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Original scientific paper

OPEN BALKAN INITIATIVE: PROSPECTS FOR TOURISM DEVELOPMENT

Biljana Petrevska[1]

Abstract

The paper discusses the prospects of the Open Balkan initiative for the tourism development of North Macedonia. It presents an overview of this political initiative established to improve regional economic collaboration in the Western Balkans. In 2022, North Macedonia, Serbia, and Albania signed a Memorandum of understanding on cooperation in the field of tourism in the Western Balkans to expand the tourism potential of a common tourism market. This study investigates the level of seasonality in terms of overnights of tourists from Serbia, and Albania between 2011-2019. Data for 2020 and 2021 are omitted due to COVID-19 pandemic break. By calculating standard indicators, the research revealed low seasonality and favorable precondition for creating sustainable regional tourism product based on cultural heritage, tradition, gastronomy, and other cultural similarities. The study further outlines the importance of establishing a single tourism market that will contribute to creating a new concept of integrated regional tourism.

Keywords: Open Balkan initiative, regional development, tourism market, seasonality

JEL classification: L83, Z32, Z38

INTRODUCTION

The Open Balkan is a political initiative (in 2019 originally labeled as “Mini-Schengen”) established in 2021 to improve regional economic integration and collaboration of the Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia). The Initiative is seen as an essential element of the European perspective of the Western Balkans and an integral part of the Stabilisation and Association Process. So far, only North Macedonia, Albania and Serbia signed the arrangement, while the other countries still have open issues (Bosnia and Herzegovina expressed concerns over its compatibility with existing regional agreements, such as the Central European Free Trade Agreement, Montenegro disagreed since the countries had already lifted trade barriers, and Kosovo declined to join because of Serbia's refusal to recognize its independence). So, North Macedonia, Albania and Serbia are now leading the Open Balkan initiative. In 2022, these partner countries signed several documents important for establishing, supporting and facilitating regional economic cooperation.

Besides discussing the essentials of the Open Balkan initiative, the paper aims to investigate the level of seasonality for the international tourism demand of Albania and

[1] **Biljana Petrevska,** Ph.D., Full Professor, Goce Delčev University – Štip, Faculty of Tourism and Business Logistics, North Macedonia.

Serbia as incoming partner countries. Specifically, the study elaborates on the possibility of establishing a joint destination with zero seasonality.

The paper is organized as follows. After the introduction, Section 2 outlines the background material on the Open Balkan initiative regarding tourism cooperation. Section 3 describes the data and methodology. Section 4 presents the main analyses, findings, and discussion, and finally, the last section considers the conclusion remarks.

1. BACKGROUND MATERIAL

North Macedonia, Albania and Serbia, as the leaders in the Open Balkan initiative, have urged the issue of cooperation in the field of tourism, by signing several documents to expand and facilitate economic development and increase the tourism potential of the common tourism market.

In June 2022, at the Ohrid Open Balkan summit, the partner countries signed a Memorandum of understanding on cooperation in the field of tourism in the Western Balkans to expand the tourism potential of a common tourism market based on cultural similarities. They agreed to undertake joint activities aimed at promoting the tourism potential of an Open Balkan tourism market. The contracting parties agreed to establish a Joint Working Group that will meet bi-annually to exchange relevant information in tourism, like legislation, strategic plans and programs, tourism statistical data, joint promotion, sustainable development, exchange of experience, unification of border-crossing practices, and similar issues.

In July 2022, in Belgrade, a meeting on the operative level was held to initiate the creation of a joint digital tourism platform for the Open Balkan tourism supply.

In September 2022, in Belgrade, the First International Fair on wine, food and tourism "Wine vision by Open Balkan" was held. The focus was the creation of a common market, making possible regional tourism performance and, in times of crisis, creating preconditions to provide food more easily. The joint statement was signed for the project "Wine roads of the Open Balkan" aiming to enhance tourism offer in the wine industry. The project "Open Balkan Summer Routes" was also announced.

By signing such documents, the partner countries agree to support and foster collaboration between the association, agencies, organizations, and tourism-related institutions, to increase benefits for the local population of the region and create joint promotional campaigns for remote countries.

2. DATA AND METHODOLOGY

The research investigated the level of seasonality for tourists coming from Albania and Serbia as partner countries in the Open Balkan initiative. The basic variable is the overnights for the period 2011-2019. Due to the shock and the profound structural breakdown of the COVID-19 pandemic, data for 2020 and 2021 are omitted from the calculations. Yet, to show the recovery and tourism remake for international tourism demand of Albania and Serbia, some partially tourism stylized data for 2022 are noted (Table 1).

Table 1. Tourism flows for Albania, Serbia, and North Macedonia, 2011-2019

Year	Albania				Serbia				North Macedonia	
	Tour ists	Share (%)	Overn ights	Share (%)	Tour ists	Share (%)	Overn ights	Share (%)	Foreign tourists	Foreign overnights
2011	13,614	4.2	35,916	4.8	35,692	10.9	72,601	9.6	327,471	755,166
2012	13,412	3.8	34,707	4.3	36,530	10.4	71,153	8.8	351,359	811,746
2013	16,982	4.2	40,671	4.6	38,127	9.5	74,076	8.4	399,680	881,375
2014	17,561	4.1	42,067	4.6	41,013	9.6	76,630	8.3	425,314	922,513
2015	18,493	3.8	39,086	3.8	43,613	9.0	85,042	8.2	485,530	1,036,383
2016	20,862	4.1	44,217	4.2	50,145	9.8	93,782	8.9	510,484	1,054,017
2017	21,194	3.4	44,928	3.5	53,121	8.4	100,692	7.8	630,594	1,294,692
2018	27,311	3.9	53,531	3.6	57,460	8.1	100,520	6.7	707,345	1,491,535
2019	27,311	3.6	55,686	3.5	59,567	7.9	106,103	6.7	757,593	1,577,771
2020	11,555	9.8	18,315	7.2	11,697	9.9	25,109	9.9	118,206	252,930
2021	16,410	5.6	31,500	4.7	43,914	14.9	89,612	13.4	293,963	670,460
2022	11,597	4.2	20,426	3.5	37,123	13.5	74,713	12.8	274,517	585,436
Average 2011-2019	19,638	4	43,423	4	46,141	9	86,733	8	510,597	1,091,689

Source: State Statistical Office (online data).
Note: *Data for 2022M1:M7.

By calculating various indicators, seasonality in tourism may be evaluated (Koenig-Lewis & Bischoff, 2005). According to the literature (Connell et al., 2015; Duro & Turrión-Prats, 2019; Fernández-Morales et al., 2016; Rossello & Sanso, 2017; Turrio´n-Prats & Duro, 2017) and this study, seasonality is defined as the monthly concentration of demand. Calculations for the Gini index (G), Theil index, Seasonality Indicator (SI), and Coefficient of Variation (CV) are computed.

Based on the Lorentz curve, the G index (Gini, 1912) is a commonly used indicator that examines inequality in specific series (Black et al., 2012; Fernández-Morales et al., 2016; Lim & McAleer, 2008). In this context, several techniques for calculating G have been found (Xu, 2003). Higher G indicates greater difference, such as seasonality in tourism, while lower G indicates greater inequality. Its value goes from 0 to 1. Only when all 12 data are identical, and the distribution is uniform throughout the year can the G be zero. The maximum value of G, on the other hand, can only be reached if 11 of the data are 0 and only one of them (the month) is non-null.

To compare inequalities in data sets, the Theil index (Theil, 1967) is computed using a logarithmic function on the fractures of the series. When it is concentrated in just one period, it can produce the maximum value of seasonally 1, and when the values are uniformly dispersed, it can provide a value that is near to zero.

The SI quantifies trends in tourism seasonality that have been empirically observed. It is often calculated as the Seasonality Ratio's inverse (Wanhill, 1980; Yacoumis, 1980). Its range of values falls between 1/12 and 1, with a larger SI suggesting a lack of seasonality in tourism and a lower SI indicating the reverse.

The CV indicator shows the seasonal variation in the number of visitors. It expresses each series' variance with respect to its yearly mean as a share of that average. This indicator is particularly helpful for comparing the dispersion of data sets with different averages and standard deviations. Starting with zero, it may accept any number of values. The distribution is far more homogenous, and the average is lot more representative when the value is low. Although it is simple to compute, it may be challenging to appropriately understand the results (Lundtorp, 2001).

Table 2. Summarized seasonality indicators for Albania and Serbia, 2011-2019

Year	G		Theil		SI		CV	
	Albania	Serbia	Albania	Serbia	Albania	Serbia	Albania	Serbia
2011	0.2267	0.2381	0.0336	0.0365	0.4932	0.5346	44.8	45.7
2012	0.2613	0.2139	0.0446	0.0289	0.4445	0.6220	51.8	39.0
2013	0.1862	0.2528	0.0267	0.0409	0.4634	0.5564	41.1	47.4
2014	0.1681	0.2306	0.0210	0.0333	0.5203	0.5488	35.8	42.5
2015	0.1925	0.2077	0.0256	0.0273	0.4983	0.5880	39.6	39.3
2016	0.1826	0.2235	0.0248	0.0312	0.4751	0.5728	39.7	41.6
2017	0.1784	0.2020	0.0203	0.0260	0.5730	0.5784	34.1	37.6
2018	0.1563	0.1759	0.0165	0.0201	0.5775	0.5935	31.0	33.9
2019	0.1615	0.1960	0.0170	0.0249	0.5933	0.6503	31.4	36.2
Average	0.1904	0.2156	0.0256	0.0299	0.5154	0.5827	38.8	40.4

4. ANALYSIS AND DISCUSSION

4.1. International tourism demand from Open Balkan countries

As of Table 1, one may conclude that both, Albania and Serbia have modest contribution to the total international tourism demand of North Macedonia between 2011 and 2019 (an average of 4% of arrivals and overnight stays made by Albanian visitors, and 9% of arrivals and 8% of overnights by Serbian tourists), noting an upward trend during the sample period.

Yet, this significantly changed during the COVID-19 pandemic. Being neighboring countries contributed to a substantial increase in 2020, a pandemic year, when the share of Albanian overnights was 7,2% (almost double the average of 2011-2019) and 9,9% of Serbian overnight. As a post-COVID-19 year in 2021, North Macedonia was successful in rethinking tourism. When compared to 2019, the best tourism year prior to the COVID-19 pandemic, visitors from Albania and Serbia in particular, noted excellent results, with Albanian visitors accomplishing 60% in arrivals and 57% in overnight stays, and Serbian visitors accomplishing 74% in arrivals and an amazing 84% in overnight stays. This highlights a significant rebound and an upward trend that positively continued through 2022. Namely, the percentage of Albanians in all foreign arrivals to North Macedonia from January to July 2022 (just seven months) is 71% and 65% in overnights, and the share of Serbians is 85% and 83%, respectively. When adding data for August and September as a high tourism season, it will practically mean that international tourism in North Macedonia is on a good way to recovery.

4.2. Seasonality patterns of international tourism demand in North Macedonia from Open Balkan countries

Summary estimates on the seasonality indicators for the demand for international tourism in terms of overnight stays by visitors from Albania and Serbia as the incoming countries are shown in Table 2.

G values vary from 0.1563 to 0.12613, with an average value of 0.1904 for the sample period, for Albania's tourism demand. Very similar are calculations for Serbia's G which range from 0.1759 to 0.2528 (average of 0.2156). The calculations show that there are no significant intra-year monthly fluctuations in the number of overnight of international visitors. Since estimates for the G are far below the margin of 0.5, seasonality is extremely low, almost absent. The low value indicates that North Macedonia is unconcerned with the current distribution of international tourism demand from both partner countries, pointing to balance and equality.

The second calculated metric was the Theil index which also measures inequality in the data series like the G, but it is much more sensitive. The estimates for Albanian and Serbian data are very much alike. For Albania, the Theil indexes range from 0.0165 to 0.0446 (average of 0.0256) and for Serbia from 0.0201 to 0.0409 (average of 0.0299). Once again, both partner countries are found to have very low seasonality as incoming tourism markets.

SI calculated values for Albanian tourism demand ranged from 0.4445 to 0.5933, with a mean of 0.5154, and for Serbian from 0.5346 to 0.6503 (average of 0.5827). All estimates are above zero, pointing to very minor fluctuations within a year, thus indicating a fragile tourism concentration for both partner countries.

The CV, which quantitatively assesses the stability of tourism demand distribution of Albania and Serbia, was the last calculated indicator. According to the calculations, the average for Albania is 38.8% (between 31% to 51.8%) and 40.4% for Serbia (between 33.9% to 47.4%), The numbers are higher than the threshold of 35-40%, indicating a non-homogeneous distribution and implying that the average is no longer representative.

One may draw the conclusion that North Macedonia's tourism development will not be much impacted by the high peaks in July and August when it comes to the demand for foreign travel from Open Balkan countries. This suggests that North Macedonia is seen as having the potential to be a year-round tourism destination rather than merely a summer vacation spot with favorable weather. Further on, this clearly supports the necessity of creating a unified market for tourism services across the whole Open Balkan region. As a result, it may contribute to sustainable tourism destinations in the line of creating a new concept of integrated, economic, social, and environmental regional tourism. Such an approach may promote the Open Balkan tourism market as a 'four-season' destination resilient to seasonality.

CONCLUSION

The research investigated the seasonality of the international tourism demand of Albania and Serbia, as partner countries in the Open Balkan initiative. This political initiative is a continuation of a 2019 cooperation originally labeled as “Mini-Schengen”, which in 2022 resulted in the signing of the Memorandum of understanding on cooperation in the field of tourism between North Macedonia, Albania, and Serbia.

Monthly data on overnights of tourists from Albania and Serbia for the period 2011-2019 was used to calculate several standard seasonality indicators (Gini index, Theil index, Seasonality indicator, and the Coefficient of variation). The study revealed extremely low seasonality, which means that North Macedonia is visited all year round by tourists from these two countries. This creates an extremely favorable precondition for creating a common tourism market that may offer new, innovative sustainable regional tourism product based on cultural heritage, tradition, gastronomy, handicrafts, and other cultural similarities. Economic collaboration of the three partner countries enables the creation of a mutual regional market of over 10 million inhabitants, with free movement of people and goods, facilitating economic development and promoting the tourism potential of a common tourism destination based on cultural similarities.

In this line, more aggressive promotion of the Open Balkan tourism market may be addressed to the other Western Balkan countries (Bosnia and Herzegovina, Kosovo, Montenegro) with an urgent invitation to join and contribute to the Initiative. Despite the modest contribution of 4-9% of the total international tourism market of North Macedonia, Albania and Serbia are strong partners that support the economic development of the region, so further promotion efforts should be targeted toward these countries. Cultural and heritage-based products that are brand-new and imaginative are less weather-sensitive and may add value to the Open Balkan as a tourism destination contributing to product diversification.

Finally, the research findings may assist tourism policymakers in the creation of a favorable planning process, attracting tourism investment projects, and developing joint development strategies and promotional campaigns. Encouraging the development of sustainable regional tourism may be based on new local and regional tour itineraries including a wide range of categories such as cultural, natural, sports, rural, adventure, and trade tours, benefiting not only from the tourism flows in the Balkans, but also beyond.

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