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## Croatia

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## Croatia

### Tourism in the economy

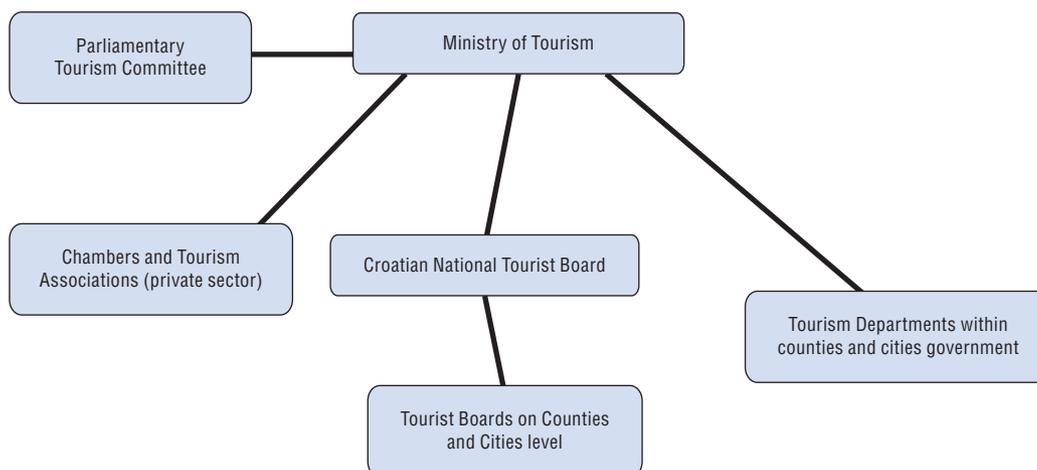
In 2012, the share of tourism in GDP was 15.4% and tourism accounted for 73.6% of all export services revenues and employed approximately 4.8% of the total workforce. Croatia has seen a steady increase in the number of international arrivals, from 8 million in 2006 to 10.4 million in 2012. International tourism receipts have remained broadly stable at between HRK 45 and HRK 51 billion per year during this period.

Domestic tourist arrivals totalled 5.6 million in 2012, a decrease of 6.5% over 2011.

### Tourism organisation and governance

The Ministry of Tourism is responsible for drafting strategies, policies and other measures at national level, and drawing up proposals for legislation that regulates the tourism and hospitality industry, the tourism board's role and activities and tourism tax issues (Figure 1). There are four directorates within the ministry – the Travel Market and International Co-operation, the Development and Competitiveness of Tourism, the Tourist Board System and Destination Management, and Legal Affairs.

Figure 1. Croatia: Organisational chart of tourism bodies



Source: OECD, adapted from the Ministry of Tourism, 2014.

Tourism promotion lies within the responsibility of the Croatian National Tourist Board (CNTB). The Minister of Tourism presides over the CNTB in an *ex officio* capacity, but it also has an Executive Director, who is in charge of daily operations and activities.

At regional level, within the county administrative office, there is usually a service responsible for tourism and hospitality. County administrative offices handle the classification of, and permits for, private accommodation operators, but the classification of hotels, campsites and marinas is the responsibility of the ministry.

The ministry regularly co-operates with professional associations (e.g. associations of travel agents, hoteliers, camping sites, etc.), as well as with NGOs and trade unions.

## Tourism budgets

In 2012 the overall state budget was just over HRK 118.8 billion (approx. EUR 15.9 billion). The share allocated to the Ministry of Tourism was HRK 204.5 million (EUR 27.27 million), 0.17% of the total and a decline of nearly 16% over 2011. Some HRK 90 million (EUR 12 million) of the ministry's budget were transferred to the CNTB for its promotional activities. In addition to funding from the state budget, CNTB receives funds from the tourist bednight tax (HRK 102 million in 2012) and membership fees (HRK 57 million). Tax revenues are distributed as follows: 65% to the municipality/town tourist board (and of which 30% is allocated by the municipality/town for upgrading tourist accommodation and services), 25% to the CNTB head office, and 10% to the local county tourism board.

In compliance with the Act on Tourism Land, a Fund for Tourism is also being set up with contributions – allocated from “concession fees” – paid by hotels, tourist villages, campsites and corporations involved in tourism. Tourism businesses can also be funded through other programmes – the Ministry of Entrepreneurship and Trade co-finances certain programmes open to tourism SMEs, and there is a Fund for Environmental Protection and Energy Efficiency for projects contributing to tourism competitiveness.

## Tourism-related policies and programmes

In 2013, the Strategy for Croatian Tourism Development to 2020 was adopted by the government and the Croatian Parliament. The main goals of the strategy are to: ensure a top 20 world ranking for Croatia in terms of competitiveness; achieve EUR 7 billion of investment; increase foreign tourism expenditure by EUR 6 billion; grow the tourism sector workforce by 30 000 (20 000 jobs directly with the industry and 10 000 indirect jobs); increase bed capacity by 100 000; spread tourism more equitably through the year; and encourage a more balanced tourism development across the country.

The following are seen as the main challenges to reaching these goals: adapting the ministry's activities to the needs of the strategy; aligning the CNTB's Operational Marketing Plan 2014-20 with the Strategy; increasing competitiveness; establishing an Interministerial Council; ensuring EU funding for tourism sector development; implementing the necessary legal changes; developing the concept of a Destination Marketing Organisation (DMO); privatising the remaining tourism properties in state hands; developing new products for new tourism segments; ensuring favourable conditions for tourism investment; offering incentives for “Greenfield” investments; and increasing off-season tourism activities.

The three-year Strategic Plan of the Ministry of Tourism 2013-15 has now been adopted. Among the key challenges to be addressed, the main issues are excessive seasonality, attributed to Croatia's heavy dependence on sun and beach tourists; and improving the structure and quality of the tourism supply, particularly in terms of products attracting demand outside the peak season, such as spa and wellness tourism, urban tourism, nature-based tourism and tourism focusing on traditional cuisine, local wines and different cultural attractions.

There have been a number of new regulations impacting on the tourism industry in recent years, including acts passed on the: Provision of Tourism Services; Changes and Amendments to the Hospitality and Catering Industry Act (May 2012); Bednight Tax; Tourist Boards and the Promotion of Tourism; Tourist Board Membership Fees; and Tourism and Other Construction Land. The Act on Investment Promotion and the Development of the Investment Climate, drafted by the Ministry of Economy and passed in September 2012, made reference to tourism for the first time.

In 2012 Croatia modified entry requirements for foreign visitors to Croatia according to the Schengen Agreement, at the same time suspending visa-free entry for nationals of Azerbaijan, Kazakhstan, the Russian Federation and Ukraine. These measures were in line with Croatia's accession to the EU on 1 July 2013 and the need to harmonise visa policy with that of the EU overall. Nevertheless, since the Russian market has recorded strong growth in recent years, efforts are being made to facilitate access and simplify visa processing.

A number of different issues have been identified by the Croatian government and the tourism industry for action, including competitiveness, seasonality, quality improvement and innovation in "green" tourism.

In 2012 the Ministry of Tourism issued the "Ordinance on Quality" label for hotels, with standards based on a number of "green" criteria. To be assigned a label, a hotel has to meet a minimum of standards in nine different categories and areas referring to the sustainable use of energy and resources, handling waste, security, quality of equipment, staff and guest satisfaction, etc.

In April 2012, the first Croatian award, "GREENOVATION" for green economy development, was launched by the Association for Energetics Zagreb and The Croatian Chamber of Economy, the European Entrepreneurship Network of Croatia. The winner is entitled to use the "Green mark – sign of excellence" label for five years.

The Ministry of Environmental Protection and Construction, with the Ministry of Tourism as its partner, has established a Croatian system for awarding the "Environmentally Friendly" label to hotels and campsites that qualify in the efficient use of natural resources and higher levels of environmental protection. Ten hotels and five campsites have already received the award.

In 2012, the Ministry of Tourism implemented the programme "A Step Further", focused on making improvements in the tourism sector in terms of adapting public areas and all areas used for tourism purposes to the needs of people with disabilities and reduced mobility. The ministry provides financial support to local authorities, local tourist boards and professional associations in their activities aimed at facilitating access for disabled people. It also participated in the European Commission's Calypso programme.

Many unemployed people find seasonal work through the Croatian Employment Service in the tourism and catering sector in the coastal regions of Croatia, where there are shortages of labour during the summer months. The Croatian government determines the annual quotas for the employment of foreigners for jobs in various sectors. In tourism these quotas cover five occupations: tourist entertainers, tourist representatives, masseurs for special types of massages, diving instructors and national cuisine chefs. The job quota for tourism and hospitality in 2013 was 105.

In the framework of the Croatian-German Agreement, the Croatian Employment Service is able to nominate Croatian residents as “guest workers” for Germany’s tourism and catering sector for 12-18 months, to help them acquire professional and language skills.

With regard to skills development and education in tourism and hospitality, the Ministry of Tourism has conducted two programmes: “Scholarships” and “Professional Promotion”. The aim of both programmes is to raise the standards of education, thereby contributing to upgrading quality standards in the tourism sector, to raise the sector’s awareness of the need to co-operate with educational institutions, to enhance students’ interest in careers in tourism/hospitality, ensure the quality of students’ professional practices, and assist in their obtaining employment, etc.

### Statistics and performance evaluation

The Croatian Institute for Tourism piloted a Tourism Satellite Account for 2007 in compliance with international recommendations.

A more precise evaluation of tourism revenue has been made possible by the Cash Transaction Fiscalisation Act, which was passed by Parliament in November 2012 (OG 133/2012), and which came into force on 1 January 2013, with the aim of reducing the “grey” areas of the economy and increasing state revenue. In the first four months of 2013, individual declarations – mostly from bar and restaurant owners – showed a 46% higher turnover compared with the same period in 2012. More accurate records of tourist expenditure are expected to be identified not only in the catering business, but also in private (family-type) accommodation facilities, and for professional services and personal services, passenger transport ticket sales, pay tolls, vending machines sales, etc.

## Statistical profile

Table 1. Croatia: Domestic tourism

	Unit	2008	2009	2010	2011	2012
Total domestic trips	Thousand	13 637	13 141	..	14 852	14 650
Overnight visitors (tourists)	Thousand	6 023	5 774	5 438	6 010	5 618
Same-day visitors (excursionists)	Thousand	7 614	7 367	..	8 842	9 032
<i>Trips by main purpose of visit</i>						
Business and professional <sup>1</sup>	Thousand	1 192	2 278	568	2 822	2 005
Holiday, leisure and recreation <sup>1</sup>	Thousand	4 831	10 827	4 870	12 030	12 645
Nights in all means of accommodation	Thousand	28 259	27 196	25 652	30 347	28 760
Hotels and similar establishments	Thousand	..	3 836	..	3 357	3 134
Other collective establishments	Thousand	..	1 789	..	1 644	1 298
Domestic travel receipts		..	..	..	..	..

1. Includes overnight and same-day trips, except for years 2008 and 2010.

Source: Croatian Bureau of Statistics, Survey of Tourist Activity.

StatLink  <http://dx.doi.org/10.1787/888932990178>

Table 2. **Croatia: Inbound tourism**

	Unit	2008	2009	2010	2011	2012
Total international arrivals		..	..	..	..	..
Overnight visitors (tourists)	Thousand	8 665	8 694	9 111	9 927	10 369
Same-day visitors (excursionists)		..	..	..	..	..
<i>Top markets</i>						
Germany	Thousand	1 405	1 463	1 525	1 661	1 853
Slovenia	Thousand	985	963	1 017	1 100	1 054
Italy	Thousand	1 009	1 058	1 018	1 150	1 051
Austria	Thousand	692	776	810	892	946
Czech Republic	Thousand	589	579	606	638	647
Nights in all means of accommodation	Thousand	49 268	49 229	50 992	54 751	57 522
Hotels and similar establishments	Thousand	17 605	16 085	17 011	18 054	18 879
Other collective establishments	Thousand	14 940	16 001	16 224	17 335	18 414
Total international receipts	Million HRK	55 748	48 353	46 327	50 522	52 767
International travel receipts	Million HRK	53 801	46 731	45 192	49 202	51 421
International passenger transport receipts	Million HRK	1 947	1 622	1 135	1 321	1 346

Source: Croatian Bureau of Statistics, National Bank.

StatLink  <http://dx.doi.org/10.1787/888932990197>

 Table 3. **Croatia: Outbound tourism**

	Unit	2008	2009	2010	2011	2012
Total international departures	Thousand	..	4 823	..	5 526	4 326
Overnight visitors (tourists)	Thousand	2 357	2 497	1 873	2 880	2 680
Same-day visitors (excursionists)	Thousand	..	2 326	..	2 646	1 646
Total international expenditure	Million HRK	5 745	5 455	4 727	4 898	5 638
International travel expenditure	Million HRK	5 532	5 310	4 582	4 703	5 426
International passenger transport expenditure	Million HRK	213	146	145	195	213

Source: Croatian Bureau of Statistics, National Bank, Survey of Tourist Activity.

StatLink  <http://dx.doi.org/10.1787/888932990216>

 Table 4. **Croatia: Enterprises in tourism**

Number of establishments

	2008	2009	2010	2011	2012
Total tourism enterprises	20 333	22 077	21 192	19 867	19 076 p
Tourism industries	..	..	..	..	..
Accommodation services for visitors	2 526	2 718	2 631	2 533	2 504 p
Hotels and similar establishments	733	777	818	831	825 p
Food and beverage serving industry <sup>1</sup>	16 150	17 670	16 838	15 791	15 041 p
Passenger transport	..	..	..	..	..
Air passenger transport	..	..	..	..	..
Railways passenger transport	..	..	..	..	..
Road passenger transport	..	..	..	..	..
Water passenger transport	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..
Transport equipment rental	..	..	..	..	..
Travel agencies and other reservation services industry	1 657	1 689	1 723	1 543	1 531 p
Cultural industry	..	..	..	..	..
Sports and recreation industry	..	..	..	..	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..
Other industries	..	..	..	..	..

1. Restaurants, bars, canteens and catering

Source: Bureau of Statistics, Structural Business Statistics.

StatLink  <http://dx.doi.org/10.1787/888932990235>

**Table 5. Croatia: Employment in tourism**  
Number of employees

	2008	2009	2010	2011	2012
Total tourism employment (direct)	55 537	51 719	51 358	52 722	54 937
Tourism industries	..	..	..	..	..
Accommodation services for visitors	31 709	30 138	29 578	30 276	31 036
Hotels and similar establishments	..	..	..	..	..
Food and beverage serving industry	18 618	16 362	16 713	17 223	18 506
Passenger transport	..	..	..	..	..
Air passenger transport	..	..	..	..	..
Railways passenger transport	..	..	..	..	..
Road passenger transport	..	..	..	..	..
Water passenger transport	..	..	..	..	..
Passenger transport supporting services	..	..	..	..	..
Transport equipment rental	..	..	..	..	..
Travel agencies and other reservation services industry	5 210	5 219	5 067	5 223	5 395
Cultural industry	..	..	..	..	..
Sports and recreation industry	..	..	..	..	..
Retail trade of country-specific tourism characteristic goods	..	..	..	..	..
Other country-specific tourism industries	..	..	..	..	..
Other industries	..	..	..	..	..
<i>Gender breakdown</i>					
Male (% of total tourism employment)	43	44	44	44	44
Female (% of total tourism employment)	57	56	56	56	56

Source: Croatian Bureau of Statistics.

StatLink  <http://dx.doi.org/10.1787/888932990254>

**Table 6. Croatia: Internal tourism consumption**  
Million HRK, 2007

	Domestic tourism consumption	Inbound tourism consumption	Internal tourism consumption
Total	9 058	46 556	55 614
Consumption products	..	..	..
Tourism characteristic products	..	..	..
Accommodation services for visitors	1 653	12 836	14 489
Food and beverage serving services	1 669	13 049	14 718
Passenger transport services	1 717	1 287	3 004
Air passenger transport services	..	..	..
Railways passenger transport services	..	..	..
Road passenger transport services	..	..	..
Water passenger transport services	..	..	..
Passenger transport supporting services	..	..	..
Transport equipment rental services	..	..	..
Travel agencies and other reservation services	331	352	683
Cultural services <sup>1</sup>	169	2 357	2 526
Sports and recreation services	..	..	..
Country-specific tourism characteristic goods	..	..	..
Country-specific tourism characteristic services	..	..	..
Other consumption products	3 519	16 676	20 195
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
Non-consumption products	..	..	..

1. Includes recreation and other entertainment services.

Source: Croatian Bureau of Statistics and Institute for Tourism.

StatLink  <http://dx.doi.org/10.1787/888932990273>

Table 7. **Croatia: Key economic indicators**

Percentage

	2008	2009	2010	2011	2012
Tourism GDP (direct) as % of total GDP	..	..	..	..	..
Total tourism employment (direct) as % of total employment	4.4	4.3	4.4	4.5	4.8

Source: Croatian Bureau of Statistics.

StatLink  <http://dx.doi.org/10.1787/888932990292>**For more information**

Ministry of Tourism

Croatian National Tourism Board

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