APPENDIX 3

TOURISM IN THE REGION

1. TOURISM AND LAND TRANSPORT

1.1 Tourism in the Balkans: an activity facing problems

While there is no doubt that tourism has been, and still is, a major activity in some regions of the Balkans, it is a difficult activity to quantify using conventional parameters. This is all the more so, given the problems faced during the decade 1990-2000: destructive internal and international conflicts, the disintegration of the system which had created an original model of ‘social tourism’, the inadequacy of investment in the sector leading to a gradual deterioration of many facilities, the crisis affecting the airline industry, etc.

With the exception of a few favoured regions, already visited by large numbers of west Europeans (the Dalmatian and Black Sea coasts), the system has broken down.

The countries researched – those of the former Federal Yugoslav Republic (FYR), other than Slovenia (the present-day Federation comprising Serbia and Montenegro, Croatia, Bosnia-Herzegovina and Macedonia), plus Albania, Romania and Bulgaria, are nations of great diversity. The frontiers are of course aligned with geographical features (the Danube, the coasts, mountain ranges such as the one between Macedonia and Albania), but also and more significantly by two thousand years of history, a strong line which may be traced without interruption back to Byzantium, by diplomatic negotiations held following the two world wars, and more recently by the collapse of the socialist system. These geographical divisions are reflected in people’s lifestyles, languages, religions, folklore, etc. During peacetime, these differences fascinate and attract tourists, while in times of conflict visitors are more discouraged by them.

One permanent attraction, even in uncertain times - provided the disruption is not too serious, and the travel professionals and airlines remain in operation - is the range of seaside activities.

During the 1960s, ‘social tourism’ was developed in all of these countries as a component of salaried employment: employers provided paid holidays in facilities which were run – like all the others – by the state. Workers within the FYR could spend their holidays in other republics: so for example many Serbs and Slovenians visited the Croatian coast or the shores of the Macedonian lakes. Coastal resorts on the Black Sea played host to many Russians, East Germans, Czechs and Hungarians. These resorts were run as collective services, by state employees, and visitors spent regulated holidays punctuated by standard-format activities; Albania even specialized in part-educational part-tourist breaks for selected visitors.

In all regions, transport was collective, mainly by road and rail; private transport was the exception.

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1 For the purposes of this paper, the term “Balkans” will refer to the countries which comprised the Federal Yugoslav Republic prior to 1990, plus Albania, Bulgaria and Romania. Strictly speaking, Greece should be included in this region, and Romania should not. The expression “south-east European countries” is also used.

2 It is important to note the wide range of points of view regarding the cohabitation of diverse communities, and this theme is included in all of the national constitutions. Some people, such as tour operators in particular, view this as a positive feature for tourism, while for others it represents an underlying or acute concern. While cultured tourists would not make the mistake of visiting Dubrovnik or Tetovo, Mostar or Constanza in an identical manner, the same cannot necessarily be said of modern-day holidaymakers.

3 The pioneers of private transport were the East Germans, whose “Trabant” cars became a fixture at every socialist campsite in south-east Europe.
Domestic tourism operated along the same lines: from Belgrade, Skopja, or Sofia, workers went to
mountain resorts, forests or lakesides, as decided by joint production or factory committees. These
visits were referred to not as holidays but as tours: the same distinction was made as we do in France
between tourists and holidaymakers.

Alongside this overall system were developed activities for western visitors in high-class seaside
resorts: modern expensive hotels with suitable services (car rentals, modern air transport, excursions,
etc.). This top-of-the-range trade was complemented by more ordinary facilities and ‘bed-and-
breakfast’ accommodation for less well-off German, French or Italian visitors. Motorists travelled to
Yugoslavia through Italy via Rjeka, or through Austria, via Zagreb. Some carried on into Greece, via
Belgrade and Skopja. Administrative formalities were kept to a minimum, in contrast to those imposed
on visitors from Poland, Hungary or Romania.

Tourists from western countries and eastern bloc holidaymakers sometimes met, in particular at the
cultural and artistic events which took place regularly in the socialist countries, such as the classical
music concerts held in Dubrovnik.

When the socialist system collapsed, thoughts turned to privatisation. Some private sector elements
already existed in Yugoslavia, at least on the Dalmatian coast. But the level of national savings was
too low to take on the task, and in particular to make the necessary investments for facilities to be
modernised. Foreign investors were invited to intervene. In peaceful areas the scheme was only a
qualified success, while in conflict zones it was almost completely unsuccessful.

The war centred around the break-up of Yugoslavia directly involved Croatia, Serbia, Montenegro and
Bosnia Herzegovina. Slovenia was spared, as was Macedonia. But domestic conflicts gripped Albania,
Macedonia, and the new FYR. Today, while the region seems calm, the fact remains that foreign
investors are still apprehensive. The human destruction and the damage to historical artefacts and
monuments are enormous: their extent has yet to be calculated.

1.2 Tourism in the Balkans today

1.2.1 Tourist numbers

Situated between ‘heavyweights’ both to the north in the form of Hungary (13 million tourists), the
Czech Republic (16 million) and Poland (18 million), and along the Mediterranean coast, Greece (12
million) and Turkey (7 million), the region comprising the former Federal Yugoslav Republic nations,
plus Bulgaria and Romania has special features which conventional statistical systems do not bring
out.

These seven countries are extremely diverse in terms of both their sizes and their populations. At the
same time, the former FYR republics share a common tradition of active planning, including national
accounting, statistical data-gathering, decision-making processes, etc. To a lesser extent, Romania and
Bulgaria have shared this experience. Albania no longer draws up plans to the extent required. None of
these statistical systems, however, is adequate.

Evaluation of tourism and related activities is vital for several reasons:

* for the state’s decision-makers, an overall view of a given activity is an essential preliminary
  step for developing the relevant sector, defining the state’s own role and stimulating the
  desired public-private partnerships, etc.

* for potential private investors, this makes it possible to calculate both the anticipated gains
  and the likely risks of their operation;
* for countries hoping to work in association with the European Union, such an evaluation is an obligatory first step.

It would seem natural to use these statistics to measure the extent of this activity and gain an idea of its main features. However, the statistical system is woefully incomplete and its inadequate or uncertain classifications make international comparison impossible.

In the first place, the distinction between ‘foreign tourists’ and other types of visitor ⁴ is not made with the necessary clarity. In some countries statistics are recorded at immigration points (border police), while in others, such as Macedonia, they are compiled using statements made by hotelkeepers on the basis of registration slips. Under these conditions many visitors either remain unrecorded or are misclassified.

Secondly, as a result of the density of cross border traffic, many visitors from neighbouring countries arriving by road are not properly registered. Or if they are registered at border posts, the resulting data does not reach statistic-compiling offices intact.

All of these countries are committed to achieving the standards required by the European Union (EUROSTAT) and the World Tourism Organisation (WTO), and not only to those which apply to data compilation but also those relating to classification of hotels, travel agencies, tour operators, etc., all of which enable consistency to be achieved in the data recorded.

This however cannot be achieved by means of a decree, even if the border registration forms and hotel data slips are filled in more completely. More details are needed, regarding the length of visits, non-hotel accommodation, reasons for travelling, etc. This in turn requires focused research to be carried out on an appropriate scale and with an adequate frequency. Croatia appears to be heading in this direction, Bulgaria has expressed its intention to follow suit, Macedonia has carried out a number of one-off research initiatives … This trend must be encouraged.

1.2.2 Tourist expenditure

The benefits brought by tourism to each country take the form of employment, income, services created, etc. An accounting system to record them has been established and is known as ‘tourism satellite accounts’, an accounting framework incorporated into the system of national accounts by the United Nations in 1993.

All of the region’s countries have expressed their determination to implement this ‘sector accounting’ and the corresponding resolutions passed by the World Tourism Organisation (WTO), the OECD and Eurostat (European Union) ⁵.

Based upon the standards set by this system, it is possible to evaluate the income generated by the sector and to compare it to that achieved by other countries. The income is calculated on a ‘value-added’ basis. Provision is made to include associated services, such as air transport (inasmuch as this relates to tourists), catering, cultural activities, etc. The total may then be related to GDP, to service exports and to the trade balance.

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⁴ See the World Tourism Organisation definitions: “visitors who each travel from a country in which they are residents, for periods not in excess of 12 months, declaring that their main purpose is visiting the destination country without carrying out paid work”. This records the number of entries: someone who visits the country on several occasions in a given year is counted several times. The figures would include one-day visitors and accompanying staff, but exclude all other travellers (domestic, other purposes).

⁵ See for example the notes dated 27th December 1999 and 2nd April 2001 by the Director General of the UN’s Economic and Social Committee (Statistical Commission, tourism satellite accounts).
Until this system has been made operational, the WTO and World Bank are publishing international comparisons (see section 1.3 below) on the basis of available data, however … this data may be (sic), and financial data from the IMF.

The provisional results obtained show that, depending on the country considered, one tourist, whatever his or her origin brings a daily average of $40 - $80. When multiplied by the number of ‘tourist-days’, this gives the gross income per tourist. Curiously, the higher the GDP per head of population, the higher the daily expenditure: doubtless because high-GDP countries have prices rising to levels close to those of western countries.

This means of classification provides for presentation of the sector’s net income: from the gross revenue is subtracted expenditure by the country’s own nationals travelling abroad. This reveals for example that foreign tourism by Bulgarian nationals ‘cancels out’ 56% of their country’s gross revenue. Romania’s tourism-related balance of payments is already seriously in the red, and this situation seems to be worsening year on year. In contrast, Croatia remains strongly in the black: a reflection of a modern, well-run tourism sector.

Of all the services considered, one requires further attention: air transport. Clearly, it is not possible to coordinate foreign tourism without controlling the airline sector, but more importantly the fact that a tour operator may organise everything from abroad, without the government supervision allowed by involvement in the air transport sector, may lead to a reduction in the share of income reaching domestic operators and may increase that obtained by international operators. In certain countries it has even been noted that the national budget was subsidising foreign tourists due to a lack of transparency in the dividing up of gross revenues.

1.3 The seven countries

In 2001, the decade 1990-2000 was marred by serious problems. Each of the countries has experienced a transition from a socialist-type economy to an open market-based system. But the region’s conflicts affected them in different ways:

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<tr>
<th>1990-2000 events</th>
<th>Leaving FYR</th>
<th>Fall in GDP</th>
<th>War</th>
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(1) Slovenia also left the Federal Yugoslav Republic, which now only comprises Serbia and Montenegro. Kosovo, which shares a border with Macedonia, is now controlled by NATO.

Bulgaria and Romania seem to have escaped the spiral of violence. However, they too have been affected by economic difficulties arising from the economic transition. This is reflected in the difficulty faced in privatising hotels and the low level of involvement by foreign firms, mainly German, which have chosen to invest in the sector.
Visitors from outside the region are for the most part either Russian/Ukrainian or German: indeed the deutsche mark is the only currency accepted by all of the region’s operators (the exchange rate is stable, or indeed fixed in the case of Bulgaria). This is a result not only of the predominance of German tourists but above all of the nationality of the travel agents, tour operators, organisers of exhibitions and trade fairs, etc.

In addition, each country has its own special characteristics.

**Albania**

Cut off from the world for half a century, Albania has very little experience of modern-day tourism. Its geographical and political isolation, combined with the political problems of the past ten years, has prevented the anticipated upturn in the sector from occurring.

The country still receives around one hundred tourists per day, with most arriving by plane, one quarter crossing from Italy by boat and the rest by road, mainly from Greece and Macedonia. It is however difficult to tell where they stay during their visits and how much they spend in the country. Expatriate Albanians, chiefly from Italy, form the lion’s share of the influx.

The state hotel industry is currently undergoing privatisation. New units are being installed, on the initiative of foreign private investors, and private sector accommodation is being developed. In all, talk is of around twenty thousand beds, of which only a few thousand are of international standard. Albania’s ambition is to develop its southern seaside resorts, between Vlore and Sarande, facing the island of Corfu, but there is a long way to go before the Croatian and Greek resorts face any serious competition.

Overall however, even with this small number of visitors, the gross revenue from tourism accounts for nearly 20% of exports, an indication of Albania’s very limited openness to other countries.

**Bosnia-Herzegovina**

This republic has never been a major centre for tourism, although it does contain remarkable historic sites and locations. The war caused serious damage. Even today it is still not a tourist destination, even though the country attracts the usual visitors to be found in such situations.

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(1) WTO statistics (which may differ from those produced by the country itself)
(2) Source: Statistical Office, Macedonia (the WTO gives no information regarding Macedonia)
It is impossible to give a figure for the number of hotels: the operators are starting virtually from nothing. It is generally believed that any development in tourism will be initiated by the country’s expatriates abroad.

**Bulgaria**

Bulgaria is one of the region’s heavyweights as regards tourism. However, after a period of growth in the early 1990s, a certain falling-off has been noted, with a drop in the number of ‘traditional’ visitors from the east, obsolescence affecting a number of facilities, a low level of diversification in the tourist products on offer, obsolescence affecting a number of facilities (sic): thus while Bulgaria boasts 117 000 beds, most of these are in establishments which are no longer of adequate quality and are not used by tour operators.

The summer high season is dominated by seaside holidays on the shores of the Black Sea between Varna and Balchik on one side and between Burgas and the Turkish border on the other side. However, summer season is short which jeopardises the profitability of some establishments and prevents their owners from carrying out modernisation.

For the winter season, Bulgaria offers its skiing spots like Pamporovo, Borovetz, Bansko, etc. which are becoming popular amongst Western Europe holiday makers. Bulgaria received 7.5 million visitors in 1997, of whom 2.3 million were foreign tourists. Tourist revenues were calculated to be $490 million.

In 1999, the figures suggested 2.08 million (source: Government), or 2.47 million tourists (source: WTO), with tourist revenues of $932 million, accounting for 16% of exports.

The majority of the tourists come from Russia and Ukraine, from Germany or from Great Britain. Six out of ten enter Bulgaria by car, a high proportion mainly accounted for by visitors from the east. A limited number arrive by train: returning expatriates. The others arrive by plane. Future tourism in Bulgaria will require major investment in order to diversify visitor profiles and improve the quality and quantity of services offered – will this be forthcoming?

**Croatia**

Croatia is the most significant tourist destination in the former Federal Yugoslav Republic, in international terms at least. The country’s statistics are of acceptable quality and held by the Central Office of Statistics in line with European standards: they are reproduced without alteration by the WTO.

There was a sharp drop in tourism between 1991 and 1995 and, while there has been an upturn, with 3.4 million visitors in 1999 and 5.3 million in 2000 (plus 1.3 million domestic tourists), these figures are nowhere near the 7 million recorded in 1990.

Revenue from tourism in 1999 amounted to $2500 million, accounting for 12.4% of GDP and 31% of exports. Each tourist contributed around $600 to the economy, the highest figure in the Balkans. 38 000 people directly earn their living in this sector.

The hotel sector has 120 000 beds, with a further 64 000 in budget holiday resorts, 200 000 campsite places and over 200 000 in bed and breakfast establishments (known as ‘zimmer frei’). The sector is shrinking – an effect of recession. One notable feature is that 80% of ‘tourist days’ were spent on the

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7 According to the WTO, Croatia is one of only 44 countries with over 100 000 hotel beds
coast; few visitors went inland. Indeed, boating tourism is developing strongly, with 47 marinas, and 12 500 mooring places.

Many visitors organise their own holidays independently and come back regularly, in particular Slovenians, Italians, Czechs, Germans and Austrians. Of these visitors, the majority arrive by car, but again the relevant statistics are not available.

The authorities would like to develop tourism away from the coast, but travel agents and their clients seem less enthusiastic.

**Macedonia**

Macedonia is a classic example of a country whose tourist industry has been damaged.

In 1990, together with Croatia, Macedonia received the highest number of visitors of all the countries in the Yugoslav Federation, of which it had been a member since 1945. The sector was for the most part supported by the system of paid holidays, run by companies. The attractions offered by Macedonia were (and still are): a diverse range of activities, such as mountain visits and skiing, seaside resorts, hot springs, campsites in various locations, historical and cultural hotspots, etc. Foreigners had come in greater and greater numbers on organised holidays in the lake district, in the country’s south-western region, in Ohrid and Struga, etc. These visitors came principally from Germany and Britain.

The end of the system of paid holidays jeopardised the financial situation of the hotels and restaurants in the lake district, preventing them from carrying out the modernisation they now needed. The decade’s political events finished off the job, with an embargo mounted by Greece, sanctions against the Federal Yugoslav Republic, tensions with Albania, the NATO operation in Kosovo, etc.

In 2000, 224 000 foreign tourists were recorded, with 494 000 tourist days, making 2.2 days per visitor – a very low figure, sharply down on the 1990 equivalent. And this time, half of the days were spent in Skopja, as against one quarter ten years before. Foreign visitors came from Albania, the FYR, Bulgaria and the USA (around 10% each), followed by Germans, British and Greeks. It would appear that most of these visitors came for family or professional reasons.

Revenues from tourism amounted to around $40 million or one percent of GDP, a low figure, most of which was spent in the capital.

**Romania**

Romania is the region’s third heavyweight, together with Bulgaria and Croatia, receiving 3.2 million tourists in 1999. Over half of them arrived by road, mainly visitors from the east from Russia, Ukraine and Moldavia for the most part.

Most visitors go to the beach resorts, from Constanza to Mangacia, the capital city and the mountains. The average visit lasts just one week, and campsites are major elements.

Gross revenues from tourism are curiously low: three times less per visitor than in Bulgaria, ten times less than in Croatia! And these revenues have fallen over the past ten years, although the number of

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8 Of the 38 million ‘tourist days’ recorded in 2000, including all visitors, Zagreb accounted for a mere 26 000!

9 The Republic of Moldavia, a former member of the USSR, is linguistically close to Romania and exchanges between the countries are gradually being developed, after years of distance.
visitors has remained the same, at 3 millions in 1990. This is a reflection of the visitors’ modest standard of living and the deterioration of the facilities, in particular the decline of many hotels built in wealthier times.

Privatisations have not attracted foreign investors to the extent that was anticipated, and the future of Romanian tourism has yet to be rebuilt.

The Yugoslav Federation

The official hotel capacity is 176,000 beds, but this does not make sense, as the 152,000 visitors who came in 1999 (as against 239,000 in 2000), spending four days each (making 865,000 tourist days in 1999), would have produced microscopic occupancy rates, even with the addition of 2.3 million domestic visitors. The $17 million gross revenues from tourism in 1999, with less than one quarter from the hotel sector, are clearly extremely modest.

Ten years ago, the present-day Federation (Serbia plus Montenegro) received nearly 1.2 million tourists, many of whom came from Germany or northern or eastern Europe. Yugoslav officials hope to return to these levels.

1.4 Tourism and land transport

Tourists arrive by air or by road, with some categories (such as returning expatriates) taking the train.

It would appear that the authorities of the countries concerned have not taken a great interest in the arrival by road of foreign tourists, having merely counted their vehicles. While a number of one-off inquiries have been carried out, each over a few days at a given frontier, between Macedonia and Serbia or Croatia and Slovenia for example, these have been too small scale to provide useful conclusions for the future.

One way to discover the habits and expectations of visiting motorists would be to interview them at the campsites and motels where they stay, but unfortunately no such research has been carried out in the recent past.

Having said that, the following points may be made regarding foreign tourists accessing the region by road:

* Western Europeans enter via Slovenia: by the coastal highway or the Zagreb highway. Traffic is seasonal here, with a steady flow from May to September (several thousand per day in both directions combined), but modest rates otherwise. Germans predominate on the route via Zagreb, while Italians and Slovenians are more numerous along the coastal highway. One other route, which is less popular, is via Hungary and Belgrade.

* Visitors from eastern and northern Europe arrive via Hungary (if they are visiting the former Yugoslav republics), or via Romania if they are visiting that country or Bulgaria. High-season rates vary from a few hundred vehicles to 1,000 or 2,000 per day, with low-season figures far lower.

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10 The Yugoslav data contain serious inconsistencies. For example, Serbia and Montenegro report the same number of tourist days, despite the fact that 80% of tourists arrive in Serbia: this would seem unlikely.

11 Useful information regarding these flows could be gained by examining information obtained at Croatian border posts. But this information is elusive: we have not learnt of any.
* Traffic towards Greece is steady and has seen an upturn since the lifting of sanctions against the FYR. The entry point into Greece is at Salonica, which is reached via the Belgrade-Skopja-Salonica corridor, or via Sofia if approaching from Russia or Ukraine.

* Albania is inaccessible by road, except via its frontier with Greece.

Overall, it should be noted that the routes taken to any significant extent all run north-south. No east-west route is used by more than a few dozen foreign tourist vehicles each day. This would correspond to the general form taken by tourism in the Balkans: seaside holidays (Adriatic Sea, Black Sea), with exit towards Greece, a few tours and wanderings, and that is all.

Was the situation different ten years ago, in peacetime? Not in the case of western European tourists: put simply, there was a virtually total decline during the period of conflict, and the upturn is now underway. By contrast, travellers from eastern Europe have changed their habits. Hungarians, Poles and Czechs are now to be seen to a greater extent in Greece, and in particular in the Halkidiki region. To get there, they travel along the Belgrade-Salonica corridor, if possible without stopping.

In any case, it should be concluded that car-based foreign tourism is fairly unimportant, except along the routes mentioned above, that it has not returned to its 1990 levels, and that only the Croatian coastal route accounts for a significant level of tourist traffic as a proportion of overall tourist transit.

2. FUTURE POTENTIAL

2.1 Visitor expectations

Each of these countries has great future potential. If we suppose that the details of this future potential could be identified (stage 1), could each resource then be transformed into a tourism product (stage 2) and then attract sufficient ‘customers’ (stage 3) to pay for the efforts made? This, in brief, is the very key to developing tourism.

To put it another way, what are tourists looking for? If their expectations are fixed, there is no point developing something which they do not want, other than to educate them. If their expectations are changed, this will be as a result of interest in a new ‘product’ which is more fashionable or fulfils a hidden desire, or corresponds to a change in society.

Thus it is impossible to separate a) identifying potential resources from b) defining potential customers. This dual approach (product and customer) is not standard practice in the Balkan states. The only people who match one with another are travel agents, tour operators and professionals in the field with a better grasp of the market than the state officials responsible for this sector.

It would be possible to go through a full list of the high-quality sites in each country, setting out natural features, cultural locations, seaside attractions, sites of folklore interest, but this would not be particularly useful. These lists already exist and numerous works have been published in this regard.

What is the opinion of the travel agents?

They refer to a first-time tourist, in order to stress the traveller’s wish to find the expected features: the sea, some exotic features, convenient facilities, easy travel to the destination, if possible by plane, adequate services. If the tourist is not particularly well-off, appropriate accommodation in a campsite or holiday village. Referring to the repeat tourist, they mention the possibility of attracting him or her to less well-known sites, of cultural or historic interest, or even organised and themed tours (nature, history, etc.)

Nowadays travel agents divide tourists into three types: domestic visitors, who do not require agency services as they know where to go and how to get there; visitors from former eastern bloc countries who expect and are used to features similar to those previously available (collective holidays,
camping, etc.), and visitors from western Europe who are comparatively wealthy and whose interests revolve around the sea and, in certain cases, cultural activities.

The limiting factors are not intrinsic to the resource, but rather relate to transport capacities (in the form of aircraft, airports, flight connection hubs, etc.) and accommodation capacities (with hotels of the proper standard, presently concentrated around the major sites and capital cities, rather than near sites, monuments and features of interest). Thus a number of sites with major significance in European history, although accessible are only visited by a ridiculously small number of tourists. Would tourists be prepared to leave the beaten track en masse to explore and leave behind their comfort? Perhaps they would, but for that to happen the ‘product’ on offer would have to particularly original and intelligible.

In other words, the problem here is the difference between ‘elite tourism’ and ‘mass tourism’ of the type found in low-level regions and on the beach: would it be best to receive a small number of tourists each spending a large amount on services, or large numbers of tourists in designated zones each spending a lesser amount?

2.2 The future potential of the region’s countries

The answer to this question is straightforward: each country is well able to cater for both sets of tourists, with the possible exception of Bosnia-Herzegovina, which has less than its share of well-equipped seaside resorts, and perhaps Serbia which visitors may find monotonous and which has no beaches.

The attractions were and still are the seaside and beaches. The resource is well-known and has been turned to profit, with just one location so far neglected: the coast of southern Albania.

Almost all the locations of interest have already been developed in one way or another. But often, whether as a result of the recent conflicts or because of the steady deterioration of hotel facilities, visitors have stopped coming and customer numbers have fallen. The solution is not to promote new resources, but rather to rehabilitate existing resorts: this of course applies to Romania and Bulgaria, but also to Croatia. Bosnia-Herzegovina and Montenegro may attempt to develop installations on their short coasts. The most large-scale work should be carried out in Albania, provided access to this country is seriously improved.

The Macedonian lakes are a special case, as it is unclear whether lakeside tourism is particularly attractive to western European visitors. Those from eastern countries may return, but would require refurbished, modernised facilities: before anything else, market research must be carried out.

The other resources are well-known: mountainous regions (wild, superb, but often inaccessible) which could be adapted for skiing purposes (in Bulgaria, Romania, Macedonia, etc.), forests (often protected, but of patchy interest due to inadequate development), historic and religious monuments, towns and architecture. In all these domains, exceptional features are to be found next to ordinary ones. Many monasteries, whose virtues are extolled by travel agents, may only be visited after strenuous efforts and sometimes disappoint visitors in a hurry. Hiking paths are rare and badly marked out. Urban monuments are often drowned in the bustle of towns rushing to modernise. Archaeological sites are badly looked after and guides to them are rare. The list is endless.

These resources should be considered with a view to two types of tourism: guided tourism (whether individual or coach-based), and ecological tourism, rural- and hiking-based. A minimum quality level should be considered, whether or not there are tourists: the first customers to target are visitors from

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12 This applies for example to the Roman sites in Serbia and Macedonia, to Moslem monuments in rural locations, and to also the well-stocked museums in the former FYR.
the country itself or domestic tourists. A superior level could be set if the country hopes to attract visitors from abroad with foreign currency: interested in skiing, hiking, landscapes, etc. This distinction as regards development levels will impact upon public and private development programmes: see section 2.3 below.

But it should be noted that each country has adequate attractions to bring in adequate numbers of visitors to cover development costs, provided these attractions are operated on an appropriate scale after careful research.

Each country has drawn up a ‘tourism plan’ or is in the process of doing so, making reference to currently identifiable demand. The plans are all alike in that they have been drawn up without the necessary resource/customer research having been carried out. This is hardly surprising, given the lack of reliable data, research and statistical or accounting studies. The major problem is the lack of knowledge about the market comprised by western Europeans: quantity, wealth, expectations, experience, etc. This market must be coordinated with air transit factors (airlines, flights, integration with the leisure industry, etc.).

Maybe it is too early to be able to remove all the uncertainties mentioned, and in particular those arising from the inevitable competition between neighbouring countries: if this is the case, each country must carefully but resolutely begin an initial development stage, linked to the testing of new ‘tourism products’ on target customers. This would be carried out by travel agents with the backing of national tourist boards. Ideally, tours would as far as possible be developed to cover two countries (so a visitor could for example fly into one country and out of another) which would require coordination between both national tourist boards. This would be a neat way to test complementary products without starting a price/service war.

In any case, tourism which is not seaside-based (concentrated tourism) is ‘diffuse’ tourism for travellers on their second or third visit. These special customers deserve to be given a higher profile, as they are clearly more aware of the advantages and drawbacks of each product.

### 2.3 Constraints to be removed

A tourism product is dependent upon a logistical chain. If one link in this chain is missing, the product ceases to exist, and if one link is deficient, the product’s reputation suffers.

The visitor’s journey begins at home, with a travel agent and then air transport. The destination country has no control over this section, unless it manages to develop its capacity to host air traffic in its own interest, which involves the development of ‘platforms’, discussions with aviation professionals, airport management, linking up with major regional hubs (most notably Zürich and Vienna). Clearly this is made easier if the country has a national airline: coordinating the operations of regional airlines is an advantageous step, as discussions with European aviation professionals will take place on better terms.

The advantages of charter flights should not be exaggerated, as without care these may cater for a ‘bottom of the range’ customer base. All of the options offered by regular flights, such as renting out seats, group bookings, etc., should be explored (even if these flights are seasonal). In this connection, many travel professionals suggest that new tourist products should be tested on small groups – of ten to thirty people – before being made available to full flights of over one hundred passengers. This reduces risks and ‘breaks in’ the product.

Next, considerable efforts should be made in the graded hotel sector. Almost everything has to be created or renovated, except on the Croatian coast. This will require sizeable investments. For major resorts, this will be the responsibility of foreign groups already working in the tourism sector, and
working in their own interests: a tourism policy will have to be drawn up and at the same time negotiations with these groups begun (with a definition of the benefits, constraints, assistance, etc.).

Domestic investors will be approached for more secluded or convivial locations, involving for example hiking, rural tourism and especially accommodation for visitors in urban areas such as capitals or other cities: two-star hotels, inns, bed and breakfast venues, etc. Facilities in the capital cities will be given special attention, with coordination between urban planning schemes (such as renovation, promotion of cultural assets and ‘old town’ areas, river renewal, etc.) and special projects for the benefit of visitors. Finance for these activities should be easy to find over the years, provided all possible interested parties are approached, including of course national and regional bodies.

As regards general infrastructure (highways, water, electricity, telecommunications, frontier crossings, etc.), there is no need to create special programmes to benefit tourism: the general development programmes should suffice, as the country’s population will have the same requirements as visitors, all year round. It should merely be stressed that particular effort should be made with respect to local roads to provide access to isolated regions whose trade could be boosted by an influx of visitors: this would apply to rural areas of Serbia, Macedonia, Bosnia-Herzegovina, etc.

There is one exception to this: Albania. Travel professionals find it difficult to imagine setting up tours covering both Albania and a neighbouring country which would be reached by road. This attitude is unlikely to change, and means that the Albanian authorities should focus above all else on developing tourism in their country alone.

It is evident moreover that the presence of tourists in less wealthy areas could stimulate business activity and reduce underemployment problems. For this development to occur, encouragement would be needed: the necessary services (postal, banking) would have to be set up; crafts initiatives would have to be supported; tax breaks would be needed for investment in the sector, etc. This is vital for all of the countries. The role of each nation’s expatriates in this type of development is crucial, and consular bodies such as chambers of commerce would be responsible for fostering such involvement.

Within the context of this study, a specific approach is inappropriate: it is an undoubted fact that having a network of major highways is not a crucial factor for the development of tourism over the coming decade: the present major sites are accessible, future sites are being identified but will be of interest to a smaller set of visitors. It should merely be pointed out that everything should be done to improve frontier crossings (fast-track options, formalities, etc.), and transport infrastructure (facilities, lay-bys, service stations, information, etc.): but these factors existed in the Balkan region during the FYR and all of the relevant officials and decision-makers have stated that they are prepared to take all necessary steps to ensure these developments.

2.4 Visitor number forecasts for 2015

2.4.1 Differentiated developments

International bodies such as the WTO and the World Bank make predictions regarding developments in international tourism for each major region. The countries at issue in this paper are grouped together by these bodies under the heading ‘south-east Europe’. However the articles written concerning the region do not take into account the political events which the region has experienced over the past decade.

In our view each country has its own distinct profile and its ability to attract international tourist will develop individually.

For first-time visitors, the power of attraction will be dependent upon seaside facilities. Clearly, countries with well-equipped beaches will keep and develop their current customer base, provided
they continue to develop their hotel capacity and related services. This will apply to Bulgaria and Albania, which may progress further, and to a lesser extent to Croatia and Romania, which are reaching saturation and must renovate and invent new products. Macedonia is a special case, and must deal with the conversion of its lakeside tourism to attract new visitors 13.

Visitors who are looking for other attractions must be offered suitable holidays. With this in mind, each country will have to adapt its facilities in the capital city and at locations covered by tours. Each of them has its own advantages, as well as attractions shared with the others, such as archaeological sites and historical monuments. They all have forests, exceptional landscapes, attractive villages and interesting folk culture. The deciding factor will be the investment made in products targeting ‘second and third trip tourists’.

In other words, financial investment is the first key: public investment in airports and highways. It is for example a mistake to imagine that tourists will flock to Albania if the product offered is a stay in a hotel with unreliable services and without peripheral attractions. What is possible in Croatia, with its road link to the west European ‘reservoir’ is out of the question in a country to which access is by plane only.

A second key is training: guides, travel professionals, taxi drivers, interpreters, transport operatives, and hotel staff all contribute to making the visitor’s trip a delight or a disaster.

As far as the resource comprised of potential tourists is concerned, the trend is towards a convergence of the western European markets (with high revenues, the purchasing of packages including flights, an interest in authenticity and environmental protection, an ability to deal with new forms, such as tours, rural tourism, etc.) and the central European markets (with medium revenues, restful holidays, a familiarity with campsites and holiday villages, prominence of travel by car, etc.). And the emergence of a customer base which is regional (from Bulgaria, Romania, Croatia, etc.) and domestic offers real opportunities for local travel professionals, with a view to obtaining best possible use of facilities in capitals and other cities, rural areas, high-altitude resorts, etc.

2.4.2 Forecasts

The following table offers average-scale, realistic forecasts, taking into account what is known about the resource, investment capacities and the determination to provide training.

There are no miracles on offer, but rather the fruits of well-targeted endeavour. It has been presumed that in 2010 the negative effects of the troubles occurring between 1990 and 2000 will have been entirely overcome and that all of the countries will have returned at least to the most favourable previous situation.

The annual growth rates used have been set as follows: 4% for countries whose seaside resource (the dynamo) is approaching saturation, 5% for those who must make fresh choices and diversify the products they offer, and 8% for the two countries starting from a very low base and have everything to gain from resolute appropriate action.

13 This is a realistic challenge: it will however be necessary to remodel accommodation facilities to suit western tourists and examine the possibility of pairing up the Ohrid and Skopja arrival points.
Foreign tourists (thousands) 1999 | Foreign tourists (thousands) 1990 | Foreign tourists (thousands) 2010 | Annual growth rate 2010-2015 | Foreign tourists 2015 (thousands)
---|---|---|---|---
Albania | 39 | 30 | 160 | 8% | 235
Bosnia-Herzegovina | 89 | 1 | 360 | 8% | 530
Bulgaria | 2 472 | 1 586 | 2 970 | 5% | 3 790
Croatia | 3 443 | 7 049 | 9 000 | 4% | 10 980
Macedonia (2) | 181 | 562 | 562 | 5% | 720
Romania | 3 209 | 3 009 | 3 600 | 4% | 4 390
Yugoslavia (FR) | 152 | 1 186 | 1 186 | 5% | 1 510

(1) Forecasts made on the basis of sustained demand and hotel stock which has been modernised and adapted (Romania, Bulgaria, Croatia), renovated and built up in appropriate areas (Albania, Bosnia-Herzegovina, Macedonia, FR Yugoslavia).
(2) Forecasts made in view of the level of use of the seaside resource and the planned diversification of tourist products.

It is not surprising that there is no radical change in the ‘league table’: the tourists predominating on an international level are conservative and not prone to radical changes. It is however possible that two-country tourism may develop for organised tours or western motorists attracted by variety.

At the same time, by the dates quoted above, the expansion of the European Union will have taken place. It is possible that household incomes in countries which have by that time joined the EU will have increased by more than they would have if no such change had occurred: in such a case our forecasts will prove to be conservative and figures higher by 30% - 50% may be more accurate. As a result, the Central European ‘reservoir’ (Hungary, Czech and Slovak Republics, Poland, etc.) will prove more fruitful.

As for cross-border car traffic, it should be noted that international flows of tourist traffic will have doubled by 2015 on north-south routes and may have increased threefold through Croatia’s northern frontier. It is also possible that the Belgrade-Skopja-Salonica route will be busier than we have anticipated, as a result of the European integration referred to above.

By contrast, east-west traffic will remain modest, and will be dominated by Romanians and Croatians visiting the Adriatic coasts.

This traffic will always be seasonal, with nine-tenths of journeys made during the five months between May and September.

It should be noted that the foreseeable increase in living standards in the Balkan countries will result in inhabitants of these countries travelling abroad, as many Romanians and Bulgarians already do. That, however, is another matter…

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14 It is difficult to anticipate the proportion of visitors choosing to come by car rather than by plane. Clearly if European integration takes place as planned, this should result in an increase in car-based tourism (as a result of the single currency, standardised services, easier movement, etc.). However, air transport will also develop and will probably be integrated with car rental services at points of destination. Forecasts relating to this matter have yet to be published.