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**Tourism Development – A Catalyst for
Economic Growth in Albania**

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TOURISM DEVELOPMENT – A CATALYST FOR ECONOMIC GROWTH IN ALBANIA

Introduction

Albania is recognized as a tourism destination at the Mediterranean coast and has a competitive position in the international tourism market. The contribution of tourism sector is going to be significant, especially the share of international tourism revenue to GDP (about 15 %). Albania is considered as the last secret in Europe for its undiscovered marvellous upland places. The potential analyses, which were made for the preparation of the Tourism Development Strategy (TDS), showed that Albania could use its own resources to the interest of tourism much more than it has actually done. TDS describes the strategic concept of tourism development by giving the strategic directions and the development of tourist products so that Albania would become a future tourist destination in the international tourist market for attracting the foreign tourists.

Data from the Ministry of Tourism shows that the number of foreign tourists visiting Albania has increased in recent years, but tourism officials say the country could accommodate far more. Calculation of number of foreign tourists visiting Albania is done by identifying nights they have spent in Albanian hotels, according to tourism officials. This kind of information is collected by the Ministry of Tourism, which afterwards provides information about patterns regarding the number of foreign tourists each year.

In 2004, the total number of foreign tourists in Albania reached 370,000 or 23 percent more compared to 2003. This increase is quite small if compared to the country's tourism potential.

The number of entrances at the borders shows that foreigners coming to Albania on business are about three times less than the number of those who come to spend their vacations to be near the country's historical, cultural and natural attractions.

Referring to the current situation, the existing structure of the hotels in Albania (mainly those of the coastline area) corresponds to that of a capacity with up to 20 rooms. Hotels of this size are not able to work with bigger tourist groups organized in package tours by the western operators. Such hotels capacities match only the demand of individual clients or small-organized groups of tourists.

The demand coming from local and ethnic Albanian tourists living abroad will be fulfilled through the existing capacities and other new capacities to be defined further on and develop for affording such a demand.

The Tourism Development Strategy (TDS)

For this purpose, the directions put forward in the TDS aim at assuring that Albania highly maximizes the sector's growth potential in a way that is sustainable: culturally, socially, environmentally and economically.

The tourism strategy will therefore:

- assist the sector to manage growth in a way that ensures long-term sustainability,
- provide ways manage conflicts between increasing tourism growth and environmental, social and cultural;
- values that are important to Albania and its visitors;
- provide the appropriate structure within which industry investment and profitability can be facilitated and maximized (clear responsibilities and cooperation);
- reduce overlaps and gaps within the sector;
- secure commitment and funding to tourism from central and local government;
- make it easier for operators and investors to do business in the sector; and
- provide cohesion to strategic directions and strategies.

For this purpose, this strategic concept requires ongoing and profound discussion amongst tourism officials and programming of the Action Plan by them. It is crucial that the different stakeholders within the tourism sector start working together to generate an implementation process. Changes and development are needed to ensure that quality services and products demanded by the guests are delivered to the benefits of all.

What are the pre-conditions for tourism development?

The following pre-conditions are necessary to achieve the objectives and realize the application of the necessary strategies in order to achieve these:

1. Principles of Sustainable Tourism Development be accepted on all levels of planning;
2. Basic infrastructure; The *limited infrastructure* is a major problem for a quick tourism development in most regions in Albania;
3. Clarification of ownership of land and buildings;
4. National and regional tourism law and regulations;
5. Law enforcement;
6. Clear responsibilities for tourism development on all levels;
7. Regional and national stability;
8. Improved statistical information system; and
9. Public / private commitment.

The TDS also covers a long-term period until 2012. The main macro-economic objectives for tourism development are thus to:

- generate jobs and income;
- accelerate the economic and social development throughout the country;
- improve the living conditions in Albania;
- initiate economic activities;
- create a positive image of the country internationally as tourism destination;
- increase the revenue of foreign currency and the tax income for the government;
- develop sustainable and environmentally friendly tourism.

The following vision shows the expected outcome from tourism in Albania. It has been oriented towards the end of 2012, in order to bring to the present time the expected results, thus expressing the achievement of the objectives outlined in the strategy.

Vision 2012

Albania is recognized as a tourism destination at the Mediterranean coast and has a competitive position in the international tourism market. The contribution of the tourism sector to the GDP is significant. Sustainability and awareness for environmental issues are major part of the tourism development strategy.

Economic Objectives

In the year 2012 tourism activities by national and international visitors have substantially increased. The targets are:

- · 1,25 million arrivals with overnights
- · 6,4 million overnights
- · US\$ 464 million in tourism revenue
- · 100.000 new working places
- · 15% share of international tourism revenue to GDP

Based on the survey and analysis of the country's tourism potential as well as other factors that influence tourism in Albania, the following types of tourism can be considered the main tourism products of Albania:

1. Sun and Beach Tourism

Objective

Albania is positioned in the domestic and international travel market as a competitive value-for-money holiday destination at the Mediterranean Sea

Development Potential

- attractive coastline, being part of the Eastern Adriatic sea, with long stretches of sandy beaches and clear water;
- long, hot and sunny summer season;
- proximity to major European cities by air; and
- sun and beach tourism is by far the most important leisure tourist demand group worldwide.

Threats

- the planning for the attractive coastal areas will not meet the tourism demand of the coming years (type of facilities, size, atmosphere, etc.); and
- environmental problems (garbage, waste water, unattractive surrounding, etc.).

2. Special Interest Tourism (see also Box 1 below)

Objective

Albania is known to be the last unexplored destination in Europe, where precious and rare secrets of nature and cultural heritage can still be discovered.

Development Potential

- rich biodiversity at lagoons, lakes and the mountain areas with unique flora and fauna;
- in some regions unspoiled nature and beautiful scenery;
- cultural and historical sites of many centuries; and
- still active traditional life-styles.

Threats

- lots of garbage in the landscape (streets, rivers, villages, countryside etc.);
- large deforested areas, erosion problems;
- wastewater problems (Ohrid Lake, several coastal areas);
- many rivers are polluted; and
- historical villages and city-districts are threatened by uncontrolled constructing.

3. Urban Tourism/Business and Conference Tourism

Objective

Business travellers are supplied with tourism products, which make their stay interesting, pleasant, productive and efficient. Modern standard congress facilities are available.

Development Potential

- developing economy with increasing travel activities;
- increasing activities of international organizations and projects;
- century-old history;
- visible monuments of culture and heritage; and
- business and large investment opportunities.

Box 1: Special Interest and Niche Tourism

Special Interest tourism is the most attractive tourism in Albania. Actually is a very comfortable area of tourism, which needs a minimum investment to develop in a short and medium term. It is the preferred country for tourists with interest in environmentally oriented outdoor sport activities.

The special interest tourism offers adventure, attracts special hobbies and cultural abilities, as eco-tourism, rural tourism, cultural tourism, cross border tourism, adventure tourism. They are great opportunities for people who want to climb in the mountains combining some kind of outdoor sports with mountain tourism like hiking, trekking, people who want to drive with bikes, horses etc. as horseback-riding, river rafting, paragliding, mountain biking, scuba diving, canoeing, etc in places where is not necessary the physical infrastructure, even not requested any investment, people who desire adventures, as living in the wild nature that is so beautiful, people with many hobbies in rare fields which are so opportune in a diversity geographic position of our country.

There are a lot of national parks or natural reservations protected by the law, which would show the opportunities for agro tourism in our country. Except these kind of adventure tours there are a lot of other kind of tours which were organized in the framework of this special tourism like: Half day and day tours of: - historical interest, archaeological interest, cultural interest, rural interest, - study tours on culture and religion interest. - Mixed tours: Compilation of packages over several days highlighting special interest tourism activities.

In the area of special interest tourism, the target market is very special and includes: young adventurers interested in outdoor sport activities, experienced senior travellers, with medium to high income, people with open-minded and people interested in education, history and civilization.

How cultural tourism could bring in millions (Niche tourism)

Bringing foreign tourists into the yet-to-be discovered Albanian cultural landscape, where folk legends and history are combined into mystical scenery, is currently becoming a growing method of attracting visitors to certain parts of Albania.

There are now many entrepreneurs who have understood the business opportunities in this niche sector of tourism. Leaving behind traditional tourism that revolves around the picturesque seaside, Albania has more to offer, including ecotourism in its mountainous interior, and above all, it has its traditions and culture, about which the locals have a lot to tell.

Drawing on ideas about niche tourism, Albanian companies Studio Comport and Alb-Nor Consulting launched a project to revive "the Albanian heroes' epos," a visiting method in which tradition and handicraftsmen, mountainous and riverside tourism are combined with the history and culture of the Northern Albanian Alps.

The project will include the most picturesque and special areas of Shkodra, Lezha, Dibra and Kukës. It aims to use medieval forms of transport, while locals wearing traditional costumes of the area will accompany tourist groups. Handing over the guests to locals from one area to the next will be accompanied by a ceremony that is very traditional in Albania's northern regions. It aims to make transportation very attractive to tourists.

Revival of the folk traditions is only the start of the project. Vacationers will also stop at medieval-style inns, which will be built to mimic the traditional old inns with fireplaces decorated by the stone plates. They will also follow the wood construction tradition. Food and services will be organized by the different geographical areas' tradition. Small village houses and guest rooms will be put at the disposal of tourists, thus ensuring not only spontaneity, but also standards acceptable to tourists.

It seems the benefits of this project are twofold. Based on data taken from Studio Comport, with little marketing, implementers may attract members of an international market of 40 million tourists towards this niche tourism in Albania. "About 2 percent of this market would be sufficient to make it possible organization of weekly tourist tours all over the year with a total of 800,000 foreign tourists and at an weekly free of \$ 1500 each," says one of the project's founders about the expected profitability of this industry. Locals will also be as satisfied, because they will enjoy a secure labour market, sales points for their handicrafts and, above all, a revival of their historical and cultural infrastructure.

What are the strategic directions?

1. Development

Structuring, organizing and developing the domestic tourism industry and its products are short- and medium-term priorities. Recent uncontrolled hotel and restaurant buildings will be checked with their compliance with existing laws and regulations. Potential construction sites for larger accommodation facilities are assigned for large investments. Short-term important partners for the tourism product improvements are small and medium-sized enterprises (SME). Concentration of immediate efforts is on improvement of the tourism product, located in regions with the highest potential for development.

2. Competition

- Being new on the market, aggressive strategies against the competition are to be avoided. Joint tourism activities (e.g. cross border tourism) with neighbouring countries are actively supported. A value-for-money pricing strategy supports the attraction of foreign markets.
- Short-term, the international focus is on niche markets in order to create awareness in the important source markets. With the concentration on sun and beach tourism long-term, substantial numbers of international tourists mainly from Europe are attracted. Short- and medium-term, the concentration on special interest and promoted business tourism (conferences etc.) is aimed to attract international tourists.
- Direct competitors are Croatia, Montenegro, Bulgaria, Greece and Turkey, but also "newcomer destinations" like Cyprus. Their tourism development and marketing activities are constantly monitored.

3. Customer

In the short-term, the main target markets remain at regional and national level. Ethnic Albanians living abroad and visiting friends and relatives are the most important international visitors. Over the medium- and long-term, the main target markets are as follows:

- price-oriented families between 28 to 45 years with children;
- price-oriented young couples;
- adventure and sports oriented singles; and
- active, retired persons.

Institutional Support!

Regarding institutional support, the objective will be to activate organizations of different structures in pursuing and managing the values and goals of the national tourism policy on all levels. Another objective, related to education and training on professional abilities and skills, will be to reach levels of competencies comparable to traditional and successful tourist destination. And moreover, the legal and regulatory framework should be at the level of providing common guidance to all partners in the tourism industry.

Investment Opportunity!

Albania's location at both the Mediterranean and Adriatic seas; its beautiful and varied coastline; the long, hot and sunny summer season; and, proximity to major European cities by air, car or ferry make it an ideal, value-for-money holiday destination.

- As mentioned above the existing structure of hotels in Albania offers limited capacities, so the opportunity exists for an investor with a track record in the management and marketing of small size hotels, to link and operate several of these small hotels under one brand name, offering low-cost packages to visitors.
- Since 2001, tourist firms have been expressing interest in investing in Albanian tourist locales. This interest has been matched by an increase in the number of tourists, particularly to the southern part of Albania's coast, stretching from Vlora to Dhermi, Himara and Saranda.

- Hence, the Government of Albania is granting “Stimulated Person” status to tourism investments in the following areas: Golem – Kavaje, Kavaja Rock – Durres and Ksamili – Saranda.
- Another area offering very good potential for tourism development is the lake Ohrid area. The Government is taking serious steps towards improving the infrastructure and facilities in support of tourism investments.
- Cross-border joint tourism is also on the rise. Many visitors cross from the Greek Island of Corfu to visit Butrint, Gjirokastra and Saranda.
- Apart from its natural assets, Albania offers treasures of cultural heritage and eco tourism opportunities. Apollonia, Berat, Butrint, Durres and Gjirokastra are some of the areas with well-known archaeological sites dating back to pre-Roman, Roman and Greek days and up to medieval times. Amphitheatres, castles, Roman cities, monasteries and old churches, are among the treasures that Albania has to offer, some of which are UNESCO protected sites.

General remarks on services sector in Albania

Trade in services in Albania is a new and very important sector, which is developing on a satisfactory level, mainly due to the commitments undertaken in the framework of GATS (because Albania is a member of WTO and GATS as well) and also the Process of Stabilization and Association with the EU. Trade of services is liberalized in most of the sectors, while a lot still remains to be done in other important sectors, such as telecommunications, energy etc. The biggest challenge remains the privatization of those sectors, because a considerable number of enterprises operating in the market are state-owned.

In this regard, priorities for Albania lie in the adaptation of the legal framework and creation of a favourable environment for the development of the services sector, which remains a vital sector for the country’s economy. The main objectives will continue to be economic growth and a higher level of wellbeing and general welfare.