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Tourisme et monde rural

Paris : CIHEAM
Options Méditerranéennes; n. 3

1970
pages 93-95

Article available on line / Article disponible en ligne à l'adresse :

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To cite this article / Pour citer cet article

Mazi M. **Tourism as a factor of the economic development: the case of Yugoslavia.** *Tourisme et monde rural.* Paris : CIHEAM, 1970. p. 93-95 (Options Méditerranéennes; n. 3)



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Tourism as a factor of the economic development : the case of Yugo-Slavia

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Tourist traffic in Yugoslavia
(in thousands)

Year	Domestic tourist traffic		Foreign tourist traffic	
	Visitors	Nights	Visitors	Nights
1938	720	3,917	287	1,562
1948	1,617	8,994	62	418
1952	2,523	6,752	129	461
1958	3,387	13,792	599	2,510
1963	4,245	18,228	1,755	7,649
1969	6,645	24,720	4,743	22,433

In the last twenty years an extraordinary intensive development of international and domestic tourist traffic, and especially in Europe, contributed to the fact that tourist consumption had become a first class economic factor. It is known that the greatest part of tourist traffic in Europe has been directed towards the south, towards the Mediterranean countries and consequently it is natural that these countries have the greatest economic advantages.

The significance of tourism in Yugoslavia has also been changed. It grew from a relatively insignificant economic category into a very efficient factor of economic development. Here, it is worth emphasizing, Yugoslavia started with a more intensive development of international tourist traffic somewhat later than other Mediterranean countries, and therefore its development lagged behind other countries for a long time. It is reckoned that the beginning of a more intensive development of foreign tourist traffic in Yugoslavia started in 1952. By this year tourism developed on the basis of previously built receptive capacities which were insignificant in number and this was one of the limiting factors of a more intensive development. From 1958 onwards, capacities were increased every year enabling thus greater possibilities for a constant growth of tourist traffic.

In the consideration of tourism as a factor of economic development of Yugoslavia, it is advising to make difference between domestic and foreign tourist traffic. On the macro-economic level, effects of these sorts of tourist traffic are

different, and different are also measures of economic policy which were applied for the development of either sort of tourism, while there are no essential differences when the consideration is carried on from a micro economic point of view.

It is indispensable to make a short survey of the development of tourist traffic before we approach to considering tourism as a factor of economic development.

The table shows that in the first period domestic tourist traffic developed more intensively (followed by certain oscillations), while foreign tourist traffic assumed a more rapid growth since 1952 onwards.

These differences in the intensity of development also resulted from different approaches to the development of tourism. Domestic tourist traffic started to develop through a wide intervention of the State, either in the form of subsidies, or in enabling construction of special accommodation capacities whose business activity was not based on principles of commercial catering industry. This resulted in a more intensive development of domestic tourist traffic in the earliest phase. More rapid growth of foreign tourist traffic in this period was hindered by frontier formalities although these norms have gradually been facilitated since 1952 onwards.

Territorial distribution of tourist traffic represents a special characteristic of tourism as a factor of the economic development. More than 51 per cent of the total domestic tourist traffic and more than 82 per cent of foreign tourist traffic are realised in littoral tourist resorts.

Territorial distribution of tourist traffic, together with a constant growth of the volume of traffic and tourist consumption, represents one of the most essential facts attributing a special significance to tourism as a factor of development. Namely, littoral places, with a certain number of exceptions, were considered for a long time as underdeveloped areas of Yugoslavia, which had not any more significant possibilities for economic development except in the field of tourism. Today, it is possible to say that tourist traffic, both domestic and foreign, contributed to the fact that these areas, in Yugoslav relations, can not be considered any more as economically underdeveloped regions. In the matter of fact, there are certain exceptions relating first of all to some islands in the Adriatic on which there is not yet any more developed tourist traffic. However, owing to a constant improvement of transport conditions these islands are more intensively included into tourist traffic and it can be expected that in this way they will influence very soon more significant economic effects of tourism.

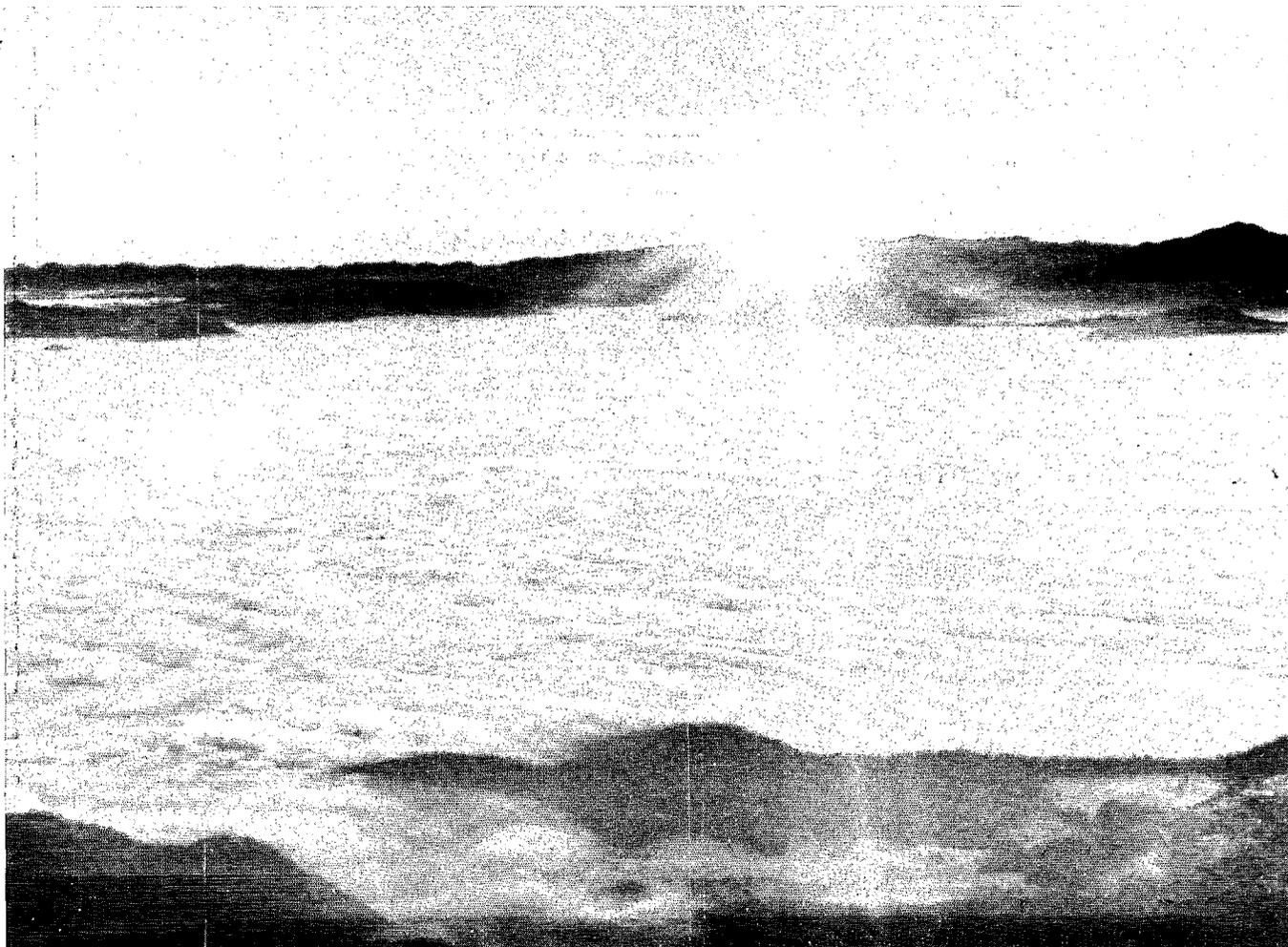
In this respect it is interesting to emphasize that the development of tourism in these areas resulted in the change of traditional economic structure, while in the field of agriculture it even resulted in the change of its structure. It is more and more directed towards securing needs of tourists, namely of catering industry.

Today, the influence of tourism upon the balance of payment is already considered as a classic economic function of tourism. Foreign currency receipts were as follows:

**Foreign currency receipts
from tourism in Yugoslavia**
(in thousand dollars)

Year	Dollars
—	—
1938	7,837
1948	1,945
1952	3,534
1958	12,729
1963	66,697
1969	284,532

The data show that foreign currency effect of foreign tourist traffic pointed out to a more dynamic growth than the physical traffic itself. This is the result of many facts. Firstly, there is a gradual improvement of structural offer, then an



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assortiment of tourist services, resulting in the growth of consumption. However, it is also worth mentioning the growth of foreign excursions from the neighbouring countries. While in 1963 Yugoslavia was visited by only 979,000 foreign motorists, in 1969 their number increased to 27,350,000. This sudden growth was enabled by an exceptional liberalisation of frontier formalities. Namely, the year 1967 was declared by the United Nations Organisation as the International Tourist Year and the same year, Yugoslavia abolished visas on a unilateral basis with all countries of the world and prolonged this facility for the next year (1968). In the meantime, agreements on the abolishment of visas on a bilateral basis were reached with 34 countries.

Today, currency receipts from foreign tourist traffic participate already with more than 10 per cent in the total influx of foreign currency earned from exchange of goods and services in Yugoslavia. This is an important item in the balance of payment, although its participation is still lower than in Spain, Greece, Italy and Austria.

By the volume of its foreign currency realisation, tourism in Yugoslavia ranks as the first export activity since 1966, while in 1960 it was only on the tenth place.

However, the significance of foreign tourist traffic and the influence of its

foreign currency receipts to the balance of payment is reflected not only in the mass of realised foreign currency, but also in their structure. Namely, more than 55 per cent of foreign currency are realised in tourist traffic from countries of the Common European Market. And nearly 90 per cent of the total foreign currency receipts are realised in convertible currencies. In other words, this structure of foreign currency receipts corresponds to import orientation of Yugoslavia, and therefore favourably influences the total economic development. In this respect one should take into consideration the fact that Yugoslavia undertakes great efforts in the total improvement of its economy, since it is still ranked among undeveloped countries and therefore there are very much pronounced needs in imports of equipment and reproduction material. Tourism appears as a significant source of foreign currency necessary for solving these problems, since for the production of tourist services there is no need for a special import. It is true that these effects are to some extent diminished by a considerable increase of expenditures of Yugoslav citizens travelling abroad. In 1960 they spent about 7 million dollars, but in 1969 this sum reached nearly 74 million dollars. However, this is a normal process of development. The dynamic growth was noted together with greater liberalisation of frontier formalities, but

it is noticed in the last few years that the expenditures for these travels range within the growth of living standard of Yugoslav citizens. At any case, the country is ranked among receptive tourist nations and it is expected that currency receipts from foreign tourist traffic will be higher than the tourist expenditures of Yugoslavs abroad.

The mass of more than ten million tourists and more than 47 million nights represent nowadays a large market with a specific demand. This is the reason why some enterprises of other branches which have no direct connection with tourism, namely with tourist consumers, are oriented more and more to securing needs of tourism. Here, first of all, it is worth pointing out to agriculture of wider regions of Yugoslavia, since the most attractive tourist areas do not have intensively developed agricultural production and therefore it is necessary that majority of agricultural products is to be secured from other regions. Building industry also found in tourism an important field of its activity. Namely, in 1960, Yugoslavia had only about 254,000 beds in its receptive capacities, while in 1969 the number of accommodation capacities increased to 654,000 beds. It means that in the last nine years there was a significant building activity in the construction of hotels and other catering capacities. Tourism also influenced re-activating of some old arts

and crafts which are especially engaged in the production of souvenirs and the like. Intensive development of tourism is also important for the development of passenger traffic. Although the development of transportation is the result of all needs of economy, tourism however considerably influenced the modernisation of some branches of transport. Now, for instance, Yugoslavia has already more than 19,000 kilometres of roads with modern drives, and only five years ago the total length of roads amounted only to 12,000 kilometres.

On the other side, tourism represents a very significant factor in man-power employment. It is estimated that more than 200,000 persons are employed either in tourist activities or activities connected with tourism. During the high season the number of employed is considerably higher.

Great efforts have lately been made to develop tourism not only on the littoral area of the Adriatic, but also in other attractive tourist regions. For this orientation of tourist traffic there are greater possibilities in the field of domestic tourism and we could say that the achieved results justified efforts undertaken in this activity, giving at the same time encouragement to go on with these endeavours in the forth-coming period. In this way tourism becomes a direct fac-

tor of development of mountainous and season the number of employed is considerable spas.

A special place in tourism is given to the planning of economic development in the period of 1966-1970. Basically, the set prognosis is realised, particularly concerning the economic effects of tourist traffic. It is estimated that about 370 million dollars will be realised in 1970 from foreign tourist traffic (together with passenger transportation), while 400 million were forecast. The difference between the realisation and prognosis is not great if we take into consideration that for some objective reasons were not realised all suppositions which had to secure the realisation of planned forecasting.

The plan of economic development of Yugoslavia for the period of 1971-1975 is being elaborated. The preference in this plan is given to the development of domestic and foreign tourist traffic, since tourism in the past period proved to be a significant factor of development of economy as a whole. However, it might be too early to speak about concrete quantifications foreseen by this plan, since the final balance of all needs and possibilities are not yet carried out, especially in the field of investments, while the future development of tourist traffic depends to a great extent to the construction of receptive capacities.

Lac de Bohinj.

Photo Office du Tourisme Yougoslave, Paris

