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TOURISM AND ECONOMIC DEVELOPMENT IN MACEDONIA

In the past few decades, tourism has emerged as one of the major industries in the world economy, by benefiting transportation, accommodation, catering and many other sectors. Thus, each country insists on developing it and making a profit from its variety of impacts. Moreover, everyone is interested in increasing the number of incoming visitors since it serves as a source of economic growth. This paper addresses the economic impacts of tourism in Macedonia and makes an attempt to assess its contribution to the economic development. For that purpose, we address some economic parameters: the gross domestic product in order to measure the contribution of tourism for the overall economic activity; employment in tourism as possibility to contribute to job creation in combating unemployment rate; and the net flows of tourism services by analyzing the balance of payments. Moreover, a comparative analysis on some additional economic aspects is presented, resulting into conclusions for having plenty of possibilities to promote tourism inflows in terms of undertaking serious measures and activities for attracting larger number of foreign tourists. In order to expose more interesting concluding remarks, the data set used in the study is observed in two periods: 1991-2000 as a period just after the independence of Macedonia and 2001-2010 as a period extensive enough to observe the first tourism outcomes. Accordingly, the paper underscores the need for continuous analysis of tourism economic impacts as an important consideration to all tourism key-actors responsible for creating economic development strategies in Macedonia.

Key words: Tourism; Economic impacts of tourism; Economic development; Macedonia.

INTRODUCTION

Each country is interested in developing tourism since it generates various micro and macro economic effects. In the line of microeconomic influences, the tourism assists in improving the quality of labour employed in the industry, uses sources efficiently under high competition, benefits from scale economies and develops new facilities adapted to international standards for tourism demand and supply.

Regarding the macroeconomic effects, the tourism is seen as a mean for enhancing the foreign export demand for domestic goods and services, generating foreign currency earnings, new employment opportunities within the country, contributing to the repayment of foreign debt, increasing national income, generating new economic sources etc. Moreover, everyone identifies tourism industry as a source of economic growth and development, promoting global community and international understanding and peace, providing tourism and recreational facilities to local people, improving living standards, stimulating local commerce and industry, reinforcing the preservation of heritage and tradition.¹

Tourism economic impacts are, therefore, an important consideration in economic development, as well as in state, regional and community planning. In the same line, it is necessary to implement a document for strategic tourism development, since it represents a strong mechanism and a tool for creating general policy of the overall economic development.² Additionally, defining the development priorities as a basic element of the development strategy is the biggest obstacle of each country.³

In 2008, Macedonia adopted the “National Strategy on Tourism Development 2009-2013”, which was prepared with a main vision: by 2013 Macedonia to become famous travel and tourism destination in Europe based on cultural and natural heritage.⁴ Such concept, imposes the necessity of introducing new economic policy, whereas, the tourism shall not be treated as autonomic sector, but as an integral part of the entire economy. It is almost impossible to withdraw the term “parasite” which is often added to tourism in Macedonia, if previously the economic structure in general is not adjusted to needs and demands, in the first line, towards the international tourism market.

However, the forecasts regarding the tourism development in Macedonia are much more optimistic than the actual outcomes. Namely, the estimated results are encouraging and by 2021 it is expected that the direct contribution of tourism to the national gross domestic product (GDP) will reach to 1.6 % thus bringing revenue of EUR 170 million according to the constant 2011 prices; the total contribution of tourism to GDP will rise to 6.0%; the visitor exports are expected to generate EUR 76 million (5.1% of total exports); and the investment in tourism is projected to reach the level of EUR 76 million representing 2.8% of total investment.⁵

1. LITERATURE REVIEW

There is a large body of literature regarding the economic impacts of tourism and its effects on the economic development. Namely, numerous researchers have been involved and a wide variety of techniques have been applied in identifying

¹ Goeldner, C. R., Ritchie, J. R. B., McIntosh, R., W., *Tourism: Principles, Practices, Philosophies*. John Wiley & Sons, 2000, p. 33-34.

² More details in: Williams, A., Shaw, G., *Tourism and Economic Development*, Belhaven Press, 1991; Frechtling, D. C., *Forecasting Tourism Demand: Methods and Strategies*, Butterworth – Heinemann, 2001.

³ More details in: Gunn, C. A., *Tourism Planning - Basics, Concepts, Cases*, Taylor&Francis, 1993; Hall, M. C., “The Future of Tourism Research”, in: Ritchie, B. (Ed.) *Tourism Research Methods: Integrating Theory with Practice*, CABI Publishing, 2005, 221-231.

⁴ Government of the Republic of Macedonia, *National Strategy on Tourism Development 2009-2013*, Skopje, 2009, p. 3.

⁵ WTTC, *Travel & Tourism Economic Impact - Macedonia 2011*, 2011, p. 3.

and quantifying tourism economic consequences. In this respect a variety of methods, ranging from pure guesswork to complex mathematical models, are used to estimate tourism's economic impacts. Studies vary extensively in quality and accuracy, as well as which aspects of tourism are included. However, the vast majority of papers refer to the economic impact analysis, i.e. they try to define the contribution of tourism activity to the economy of a specific region.⁶ In this respect, the economic impact analysis traces the flows of spending associated with tourism activity in a region in order to identify changes in sales, tax revenues, income, and jobs due to tourism activity. The principal methods being applied are visitor spending surveys, analysis of secondary data from government economic statistics, economic base models, input-output models and multipliers.⁷

Due to the fact that economic development represents just one process of a complex system known as human development, means that economic development inevitably leads to human development and the quality of life.⁸ So, the human development or the increase of human quality of life is the main goal of the economic development.⁹

In this respect, the achieved economic and human development may be measured and presented by various indicators:¹⁰

- Value aggregate indicators: dynamics and speed of growth of the total production; GDP; degree of growth of the GDP; degree of saving and index of the investments or economic welfare etc.;
- Natural indicators: degree of infrastructural construction; degree of residential construction assistance; degree of biological nutrition of population etc.;
- Social indicators: nutrition, health, degree of education, social security, working conditions, housing, employment etc.

2. METHODOLOGY

In the paper we performed different types of analysis based on available sources of secondary data and comparable quantities. Generally, comparable quantities are analysed with descriptive statistics on economic parameters for the GDP, employment in tourism and the net flows of tourism services by analyzing the balance of payments. Additionally, a comparative analysis on some economic aspects was

⁶ More details in: Crompton, J. L., "Economic impact analysis: Myths and misapplication", *Trends*, 30(4), 1993, 9-14; Lundberg, D., Donald, E., Krishnamoorthy, M., Stavenga, H., *Tourism Economics*, John-Wiley, 1995.

⁷ Frechtling, D. C., "Assessing the economic impacts of travel and tourism - Introduction to travel economic impact estimation", in: Ritchie, J. R. B., Goeldner, C. R. (Eds). *Travel, Tourism and Hospitality Research*, John Wiley and Sons, 1994, p. 119.

⁸ Osberg, L., Sharpe, A., *Human Well Being and Economic Well Being; What Values Are Implicit in Current Indices?*, Canada, 2003, p. 36.

⁹ More details in: Hayami, Y., Godo, Y., *Development Economics: from the Poverty to the Wealth of Nations*, Oxford University Press, 2005; Kanbur, R., *Conceptual challenges in poverty and inequality: Onedevlopment economist's perspective*, Cornell University, 2003.

¹⁰ More details in: Cypher, M., J., Dietz, L., J., *The process of economic development*, Routledge, 2009; Grabowski, R., Self, S., Shields, P. M., *Economic Development; A Regional, Institutional and Historical Approach*, Sharpe Inc., 2007; Soubbotina, T., *Beyond Economic Growth: An Introduction to SustainableDevelopment*, The World Bank, 2004; Todaro, P. M., Smith, C. S., *Economic Development*, Pearson Education Lmted., 2009.

introduced in terms of foreign direct investments (FDI) as well as the growth rate of imports and exports of goods and services. The data set applied in this study is observed in two periods. The first period covers the interval from 1991 until 2000 as a period just after the independence of Macedonia. The second interval is from 2001 until 2010 as a period when tourism is set in a broad macroeconomic framework and the first outcomes were present.

Accordingly, the paper underscores the need for continuous analysis of tourism economic impacts as an important consideration to all tourism key-actors responsible for creating economic development strategies in Macedonia. In this respect, the main conclusions of the analysis should initiate urgent need for undertaking serious measures and activities for enhancing the tourism development in Macedonia.

3. ANALYSIS, RESULTS AND DISCUSSION

During the research, we were faced with some obstacles regarding the official statistical data representing the tourism industry in Macedonia. Namely, all applied statistical data refer only to the hotels and restaurants in Macedonia, thus being a crucial limiting factor for more in-depth analysis. In this respect, it should be noted that the findings that discuss the number of employees in tourism industry, do not address the employees in tourist agencies, tour-operators and other tourism mediators. More precisely, in Macedonia, it is very often case that the term tourism is equal to the term hotel industry, which results into “neglecting various, even more significant effects compared to those produced within the hotel industry”.¹¹

The undertaken analysis refers only to the direct tourism effects, meaning that the indirect ones are not addressed in this research. Up to date, some serious calculations or analyses regarding the multiplicative tourism effects in Macedonia have not been undertaken. However, considering the extremely low inter-sectional relationship and the trade deficit, it is expected that tourism multiplier in Macedonia is not very high.

3.1 The overall economic impact of tourism

In case of analyzing the economic importance of tourism in Macedonia, firstly we addressed the issue of tourism contribution to the overall economic activity. In this respect the Table 1 presents the GDP created in the hotel and restaurant sector in Macedonia during the sample period 1991-2010.

As mentioned previously, the sample period is divided in two sub-periods in order to point out more interesting concluding remarks. So, the first sub-interval addresses the first 10 years just after the independence of Macedonia. It is noticeable that the GDP created in tourism within this period decreased in six out of ten years, which might be explained as a post-independence period. The 1996 performed the best results and together with 2003 are the highest peaks, approximately 0.2 % above the average tourism contribution to the economy in the sample period. As presented in Table 1, during the sub-period 1991-2000, the average annual growth is 0.6% and 1.5% as tourism contribution to the GDP.

¹¹ Sinclair, T. M., Stabler, M., *The Economics of Tourism*, Routledge, 1997, p. 36.

Table 1. **GDP of tourism in Macedonia**

Year	Annual growth (%)	% of GDP	Year	Annual growth (%)	% of GDP
1991	7.4	1.7	2001	-4.5	1.5
1992	-8.9	1.6	2002	16.6	1.7
1993	-2.7	1.5	2003	9.6	1.8
1994	-8.4	1.4	2004	-1.7	1.7
1995	-12.6	1.3	2005	4.8	1.7
1996	4.1	1.8	2006	1.5	1.6
1997	-3.6	1.4	2007	8.5	1.7
1998	7.3	1.4	2008	5.9	1.7
1999	24.7	1.7	2009	-8.6	1.6
2000	-1.3	1.5	2010	-9.2	1.4
1991-2000	0.6	1.5	2001-2010	2.3	1.6

Source: Authors' own calculations based on: State Statistical Office, *Statistical Yearbook of the Republic of Macedonia*, Skopje, various years; National Bank of the Republic of Macedonia, *Quarterly Reports*, Skopje, various years.

The second analyzed sub-period that covers the interval 2001-2010, generally performed growth, which was yet, very volatile. For instance, in 2001 and 2004 the GDP created in tourism decreased compared to the previous year. However, it has to be pointed out that the negative growth rate in these years is partially due to the war conflicts in Macedonia and the region. For example, the extreme fall of tourism activity in 2000, can be interpreted as a consequence of the Kosovo war, bomb attacks on Serbia and refugee crisis in 1999. Such conclusion throws a shade on unexpected extremely high growth of tourism sector in 2003 (when actually all these negative shocks still had an influence), which can be elaborated as an outcome of abstinence of domestic population for travelling abroad i.e. an increase in domestic tourism demand. Further on, a fall of the GDP is noted in 2004, which can be provoked by increased interest for travel abroad, caused by the recovered economic activity and the rising consumer lending. In the rest of the analyzed sub-period, the tourism sector shows a slight growth with uneven intensity. As it can be seen in Table 1, this second analyzed sub-interval contributed much more to the economic development of Macedonia. Namely, the average annual growth is 2.3% which is approximately 4 times higher than the average of the first analyzed sub-period.

Generally speaking, it can be noted that the economic importance of tourism in 1996 and 2003 reached its peak of 1,8 % in total GDP. In the same line, during the sample period 1991-2010 the tourism, in average, generated 1.6% of the GDP. Compared to the world average of 3.2% in 2009¹² lead us to conclusion of very modest tourism contribution, but the impression is completely opposite when making comparison with the average for Central and Eastern Europe (CEE) of 1.6%.¹³

It is calculated that in the less developed countries, one percent of the GDP allocated to debt repayment reduces investment by 0.3 percent of the GDP, which

¹² WTTC, *Travel & Tourism Economic Impact, Executive Summary 2009*, 2009, p. 4.

¹³ WTTC, *Travel & Tourism Economic Impact - Central and Eastern Europe 2009*, 2009, p. 5.

inhibits investment.¹⁴ This implies that additional receipts from international tourism as a proportion of national income increases investment by 0.3 percentage, as well as saving foreign currency expenses.

The lack of the Tourism Satellite Accounts (TSA) is additional restrictive factor for “perceiving the final impact on the entire economy”.¹⁵ The absence of TSA concept prevented us to implement it as “a measure of the added value and to identify the tourism influence on the entire national economy”.¹⁶ Moreover, the TSA can guide policy decision makers in their strategic choices, helping them to understand size and importance of tourism sector as a whole. In this respect, the indicators for the TSA are more and more used as targets in national tourism policies and long-term strategies.¹⁷

3.2 Tourism and unemployment

The unemployment rate in Macedonia is very high, approximately 35%. Due to the fact that tourism industry by its nature is labor intensive, we proceeded with the analysis in order to find out whether tourism development can contribute to the job creation. The main aim was to clarify if the tourism in Macedonia is a factor for decreasing the unemployment rate. However, the lack of appropriate statistical data appeared as a serious obstacle and a crucial limiting factor for more in-depth analysis.

Table 2. **Employees in the tourism industry in Macedonia**

Year	Empl.	Annual growth (%)	% total labor	Year	Empl.	Annual growth (%)	% total labor
1991	12 764	-	2.7	2001	10 070	-3.2	3.4
1992	13 306	4.2	3.0	2002	9 982	-0.9	3.6
1993	12 022	-10.0	2.9	2003	9 880	-1.0	3.7
1994	10 611	-12.0	2.7	2004	12 672	28.3	3.1
1995	9 946	-6.3	2.8	2005	12 892	1.7	3.1
1996	10 520	5.8	3.1	2006	13 040	1.1	3.0
1997	9 903	-5.9	3.1	2007	13 040	0.0	3.0
1998	9 758	-1.5	3.1	2008	13 265	1.7	3.1
1999	9 998	2.5	3.2	2009	13 668	3.0	3.2
2000	10 403	4.1	3.4	2010	13 371	-2.2	3.1
1991-2000	10 923	-1.9	3.0	2001-2010	12 188	2.9	3.2

Source: Authors' own calculation based on the State Statistical Office, *Statistical Yearbook of the Republic of Macedonia*, Skopje, various years.

Table 2 represents data regarding annual growth of employees in tourism in Macedonia and their percentage in total labor observed in two sub-intervals.

¹⁴ Cohen, D., “Low investment and large LDC debt in the 1980's”, *American Economic Review*, Vol. 83, No.2, 1993, p. 446.

¹⁵ WTTC/WEFA, *Travel & Tourism Satellite Accounting Development Program - An Integrated Econometric System for Measuring and Forecasting Travel & Tourism's Contribution to National Economies*, London, 2007, p. 35.

¹⁶ Spurr, R., “Tourism Satellite Accounts”, in: Dwyer, L. et al. (Ed.). *International Handbook on the Economics of Tourism*, Edward Elgar Publishing, 2006, p. 286.

¹⁷ OECD, *OECD Tourism trends and policies 2010*, 2010, p. 85.

During the first sub-interval covering a 10-year horizon representing the independence period, the average number of employees was 10 923. On the other hand, the average number of tourism employees in the second sub-interval was 12 188. Hence, one may conclude that tourism in Macedonia in the 20-year period had a balanced development resulting into an average of 11 500 employees in hotels and restaurants. Completely opposite finding arise when comparing annual growth rate of these two intervals. Namely, the average annual growth rate for 1991-2000 is -1.9%, while for the second interval is several times higher i.e. 2.9%. It is more than obvious that in the decade after Macedonia proclaimed its independence, the annual growth of number of employees within tourism industry noted positive results. However, during both periods, the percentage of tourism employees to the total workforce stayed almost unchanged which may be interpreted as constant relationship.

Another characteristic feature of the data is the relatively constancy in the number of employees. Hence, since the beginning of the sample period - 1991 there were 12 764 employees, until the last available data for 2010 when 13 371 employees in tourism were registered. Despite the fact that the official data regarding the employment should be analysed with caution (for ex. the extremely high rates of growth of tourism employees in 2004 are in close correlation with the official recording system), yet, it is clearly that the number of employees in tourism grew with higher intensity than the total employment. In this respect, the number of total employees from 468 372 in 1991 fall to 435 524 in 2010. Due to more intensive growth, the participation of tourism employees in the total workforce increased from 2.7% in 1991 to 3.1% in 2010.

The average percentage of tourism employment in total labor during the sample period is 3.1 %. Although this result might seem moderate, it should be pointed out that the tourism in Macedonia has a higher influence on the entire employment in comparison to the wider region. Namely, the national average is more than twice bigger than the average of the CEE being 1.4% in 2009.¹⁸

Table 3. Direct contribution of tourism to the total employment in selected countries, forecast for 2021

Country	% of total labor
Croatia	12.7
Greece	8.0
Montenegro	6.9
Bulgaria	3.9
Bosnia and Herzegovina	2.1
Macedonia	1.6

Source: Authors' own calculations based on www.wttc.org

With regards to a 10-year forecast, it is expected that the number of employees that indirectly support the tourism industry in Macedonia will have an upward trend and will reach 35 000 jobs in 2021, representing 5.4% of the total

¹⁸ WTTC, *Travel & Tourism Economic Impact - Central and Eastern Europe 2009*, 2009, p. 5.

workforce.¹⁹ However, when comparing forecasts regarding the direct contribution of tourism to the total employment, one may argue that Macedonia is far behind the neighboring countries (Table 3).

On one hand, the tourism employment dynamics in Macedonia is a reflection of the increase in tourism activity (measured by the GDP created in tourism), but on the other hand, it reflects the labor-intensive character of the tourism industry. This is illustrated with the fact that the increase of participation of tourism employees in the total number of employees exceeds the increase of participation of tourism GDP in the total GDP. Once again, it is confirmed that the tourism development in Macedonia can create new job positions, and consequently contribute to curbing the unemployment rate.

As mentioned previously, the official statistical data must be interpreted with a high caution since it does not include unregistered employees. When speaking about the number of employees in tourism in Macedonia, another interesting moment can be noted, regarding the gender issue. Namely, unlike the world statistics where the female population dominates in the tourism sector, in Macedonia, around 70% of the employees in tourism is male workforce.²⁰

3.3 Tourism effects on the balance of payments

The importance of tourism for the economic activity in Macedonia can be seen from the analysis of balance of payments, or more precisely, of net inflows of tourism services during the sample period 1991-2010. Due to the difficulties in obtaining relevant official statistical data, we could not provide data referring the first two years.

Table 4. **Balance of payments in Macedonia – Tourism services (mil. EUR)**

Year	Inflows	Outflows	Net	Year	Inflows	Outflows	Net
1991	N/A	N/A	N/A	2001	29.0	43.0	-14.0
1992	N/A	N/A	N/A	2002	41.4	47.3	-5.8
1993	11.1	11.1	0	2003	49.9	42.3	7.6
1994	24.1	18.3	5.8	2004	57.9	43.9	14.0
1995	14.3	20.0	-5.7	2005	72.3	49.9	22.4
1996	16.6	20.2	-3.6	2006	102.4	56.2	46.3
1997	13.5	24.1	-10.6	2007	134.9	73.9	61.0
1998	15.0	28.4	-13.4	2008	155.2	92.4	62.7
1999	37.4	30.2	7.2	2009	120.4	56.9	63.6
2000	41.2	37.2	4.0	2010	149.6	69.9	79.7
1991-2000	17.3	19.0	-1.6	2001-2010	91.3	57.6	33.8

Source: Authors' own calculation based on National Bank of Macedonia, Various publications.

¹⁹ WTTC, *Travel & Tourism Economic Impact - Macedonia 2011*, 2011, p. 6.

²⁰ Petrevska, B., "Tourism in the global development strategy of Macedonia: Economic perspective", *UTMS Journal of Economics*, 2(1), 2010, p. 106.

From Table 4 it is noticeable that the tourism net inflows in the first sub-period 1991-2000 had a declining trend, as a result to war for independence in the neighboring countries of the former Yugoslavia. Some stabilization and increased tourism inflows were registered only in 1999 and 2000 as years before the war conflict in Macedonia. Despite that, the average net inflows for this interval are -1.6 million Euro which clearly points out that Macedonia was not oriented towards incoming tourism. In this respect, 2001 was definitely the worst for tourism development in Macedonia because of the already mentioned reasons. If we exclude 2001 as a conflict year and 2002 as a post conflict year, the second sub-interval is characterized with permanent increase of net tourism inflows.

In order to have a clearer general picture for the tourism inflows, it should be pointed out that in 2009 they represented 26% of total inflows of services and 8% of exports of goods. In the same time, in 2009, the tourism inflows were 20% higher than the foreign direct investments in Macedonia. Within the framework of services, tourism inflows were the second biggest item (just a little bit lower compared to the inflows of transport services), which is 1.3 times higher than the inflows of business services and 2.4 times larger than communication services inflows. When calculated on net-basis, the tourism inflows are by far the most important item in the sub-balance of services.²¹

Table 5. Tourism net inflows in selected countries, in 2008

Country	mil. EUR	% of GDP
Bulgaria	900	2.6
Greece	9 000	3.8
Hungary	1 400	1.3
Slovenia	1 000	2.7
Croatia	6 700	14.3
Serbia ¹	-128	-0.4
Macedonia	63	1.0

Source: Authors' own calculations based on: www.ec.europa.eu/eurostat, www.nbrm.gov.mk, www.nbs.rs and www.hnb.hr

Note: Data for 2007.

Despite the fact that in the past years the tourism inflows were more than 10 times higher compared to the beginning years of the sample period, yet, the importance of tourism in the balance of payments in Macedonia is much reduced by the tourism outflows. So, in the period 2001-2010, the outflows of tourism services increased approximately 3 times in comparison to the first sub-period. Actually, Table 3 represents that in the first half of 2000s, the tourism inflows are almost identical with the outflows. Hence, for some significant net foreign exchange effect of tourism can be discussed only in the last years of 2000s as a result to the more representative inflows of foreign tourists. More precisely, as of 2006, the tourism inflows in Macedonia gain

²¹ Петревска, Б., "Значењето на туризмот во економската активност на Македонија". Зборник на трудови на МИТ Универзитет – Скопје, год.1, бр.1, Скопје, 2010, p. 256.

in importance, when they finally exceeded 100 million Euro. Consequently, in 2010, they were approximately the same amount as in 2008, meaning that the same level was reached as before the global financial crises. On the other hand, it is worth mentioning that the average annual net tourism inflows are 33.8 million Euro, meaning that tourism in Macedonia started to note first significant results.

Yet, it should be emphasized that the net inflows of only 60-80 million Euro per year are extremely modest compared to the net inflows attracted by some neighboring countries (Table 5). As presented, the net inflows of tourism in Macedonia are only 1% of the GDP, which is far below even to the countries which are not famous and leading tourist destinations. Additionally, such condition indicates high potential for increasing the tourism effects in economic activity in Macedonia.

3.4 Foreign direct investments and foreign trade

In this part we address the issue of FDI and the foreign trade in Macedonia during the past 20 years. Regarding the FDI, some interesting concluding remarks were pointed out. Namely, from the figures presented in Table 6 it is obvious that in the very first years of independency, the annual growth in Macedonia has a negative sign. However, the maximum is encountered in 1994, when the FDI had the highest rate within the sample period of 2251.2%. Moreover, from less than US\$ 1 million in 1993, the FDI increased to around US\$ 20 million. In the rest of the years within the first analyzed sub-period covering 1991-2000, the FDI had unregularly ups and downs. The result is an average of 38 million US\$, which may be interpreted as a realistic outcome and an average annual growth rate of 317% due to the unnaturally high score in 1994.

Table 6. Foreign direct investments (000 US\$)

Year	FDI	Growth (%)	Year	FDI	Growth (%)
1991	11 881	-	2001	449 104	194.9
1992	2 207	-81.4	2002	77 812	-82.7
1993	812	-63.2	2003	80 643	3.6
1994	19 092	2251.2	2004	139 460	72.9
1995	8 353	-56.3	2005	116 168	-16.7
1996	7 187	-14.0	2006	350 665	201.9
1997	30 902	323.0	2007	330 802	-5.7
1998	112 308	263.4	2008	356 400	7.7
1999	38 079	-66.1	2009	N/A	N/A
2000	152 270	299.9	2010	N/A	N/A
1991-2000	38 309	317.4	2001-2010	237 632	47.0

Source: Authors' own calculations based on: State Statistical Office, Foreign Direct Investments in the Republic of Macedonia 2003-2007, in *Statistical review: National Economy and Finances*, Skopje, 2000.

As up to the second sub-period covering 2001-2010, it is noticeable that due to the war conflict in Macedonia in 2001, the FDI hardly accomplished US\$ 80 million in 2002 and 2003. Nevertheless, the general picture is completely different when addressing the years that follow when an upward trend is present. Specifically, as of

2006 the FDI in Macedonia gain in some importance for economic development, thus resulting with an average of 238 million US\$ and an average annual growth of 47%.

Table 7 presents the data regarding the average annual percentage rate of foreign trade of goods and services during the sample period. In this respect, the first sub-period generally is characterized with high average annual import rate of 8.5% and an average annual export rate of -0.4%. During this first sub-period it has to be mentioned that in 1993, the peak of 48.4% was reached as the peak point ever. On the other hand, the annual export rates within this sub-interval show the lowest point in 1997 of -11.0%, while the top limit was 20.4% in 2000.

Table 7. Volume of import and export of goods and services (annual rates in %)

Year	Import	Export	Year	Import	Export
1991	-	-	2001	-15.1	-15.6
1992	-3.0	-	2002	9.7	-5.1
1993	48.4	-5.1	2003	-15.1	-5.9
1994	25.7	1.4	2004	16.7	13.1
1995	-1.0	-0.6	2005	6.2	11.0
1996	-7.3	-10.7	2006	10.9	8.3
1997	-10.5	-11.0	2007	16.3	12.0
1998	-3.0	-3.6	2008	-0.1	-7.0
1999	-0.2	6.2	2009	-15.3	-16.0
2000	27.3	20.4	2010	11.4	24.1
1991-2000	8.5	-0.4	2001-2010	2.6	1.9

Source: International Monetary Fund, *World Economic Outlook Database*, 2011, p. 12.

The second sub-period covers 2001-2010, whereas 2001 and 2009 are years with significantly negative outcomes regarding import and export of good and services. The reasons are evident due to the fact that in 2001 a war conflict appeared in Macedonia, and in 2009 the negative effects out of the world financial crisis were present. In this respect the annual import rates were -15.1% and -15.3% respectfully. Regarding the export of good and services during this period, it is also noticeable that the above mentioned years scored the lowest export rates i.e. -15.6% in 2001 and -16% in 2009. Despite the negative effects in post-recession period, the first positive impulse is noted in 2010 of 24.1% as the highest annual export rate within the sample period in general. Moreover, the average annual import rate for this sub-period was 2.6% and the average annual export rate of goods and services was 1.9%. It can be concluded that Macedonian economy recovered from the negative outcomes noted within the decade of independence.

4. CONCLUSION

Tourism in Macedonia should be observed in broad, macroeconomic frames as specific market segment whose dimensions and economic content comprehensively may be interpreted within the quantity and structure of tourism

expenditure. This study emphasized that tourism contribution within the economic development in Macedonia is important principally when compared to the average figures of tourism trends in Central and Eastern Europe. Namely, the economic effects are with considerable impact firstly measured by the participation in creating the GDP (1.6%), and particularly in generating new jobs (3.1%). However, the results of the comparative analysis showed that there is still plenty possibilities to promote tourism inflows (only 1%), in terms of undertaking serious measures and activities for attracting bigger number of foreign tourists. The analysis on both sub-intervals within the sample period 1991-2010, indicated that Macedonian economy fully recovered from the independence period when only modest results were performed.

Having in mind the variety of obstacles when ensuring comprehensive and reliable statistical data addressing the tourism industry, the objective assessment of the tourism influence on the economic development in Macedonia is very difficult, almost infeasible.

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