





Weekly Briefing

Croatia economy briefing:
The Expectations from Tourist Season Based on Spring Projections
Valentino Petrović

China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.
Szerkesztésért felelős személy: Chen Xin
Kiadásért felelős személy: Huang Ping

 1052 Budapest Petőfi Sándor utca 11.
 +36 1 5858 690
 office@china-cee.eu
 china-cee.eu

The Expectations from Tourist Season Based on Spring Projections

Summary

This paper analyses the expectations from the tourist season in Croatia amid the rising number of COVID-19 infections and low ratings of vaccinated people. The Government is, therefore, quite careful in their prognosis of economic output that the country is heavily dependent on, and it appears to be rather reluctant to talk about it, as well. However, it is expected that the summer of 2021 will register more foreign guests than the previous one, but the focus will be on those countries whose guests can travel to Croatia predominantly by road transport.

Introduction

In February and March, when the epidemiological situation in Croatia regarding the COVID-19 pandemic seemed to be on a right track, with a significant downfall of new cases almost on a weekly basis, many believed that this could represent a green light for the country's tourism to start thinking about the potential pre-season arrangements considering the upcoming Easter holidays. Unfortunately, as the Civil Protection Directorate decided to lift some restrictive measures, which encompassed the opening of sports facilities and bar terraces, the number of COVID-19 infected population rose once again. At the moment of writing, many are skeptical about the upcoming tourist season, yet they are hoping that the results and financial turnover could match those from 2020.

What Can We Expect Compared to the 2020 Season?

As everybody in Croatia and Europe knows, the country's economy is incredibly dependent on the financial output of the number of tourist arrangements made during the whole year and, especially, during the summer months. With regards to 2020, there are still debates on whether the profit was in line with the expectations considering the pandemic, with some analysts pointing that the COVID-19 spread disclosed all the weaknesses of the Croatian economy, meaning the high dependency on tourism profit, while others are saying that even in these uncertain times the country has shown enough strength to achieve at least half the result

compared to previous seasons. The truth, as always, is somewhere in the middle and is heavily shaped by our political or ideological preferences, as well as our positive or skeptical attitudes towards the future amid the pandemic. This implies that even though, for example, the 2020 season registered 55% fewer overnight stays than the season before, the overall result of the financial benefits was better than it was expected when the coronavirus first appeared in early 2020.

But since 2020 in Croatia was an election year (the parliamentary elections were held in early July), and bearing in mind the upcoming local elections in May 2021, the analysis of this data is heavily influenced and burdened by our political preferences. Last year almost every political opponent of the ruling Croatian Democratic Union (HDZ) made their cause by highlighting the lack of strategy deployed by the HDZ during the pre-summer months, and the same scenario will probably happen this year, prior to local elections. After the 2020 parliamentary race and a confident win by HDZ, Andrej Plenković and the rest of his office could enjoy a couple of weeks of well-deserved rest. At least from their own perspective. Later on, they would argue that the tourist season resulted in a more than satisfactory outcome, of course, thanks to their efforts. At that time, everyone hoped the numbers in 2021 will only rise. However, we are not sure whether that meant the number of tourist visits or the numbers of COVID-19 infections and subsequent low ratings of vaccinated people.

The Interconnection Between the Tourist Season and the Vaccination Rates

The slow process of vaccination in both Croatia and the rest of the European countries seems to be a number one problem for decision-makers at both the national and European levels. Recently, Andrej Plenković commented that Croatia got only 17% of the total number of promised AstraZeneca vaccines. The Prime Minister's argumentation is that the country has ordered more than enough doses of vaccines, regardless of manufacturer, but the problems with the distribution arose among the European Union member states, which were later on discussed during the European Council summit. Again, last year many hopes followed the reasonable assumption that there will be enough doses to vaccinate the older population, as well as those younger and healthier who wanted to get a shot of the vaccine themselves. That was also a hope of people working in the tourist sector who counted on the Government's responsiveness towards their needs which could, eventually, brought to life the country's economy, in general. Only a few days ago, Plenković said: "The current estimate is that, considering the ordered vaccines that should arrive according to plan, we should be able to vaccinate around 55% of the

adult population, meaning all above 18, by the end of June"¹. The Prime Minister also commented on the slowness of the vaccination arrangements: "If all the vaccines ordered from AstraZeneca had arrived according to plan, that rate would be 70% and we would now have a higher vaccination rate like many other EU members"².

However, at this moment, it appears that the government officials are becoming more and more realistic about the possibilities during the summer season, meaning that they are still not announcing the high tourist numbers as was the case last year when, at one moment, they even declared a victory over the COVID-19, which turned out to be only an end of the first wave of the pandemic. An interesting opinion on the connection between the tourist season and the speed of the vaccination process was given by economic analyst Damir Novotny. On his commentary on the matter, he said "that vaccination alone will not play a big role in tourism, as the effects of vaccination can be expected possibly next year only. His assessment is that nothing particularly spectacular, but by no means tragic, is likely to happen in tourism and that it will be somewhere around last year's level. This means that the Croatian mass tourism (...) will not be reborn this summer season either"³. Other analysts, including the aforementioned Novotny, underlined that the change in the structure of demand of tourist destinations in Croatia is likely to happen. This implies that Croatia can still expect guests from Central European countries, such as Germany, Austria, the Czech Republic, Slovakia, Hungary, and even Poland, that can reach the Croatian coast by car rather than having to travel by plane. Speaking on that matter, professor of economy at the Faculty of Political Science in Zagreb, Luka Brkić, estimated that Croatia should expect fewer visitors from Great Britain, an important market for Croatian tourism, regardless of their high vaccination rates⁴.

The Focus is Now on Road Transport

The argumentation given by both Novotny and Brkić on the prevalence of the number of tourists coming by roads is logically supported by numbers as well. Author Ivica Brkljača from *Ekonomski lab* portal has shown that the foreign guests in 2020 have been coming mostly to

¹ Government of the Republic of Croatia. 2021. Procedure for green passports could be finished by summer <https://vlada.gov.hr/print.aspx?id=31847&url=print>

² Government of the Republic of Croatia. 2021. Procedure for green passports could be finished by summer <https://vlada.gov.hr/print.aspx?id=31847&url=print>

³ Simmonds, Lauren. 2021. No Croatian Mass Tourism in 2021, Though Some Destinations Will Prosper. *Total Croatia News* <https://www.total-croatia-news.com/travel/51427-croatian-mass-tourism>

⁴ Simmonds, Lauren. 2021. No Croatian Mass Tourism in 2021, Though Some Destinations Will Prosper. *Total Croatia News* <https://www.total-croatia-news.com/travel/51427-croatian-mass-tourism>

destinations that are well connected in terms of road infrastructure, most of all to Kvarner, Istria, and Zadar counties. Later on, during 2020, when the epidemiological situation due to warm weather was even better, Split-Dalmatia and Šibenik-Knin counties have joined the rest of the group and were registering more guests. Taking that into account, the Dubrovnik-Neretva County, which is predominantly reached by air, has registered poorer numbers⁵. The same author claims that three factors will be crucial: the epidemiological situation in the country, as well in the rest of Europe, especially on those markets that provide the most guests; the responsiveness of European governments, including the level of measures restrictiveness; and, finally, the comparative advantages that Croatia can offer, that our competitors on the tourist market cannot, mostly Greece, Cyprus, and Portugal, due to the air transport that is prevalent in their case⁶.

Conclusion

All in all, the pre-season in Croatia has already shown its shortcomings and is heavily influenced by the current COVID-19 circumstances in the whole Europe, but also by the fact that Croatia is still among those European countries with the lowest levels of vaccinated population. Furthermore, as it appears, the Government is pretty much reluctant when it comes to the economic profit that is expected this year. Nevertheless, the consensus among economic analysts and government officials is that the season will be better than 2020, however, still far from the pre-covid period.

⁵ Brkljača, Ivica. 2021. Hrvatski turizam u doba pandemije: osvrt na 2020. i pogled na 2021. *arhivanalitika.hr* <https://arhivanalitika.hr/blog/hrvatski-turizam-u-doba-pandemije-osvrt-na-2020-i-pogled-na-2021/>

⁶ Brkljača, Ivica. 2021. Hrvatski turizam u doba pandemije: osvrt na 2020. i pogled na 2021. *arhivanalitika.hr* <https://arhivanalitika.hr/blog/hrvatski-turizam-u-doba-pandemije-osvrt-na-2020-i-pogled-na-2021/>