

## Summary

Mass tourism started to spread in the late 19<sup>th</sup> century. In the territory of today's Slovenia, it became popular practically at the same time as elsewhere in Europe, however, it developed more slowly and inconsistently. As mass tourism became widespread, its impact increased on places, regions, countries, activities, the environment, cultural and natural heritage, and the life of local people. This is why the development of tourism has to be planned and guided in order to prevent the positive effects from turning to the opposite. This Working Paper tries to identify the nature of tourism policy and its role, examine tourism policy in Slovenia and the EU, and establish the relationship between the two. The main part of the Paper deals with developments in Slovenia's tourism in 1995-2001. It analyses turnover and receipts from tourism, and compares figures for Slovenia with those for other European countries.

The state's intervention in tourism can be explained by several arguments. First, this is justified by tourism's effects: its contribution to economic growth and impact on the balance of payments, employment, regional development etc. Co-operation of the state is welcome when public goods are involved, such as the landscape, climate, air and water, because an individual might otherwise be excluded from consuming these goods without the state's intervention. The same goes for merit goods, such as a holiday, which benefit both the individual and society and should therefore be available to all. Further, state intervention is justified by the structural characteristics of the tourism industry. The creation of a single and recognisable tourism product and its promotion, which involves a large number of different organisations, necessarily requires a body responsible for initiative and co-ordination. What is more, the large amounts of funds necessary to finance investment in tourism can frequently only be provided by the state.

Tourism policy in the EU is largely conducted through other policies. There are practically no regulations to directly govern tourism. The most relevant directives are the Council Directive on the collection of statistical information in the field of tourism and the Council Directive on package travel, package holidays and package tours. Slovenia's legislation regulating tourism is (almost) fully harmonised with the *acquis*. The last requirement from the Council Directive on the collection of statistical information in the field of tourism was met in 2000, when the Statistical Office of the Republic of Slovenia (SORS) started to conduct a quarterly survey on tourist travels of the domestic population. Slovenia has also participated in the EU's tourism programmes through its projects. They mainly involve the PHARE programmes of cross-border co-operation, which promote co-operation between bordering regions of EU member-states and candidate-countries from Central and Eastern Europe.

In addition to the directives mentioned above, Slovenia founded its tourism policy on the Resolution on Strategic Goals of Tourism Development adopted in 1995. The Resolution identifies Slovenia's goals and measures to be taken in tourism. One of the most important legal measures is to draw up the Promotion of Tourism Act. The main feature of organising tourism in Slovenia in 1996-2000 was its hyper-institutionalisation. The Government drew on the Resolution on Strategic Goals of Tourism Development from 1995, but it did not have any comprehensive annual tourism policy. Tourism legislation from 1998 divided responsibilities up between national and local institutions arbitrarily. This should be corrected by the new Slovenian Tourism Strategy for 2002-2006, according to which the national

model of tourism development should be replaced by the entrepreneurial model. Providers of tourism services should become business entities instead of administrative bodies and they should market individual destinations through programmes, products and tourist areas. One novelty is the national tourism development policy that should be formulated each year and set out target programmes, financial resources and economic implementing measures necessary to conduct tourism policy. The monitoring process is essential for the Strategy and is to be carried out at annual strategic development conferences, where representatives of the tourism industry, the Government and civil institutions will discuss the main strategic issues of development, the effectiveness of implementing recent strategic projects, proposals for new projects, and the underlying development issues of a new tourism policy for the next year.

In 2000, Slovenia welcomed 1,089,549 foreign tourists, representing 0.16% of global international arrivals. Receipts from tourism totalled USD 960.8 million, while Slovenia's share in global receipts from tourism was 0.2%. A comparison with some European countries for 1999 shows that Slovenia was at the bottom of selected countries both in terms of the number of tourists' overnight stays and foreign exchange receipts from tourism. However, since Slovenia is a small country with limited spatial potential, a more accurate picture of the level of its tourism development is shown by the number of overnight stays per capita and foreign exchange receipts from tourism per capita. These two indicators put Slovenia in the second half of the ranking of selected Western European countries, however, the gaps behind higher-ranking countries were not wide. Compared within the group of Central and Eastern European countries, Slovenia was ranked higher (2<sup>nd</sup> and 3<sup>rd</sup> place).

Slovenia would very likely have recorded better results if the latest tourism figures had been compared. In 2001, the number of tourists overshot the 2 million mark for the first time, while the number of overnight stays exceeded 7 million after having hovered around 6 million in 1995-2000. These positive results were due to not only the stabilised conditions in the turbulent Balkans, but also the stronger investment made in tourism over the last few years. The last two years saw particularly high numbers of foreign tourists' overnight stays, while the number of nights spent by domestic tourists stagnated. The higher numbers of foreign tourists led to higher foreign exchange receipts from tourism and, expressed in current US dollars, they rose in 2000 and climbed further in 2001.

Slovenia's tourism results will improve further provided that all entities involved in tourism co-operate and use advantages of Slovenia's tourism which primarily lie in specialisation. As tourism's production multiplier is one of the highest (1.8), better results will also be reflected in other economic activities.