

Tourism, the Main Industry of the New Economic Model in Albania

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Abstract

In this paper we have tried to provide a much clearer picture of the characteristics, nature and importance of the economic impact of tourism in Albania, giving the profound changes in the economic structure of the country in the past 24 years and based on a nationwide debate terms of an adequate and efficient economic model to be applied in our country. Based on economic analysis reflecting components and technical prerequisites for the development of the tourism product, there was shown that tourism should lead and orientate economic model of development of Albania. Recently our country was being considered as a country with a competitive tourism, especially given the performance of all the determinants of tourism development in the region, referred to its total contribution by about 16.7% to GDP in 2013. Referring to all analyzed macroeconomic indicators, analytical discussion and analysis on the attitude of some state institutions and from several prestigious tourism institutions worldwide such as WTTC and several media organs with an essential impact on global demand for tourism such as New York Times, Canada.com, Huffington Post, National Geographic, etc., there was arrived in the conclusion that Albanian tourism has specific advantages and characteristics of product compared to with the regional tourism product beyond.

KEYWORDS: investment; contribution; direct, indirect and induced impact, tourism.

Introduction

Albania lies between Greece, and Montenegro and about 45 miles east of Italy. Determinants of tourism development exist in a satisfactory performance where the Albanian tourism product throughout its range can be considered competitive, with comparative advantages, and where can you exploited if managed with professionalism and with the support of appropriate policies government to create economies of scale for high tourism businesses. The entire territory of the country offers the possibility of all kinds of forms of tourism product. While particularly the country's coastline offers numerous beaches and a variety of products where the tourist can finally say that we offer the tourist market worthily compete. To understand the need of the dynamic international tourism market, especially for new products and destinations detected little or no we need to take a look at some items that international bodies have made reference to Albania in 2014.

1- New York Times, (08 May 2014) published a list of 52 countries to visit in 2014, where the shores of the coast ranked in fourth place. In the description was left unmentioned positive changes the new government.

“What if you could combine the rugged beauty found on the Dalmatian coast of Croatia with undiscovered ruins of Turkey or Greece, all wrapped in soft characteristic of the nature of rural Italy with just a little cost. Turns out you can and this place is Albania- launches NYT descriptive writing. In Corfu-Qeparo eyes, can switch to kayak on the submarine tunnels of the past of the Cold War officer. On swim in abandoned forts and watch as the waves grow at a dinner with fresh fish. This is Europe when it was fresh, closes and cheap”.

2- *Canada.com, (15 April 2014)*, brought a classification of five destinations to which, perhaps foreign tourists may not have ever heard. Among them was the Albanian coastline, for which there was written: "Albania lies between Greece and other Balkan neighbors, and is a place not to be neglected. In its southern coast is a wonderful landscape. It is rich with mountains, castles and sandy beaches". In this classification were also destinations, parts of countries with a highly developed tourism, but to specific destinations within them which had never received proper attention, as in China, Austria, England or even in Brazil.

3- *The Huffington Post (08 April 2014)*, sorted various destinations in Albania as destinations to be discovered this year in Europe. In her writing, Emily Vaserman speaks exactly to those undiscovered particles that confidential nature preserves, but their beauty should not leave without enjoying. "When it comes to the best destinations in Europe, the biggest does not mean best" has written.

While the bulk of visitors to London or Paris run, have changed direction. She starts the journey from a mountain village in Albania, Porto Palermo to continue in another village in Switzerland, known by beer and cheese. According to the "Huffington Post", there are 15 destinations to be discovered, one of which was Porto Palermo.

“Porto Palermo lies between green hills in Himara, in the south of Albania. This Albanian village is not very well-known by foreigners, but visitors there can find an 18th century castle that elevates a glittering bay, can explore a well-protected terrain and enjoy the picturesque landscape of the coast. Besides such marketing without any costs to the country's businesses and for the Albanian state, there is an indisputable impact on international demand for tourism in our country”. Come in a variety of important tasks for the actors in this industry-profit for our country, where we have the conclusions reflected in the economic analysis of the material after the new economic model of the country.

Suffice it to refer to some important indicators to understand the emergence and necessity of certain actions even in public policy of tourism. In 2013 resulted to be consumed about 150 million Euros less tourist product compared to 2012. There were simultaneously consumed about 150 million Euros tourist product abroad by Albanian citizens which was considered as an import indicator which worsens the balance of total contribution of tourism to the country's economy, resulting in approximately 310 million Euros less in 2013 compare to 2012.

Material and Methods

The study was carried out during the period of five months from April to August:

a) Method of analysis of economic and financial indicators under the National Strategy for Tourism Development for the period 2014-2020. In methodology of this study we have analyzed and referred this fundamental document for the developing of tourism in Albania.

- b) Analysis of economic and statistical impact of the World Travel and Tourism Council (WTTC) for the year 2014.
- c) Programs for tourism development under cross-sector strategies. Because the tourism product is connected with many industries of the nation, for example agriculture, construction industry, etc
- d) Various methods like grouping, tabular, dynamic, surveys and interviews with various stakeholders associated with the development of the tourism sector, etc. So, we analyzed all the flow information that were collected from the sources and the documents we have referred during in this study and in the references.

Results and Discussions

Tourism is regarded as one of the industries with the most rapid development in the 21st century in terms of contribution to global GDP, income from foreign exchange and job creation, simultaneously improving all macroeconomic indicators of countries worldwide. Referring to all the various organizations that deal with monitoring the tourism industry in Albania, influx of international tourists was almost uninterrupted before 1990's, but since 2001 the number of visitors international has increased significantly in at a total of 1000%, leading to over 3.45 million arrival visitors in 2012. A significant raise of foreign visitors was especially from Southern Europe and the Balkans (Kosovo and the Former Yugoslav Republic of Macedonia) between 2008 and 2012. "Rruga e Kombit" ("Nation Street"), built recently, has significantly increased the number of visitors coming from Kosovo from 473422 in 2009 to 1 179 327 in 2010 (149% GDP growth in 2010), dominating the "rest of the world". With about 1.18 million tourists from Kosovo (this accounted for 49% of all international tourist arrivals in 2010). After 2010 the number continues to increase by about 260 000 per year or about 18%. In 2012, international tourist visitor numbers raised by 25.7% compared to 2011 and 2012 the share of tourists (Figure 1).

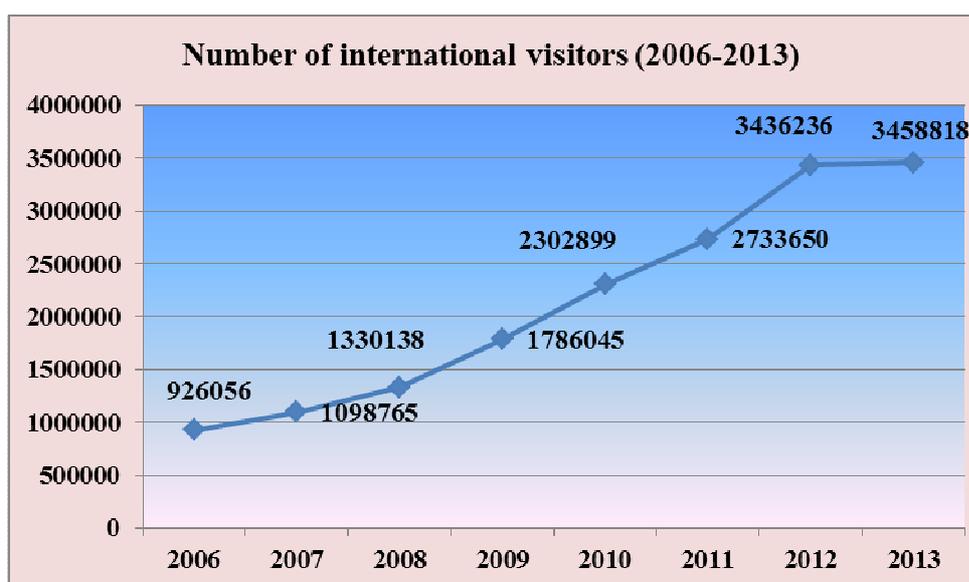


Figure 1. International visitors in Albania for the period 2006-2013 [Source: Ministry of Urban Development and Tourism (MUDT), 2014]

International tourism flows or export otherwise known as economic analysis are constantly increasing; despite the challenges of the global economic crisis, especially the existence of economic / financial in the region and beyond, they grew at 5% in 2013, reaching a record high of 1.087 million visitors. Europe had increased in absolute terms by + 5%, exceeding the forecast for 2013 and is double the regional average for the period 2005 to 2012 (+ 2.5% per year). At sub-regional level, Central & Eastern Europe recorded a 7% growth + and + 6% Southern Europe achieving the best results.

World Tourism Organization (UNWTO, 2014) predicts an increase in international tourist arrivals by 4% to 4.5% in 2014, again on its long-term forecast of + 3.8% per year between 2010 to 2020 period, which provides that international tourist arrivals will reach to about 1.6 billion by 2020 direct contribution of tourism to GDP in 2013 was 68.1 billion or 4.8%, while its overall contribution to the economy was 239.8 billion or 14%.

However, more serious organizations as WTTC, so more ambitious has estimated the total contribution of tourism to GDP but including transportation industry for 2013 and a forecast for 2014 that makes even a forecasts for 2024.

The total contribution of Travel & Tourism to GDP was ALL 239.8 bin (16.7% of GDP) in 2013, and is forecast to rise by 4.6% in 2014, and by 5.4% or up to ALL 424.0 bin (20.9% of GDP) in 2024 (Figure 2).



Figure 2. Total Contribution of Travel & Tourism to GDP for the period 2004-2013 and forecast for 2014 and 2024 (ALL bin) (Source: WTTC Travel & Tourism Economic Impact, 2014).

Regarding opening of new work places, the tourism sector has opened directly, 41 000 jobs or 4.3% of the total while indirectly opened 146 500 jobs or 15.2%.

We should accept that that is exactly the nature of employment in tourism where according to studies confirmed that one person employed in tourism manages and

influence to employ up to nine other individuals in various fields of economy related to tourism, such as agriculture, construction, etc.

Analysis of the contribution of tourism to employment is very essential that takes inspiration also considering tourism as one of the key industries of the new economic model of our country. The statistical data often do not reconcile from one institution to another and just because of a high level of informality but also to emphasize that there is seasonality in tourism businesses.

According to WTTC, in 2013, the total contribution of travel & tourism to employment, including jobs indirectly supported by the industry, was 15.2% of total employment (146 500 jobs). This is expected to rise by 4.1% in 2014 to 153 000 jobs and rise by 3.2% pa to 210 000 jobs in 2024 (19.5% of total) (Figure 3).

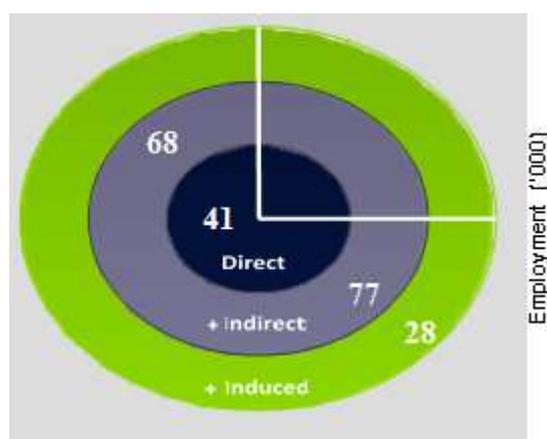


Figure 3. Breakdown of Travel & Tourism's Total Contribution to GDP and Employment in 2013 (ALL bin) (Source: WTTC Travel & Tourism Economic Impact, 2014).

According to WTTC Travel & Tourism Economic Impact (2014), Albanian tourism product can be regarded as competitive product. The following classification differs clearly the role and weight of tourism launched by two very important macroeconomic parameters like total contribution of tourism to GDP, but also the total contribution of tourism employment in the country as well (Table 1). As for the contribution of tourism to GDP in global rank instead of 39 to 16.7% and counted after Croatia, Cyprus and Montenegro, which has 20% contribution to GDP. In fact this is not random ranking as these countries are considered as countries with more tradition in industry and tourism market but also public policies in their countries are more in favor of stimulating mitigation of supply and reducing costs.

The second part of the table expresses an overview of the role of tourism in total employment in the country, compared with countries in the region and Europe ten bars. It seems clear that tourism has an important role in the total employment of where his dictates a role in the new economic model compared with countries like Italy, Turkey, which are considered as places of destinations with a mature product and more competitive in the world. Albania ranks world's foremost level of 47 places with 15.2% contribution to total employment in the country, a very important indicator, which will refer even if his role in the employment of other branches of the economy, his weight is a key economic order (Table 1).

Table 1. Country rankings: Relative Contribution of Tourism (2013) (Source: WTTC Travel & Tourism Economic Impact, 2014)

Travel & Tourism's Total Contribution to GDP		2013 % share	Travel & Tourism's Total Contribution to Employment		2013 % share
19	Croatia	28.2	17	Croatia	30.4
32	Cyprus	20.6	24	Cyprus	22.1
36	Montenegro	20.0	36	Montenegro	18.3
39	Albania	16.7	38	Greece	18.2
40	Greece	16.3	47	Albania	15.2
58	Bulgaria	13.3	62	Bulgaria	12.2
63	Turkey	12.3	64	Italy	11.6
78	Italy	10.3	70	Bosnia-Herzegovina	10.7
	World	9.5	74	Czech Republic	10.4
88	Bosnia-Herzegovina	9.3	88	Turkey	9.1
	Europe	8.7		World	8.9
105	Czech Republic	8.4		Europe	8.5

international visitors spent 82 Euro / day with an average duration of 5 days and entertainment for tourists, the average time of stay was shorter (about 2.8 days).

There was accounted that the average expenditure on local destination is 79 Euro or detailed: 36 Euro / day or 25% of costs for hotel accommodation, 23% of expenses for travel and 19% for food. Albanian citizens residing abroad spend approximately as other foreign citizens: 77 Euro / day but on average they stay longer - 10 days. Local visitors estimated to spend 48 Euros / day and for tourists from Kosovo there is no information, but they are expected to spend no more than domestic tourists.

Another classification for 2013 very important expenditure carried out by national and international consumer, but also for business purposes or holidays offered by WTTC where international tourism spent 82.8% versus 17.2% by domestic/national tourists. Domestic travel spending generated 17.2% of direct Travel & Tourism GDP in 2013 compared with 82.8% for visitor exports (i.e. foreign visitors spending or international tourism receipts). Domestic travel spending is expected to have a raise of 2.3% in 2014 (up to ALL 32.7 bin) and by 5.0% (up to ALL 53.4 bin) in 2024; while visitor exports are expected to raise by 6.3% in 2014 (up to ALL 163.6 bin) and by 5.6% (up to ALL 282.5 bin) in 2024.

Regarding the classification of motives to travel for business or for holiday, there was observed that motives promote tourist of both categories to come in Albania. Leisure travel spending (inbound and domestic) generated 77.3% of direct Travel & Tourism GDP in 2013 (ALL 143.7 bin) compared to 22.7% for business travel spending (ALL 42.2 bin). Leisure travel spending is expected to grow by 5.2% in 2014 to ALL 151.2 bin, and rise by 5.9% up to ALL 268.8 bin in 2024. Business travel spending is expected to grow by 6.9% in 2014 to ALL 45.1 bin, and rise by 4.0% up to ALL 67.1 bin in 2024.

Although Albania's tourism industry is developed in an unplanned way, the private sector has responded to market demand spontaneously adapting somehow this market.

Coastal tourism in Albania has been the main product and is bordered by the sea and sun tourism, which is the main purpose of visitors to coastal destinations. Coastal tourism in Albania is displayed with the following features:

Coastal tourism in Albania is generally limited only to holidays "sand, sea and sun". In coastal excursions is not offered by local operators. Most coastal tourist destinations are from Albania, Kosovo, and Macedonia. Foreign tourists who come to the beach tourism are present in small numbers such as, Scandinavians, Polish, Italians, Austrians, British and Germans; mainly in Saranda for a combined offering of beach with several visits to cultural attractions around the area. Distribution of tourists in coastal areas was not uniform: Velipoja and Shëngjin - have strong dependency on the Kosovo market, while in other areas there is a living presence in Albania, immigrants, ethnic community (Kosovo and Macedonia) and regional visitors (Macedonia). Beach Tourism in Albania has a pronounced seasonal character, starting in June and July, with the maximum number in August and immediate cuts by September 1. In Saranda situation is somewhat better; for hotels that work all year summer season lasts about 5 months. Being dependent on beach tourism, most hotels in the coastal area are facing difficulties of seasonal operation. Although not the main purpose of his visit to Albania, archeology / heritage / culture identified as key strengths of Albania in various studies conducted with visitors and the travel industry from foreign markets. Cultural tourism in Albania is characterized by the following condition: World Heritage Sites as the archaeological park of Butrint, Berat and Gjirokastra are attractions symbols, followed by a series of historical and cultural attractions, as well as monuments. The main destinations visited by organized tours to cultural and tourist visits are Shkodra, Lezha, Kruja, Durres, Tirana, Fier, Berat, Elbasan, Korca, Përmeti, Gjirokastra, Saranda and Vlora (Table 2).

Table 2. Cultural visitors for the period 2008-2013

Tourists	2008	2009	2010	2011	2012	2013
Domestic	94 142	253 002	291 542	265103	1 301479	2 457 030
International	65 347	81 991	93 716	107 836	131 254	1 097 710
Total	159 489	334 993	385 258	372 939	1 432 733	3 554740

Source: Ministry of Urban Development and Tourism (MUDT), 2014.

The number of foreign tourists visiting Western cultural attractions, even with an increase of 15-25% per annum, are very low (2008-2012); in 2013 they have significant reduction and counted by only 109 771 visitors, while exposure to the National Museum of Skanderbeg Helmet and Sword in November 2012 brought an influx of about 950 000 domestic visitors away. There was observed a breakdown of visits to local and foreign tourists to cultural attractions. The fall of foreign tourists in cultural attractions was noticed mainly in 2012 and 2013, mainly in May and August, just a month with the highest values in the previous years. Although the year 2012 corresponded to the 100th Anniversary of Independence and presented a unique opportunity to attract foreign tourists and therefore more visits to cultural attractions, their number grew by more than 25% compared to the previous year.

Although cultural and heritage attractions though are more attractive throughout the year, they are not visited in Albania throughout the year. Visits are conducted in the summer, May-August, and the following months. Peak season of visits was observed during summer holidays, followed by September and October, while visits number almost falls into the winter season, from November to February.

Cultural destinations visited by foreign visitors are National Archaeological Park of Butrint National History Museum in Tirana, Apollonia National Park, archaeological and cultural attractions of Berat, Gjirokastra, Korca and Shkodra. Except the

Archaeological Park of Butrint, were, as the main cultural attractions, was observed the highest level of income and the number of visitors, and other cultural attractions ranked at very low level.

Two very important cultural attractions visited by Albanians are two museums in Kruja, where visitors from Kosovo are also an important factor, but they were count as Albanians and not as aliens.

Conclusions

Economic analysis of tourism in Albania, based on various information of several serious organizations, lead in identifying of the economic impacts of tourism and defining of several conclusions:

- Macroeconomic indicators defined tourism as an issue of strategic importance for the economy of the country, which dictates all development policies and strategies in place in order to have and to build tourism as priority for the new economic model of the country.
- Public institutions of the state have an essential role in the development of tourism which significantly influences the quality of the bid modification influencing growth and quality improvement the quality of tourism.
- Because of regional competition, a careful selection of objectives and strategies of tourism should include diversification and product differentiation with integrated resorts, because, despite the current developments, in certain destinations appear underdeveloped and backward.
- Improve the performance of important elements such as marketing, information and network expansion, visitor safety, improving access and facilities, creating conditions of the diversification of a comfortable transport, development and training of human resources, identification of sources and their transformer the products of revenue inflow would lead to general improvement of the image which inevitably stimulates demand.
- Improve information network in function of the statistical data which will assist in analyzing, comparing, monitoring and planning of tourism product especially operators of businesses but also more accurate implementation of policies supporting tourism.

Tourism is currently accepted by all models of decision making and decision makers that Albania itself has the optimal performance of all determinants of tourism development where it should be mounted around the entire economic model of development of the country.

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