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TOURISM RESOURCES IN EASTERN EUROPE: PROBLEMS AND PROSPECTS FOR COOPERATION

Volume II: COUNTRY PROFILES

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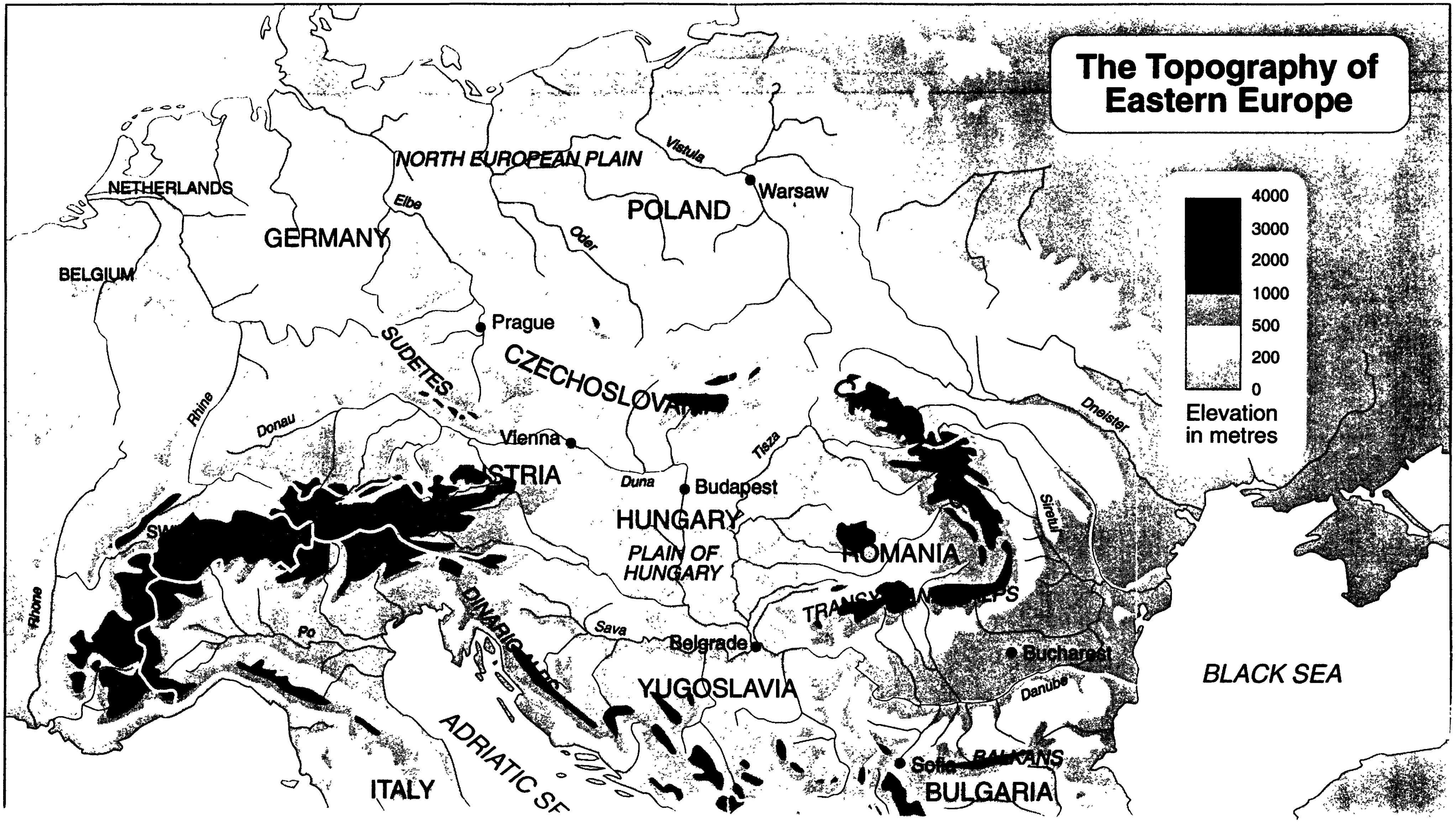
TOURISM RESOURCES IN EASTERN EUROPE: PROBLEMS AND PROSPECTS FOR COOPERATION

Volume II: COUNTRY PROFILES

PA CAMBRIDGE
Economic Consultants

1993



The Topography of Eastern Europe
4000
3000
2000
1000
500
200
0
Elevation in metres
NORTH EUROPEAN PLAIN
NETHERLANDS
GERMANY
BELGIUM
POLAND
Warsaw
Vistula
Elbe
Oder
Prague
SUDETES
CZECHOSLOVAKIA
Rhine
Donau
Vienna
Duna
Budapest
Tisza
HUNGARY
PLAIN OF HUNGARY
Dneister
Siretul
ROMANIA
TRANSYLVANIAN ALPS
Rhone
Po
Sava
Belgrade
Bucharest
BLACK SEA
YUGOSLAVIA
Danube
DINARIC ALPS
ADRIATIC SEA
Sofia
BALKANS
BULGARIA
ITALY

Tourism Resources in Eastern Europe

Poland

Hungary

Czechoslovakia

Yugoslavia

Bulgaria

POLAND

Contents

PART ONE: TOURISM INFRASTRUCTURE IN POLAND

1.1 Airports and Air Services

Introduction

1.1.1 At present there are nine airports operating in Poland, seven of these are capable of servicing international flights, but only five provide regular international services. In order of importance and volume of traffic they are:

Warsaw		
Gdansk		
Krakow	–	International Scheduled Services
Szczecin		
Posnan	–	Charters and international links via Warsaw

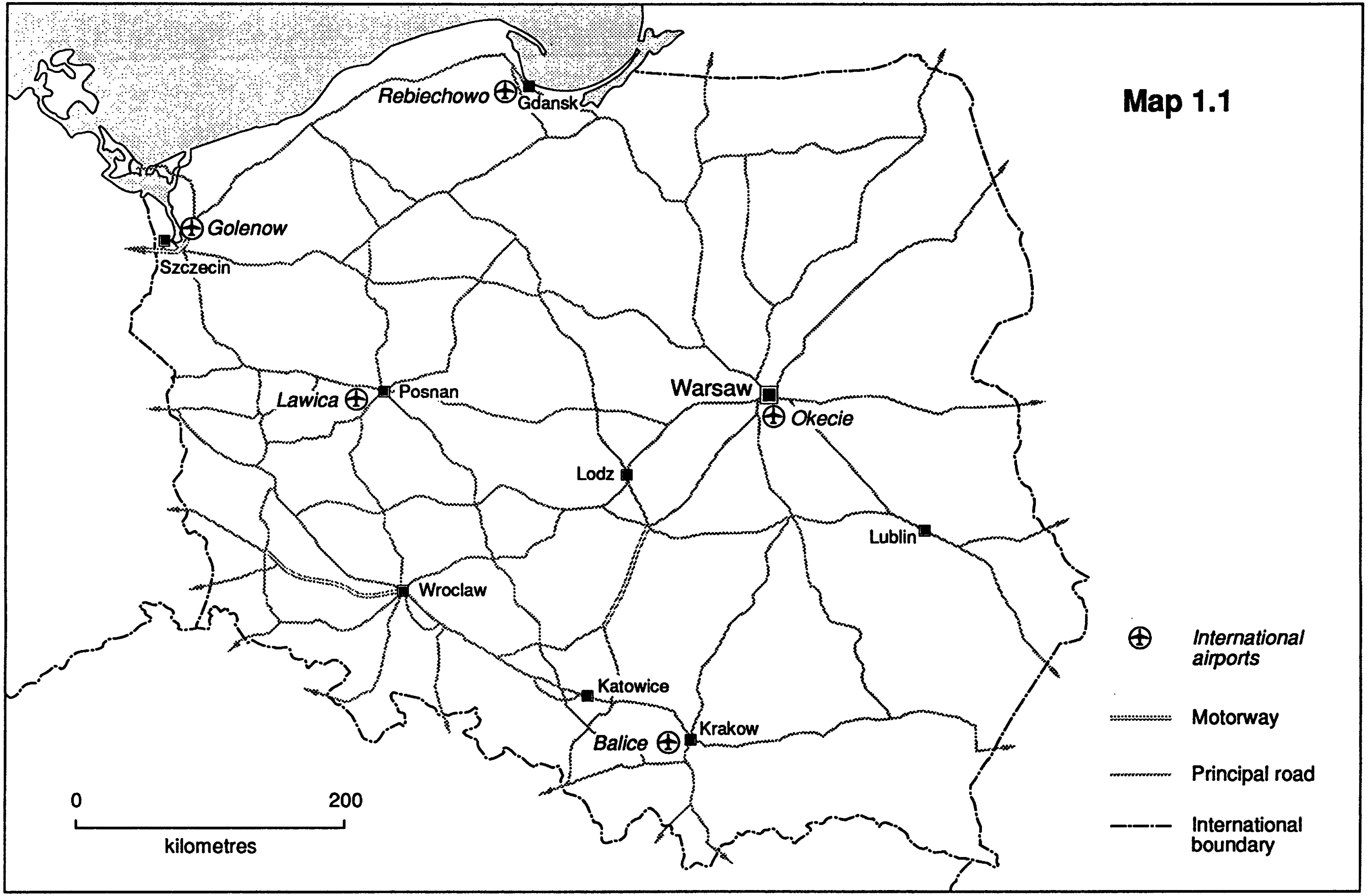
The principal destinations and frequency of services are shown in Table 1.1 and the airport locations are shown in Map 1.1.

Okecie Airport, Warsaw

1.1.2 This is the principal international airport and accounts for 90% of all international arrivals and departures. It has all of the services and facilities expected of a modern international airport including aircraft maintenance and fuelling, international airtraffic control, (ILC) duty free area, bars and restaurants, tourist information and exchange office. Also available are the offices of most of the major international airlines, rent-a-car facilities and hotel and tour operators.

Table 1.1 Warsaw Airport: Principal Destinations

Destination	Weekly Flights	Destination	Weekly Flights
Frankfurt	22	Dusseldorf	6
Moscow	20	Amsterdam	6
London	19	Milan	5
Budapest	14	Helsinki	5
Vienna	14	Belgrade	5
Paris	12	Oslo	4
Stockholm	12	Athens	4
Zurich	11	Geneva	4
New York	10	Bucharest	4
Prague	9	Tel Aviv	4
Berlin	9	Madrid	3
Brussels	7	Lyon	3
Rome	7	Bangkok	2
Hamburg	7	Beijing	1
Leningrad	6		


Map 1.1
Rebiechowo
Gdansk
Golenow
Szczecin
Lawica
Posnan
Warsaw
Okecie
Lodz
Lublin
Wroclaw
Katowice
Krakow
Balice
0
200
kilometres
International airports
Motorway
Principal road
International boundary

1.1.3 Located only 10 km from central Warsaw surface access to local destinations is fast and relatively cheap. Buses are only $0.5 and taxis about $10.00. A local travel group, Air Tours, provides a frequent service to all city centre destinations by Mercedes for $18.00 and can provide a small bus for groups for $30.00. Some hotels including the Mariott and Holiday Inn also provide courtesy cars.

1.1.4 All eight operational airports within Poland can be reached from Okecie and with the main rail station only 15-20 minutes away, access to other Polish regions and cities is good. The airport is open day and night all year round, although the volume of winter traffic is only about 70% of that of the summer months.

1.1.5 The airtraffic control system is modern and efficient and with two runways of 3690m the theoretical capacity is more than 3 times current levels. The constraining factors are passenger servicing and handling facilities, both of which could be overcome by a relatively small amount of investment in the two existing terminals.

Rebiechowo Airport, Gdansk.

1.1.6 Like Warsaw, Gdansk airport is conveniently located close to the city, about 14km, and the journey takes between 20 and 30 minutes by train, bus or taxi. The airport gives visitors easy access to the seaside towns at Sopot and Gdynia on the nearby Baltic Coast, to the Kaszubian lake region some 40km away and to Malbork 60km, Franbork 100km and Torun 185km. Access to Helsinki and Stockholm is also easy, only some 35-40 minutes flying time away by air taxi.

1.1.7 In comparison to Okecie, Gdansk airport handles only a very small number of passengers, 118,000 in 1990 of which 54,000 were international. Details of the frequency of flights to international destinations is as follows in Table 1.2.

Table 1.2 Gdansk Airport: Principal Connections

Destination	No. of Weekly Flights
Hamburg	4
Warsaw	3 (per day)
London	2
Leningrad	1
Helsinki	1 (summer only)

1.1.8 All of the basic services, for both aircraft and passengers, are available at Rebiechowo, with the exception of a duty free shop. Generally the airport operates day flights only and winter traffic is about 50% of the summer peak. There is a single terminal and the runway, at 2800m, is long enough to accommodate the largest passenger aircraft including the Boeing 767. With some limited investment the airport could be improved significantly and has the potential to handle substantially more traffic than it does at present.

Balice Airport, Krakow

1.1.9 Although Krakow airport handles slightly more international passengers than Gdansk (58,000) the overall volume of traffic is about 30% less. It is used frequently during the summer for direct charter flights from the USA but these cease during the winter. However, the year round connections to Warsaw and to major European airports are relatively good: the destinations and frequencies are shown in Table 1.3 below:

Table 1.3 Krakow Airport: Principal Connections

Destination	No. of Weekly Flights*
London	3
Cologne/Bonn	2
Frankfurt	2
Rome	2
Vienna	2
Paris	1

* There are also 3 flights per day to Warsaw

1.1.10 Balice is located 18km from the historic city of Kracow and about 60km from the densely populated industrial areas around Katowice. The generally poor facilities at the airport and the lack of an international airport serving Katowice have prompted consideration of the development of a new facility, perhaps located mid-way between the two areas and serving the whole of the south of Poland.

1.1.11 Aircraft and passenger facilities are adequate at Balice, but without a duty free area and a very limited amount of catering, considerable improvements will be required if it is to be utilised to a greater extent. It is partly the high level of capital investment needed for upgrading which has prompted consideration of the development of a wholly new airport.

1.1.12 Surface links to the main cities of Krakow and Katowice are available. Buses are the cheapest and most frequent mode. Good rail services operate between Krakow and Katowice and both bus and rail services give access to Zakopane and the high Tatras and to important tourist destinations at Wieliezka (Saltmines) and Oswiecim (Auschwitz)

Goleniow Airport, Szczecin

1.1.13 The airport at Szczecin is comparatively small, even by regional airport standards in Poland. Of its total throughput of 19,000 passengers per year only about 1000 are international. It does provide access to the north and west of Poland including sea and spa tourist destinations and to Swinoujscie and the ferry service to Sweden.

1.1.14 The only regular international flight is to London on a weekly basis and services to Warsaw. Its aircraft and passenger services facilities are small and would need to be substantially improved if utilisation of the airport is to be increased. There is an adequate runway however, 2500m, and at 45km from the City of Szczecin there are few environmental constraints on expansion. Bus services are available direct to Szczecin and to Swinoujscie and Kolobrzeg.

Lawica Airport, Poznan

1.1.15 Lawica is located only 7km from the centre of Poznan, where a number of international fairs are held. It handles some 21,000 passengers annually, 30% of whom are international. Charter flights operate from Europe and from the USA and there is a regular daily service to Warsaw.

1.1.16 Like other regional airports in Poland, aircraft services are adequate and international airtraffic control systems (ILC) operate, the passenger services are not well developed. Lawica has no duty free, no tourist information and only a small cafeteria. It can, however, handle large passenger aircraft on its 2500m runway.

1.1.17 The easy access to Poznan and the international Trade Fair Centre site together with good road and rail access to all parts of western Poland means that Lawica has considerable potential for development. The level of capital investment required would be substantial.

1.1.18 The five airports listed and described above handle the majority of international flights, although a sixth airport at Rzeszow is used occasionally. Although the regional distribution of airports is relatively good, it is capable of substantial further development to improve passenger facilities in particular. In addition there are a number of military airfields which might also offer scope for civilian use giving access to more remote and potentially important tourist areas.

1.2 Rail Services

1.2.1 The international rail network from other European countries is focused on Warsaw. The frequency is significantly greater in summer than in winter to all main destinations as shown below in Table 1.4.

Table 1.4 Warsaw Railway Station: Principal Connections

Departure Station	Destination Station*
Warsaw	Berlin (4 per day, 1 extra in Summer) Frankfurt/Dresden/Munich (Daily in Summer, 2 times per week in Winter) Budapest and Belgrade (2 per week) Hook of Holland (2 per week in Summer) Prague (2 per week)

* Also services weekly to Moscow, Kiev, Vilnius and Leningrad, and to Bucharest and Sophia.

During the summer it is also possible to travel direct to the Black Sea coast and Istanbul in the east and to Rome and Paris.

1.2.2 Other stations, including Wroclaw, Gdansk, Katowice, Konin, Krakow, Lublin, Reszow and Szczecin also have direct connection to Germany, Czechoslovakia and Hungary. The internal rail network is extensive with frequent services to all major towns and cities and connections to small towns and more remote areas. Express services also operate, with first class carriages and reserved seating, between the major cities.

1.2.3 Bookings can be made at main line stations or via travel agents and tour operators. Eurotrain and youth travel schemes are also available on all Polish rail services. At present railway station facilities are adequate, but are not generally oriented to foreign visitors with most timetables and booking information in Polish only. Other tourist information is also generally lacking at main stations and at Warsaw in particular organised theft from foreign travellers is not unknown.

1.2.4 At present rail travel is confined to a relatively small number of independent and student travellers, although there is scope for greater use of the network by organised groups and for special rail based holidays.

1.3 Road Access

Private cars

1.3.1 In comparison with the road system in the western part of Europe, Poland's road network is poorly developed. A major weakness is the lack of high capacity dual carriageway and motorway roads. Only in 1991 will the total length of dual carriageway roads exceed 1000km. The connections between Warsaw – Katowice and Krakow are now good and other improvements are under construction around Wroclaw and other principal cities. Resources for road construction are limited, however, and at present the emphasis is upon strategic commercial freight routes.

1.3.2 There are relatively good road links to Poznan/Warsaw and to Wraclaw/Krakow from Berlin, routes E30 and E36 respectively. Other important routes connect with Dresden, to Scandinavia (via ferries) and to Russia in the east. The principal highway network is shown on Map 1.2. In addition to commercial traffic, tourist flows are currently high on the road between Krakow and Zakopane, Warsaw and Gdansk and between Warsaw and the Mazurian Lake District.

1.3.3 The number and capacity of border crossings, whilst adequate when trade and traffic between east and west was restricted, are now generally insufficient. International vehicle traffic between Poland and the west doubled during 1990 and the volume of traffic between Poland and the USSR is particularly problematic with excessive delays for both commercial and tourist traffic.

1.3.4 Once in Poland, car borne visitors will find few restaurants, cafes or snack bars of good quality. Existing provision caters generally for local trade and for trucks. Fuel stations are not a problem, and the number of stations selling lead free petrol are increasing rapidly, but queues can form at certain times of the day. The interval between petrol stations is about 30 - 40km during the day with 24 hour facilities available about every 100km on major routes. The latter are likely to offer lead free fuel and are well signposted.

1.3.5 Road and traffic signing, and roadside tourist information, generally is not good. The international signing system for routes, directions and traffic control are adopted, but no special tourist signs are at present in use and some routes are not well marked making it difficult for foreign drivers in some areas. In towns secure car parks can be found, although again they are not clearly identified. Standards of driving are good and safety is not generally a problem.

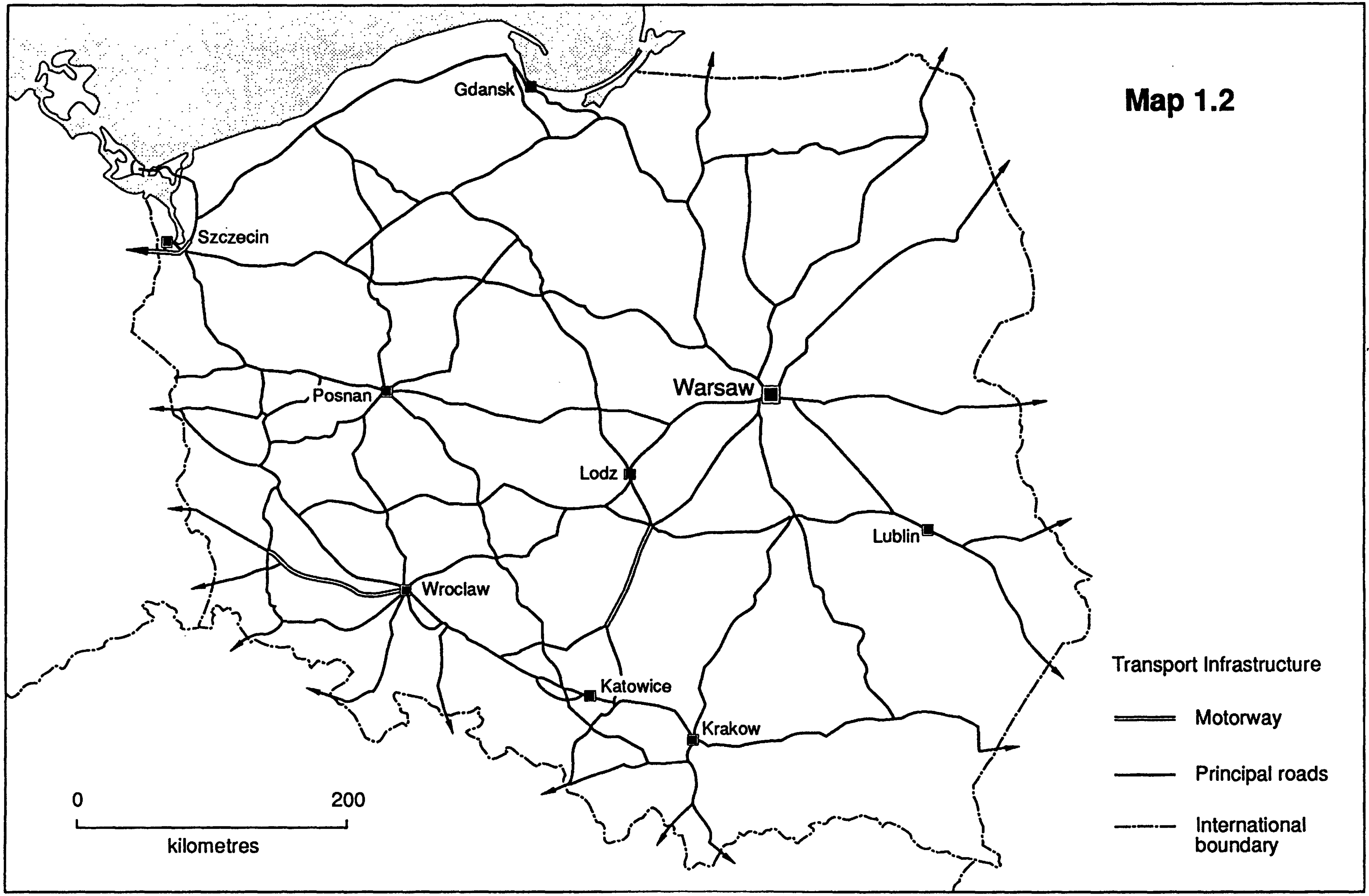
1.3.6 There is now a relatively well developed network of motels, know as Zajazd or Goscincec, available along main transit routes in the western part of Poland which offer basic accommodation. Unfortunately these are not available in the east or south on any of the main tourist routes to important tourist areas like the Mazurian Lake District. Throughout Poland there is an urgent requirement for more roadside facilities.

1.3.7 Car repairs and break-down services are available through the Polish Automobile Association Road Service Centres, but contacting them in an emergency can be a problem because of the absence of road-side telephones. Investment by the major international car manufacturers and oil companies continues to grow and the availability of specialist services centres is increasing rapidly.

Bus Services

1.3.8 The network of bus services is relatively well developed in Poland, particularly in the more urbanised areas. For longer distances, between cities, and for access to more remote tourist areas there can be problems and although travel companies and local tour operators organise their own tourist bus services the system is not well developed. International bus services operate to and from Warsaw and other major cities, but at present they offer no advantage in either cost, comfort or convenience over the rail network for the independent traveller. The largest carrier is the state company, P.K.S., although new independent operators now offer a small number of services for foreign visitors.

1.3.9 In summary, road travel for visitors to Poland presents few serious difficulties. At the present time routes are relatively uncongested and with concentration and a little luck visitors should have few problems in finding their destination. The major drawback is that the volume of visitor traffic is already increasing at certain popular destinations and the environment and service facilities, already inadequate, will be put under further strain. If investment in visitor signing, garage facilities, information and accommodation is not increased dramatically many visitors are likely to be deterred from visiting or may not make a return visit.


Map 1.2
Gdansk
Szczecin
Posnan
Warsaw
Lodz
Lublin
Wroclaw
Katowice
Krakow
0
200
kilometres
Transport Infrastructure
Motorway
Principal roads
International boundary

1.4 Telecommunications

1.4.1 Of all of the various aspects of infrastructure which have a direct influence upon the operation and potential of the Polish tourism sector telecommunications is the weakest. It is, however, a weakness affecting the development of all of Poland's industries and as such is a priority for rapid upgrading and development. Indeed it is one of the principal programmes financed by the PHARE programme of assistance from the European Commission.

1.4.2 At present many hotels and tour operators rely upon the telex network, which is the most extensive and effective form of telecommunications available. While acceptable for business use it is not readily accessible to the public or to visitors.

1.4.3 The telephone and fax network, whilst available in most hotels and other visitor facilities has not benefited from investment in new technology to the same extent as in western European countries. In individual households the telephone system is much less developed than in western countries and many other former socialist countries like Hungary. Waiting lists for new lines either for business or private individuals are long in most major cities and finding space for international calls using existing satellite facilities can be extremely difficult. In 1989 there were only 3.1 million telephone subscribers in the whole of Poland, a similar number to a city the size of Manchester in England.

1.4.4 More modern automatic exchanges are being developed rapidly for internal calls and the Warsaw exchange now links directly with 26 countries, but secure and reliable connection is not yet guaranteed. The fax network is spreading rapidly and most commercial tourist operations now have a fax facility. Of course the fax network is subject to the same technical and capacity problems as the telephone network.

Table 1.5 Polish Ferry Services: Principal Connections

Departure Port	Destination Port
Gdansk	to Oxelosund – Sweden (weekly in Winter and 6 per week in Summer)
	to Helsinki – Finland (weekly in Winter, 2 per week in Summer)
	to Ystad – Sweden (weekly Summer service)
Swinoujscie	to Copenhagen (6 per week all year)

1.4.5 The principal computer networks for flight reservations are available in Poland at airline offices and at travel agencies in the major cities. Only a small number of hotels such as the Mariott and Holiday Inn in Warsaw have on line connections to international hotel booking systems. Also, only a very small number of travel agents have facilities for linking into travel/accommodation networks outside the country.

1.4.6 As noted previously, plans for improvements and upgrading are currently given high priority and rapid progress in being made with the cooperation of foreign investors such as ITT and Alcatel. Electronic mail and other more sophisticated systems will also be made available for the first time in Poland during the next one or two years.

1.5 Ports

1.5.1 There are four international seaports in Poland located at Szczecin/ Swinoujscie, Gdynia, Gdansk and Kolobrzeg. The first two can accommodate the largest ships capable of entering the Baltic and all have facilities for servicing passenger/cruise vessels; Gdynia is the best equipped for this purpose.

1.5.2 There are also a range of ferry services operating from Polish ports, as is shown in Table 1.5. There are no Polish owned and operated cruise ships and few international cruise lines currently visit on a regular basis, although the number and frequency is growing. There is some potential for increasing the number of visitors on cruises and the two Polish Lines, (PLO and PZM) could extend the small number passenger berths they currently offer on their merchant fleets.

1.5.3 Other coastal towns in Poland do not have facilities for large ships, but several have potential for the development of marinas for the growing number of yachts cruising in the Baltic. The first commercial marina is already under construction at Gdynia.

PART TWO: HOTELS AND OTHER VISITOR ACCOMMODATION

2.1 Introduction

2.1.1 The main cities in Poland can provide modern international standard accommodation in four and five star establishments. In total there were 61 hotels in these categories in 1990 offering just under 22,000 bed spaces (12% of the total supply of hotel rooms in Poland).

2.1.2 This is a relatively small number and there are often shortages at certain times, particularly if a city is hosting an international trade fair or other event. International hotel chains including the Marriott and Holiday Inn now operate in Warsaw alongside the Forum (state owned) chain. With growing demand and existing high occupancies there is substantial potential for further expansion and investment by international operators.

2.1.3 Unfortunately the relatively good availability of 1st class accommodation is not supported by a supply of 1 – 2 and 3 star accommodation. Although there are more than 400 hotels in these categories in Poland, they often have levels of facilities and comfort below that of equivalent standard hotels in western Europe or in the USA. Only 300 of these hotels are generally regarded as being suitable for foreign visitors by the Polish Hotel Association.

2.1.4 It is also worth noting that the quality of service in Polish hotels in any category (with the exception of the western managed hotels in Warsaw) can be extremely variable.

2.2 The 'Closed' Sector

2.2.1 In addition to the accommodation provided in hotels, motels, hostels, private rooms and campsites, available for use by domestic tourists and foreign visitors, Poland also has a large amount of accommodation in "holiday centres". This accommodation is owned and operated by state industrial or other organisations and available only to employees, members or guest visitors. At the beginning of 1990 this 'closed sector' of accommodation was larger at 357570 bed spaces, than the open accommodation sector, 262751 bed spaces. The distribution of accommodation in the closed and open sections and their constituent parts is shown in Figures 2.1 and 2.2 opposite:

Figure 2.1
Bedspaces in the 'Open' Accommodation Sector in Poland

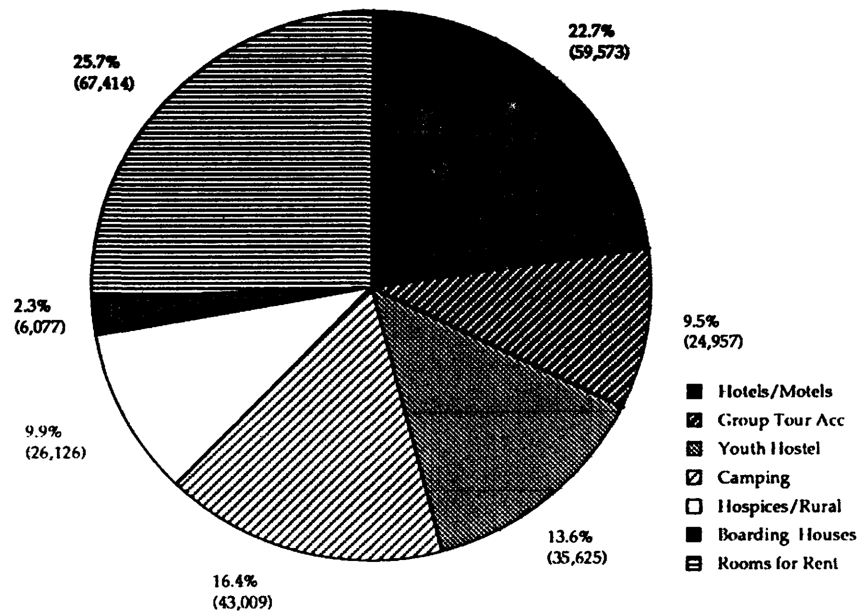
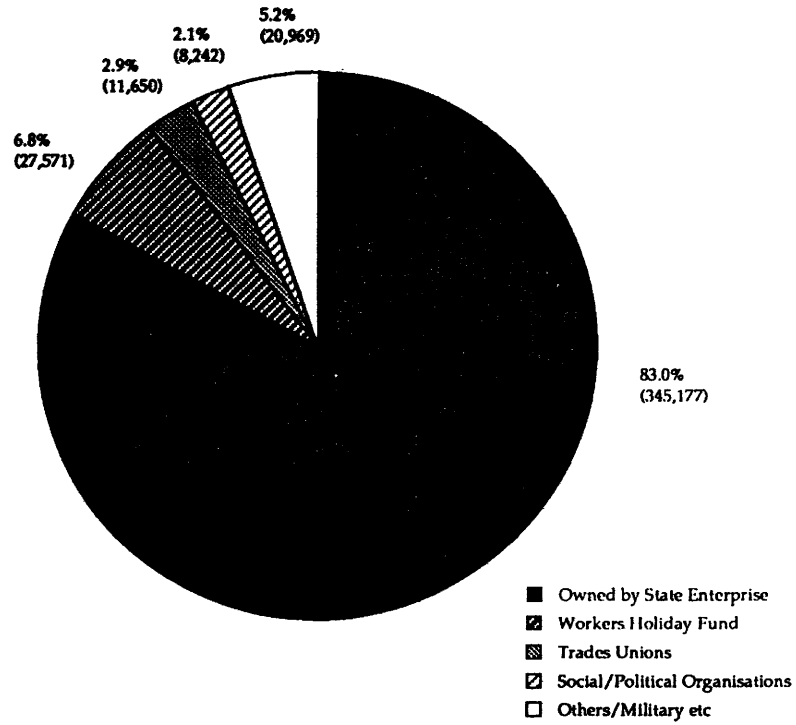


Figure 2.2
Bedspaces in the 'Closed' Accommodation Sector in Poland



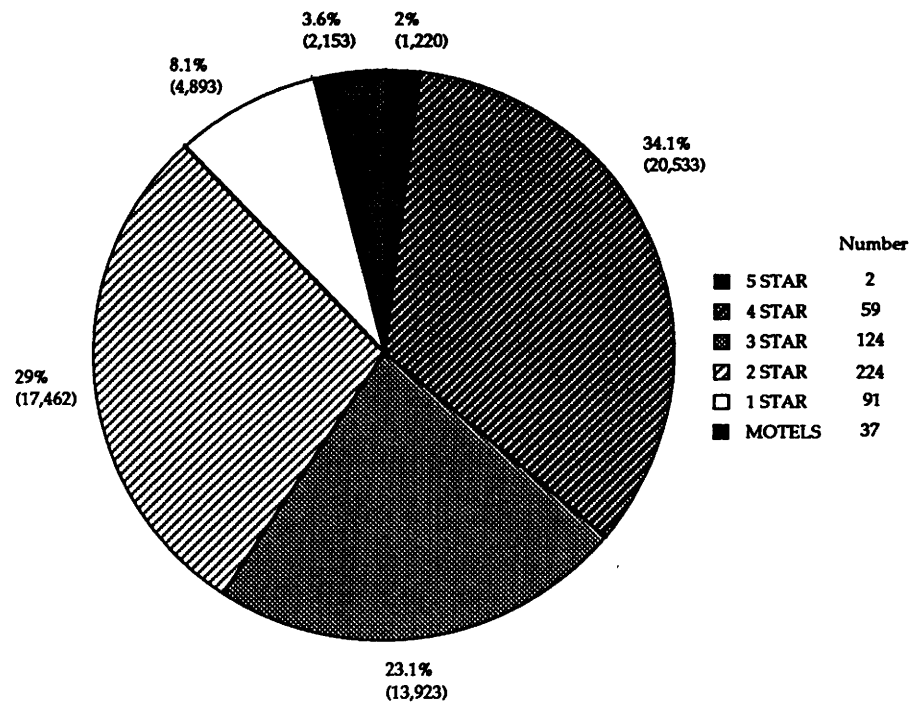
2.2.2 Unfortunately little qualitative information is available relating to the closed accommodation sector, although it is known that considerable sums were spent at several locations upon the construction of top quality facilities. With moves towards a market economy and rapid rises in the costs of energy, repairs and maintenance many of these facilities are experiencing difficulties. The financial realities of operating according to market principles have hit hard, particulary where the facilities are open only for a short period during the summer and many are now seeking new sources of visitors and investment.

2.3 The Hotel Sector

2.3.1 Hotel accommodation in Poland is divided into five categories. The distribution of establishments and bed spaces are shown in Figure 2.3 below:

Figure 2.3

Number of Hotels and Proportion of Bed-Spaces by Star Classification in Poland



2.3.2 All hotels with a four or five star rating provide double/single rooms with bath/shower, restaurant and cafe/bar. Additionally there may be a night club, casino or other facilities including currency exchange, car hire/tour operator offices and shops.

2.3.3 One, two and three star hotels differ considerably and many establishments are in need of large amounts of investment in the fabric of the building, levels of equipment and staff training before they can legitimately claim a star rating. The criteria and inspection system for granting a star rating appear not to be standardised and improvements are necessary if those booking accommodation can be guaranteed the standard of facilities they require.

2.3.4 The prospects for improvement in all categories is likely to be dependent upon foreign investment, which has become much easier as a result of recent legislative changes. Several projects to provide new international standard hotels are already under way involving joint venture arrangements and foreign credits in Warsaw, Szczecin, Gdansk, Poznan and Wroclaw. Relatively little new investment has yet been made in other locations, particularly in the mountains in the south or in the lakes and coastal regions, although several schemes are at the planning stage. These proposals are aimed at improving the amount and quality of accommodation in small and medium sized hotels and one proposal now at an advanced planning stage will provide a network of small private motels on the main tourist highway routes.

2.3.5 An important component of recent legislative changes has been the provision for the return of historic houses, manors, villas and palaces to their former owners. Many of these are in attractive locations and offer considerable potential as hotels if sufficient investment can be made available. Existing state owned hotels are also available for sale or refurbishment under joint venture projects.

2.3.6 A major step, which is at yet only at the discussion stage, will be the privatisation of the closed accommodation sector owned by previous state enterprises and organisations. There is enormous potential here to supplement the existing facilities with equally high standard accommodation if investment is made in staff training and marketing is undertaken to the required standards. These facilities would make excellent family holiday complexes and could be offered at a relatively cheap price.

2.3.7 The state travel company, Orbis, was previously responsible for the development of hotels catering for western visitors. The Orbis chain comprises of 55 four and five star hotels in 25 of Poland's main towns and cities. Several were developed with a minority western partner and include:

6 Novotels
- Warsaw, Gdansk, Olsztyn, Poznan, Sosnowiec and Wroclaw

2 Holiday Inns
- in Warsaw and Krakow

2 Forum Hotels
- in Warsaw and Krakow

1 Inter Continental
- in Warsaw

The only majority western owned and operated hotel currently operating is the Marriott Hotel in Warsaw.

2.4 Hostel Accommodation

2.4.1 During the peak of the tourist season, July and August, student accommodation on campuses is made available for visitors. Generally the accommodation is provided for younger independent or group visitors, but could be used to accommodate special interest groups as happens elsewhere in western Europe. This type of accommodation is available in Warsaw, Krakow, Lodz, Pozan, Wroclaw, Gdansk and Olzytn.

2.4.2 Other hostels, known as "group tour inns" in Poland, are another important source of tourist accommodation. In the past these facilities have catered for organised groups of various kinds at reasonable cost and although they can accept individual or family bookings the standard of accommodation is generally low. Many offer large rooms sleeping three, four or more people, but they are well distributed throughout the country and over 40 establishments of this kind are run by the Polish Tourist Countryside Association PTTK.

2.4.3 The Polish Association of Youth Hostels is a member of the international federation and operates almost 1,000 facilities throughout Poland. Their rules and regulations for stay are similar to those in other countries, but are relatively cheap by international standards and of generally inferior quality.

2.4.4 A small amount of accommodation is linked with locations for sporting activities of various types including horse-riding, sailing and mountain sports. These are few in number and at present are an undeveloped, but potentially large, sector of Poland's international tourism accommodation stock.

2.5 Private Rooms and Self Catering

2.5.1 With an estimated 67,000 private rooms and self-catering bed-spaces available, this source of accommodation is larger than the hotel sector with some 60,000 bed-spaces. In many towns, and in the main tourist areas there is both an official and unofficial private room letting service. The official services are often operated by the regional or local government tourist organisations while a more informal system operates via individuals touting rooms at railway stations and elsewhere. The registration, inspection and classification system is often rudimentary (and in many areas non-existent) and thus the quality of rooms is variable.

2.5.2 There is no reason, however, why the system should not be better organised and developed perhaps in the same way as the bed and breakfast system in England and Ireland. Greater control over standards will be required to help guarantee the quality of the accommodation, but it could provide a means of increasing the supply of bed space without the need for large amounts of investment. It is also a most useful supplement to household income.

2.6 Camping and Caravan Sites

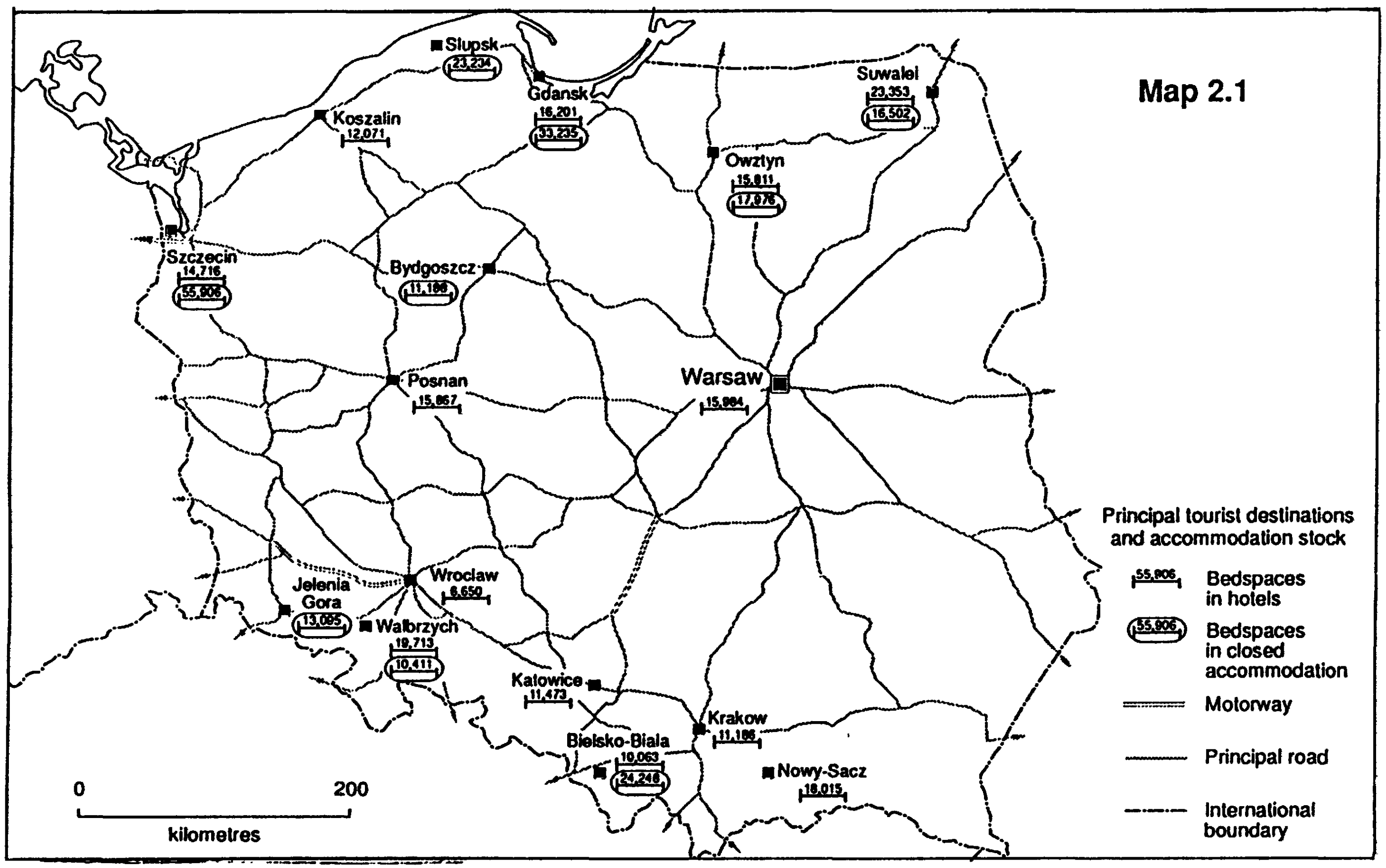
2.6.1 The climate throughout Poland ensures that temporary accommodation on camp and caravan sites is a summer only activity. The main "season" runs from mid June to Mid September. While the majority of camp sites are registered and have at least basic facilities and permanent staff, there are also a number of informal sites in forest and lakes areas. These latter areas (and informal camping or bivouacking sites)are illegal unless the land is privately owned and permission of the owner has be obtained.

2.6.2 The Polish Camping Federation organises camp sites and publishes information for visitors through the International Camping and Caravan Federation. Generally only a very small number of camp sites provide the same level of sanitary and other facilities available at camp sites in the more popular tourist areas in western Europe.

2.7 Closed Holiday Accommodation

2.7.1 This form of holiday accommodation provided by state enterprises trade unions, industrial and professional groups of various types has developed in all eastern European countries, but is probably at its most extensive in Poland and Czechoslovakia. With their construction paid for by subscription, often with state aid, many of these facilities were developed to a high standard. Also their upkeep and maintenance was guaranteed by the organisation and visitors contributed only a very small amount for their annual two or three week stay. In many respects the facilities represent the epitome of a social tourism system and none were run on commercial grounds.

2.7.2 However, as a result of the radical steps towards a market orientated economy, industries and organisations can no longer afford to subsidise these facilities, which are often used for only a very short 3 - 4 month summer season. Although many are in attractive tourist locations and have good sports facilities, they do not generally have a similar quality of accommodation, restaurants or entertainments. The operators of many of these holiday centres have already realised the need to open up their facilities to a wider domestic and international market. Success in attracting overseas visitors will, however, be dependent upon physical improvements developing an extended season and the creation of a core of well trained, skilled staff. As bases for group tours and for family holidays many of these sorts of facilities do have significant potential.



PART THREE: VISITOR ATTRACTIONS

3.1 Introduction

3.1.1 At present Poland's tourism products are based largely upon its rich cultural heritage and its natural attractions. The development of tourism over the last 40 years has been dictated by the demands of domestic tourism and the markets of other socialist countries. The relatively low levels of visitors from the west, about 1.3 to 1.4 million during the latter part of the 1980's, were confronted with problems of visa and currency controls and had to contend with a relatively unsophisticated tourism sector. Indeed up to 1988 many of the visitors from the west, (40%), were from expatriate Polish communities returning to visit friends and relatives.

3.2 Cities and Historic Sites

Warsaw

3.2.1 In spite of substantial damage during the 2nd World War much reconstruction has been undertaken in the "Old Town". Many of the historic buildings, palaces and royal castles have been carefully restored and now accommodate museums, galleries, restaurants, cafes and shops.

3.2.2 As the capital city and location of all Government departments and key agencies, it is also the focus for the emerging financial and other private sector organisation and as a result is attracting a growing number of business visitors. The range of entertainments including theatres, cinemas and galleries is also greatest in Warsaw and international festivals are held three times a year.

Krakow

3.2.3 Krakow was the historic capital of Poland and for several centuries the seat of the Polish Kings. It still retains its medieval walls, houses, churches and the royal castle of Wawel. The city is on UNESCO's priority list of world heritage sites and much restoration work is now under way with the benefit of international contributions. A major threat has been the industrial pollution from local iron and steel plants and it is likely to be many years before current ameliorative measures achieve any appreciable impact.

3.2.4 Near to Krakow is Oswiecim (Auschwitz) the former Nazi Concentration Camp and Wieliczka the impressive network of caves and grottos carved from Europe's oldest salt mines. In addition to the wide range of museums, galleries, shops and restaurants which Krakow has to offer it is also an excellent base for visits to Oswiecim National Park and to the Tatra mountains some two hours drive to the South.

Czestochowa

3.2.5 Czestochowa is located on the Warta river and its principal attraction is the fortified Pauliti Monastery at Jasna Gora, the centre of an historic and powerful religious cult. It is visited by the large number of Roman Catholic pilgrims from other European countries and the USA wishing to see the famous painting of the Black Madonna. It is also close to the village where the current Pope John Paul II was born.

Gdansk

3.2.6 Gdansk on the Baltic coast is a most important seaport and manufacturing centre, but is also a fine Renaissance city having been carefully restored during the last 40 years. It contains much of its ancient character with its 15th Century Gothic town hall and numerous Hanseatic merchants houses. It is also now widely known in the west as the city which gave birth to 'Solidarity' and home of Poland's current President Lech Walensa.

3.2.7 It is also a good base for visits to the many seaside resorts to the west along the Baltic coast and south into the forest and lakes of the Kaszubskie region.

Szczecin

3.2.8 Szczecin, together with Swinoujscie, makes up the massive harbour complex close to the German border at the mouth of the Odra and Regalica rivers. It is not currently an area of Poland which attracts large numbers of visitors, but its easy access from Germany and as the gateway from Scandinavia there is considerable potential. Like Gdansk it possesses a long tradition as a seaport and contains many Gothic buildings and remains of the ancient city walls, towers and storehouses dating back to the 15th Century.

Poznan

3.2.9 The first recorded settlement at Poznan were in the 5th Century, but the town in now famous for its Gothic Cathedral, Renaissance Town Hall and its carefully restored old town. The centre possesses a lively mix of ancient merchants houses with retail outlets, bars and cafes which are attracting a growing number of visitors.

Lublin

3.2.10 Lublin is the largest city in the upland areas east of Warsaw and its attractions include its old town, cathedral and the remains of the fortified walls and ancient gateways.

Torum

3.2.11 Situated in an attractive natural setting on the Vistula River, Torun is the birth place of Copurnicus. Its architectural heritage is well preserved and has significant potential as a visitor centre if support facilities can be extended and improved.

Wroclaw

3.2.12 Reconstructed after vast war damage Wroclaw is now one of the most beautiful cities in Poland. It was a fortified settlement as early as the 9th Century and still retains both Gothic and Baroque facades.

3.3 Rural Areas and Activity Centres

Mountain Areas

3.3.1 The Tatra mountains in the south of Poland and bordering Czechoslovakia offer both summer mountain walking holidays and winter skiing. Compared to Alpine resorts the range of ski-lifts and support facilities are limited in scale and sophistication and the winter sports industry is less well established than in neighbouring Czechoslovakia. The main resort is Zakopane, but accommodation here is difficult to obtain during the December to April period and is not generally of a high standard.

The Rural North and East

3.3.2 These areas possess a large number of country chateau and Teuctanic castles, the largest of which is the sprawling 13th Century example at Malbork. There is also a museum of amber and in the wider area other towns are well worth visiting, in particular the historic town of Gniew.

3.3.3 The Bialowieza National Park and the Mazurian Lake District contain extensive areas of unspoiled natural environment. The former is the only large surviving example of primeval forest in Europe, with unique fauna and vegetation and home to the European Bison. In the north east are the Mazurian Lakes and Biebrza Marshes with large bird reserves. Accommodation is available in these areas, but is very limited in supply and as yet generally visited by western naturalists and ornithologists only, however, the visitor potential of these areas is significant.

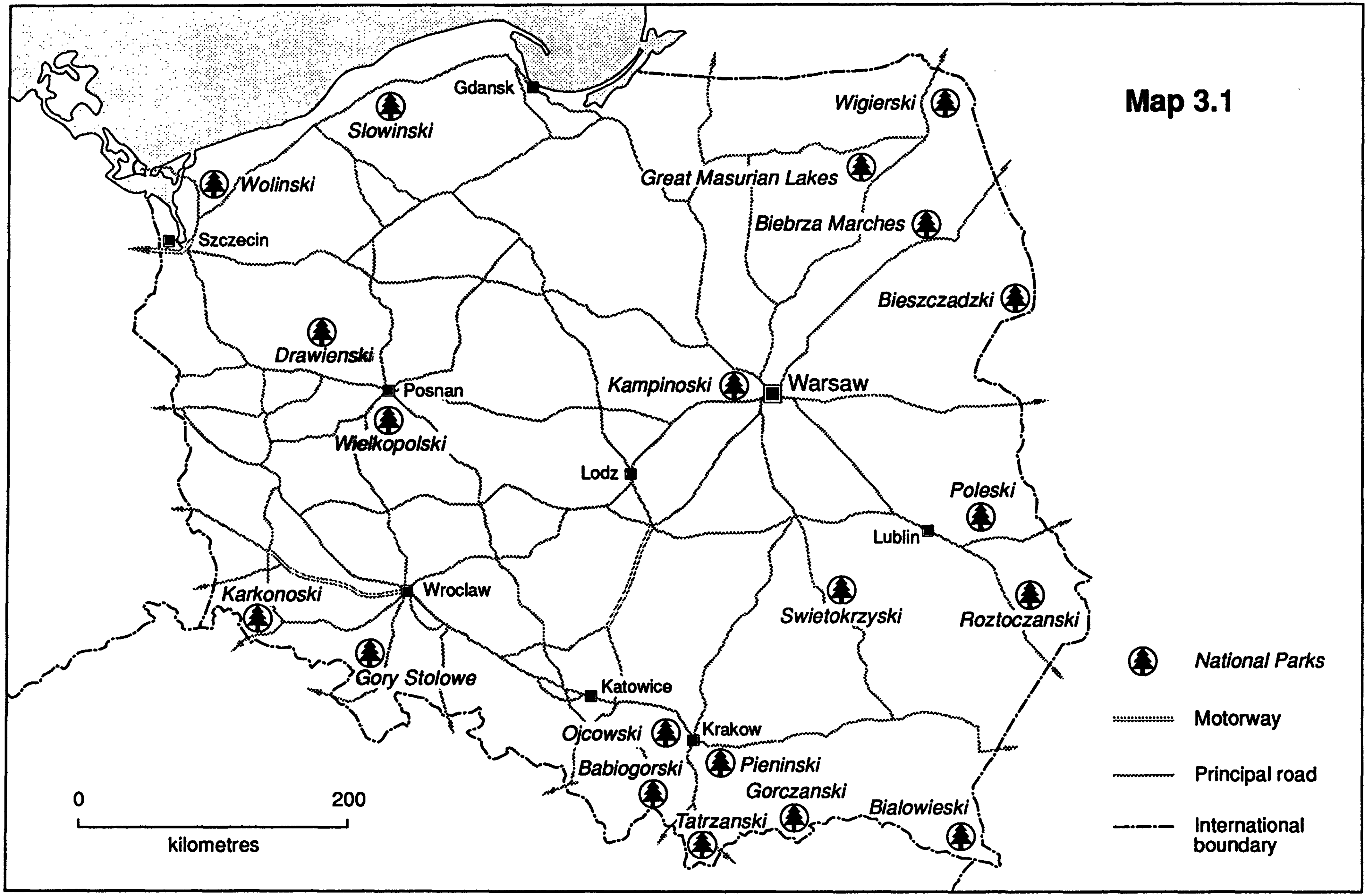
Other Activities

3.3.4 There is scope for watersports holidays, sailing and fishing and the small number of riding centres appears to be capable of expansion. There are many facilities for health tourism at Basko, Ciechociaek, Kolobzeg, Krynica, Iwanicz and Wieliczka and in the area around Klodsko near the Czechoslovakia border. Many spas are situated in picturesque areas and deal with a wide variety of respiratory and other ailments as well as providing cosmetic treatments.

3.4 Festivals and Events

3.4.1 At Zelazowa Wola, some 50km west of Warsaw, is the birth place of Chopin and in addition to a museum dedicated to the famous composer, piano recitals are given for visitors throughout the summer. Other towns hold impromptu arts and cultural events, although the principal events are as follows:

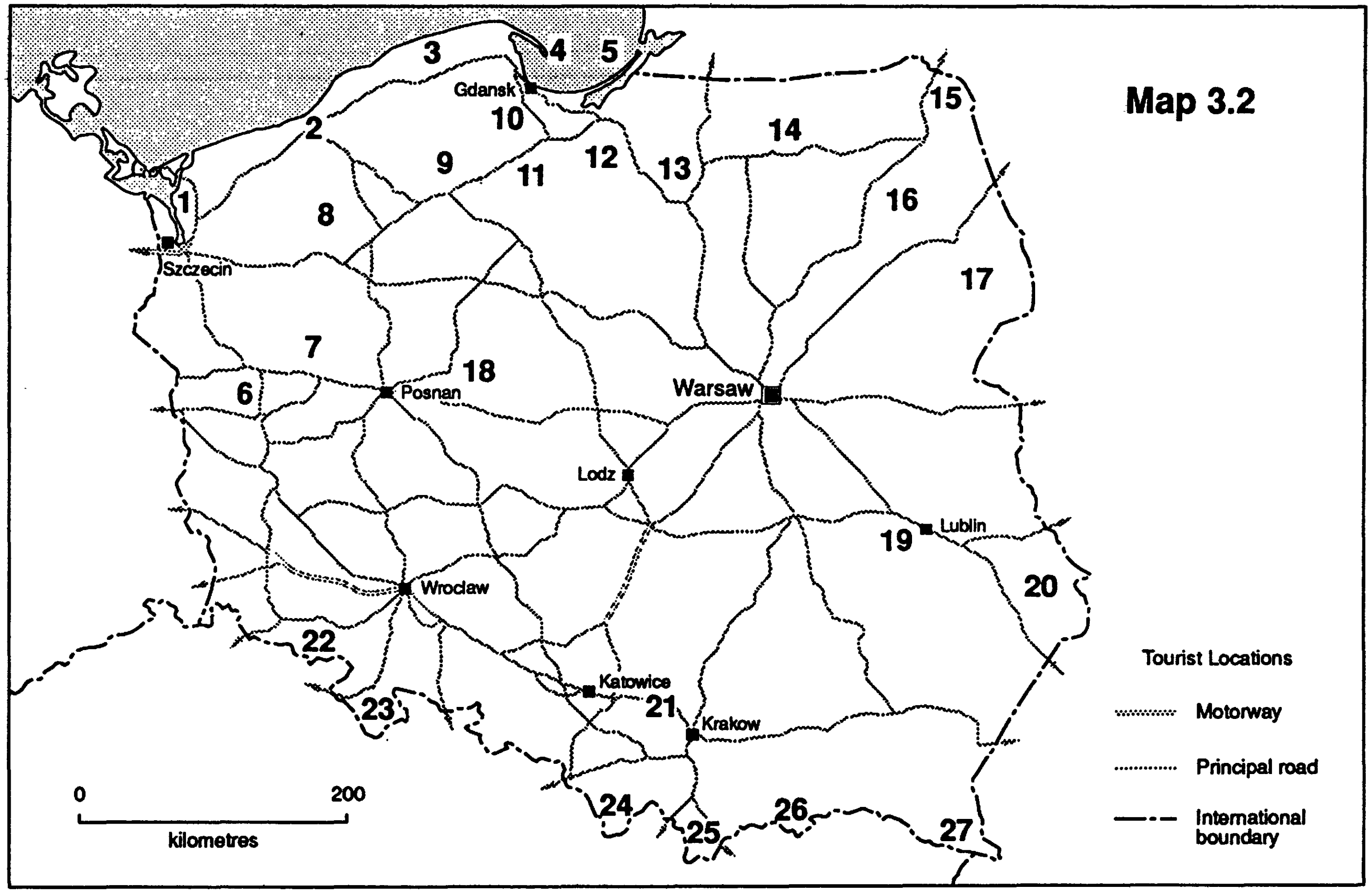
March	-	Krakow Spring Festival of Art
April	-	"Poznan Spring" Festival of Polish Contemporary Music
May	-	Warsaw Festival - Theatre, Opera and Ballet
May	-	Lancut Music Festival
July/August	-	Gdansk Festival
August	-	Sopot International Song Festival
August	-	Mtagowo Country Festival
September	-	Warsaw International Festival of Contemporary Music
September	-	Zakopane Festival of Highland Folklore
October	-	Warsaw International Jazz Festival



Map 3.1
Gdansk
Slowinski
Wigierski
Wolinski
Great Masurian Lakes
Biebrza Marches
Szczecin
Bieszczadzki
Drawienski
Kampinoski
Warsaw
Posnan
Wielkopolski
Lodz
Poleski
Lublin
Karkonoski
Wroclaw
Swietokrzyski
Roztoczanski
Gory Stolowe
Katowice
Ojcowski
Krakow
Babiogorski
Pieninski
Gorczanski
Tatrzanski
Bialowieski
0
200
kilometres
National Parks
Motorway
Principal road
International boundary

TOURIST LOCATIONS

1.**Szczecinski** : the Sezczecin Bay, Uznam and Wolin Islands,part of Trzebiatow Coast and Wkra Forest.
2.**Koszalinski** : part of Slowinskie Coast and Lakes Jamno, Bukowo, Kopan.
3.**Slupski** : part of Slowinskie Coast, (listed in the World Biosphere Reserve), and Lakes Lebsko, Gardno.
4.**Helski** : Hel sand-bar.
5.**Elblaski** : Wisla sand-bar, Wisla Bay and Elbag Height.
6.**Lubuski** : Lagowski Lake district and Rzepin Forest.
7.**Slerakowski** : Miedzychod-Sierakowski Lake District and Notec Forest.
8.**Drawski** : Lake District and Drawski Forest.
9.**Charzykowski** : Lake Charzykowski and part of Bytow and Krajenski Lake Districts.
10.**Kaszubski** : Lake District and so called "Kaszubian Switzerland".
11.**Tucholski** : Lake Koronowskie, Rivers Brda, Wda and Tucholski Wood.
12.**Ilawski** : Brodnica and Ilawski Lake Districts and Elblag Canal.
13.**Olsztynski** : Lake District and surrounding Forest.
14.**Mazurski** : Great Mazurian Lakes, part of Mragowo Lakes, Borecki and Pisz Forests.
15.**Augustowski** : Wigry Lake and Augustowskie Lakes and Forests.
16.**Biebrzanski** : Biebrza River and surrounds.
17.**Bialowieski** : Bialowieza Wood, including Bialowieski National Park, (listed in the World Biosphere Reserve).
18.**Gnieznienski** : Gniezno Lakes with Goplo Lake.
19.**Kazimierski** : vicinity of Kaziemierz Dolny and Naleczow.
20.**Zamojski** : East and Medium Roztocze and Solski Forest.
21.**Jurajski** : Krakow-Czestochowa upland , the "Trail of Eagle Nests" and a number of castles.
22.**Jeleniogorski** : Karkonosze and Izerskie Mountains and Jelenia Gora Valley.
23.**Klodzki** : Klodzko Valley and Snieznik, Bialskie, Stolowe and Zlote Mountains.
24.**Zywiecki** : Zywiec Beskid and Babia Gora Mountain.
25.**Zakoplanski** : Tatras and part of Podhale (Highlanders' area).
26.**Sadecki** : Beskid Sadecki, Gorce and Pieniny Mountains.
27.**Bieszczadzki** : Bieszczady Mountains and Solina Lake.



PART FOUR: TOURISM ORGANISATION AND DEVELOPMENT

4.1 Tourism Organisation in Poland

4.1.1 The introduction of new systems of state administration, after the switch to democracy and pursuit of a market economy, has resulted in a radical reappraisal of tourism organisation and control. However, relative to other pressing economic and industrial development priorities, tourism has not been singled out for specific or early attention. Indeed some basic issues relating to the future organisation of tourism are only likely to appear on the agenda after the Parliamentary elections in the Autumn of 1991. In particular no resolution of the division of responsibilities between central, regional and local government will be forthcoming until after the elections.

4.1.2 However, it is the way in which responsibilities will evolve between the public and new private sector in Poland which is likely to occupy most attention. The privatisation programme for state assets (including hotels, hostels, holiday complexes and travel companies) will greatly increase the size of the private tourism sector, but it is difficult to anticipate the scale of investment or the future relationship between the sectors. Indeed at the present time a considerable amount of effort is being put into determining who actually owns some of the property and travel businesses.

4.1.3 A number of proposals for the tourism sector have been issued and await ratification after the elections these include:

- drafts of a Parliamentary Act for Tourism
- a study of future tourism organisation prepared by a team of Irish tourism experts led by M.J. MacNulty for OECD
- a report on the tourism industry prepared by the Polish Chamber of Tourism

4.1.4 At the present time tourism is administered by the Ministry of Physical Culture and Tourism following an Act of Parliament in January 1991. The act also laid down responsibilities for physical culture, leisure, tourism and control of state tourism offices, within and outside Poland. With a relative modest budget it is also charged with:

- establishing a programme of development for the sector, including its organisation and coordination between sports, health and tourism
- developing cooperation with other organisations and institutions, for example national youth groups
- developing cooperation in land-use planning for tourism, sport and recreation activities
- establishing a system of tourism and sports education in universities and in schools
- establishing general standards of tourism facilities and services
- developing and improving tourism marketing and promotion activities, inside and outside the country
- initiating research and development studies

4.1.5 To the outsider these arrangements appear somewhat confusing because of the continuation of the grouping of tourism and physical education activities together. This is one of the legacies of the previous system and is not a relationship generally promoted in western European countries. The Ministry has three departments:

- Tourism
- Physical Culture
- Economics

and four lower level bureaux:

- Legal
- Education and Science
- Investment
- Administration

For such a large and complex range of issues the Ministry appears to have a very small staff complement of about 22 people. this is smaller than the numbers previously employed in the smallest of the provincial/regional departments of tourism and physical culture.

4.1.6 A new and increasingly important organisation is the Polish Chamber of Tourism. A trade association representing, almost 100 of the largest travel agencies and other tourism companies, it operates under the general legislation passed in May 1989. It has a lobbying function to persuade Government to act in its support, and also encourages training and participates in overseas promotion. In addition it is involved in the licensing and provision of standards and service criteria.

4.1.7 The PTTK, variously translated as the "outdoor sports" "countryside" or "sightseeing" association has operated for more than 10 years and became a key organisation in the domestic tourism scene under the former Governments. It developed and operated hostels and huts in mountain areas and also marketed outside the country. In recent years it was the only organisation training tour guides for the country's main attractions and was responsible for manufacturing souvenirs, post cards, posters and tourist equipment. With 600 local branches it is likely to remain a key player in tourism development.

4.1.8 Other less well established, but potentially important, organisations are the :

- Polish Tourism Association, comprising those working in the tourism sector and operating along similar lines to the Chamber of Tourism

- Association of Polish Hotels, representing private owners and operators

- Polish Camping Federation, affiliated to user organisations in other western countries concerned with information and lobbying for improvements

- Polish Association of Youth Hostels, again operating along similar lines to organisations elsewhere, running a network of youth hostels

- Polish Motorway Association, is responsible for roadside repairs, runs petrol and repair services and issues international driving licences

- Polish Yachting Association, is important because it is responsible for all sail training/education and issues licences

4.2 State and Other Public Sector Enterprises

4.2.1 The network of Polish Tourism Information Centres are state enterprises run by COIT. They operate throughout the country and provide promotional material to Polish Tourism Offices in foreign countries. It has regional offices in 10 Polish cities and bureaux in 31 towns. All maps, guides, catalogues etc are produced by COIT and it is responsible for Polish stands at international fairs and exhibitions. Resources is provided by a combination of state funds and sale of material. Generally, however, it has not been commercially successful selling material at or below its real cost.

4.2.2 COIT, and organisations such as the Institute of Tourism who undertake research, are part of the Ministry of Physical Culture and Tourism. They, like other previous state controlled enterprises, including Orbis the national tourism organisation, have been turned into joint-holding companies, with the Treasury holding the majority of the stock.

4.2.3 At the regional level enterprises and assets (including hotels and travel agents) owned by provincial or local government still exist as profit making enterprises within the public sector. In addition there are a number of travel agencies established by particular groups, for example the 'Harctur' organisation is owned by the Polish Pathfinders Union and Logastur by the Polish Teachers Association.

4.2.4 By far the largest enterprise is Orbis. At its most influential point in the late 1980's it had 200 offices and 50 hotels, controlled 4 foreign Polish travel offices and employed 19,000 staff. It is now a joint-stock company as part of the on-going privatisation programme being pursued by the Government. Because of its scale, experience and involvement in accommodation booking, tours, car rental, conference promotion and investment it will remain a key organisation for many years. At present it is not clear who else (besides the Government) holds stock or whether it will eventually become a fully private company. Other similar but smaller enterprises are; Gromada, Sports-Tourist, Air Tours, Camptour, Interster, Logostur, Almatur, Juventur, Polanca and Fundusz Wczasow Pracowniczych (social tourism). These all deal with organising special interest holidays and for particular groups of visitors such as education exchange and return trips of visitors of Polish origin.

4.3 Private Sector Tourism

4.3.1 The process of creating private tourist companies began in earnest less than three years ago but is continuing at a rapid pace. Although there was limited scope for the provision of private activities since 1981, it was only in the mid '80s that private travel agencies emerged and it is much more recently that privatisation of state enterprises has began. Accompanying the privatisation programme has been legislation allowing for the return of state property to its former owners.

4.3.2 Together, these changes are radically altering the structure of the tourism sector in Poland. It is estimated that while there will be more private than state companies by the end of 1991 they will not provide a majority of employment or the provision of services to tourists for many years. This will only occur if and when Orbis, and other organisations, pass into the hands of the private sector. Another problem holding back the growth of many of these small companies is the lack of investment capital. Because most operate from rented accommodation and are very new they can offer no security against a loan. As a result most activity is concentrated on developing services rather than developing hotels, restaurants or visitor attractions which require substantial capital investment.

4.3.3 Until now only the Marriott Hotel in Warsaw is entirely foreign owned. Others are joint-ventures, generally with Orbis, and include Novotel, Holiday Inn and Inter-Continental. The first major historic building renovation, that of the Bristol Hotel in Warsaw, is being undertaken by Trusthouse Forte and Hyatt and others are in the process of negotiation on several sites. There are a range of problems preventing the smooth development of joint ventures, but goodwill exists on both sides and the more difficult legal and financial constraints are being overcome.

4.4 National Tourism Development Programme

4.4.1 Together with the Ministry of Planning the Ministry of Physical Culture and Tourism were responsible for preparing tourism development plans. Existing medium term plans are no longer operational and as yet nothing has replaced them. All of those involved in considering the future believe that a fundamental reappraisal of the future prospects need to be undertaken before a new plan is produced. The most appropriate time to do this will be after the autumn elections when it is hoped there will be clarification of the responsibilities of regional governments in particular relating to infrastructure and land use planning. However, this does not diminish the urgent need for a rational and well coordinated tourism development planning system.

4.5 Tourism Marketing

4.5.1 Marketing was previously the sole responsibility of ORBIS, although the Trade Consular Offices in Polish Embassies throughout the world also became involved in certain aspects of tourism promotion. The information at their disposal was produced by the Central Tourism Information Centre (COIT) and a limited amount relating to ORBIS tourist sources and hotels by themselves.

4.5.2 In addition Polish Airlines (LOT), who also have offices in foreign cities, carry information relating to what Poland has to offer the visitor. In some cities, which do not have a full-time national tourist office, LOT airline offices also undertake some direct promotional activities.

4.5.3 For trade promotion at important tourism 'fairs' and exhibitions COIT takes the lead, although ORBIS would be directly involved in this as might some other specialist organisations.

4.5.4 A particular weakness of this system, and one which is now even more pronounced as a result of the spread of commercial tourism activities, is the lack of any effective market research. Data on what attracts particular groups to Poland and what their experience and perceptions of the product are is not widely available. Important work in this respect has been undertaken by the Institute of Tourism to monitor international trends, but it has not yet established a comprehensive system for market analysis of potential visitors to Poland.

4.5.5 Tourism marketing and promotion is still continuing, however, in advance of any change in organisation and administration. For the coming year it is believed that $2.7m will be made available from national budgets for the promotion of domestic and international tourism. It is not clear at the moment how 'regional' promotion will be handled and at present it appears that Provincial or regional Tourist Information Centres will play only a supporting role for some time.

4.5.6 There are plans, as yet at the design stage, to group the existing national tourist offices into an Agency. Promotion of Poland overseas would be undertaken by this new agency (based largely on the existing COIT organisation) and would be one of the highest priorities of the Ministry of Physical Culture and Tourism. They in turn could commission market research from the Institute of Tourism and others. These and other recommendations come from the McNulty report for the OECD mentioned earlier, and a figure of $15 million per annum is believed to be the recommended figure for tourism promotion in this report. This is a significant sum and will need careful monitoring if it is to be used to achieve maximum advantage in stimulating tourism.

4.6 Financing Tourism Development

4.6.1 The Polish economy has been placed under sever strain in its rapid progress towards a market system. The pressure on the currency and high interest on loans has meant that all Government programmes have had to fight hard for very scarce development resources. While considered an important sector, tourism is not given high priority at the present time. Land and property ownership issues are still not fully resolved and arrangements between central and local government are still been discussed. Also in some localities there is concern that increasing the volume of visitors will cause environmental damage and that too rapid commercialisation may detract from the distinctive culture and urban design that visitors find attractive.

4.6.2 Thus an overall strategic plan for tourism development appears essential. All of these disparate strands mentioned above require greater coordination, particularly if the economic benefits of tourism are to be maximised. Joint ventures and development can and will continue, but recognition of the long-term development potential of particular investments needs also to be considered.

HUNGARY

Contents

PART ONE: TOURISM INFRASTRUCTURE

1.1 Airports and Air Services

1.1.1 At present 22 airlines operate regular scheduled and charter services to Hungary. Malev, the national carrier currently handles some 60% of scheduled services and operates to 38 cities in 28 countries. The majority of flights from the principal western European cities use Budapest's main airport at Ferihegy. Malev operate services from terminal 2 and foreign airlines operate from terminal 1. There is a high frequency of services to Germany, France, Holland and UK, all offering connections world wide and there is relatively little seasonal variation in services.

1.1.2 IBUSZ, together with Viennair Polsterer Jet and Agricultural Air Services, have recently established a new airline Danube Air. Operating a fleet of turbo-props, jets and helicopters from Budapest's second airport at Budaors, some 10 miles from the city, the company provides international and internal connections to other parts of the country and offers a number of sightseeing tours.

1.1.3 Ferihegy is located close to Budapest and offers good access to the heart of the city by bus or taxi within 20 - 30 minutes. A bus service also runs to the metro terminus, which in turn provides rapid connections to all of the main urban areas of the city.

1.1.4 The airport possesses all of the standard safety features operational services and passenger facilities expected of an international airport. These include full aircraft maintenance, duty free shopping, restaurants, cafes and bars. The airport can be busy at peak times and like the majority of European airports air-traffic congestion and other factors can result in delays. Many improvements and additional facilities have been added in recent years making Ferihegy one of the more efficient and attractive of the international airports serving the former socialist bloc.

1.1.5 There has been little pressure to develop alternative international airports in other cities or regions in Hungary for two reasons. Firstly, Budapest is the principal destination for the majority of both business and holiday visitors and secondly, most of the country and all of the main tourist areas are readily accessible by road or rail from Budapest. Also, and perhaps more significant is the fact that in 1989, less than 3% of Hungary's foreign visitors arrived by air, although this proportion is likely to increase significantly in the future as visitors are attracted from countries beyond mainland Europe.

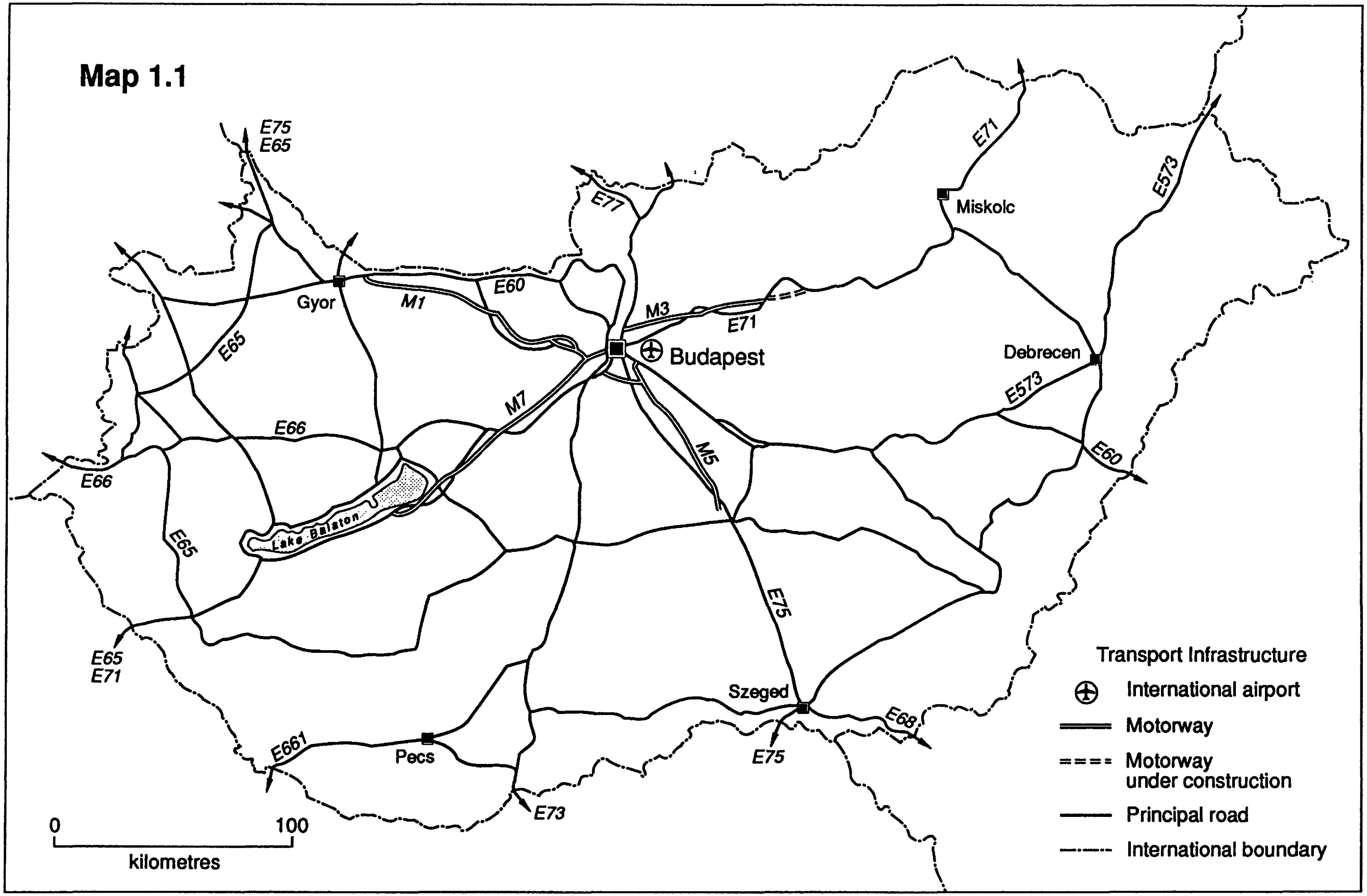
1.2 Road and Rail Services

Roads

1.2.1 In 1989, the latest year for which reliable data is available, 77% of Hungary's international visitors arrived by road. The principal routes are as follows:

From Austria	–	E66 and E60
From Czechoslovakia	–	E77, E75 and E65
From Yugoslavia	–	E661, E73 and E75

The road system in Hungary is good and is improving with the provision of high standard motorways and dual carriageways to and from Budapest. Regular bus services operate to Budapest from Vienna and the number of summer services from other cities is increasing. The principal road network and border crossing points are shown on Map 1.1.



Map 1.1
E75
E65
E77
E71
Miskolc
E573
Gyor
E60
M1
M3
E71
E65
Budapest
Debrecen
E573
M7
E66
M5
E60
E66
Lake Balaton
E65
E75
E65
E71
Transport Infrastructure
International airport
Motorway
Motorway under construction
Principal road
International boundary
Szeged
E68
E661
Pecs
E75
E73
0
100
kilometres

1.2.2 Roadside services including petrol stations, cafes and restaurants are plentiful on most tourist routes. A 'round-the-clock' telephone service providing information on traffic conditions, border crossings and repair and petrol stations is available and the Hungarian Auto Club provide roadside repair services. Most major vehicle manufacturing firms also now have dealership and service depots in Hungary.

1.2.3 Services on the motorways are between 30 and 50 kms apart and provide a modern, efficient product equivalent to that found elsewhere in western Europe.
The four existing motorways are:

M1 Budapest to Tatabánya

M3 Budapest to Gyöngyös

M5 Budapest to Örkeny

M7 Budapest to Balaton

Signposting and traffic control is good throughout Hungary, in direct contrast to some other eastern European countries. Parking provision is also adequate in most areas, although increasingly severe restrictions are being imposed in parts of Budapest to cope with rapidly rising traffic volumes.

Rail Services

1.2.4 Frequent and direct express train services operate between Budapest and the principal capital cities of Europe. Inter-rail, Euro-train and RES concessionary schemes also operate on all MAV lines (Hungarian State Railways). Some 20% of foreign visitors arrive by rail and the on train facilities are of a reasonably high standard and information and other services are provided at the main stations, Keleti East, Deli and Nyugati.

1.2.5 An 'Intercity' pullman service operates daily between Budapest and Vienna providing a fast and efficient service for business travellers and a car transport service connects Dresden and Budapest.

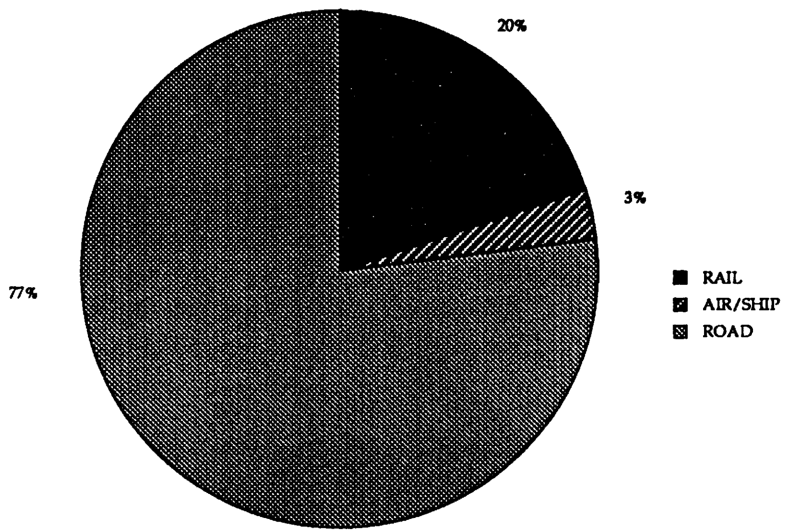
1.2.6 In the summer season, April to October, there is a hydrofoil service between Budapest and Vienna which is extremely popular with tourists. Also a large number of visitors call at Budapest as part of Danube cruises although overall only about 120,000 of Hungary's 24 million international visitors arrive by boat.

1.2.7 Public transport in Budapest is extensive, easy to use and comprises bus, rail, underground train and cog wheel services. These services are cheap and link to all main tourist attractions and operate from 4 am to midnight.

1.2.8 The level of tourism traffic by main transport mode and point of entry is illustrated in Figures 1.1 and 1.2.

Figure 1.1

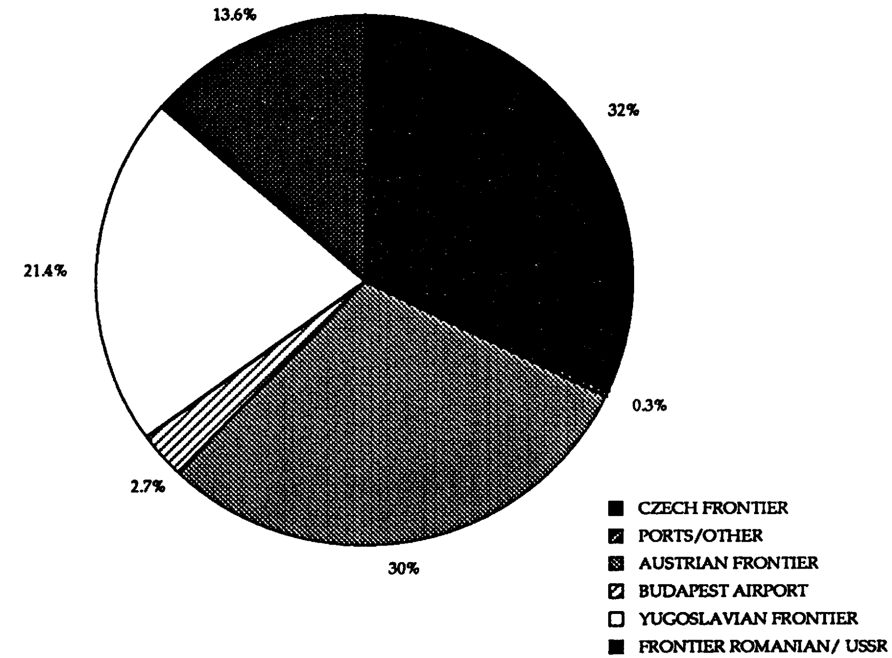
International Arrivals by Mode - Hungary (1989)



Source: Hungarian Central Statistical Office

Figure 1.2

Traffic on Main Frontier Stations: International Arrivals (1989)



Source: Hungarian Statistical Office

1.3 Telecommunications and Other Infrastructure

1.3.1 Hungary began to encourage international tourism more than 20 years ago and traditionally has had close links with its western neighbours. One result of this is that the levels of communications in the travel (and other) sectors are generally higher than in most eastern European countries with the possible exception of parts of Yugoslavia.

1.3.2 Many tourist establishments, particularly those run by or with the assistance of western operators, have up to date technology for booking and for the comfort and convenience of business and leisure visitors alike. Overall, however, there are insufficient supplies of telephone, fax and other communications links and outside the bigger travel agents and international hotels in Budapest, access to these facilities may be limited.

1.3.3 Improvements to these systems is a government priority and already EEC assistance has been awarded to overcome problems in these areas.

PART TWO: TOURIST ACCOMMODATION

2.1 Introduction

2.1.1 The rapid growth of tourism to Hungary, particularly from the mid 1960's onwards, created demand for accommodation at a number of levels. In line with earlier tourism development programmes, the Governments response was to give priority to high capacity, (relatively low quality) accommodation for visitors from other socialist bloc countries. The growing population of visitors from western countries was also recognised however, and a number of new 3, 4 and 5 Star hotels were built in response.

2.1.2 By 1988 , however, Hungary's hotel capacity was three times its 1960's level and a western style classification system had been introduced. Hotels were at first built and operated by three state owned companies, Danubius, Hungarhotels and Panmonia. Later they were supported by new joint venture operations with international investors (mostly from Austria) and with hotel chains including Hyatt, Intercontinental, Hilton, Novotel and Penta.

2.1.3 Despite these most welcome improvements and expansion it is widely agreed that supply has consistently failed to match demand. One reason for this is that a large amount of accommodation was lost during the war and many smaller hotels, inns and boarding houses were used for other activities in the post war period and priority was given to the repair and refurbishment of larger hotels. Although the 'private room' sector did expand during this same period it is still not extensively developed and there are particular problems for foreign visitors seeking budget accommodation. Bedspaces in 'boarding houses' or 'pensions' has increased dramatically in recent years, but still only account for about 5% of the total accommodation stock. These and other issues are discussed in more detail in the following sections.

2.2 Hotels

Capacity

2.2.1 In Hungary in 1989 there were 52,000 bed spaces in 22,440 rooms in 296 hotels, almost 50% more than there were in 1980. In this period a number of large capacity hotels have been built on the basis of credit and joint venture agreements with western companies; Austria being the largest single source of investment finance. The accommodation provided comprises a number of international standard five star hotels with more than 300 rooms as well as a limited number of smaller budget hotels with 50 to 100 rooms. The average age of the hotel stock has fallen as a result of this programme and more than 25% of the stock is now less than 5 years old.

2.2.2 The major focus has been upon the construction of new accommodation; renovation, upgrading and even basic maintenance of the older stock has had relatively low priority. However, unlike some other eastern European countries the accommodation has been built to reasonably good standards almost exclusively in one and two bed units.

2.2.3 The quality or star rating of Hungary's hotels is determined both by the appointment of the rooms and the nature, scale and quality of supporting facilities. For example, the majority of 3 star and all 4 and 5 star hotels have en-suite rooms, and most have swimming pools or other sports facilities and a range of restaurants and bars. The 4 and 5 star hotels also have business centres, full room service and direct access to car hire, airline and other booking facilities and exchange bureaux. The facilities and quality of service to be found in many 3 star hotels, and in the lower category 2 and 1 star establishments, is still variable. While most have restaurants, bars and entertainments many do not, but they do offer a reasonably priced product in comparison to the international standard hotels where prices have risen rapidly in the last 2-3 years.

Staffing and Training

2.2.4 Employment ratios in 5 star hotels are similar to those in quality hotels elsewhere, in western Europe and in the USA, at about one person per room. The intensity of labour declines quickly as the quality rating falls such that on average the room to job ratio in all hotels is about 1:0.5. The levels of staff training is high by any international standard and in 4 and 5 star hotels general skill levels require a little further improvement. More than 50% of staff, in all hotel categories, have a formal vocational qualification although language skills leave some scope for improvement as only about 23% of hotel employees speak one or more foreign languages. However, in 4 and 5 star hotels almost all staff are multi-lingual.

Distribution

2.2.5 The geographical distribution of hotel accommodation is uneven with the Budapest area accounting for some 37% of bed places and Lake Balaton and Danube Bend for another 20%. Other tourist areas such as Matra – Bukk, Sopron – Köszeghegyalja also have a reasonable level of hotel accommodation, but away from these areas hotel accommodation can be difficult to find.

2.2.6 In 1988, the date of the latest full scale census of hotel and other accommodation, comprehensive information was collected on the distribution of hotels by both star classification and location. This information is presented in Table 2.1 below. The two Figures 2.1 and 2.2 show the proportions of hotel rooms by star rating and area.

Table 2.1 Distribution of Hotel Rooms by Star Category and Location (1988)

	Star Classification						
	5	4	3	2	1	TOTAL	%
Budapest	1220	2696	2799	1054	797	8566	38.5
Lake Balaton	-	330	1897	980	486	3693	16.6
Danube Bend	-	-	211	238	75	524	2.4
Lake Velence	-	-	-	65	74	139	0.6
Matra-Bükk	-	-	393	138	348	879	4.0
Sopron-Köszeghegyalja	-	676	747	422	560	2405	10.8
Other Holiday Areas	-	196	1388	2217	1693	5495	24.7
Non-Holiday Areas	-	-	129	205	227	561	2.5
TOTAL	1220	3898	7564	5319	4260	22261	100.0
%	5.5	17.5	34.0	23.9	19.1	100	-

2.3 Boarding Houses

2.3.1 This type of accommodation comprises serviced rooms in purpose built establishments which do not meet the standards of the hotel sector. In this respect they are similar to the 'pensions' and 'guesthouses' found elsewhere in Europe and the USA. A two tier classification system exists for boarding-houses, but as with similar systems operated elsewhere which use the availability of certain items as the basis for the classification, there is no indication of quality. Indeed the quality of food and service many be better in a lower standard boarding-house than in higher category establishments which merely happen to have a telephone or TV in the room.

Figure 2.1

Distribution of Hotel Rooms by Star Category in Hungary (1988)

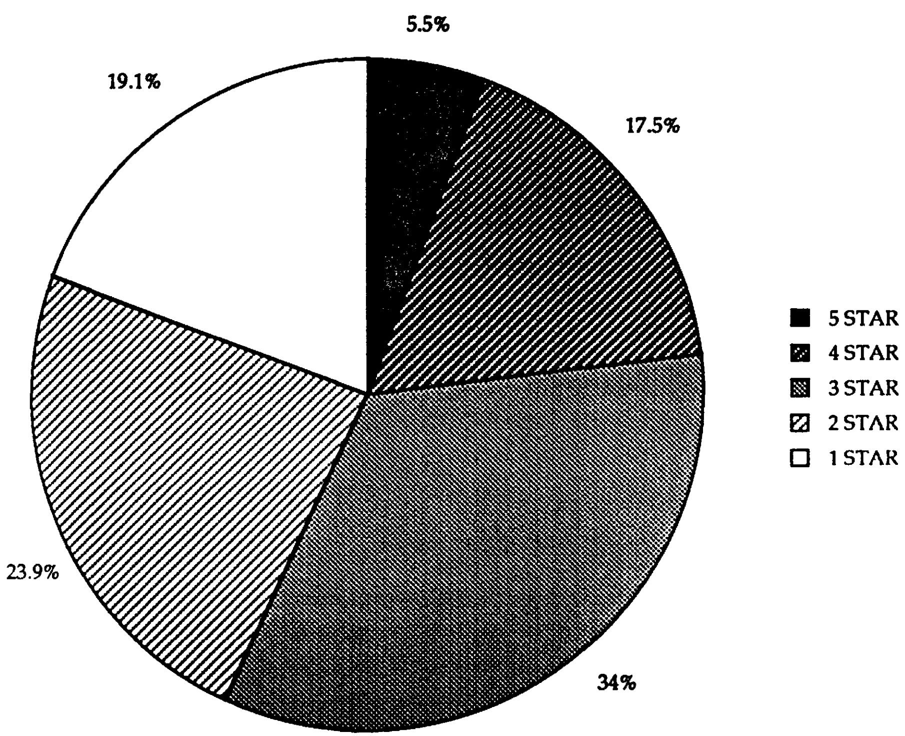
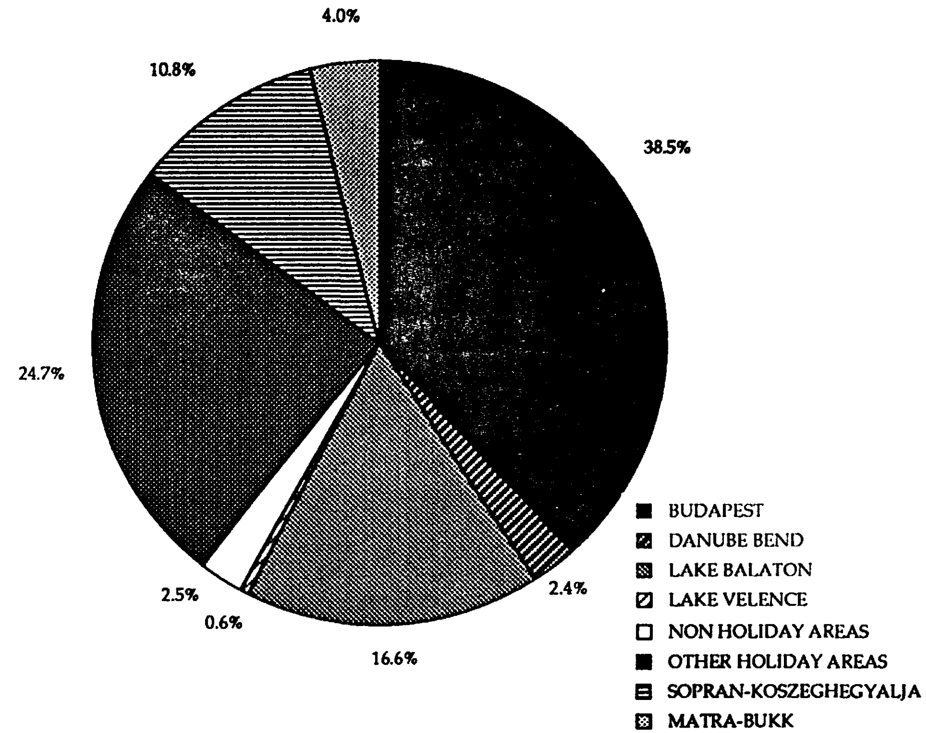


Figure 2.2

Distribution of Hotel Rooms by Location in Hungary (1988)



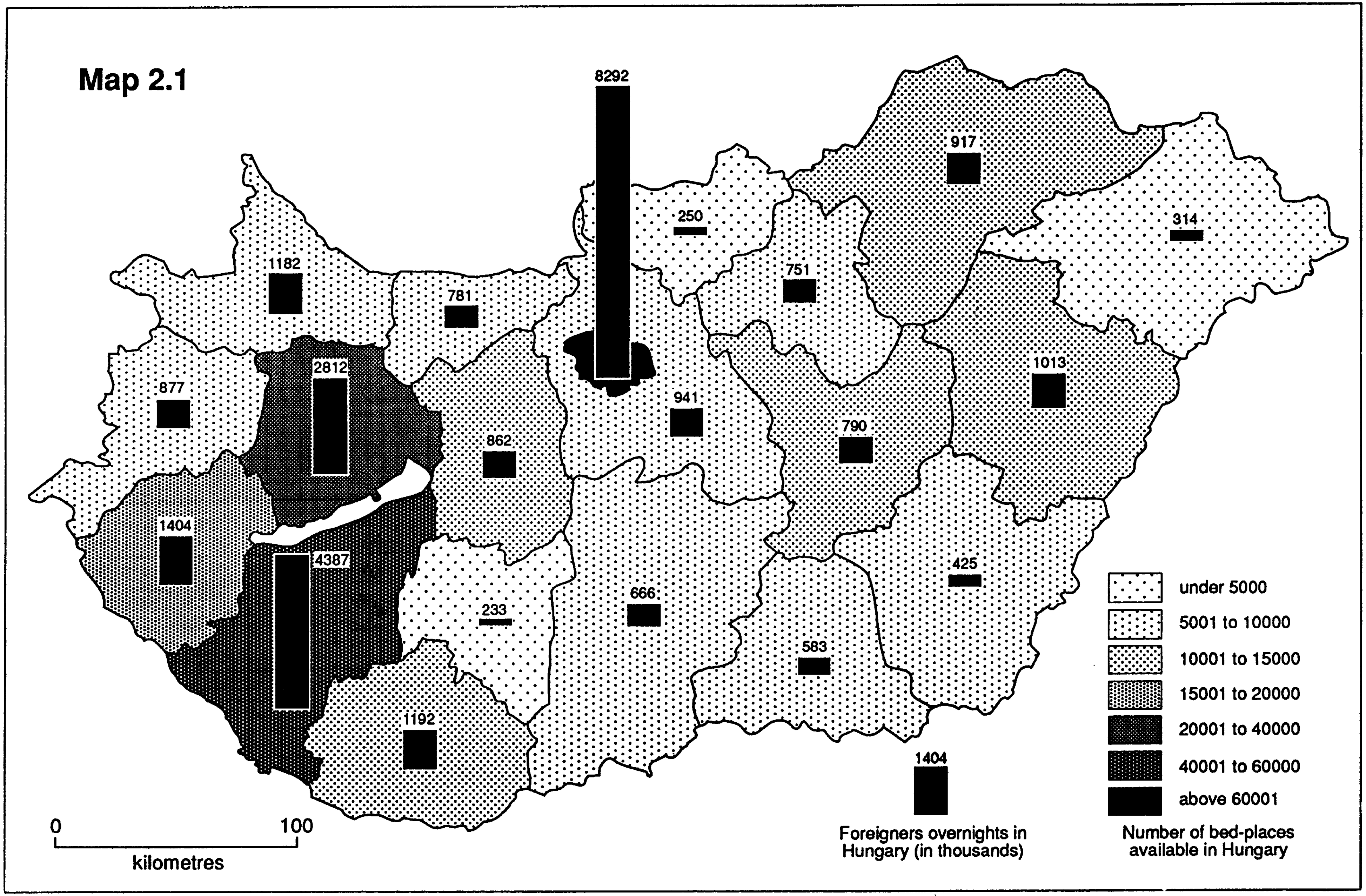
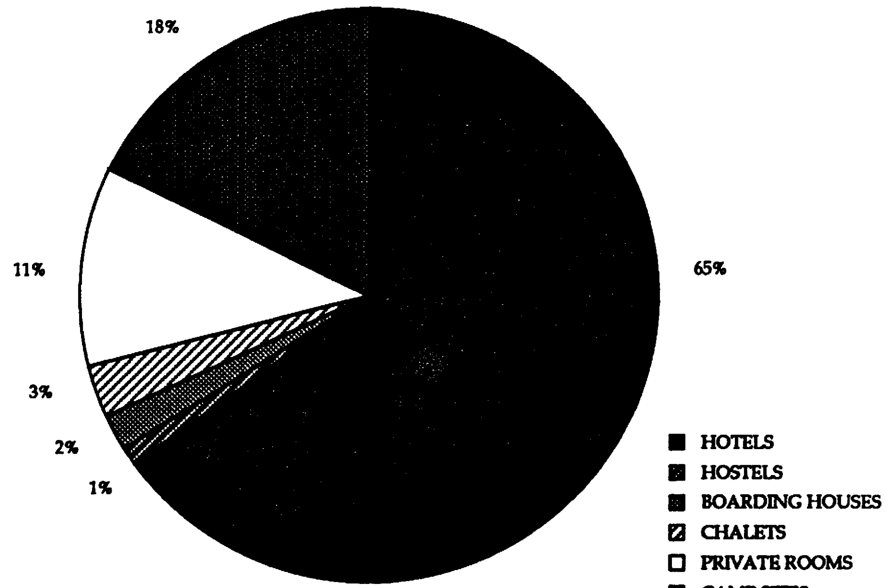

Map 2.1
8292
917
250
314
1182
781
751
2812
877
941
1013
862
790
1404
4387
425
233
666
583
1192
1404
0
100
kilometres
under 5000
5001 to 10000
10001 to 15000
15001 to 20000
20001 to 40000
40001 to 60000
above 60001
Foreigners overnights in Hungary (in thousands)
Number of bed-places available in Hungary

Figure 2.3
Number of Tourist Nights by Accommodation Type: Western Visitors in Hungary (1988)



2.3.2 About 1 in 5 boarding-house rooms have en-suite facilities, but few have sports or entertainments on offer and some 66% do not have dining facilities. The 140 boarding-houses registered in Hungary in 1989 employed some 1,160 people, about a quarter of whom were part-time.

2.4 Camping Facilities

2.4.1 In the decade 1979 - 1989 there was a 63% increase in the capacity of camp sites in Hungary. There has also been a parallel increase in their average size and improvements in the quality and range of support facilities. Like other types of accommodation in Hungary camp sites are classified according to the range and quality of the facilities they offer. However, even with recent improvements, their quality is relatively poor with many of the highest category 3 star sites still lacking showers or adequate toilet facilities.

2.4.2 Up to 30% of places for tents/caravans now have electricity supply points but only 50% have a shop for basic provisions and less than 50% have currency exchange facilities. The most beneficial improvements in the recent past have been in the provision of restaurant facilities and 42% of camp sites now have a cafe, bar or restaurant. The majority of sites, 60%, operate only in the summer months. If standards continue to rise in the next five years as they generally have in the past five, then their availability and quality will match that currently provided in neighbouring countries in the west such as Austria and Germany.

2.5 Current Patterns of Use

2.5.1 The demand for different types of accommodation by western visitors is currently dominated by the hotel sector, but the requirement for camp sites and private rooms has been growing significantly in recent years. The use of different types of accommodation by visitors from western countries is shown in Figure 2.3 below and the capacity (bed-spaces) and nights in all tourist accommodation establishments in 1989 are shown in Map 2.1.

PART THREE: VISITOR ATTRACTIONS IN HUNGARY

3.1 Cultural Attractions

3.1.1 The focus of a significant proportion of Hungary's international tourist trade is Budapest. Some 22% of the country's population live in the city and it remains the most important administrative and cultural centre. The city can trace its "ancestry" back through 2000 years it is a mixture of Roman, Mongol, Turkish and other influences and as a result modern Hungary posesses a wide variety of surviving treasures and monuments and has more than 900 listed buildings.

3.1.2 There are 83 museums and galleries in Budapest which are open to the public. They cover transport, cuisine, history, art and sport. The country's rich musical heritage is worth special mention and there is a separate museum celebrating the work of Franz Liszt. The major attractions are the Hungarian National Museum and the Museum of Fine Arts which is the equivalent, in quality if not in scale, of the major national galleries in London, Paris or Madrid.

3.1.3 The historic core around Castle Hill is identifiable from all parts of the city, it is a magnet for visitors and has been expertly restored in recent years. The river is spanned by bridges connecting the principal attractions; the Parliament building, the Chain Bridge, Matthias Church, Fisherman's Bastion and the Castle of Buda. The Castle District along the Danube, between Gellert Hill and Margaret Island, is internationally recognised and several monuments are included on UNESCO's world heritage list.

3.1.4 The attractions of Budapest are easily accessed on foot, but public transport is cheap and convenient for those who require it. Signposting is excellent and most of the principal attractions provide information in at least two languages. Certain areas can be busy during high season, but visitor management is of a high quality and supporting facilities are readily available.

3.1.5 Eating and drinking is no problem in Budapest. The country has a rich culinary tradition which is maintained in a wide range of cafes, restaurants and bars catering for all price ranges. It is estimated that in 1990 there were 4,000 catering outlets, almost double the 1980 figure and one in three of these is now privately owned.

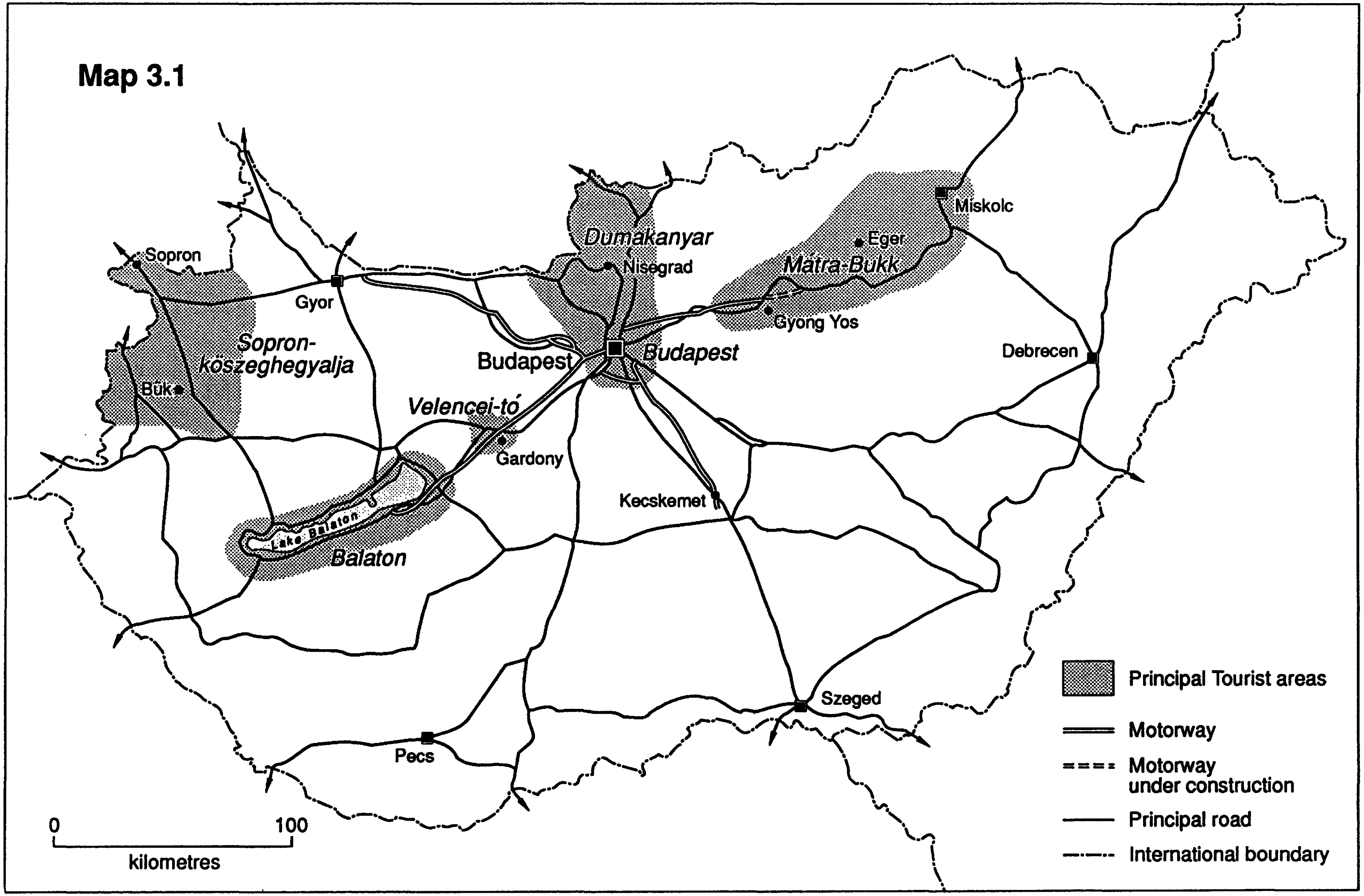
3.1.6 Compared to other eastern European cities the range of retail outlets in Budapest has always been good. There are some good quality examples of folk arts and crafts and modern art and ceramics can be found.

3.1.7 The Danube river is an important component of Hungary's tourism product, particulary in Budapest. On Margaret Island there is an attractive park and there are a range of other attractions for both adults and children throughout the city including a Zoo, Grand Circus, Amusement Park and Puppet Theatre.

3.2 Art Events and Festivals

3.2.1 As with most other aspects of Hungary's cultural and historic development, Budapest continues to dominate modern artistic life. There are 25 theatres, two opera houses, the Academy of Music and the Vigado concert hall. The single most important cultural event is the Budapest Spring Festival, with classical concerts, opera and ballet there is an impressive daily programme throughout the 10 day period. With increasing numbers of visitors, however, the programme of music events and performances of all types is extending throughout the whole year. The Budapest Art Weeks also now take place every Autumn.

3.2.2 Other programmes in Budapest include more modern music and occasional rock operas as well as a range of nightclubs, cinemas and disco's. There is also a large Casino in Budapest.


Map 3.1
Sopron
Gyor
Sopron-
köszeghegyalja
Bük
Dumakanyar
Nisegrad
Budapest
Budapest
Mátra-Bukk
Eger
Miskolc
Gyong Yos
Debrecen
Velencei-tó
Gardony
Lake Balaton
Balaton
Kecskemet
Szeged
Pecs
0
100
kilometres
Principal Tourist areas
Motorway
Motorway
under construction
Principal road
International boundary

3.2.3 One area of activity which has grown considerably in the recent past and offers considerable scope for the future is the conference and convention market. Budapest is now the venue of many international conferences, corporate events of various kinds and professional meetings. While there are opportunities for small events in most 4 and 5 star hotels and larger gatherings may be accommodated at the University, the two principal venues are the Budapest Convention Centre (B.C.C) and the Efedosz Congress Centre. Located 10 minutes from the city centre the B.C.C. can accommodate 1,750 delegates and is linked directly to the Novotel 324 room hotel. The Efedosz Centre is close to the city park and has a capacity of 1,200 delegates. The B.C.C. will be expanded again by up to 50% in 1993.

3.2.4 At the Hungexpo Fair Centre on the outskirts of the city, there are 135,000 sq metres of exhibition space for major trade fairs and exhibitions. The existing six pavilions, in a park setting, are capable of doubling as conference rooms and have up to date technical presentation facilities. The congress and incentive travel market is a growing sector and Hungary is well placed to exploit it in future. The 1995/96 World Expo will if it takes place as planned, add significantly to Hungary's reputation in this field.

3.3 Natural Attractions

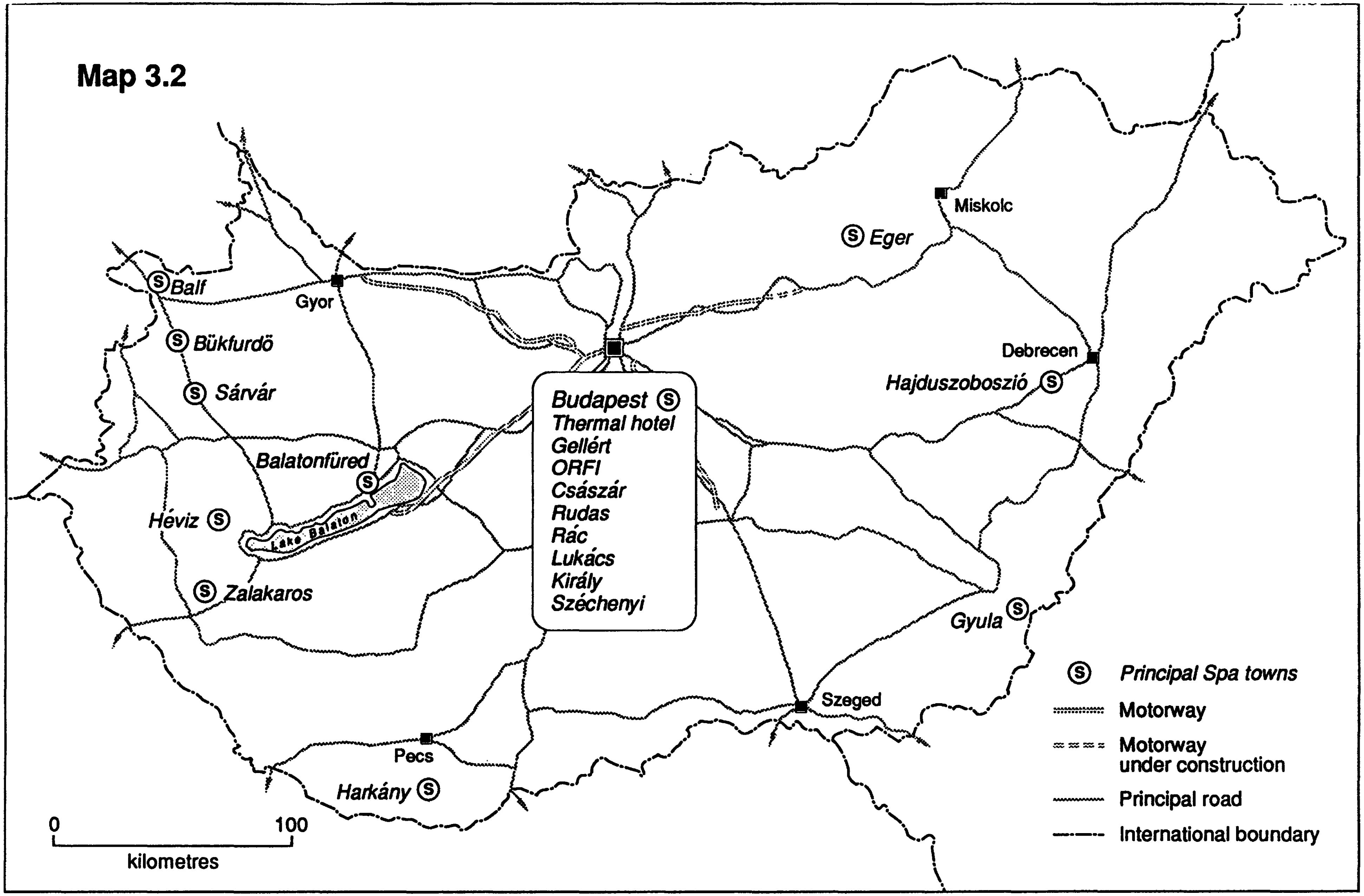
3.3.1 While lacking a coastline, or the high mountains, of several of its eastern European neighbours, Hungary offers a wide variety of tourist attractions away from the capital. At Lake Balaton, on the "Danube Bend", in the Matra- Bukk, Trandanubia and the Great Plain areas tourist can find a range of activity based holidays, spa's and touring opportunities.

3.3.2 Lake Balaton, the largest freshwater areas in Europe, covers 600 sq km. The area has traditionally been popular with domestic visitors, as well as those from the socialist bloc and has much to offer the visitor from the west. Both the northern and southern shores have a range of hotels and there is now a large supply of private chalets and rooms for rent. The southern shore is most popular with families with its sandy shallow water beaches, while the northern shore is generally quieter with woods and rocky outcrops.

3.3.3 Watersports are a major attraction on Lake Balaton, although for environmental reasons these exclude motor-boating and water skiing. Previously development pressures were also having a detrimental effect on water quality although strict controls and considerable capital investment have overcome the worst of the problem.

3.3.4 A location of growing importance in the tourism market is the area known as the Danube Bend. It offers opportunities for relaxing water/beach based holidays as well as unspoiled rural countryside and the attractive historic towns of Esztergom, Visegrad and Szentendre. These towns retain much of their medieval character and a range of historic buildings. A unique ceramic collection is housed in the Margit Kovacs Museum in Szentendre.

3.3.5 In the northern part of the country are the less populated hills and wooded valleys of the Bukk National Park. The area possesses a strong folk tradition as well as opportunities for walking and for appreciating Hungary's varied animal and bird life. A similar area for those seeking a relaxing holiday is Transdanubia. In addition to the historic main town Pecs, the smaller towns and villages of the area contain a wealth of medieval, baroque and renaissance buildings set in quiet rolling hills and valleys.


Map 3.2
Balf
Gyor
Bükfurdö
Sárvár
Balatonfüred
Héviz
Lake Balaton
Zalakaros
Budapest
Thermal hotel
Gellért
ORFI
Császár
Rudas
Rác
Lukács
Király
Széchenyi
Eger
Miskolc
Debrecen
Hajduszoboszió
Gyula
Szeged
Pecs
Harkány
0
100
kilometres
Principal Spa towns
Motorway
Motorway
under construction
Principal road
International boundary

3.3.6 The final area of Hungary which offers considerable potential for tourism development is the Puszta or, Great Plain. This lowland area covers over 60% of Hungary's land area and is rich in folklore and tradition. Tourists can already find week long horse-riding holidays and there are opportunities for special riding courses. At present whilst the area also contains the Kiskunsag and Hortobagy National Parks and the main towns of Bebrcen, Szeged, Kecskemet and Szolnok, it is not yet a fully established tourist area. The main tourist areas are indicated on Map 3.1.

3.4 Spa Tourism

3.4.1 Amongst the most important and best known of Hungary's tourism products are its abundant natural spa's. The use of thermal waters for therapeutic purposes is an ancient tradition, yet one which is still growing in popularity. Modern medical advances combine easily with the ancient traditions in several of Hungary's spa's which have benefited from recent investment and improvement. Thus, in all of Hungary's main health resorts, medical services and advice are available and many now specialise in specific ailments and appropriate treatments.

3.4.2 Facilities offering therapy treatments range from the five star luxury of the Thermal/Ramada and Gellert Hotels in Budapest to hostel accommodation at the natural thermal water lake at Hevis, where even in winter the water never falls below 25C.

3.4.3 The expansion of medical/spa tourism is a major opportunity due to the increasing levels of demand in most of the principal western countries, not all of whom have the range and quality of opportunity available in Hungary. The potential for attracting significant economic benefit from 'insurance' paid tourism is considerable as is the opportunity to spread visitors to spa towns in less visited areas of the country in the south and east. The location of spa's outside Budapest are indicated on Map 3.2.

PART FOUR: TOURISM ORGANISATION AND STRUCTURE

4.1 Introduction

4.1.1 The organisation of tourism in Hungary still bears many of the features which existed prior to the introduction of democracy. This is not necessarily bad: the participants in the tourism industry were never entirely state controlled and because of the relatively open policies pursued over many years, the tourism sector had obtained a considerable degree of autonomy.

4.1.2 Private enterprises have been permitted to venture into the tourism field for a long time and by the late 1980's a substantial number of independent tourist offices were operating in Hungary. Against this background it has been a relatively simple step to maintain momentum and prepare for more widespread privatisation.

4.1.3 That is not to say, however, that the legacy of the past has left the path for the expansion of tourism entirely free of obstacles and difficulties. There is a negative side; for example, along with other so-called 'non-productive' sectors like education, health and communications, tourism received only a small share of the residual investment after the more important production sectors had been satisfied. Although this categorisation has now largely been abandoned, a hierarchy of sectors still exists and tourism may still not receive the level of funding which matches its obvious potential.

4.1.4 This year, due to urgent demands in other sectors, the national fund for tourism was cut by almost half from the 1.1bn forints available in 1990. Fortunately the worst effects of this shortfall have been cushioned by private sector activity, which is responding well to the opportunities created by privatisation programmes of the former state owned tourism activities. Investment by the private sector, including a significant amount of "western" investment, has been targeted on the hotel, other accommodation and catering sectors. But to ensure the maintenance of a well balanced high quality product, an increase in government investment in infrastructure is urgently required. However, the prospects for this are by no means certain.

4.2 Tourism Administration

4.2.1 General control of the tourism industry in Hungary was the responsibility of the Ministry of Trade, and its executive arm the National Tourist Board. In 1989 the Board gained greater independence, but remained under the aegis of the Ministry, until the latter ceased to operate with the creation of a new Ministry of Industry and Trade.

4.2.2 Previously the Ministry of Trade undertook the following with respect to the tourism sector:

- formulating and implementing policy
- establishing development programmes
- coordinating actions of tourism agencies
- negotiating international and bilateral agreements
- supervising the use of the tourism fund
- marketing and promotion.

Although the new Ministry (operational from 1990) holds a similar broad brief, it has a much less "hands-on" approach.

4.2.3 The philosophy of central planning is anathema to the current Government, although it still sets the broad agenda for the future. At present there is a rapidly growing number of participants in the tourism sector, making central control less feasible, and both domestic and international tourism business agreements are becoming free from restrictive state control. Only matters affecting national interest (such as the 1996 Expo) are settled at ministerial level.

4.3 Hungarian National Tourist Board (HNTB)

4.3.1 For much of the 1980's the tourism related functions of the Ministry of Trade were delegated to the HNTB. The Boards independence, since 1989, has not meant abolition of these functions but rather a larger say in what its objectives and operations should be. Also the increased independence of the participants in the industry as a whole has eased many of the Board's responsibilities. The main activities of the Board now include:

- contribution to the development of long and medium term national programmes
- contribution to forming the Government's tourism objectives and processes
- supplying information to and assisting the work of the regional executive committees of tourism
- suggestions and guidance for the operation of hotel companies, travel agencies and tourist offices
- collecting and analysing data on domestic and international tourism
- preparing and implementing international agreements concerning tourism
- promoting Hungary as a tourist destination outside the country and providing guidance on advertising.

An additional, specific task of the Board, in cooperation with the Ministry of Industry and Trade, is the coordination and supervision of the preparation of the World Expo.

4.4 Regional Authorities

4.4.1 The general pursuit of the decentralisation of Government functions and economic policy means that the regions (namely the municipalities) bear considerable responsibility for regional development. A large amount of state owned land and property now belongs to local municipalities who have control over its future use or disposal. However, ownership is one of the most hotly debated topics in Hungary at present, in spite of the fact that the Compensation Bill has been passed. This is because it is still far from clear whether or not the State or local municipalities have the right to sell.

4.4.2 All that can be stated at present is that local municipalities were given more responsibilities and control (including tourism,) but will not receive more money from central funds. Examples of inherited functions range from monitoring castles to responsibility for renovation and repair of roads.

4.5 Travel Agencies

4.5.1 Travel agencies are registered with and supervised by, local authorities as opposed to the previous system of central (government) licence and control. Consequently from 1990, there is no overall authority with up to date information on the number of travel agencies operating in Hungary, although an HNTB estimate is around 1,000 (July 1991).

4.5.2 Until the early 1980's, IBUZS, the national travel agency, was the sole representative of tourism in Hungary. Although two other nationwide agencies, Coop-tourist and Express, together with a small number of local and specialised agencies, did exist, their role and share in the tourism sector was small. All travel agencies were, to a larger or smaller extent, controlled and supervised by the Ministry of Industry and Trade.

4.5.3 The legislation on enterprise creation in 1982 permitted private ventures in most areas of activity, including tourism, and brought about a substantial and sudden increase in the number of travel agencies. By the late 1980's there were several hundred small travel agencies operating in Hungary. Due to lack of expertise, and appropriately trained personnel, the majority were licensed only for domestic tourism and inbound tourism. IBUSZ was the largest agency for both outbound travel and inbound tourism.

4.5.4 Since 1989, joint ventures have been permitted with foreign participation and some 100 per cent foreign ownerships have been allowed. Many of the large western travel companies found IBUSZ the most efficient and suitable partner with whom to form joint ventures or to represent them in Hungary. This is largely due to their reputation, experience and representation in all fields including accommodation, transportation and guide services. Unlike most of the other Hungarian agencies, IBUSZ also has the experience of handling foreign currency, cheques, credit cards and insurance policies.

4.6 Recent Legislation and Future Change

4.6.1 Entirely new legislation governing the tourism industry was expected to be discussed and passed in the Parliament by June 1991. However, due to the large number of new bills, and the lengthy debates over them, the bill concerned with tourism has been postponed. At the moment there is no information as to when Parliamentary time will be found to discuss it.

4.6.2 The rules concerning foreign capital investment have not changed since 1989 but are generally very favourable. Profit tax is 40 per cent, but most tourism related investment enjoys a five year tax holiday and a 60 per cent tax reduction in the second five year period. Foreign ownership is permitted up to 100 per cent in certain circumstances, and all foreign investment is safeguarded. Profits can be repatriated or reinvested under favourable conditions. There are unconfirmed rumours about the reduction of the extent or length of tax holidays in the near future, but these changes are unlikely to apply to the priority sectors, of which tourism is one.

4.6.3 Privatisation is continuing and in June 1990 IBUSZ became the first east European company since World War II to be privatised by way of public offering. IBUSZ shares were simultaneously introduced to the Vienna and Budapest stock exchange. Technically, the former state owned company became the property of the State Property Agency (SPA) which sold 38.5 per cent of the shares in the stock markets in 1990. A further 6 per cent was sold in July 1991, and although the original timetable for privatisation of IBUSZ envisaged complete privatisation by the end of 1991 this is now unlikely to happen. Since the initial enthusiasm and unrealistic oversubscription of the shares last June, IBUSZ's share price has fallen dramatically. The SPA's decision not to sell any more of its shares this year appears to be the consequence of this event.

In July 1991 IBUSZ shareholders are the following:

State Property Agency (Hungarian State)	55.9%
Foreign retail investors	37.7%
Domestic retail investors	4.5 %
IBUSZ employees	1.9 %

4.7 IBUSZ Shares in Hungary and Abroad

4.7.1 IBUSZ Rt Touring, Travelling, Transport and Purchase Company Limited was owned by the Hungarian State up to June 1990, at that point the registered capital of the company was Ft 1.2bn (appr. $ 16mn). In June, 440,000 registered shares with a face value of Ft 1,000 were issued publicly and an additional 40,000 shares were offered to IBUSZ employees. In July 1991 IBUSZ raised its foundation capital by Ft 120.5 mn, by the SPA issuing 120,500 registered shares with the face value of Ft 1,000. The shares were offered to a closed circle of invited investors.

4.7.2 IBUSZ was the first offering of shares on the Budapest stock exchange an event which coincided with the re-opening of the stock exchange itself for the first time since the war. The shares, which were offered at the issue price of Ft 4,900, were over-subscribed by 23 times both in Hungary and in Vienna. The novelty of the Hungarian shares, and the consequent demand, raised the price of the shares by 2.5 times following the issue and prices settled at Ft7- 8,000 in the following period. However, by the end of 1990 the share price stabilised around the issue price. In the first half of 1991 the IBUSZ share prices fell further both in Hungary and abroad, and in July stood at around Ft 4,050 and Austrian schilling 650.

4.7.3 There were many factors, both national and international, contributing to the tremendous success and the subsequent fluctuation of the IBUSZ shares. On the Hungarian side:

- the sudden, but peaceful and orderly, changes in Hungarian politics and economy raised confidence;
- the positive changes led to the anticipation that tourism will remain a booming industry in Hungary;
- IBUSZ has operated since 1902, thus many foreign investors were familiar with the name and traditions of the Hungarian company from the pre-war period;
- yet the initially ambivalent attitude of the new government to privatisation and foreign investment in Hungary raised doubts about the soundness and safety of investing in Hungary;
- the lack of experience in privatisation matters of the Hungarian authorities, the newly opened Hungarian Stock Exchange and IBUSZ itself damaged the confidence of the investors as well;

- the government limited the Hungarian allotment to $50 annually per person, and the purchasing power of the Hungarian population fell drastically in the first half of 1991, which gave rise to speculations about a smaller turn-over at IBUSZ.

The international factors influencing the IBUSZ share prices included:

- organised tourism to and from the other countries of eastern Europe fell back due to the collapse of the East European system;

- the unsettled political and economic situation in some of the other east European countries was reflected, through generalisation, in the foreign view of Hungary;

- the unification of the two Germanies resulted in less visitors not only from East, but also from West Germany;

- the mutual abolition of visas with all but two European countries, resulted in a severe loss of income at IBUSZ, which used to benefit from the processing of a large proportion of the visa applications;

- the Gulf crisis hurt the tourism industry all over the world;

- the Yugoslav crisis is having a negative impact on European tourism in general, and hurts IBUSZ both through the lower number of visitors to Hungary and through the cancellation of trips by Hungarians to Yugoslavia and Greece.

4.8 Future Role and Responsibilities of IBUSZ

4.8.1 The generally poor performance of the East European travel sector last year (1990) resulted in IBUSZ recording a Ft 370 mn loss through cancelled tours. This was compounded by an additional Ft 12 mn loss due to the decline in income earned thorough the exchange of money, and the abolition of visas resulted in a Ft 45 mn loss. The company's rouble income from incoming travel fell by more than 50 per cent in 1990 over the previous year, but its convertible currency income from the same origin increased by nearly 12 per cent. The total income from incoming travel fell by 4.7 per cent.

4.8.2 The unfortunate combination of international events should not be taken as indicative of future performance and there are some encouraging trends. A large part of the company's (income from organised incoming travel) originates from sales of programmes and from the "events" business, which includes conferences, incentive tours, sport and cultural events. In 1990 IBUSZ organised 3 major conferences and 52 minor ones. The revenues from these activities increased by more than 30 per cent from 1989 in 1990, to nearly $8 mn.

4.8.3 The company's income from currency exchange also increased by more than 10 per cent in 1990 as compared to 1989, and IBUSZ also has a substantial income from credit card acceptance which grew by 13 per cent in 1990 (to Ft 164 mn). However, due to the economic uncertainties which accompanied the rapid introduction of democracy, including exchange rate fluctuations, the amount fell in dollar terms by 4 per cent to $ 2.3 mn. IBUSZ also sell tickets for different transport companies at 77 places in Hungary and received a Ft 143 mn commission on these sales in 1990. The company also rent cars with an AVIS licence, and had an income of over $ 2.5 mn from this activity in 1990.

4.9 Investment Strategy

4.9.1 To reduce the risk involved in tourism, IBUSZ diversified its activities to a large extent. The company invested in the construction of apartment buildings, which the first of which ones started operation in September 1990. In 1988 the company initiated and participated in the founding of Atlas Travel Insurance Ltd with capital of Ft 315 mn. IBUSZ is also a founding member of the company established for the construction of the Hotel Kempinski in Budapest, a new 5 star hotel which will open in early 1992, and has formed a joint venture association for the management of the Budapest Grand Hotel Hungaria, the Erzsebet Hotel and the Balaton Margareta Hotel. The association became a limited company in 1990. These hotels are profitable and IBUSZ share of the profit was Ft 90 mn in 1990.

4.9.2 Finally, in terms of its longer term development, IBUSZ established a joint venture with an Austrian company for Austrian tours, in which IBUSZ share is 50 per cent. Another joint venture with a 50 per cent IBUSZ share specialises on Italian tours. Jointly with Wienair Business Jet, IBUSZ has founded an airline company to provide regular flights on the Budapest-Pecs (southern Hungary) route. The profit of the new company was over Ft 14 mn in its first year of operation. IBUSZ invested in the Madacs Cultural Touristic Ltd, in which it has a 53.3 per cent share, and it also has a 27.5 per cent share in a limited company formed with another Hungarian and an Austrian firm to build and sell office space. In 1990 there were also five IBUSZ shops operating in Hungary, selling Hungarian goods for convertible currency. Finally, with its first hand experience in the security market, Ibusz decided to buy 30 per cent of Girozentrale Budapest Investment Ltd in 1990, in which IBUSZ started brokerage activity in 1991.

4.10 IBUSZ and Investment Prospects

4.10.1 With such a successful diverse range of activities IBUSZ was also able to formalise its numerous banking activities and in 1990 established a new bank. This decision was largely influenced by new legislation which requires a banking licence for banking activities. The IBUSZ Bank will start operation this year with a basic capital of Ft 2.07 bn and will rely on the experience of its employees in banking activities and on the computerised system IBUSZ developed for running the convertible currency accounts of Hungarian citizens.

4.10.2 Tourism is a lucrative, but sensitive business, and foreign tourism to Hungary is likely to be greatly influenced by factors beyond the control of the Hungarian government. IBUSZ'S policy is to reduce the risk involved in tourism by diversifying the activities of the company. It is active in finding the most profitable areas to invest in. The political and economic decisions of the Hungarian government are unlikely to alter the flow of tourists to Hungary to any substantial extent. They can, however, influence the will and desire of foreign investors to invest in Hungary. Ambivalence or sudden changes in the policy concerning privatisation and lack of experience in the securities market can scare potential investors away and will reduce the share prices.

4.8.3 While there is no doubt about the further privatisation of IBUSZ, the exact time of its completion is uncertain and it appears that the SPA prefers to keep it this way. According to one of the vice presidents of IBUSZ, the company itself has no say over when and how its privatisation will be completed. Thus, regardless of its future form and eventual ownership arrangements, IBUSZ with its many sided activities is likely to remain profitable and be critical in the development of Hungarian tourism throughout the 1990's.

CZECHOSLOVAKIA

Contents

PART ONE: TOURISM INFRASTRUCTURE

1.1 Airports

1.1.1 Czechoslovakia has four airports serving the international market:
Prague (Praha Ruzyné)
Bratislava (Ivanka)
Ostrava & Poprad for Charter Flights

Prague

1.1.2 Prague airport is the most important and handles 1.8 million passengers annually. It has three runways and the main passenger terminal is currently undergoing reconstruction which will improve the quality and range of services to both passengers and airlines. It will also increase capacity to 2.2 million passengers per year. For the medium term, tenders are already being prepared for the construction of additional capacity, which would allow for the throughput of 5.5 million passengers by 1995.

1.1.3 Currently a range of facilities including restaurants, exchange offices, duty free, information and car and hotel booking services are available. However, the current development proposals will greatly improve the range and quality of the support facilities. Praha Ruzyné can handle all types of aircraft on its three runways and there are adequate maintenance facilities and air-traffic control systems.

1.1.4 The airport is located 14km from the City Centre and the journey takes between 25 and 45 minutes depending on traffic conditions. Services by bus, taxi and hotel limousine are all available. There is easy access to the subway system, which in turn links to main bus and rail stations offering services to all parts of the country.

1.1.5 Services by air connect Prague to 54 cities. The most frequent are daily or twice daily connections to Zurich, Frankfurt, London, Moscow and Budapest. Other frequent weekly services operate to Amsterdam, Berlin, Brussels, Cologne, Copenhagen, Milan, Munich, Paris, Vienna and Warsaw. In addition to services provided by Czechoslovak Airlines, Prague is also served by Air France, Alitalia, British Airways, KLM, Lufthansa, Aeroflot, Pan Am, SAS, Finnair, Swissair and Sabena.

Bratislava

1.1.6 Ivanka Airport at Bratislava is located 7km from the city centre and is second in terms of passenger movements to Prague. It is, however, considerably smaller than Prague handling about 500,000 passengers each year with regular connections to six cities in Europe. There are regular connections to Prague giving access to the route network described above.

1.1.7 At present facilities are adequate to service this volume of passengers including restaurants, exchange offices, information services and duty free. However, there are advance plans to extend passenger and aircraft handling facilities for more than 1 million passengers per year.

1.1.8 A Czechoslovak Airlines shuttle bus and taxis serve the link from the Airport to the city centre and the journey of between 20 and 30 minutes is relatively cheap.

Other Airports

1.1.9 Other Czechoslovak Airports are less important, but could be used for international flights on a more regular basis than they are at present. The two locations with the best potential for tourism traffic are at Ostrava and at Poprad.

1.2 Rail Services

1.2.1 Czechoslovakia has a large railway network, with over 13,000 km of lines of which 3400km are electrified. It is these electrified lines which are most important and carry 45% of the annual volume of rail freight traffic. Prague is the hub of the rail system with a second major focus at Ceská Trebová.

1.2.2 Before November 1989, when the new government took over and liberalised travel arrangements for western visitors and for their own citizens, the main rail links outside the country were with other socialist countries. Now, however, the network is becoming increasingly integrated into the European network.

1.2.3 In spite of its extent the rail system in Czechoslovakia suffers from a number of problems. Train speeds are relatively low due to a combination of old track and rolling stock. The system also carries very high volumes of freight with no priority offered to passenger services which can result in delays, nor are the level of comfort and convenience to passengers up to the standards found on rail services in western Europe.

1.2.4 The passenger facilities at stations are also poorly developed and often inadequate to serve the growing volume of tourists. This growth in demand has placed pressure on the system with insufficient capacity on certain lines to the more popular destinations.

1.2.5 Direct trains operate to and from Prague to 43 European cities. There is also a high frequency on certain lines, in particular between Berlin 8 times per day, Budapest 5 per day and Vienna 4 per day. Twice daily services run to Warsaw, Moscow, Frankfurt, Linz and Leipzig and daily services to Copenhagen, Venice, Malmo, Stuttgart, Wurenburg, Zurich, Paris and Belgrade.

1.2.6 Bratislava also has direct international connections with Budapest, Vienna, Moscow and Kracow and links with other cities via Prague. There has been a 20% overall increase in the number of services with the west within the past 18 months. An express service, the IC Dvorák, now operates at speeds up to 160km per hour and there has been a switch of emphasis away from services to the east, particularly to the Black Sea resorts.

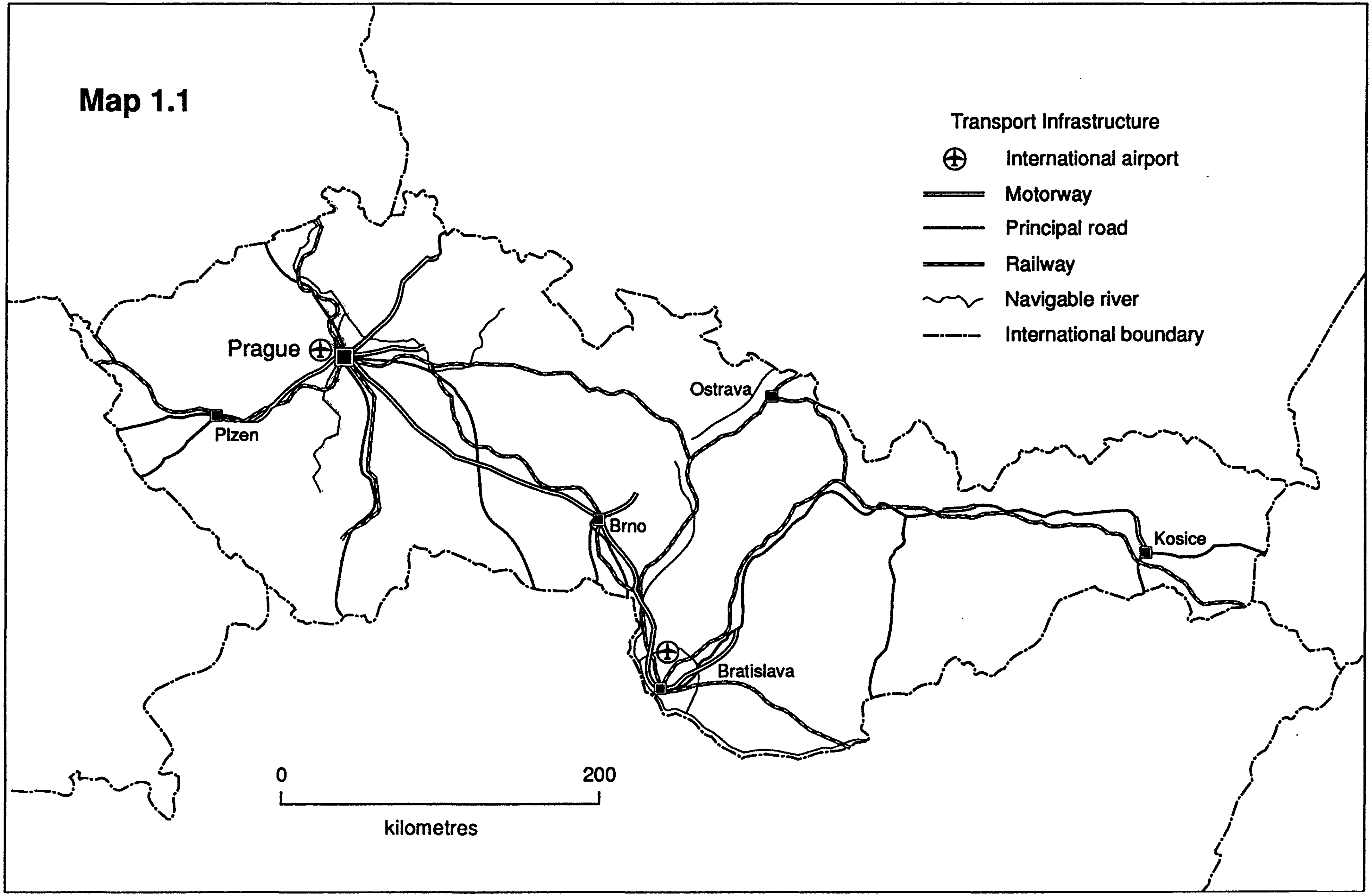
1.2.7 Only on the main rail stations at Prague, Bratislava, Brno and Plzen are passenger services well developed with facilities for exchange, accommodation booking and travel information services. Czechoslovakia has adopted an international reservation system, ARES, allowing reservations to be made at 117 stations throughout Europe or in main CEDOK offices.

1.2.8 For the future investment plans are well advanced for improvements to rolling stock and tracks to greatly increase average speeds. This is expensive and may take many years; if western aid assistance were made available the process could be accelerated. Already discussions are underway with the European Commission and in October this year Prague will host a major European conference on transportation.

1.3 Road Access

1.3.1 Like other central and Eastern European countries, road access is the most popular mode of transport for western visitors to Czechoslovakia. In 1989, 80% of western visitors and 72% of eastern visitors travelled by car or bus.

1.3.2 Czechoslovakia has more than 73,000 km of roads, although their quality is relatively poor in many regions, particularly in the east of the country and in the more remote rural areas. Only a small proportion are of motorway or expressway standard, 4.3% in 1989 (the equivalent figure in Belgium for example is 51% and Germany 29%). The main motorway routes D1 and D2 account for over two thirds of the total and connect the three main cities of Czechoslovakia – Prague, Brno and Bratislava. This is a heavily used network with very high daily volumes of traffic, and is not yet connected directly to any of the main border crossing points.


Map 1.1
Transport Infrastructure
International airport
Motorway
Principal road
Railway
Navigable river
International boundary
Prague
Plzen
Ostrava
Brno
Bratislava
Kosice
0
200
kilometres

1.3.3 New road building programmes are a priority for the new Government and at present the principal schemes are:

80 km	D5 Motorway – from Plzen to Nuremberg and Munich with a completion date of 1995/96
50 km	D8 Motorway – to Dresden via Vsti, part of the main highway from the west to the Balkans
100 km	D47 motorway – is the Czechoslovak link in the main North South highway from Germany to Hungary

At some later date the network will be extended to the Soviet and Polish borders. Map 1.1 shows the extent of the existing and planned network.

1.3.4 For the tourist, the quality and range of facilities to be found on the road network is as important as the roads themselves. But in Czechoslovakia much needs to be done to radically improve the quantity and quality of services. There are only about 1,000 petrol stations and just 40 motels. There are a range of small catering facilities but their opening hours and quality is variable.

1.3.5 It is widely expected that the major privatisation programme now underway in Czechoslovakia (when coupled with private investment and aid from foreign governments) will be able to speed the pace of construction and expansion. Under current proposals for privatisation the state controlled petrol companies are likely to retain about 20% of current outlets providing considerable opportunity for investment or acquisition by large western companies and for individuals. Many new facilities are likely to combine services for cars, catering and accommodation, for which there is already a large market with excellent prospects for the future.

1.4 Telecommunications

1.4.1 Czechoslovakia has not been well endowed with a modern telecommunications system as a result of under-investment and development of inferior installations and technology. At present there are about 3m lines and only 1 in 5 homes has a telephone line. Waiting lists for business and personal lines are long. The major hotels do have direct international lines and rapid improvements have recently begun to upgrade the system. Even so the overall system is still poor and lacks many of the sorts of facilities now regarded as essential in the west such as pagers, data networks, cardphones and satellite links.

1.4.2 The level of unmet demand is enormous, however, and has been recognised by the Government and by foreign companies sensing a large market for new equipment and advanced telecommunications technology. Fax machines have taken off very quickly, and are seen as an essential requirement by new small businesses. An estimated 300,000 fax lines are now thought to be in existence and are supplanting telex machines.

PART TWO: HOTELS AND OTHER TOURIST ACCOMMODATION

2.1 Background

2.1.1 Czechoslovakia was a late starter in the volume of tourism market and is currently being prevented from fulfilling its full potential because of a widespread lack of beds. Overall it has only 5.3 beds per 1000 population compared to countries in western Europe which offer a similar product (such as Switzerland and Austria) which have 42 beds and 86 beds per 1000 people respectively. In 1990 Prague had fewer bedrooms in hotel accommodation than it did in 1937. Many hotels are old, have suffered from a lack of investment and thus offer poor standards; 63% of rooms do not have en-suite bathroom and toilet facilities for example.

2.1.2 During the post war communist period relatively few new hotels were built. However, investment was made in a significant number of 'recreation centres' by trade unions and other organisations and, as in Poland, great efforts are now being made to place the most attractive and best equipped of these centres on a commercial basis. With a capacity of more than 230,000 beds, these centres provide almost twice the capacity of the hotel sector. Even at the maximum occupancy, and including some temporary and floating hotels on river boats, Prague can offer only 10,000 rooms in reasonable quality 3, 4 or 5 star hotels.

2.1.3 One of the principal and most attractive products which Czechoslovakia could once offer was spa – tourism, with extensive facilities in Carlsbad, Marienbad and Franzisbad. Pre-war these centres accounted for almost 70% of the country's tourism receipts. But the accommodation they offered has been run down considerably, being used in the main for accommodating subsidised visitors from the socialist bloc and little improvement has been made to the stock of 24,000 beds which are now below the standards expected by western visitors.

2.1.4 There was previously little or no incentive for people in Czechoslovakia to provide private rooms for visitors, yet there is considerable potential here, particularly in respect of the large numbers of summer houses in Czechoslovakia which are estimated to be available to 20% to 25% of all households. This situation arose largely because Czechs were prevented from travelling abroad and took holidays in the countryside. With the removal of travel restrictions there is considerable potential to make this accommodation available to western visitors.

2.2 Hotels

2.2.1 Prague is the principal destination for foreign visitors to Czechoslovakia, with more than 80% of visitors from other countries incorporating a visit to the capital in their trip. There is, however, a critical problem of bed-space in hotels in Prague, at 10,000 spaces it offers about 65% less accommodation than Budapest. But the situation is rapidly improving with 8 new hotels opening since 1989 and several are currently under construction or in the development pipeline. Those recently opened include:

Palace	5 star	Atrium	4 star
Forum	4 star	Belvedere	3 star
Diplomat	4 star	Atlantic	3 star
Club Hotel	4 star	Florence	3 star

These hotels have increased capacity by almost 50% in a very short period of time, providing 5000 beds in some 3000 new rooms.

2.2.2 In parallel other accommodation in boarding houses (previously used exclusively by trade unions or other groups) were also opened up and improved to 1-2 star level. This has increased hotel capacity in Prague to about 30,000 bed spaces. In the next two years 5 more hotels will open including the:

Penta	4 star	-	350 beds
Carlton	3 star	-	200 beds
Globus	3 star	-	300 beds
Quality	3 star	-	100 beds
Care Inn	3 star	-	350 beds

Together with improvements to existing hostels, pensions, boarding houses and the opening of new ones as properties are returned to their former owners, the problems are being rectified, but it will be several years before supply matches demand in all categories of accommodation.

2.2.3 While the process of improving the accommodation base is slower outside Prague there is an improvement underway in the 'spa triangle' (Karlovy Vary, Mariánské Lázné and Frantiskovy Lázné). The distribution of accommodation in hotels in Czechoslovakia as a whole and in the principal cities of Prague and Bratislava are shown in the following figures:

Figure 2.1
Hotel Capacity in Czechoslovakia By Category and Number of Beds (1990)

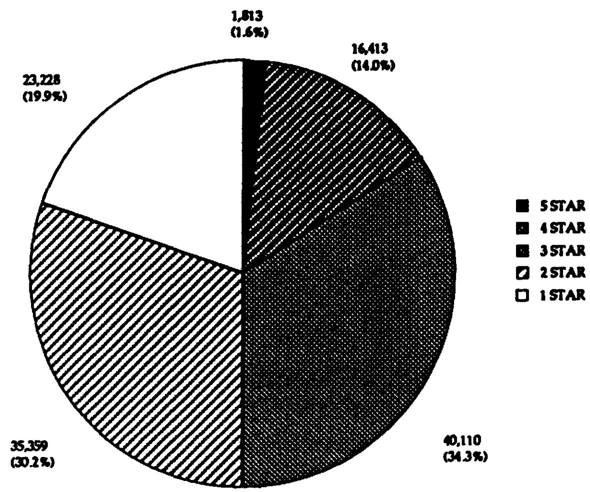


Figure 2.2
Hotel Capacity in Prague by Category and Number of Beds (1990)

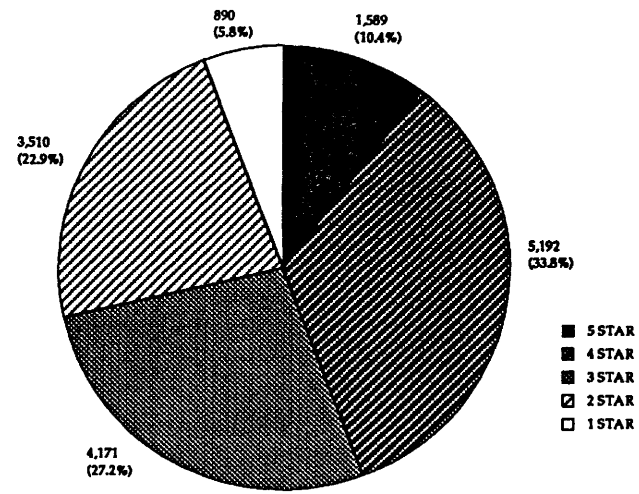
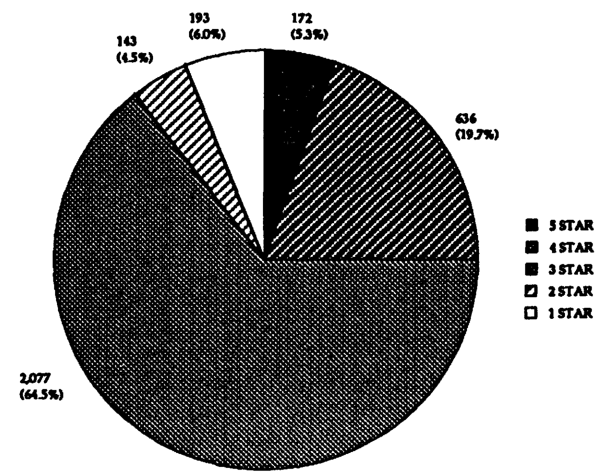


Figure 2.3
Hotel Capacity in Bratislava by Category and Bed Numbers (1990)



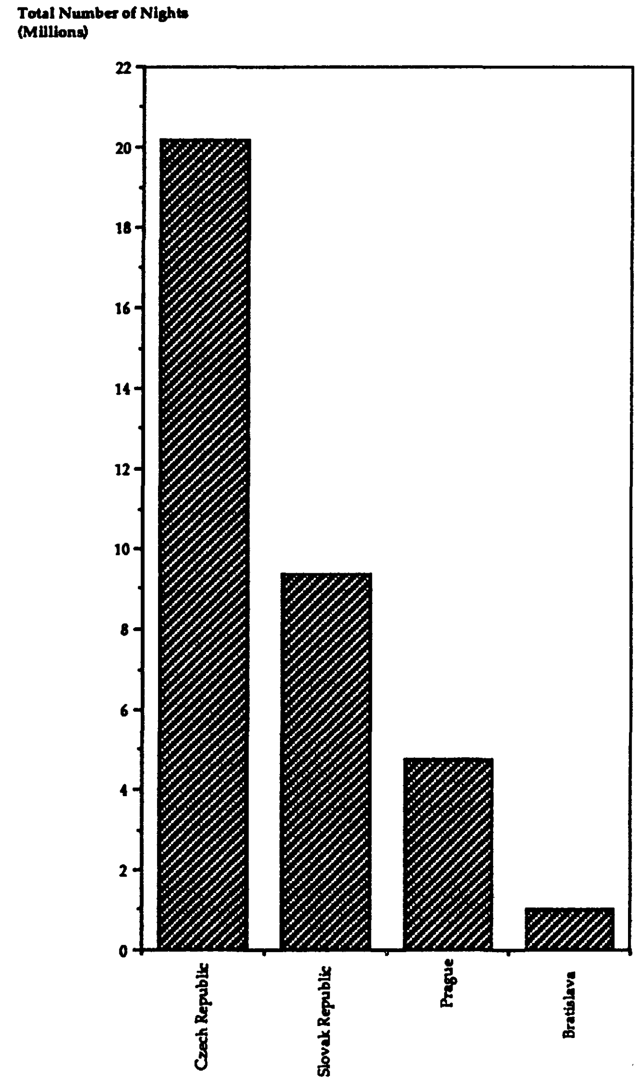
2.2.4 The distribution of hotel bed spaces is biased towards the Czech Republic, and Prague in particular, with relatively smaller amounts of hotel accommodation in the Slovak Republic. Of a total of almost 117,000 bed spaces in all types of serviced accommodation in 1990, 71% was in the Czech Republic and 13% in Prague. Of the 29% of the accommodation in the Slovak Republic about 10% was in Bratislava. In terms of bed nights, however, the importance of Prague is even more pronounced as is shown in figure 2.4 below. In 1990 Prague accounted for 16% of all visitor nights.

2.2.5 Occupancy rates are relatively high, averaging 50% in the country as a whole and 65% in Prague. In the summer season the level of accommodation in Prague and in some other popular destinations is well below market demand. With the exception of some hotels in the mountain areas, most are open all year round.

2.2.6 Many of the more rural areas, particularly in the eastern part of the country do not have a well developed hotel sector and there are few motels/hotels conveniently located on the main tourist highway network. The quality of service is also variable and of generally poor quality. Whilst considerable improvements are being made in the new (mostly 4 and 5 star) hotels, the recent expansion has left many establishments with a shortage of suitably qualified and experienced staff and training has been highlighted as a priority within the industry.

2.2.7 The hotels belonging to the state tourist organisation, CEDOK, had a long tradition of training and good quality service which has served as a sound basis for the recent expansion. The chain of 203 hotels in Bohemia, Moravia and Slovakia are now independent and in the process of privatisation. There is considerable interest from international hotel chains and other investors in participation in the tourism industry in Czechoslovakia and many have visited Prague in the last 12 months. As yet, however, only one well known hotel chain has signed an agreement and two others have options which are likely to be confirmed once all of the current legislation is ratified (see section 4 below).

Figure 2.4
Number of Visitor Nights by Area (1990)



2.2.8 The star classification system in use in Czechoslovakia matches that in use elsewhere in Europe in relation to the quality of the facilities. There appears still to be a problem in overall levels of service due largely to a lack of skills and experience amongst middle management levels. Also support facilities such as pools, casinos, entertainments etc, are not always available within hotels, but the situation is improving rapidly.

2.2.9 Previously booking arrangements were handled almost exclusively through CEDOK and although this is now changing, with a relaxation of state control and a widespread privatisation programme, it is a relatively slow process as the technology changes and arrangements with foreign operators are developed. It is imperative of course, given excess demand, that rooms are booked efficiently so that visitors are not left without accommodation and maximum utilisation is obtained from the existing stock.

2.2.10 The ownership of Czechoslovakia's hotel stock is now changing radically. CEDOK's chain of 'Interhotels' began the process of independence in 1988 and all 203 properties in the chain will be privatised by the end of next year and it is hoped that investment programmes and joint ventures with western companies will greatly assist in improving standards of service and facilities. Other hotels, owned by state institutions and organisations will also be privatised, although identification of the legitimate owners of certain properties needs to be completed first. The preferred and most likely form of privatisation will be joint ventures with foreign investors.

2.3 Private Rooms and Self-Catering

2.3.1 The quality of information regarding the number and location of private tourist accommodation in Czechoslovakia is poor. There are only 2400 private bed- spaces on official registers although it is generally thought that between 10 and 15 times more accommodation is actually available in this category. With premium prices obtainable, because of the shortage of hotel rooms, letting private accommodation can be very lucrative, with charges of between $5 and $30 per night depending on quality, size and location.

2.3.2 To maximise the use of such accommodation, some entrepreneurs are booking rooms for visitors on commission, although no comprehensive register of beds has yet been compiled. Most of the private room sector is self-catering. The provision of kitchen facilities is particularly important in Czechoslovakia as away from city centres the network of restaurants is underdeveloped and many are closed at the times when demand is highest.

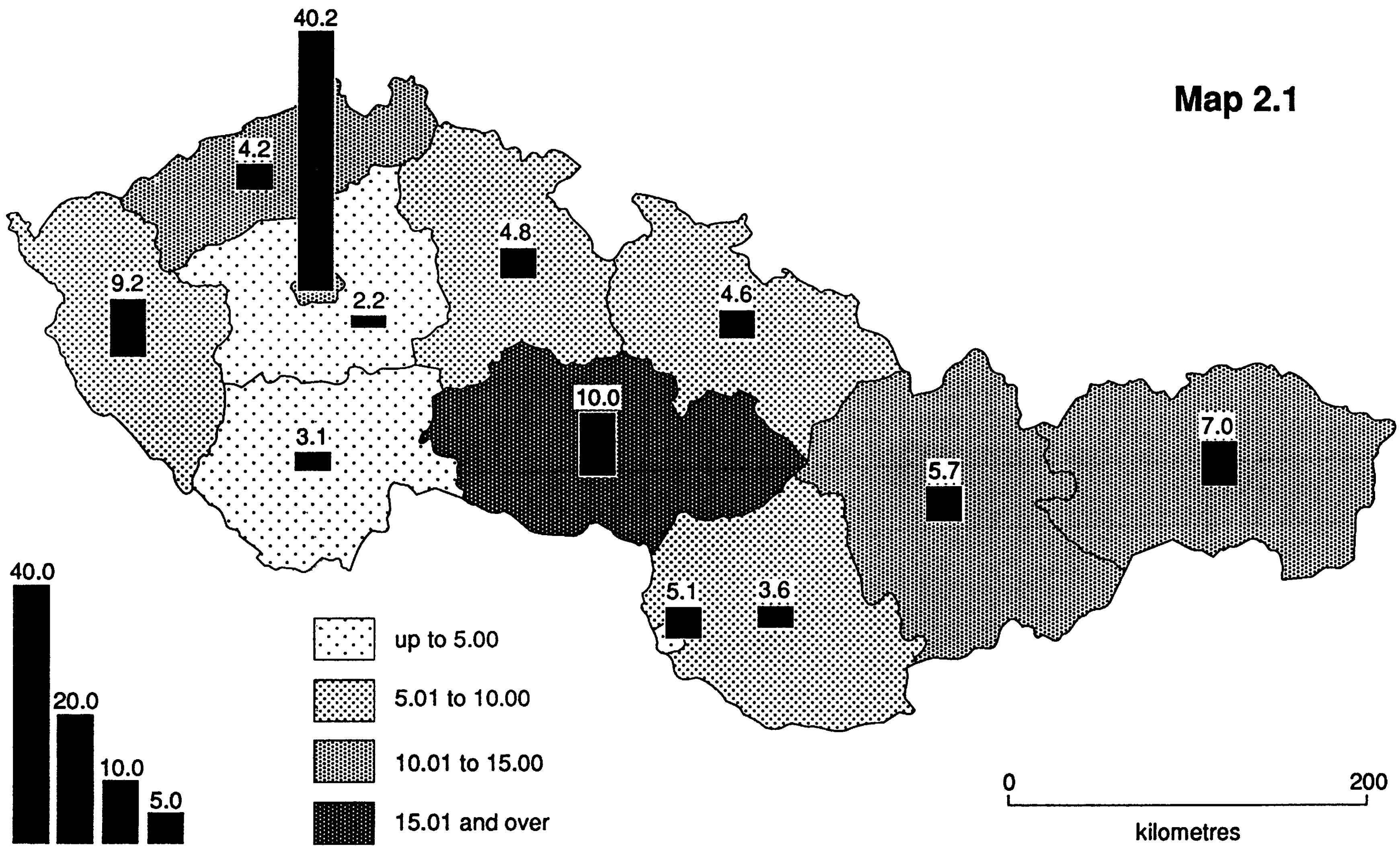
2.3.3 Private rooms are well distributed and can now be found in most parts of the country. Often, as with those in Prague, rooms are only made available during the summer peak visitor periods when there is a large market and high levels of unmet demand. This system will be important and will flourish until new hotel and other accommodation is built. It could, however, if well regulated become an important and profitable part of the country's tourism infrastructure in much the same way as the 'Bed and Breakfast' sector is in the U.K.

2.4 Holiday Villages

2.4.1 These are not well developed in Czechoslovakia, indeed they do not exist in the form that they do in other countries such as Yugoslavia and Mediterranean areas. There are high concentrations of accommodation at a number of lake-side destinations and a number of supporting restaurant and other facilities have developed around them. But they were not planned in this way and are not run as a single organisation or unit.

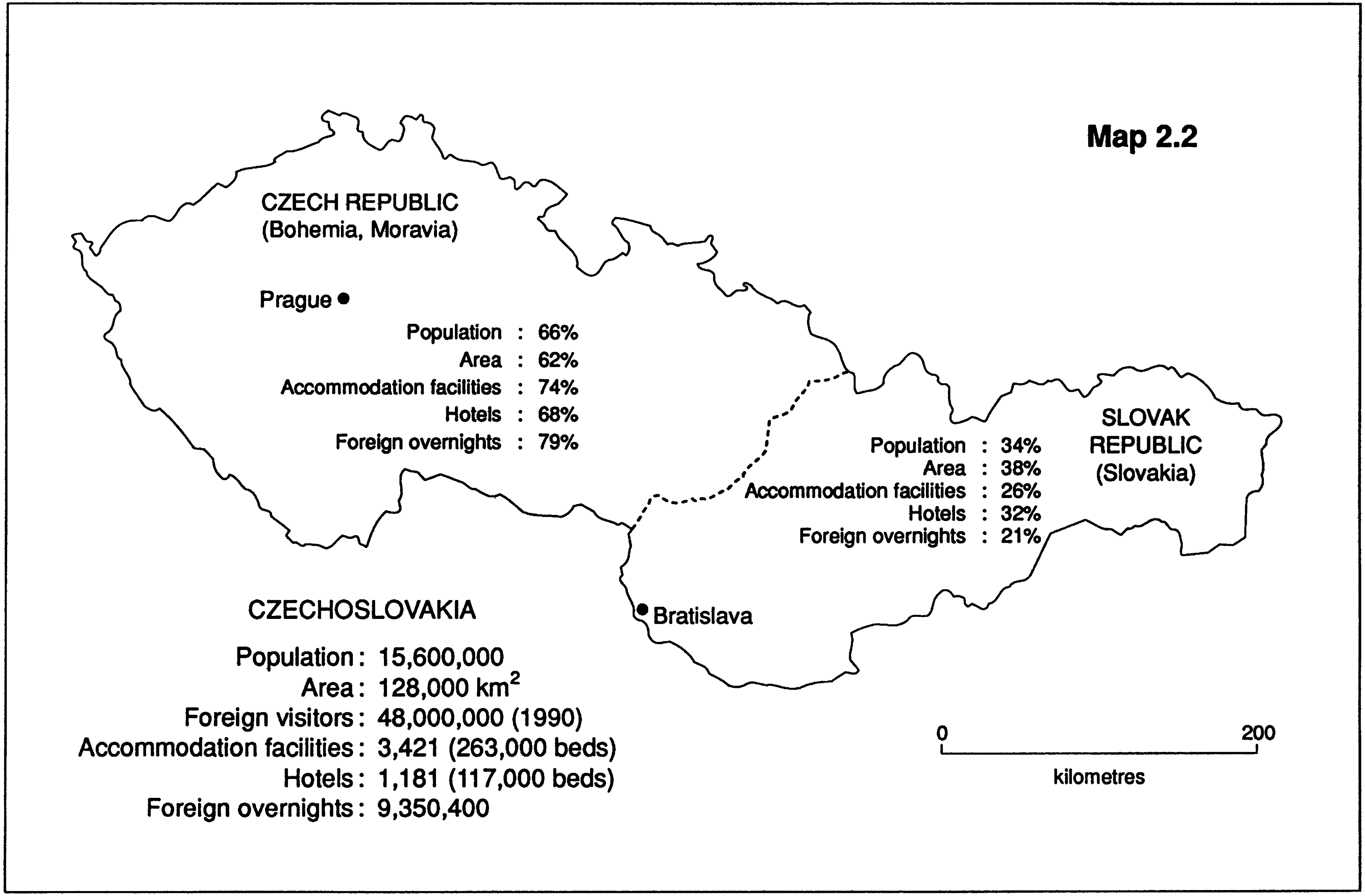
2.4.2 The previously mentioned resorts and holiday villages owned and operated by trade unions or youth organisations of various types were not run as commercial ventures. Rather they operated as social tourism facilities often with substantial subsidies. They are, however, an important resource providing in total more than 300,000 beds, double the amount of hotel accommodation available. In quality terms the best facilities could match those found in 3 or even 4 star hotels.

Map 2.1



Foreigner's overnights in hotels as percentage of Czechoslovakias' total

Hotel beds as percentage of Czechoslovakias' total



Map 2.2
CZECH REPUBLIC
(Bohemia, Moravia)
Prague
Population : 66%
Area : 62%
Accommodation facilities : 74%
Hotels : 68%
Foreign overnights : 79%
SLOVAK
REPUBLIC
(Slovakia)
Population : 34%
Area : 38%
Accommodation facilities : 26%
Hotels : 32%
Foreign overnights : 21%
Bratislava
CZECHOSLOVAKIA
Population : 15,600,000
Area : 128,000 km²
Foreign visitors : 48,000,000 (1990)
Accommodation facilities : 3,421 (263,000 beds)
Hotels : 1,181 (117,000 beds)
Foreign overnights : 9,350,400
0
200
kilometres

2.4.3 With the introduction of democracy and rapid moves towards a market orientated economy, these facilities must now become commercial or close. They represent a major opportunity to western visitors and investors as they could be improved and run at relatively low cost and offer good quality holidays at reasonable prices. One draw-back is that while located in attractive settings they may be remote from the main towns and cites, which still form the mainstay of Czechoslovakia's tourism product. Like some hotel properties there are continuing disputes over the legitimate ownership of some of these facilities.

2.5 Other Accommodation and Camp Sites

2.5.1 For budget and student travellers accommodation can also be found in colleges during the summer vacation. One estimate has put the capacity of this source of beds at about 15,000. Generally the quality of the accommodation offered is reasonably good and could, if more effectively coordinated and marketed, become a successful part of the country's tourism infrastructure for group and conference tourism.

2.5.2 In 1989 Czechoslovakia had 269 registered camp sites. But with the greatly increased flow of western visitors in '89, '90 and '91 another 150 sites have become available many of them privately operated. Previously State run, sites were classified by range and quality of facilities and this system has been retained as more private sites have become available in the last two years and a three star system now operates.

2.5.3 In spite of the growth in numbers and attempts at classification, the quality of camp sites is very variable and generally of a lower standard than in neighbouring western countries. Like most camp sites there is a relatively short season, May to October, and only about 5% of sites stay open all year round. The officially registered sites, pre 1989, had reasonably good faculties and maps of their location and range of services were provided by the Ministry of Commerce and Tourism. Pressure on sites in the most attractive locations near lakes and mountains or close to large cites is very heavy in July and August and space is not always available. Much needs to be done to regularise the system, develop effective booking arrangements and upgrade facilities.

PART THREE: VISITOR ATTRACTIONS

3.1 Natural Resources

3.1.1 The mountains and lakes of Bohemia offer some of the most attractive and unspoiled natural landscapes in the whole of central Europe. In this area, forests (some primeval) cover over 30% of the landscape and provide a rich variety of wildlife habitats. These are sprinkled with large reservoirs, lakes and rivers (including the Vltava and Luznice) providing excellent opportunities for bathing, water sports and fishing.

3.1.2 In the west of Bohemia the area is rich in mineral springs and contains the 'spa-triangle', Karlovy Vary/Carslbad – Mariánské Lazne/Marienbad – Frantiskovy Lazne/Franzienbad. The east of Bohemia is often referred to as the "Golden Strip" and is bordered by the popular Krkonosè (Giant) Mountains offering a variety of climbing and walking routes. Similar opportunities exist in the Jeseniky and Beskydy mountain ranges in north Moravia. This area also contains caves and gorges for more active sports.

3.1.3 Slovakia however, provides the best opportunities for outdoor winter and summer sports. In addition to natural springs in Piestàny and Trencíanské Teplice the Senec lake area offers sandy beaches and many opportunities for water sports. The central/eastern area contains Czechoslovakia's best known and highest mountains the Tatras. Rising in the east to 2600 metres the area has many fast flowing rivers for kayak sports and natural caves of interest to the active sportsman and interested visitor. Skiing is also well developed, but in scale and quality it does not match the opportunities in the Alps. However, with increasing pressure on resorts in western Europe there is an opportunity to develop this area, particulary for those seeking a cheaper, more relaxed and gentle ski-holiday with the family group.

3.2 Historic and Cultural Attractions

3.2.1 Czechoslovakia's 3,000 castles, chateaux, fortresses and ancient churches are probably its most well known tourism product. They contain a wealth of furnishings, pictures and other works of art and almost all are open to the public. The most visited are in Prague and Bratislava, but there are important museums and historic buildings throughout the country as is indicated in this section.

Bohemia

3.2.2 Prague is internationally recognised as one of the most beautiful capital cities in Europe and was fortunately relatively unscathed by two world wars. Situated astride the Vltava River it is often referred to as the "golden city", the "city of one hundred spires" and the "conservatoire of Europe". There are 15 bridges linking the two banks of the river with the most famous, the Charles Bridge being the most spectacular and most frequently visited. Prague Castle - Hradcany, the old town and its well known Jewish quarter contain many statues and excellently preserved examples of Baroque, Gothic, Renaissance and Art-Deco monuments and architecture.

3.2.3 The southern part of Bohemia also possesses a wealth of cultural and historic monuments including:

Trèbon is an important town on the Svet river containing a large Renaissance Chateau and an important spa
Ceské Budéjovice is the main town of the region with a well preserved 13th century centre and home of the world famous Budweiser beer
Hluboká has an imposing Gothic chateau with an impressive collection of tapestries, wood carving, china, pictures and old weapons
Cesky Krumlor is perhaps the best preserved Renaissance town in central Europe and is on the UNESCO world heritage list
Zlatá Koruna has a 13th century convent
Tabor is known as a centre of the Hasside movement and great efforts have been made with its restoration
Vyssi Brod, is a 14th century monastery.

3.2.4 Western Bohemia is equally well endowed with cultural attractions as well as several medicinal springs, glass and china crafts and Pilsner beer. The main attractions are:

Plzen is the home of the most popular Czech beer, (and a brewing museum) Renaissance, Gothic and Baroque burghers houses
Karlovy Vary/Carlsbad is a world famous spa and contains 12 curative springs set in an attractive parkland setting
Mariánske Lázne/Marienbard has over 40 mineral springs and is a health resort with a worthwhile reputation.

3.2.5 Northern Bohemia, is a region known for its glass production containing museums of glass and costume jewellery and has a number of winter sports facilities.

3.2.6 Eastern Bohemia contains the Giant mountains and in addition to extensive ski facilities it contains the historic towns of Pardubice, Litomysl, Rychnov and Náchod. At Trebehovice pod Orebem there is a unique collection of folk art wood carving and at Kuts a series of Baroque sculptures have been carved directly into the rocks.

Moravia

3.2.7 The principal city of the southern part of Moravia is Brno and in addition to its rich folk tradition and historical monuments it grows the best of Czech wines. In Brno itself there is an old town, Spilberk Castle and the magnificent cathedral of St Peter & Paul.

3.2.8 There is an underground boat ride through the caves at Punkva, hunting is popular around Zidlochovice and there is a wide range of high quality attractions at Telc, Slavonce, Jihvava and Komériz, where Forman's Amadeus was filmed, has a wealth of well preserved 14th and 15th century houses.

3.2.9 North Moravia contains a combination of health resorts in the Jesenky Mountains as well as castles, chateaux and historic towns at Bouzor and Olomouc. There is an open air museum at Roznor pod Radhostem in the Beskyds mountains and a museum of the Tatras in Kopnivnice.

Slovakia

3.2.10 Western Slovakia is the 'Danube' region with Bratislava as the main attraction but also possessing many spa's and delightful unspoiled countryside. Bratislava itself is the ancient capital of Slovakia and has many fine architectural attractions including St Martin's Cathedral, the Old Town Hall and the Bratislava castle and Danube bridges. In the surrounding area are the 'little Carpathians' with folk events, ceramic crafts and wine growing. At Mlynany is an arboretum with the largest collection of evergreen trees in Europe. The principal spa town's are Piestany and Trencianske Teplice.

3.2.11 Central Slovakia is unrivalled in Czechoslovakian for its mountain scenery. The Low Tatras run for 80km and contain some 2000 hills and have a wide range of opportunities for both winter sports and summer hill walking. Sliac, Rayecké Teplice and Turcianské Teplice are the main spa's and Kremnica, Banská Bystrica, Zuberec and Cicmany are folklore centres and contain a number of museums.

3.2.12 Eastern Slovakia contains the country's principal national parks and the High Tatras. These provide extensive outdoor sports opportunities with 300 peaks and 126 mountain lakes. Bardejov Spa is on the UNESCO heritage list and Spis castle is one of the largest castle complexes in Europe. In the Pieniny National Park the Dunajer river is flanked by bizarre rock formations and wooden raft trips are popular. Throughout the area there are small wooden churches and the typical painted cottages are preserved.

3.3 Festivals and Events

3.3.1 Czechoslovakia is a country of many music and other events attended by foreign visitors. The country has and continues to produce composers, conductors and musicians of international stature. Many of the concerts are free of charge and most popular in the open air during the summer. The principal events are annual and include the following music, folklore, sports and other entertainment programmes:

Music Festivals

• "Mozart in Bohemia", a complex of musical programmes dedicated to 200th anniversary	Prague, Brno, Karlovy Vary	All the year round
• The Days of Janácek's Music	Prague, Brno	Feb.
• The Prague Spring Music Festival	Prague	12 May - 2 June
• The Smetana's Litomysl, National Opera Festival	Litomysl	June
• Concertino Praga – music festival for young performers	South Bohemia	May
• The Dècín Anchor, a festival song	Dècín	June
• The Bratislava Lyre – The Festival of Popular Songs	Bratislava	June
• The Golden Prague International Television Festival	Prague	June
• The Knoch's Kolín, Brass Band Festival	Kolín	June
• The Chrudim Festival of International Puppet Theatre Groups	Chrudim	June or July
• The Hasek Lipnice Festival of Humour and Satire / national /	Lipnice	July
• The Piestany Music Festival	Piestany	July
• The Music Summer in Kromèríz	Kromèríz	July – Sept.
• The Chopin Classical Music Festival	Mariànskè Làznè	August
• International Film Festival / held every 2 years — next will be 1992	Karlovy Vary	July
• The Karlovy Vary Dvorák Festival of Classical Music	Karlovy Vary	Sept.
• The International Festival of Children's Choirs	Pardubice	Sept.
• The Brno International Music Festival	Brno	Sept.
• The Bratislava Music Festivities	Bratislava	Sept. – Oct.
• Beginning of Main Music Season in Prague	Prague	Oct.
• The International Jazz Festival	Bratislava	Oct.
• Prague, City of Music — Cedok Music Festival	Prague	Nov.
• Advent in Prague — music events	Prague	Dec.
• Christmas in Prague, A Festival of Christmas Music, organised by Cedok Music Festival	Prague	Dec.

Folklore Festivals

• Easter Festivities in the Open-Air Museum	Roznov p. Radhostèm	March
• The Vlcnov Folklore Festival with the Ride of Kings	Vlcnov	May
• The Old-Bohemian May-Poles Festivities	Klokocná	May
• The Horehroní Song and Dance Festival	Hel'pa	June
• The International Folklore Festival in Dance	Vychodná	June or July
• The Stràznice International Folklore Festival	Stràznice	June

• The "Pod Pol' anou" Folklore Festival held every 2 years	Detva	June or July
• The Roznov Festivities, the international folklore festival in the open-air museum	Roznov p. Radhostèm	July
• The Chodsko Region Folklore Festival	Domazlice	August
• The folklore festival at the birthplace of the folk hero, Janosík	Terchová	August
• The Western Tatra Folklore Festival	Zuberec	August
• Hip-picking Feast	Zatec	Sept.
• The Vintage with a Historical Procession	Znojmo	Sept.
• Hepaiston, A Gathering of Metal Craftsmen	Helfstyn	Sept.
• The St Stephen's Day in the Open-Air Museum	Roznov p. Radhostèm	Dec.
• Cedok's Christmas Tree Festival in Prague	Prague	Dec.

Sports Events

• The Tatra Cup, a cross-country ski race World Cup	Strebskè Pleso	Jan.
• The Tatra Cup, a downhill ski race, European or/and World Cup	Jasná	Jan. or Feb.
• The Bohemia Tour, a ski-jumping competition	Liberec	Jan.
• The Jizerské Mts. 50 kms Cross-Country Ski Race	Liberec	Feb.
• The Skiintercriterium, a youth competition	Vràtna Rícky	Feb.
• The Peace Race, an international race	Prague	May
• The Sumava Rally	Klatovy	May
• The Tríbec Rally	Zlín	May
• The Golden Spiked Shoe of Europe, MOBIL Athletics	Ostrava	June
• The Pravda/Slovnaft MOBIL Athletics	Bratislava	June
• Czechoslovak Derby	Prague	June
• The World Championships – Motorcross	Dalecín	July
• The Slovak Cup, an international water-skiing competition	Piestany	July
• The World Speedway Final Competition on Long	Mariànskè Láznè	July
• Oldtimers Grand Prix	Most	Aug.
• Czechoslovak Open Tennis Championship	Prague	Aug.
• The World Championship of Motorcycles	Brno	Aug.
• The Golden Helmet, a speedway competition	Pardubice	Sept.
• The International Peace Marathon	Kosice	Sept.
• The Grand Pardubice Steeplechase	Pardubice	Oct.

Other Social and Entertainment Events

• Winter Amusement of the Czech Nobility	Cesky Krumlov	
• Firemen's Shrovetide	Prague, plus South Bohemia	Feb.
• Prague – City of Music, Cedok's Festival	Prague	March
• Miss Czechoslovakia		April
• The Fishing Event in Bohemia	South Bohemia	May
• The Prague Cultural Summer	Prague	July/Aug.
• International Festival of Coiffure and Decorative Cosmetics	Prague	Nov.

3.4 Sports Attractions

3.4.1 Some 35% of the land area of Czechoslovakia is natural forest and there are a further 2000 sq km of cultivated parks and gardens. The principal National Parks are Tatramsky, Giant mountains, Sumava and Pieniny, which also contain the majority of the country's skiing and climbing facilities.

Skiing

3.4.2 The Giant Mountains contain the most popular ski-areas with some 23 main slopes largely developed to serve the domestic market. Much of the accommodation previously belonged to state organisations and trades unions, but about 15 of these facilities have potential to attract western tourists, providing capacity for about 3000 visitors.

3.4.3 The High Tatras are probably the best known ski areas and are readily accessible from Poprad Airport or Railway station and are within reasonable travelling distance of Prague. There is a long season from October until April and the area is served by 21 lifts and there are 4 ski jump arenas and extensive cross-country ski tracks. The most popular resorts are Strbske, Plaso, Stary, Smokovec and Tatranska Lomnica which also provide a peaceful setting for health tourism.

3.4.4 Czechoslovakia also offers an extensive network of walking and climbing attractions in all of its mountain areas. Of particular interest are the Sumava Mountains and Beskdy Mountains which offer considerable potential for expansion. CEDOK already markets walking and nature holidays and the area appears to have enormous potential for cycling holidays, although the range and quality of accommodation is in need of improvement.

3.4.5 Special golf packages are offered by CEDOK in Mariànskè Lazne and there are also courses in Karlovy Vary, Silherovice near Ostrava and Podebrady. These are of good quality and could benefit from marketing in combination with spa holidays or other activities, such as walking, as part of package.

3.4.6 Horse riding is becoming more popular, but is as yet relatively underdeveloped. One sport in which Czechoslovakia excels is tennis with a number of top ranked players. There is now a tennis schools at the Club Hotel near Prague and there is scope for expansion at other locations.

3.5 Conference and Exhibition Facilities

3.5.1 The country hosts more than 50 large events of this kind every year. The list presented below for the 1990/91 programme shows the wide variety and location of the principal trade events:

Salima – International Food Show	Brno
International Trade Fair	Brno
Olomouc Flower Show	Olomouc
Chemical Trade Fair	Bratislava
Liberec Market Show	Liberec
Pragoexpo Market Shoe	Pilsen
Gastronomy Exhibition	Pilsen
International Agricultural Show	Ceske Budejovice
International Engineering Trade Fair	Brno
Intercamera	Prague

In 1991 there were also a number of large international conferences including:

Christian Peace Conference	Prague
International Congress of Jehovahs Witnesses	Prague
I.C.C Symposium on Cereal Foods	Prague
International Conventions on various aspects of medicine	Prague/Brno

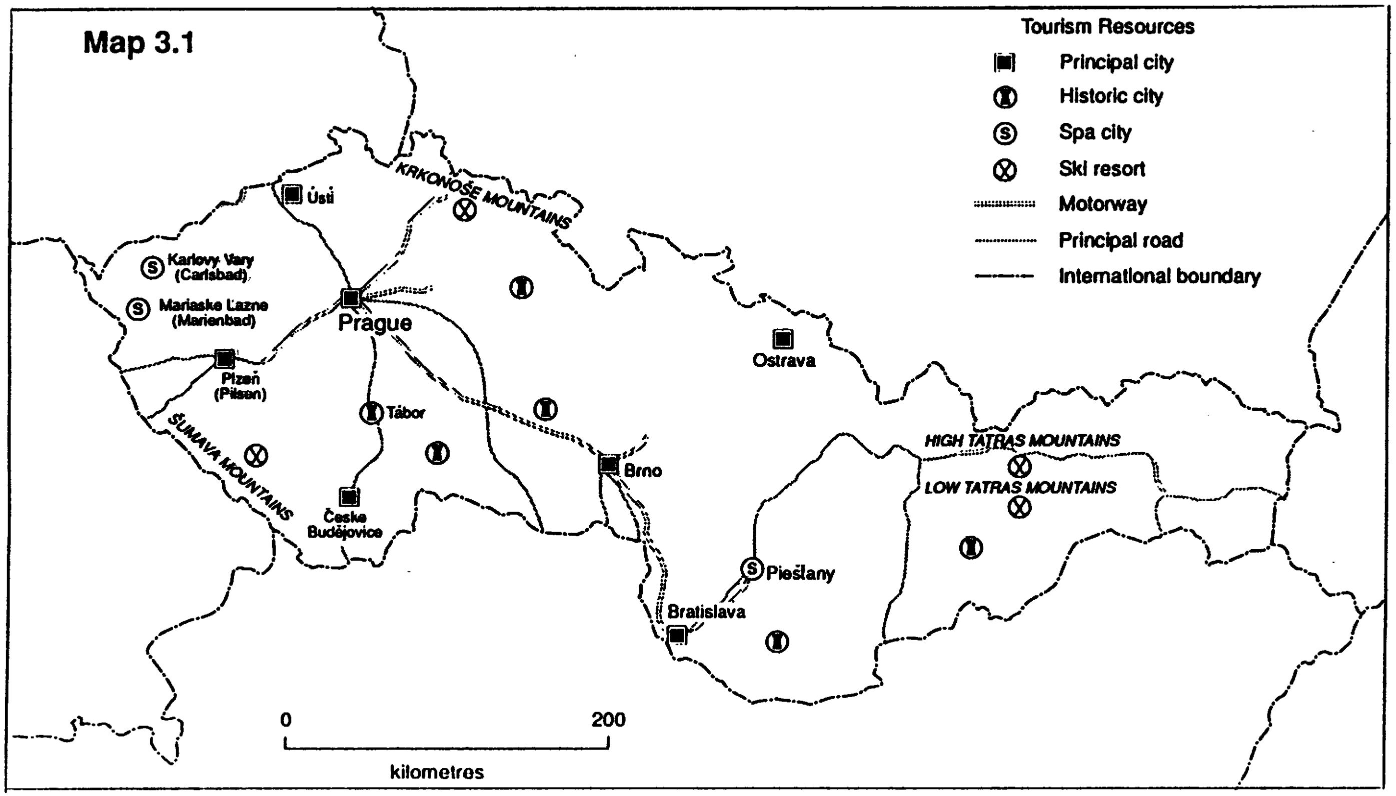
3.5.2 This rapidly expanding international programme reveals the extent to which the country is becoming integrated with its western neighbours. The conference and incentive travel market has been one of the fastest growing throughout Europe in the recent past. Prague, and other eastern European capitals can expect to benefit from this as they are regarded as fresh and unknown to many western conference organisers and participants. While this opportunity is currently available, great efforts will need to be made to ensure that the events match visitors' expectations for quality, service and efficiency.

3.5.3 Business tourism is also growing very rapidly in Czechoslovakia. (over 100 companies including IBM, General Electric, General Motors, Siemens, Unilever and many financial institutions have opened offices in the country during 1990/91). The type of tourist activities generated by business travel is extensive, from accommodation to retailing and business support services. Prague like Budapest, appears well placed to benefit from this in the short and medium term.

3.6 Support Facilities — Entertainments, Restaurants, Cafes, Bars

3.6.1 It is this area of provision and service in which Czechoslovakia's tourism resources are most deficient. Lacking capital,technology and business expertise for many years, few new facilities were developed under the Communist system. In 1988 there were an estimated 2800 catering outlets in Czechoslovakia, or about two facilities for every 1,000 inhabitants (less than half the number for the same number of people in Germany). It is not just in the number of facilities that Czechoslovakia is deficient, but also in quality. There are less than 60 first class international standard restaurants and slightly more than 100 nightclubs at the present time.

3.6.2 As with the accommodation sector current demand far outstrips supply and is indicative of the very considerable opportunities for commercial expansion which exist in Czechoslovakia's tourism industry.



PART FOUR: TOURISM ORGANISATION AND DEVELOPMENT

4.1 Organisation

4.1.1 Between 1964 and 1990, the Czechoslovak tourism industry was controlled by the Ministry of Commerce and latterly by an expanded Ministry Commerce and Tourism. The Ministry was not regarded as one of the key organisations of the State, it had limited resources and was not sufficiently positive in its programmes and policies to stimulate the industry. A broad development programme was prepared creating a system of 'Preferred Tourism Development Areas', but there was little substantive change as a result of this.

4.1.2 The move to democracy and the demand for travel by Czech citizens and foreign visitors, led to the abolition of the Coordinating Committee within the Ministry in 1990. One of the consequences of this was the cessation of regulatory activity, promotional campaigns and the ending of the collection of some valuable tourism information and statistics. A remnant of this work continues but it is generally ineffective.

4.1.3 Since 1990, new and more professional organisations have emerged and have to varying degrees taken over a number of former state functions. The most active of these organisations are the:

- Association of Czechoslovak Hotels and Restaurants
- Association of Czechoslovak Travel Bureaus
- Association of Czechoslovak Hotel/Catering Staff

However, each of these is a fledgling organisation in a rapidly changing market place and as yet their achievements have been limited and many functions remain within the Governments' bureaucratic structures.

4.1.4 At present there is no national tourism development programme in Czechoslovakia. The main priority is privatisation which is affecting all parts of the tourism sector and stimulating new actions and initiatives. It must be said, however, that while this new dynamism is to be welcomed there are inherent dangers in allowing a new system to develop in such a piecemeal fashion. Greater long-term benefits might well be obtained by encouraging organisations, companies and individuals to work within a broad development planning framework. This is particularly important in respect of marketing, investment planning, project selection and skill training.

4.1.5 Many of the businesses which are being created in the tourism sector are relatively small and some will lack the resources needed to compete effectively within the wider European holiday market. This will only be possible by producing a high quality, durable product. Bigger businesses such as hotels and larger travel agents are being sold to domestic and foreign investors and will benefit from the expertise which they will bring to these businesses.

4.2 Marketing

4.2.1 Compared to the market profile which other eastern European countries were able to achieve (Hungary in particular) Czechoslovakia did not perform well in the 1970's and 1980's. While investment was made in the production of publicity brochures, posters, films, videos and stands at the larger tourism fairs in Berlin, London and elsewhere, resources were limited. Control was exercised by a Government Committee, which also controlled the spending of the twelve state travel bureaus. There is a general view that the marketing efforts lacked flair and were not particularly effective.

4.2.2 Although the Ministry of Commerce and Tourism still exists and continues to be involved in state promotional campaigns its role is much diminished. CEDOK the largest state travel bureau still operates in major western cities and is responsible for handling over 50% of foreign visitors. This provides a sound base for future marketing efforts if it is able to reflect the changed structure of the tourism industry in Czechoslovakia and the many new products and services it can offer. Existing promotional material does not reflect this and will need to be changed.

4.2.3 Already there are moves to develop a more pro-active marketing system and this year a tourism exhibition, 'Go 91' was held in Brno and next year a major international fair, 'Holiday World' will be held in Prague. As yet there are few well established links with western operators and travel agents, but this is changing and the tourism opportunities which Czechoslovakia offers are recognised. At present there are:

- the low prices of all aspects of Czech tourism
- the high quality of its cultural and historic attractions
- the unspoiled character of both its urban and rural environments (great care will need to be taken to preserve these however as commercial pressures are built up).
- its year round tourism product and wide range of sports and activity holidays
- its proximity to the large affluent German market
- many areas are German speaking in addition to Czech and there are strong historic links with Germany
- the speed of the 'velvet revolution' was greatly admired in the west and many people wish to visit 'before' the many significant changes begin to alter its character.

4.3 Funding and Resources

4.3.1 Viewed incorrectly as a non-productive industry, tourism was previously starved of the resources needed to sustain its development. Indeed the foreign exchange and income generated by the industry was often used in other sectors and was not reinvested. Expenditures were made from the 'Tourism Fund' supported from a surcharge on the sale of foreign currencies. Used both for promotion and to assist in the development of projects, the fund's annual expenditure reached $17 million in 1989. This source of income generation for the fund is no longer possible with free exchange at market rates.

4.3.2 However, the currently strict monetary policy of the Government has reduced opportunities of obtaining funding from alternative sources. The creation of a new development fund, likely to receive approval later this year, will be sourced by the National Assets Fund which is itself the recipient of the sale of Government assets. But the calls upon the receipts from the privatisation programme are many and it appears unlikely at this stage that it will be sufficient even for tourism marketing, let alone for supporting important tourism development projects.

4.3.3 Tourism investment could be financed from equity or from commercial credits, but the markets and expertise which allow this to work well in other countries are not yet fully developed in Czechoslovakia. In this situation private capital and foreign assistance credits are much needed and are fully appreciated. Not all of this assistance is coming from Governments, for example American Express will be spending $0.5m on tourism training over the next 2 years and other funds are being made available to protect and preserve the environment and heritage. The UK Know-How Fund, EEC and USA have also indicated that tourism projects can be assisted as have EBRD and EIB, although no particular priority has been given to tourism.

4.3.4 Since 1987 the favoured method of project financing has been joint-ventures. Indeed several of the largest of these have been in the tourism sector in new hotel building, in ventures with Austrian and French companies. Up to 1990 this process was easier than it is now, due to the many problems raised recently by allowing former owners to reclaim property rights. More recent legislation, however, will allow the direct sale of assets to foreign companies and the Hyatt and other companies appear poised to take over a number of the luxury hotels in Prague and elsewhere. Travel bureaus will also become available in the near future as might Czechoslovak Airlines and other travel companies.

Yugoslavia

Contents

PART ONE: TOURISM INFRASTRUCTURE

1.1 Introduction

1.1.1 For the majority of the items covered in this section, and in subsequent sections concerning accommodation and visitor attractions, the most comprehensive and up to date sources have been used. Generally the statistics relate to 1988, although for the Republic of Croatia, which attracts by far the largest share of Yugoslavia's foreign visitors, much of the data covers the year 1989.

1.2 Airports

1.2.1 There are twenty international airports in Yugoslavia; eight in Croatia, three in Serbia and Slovenia and two in Bosnia - Hertzegovina, Macedonia and Montenegro. The two principal international airports, offering access to and from most continents are Belgrade and Zagreb. For holiday traffic four others are significant, Dubrovnik, Split, Ljublijana and Pula.

1.2.2 Twelve of the remaining fourteen are capable of handling the most modern aircraft and two, Portoroz and Losinj can only handle aircraft requiring short runways. The location of all twenty airports are shown in Map 1.1. Many areas of Yugoslavia also have short tarmac or grass runways which are used for recreation flying, although several of these and some existing military airports could be developed for tourism if new investment were forthcoming.

1.2.3 Table 1.1 provides some basic data about each airport. In general the degree of accessibility is excellent with the airport and principal destinations within close proximity.

1.2.4 There are three Yugoslavian airlines; JAT is the official federal airline and is located in Belgrade; Adria Airlines operates from Ljubljana in Slovenia and in 1990 Croatia Airlines began operating small cargo planes from Zagreb. In terms of passenger throughput more than half of the annual total of some 11 million passengers pass through airports in Croatia and there are ambitious plans between Croatia Airlines and Adria Airways to develop a new airline. This would operate on similar lines to Scandinavia Airlines (SAS).

1.2.5 Much of the tourist traffic to Yugoslavia is carried by foreign airlines and in summer the majority of the international arrivals are holiday charters. With nine airports located on or near to the Adriatic coastline, even the most remote destination is less than 100 km from an international airport. This degree of accessibility is as good as that for most of its "sun and sand" rivals in Greece, Italy and Spain. The islands such as Rab, Hvar and Korcula do not benefit from direct air access and some inland destinations including the attractive Plitvice Lakes, are relatively remote. Plans are at an advanced stage of preparation for investment in new capacity, but these now appear to be long term as a consequence of recent political events.

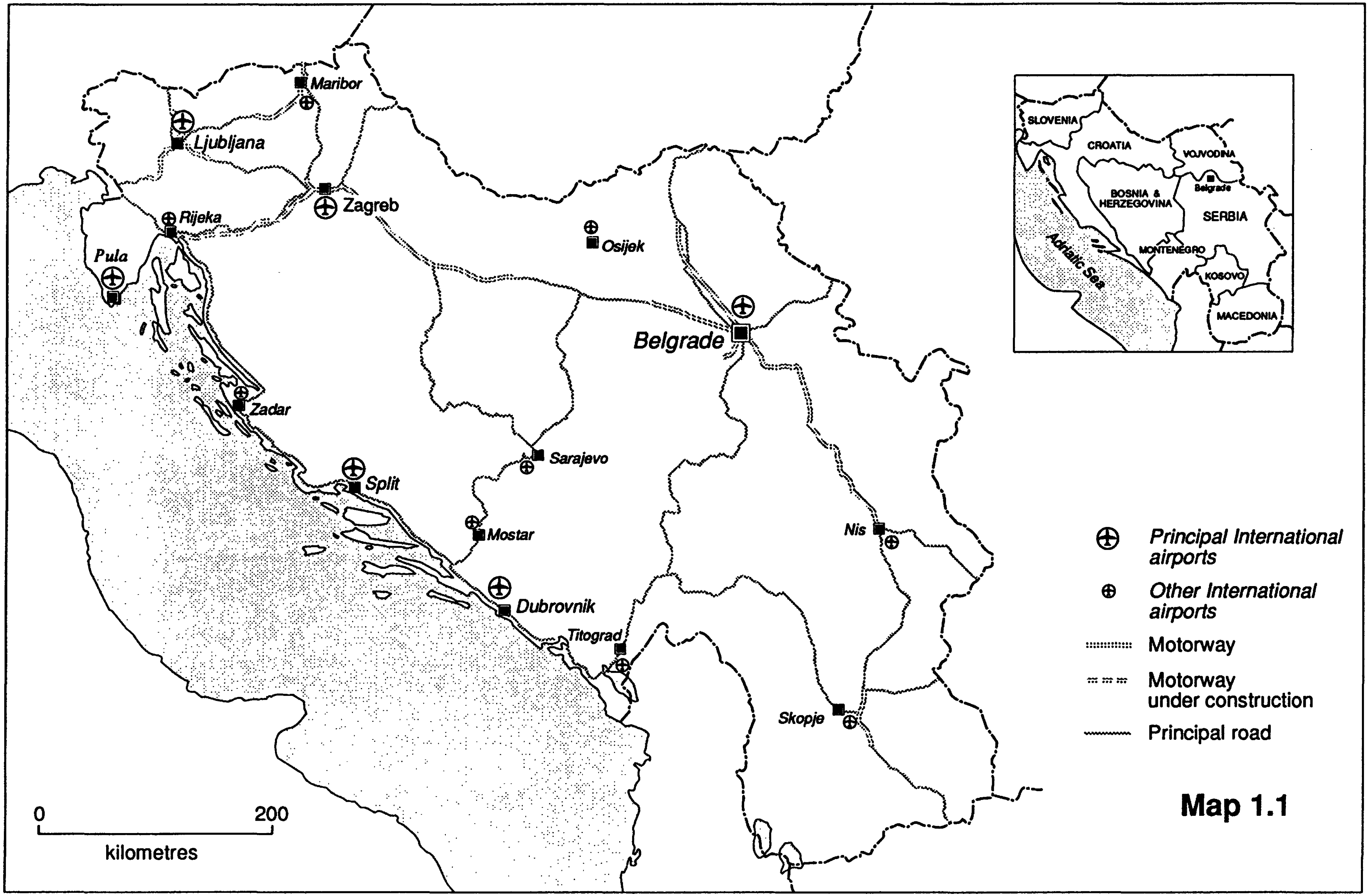
1.2.6 At present only Belgrade airport can match the range and quality of passenger facilities to be found at most international airports in western European capitals. Zagreb airport does have a programme of investment in new passenger facilities including duty free, catering and information services, but it will be some years before these are built. All the principal airports in Yugoslavia have only one main runway and one terminal building. However, they are well organised with relatively rapid ground handling and all have international standards of air traffic control.

Table 1.1 Yugoslavia Airports in 1988: Basic Data

	Airport	Location	Republic	Distance from the town centre	Total Flights*	Number of Passengers
1.	Ljubljana	Brnik	Slovenia	35 km	6,376	786,007
2.	Maribor	(Slivnica)	Slovenia	12 km	794	78,965
3.	Portoroz	(Secovlje)	Slovenia	6 km	204	4,862
4.	Zagreb	Pleso	Croatia	16 km	16,686	1,831,017
5.	Osijek	Klisa	Croatia	15 km	1,634	9,050
6.	Pula	(Loborika)	Croatia	8 km	3,999	635,494
7.	Losinj	(Cunski)	Croatia	11 km	667	10,502
8.	Rijeka	(Omisalj)	Croatia	25 km	1,385	116,259
9.	Zadar	Zemunik	Croatia	12 km	1,264	149,119
10.	Split	(Resnik)	Croatia	25 km	8,435	1,103,621
11.	Dubrovnik	Cilipi	Croatia	22 km	7,690	1,367,768
12.	Sarajevo	Butmir	Bosnia-Her.	12 km	3,004	254,532
13.	Mostar	(Rodoc)	Bosnia-Her.	5 km	857	63,112
14.	Titograd	(Golubovci)	Montenegro	14 km	1,310	188,936
15.	Tivat	Tivat	Montenegro	4 km	1,692	271,130
16.	Belgrade	Surcin	Serbia	19 km	25,399	3,294,258
17.	Nis	(Trupale)	Serbia	4 km	323	18,386
18.	Pristina	(Slatina)	Serbia	12 km	344	14,894
19.	Skopje	(Petrovec)	Macedonia	23 km	1,662	380,750
20.	Ohrid	(Struga)	Macedonia	9 km	853	124,218
						10,702,880

Sources: Statisticki bilten br. 1672 "Saobracaj i verze 1988", Savezni zavod za statistiku, Beograd 1990 (Statitistical bulletin,"Traffic and Communications", Federal Bureau of Statistics); Yugoslav Airlines Timetable 28 October 1990 - 30 March 1991; Auto atlas Jugoslavijie

• Includes cargo as well as passenger flights


Maribor
Ljubljana
Zagreb
Rijeka
Pula
Osijek
Belgrade
Zadar
Sarajevo
Split
Mostar
Nis
Dubrovnik
Titograd
Skopje
SLOVENIA
CROATIA
VOJVODINA
BOSNIA & HERZEGOVINA
Belgrade
SERBIA
Adriatic Sea
MONTENEGRO
KOSOVO
MACEDONIA
Principal International airports
Other International airports
Motorway
Motorway under construction
Principal road
0
200
kilometres

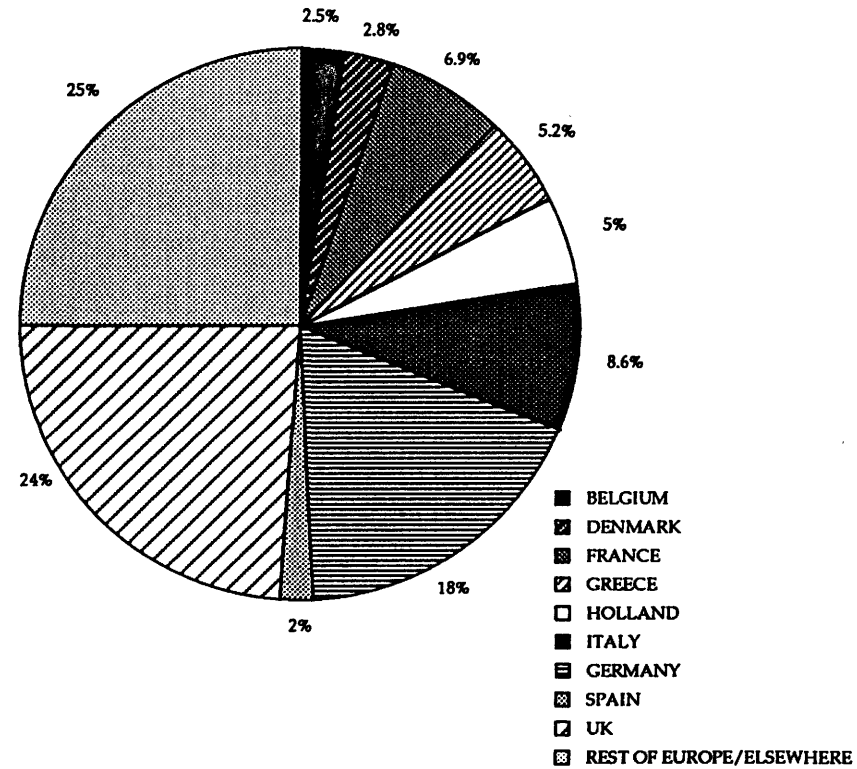
Map 1.1

1.2.7 Belgrade and Zagreb operate on a 24 hour basis and provide feeder services to other destinations within Yugoslavia. These two are well served with airport buses which give access to the central areas of the city within about 30 minutes. They are also well served by taxis, although these are relatively more expensive than public transport and cost about the same airport taxis in the west.

1.2.8 There is a marked seasonal pattern of air traffic, reflecting Yugoslavia's high level of international holiday tourism, with 62% of passengers arriving and departing in the May to September period. Of the 5.5 million passengers from western Europe arriving in Yugoslavia in 1988, 75% were from EEC countries with total traffic made up as follows in Figure 1.1.

Figure 1.1

International Arrivals at Yugoslavian Airports: 1988



1.3 Rail Services

1.3.1 There are 9,424km of rail in Yugoslavia which are normal European gauge. Unlike many western European countries Yugoslavia continued to invest in railroad construction after the end of the war. Several of these lines, including improved connections from Zagreb to Split have improved accessibility to the most popular tourist destinations. Electrification has received substantial investment, and now covers some 40% of the network and station development and improvement has continued such that more than 800 towns and cities are connected by rail of which 139 have direct international connections.

1.3.2 In 1988 Yugoslavian railways carried some 115 million passengers of which 2 million were international passengers. The principal international routes are from Austria, representing 32% of arrivals, Federal Republic of Germany 24%, Switzerland 16% and Italy 7%. Only one "inter-city" service operates on a regular basis, from Dortmund to Ljubljana. It is planned to extend this service to Zagreb in summer 1991. There are 53 services to destinations in 14 countries outside Yugoslavia each day of the year, with an additional 9 services operated in summer only. The pattern of movements is made up as follows in Table 1.2.

1.3.3 Several of these services can carry cars, including those to/from Ljubljana, Maribor, Zagreb, Tuzla, Sarajevo, Titograd, Belgrade, Nis and Skopje and to the important seaside destinations at Pula, Zadar, Split and Bar. These stations and others served by direct international connections are relatively well equipped with visitor information services and exchange bureaux.

1.3.4 It should be noted, however, that while rail travel is popular for independent travellers and students it represents only a small proportion (5%) of the total flow of tourist traffic. One of the drawbacks is the relatively slow average speed of Yugoslavian trains. Standards of accommodation and facilities are also below those achieved in the west, although services are reliable and punctual. One of the major roles played by the rail network is the carriage of Yugoslav, Greek and Turkish guest workers to and from other European countries. They are also important in bringing traffic from other countries of eastern Europe.

1.3.5 At present there are ambitious plans for improvement to the Yugoslav rail network, in particular to match the levels of speed and comfort enjoyed in other countries. The benefits of this will be principally in the transport of freight, but tourism will also benefit considerably if the programme goes ahead as planned. Map 1.2 shows the principal rail network.

Table 1.2 Daily Rail Services to International Destinations [1]

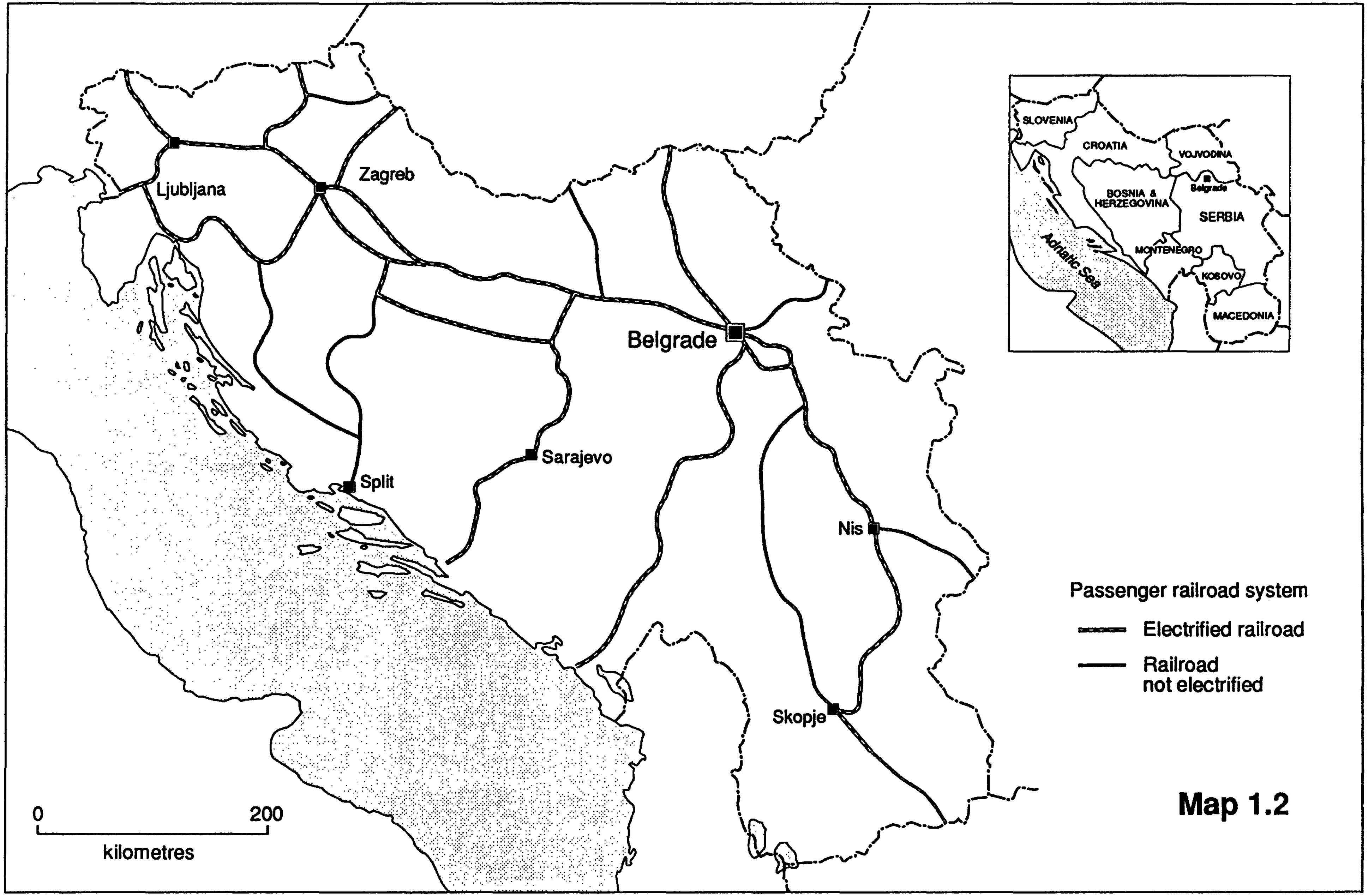
Destinations	Trains per Day*
Austria	21
Hungary	18
Italy	10
Germany	11
Czechoslovakia	6
Greece	4
Romania	3
Poland	3
Bulgaria	2
Switzerland	2
USSR	2
France	1
Turkey	1
Sweden	1

* Summer Season

1 Several services connect more than one destination, thus the total in Table 1.2 exceeds the number of actual daily services (61).

1.4 Road Access

1.4.1 The existing road system in Yugoslavia comprises 122,000 km of categorised roads, of which 60% are paved including those in the main tourist areas. The remainder, gravel or dirt roads serve only farms and remote rural areas. The quality of roads is, however, variable and average speeds are lower than in western Europe as a result of poor surfaces, maintenance and signage.



Ljubljana
Zagreb
Belgrade
Sarajevo
Split
Nis
Skopje
SLOVENIA
CROATIA
VOJVODINA
BOSNIA & HERZEGOVINA
Belgrade
SERBIA
Adriatic Sea
MONTENEGRO
KOSOVO
MACEDONIA
Passenger railroad system
Electrified railroad
Railroad not electrified
0
200
kilometres
Map 1.2

1.4.2 Motorways, dual carriageways and other fast routes connect the principal cities, although even this basic network is not complete. Where the motorway links are largely complete, for example between Zagreb – Belgrade – Nis, the quality is high. To help finance these roads, tolls are charged on all traffic and can be relatively expensive for visitors on a long North – South journey.

1.4.3 Traffic volumes in the major cities are relatively high, with an average of one car per seven people in Yugoslavia as a whole. However, the figure is much higher in the more prosperous areas of the country such as Slovenia and Croatia where the figures are 2.8 and 4.4 vehicles per person respectively. In the south and in the rural areas the roads are generally uncongested. Only in the main cities of Ljubljana, Sarajevo, Skopje, Belgrade and Zagreb do average daily traffic flows on the major roads exceed 10,000 vehicles. There is localised congestion due to volumes of traffic at weekends on the main highways to the coastal resorts in the summer period.

1.4.4 Motorway building is a national priority in Yugoslavia. Although currently limited in extent the network has been growing steadily in recent years, to a large degree dependent upon financial assistance from the EEC. Motorways currently under construction include the Zagreb-Maribor link which is part of the Nuremberg - Linz - Graz - Zagreb route This will be a boon to the large numbers of German visitors who travel by road to Yugoslavia every year. Up to now fast routes have only existed up to the Yugoslav border, for example the E70 to Triest, the E55 to Villach (where the Karavanke Tunnel is under construction) and the E59 to Maribor. It is likely that extending these principal routes will be a priority together with extensions of the E75 from Greece and new links with Budapest.

1.4.5 Compared to the western part of Europe the standards of roadside catering and other facilities are relatively poor. They are, however, well above the standards in Poland, Czechoslovakia and Bulgaria, where they scarcely exist at all. There is no shortage of cafes and petrol stations on the main road network, although it is only on the principal holiday routes and in Slovenia where good motel accommodation can be found.

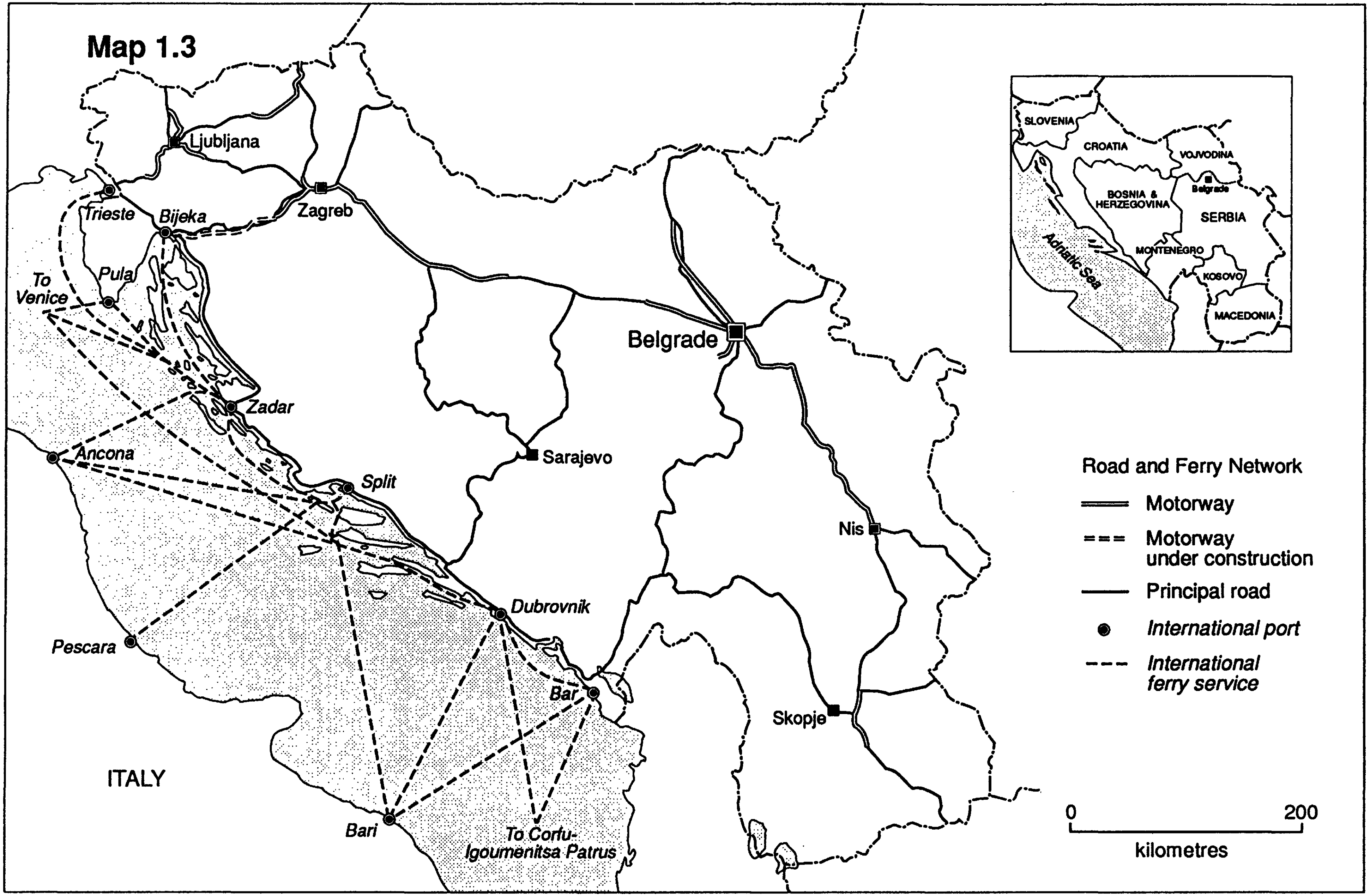
1.4.6 In Croatia both good quality roadside catering and accommodation can be found in the Plivice Lakes National Park and on the Adriatic coast. In the other republics the supply of roadside services is much more limited and standards are generally lower. All facilities are however graded, but only category "A" accommodation is likely to match the quality of accommodation and service found in the west. Foreign investment in new roadside tourist facilities is already occurring in conjunction with the expansion of the motorway network.

1.4.7 Petrol stations and repair services are readily available in most areas, only in the more remote rural areas could some difficulties be anticipated. The major motor manufacturers have marketed in Yugoslavia for many years and the dealer networks are extensive, although not all of them carry a large stock of spare parts.

1.4.8 The main road network within Yugoslavia is shown in Map 1.3.

1.5 Telecommunications

1.5.1 Yugoslavia's phone system is more extensive and more reliable than that currently available in several other eastern European countries. International phone connection is available in almost all types of accommodation throughout the country. Connection is normally fast and free from interruptions although some difficulty may be experienced in obtaining a line during high season from some of the smaller resorts and rural areas. Call-boxes also allow for international calls which can normally be made via fully automatic exchanges. The process of investment and improvement has been relatively rapid in the recent past and is likely to continue.


Map 1.3
Ljubljana
Trieste
Bijeka
Zagreb
Pula
To Venice
Zadar
Ancona
Split
Sarajevo
Belgrade
Nis
Dubrovnik
Pescara
Bar
Skopje
ITALY
Bari
To Corfu-Igoumenitsa Patrus
SLOVENIA
CROATIA
VOJVODINA
Belgrade
BOSNIA & HERZEGOVINA
SERBIA
Adriatic Sea
MONTENEGRO
KOSOVO
MACEDONIA
Road and Ferry Network
Motorway
Motorway under construction
Principal road
International port
International ferry service
0
200
kilometres

1.5.2 Telex is available in all travel agencies and in most hotels in Slovania, coastal Croatia and Montenegro and in the main cities. Elsewhere it is only in the higher standard hotels that telex will be available. Increasingly, and as a result of rapid improvement in the telephone system, fax is now a very common means of communication. At present it is likely to be available only in the larger hotels and in the most popular tourist areas, but its availability is growing rapidly.

1.5.3 Satellite communications are also increasingly common, particulary for television. At present multi-channel TV is only available in 4 and 5 star hotels, but the population as a whole has shown great interest in receiving programmes from throughout Europe and the availability of antennae is spreading very quickly and many private houses offering accommodation also have such a system.

1.6 Ports

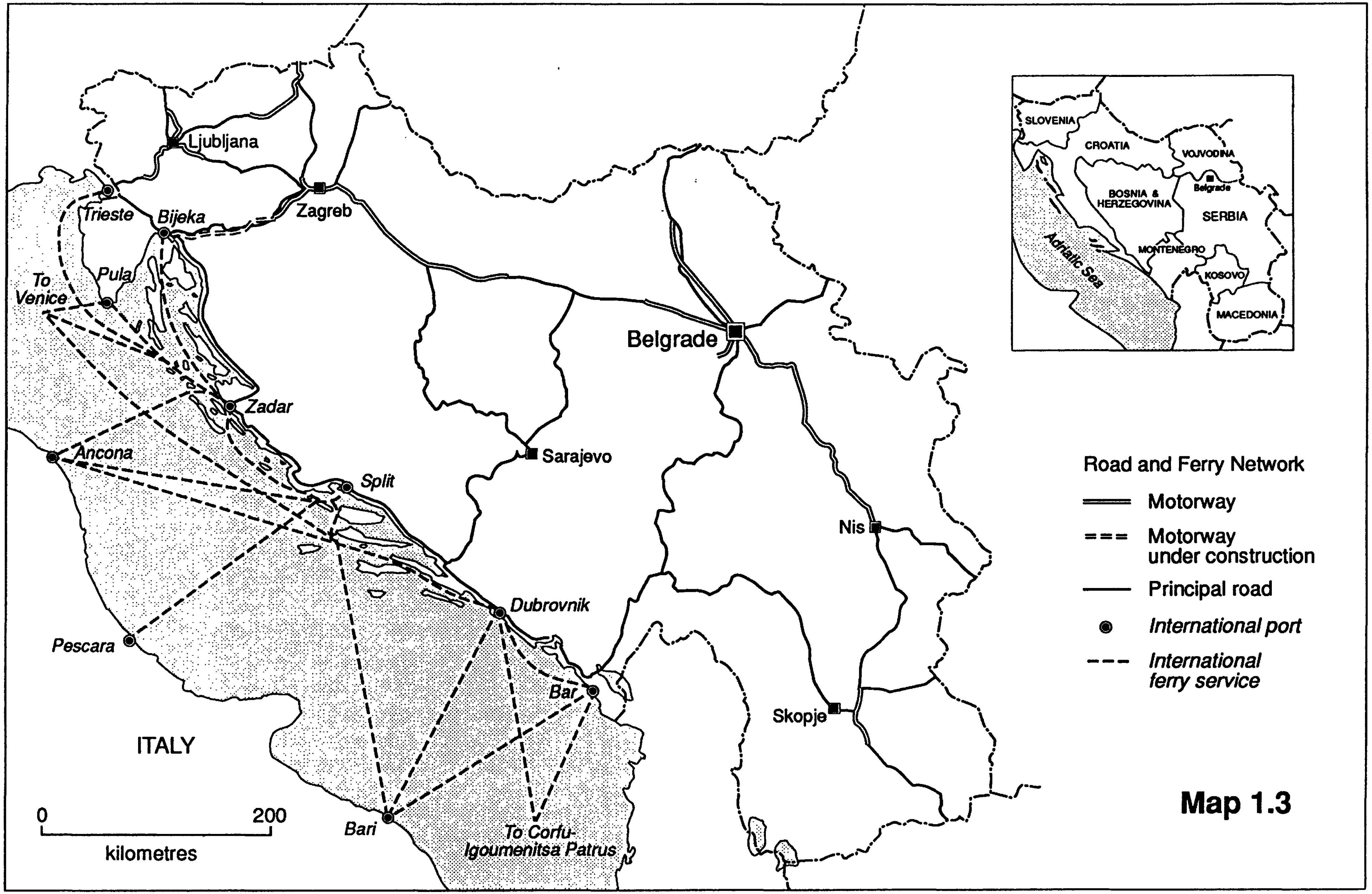
1.6.1 The Adriatic coast of Yugoslavia is one of the most popular destinations for sailing boats and motor yachts in southern Europe. At present there are 19 ports open all year round and a further five operate in summer only. They extend from Koper, Piran and Izola in Slovenia, to the popular resorts of Porec, Zadar and Split and Dubrovnic in Croatia and on to Bar and Budia in Montenegro. All of these offer harbour masters offices, and customs, where navigation licences can be obtained allowing smaller boats to land at many other smaller towns and villages along this popular holiday coast.

1.6.2 In 1990 there were 45 marina's operating in these areas, 7 more than in 1989. These are fully equipped offering fuel, mooring, repair/dry dock, restaurants, exchange offices and shops. Nautical tourism has been one of the fastest growing parts of Yugoslavian tourism in recent years and there are indications that it will continue to grow further in the next 5 - 10 years. Marina development is expensive, however, and care must be taken not to increase supply beyond anticipated demand levels or to inflict damage on the more sensitive coastal environments.

Table 1.3 International Ferries Connecting Yugoslavia with Italy and Greece (1990)

Connection	High Season Frequency	Low Season Frequency
Pula – Venice	Once a week	-
Mali Losinj – Venice	Once a week	-
Rijeka – Corfu	Twice a week	Once a week
Rijeka – Igoumenitsa	Twice a week	Once a week
Rab – Corfu	Once a week	-
Rab – Igoumenitsa	Once a week	-
Zadar – Trieste	Three times monthly	Three times monthly
Zadar – Venice	Twice a week	-
Zadar – Ancona	Daily	Three times monthly
Zadar – Bari	Once a week	Three times monthly
Zadar – Corfu	Once a week	-
Zadar – Igoumenitsa	Once a week	-
Split – Trieste	Three times monthly	-
Split – Venice	Five times weekly	-
Split – Ancona	Twice daily	Three times weekly
Split – Pescara	Daily	-
Sp;lit – Bari	Once a week	Three times monthly
Split – Corfu	Twice a week	Once a week
Split – Igoumenitsa	Twice a week	Once a week
Split – Patras	Once a week	-
Havr – Corfu	Twice a week	Once a week
Havr – Igoumenitsa	Twice a week	Once a week
Korcula – Corfu	Twice a week	Once a week
Korcula – Igoumenitsa	Twice a week	Once a week
Dubrovnik – Venice	Once a week	-
Dubrovnik – Ancona	Three times a week	-
Dubrovnik – Bari	Daily	Three times monthly
Dubrovnik – Corfu	Daily	Once a week
Dubrovnik – Igoumenitsa	Four times a week	Once a week
Dubrovnik – Patras	Three times a week	-
Bar – Bari	Four times a week	Once a week
Bar – Corfu	Once a week	
Bar – Igoumenitsa	Once a week	

Sources: Schedules of 'Jadrolinija' – Rijeka • 'Prekookeanska plovidba' – Bar • 'Adriatica di Navigazione' – Venice • and 'Strintzis Lines', Piraeus • all for 1990.


Ljubljana
Trieste
Bijeka
Zagreb
To Venice
Pula
Zadar
Ancona
Split
Sarajevo
Belgrade
Nis
Dubrovnik
Pescara
Bar
Skopje
ITALY
Bari
To Corfu-Igoumenitsa Patrus
0
200
kilometres
SLOVENIA
CROATIA
VOJVODINA
Belgrade
BOSNIA & HERZEGOVINA
SERBIA
Adriatic Sea
MONTENEGRO
KOSOVO
MACEDONIA
Road and Ferry Network
Motorway
Motorway under construction
Principal road
International port
International ferry service
Map 1.3

1.6.3 International and domestic ferry traffic is also very well developed in Yugoslavia between ports in Italy and in Greece. International ferry services link ten ports in Yugoslavia to five in Italy and three in Greece. There is also a long intra-coastal ferry service which is very popular with summer tourists and some 25 local ferry services which give good access to the more than 60 off shore holiday islands. These services are both frequent and inexpensive, but they can be crowded at peak holiday weekends. A full list of ferry services is provided in Table 1.3 and are illustrated in Map 1.4.

1.7 Origins of Visitors

1.7.1 As a consequence of its open tourism policy and lack of formal visa requirements, precise details of the origin of visitors to Yugoslavia by mode of travel are not available. At border crossings only the vehicle registration number is recorded, which can be different to the nationality of the occupants. This is particulary so on the main north – south routes which carry large numbers of Yugoslav, Greek and Turkish workers in vehicles registered in Germany, Austria and Italy. Cyclists and pedestrians are not counted at border crossings.

1.7.2 Neither are international passengers counted separately at airports, ports, bus and railway stations. Some broad level information is available for airline passengers as indicated in Figure 1.1, which reveals that the majority of UK visitors fly to Yugoslavia compared to Germans and Italians, who drive to Yugoslavia.

PART TWO: HOTELS AND ACCOMMODATION

2.1 Introduction

2.1.1 Data on accommodation facilities in Yugoslavia are provided annually and are based upon an August registration deadline with which all operating establishments must comply. This is a comprehensive data base and only a very small number of establishments would be excluded.

2.1.2 Accommodation for visitors to Yugoslavia is divided into two broad groups:

- "Basic Capacity" including hotels, pensions/boarding houses, motels, inns, holiday villages.
- "Complementary Capacity" including sanatoriums in Spa towns and health resorts, mountain huts, trade union accommodation and accommodation for youth and other organisations, private accommodation, cabins/berths on ships or trains and camping sites.

Hotels are divided into five categories, corresponding broadly with the western European 5 star system, the categories are L, A, B, C and D. Inns, boarding houses and holiday villages have a separate 3 category system as have camp sites and private accommodation. However, there is no systematic registration or recording of private rooms as many owners wish to avoid contact with official government organisations of any type.

2.1.3 Unlike other countries, either in western or eastern Europe, Yugoslavia also categorises its accommodation by area, using six broad definitions:

- Capitals of Republics
- Spas
- Seaside towns
- Mountain resorts
- Other tourist resorts
- Non- tourist areas.

Unlike the accommodation classification system, the area categorisation is rather subjective, particulary in respect of the last two categories. The number of bed spaces in each of the Basic and Complementary categories is shown in Table 2.1.

2.1.4 In total, Yugoslavia offers 1.4 million bed spaces, 25% of these are in hotels and other serviced accommodation with the remaining 75% in the Complementary category. It can be seen from Table 2.1 that the camping spaces and private room capacity is particulary important in seaside resorts, representing 83% of the total accommodation in the area and almost 50% of total bed places in the whole country. It is the "Complementary" category accommodation which has been growing most rapidly in recent years. Another recent trend has been that the owners/operators of accommodation previously closed to general visitors, such as trade union holiday centres, is being opened up to a wider market in order to solve their very pressing financial problems.

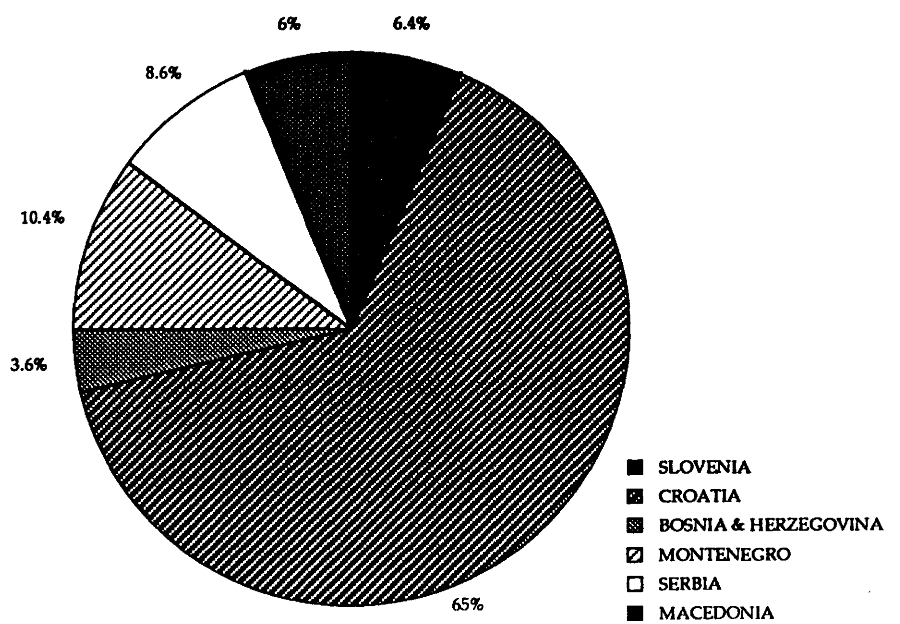
2.1.5 The distribution of accommodation (bed spaces) is also available for individual Republics. This is shown in Figure 2.1 below:

Table 2.1 Bed-spaces in Yugoslavia by Accommodation Types and Areas

Types of Accommodation	Total	Capitals	Spas	Seaside Resorts	Mountain Resorts	Other Resorts	Other Places
Total	**1,425,278**	**23,473**	**80,421**	**1,063,640**	**79,553**	**132,921**	**26,207**
Basic capacities	**358,097**	**23,473**	**16,839**	**219,438**	**32,985**	**47,108**	**18,254**
Hotels	262,409	21,343	14,555	153,222	24,859	37,388	11,042
Pensions	5,720	440	1,029	1,102	1,645	1,012	492
Motels	11,259	159	342	819	1,120	4,795	4,024
Quarters for the night	4,510	972	304	88	424	1,397	1,325
Holiday villages	70,694	352	295	63,449	4,231	1,983	384
Inns	2,280	207	125	107	572	403	866
Other	1,225	–	189	651	134	130	121
Complementary capacities	**1,067,181**	**19,063**	**63,582**	**844,202**	**46,568**	**85,813**	**7,953**
Sanatoriums in spas and health resorts	18,401	–	12,022	5,333	1,046	–	–
Mountain homes (refuge huts)	7,810	19	55	–	7,362	80	294
Union, children and youth rest houses	177,874	1,235	2,371	134,826	18,109	18,186	3,147
Camping places	371,971	4,355	7,041	318,349	11,963	27,419	2,844
Private accommodation	474,771	468	42,093	384,202	8,088	38,372	1,548
Other	16,354	12,986	–	1,492	–	1,756	120

Source: Statisticki bilten No. 1785 Ugostiteljstvo 1988.

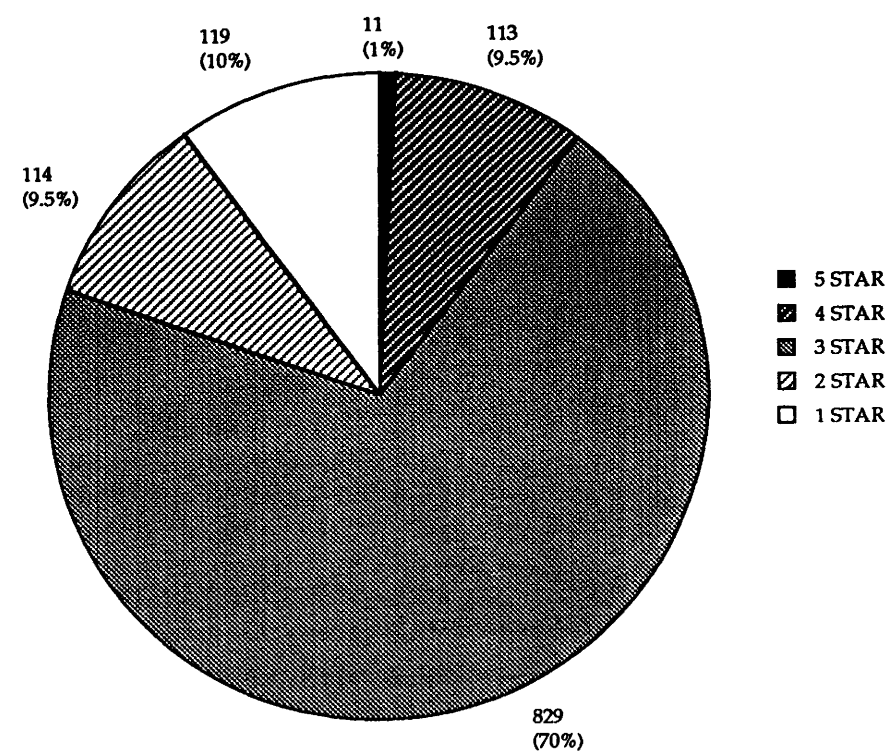
Figure 2.1
Distribution of Accommodation by Republic in Yugoslavia 1988: Bedspaces



2.2 Hotels

2.2.1 There were 1186 registered hotels in Yugoslavia in 1988. In terms of the western "five category" star system they were distributed as follows:

Figure 2.2
Distribution of Hotels by Category in Yugoslavia: 1988



The five star international hotels are all located in the major cities. Since 1988 a new Hyatt Regency Hotel has opened in Belgrade and new luxury hotels are under construction in Vecinj (Bojanalux) and Zagreb (Sheraton).

2.2.2 Generally the three and four star hotels in Yugoslavia compare favourably, in terns of standards of service and range of facilities, with western equivalents. There is variation in quality, however, and some hotels have been experiencing difficulty in securing the investment needed to maintain services and the fabric of their buildings. This is particulary true for the inland areas of the country where visitor numbers have not shown signs of growth in recent years. The general quality of other types of accommodation in this sector (Pensions, Inns, Motels and Holiday Villages) are of a high standard in the 1st category. Facilities of this type in the 2nd , 3rd and 4th categories can be inferior to those expected by western visitors. However, in the coastal regions of Croatia there are many exceptions to this problem with a range of widely acceptable accommodation available in the lower categories.

2.2.3 Over 61% of the bed space in the hotel and related category are located in coastal resorts, 25% in the cities and a further 14% in mountain resorts and spa towns. Of the total of 262,400 bed spaces is this category by far the largest number, 73%, are in hotels, with a similarly large proportion being classified as 3 star. About 60% of the accommodation is open all year, although occupancies in all types of hotels, with the exception of the international hotels in Belgrade, Zagreb and elsewhere, declines in the winter months.

2.2.4 In the hotel sector a very high proportion of rooms, over 90% have en-suite bath and toilet facilities. Over 50% have either an indoor or outdoor swimming pool, a further 70% have some other form of sports facilities, such as tennis, bowls or gymnasium.

2.2.5 Direct booking is possible for accommodation in the hotel sector, but for rooms in the private sector or in accommodation owned by organisations of various types specialist agencies must be used. Of course for private rooms most can be booked at short notice or retained through informal networks.

2.3 Private Rooms and Self Catering

2.3.1 Rooms in privately owned accommodation play an important role in Yugoslavia tourism. Because the socialist system of government did not encourage the ownership of large accommodation units by non-state organisations, many individuals took advantage of the market by offering rooms in private houses. Although it should be stated that in recent years the situation has been changing and there has been significant private investment at all levels in the accommodation sector.

2.3.2 Because the private accommodation sector was also the unofficial sector relatively little statistical information has been made available. The most recent estimates, from the Institute of Tourism, indicate that in 1988 there were 474,700 beds available in this sector, some 33% of the total of Yugoslavia's accommodation stock. The great majority of the accommodation is in the coastal regions, 81%, and 9% in spas, with the rest distributed in cities and other areas.

2.3.3 Rooms, where registered, fall into one of three categories "A" "B" and "C" based upon the ratio of rooms to bath and toilet facilities. Most foreign tourists generally use the "A" category rooms only. No detailed information is recorded regarding the seasonal availability of rooms, but as most are in the coastal areas, which has a May to October season, it can be assumed that rooms are let for this period only. Some of the larger and more popular resorts now have private accommodation booking offices which operate an efficient marketing service. Only between July 15th and August 31st (Italian Ferragosto) is it likely that all rooms in the more popular resorts will be fully booked.

2.3.4 As many visitors use the same accommodation year after year, some owners do not register their rooms or attempt to market them. Considerable potential exists to improve the efficiency of this system. Firstly, visitors could be provided with a better service if the grading system were formalised and a register made available in booking offices in more tourist centres. Secondly, many households could benefit directly from tourism by making rooms available and marketing them through a local agency.

2.4 Camp Sites

2.4.1 Like the private room sector the supply of camp sites plays a vital role in Yugoslavian Tourism and are much more important than in most "sea and sand" destinations like Spain or Portugal. There are places for 373,000 visitors on registered camp sites in Yugoslavia, 26% of the total stock of accommodation. To an extent the large number of camp sites represents the lack of investment in, and availability of, rooms in hotels etc. Many of the camp sites have, traditionally, operated on a private basis and are well run and appear reasonably profitable.

2.4.2 Almost 86% of camp sites are located in the coastal areas, with only 3.2% in mountain resorts. The season is very short with 80% of camp site users arriving in July and August. The range of facilities offered to visitors varies considerably, but about 25% have tennis courts or volleyball courts, 55% have supermarkets and 50% have exchange facilities. Power for individual units is generally available on the larger better equipped sites, about 12% of the total number. Some advance booking at camp sites is possible (69% have telephone/telex/fax facilities).

2.4.3 Many camp sites are located on or close to the beach. In the past the lack of controls on nudists made Yugoslavia a very popular destination, free from any religions or other organisations likely to be offended by them. Many camp sites exist solely to cater for those groups. There is some concern at the previously rapid spread of camp sites and their environmental impact and current policy is to reduce provision in some of the more attractive and environmentally sensitive areas and to upgrade the quality of facilities at others. Restrictions are now in force to prevent further development, both to secure more labour intensive forms of built accommodation and to reduce pressure on land on the coast. This is being strictly enforced particulary on the offshore islands.

2.5 Holiday Villages

2.5.1 For registration and statistical purposes holiday villages in Yugoslavia are known as "tourist settlements" and are included in the same accommodation category as hotels, motels and pensions. Indeed many settlements differ from hotels only in that the accommodation is in small units and physically separated from any central/common facilities.

2.5.2 There are also a growing number of "time-share" developments, although these are part of international apartment groups and direct sales, as encountered in Mediterranean resorts, do not currently exist. A limiting factor in the past has been the restriction on the ownership of property by foreigners. This was, however abolished in Croatia and Slovenia in 1990 and was to be extended to Bosnia - Herzogovina this year. In spite of these changes there are still some constraints on foreign ownership of property and as the legal picture is not entirely clear it has discouraged investment.

2.5.3 Bed space in holiday villages totalled 70,700 in 1988 in three categories as follows:

Category 1	–	International Standard – 53%
Category 2	–	Equivalent to 1 – 2 star Hotels – 40%
Category 3	–	Generally not up to standards required by international visitors – 7%

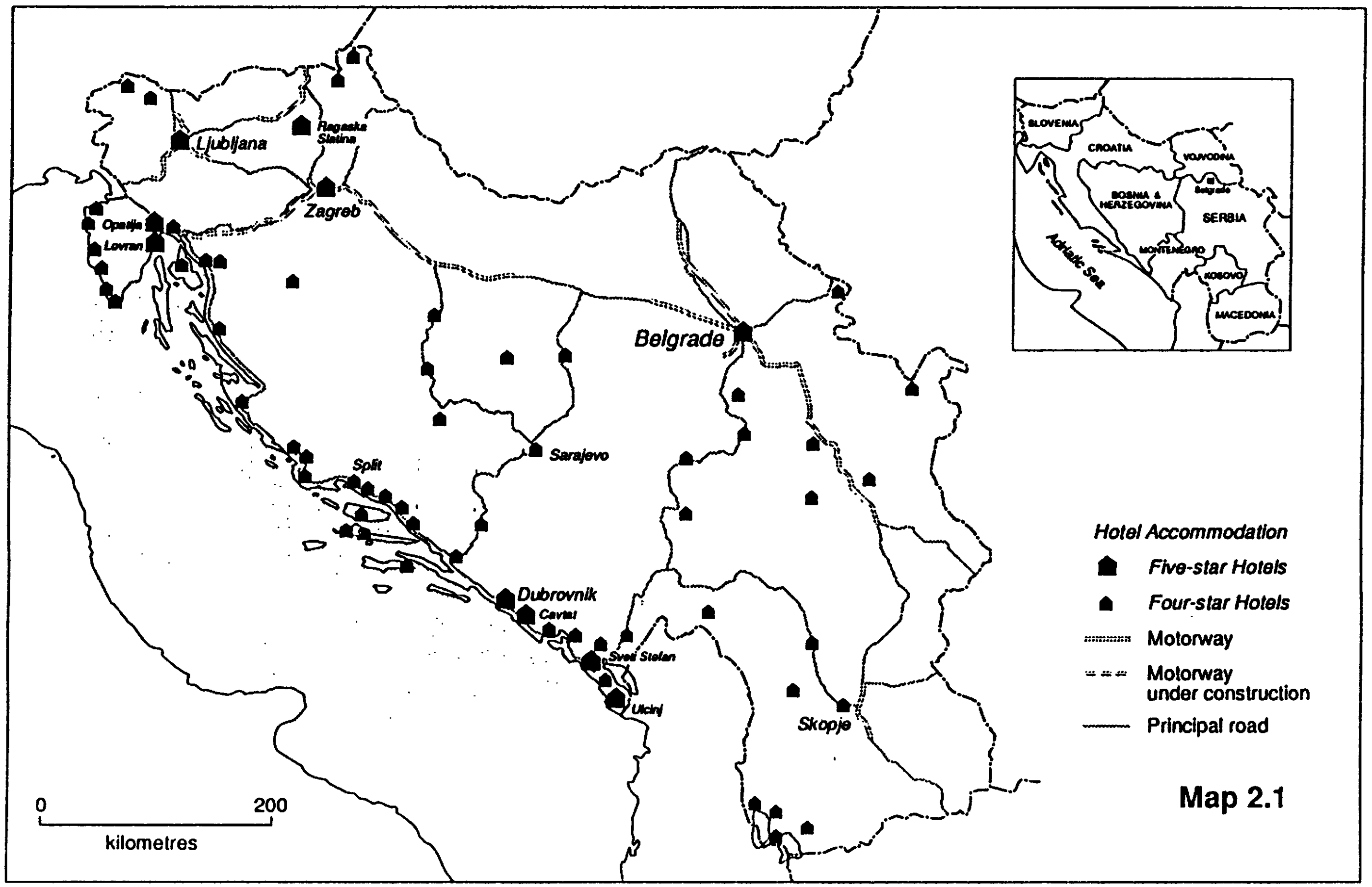
The largest proportion of the accommodation, 90% is located in coastal resorts, with 6% in mountain resorts and the remainder in the cities and spa's 3.6% and 0.4% respectively. Accommodation in settlements are marketed in the same way as rooms in hotels.

2.5.4 Yugoslavians themselves also appreciate the attraction of the Adriatic coast for holidays and some major developments have been undertaken in recent years and sold to Yugoslavians as second homes. Some of these may be made available for rent, but there is no reliable statistical data on this.

2.6 Closed Accommodation – (Union rest-houses and facilities for children and youth groups)

2.6.1 Many of these facilities were constructed in the first flush of communism between 1946 and 1964 and pre-empted many of the most attractive locations. This accommodation continues only to be available to union or group members and, until recently, it was not possible for them legally to rent to others on a commercial basis. However, many of the organisations owning these facilities are looking for capital to improve their facilities from private partners and to foreign visitors to provide much needed revenues. New laws permit them to operate in this way.

2.6.2 The quality of the facilities is variable and there is no grading system. Generally, as a result of lack of capital for investment and improvement in recent years, the majority of these facilities are in poor condition. In total these facilities can accommodate over 177,000 people and most, 76% are in the coastal regions, although more than 10% are in mountain resorts and provide opportunities for developing Yugoslavia's winter sports provision.



Map 2.1

PART THREE: ATTRACTIONS

3.1 Natural Resources

3.1.1 Yugoslavia possesses some of the most varied and attractive natural habitats in the whole of Europe:

Adriatic Coast: There are more than 6,000 km of Mediterranean type coastline in Yugoslavia, including 725 offshore islands. It is the most indented in Europe with the exception of Norway and because of its hot sunny summers it has great attraction for tourists. The most attractive and environmentally sensitive areas have been designated as National Parks including the Brioni Islands (ex summer palace of president Tito) Kornati Islands, and Mejet an island of lakes and unspoiled Mediterranean forest.

Mountains: These cover much of the central part of Yugoslavia. In the north they are part of the Alpine system, the Dynaric system in the centre and Carpathians, Balkan and Sara-Pindos systems in the south. The latter are all limestone and offer spectacular gorges and caves such as those at Postojna and Skocjan which are a listed World Heritage Site. The lake system in the Plitvice National Park and the Tara River canyon are also World Heritage Sites (the latter being the largest in Europe). Unspoiled natural forests exist in the Perucica and Sutjeska National Parks.

Plains (Panonnian - Peripannonian Natural Environment): While less attractive to tourists than the coastal and mountain areas the northern part of Yugoslavia offers some important natural attractions. These include bird reserves and natural swamps (Kapaki rit rear Osijek and Lanjsko polje near Sisak) as well as sandy arid areas (Deliblatska Pescara between Pancevo and Ursac).

3.2 Cultural Heritage

3.2.1 The complex mix of language, ethnic, religious and cultural groups is both a strength, viewed in tourism terms, but a great weakness in relation to its effects upon political stability. Yugoslavia encompasses groups with very different heritage and traditions including minority groups of Muslims, Albanians, Turks and Slovaks in addition to each of the national groups in the Republics; Serbs, Croats, Slovenians, Macedonians and Montenegrans. There are three official languages Serbian, Macedonian and Croatian (although this has two official variants). Croatians, Muslims, Slovenians, Hungarians, Slovaks and Rumanians use the Latin Alphabet, but Serbians, Montenegrans and Macedonians the Cyrillic Alphabet.

3.2.2 The north of the country, Slovania, has a strong Austrian cultural influence whilst Croatia exhibits a mixture of Austrian - Hungarian, Italian and some limited Turkish influence. Serbians, Montenegrans and Macedonians exhibit the traditional Slavic culture with both strong Greek and Turkish influences. This rich mixture feeds through into art, architecture, festivals and cuisines, all of which offer a variety of experiences for the tourist. The principal examples of these are listed in the following sections.

3.3 Historic and Cultural Attractions

3.3.1 Four cultural sites in Yugoslavia are included on the "World Heritage List" in addition to the natural habitats referred to in section 3.1. The sites are; the old city of Dubrovnik, Stari Ras and Sopocani Monastery, the historical part of Split and Palace of Diokletian and the Studenica Monastery.

3.3.2 Throughout Yugoslavia there are numerous archaeological attractions from all periods. Amongst many possible sites which could be included on a comprehensive list of such attractions, the following are some of the most notable:

Prehistory	-	at Krapina, Butmir, Vucedol and Vinca
Greek	-	Issa on the island of Vis and Stobi
Roman	-	Pula, Diokletian Palace, Stobi and Split
Early Christian	-	Euphrasian basilica in Porec
Byzantine-Macedonian	-	St Sofia Basilica in Ohrid and St Panteleimon Church rear Skopje
Gothic	-	Parish churches Ptuj and Kranj, Cathedral in Karcula, Princes Palace in Dubrovnik and Cathedrals in Trogir and Sibenik
Islamic	-	Ghazi Husrev Mosque in Sarajevo, Aladza Mosque in Foca, Sinan pasa Mosque in Prizren
Renaissance	-	St Jacob Cathedral in Sibenik and Trogir Cathedral
Baroque	-	Ljubljana old town, St Blasius Cathedral Dubrovnik, St Maria Church in Belec and Dornava Castle at Ptuj
19th Century	-	Zagreb Cathedral, Trakoscan Castle and Sarajevo Townhall

3.3.3 Significantly many of the most important cultural attractions are also located in the coastal zone, offering summer visitors a range of alternative attractions, but also an opportunity for building a strong cultural tourism industry in the low season and shoulder months. At present it is not known how many tourists visit Yugoslavia for cultural visits only, but the growing number of visitors to churches, sites of antiquity and to galleries and other cultural attractions testifies to the growing popularity and potential of this sector of the market. At present some of the most attractive sites, for example the Studencia Monastery and Sopocani Monastery are also the most remote and perhaps offer opportunities for some low impact tourism development in these areas.

3.4 Festivals and Events

Trade Fairs

3.4.1 The largest trade fair in Yugoslavia is the annual International Fair in Zagreb, which takes place over a nine day period in September. In addition there are a series of fairs dealing with specific sectors such as books, nautical tourism/ sailing, agriculture etc. these attract a growing number of business visitors from all over the world.

Theatre Festivals

3.4.2 In the "arts" domain the most well known events are the Belgrade International Theatre Festival and the Dubrovnik Summer Festival. Last year (1990) the Belgrade festival attracted some 15,000 international visitors and a slightly lower number were attracted to Dubrovnik. Other more modest festivals are held in the summer in Split, Zada and Ohrid. An international poetry festival is held each year in Struske.

Music

3.4.3 In the music field, Zagreb hosts a biennial and Belgrade an annual event, attracting 20,000 and 13,000 international visitors respectively. Other important events include Baroque Concert programmes in Varazdin and Ljubljana and a jazz festival in Belgrade. A well attended and internationally known folk music festival is held in Zagreb in August; in recent years this has become the largest such event in Europe.

Film Festivals

3.4.4 An international film "FEST" is held annually in Belgrade at the beginning of the year (attracting some 200,000 visitors) and a film festival, the Yugoslav Oscar, takes place in Pula every August.

Other Events and Organisation

3.4.5 Other events unique to Yugoslavia which also have significant appeal to western visitors are the "Knights Sports Events" with jousting and an event featuring fighting bulls on the Grmec Mountain in western Bosnia.

3.4.6 The largest events are run by special committees or companies, while the smaller events are usually organised by local authorities. Sponsorship is often necessary from companies to ensure that the larger events actually take place, but there appears to be some potential to introduce more business planning and commercial skills into the organising groups.

3.5 Sports and Leisure Facilities

3.5.1 Possibilities for water sports exist at almost all of the larger coastal resorts, towns and villages. In those where there are marinas it is possible to rent yachts, windsurfers, water ski equipment etc. Inland lakes at Ohrid and Prespa are also used for water sports; lake Skadarska jezero is within a National Park and is thus protected from such use. Indoor and outdoor pools exist in most of the larger towns and in the country's many spa's. Canoeing is popular in Yugoslavia where there are many opportunities for all grades on the Soca, Kuppa and Tara Rivers. Rafting down the Tara River canyon is a growing sport attracting many international visitors.

3.5.2 At present, international winter sports tourism is important only in Slovenia. The principal centre is at Krajska Gora, where in 1988 there were some 267,000 foreign visitor nights. Other areas currently less developed are Pohorjc Mountain rear Maribor and Kamin rear the Italian border. Outside Slovenia the major resort is located at Sarajevo in Bosnia - Herzogovina, where the 1984 Winter Olympics were held, but this area attracts fewer foreign visitor nights with the predominant visitors flows coming from Greece. Other small centres cater for domestic visitors. Considerable potential exists for development of winter sports in Yugoslavia, particularly in view of the current pressure on Alpine resorts and the probability of rapidly growing demand from the newly democratised countries of eastern Europe. However, considerable new investment is needed in all visitor facilities and infrastructure.

3.5.3 The Yugoslav mountains also offer excellent possibilities for walking and climbing. At present it is only developed as an important tourism actively in Slovenia and Croatia. The Julian Alps in the Triglav National Park, Slovenia, offer the best climbing and there are opportunities at other National Parks in Croatia, Montenegro and Bosnia - Herzogovina. In these last two areas the provision of mountain huts, marked trails/routes and other facilities is not well developed.

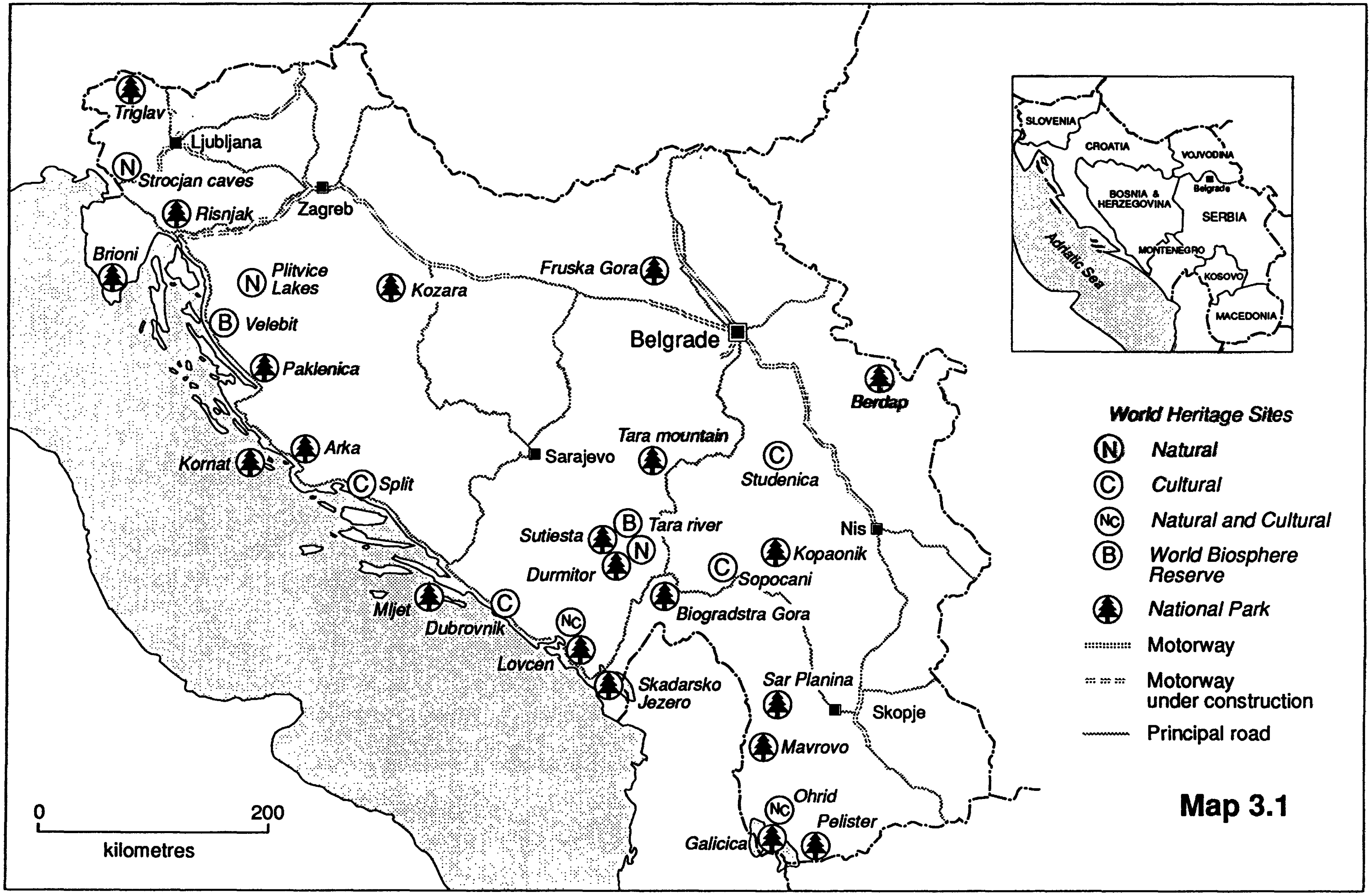
3.5.4 Horse riding is not a popular or well developed tourist activity in Yugoslavia, although there is both a long tradition and opportunity for horse riding. Yugoslavia has one of the most famous horse herds - the Lippizaner - at Lipica near Sezana in Slovenia. Other opportunities exist in Croatia at Dakovo and at Zobnatica near Belgrade.

3.5.5 There are only two golf course in Yugoslavia, at Bled in Slovenia and on the Brioni Islands National Park in Croatia. As with other major tourism resorts developments in Mediterranean countries, there are plans for new golf and equestrian facilities to be provided as part of a new resort at Mokrici Castle near Zagreb.

3.6 Supporting Infrastructure - Restaurants, Cafes and Bars

3.6.1 Yugoslavia has an excellent supply of catering outlets, particulary in the cities and in the coastal resorts. In 1988 they were estimated to number almost 40,000 separate units capable of accommodating some 3 million customers. Of this total 36% of the capacity is in hotels with the remainder in smaller establishments including restaurants, buffets, inns etc. Even snack bars, and taverns in Yugoslavia are generally of good quality, matching those in other tourist destinations elsewhere in Europe.

3.6.2 With such large numbers of outlets there is something to match almost every taste and budget and consequently the quality of restaurants and cafes varies considerably. A good guide to the quality of a restaurant within a hotel is provided by its general classification. The availability and quality of restaurants in inland tourist areas, in the mountains and in more remote areas in the south and east of the country are generally limited. The cuisines reflect the ethnic make up of the area to a considerable extent, with Turkish, Italian, Austrian and Hungarian foods to be found. Because catering offered one of the few ways of operating a commercial venture in Yugoslavia, it attracted many talented and enterprising people (many of whom had worked outside the country) and consequently standards are high. This prompted generally high standards in all sectors.



Triglav
Ljubljana
Strocjan caves
Risnjak
Zagreb
Brioni
Plitvice Lakes
Kozara
Fruska Gora
Velebit
Belgrade
Paklenica
Berdap
Arka
Kornat
Split
Sarajevo
Tara mountain
Studenica
Sutiesta
Tara river
Nis
Durmitor
Kopaonik
Sopocani
Mljet
Dubrovnik
Biogradstra Gora
Lovcen
Skadarsko Jezero
Sar Planina
Skopje
Mavrovo
Ohrid
Pelister
Galicica
0
200
kilometres
SLOVENIA
CROATIA
VOJVODINA
BOSNIA & HERZEGOVINA
Belgrade
SERBIA
Adriatic Sea
MONTENEGRO
KOSOVO
MACEDONIA
World Heritage Sites
Natural
Cultural
Natural and Cultural
World Biosphere Reserve
National Park
Motorway
Motorway under construction
Principal road

Map 3.1

PART FOUR: TOURISM ORGANISATION, MARKETING AND DEVELOPMENT

4.1 Tourism Organisation and Administration

4.1.1 The federal tourism organisation is the Yugoslav National Tourist Office (Turisticki savez Jugoslaije). Also operating at the national level are the Association of Tourist and Catering Companies (Udruzenje Turisticke privrede Jugoslavije). The former Tourism Ministry is now incorporated into the Ministry of Trade. In addition each republic has its own "Tourism Office" and committees for establishing development policies for tourism.

4.1.2 The principal task of the National Tourist Office is marketing and promotion and has exclusive rights to advertise Yugoslavia in foreign countries. In the recent past, however, much of its financial support has come from Croatia via the tourism tax system. Because Croatia has the major share of the country's tourism, 81% of visitor nights, it contributes the largest share of tourism tax receipts, 63% in 1988. As a consequence the Croatian government is keen to exert more direct control over the N.T.O. and with the support of Slovenia, the other major contributor, may try to develop their own identity in overseas marketing. Croatia now has its own Ministry for Tourism.

4.1.3 The private sector involvement in tourism has been growing in Yugoslavia for many years and has accelerated considerably in the late 1980's and early 1990's. Not only are many small catering outlets, pensions and motels in private ownership, there are many small private travel agencies. At present there is no organisation representing the owners of accommodation at either the National or Republic level.

4.1.4 In Croatia and Slovenia both private and public tourist companies are taxed on the same basis and moves towards privatisation of the whole tourist sector are well advanced. Implementation has been, and is likely to continue to be, deferred for some time until the political situation becomes clearer. Whatever the outcome it is unlikely that arrangements will return to anything like the previous system and most probably will be run directly by the Republics.

4.1.5 At present 75% of organised visitors to Yugoslavia book through travel agents in their own country and most of the remainder directly through Yugoslavia travel agents. (Source Institute of Tourism - TOMAS survey 1987). However, only 36% of tourists came as part of organised groups and most of these are from the UK. The proportion of organised tours has been falling in recent years, further emphasising Yugoslavia's tradition as a destination for the independent traveller.

4.2 Tourism Information

4.2.1 Compared to other socialist countries tourism information services in Yugoslavia are very good and available in all of the main tourist resorts and in the cities. These offices also provide an accommodation service for hotels and increasingly for private rooms. Material available covers maps and plans, walking guides and information on key attractions and support services. In some of the less frequently visited areas information is less readily available and may only be orientated to the domestic tourism market.

4.3 Tourism Development

4.3.1 There is no national framework or development programme for the tourism sector. Croatia had previously prepared a plan for the Republic, which was being considered by the Federal Authorities, possibly as a basis for a "National Plan". The proposals drawn up in 1985 by the Zagreb based Institute of Tourism had six basis components as follows:

- Intensification of tourism in key locations by better utilisation of existing facilities and growth in average tourist expenditure
- New developments largely in existing tourist areas
- Development of Nautical Tourism
- Development of initiatives to increase benefits from "Transit Tourism"
- A programme of comprehensive privatisation of tourism activities
- Joint - ventures and investment by foreign operators and developers.

4.3.2 More recently the programmes prepared to guide the medium to long term development of Croatia's economy also involved proposals for the Tourism sector which recognised the changing requirements of visitors, the importance of marketing and environmental protection. When current political problems are settled it is likely that such a framework will be adopted. A new tourism law had been prepared in draft form by the Croatian government and is based upon the Austrian model. This attempts to promote small group and family tourism, low impact and environmentally friendly tourism at the expense of mass tourism.

4.3.3 There will be no development programme at the Federal level because of the severity of recent political events.

4.4 Marketing

4.4.1 There is a tendency for specialisation amongst tourist companies, for example nautical tourism, canoeing/kayaking and for hunting. The best known travel agencies are Yugotours operating from Belgrade and Inatours in Zagreb. These are still part of the state sector although their financial structure is complex; Inatours for example is owned in part by the state Petrochemicals company INA at present. Several of the largest travel agencies operating in Yugoslavia only, such as Kampas and Globtour etc, also own hotels, operate as tour guides and operate their own transport fleets.

4.4.2 When the current political problems are solved, the marketing challenge of restoring Yugoslavia's international image will be enormous. There has been a catastrophic decline in tourism to Yugoslavia in 1991 with tourists and tourism incomes down to 20% of their previous level. In the coming years the marketing campaigns will focus on Yugoslavia's competitive advantages - proximity to large concentrations of population in Germany, Austria and Italy - excellent provision for quality sun and sand holidays and potential for winter sports, sailing, adventure sports and for cultural tourism.

4.5 Funding

4.5.1 The tourism tax receipts have traditionally been handled by the federal authorities who have used the industry as a "milk-cow" for foreign exchange, with only a limited amount of cash going back as investment to the industry. The high administrative costs of the federal, centrally planned socialist system were one cause of this. Also the exchange rates offered for foreign currency by the Federal authorities were very poor, thereby further restricting the amounts of investment finance available.

4.5.2 Both Slovenia and Croatia have established favourable legal frameworks for attracting foreign investment and there were signs of considerable interest in all branches of tourism. However the recent political events have meant that this possibility, has for the short term at least, completely disappeared. One other consequence is that there have been attempts by some foreign investors to exploit the situation and to acquire interests in property or travel companies at knock-down costs and special groups have been established to counter this.

Bulgaria

Contents

PART ONE: TOURISM INFRASTRUCTURE

1.1 Airports and Air Services

1.1.1 The five principal airports serving international scheduled and chartered flights are located at:

Sofia
Varna
Bourgas
Vidin
Plovdiv

In addition 'Balkan' Bulgarian Airlines (the national carrier) operates a regular internal network of routes to Silistra, Ruse, Veliko Tarnovo, Targoviste and Kardzali. Stara Zagara is also used for a number of charter flights.

1.1.2 Balkan Airlines operate direct flights to and from seventeen European cities and offer frequent services to ten destinations in Africa and the Middle East. There are also frequent services to Moscow, Leningrad, Tibilisi and Tashkent. Sofia is the principal airport for all scheduled flights to Bulgaria, with holiday charters (Balkan Airlines and Western Travel Operators) providing services to the Black Sea resorts via Bourgas and Varna.

1.1.3 Throughout the 1980s the proportion of Bulgaria's foreign visitors arriving by air remained remarkably constant at about 12%, although the most recent figures (1990) reveal a decline to about 7%. This can be explained, to an extent, by the reductions in the summer visitors from western and northern Europe, as well as a lower volume of visitors from Czechoslovakia and Poland. In total this amounted to a reduction of over 50,000 visitors (10%) between 1989 and 1990.

1.1.4 About 55% of all Bulgaria's visitors arriving by air are from the west. Some 50% of foreign visitors arrive during the third quarter, July to September. although business, incentive and winter sports tourism has resulted in an increase in flights at other times of the year.

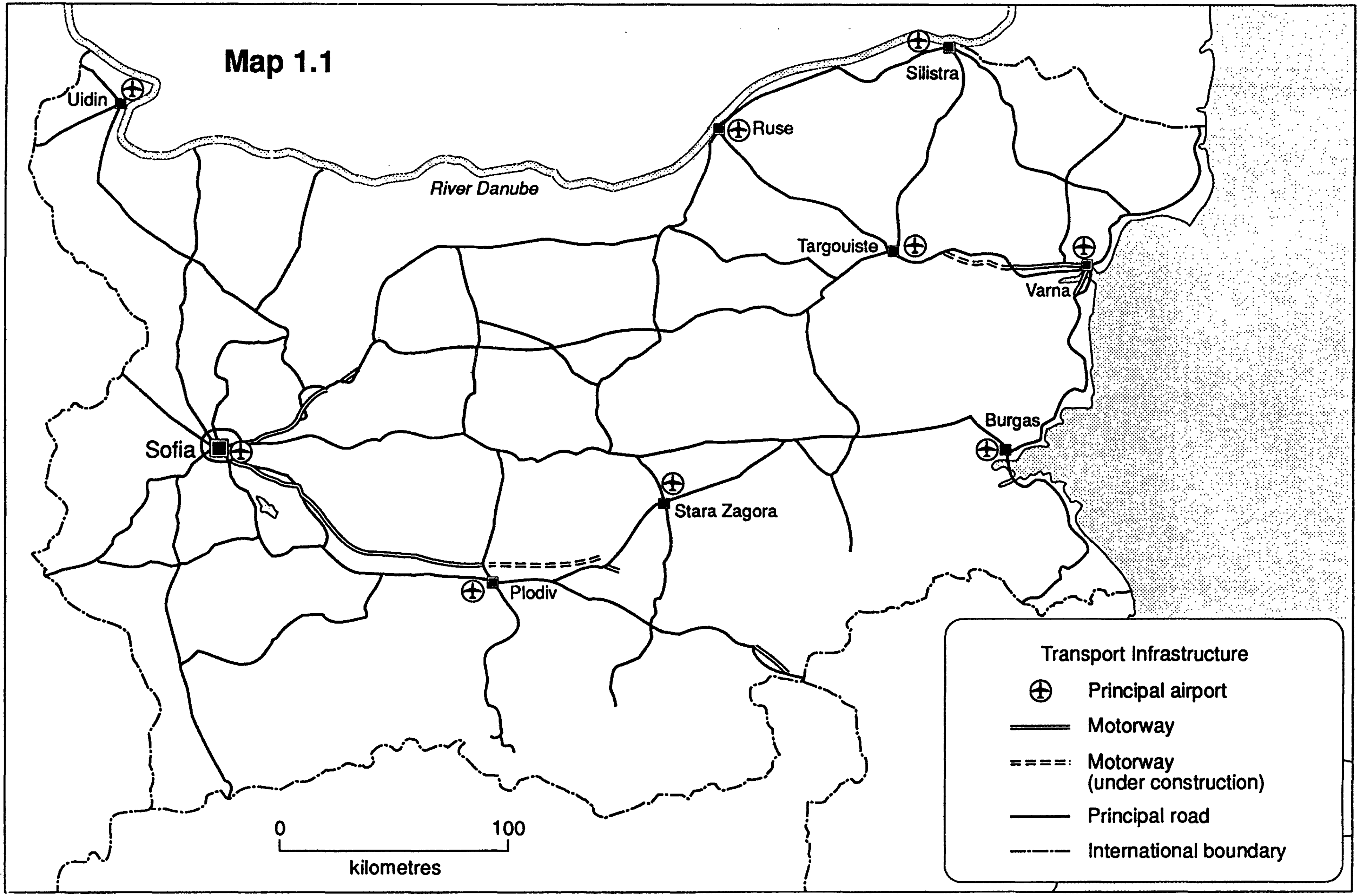
1.1.5 Civil aviation in Bulgaria is overseen by the Ministry of Transport, which controls 12 separate companies, via the Civil Aviation Management Board. In addition to Balkan Airlines there are separate state companies for helicopter services, freight services, ground handling, maintenance and several new joint venture companies have recently been established including:

'Jess Air'	–	Joint Bulgarian/Singapore Venture
'East-West European'	–	Joint Bulgarian/Austrian Venture
'Informatika'	–	Joint Bulgarian/Soviet Venture
'Siji Air Cargo'	–	Joint Bulgarian/Italian Venture

Also there are new joint stock companies providing short tourist sightseeing flights, sky diving opportunities and freight and baggage handling services.

1.1.6 Air service support and passenger facilities are adequate at the main tourist airports (Sofia and Black Sea). Compared to similar sized airports in the west, levels of passenger comfort and convenience are not of a high standard. There are, however, few long term capacity constraints and there is considerable scope for future expansion and quality improvements. Indeed it is a priority of the Committee for Tourism to implement the development of new terminals at Sofia and Plovdiv, with runway and other improvements at Varna and Bourgas.

1.1.7 Sofia Airport is located 10km to the east of the city and surface links to the centre are fast frequent and extremely cheap, either by public transport or taxi. The locations of Bulgaria's airports are shown on Map 1.1.


Map 1.1
Uidin
Silistra
Ruse
River Danube
Targouiste
Varna
Sofia
Burgas
Stara Zagora
Plodiv
0
100
kilometres
Transport Infrastructure
Principal airport
Motorway
Motorway
(under construction)
Principal road
International boundary

1.2 Road Services

1.2.1 Unlike the decline in the proportion of airline arrivals, the proportion of tourists reaching Bulgaria by road went up substantially from 77% to 83% between 1989 and 1990, an increase of almost 2.3 million visitors. Much of this increase can be explained by 1.5 million more Romanians entering Bulgaria following the overthrow of the former regime in that country in 1989.

1.2.2 The very high proportion of visitors arriving by road is also distorted by the inclusion of business and transit traffic in the data, which in the mid-1980 was as high as 60% of the total number of visitors. Nevertheless, a large majority of foreign tourists to Bulgaria do arrive by road, particularly those from neighbouring countries. For western visitors the proportion is small, estimated to be about 2.0% of the total with the majority of these from Germany and from Greece. The peak months are from July to September, when 59% of road visitors arrive.

1.2.3 The rising level of visitors from other socialist countries and from the west during the 70s and 80s stimulated considerable improvement and extension of the highway network. The Bulgarian Association of Tourism and Recreation (in effect the Ministry of Tourism) gave high priority to improving the highway infrastructure on the main routes and a separate state company was given responsibility for road improvements and for the provision of modern roadside facilities.

1.2.4 As a joint venture with an Italian company a series of basic roadside facilities was developed comprising restaurants, cafes, information and exchange offices and petrol and garage services. At points close to boarder crossings these also included duty free shops. Whilst adequate, these facilities have suffered from limited maintenance and poor quality of service and do not match those available in the west.

1.2.5 The principal roads are constructed to a high standard, although the amount of motorway and dual carriage standard roads is small. At present the best connections are between Sofia and Plovdiv, on the A1, and the A2 sections of the Sofia to Varna link. Road signing is good, but the Cyrillic script can be confusing for those unfamiliar with it, although all main roads are clearly numbered. In rural areas and in towns the road quality can be poor. The main road links and border crossing points, which can be congested at peak times, are also shown in Map 1.1.

1.2.6 Car hire can also be easily arranged via Balkantourist and while relatively cheap the quality of cars is variable and western models are in short supply. For those with their own or hire cars, petrol stations are well located at between 30-40km on main routes and more frequently in the towns. Most serve only leaded petrol and repair and breakdown services are limited.

1.2.7 Bus services in Bulgaria are excellent and very cheap. For urban services there is generally a low flat fare, but even for long distances the services are cheap, and can be faster than the train. Few concessions are made to tourists and the ticketing system can be difficult to master due to language difficulties and absence of route maps. Increasingly Balkantourist and others are offering coach holidays covering the major attractions, providing good value and helping to spread the benefits of tourists to areas away from the Black Sea coast.

1.3 Rail Services

1.3.1 The Bulgarian Rail network is extensive, with express services operating on the main inter-city links. There are two other levels of service offered by Bulgarian State Railways (BDZh); 'Rapid' trains are available on lines serving most of the principal tourist destinations and slow 'stopping' trains provide a service to the more remote areas and rural communities. Long distance services also have sleeping cars.

1.3.2 As a mode of transport to Bulgaria, train travel is used by about 8% of visitors, although this is variable year on year and includes transit visitors to and from Turkey and Greece. A growing numbers of independent travellers, particularly students, also use the train for internal travel, but the cost savings on long journeys compared to air travel are not substantial.

1.3.3 The booking offices in the large towns and cities can provide route information and will book seats, although the system is not infallible and there is often excess demand and double booking. It is usually necessary for western visitors to use the larger stations as information elsewhere is not available and most timetables are in Cyrillic script. Also for international booking it is necessary to use separate booking offices at main stations in the principal cities.

1.3.4 Bulgarian Railways are not yet fully integrated with the wider European network as far as common ticketing is concerned. Transalpino tickets are only valid to Sofia and Inter-Rail does not operate. Visitors wishing to use the internal network can book tickets with their own national railway companies for stopovers on certain main routes. Visitors making reservations for onward travel to Turkey, or direct services to other destinations outside the country, will find the cost higher if booked in Bulgaria rather than elsewhere.

1.3.5 The services are reliable and punctual, but trains can be crowded and standards of comfort and on-board services may not always match western visitors expectations.

1.4 Ports

1.4.1 Although arrivals by sea represent only a small proportion (1%) of the total of foreign visitors, there is considerable potential for expansion. This exists both in relation to Black Sea cruises and to greater use of the Danube now that there is a direct waterway link between western Europe and the Black Sea.

1.4.2 There are much improved services on the Danube and a hydrofoil now links Vidin, Ruse and Silistra offering express and stopping services for the 350km journey. The fastest journey times are between 7 and 8 hours, but most visitors will wish to stop at the many attractions en-route.

1.4.3 As yet the cruise market on the Danube is relatively underdeveloped, but offers significant potential for the northern part of Bulgaria and, of course, to Romania on the northern bank.

1.4.4 A number of cruise lines operate on the Black Sea and use the port facilities in Bourgas and Varna. The cruise market is, however, separate from the package holiday market, which dominates this part of Bulgaria. There would appear to be considerable scope for extending cruising holidays to ports around the Black Sea, leaving from Turkey, USSR and from Greece and taking in Bulgaria as part of the itinerary. Yachting opportunities and Marina developments also have significant long term potential.

1.5 Telecommunications

1.5.1 As a result of its long established tourism trade with the west, in particular the cooperation with several large volume package holiday companies, telecommunications facilities with hotels and travel agents offices are relatively good. Generally reliance is still placed upon the telex system although fax and phone services are available and becoming increasingly reliable.

1.5.2 The internal network is an inferior system to most in the west and is not extensive. Although considerable investment has been made the quality of the technology and hardware used is generally poor and not always reliable. Thus improvements in services are a national priority and the tourist industry will benefit from this as will other service industries.

PART TWO: HOTELS AND OTHER TOURIST ACCOMMODATION

2.1 Introduction

2.1.1 In spite of extensive internal restrictions, Bulgaria has done more to promote tourism than other east European countries. Indeed the potential for tourism is very good, as the country has many sandy beaches on the Black Sea coast. The Bulgaria government's attitude towards mass tourism has, nevertheless, been one of ambivalence, and there is still a conservatism towards foreign investment in tourism because of fears about the impact of foreign capital in the country.

2.1.2 It is estimated that in 1988 there 636 hotels, motels and other means of accommodation in Bulgaria. Most of these facilities, however, were of a lower quality. Indeed the bulk of hotel accommodation is in the two and three star categories and not suitable for western tourists.

2.1.3 By far the largest concentration of accommodation in Bulgaria is to be found along the Black Sea coast. This is especially true of hotels and camping sites, where the share of foreign tourist nights is higher. The scope for further development in this area, however, is limited because of shifts in emphasis away from these resorts. Thus while it was estimated, in 1986, that the number of beds in hotels would increase some 50,000 by 1992, few of these would be on the Black Sea coast. Instead the intention is to switch the new developments to spa and mountain tourism centres.

2.2 Hotels

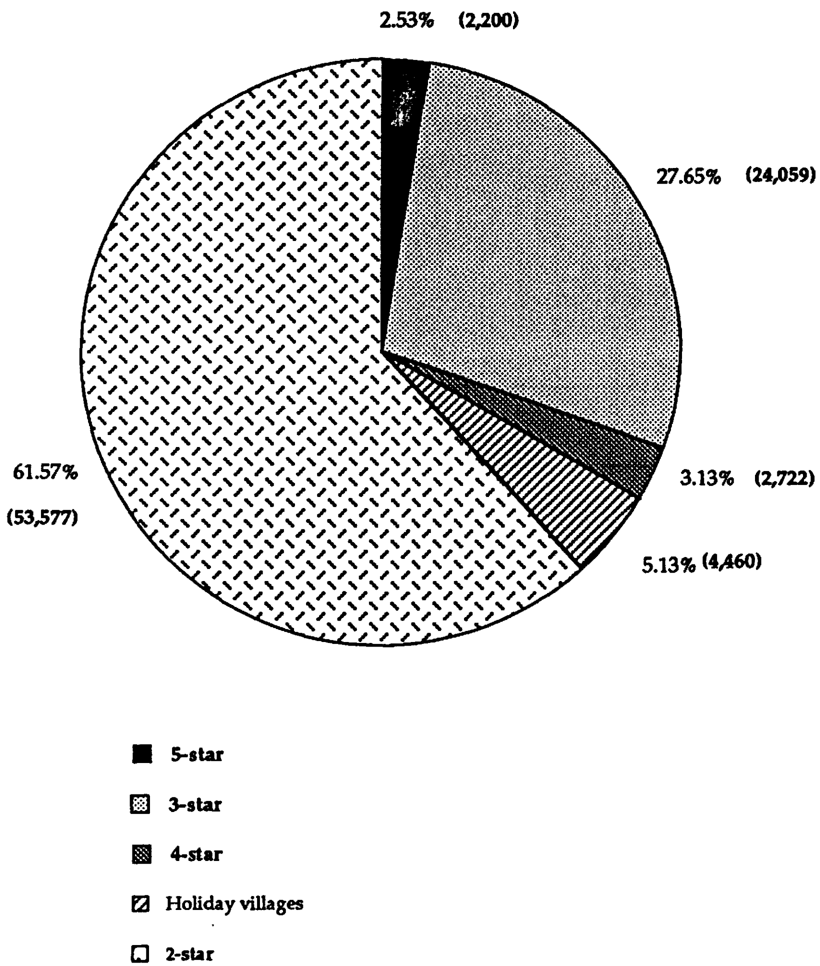
2.2.1 In 1988 there were only four hotels that could be rated five-star in Bulgaria. There were also eight four-star and 38 three-star hotels, mainly at the holiday resorts of Albena (8 hotels) Golden Sands (14) and Sunny Beach (10). In addition to these were three-star holiday villages located in the seaside resort towns and in the mountains or villa regions, and two-star hotels elsewhere in the country. Together these accommodation types provided 87,018 bed spaces. The distribution of spaces is shown in Figure 2.1.

2.2.2 All the four and five-star hotels provide both single and double rooms and suites, and have modern facilities, including casinos, sports centres and conference halls.

2.2.3 An important recent development in hotels provision is the introduction of foreign investment into hotel management, in an attempt to improve both the quality of this tourist facility and the image of the country abroad. Under this arrangement, the Sheraton Corporation has renovated the Grand Hotel Balkan in Sofia. Hotels of the French Novotel chain (in Plovdiv) and the Japanese New Otani (in Sofia) have also been established.

Figure 2.1

Bed spaces in star-rated accommodation types in Bulgaria



2.3 Private Accommodation and Health Establishments

2.3.1 There is a large number of what is classified as "private accommodation". It is estimated that in 1990 there were some 148,704 bed places in this type of accommodation. Strictly speaking, this is not private sector accommodation. Instead they are rooms in houses which have been purchased by individuals with loans from the state. Owners then rent out rooms to the state tourism organisation, Balkantourist. It is the organisation which, subsequently, signs contracts with foreign tour operators for beds. The owner receives a lump sum payment at the end of the tourist season. Although Balkantourist sets standards for private accommodation, in practice the quality varies enormously, particularly since anywhere outside the centre of town this is likely to be in a tower block. In 1990, there were some 148,704 bed places in this type of accommodation, a fall of 20% from the 1988 peak of 186,461, due to the introduction of more stringent standards by Balkantourist.

2.3.2 Bulgaria has well over 500 mineral springs and some 130 spas, located in the Rhodope Mountains in the east of the country, in the foothills of the Pirin Mountains and on the Black Sea coast. Most of these have facilities for spa and climatic therapy. Consequently, there exists a large number of health establishments which provide accommodation throughout the year. Although their numbers have fallen in recent years, health establishments still provided nearly 130,000 bed places in 1990.

2.4 Occupancy Levels

2.4.1 The demand of tourists from western Europe and other non-socialist counties is higher for hotels accommodation than any of the other types. Since they also tend to stay longer than their Eastern counterparts, the occupancy levels of four and five-star hotels tends to be remarkably high, at more than 75%, especially during the peak summer season. Indeed, occupancy levels in all accommodation types in the high season are virtually 100 per cent, and reflect the shortage of tourist accommodation which Bulgaria has experienced over the past decade.

PART THREE: VISITOR ATTRACTIONS

3.1 Introduction

3.1.1 Bulgaria has great potential to attract international tourists. It has long sandy beaches on the Black Sea, its hills are ideal for winter sports, and there are old and well preserved towns. The country's monastic traditions date back several centuries, having survived nearly 500 years of Ottoman rule. The country has also developed into one of the major wine growing areas of Europe. Bulgaria's attraction are, therefore, both natural and man-made, and are as follows:

- Sun, sea and sand
- Mountains for climbing and skiing
- Monasteries
- Museum towns and villages

3.2 Sun, Sea and Sand

3.2.1 Bulgaria has a 378km long coastline along the Black Sea, which experiences more than 300 hours of sunny weather in July and August and about 240 in May and September. The Black Sea coast area itself is a sub-region of the continental Mediterranean region, but has the added advantage that cool off-shore breezes ensure that the weather is never excessively hot. These conditions have spawned several resorts, like Drouzhba, Albena, Golden Sands and Sunny Beach.

3.2.2 Drouzhba is the oldest of the resorts along the Black Sea coast, and was the first to admit Western tourists in 1955. The beaches of Drouzhba have fine golden sand and offer excellent conditions for both sea and sun bathing. The town is also conveniently connected by road and sea with the other seaside towns and resorts. A new five-star hotel, the Varna Grand Hotel, offers accommodations for treatment which rivals the best in Europe. It has 296 rooms, 36 suites and the most modern, up to date facilities.

3.2.3 The seaside resort of Albena has a six kilometre-long sand covered beach, which is up to 100 metres wide. There are over 30 hotels in the town. The new Dobroudja Hotel has 272 rooms, 45 suites, restaurants, a night club and shopping centre. In addition to its beaches Albena also has the largest hydrotherapy and climatic treatment centre in Bulgaria.

3.2.4 Golden Sands is the most popular of the Black Sea resorts. Its well-kept beach is about four kilometres long, and sea temperatures average about 24^{0}C in July and August. The resort has some 81 hotels and 128 restaurants, set in a wooded landscaped park.

3.2.5 Sunny Beach is the largest Bulgarian seaside resort, and can cater for 25,000 tourists in its 112 hotels and 3 campsites. The daily duration of sunshine in July and August may reach 11 hours. The beach itself is ten kilometres long, and is dotted with dunes and covered in soft, fine sand. Sunny Beach is particularly suitable for families with children as the bottom of the sea slopes gently inward and it is safe to wade hundreds of yards from the shore. There are 24 hour kindergartens attached to some of the large hotels, and sporting facilities are excellent.

3.3 Mountains for Climbing and Skiing

3.3.1 Bulgaria has preserved much of its nature reserves. The Pirin National Park which is included in the List of World Heritage Sites, covers an area of 27,400 hectares and includes 82 peaks of more than 2,500 metres. Both the Pirin Mountain and Rila Mountains are suitable for skiing and hiking. Bansko on Pirin Mountain is now a well-established ski-centre and is equipped to host major sporting events. The Rila mountains have 132 peaks which rise above 2,000 metres and 78 above 2,500 metres. The highest peak, Moussala, is the highest in south-east Europe.

3.4 Monasteries

3.4.1 The establishment of Christianity in Bulgaria in the ninth century represented the creation of the Bulgarian nation itself. Monasteries were the earliest centres of enlightenment, from where Bulgaria's cultural identity was first forged and sustained during 500 years of foreign domination. There are now about 120 well preserved monasteries throughout the country.

3.4.2 The Rila Monastery was founded in the tenth century, and became one of the centres of early mediaeval culture. Its present location, 119 kilometres south of Sofia is where it stood during the 14th century. During the Ottoman occupation the monastery was burned and pillaged on several occasions. The construction of the present-day buildings started in 1816 and stretched over 30 years. The Rila Monastery library contains 16,000 volumes, including 134 manuscripts from the 15th to the 19th centuries. The museum is a national collection of works of Bulgarian arts, crafts and literature.

3.4.3 The Bachkovo Monastery in a magnificent location along the reaches of the Assenitsa River, 29 kilometres south of Plovdiv, ranks second after Rila in size, architectural, artistic and literacy significance. It was founded by the Georgian Grigori Baturiani in 1083. The monastery became a wealthy landowner, with properties stretching as far as Salonika. Although a wave of Mohammedization destroyed the monastery, by the end of the 16th century it was fully restored. The murals, old icons from different periods, the manuscripts as well as the many objects of craft linked with the monks, has made Bachkovo Monastery one of the richest galleries of old Bulgarian art.

3.4.4 The Ivanovo Rock Monastery was hewn out of rocks 32 metres above the Roussenski Lom River, and was home to ascetic hermits during the Hesychasm are in the 14th century. Among its murals are the earliest descriptive thematic narrative of Bulgarian art. Recently another church with mural fragments has been discovered in a large monastic colony in the rocks near Ivanovo. The paintings are assumed to date from about 1218, and show the skill of Bulgaria's medieval mural painters during that period.

3.4.5 Other monasteries of note include the Troyan, the Rozhen, the Aladzha Rock Monastery, the Zemen, the Kremitovtsi near Sofia and the Transfiguration Monastery which is located in the picturesque gorges of the Yantra River.

3.5 Museum Towns and Villages

3.5.1 The towns and villages of Bulgaria have excellent architecture which reflect the influence of the early Thracian, Roman and Byzantine settlers in the Balkan Peninsula. Five hundred years of Ottoman rule have also left a deep impression. This was the period that the Bulgarian nation relied heavily on its traditions, arts and craft to survive the Turkish occupation. Indeed a cultural movement, known as the National Revival, in the 18th and 19th centuries contributed greatly to the architecture of most towns and villages in Bulgaria today. The National Revival art is also preserved in countless museums and villages in Bulgaria.

3.5.2 Old Plovdiv on Trimontium, is Bulgaria's second largest city, and represents the National Revival architecture at its height. But it has also preserved treasures form its 24 centuries of history, including the second century Antique Theatre, the Imaret and Djumaya Mosques of the 14th century, and the basilican churches of St. Nedelya and St. Dimiter (1831), St. Constantine and Helena Church (1832) and the St. Maria Main Metropolitan church (1853-54)

3.5.3 Veliko Turnovo was the capital of the Second Bulgarian Kingdom, and is situated on three hills, circled by the Yantra River, above whose gorges rocks rise sheer to the sky. Perched one above the other on the rocks, houses reach right down to the river bank. Turnovo was also a National Revival town and its architecture reflects the age. The Samovodene Market Place has workshops where goldsmiths, potters, carvers and weavers still pursue their crafts.

3.5.4 The village of Arbanassi which, in 1838 was given as a gift from Sultan Suleman II to his son-in-law, accumulated a great deal of wealth as its craftsmen and merchants were exempted from taxation to the Ottomans. The houses built by them in the 17th century still stand. They have iron-studded wooden gates let into high walls which open onto spacious yards. The houses are constructed of stone, and have attractive interiors, with carved ceilings, brick stoves and sleeping benches. Of the 80 preserved houses, 36 are national monuments of culture, and so are Arbanassi's five churches.

3.5.5 The towns of Tryavna and Bozhentsi are both examples of the National Revival period. The ethnographic museum park, Etura is located on the outskirts of the mountain town of Gabrovo, whose two-storey houses are exact copies of the houses of old masters with shops and workshops on the ground floor and living quarters above them.

3.5.6 These are just a few of the wealth which Bulgaria has to offer visitors seeking to experience the historical religions and cultural riches of the country.

PART FOUR: ORGANISATION, MARKETING AND DEVELOPMENT

4.1 Introduction

4.1.1 From 1983, up to its abolition in April 1990, the organisation and administration of tourism in Bulgaria was the responsibility of the Bulgarian Association of Tourism and Recreation (BATR). It acted as the principal coordinating body for the 150 state tourism enterprises, and established tourism policy objectives development programmes.

4.1.2 With moves towards a more market orientated economy, which rapidly gathered pace from late 1980s onwards, it became apparent that there was an urgent need for a fundamental change in the administration of the tourism sector. Following a Presidential decree in 1990 the Committee of Tourism was founded as the key agency responsible for devising and carrying out state tourism policy and reporting directly to the Council of Ministers.

4.1.3 The Committee of Tourism's initial tasks have been to prepare a national tourism development strategy, coordinate the marketing activities of the state tour operator, improve existing tourist facilities, develop new products and establish an efficient tourism infrastructure. The most significant change, however, relates to the switch in philosophy towards the creation of free standing commercial enterprises and stimulation of the involvement of foreign companies in the Bulgarian tourist industry.

4.1.4 To help achieve these objectives the Government decree (No 35) issued in April 1990 set out a 'Model' for tourism development which incorporated the following principles:

- privatisation of all sectors of the tourism industries
- encouragement of new private enterprises and initiatives (with the participation of foreign investors and join venture partners where appropriate)
- establishment of a market orientated system with companies operating in line with strict commercial criteria
- production of free competition between tourist companies and operators (without preference or subsidies for state tourist organisations)

4.1.5 These are radical changes given Bulgaria's total insistence on socialist orthodoxy in all sectors of its economy. The reforms have begun to take effect very quickly and already at the start of 1991, there are more than 1,500 tourism enterprises operating, of which about 10% are state controlled. However, the state-controlled enterprises are much larger than the new private companies and still account for more than 80% of tourism income.

4.1.6 Currently, new programmes and legislation are being prepared which will speed up the privatisation programmes, creating many new joint ventures and wholly private companies. More details of the 'Tourism Model' are given in the following sections.

4.2 Economic Reforms and Privatisation

4.2.1 The extent of the economic reform process, now well under way in Bulgaria should not be underestimated, although there is still a long way to go towards the achievement of a full market economy. The tourism industry is a priority sector for restructuring and decentralisation of what previously were state functions and controls. The principal objectives of the Committee for Tourism is the privatisation of all state-owned property and businesses and removal of any direct government involvement in their future operations.

4.2.2 The key mechanism for this in the short term will involve the attraction of substantial flows of foreign investment. The Committee of Tourism will also set the direction and establish the priorities for the industry, providing policies and long term guidelines for development and investment. It will also determine standards, criteria and regulation as well as undertaking very wide-ranging marketing and international cooperation activities.

4.2.3 Tourism is correctly recognised as a sector capable of rapid change towards a market system, in addition to the generation of substantial foreign exchange, capital investment and employment. However, the Committee of Tourism does not appear to underestimate the scale and complexity of the task it faces in establishing the industry on a sound commercial base, or of changing attitudes after forty years of strictly controlled central planning. It is promoting training at all levels in the industry, pressing for appropriate professional and quality standards and encouraging the integration of tourism with other wider societal changes and infrastructure developments.

4.2.4 In 1990 a framework for the development of the tourism sector was prepared and has found acceptance as a 'priority branch' of the national economy. The Committee for Tourism will not itself become involved directly in the provision of tourism services, but will seek to create the conditions within which private companies can operate successfully. It will, however, retain powers to regulate and set standards within the industry and, for the medium term at least, will market tourism outside Bulgaria.

4.2.5 The first step towards a market system has been the creation of 150 state owned tourism companies. They each have a high level of independence to determine prices, negotiate with third parties (including foreign companies), and receive no subsidies or assistance from the state. In the past such autonomy was not allowed and this first move towards breaking up the state monopoly in tourism is particularly significant. At the next stage of the privatisation process these companies will be transferred into individual joint stock companies. This process will be extended to include the more than 3,000 enterprises of all types which serve the international tourism market in some way.

4.2.6 The privatisation process is flexible in respect to the methods of transfer. For example, the new companies can buy or lease state property and foreign capital and partners will be welcomed. There are difficulties of course, particularly in property valuation and lack of business experience at all levels within Bulgaria.

4.2.7 The state will also seek to ensure the creation of stable and generally applicable standards in relation to company development. In particular the same standards of profit tax will prevail, although it appears that there will be a system of investment credits, and tax payments may be deferred over a period. Exemptions may also be allowed on certain projects which create wholly new facilities and tax holidays of up to two years will be given.

4.2.8 Currency reform also appears imminent, which will remove the 'unofficial' black market exchanges that are common at present, but will certainly increase prices. This is a major step and there is some nervousness on the part of Government about its wider effects. The Tourism Committee will also promote opportunities for joint ventures, particularly for the refurbishment and improvement of hotels and other facilities. It will also seek technical and other assistance from both the private sector and foreign governments and organisations. Existing sites may also be leased in their entirety to foreign operators allowing them full control over development and management in return for rent in hard currency.

4.3 Tourism Marketing

4.3.1 Until the beginning of the 1990s, over 60% of foreign tourists to Bulgaria came from other socialist bloc countries. Following the radical changes of government, economic reforms and easing of travel restrictions to the west, the volume of eastern bloc tourism began to decline. Also the agreement between the former Comecon members to settle trading accounts in hard currency has resulted in further declines up to 31st July 1991. It is estimated that visitors from the USSR and other ex-socialist countries, whilst still dominant in volume terms, now account for only 12-15% of Bulgaria's tourism receipts.

4.3.2 Recognition of these fundamental changes prompted a switch in the country's tourism marketing strategy. Utilising the overseas offices of Balkan Air and Balkantourist, the production of new promotional material and attendance at major holiday trade fairs and exhibitions, a major push is under way in western markets. Also the reduced numbers of eastern bloc visitors has fostered the creation of a new image of Bulgarian tourism, particularly in respect of the previous overcrowding and long queues at restaurants, exchange offices etc. Operators can also now charge higher prices (and retain incomes for improvements and re-investment) to improve standards to help meet the expectations of western visitors.

4.3.3 There are indications that in spite of the recession in several western countries and the problems in neighbouring Yugoslavia, the promotion strategy is already working with an increase number of western visitors in the main holiday season in 1991. However, the Tourism Committee and those running tourism enterprises of all types realise that any improvement in the marketing 'image' of Bulgaria must be matched by the creation of a high quality product.

4.3.4 For the future the new tourist enterprises are likely to wish to become more closely integrated into the marketing process. At present the 'private' tourism sector is small and fragmented and the coordination of overseas marketing is likely to remain a Government function (via the Committee of Tourism) for some time to come.

4.4 Tourism Development Framework and Priorities

4.4.1 The current tourism development model proposed by the Committee for Tourism and accepted by the Government recognises three key product areas. These are:

- 'sea and sand' holidays on the Black Sea coast
- mountain holidays and winter sports
- city/cultural tourism, linked with convention and business tourism

4.4.2 At the existing coastal resorts and adjacent areas it is intended to focus on improvements in the quality rather than the quantity of accommodation. In particular to provide four and five star accommodation which is lacking at the present time. In this respect the intention is to compete with Mediterranean and Adriatic coast resorts via 'holiday village' developments offering exclusive accommodation and top quality sports facilities. It is likely that these will be largely 'new build' projects, while a solid base of three and four star hotel accommodation can be created from improvements to the existing stock.

4.4.3 Bulgaria already has well established winter sports resorts, but there is considerable scope for expansion and for greater utilisation of tourism facilities in the mountains during the summer period. Action is needed on all fronts, to improve access, upgrade accommodation and encourage an increased supply of cafes, restaurants, bars and entertainments.

4.4.4 Three cities, Sofia, Plovdiv and Bourgas have been identified as having potential for convention and business tourism. To meet existing and future demand new de-luxe hotel accommodation is likely to be required. Sofia would be given priority as the capital city and the focus of future government and commercial activity. Supporting infrastructure improvements will also be needed, particularly a new airport terminal. There will also be priority for the construction of improved access to, and accommodation at, several important national monuments including, Pliska, Preslav, Mandar, Rila Monastery etc.

4.4.5 Other further areas of potential, capable of attracting wealthy clients are the many spas and health resorts and the availability of areas for hunting. In parallel with its development priorities the tourism policy framework will also be responsive to the physical and social environment of the areas so as to avoid having them.

4.4.6 Of course the physical development of new accommodation will require increases in the supply of adequately trained and skilled staff at all levels. Current tourism policy includes provision for establishing a body to oversee the processes of training, skill developments and know-how/technology transfer. Progress has already been made and training places have been allocated at several colleges and universities. Also the national tourist information centres are being equipped with a computer based information and reservation system.

4.5 State Organisations and Funding

4.5.1 To act as a link between the Government (Committee of Tourism) and new tourist businesses in respect of standards and regulations, a new body the 'Inspectorate of Tourism' has been created. This organisation will be particularly important in the short term as changes occur rapidly and new enterprises begin to operate in the private sector.

4.5.2 Another body likely to be extremely important in securing the efficient privatisation of the tourism sector will be 'National Touristic Holdings'. This group will seek to ensure the smooth transfer and integration of state property and enterprises into the private sector. It will work closely with the regional and local councils and the "Commissions" which have been established to dispose of locally owned tourism assets. These commissions will also have as members, on a voluntary basis, managers of new tourist companies and others with a direct interest in tourism, and will be charged with solving problems regarding ownership and with selecting priority projects for implementation using specially allocated funds provided by Government. Generally these funds will be sufficient for infrastructure projects only .

4.5.3 Although it is unlikely that a separate new organisation will be set up to oversee improvements in managing new companies or for providing staff training, these are nonetheless very important functions. In particular it will be necessary to devise and implement new systems of staff selection and motivation and establish appropriate professional standards. Much can be achieved by self-help or associations of particular groups in the same way that has happened over a longer period in the west and is becoming apparent in Hungary and in Poland.

4.6 Summary of Tourism Development Framework and Funding Requirements

4.6.1 The following table indicates the key projects for Bulgarian tourism policy during the next 4 to 5 years:

Tourism Facilities

Project	Estimated Costs
• Four or Five International Standard Hotels in Sofia	\$500-600m
• One or two 4 or 5 star hotels in Plovdiv	\$100-160m
• Two mountain tourist centres at Bansko and Smolyan Lakes areas	\$25m
• Club' Tourism Villages Black Sea Coast	N/A
• Four to five hotel refurbishments Sofia & Plovdiv	\$5-10m
• Accommodation and infrastructure improvements at Spas	N\A

Tourism Infrastructure

Project	Estimated Costs
• Extension of Expressway Road System 'Triakia'– Cherno & More & Hemus	30-50mil leva
• Airport Terminals at Sofia and Plovdiv	250mil Leva
• Upgrading and runway extensions Bourgas and Varna	80mil Leva
• Upgrading of high capacity hotels and resort facilities – Coastal areas	–

4.6.2 While resources for these programmes will depend to a large extent on foreign investment, capital will also be raised from the sale or lease of existing Government properties and enterprises. There will be also be expansion of small businesses and accommodation capacity can be increased by letting private rooms, neither of which actions will place any significant demand for funds on the state.

4.6.3 From projected total expenditure of 4630m Leva and $800m it is hoped to secure an increase in capacity in top market hotels from 6% of current stock to 15%. The upgrading programme and hotel refurbishment will increase the capacity of 3 star hotels form 25% to 40%. Overall some 30,000 new bed-space are proposed.

4.6.4 Such investment does involve a degree of risk in an increasingly competitive market. However, given the generally good quality of the physical and cultural attractions which Bulgaria possesses, supported by improved marketing and commitment to maintaining standards, there are excellent prospects for success. A major advantage which Bulgaria is likely to maintain for some time is that of price, with food, wine, travel and accommodation continuing to be very cheap relative to competing destinations in the west.

Eastern Europe and the USSR

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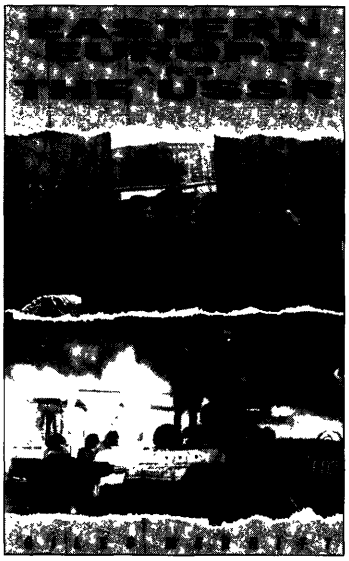

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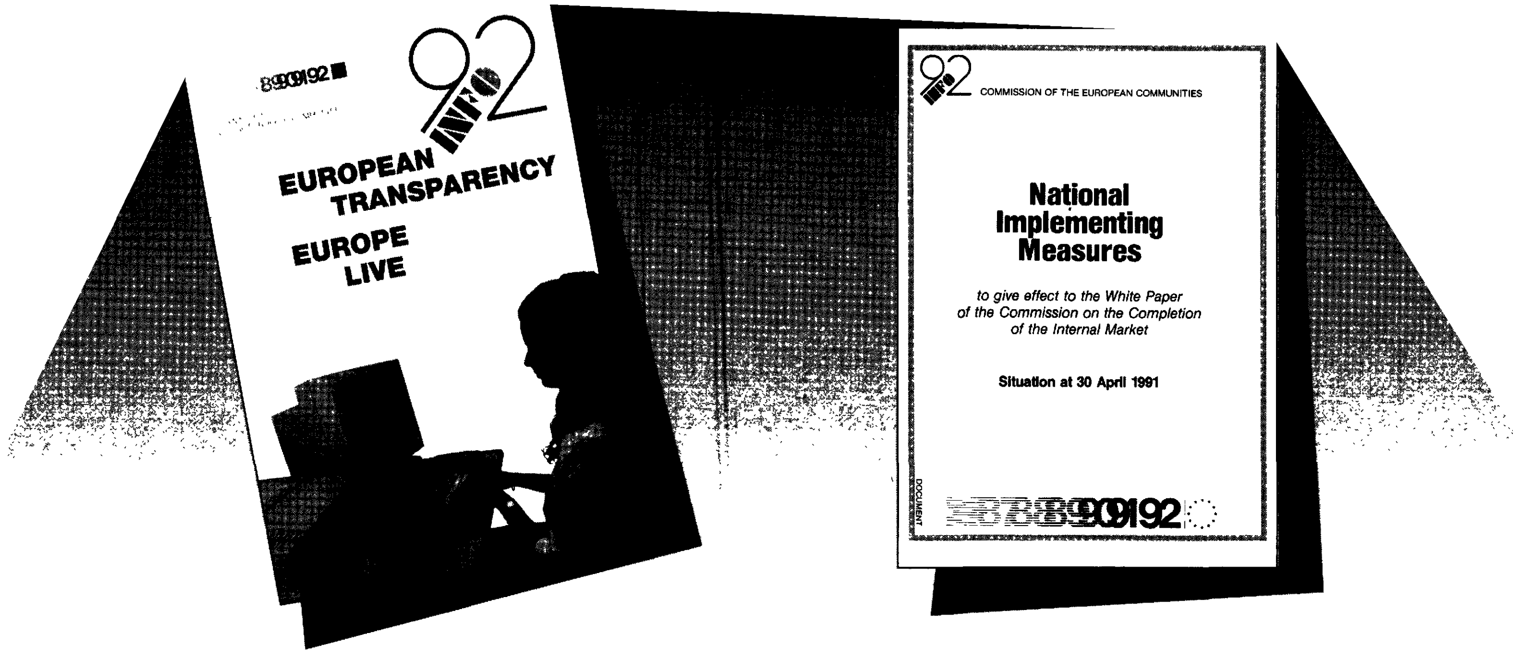

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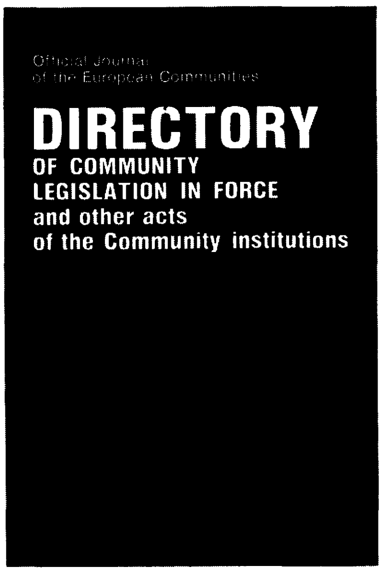

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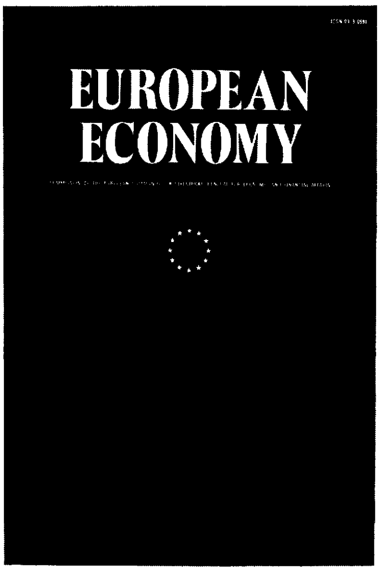

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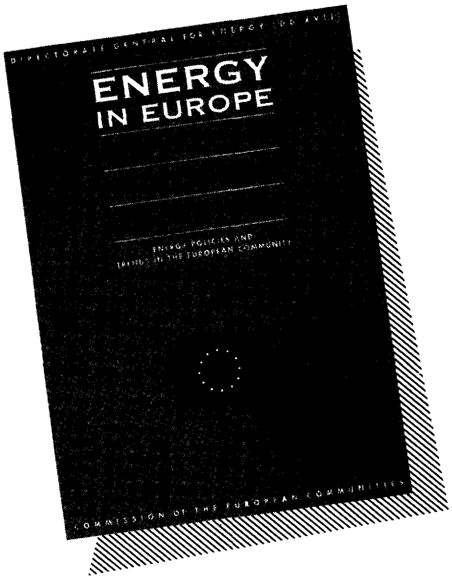

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