

# Tourism Traits in the Republic of Croatia at the End of the 20<sup>th</sup> Century

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## Introduction

The paper looks into the changes that have occurred in Croatian tourism over the last decade, with an accent on European Union countries. The significance of these countries to Croatian tourism is defined. A mathematical-analytical methodology is used to analytically approach the relationship between Croatian tourism and that of European Union countries. It helps in quantifying what has been lost to Croatian tourism due to circumstances that were unfavorable for tourism in the period from 1990 onwards.

European Union countries are the most significant part of the European tourist market. This is equally true of its receptive and generating regions. Their share in the receipts realized from foreign tourism and in foreign tourism expenditure was greater than 2/3 of the total values realized by the European region in 1988.

Croatian tourism must show pointed interest in the above fact in order to participate as high as possible and with better quality in the tourist results being realized in European regions, which is giving European Union countries a keen edge.

The following research methods are used: induction, deduction, statistical-mathematical, analysis, synthesis and comparison.

## Structural changes in the Croatian tourism from 1990

Significant structural changes occurred in Croatian tourism between 1990-99 as compared to the years prior to this period. The structural changes were a consequence of the war in Croatia and in the surrounding regions, including post-war activities. In an extremely pronounced sense, this entire decade was characteristically marked by the activities and consequences of war. This entire time frame represents the so-called abnormal years of Croatian tourism. It is characterized by an exceptionally unsatisfactory political and economic environment.

We will use the tourism indicators realized in the so-called normal pre-war years in order to be able to make an in-depth analysis of the changes which occurred in Croatian tourism during the last decade.

## Changes in the structure of realized tourist nights

The data on the realized tourist nights in Croatian tourism over a longer time frame (see Table 1) shows the following tendencies:

- a) A significant decrease in the total number of realized nights in the war and post-war period (1990-99) as compared to each of the three pre-war years noted (1987-89) or their average. The indices for the total number of realized nights (1989=100) oscillated so significantly that for the average realized nights (1990-99/1989·100) the index was 37% ;
- b) The index for the average number of realized nights for domestic tourists was 63% for the same period. It would have been expected that the domestic tourist nights, under the exceptionally unsatisfactory conditions of the political and economic environment, would have shown a tendency towards a slower decline as compared to the foreign tourist nights. A possible reason for this is understanding the specific situation in one's own country and the poorer financial capabilities of departing for other tourist countries.

**Table 1: Tourist nights (1987-1999)**

Year	Total (000)	Index 1989 =100	Domestic tourists			Foreign tourists		
			Total (000)	Index 1989 =100	%-of the total nights	Total (000)	Index 1989 =100	%-of the total nights
1987	68160	110,2	8397	113,7	12,3	59763	109,7	87,7
1988	67298	108,8	7946	107,6	11,8	59352	108,9	88,2
1989	61849	100,0	7383	100,0	11,9	54466	100,0	88,1
1990	52523	84,9	6747	91,4	12,8	45776	84,0	87,2
1991	10158	16,4	3394	46,0	33,4	6764	12,4	66,6
1992	10725	17,3	3170	42,9	29,6	7755	13,9	70,4
1993	12908	20,9	3150	42,7	24,4	9758	17,9	75,6
1994	19977	32,3	4421	59,9	22,1	15556	28,6	77,9
1995	12885	20,8	4370	59,2	33,9	8515	15,6	66,1
1996	21456	34,7	4910	66,5	22,9	16546	30,4	77,1
1997	30314	49,0	5617	76,1	18,5	24697	45,3	81,5
1998	31288	50,6	5286	71,6	16,9	26002	47,7	83,1
1999	26564	42,9	5215	70,6	19,6	21349	39,2	80,4

Source: a) SLJRH-1999, Republic of Croatia-Central Bureau of Statistics, Zagreb, p. 379; b) Priopćenje Državnog zavoda za statistiku Republike Hrvatske, No:4,4,2/11 dated 3.2.2000, p.1 and personal computation.

c) The average foreign tourist nights, using the same methodology, show the greatest drop. The index for their average realized nights was at 1/3 of the level noted for the last normal pre-war year. It is normal that tourists do not prefer the type of selective tourism such as is war tourism with its high risk level and insecurity towards human life and property. The unstable political and economic environment in which the Croatian tourist economy functioned only confirms that they are very poor allies to tourism.

#### Changes in the number of tourist arrivals

In the 1990's, activities within the Republic of Croatia and the neighbouring countries caused a significant decrease in the number of tourist arrivals. As such, the index for the realized number of total tourist arrivals was 49.1% in 1999/89. We can claim the following with regards to the number of tourist arrivals in the period from 1990-99 as compared to the last normal tourist year of 1989:

a) The tourist arrivals (total domestic and foreign tourists) show a slower drop as compared to the drop in realized nights;

b) The above suggests a drop in the average tourist stay, shown in days;

c) Foreign tourist arrivals had the greatest index drop (1990-99/89-100). Their average index realized was 36%. Simultaneously, the index was 72% for domestic tourists and 42% for all tourists.

Table 2 gives a detailed annual summary.

**Table 2: Tourist arrivals, 000 ( 1987-1999)**

Year	Total (000)	Index 1989 =100	Domestic tourists			Foreign tourists		
			Total	Index 1989 =100	%-of the total arrivals	Total	Index 1989 =100	%-of the total arrivals
1987	10487	108,4	1731	109,6	16,5	8 756	108,2	83,5
1988	10354	107,1	1661	105,1	16,0	8 693	107,4	84,0
1989	9670	100,0	1580	100,0	16,3	8 090	100,0	83,7
1990	8497	87,9	1448	91,6	17,0	7 049	87,1	83,0
1991	2146	22,2	800	50,6	37,3	1 346	16,6	62,7
1992	2010	20,8	739	46,8	36,8	1 271	15,7	63,2
1993	2363	24,4	842	53,3	35,6	1 521	18,8	64,4
1994	3402	35,2	1109	70,2	32,6	2 293	28,3	67,4
1995	2438	25,2	1113	70,4	45,6	1 325	16,4	54,4
1996	3889	40,3	1249	79,1	32,0	2 650	32,8	68,0
1997	5206	53,8	1372	86,8	26,3	3 834	47,4	73,7
1998	5450	56,4	1338	84,7	24,6	4 112	50,8	75,4
1999	4751	49,1	1307	82,7	27,5	3 443	42,6	72,5

Source: a) *SLJRH-1999, Republic of Croatia-Central Bureau of Statistics, Zagreb, 1999*, p. 379; b) *Priopćenje Državnog zavoda za statistiku Republike Hrvatske, No: 4,4,2/11 dated 3.2.2000, p.1 and personal computation.*

#### An evaluation of the consequences to Croatian tourism

What are the consequences to Croatian tourism based upon the trend shown by the number of realized nights in Table 1? Our model, which estimates the consequences, is based upon: a) the average annual number of realized nights in the last three pre-war years (1987-89) or the so-called normal tourist years; b) the hypothesis that Croatian tourism would have at least realized bednights, a yearly average, at the previous three year average levels. This hypothesis deals with the ten year period 1990-99; c) in this manner, connecting potential estimated bednights and actual realized bednights for the ten year period 1990-99; d) determining deviations in the potential number of bednights as compared to the realized number of bednights; e) the difference is treated as unrealized bednights and is credited towards the potential number of bednights under normal political and economic circumstances. These are the bednights which failed to be realized as a result of the circumstances, and f) if the unrealized bednights determined in this manner are multiplied by the average consumption per bednight, we then get a financial dimension for the lost earnings. These are the earnings which Croatian tourism failed to realize due to the existence of extremely unfavourable war and post-war circumstances.

We give an application of this model using the case of Croatian tourism as a whole.

#### Evaluation of consequences on Croatian tourism:

- a) All in 000 bednights
- b) A total of 197 307 bednights was realized between the period of 1987-1989, or approximately 65 769 bednights per year;

- c) If this trend had continued, approximately 658 million bednights would have been realized in the period between 1990-1999 (65769 bednights x 10 years=657 690 bednights);
- d) Only a little over 200 million bednights ( or 228 798 ) were realized in the same period;
- e) Croatian tourism failed to realize more than 400 million bednights (428892) for the period between 1990-1999;

Remark:

Potential bednights on the basis of the three pre-war years realized average bednights	-	Realized bednights during the ten-year war and post war period =	=	Lost bednights
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$$657\ 690 \quad - \quad 228\ 798 \quad = \quad 428\ 892$$

f) Loss in the number of years needed for compensation of the lost bednights:

f1) Lost bednights : realized bednights ( 1990 ) = Lost years

428 892 : 52 523 ( in 1990 ) = 8.17 years

f2) Lost bednights : realized bednights ( 1999 ) = Lost years

428 892 : 26 564 ( in 1999 ) = 16.15 years

f3) Lost bednights : average realized bednights (1990-99)=Lost years

428 892 : 22 880 (in period 1990-99) = 18.75 years

- g) Minimal lost earnings based on average day consumption out of 33 \$<sup>1</sup> in various kinds of travelling: 14,2 billion \$ (428 892 x 33 \$= 14,2 billion \$);
- h) If we should lower the above-mentioned average consumption according to the total realized bednights (foreign and domestic tourists) by 20-25% then the income, based upon lost bednights, could be portrayed between 10,65 and 11,36 billion USA \$;
- i) The lost average annual income from tourism could be quantified from 1,065 to 1,420 billion USA \$;
- j) The lost retailing income could be quantified to about 1,13 billion \$ (1990-99).

Economies stronger than Croatia could hardly cope with such figures.

Changes in the significance of tourist generating markets for Croatian tourism

Significant structural changes occurred in the relative significance of the presence of tourists and their realized bednights over the last ten years (1990-99) as compared to the last normal pre-war tourist year (1989).

The changes are evidenced as follows:

- a) The significance of the first five tourist generating countries for Croatian tourism was lowered. A decreased concentration level of tourists from the first five tourist generating countries occurred. The concentration level is the indicator by which we determine how great in significance are the tourists from a small (limited) number of leading generating countries in the realization of tourist arrivals and realized bednights. In this manner, in 1989, the tourist arrivals and realized bednights for the first five countries contributed towards the total number of tourist arrivals with 58.13%, and in the total number of tourist bednights with 63.59%. See Table 3. In 1999, the share of the first five countries in the total number of tourist arrivals decreased to 53.65%, and in the total number of tourist nights to 62.31%. See Table 4.

The relative significance of the concentration index in the number of tourist arrivals for the first five generating tourist countries decreased (1999/89) by 7.71%, along with a simultaneous drop of 2.01% in the significance of realized bednights;

b) The first five most significant countries for Croatian tourism in 1989 were as follows: W.Germany, Italy, G.Britain, Austria and Netherlands. Tourists from the aforementioned countries accounted for 80% of all the foreign bednights in Croatian tourism.

Three of the above-mentioned countries (Germany, Italy and Austria) retained their positions as being among the first five in significance to Croatian tourism.

**Table 3: Tourist arrivals and tourist nights by country of residence ( 1989)  
( first five countries )**

Range	Country	Tourist arrivals (000)		Tourist nights (000)	
		Total	%-of total	Total	%-of total
1.	W. Germany	1850	19,13	15 177	24,54
2.	Italy	998	10,32	5 175	8,37
3.	G.Britain	457	4,73	4 448	7,19
4.	Austria	547	5,66	3 932	6,36
5.	Netherlands	327	3,38	2 780	4,49
<b>Total: 1-5</b>		<b>4179</b>	<b>43,22</b>	<b>31 512</b>	<b>50,95</b>
Total		9670	100,00	61 849	100,00
Foreign tourism		5621	58,13	39 528	63,59
<b>Share (1-5) in foreign tourism</b>		<b>4179</b>	<b>74,35</b>	<b>31 512</b>	<b>79,72</b>

Source: *SGH-1991, Republic of Croatia, Central Bureau of Statistics, Zagreb, 1991, p.302-303 and personal computation.*

c) Tourists from all three of the forementioned countries showed fewer tourist arrivals and bednights in absolute amounts. Tourists from Italy and Austria, as compared to German tourists, increased the relative shares in both of the monitored indicators (arrivals and bednights), but at a lower absolute level;

**Table 4: Tourist arrivals and tourist nights by country of residence (1999)  
( first five countries)**

Range	Country	Tourist arrivals (000)		Tourist nights (000)	
		Total	%-of the total	Total	%-of the total
1.	Slovenija	690	14,52	4237	15,95
2.	Italy	538	11,32	2578	9,70
3.	Germany	532	11,20	4515	17,00
4.	Czech Republic	415	8,74	2845	10,71
5.	Austria	374	7,87	2378	8,95
<b>Total: 1-5</b>		<b>2549</b>	<b>53,65</b>	<b>16553</b>	<b>62,31</b>
<b>Total:</b>		<b>4751</b>	<b>100,00</b>	<b>26564</b>	<b>100,00</b>

Source: Priopćenje Državnog zavoda za statistiku Republike Hrvatske, No: 4,4,2/11, dated 3.2.2000, p.2 and personal computation.

d) In 1999, two transitional countries were among the five leading countries, according to the significance of realized tourist arrivals and bednights for Croatian tourism. They were: Slovenia and the Czech Republic. Tourists from the aforementioned two countries accounted for more than 1/4 of the tourist arrivals and realized bednights.

## Croatian tourism an EU countries

EU countries are a significant generating market for Croatian tourism. Their significance is determined for a ten-year period (1990-99). In the same period, the number of nights that Croatian tourism failed to realize is quantified, consequences of well-known circumstances both in and around Croatia.

### The significance of EU countries to Croatian tourism

The importance of EU countries to Croatian tourism is highly pronounced. This is shown by the total number of their realized nights, and their share in total foreign tourist nights. EU-country tourists realized a little over 101 million nights in Croatian tourism or 55,4% of the total number of all foreign tourist nights between 1990-99. Table 5 shows their contribution per country in detail. The contribution of certain EU countries to Croatian tourism is various. Germany was the foremost country according to the number of nights realized. Tourists from Germany realized 40.2% of all tourist nights from EU countries in a ten-year period. Germany is followed by tourists from : Italy (22.4%), Austria (19.7%), UK (6.0%) and the Netherlands (5.60%). Tourists from the aforementioned five EU countries realized 94.41% of all tourist nights from EU countries on the Croatian tourist market over the last ten-year period. Simultaneously, their share in the structure of total foreign tourist nights was 52,3%. There is a high level of concentration in the nights realized for five EU countries. The relative importance of the nights realized over the last decade represents a clear sign for directing Croatian market efforts towards those EU countries that have been traditionally oriented towards the Croatian tourist market.

**Table 5: Realized nights in Croatian tourism by EU country tourists from 1990-99**

Country	Number of realized nights	Realized nights in %		
		EU country	Foreign nights	Total nights
Austria	19799	19,57	10,85	8,65
Belgium	1750	1,73	0,96	0,77
Denmark	770	0,76	0,42	0,34
Finland	123	0,12	0,07	0,01
France	1686	1,67	0,92	0,74
Greece	162	0,16	0,09	0,07
Ireland	129	0,13	0,07	0,06
Italy	22803	22,54	12,49	9,97
Netherlands	5667	5,60	3,11	2,48
Germany	40673	40,20	22,28	17,78
Portugal	51	0,95	0,03	0,02
Spain	283	0,28	0,16	0,12
Sweden	680	0,67	0,37	0,30
G.Britain	6574	6,50	3,60	2,87
Luxemburg	21	0,02	0,01	0,01
<b>Total:</b>	<b>101171</b>	<b>100,00</b>	<b>55,43</b>	<b>44,19</b>

Source: SLJH-95, p. 352 and SLJH-2000, p. 375 and personal computation.

### International tourism flows within Croatia's tourism

A comparative analysis of the three pre-war years with a ten-year period (1990-99) shows that changes occurred in the international tourism flows within Croatia's tourism. These changes are as follows: a) Tourists from Germany ranked first according to the number of realized foreign tourist nights with a stable 28-29%, and they surpassed the position of second-ranked EU countries many times over, i.e. the United Kingdom and Italy. See Table 6.

**Table 6: Main international tourism flows in the three pre-war years**

Year	Generating countries						
	No. 1 country	%	No. 2 country	%	No. 3 country	%	Total top 3 countries (%)
1987	Germany	29,1	G.Britain	7,9	Austria	7,7	44,7
1988	Germany	29,2	Italy	7,7	Austria	7,6	44,5
1989	Germany	28,3	Italy	9,5	G.Britain	8,2	46,0

Source: Personal computation of data.

b) The concentration level for the relative significance of German tourists, according to the number of realized foreign tourist nights, was more pronounced than in the period from 1990-99; c) German tourists ranked first according to the number of realized foreign tourist nights in Croatian tourism for the period 1996-99, but on a significantly lower relative basis in comparison to pre-war years. See Table 7; d) The relative significance of the first three generating countries for Croatian tourism is growing. The concentration level for the relative significance of the first three countries was increased by 12% at the end of the last decade, and e) Two transitional countries are appearing more frequently among the first three countries, according to the significance of realized nights: Slovenia and the Czech Republic.

**Table 7: Main international tourism flows in Croatia's tourism, 1990-99 (foreign tourist nights)**

Year	Generating countries						
	No. 1 country	%	No. 2 country	%	No. 3 country	%	Total top 3 countries (%)
1990	Germany	26,8	Italy	11,7	G.Britain	9,9	48,4
1991	Slovenia	28,7	Germany	14,5	Italy	8,9	52,1
1992	Slovenia	27,7	Germany	15,3	Italy	15,2	58,2
1993	Germany	17,8	Czech Republic	17,5	Austria	16,3	51,6
1994	Czech Republic	21,2	Germany	19,4	Austria	15,5	56,1
1995	Slovenia	24,2	Germany	22,5	Austria	14,7	61,4
1996	Germany	22,6	Slovenia	17,3	Czech Republic	14,7	54,6
1997	Germany	21,9	Czech Republic	16,9	Slovenia	15,1	53,9
1998	Germany	22,8	Slovenia	15,5	Italy	14,1	52,4
1999	Germany	21,1	Slovenia	19,8	Czech Republic	13,3	54,2

Note: Personal computation of data contained in the following sources: SLJH-95, p. 352 and SLJH-2000, p. 375.

An estimation of the unrealized foreign tourist nights in Croatian tourism

Croatian tourism failed to realize more than 400 million nights for the period between 1990-1999<sup>2</sup>. Only 28% were realized by tourists from EU countries, of the potential or projected nights on the

basis of the three-year pre-war period. Therefore, the circumstances which involved Croatia and its surroundings resulted in the loss of 71.9% tourist nights from EU countries.

In this manner, Croatian tourism realized only 101 million nights instead of the potential 360 million nights. This estimate is based on the expectation that at least the three-year pre-war average of realized nights would be realized each year, under normal circumstances. Table 8 gives a detailed estimate on the number of nights, for each EU country and totals.

**Table 8: Realized and lost foreign tourist nights from EU countries between 1990-99 (000 nights)**

Country	Total realized nights 1990-99	Potential nights based on the average 1987-89	Lost nights (2-1)	Realized nights in comparison to potentials in % (2:3x100)	Lost nights in comparison to potentials in % (4:3x100)
1	2	3	4	5	6
Austria	19799	43467	23668	45,55	54,45
Belgium	1750	7657	5907	22,85	77,15
Denmark	770	5763	4993	13,36	86,64
Finland	123	757	634	16,25	83,75
France	1686	9843	8157	17,13	82,87
Greece	162	520	358	31,15	68,85
Ireland	129	510	381	25,29	74,71
Italy	22803	46473	23670	49,07	50,93
Netherlands	5667	26443	20776	21,43	78,57
Germany	40673	167057	126384	24,35	75,65
Portugal	51	93	42	54,84	45,16
Spain	283	907	624	31,20	68,80
Sweden	680	5247	4567	12,96	87,04
G.Britain	6574	45457	38883	14,46	85,54
Luxemburg	-	-	-	-	-
<b>Total:</b>	<b>101150</b>	<b>360194</b>	<b>259044</b>	<b>28,08</b>	<b>71,92</b>

Note: Personal computation.

According to our research, the tourists from five countries (Germany, G.Britain, Italy, Austria and Netherlands) accounted for only 29.3% of the estimated nights for the period 1990-99. Estimations are based upon a three-year average from 1987-89. See our computation in Table 9.

**Table 9: Lost foreign tourist nights based upon five countries for the period 1990-99**

Country	Total realized nights (1990-99)	Potential nights based on the average 1987-89	Lost nights (2-1)	Realized nights in comparison to potentials in % (1: 2· 100)
	1	2	3	4
Germany	40673	164270	123597	24,76
G.Britain	6574	45460	38886	14,46
Italy	22803	46470	23667	49,07
Austria	19799	43470	23671	45,55
Netherlands	5667	26440	20773	21,43
<b>Total: 1-5</b>	<b>95516</b>	<b>326110</b>	<b>230594</b>	<b>29,29</b>

*Note: Personal computation..*

The problem related to the achieved level of realized foreign tourist nights is even more pronounced if viewed individually, in comparison to each specific EU country. Pointed examples are given of countries that ranked among the top three in the structure of foreign tourist nights. Among them is the drastic example of realized nights for Great Britain tourists. In the last decade, the British have only realized 14.5% of the realistically projected nights under different and more objective circumstances of the Croatian tourist market. German tourists, who are in the main international tourism flows according to the frequency of being ranked first, realized just under 1/4 of that realistically expected under different circumstances. The highest percentages realized in comparison to expectations were realized by tourists from: Austria (46%) and Italy (49%). These two generating tourist markets are the closest regions to Croatia<sup>3</sup>.

It is possible to show in even greater detail the significance of the above to Croatian tourism. In connecting the nights lost with the average realized nights we obtain an indicator for the required number of years needed in order to “make up for” the lost period. The average realized nights over the ten-year period of 1990-99 is used. The number of nights actually needed is modified by the nights realized during the best years over a ten-year period. Of course, this is clearly a hypothetical approach used for quantifying the nights lost in Croatian tourism. See Table 10 for details.

**Table 10: Number of years needed to replace the nights lost**

Country	Lost nights 1990-99 thousand nights	Annual average of realized nights (1990-99)	Number of years needed to replace the nights lost on the basis of:	
			Average realized nights	Nights – best years
Austria	23668	1980	11,95	7,96
Belgium	5907	175	33,75	7,63
Denmark	4993	77	64,84	14,90
Finland	634	12	52,83	9,75
France	8157	169	48,27	10,65
Greece	358	16	22,38	5,87
Ireland	381	13	23,31	6,93
Italy	23670	2280	10,38	4,41
Netherlands	20776	567	36,64	8,43
Germany	126384	4067	31,08	10,30
Portugal	42	5	8,40	3,82
Spain	624	28	22,29	5,38
Sweden	4567	68	67,16	12,51
G.Britain	38883	657	59,18	8,60
Luxemburg	-	-	-	-

*Note: Personal computation.*

The best year for the number of nights realized in Croatian tourism was 1990 for the fourteen EU countries. The exception is Portugal, where the best year was 1998. The quantified number of nights already mentioned that are tied to the average expenditure per night gives the amount of receipts lost from foreign tourism. Different methodologies evaluate the receipts realized from tourism in various ways. The paper’s objective is not dealing with these methodologies and with the realities of their estimates<sup>4</sup>. Table 11 shows the receipts from foreign tourism per night in US\$.

**Table 11: Receipts from foreign tourism per night in US\$**

<b>Country</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
Austria	139,8	142,6	167,8	166,1	153,8
Belgium	310,1	393,2	422,1	412,1	357,3
Denmark	290,6	298,4	340,3	316,8	289,1
Finland	423,4	415,2	614,1	584,9	538,4
France	54,2	48,8	56,1	61,7	56,3
Germany	428,6	426,0	504,7	494,8	454,1
Ireland	42,2	59,7	66,2	68,1	-
Italy	266,3	244,9	254,2	254,3	252,4
Luxemburg	114,3	124,0	132,7	134,1	128,0
Netherlands	313,8	302,1	333,1	343,6	290,3
Portugal	224,1	185,2	195,1	196,4	189,2
Spain	236,7	206,2	235,5	250,2	-
Sweden	436,6	416,3	441,6	478,6	-
United Kingdom	75,2	79,4	86,6	87,2	90,1
Average for EU countries	127,4	121,3	139,9	143,7	124,1
<b>Croatia</b>	<b>133,3</b>	<b>115,8</b>	<b>158,7</b>	<b>121,7</b>	<b>102,4</b>
<b>Croatia/ EU countries</b>	<b>1,046</b>	<b>0,955</b>	<b>1,134</b>	<b>0,847</b>	<b>0,825</b>

Source: Yearbook of Tourism Statistics, WTO, Vol. 1-51 ed, p.107 and own computation.

#### Key elements of the EU tourism policy

There are five key elements upon which the EU tourism policy is based. They are: a) Freedom of movement and the protection of EC<sup>5</sup> tourists; b) Working conditions for those engaged in tourism; c) Common transport policy; d) Safeguarding of the European heritage and e) Regional development<sup>6</sup>.

It is not a coincidence that the freedom of movement and the protection of EC tourists are ranked first. A high level of safety and security is a necessary prerequisite to the undisturbed development of tourism. Contrary to this are those environments that are burdened by political instability and unrest of any kind. The entire paper confirms this by quantifying the effects of war and the extreme political instability over the last decade on Croatian tourism.

#### The significance of transitional countries for Croatian tourism

Tourists from transitional countries are becoming increasingly important for Croatian tourism. A long-term trend is present in the growth of their relative share in the structure of realized tourist arrivals and realized tourist bednights. Such changes have an effect on retailing as well, whose function is to satisfy tourist needs through various types of retailing capacities. A lower level of overall economic development is common to all of these countries, and upon this basis, a lower average purchasing power as compared to those tourists from countries such as: Germany, Great Britain, Italy, Austria, Netherlands and others. We give a summary of an indicator such as is GDP per capita on the basis of the estimated parity of the purchasing power in US \$ of some transitional countries. See Table 12.

**Table 12: GDP per capita based upon the estimated parity of purchasing power in US \$**

Country	Year				
	1990	1994	1995	1996	1997
<i>Slovenia</i>	9225	9968	10488	11045	11724
<i>Slovak Republic</i>	7301	6720	7236	7878	8550
<i>Romania</i>	3996	3942	4276	4560	4356
<i>Poland</i>	4221	5017	5417	5876	6407
<i>Hungary</i>	5750	6331	6576	6842	7315
<i>Czech Republic</i>	9550	9807	10545	11279	11583
<b>Croatia</b>	<b>5186</b>	<b>3139</b>	<b>4029</b>	<b>4392</b>	<b>4267</b>
<b>Bulgaria</b>	<b>4487</b>	<b>4384</b>	<b>4369</b>	<b>4039</b>	<b>3860</b>

Source: *Countries in Transition 1998, The Vienna Institute for International Economic Studies, 1998, p. 82, 84, 86, 88, 90, 92, 94 and 98.*

Some of them are significant tourist generating markets for Croatian tourism. They are the following countries: Slovenia, Czech Republic, Hungary, Slovak Republic and Poland. We can also add Bosnia and Hercegovina to this list. Tourists from these six transitional countries accounted for 34% of all tourist arrivals and 38% of the total number of tourist nights in Croatia in 1999. Simultaneously, they accounted for 47% of the foreign tourist arrivals and foreign tourist nights. See Table 13 for details.

In 1999, the first six transitional generating countries accounted for 97.52% of the total arrivals from sixteen transitional countries, and for 98.18% in the number of nights. Arrivals were noted from a total of sixteen transitional countries: White Russia, Bosnia and Hercegovina, Bulgaria, Czech Republic, Estonia, Yugoslavia, Lithuania, Latvia, Hungary, Macedonia, Poland, Romania, Russia, Slovak Republic, Slovenia and the Ukraine.

**Table 13: Importance of transition countries for Croatian tourism in 1999**

Range	Country	Tourist arrivals (000)		Tourist nights (000)		Foreign tourists (%)	
		Total	%-of the total	Total	%-of the total	Tourist arrivals	Tourist nights
1.	Slovenia	690	14,52	4 237	15,95	20,04	19,85
2.	Czech Republic	415	8,74	2 845	10,71	12, 05	13, 33
3.	Bosnia and Hercegovina	157	3,30	763	2,87	4,56	3,57
4.	Hungary	141	2, 97	813	3,06	4,10	3, 81
5.	Slovakia	108	2, 27	723	2,72	3,14	3,39
6.	Poland	105	2,21	679	2,56	3,05	3,18
<b>Total: 1-6</b>		<b>1 616</b>	<b>34,01</b>	<b>10 060</b>	<b>37,86</b>	<b>46,94</b>	<b>47,13</b>
<b>Total transition countries</b>		<b>1 657</b>	<b>34,88</b>	<b>10 247</b>	<b>38,,57</b>	<b>48,13</b>	<b>48,00</b>

Source: Priopćenje Državnog zavoda za statistiku Republike Hrvatske, No: 4,4,2/11 dated 3.2. p.2 and personal computation.

## Conclusion

Croatian tourism endured and is still enduring the consequences of an extremely pronounced political instability that affected the Republic of Croatia and her immediate neighbours. The effects on Croatian tourism are such that even stronger economies would have had difficulty in coping with them.

The most important generating markets for Croatian tourism are located in EU regions. In Croatian tourism over the last decade, EU countries participated in the total number of realized foreign nights by 55,4%. An estimate has been made on the number of lost tourist nights from these countries not

realized as a result of the instability that characterized the general region during past years. The lost nights have been estimated at 72% of the objectively possible number under stable circumstances. Attention is focused on tourists from Germany, as the foremost generating region for Croatian tourism, that realized under 1/4 of the realistically projected number of nights. Estimates are given for each EU country.

The main international tourism flows in Croatia's tourism have been changed. This can be seen through changes in the relative significance of certain generating countries for Croatian tourism. The concentration coefficient on the importance of the first three generating markets to Croatian tourism is on the rise. In this way, the first three generating markets participated by 54% in the overall number of realized foreign nights in 1999, as compared to 45-46% in the three pre-war years.

Stability and security are the key elements for attracting greater numbers of tourists from EU countries to the Croatian tourist market. It is necessary to work intensively and continuously on creating a perception of Croatia as a safe and pleasant country throughout all the population levels of EU countries.

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<sup>1</sup>The average consumption of 33 \$ per night is taken from the study TOMAS '97, Institute of Tourism, Zagreb, 1998, p.42. Thought could be given to the extent in which the consumption data is influenced by the psychological state, etc. of those surveyed. Is it on average 20-25% more than the actual consumption?

In terms of estimating tourist consumption, we shall mention the work of the author D.GALINEC: *Statističko evidentiranje pozicije putovanja-turizam u platnoj bilanci Republike Hrvatske*, Hrvatska narodna banka, Zagreb, 1-3, May 2000, pp.2-11. Three methodologies used in the statistical monitoring of international tourism activities in the balance of payments for the Republic of Croatia are given in detail. They are as follows: a) the methodology based upon the purchase and sale of foreign exchange; b) the "transition" methodology and c) surveys on the consumption of foreign travelers in Croatia and domestic travelers abroad. An estimation of the revenue from foreign tourism and its relation to the actual number of realized foreign nights (1993-96) gives an estimation on the average consumption of foreign tourists per night: 85 \$=1993; 92 \$=1994; 186

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\$=1995 and 132 \$=1996. This estimation on the consumption of foreign tourists per night is given according to the methodology noted under (a). The methodology under (b) gives data for the period 1993 to 1998. According to this methodology, foreign tourist consumption is somewhat larger. Our comparison of estimated revenues from foreign tourism with the actual foreign nights gives us the following average consumption per actual realized foreign tourist nights: 134 \$=1993; 116 \$=1994; 158 \$=1995; 122 \$=1996; 102 \$=1997 and 105 \$=1998.

The methodology under (c) gives us the revenue estimates from foreign tourism for the first two three-month periods of 1999. In 1999, revenue estimates were 307,4 million USD for the first quarter and 556 million USD for the second quarter.

We will also mention the estimates on the expected consumption for all types of accommodation capacities (expectations after 2005). It regards an estimation of the consumption expected exclusively within accommodation capacities. B.Pirjevec portrays this kind of consumption as 4,28 billion German marks or we can add (according to the present parity 2DEM=1USD) 2,14 billion USD. The estimate is that the average daily consumption will reach 50 DEM per night. This is part of the tourist consumption which is realized in accommodation capacities. According to: B. PIRJEVEC, *Ekonomska obilježja turizma, Golden marketing*, Zagreb, 1998, pp. 153-154.

We are of the opinion, keeping in mind all the forementioned methodologies used in estimating tourist consumption, that for the purposes of this paper, we can ascertain the tourist revenue at 33 \$ per night. It would be possible, whether for psychological or other reasons, to lower it to from 1/5 to ???

<sup>2</sup> For details, see: N. KNEGO, *Retailing which functions towards raising the quality of the Croatian tourist supply*, International Conference "Tourism and Transition", Proceedings, Dubrovnik, Croatia, 22-24.11.2000, pp. 184-186.

<sup>3</sup> Market proximity is not negligible. It is especially important in circumstances where time represents money and where it is the only irreplaceable resource. According to A.Lockwood, proximity is one of the seven reasons behind the potential development of tourism in eastern European countries. The remaining six reasons are: curiosity, natural and historical attractions, visiting friends and relatives, health cures and spas, prices and safety. Source: A. LOCKWOOD, *Eastern Europe and the former Soviet states, Group of authors: The International Hospitality Industry-Organizational and Operational Issues*, Pitman Publishing, London, 1993, pp. 27-28.

<sup>4</sup> See the following paper for further details on the estimations of realized foreign revenue from tourism and the estimations on lost foreign revenue: N.KNEGO, *idem*, as in 2, pp. 185-186.

<sup>5</sup> EC=European Community.

<sup>6</sup> According to: A. WILLIAMS, *The Western European Economy*, Hutchinson Education, London, 1987, p.239.