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AN ANALYSIS OF TOURISM'S INFLUENCE ON CROATIA'S GROSS DOMESTIC PRODUCT

Abstract: *This study deals with the research of tourism activity as one of the most important economic activities of the Republic of Croatia. It aims to analyze the results of tourism activities in Croatia over ten years with an emphasis on the number of arrivals and overnight stays of domestic and foreign tourists, realized revenues from tourism, and their contribution to the total GDP of the Republic of Croatia. Over eight years, the goal is to investigate the inflationary impact on GDP growth and see how much the adjusted tourism revenues affect the share in GDP. In the final part, a comparative analysis of the share of tourism in GDP with other European countries will be made, taking into account 2019 vs 2023.*

The results demonstrate a statistically significant relation between the number of arrivals and overnight stays of domestic and foreign tourists on tourism income.

The findings further reveal a statistically significant correlation between tourism revenue and GDP growth in Croatia and the inflationary impact on the proportion of GDP.

Keywords: *tourism; gross domestic product; EU country's tourism share*

1. Introduction

Tourism plays a vital role in the economy of many countries worldwide, especially in the Mediterranean area, where this sector is a crucial driver of economic growth and development. According to the Ministry of Tourism and the Croatian National Tourist Board data, the GDP share in tourism reaches more than 20%, so tourism is an essential strategic branch in Croatia.

Although the figures related to tourist arrivals and tourism revenues suggest constant growth over the last ten years, except when the global economy, including Croatia, has been affected by the global COVID-19 pandemic, the data must be analysed in more detail to assess their actual economic impact.

For this reason, the question arises as to this activity's actual contribution to rising prices and inflation conditions. Inflation and price growth affect tourism revenues, which can be significantly reduced when considering real purchasing power, price changes, and the structure of tourist spending.

The objectives of the research are defined by the above:

- The number of arrivals and overnight stays of domestic and foreign tourists in Croatia over

the past ten years will be analysed, with particular emphasis on tourism revenues.

- Assess the actual contribution of tourism to the national economy, taking into account inflation and price changes within the analysed period
- The share of tourism in GDP will be compared with relevant European data for 2019 vs 2023, which will place the Croatian tourism sector in the broader context of the European market

The set goals defined the hypotheses of the work:

Hypothesis H1: The number of arrivals and overnight stays of domestic and foreign tourists in Croatia significantly affect tourism income

Hypothesis H2: Tourism contributes significantly to the growth of the GDP of the Republic of Croatia

This study aims to provide a deeper understanding of tourism's growth and effect on the Croatian economy.

This research employs a quantitative methodology, utilizing secondary data from the Croatian Bureau of Statistics (CBS), the Croatian National Bank (CNB), the Ministry of Tourism, and the Statista platform. Key variables analyzed include tourist arrivals, overnight stays, tourism revenues, GDP, and inflation. The analysis uses SPSS

version 29.0, incorporating descriptive statistics, Pearson's correlation analysis, inflation-adjusted revenue calculations, and a comparative analysis with European benchmarks.

The paper is structured as follows: Section 2 presents a literature review. Section 3 explains the methodology used to analyze the results of tourism activities. Section 4 presents the results. Section 5 discusses the implications of these results, and Section 6 provides a concluding summary of the findings.

2. Literature review

After petroleum and petroleum products and motor vehicles, international tourism is the third largest export industry globally (Kruger-Cloete, 1995: 271).

The tourism industry consists of a number of different but interlinked service and beverages industries, particularly accommodation and catering, food processing and beverages, transport, as well as entertainment and other support services (Patton, 1985)

Tourism combines several different elements due to the high interdependency of the activities needed to form the overall touristic product. A universally-accepted definition of tourism is that presented to the Conference on International Travel and Tourism in Rome in 1963 by the United Nations World Tourism Organization (UNWTO). It classifies tourism as 'the activities practised by individuals during their travels and stays in places located outside their normal residency for a continued period not surpassing a year for motives of leisure, business and others' (Naudé and Saayman, 2004). At the same conference, a 'visitor' was defined as 'any person who visits a country or region different from their place of residence, for any motive as long as it is not to exercise a remunerated activity in the visited place' (Naudé and Saayman, 2004).

Research by Balaguer and Cantavella-Jordá (2002) and Lee and Chang (2008) shows a strong positive correlation between tourism activities and GDP growth, especially in countries with a developed tourism sector. According to CNTB data (2020), tourism accounts for more than 20% of Croatia's GDP, making it one of the most critical drivers of economic growth.

Due to the tourism effects that are reflected in GDP, generating employment, balancing the balance of payments, and other aspects, it is considered that tourism is the driving force behind

Croatia's future economic development (Cukarić, M. 2018., June).

The relationship between the growth of tourism revenue and Croatia's GDP is significant, as tourism is a major driver of economic growth in the country. The tourism sector in Croatia contributes to GDP growth by increasing capital goods imports and enhancing productive factors, which supports long-term economic development. This aligns with the Tourism-Led Growth Hypothesis (TKIG), which suggests that tourism can lead to an increase in productive factors and thus economic growth (Hajdinjak, 2014).

Tourism should generate employment and income, lead to a positive tourism balance of payments, stimulate the supplying sectors of tourism and lead to a generally increased level of economic activity in the country. Thus, tourism should have an impact on the frequently used quantitative measure of economic development, gross domestic product (GDP), (Ivanov, S., & Webster, C. 2007).

Over the decades, hospitality industry has experienced continuous growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses growing number of new destinations. These dynamics have turned tourism into a key driver for socio-economic progress (Anu Priya, M., & Rajasekaran, R. 2016).

Today, tourism is one of the largest world industries and is still growing. It is labour-intensive and known to have a great potential to attract foreign and public investment, particularly in infrastructure. It also contributes to economic growth (Sequeira & Nunes, 2008).

Tourism does not grow to success in isolation. It is dependent on efficient infrastructure that supports the movement of goods and people; it is dependent on a skilled, creative, and entrepreneurial labor force that can react to new challenges and opportunities in innovative ways; and it is dependent on a government and civil society that supports places that attract people both as residents and tourists. Therefore, for most countries, a broad and diversified economic development strategy is more likely to support international tourism development than a more narrow policy that focuses primarily on tourism in isolation (Du, D., Lew, A. A., & Ng, P. T. 2016).

Given these features of the tourism sector, it seems to offer the prospect of simultaneously increasing employment and growth, two of the main long-run policy goals. Tourism provides advantages in



overcoming the region of a country in three ways. First, it provides the volume to overcome insufficient market demand enabling greater efficiency and providing economies of scale for more goods and services which decreases the unit costs of production. Second, it increases competition by encouraging new entrants in the market place, which provides a positive impact on the price level of goods and services. Third, tourism, by providing scale and competition together with greater consumer choice and trade openness, can raise the standard of living and thus improve the quality of life in the region a country (Schubert, 2011).

However, the existing literature often ignores the impact of inflation on the assessment of tourism's real contribution to the economy. Although nominal tourism revenues are growing, (Dogru, Mody and Suess 2020) warn that real growth may decrease when inflationary pressures are taken into account.

This is especially relevant for countries like Croatia, where the tourist season is highly seasonal and subject to economic fluctuations.

The tourism sector is a major contributor to foreign exchange revenues and job creation, driving socioeconomic development (Buljat, 2023).

In addition, data on tourist arrivals and overnight stays show a steady increase in the number of tourists, but the real value of income remains questionable (Butler, 1980).

COVID-19 has drastically altered the world in 2020 and influenced all aspects of people's lives and the ways businesses operate. The tourism sector was one of the economic sectors that were hit hardest by the global pandemic. Considering that the tourism sector in Croatia is one of the key economic sectors that contribute highly to the GDP, this paper provides a systematic literature review of studies investigating the impact of COVID-19 on tourism in the case of Croatia (Fotova Čiković K., Cvetkoska, V., Mjeda, T., 2022).

3. Methodology

3.1. Research design

This research uses a quantitative method to analyse the impact of tourism revenue on the GDP, the number of tourist arrivals and overnight stays on tourism revenues and inflationary effects on revenues.

The research is based on secondary data used from the Croatian Bureau of Statistics (CBS), Croatian National Bank (CNB), the data available from

the Ministry of Tourism and Statistia website, the online platform

3.2. Variables

The research will focus on the following key variables:

Number of Tourist Arrivals and Overnight stays: This variable encompasses domestic and international tourist arrivals and their corresponding overnight stays, enabling and analysing the growth in tourist traffic. An analysis of tourism revenues was performed using financial data from the CNB and CBS.

Gross Domestic Product (GDP): The impact of tourism on Croatia's GDP was evaluated using macroeconomic indicators. **Inflation:** The annual inflation rate data was sourced from official entities (CBS), and the inflationary effect was applied to adjust nominal revenue figures.

3.3. Methods of data analysis

The data collected from secondary sources were analysed using SPSS (Statistical Package for the Social Science) version 29.0.

Descriptive statistics: This analysis provided key statistical values, including the average and standard deviation for key variables such as the number of tourist arrivals, overnight stays, tourism revenues, GDP, and inflation.

Correlation analysis was utilized Pearson's correlation to explore the relationship between tourist arrivals, overnight stays, and tourism revenue.

Inflation Adjustment (Real Revenues): To determine the actual change in tourism revenues, nominal data was adjusted for inflation using the GDP deflator.

Comparative analysis: Croatian data was compared to European indicators from the Statista database. This comparison enabled the Croatian tourism sector to position itself within the broader context of the European Union and provide insight into the competitiveness of Croatian tourism.

4. Results

4.1. Analysis of tourist arrivals and nights, 2013 – 2023.

Table 1. presents data on tourist arrivals and overnight stays in Croatia from 2013 to 2023, including

Table 1. Tourist arrivals and nights

	2013. ²⁾	2014.	2015.	2016.	2017.	2018.	2019.	2020.	2021.	2022.	2023.
2010. = 100											
<i>Tourist arrivals, '000</i>											
<i>Total</i>	12 434	13.128	14343	15.594	17.431	18.667	19.566	7.001	12.776	17.775	19.493
<i>Domestic</i>	1 485	1 505	1 660	1 786	1 838	2.022	2.213	1.456	2.135	2.451	2.638
<i>Foreign</i>	10 948	11 623	12 683	13 809	15 593	16.645	17.353	5.545	10.641	15.324	16.855
<i>Tourist arrival indices</i>											
<i>Total</i>	117,3	123,8	135,3	147,1	164,4	176,0	184,5	66,0	120,5	167,6	183,8
<i>Domestic</i>	99,5	100,8	111,2	119,6	123,1	135,4	148,2	97,5	143,0	164,1	176,7
<i>Foreign</i>	120,2	127,6	139,2	151,6	171,1	182,7	190,5	60,9	116,8	168,2	185,0
<i>Tourist nights, '000</i>											
<i>Total</i>	64 818	66 484	71 605	78 050	86 200	89.652	91.243	40.794	70.202	90.040	92.377
<i>Domestic</i>	5 138	5 160	5 743	5 857	5 978	6.477	7.095	5.415	7.354	7.753	8.113
<i>Foreign</i>	59 680	61 324	65 863	72 193	80 222	83.175	84.148	35.379	62.848	82.288	84.264
<i>Tourist night indices</i>											
<i>Total</i>	114,9	117,8	126,9	138,3	152,8	158,9	161,7	72,3	124,4	159,6	163,7
<i>Domestic</i>	94,7	95,1	105,9	108,0	110,2	119,4	130,8	99,8	135,6	142,9	149,6
<i>Foreign</i>	117,0	120,3	129,2	141,6	157,2	163,1	165,0	69,4	123,2	161,4	165,3

Source: Croatian Bureau of Statistics

arrivals of domestic and foreign tourists and their indices, which refer to the base year 2010. It also includes data on the total number of overnight stays of tourists (domestic and foreign) and their indices.

Key insights

Total tourist arrivals increased significantly from 2013 to 2019, from 12,434 thousand to 19,566 thousand, an increase of over 50% in six years. After a decline in 2020 due to the COVID-19 pandemic, the number of arrivals recovered by 2023, reaching 19,493 thousand. Foreign tourists accounted for the majority of arrivals, with a particular jump between 2013 and 2019, while the share of domestic tourists grew slower.

The analysis confirms Hypothesis H1, indicating that the number of arrivals and overnight stays by domestic and foreign tourists in Croatia statistically significantly impact tourism income.

Tourist Arrivals Growth:

Total tourist arrivals saw significant growth from 2013 to 2019, increasing from 12.434 million to 19.566 million, a rise of over 50% in six years. After a decline in 2020 due to the COVID-19 pandemic,

arrivals rebounded by 2023, reaching 19.493 million tourists. Foreign tourists accounted for the majority of arrivals, with a particularly sharp increase from 2013 to 2019, while the share of domestic tourists grew slower.

Tourist Arrival Indices:

The index for foreign tourist arrivals rose faster than domestic arrivals, indicating a more significant influx of foreign tourists than domestic ones, especially between 2013 and 2019. In 2020, the arrival index significantly dropped due to the pandemic. However, a strong recovery was evident in 2021 and 2022, with the arrival index in 2023 reaching levels similar to those of 2019.

Tourist Nights:

The number of tourist nights follows a similar pattern to arrivals, showing consistent growth until 2019. Total nights increased from 64,818 thousand in 2013 to 91,243 thousand in 2019. The pandemic caused a sharp drop in 2020, reducing total nights to 40,794 thousand, but a rapid recovery followed, reaching 92,377 thousand nights by 2023. Foreign tourists accounted for the majority of overnight stays, with their numbers growing faster than those of domestic tourists.



Tourist Night Indices:

The index of foreign tourist nights shows a more significant increase than domestic tourists, with a faster recovery following the pandemic. By 2023, the index for foreign tourist nights reached 165.3, reflecting a 65% growth compared to 2010.

The standard deviation reflects the variability of values around the mean. The significant differences between the minimum and maximum values for all three variables contribute to the relatively high standard deviations observed.

Tourist arrivals ('000):

The range between the minimum value (7,001) and the maximum value (19,566) is quite broad, resulting in a standard deviation of 3,915. This high standard deviation shows that annual tourist arrivals varied widely, mainly due to the decline during the 2020 pandemic.

Tourist nights ('000):

Similar to arrivals, the number of overnight stays ranges (from 40,794 to 92,377). This high difference between the annual data results in a stand-

ard deviation of 16,150, which shows significant variation in overnight stays over the years.

Tourism Revenue in a million EUR:

Tourism revenue ranges from €4,814 million to €14,600 million, which also causes a high standard deviation of €2,790. This points to significant revenue differences over the observed period, likely due to changes in arrivals, overnight stays, and external factors such as the pandemic.

4.1.1. Correlation Analysis of Tourism Indicators, 2013 – 2023.

A correlation analysis examined the relationships among three key tourism indicators: tourist arrivals, tourist nights, and tourism revenue over a ten-year period.

The data presented in the Table 3. indicates a strong positive correlation between the number of tourist arrivals and the number of nights spent at the destination ($r = .991$, $p < .001$). This means that an increase in tourist arrivals is significantly associated with a rise in the number of nights tourists spend at the destination.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Tourist arrivals, '000	10	7.001	19.566	15.577,40	3.915,46
Tourist nights, '000	10	40.794	92.377	77.664,70	16.150,45
Tourism Revenue in mio EUR	10	4.814,0	14.600,0	9.577,81	2.790,63
Valid N (listwise)	10				

Source: author's work

Table 3. Descriptive Statistics

		Tourist arrivals, '000	Tourist nights, '000	Tourism Revenue in mio EUR
Tourist arrivals, '000	Pearson Correlation	1	,991**	,835**
	Sig. (1-tailed)		<,001	,001
	N	10	10	10
Tourist nights, '000	Pearson Correlation	,991**	1	,860**
	Sig. (1-tailed)	<,001		<,001
	N	10	10	10
Tourism Revenue in mio EUR	Pearson Correlation	,835**	,860**	1
	Sig. (1-tailed)	,001	<,001	
	N	10	10	10

** . Correlation is significant at the 0.01 level (1-tailed).

Source: author's work

Furthermore, a strong positive correlation was identified between the number of tourist nights and tourism revenue ($r = .860, p < .001$). This indicates that as tourists stay longer, the revenue generated from tourism increases significantly.

Lastly, a moderate positive correlation exists between tourist arrivals and tourism revenue ($r = .835, p < .001$). This indicates that higher rates of tourist arrivals are associated with increased tourism revenue. However, his relationship is not as strong as the correlation between tourist nights and revenue.

The results indicate that all three tourism indicators are significantly correlated, highlighting the interconnectedness of tourist arrivals, tourist

nights, and tourism revenue. The strong correlations suggest that strategies to increase tourist arrivals and nights may positively influence overall tourism revenue.

4.1.2. Share of Tourism Revenue in GDP and Real Growth Adjustment, 2016-2023.

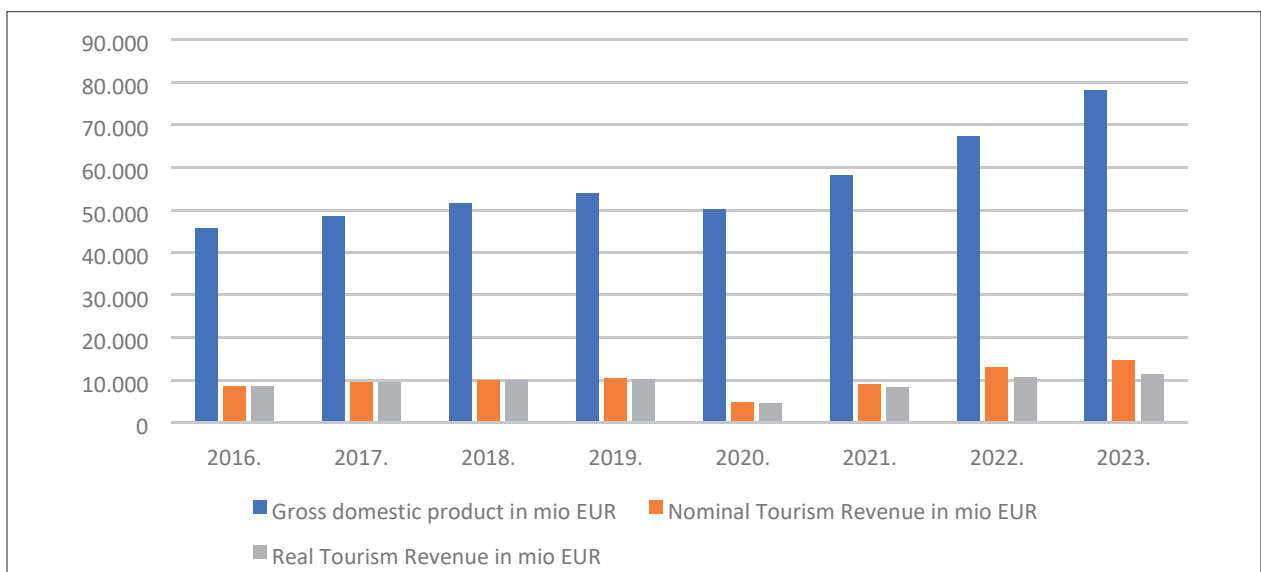
The data covering eight years demonstrates the following results:

1. Gross Domestic Product (GDP): The average GDP over the period was €56,687.50 million (SD = €10,942.26), with a minimum of €45,659 million and a maximum of €78,048 million.

Table 4.

Year	Gross domestic product in mio EUR	Nominal Tourism Revenue in mio EUR	Share of tourism in GDP nominal %	CPI (base index 2015. 100)	Real Tourism Revenue in mio EUR	Share of tourism in GDP real %
2016.	45.659	8.635	18,9%	99,40	8.687	19,0%
2017.	48.462	9.493	19,6%	100,60	9.436	19,5%
2018.	51.527	10.097	19,6%	101,50	9.948	19,3%
2019.	53.983	10.539	19,5%	102,90	10.242	19,0%
2020.	50.224	4.814	9,6%	102,20	4.710	9,4%
2021.	58.207	9.134	15,7%	107,80	8.473	14,6%
2022.	67.390	13.114	19,5%	121,90	10.758	16,0%
2023.	78.048	14.600	18,7%	127,40	11.460	14,7%

Source: author's calculation data based from Croatian Bureau of Statistics



Source: author's work

Figure 1. Tourism Revenue as a Share of GDP in Nominal and Real Terms (2016-2023)

Table 5. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Gross domestic product in mio EUR	8	45.659	78.048	56.687,50	10.942,26
Nominal Tourism Revenue in mio EUR	8	4.814,0	14.600,0	10.053,23	2.949,52
Share of tourism in GDP nominal %	8	9,6%	19,6%	17,63%	3,50%
CPI (base index 2015. 100)	8	99,4	127,4	107,96	10,69
Real Tourism Revenue in mio EUR	8	4.710,37	11.459,96	9.214,32	2.076,45
Share of tourism in GDP real %	8	9,4%	19,5%	16,42%	3,53%
Valid N (listwise)	8				

Source: author's work

- Nominal Tourism Revenue: The average nominal tourism revenue amounted to €10,053.23 million (SD = €2,949.52), with a range from €4,814 million to €14,600 million.
- Tourism Share in Nominal GDP: Tourism's share in GDP averaged 17.63% (SD = 3.50%), with values ranging from 9.6% to 19.6%.
- Consumer Price Index (CPI): The average CPI was 107,96 (SD = 10.69), ranging from 99,4 to 127,4.
- Real Tourism Revenue: Adjusted for inflation, actual tourism revenue averaged €9.214,32 million (SD = €2,076.45), with a minimum of €4,710,37 million and a maximum of €11.459,96 million.
- Tourism Share in Real GDP: The average share of tourism in real GDP was 16,42% (SD = 3.53%), with a range from 9,4% to 19,5%

The results confirm Hypothesis H2: There is a statistically significant relationship between tourism revenues and GDP growth in Croatia and the inflationary effect on the share of GDP.

These results highlight notable tourism revenues and GDP fluctuations throughout the observed period. While nominal tourism revenues experienced growth, actual revenues (adjusted for inflation) indicate that inflation substantially shaped the perception of economic development. This suggests that nominal increases in tourism revenues may only partially represent genuine economic expansion, as inflation affects purchasing power and consumption. Consequently, analysing actual tourism revenues provides a clearer understanding of the sector's contribution to financial stability and growth, considering the inflationary impact on economic indicators.

4.1.3. Analysis of Travel and Tourism GDP Share in the EU and the UK (2019 vs 2023)

Country	2019	2023
Ireland	4.2%	3.8%
Poland	4.9%	4.1%
Belgium	5.7%	5.5%
Romania	6%	5.6%
Lithuania	6%	5.2%
Czechia	6.2%	5.5%
Denmark	6.4%	6.5%
Slovakia	6.7%	4.8%
Sweden	7.3%	7.1%
Latvia	7.7%	7.5%
Finland	7.8%	7.1%
Hungary	8.3%	7.4%
France	8.5%	8.8%
Luxembourg	9.8%	8.5%
United Kingdom	9.9%	8.8%
Bulgaria	9.9%	6.9%
Italy	10.6%	10.5%
Netherlands	10.6%	9.6%
Austria	10.7%	10.6%
Slovenia	10.8%	9.8%
Germany	11.4%	11%
Estonia	12.4%	9.2%
Cyprus	13.5%	12.9%
Spain	14.1%	14.5%
Malta	14.7%	13.6%
Portugal	17.3%	19.6%
Greece	20.7%	19.2%
Croatia	25.2%	25.8%

Source: Statista.com

The travel and tourism sector represents a significant component of the economies of the European Union (EU) member states and the United Kingdom (UK). This study examines the contribution of travel and tourism to the gross domestic product (GDP) of selected countries in 2019 and 2023, identifying notable trends and shifts within the sector. The findings reveal a diverse range of outcomes: while some nations experienced a reduction in the share of GDP derived from travel and tourism during this period, others demonstrated stability or growth. Croatia emerged as the leader in 2023 among EU countries, with travel and tourism accounting for approximately 26% of its GDP through direct and indirect contributions. Portugal and Greece ranked second and third, with the sector contributing 19.6% and 19.2% of their GDP, respectively. These figures underscore the varying degrees of reliance on the travel and tourism industry across countries within the region.

5. Discussion

Tourism has been identified as a crucial sector of Croatia's economy, contributing significantly to the GDP. The average share of tourism in the nominal GDP is 17.63%, with a standard deviation of 3.50.

While nominal tourism revenues have grown, real revenues adjusted for inflation more accurately represent economic performance. The average nominal tourism revenue was 10,053.23 million EUR, but inflation and rising prices significantly affected the real value of these revenues, resulting in 9,214.32 million EUR.

Due to the COVID-19 pandemic, tourism revenues and GDP varied significantly over the observed period. The GDP ranged from 45,659 million EUR to 78,048 million EUR, while tourism revenues ranged from 4,814 million EUR to 14,600 million EUR. This variability underscores the need for a detailed and nuanced analysis to understand tourism's true economic impact and develop strategies to stabilize and enhance this sector.

This highlights the need for resilience planning and diversification in economies heavily reliant on tourism.

Despite its weaknesses, Croatia's tourism industry is a crucial asset fueled by its extraordinary natural and cultural heritage.

The quick recovery of tourist overnight stays post-pandemic, reaching 92,377 thousand in 2023, indicates resilience and a strong rebound in the tourism sector. The study utilizes a comprehen-

sive methodology, analyzing eight years of data to evaluate tourism's economic impact.

By addressing these key points, the discussion chapter provides a comprehensive overview of the economic significance of tourism in Croatia, the impact of inflation, the variability in revenues, the sector's vulnerability to external shocks, and the potential for future growth.

6. Conclusion

This analysis highlights tourism as a key economic growth driver with a substantial contribution to GDP, underlining the sector's strategic importance. Therefore, ongoing support and development are essential to enhance its impact.

Croatia's rich natural landscapes, biodiversity, tradition, and cultural heritage also provide vast potential. Better valorisation and sustainable use of these resources could further strengthen the tourism sector's economic contributions and promote sustainable growth.

The study reveals that while nominal tourism revenues have increased, examining inflation-adjusted actual revenues provides a clearer picture of economic performance.

This highlights the significant effect inflation has on the perceived growth within the tourism sector.

During the observed period, tourism revenues and GDP exhibited notable fluctuations. This variability underscores the importance of conducting a detailed analysis to understand tourism's economic impact and formulate strategies to stabilise and enhance this sector.

Furthermore, it emphasizes the need for policymakers to consider the effects of inflation on tourism revenues, as nominal growth figures may not accurately reflect real economic progress.

The results indicate that strategies to increase tourist arrivals and overnight stays can positively influence tourism revenues, thereby contributing to economic stability. Investments in infrastructure and services that encourage longer stays (e.g. diverse attractions, cultural events and local experience).

The data show that Croatian tourism has recovered after the pandemic, with an emphasis on the faster return of foreign tourists compared to domestic tourists. Also, the long-term growth trends of the tourism sector are visible through the constant growth in the number of arrivals.



It was concluded that the economy of the Republic of Croatia mainly depends on tourism, whose total share is 18,7% of GDP, which is exceptionally high. Moreover, this number was as high as 19,6% before the pandemic. Tourism is a branch on “glass legs”; in the event of a pandemic, it can destroy and bring down tourist numbers and, thus, the entire economy if it depends on tourism in such a percentage. Such an occurrence was the previously mentioned COVID-19 crisis. It largely shaped world economies during 2020 and 2021, primarily due to the restrictions implemented, such as travel bans, social distancing, etc. In those years, the Republic of Croatia generated 4.8 bil-

lion euros compared to 2019, when it generated about 10.5 billion euros in earnings from tourism. Such a drop in income shook the entire economy of the Republic of Croatia.

The tourism sector’s vulnerability to external shocks, such as the COVID-19 pandemic, highlights the need for resilience planning. The development of contingency plans and the diversification of the economy can help mitigate the impact of such shocks in the future. This approach enhances the sector’s adaptability and promotes sustainable growth in the face of unforeseen challenges.

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