

ANNUAL TOURISM REPORT 2012 CROATIA

1. INTRODUCTION

Council Decision 86/664/EEC of 22 December 1986¹ establishing a consultation and cooperation procedure in the field of tourism foresees that “*each Member State shall send the Commission, once a year, a report on the most significant measures it has taken and, as far as possible, on measures it is considering taking in the provision of services for tourists which could have consequences for travellers from the other Member States*”.

With the publication of the Communication “*Agenda for a sustainable and competitive European tourism*”, thereafter referred to as “*Agenda*”, the Commission announced that “in order to strengthen the collaboration with and among Member States, their current annual reporting through the Tourism Advisory Committee (TAC) will be used to facilitate the exchange and the dissemination of information about how their policies and actions safeguard the sustainability of tourism”. The Communication also recognised that sustainability and competitiveness are integral parts of a comprehensive approach towards tourism management and development.

This Communication was welcomed by the Competitiveness Council conclusions (22nd-23rd November 2007) and by the Presidency Conclusions of the Brussels European Council of 14th December 2007.

The main aims for the reporting process are to:

- be able to monitor the level of implementation of the “*Agenda for a sustainable and competitive European tourism*” by Member States;
- provide an opportunity for Member States to make visible at European level the ideas and initiatives that they have developed or are developing regarding tourism issues;
- facilitate the exchange of experiences among Member States with regard to how they tackle issues which are important for the competitiveness and sustainability of European tourism.

MS reports referring to year n shall be sent to the European Commission by the end of February of year $n+1$.

If the reports are sent in English, the deadline can be moved to the end of April.

An update of tourism data will be provided by EUROSTAT in the month of September of year $n+1$ (before the European Tourism Forum).

¹ Official Journal L 384, 31/12/1986 P. 0052 – 0053.

In order to reduce the length of the report, it is recommended to provide links to relevant websites where further details can be found (so that those interested on a specific issue can find out more about i.e. the leading organisation, details of a scheme) and to introduce these links with a brief introduction summarising the most relevant info.

2. ORGANISATIONAL STRUCTURE

This section should provide an overview of the main organisational structure to illustrate how tourism is organised and managed, to identify linkages and to identify the engagement of other organisations/stakeholders.

The information required will only need to be prepared fully in year 1 as it will subsequently only be necessary to provide details of any changes.

2.1 Please identify the national bodies responsible for tourism (Ministry and also any separate/related National Tourism Organisation), including their mission and spheres of competence, and their connection to other national bodies with direct or indirect influence in tourism. (maximum of 1.000 characters)

The national body responsible for tourism in the Republic of Croatia is the Ministry of Tourism (NTA). The Ministry is responsible for strategies, policies and measures on the national level; it proposes laws regulating tourism and hospitality industry, the tourist board system and tourist tax.

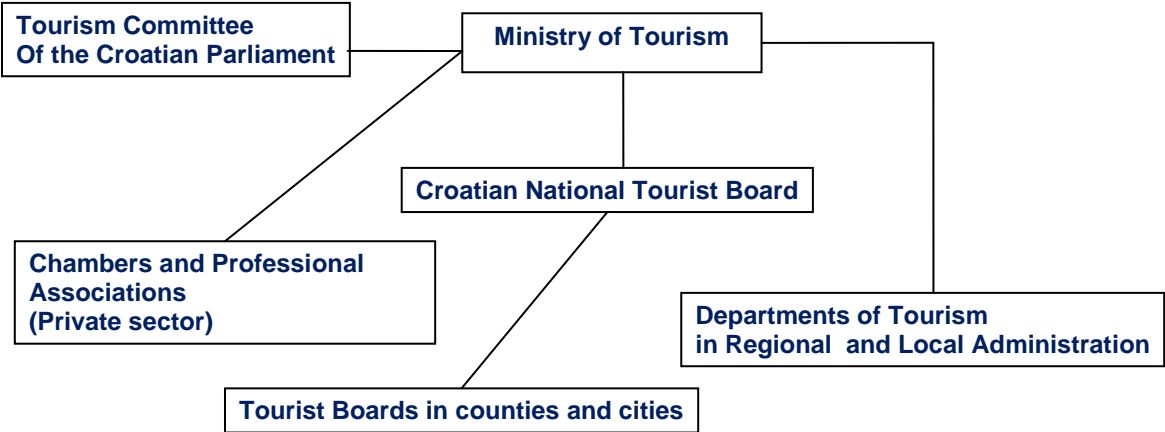
Tourism promotion lies within the responsibility of the Croatian National Tourist Board-CNTB (NTO), the President of which is *ex officio* the Minister of Tourism. Nevertheless, they have a professional director, managing its activities. They are governmental type of organization, but the employees are not civil servants.

On the regional level, within the County administrative office there usually is a department/section responsible for tourism and hospitality (littoral counties all have it, continental ones usually assign one person within the Economic Affairs Department to deal with the tourism issues). County administrative offices have the authority over the private accommodation classification procedures and permits.

2.2 Please provide a *diagram/organogram of the organisational structure for tourism* identifying the connection between national, regional and local bodies. Provide also a short

description of the core responsibilities and competencies of each of the organisations. Include also information about mechanisms of decision making process and participation (e.g. forums, advisory committees, other existing coordination mechanisms) from outsider organisations (e.g. other departments, stakeholder organisations and unions). (maximum 2 pages)

Organisational chart of Tourism Bodies



The Ministry is headed by the Minister with the Deputy Minister as the next in the line of authority. There are also four Assistant Ministers heading the Directorates (Travel Market and International Cooperation; Development and Competitiveness of Tourism; Tourist Board System and Destination Management; Legal Affairs), each Directorate being composed of a number of Sectors, Departments and Units. In 2012 an Independent Department for the EU Funds, directly responsible to the Minister was established.

The CNTB is managed by its Director, who has three Assistants. The CNTB operations are monitored by the Supervisory Committee (one of its members is representing the Ministry), and the Council (comprised of representatives of Regional Tourist Boards and the Ministry) that gets convened on regular basis to discuss current issues and prepare decisions.

The Ministry cooperates with a number of NGOs and professional associations (e.g. associations of travel agents, hoteliers, camping sites etc.)

2.3 Please provide information about *financial data*, including tourism budget as a percentage of overall government budget, the amount of national funding support for tourism marketing,

the amount of EU funding support made available for tourism and data concerning the support to SMEs and destinations. (1000 characters)

The overall State Budget slightly exceeds 118.84 billion kunas (approximately 15.9 billion €). The portion allotted to the Ministry of Tourism (MT) amounts to 204.5 million kunas (27.27 million €) which is 0.17 % of the overall State Budget.

Out of the MT Budget 90 million kunas (approximately 12 million €) is transferred to the CNTB for their promotional activities.

There were special funding lines within the MT budget for a number of projects dealing with tourism education and training, enhancing quality in the tourism and hospitality sector, tourism development in areas underdeveloped in terms of tourism, innovative tourism products, tourism events, incentives to professional associations' activities etc.

There were also a number of programmes on local/regional level, some of them financed from their own funds.

Regional/local authorities not being held liable for reporting to the line Ministry on their projects or funds allocated to tourism, no information can be provided on the use of the EU funds at this point. There are plans, however, to establish better coordination in that respect.

3. POLICIES AND STRATEGIES

3.1 Is there a current *National Strategy for tourism*? Yes No

If yes, please, provide information in bullet point format about the *key aims, objectives and priorities* of the strategy highlighting those that are designed to address sustainability issues in economic, environmental and social terms in particular those related in the six aims included in the Agenda. In the *formulation process of the tourism strategy*, briefly explain whether and how consideration has been given to the 9 principles set out in the Agenda (para 2.3 p5) and given in the appendix. (Maximum 2000 characters)

In 2012 the *Draft Strategy of Croatian Tourism Development by 2020* was finalized and prepared to be passed by the government (available in Croatian on: <http://www.mint.hr/UserDocsImages/Strategija-turizam-2020-editfinal.pdf>)

The main goal of the Strategy is to place Croatia among the top 20 world destinations in terms

of competitiveness.

Among other goals, the Strategy envisages investments of 7 billion EUR and a 6 billion EUR increase in foreign tourists expenditure by 2020, an increase in number of the sector's workforce by 30,000 (20 thousand direct and 10 thousand indirect jobs) and in number of beds by 100,000.

One of the goals is also achieving all-year-round tourism and its development throughout the country.

Ending with the year 2010, the *National Tourism Strategy until 2010* was in force : <http://www.mint.hr/UserDocsImages/Strategija%20hrvatskog%20turizma%20-%20finalna%20verzija.pdf>

The Strategic Plans for the periods 2011 – 2013 and 2012 – 2014 have had an overall objective to position Croatia as one of the leading Europe's tourist destinations.

The Ministry of Tourism, in cooperation with the Ministry of the Sea, Transport and Infrastructure has also prepared the *Nautical Tourism Development Strategy* for the period 2009-2019.

3.2 Who was the *initiator* and who is *responsible* for its implementation? (Maximum 500 characters)

It was the Ministry of Tourism of the Republic of Croatia that has initiated the preparation of the *Strategy of Croatian Tourism Development by 2020*. It will be responsible for its implementation, in cooperation with all the ministries and a number of public institutions such as Croatian National Tourist Board (CNTB i.e. NTO), Croatian Association of the Hotel Industry Employers, Marine Association, other professional associations in the tourism industry, regional and local governments and other stakeholders.

3.3 How is the strategy *monitored* and how often? (Maximum 1000 characters)

Once the Strategy is passed, these specifics will be determined by a special act of the Ministry of Tourism i.e. an inter-ministerial Council should be established to act as a monitoring body.

3.4 What *national legislation* exists which is specific for tourism or which has a major impact on the sector? (maximum 2000 characters)

1) ACT ON THE PROVISION OF TOURISM SERVICES (English version available on

<http://www.mint.hr/UserDocsImages/act-tourism-services.pdf>);

2) THE HOSPITALITY AND CATERING INDUSTRY ACT (English version available on <http://www.mint.hr/UserDocsImages/act-tourism-catering.pdf>);

In May, 2012 The Act on Changes and Amendments to the Hospitality and Catering Industry Act was passed which made it easier and faster to get the administrative decision that grants one the right to operate in the catering business. The operators of those facilities that had previously been involved in the catering business no longer need to undergo yet another procedure by which the minimum technical prerequisites are being checked prior to being issued the aforementioned administrative decision. Camping sites that had not yet been granted concessions for the tourism land in the state portfolio were enabled to keep - on operating.

3) THE SOJOURN TAX ACT (<http://www.mvep.hr/zakoni/pdf/835.pdf>);

4) THE TOURIST BOARDS AND PROMOTION OF TOURISM ACT (<http://www.mvep.hr/zakoni/pdf/850.pdf>);

5) THE TOURIST BOARDS MEMBERSHIP FEE ACT (<http://www.mvep.hr/zakoni/pdf/846.pdf>);

7) THE TOURISM AND OTHER CONSTRUCTION LAND ACT (competence of the Ministry of Justice)

The text of all the acts and bylaws may be downloaded from the web site of the Ministry of Tourism: <http://www.mint.hr/default.aspx?id=356>

All acts in competence of the Ministry of Tourism, as well as the Amendments to the Sojourn Tax Act are translated into English (<http://www.mint.hr/UserDocsImages/act-tourism-tax.pdf>).

The new version of the Act on the Provision of Tourism Services is currently in the making.

The Sector for Standards in Tourism has been preparing the amendments to the Rules on Classifying the Accommodation facilities from the hotels segment to embrace a new kind of accommodation facility named **diffused hotel**. The Annex B – conditions for a diffused hotel shall be drafted as well.

On 1st January, 2009 the Sojourn Tax Act, The Tourist Boards and Promotion of Tourism Act and The Tourist Boards Membership Act, all aligned with the **acquis communautaire**, came

into force.

Ministry of Tourism has passed over 50 by-laws, e.g.: Ordinance on Classification and Hospitality Facilities Categorization, Ordinance on Classification of Tourist Destinations, Ordinance on Public Tourism Infrastructure, Ordinance on Lump Sum Payment Method of Sojourn Tax, Ordinance on the Periods of the Tourist Season etc. *

Additional laws that impact tourism, such as Value Added Tax Act, Consumer Protection Act, Foreigners Act, Trade Act are within the authority of other lines Ministries.

* unofficial translation (documents are not translated into English)

4. MEASURES AND INITIATIVES

This section provides Member States with an opportunity to outline *specific initiatives and policies* that are or are going to be adopted to manage and develop tourism activity in ways which respond to the key challenges referred to in the “*Agenda*” and which fall within the six main aims of the “*Agenda*” itself.

These initiatives could for instance fall into the following types of policy instruments: command and control instruments (legislation, regulation and licensing, land use planning and development control), voluntary instruments (guidelines and codes of conduct, reporting and auditing, certification, eco-labels, awards, voluntary contributions), economic instruments (taxes and charges, financial incentives and agreements), supporting instruments (infrastructure provision and management, capacity building, awareness raising, marketing and information services), measurement instruments (benchmarking, assessments on optimal use levels, carrying capacity).

1 Economic prosperity

- a. To ensure the long term competitiveness, viability and prosperity of tourism enterprises and destinations.
- b. To provide quality employment opportunities, offering fair pay and conditions for all employees and avoiding all forms of discrimination.

2 Social equity and cohesion

- a. To enhance the quality of life of local communities through tourism, and engage them in its planning and management

- b. To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, religion, disability or in other ways.

3 Environmental and cultural protection

- a. To minimise pollution and degradation of the global and local environment and the use of scarce resources by tourism activities.
- b. To maintain and strengthen cultural richness and biodiversity and contribute to their appreciation and conservation.

4.1 Please set out, briefly, the *steps* which have been or will be taken, if any, *to address the 7 key challenges* for the delivery of sustainable and competitive tourism, covered in the TSG report and referred to in the 'Agenda'.

4.1.1 Reducing the seasonality of demand. (maximum 1000 characters)

Prominent seasonality is one of the key problems of Croatian tourism. The period from June to September 2012, accounted for 89.8% of total overnight stays, the two peak summer months for 64,8%. Pronounced seasonality stems from 'sea and sun' being the main product, the adverse structure and quality of tourism offer and its concentration in the coastal region of the country. Actions directed at cutting seasonality mainly have to do with raising the quality of tourism supply which should lead to higher accommodation usage rate, focus on diverse segments of tourist's demand and the diversification of tourism products that are not closely related to the summer period, such as spa and wellness tourism, urban tourism, wine roads, culture and traditional cuisine, excursion routes and national parks etc.

Ministry of Tourism and the CTNB, in cooperation with local and foreign tour operators, carried out the year-round joint promotional activities aimed at implementing the policy of public-private partnership with the aim of attracting more tourists to Croatia.

CTNB and tour operators promoted Croatian tourism in international markets through various programs/models of co-promotional activities for the off-season periods.

Relevant documents are: Strategic Plan of the Ministry of Tourism for the period 2011 – 2013 and Strategic Plan of the Ministry of Tourism for the period 2012 – 2014.

(<http://www.mint.hr/default.aspx?id=358>)

4.1.2 Addressing the impact of tourism transport. (maximum 1000 characters)

Over 85% of international tourists coming to Croatia by car, Croatian government efforts are focused on finalizing construction of the motorway network to improve the tourism destinations' accessibility and travel safety. The construction of motorway Split – Dubrovnik is underway. The Zagreb – Split motorway bottlenecks that used to slow down the traffic in summer months were eliminated by construction of additional tubes of the Mala Kapela and Sveti Rok tunnels in 2009.

The enlargement of the Dubrovnik Airport was completed in 2011. Alongside the highways a number of gas stations as well as roadside facilities, including catering facilities, were either built or reconstructed. Road assistance was improved, as well (phone number: 1987 was introduced).

Through the exchange of information about traffic, traffic jams on roads and border crossings, the police cooperation with neighboring countries has been realized. The activities such as construction, maintenance and protection of roads were regularly conducted on the state roads and highways, thus contributing to upgrading the traffic services and ensuring safe and smooth traffic flow.

In the framework of the project “*Safe tourist season*”, based on international police cooperation, there were 59 foreign police officers and officials from Slovenia, Austria, Czech, Hungary, Poland, Slovakia, Germany, Italy, Macedonia, Montenegro, Serbia and Ukraine temporarily stationed in Croatia during the 2012 tourism season. Foreign police officers carried out their tasks in their national police uniforms, without carrying any weapons. Their main task is to help Croatian police in communicating with tourists from their countries as well as in crime prevention and traffic safety. They are supposed to abide by Croatian regulation and do not apply any police measures. This project has been implemented since 2006 and will be carried out in 2013, too.

A table that follows displays the number of passengers who crossed Croatian border in 2012 as opposed to a year earlier. There was 6.1% decline in total number of passengers. The largest increase (21.7 %) was recorded at river border crossings.

Table: Border Crossing of Passengers

Inflow	Total (in 000)		Index
	2011	2012	2012/2011
Road cross	60,040	61,666	93.4
Railway cross	654	579	88.5
River cross	23	28	121.7
Maritime cross	1,575	1,525	96.8

Air cross	2,324	2,487	107.0
TOTAL	70,616	66,285	93.9

Source: Central Bureau of Statistics

Croatian network of transport infrastructure

- motorways 1413,1 km
- state roads 6741,6 km
- regional roads 9788,4 km
- local roads 8964,3 km

Railway – The total length of the track used by Croatian railways is 2722 km

Seaports – 3 predominantly passenger seaports – Split, Zadar, Dubrovnik
 - 3 predominantly cargo seaports – Rijeka, Ploče, Šibenik

Inland water ways : 804,1 km

Danube (137,5 km), Sava (447,7 km), Drava, Kupa, Una

Airports: Zagreb, Dubrovnik, Split, Zadar, Pula, Rijeka, Osijek + two airfields: Mali Lošinj i Brač

4.1.3 Improving the quality of tourism jobs. (maximum 1000 characters)

Improving the quality of tourism jobs requires the preparation of national standards, the specification of the minimum level salary for all jobs in the hospitality industry in the National Collective Agreement, the appropriate regulation of the migrant workers employment, intensified inspection control and more elevated fines, analysis of fiscal and para-fiscal taxes, as well as comparison with other Mediterranean countries seeking and implementing the successful stories from abroad with regard to the employment incentive measures and the salary rise. Special effort is still needed in the educational segment. Tourism educational system reform is required and its constant adjustment to the needs of the tourism industry (public-private partnership), coordination of personnel development, their knowledge, skills and competences with tourism offer development.

	Number of employees in hotels and restaurants		Index 2012 ----- 2011
	2011	2012	
Legal Entities	45,223	46,721	+3.3%
Crafts and Freelancers	35,988	35,011	-2.7%
TOTAL	81,221	81,733	+0.6%

Source: **Central Bureau of Statistics**

In 2012 the total number of employees in hotels and restaurants rose by 0.6% compared to

2011. A 2.7% decline in number of employees was recorded in crafts and freelance stemming from the economic crisis strong impact, primarily on small businesses in the private sector. In 2012 the Ministry of Tourism conducted two programmes named “**Scholarships**” and “**Profession Promotion**” to encourage education and personnel training in the tourism and hospitality sectors. The main goals of these programmes were to raise the quality of tourism sector in Croatia, raise the standards of education, strengthen the interest of young people for careers in tourism/hospitality, ensure quality of professional practise for students, support of employment and raise awareness about the cooperation needed with the educational system.

4.1.4 Maintaining and enhancing community prosperity and the quality of life, in the face of change. (maximum 1000 characters)

A number of initiatives that add quality to what tourists experience, such as construction of new roads, better water supply or sewage systems, more cultural and sports events are beneficial for the wellbeing of local communities, too. The above mentioned CNTB ecological and educational campaign “*I Love Croatia*” with its main goal to promote cleanliness and make destinations more appealing and beautiful does add to the quality of life of local communities (more information on the web site of CTNB: www.croatia.hr). Local residents’ prosperity is enhanced through income directly or indirectly generated by tourism. Tourism creates additional employment in the sector, as well as in in other service or production sectors.

The Tourist Flower – Quality for Croatia is the award of the Croatian Chamber of Economy and the Croatian Radio and Television which is awarded each year to the best hotels, marinas, camps and tourist destinations that provide high quality services and improve quality of life through responsible use of energy, environmental protection and landscaping

MT tries to assist private sector (predominantly micro and medium size enterprises) to start their own tourism businesses or to add quality to the existing ones. We believe this also contributes to better life within a specific community, especially with programmes that evaluate the heritage, trying to preserve it and put it to use it through tourism thus saving it from oblivion or destruction.

MT is together with the competent ministries involved in the implementation of the Integrated Coastal Zone Management.

4.1.5 Minimising resource use and the production of waste. (maximum 1000 characters)

The Croatian Centre for Cleaner Production, a non-governmental non-profit institution, promotes the concept of cleaner production in Croatia. The Centre's services are intended for industry, hotels, administration bodies, industrial associations, educational institutions, financial organizations and the general public.

A few years ago, in the framework of the Project called „Environmental Protection Education for Hotels” the Centre organized a workshop and a presentation. Four tourist enterprises, seven hotels and a national park participated in the first phase of the project. The project, implemented in cooperation with business associations and state institutions in charge of entrepreneurship development, resulted in the reduction of both non-hazardous and hazardous waste, wastewater and air pollution emissions, as well as in cutting the electricity, water and detergents use in 20 Croatian hotels and large tourism enterprises currently involved.

In cooperation with the UNIDO, the Centre is engaged in the implementation of Corporate Social Responsibility Project for companies that aims at assisting the development of competitive, export-oriented enterprises, primarily the SMEs, and help them meet the EU standards in production, environment, commerce, hospitality and other areas

More info on: <http://www.cro-cpc.hr/>

The first Croatian awards for green economy development "**GREENOVATION**" started being granted on April 23, 2012 by the Association for Energetics Zagreb and The Croatian Chamber of Economy – The European Entrepreneurship Network of Croatia, under the auspices of The Banco Popolare Croatia to leading national programmes and projects in 10 categories. Nominations are submitted by legal entities for their services, products and technologies in all sectors, as well as for sustainable production, storage, distribution and consumption of the electric power and heating agents, according to the established criteria. The awarded businesses are entitled to use the "**GREEN MARK - SIGN OF EXCELLENCE**" label for five years in their operations, as a sign of their sustainable i.e. green service, product or technology. The GREENOVATION 2012 winner from the tourism sector was the Beach Resort **Solaris d.d., Sibenik.**

4.1.6 Conserving and giving value to natural and cultural heritage. (maximum 1000 characters)

The Ministry of Culture (MC ; www.min-kulture.hr), in charge of cultural and natural

heritage, develops appropriate legislations, programmes, funding and management. The MC has introduced the heritage tax payable by those operating business in heritage areas. Donors to cultural from the corporate sector are exempted from this tax r. The Ministry of Tourism (MT) and the Croatian National Tourism Board – CNTB are in charge of implementing the National Cultural Tourism Development Strategy approved in 2004. Through small grant schemes these institutions invest in heritage preservation; supporting public access to these resources through improved management; investing in SMEs and supporting community based programmes. The CNTB also runs an extensive public awareness programme and financially supports a variety of cultural tourism initiatives, projects, products and events, which raise the interpretation of standards, equipments and quality of cultural tourism products, as well as contribute to creating a critical mass of new modern cultural tourism products and enrich the tourism offer that is very important for the Croatian tourism and promotion.

The website (<http://www.kulturni-turizam.com>) features Croatia's culture, history, heritage and tradition, in particular the information on seminars, workshops, congresses and other events related to cultural tourism.

In 2004 the **Cultural Tourism Office** and the **Council for Cultural Tourism** were founded with the CNTB. The tasks of the Office are as follows: cultural tourism invigoration, education and training for cultural tourism, cultural tourism products development, upgrading the quality of cultural tourism offer and cultural tourism promotion.

The Fifth **National Day of Cultural Tourism** was held on June 15th, 2012 in Porec. The aim of this event is the exchange of know-how and data within the sector, creating positive atmosphere on national and regional level for culture tourism products development, raising population's awareness about the importance of cultural heritage conservation and enhancing the overall culture tourism development in Croatia

The Head Office of the CNTB, in cooperation with the Ministry of Tourism, the Ministry of Culture and the tourist boards system started, in 2012, implementing a national programme of awarding the **quality label in cultural tourism**, named "*Experience Croatia*" in accordance with the Rules and Procedures. The Programme's aim is to evaluate and upgrade the culture tourism offer and to raise awareness about the long term quality based sustainable development. The label is being awarded to one of the nominees, for a particular year, for promotion of culture tourism in each of the following categories: culture destination, cultural

institution, cultural event and culture itinerary. The winners are granted a right to use the quality label and logo in their promotional activities and materials.

One of the good practices example is the the project *Istra Inspirit*, designed for visitors who are looking for cultural experience and implemented by the Istria County, the County Tourist Board and the Istrian Tourism Development Agency , which was awarded **four prestigious prizes in 2012**, mainly for creativity and innovativeness in tourism offer : the prize CBTour 2012. – Croatian Business Tourism as the best creative programme of the Croatian business tourism, awarded by the Energo Media Servis Group and the Association of Innovators Sigma; the prize for creativity by the NGO *MRAK* - a Network for Development and Creativity; the prize *Simply the best* by professionals- the Association of Croatian Travel Agencies and the *Golden Goat* award by the Istria County Tourist Board).

The project enriches the culture tourism offer of the Istrian peninsula, by reviving historical events at the authentic localities and staging local legends and myths by top actors, with supreme set designs. In just a few days, the visitors are offered a unique time travel, a tour of castles, Roman villas, the old towns nuclei and museums, participation at the Roman feast, medieval execution, baroque ball and a descent to a mine pit. Fragments of Istrian mystical history, are complemented with a gastronomic experience from particular historical period(s), entertainment, dance and all kinds of surprises

The **CBTour award**, established in 2010, gets awarded to operators in tourism within the category 'The Best Programme of the Responsible Croatian Business Tourism'. **CBTour 2012** was awarded to **Valamar Hotels and Summer Resorts d.o.o.** for their project meetINblue - Valamar Blue Meetings which is the first case of a corporation supporting the wild life (the Adriatic dolphins) protection and the first project that related the convention tourism with responsible behaviour towards the environment and the community in the Republic of Croatia, following the trends of the „green meetings“ in the world business tourism industry over the last several years.

4.1.7 Making holidays available to all. (maximum 1000 characters)

With the support of Phare2005 funds, the Ministry of Tourism in 2009 completed a project with a team of foreign experts (funded through Phare 2005) and prepared the document to serve as a basis for the creation of the Social Tourism Strategy in Croatia. Some of the recommendations from the project are a part of the Draft Strategy for Tourism Development by 2020. Social tourism is mentioned as one of measure improving the competitiveness of tourism sector i.e. development of social and youth tourism is one of thirty tourism products of special interest.

There is a plan to construct several leisure centres adapted for people with special needs (several state buildings will be separated for the development of various forms of social tourism).

Some of product development activities are: launching of social tourism web sites, developing a database of social tourism, guidelines for adjustment of facilities for all social tourism target groups, campaign of the importance of social tourism and awareness raising of tourism providers, development of discounts network for youth, support of non-profit organizations and youth tourism product creators etc.

Aside from that, there are laws that regulate the construction in the Republic of Croatia and prescribe mandatory adaptation for the handicapped (competence of another ministry, in force since 2005).

The MT used to apply more extensive standards for new hotels, but dropped the majority of them in order to avoid overlapping of legal provisions. Further, a special label is assigned, on voluntary basis, to disabled - friendly hotels.

There are also a number of activities on local/regional level providing access to holidays to those less fortunate, usually by providing cheap or in certain cases free holidays for children and youth, sometimes seniors, in facilities owned by those authorities in holiday destinations.

In the period 2008 – 2011 the Ministry of Tourism implemented the programme named **“Tourism without barriers”**. Approximately 305,000 EUR have been allocated for adjustment of various tourism facilities for persons with disabilities.

In 2012 Ministry of Tourism implemented the new programme named **“A Step Further”** focused on improvement of the tourism sector in Croatia as well as on adjustment of public

areas and all areas used for tourism purposes for people with disabilities and reduced mobility. Through this programme the MT financially supported local authorities, local tourist boards and professional associations with approximately 131 thousand EUR to eliminate physical barriers in order to facilitate access to disabled people.

In 2012 the Ministry of Tourism also financially supported three projects: the film “Tourism without barriers” through the programme “Innovative Tourism” (link: <http://youtu.be/Lh7-RGG4zXA>) with the main goal to promote accessible tourism and raising the general awareness, one sensory-motor learning promenade and the programme of recreational diving for people with disabilities.

The Ministry of Tourism has also been active in the *Calypso programme* of the European Commission. Currently, the Ministry acts as an observer - partner in the project *Accessible Culture for All*, along with Finland and Malta, the project leader. The project aims to develop the culture which will facilitate social tourism and accessibility for the disabled.

4.2 As key challenges may change over time, please identify any other areas that are *becoming a new challenge*. (maximum 1000 characters)

1. **increasing competitiveness of Croatian tourism and tourism products**
2. adoption and implementing *the Croatian Tourism Development Strategy until 2020*, by carrying out the measures and activities stated therein;
3. aligning the CNTB's *Operational Marketing Plan 2014-2018* (currently being prepared with the aim of upgrading the tourist boards system and the communication process with the markets) with the guidelines set by the Strategy
4. adjusting the MT's activities to the guidelines set by the Strategy
5. setting up **the inter-ministerial Council** i.e. the cooperation between sectors, as a key factor for the Strategy implementation
6. **the crucial importance of the EU funds** for tourism sector development (primarily public tourist infrastructure, accommodation, new products, HR and destination management)
 - a. MT's participation at inter-sectors WGs for programming Croatian national documents for the financial prospective 2014 - 2020
 - b. MT's financial support to tourism projects preparation for the acquisition of technical documentation

- a. recruitment of additional staff to deal with the EU funds issues (through MT's restructuring)
 - b. **changes in legal framework** currently under way (new versions of the Act on the Provision of Tourism Services, The Hospitality and Catering Industry Act and the Tourist Boards and Promotion of Tourism Act)
7. A need for changes in legal framework for camping has been indicated
 8. **DMO and DMC concept** - further development
 9. **encouraging investments in Croatian tourism** by providing favourable conditions,
 10. putting to tourism use the state property, such as facilities used by ex-Yugoslav military
 11. incentives to greenfield investments
 - 12. new tourist products development**, aimed at various tourist segments
 - 13. intensification of the off - season activities**

The structure of accommodation facilities in Croatia is not a favourable one to develop tourism beyond the main season and develop it with highly diversified top quality offer. Out of almost 880 thousand commercial beds only 14.7% are in hotels. Since hotels represent the basis of a more developed, more diversified offer that can attract tourist in the off-season months, restructuring will bring about longer and/or more employment, more activities in the destination and, very important, more income to the local economy with enhanced quality of life. Hence, our main challenge in the near/medium term future will be restructuring the accommodation capacities for tourism.

4.3 Please identify and describe one ***SPECIFIC INITIATIVE*** (i.e. how it worked, difficulties and problems encountered, solutions and success factors), which is related to the 7 key challenges, that is ***INNOVATIVE/ SUCCESSFUL*** and which would be of interest to or of help to other Member States. (maximum 2 pages)

In September of 2012 **the DMO Council for Continental Croatia**, as an expert and advisory body to the Ministry of Tourism was established by the decree of the minister of tourism. The Council's Plan and Work Programme was also laid out then.

The rationale for DMO Council establishment were:

- strengthening the tourist boards' role as DMOs on all levels

- improving the communication process within the tourist boards – DMOs system
- coordination between the MT, CNTB and the counties tourist boards when it goes for education programmes, trainings and upgrading the regulatory framework for destination management

The Council members are Tourist Boards directors from 13 continental counties, from 2 counties spreading both over the coastal and the inland areas, a great deal of the latter being underdeveloped in tourism terms, from the City of Zagreb, as the most developed area in terms of tourism, an MT and a CNTB Head Office representative. The Council Coordinator is the Assistant Minister, heading the Directorate for Tourist Board System and Tourist Destination Management with the MT.

The guests to the Council sessions are private, public and civil sector representatives.

The DMO Council meetings were convened three times in 2012 and twice, each time in a different county. It has become a habit that the host presents the DMO activities in his tourist board, while one or more of best practices examples are being presented by the guest(s) and discussed by the audience.

The DMO Council for coastal Croatia is envisioned to be established in 2013.

Aiming at increasing the number of tourist arrivals in off-season period and to the continental Croatia, the MT and the CTNB's activities shall be focused on enhancing and strengthening the relevant private and public sector entities in the creation and upgrading of their own tourist products to be reflected in the overall tourism offer value.

The Act on Investment Promotion and Development of Investment Climate, passed in September 2012 includes tourism for the first time.

Croatia facilitated the foreign residents entry for tourism purposes on the basis of the valid Schengen residence permits and visas; Consequently, the following categories of foreigners who are holders of:

- residence permits issued by one of the Schengen area members

- uniform visas (C) or long-stay visas (D) issued by one of the Schengen area members

temporarily, from 1 April to 31 December 2012, didn't require a visa for the entrance and stay or transit through the territory of the Republic of Croatia. Above mentioned Schengen documents had to be valid at the moment of leaving the Republic of Croatia and allow for entering the Schengen area.

The Government of the Republic of Croatia also passed the decision on a **temporary suspension of the visa regime** (from 1 April to 31 October, 2012) for nationals of the Republic of Kazakhstan, the Republic of Azerbaijan the Russian Federation and Ukraine-holders of valid ordinary passports. They temporarily did not require a visa for entering the Republic of Croatia and staying for up to 90 days or passing through the territory of the Republic of Croatia.

More information on visa regime is available on the web site of the Ministry of Foreign and European Affairs: www.mvep.hr)

5. MECHANISMS FOR IMPLEMENTATION

The "Agenda" identified three mechanisms for its implementation: sustainable destinations, sustainable businesses and responsible tourists.

5.1 Sustainable destinations: What support is given to strengthen destination management at the regional/ destination level (supportive policy environment, knowledge networks, training programmes, establishment of measures/indicators for benchmarking, etc.)? (maximum 1000 characters)

The need to strengthen destination management is recognized on all levels (national, regional, local) and therefore some educational activities are being run (conferences and educational seminars supported by the Croatian NTO). The system of Croatian tourism boards is responsible for the majority of destination management function according to its mission and the law passed in 2008 . Destination development, especially tourism product development and tourism infra and supra-structure is also dealt with by other actors..

The Croatian National Tourist Board has been running an annual competition called” **More flowers, less garbage**”, an ecological and educational campaign (children participate with

their literary and art work). There is also competition among the destinations (The *Blue Flower* for the seaside destinations and *The Green Flower* for the continental ones) that aims at raising awareness about the importance of cleanliness, sustainability, making destinations more appealing and attractive. Prizes are awarded in 9 different categories: towns, squares, streets, even individual gardens or balconies as well as public beaches Tourist Information centres etc. The destinations find their participation and a possibility to get awarded as an especially important incentive to strive for better, nicer, cleaner environments for both the tourists and the locals.

The Ministry of Environmental Protection and Construction, along with the MT, as its partner, established the Croatian system of awarding the label “*Environmentally Friendly*” to providers of accommodation in hotels and campsites that fulfill the requirements in the field of energy, water, detergents and disinfectants, waste, other services (public transport) and general management. The main objective of awarding this label is the promotion of products which have lower impact on the environment than the alternative products, thus contributing to the efficient use of natural resources and higher level of environmental protection as well as to informing consumers about such products. In this way it promotes concern for environmental and consumer protection.

In 2011 the Environmental Label was for the first time awarded for the tourism services in Croatia. Fifteen winners (10 hotels and 5 camps) were awarded that had contributed to the effective use of natural resources Their list features on:

http://www.mzoip.hr/doc/Zastita_okolisa/Usluge_koje_imaju_pravo_koristenja_znaka.pdf

Ministry of Tourism has issued several public calls for grants for projects that have an impact on raising the quality of tourism in destinations.

The Ministry has also been successfully involved in the EDEN preparatory action of the European Commission since 2006. So far, there are already 5 EDEN awarded destinations in Croatia.

Further, Croatia also participated in the EDEN 2011-2012 national awareness raising project that was run by CTNB.

In the period 2011 – 2012 the MT participated as a partner in the project **FAST – LAIN** (*Further Action on Sustainable Tourism – Learning Area Innovation Networks*) that was designed by ECOTRANS and co-financed by the Competitiveness and Innovation Programme (CIP).

Regional partners from 7 different countries together with ECOTRANS have been piloting

the development of the European-wide system to enable destinations and businesses to engage in sustainable *research to market place* innovation processes and have implemented tourism knowledge and innovation communities using **DestiNet**.

In a view of the lack of a unique place where the individuals, businesses, destinations, administrative bodies of all levels and other stakeholders may get key information on crucial aspects of sustainable tourism development, the Ministry of Tourism has decided to establish a web portal which would post the most relevant information on the subject.

Thus the Croatian Portal on Sustainable Tourism was set up that provides an entry point to all concerned stakeholders on laws and other regulations, awards, certificates, best practices, knowledge, events, existing resources, but also on projects aimed at sustainable tourism development, including the available national and international sources of financing. It additionally provides a direct access to the European site DestiNet (www.destinet.eu) that posts, in English, the most important pieces of information of all the Croatian stakeholders involved in the project. Link: <http://www.odrzivi.turizam.hr/>

The town of Mali Losinj and its Tourist Board have been, over several years now, systematically developing the destination brand »**Losinj – the Island of Vitality**«, most immediately based on the idea of sustainability. In this context the town and the TB have entrusted the Institute of Tourism with drafting the Sustainable Tourism Development Programme of the Town of Mali Losinj.

The Programme embraces 15 projects in the area of natural resources protection, 5 projects in the area of social-cultural resources and 10 projects in the area of economic sustainability.

5.2 Sustainable businesses: What support is given to strengthen the sustainability and competitiveness of businesses (supportive policy environment, orientation of business support services to sustainability, training, financial incentives, etc.)? (maximum 1000 characters)

In general, sustainability and competitiveness of businesses is closely related to new capital investment. Hence, in order to stimulate new investment projects (FDI and domestic), Croatian government passed the Law on Investment Incentives (December 2006) by which various financial incentives are granted to investors in “green-field” and/or “brown-field” projects (such as tax and import duty relieves, new employment grants, skills improvement

grants, investment subsidies/grants etc.). Financial incentives are positively correlated to the size of the investment and/or new employment created. Finally, in order to promote SME development, Regional Development Agencies provide potential investors in tourism related start-ups with information on investment possibilities and organise various skills enhancement programmes and/or provide valuable one-stop consulting services.

5.3 Responsible tourists: What support is given to promote responsible choices by tourists (e.g. sustainability in education, national marketing and media campaigns and promotion of certification schemes)? (maximum 1000 characters)

The Adriatic Centre for Responsible Tourism, as one of the most important outcomes of the international project "Adriatic, small businesses and local development", was conceived, with the headquarters in Dubrovnik, as an instrument of professional and educational support for the territorial development, as well as informative – educational corner, in which young professionals, local NGOs, tour operators and public officers, who promote methods of responsible tourism, operate. The centre gathers all operators and experts engaged in the project, who organize numerous activities aimed at raising awareness on the need to preserve natural and cultural resources of the territory, and resources exploitation on the principles of sustainability. (more information on: <http://www.adriatic-centre.com/index.asp>)

In 2012 the Ministry of Tourism published the Ordinance on the Quality label with standards based on a number of "green" elements, the sustainable policy of the company endorsed by the management topping the list. In order to be assigned a label, a hotel has to meet a minimum of all standards (in different categories and areas), including those referring to sustainable use of energy and resources, handling waste, security, quality of equipment, staff and guests satisfaction etc.

Actions are taken at all levels. As an example - on the island of Krk an ecological system of taking care of communal waste exists, under the now famous name *The Eco Island Krk*. The Eco Island Krk represents a complete model of waste management, which is the first of its kind in Croatia that treats all types of waste. 6500 containers have been installed in 1400 places on the island in order to ensure the successful operation of the scheme. Domestic waste is collected in five separate containers (organic waste, paper, PET waste, glass and other). The island of Krk gathers around 19,500 tons of communal waste per year, of which some 12,000 tons are gathered during the summer season. The aim is to increase the percentage of sorted

waste by 5 % each year. Additionally, Municipal Utility Service collects organic waste and transforms it into humus which is then returned in bags to citizens who pay the utility fee. They cooperate very closely with the Tourist Board of the Island that in their promotional materials inform tourists on the environmental management of waste on the island (<http://www.ponikve.hr/ekootok/index.htm>)

6. DATA AND INDICATORS

Eurostat will provide, as an annex, the key statistical data required to support the reporting process covering around 20 indicators² (see appendix for a provisional list). These are mainly related to the aim of ‘economic prosperity’.

Please, identify indicators that are being used or developed at national / regional level which could add to the range of information being provided by Eurostat, particularly in relation to social and environmental issues (e.g. other indicators from the TSG report, visitors/ residents satisfaction). (maximum 1000 characters)

All data gathered for the collective tourist accommodation establishments should be also collected for private establishments (see List of EUROSTAT indicators: 1a, 1b, 3a, 3b, 4a, 4b).

In 2012 Croatia disposed with the total of 880 thousand beds with an average occupancy rate of 71 days. 46% of total bed places were in private sector, 26 % in camps and only 15% in hotels.

	Total number of beds (in 000)				% of change 2009- 2012	Occupancy rate (days)				% of change 2009- 2012
	2009	2010	2011	2012		2009	2010	2011	2012	
Hotels and aparthotels	121	123	128	129	106.6	118	122	126	128	108%
Tourist resorts	32	32	30	29	90.6	89	87	91	94	106%
Camps	229	232	231	227	99.1	60	61	66	72	124%
Private rooms, apartments , vacation facilities	435	428	452	401	92.2	43	45	46	53	123%
Others	92	95	94	94	102.2	57	57	59	60	105%
TOTAL	909	910	935	880	96.8	60	62	65	71	118%

SOURCE: Central Bureau of Statistics

² These indicators have been selected from the 50 TSG indicators on the basis of the possibility to calculate them for the EU Member States via existing statistics.

7. COMPLEMENTARY ADDITIONAL INFORMATION

If necessary use the following box to provide additional complementary information that has not already been covered.

11.8 million tourist arrivals were recorded in 2012, which represents a 3.3% increase compared to the previous year. There were 62.7 million overnights realized, approximately 4% more than in 2011.

Foreign tourists make up 91.7% of all tourist overnights. 9.9 million foreign tourists arrivals were recorded (4.5% more than in 2011) and 57.5 million overnights (5.1% increase compared to 2011). Domestic tourist traffic registered decrease, 4.1 % in arrivals and 6.8 % in overnights. Average **stay of tourists** in 2012 was 5.3 days.

The next tables indicate data for 10 major source markets as well as data on the total tourist traffic.

Table: Tourist traffic in Croatia (in 000)

COUNTRY	TOURIST ARRIVALS		INDEX	OVERNIGHTS		INDEX
	2011	2012	12./11.	2011	2012	12./11.
Germany	1,661	1,853	111.6	12,487	13,947	111.7
Slovenia	1,100	1,055	95.9	6,389	6,239	97.7
Austria	892	946	106.1	4,836	5,104	105.5
Italy	1,150	1,050	91.3	4,995	4,535	90.8
Czech	638	647	101.4	4,388	4,519	103.0
Poland	495	544	109.9	1,314	3,408	108.7
Slovak	335	337	100.6	2,282	2,294	100.5
Netherland	287	335	116.7	2,224	2,566	115.4
Russia	182	196	107.7	1,498	1,578	105.3
France	394	418	106.1	1,483	1,538	103.7
Others	2,793	2,988	107.0	11,035	11,794	106.9
TOTAL	9,927	10,369	104.5	54,751	57,522	105.1

SOURCE: Central Bureau of Statistics

	TOURIST ARRIVALS		%	TOURIST OVERNIGHTS		%
	2011	2012	12/11	2011	2012	12/11
TOTAL	11,456	11,835	+3.3%	60,354	62,743	+4.0%
DOMESTIC	1,529	1,466	-4.1%	5,603	5,221	-6.8%
FOREIGN	9,927	10,369	+4.5%	54,751	57,522	+5.1%

SOURCE: Central Bureau of Statistics

Table: Economic indicators

	Units	2008	2009	2010	2011	2012
Tourism exports as % of exports of services	Percentage	73.9	75.43	72.53	73.2	
Tourism exports as % of total export	Percentage	37	39	35	35	36
Share of tourism in overall economy	Percentage	15.7	14.1	13.6	14.7	15.4

Source: Croatian National Bank

Tourism is important in the national economy, accounting for almost three-quarters of all export services revenues and employing approximately 6.1% of the total workforce.

According to the Croatian National Bank, the share of tourism in GDP in 2012 was 15.4%.

International tourism receipts (travel exports) in local currency terms have remained broadly stable at between HRK 45 and HRK 51 billion per year over the period 2008 - 2012.