

## **Influx of Tourism and the Opportunity for Bosnia and Herzegovina**

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Received: November 09, 2019

Accepted: December 23, 2019

### **ABSTRACT**

Bosnia and Herzegovina, as a nation is on the rebound from decades of war and destruction. However, even after years of unrest in the 1990s, the country's ranking as the world's eighth friendliest nation towards tourists reinforces the opportunity that lies in pursuing the Tourism industry on a national scale.

This research aims at studying tourism related statistics, economic trends and avenues in Bosnia and Herzegovina that make it an ideal, potentially top tourist destination. This industry has the potential to pull the Balkans out of the slow economic development into a fast-paced European nation. This article begins with the evaluation and understanding of the current economic stability of Bosnia and Herzegovina. Through qualitative analysis and extensive secondary research of scholarly articles, discussions, papers on the developmental journeys and stories of other nations, this article highlights the significance of Tourism and its rise in outpacing the Rate of Investments (ROI) from other traditional industries. The research further identifies three cornerstones that will revive this industry in Bosnia and Herzegovina.

Much of the country benefits from being both a summer and winter destination which maintains continuity in its tourism throughout the year. Weather undeniably has great role to play in this beautiful heart shaped country set in the Balkan Peninsula. The three UNESCO World Heritage sites coupled with the country's extensive history that dates to the Neolithic Age serve as a great attraction for tourists.

This study can be taken further in determining more cornerstones to support this industry and identifying opportunities that not only the Tourism industry presents to the locals but also encourages other upcoming and related industries such as lodging, restaurant, tour and travel, airlines and improving civic transportation and other amenities for the locals.

### **Introduction**

Tourism has taken on a very influential role in every country in the 21<sup>st</sup> century and this is drawing the attention of businesses and public organizations world over. With transfer of information becoming instantaneous using the latest technology platforms and modes of travel becoming easier, the interest in studying to maximize the economic impacts of Tourism at a local, national and state levels is a serious subject. With a simple click of a button, people are planning vacations across countries and time zones to exotic, less travelled, adventurous locations. With the ease and convenience in mind, economies can no longer ignore the quantum of investment these travelers bring with them. The desire to climb out of the trenches of wars in the past decades, countries are fast embracing Tourism as an easy and moreover, lucrative addition to the long standing, cost and labor-intensive Steel production, vehicle assembly, textiles, tobacco products, wooden furniture, and domestic appliances' industry. Committees and incentives are being set up to capture this market.

There are many reasons that set the Balkan Peninsula apart from the rest of the world. Their history can aptly be described as triumphant and tragic, long and recent. For those in search of rich history and centuries' old culture they've got to travel to the Balkans.

### **Methodology**

The primary data collection tool utilized for this study is a secondary qualitative research. Researching this topic required the researcher to maintain a detached stance to avoid any kind of bias especially because the topic requires analysis of cultural norms and preferences. Government records, economic trends studied by statisticians and scholarly articles on this subject have been re-analyzed, interpreted and reviewed, highlighting their collective significance in the current time for Bosnia and Herzegovina's economic status and future.

For the collection of data both published and unpublished data have been used.

Published data are collected from: i) various publications of the federal or local governments

(e.g., census reports, annual reports and financial statements of companies, statistical statement, reports of government departments), ii) various publications of foreign governments or of international bodies and their subsidiary organizations (e.g., UNO, IMF, World Bank, etc.),

iii) various research reports are prepared by research scholars, universities,

economists, etc., in different fields, iv) books of various authors, magazines, and newspapers, v) websites, and viii) public records and statistics, historical documents and other sources of published information. The unpublished data are collected from many sources from scholars and research workers, trade associations, labor bureaus, and other public/private individuals and organizations.

### **Economic Stability**

Bosnia and Herzegovina are 83<sup>rd</sup> freest nation in the 2019 Economic Freedom index and enjoying a moderately free status (2019 Index of Economic Freedom<sup>1</sup>). The country's economic pace has majorly been driven by post war reconstruction and is best described as a transitional economy with limited market reforms (Indexmundi.com 2018). The economy relies heavily on exports of metals, energy, textiles, and furniture as well as on remittances, foreign aid, and Chinese infrastructure investment, particularly in the energy sector. After the Balkan conflict,

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1 The Index of Economic Freedom is an annual index and ranking created in 1995 by The Heritage Foundation and The Wall Street Journal to measure the degree of economic freedom in the world's nations

Bosnia and Herzegovina's tourism growth rate is set hover around 24% between 1995 and 2020. In 2018, Tourism rose to 2 Billion Euros and contribute to 10.2% of the economy's Gross Domestic Product (GDP) as per the official statistics. Tourism has been rising, but major strides need to be made to see any impact on the economy from this sector.

The Historical Index score since 1998 has been on the positive side of 32.5. Bear in mind that per the Dayton Agreement Bosnia and Herzegovina's independence was finalized in 1995 which means their economy truly began to be measured and recorded 3 years down the line. It is encouraging to know that the increase in the score indicates to a positive move towards labor freedom and government spending. Working to make move the needle in an environment driven by a highly decentralize government functioning coupled with excessive bureaucracy especially in obtaining business licenses and launching business does impair the business development environment. Lack of foreign investment adds to the soaring unemployment rate.

Some of the biggest deterrents to the growth of tourism that are witnessed within the country are its positioning as a transit point for heroin being trafficked to Western Europe; minor transit point for marijuana; remains highly vulnerable to money-laundering activity given a primarily cash-based and unregulated economy, weak law enforcement, and instances of corruption.

Nevertheless, as a progressing economy Bosnia and Herzegovina's top economic priorities are acceleration of integration into the EU; strengthening the fiscal system; public administration reform; World Trade Organization membership; and securing economic growth by fostering a dynamic, competitive private sector (CIA 2019).

#### **Cornerstones of Reviving the Tourism Industry in Bosnia and Herzegovina**

The rich history, untouched topography and pristine geography of the Bosnian Peninsula poses as one of the main attractions for tourists from all over the world. This sector has the potential to be one of the fastest growing and main contributors for the country's economy. According to an estimate of the World Tourism Organization, Bosnia and Herzegovina will have the third highest tourism growth rate in the world between 1995 and 2020. The travel guide series, Lonely Planet, has named Sarajevo as the 43<sup>rd</sup> best city in the world. In 2012, for the first time in history, over one billion international tourists travelled the world in a single year (WTO 2015). This number represents immense opportunity for countries to showcase their unique heritage, natural attractions and history to attract tourists and make tourism one of the mainstream industries in their economy. It has the potential to encourage development through job creation, business for small and medium enterprises which in the long run will improve livelihood, bring about a renewal of the communities and promotion of the country on the global platform.

#### **1. History, Religion and Culture: Importance of UNESCO World Heritage Sites**

One of the strong motivations for travel is visiting cultural sites and discovering local customs. It is important to remember that first and foremost tourism is focused on historical, religious and cultural aspects of a place. To ensure that tourism is used effectively as a tool for cultural preservation, UNWTO is working closely with the UNESCO World Heritage and Sustainable Tourism Program to create an international framework for sustainable tourism management at world heritage sites. Considering that more than 40% of the world heritage sites listed by UNESCO are in Europe and that seven out of the ten most visited countries

in the world are European, the safeguarding of cultural heritage must be a priority (WTO 2015).

Bosnia and Herzegovina have a history drenched with rich culture and religion. This brings us to one of its most prized possessions that they have to offer to the world. Bosnia and Herzegovina are home to three UNESCO World Heritage Sites:

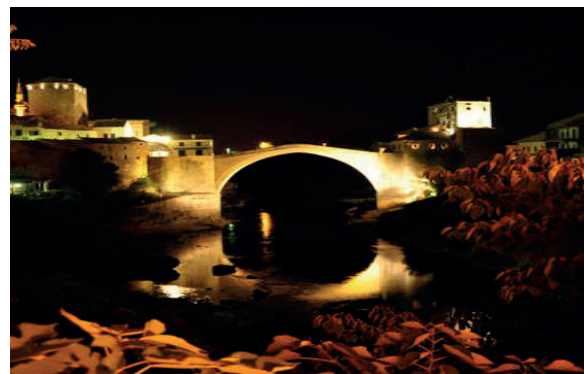
- *The Mehmed Paša Sokolović Bridge in Višegrad*
- *The Old Bridge Area of the Old City of Mostar*
- *The Stećci Medieval Tombstones Graveyards.*

#### **The Mehmed Paša Sokolović Bridge in Višegrad (UNESCO 2019)**



The Mehmed Paša Sokolović Bridge of Višegrad across the Drina River in the east of Bosnia and Herzegovina was built at the end of the 16th century by the court architect Mimar Koca Sinan on the orders of Grand Vizier Mehmed Paša Sokolović. Characteristic of the apogee of Ottoman monumental architecture and civil engineering, the bridge has 11 masonry arches with spans of 11 m to 15 m, and an access ramp at right angles with four arches on the left bank of the river. Located in a position of geostrategic importance, the bridge bears witness to important cultural exchanges between the Balkans, the Ottoman Empire and the Mediterranean world, between Christianity and Islam, through the long course of history.

#### **Old Bridge Area of the Old City of Mostar (UNESCO 2019)**



The historic town of Mostar, spanning a deep valley of the Neretva River, developed in the 15th and 16th centuries as an Ottoman frontier town and during the Austro-Hungarian period in the 19th and 20th centuries. Mostar has long been known for its old Turkish houses and Old Bridge, Stari Most, after which it is named. In the 1990s conflict, however, most of the historic town and the Old Bridge, designed by the renowned architect Sinan, was destroyed. The Old Bridge was recently rebuilt and many of the edifices in the Old Town have been restored or rebuilt with the contribution of an international scientific committee established by UNESCO. Architecture here presented a symbol of tolerance: a shared life of Muslims, Christians

and Jews. Mosques, churches, and synagogues existed side-by-side indicating that in this region, the Roman Catholic Croats with their Western European culture, the Eastern Orthodox Serbs with their elements of Byzantine culture, and the Sephardic Jews continued to live together with the Bosniaks-Muslims for more than four centuries.

#### Stećci Medieval Tombstone Graveyards (UNESCO 2019)



This serial property combines 28 sites, located in Bosnia and Herzegovina, western Serbia, western Montenegro and central and southern Croatia, representing these cemeteries and regionally distinctive medieval tombstones, or stećci. The cemeteries, which date from the 12th to 16th centuries CE, are laid out in rows, as was the common custom in Europe from the Middle Ages. The stećci are exceptional testimony to the spiritual, artistic and historical aspects of the medieval cultures of southeastern Europe, an area where traditions and influences of the European west, east and south entwined with earlier traditions.

#### 2. Natural Wonders: Climate, Geography and Seasonal Duration

Tourism is weather dependent in many countries and by extension climate dependent. Not only does it factor into the decision making for tourists but also influences the successful operation of tourism related businesses. Climate and Weather are deeply entwined with the geography of that place. (Bradt 2014) Several factors influence the climate of Bosnia and Herzegovina namely,

- Its geographic position
- Its relief, which is predominantly mountainous,
- the proximity of the warm Mediterranean Sea,
- and the continental landmasses, mainly the Euro-Asian landmass.

In relatively simpler terms the south experiences warm, sunny and dry weather followed by mild winters. In other areas the weather is more comparable to central Europe where we have Hot summers, cool springs and autumns and cold winters with substantial snowfall. But what Bosnia and Herzegovina have to offer that is unique are the Mountains in the middle of the Bosnian Peninsula. It creates a climate of its own where the Mediterranean and Continental meet and create a completely exceptional ecosystem. The country is regaining its reputation as an excellent ski destination with its Olympic mountain ski resorts such as Bjelašnica, Igman and Jahorina. This is an exceptional development considering that it is being counted as one of the major destinations for tourists from the Middle East. Moreover, with temperatures well below zero for more than six months of the year. This can be a tremendous opportunity to promote tourism and have consistent flow of tourists throughout that time. Jahorina and Bjelašnica mountains were hosts to the 1984 Winter Olympic Games. This provided the needed visibility to the country that it can build

on post the wars and during the ongoing post war economic reconstruction era. Touched by the Mediterranean spell the country is also a must visit in the summer around May when the countryside is dotted with wildflowers and the days are pleasant and evenings are refreshing. However, the snowy mountains take the top prize with being the most sought after for tourists.

Amongst the Highlights and pristine beauty of the mountains, one must not forget the rivers that run through the country and provide ample opportunity for sports and recreation. Rafting or kayaking on the Una and Vrbas is an unforgettable experience and the falls at Strbački Buk, are one of the toughest in Europe to scale.

#### 3. Focus on Sustainable Tourism

Last but not the least, the country stands at a crossroads in the 21st century where many organizations have been established to preserve and reconstruct not only the natural wonders of our world but also the man-made phenomenal creations of the past. It is a tremendous advantage that UNWTO is working closely with the UNESCO World Heritage and Sustainable Tourism Program to create an international framework for sustainable tourism management at world heritage sites. Bosnia and Herzegovina have three Heritage sites that come under this umbrella and with the right promotion they can serve to attract a considerable percentage of the world's history buffs to add to the adventure seeking tourists every year.

In line with the country's modernization agenda, there is expected to be a stronger push on the capital investment program. This will support infrastructure growth. Tourism will also support job creation in both of those sectors. A and streamlining spending remain high priorities on the authorities' medium-term economic agenda.

#### Conclusion

There is no doubt that the country benefits from its geographical location, historical heritage and the unique opportunity to rebuild itself after the 1990s wars. There is tremendous potential for the government to encourage its people to start small businesses, crack down on the corruption and bureaucracy, focus on tourism related activities and incentivize foreign investments to flow in that will create more jobs to tackle the mounting unemployment. The pace is steady as the economic growth and freedom index suggest being both a summer and winter destination has tremendous potential to maintain continuity in its tourism throughout the year.

The history of this country and everything it has endured in the past has ensured that apart from the Weather and Geography as one of the top attractions, it is also supported as a top destination is because the region appeals to diverse religious groups.

Considering that more than 40% of the world heritage sites listed by UNESCO are in Europe, Bosnia and Herzegovina has must to gain from being a part of this list and then continuing their efforts of being in the European Union and establishing their foot hold in the Global Footprint.

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