

**The perception of  
hospitality and tourism  
companies  
from the Republic of  
North Macedonia  
for the „Open Balkan“ initiative**





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# 1 Introduction and research objectives

„Open Balkan“ is a regional initiative created by North Macedonia, Serbia, and Albania which is dedicated to providing conditions for practicing the four European freedoms for as many citizens and companies in the Balkans as possible. „Open Balkan“ is an amplifier of regional cooperation and connectivity when it comes to the free movement of people, capital, goods, and services. Currently, the three countries (North Macedonia, Albania, and Serbia) lead and develop the initiative, which has an open door policy, especially for other countries from the Western Balkans, such as Montenegro, Bosnia, and Herzegovina, and Kosovo, but also for other countries in the region - members of the EU.<sup>1</sup>

The “Open Balkan” initiative stems from the need for greater regional integration in the region. Initially, this initiative was named Advanced Regional Cooperation Initiative or „Mini Schengen“. “Open Balkan” is currently an initiative in which members are North Macedonia, Albania, and Serbia, and aims to promote and develop the region’s capacity, and bring concrete benefits to citizens and the business community. This initiative is an opportunity to strengthen regional economic cooperation and promote the freedom of movement of people, goods/ products, capital, and services. The main goal of the “Open Balkan” is to overcome the social, economic, and trade barriers that hinder economic growth in the region by implementing the four freedoms on which European integration is based, freedom of movement of goods, workers, capital, and services.

One of the benefits of this initiative is the establishment of a regional market between member countries of the initiative. The “Open Balkan” framework has been signed that establishes common border crossings and enabled a shorter time for trucks to stay at the border. In addition, progress has been made in improving the business climate in the entire region by signing agreements on the mutual recognition of Authorized Economic Operator (AEO) approvals. Green corridors have been established, which ensures that products and services reach the markets in the region faster.<sup>2</sup>

1 <https://vlada.mk/Otvoren-Balkan>

2 <https://customs.gov.mk/otvoren-balkan.nsp>

## National context

It can be stated that 2020 and 2021 contributed in many ways to changing tourism as a whole. Tourists have changed their focus on the destinations they travel to and visit more national parks, rural areas, natural beauty, and mountains, preferring active forms of tourism and eco-tourism. We should not leave out the fact that 2020, due to the overall situation with the pandemic, was marked by domestic tourism.

The RNM government has adopted economic measures to deal with the crisis from the pandemic, which focus on the citizens, their jobs, social security, and solidarity, creating an environment to overcome the economic consequences of the coronavirus. Most of the measures taken by the Government refer to the overall economy, but some are directly intended for the tourism sector:

- ❖ Establishing of Tourism Fund
- ❖ Postponing the validity of tourist vouchers
- ❖ Prolonging the validity of licenses for hospitality and tourism activities
- ❖ Prolonging the validity of the categorization of accommodation, food, and beverage facilities
- ❖ Tourist vouchers for domestic tourism
- ❖ Subsidizing 50% of contributions for employees in companies from the tourism, transport, and hospitality sectors
- ❖ Salary support for tour guides
- ❖ The return of tourist tax for 2019 to support the tourism sector, is one of the most affected by the crisis
- ❖ Grants for travel agencies from 3,000 to 7,000 EUR
- ❖ Loans with 0% interest for companies from the tourism, craft, hospitality, transport, event organization industry, private health facilities, etc., through the Development Bank of North Macedonia
- ❖ Financial support for categorized travel agencies from 2,000 to 5,000 EUR
- ❖ Financial support for tourist guides of 30,750 MKD
- ❖ Free 50,000 PCR tests for foreign tourists who stayed in the country and
- ❖ Financial support for hotels operating outside the tourist centers.<sup>3</sup>

3 <https://tourismmacedonia.gov.mk/wp-content/uploads/2022/06/Izvestaj-Drzaven-Za-vod-za-Revizija-2018-2021.pdf>

# 2 Methodology

The goal of this project is to understand the opinion and perceptions of the hospitality and tourism companies from the Republic of North Macedonia concerning the initiative for regional cooperation „Open Balkan“ and the tourism sector. Thematic issues from the field of tourism, the countries of the region with which the companies cooperate, the regional economy, and tourism within the framework of the „Open Balkan“ initiative (the economic zone between Albania, the Republic of North Macedonia and Serbia) are covered, as well as issues related to the condition of the tourism in the post-Covid-19 period and during the crisis of the Russia-Ukraine military conflict.

The research was conducted with companies that are fully/mainly familiar with the „Open Balkan“ regional cooperation initiative. The interviews were conducted by telephone. The research of the companies was carried out in most cases with a company manager or company owner, which indicates that the profile of the respondents are decision makers and are well acquainted with the situation in the company itself. The results of the analysis are shown in percentage (%). On the charts where „multiple answers are possible“ is marked, the percentage is more than 100.

The data collection technique consisted of conducting a telephone survey (CATI) using a computer, online through a platform SurveyMonkey that is specialized for this type of research. Using the software program SPSS (IBM SPSS Statistics Program) the data were processed with the method of descriptive statistics.

Sample size and design: The sample consists of 50 companies that are familiar with the „Open Balkan“ initiative and relevant decision-makers (manager, director, company owner, etc.) responded. For this research, a stratified simple random sample was created, according to the national classification of activities.

The average length of the interview is 17 minutes, and the data were collected in October 2022.

# 3

## Key findings

- ❖ Concerning the „Open Balkan“ initiative, most companies have a positive opinion. They are familiar with the possibilities of this regional cooperation, which would improve conditions in tourism. The main benefits that companies perceive are the possibility of free movement of people, an open market, benefits for tourism, attracting foreign guests, and cooperation with travel agencies in the region.
- ❖ The representatives of the companies in the largest percentage (78%) believe that there are no obstacles to economic cooperation with the countries of the region.
- ❖ From the sample, the largest percentage of the companies have their activity directed at the domestic market (94%), followed by the regional 72% and with 64% directed at the European market.
- ❖ The largest percentage of companies in their business operations cooperate with Serbia, in second place is Montenegro, and in third place is Albania.
- ❖ The income generated from foreign tourists is up to 50% of the total income (78%).
- ❖ As a result of the Covid-19 pandemic, more than half (60%) of the companies were operating at a loss.
- ❖ As a result of the Russia-Ukraine military conflict, for four out of ten companies, revenues have decreased by up to 10%. For a quarter (26%) of the respondents, the revenues decreased up to 20%, while for 18%, the revenues remained unchanged. For only 12% of the companies, the revenues decreased up to 50%.
- ❖ Seven out of ten respondents agree that the „Open Balkan“ initiative would open up new opportunities for a common tourist market.
- ❖ More than half of respondents (66%) agree that our country would be a more attractive tourist destination as part of the regional tourist market.
- ❖ The respondents (58%) do not agree that the consequences of the Covid-19 crisis and the Russia-Ukraine conflict would have been reduced if regionally integrated actions were taken.
- ❖ Three main domains that can improve the condition of tourism are Financial support and investment (72%), promotion of tourist destinations, and joint performance on third markets/cooperation with companies from the region (62%).
- ❖ For 40% of respondents, demand decreased up to 100%, while for 32% it decreased up to 75% due to the Covid-19 pandemic.



- ❖ Problems the companies faced due to the pandemic are a Significant decrease in revenues (84%), a decrease in demand (76%), and a significant decrease in operating costs (72%).
- ❖ Measures taken to deal with the Covid-19 crisis are partial closure of the company (36%), financial indebtedness (34%), and layoff from work (32%).
- ❖ All companies used the economic measure: payment of 14,500 MKD per employee in the months of April and May 2020.
- ❖ The opinions of the respondents are divided regarding the usefulness of the measures taken by the state to deal with the Covid-19 crisis in the tourism sector, i.e. 54% of the companies believe that the measures helped completely/ mainly, while 46% believe that the measures mainly or completely didn't help.
- ❖ In terms of the number of tourists, during the pandemic, it completely decreased, while unlike during the military conflict, the number decreased by 62%.
- ❖ Company representatives are not optimistic regarding the return of tourism to the condition before Covid-19. Almost half (44%) believe that this will happen three years from now.
- ❖ For 58% of respondents, the „Open Balkan“ initiative will improve tourism, while 20% believe that the placement will remain unchanged.
- ❖ For attracting a larger number of tourists, the companies (60%) believe that it can be done with support from the state (subsidies and promotion).
- ❖ Three questions that would be a priority for the creation of the future tourism development policy of the state are Improvement of the tourism infrastructure (82%), followed by the creation of a comparative and competitive advantage (64%), and re-positioning of the tourism product (48%).

## 4 Interpretation of results by topics

The questionnaire consisted of three parts. *The first part* of the questionnaire, in addition to the characteristics of the company and activities according to NAC, also aims to examine the opinion and awareness for the „Open Balkan“ initiative. Also, this first part covers questions about new opportunities, obstacles, and possibilities. Furthermore, thematic issues in the field of tourism follow, with which countries they cooperate as part of their business operations. *The second part* of the questionnaire consists of questions related to the regional economy and tourism, opportunities for a common tourist market, destinations, obstacles to cooperation and consequences of the Covid-19 crisis and the military conflict Russia-Ukraine and in which domains this initiative can improve the condition of tourism. *The third part* examines the issues related to the condition of tourism in North Macedonia in the post-Covid-19 period and during the crisis of the Russia-Ukraine military conflict and how to attract more tourists and promote the tourism development of the country.

Where statistically significant, data will be highlighted and interpreted, and cross-referenced by company activity such as:

- Transport and storage;
- Facilities for accommodation and food service activities; and
- Administrative and support service activities.

# Characteristics of the companies

At the beginning of the survey, questions were asked about the characteristics of the companies, and activities according to NAC (National Activity Classification). Also questions about the number of employees, company capital, annual turnover, and how long they have been in business.

Namely, the target group of the research was companies that are in the hospitality and tourism business. A condition that had to be fulfilled is that the respondent is familiar with the initiative for regional cooperation „Open Balkan“ (the economic zone between Albania, RN Macedonia, and Serbia).

Table 1 below presents the characteristics of the companies that were part of this research. These characteristics simultaneously represent independent variables through which we will perceive the significant statistical differences in the results according to the respondents' answers.

The most represented companies in the sample are the companies whose main activity is Accommodation facilities and food service activities. The largest percentages are accommodation facilities and hotels (30%), followed by restaurants and other facilities for preparing and serving food (25%), followed by 10% activities for preparing meals and serving food, and 5% resorts and other facilities for shorter stays. They are followed by Administrative support service activities such as travel agencies and travel organizers and finally Transport and storage, i.e. passenger air transport. The percentage distribution of all activities included in the research can be seen in Table 1.

- The interviews were conducted with persons and company representatives who are directly involved in the decision-making process and who are familiar with the current status of the company. Most of the questionnaires were implemented with company managers (50%). 36% of the questionnaires were answered by company owners and 14% by managing directors/directors.
- Most of the sample consists of micro companies that employ less than 10 employees (72%). They are followed by small companies employing 10-50 employees (24%). Then 4% of the sample consists of medium-sized companies that employ 51-245 employees.
- Regarding the capital of the companies, 90% of them have domestic capital, while 10% have mixed capital.
- The largest annual turnover of the surveyed companies is up to 2 million EUR (80%), followed by companies with a turnover of 2 to 10 million EUR. 4% of respondents refuse to answer.
- In terms of years of operating in this activity, the most represented are from 10-19 years (30%) and the same number from 20-29 years. They are followed by 24% up to over 30 years of operating in the activity and up to 9 years by 16%. This indicates that representatives of companies that have generally been present on the market for a long time took part in the research.

Table 1: SCREENER QUESTIONS		%
Q1. To what extent would you say that you are familiar with the initiative for regional cooperation "Open Balkan" also known as "Mini Schengen"? Would you say you are:	Fully familiar	18%
	Mainly familiar	62%
	Mainly not familiar	20%
	Not familiar at all (end of interview)	0%
	I don't know (end of interview)	0%
	Refuses to answer (end of interview)	0%
A1. ACTIVITY according to NAC	Transport and storage	20%
	Accommodation facilities and food service activities	40%
	Administrative and support service activities	40%
A1.1 TRANSPORT AND STORAGE	Passenger air transport N=10	100%
A1.2 ACCOMMODATION FACILITIES AND FOOD SERVICE ACTIVITIES	Accommodation facilities N=6	30%
	Hotels and similar accommodation facilities N=6	30%
	Resorts and other facilities for shorter stays N=1	5%
	Activities for preparing meals and serving food N=2	10%
	Restaurants and other facilities for preparing and serving food N=5	25%
A1.3 ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	Activities of travel agencies and travel organizers N=20	100%
B. The conversation was conducted with:	Company owner	36%
	Managing Director/Director	14%
	Manager	50%
	Member of the management board	0%
	Shareholder	0%
	Other	0%
D. Number of employees in the company	Less than 10 (micro)	72%
	10-50 (small)	24%
	From 51 – 245 (medium)	4%
	250+ (large)	0%
E. What is the capital of the company?	Domestic	90%
	Foreign	0%
	Mixed	10%
	Refuses to answer	0%

F. What is the company's annual turnover?	Up to 2 million EUR (micro)	80%
	From 2 to 10 million EUR (small)	16%
	Up to 50 million EUR (average)	0%
	Over 50 million EUR (large)	0%
	Refuses to answer	4%
G. How long have you been in this business?	Up to 9 years	16%
	From 10-19 years	30%
	From 20-29 years	30%
	Over 30 years	24%

Below is an interpretation of the results according to the topics covered by the questionnaire. Also, the cross-referenced results by activities according to NAC have been interpreted narratively. Activities that are covered and with which the results will be cross-referenced are Transportation and storage (Passenger air transport), Accommodation facilities, and food service activities (Accommodation facilities, resorts, and short-stay facilities, meal preparation and food service, and restaurants for food preparation and serving) and Administrative and support service activities (Tourist agencies and travel organizers). The results are visually presented in charts and tables, and the data are expressed in percentages (%). Open questions serve to qualitatively support the indicators that are interpreted.

## General views and considerations of the respondents

„Open Balkan“ is a unique example where the countries of the region have shown that they can take responsibility and carry out activities for regional cooperation on their initiative. Open Balkan was promoted as an initiative that promises open borders and a completely free movement of goods, services, people, and capital in the region. „Open Balkan“ is an opportunity for the countries of the region to show maturity and readiness to cooperate even without the presence (or pressure) of European partners. Regional cooperation is also important in terms of reconciliation and resolution of open bilateral issues. But without the participation of all countries, this goal is difficult to achieve, if at all it can be said that the „Open Balkan“ in the current constellation contributes to the improvement of relations in the region.<sup>4</sup>

First of all, the respondents were asked: **„What do you think about the regional cooperation initiative „Open Balkan“?“**, where the companies consider that the regional cooperation initiative is a good idea, which would enable the free movement of goods and people and speed up the flow on the border.

<sup>4</sup> <https://respublica.edu.mk/blog/politika/dilemi-i-otvoreni-prashanja-za-idninata-na-otvoren-balkan/>

In terms of tourism, the companies believe that it is a good basis for encouraging the development of tourism in Macedonia and will attract foreign tourists. It will also enable the smooth transfer of tourists from neighboring countries and thus significant benefits for the entire economy of the country.

All this indicates the support of the companies, i.e., they believe that this regional initiative has good intentions and that its implementation is necessary, to establish a kind of free trade between the countries of the region. Regarding the „Open Balkan“ initiative, most of the companies that were surveyed believe that this cooperation is a new opportunity, a chance, and a way to improve the operation of the company itself. With its implementation, the movement of tourists through the countries of the region would be significantly facilitated.

- ❖ A good basis for the development of tourism and regional cooperation. (Transport and Storage)
- ❖ An initiative that will encourage tourism in Macedonia and attract foreign guests. (Accommodation facilities and food service activities)
- ❖ It will allow us a smooth transfer of guests from neighboring countries and will have significant benefits for the entire economy of the country. (Accommodation facilities and food service activities)
- ❖ Good opportunity to develop tourism, and faster border flow. (Accommodation facilities and food service activities)

There is a small number of companies (8%) who are not very familiar with the benefits offered by this initiative, but believe that there will certainly be benefits for tourism.

- ❖ I am not very familiar, but I believe that there will certainly be benefits for tourism as well.
- ❖ I am not very familiar with the benefits it offers.
- ❖ I don't have much information, I only know that it is about some regional support to several countries, and I don't know anything else.

Some companies are not sufficiently familiar with what this regional cooperation initiative offers. They believe that it is a good idea, but that it will be difficult to implement and that it is of interest only to politicians. The transportation and storage activity does not perceive any major benefits than what they currently have.

- ❖ I don't see any greater benefits than what we currently have.
- ❖ I don't know much about this initiative and I don't know if it will bring anything good or if it will be just for politics and in the interests of politicians.
- ❖ It will not be implemented in practice, it is only a political matter.
- ❖ It is only a wish of certain politicians, and it is difficult to make it work.

In the field of administrative and support service activities, such as travel agencies and travel organizers, they consider that the initiative itself is good for cooperation, they will learn good practices for tourism, but also for countries in general. They also mention the

open borders, the faster flow of people, less documentation, and the possibility of greater cooperation with the countries in the region.

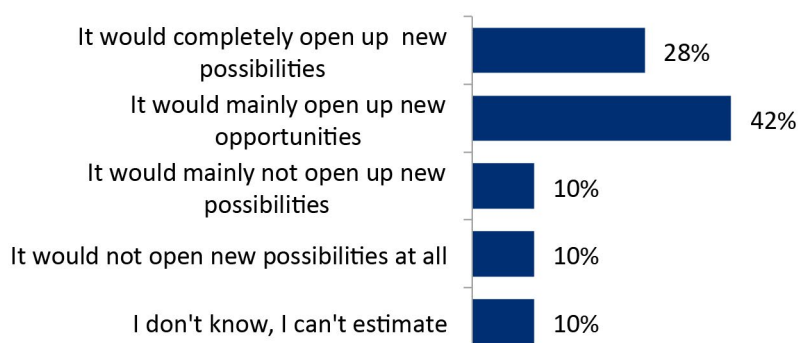
- ❖ “Open Balkan” is good for cooperation. We still have good benefits with the Balkan countries, especially with Albania, where crossing the border is reduced to a minimum, and we also have interesting offers for tourism there. Our problem is the West, where we face difficulties in travel and limited stay of citizens.
- ❖ „Open Balkan” will allow us to learn good practices for tourism and how to attract tourists, but also about the country in general.
- ❖ Open borders, reduced border staying, faster flow of goods and people

The representatives of companies from the transport and storage activity believe that everyone, even the companies, will benefit from the free flow and market, free movement, and reduction of staying and waiting at borders. Also, a good initiative to support the economy and development of regional businesses. The companies also believe that this initiative would improve the cooperation between the countries of the Western Balkans. But on the other hand, some companies believe that this is only the wish of certain politicians and that it is difficult for this regional cooperation initiative to function.

## GENERAL QUESTIONS – Open Balkan Initiative

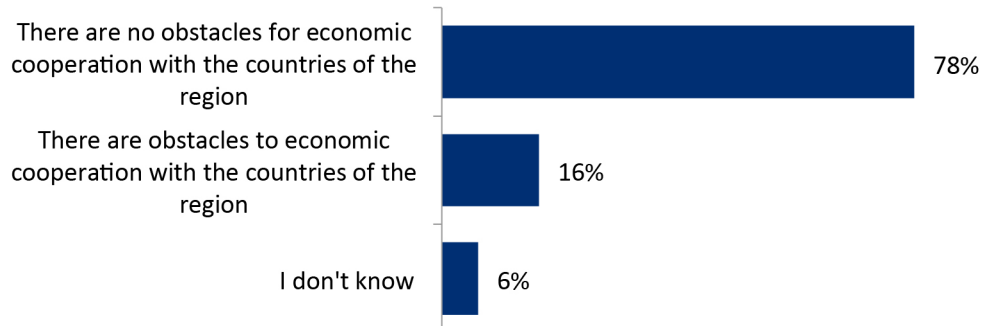
**T**o the question: *„To what extent do you think that this initiative would open up new opportunities for improving the operation of your company/the company you work for?”*, for companies this initiative would be of great importance, precisely because of the new opportunities for improving the operation and the opening of opportunities for even better growth of the company (70%). A small part of the companies (20%) answered that this initiative would not at all/mainly not open up new opportunities. While one out of ten respondents cannot estimate (10%).

Chart 1. *To what extent do you think that this initiative would open up new opportunities for improving the operation of your company/the company you work for?*



For most of the companies (78%), their representatives declared that there are no obstacles to economic cooperation between the countries of the region, while only 16% declared that there are obstacles. A small percentage (6%) do not know if there are obstacles.

Chart 2. Are there now any obstacles to economic cooperation between the countries of the region that could be overcome with the „Open Balkan“ initiative?



In terms of the obstacles that the respondents pointed out are: the slow flow of vehicles, the long staying at the border, and complicated customs barriers. In terms of cross-activity results, half of the companies involved in **transportation and storage** declared that there are obstacles to cooperation. They highlighted the following obstacles:

- ◇ Administrative and customs obstacles.
- ◇ The slow flow of vehicles and congestion.
- ◇ Long staying at borders and delays in travel.

The companies whose main activity is **accommodation facilities and food service activities**, as the biggest obstacles in terms of economic cooperation between the countries of the region, highlighted the following:

- ◇ Many bureaucratic procedures make it difficult for us to cooperate with other countries and the high taxes we pay for foreign tourists.
- ◇ Long staying at borders between neighboring countries and transit is very slow, travel time is prolonged.

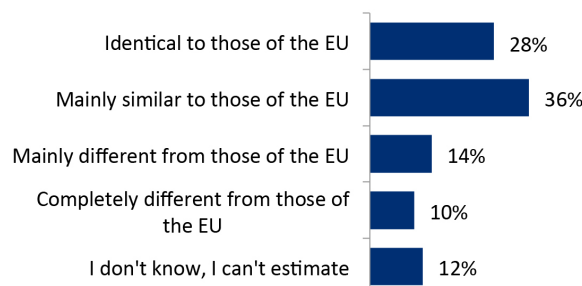
**The administrative and support service activities** did not perceive that they have obstacles in terms of economic cooperation with the countries of the region.

More than half of the companies (64%) consider that the opportunities for trade through the „Open Balkan“ are identical/similar to those of the EU. A quarter (24%) of companies consider that the opportunities are mainly/completely different from those in the EU.

Administrative and service activities overwhelmingly agree that the opportunities are similar to those of the EU, in contrast, to transport and storage where half of the companies that participated in the survey consider them to be different.



Chart 3. Is it and to what extent “Open Balkan” is an alternative to the opportunities for trade offered by the EU? Would you say that the opportunities for trade through the “Open Balkan” are?:



## TOPIC QUESTIONS – TOURISM

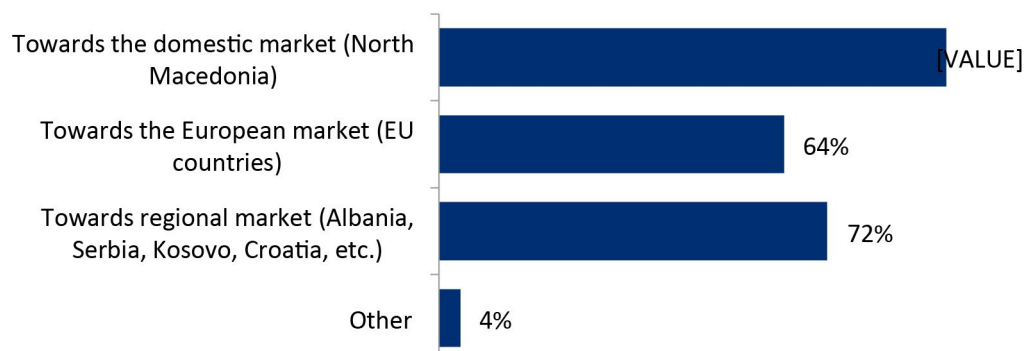
Tourism, as one of the fastest growing economic sectors, has great opportunities for attracting a larger number of tourists, providing new markets throughout the domestic market, but also outside it. It represents the main driver and basic pillar of the socio-economic progress of developed countries, but also of developing countries. With the support of tourism, new investments are attracted, new jobs are created, and the standard of living is improved. At the global level, the rapid growth of tourism has led many countries to take steps for its more serious growth and development. In addition to all the positive things that tourism has, there are also negative ones, which are external influences such as military conflicts, terrorism, natural disasters, and catastrophes. Also, the spread of various diseases significantly prevents or reduces the travel of tourists.

This set of questions aims to measure the cooperation of the Republic of North Macedonia with other markets, i.e., whether there is an increase or decrease in the revenues of the companies as a result of the Covid-19 pandemic and the impact of the military conflict between Russia and Ukraine.

At the beginning of this set, company representatives were asked which market their activity is aimed at. They singled out the domestic market in the first place (94%), then in second place, they singled out the regional market (72%), and in third place the European market (64%). This means that the companies are mostly oriented toward the domestic market. Although companies are mostly focused on the domestic market, cooperation with other economies (regional and European) is also at a high level.

In terms of the cross-referenced results, service activities are mostly directed toward the European and regional markets, concerning the domestic market, which is mostly directed towards transport activities and food service activities.

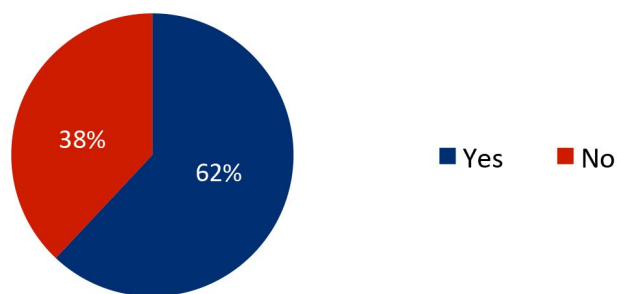
Chart 4. In general, which market is your activity aimed at/with which countries do you cooperate the most? (multiple answers are possible)



According to an analysis of the question: **„Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)?“**, more than half of the companies answered that they have cooperation with the countries of the region (62%). The emphasis of the domain of cooperation is on tourist arrangements and travel. From the total sample of surveyed companies, 38% answered that they do not have cooperation.

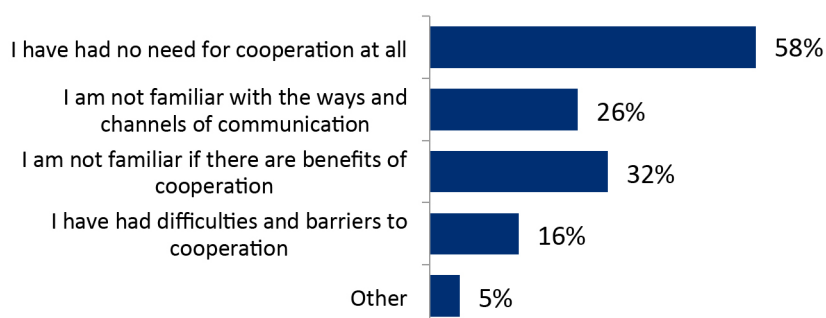
The cross-referenced results show that service activities have the largest percentage of cooperation with the countries in the region, concerning food activities and transport activities.

Chart 5. Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)?



From the sample of surveyed companies that answered that they did not have cooperation, 58% stated that they did not need cooperation at all, and 32% that they were not aware of the benefits of cooperation. On the other hand, 26% of the respondents answered that they are not familiar with the ways and channels of communication.

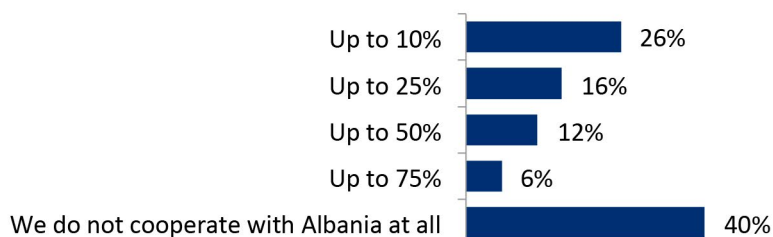
Chart 6. What is the reason why you DO NOT have cooperation with any of the countries in the region?  
(multiple answers are possible)



In terms of doing business with the neighboring country of Albania, the results show that the largest percentage of companies answered that they do not work with tourists/guests/visitors/business partners from Albania at all (40%). On the other hand, only 26% of the companies answered that the current percentage of business operations is up to 10%, and in 16% of the companies the percentage is up to 25%. A smaller percentage (12%) answered that the percentage is up to 50%.

The activities according to which the companies are divided, the data show that more than half of the companies that answered that they do not cooperate with Albania are the activities that deal with food. On the other hand, in companies where the percentage of business operations is up to 10%, 25%, or 50%, the cross-referenced results show that service activities are the most represented concerning transport and food activities.

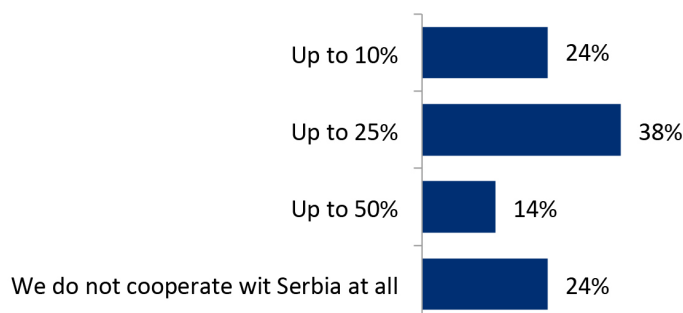
Chart 7. Estimate what percentage of your business you currently do with tourists/guests/visitors/business partners from Albania.



The surveyed representatives from the companies concerning the question: „**Estimate what percentage of your business you currently do with tourists/guests/visitors/business partners from Serbia?**“, stated that up to 25% of business operations are done with tourists/guests/visitors and business partners from Serbia (38%). Then, 24% of the surveyed representatives answered that the business operation is up to 10%. The same percentage declared that they do not work with Serbia at all (24%). A smaller percentage (14%) answered that the percentage is up to 50%.

Cross-referenced data shows that four out of ten transport activities do not cooperate with Serbia at all, concerning food activities and service activities.

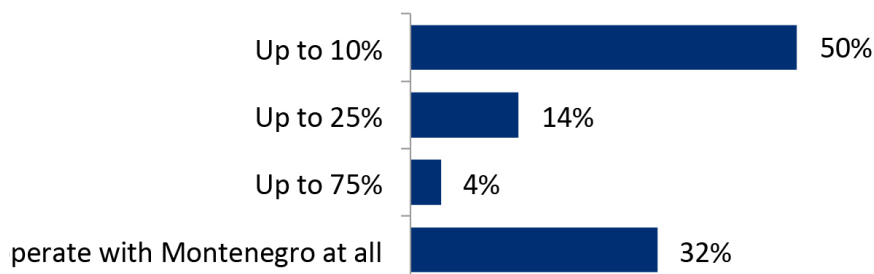
Chart 8. Estimate what percentage of your business you currently do with tourists/guests/visitors/business partners from Serbia.



When analyzing the results, it can be concluded that when doing business with Montenegro, half of the total sample of surveyed respondents (50%) currently work up to 10%, while 32% answered that they do not work with Montenegro at all. Only 14% of the companies answered that they work up to 25%. A small percentage (4%) answered that they work up to 75%.

According to the cross-referenced results, service activities in a higher percentage operate up to 10% of business operations concerning other activities (transportation and food activities).

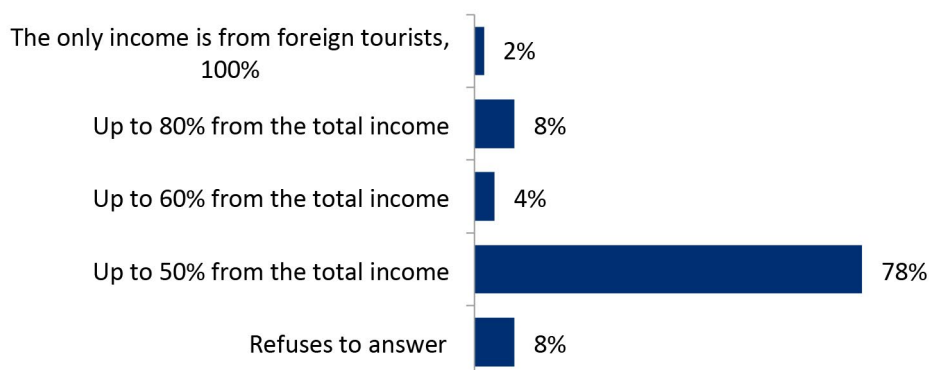
Chart 9. Estimate what percentage of your business you currently do with tourists/guests/visitors/business partners from Montenegro.



Income as the main source of financing for any company is of great importance for their growth and development. The majority (78%) of the companies answered that only 50% of the total income was generated from foreign tourists. A small percentage (8%) of the surveyed companies answered that 80% of the total income is generated from foreign tourists, while a very small percentage (4%) answered that 60% of their income comes from foreign tourists.

Concerning the cross-referenced data, significant statistical differences are observed in the **administrative activities**, where a higher percentage of the income from foreign tourists is up to 50%, concerning the transport and food activities.

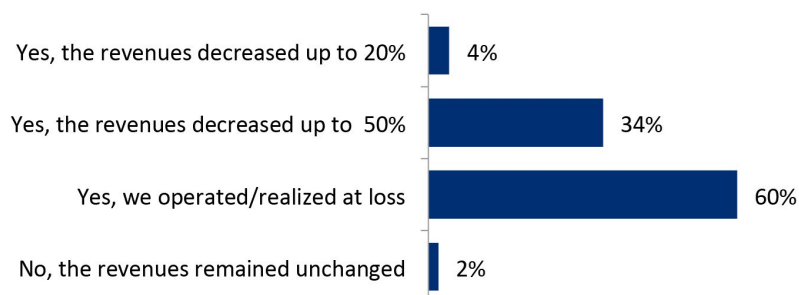
Chart 10. In your total income from the activity, what is the proportion of the income generated from foreign tourists?



As a result of the Covid-19 pandemic, the operation of the companies results in a significant loss of profit, i.e. more than half of the companies (60%) answered that they were operating at a loss, while 34% answered that their revenues decreased up to 50%. A very small percentage (4%) stated that revenues have decreased by up to 20%.

According to cross-referenced data, it is evident that service activities in a larger percentage operated at a loss compared to other activities (transport and food activities). Whereas, in the case of transport activities, the revenues have significantly decreased by up to 50% concerning other activities (food activities and service activities).

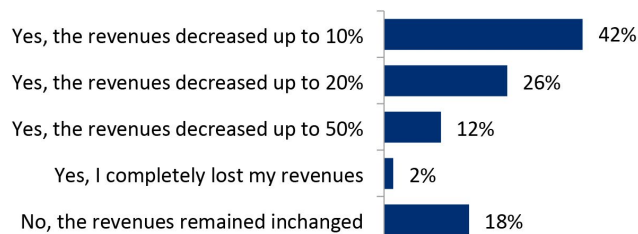
Chart 11. Have you experienced a significant decrease in revenues as a result of the COVID-19 pandemic?



To the question: „**Have you experienced a significant decrease in revenues as a result of the Russia-Ukraine conflict?**“, the results show that the revenues of 42% of the companies decreased up to 10%, in 26% of the companies the revenues decreased up to 20%, and in only 18% the revenues remained unchanged. In the case of 12% of the surveyed representatives of the companies, the revenues decreased by up to 50%.

Cross-referenced data shows that in service activities compared to other activities (transport and food activities), the revenues decreased by up to 10%.

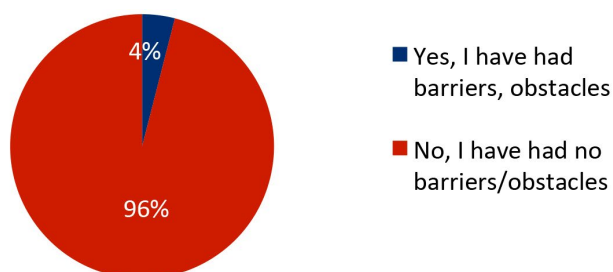
Chart 12. Have you experienced a significant decrease in revenues as a result of the Russia-Ukraine conflict?



Responsible persons from the companies that were surveyed were asked if they have ever faced or are currently facing obstacles related to any regional cooperation related to their activity. The results show that the majority of companies did not face barriers/obstacles (96%), while only 4% answered that they had obstacles.

Regarding this question, there are no significant statistical differences according to the classification of activities.

Chart 13. Have you faced/are you facing obstacles and barriers related to any regional cooperation related to your activity?



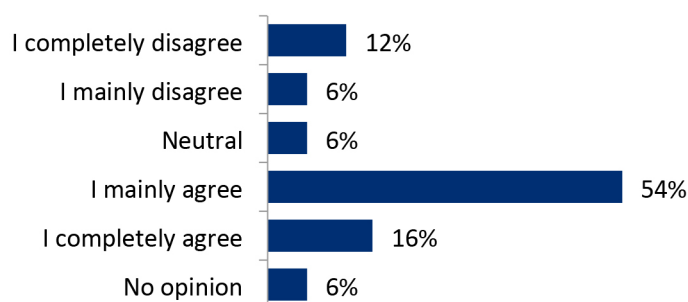
## REGIONAL ECONOMY AND TOURISM WITHIN THE OPEN BALKAN INITIATIVE

The next set of questions is related to the regional economy and tourism within the „Open Balkan“ initiative. Also, a common tourist market, a tourist destination, the international tourist market, what are the obstacles to cooperation with the countries of the region, and the consequences of the Covid-19 crisis and the Russia-Ukraine conflict. In this part, the representatives of the companies answered and provide estimates to each of the questions, about what would change with this initiative.

On the first question of this set: **„To what extent do you agree that the initiative „Open Balkan“ would open up new opportunities for RN Macedonia for a common tourist market?“**, the majority of the companies that were surveyed completely/mainly agree that new opportunities would be opened up for RNM for a common tourist market with the countries of the region (70%). Almost two out of ten respondents disagree with that (18%). The percentage of representatives who declared neutral and that have no opinion on this issue is small (6%).

Regarding the cross-referenced results by activities, the majority of the representatives from the food and service activities believe that new opportunities would open up, concerning transport activities.

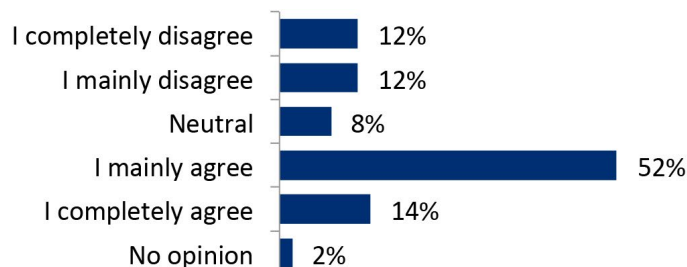
Chart 14. To what extent do you agree that the initiative „Open Balkan“ would open up new opportunities for RN Macedonia for a common tourist market?



To the question: **„To what extent do you agree that RN Macedonia would be a more attractive tourist destination if offered as part of a regional tourist market within the framework of the „Open Balkan“ initiative?“** more than half of the companies (66%) agree that it would be a more attractive tourist destination. For a quarter (24%) of the respondents, it would not be a more attractive destination.

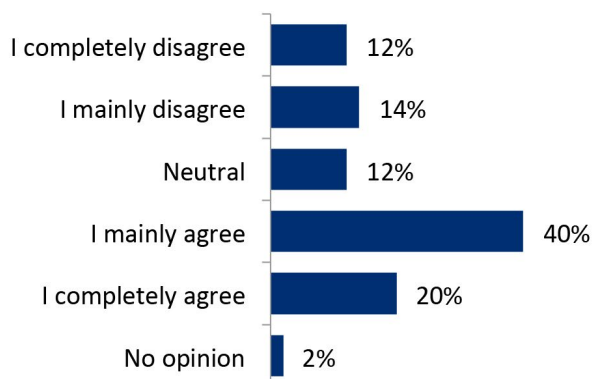
According to the cross-referenced data, the majority of food companies agree that RN Macedonia would be a more attractive tourist destination, in terms of transport and service activities.

Chart 15. To what extent do you agree that RN Macedonia would be a more attractive tourist destination if offered as part of a regional tourist market within the framework of the „Open Balkan“ initiative?



When analyzing the results, it can be concluded that for most companies this initiative would contribute to the state in terms of competitiveness. More than half of the companies (60%) completely/mainly agree with this perception, while 26% of them mainly/completely disagree that the initiative would contribute to the competitiveness of the international tourism market if offered as part of the „Open Balkan“.

Chart 16. To what extent do you agree that RN Macedonia as a tourist destination would be more competitive on the international tourist market if it was offered as part of the „Open Balkan“ initiative?

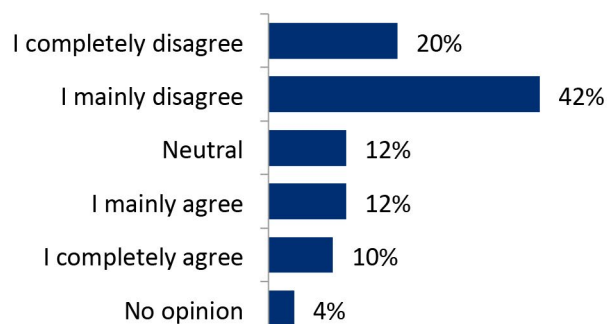


To the next question „**To what extent do you agree that there are current obstacles to cooperation in tourism between RN Macedonia, Albania, and Serbia that could be overcome with the „Open Balkan“ initiative?**“ respondents from the companies (62%) mostly/completely disagree that there are obstacles for cooperation in tourism with the countries of the region. Only two out of ten respondents mainly/completely believe that there are obstacles (22%).

Regarding the cross-referenced results, a high 90% of respondents from administrative and service activities agree that there are no obstacles to cooperation in tourism between RN Macedonia, Albania, and Serbia. In contrast, 40% of the companies dealing with the food business believe that there are obstacles to cooperation.



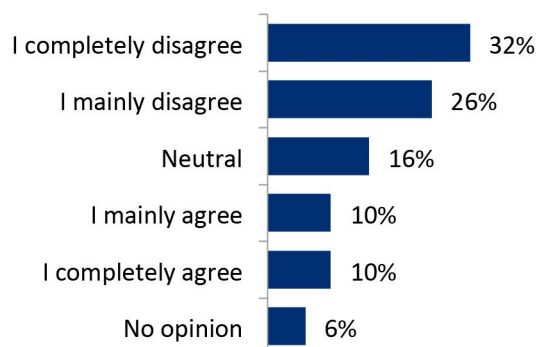
Chart 17. To what extent do you agree that there are current obstacles to cooperation in tourism between RN Macedonia, Albania, and Serbia that could be overcome with the „Open Balkan“ initiative?



To the next question: „**To what extent do you agree that the consequences of the COVID-19 crisis and the Russia-Ukraine conflict in tourism would be reduced if acted regionally integrated within the „Open Balkan“ initiative?**“ **more than half (58%) of the respondents do not agree that the consequences of the crisis and conflict in tourism would be reduced if acted regionally integrated. In contrast, two out of ten company representatives agree on this.**

The cross-referenced results show that **all respondents** from the administrative and service activities agree that the consequences of the crisis would not be reduced if acted integrated with other countries. In the rest of the activities, half of the respondents from the transport and storage activity believe that the consequences would be reduced if they acted regionally integrated with the „Open Balkan“ initiative.

Chart 18. To what extent do you agree that the consequences of the COVID-19 crisis and the Russia-Ukraine conflict in tourism would be reduced if acted regionally integrated within the „Open Balkan“ initiative?

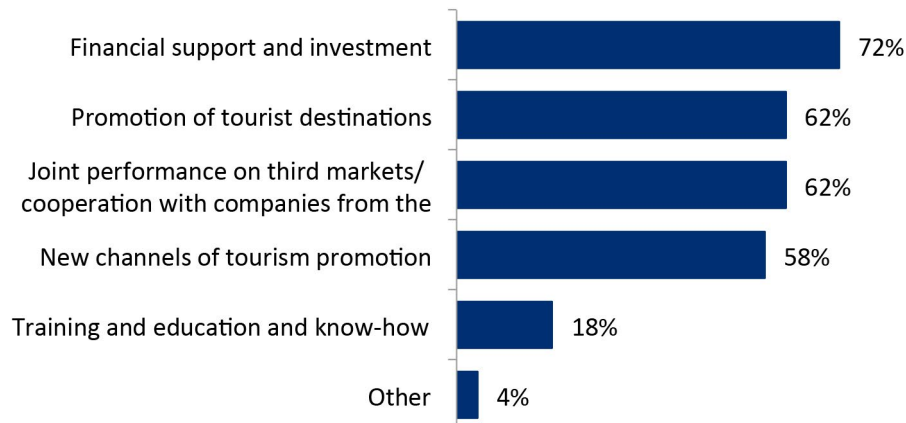


On the last question of this set, respondents as the first domain in which they believe that the „Open Balkan“ initiative can improve the condition of tourism is **financial support and investment (72%)**. The next domains with 62% are the promotion of tourist destinations and joint performance on third markets or through cooperation with companies from the region.

In terms of the cross-referenced results of activities, in the transport and storage activity, eight out of ten respondents believe that the „Open Balkan“ initiative can advance their activity in the domain of **new channels for tourism promotion**. Also, this activity in the largest

percentage (30%) believes that training and education, and know-how are needed, unlike the other activities (food activities and service activities).

Chart 19. In which domains do you consider that the „Open Balkan“ initiative can improve the situation in tourism? (3 answers are possible)



## TOURISM IN NORTH MACEDONIA IN THE POST-COVID-19 PERIOD AND DURING THE RUSSIA-UKRAINE CONFLICT

### Covid-19 pandemic and tourism in North Macedonia

The Covid-19 pandemic has caused changes in every segment of people's lives, both socially and economically. According to a study that was conducted during the Covid-19 crisis by the RNM Chamber of Commerce, it shows that until August-September 2020 there was a massive drop in tourist arrangements, as well as their cancellation.

Also, the expected number of tourists dropped, which is a normal phenomenon, since it was the peak period of the coronavirus. The key moment of the Covid-19 crisis, which has affected the whole world and which has brought serious consequences for the population and the economy, is precisely global uncertainty. When it comes to the post-Covid-19 period, as a result, tourism and hospitality have emerged as one of the most affected sectors. This is not the case only in our country, but also in a wider area. Consequences are inevitable when it comes to the state of companies in terms of demand and revenues. The crisis itself hit a large number of companies forcing them to lay off employees or put a lock on the door. The implemented measures against the crisis also contributed to the deterioration of the operation of certain companies that were most affected by it.<sup>5</sup>

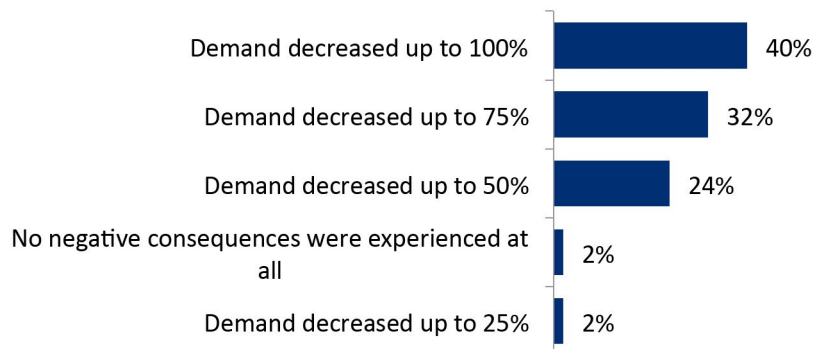
5 Влијанието на Ковид-19 врз економијата во регионот: Е-трговијата во пораст, пад на туризмот и [shorturl.at/myDT6](https://shorturl.at/myDT6)

In this set of questions, the surveyed persons from the companies had the opportunity to give their opinion on the state of the company, through questions related to tourism in the post-Covid-19 period and during the crisis of the military conflict Russia-Ukraine.

To the question: „**To what extent were the consequences of the COVID-19 crisis experienced in your company in terms of demand?**“, **40% of the companies answered that the demand decreased up to 100%, while 32% of the surveyed companies answered that the demand decreased up to 75%. Then, 24% answered that demand has decreased by up to 50%.**

Significant statistical differences are observed in the activities dealing with food, where the demand has decreased by a larger percentage up to 100% concerning other activities (transport and service activities).

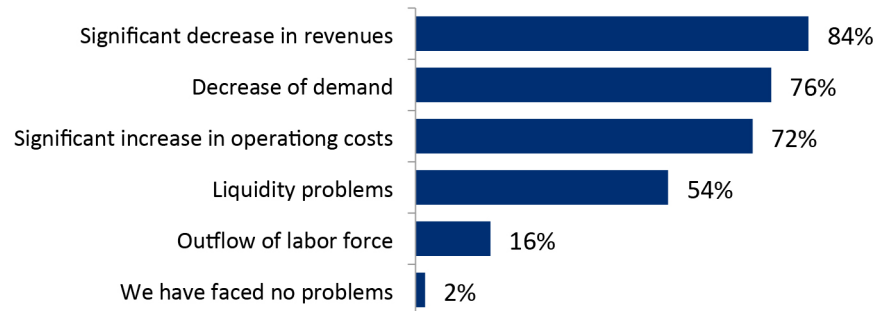
Chart 20. To what extent were the consequences of the COVID-19 crisis experienced in your company in terms of demand?



When analyzing the results of the following question, it can be concluded that the majority of companies, as a result of the restrictive measures for the Covid-19 pandemic, faced problems such as a significant **decrease in revenues** (in 84% of cases), a **decrease in demand** (in 76 % of cases) and a **significant increase in operating costs** (in 72% of cases). Also, a high percentage (54%) answered that they faced **liquidity problems**. After, only 16% answered that they faced an outflow of the labor force.

Concerning the cross-referenced data in terms of activities, it is evident that service activities are the most affected in terms of restrictive measures, i.e. they mostly faced a decrease in demand, then a significant decrease in revenues, and a significant increase in operating costs concerning other activities (transport and activities with food). The transport activities were mostly faced with the outflow of the labor force and problems with liquidity.

Chart 21. What problems have you faced due to the restrictive measures taken as a result of the COVID-19 pandemic? (multiple answers are possible)



With the emergence of the Covid-19 crisis, many activities and measures were implemented to prevent it, so companies were forced to implement certain measures in favor of the company.

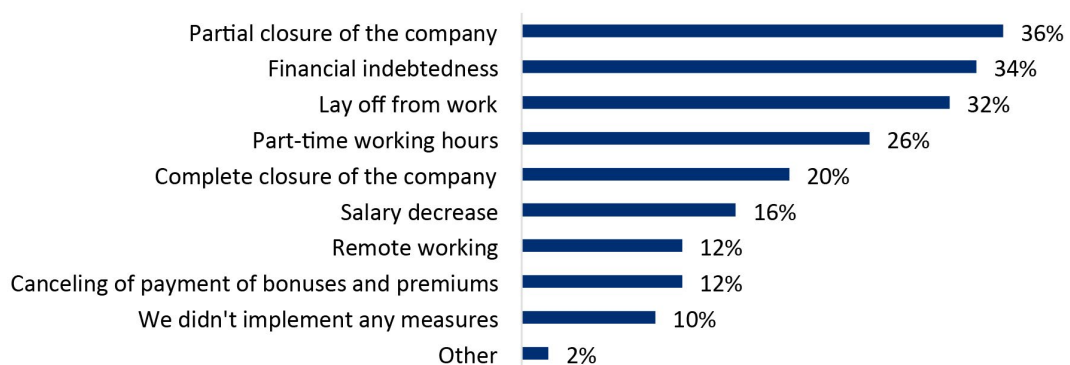
The three most common measures implemented by the companies were the **partial closure of the company** (in 36% of cases), then **financial indebtedness** (in 34% of cases), and layoffs from work (in 32% of cases).

While the three least implemented measures by the companies are remote working (12%), the same percentage answered that they implemented the measure of canceling the payment of bonuses and premiums, and 10% answered that they did not implement any measures.

The cross-referenced data shows that the transport activities mostly implemented the partial closure of the company and layoffs concerning the food activities and the service activities.

On the other hand, service activities in the largest percentage implemented the measure of financial indebtedness.

Chart 22. What measures did your company implement to deal with the COVID-19 crisis? (3 answers are possible)



With the emergence of the Covid-19 pandemic, the RNM Government started activities to support tourism through economic measures. Thus, the majority of companies answered that they used economic measures given by the state (74%), while only 26% answered that they did not use measures.

Concerning cross-referenced data by activity, service activities used economic measures in a higher percentage of transport and food activities.

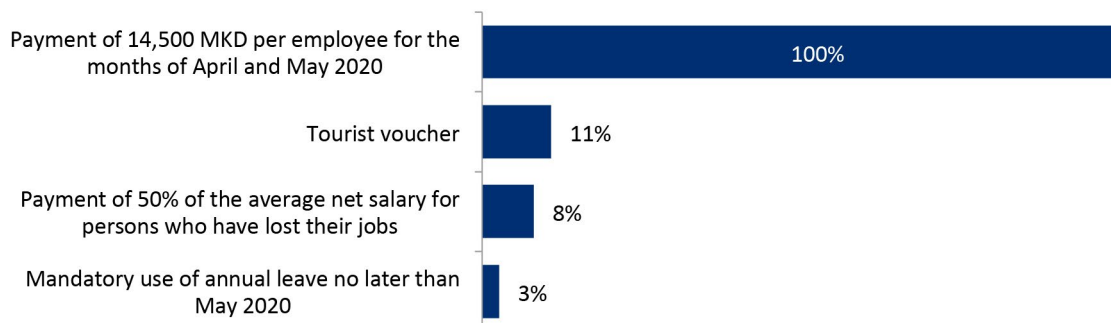
Chart 23. Have you used economic measures from the state to help deal with the COVID-19 crisis?



From the total number of surveyed representatives from companies that answered that **they used measures** (74%), all companies answered that they used the measure: Payment of 14,500 MKD per employee for the months of April and May 2020. A very small percentage of companies used the tourist voucher measure (11%).

On this question, there are no significant statistical differences concerning the classification of activities.

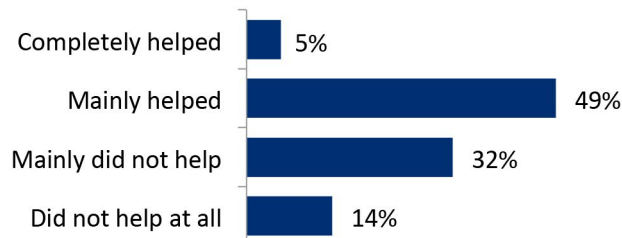
Chart 24. If YES, what economic measures have you used to help deal with the COVID-19 crisis? (3 answers are possible)



According to an analysis of the question: „**How do you evaluate the usefulness of the measures from the state to dealing with the crisis from KOVID-19 in the tourism sector?**“ Would you say that the measures:“, the opinion of the companies is divided, that is, 5% think that the measures helped completely, but 14% think that the measures did not help at all. On the other hand, 49% of the companies consider that they mostly helped, and 32% that they mostly did not help.

The service activities consider that the measures to deal with the Covid-19 crisis mainly helped, concerning the transport and food activities, which are dissatisfied with the implemented measures.

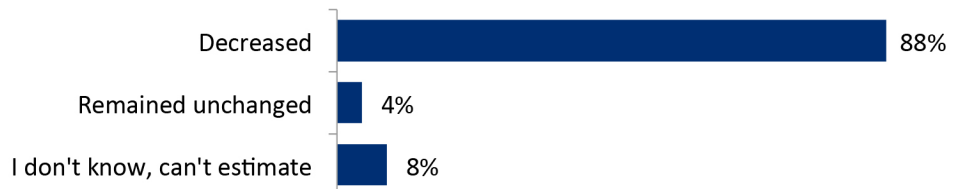
Chart 25. How do you evaluate the usefulness of the measures by the state in dealing with the crisis of COVID-19 in the tourism sector? Would you say that the measures:



As we have already indicated, the tourism sector is one of the most affected sectors during the Covid-19 crisis with an effective impact on supply due to travel restrictions. When asked „**As a result of the COVID-19 crisis, the number of tourists/guests/visitors/business partners from Albania, Serbia, Montenegro, Bosnia that you serve**“, the representatives of the companies declared that the number decreased (88%), while only 4% answered that it remained unchanged, and 8% answered that they do not know/cannot estimate.

As a result of the Covid-19 crisis, a larger percentage of service activities stated that the number of tourists has decreased compared to other activities (food activities and transport activities).

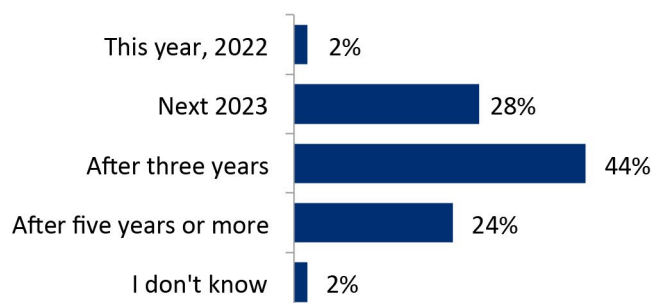
Chart 26. As a result of the COVID-19 crisis, the number of tourists/guests/visitors/business partners from Albania, Serbia, Montenegro, and Bosnia that you serve:



Regarding whether tourism would return to the level before the Covid-19 pandemic, the results show that the surveyed company representatives believe that it would return after three years (44%), while 28% of respondents believe that this would happen next year - 2023. Only 24% answered that it would happen after five years or more.

Transport activities consider that tourism would return to the pre-Covid-19 level next year - 2023, concerning service and food activities. We can conclude from this question that the respondents are not optimistic that RN Macedonia will return to the level of tourism before the Covid-19 pandemic shortly.

Chart 27. According to your assessment, tourism in the Republic of North Macedonia will return to the pre-COVID-19 level in the:



## The Russia-Ukraine conflict

As for the crisis from the Russia-Ukraine military conflict, it left negative economic consequences, i.e., it caused obstacles in the trade exchange with Ukraine, which is a direct target of the military attacks. The beginning of the military conflict caused a serious disruption of a significant part of the economic relations between Russia and the rest of the world. All this caused a significant impact on the world economy.

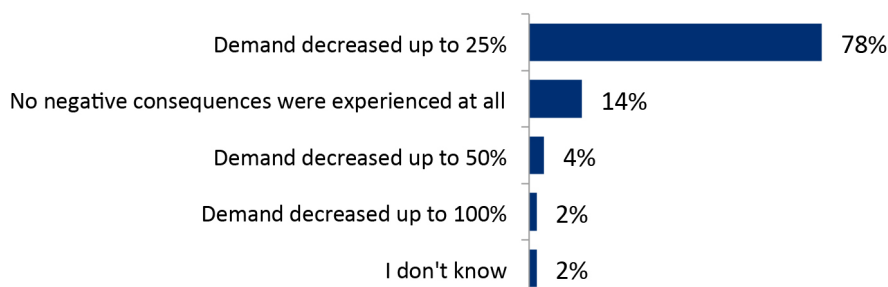
The representatives of the companies expressed their opinion regarding the consequences of the war, what measures they implement, the use of economic measures by the state, and their usefulness. Also, as a result of the pandemic and the military conflict, we asked in general to what extent the number of tourists has changed. Furthermore, what can be changed with the „Open Balkan“ initiative, will there be an improvement in tourism, how can a greater number of tourists be attracted, and what are their suggestions in the coming period for the promotion of tourism development in RN Macedonia? Also, part of this set of questionnaires will give us an insight into the activities in particular, what has changed, and what could be changed with this initiative.

Back in March of this year, there was great uncertainty for tourism, as the sector feared the consequences of the pandemic and the Russian-Ukrainian conflict. Although the number of Ukrainian and Russian tourists in the country was not large, the tourism sector this season remained shorter for tourists from these two countries. Tourism workers feared that after the consequences of the pandemic, this year could also be difficult and uncertain. The war in Ukraine will affect the number of Ukrainian and Russian tourists, although their number was not significant, say employees in the tourism sector. Hence, they expected the number of tourists to further decrease, primarily due to the uncertainty brought by the crisis in Ukraine and people's fear of the expansion and continuation of the conflict.<sup>6</sup>

To the question **„To what extent were the consequences of the Russia-Ukraine conflict experienced in your company in terms of demand?“** for most of the companies (78%), the demand decreased up to 25%. For 14% of the respondents, no negative consequences were experienced at all. Regarding the cross-referenced results, the majority of the administrative and service activities experienced a decrease in demand by up to 25%.

6 <https://www.slobodnaevropa.mk/a/по-пандемијата-сега-и-војната-во-украина-удри-по-туризмот/31748266.html>

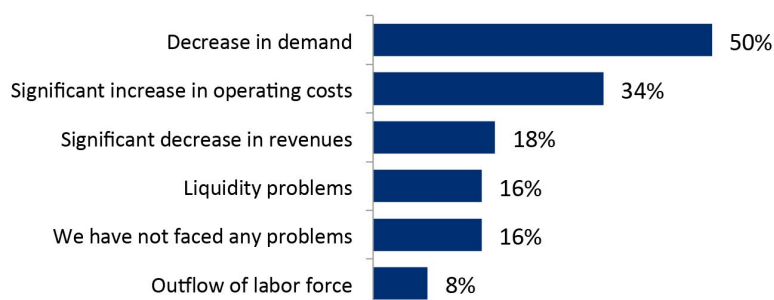
Chart 28. To what extent were the consequences of the Russia-Ukraine conflict experienced in your company in terms of demand?



To the next question „**What problems did you face due to the restrictive measures taken as a result of the Russia-Ukraine conflict?**“ half of the respondents (50%) faced a decrease in demand. Furthermore, 34% said they faced a significant increase in operating costs due to the restrictive measures taken as a result of the Russia-Ukraine conflict. In third place, 18% of the companies had a significant decrease in revenues.

In the results by activities, in the service activities, seven out of ten companies faced a decrease in demand concerning the activities dealing with food and transport activities. Half of the companies from the transport and storage business faced a significant increase in operating costs compared to other businesses (food and service businesses).

Chart 29. What problems did you face due to the restrictive measures taken as a result of the Russia-Ukraine conflict)



Of the three measures highlighted by the representatives implemented by the company, half (50%) faced financial indebtedness. Three out of ten companies decreased salaries, while 26% implemented no measures.

In the activities, the largest percentage of transport and storage decreased the salaries and was financially indebted. In the administrative and support service activities, more than half of the companies are financially indebted and almost half have not implemented any measures.



Chart 30. What measures did your company implement to deal with the crisis from the Russia-Ukraine conflict? (3 answers are possible)



The percentage of companies that used economic measures from the state to help deal with the crisis from the Russia-Ukraine conflict is small. The majority of companies did not use economic measures.

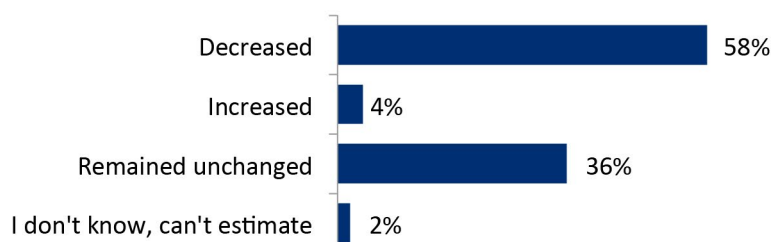
Chart 31. Did you use economic measures from the state to help deal with the crisis of the Russia-Ukraine conflict?



To the question „**As a result of the Russia-Ukraine conflict, in general, the number of tourists/guests/visitors/business partners that you serve:**“ more than half of the company representatives said that the number of tourists/guests/visitors/business partners decreased in general due to the conflict. In contrast, the number of tourists remained unchanged at 36%.

Regarding the cross-referenced results, **the biggest statistical difference** occurs in the sector of administrative and service activities, where for the majority of companies (85%) the number of tourists decreased as a result of the military conflict, concerning other activities (transport and food activities). For seven out of ten respondents from the transport and storage activity, the number of tourists remained unchanged. In the case of food service activities, opinions are divided, i.e., for half of the companies the number of guests decreased and for the same number of companies the number remained unchanged.

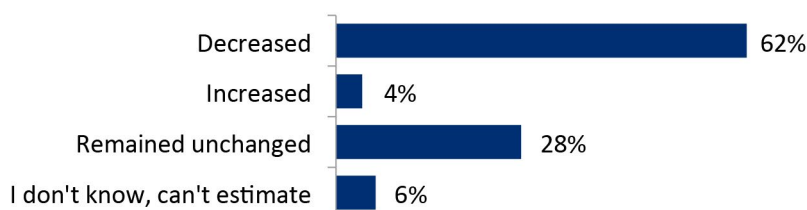
Chart 32. As a result of the Russia-Ukraine conflict, in general, the number of tourists/guests/visitors/business partners that you serve:



Regarding the number of tourists from Albania, Serbia, Montenegro, and Bosnia served by the companies, more than half (62%) of the number decreased as a result of the military conflict. For three out of ten of the companies, the number of tourists **remained unchanged**.

For the majority of administrative activities, the number of tourists **has decreased**. Also, among the companies dealing with food activities, the number of tourists decreased by more than half. For half of the companies from the transport and storage sector, the number remained unchanged.

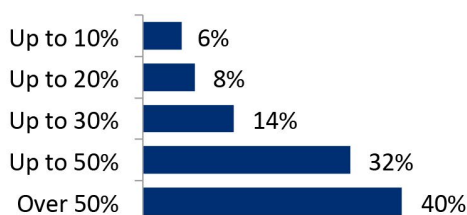
*Chart 33. As a result of the Russia-Ukraine conflict, the number of tourists/guests/visitors/business partners from Albania, Serbia, Montenegro, and Bosnia that you serve:*



The Covid-19 pandemic and the Russia-Ukraine military conflict have left negative consequences on the income of companies in terms of tourist services. A high percentage (40%) stated that their company's income from tourism services decreased by more than 50%, while 32% of the respondents answered that the income decreased by up to 50%. Then, 14% reported that income decreased by up to 30%, 8% reported that it decreased by up to 20%, and only 6% reported that income decreased by up to 10%.

In the case of service activities, the income from tourist services has decreased by a larger percentage, concerning other activities (transport and food activities) according to which this question is cross-referenced.

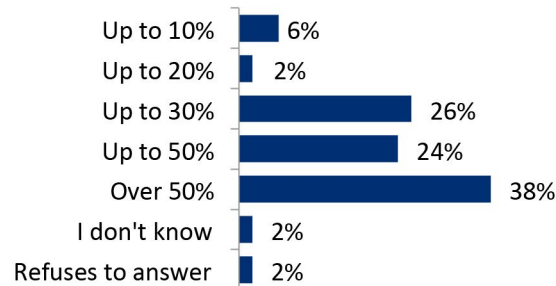
*Chart 34. As a result of the COVID-19 pandemic and the Russia-Ukraine conflict and the restrictive measures implemented, to what extent has your company's income from tourism services decreased?*



As a follow-up to the previous question, the results show that in 38% of the companies, the income from tourist services from the countries of the region has decreased even more than 50%. Then, 26% declared that their income decreased by up to 30%, and for 24% of the surveyed representatives, the income decreased by up to 50%.

According to the cross-referenced data, in the food activity, the income has decreased by more than 50% compared to the service and transport activities.

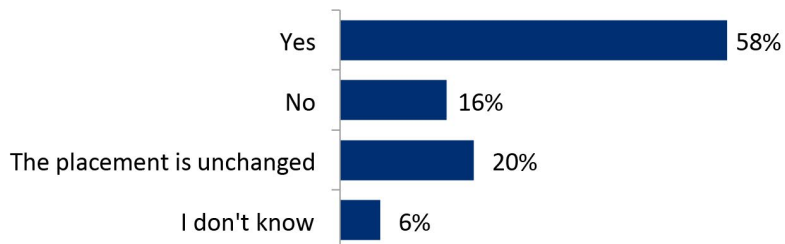
Chart 35. As a result of COVID-19 and the Russia-Ukraine conflict and the restrictive measures implemented, to what extent did your company's income from tourism services with the countries of the region (Albania, Serbia, and Montenegro) decrease?



To the question „**Do you consider that the „Open Balkan“ initiative will improve tourism?**“ more than half of the companies consider that tourism will improve with the initiative. For 20% of company representatives, the placement will remain unchanged. While 16% of them agree that there will be no improvement in tourism.

For the activity of transport and storage and food service activities, almost seven out of ten companies believe that tourism will improve with the „Open Balkan“ initiative.

Chart 36. Do you consider that the „Open Balkan“ initiative will improve tourism?



If the „Open Balkan“ initiative had been established earlier, more than half of respondents (66%) believe that it would not have significantly affected their operation, i.e., the consequences caused by Covid-19 and the military conflict would not have been reduced. Two out of ten companies, or 20%, believe that the consequences caused by Covid-19 and the military conflict would have been reduced with the establishment of this initiative earlier. While 14% of the respondents cannot evaluate the effect concerning this issue.

Regarding the cross-referenced results concerning this question, all the respondents from the administrative and service activities believe that the consequences would have not been reduced. For half of the companies in the transport and storage sector, the consequences **would have been reduced**, if the pandemic and the military conflict didn't occur.

Chart 37. Do you consider that if the „Open Balkan“ initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict on tourism would have been reduced?



If this initiative had been established earlier, the respondents consider that the consequences of COVID-19 and the Russia-Ukraine military conflict would have been reduced. Initially, they declared that with **joint forces**, all countries would cope with the consequences better and the whole crisis would have been easier to overcome.

- ◇ We will face the challenges together, joining several countries together.
- ◇ The countries will cooperate and the crisis will be overcome more easily.

Also, with the „Open Balkan“ initiative, the companies would have help for the countries of this initiative, easier communication and the problems will be solved together and with the joint efforts of all governments and institutions.

- ◇ *“Open Balkan“ would have offered help to companies to deal with the crisis, and there would have been special help for the countries of „Open Balkan“.*
- ◇ *There would have been state aid for companies from the „Open Balkan“ and it would be easier for communication between the companies.*

For 60% of the companies, state aid (such as subsidies, promotions, etc.) can attract a larger number of tourists from Albania, Serbia, and Montenegro. For 18% of respondents, tourists can be attracted by direct business contacts. For 10% of the companies, this can be done with signed formal agreements for regional cooperation.

Statistical differences can be observed in food and service activities, where the largest percentage of attracting guests can be done with state aid, concerning transport activities. Among companies dealing with transport and storage, respondents agree that all these activities will equally attract more tourists.

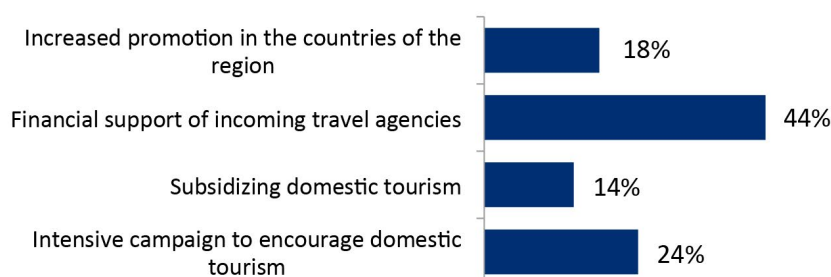
Chart 38. How to attract more tourists/guests/visitors/business partners from Albania, Serbia, and Montenegro?



To the question: „**Which activity do you consider should be continued in the next period for the promotion of tourism development in RN Macedonia?**“ almost half of the respondents (44%) believe that they need financial support from incoming<sup>7</sup> **(incoming tourism)** travel agencies for promotion of the tourism. A quarter of respondents agree on an intensive campaign to encourage domestic tourism. For 18% of the companies, increased promotion in the countries of the region as an activity would advance tourism development.

In the cross-referenced results by activity, the largest percentage of the service activity prefers financial support to incoming travel agencies. In the case of food service activities, the percentages are divided and they consider that all the listed activities will contribute to tourism development.

Chart 39. Which activity do you consider should be continued in the next period for the promotion of tourism development in RN Macedonia?

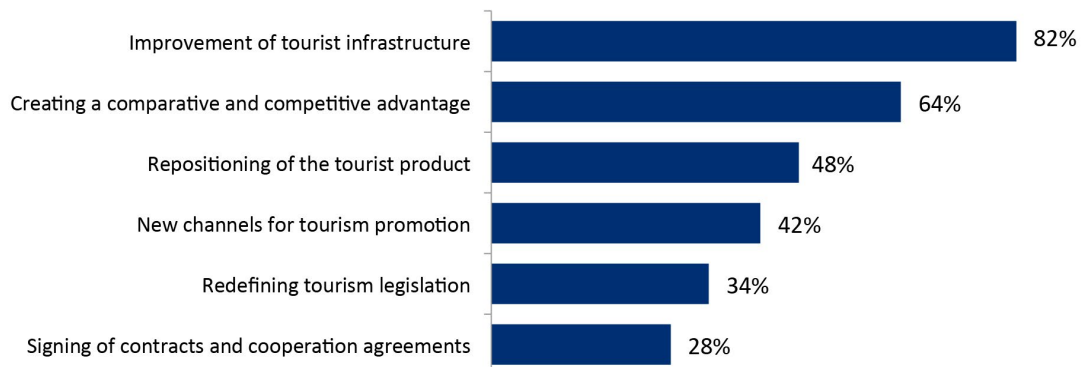


On the last question of the survey, the majority (82%) of the respondents singled out the **improvement of the tourist infrastructure** as the priority. For more than half, the second priority issue is the creation of a comparative and competitive advantage. In third place with 48% is the re-positioning of the tourist product.

**All the respondents** from the administrative and support service activities agree on the improvement of the tourist infrastructure. Also, a **high 70%** of companies from this activity consider new channels for tourism promotion as a priority.

Eight out of ten respondents from transport and storage highlighted the tourist infrastructure and its improvement and creation of a comparative and competitive advantage.

Chart 40. If you could create the future tourism development policy of RN Macedonia, which issues would be a priority? (3 answers are possible)



## Conclusion and recommendations

In the era of globalization, tourism has begun to play a vital role in the development of economies. Nowadays, tourism makes a significant contribution to a nation's economy. Tourism in itself is an economic process that in one way trades with the natural and cultural heritage of a certain area. The modern development of tourism shows specificities that are in the direction of expanding the tourist demand. The trends for the expansion of demand are moving towards increasing the number of activities and services tourist offers, but also improving the quality of the services provided.

At the very end of the research, the respondents were asked questions related to ways to attract tourists from neighboring countries, promotion of tourism, and what would be priority issues for its development. Mainly, the respondents consider that state aid, such as **subsidies, and promotions**, are the main drivers for attracting tourists from neighboring countries. The initiative itself showed, as never before, that all expectations were exceeded in terms of cooperation, mutual aid, and support between the countries. Tourism is the first practical scale for strengthening cooperation as a particularly prospective economic branch that opens up job opportunities.

The promotion of tourism is of great importance for every country. In general, the respondents believe that the **funding of the incoming travel agencies**, which are successfully placed on the market and support the progress of tourism, should continue.

**Improving the tourist infrastructure, creating a comparative and competitive advantage, and repositioning the tourist product** is part of the activities that need to be done for sustainable development in Macedonia. Only with their implementation, the tourism development policy would be improved. To support domestic tourism, a package of measures

was implemented by the Government, which contributed to positive results for the citizens. These were the **vouchers for tourism** and the „Home is Home“ campaign.<sup>8</sup>

Tourism can greatly enrich and promote friendship between different countries in the world. Thus, it develops not only the economic condition of a country by earning foreign exchange for it, but also plays a vital role in its social, cultural, and regional development and in promoting goodwill and friendship among the nations of the world.

Expanding the initiative would contribute to the greater promotion of the beauties of the Balkans as a tourist destination, as well as economic stability and a more developed Balkans.

By increasing the tourism potential in the region, better protection and sustainable use of the natural and cultural heritage would be possible.<sup>9</sup>

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8 [shorturl.at/lqzD1](https://shorturl.at/lqzD1)

9 <https://vlada.mk/node/29107>

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# ANNEX 1 - Questionnaire

Questions for insight into the opinion and perceptions of hospitality and tourism companies from the Republic of North Macedonia in connection with the initiative for regional cooperation „Open Balkan“ and the tourism sector

## CHARACTERISTICS OF THE COMPANY

### A1. Activity according to NAC

1. TRANSPORT AND STORAGE
Passenger rail transport, intercity
Passenger air transport
2. ACCOMMODATION FACILITIES AND FOOD SERVICE ACTIVITIES
Accommodation facilities
Hotels and similar accommodation facilities
Resorts and other facilities for a short stay
Campgrounds, auto camps, and campsites
Another type of accommodation
Meal preparation and food serving activities
Restaurants and other facilities for preparing and serving food
3. ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES
Activities of travel agencies and travel organizers (tour operators)

**A. Company name:** \_\_\_\_\_

**B. Company seat:** \_\_\_\_\_

### C. The conversation was conducted with:

1. Owner of the company
2. Managing Director/Director
3. Manager
4. Member of the management board
5. Shareholder
6. Other \_\_\_\_\_

**D. Number of employees in the company**

1. Less than 10 (micro)
2. 10-50 (small)
3. From 51 – 245 (medium)
4. 250+ (large)

**E. What is the capital of the company?**

1. Domestic
2. Foreign
3. Mixed
4. Refuses to answer

**F. What is the company's annual turnover?**

1. Up to 2 million EUR (micro)
2. From 2 to 10 million EUR (small)
3. Up to 50 million EUR (medium)
4. Over 50 million EUR (large)
5. Refuses to answer

**G. How long have you been in this business?**

1. 1-5 years
2. Previous 5 years
3. Previous 10 years
4. Over 10 years

### The first part of questions - General questions - Open Balkan

1. To what extent would you say that you are familiar with the „Open Balkan“ regional cooperation initiative? Would you say you are:
  - Fully familiar
  - Mainly familiar
  - Mainly not familiar
  - Not familiar at all
  - I don't know
  - Refuses to answer
  
2. What do you think about the regional cooperation initiative „Open Balkan“? (*open question*)
  
3. To what extent do you think that this initiative would open up new opportunities for improving the operation of your company/the company you work for?
  1. It would open up completely new possibilities
  2. It would mainly open up new opportunities
  3. It would mainly not open up new opportunities
  4. It would not open up new opportunities at all
  5. I don't know, I can't estimate
  
4. Are there now any obstacles to economic cooperation between the countries of the region that could be overcome with the „Open Balkan“ initiative?
  1. There are no obstacles to economic cooperation with the countries of the region
  2. There are obstacles to economic cooperation with the countries of the region.  
(*if there are obstacles, ask what those obstacles are*)
  3. I don't know.
  
5. Is it and to what extent „Open Balkan“ is an alternative to the opportunities for trade offered by the EU? Would you say that the opportunities for trade through the „Open Balkan“ are:
  1. identical to those of the EU
  2. mainly similar to those of the EU
  3. mainly different from those of the EU
  4. completely different from those of the EU
  5. I don't know, I can't estimate.

### Thematic questions - area - tourism

6. In general, which market is your activity aimed at/with which countries do you cooperate the most? (multiple answers are possible)
- Toward the domestic market (North Macedonia)
  - Toward the European market (EU countries)
  - Toward regional markets (Albania, Serbia, Kosovo, Croatia, etc.)
  - Other\_\_\_\_\_

7. Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)?

- Yes
- No

If YES, in which domain is the cooperation: \_\_\_\_\_.

If NO, what was the reason for that: **(Multiple answers are possible)**

- I do not need cooperation at all
  - I am not familiar with the ways and channels of communication
  - I am not familiar if there benefits of cooperation
  - I have had difficulties and barriers to cooperation
  - Other\_\_\_\_\_.
8. Estimate, currently, what percentage of business you do with tourists/guests/visitors/ business partners from Albania. **(\*only 1 answer is chosen)**
- Up to 10%
  - Up to 25%
  - Up to 50%
  - Up to 75%
  - Up to 100%
  - I don't know
  - We are not cooperating with Albania at all
9. Estimate, currently, what percentage of business you do with tourists/guests/visitors/ business partners from Serbia. **(\*only 1 answer is chosen):**
- Up to 10%
  - Up to 25%
  - Up to 50%

- Up to 75%
- Up to 100%
- I don't know
- We are not cooperating with Serbia at all

10. Estimate, currently, what percentage of business you do with tourists/guests/visitors/business partners from Montenegro. (***\*only 1 answer is chosen***):

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- Up to 100%
- I don't know
- We are not cooperating with Montenegro at all

11. In your total income from the activity, what proportion is the income generated from foreign tourists?

- The only income is from foreign tourists, 100%
- Up to 80% of the total income
- Up to 60% of the total income
- Up to 50% of the total income
- Refuses to answer

12. Have you experienced a significant decrease in revenues as a result of the COVID-19 pandemic?

- Yes, profit decreased up to 10%
- Yes, profit decreased up to 20%
- Yes, profit decreased up to 50%
- Yes, we worked/realized at the loss
- No, the profit remained unchanged
- I don't know, I can't estimate

13. Have you experienced a significant decrease in revenues as a result of the Russia-Ukraine conflict?

- Yes, profit decreased up to 10%
- Yes, profit decreased up to 20%

- Yes, profit decreased up to 50%
- Yes, we worked/realized at the loss
- No, the profit remained unchanged
- I don't know, I can't estimate

14. Have you faced/are you facing obstacles and barriers related to any regional cooperation related to your activity?

- Yes, I have had barriers, obstacles
- No, I have had no barriers/obstacles go to Q16)

\*If YES – what were the three biggest barriers you faced \_\_\_\_\_

**SECOND PART – Questions related to the regional economy and tourism within the framework of the initiative „Open Balkan“ (the economic zone between Albania, North Macedonia, and Serbia)**

15. To what extent do you agree that the „Open Balkan“ initiative would open up new opportunities for RN Macedonia for a common tourist market?

I completely disagree	I mainly disagree	Neutral	I mainly agree	I completely agree	No opinion
1	2	3	4	5	0

16. To what extent do you agree that RN Macedonia would be a more attractive tourist destination if offered as part of a regional tourist market within the „Open Balkan“ initiative?

I completely disagree	I mainly disagree	Neutral	I mainly agree	I completely agree	No opinion
1	2	3	4	5	0

17. To what extent do you agree that RN Macedonia as a tourist destination would be **more competitive on the international tourist market** if it was offered as part of the „Open Balkan“ initiative?

I completely disagree	I mainly disagree	Neutral	I mainly agree	I completely agree	No opinion
1	2	3	4	5	0

18. To what extent do you agree that there are currently obstacles to cooperation in tourism between RN Macedonia, Albania, and Serbia that could be overcome with the „Open Balkan“ initiative?

I completely disagree	I mainly disagree	Neutral	I mainly agree	I completely agree	No opinion
1	2	3	4	5	0

19. To what extent do you agree that the consequences of the **COVID-19 crisis and the Russia-Ukraine conflict** in tourism would be reduced if acted regionally integrated within the „Open Balkan“ initiative „?

I completely disagree	I mainly disagree	Neutral	I mainly agree	I completely agree	No opinion
1	2	3	4	5	0

20. In which domains do you consider that the Open Balkan initiative can improve the condition of tourism (*rank from 1 to 3*)

<ul style="list-style-type: none"> <li>- Training and education and know how</li> <li>- Financial support and investment</li> <li>- Promotion of tourist destinations</li> <li>- Joint performance on third markets/ cooperation with companies from the region</li> <li>- New channels of tourist promotion</li> <li>- Other_____</li> </ul>	
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**Third part – Questions related to the condition of tourism in the Republic of North Macedonia in the post-COVID-19 period and during the crisis from the military conflict between Russia - Ukraine**

21. To what extent were the consequences of the COVID-19 crisis experienced in your company in terms of demand? (*\*only 1 answer is chosen*)
- B-No negative consequences were experienced at all
  - Demand decreased by up to 25%
  - Demand decreased by up to 50%
  - Demand decreased by up to 75%
  - Demand decreased up to 100%
  - I don't know
  - Refuses to answer
22. To what extent were the consequences of the Russia-Ukraine conflict experienced in your company in terms of demand? (*\*only 1 answer is chosen*)
- No negative consequences were experienced at all
  - Demand decreased by up to 25%
  - Demand decreased by up to 50%
  - Demand decreased by up to 75%
  - Demand decreased up to 100%
  - I don't know
  - Refuses to answer
23. What problems have you faced due to the restrictive measures taken as a result of the COVID-19 pandemic? (*\*Choose one or more of the answers offered*)
- Decrease of demand
  - The outflow of the labor force
  - Liquidity problems
  - Significant decrease in revenues
  - Significant increase in operating costs
  - Other\_\_\_\_\_
24. What measures did your company implement to deal with the COVID-19 crisis? (*\* a maximum of 3 answers are chosen, the answers are not read spontaneously*)
- Remote working
  - Part-time working hours



- Lay off from work
- Salary decrease
- Partial closure of the company
- Complete closure of the company
- Financial indebtedness
- Shift work
- Canceling of payment of bonuses and premiums
- Other (add) \_\_\_\_\_

26. What problems have you faced due to the restrictive measures taken as a result of the Russia-Ukraine conflict? (*\*Choose one or more of the answers offered*)

- Decrease of demand
- The outflow of the labor force
- Liquidity problems
- Significant decrease in revenues
- Significant increase in operating costs

Other \_\_\_\_\_

- We have not faced any problems (go to Q28)

27. What measures did your company implement to deal with the crisis from the Russia-Ukraine conflict? (*\* a maximum of 3 answers are chosen, the answers are not read spontaneously*)

- Remote working
- Part-time working hours
- Lay off from work
- Salary decrease
- Partial closure of the company
- Complete closure of the company
- Financial indebtedness
- Shift work
- Canceling of payment of bonuses and premiums
- Other (add) \_\_\_\_\_

28. Have you used economic measures from the state to help deal with the COVID-19 crisis?

- Yes
- No (go to Q30)

If the answer to Q28 is YES. Please indicate which economic measures you used to help deal with the COVID-19 crisis. (**\*a maximum of 3 answers can be chosen**)

- Payment of 14,500 MKD per employee for the months of April and May 2020
- Payment of 50% of the average net salary for persons who lost their jobs
- Mandatory use of annual leave by May 2020 at the latest
- Tourist voucher
- Other (add) \_\_\_\_\_

29. How do you evaluate the usefulness of the measures taken by the state to deal with the COVID-19 crisis in the tourism sector? (**\*only 1 answer is chosen**) Would you say that the measures:

- Completely helped
- Mainly helped
- Mainly did not help
- Did not help at all
- I don't know
- Refuses to answer

30. Did you use economic measures from the state to help deal with the crisis of the Russia-Ukraine conflict?

- Yes
- No (go to Q34)

31. If YES. What measures did you use? Specify \_\_\_\_\_

33. How do you evaluate the usefulness of the measures taken by the state to deal with the crisis from the Russia-Ukraine conflict, intended for the catering business? Would you say that the measures:

- Completely helped
- Mainly helped
- Mainly did not help
- Did not help at all
- I don't know
- Refuses to answer

34. As a result of the COVID-19 crisis, in general, the number of tourists/guests/visitors/business partners you serve (**\*choose only 1 answer**):

- Decreased
- Increased
- Remained unchanged
- I don't know, I can't estimate

35. As a result of the Russia-Ukraine conflict, in general, the number of tourists/guests/visitors/business partners you serve (**\*choose only 1 answer**):

- Decreased
- Increased
- Remained unchanged
- I don't know, I can't estimate

36. As a result of the COVID-19 crisis, the number of tourists/guests/visitors/business partners from Albania, Serbia, Montenegro, and Bosnia that you serve (**\*choose only 1 answer**):

- Decreased
- Increased
- Remained unchanged
- I don't know, I can't estimate

37. As a result of the Russia-Ukraine conflict, the number of tourists/guests/visitors/business partners from Albania, Serbia, Montenegro, and Bosnia that you serve (**\*choose only 1 answer**):

- Decreased
- Increased
- Remained unchanged
- I don't know, I can't estimate

38. As a result of the COVID-19 pandemic and the Russia-Ukraine conflict, and the restrictive measures taken, to what extent has your company's income from tourism services decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- don't know
- Refuses to answer

39. As a result of the COVID-19 pandemic and the Russia-Ukraine conflict, and the restrictive measures are taken, to what extent has your company's income from tourism services with the countries of the region (Albania, Serbia, Montenegro) decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- I don't know
- Refuses to answer

40. According to your estimation, tourism in RN Macedonia will return to the pre-COVID-19 level in: (**\*only 1 answer is chosen**)

- This year, 2022
- The next year 2023
- After three years
- After five or more years
- I don't know

41. Do you consider that the “Open Balkan” initiative will improve tourism?

- Yes
- No
- The placement is unchanged
- I don't know

42. Do you think that if the “Open Balkan” initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict on tourism would have been reduced?

- Yes
- No (go to Q43)
- I don't know (go to Q43)

If YES - Why do you consider so?

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43. How to attract more tourists/guests/visitors/business partners from Albania, Serbia, and Montenegro? (**\*only 1 answer is chosen**)

- With signed formal agreements for regional cooperation
- With state aid (subsidies, promotion, etc.)
- With direct business contacts
- With legislation
- With support from the EU
- Other (add) -----
- I don't know

44. Which activity do you consider should be continued in the next period for the promotion of tourism development in RN Macedonia? (**\*only 1 answer is chosen**)

- Increased promotion in the countries of the region
- Financial support of incoming travel agencies
- Subsidizing domestic tourism
- An intensive campaign to encourage domestic tourism
- Other (add) -----
- I don't know

45. If you could create the future tourism development policy of RN Macedonia, which issues would be a priority? (***\*a maximum of 3 answers can be chosen***)

- Improvement of tourist infrastructure
- Repositioning of the tourist product
- Redefining tourism legislation
- Creating a comparative and competitive advantage
- The signing of contracts and cooperation agreements
- New channels for tourism promotion
- Other (add) \_\_\_\_\_



