

EU POLICY OF ENLARGEMENT BALKANS AND THE REGIONAL TOURISM OPPORTUNITIES

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Abstract:

Tourism is one of the areas that have influenced and have been influenced by the establishment of the EU. Its contribution to further European integration and the enhancement of the European identity has also been highlighted.¹ European Union has recognized tourism's role in creating new jobs and regional development until 1990's, however, EU does not have an obligatory tourism policy in a legal manner. On the other hand, regulation, decision, directive and recommendations on tourism largely take part in EU acquisition and they will form new obligations on EU candidate countries on tourism sector. The cohesion policy of the European Union aims to reduce regional disparities and improve social and economic conditions in underdeveloped regions. Structural funds are the most important instruments by which the support is accomplished. Tourism is recognized to be an industry which is able to improve social and economic conditions and is therefore recognized as a tool to achieve the goal of cohesion. The EU has recently been enlarged with ten mainly eastern European countries, all containing regions with tourism potential. In order to profit most of the EU accession Western Balkan countries need to reflect to previous EU members examples. The tourism industry is the industry which makes it able to overcome regional disparities. It is for this reason from key importance that authorities of Western Balkan countries implement EU cohesion funds in order to develop and improve tourism products in this region which are economic and socially behind on developed EU regions.²

Introduction:

Tourism in the EU is among the most profitable industries. Many EU countries took place at the top of the world as "tourism superpower". France for years is the most visited country in the world and among the major tourist destinations are Italy, Spain, Greece, Austria and some other countries where earnings from tourism annually is tens of billions of euro.

The European Union has no specific policy towards the tourism industry. However the tourism industry is recognized to be one of the most important industries which should be able to achieve European Union (EU) cohesion goals.³

¹ Richards, G. (1996) *Cultural Tourism in Europe*. Wallingford, UK: CAB International.

² Anastasiadou, Constantia (2006) *Tourism and the European Union*. In: *Tourism in the New Europe: The challenges and opportunities if EU enlargement*. CAB International, pp. 20-31

³ McDonald, M. *European Community Tourism Law and Policy* Dublin, Blackhall Publishing Ltd-European Union-EU (2007)

The Cohesion policy aims to improve economic and social conditions of underdeveloped EU regions by way of (economic) assistance provided by developed EU countries, in order to make them able to catch up with established EU member states⁴. The discrepancy between the attention of the EU for the tourism industry and the importance of the tourism industry does however not mean that the tourism industry is not influenced by EU Policies. On the contrary tourism is indirectly influenced by many EU policies and is able to take advantage out of these policies⁵. By means of adaptation to EU policies and the use of aid provided by the EU, the tourism industry can become a motor for improvement of economic and social conditions in regions with tourism potential.

While the countries of Western Balkans have a tremendous tourist potential but, with the exception of Croatia, other countries lag in the use of natural resources they have. Some even make mistakes allowing wild building in tourist areas. Croatia, Montenegro and Albania have the potential for further development of tourism in coastal areas. Macedonia, Serbia, Kosovo and Bosnia-Herzegovina have the potential for winter tourism, and are also interesting historical sites and cultural and religious sites to visit. Sustainable Development has become an accepted concept for the development of EU policies. International organizations and agencies like the World Council for Tourism and Travel (WTTC) and the International Federation of Tour Operators (IFTO) are trying to put out the tourist-environmental issues. In 1993, the World Tourism Organization (WTO) published a guide to sustainable development by local planners. UNEP, in cooperation International Hotels Environment Initiative has produced a guide to improved environmental performance of hotels (Green Hotelier, Going Green Makes Sense, Environmental Management for Hotels). Convention on Biodiversity and Agenda 21 initiatives to support sustainable tourism development.

⁴ European Commission, 2007

⁵ Harrop, J. (2000) *The Political Economy of Integration in the European Union* Cheltenham, Edward Elgar Publishing Limited

EU impact on the tourism policy

The European Commission published the Green Paper on the Role of the Union in the field of Tourism. During 1995 and 1996 he founded ECONETT, a network of tourism and environment. Significant initiatives for sustainable tourism was also received by the Council of Europe.

*"the Community shall strengthen the economic and social cohesion of the enlarged Community in order to promote the harmonious, balanced and sustainable development of the Community. It shall be aimed at reducing the economic, social and territorial disparities which have arisen particularly in countries and regions whose development is lagging behind, to the speeding-up of economic and social restructuring, and to the ageing of the population"*⁶

Due to obligations arising from the agreement, cooperation in the tourism sector in the EU between government and private business should also include addressing the environmental effects of any planned action. Within this context, private sector also undertook initiatives to reduce the impact of tourism on the environment. Hotels, airlines and others, to be put tougher measures in order to promote sustainable consumption of natural resources and minimize waste generation.

The enlargement of the European Union, will help create a "more complete and coherent European tourism industry, which should be recognized in the future European Constitution" according to the World Tourism Organization.

*Tourism has considerable potential for boosting the economies of less developed regions...the industry is able to generate a rapid and highly visible impact on incomes and employment by injecting new expenditure from external sources.*⁷

"With the fall of political borders and increased awareness of tourism products in the new Members of the 'EU family', we may expect an increase in East-Western European tourism flows and vice-versa,."The new countries are

⁶ European Commission (EC), 2007a p.6

⁷ European Parliament (1993) in McDonald et al, 2003 p. 226

not just destinations, but tourism-generating markets as well." Welcoming the enlargement as a fresh stimulus for tourism, he points out that the recent success of countries such as Croatia and Bulgaria has been largely due to holidaymakers arriving from EU newcomers like Poland, Hungary and the Czech Republic.⁸

However, while EU programmes to aid economic development in these countries already contain "significant tourism elements", the lack of a central strategic vision on tourism policy continues to hinder the industry. WTO has suggested the inclusion of shared competence between the Union and its member States in tourism matters in the proposed EU Constitution. "While the outcome is uncertain, the reality remains and cannot be ignored. All existing community policies have very powerful effects on tourism destinations, and this will only be accentuated with enlargement."

The introduction of the euro means devaluations are no longer possible for member States of the European Monetary Union. To overcome external shocks and falling demand, countries have only two options - to increase productivity or decrease their costs. "A sector like tourism must improve its productivity to be competitive on the global tourism markets and in the capital and labour markets. It has to adapt its structures and try to reduce the risks associated with volatile demand," says Mr Frangialli.

Good air links will be important for the new member countries. "The liberalization of civil aviation is positive for consumers and for tourism as an industry. It has enabled "low-cost carriers" to enter the market, forcing the major airlines to adapt their structures and reduce costs."

Tourism's ability to redistribute labour and income to less developed areas will depend on stakeholders having the will to invest, which can mean state support is needed to stimulate the private sector. "Promoting such development is in the public interest when there is a lack of local initiative to develop the growth potential."

Structural funds from the EU, for aiding rural areas or the conversion of former industrial regions, has already helped existing members, particularly in

⁸ Says the WTO Secretary-General Francesco Frangialli

southern Europe where monuments have been renovated, new infrastructure built, and programmes carried out to upgrade cultural assets. To improve the tourism product, the private sector itself needs to become more competitive and productive. But the state will still have a role to play in improving the framework. "It must lead the way, establishing a link between integration at European level and decentralization at local level." Other areas where greater European integration can benefit tourism are through EU initiatives in fields such as education, culture, research, the environment, and new technologies.

WTO foresees good prospects for the leading cultural cities of Central Europe, such as Prague, Budapest, Krakow and Ljubljana, which will become even more popular with international visitors, especially for short breaks. The new members also have substantial potential in rural tourism, as do the next group of countries waiting to join the Union, with many of their destinations based on a large agricultural population that conserves crafts and traditions.

Tourism as a tool to achieve regional prosperity

The Central and Eastern European (CEE) countries that joined the EU in May 2004 have the potential to become the new motor for European tourism by being primarily a receiving and potentially a generating area for the region⁹. The rise in arrivals in 2004 for Europe was driven in part by the excellent performance of countries in Central and Eastern Europe (+8%).¹⁰ Western Balkan countries supported by the European Union is building infrastructure, especially roads and railways that will make movement and transport in this region faster and easier. Building the infrastructure for these countries is also another special importance: the growth of tourist capacities. Kosovo crisis and its consequences were somehow a defining event for the region. First, although with different levels, the crisis threatened all Western Balkan countries to highlight the interdependence of countries in the region. Secondly, the international community decided to pursue

⁹ Mintel (2004) New Europe: Markets and destinations. Travel & Tourism Analyst 10, June.

¹⁰ According to the WTO (2005b)

a regional online to help these countries to cope with crisis as well as to build peace that would continue after her. This line was completed with the creation of the Stability Pact for South Eastern Europe¹¹. Almost in the same territory time, in May 1999, the European Union gave life to the Stabilization and Association process to ensure a clear path to EU integration of Western Balkan countries. However, post-conflict reconstruction has not generated significant growth, unemployment is still problematic and there are security-related tensions in Macedonia, Bosnia and Kosovo. The Stability Pact has not led to practical results and the lack of an economic strategy is evident from the results-oriented. For this reason the peoples of the Western Balkans and the international community need to analyze the current situation and focus the efforts directed towards building a common future prosperous. In this context, among other issues, the recovery of regional tourism development.

There are many ways in how the EU tries to accomplish integration and equality. Structural funds are one of the most important policies which make the goal of cohesion and reduction of regional disparities possible. Due to the positive effects of tourism on underdeveloped regions (employment, diversification of industries etc) the tourism industry progressively becomes an important industry for support through structural funding. The structural funds represent the most extensive funding instrument, and is therefore the main layer of the Cohesion policy. The structural funds in fact dedicate money to regions which lay back on the other regions within the Union. The allocation of the funds is done on the basis of regional development plans which agreed upon two sights, one the member State and two the Community.¹²

Because of the wide spread influence of the tourism industry the industry can in fact make use of all the structural funds. The financial support from structural funds should be gained through instruments designed primarily for other purposes.¹³

¹¹ Cologne Document, June 10, 1999

¹² In: McDonald, M. European Community Tourism Law and Policy Dublin, Blackhall Publishing Ltd-European Union-EU (2007)

¹³ Coles, T. and Hall, D. (2005) Tourism and the European. Union Plus ca change? International Journal of Tourism Research 7, 22, pp. 51-61

Mr. Frangialli explains: *"The rationale behind the enlargement of the EU is to create a broad, free, prosperous and peaceful Europe. The difficulties of adapting to external shocks at global level, such as acts of terrorism, show us once again how important peace and political stability are for tourism."*

EU policy of liberalizing internal trade, the harmonization of competition rules, and the elimination of non-tariff barriers to information and consumer protection, will all aid tourism. *"Increased competition stimulates growth, productivity and ultimately welfare, and the winners in tourism will be those countries with the most tourism-relevant resources, skills and networks that succeed in creating new potential and exploiting it."*

Western Balkan countries should get rid of formal and informal barriers. Development of trade and investment directly conditioned by political stability, the general economic climate and progress of reforms. Progress on structural reforms creates a good environment for the functioning of markets, competition, which have a direct impact on the development of tourism. The development of regional tourism depends heavily on the business environment. If these problems are treated simultaneously and decisively, the old barriers to trade and investment will remain and new barriers arise. It should be noted that long-term vision for the reconstruction and development of Western Balkan countries focus more on integration in the EU than in the inter-regional cooperation. But while the EU integration process can take years, the countries should promote more regional cooperation. This process in itself does not hinder but accelerates the integration in Europe. Regional cooperation is an important element of EU policy for the Western Balkans. Programs organized under the auspices of the Stability Pact, as the network of Free Trade Agreements (FTAs) have assisted in the development of trade within the region. However, the development of tourism between the countries of the region, is still lower than the opportunities. This requires persistence on the part of the EU for concrete initiatives to integrate the existing network of bilateral agreements of free trade in a single FTA. Stabilization and Association Agreements (SAA) establish free trade with the EU. SAAs are

important engines for trade integration and also the development of regional tourism. It is worth emphasizing that: opening to the EU will play its positive role only if the region's integration into the EU is a "real prospect". Given that integration in Europe has a large attractive force throughout the region, it is understandable that economic and political reforms aimed at final integration of Western Balkan countries into the EU. Despite problematic corruption and organized crime noted that, in recent years, the Western Balkan countries have made progress in terms of stability, reconciliation and cooperation. This has led to the signed SAA with Albania and opened negotiations for the countries of the region. However, the integration agenda is also important to prepare the administration for European integration. Information Exchange Instrument Technical Assistance (TAIEX) that has been applied to the region, during 2004, should further intensifies.

As the Balkan countries, according to calculations that made the World Council for Travel and Tourism (WTTC), three countries in the region, respectively, Montenegro, Croatia and Albania are in the list of 10 countries before the world for the growth of the tourism industry. Montenegro is the third time in a row in the first place in the world for tourism growth, while Croatia and Albania are also listed. WTTC has stipulates that tourism growth in the next ten years, from 2007 until 2016 will continue in these three countries.¹⁴

Forecasts are that Montenegro will be 10.2 percent increase in tourism annually, Croatia and Albania 7.0 to 7.9 percent. Croatia is an advantage, because in this country tourism is already developed. Last year the country had about 10 million visitors who generated turnover of more than 10 billion euro.¹⁵

Croatia's advantage is the fact that infrastructure has been developed, although a large part of it was damaged during the war. But Croatia has made investments, thanks to the loans received from the European Investment Bank (EIB) and other institutions. These loan funds are also available for other countries in the region, if they have good projects, because, as they say in EU,

¹⁴ World Council for Travel and Tourism (WTTC) www.wttc.org/eng/Tourism_Research/Economic_Research/

¹⁵ WTO (World Tourism Organization) Available at: http://www.world-tourism.org/facts/barometer/WTOBarom05_1_en_excp.pdf

this will be found by means of EU funds and the EIB's, which is the EU bank with more favorable loan.

Therefore, it is expected that Montenegro, especially Albania, improve infrastructure and services to exploit the advantages that nature provides. Many EU experts believe that the Balkan region could benefit from the tourism industry by facilitating the movement of people and the cooperation regional levels. But tourism is a very sensitive area. Therefore, the Balkan countries, above all, must be stable and safe, no risk from organized crime and thus could take advantage of them. The EU will approach and help through various projects, including those for infrastructure, funds for regional development, environmental preservation, reconstruction of cultural and historical preservation of the purity of the waters and beaches. Sometimes the impression is that, except Croatia, the countries of the region are still not aware how important area for development is tourism.¹⁶

According to EU policy of enlargement Balkans could benefit has to fulfill economic, legislation, organization and coordination conditions within the EU integration process. In all areas of tourism, EU policies need to be followed closely and carefully, cohesion with EU legislation needs to be taken seriously and quickly. Cohesion process embraces;

- Taking into consideration developing and changing trends, highly competitive and coherent tourism products have to be created,
- Targeted, well coordinated promotion and marketing politics need to be developed,
- Tourism transportation, environment, local governments have to be taken into account seriously,
- An efficient incitement system needs to be established related to EU norms.

¹⁶ World Council for Travel and Tourism (WTTC) www.wttc.org/eng/Tourism_Research/Economic_Research/

Tourism Policy in Albania

In the national plan for tourism development Albania takes a special importance of cooperation and acquisition of tourist experiences of neighboring countries with well-developed tourist industry in Balkan region, as Croatia, Greece, Turkey and Montenegro. These countries stand out as potential tourist countries in the Mediterranean market. With their strength and experience, they present a great opportunity and a guarantee for sustainable development and modern tourist infrastructure in Albania. With all these countries, we share many common values, such as historical, cultural, natural, social, etc.

The difference between us is that, while these countries stand out as a Mediterranean tourist consolidated power, Albania is still in the latent phase of its development and has more need for experience, technical and professional assistance in many respects, a tourism development aquatic ecosystem, culinary art, neo-gastronomy, improving the curriculum or instructional programs for our secondary schools and higher professional in the field of tourism, attracting and improving the working experience in hotel management structures, management and operation of travel agencies establishment and development of network hotels or boutique style, based on renovations and adaptations of the medieval historical and accommodation units.

On final analysis and data from the 2011 tourist season, it turns out that today the Albanian tourism industry has entered a stage of maturity, a phenomenon that accompanied radical improvement of legislation in the field of tourism, such as the Concession Law, New Law on Tourism approved by the Albanian parliament in May 2007, the law on "tourist Ports" adopted in September 2008, Tourism Sector Strategy 2007 - 2013 (approved by the Council of Ministers d/ no. 884 dated 11.06.2008 for approval of the Tourism Sector Strategy) etc. This new legislation provide more favorable opportunities for investment in tourism for domestic investors and foreign too. All this has followed the growing improvement in the overall infrastructure of the country. Also, noticed signs of a growing interest from the Western market to visit Albania. For this purpose, and to

respond to market expectations of foreign initiatives as it emerged the latest "go regional" has the ambition to unify the tourism market of the neighboring countries in a single market, including Croatia-Montenegro Black-Albania-Kosovo-Macedonia. This will make it more attractive and more competitive product and regional Albanian tourism in the Western Balkans. This cooperation and unification of the market is dictated by several factors.

- The first is the limited geographical scope and close distances that connect our countries.
- Large and potentials of all components related to our countries, as historical-cultural heritage, folk, natural beauties, continuous coastline, distinctive cuisine, aspects of social life, etc.

The creation of this integrated market will double the region's tourism potential and will re-dimension it and become more attractive market for powerful tour-operators of Eastern-Western European, and those North American, Australian and Japanese that nowadays generate the highest volume of incoming tourists.

One of the objectives of the Demonstration Project of Integrated Management of Coastal Areas of the EU called "Programme for integrated management of coastal areas in the Cyclades" is "Sustainable Tourism Development". Some of the priorities for action (indicators) that are available for Albania too are:

- Improve the quality of tourism products and services.
- Provide recognition and elaboration of indicators for sustainable tourism development.
- Prioritization and promotion of the best practices and innovative actions for tourism management.
- Promote elongation of the tourist season.

- Encouragement of traditional activities, mainly in agriculture (eg biological products) - Promotion and training in new forms of tourism management, etc¹⁷..
- Link tourist product with networks .

Conclusion:

European Union does not follow a direct tourism policy because of multidisciplinary characteristics of tourism. , Tourism is regulated through existing measures from other policies such as consumer and environmental protection and, therefore, there is no need to have specific legislation. European Union's tourism policy is not enforced legally it is run by sub commission and committees that are related with tourism. Consequently even if EU does not have an obligatory tourism policy in legal manner directives decisions recommendations will bring new obligations to Western Balkan tourism sector. During negotiation period, private sector has to consider these provisions:

- Adequate knowledge on EU's common policies,
- Having ability to practice EU system parameters,
- Protection of private sectors and developing cohesion strategies,
- Increasing knowledge points, capacity and resources.

Europe is a crucial market for Balkan countries. Hence, decisions about tourism on Union's level have to be followed closely and required measures for full cohesion need to be taken. Unbalanced regional development may be reduced by tourism incentives. According to EU policy of enlargement Balkans could benefit has to fulfill economic, legislation, organization and coordination conditions within the EU integration process. In all areas of tourism, EU policies need to be followed closely and carefully, cohesion with EU legislation needs to be taken seriously and quickly. Cohesion process embraces; Taking into consideration developing and changing trends, highly competitive and coherent tourism products have to be created; Targeted, well coordinated promotion and marketing politics need to be developed; Tourism transportation, environment,

¹⁷ Tourism Sector Strategy 2007 - 2013 (approved by the Council of Ministers d/ no. 884 dated 11.06.2008 for approval of the Tourism Sector Strategy)

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