

Croatia

Tourism in the economy

In 2018, the total contribution of tourism to GDP was estimated at 19.6% with tourism revenues increasing by 6.4% to HRK 75.1 billion. Tourism industries directly employed 86 600 people, representing 6.6% of total employment. According to the Tourism Satellite Account, in 2016, tourism directly contributed to 11.4% of GDP. A Tourism Satellite Account for 2016 identified total tourism consumption of HRK 78.6 billion with inbound tourism accounting for 86.3%. It is estimated that domestic tourism expenditure in 2016 amounted to HRK 10.5 billion.

Tourism in Croatia is seasonally skewed towards the summer months and is dependent on European markets, but improvement has been noticed since the 2020 Tourism Development Strategy has been implemented. International tourists number 16.6 million, 92.8% of total arrivals, staying 83.2 million nights with an average stay of five nights. The main source markets for Croatia are Germany (16.7% of international tourists), Austria (8.2%) and Slovenia (8.2%). Some growth is also evident in long-haul markets such as the United States, Canada and China.

Regarding domestic tourism, in 2018, the number of domestic tourist nights in all accommodation types increased by 8.3% to 6.5 million nights. Out of 90.0 million nights by international and domestic tourist, only 7.2% of the total were attributable to trips by domestic residents.

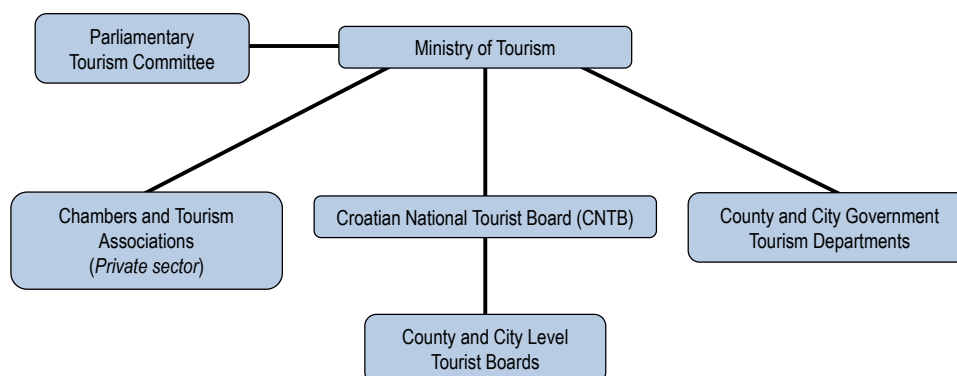
Tourism governance and funding

The Ministry of Tourism develops strategy and policy proposals to regulate tourism and related structures. Tourism promotion is the responsibility of the Croatian National Tourist Board, which reports to the Ministry. The Ministry regularly co-operates with the Chamber of Economy, Chamber of Trades and Crafts as well as with professional associations in the tourism and hospitality sectors. They do this through consultation and the preparation of legal acts and strategic documents. Grants, usually intended to improve skills and knowledge in the sector as well as shared scholarships in agreement with hotel companies, are approved through public invitations.

At regional level, the county administrative offices normally have a tourism department responsible for accommodation classification and permits associated with services in tourism and hospitality.

In 2018, the tourism budget was approximately HRK 230 million, representing 0.2% of the overall state budget. The total budget of the Croatian National Tourist Board from all sources was HRK 323.6 million, derived from tourism taxes (47.8%), state budgets, membership fees and other sources. It represents an increase of 20% from 2017.

Croatia: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Tourism, 2020.

Tourism policies and programmes

Over the last two years, many tourism and hospitality related legislation have been modified either to improve the management of tourism or, to align legislation to EU directives. The new laws establish two funds, for tourist boards in less developed areas and to create clusters of tourist boards. Another major change is the devolution of tourism taxation to regional level, giving County Assemblies the responsibility to set tax rates in their respective areas.

New structures relating to the management of the tourist board system will come into force in 2020, enabling financial incentives for clusters of tourist boards and changes in the roles of local and regional boards. Local bodies will have more operational control over product development, information and distribution, while regional boards will be responsible for strategic planning and development, research and marketing. The national Tourist Board will focus on international marketing.

Regarding cross-government policy development, the Ministry of Tourism has played an important role in the development of the new Croatian Development Strategy 2030, where tourism is an integral component. Empowerment of the Tourism Sector is one of the strategic goals of the 2030 Strategy. The aim is to achieve a multiplier effect on the Croatian economy via linkages throughout the tourism value chain.

The current Tourism Development Strategy 2020 has the following aims:

- To improve the tourism product and raise quality through investment, innovation, smart specialisation and sustainability.
- To position the Croatia brand strongly in international markets, increase shoulder and off-season turnover, increase average spend and support the private sector.

Preparations are underway for the development of a new tourism strategy. Action plans stemming from existing work have helped create a network of stakeholders focused on the development of new products and destinations. Besides three sessions of the Working Group on Tourism, the session of the Leadership group on Tourism has also been held. The Working group includes representatives from professional business associations, while the Leadership group directly includes representatives of the business sector. These groups provided inputs and constructive proposals to better prepare implementation mechanisms, strategic reforms and strategic projects, in order to achieve the defined strategic goal on tourism. The Ministry of Tourism is currently developing the overall strategic project to achieve this and expects the Strategy to be adopted by the Government at the beginning of 2020. The drafting process will start after

the adoption of the National Development Strategy 2030, as it will be in line with the 2030 Strategy's strategic tourism goals.

Croatian Tourism faces a number of challenges:

- Lack of workers - 64% of employers report difficulties in finding suitable staff.
- Building overdevelopment – Newly built accommodation in some areas along the coast is causing environmental degradation, with impacts on water consumption and traffic.
- Congestion and waste management - Cruise ships have created potential social concerns as tourism in Croatia is rooted in destinations where local populations share resources.
- Seasonality and unbalanced geographic spread – The season is concentrated between June and September, with coastal resorts accounting for 89% of all tourist arrivals and 95% of all overnight stays. Croatian tourism is directly connected to the sun and sea product and has insufficient innovative and high quality products elsewhere, despite a rich abundance of natural and cultural resources that could support diversification.

These issues are being addressed in a number of ways by the Ministry of Tourism:

- HRK 65 million is being allocated to 42 projects to encourage adult education institutions (and other) to attract vulnerable groups into the labour market. A network of regional centres of competence in tourism is also being established as hubs of learning involving industry, academia and other institutions. In addition to providing formal vocational education, the centres will train trainers, encourage flexible and continuous learning and target disadvantaged groups. The government has also exempted companies from VAT on food and accommodation costs for seasonal workers, enabling an increase in salaries for these workers and further incentive to work in the sector.
- To encourage diversification, the Tourism Development Fund facilitates the development of public infrastructure and public visitor attractions to improve the quality of tourism products. A range of projects have been funded over the last three years for the improvement of beaches and lakesides, cycling infrastructure, interpretation and visitor centres. Cycle tourism has been a national priority with a network of cycle routes for tourists being developed around the country, also contributing to the health of the local population. The Ministry is also revising regulations to enable mandatory classification to cover new trends for different types of accommodation to boost the quality and visibility of accommodation in less visited places.
- Impacts of intensive tourism development are being addressed with a multifaceted approach involving research and collaboration with partners from the Croatian Sustainable Tourism Observatory. The European Tourism Indicator System is being applied to monitor levels of sustainability at regional and local levels using 15 baseline indicators focused on social, economic, environmental and spatial sustainability. Additionally, the Ministry is collaborating with seven other Mediterranean countries on SMARTMED projects to address key challenges of seasonality and over-development.

Croatia has also taken a comprehensive approach to redefining its tourism administration system, and it is digitalising the national information infrastructure through the e-Tourism project (Box 1.15). This is focused on the development of eight linked public sector e-services in tourism, providing information for civil servants and linking the processing of several public bodies into an integrated system.

Statistical Profile

Croatia: Domestic, inbound and outbound tourism

	2014	2015	2016	2017	2018
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	16 515	12 195 |	8 803	6 614	8 166 p
Overnight visitors (tourists)	5 411	4 040 |	2 926	3 638	3 197 p
Same-day visitors (excursionists)	11 104	8 155 |	5 877	2 976	4 969 p
Nights in all types of accommodation	28 040	24 214 |	18 137	19 742	17 581 p
Hotels and similar establishments	3 624	2 605 |	1 888	1 510	1 524 p
Other collective establishments	818	1 030 |	442	532	583 p
Private accommodation	23 598	20 579 |	15 807	17 700	15 474 p
Inbound tourism					
Total international arrivals	..	..	..	..	..
Overnight visitors (tourists)	11 623	12 683	13 809	15 593	16 645
Same-day visitors (excursionists)	..	..	..	..	..
Top markets					
Germany	1 989	2 124	2 277	2 616	2 784
Austria	1 019	1 120	1 238	1 331	1 370
Slovenia	1 102	1 192	1 299	1 298	1 364
Italy	1 061	1 111	1 120	1 110	1 148
Czech Republic	661	696	689	742	755
Nights in all types of accommodation	61 324	65 863	72 193	80 222	83 175
Hotels and similar establishments	22 665	24 119	26 581	28 543	29 319
Other collective establishments	16 010	16 488	16 788	18 277	18 380
Private accommodation	22 649	25 256	28 825	33 402	35 477
Outbound tourism					
Total international departures	4 638	4 355	2 581	2 597	2 980 p
Overnight visitors (tourists)	2 763	2 578	1 614	1 923	2 058 p
Same-day visitors (excursionists)	1 875	1 777	967	674	922 p
Top destinations					
Bosnia and Herzegovina	523	404	283	325	390 p
Germany	308	261	278	211	326 p
Italy	257	452	203	210	213 p
Slovenia	314	183	144	165	171 p
Austria	304	258	169	213	166 p
TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	8 932	8 196	9 214	10 531	11 346
International travel receipts	8 716	8 012	9 028	10 320	11 127
International passenger transport receipts	216	184	186	211	218
Outbound tourism					
Total international expenditure	864	771	954	1 399	1 737
International travel expenditure	846	755	945	1 369	1 693
International passenger transport expenditure	19	15	9	30	44

.. Not available; p Provisional data; | Break in series

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934078395>

Croatia: Enterprises and employment in tourism

	Number of establishments ¹	Number of persons employed ²				
	2017	2014	2015	2016	2017	2018
Total	..	..	..	..	..	..
Tourism industries	21 680	61 494	60 849	73 399	79 546	86 646
Accommodation services for visitors	3 135	31 206	31 469	35 732	38 778	41 826
Hotels and similar establishments	1 056	..	..	..	..	..
Food and beverage serving industry	16 776	24 473	23 925	32 198	35 120	38 678
Passenger transport	2 134	..	..	..	..	..
Air passenger transport	19	..	..	..	..	..
Railways passenger transport	1	..	..	..	..	..
Road passenger transport	1 417	..	..	..	..	..
Water passenger transport	697	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	..	..	..	..	..	..
Travel agencies and other reservation services industry	1 769	5 815	5 455	5 469	5 648	6 142
Cultural industry	..	..	..	..	..	..
Sports and recreation industry	..	..	..	..	..	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..	..
Other industries	..	..	..	..	..	..

.. Not available; | Break in series

1. Data refer to number of enterprises.

2. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934078414>

Croatia: Internal tourism consumption

Million EUR

	2016		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	1 398	8 823	10 441
Consumption products	1 398	8 823	10 441
Tourism characteristic products	1 324	8 139	9 684
Accommodation services for visitors	174	2 630	3 025
Food and beverage serving services	251	1 795	2 046
Passenger transport services	403	351	754
Air passenger transport services	82	102	185
Railways passenger transport services	25	12	37
Road passenger transport services	269	70	338
Water passenger transport services	27	167	194
Passenger transport supporting services	..	..	..
Transport equipment rental services	..	..	..
Travel agencies and other reservation services industry	80	339	418
Cultural services	100	651	751
Sports and recreation services	..	..	..
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	316	2 374	2 430
Other consumption products	73	684	758
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <http://dx.doi.org/10.1787/888934078433>



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