AGRITOURISM DEVELOPMENT IN CROATIA

Key words: Croatia, agritourism, development, guidelines.

ABSTRACT

Croatia can hardly be competitive in the field of agritourism and more efforts should be made to enrich the overall Croatian agritourist offer. Diversity and attractiveness of the territorial dispersion of agritourism in Croatia could improve its development. This will be only possible if an appropriate strategy of development is created along with other promotional prerequisites. The past practice of agritourism development in Croatia generally proved successful, especially in terms of development of small businesses, and it should continue to develop in a planned and premeditated way. Agritourism contributes to the protection of rural areas, which become important carriers of numerous activities, to the improvement of agricultural production and development of rural tourism and countryside. In order to make agritourism in Croatia more successful, as it promises a better future for the rural communities, urgent efforts should be made to create more efficient legislation and eliminate administrative difficulties. All these activities require active participation of local and regional communities and authorities to ensure financial endorsement for agritourism.

INTRODUCTION

Agritourism is perceived in tourism research and by consumers of tourist services as an additional tourist offer [23] rather than a means of strengthening agricultural micro-businesses with extra income. Tourism in this sense is not a priority and the prevailing activity, but through the prism of attractiveness, an authentic offer of services helping farms in the creation of new values and income.

Agritourism is an activity designed to diversify and achieve full employment and exploitation of agricultural resources of small family farms. In Croatia, the average farmland per household is 2.8 ha. Through this form of activity large farms also enjoy the possibility of investment of their surplus products and often their entire production. Tourism services, which generate and require agricultural products, make the previously mentioned added values and revenue. The tourist as a consumer in such organized farms receives the original, authentic offer, ambience and presentation of a rural lifestyle associated with the cultural specificities of the region where a given farm is located. This offer remains in great demand, and according to the World Tourism Organization (UNWTO) rural tourism records an annual growth of 6% [41], which makes it next to cultural tourism, the most attractive tourism form.

It should be noted that agritourism is not and can not be a seasonal attraction, but thanks to its resources it is a process that has been steadily
developing for decades. A good example is France, which as early as in 1956 institutionalized the development of agritourism including all other extra offers developed in rural areas (self-catering houses, wine tasting, bike trails, hiking trails, themed trails, festivals, etc.) [19].

LITERATURE OVERVIEW

Rural tourism in Croatia has been thoroughly analyzed in a recently published book “Rural tourism in Croatia with Croatian best practice examples and European experiences” [13]. The authors of the book define rural tourism in its many forms, discuss its concepts and terms, interpret rural tourism destinations, describe the development of rural tourism offers, and synthesize the existing knowledge of the field. The book also provides a comprehensive analysis of the existing conditions and perspectives of development, deals with rural tourism marketing, provides an overview of the status of rural tourism in Croatia and discusses its current effects. It also presents selected examples of good practice from European countries and provides basic guidelines for development of rural tourism in Croatia. In addition, the publication constitutes an overview and analysis of rural tourism in Europe, its key international organizations and national associations, as well as their importance for sustainable development in European countries. Successful models of rural tourism development in Europe are presented as well as new rural tourism products in Europe, educational farms and open-air museums, and, finally, the Leader Plus initiative financed by the European Union structural funds. Particular attention is paid to possibilities and ways of application of European experiences, particularly those related to the use of structural funds and EU programs designed for rural tourism as well as to examples of good practice in the development of rural tourism in Croatia on the threshold of its accession to the European Union. “Rural tourism in Croatia with Croatian best practice examples and European experiences” should be understood as a science-based initiative for a more systematic and formal entrainment of rural tourism as a major generator of future economic development in Croatia. This book represents a valuable contribution to the scientific research of rural tourism in Croatia, and can serve as an appropriate basis for all future studies on this topic. Also, it draws attention to the importance of rural tourism in Croatia and the need for a more specific involvement of the central government in devising a national program or strategy for development of rural tourism as one of Croatia’s key components of sustainable development.

Another research source on Croatian rural tourism consists of two volumes of proceedings from two conferences on rural tourism in Croatia [28, 29]. “Proceedings of the 1st Croatian Congress on rural tourism” offers 80 scientific and professional contributions covering various segments of rural tourism [28]. The number and variety of topics reveal the complexity of the subject area and authors’ understanding of problems, offer guidance, suggestions and solutions. It is a not only a valuable scientific and professional contribution, but also a basis for the future study of rural tourism at different levels, and a useful source for those involved in making strategic decisions related to rural tourism. The Proceedings conceptually follows the Congress itself, and with a scientific and professional approach and case studies, covers all aspects of rural tourism.

“Proceedings of the 2nd Congress” encompasses both scientific and professional articles in two different sections [29]. Due to the large number of articles, “Proceedings of the 2nd Congress” is divided into two volumes. The first volume includes introductory speeches and scientific papers. The introductory article is the analysis of today’s agritourism, and it draws attention to the necessity to examine the existence of agritourism and its further development as an original form of tourism and lifestyle [5]. In this sense, a radical turnaround is proposed to treat agritourism as an offer of a host’s lifestyle (preserved tradition adjusted for present-day circumstances) and a revival of real farming life that should be backed with concrete aid because, otherwise, it will disappear. The “Scientific Papers” section consists of 30 articles covering four themes of the Congress: “Marketing and branding of rural tourism”, “Rural space as a rural tourist destination”, “Role of food in the development of rural tourism” and “Tourist multisectoral clusters in rural areas”. These papers contain a multitude of data, and their authors represent respectable scientific institutions. The “Professional Papers” section includes 23 articles on a number of different
topics related to rural tourism. The “Case Studies” sections comprises 10 articles, mostly examples of good practice in rural tourism. These topics are mainly represented in the “Foreign Works” section, in 19 articles, including those on activities of various movements and organizations and on education and training. The final section contains “Abstracts” by authors who have not submitted their papers to the volume. The numerousness, diversity, scientific and professional quality of articles in this volume of “Proceedings” are a valuable contribution to the study of rural tourism in Croatia and all its segments. Also, they can serve as a basis for future studies of rural tourism as well as a guidance to those who consider and make decisions, plans, programs and strategies related to rural tourism.

The number of Croatian scientific articles dealing solely with the theme of agritourism is rather scarce. More than twenty years ago, V. Jurcan [20], for the first time in Croatian scientific literature, used term “agritourism” and provided suggestions for its development in Croatia, mostly in the Istria region. In recent years, R. Baćač has also tackled the subject of agritourism. His already mentioned article contains an evaluation of the existing state of agritourism in Croatia and proposes further steps for making authentic tourism offers in rural areas [5], while in an earlier work he discusses suggestions of agritourism improvement in Croatia [6]. In this context, the present study is one of the most recent contributions to the research of agritourism in Croatia.

METHODS

The methodology used in the present study consisted of:
1. Collection and analysis of existing relevant literature, documentation and especially data on the current situation of rural tourism in Croatia;
2. Interviews with representatives of agritourist farms and families in Croatian regions in which rural tourism is sufficiently developed (during conferences, seminars and workshops).

In addition, a database of the existing literature was created, and data from other secondary sources as well as the Internet were analyzed and interpreted.

DEFINING AGRITOURISM

The term agritourism was originally of Italian descent, derived from two Italian nouns: agricoltura (agriculture) and turismo (tourism), which in free translation means farm or agricultural tourism, or tourism on the farm [8]. From the 1950s until the 1970s, Italian rural areas experienced major depopulation and abandonment of farms, especially smaller ones, which had manufactured original agricultural products. Faced with this problem, and with the big challenge of fighting depopulation and planning the resurgence of production of traditional products, the Italian government passed a special law on agritourism in 1985. The new legislation provided a definition of agritourism and allowed farmers to engage in additional activities such as accommodation and meals for guests and educational activities: old crafts workshops, cooking schools, horse riding, organizing agricultural activities for guests, and many more.

The concept of agritourism soon became an internationally well-recognized part of tourism terminology, although particular countries use their own names [17], for example, farm holidays in England, tourism à la ferme in France, Urlaub am Bauernhof in Austria. The French mostly use the term gites ruraux, which beside agritourist farms also includes such offers as self-catering houses, rural camping sites, guesthouses, small rural hotels, etc. It should be noted that the first agritourist business was registered in France in 1951, and in 1956 the Fédération Nationale des Gîtes de France [19] was founded providing the first name for agritourism (Gîtes).

The Croatian term for agritourism is village household (seljačko domaćinstvo) [21]. The term was legally defined in 1996 by the first regulations of tourism services at agricultural farms [31]. The New Regulations of Tourism Services at Agricultural Farms from 2008 [31] also permitted the use of the term agroturizam (agritourism) for commercial purposes.

The most common definition of agritourism is the one proposed by the Organization for Economic Co-operation and Development (OECD). According to the OECD, agritourism is primarily situated in rural areas, closely connected with nature, agricultural heritage and society. Agritourism has to be “in agreement” with the environment and the community in which it takes
place. Such a community should have less than 10,000 inhabitants and include agricultural farms. Agritourism has to encompass sustainable business within rural areas. The task of agritourism is to ensure long time sustainability of life in the area, and it is especially important that it should serve the purpose of protection of rurality, and not promote urbanization [27, 7].

Agritourism is therefore an agricultural farm where the host family (owners of households) is engaged mainly in agriculture and dispose of extra living space and products in their farms which can be offered as tourist services. The type of offered services (accommodation or tasting) depends on spatial and legal limits regulating what kind of tourist services can be provided in such agricultural farms [31, 32].

The term agritourism is often used instead of the term rural tourism to describe any form of tourism in rural areas. Agritourism is, in fact, only one form (type) of rural tourism originating from rural areas, but it is closely linked to tourism on agricultural farms, or even to tourism in rural communities where agricultural production is the predominant economic activity. It is evident, therefore, that rural tourism is a broad term describing the overall tourist activities in rural areas, and that agritourism is one of its manifestations. The Council of Europe defines agritourism as tourism in rural areas with all activities associated with those areas [11].

EUROPEAN EXPERIENCES IN AGRITOURISM

European experiences in agritourism vary. For example, in France, Ireland and Germany agritourist farms constitute about 3% of the total number of agricultural farms, and in Italy only 0.3% [9]. In Austria, for example, about 8% of all Austrian farmers offer tourist accommodation [16]. A comparison of the total share of agritourism in the rural tourism industry, which is between 15 and 20%, means that there are 100,000 accommodation units in Europe with 1.3 million beds, raising more than 12 billion Euros per year [15].

The development of agritourism in Europe, especially in France, Italy, Austria, the United Kingdom and other countries, is based on identical goals: maintenance and strengthening of agricultural production on agricultural farms, social cohesion through indirect employment and achieving significant revenue through tourism services, and reducing the depopulation of rural areas. Precisely for these reasons agritourism is becoming a strategic national interest, which is manifested in different ways. For example, Italy was the first country which in 1985 introduced a special law on agritourism – legge quadro. On the basis of this legal framework each Italian region has the ability to make more detailed and comprehensive laws on agritourism, accounting for territorial specificities [10]. On the other hand, Austria had special incentives, especially for farms located 500 meters above the sea level (mountain areas), which preserve alpine agricultural production and, through agritourism, promote Austria as a country of preserved traditions. France in the mid-20th century began the institutionalization of agritourism establishing a special agency that, among other things, cares for further agritourism development and promotion.

With regard to agritourism development in Europe, during the past 50 years a significant diversification can be observed. This particularly applies to the thematic grouping of households according to their tourist offers or amenities. Thus, for example, France offers self-catering houses, rural Bed & Breakfast (B&B), agritourism for organized groups and children’s camps. The farms are divided into thematic sections such as winter sports farms, farms within nature parks, farms with landscaped gardens, pottery farms, horseback riding farms, farm camps along rivers, etc. Austria went a step further and developed more offers at farms, such as organic produce, wellness, children’s activities and special farms for cyclists, people with mobility problems, horseback riding farms, wine farms, herb farms or educational farms [16]. Italy has not committed to develop thematic farms but, in accordance with its legislation, offers additional workshops at farms focusing on traditional cuisine, painting, Italian language, olive oil cosmetics, herbs, wine tasting, children, animal care, and many more.

The peculiarity of agritourism in Europe is an excellent mutual networking of agritourist farms through national and regional associations. Such networks allow better market “visibility”, higher market share and service quality, more efficient and cheaper marketing, and enable permanent enlargement of the existing offer and development of new products and services. Examples of quality
and efficient agritourism associations include Austrian Urlaub am Bauernhof [40], Italian Agriturist [2], French Gîtes de France [19] and Accueil Paysan [1], UK Farm Stay [18] and Romanian Antrec [3]. These associations implement a system of classification and standardization of agritourism aimed at improving the quality of tourist services associated with agricultural production. In this way, guests are guaranteed quality service, and agritourism is formed as a recognizable brand. In France and Italy agritourism is marked by a wheat symbol, in Austria by a margarita flower, in Slovenia by apples, in Andalusia by an olive tree, and in the UK by a diamond.

STATE OF AGRITOURISM IN CROATIA

Agritourism in Croatia has been developing intensively since the adoption of the Regulations of Tourism Services at Agricultural Farms in 1996 [31]. Previously there had been tourist services at agricultural farms focused on rural entertainment and organized by travel agencies for their guests. Agritourism is developing particularly intensively in the Istria region. The reasons for this intense development are strong institutional (regional government) support (financial, technical and marketing) as well as the definition of agritourism as a regional developing program. Other rural offers also follow this development, e.g. self-catering houses, rural B&B, rural hotels, rural camps [12]. Over the past five years a large number of agritourism businesses have been registered in the Dubrovnik-Neretva County (70), Osijek-Baranja County (56) and Zagreb County (30) [26].

According to official data, there are 352 registered agritourist farms in Croatia [26]. However, a certain decline in the number of such registrations in Croatia can be noted for several reasons. The first is the excessive commercialization of agritourism in terms of provision of mass services (unsustainable number of visitors) and the dominance of tourist activities over agricultural production. The latter makes agritourism depend on the provision of regular catering facilities (restaurants), because of the inability of agricultural farms to manufacture sufficient quantities of their own products. It also leads to the complete abandonment of agricultural production due to the prevailing income from tourism. Other reasons for the said decline include the lack of appropriate national measures of common agricultural and tourism development and preservation of small farms, lack of structural measures for encouraging tourism on farms and a discouraging tax policy.

Further analysis of the available data on agritourism in Croatia shows that the 352 registered agritourist entities offer basically the same tourist services, based on provision of food, primarily for one-day visitors. The prevalent offer is aimed at group visits on half-day trips, and consists of traditional specialties with local folklore presentations. Attempts are made to make rural households more attractive by emphasizing their location and traditional arrangement. Few agritourist farms provide additional offers or try to organize complex services such as accommodation, meals and extra activities (workshops, horse riding, excursions, etc.). One of the reasons why agritourist farms focus on group visits and abandon the production of traditional agricultural products is that more guests means usually greater revenue. It is also cheaper to buy products than make them at home. Another reason is the fact that it is easier to become professionally involved in the hospitality industry than agriculture. However, most certainly, the main reason why so many agritourist entities organize activities for group visitors rather than for individuals with their own needs is the significant revenue yielded by tourism activities. In the long term this concept is unsustainable. The lack of agricultural policy in Croatia that would encourage agritourism, especially its agricultural component, means that the success and failure of further development of agritourism in Croatia depends on the development of mass tourism.

The latest changes in the Regulations of Tourism Services at Agricultural Farms [31] aimed to increase the capacity of farms to serve a greater number of visitors will undoubtedly lead to a further disintegration of agritourism, encouraging a mass approach to the provision of tourism services. Unfortunately the newly amended Regulations do not account for farming families which maintain agricultural production, and ensure the quality of service. Furthermore, the legislators neglected the component of agricultural production as a guarantee of sustainability and survival of small farms. Therefore, instead of developing tourist services to stimulate the production of traditional agricultural products and direct sales on farms,
preserve and protect traditional ways of manufacturing certain products, and encourage brand formation, the legislators erroneously pushed agritourism even deeper into the sphere of regular catering facilities. However, it should be kept in mind that the few agritourist entities offering variety, quality and individuality as well as a sustainable approach to tourism services, may form the foundation on which a new agritourism development policy in Croatia can be formulated in accordance with European standards. The experiences of European countries such as an individual approach to agritourism services, thematic agritourism offering creative and imaginative activities, and networking through professional associations, especially national ones, are essential determinants of further strategic development programs in Croatia.

PROPOSED GUIDELINES FOR FUTURE DEVELOPMENT OF AGRITOURISM IN CROATIA

In the future, agritourism in Croatia can develop either at random, with some farms individually involved in the development of tourist services using their own financial and intellectual potential; or systematically, by implementing development programs at national and regional levels with precisely defined criteria and standards.

Any further development of agritourism in Croatia should adhere to the following guidelines:

1. The status of agritourism as an activity must be clearly defined. This means a special classification for agritourism should be created, based on the National Classification of Economic Activities. Thanks to this classification agricultural farms engaged in tourist services can be officially recognized. Classification of agritourism as a specific activity should be aimed to consolidate agricultural and tourist activities, and thus facilitate administrative issues such as accounting, taxation, pensions and medical insurance for the family members running agritourist farm. The lack of recognition of agritourism as a separate activity, because of its division into agricultural and tourist sections, creates problems such as classification of agritourism as craft and its respective tax status which requires accounting all craft duties. By defining the status of agritourism as an activity, agriculture and tourism will be unified.

2. Administrate tax benefits. Agritourist facilities, like any other farm buildings, fall into the same tax liability category involving value-added tax and income tax. Tax benefits in agritourism could be accomplished in several ways:
   a) Full tax exemption for young families up to 40 years of age, engaged in agritourism for a period of 5 years from the date of registration. This would greatly encourage the revitalization of abandoned farms/agricultural estates.
   b) Introduction of 75% tax benefit. Currently, there is no possibility for agricultural farms to declare their own products sold as food services as expenses. The introduction of this tax benefit would lower the costs of products, especially food, used in tourism services.
   c) Increased upper limit of annual income for agrotourist farms to enter into the VAT system, from 85,000.00 to 200,000.00 Croatian Kuna. Agritourism is not a business activity like any other entities (producers, traders, etc.), thus agritourist farms should be able to clear the value added tax paid for the provided services. This means that agritourism does not have to rely on external services (food supply, cleaning, hiring third parties for organization of farms, etc.), because all these services can be provided by the family members themselves.

3. Structural support and incentives for agritourism. The current incentives and support policies make a clear distinction between agriculture and tourism. There is no one specific support program for agritourism. Such a program would lead to a more efficient allocation of earmarked funds from relevant state ministries and to more effective control of their spending. One of such structural measures could be the introduction a de minimis 3-year aid scheme up to 700,000.00 Croatian Kuna. It will be particularly useful to encourage self-production of agricultural products and direct sales of these products and tourist services on the farms, like in Austria and Italy.

The implementation of the proposed guidelines for further development and encouragement of agritourism require the following changes in the existing legislation, primarily in the Regulations of Tourism Services at Agricultural Farms [31]:
1. Separate definition of resorts offering their own farm food and beverages for more than 20 people, as special forms of catering services in rural areas, similar to professional catering facilities. This should reinforce the significance of agritourism as a factor strengthening rural economy, especially small agricultural production, while maintaining the quality of traditional products and generating significant revenue for family farms.

2. Categorization of agritourism based on accommodation capacities as well as on the availability of services and activities offered to guests. The existing categorization on the accommodation basis only is unsustainable and not suitable for agritourism which offers a vast range of activities, not just accommodation and meals. At the same time, this change would mean simplification of the registration procedure for prospective agritourist family farms. Experience shows that the official categorization of facilities does not affect their availability or prices, because such services in such facilities are not sold on the market with regard to the comfort they offer but to activities already carried out on the farm.

Agritourism with strong state or regional incentive policies, would have limitations in terms of capacity but not activities, which would ultimately result in a larger number of agritourist entities, their faster development, better quality and territorial diffusion, all of which would contribute to the continuing promotion of Croatia as an agrotourist destination.

Experiences in Croatia and Europe that could serve as recommendations to encourage agritourism development in Croatia include:

1. Appreciation and use of local features (specific production and products) and advantages (traditional production, ecological space, cultural and historical tradition) as great contributions to economic revitalization of rural areas.

2. Better understanding of the needs of the community and necessitated cooperation of regional and local governments.

3. Contribution to the development of regional tourism, heritage and economy as an opportunity for development of local communities, which is consistent with the objectives of sustainable tourism and is one of the essential elements of regional development in general.

4. Adequate preservation of cultural heritage through development of specific proposals, particularly those of agricultural nature (enological offer, local dishes, etc.).

5. Agritourism as an addition to already existing tourist offers and products (thus reducing the costs of regional promotion).

6. “Transferability” to other regions and/or states with a similar quality of offer, which can attract visitors, take advantage of sustainable tourism and at the same time preserve their own heritage.

7. Encouragement of development of sustainable tourism; agritourism, in particular, focuses on the existing, natural resources of rural areas.

8. Development of agritourism reorients rural communities toward tourism, which is essential to the preservation of rural areas as primary areas of production of food and other goods as well as areas with an abundance of natural, traditional and cultural elements.

9. Agritourism allows family farms to earn from tourism by selling their own products, providing accommodation services, meals and other activities, which means enrichment of tourism with new contents and amenities.

10. Genuine agritourism requires active involvement of entire families and households, which is particularly beneficial in times of high unemployment and poor economic situation of the country.

11. Agritourism improves the quality of life in the countryside, which is a prerequisite for development of sustainable agriculture.

CONCLUSION

Agritourism as a form of tourist services, or as a special tourism product, is no longer a new phenomenon in tourism, but a very distinctive tourist offer. As a tourist product, agritourism is constantly evolving by creating new values through tourism services, without neglecting the traditional component and, above all, presenting the way of life of rural communities. Agritourism did not originate as a mere tourist attraction. Its nature is more complex taking into account its emphasized social component, since it is directed towards full utilization of existing resources of agricultural
farms by creating opportunities for employment of household members and income from sales of products and services. The attractiveness of agrotourism is evident in its presentation of authentic customs, cuisine, environmental values, heritage, cultural specificities, traditions, and other elements, which can be defined as a “way of life”. Considering that there are only 352 registered agrotourist entities in Croatia, and accounting for the current decline in the establishment of new ones, Croatia can hardly be competitive in the field of agrotourism. Therefore, efforts to reverse these trends should be made. This particularly refers to the enrichment of the overall agrotourist offer, which should not only consist of food and accommodation provision, but also of a sort of ‘agrotourism experience’, as it is in other European countries.

The diversity, attractiveness and territorial dispersion of agrotourism in Croatia could greatly contribute to its development. However, it is only possible, if a proper strategy of development is created along with other promotional prerequisites. This should be accomplished once Croatia eventually defines its strategic guidelines for tourism development. Croatia must determine whether it intends to remain a tourist destination providing only the sea and the sun, or offer a more diversified model of tourism that would include agrotourism and cultural tourism among many other tourism forms.

Agrotourism seeks to consolidate and rebuild the space of a given region thanks to its wide offer. It confirms the importance of the natural environment for its development. Agrotourism develops in agricultural, natural, cultural and attractive areas, and agrotourist enterprises have adequate potential to meet expectations of tourists, generate income, provide employment and generate entrepreneurial opportunities for local communities, and support other economic activities.

The past practice of agritourism in Croatia has been generally proven successful, especially with the development of small businesses, and it should continue to develop in a planned and premeditated manner, to serve as an example of good practice for the development of those Croatian regions in which agrotourism is not yet developed, or developed insufficiently. In order to make agrotourism in Croatia more successful, urgent efforts should be made to create more efficient legislation and eliminate numerous administrative difficulties. All these activities demand the active participation of local and regional communities, particularly in ensuring so much needed financial supports.

Agrotourism is a part of a broader concept of rural tourism, which encompasses much more than just holidays in the countryside. It is designed to target groups of consumers, tourists, and nature fans, and involves active holidays, village life, traditions and culture. It is an economically important concept as it allows direct contact between producers and consumers. Agrotourism is a promise of a better future for rural communities. Its rich and quality potential should not be neglected since it enriches the overall tourism offer. The maintenance of agrotourism contributes to the development of rural areas which become important carriers of numerous and diverse activities.

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