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TOURISM DEVELOPMENT IN THE REPUBLIC OF NORTH MACEDONIA IN THE PERIOD 1991-2021

РАЗВОЈ ТУРИЗМА У РЕПУБЛИЦИ СЕВЕРНОЈ МАКЕДОНИЈИ У ПЕРИОДУ 1991-2021. ГОДИНЕ

Summary: *The Republic of North Macedonian tourism development in the past 3 decades is characterized by oscillations caused as a result of different external and internal socio-economic and political conditions. Although the tourism development recorded a continuous increase in the analysed time frame, the whole period was characterized by constant challenges, limitations and threats while at the same time the competition got higher. In this context, the purpose of the paper is to present the main characteristics of tourism development in the The Republic of North Macedonia for the period 1991-2021. This research was designed according to defined tourism indicators with the aim to determine the causes and consequences of changes in tourism development. This will allow defining future strategic courses of action for increasing the level of the country's tourism competitiveness. For this purpose, quantitative, qualitative and comparative approaches were applied in order to draw appropriate conclusions The research findings show that tourism in the analysed period played a rather small role in the country's employment, investments and exports, while its share in the overall economic development is presented by an average of only 2,1% in the GDP. Hence, tourism is still not being recognized as an important driver of the country's economic development. The gained research results are a good basis for conducting similar analyses related to Macedonia's opportunities for tourism development. The obtained findings will contribute to the widening of knowledge about the characteristics of tourism development in The Republic of North Macedonia.*

Keywords: *tourism development, The Republic of North Macedonia, tourist destination, tourism indicators, tourism during transition.*

JEL Classification: *L83, Z32*

Резиме: *Развој туризма у Републици Сјеверној Македонији у последње три деценије карактеришу осцилације изазване различитим спољним и унутрашњим друштвено-економским и политичким условима. Иако је развој туризма биљежио континуирани раст у анализираном временском оквиру, цијели период су карактерисали стални изазови, ограничења и претње, док је у исто вријеме конкуренција била све већа. У овом контексту, сврха рада је да представи основне карактеристике развоја туризма у Републици Сјеверној Македонији за период 1991-2021. Ово истраживање је осмишљено према дефинисаним индикаторима туризма са циљем да се утврде узроци и посљедице промјена у развоју туризма. Ово ће омогућити дефинисање будућих стратешких праваца дјеловања за повећање нивоа туристичке конкурентности земље. У ту сврху примијењени су квантитативни, квалитативни и компаративни приступи како би се извели одговарајући закључци. Резултати истраживања показују да је туризам у анализираном периоду имао прилично малу улогу у запошљавању, инвестицијама и извозу земље, док је његово учешће у укупном економском развоју у просјеку заступљено са само 2,1% у БДП-у. Због тога се туризам још увек не препознаје као важан покретач економског развоја земље. Добијени резултати истраживања су добра основа за спровођење сличних анализа у вези са могућностима развоја туризма Републике Сјеверене Македоније. Добијени налази ће допринети проширењу знања о карактеристикама развоја туризма у Ррепублици Сјеверној Македонији.*

Кључне ријечи: *развој туризма, Сјеверна Македонија, туристичка дестинација, индикатори туризма, туризам у транзицији.*

ЈЕЛ касификација: *L83, Z32*

1. INTRODUCTION

Until 1990, development of tourism in the Socialist Republic of Macedonia followed the dynamics of the former Socialist Federal Republic of Yugoslavia (SFRY). After 1991, a large drop in tourist turnover was registered in all the republics of the former SFRY, mainly the result of the war that started in some of its parts. The social and political changes that have occurred, which have not bypassed the newly created independent Republic of Macedonia, have drastically reflected on the tourist flows. This situation was especially characterized in the period 1992-2000, when the volume of tourist flows, especially foreign, was halved. Within the period 1991-2001 tourism development faced

many challenges that reflected the country's position as a destination on the tourism market, emphasizing the regional market consisted by the neighbouring countries. A continued decrease of the foreign as well as the domestic tourist flows happened, which was a long lasting trend due to the turbulent political and socio-economic instabilities. There has been a change in the structure of foreign visitors as reflection to the ongoing processes for which the participation from neighbouring countries has increased. Compared to the period of the 1980's, 70% of foreign visitors were from Netherlands, Germany, Great Britain, Greece, Poland and Italy, and in the beginning of the 2000's the main part of visitors (60%) were from Bulgaria, Serbia, Albania, Greece, USA and Germany (Nestoroska 2006).

The analysis of the tourist turnover in the 30-year period (1991-2021) shows occasional changes in its volume. Particular mention should be made of the period 1991-2000, when an average annual rate of decline of 13.6% was registered throughout this period. On the other hand, the average annual growth rate during the period was 2.55%. Structurally, international arrivals have a higher average annual growth rate (7.25%) than domestic arrivals (1.05%). This is due to the stronger orientation of competent institutions and organizations from the field of tourism, such as the Agency for Support and Promotion of Tourism, the Sector for Tourism and Hospitality within the Ministry of Economy, through different activities and measures they've undertaken in order to attract a higher number of foreign visitors.

Similar to other economic sectors, tourism nowadays in The Republic of North Macedonia is also facing the current economic and social challenges. The current level of tourism development is a result of a continued growth of tourist arrivals during the last decade with its highest peak achieving in 2019. Unfortunately, the country is facing challenges of restarting tourism after the COVID-19 pandemic outbreak, and most importantly, reaching the previous levels of tourism development. Therefore, we conducted this analysis that will serve as a basis for future research activities in this area of interest. The research objective is to present findings related to the causes and consequences of tourism development in the Republic of North Macedonia.

2. BASIC CHARACTERISTICS OF THE DEVELOPMENT OF THE REPUBLIC OF NORTH MACEDONIA AFTER 1991

The Republic of Macedonia gained its independence from the former SFRY on September 8th 1991. Before the disintegration of the former SFRY, Macedonia was part of the general tourist offer of the Federation, having the status of a medium-developed country. As a consequence of the extensive development, based predominantly on the elements of quantitative growth rather than quality, which manifested in the increase in the volume of accommodation facilities, the tourist offer of the country began to lag behind the requirements of the modern tourist demand already in the late 1980's. This resulted in losing its market positions. Since its independence the country's economy has faced major changes and challenges. One of the crucial changes after 1991 was the transition from a socialist self-governing system to a capitalist one. State ownership changed into private and privatization spread into all economic sectors including tourism. This resulted in the foreclosure and bankruptcy of many tourism and hospitality companies and organizations. The breakup of Yugoslavia didn't cause a military conflict in Macedonia, but the war in the other federal units had a huge negative impact on the volume of tourists travelling to the Balkans, including Macedonia. Furthermore, the economy was under great pressure due to blockades and sanctions that arose from the country's name dispute with Greece in the 1990s. This situation somewhat stabilized during the end of the decade. However, the political-social complications that arose from the war in Kosovo and the following civil conflict within the Republic of Macedonia resulted in slowing down of all economic activities (including the tourism sector).

Not even a decade later, the world faced the economic crisis of 2008. Afterwards, tourism development increased which was partially due to subsidies by the Government of the Republic of Macedonia starting from 2011. The end of this decade and the beginning of the next (2020 and 2021) was again difficult due to the safety measures undertaken in many countries of the world because of the COVID-19 pandemic which greatly affected the free movement of people and thus international travel and tourism decreased significantly. As many destinations worldwide, The Republic of North Macedonia registered a drastic decline of 84.4% in international tourist arrivals after the outbreak of the COVID-19 pandemic in 2020 thus breaking the continuous growth trend. The level of tourism development that reached its peak in 2019 was endangered, and faced the largest challenge ever - how

to strive and how to restart (Nestoroska and Naumov 2021). Compared to the international tourism market, domestic tourism registered a lower decline of 18.3% with an increase of domestic tourist arrivals to destinations that had lower performance in tourism during the previous period as observed in the Polog and Northeast regions (State Statistical Office of The Republic of North Macedonia 2022).

The current state of tourism is the result of the existence of an obvious disproportion between the tourist potential and the possible development effects of such potential at the regional and national level. The developmental consequences of this situation are highly reflected in the most developed Ohrid-Prespa tourist region, but also in the winter tourist centres and spas. The presence of natural and cultural values is abundant and diverse, thus representing a significant potential for tourism development of the country as a destination. Their inclusion and diversification is essential for the tourist offer creation, because many of them have a high level of tourism exploitation. Although rich with such potential, according to Nestoroska (2011) the different characteristics and presence of natural and cultural values lead to uneven distribution of tourist flows, both on regional and destination level, with development of cultural, rural, summer, active, adventure, spa or mountain tourism. In addition to this, some regions and destinations have a higher absorption rate of tourist flows than others (Nestoroska 2022). Leading within the last decade are the Southwest, Skopje and Pelagonija regions (Figure 1). The Southwest Region registers the highest number of overnight stays in the country, which is mainly due to the fact that it is a UNESCO World Natural and Cultural Heritage Site (Marinoski and Risteski 2019).

Figure 1 Regional distribution of tourist flows in The Republic of North Macedonia, 2010-2020
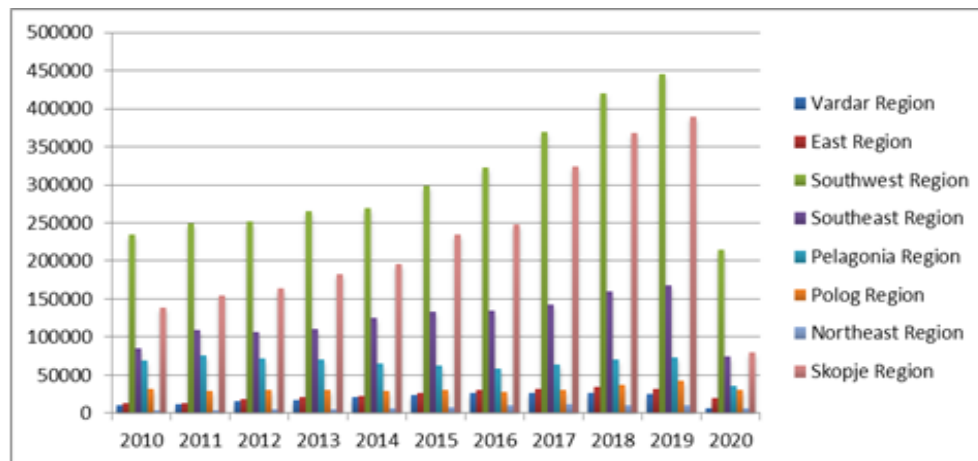
Source: MakStat Database of the State Statistical Office 2022

Analysing the distribution of tourist flows in tourist places that are officially systematized by the State Statistical Office of The Republic of North Macedonia (SSO), there are no significant changes in the distribution of the flows. Based on their distribution and the analysis of the number of visitors and overnight stays by type of tourist places, a continuing tendency is the concentration of tourist flows in the following tourist places: lake areas, Skopje (capital city) and mountain areas. According to calculations, the average share of tourist areas in the distribution of tourist flows is as follows: lake areas – 46,71%; Skopje (capital city) – 24,78%; mountain areas – 9,17%; spas – 4,78%; others – 14,87% (State Statistical Office of The Republic of North Macedonia 1995-2022).

In order to better understand the pace of tourism development in the country, some crucial tourism indicators are elaborated below. The analysis of tourism indicators will allow recommending general activities and directions for development in order to be more competitive on the global tourism stage. Given the fact that the country has a large variety of natural and cultural potential, which haven't been utilized enough, while others are too exploited, it is important to put the attention towards creating primarily alternative tourist products. Besides making a detailed inventory on the available resources, they must also be valorised, or classified accordingly to the target market they are intended for (Risteski 2020). This also implies a more effective allocation of resources, through improved promotion, regulation, presentation, planning, monitoring, maintenance, coordination and organization (Risteski et al. 2012).

3. ANALYSIS OF TOURIST INDICATORS OF THE REPUBLIC OF NORTH MACEDONIA IN THE PERIOD 1991-2021

Tourism in the Republic of Macedonia (since 2019 the name has changed into the Republic of North Macedonia) underwent major periods of instability in the last 3 decades. These instabilities were the result of different socio-political and economic changes that occurred within the transformed Socialist Federal Republic of Yugoslavia, as well as crucial global occurrences. In order to better understand the country's tourism development, a substantive analytical approach is needed. This approach examines several crucial tourism indicators: Total Revenue generated by tourism and its percentage share in the country's Gross Domestic Product (GDP); Value Added in tourism; Gross Investments in tourism; Number of Arrivals and number of realized Overnight Stays; National structure of tourists; Occupancy Rate of the available accommodation facilities; Number of Employees in the tourism sector. The latest available data has been gathered regarding these indicators using different domestic and international sources that follow tourism development. However, there are some data that are lacking for the whole analysed period (1991-2021).

3.1 Analysis of the total tourism revenue and their percentage share in the GDP in the Republic of North Macedonia

The significance of tourism to the country's economy can first and foremost be understood through the share of tourism in the Gross Domestic Product. In this sense, the generated Tourism Revenue (or Expenditure by international visitors arriving to Macedonia), should be examined, starting from its independence until today. Tourism can also be seen as the so called "invisible export" of the country, because services are being sold to international tourists. The share of the created and offered tourism services in the country's total volume of exports can also be analysed in the given time period.

Table 1 Annual Tourism Revenue in the Republic of North Macedonia

Year	Tourism revenue (in million $)	Annual tourism revenue growth	% of Tourism in GDP	% of Accommodation Facilities and Food Services Activities in the GDP	% of Exports
1995	19.00	/	0.40	1.7	/
1996	35.00	84.21	0.75	1.6	3.4
1997	29.00	-17.14	0.74	1.7	3.0
1998	30.00	3.45	0.80	1.6	3.0
1999	80.00	166.67	2.1	1.9	7.4
2000	88.00	10.00	2.3	1.5	7.7
2001	49.00	-44.32	1.3	1.5	4.8
2002	55.00	12.24	1.4	1.7	5.6
2003	86.00	56.36	1.7	1.9	6.6
2004	103.00	19.77	1.8	1.6	6.2
2005	116.00	12.62	1.9	1.5	5.5
2006	156.00	34.48	2.3	1.5	6.1
2007	219.00	40.38	2.6	1.5	6.1
2008	262.00	19.63	2.6	1.4	6.2
2009	232.00	-11.45	2.5	1.2	7.7
2010	199.00	-14.22	2.1	1.1	5.5
2011	242.00	21.61	2.3	1.2	5.0
2012	237.00	-2.07	2.4	1.1	5.5
2013	270.00	13.92	2.5	1.3	5.8
2014	298.00	10.37	2.6	1.3	5.5
2015	268.00	-10.07	2.7	1.3	5.5
2016	283.00	5.60	2.7	1.5	5.2
2017	331.00	16.96	2.9	1.6	5.3
2018	387.00	16.92	3.1	1.5	5.1
2019	401.00	3.62	3.2	1.6	5.1
2020	253.00	-36.91	2.1	1.0	3.5
		Average: 16.51	Average: 2.1	Average: 1.5	Average: 5.5

Source: World Tourism Organization 2022; World Bank 2022; Statistical Yearbooks 1999-2022 by the State Statistical Office; Own calculations

Tourism Revenue represents the inflow of foreign currency in a given country/destination on the basis of tourism spending. It is also mostly called International Tourism Receipts which in fact are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country (World Bank 2022).

Table 1 shows data about Tourism Revenue generated in the time period of 1995 to 2020. There is no reliable data between 1991 and 1995, therefore those are not included. These revenues are provided in millions US Dollars, the reason being that this data are provided by the World Tourism Organization (WTO). When analysing the generated Tourism Revenue in this time period it becomes apparent that it didn't increase progressively throughout the years. There are even recorded decreases, which are the result of different challenges (economic and/or socio-cultural) that occurred in the past. For instance, a decrease of 17.14% in tourism revenues has been recorded in 1997 compared to 1996. This is mainly due to the hastened transitional processes of privatization and adopting the capitalist economic system as well as the sanctions due to the country's name dispute. However, the highest decrease for the whole analysed period happened in 2001 which was the result of the civil clashes within the country. This almost paralyzed international tourist visits in Macedonia. Fortunately this conflict persisted only for a relatively short period of a couple of months. Afterwards, the Macedonian economy and tourism somewhat recuperated. The global economic crisis of 2008 had also its impact. Therefore, a small decrease can be seen in the following two years (2009 and 2010). Another decrease occurred in 2020 because of the COVID-19 pandemic. The highest increase in annual growth happened in 1999, 2003 and 2007. The growth in tourism revenue for these three analysed years endured only for a short time. The average annual growth measures 16.51%. However, this increase in tourism revenues is not stable, which can be seen by comparing it to successive years.

The data about the share of tourism services generated in the country's GDP are provided by the World Bank. Similar to these data is the share of the sector Accommodation Facilities and Food Services Activities in the GDP. These data are provided by the SSO. Hence there are some differences between these 2 different data sources. The highest percentage share according to the World Bank was recorded in 2019 (3.2%), while according to the data provided by the SSO the highest values are given for 1999 and 2003. In any case, these data show that tourism in the analysed period played a rather small role in the overall economic development of the country. It is a significant increase from the first analysed years, but it is still too low compared to other countries. Namely, the share of tourism within the country's GDP from 1995 to 1998 is less than 1%. The yearly average share is 2.1% which is a too small amount for developing economies. The share of Accommodation Facilities and Food Services Activities within the GDP (according to data by the SSO) is even decreasing. In 2020 it represent only 1%, which is less than the annual average share of 1.5%.

The share of tourism in the total exports of the country is also relatively low. In this sense, this percentage share ranges from 3.0% in 1997 and 1998 to 7.7% in 2009. It can be seen that this shows an almost double increase of the share of tourism in the total amount of exports, which is not stable throughout the years. The average annual share stands at 5.5% of the total exports.

These numbers show that tourism in the total amount of created products and services is very low. The role of tourism is still not being recognizes as an important factor for developing the country's economy. It must also be mentioned that the country lacks having a separate Ministry of Tourism which is urgently needed.

3.2 Analysis of the value added in tourism in the Republic of North Macedonia

Another significant indicator to examine is the Value Added of different economic sectors and their share within the Gross Domestic Product. In the economic sense, GDP is the sum of Value Added, Turnover Tax and Import Duties, deducted by Subsidies. Value Added is a measurement that is related to a production process taken as a whole (combination of inputs, capital goods, labour and technology) (OECD, WTO, UNSD, 2001). Below is a table of Tourism and Hospitality's Value Added and different subsectors according to the State Statistical Office and subsequent changes in the time period 1991-2020. Also shown is the growth rate compared to the previous analysed year for a simplified analysis. The share of tourism's Value Added within the country's total GDP Value Added is also provided.

Table 2 Annual Value Added in tourism in the Republic of North Macedonia

Year	Value added in mil. MKD of Hospitality and Tourism at basic prices	Annual growth of value added	% of the total GDP value added	Value added in mil. MKD of Accommodation Facilities and Food Services Activities at factor cost	Annual growth of value added	% of the total GDP value added – at factor cost	Value added in mil. MKD of sectors G, H and I at basic prices *	% of the total GDP value added
1991	16	/	/	/	/	/	/	/
1992	197	1131.25	/	/	/	/	/	/
1993	1014	414.72	/	/	/	/	/	/
1994	2506	147.14	2.04	/	/	/	/	/
1995	2690	7.34	1.88	/	/	/	/	/
1996	3145	16.91	2.1	/	/	/	/	/
1997	3068	-2.45	1.93	/	/	/	/	/
1998	3738	21.84	2.28	/	/	/	/	/
1999	2819	-24.59	1.76	/	/	/	/	/
2000	3463	22.84	1.75	/	/	/	/	/
2001	3410	-1.53	1.75	/	/	/	/	/
2002	4088	19.88	2.06	/	/	/	/	/
2003	4653	13.82	2.16	/	/	/	/	/
2004	4172	-10.34	1.83	/	/	/	/	/
2005	4280	2.59	1.76	/	/	/	/	/
2006	4753	11.05	1.78	/	/	/	/	/
2007	5619	18.22	1.86	/	/	/	/	/
2008	5952	5.93	1.67	/	/	/	/	/
2009	5083	-14.60	1.42	3872	/	1.88	/	/
2010	4940	-2.81	1.3	4592	18.60	2.05	/	/
2011	5535	12.04	1.38	4028	-12.28	2.03	/	/
2012	/		/	4233	5.09	2.14	78150	19.36
2013	/		/	4796	13.30	2.29	92403	21.16
2014	/		/	4914	2.46	2.30	96001	20.96
2015	/		/	4964	1.02	2.15	102856	21.06
2016	/		/	5449	9.77	2.19	113050	21.93
2017	/		/	5940	9.01	2.27	/	/
2018	/		/	6590	10.94	2.34	131737	22.95
2019	/		/	7472	13.38	2.49	140322	23.33
2020	/		/	4639	-37.91	1.62	130471	22.19
		Average: 89.46			**Average: 3.03**			

*G - Wholesale and retail trade, Repair of motor vehicles and motorcycles; H - Transportation and storage; I - Accommodation facilities and food services activities

Source: State Statistical Office 2011-2021; Statistical Yearbooks by the State Statistical Office 1999-2022; MakStat Database of the State Statistical Office 2022; Own calculations

In Table 2 the Value Added of Hospitality and Tourism is provided in millions Macedonian Denars (MKD) at basic prices for the time period 1994-1998. Starting from 1999 the sector of Hospitality and Tourism was renamed into Hotels and Restaurants sector according to the National Classification of Activities (NCA, or NKD in Macedonian), while from 2010 the Hotels and Restaurants sector was again renamed into Accommodation Facilities and Food Services Activities. It is not sure if the same methodology was used for gathering of the data by the SSO, but it can be assumed that this is not the case. Between 2009 and 2011 there is an overlap of gathered data. The Value Added for the Hospitality and Tourism sector was obtained from the SSO's MakStat Database, while the data for the period after the change of the name of this sector was gathered from the official Structural Business Statistics Announcements published by the SSO. The values of the sector Accommodation Facilities and Food Services Activities are at factor costs and are somewhat lower than the first group of data. Value Added at factor costs is the gross income from operating activities after adjusting for subsidies and indirect taxes (State Statistical Office of the Republic of North Macedonia 2022). It is an indicator in the domain of Structural Business Statistics (SBS). SBS were implemented to be collected and analysed in the European Union, according to the European Parliament and the Council of the European Union (2008) and subsequently by the State Statistical

Office. Because of this discrepancy between the values, a direct continuation of data analysis is not possible. Furthermore, in 2013 by Decision of the Government of the Republic of Macedonia, amendments were made to the National Classification of Activities – NKD Rev.2. According to this Decision, the activities in the National Classification of Activities were grouped at the level of sections, divisions, groups, classes and subclasses (State Statistical Office of the Republic of North Macedonia 2013). In 2014, the State Statistical Office revised the data on the Gross Domestic Product and the aggregates of national accounts for the period 2000-2012. The revision was carried out in accordance with the European System of Accounts (ESA 95). With these changes the sector Accommodation Facilities and Food Services Activities has since been grouped together with the sectors Wholesale and retail trade; Repair of motor vehicles and motorcycles; Transportation and storage - for the purposes of statistical data analysis. This means that also for this group of gathered data a direct continuity of analysis is also not applicable and are therefore analysed separately.

Table 2 also shows data for the Value Added of Hospitality and Tourism sector from 1991 to 2011. The highest growth rate was recorded in the first year since the country's independence (1992). This is almost identical with the data provided on Tourism Revenue (Table 1). In this sense, a decrease in the annual growth can also be observed in the Tourism and Hospitality's Value Added in 1997, 1999, 2001, 2009, 2010, but also in 2004. The average annual increase measures 89.46% which is much higher compared to Tourism Revenue's average. This is the result of the exceptionally high increase in the Value Added in 1992 compared to 1991 (increase of 1131.25%). If we analyse the annual growth between the years starting from 1996 until 2011, we will get a lower average compared to the annual growth registered for Tourism Revenue for the same time period (5.55% average growth rate for Value Added, compared to 24.64% average growth for Tourism Revenue). The highest percentage share of Tourism and Hospitality's Value Added in the GDP's Value Added was registered in 1998 (2.28%), while the lowest in 2010 (1.3%).

The Value Added of the Accommodation Facilities and Food Services Activities sector is provided for the time period of 2010 until 2020 and shows a sharp decrease in the annual growth in 2011 of -12.28%. The successive years there is an increase followed by a decrease in the annual growth, every 2 years until 2020 when the lowest annual growth was recorded of -37.91% due to the pandemic. The average annual growth measures only 2.78%. The percentage share of this group of data for the Value Added within the GDP's Value Added is also very low and ranges between 1.62% and 2.49%, both values recorded for in last analysed years (2020 and 2019, respectively).

Finally, Table 2 shows data on the Value Added of the combined sectors of G, H and I, (G - Wholesale and retail trade, Repair of motor vehicles and motorcycles; H - Transportation and storage; I - Accommodation Facilities and Food Services Activities). There is data missing for 2017, therefore an annual growth is not provided in the table, though an almost continuous rise can be observed (except for the missing year of 2017 and for the last analysed year of 2020). The percentage share within the country's GDP Valued Added shows a small decline in 2014, with an expected sharper decrease recorded in 2020 (22.19%, compared to 23.33% in 2019).

The Tourism Satellite Account (TSA) for the Republic of North Macedonia was developed and started to be implemented for the first time in the period 2019-2021 (State Statistical Office of the Republic of North Macedonia, 2021). The TSA is an instrument that consists of an integrated information system, whose main objective is to present the activities and products, directly or indirectly, related to Tourism. It allows assessing the economic dimension of this sector, as well as making a comparison with other countries. According to the TSA, the Gross Value Added generated by tourism (GVAGT) in 2019 accounted for 2.45% of the GVA of the economy of the Republic of North Macedonia and stood at 23685.5 million MKD at basic prices (State Statistical Office of the Republic of North Macedonia 2022).

3.3 Analysis of the gross investment in tourism in the Republic of North Macedonia

Gross Capital Formation (Gross Investment) is the sum of Gross fixed capital formation and the Change in inventories. Gross fixed capital formation is measured by the total value of producer acquisitions, less disposals of fixed assets during the accounting period, plus certain additions to the value of non-produced assets realized by the productive activity of the institutional unit (State Statistical Office of the Republic of North Macedonia, 2015). This economic indicator is part of measuring GDP using the expenditure method. According to this method, GDP presents the final consumption, i.e. consumption of final goods and services produced in the domestic economy, for

final use, gross capital formation and net export of goods and services. Change in inventories is the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories. Products that enter or leave inventories are implicitly treated as sold or procured from stocks and are valued according to the prices of actual sales or purchases that take place at the same time (State Statistical Office of the Republic of North Macedonia 2015).

Gross investment in tourism plays an important role in developing countries, such as The Republic of North Macedonia. Namely, tourism is the world's largest industry that contributes to employment in terms of capital investment and added value (Aslan, 2008). Tourism investments can lead to developing local enterprises, through increased efficiency and thus greater volume of output (Pavlic et al. 2014).

Table 3 Annual Gross Investments in tourism in the Republic of North Macedonia

Year	Gross Investments in Accommodation Facilities and Food Services Activities in mil. MKD	Annual growth of Gross investments	% of total Gross Investments	Gross Fixed Capital Formation sectors G, H and I in mil. MKD *	Annual growth of Gross fixed capital formation	% of total Gross Investments
1993	86	/	1.36	/	/	/
1994	215	150.00	2.4	/	/	/
1995	272	26.51	2.33	/	/	/
1996	407	49.63	3.1	/	/	/
1997	358	-12.04	2.38	/	/	/
1998	424	18.44	3.18	/	/	/
1999	374	-11.79	2.01	/	/	/
2000	683	82.62	1.78	6998	/	13.87
2001	916	34.11	2.64	3957	-43.46	7.13
2002	1214	32.53	3	5975	51.00	10.85
2003	897	-26.11	2.13	4985	-16.57	9.24
2004	1339	49.28	2.83	9505	90.67	15.95
2005	1709	27.63	3.5	9087	-4.40	15.48
2006	1586	-7.20	2.81	10554	16.14	15.69
2007	1989	25.41	2.78	11916	12.91	14.08
2008	1380	-30.62	1.6	12353	3.67	11.56
2009	1595	15.58	1.95	13524	9.48	13.28
2010	1059	-33.61	1.28	14043	3.84	13.92
2011	858	-18.98	0.9	21219	51.10	19.43
2012	1165	35.78	1.07	13777	-35.07	12.63
2013	2424	108.07	2.04	16890	22.60	14.19
2014	1786	-26.32	1.45	16944	0.32	13.71
2015	2829	58.40	2.12	20209	19.27	15.17
2016	2539	-10.25	1.75	22394	10.81	15.44
2017	3117	22.76	2.24	24160	7.89	17.38
2018	2606	-16.39	1.97	21095	-12.69	15.93
2019	4197	61.05	2.88	25641	21.55	17.59
2020	1734	-58.68	1.2	24937	-2.75	17.26
2021	/	/	/	27118	8.75	16.70
		Average: 20.22			**Average: 10.24**	

*G - Wholesale and retail trade, Repair of motor vehicles and motorcycles; H - Transportation and storage; I - Accommodation facilities and food services activities

Source: Statistical Yearbooks by the State Statistical Office (1999-2022); MakStat Database of the State Statistical Office – Gross Domestic Product and Investments - Annual Data (2022); Own calculations

The Gross investment in the Republic of Macedonia started to be measured after 1993. Therefore, no data is available for the previous years (1991 and 1992). In Table 3 the data is provided on Gross Investments in tourism, or more precisely in the sector Accommodation Facilities and Food Services Activities (from 1993-2020). There is also data for the Gross Investments in the grouping of sectors G, H and I (from the period 2000-2021), as elaborated for Table 2. The first data regarding Gross Investments in the Accommodation Facilities and Food Services Activities shows a high level of instability, similarly to the analysis on Value Added, or Tourism Revenue. Several negative annual

growths have been registered in the analysed period, from which the highest decrease being recorded in 2020 which measured -58.68%. The other negative values can be observed for 2018, 2016, 2014, 2011, 2010, 2008, 2006, 2003, 1999 and 1997. This shows a very negative trend in the development of these tourism resources in the country in the past two and a half decades. The highest annual increase in investments occurred in 1994 (150.0%) and 2013 (108.07%), the latter probably being the result of the successful policies for including subsidies in tourism development policies by the country's government. However, when analysing the share of tourism's Gross Investments in the total Gross Investments, we can observe very low values, ranging from 0.9% in 2011 to 3.5% in 2005. These values are too low for tourism to develop more intensively.

If we analyse the data on Gross Investments in the grouping of sectors G, H and I (Table 3) we can conclude that similar fluctuations in registered values occurred. Namely, annual growth rates of these investments decreased every couple of years (2001, 2003, 2005, 2012, 2018 and 2020). The highest growth rate can be observed in 2011 (51.1%), which shows a discrepancy with the previous data on Gross Investments, the explanation being that more investments occurred in the sectors G and H. This is also true for the percentage share in the country's total Gross Investments as can be seen in Table 2.

3.4 Analysis of tourism arrivals in the Republic Of North Macedonia

Structural changes of tourism demand and its dynamics can be best understood through the analysis of the number of tourist arrivals and tourists' length of stay, country of origin and occupancy rate. Tourism arrivals and overnight stays should be examined for domestic and foreign tourists visiting.

Table 4 Annual Tourism Arrivals in the Republic of North Macedonia

Year	Total number of Arrivals	Annual growth of total Arrivals	Number of Domestic Arrivals	Annual growth of Domestic Arrivals	% of Domestic Arrivals in the total number	Number of Foreign Arrivals	Annual growth of Foreign Arrivals	% of Foreign Arrivals in the total number
1991	710278		415955		58.56	294323		41.44
1992	585699	-17.54	366637	-11.86	62.60	219062	-25.57	37.40
1993	647728	10.59	439537	19.88	67.86	208191	-4.96	32.14
1994	613154	-5.34	427740	-2.68	69.76	185414	-10.94	30.24
1995	503837	-17.83	356830	-16.58	70.82	147007	-20.71	29.18
1996	476205	-5.48	340068	-4.70	71.41	136137	-7.39	28.59
1997	451871	-5.11	330534	-2.80	73.15	121337	-10.87	26.85
1998	575080	27.27	418410	26.59	72.76	156670	29.12	27.24
1999	549630	-4.43	368842	-11.85	67.11	180788	15.39	32.89
2000	632523	15.08	408507	10.75	64.58	224016	23.91	35.42
2001	333308	-47.30	234362	-42.63	70.31	98946	-55.83	29.69
2002	441712	32.52	318851	36.05	72.19	122861	24.17	27.81
2003	483151	9.38	325459	2.07	67.36	157692	28.35	32.64
2004	465015	-3.75	299709	-7.91	64.45	165306	4.83	35.55
2005	509706	9.61	312490	4.26	61.31	197216	19.30	38.69
2006	499473	-2.01	297116	-4.92	59.49	202357	2.61	40.51
2007	536212	7.36	306132	3.03	57.09	230080	13.70	42.91
2008	605320	12.89	350363	14.45	57.88	254957	10.81	42.12
2009	587770	-2.90	328566	-6.22	55.90	259204	1.67	44.10
2010	586241	-0.26	324545	-1.22	55.36	261696	0.96	44.64
2011	647568	10.46	320097	-1.37	49.43	327471	25.13	50.57
2012	663633	2.48	312274	-2.44	47.06	351359	7.29	52.94
2013	701794	5.75	302114	-3.25	43.05	399680	13.75	56.95
2014	735650	4.82	310336	2.72	42.19	425314	6.41	57.81
2015	816067	10.93	330537	6.51	40.50	485530	14.16	59.50
2016	856843	5.00	346359	4.79	40.42	510484	5.14	59.58
2017	998841	16.57	368247	6.32	36.87	630594	23.53	63.13
2018	1126935	12.82	419590	13.94	37.23	707345	12.17	62.77
2019	1184963	5.15	427370	1.85	36.07	757593	7.10	63.93
2020	467514	-60.55	349308	-18.27	74.72	118206	-84.40	25.28
2021	702463	50.25	408500	16.95	58.15	293963	148.69	41.85
		Average: 2.55		**Average: 1.05**			**Average: 7.25**	

Source: MakStat Database of the State Statistical Office – (2022); Own calculations

To better understand the context of tourism development after Macedonia's independence in terms of tourist arrivals and overnight stays it is also important to compare these numbers with those realized during the pre-transitional period. In this sense, the highest number of total tourist arrivals (domestic and foreign) was achieved in 1987 and consisted of 1183160 visitors (Sekulovska et al, 2018). When we compare this with the total number of tourist arrivals in the country, it can be seen that this number was overtaken only and solely in 2019. Most domestic tourist arrivals were realized in 1986 (508903), while the highest foreign arrivals in the pre-transition period were achieved in 1987 with 689016 tourists from abroad. The number of domestic tourists in the analysed period (1991-2021) wasn't surpassed, while this was achieved only for the foreign tourist arrivals, but only lately as 2018 and 2019 (707345 and 757593 tourists, respectively). That means that the tourism sector only slowly moved forward in this regards, one of the reasons being the change of the structure of foreign tourists after the country's independence. Namely, in socialist times, most foreign tourists that arrived in the country originated from the other member states of the SFRY. This situation changed, as we will examine the top 5 countries of origin of foreign tourists in The Republic of North Macedonia (Table 5).

From Table 4 it can be seen that the total number of tourist arrivals almost steadily declined in the first decade. Afterwards, a sharp decline can be observed in 2001 which was the result of the conflict. The situation didn't change much during the second decade (2001-2010). For instance, the number of tourists in 2010 was even lower than some years in the 1990s. Finally, a positive trend of development was achieved during the third decade (2011-2021) with the exception being 2020. A positive annual growth was realized during this final stage of post-socialist tourism development.

If we analyse the structure of tourist arrivals, some interesting observations can be done. Namely, until 2010, the number of domestic tourists surpassed the number of foreign tourists visiting the country. Then, after 2011 their number is below 50%, with the lowest being in 2019 (36.07% were domestic). Because of this change of structure and percentage share of the domestic tourist arrivals in the total number of tourists, the annual growth rate shows the same trend in the first 2 decades, as the previous analysis of total tourist arrivals. However, domestic tourists show a decrease of arrivals even after 2011, which is the result of attracting more foreign visitors to the country and the incorporation of subsidies. This can be seen as a quite positive trend in the development. The average annual growth rate is much lower (less than half) than the one for total arrivals (1.05 compared 2.55).

From the analysis of domestic tourist arrivals we can come to a logical conclusion that the foreign tourist arrivals will show a reverse situation in the achieved results. The annual growth rate of foreign tourist arrivals is mostly negative only during the first decade. Afterwards, it is mostly increasing, exceptions being the years 2001 and 2020. The average annual growth rate surpasses the total and the domestic average of arrivals and measures 7.25%. It is known that the foreign tourists and their spending create a higher impact on the domestic economy, namely because of the multiplier effect (Fournier et al. 2011).

3.5 Overview and analysis of the national structure of foreign visitors in The Republic of North Macedonia

In the previous part we could make the observation that more foreign tourist arrivals were realized than domestic arrivals. It is essential to determine the structure of foreign tourists. In Table 5 the most numerous tourist arrivals of foreign tourists are ranked (top 5) by country of their origin. Equally important is also the length of tourists' stay. Therefore, foreign tourists are also ranked in terms realized overnight stays. The average length of stay can also be elaborated. Namely, the length of stay is directly linked to the tourist spending, i.e., if tourists are staying longer, it is assumed that they will also spend more.

Table 5 Countries of origin of foreign visitors in the Republic of North Macedonia (1995 - 2021) – arrivals and overnight stays (Top 5)

Rank	Country	Total number of arrivals	Rank	Country	Total number of overnight stays	Rank	Country	Average length of stay
1.	Serbia	1018368	1.	Albania	2066964	1.	Netherlands	4.60
2.	Turkey	943857	2.	Serbia	1498449	2.	Belgium	2.98
3.	Greece	737651	3.	Bulgaria	1430277	3.	Estonia	2.95
4.	Bulgaria	639222	4.	Greece	1303556	4.	Belorussia	2.93
5.	Albania	431780	5.	Turkey	1217849	5.	Poland	2.93

Source: MakStat Database of the State Statistical Office 2022; Statistical Yearbooks by the State Statistical Office 1999-2022; Own calculations

Table 5 shows the most numerous tourist arrivals by foreign tourists according to their country of origin. However, the statistics for these data is available only from 1995, therefore the previous 4 years are not included. In the time period 1995-2021 the total tourist arrivals were realized by Serbia. In second place is Turkey, in third Greece, then Bulgaria and Albania. However, these data is for a 26-year period. During this time, there were some positive and negative external and internal factors that influenced tourism development. As already mentioned, an important factor was the subsidizing of foreign tourists and their overnight stays starting from 2011. If international tourists realized at least 3 overnight stays in the country, then the tour operators receive certain amounts of subsidies per visitor. These amounts are varying, according primarily to the country of origin of the tourists as well as their means by traveling – by bus or by plane, or round trips. The Agency for Support and Promotion of Tourism is in charge with the procedures for applying for the subsidies.

Having this in mind, we can see a change occurring in the ranking of the top 5 countries of origin in terms of realized overnight stays. Now in first place comes Albania, while in last place Turkey. This means that in the analysed period, less tourists of Albania than the other 4 countries mentioned above, visited the country, but they stayed longer. According to this data we can conclude that dominant are visitors from neighbouring countries, including Turkey.

If we analyse the average length of stay of tourists that visited Macedonia in the period 1995-2021, then we can see a significant change in their structure. Now, in first place are the Netherlands, then Belgium, Estonia, Belorussia and Poland. This is to be expected because the subsidies started to be intended primarily for the countries of Benelux, while until now, the list of countries for which the subsidies are in force has been upgraded to a long list of international countries of origin (Official Gazette of the Republic of Macedonia, 2016). In the last decade, Macedonian tourism has reoriented itself towards the market of Benelux countries and Eastern Europe. There is an increase in the number of tourists and realized overnight stays originating not only from Europe, but also other continents, including Asia and North America (State Statistical Office - Makstat Database, 2022).

3.6 Analysis of the occupancy rate in the Republic Of North Macedonia

The number of available accommodation facilities in the country has been increasing steadily until 1991, while in the first 2 decades after the country's independence the number of accommodation facilities has decreased in terms of available beds. This is primarily the result of the transition period and the decrease of the material base for development of tourism (Sekulovska et al, 2018). The structure of these facilities also changed, private (domestic) accommodation is dominant than the official categorized facilities (Hotels, motels, boarding houses, etc.) in the last years. Standardization in categorization of hotels and similar accommodation was introduced in 2010, improving somewhat their quality.

Figure 2 Occupancy rate in accommodation facilities (rooms and beds) in the Republic of North Macedonia
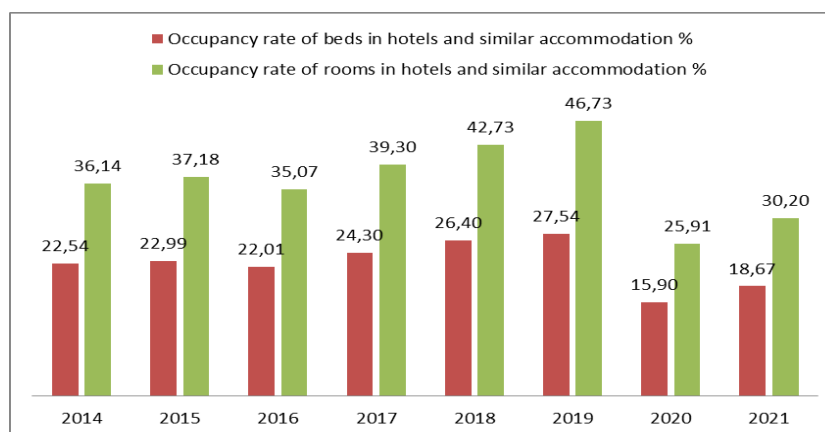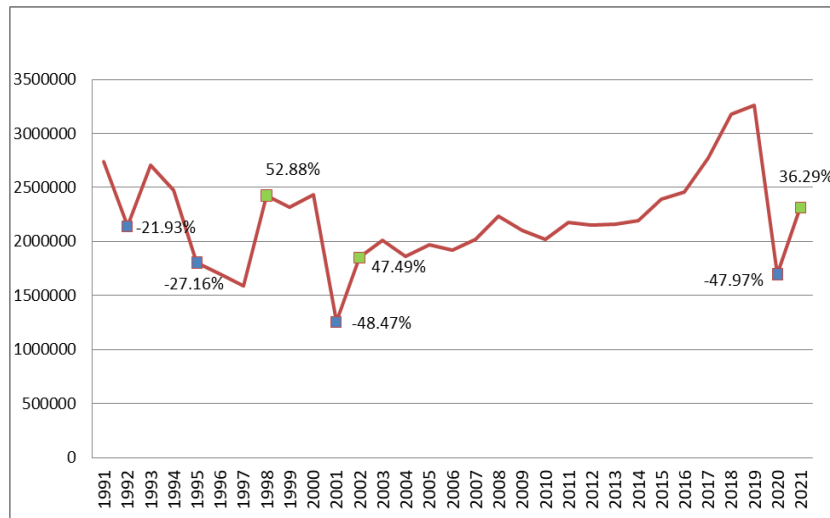

Source: MakStat Database of the State Statistical Office 2022

Figure 2 shows the occupancy rate of accommodation facilities in The Republic of North Macedonia from 2014 to 2021. These are the last available data provided by the State Statistical Office. As it is expected the highest occupancy rate for available rooms and beds in hotels and similar accommodation was recorded in 2019, when the most tourists visited the country (27.54% and 46.73%, respectively). In the analysed period, an almost steady increase in occupancy rate can be observed. Of course, the exception is the post-pandemic years of 2020 and 2021. There is a more detailed analysis about the occupancy rate per months, but available only for 2015 (State Statistical Office, 2016). According to this publication (Tourism in the Republic of Macedonia 2011-2015) in 2015 the highest occupancy rate was recorded in the moths of July, August and September (occupancy rate of beds ranges from 30.5% to 32.9%, occupancy rate of rooms from 49.8% to 57.9%), while the lowest in January, February and March (occupancy rate of beds ranges from 13.5% to 14.7%, occupancy rate of rooms from 22.4% to 23.5%). It can be assumed that similar monthly occupancy rates exist for the following years leading to 2019. These data provide the logical conclusion that an increase of the tourist season's length is needed because of the high level of concentration of tourists in only a couple of months throughout the year (high seasonality).

3.7 Analysis of overnight stays in the Republic of North Macedonia

Overnight stay of tourists should be analysed in order to determine their length of stay. A higher length of stay is more desirable because it implies a higher probability for additional tourist spending. Furthermore, it is also more positive to have more realized overnight stays for foreign tourists (and therefore higher spending) because the economic implications are higher for the country's total economy, due to the multiplier effect that international tourism has.

Figure 3 Total Overnight Stays (domestic and foreign) with highest and lowest annual change in the Republic of North Macedonia
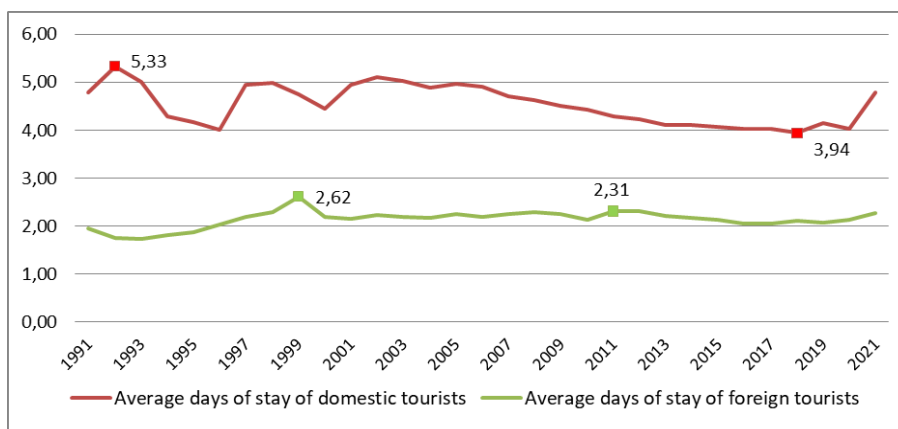

Source: MakStat Database of the State Statistical Office – Tourist Arrivals and Overnights 1956-2021 (2022); Own calculations

Similar to the analysis of tourist arrivals, in Figure 3 overnight stays can be observed through their annual growth. In order to simplify this analysis, only the average length of stay is presented which derived from the dividing of the number of arrivals from the number of realized overnight stays for domestic and foreign tourists. The average annual growth shows a more pronounced decrease in the first 2 decades, while a significant increase in the last decade – until 2020. The highest drops in annual growth of overnight stays can be observed in 2001 and 2020 (-48.47% and -47.97%, respectively), but also in 1995 (-27.16%) and 1992 (-21.93%). We already discussed the main reasons for these decreases previously.

The highest increase in the annual growth rate, happened in 1998 (52.88%), 2002 (47.49%) and in 2021 (36.29%). The past analysed year (2021) shows encouraging results for stabilization of the difficult period during the pandemic. The average growth rate is only 1.94% in the period 1991-2021 which is very low. Namely, the levels of overnight stays (total – domestic and foreign) in the analysed period after 1991 did not exceed the peak of 1987 (3978028). It only exceeded for the overnight stays of foreign tourists as late as 2019 (1577771 overnight stays, compared to 1551920 in 1987) (State Statistical Office - Makstat Database, 2022).

Figure 4 Average days of stay of domestic and foreign visitors in the Republic of North Macedonia

Source: MakStat Database of the State Statistical Office 2022; Own calculations

If we analyse the average length of stay of domestic tourists (Figure 4), the average for the whole 30-year period amounted to 4.53. The lowest average was recorded in 2018 (3.94 days), while the highest in 1992 (5.33 days). The average days of stay fluctuated (peaked and dropped) every few years. The average length of stay for foreign tourists amounted to only 2.14 days, which is less than half than the average for domestic tourists. The highest average length of stay was recorded in 1999 (2.62 days), 2011 and 2012 (both recorded an average of 2.31 days) which is still lower than the minimum achieved for domestic tourists. The lowest average days of stay can be observed from the table above for the year of 1993 with an average length of stay of only 1.74 days. This was mainly the result of the complication of the relations with Greece, because of the country's name, which later resulted in an economic embargo, sanctions and blockades. However, the main reason for foreign tourists to avoid visiting Macedonia and the Balkans in general was the war in some of the republics of SFRY in the 1990's.

3.8 Analysis of tourism workforce in the Republic of North Macedonia

The transition period and the process of privatization of public capital in the Republic of Macedonia were especially difficult for the employed workforce in almost all economic sectors. Tourism wasn't excluded in this regard. In these turbulent times during the process of privatization, many enterprises filed for bankruptcy, or were liquidated. These liquidations contributed many employees to become jobless or were forced to be engaged in other activities and sectors. The workforce in tourism in the country can be observed in the 30 – year period and can be analysed accordingly.

Table 6 Annual tourism workforce in the Republic of North Macedonia

Year	Number of Employees in Accommodation Facilities and Food Services Activities	Annual growth of Employees in Accommodation Facilities and Food Services Activities	% of the total number of employees in the Republic of North Macedonia	Annual growth of the total number of employees in the Republic of North Macedonia
1991	12764	/	2.73	
1992	13306	4.25	2.98	-4.75
1993	12022	-9.65	2.86	-5.62
1994	10611	-11.74	2.68	-6.02
1995	9946	-6.27	2.79	-9.87
1996	10520	5.77	3.10	-4.71
1997	9903	-5.87	3.10	-5.99
1998	9758	-1.46	3.15	-2.89
1999	9998	2.46	3.17	1.80
2000	17044	70.47	3.10	74.12
2001	16492	-3.24	2.75	9.00
2002	16030	-2.80	2.86	-6.34
2003	15608	-2.63	2.86	-2.89
2004	16220	3.92	3.10	-4.06
2005	15347	-5.38	2.81	4.26
2006	15260	-0.57	2.68	4.61
2007	15579	2.09	2.64	3.48
2008	17820	14.38	2.93	3.18
2009	19330	8.47	3.07	3.43
2010	20425	5.66	3.20	1.26
2011	20445	0.10	3.17	1.13
2012	21909	7.16	3.37	0.85
2013	24741	12.93	3.64	4.35
2014	25513	3.12	3.70	1.67
2015	26557	4.09	3.76	2.29
2016	29353	10.53	4.06	2.49
2017	29104	-0.85	3.93	2.36
2018	29714	2.10	3.91	2.49
2019	30085	1.25	3.77	5.08
2020	26846	-10.77	3.38	-0.34
2021	28775	7.19	3.62	0.02
		Average: 3.49		**Average: 2.48**

Source: MakStat Database of the State Statistical Office 2022; Statistical Yearbooks by the State Statistical Office 1999-2022; Own calculations

According to the World Travel and Tourism Council (WTTC), the total contribution of Travel and Tourism in employment in the Republic of North Macedonia in 2019 was 6.9% of total jobs with a total of 54.800 employees which represent the peak of employees in the Tourism sector. The following year (2020) a decrease of 12.1% was observed, while already in 2021 there was again an increase of 6.6% (World Travel and Tourism Council 2022).

The data provided by the SSO, shows a lower number of direct employees in the Tourism sector as can be observed from Table 6. According to this data from 1991 to 1999 the number of Employees in Hotels and Restaurants originates from the Statistical Yearbooks by the State Statistical Office. However, this number is too low to some estimates, because according to the MakStat database of the SSO, the number of employees in Accommodation Facilities and Food Services Activities is significantly higher. The methodology for gathering and processing of data is different than in the first analysed decade. But even this increase of the number of the hospitality workforce (from 2000 onwards), it represents only a fraction of the total number of employees in the Republic of North Macedonia. We must also have in mind the relatively large portion of informal workforce in the tourism sector, such as illegally hired workers, part time employees and seasonal labourers.

From the provided data we can observe that the highest number of employees in tourism (in absolute numbers), was recorded in 2019. The annual increase of the workforce is not gradual. It is characterized by relatively pronounced fluctuations. The highest increase was in the year 2000 (70.47%), while the highest decrease was recorded in 1994 (-11.74%) and 2020 (-10.77%). If we compare these data with the annual growth of the total workforce in the country, we can conclude that the average annual growth in the sector of tourism is higher than at the national level. Furthermore, the highest increase and decrease don't coincide. This means that the general socio-political situation is not the dominant factor for changes in employment in tourism in The Republic of North Macedonia. But this is also the result of the relatively small share of employees in tourism, compared to the total employed workforce in the country. The percentage share ranges from 2.64% in 2007 to 4.06% in 2016. This is a too low share. Another problem is the emigration of the workforce, not only from the rural areas, but also from the country in general. The high unemployment rate in the country also results in the decrease in the possibilities to travel and spending by domestic tourists. Although the official unemployment rate within the country (of the total workforce) has somewhat decreased, from 37.3% in 2005 to more than half in 2021 (15.7%), the decrease can largely be attributed also to emigration abroad (State Statistical Office - Makstat Database, 2022). This results in having insufficient numbers of adequate workforce. Now there are even some considerations to import workforce from abroad in order to meet the needs of tourism supply in the Republic of North Macedonia.

4. DISSCUSION AND CONCLUSIONS

The research results have shown that tourism development in The Republic of North Macedonia, according to some of the presented indicators (scope and structure of tourist flows, accommodation capacities, participation of tourism in GDP), is an important part of the economy. Different socio-economic challenges that occurred within the period of research have influenced the level of annual growth in tourism revenue which is evidenced by the average annual growth of 16.51%. The yearly average share of tourism services generated in the country's GDP is only 2.1% which is a too small amount for developing economies. Researched data show that tourism in the analysed period played a rather small role in the overall economic development of the Republic of North Macedonia. Although it has recorded a significant increase from the first analysed years, it is still very low compared to other countries.

Research has also shown that despite the oscillations and challenges, tourism potentials are a good trigger for attracting foreign visitors, both from the surrounding countries and broader area. Also the research showed that the domestic tourist market, which is known that is more resilient to external influences and changes, shows a lower participation in the total number of visitors (exception are the two years of the COVID-19 pandemic - 2020 and 2021). This implies undertaking intensified measures and activities at the state, regional and local levels in order to increase the share of the domestic tourism market. Needed are such resources that are not attractive enough for foreign tourists, but are a significant potential for domestic tourists. Domestic tourism can be observed as a niche market with tight relations to local natural and cultural heritage. This will enable diversification of

domestic tourist flows to places that are insufficiently valorised for tourism. Furthermore, the tourist season will be prolonged by a diversified offer.

Regarding the international tourist market, new and alternative tourism products must be created. Having into account that The Republic of North Macedonia is a landlocked country, it just can't be competitive with most of the surrounding countries. Alternative tourism products should be primarily oriented towards sustainable development. In order for this to be realized, an effective allocation of resources needs to be done, dominantly in the sphere of creating qualified workforce. This will have a positive impact on tourism development and will also be a significant factor for decreasing negative emigration trends (mainly by younger people).

The results represent a good basis for future research related to the development of tourism in The Republic of North Macedonia because, although modest, it plays an important role in development and promotion of the country as tourist destinations, regionally and within broader frames. We hope that the presented analyses will have a contribution and encourage interest in undertaking other similar research activities related to this area of tourism development in The Republic of North Macedonia.

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