

## **Protests Threaten Croatian Tourism**

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Tourism, Croatia's economic lynchpin, could be hit hard if nationalist protests continue

When the number of holiday-makers visiting Croatia's famed Dalmatian coastline reached an all-time high of ten million back in 1989, many thought the tourist industry would play a major role in funding the republic's transition to independence and democracy.

But then came the war. Instead of holiday-makers, it was refugees who filled the ranks of new hotels that had sprung up over the previous decade. This financially crippled the hoteliers and the resort-owners. But as peace returned so did the tourists and the industry started clawing its way back.

However, a continuation of the nationalist protests staged in Split and Zagreb earlier this month could reverse all that. Officials look on aghast as right-wing activists and war veteran organisations threaten to throw the tourism industry into turmoil once more.

The Croatian government, which has already spent 11 million dollars on promoting the new tourist season, is concerned those planning to holiday on the Dalmatian coast will be scared off by the demonstrations and blockades, held in protest at the indictment of former Croatian general Mirko Norac, who turned himself in this week.

Croatia calculates that it must increase the three and a half billion dollars the tourist industry brought in last year by between 20 to 30 per cent. Its economy is exhausted. It is in debt to the tune of ten billion dollars and suffers a 24 per cent unemployment rate.

Prior to the protests, industry watchdogs were hopeful the industry was well on the road to recovery. They estimated the country could be matching its 1989 income from tourism in three to five years.

But as a result of the demonstrations, which began on Feb 11 in Split, pre-season tourist bookings have dropped by 70 per cent, according to Damir Klajn, the tourism ministry's representative in Istria.

So, it seems, tourism in Croatia has yet again become a hostage to conflict in the Balkans. However, this time round, the country's neighbours cannot be blamed for the downturn in business.

Many Dalmatians, whose livelihood depends on tourism, were angered by the latest blow to their beleaguered industry. Significantly, most of those attending the Split demonstrations were bussed in from elsewhere in the country.

The local reaction was hardly surprising. Tourism had promised to spearhead economic progress in the newly independent state, but had been all but destroyed by war and the political insecurity of the Tudjman years. And now just as it shows signs of revival, it has fallen victim to yet more turmoil.

It's unlikely though that things will ever get as bad as they were at the height of the Balkan conflict when most of the Dalmatian beaches were deserted. Those who yearned for a little privacy could do no better than go down to the coast, then boxed in by Serb-occupied Krajina, the self-proclaimed Bosnian mini-states of Herzeg-Bosna and Republika Srpska and Montenegro.

The Dalmatian beaches were at the mercy of Serb gunners. Bozidar Vucurevic, a former lorry driver and mayor of Trebinje - a Bosnian Serb stronghold - jokingly called himself Croatia's deputy minister of tourism, bragging that it was up to him whether tourists went to Dubrovnik or not.

Throughout the war years, Dalmatian hotels either lay empty, accruing debt, or provided temporary accommodation for refugees - which left many in poor condition - while a substantial number of their employees looked for work abroad.

The end of the conflict brought its own problems. Any chance of financial redemption, through sell-offs, was hampered by the stalled privatisation process. All too often, hotels, like many other state assets, ended up being divided among President Tudjman's cronies.

The industry improved nonetheless. Last year was the most successful season for ten years. Even so, a third of Croatian hotels finished the year in debt as a result of borrowing over the previous 12 months.

The financial crisis in the hotel sector is fast becoming a political issue. Overburdened by debt, many hotel-owners are considering selling their businesses to foreign firms and banks. Economists are warning that if they do so, profits from the industry could be funnelled abroad.

For the moment though, the nationalist protests are the biggest concern. After the change of government last year, Croatia suddenly emerged as a more attractive country, leaving behind the xenophobia of the Tudjman era. But this reputation will soon disappear if the images of barricades on Dalmatian roads continue.

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