced decline, with tourism development falling below the level of the Western Transdanubian region. At the same time, the coronavirus epidemic not only affected international travel, but the restrictive measures introduced also caused domestic tourism to plummet to a historic low. As a result, all regions, and thus the national average, experienced a significant decline in tourism development.

Budapest is Hungary's most dominant tourist destination due to its historical and cultural heritage, vibrant cultural life, well-developed infrastructure and affordable prices, which has led to regional differences in Hungary's tourism. In tourism terms, the existence of regional differences is not necessarily a disadvantage for a country. The dominance of Budapest in Hungarian tourism

can have a spill-over effect on other destinations in the country. The capital's popularity could increase interest in Hungary on the international market, which could in particular have a positive impact on the Balaton and Western Transdanubia regions. By exploiting the spill-over effect, Hungary could become an even more important player on the European tourism map.

Regional economic characteristics of Hungary and the regional distribution of EU funds and its impact on tourism development

This chapter analyses the distribution and use of EU funds for tourism development in Hungary between 2004 and 2022, with the aim of examining the financing of tourism development projects and the regional distribution of EU funds, and the resulting impact on the Hungarian tourism sector and the overall economic conditions. Using economic data and tourism statistics, the study analyses the regional distribution of GDP, GDP per capita and number of overnight stays. From 2004 onwards, EU funds in Hungary offer significant potential for supporting tourism development and reducing disparities between regions.

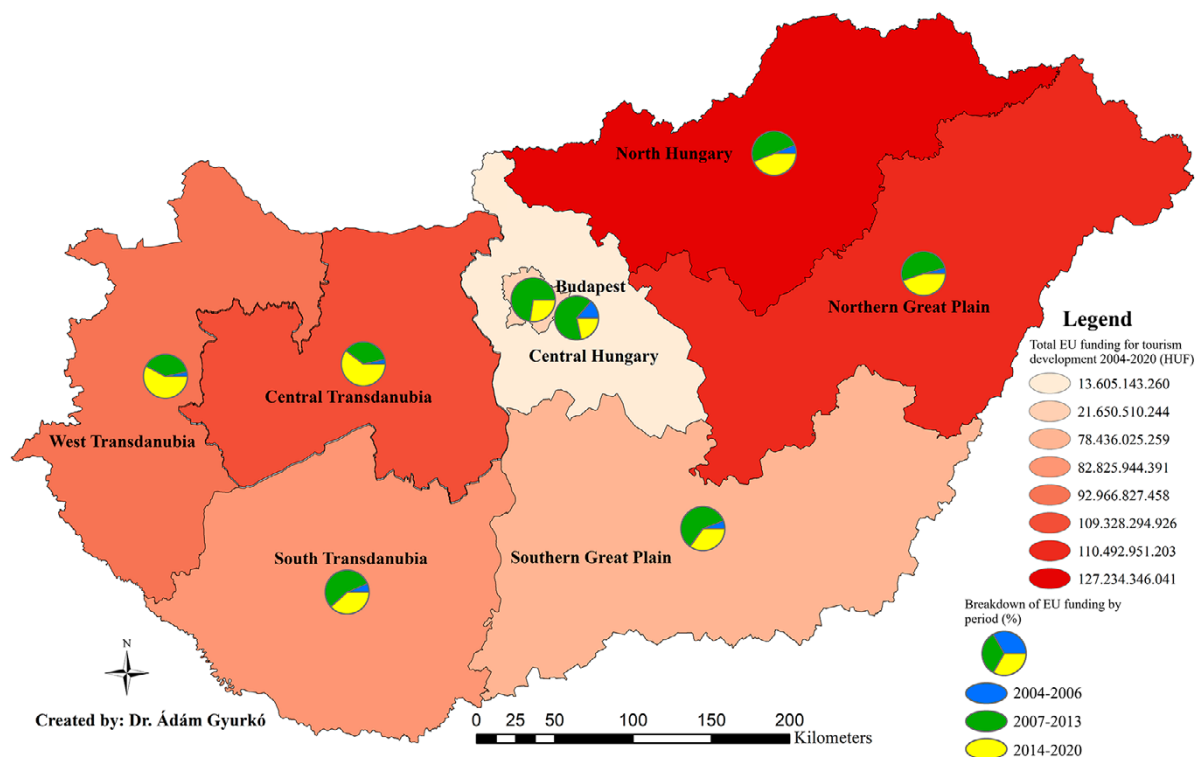


Figure 4. European Union funds (ERDF) granted under the tourism incentive in the regions of Hungary between 2004 and 2020

Source: https://www.palyazat.gov.hu/tamogatott_projektkereso_Database, 2023 based on own editing

Figure 4 shows that, nationally, the North-Hungary region received the most financial resources for tourism development between 2004 and 2020. This is due to the high tourism potential of the region (settlements rich in cultural and historical values, thermal waters, impressive natural formations, etc.) and the EU cohesion policy, which gives priority to the development of less developed regions within the integration process. Based on these two factors, the North-Hungary region has been the most prioritised area for tourism development in recent planning periods.

Figure 5 shows the average gross earnings per capita (HUF) at the NUT3 level and the gross domestic product per capita (HUF thousands) at the NUT2 level in Hungary in 2021. For both indicators, outliers can be identified in Budapest, which is a good indicator of Hungary’s water-headedness. Generally speaking, capital cities always have a higher GDP per capita due to a number of factors, including their central role, high quantity and quality of jobs, concentration of research and development centres, transport and other infrastructure advantages, and high number and quality of cultural and educational institutions. The economic structure of the country is therefore capital-centred, but an NW-SE economic axis can be identified, which makes the western part of the country a prosperous region compared to the eastern part. As a result, the western counties and regions have higher GDP per

capita and average earnings than the national average. The counties of Fejér and Győr-Moson-Sopron exceed the national average for both indicators.

In general, there is a positive correlation between GDP per capita and average earnings. However, it is important to understand that this correlation is not always clear and linear. Several factors influence the relationship between the two indicators and the correlation may vary between countries, regions and time periods. In general, countries and regions with higher economic activity tend to have higher GDP per capita and, as a consequence, often higher average earnings.

A number of other factors may also underlie the relationship, such as economic growth, productivity, labour market conditions, industry composition, education levels and labour market policies, etc. Higher GDP per capita creates opportunities for higher wages and earnings, provided that this is accompanied by higher economic growth and productivity. Thus, a number of socio-economic factors combine to influence the extent to which GDP per capita determines the evolution of average earnings.

Figure 6 shows the specific weight of each region in Hungary in the country’s economic performance. If we relate the size of the country’s regions to the volume of its gross domestic product (GDP), we can see how water-headed the country is, with Budapest accounting for

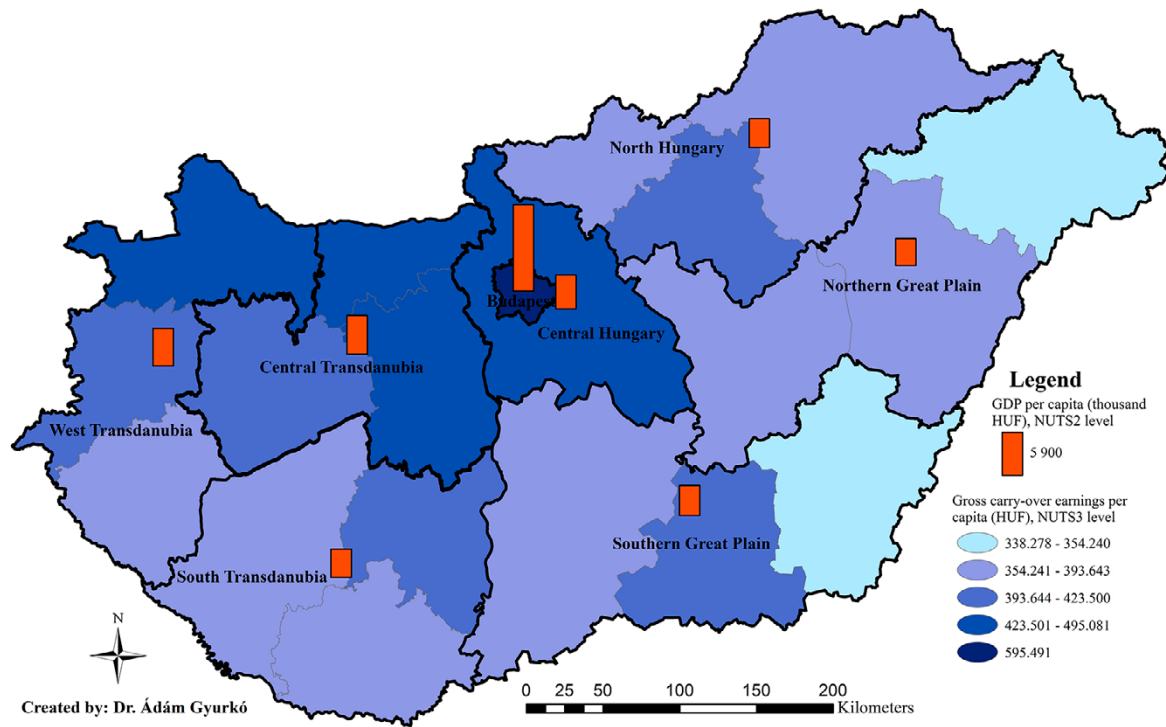


Figure 5. Average gross earnings per capita (HUF) at the NUT3 level and gross domestic product per capita (thousand HUF) at the NUT2 level in Hungary in 2021

Source: KSH Database, 2023 based on own editing

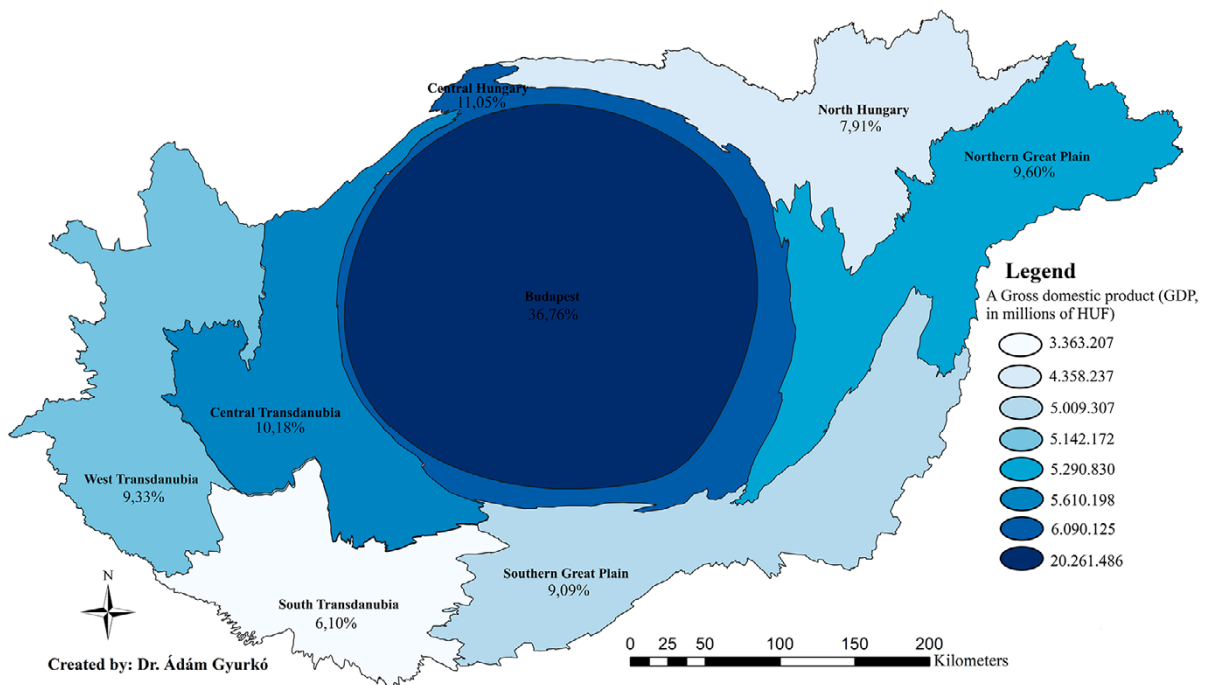


Figure 6. Hungary's NUTS2 regions as a share of gross domestic product (GDP)

Source: KSH Database, 2023 based on own editing

more than a third of the country's GDP. The GDP per capita in the capital is more than twice the national average (Figure 5) and almost five times as much as in Szabolcs-Szatmár-Bereg or Somogy counties.

In Hungary, the regional disparities in terms of GDP have not changed significantly between 2004 and 2021. The capital, Budapest, remains a prominent economic centre, while in other regions the industrial, agricultural or service sectors are more pronounced. Reducing regional dis-

ty in Europe and the world. No radical change in this indicator can be predicted, as there is no clear counterpart to the capital within the national borders, without which regional disparities are guaranteed to persist.

Regional differences in the performance of tourism, in terms of the share of nights spent in commercial accommodation, also reflect the overweight of Budapest (Figure 7). However, in terms of this indicator, the Western Transdanubia region can be clearly defined as a prosper-

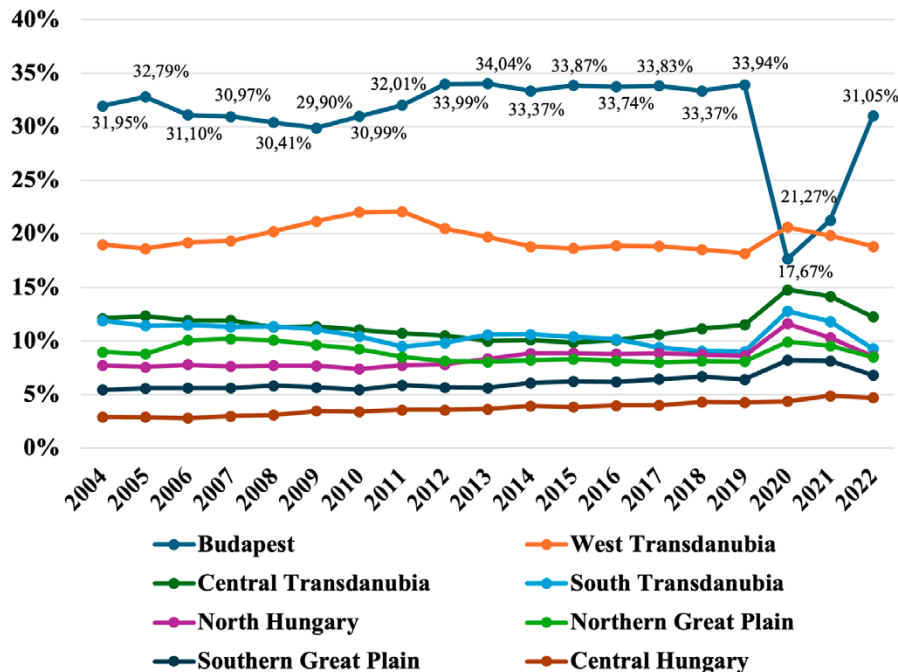


Figure 7. Change in nights spent in commercial accommodation (%) in NUTS2 regions of Hungary between 2004 and 2022

Source: KSH Database, 2023 based on own editing

parities and promoting more equitable economic development remains a major challenge in Hungary, with regional development policies and investments requiring additional financial support. In their absence, inequality between rural, less-developed areas and prosperous regions will become even more pronounced.

Accounting for just over a third of Hungary's economic output, Budapest is also a major tourist attraction, a rari-

ous area, which may be able to dampen Budapest's hydrocephalus in tourism terms. This process was clearly evident during the crisis periods. Tourism performance in the Western Transdanubian region has increased significantly following the global crisis of 2008 and the pandemic that will unfold in 2020. The stability of the region is due to the relative balance of domestic and foreign tourists.

Discussion

The basic question of the research was: what are the regional differences in economic determination and tourism performance in Hungary? The answer to the basic question can be formulated as follows: there are strong regional differences in economic determination and tourism performance in Hungary. Budapest has an extraordinary economic dominance, which is reflected in almost all socio-economic in-

dicators and influences the direction of national development. Reducing regional disparities is essential to promote economic catching-up and prevent social tensions.

As regards future research directions, further analysis of regional disparities is a priority. The research sheds light on regional disparities in Hungary, but also requires a deeper analysis to identify the factors that exacerbate

disparities and the factors that mitigate them. Future research on the subject should also pay more attention to the economic catching-up of peripheral regions. The study

points out that Hungary's peripheral areas have developed serious economic challenges, but the reasons for this are not explored in depth.

Conclusion

The analyses in the study show that there are strong regional differences in economic performance and tourism destinations in Hungary. Budapest stands out in all respects, being the clear economic centre of the country, and is characterised by indicators that are significantly above the national average in almost all socio-economic indicators. The specific weight of the capital city, therefore, fundamentally determines the dynamics and direction of national development. In Hungary, even the EU cohesion development funds, which have been available since 2004, have not been able to mitigate the over-dominance of the capital, which has now led to increasingly serious economic challenges in peripheral regions.

In Hungary, the reduction of regional disparities must be a priority in the coming years, as the lack of dynamic economic development in the peripheral regions could lead to serious social tensions and economic collapse, which in the

longer term could lead to the depopulation of rural areas. Continued support for regional development policies and investment is, therefore, vital for Hungary to achieve balanced development in both economic and tourism terms.

The results of the study have clearly shown that the balance between international and domestic tourism is key to the resilience of tourism to the crisis. Multi-directional tourism can reduce exposure to external factors and contribute to the stability of the tourism industry. Another important factor is that a destination should have a diversified tourism product offer, which can also reduce the degree of crisis. In this respect, the example of the Western Transdanubia region illustrates how a stable and diversified tourism industry can be more resilient to crisis situations. Maintaining a balance between domestic and foreign visitors and the diversity of tourist attractions can contribute to the stability of the sector.

Acknowledgements

Supported by the ÚNKP-23-4 New National Excellence Program of the Ministry for Culture and Innovation from the source of the National Research, Development and Innovation Fund.

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