ANALYSIS OF TRENDS AND THE CURRENT STATE OF UKRAINE'S EXTERNAL TRADE IN TRAVEL SERVICES

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Foreign trade in travel-related services has traditionally served as a key indicator of a country's integration into the global economic space and a significant source of foreign currency earnings. However, in recent years, Ukraine's travel sector has been affected by global restrictions due to the COVID-19 pandemic and the full-scale military invasion, resulting in the closure of airspace, the destruction of tourism and transport infrastructure, heightened security risks, and large-scale migration. These factors have altered the landscape of the country's foreign trade in travel services, necessitating an analysis of the sector's dynamics and current state to shape strategies for its future recovery.

Overall, an analysis of the dynamics of Ukraine's travel service exports reveals profound changes (Fig. 1).

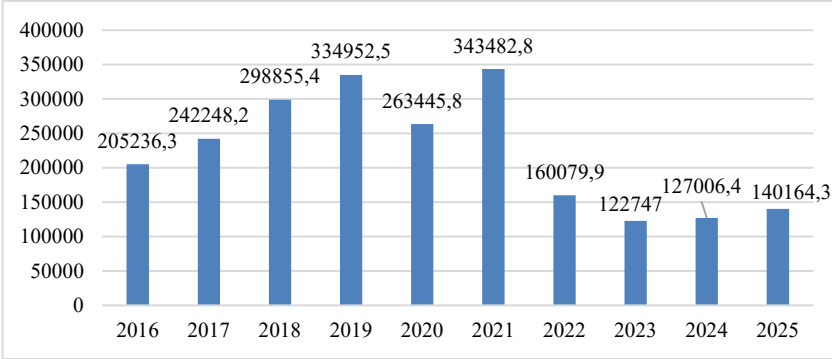


Figure 1. Dynamics of Ukraine's exports of travel-related services in 2016–2025, thousand USD [1]

An analysis of the data allows for the identification of four stages reflecting the response of travel exports to macroeconomic and geopolitical factors.

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The period from 2016 to 2019 saw growth in travel exports (a 63.2% increase). The years 2020–2021 were marked by the negative impact of the pandemic shock (a 21.3% drop in service exports compared to the previous year) followed by a gradual recovery in 2021, driven by pent-up demand and the opening of new markets – particularly in the Persian Gulf region (a 30.4% increase relative to 2020 levels) [2]. The 2022–2023 period witnessed a critical market disruption caused by the onset of the full-scale invasion and the closure of airspace (a 64.3% decline compared to 2021). A gradual recovery is observed in 2024–2025; although the 2025 figure remains 59.2% lower than that of 2021, the groundwork is being laid for the further restoration of Ukraine's travel service export potential [3].

An analysis of the dynamics of Ukraine's travel imports is presented in Figure 2.

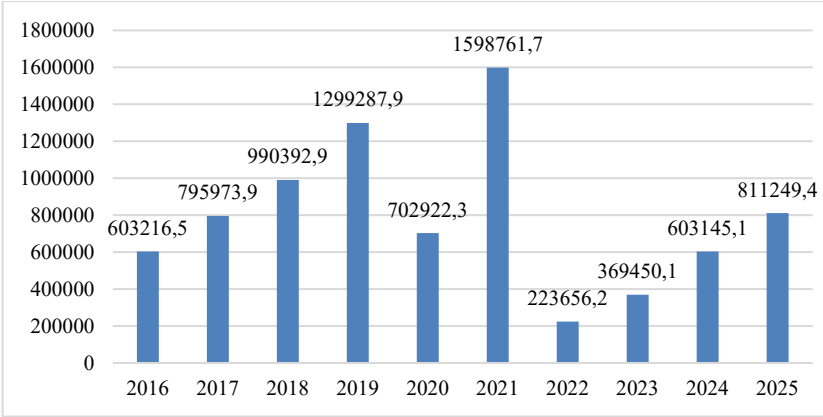


Figure 2. Dynamics of Ukraine's imports of travel-related services in 2016–2025, thousand USD [1]

An analysis of the dynamics of Ukraine's travel service imports from 2016 to 2025 leads to the following conclusions. The period from 2016 to 2019 was characterized by steady expansion in outbound travel and rising public prosperity (an increase of 115.4%). The primary driver of this rapid growth in imports was the introduction of the visa-free regime with EU countries. Figures for 2020-2021 were shaped by the pandemic crisis and the subsequent recovery. In 2020, due to lockdowns, quarantine restrictions, and border closures, travel service imports plummeted by 45.9% year-on-year; however, in 2021 – amid the partial lifting of restrictions and the reopening of popular resort destinations – the market rebounded, growing by 127.4% compared to 2020. In 2022-2023,

the shock of the war caused an 86.0% drop in travel imports, though the figure rose by 65.2% in 2023. It should also be noted that traditional outbound tourism virtually disappeared; instead, the growth in imports began to reflect the expenditures of millions of Ukrainians displaced abroad who used Ukrainian bank cards – transactions classified under IMF methodology as imports within the "personal travel" category [3]. The period of 2024-2025 saw a 63.3% surge in the 2024 figure compared to 2023, followed by a further 34.5% increase in 2025. This trend stems from the prolonged stay of Ukrainian citizens abroad, the need for rental housing and daily living expenses, and the establishment of new logistical routes [3]. Nevertheless, imports in 2025 remain 49.3% lower than the level recorded in the pre-war year of 2021.

An analysis of the foreign trade balance in travel services reveals that Ukraine's trade balance in the "Travel" category remained in deficit throughout the entire ten-year period. The balance never turned positive, reflecting the fact that spending by Ukrainian citizens abroad consistently exceeded receipts from foreign visitors. The overall deficit widened by 68.6% between 2016 and 2025. However, it should be noted that while the pre-war deficit was driven primarily by factors such as the growing popularity of outbound tourism, the introduction of the visa-free regime with the EU, and the expansion of low-cost airlines, the deficit observed after 2022 was driven by forced migration. Undoubtedly, this results in capital outflow from the national economy and places pressure on the country's international reserves [3].

The transformation of the geographical structure of Ukraine's travel-related foreign trade during the analyzed period reflects a market reshuffle. Shifts in logistics routes have altered the list of key partner countries for both the export and import of travel services. Prior to the full-scale invasion, a significant share of service exports was driven by flows from EU countries and the USA, as well as visa-free travelers from the Persian Gulf states (notably Saudi Arabia, the UAE, and Oman); however, since 2022, inbound travel from these regions has virtually ceased. Visits by foreign nationals have become strictly cross-border and business-related in nature. In recent years, the Republic of Moldova, Poland, Romania, Hungary, and Slovakia have emerged as the leading sources of visitors accounting for the remaining export volume (comprising primarily foreign journalists, volunteers, diplomats, and relatives of Ukrainian citizens) [4].

The geographical distribution of travel service imports revealed that, prior to the pandemic crisis, the bulk of imports was spread across destinations for mass-market summer and winter package holidays – led by Turkey, Egypt, Greece, Bulgaria, and Spain. Amidst wartime turbulence, the geography of travel imports aligned with the distribution and temporary protection locations of displaced Ukrainians across Europe. Germany, Poland, and the Czech

Republic emerged as the primary geographical hubs for the outflow of funds classified under personal travel imports [4]. Ukraine's current travel trade geography has shifted away from its recreational focus, transforming into a strictly European regional corridor where export and import volumes are tightly constrained by the throughput capacity of land border crossings and the geographical location of Ukrainian migrant communities.

Given the identified disruptive factors and the trend of the foreign trade in services sector gradually adapting to turbulent conditions, the key objective is to shift from a policy of passively containing crisis phenomena to one of actively stimulating and developing the travel sector. For instance, this goal could be achieved by increasing the throughput capacity of existing land border crossings along the western border (primarily with Poland and Moldova). To boost foreign currency inflows from service exports, it is recommended to develop a targeted state program for the development of memorial tourism ("tourism of remembrance") and specialized routes in safe regions; once the security situation stabilizes, these will serve as primary tools for attracting foreign visitors from Western European countries. Regarding business travel exports, it is necessary to establish simplified conditions and a state-backed war-risk insurance system for representatives of foreign engineering, construction, and investment companies arriving to restore critical infrastructure; this would enable an increase in the volume of official business travel exports and help gradually balance Ukraine's trade-in-services deficit.

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