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DIFFERENT SOURCES OF TOURISM DEVELOPMENT SUSTAINABILITY

Goran Petković¹

Abstract

A sustainable regulatory framework is a dimension that is less discussed in the contemporary literature on sustainable tourism. In developed countries, especially in the EU, it is a standard that is not discussed. However, in CEFTA countries, there is still much room for improvement. This text is about the establishment of free trade in travel agency services in the CEFTA common market.

Key Words: *sustainability, agency, CEFTA, regulations, free trade,*
JEL classification: *F15, K20, L83*

Introduction

Sustainable tourism development has a long history of organized monitoring and analysis (Torres-Delgado & Saarinen, 2014). Sustainability is a “must-have” of tourism development in the XXI century (Hansen, 2025). It follows the well-known pillars of economic, social, and environmental sustainability (Cerveny, 2022). Recent literature focuses primarily on environmental and social sustainability, even considering economic sustainability as a contribution to the local economy (Pilelienė, et al., 2024). For example, during and after COVID-19, in the domain of environmental sustainability, there has been much discussion about the role of technology (Núñez-Naranjo et al., 2025), especially extended reality, as a factor in sustainable tourism (Petković et al., 2025).

This paper is dedicated to the economic sustainability and the free trade in services through the standardization of regulations aiming to reduce costs

¹ Dr Goran Petković, professor, University of Belgrade, Faculty of Economics and Business, Kamenička 6, Belgrade, +381 64 84 65 014, goran.petkovic@ekof.bg.ac.rs

and administrative barriers, recognized as the problem more than two decades ago (Stiblar, 2008). The analysis in this text focuses on the work of travel agencies in the CEFTA market (Central European Free Trade Agreement Joint Committee, 2024), except Moldova, which is omitted from the analysis because its institutional transformation has been slowed down in the current period due to war events in the immediate vicinity.

Legal framework development of the legal framework as a step towards sustainable tourism in CEFTA members

Economic sustainability is often dependent on the legal framework and conditions that companies need to fulfil. Authorisation of the travel agencies in different legal systems may vary, causing unnecessary duplication of efforts and costs for the agencies wanting to do business in neighbouring countries. The situation in southeastern European economies on the Balkan Peninsula is very complex, looking at the regulation regarding the licensing of travel agencies. Let us take a look at the current state of the legal framework in this area.

- **North Macedonia** - The Law on Tourist Activity establishes the framework for the establishment, licensing and supply of travel agencies' and tour operators' services, including establishing requirements, professional responsibilities and protection for travelers. Travel agencies in North Macedonia obtain a licence through the competent authority under conditions that include professional qualifications, a minimum number of employees and professional liability insurance or a bank guarantee. The Ministry of Culture and Tourism is the competent authority. The current legislation provides a clear regime for establishment and licensing, and recognises the participation of foreign legal entities in the tourism market through establishment. There is Law on Services in North Macedonia, as an important supporting horizontal act.
- **Albania** - According to Albania's Law on Tourism (Law No. 93/2015, as amended), travel agencies and tour operators are subject to a licensing regime under the general framework for licences, authorisations and permits. Licensing is linked to registration with the National Business Centre and registration in the Central Tourism Register. Existing requirements include criteria related to registration and business, proof of integrity, qualifications of responsible persons i.e. manager, and technical requirements related to the business premises. In addition, certain bylaws contain requirements related to

minimum number of employees. For tour operators, the Law on Tourism includes obligations related to the protection of recipients of services and an insurance/guarantee obligation, to cover liability and risks like bankruptcy, including coverage required by the protection of recipients of services. Temporary provision of services is not foreseen.

- **Montenegro** – The Law on Tourism and Hospitality establishes the legal framework governing the establishment, licensing and operation of travel agencies and tour operators, including the organizational requirements for travel organizers and travel intermediaries, as well as obligations related to consumer protection and financial guarantees. Travel agencies must obtain a license issued by the Ministry of Tourism where the licensing procedure requires the fulfilment of a number of conditions including the registration of the business entity, the appointment of a responsible person with relevant professional qualifications and experience, provision of financial guarantees to protect travelers in the event of insolvency, etc. The Ministry is responsible for the development and implementation of tourism policy and for the supervision of travel agency activities, then for maintaining official records related to tourism service providers and for monitoring compliance with the legal framework governing tourism services. The current legislation regulates the conditions under which travel agencies may operate in Montenegro but does not provide a specific legal framework for the temporary provision of travel agency services by operators established in other CEFTA Parties. Therefore, travel agencies established outside Montenegro would be required to comply with the full licensing requirements applicable to domestic operators in order to provide services in the Montenegrin market.

- **Serbia** – The activities of tourist agencies and tour operators are regulated by the Law on Tourism of the Republic of Serbia, Official Gazette of Republic of Serbia 17/2019 and seven by-laws, some of which need to be up-dated in the process of harmonization with CEFTA, and the EU acquis. Under these regulations, tour operators and intermediaries are legal and natural entities (entrepreneurs) entered in the Register of tourism. They both are subject to a regime of registration and tour operators in addition, are subject to the process of licencing. Registration and licencing are performed by Serbian Business Registers Agency under the rules created by the ministry in charge for tourism affairs. The process is prescribed by the Law on tourism of Republic of Serbia (and listed by-laws). A tourism entity

for carrying out tourism activities must provide space, devices and equipment. The current requirements for registration include 9 different criteria, for licencing of tour operators next 8 criteria, and for the manager additional 4 criteria, the fulfilment of which the applicant must document enclosing originals or certified copies. The existing legislation provides that a natural person or entrepreneur can perform the work of a tourist agency. On line business model without separate working space is foreseen by current legislation. Temporary provision of services is not foreseen.

- **Kosovo** - According to the Law No. 08/L 074 on Tourism Activity, travel agencies are subject to conditions and an authorisation scheme (permit) and related administrative procedures. The applicable legal framework also includes obligations for the protecting of travelers, including the requirement for a bank guarantee or insurance policy for organising agencies. No temporary provision of services is allowed to the foreign agencies without registration and permission.
- **Bosnia and Herzegovina** is a very complicated case with different tourism regulations in each constituent unit. An overview follows:
- **Republic Srpska** - According to The Law on Tourism of Republic of Srpska (Official Gazette 45/2017 and 16/2023), tour operators and subagents are subject to a licensing regime prescribed by the Law on Tourism. A tourism entity for carrying out tourism activities must provide space, devices and equipment, as well as conditions regarding employees (unless otherwise prescribed) and register with the competent court (as a company) or with a local government unit (as an entrepreneur) for carrying out tourism activities. After registration, the tourism entity obtains from the ministry responsible for tourism, a license to carry out travel agency activities. Existing requirements include criteria related to registration and business object, integrity of responsible persons, qualifications, and premises, including quantitative requirements (e.g., minimum number of employees for travel agencies). Details of registration, licencing and ID code are prescribed in two regulations (14-07-020-1206/23 14-07-020-78/18). For tour operators, the Law on Tourism includes obligations related to the protection of recipients of services and an insurance/guarantee arrangement to cover liability and risks like bankruptcy, including coverage required by the protection of recipients of services framework.
- **District Brčko** - According to The Law on tourism of Brčko District (Draft Law on tourism intending to replace The Law on tourism

activity, Official Gazette of Brčko District, 03/2006; 19/2007 and 003B11/2020), travel agencies are legal entities or entrepreneurs subject to a regime of a permit issuance according to Federal law, to carry out the activities of a tourist agency, and are entered in the register with the registration Court. Travel agency must provide space, devices and equipment, as well as conditions regarding employees and after registration are recognized as entities for carrying out tourism activities. The current licensing requirements include criteria relating to number of different criteria, the fulfilment of which the applicant must document. The existing legislation does provide that a natural person or entrepreneur can perform the job of a travel agency. Neither on line business model without working space nor temporary provision of services are foreseen by current legislation. The draft Law on tourism includes obligations related to the protection of recipients of services a (bank guarantee or cash deposit) to cover liability and risks like bankruptcy, including coverage required by the protection of recipients of services framework.

- **Federation of BiH** – The Law on tourism activity of Federation of Bosnia and Herzegovina (Official Gazette of Federation BiH, 2009/32), defines tour operators and travel intermediaries as legal entities subject to a regime of permit issuance to carry out the activities of a tourist agency, entered in the register with the competent authority. The process is prescribed by the Law on tourism activity and by-laws regulating the register and minimum technical requirements for carrying out travel agency activities. Travel agency must provide space, devices and equipment, as well as conditions regarding employees and must register with the competent local authority (as a company) for carrying out tourism activities. The applicant may appeal the decision-making process to the Federal Ministry responsible for tourism affairs. Existing requirements include criteria related to minimal technical requirements that space and equipment must meet as well as qualifications and citizenship (or work permit for foreign citizens) of the office manager. The existing legislation does not provide that a natural person or entrepreneur can perform the work of a travel agency. On line business model without working space is not foreseen by current legislation and the same relates to the temporary provision of services. For tour operators, there is an obligation to obtain an insurance/guarantee arrangement to cover liability and risks like bankruptcy, including coverage required by the protection of recipients of services framework.

Also, each canton has its own regulations:

- **Sarajevo Canton** - Sarajevo Canton has the Law on tourism (Official Gazette of Sarajevo canton 19/2016), saying that tour operators and travel intermediaries must be legal entities. They are subject to a regime of licensing, after issuance of a permit according to the Federal law, and registered with the Ministry. Travel agency must provide office space, devices and equipment, as well as conditions regarding employees. The current licensing requirements include 13 different criteria, the fulfilment of which the applicant must document with original documents or certified copies. The existing legislation does not provide that an entrepreneur can perform as a travel agency, on-line business model is not foreseen, which also applies to temporary provision of services by travel agencies from other countries. Tour operators must provide either insurance policy, or bank guarantee or cash deposit to cover liability and risks.
- **Bosnia-Podrinje Canton** - Under the Law on tourism of Bosnian-Podrinje Canton (Official Gazette of Bosnian-Podrinje Canton, 9/2020), travel agencies are legal entities subject to a regime of issuance of a permit according to Federal law, and additionally tour operators are subject to a regime of licensing, and are registered with the Ministry. An agency must provide space, devices and equipment, as well as conditions regarding employees. The current licensing requirements include 11 different criteria, fulfilment of which is documented by the certified documents. The existing legislation provides that an entrepreneur (natural person) can perform the work of a travel agency and on-line business model with working space in the residence of an entrepreneur is foreseen. Tour operators are obligated to provide the protection of recipients of services a (insurance policy, bank guarantee or cash deposit) to cover liability and risks like bankruptcy, including coverage required by the protection of recipients of services framework.
- **Herzeg-Bosnia County** – The Law on tourism activity (Official Gazette of Herceg-Bosnia County 5/2016), recognizes tour operators and intermediaries as the legal entities subject to a regime of registering, after issuance of an approval from the municipal or city administrative body responsible for tourism according to Federal law, and are entered in the register with the competent body. A tourism entity for carrying out tourism activities must provide space, devices and equipment, as well as conditions regarding employees and must provide evidences on 7 criteria demanded by law in order to obtain

approval. The current requirements include criteria relating to space, equipment and branch manager, the fulfilment of which the applicant must document. The existing legislation does not provide neither a natural person or entrepreneur to perform the job of a travel agency, nor on line business model, nor temporary provision of services. Tour operators are obliged to obtain insurance policy, bank guarantee or cash deposit to cover liability.

- **Herzegovina-Neretva County** – also has Law on tourism activity (Official Gazette of Herzegovina-Neretva County 3/2011), which defines travel agencies (tour operators and travel intermediaries) as legal entities registered in Court that subject to a regime of an approval issuance according to Federal law, and entered after approval in the register with the competent local authority. An agency must provide space, devices and equipment, as well as conditions regarding employees to be approved as a company for carrying out tourism activities. The current requirements include 7 different criteria, the fulfilment of which the applicant must document. The existing legislation does not provide that a natural person or entrepreneur can perform the work of a travel agency. Neither on line business model is foreseen by current legislation, nor the possibility of temporary provision of services. For tour operators, there is obligation to protect recipients of services a by either insurance policy, bank guarantee or cash deposit, covering liability and risks.
- **Posavina County** – has the Law on tourism (Official Gazette of Posavina County 1/2022), prescribing that travel agencies are only legal entities entered in Register of companies engaged in organizing or intermediation in traveling services. They must be licenced after a registration in Court or approved by local authority (entrepreneur) as well as entered in the Register of travel agencies, maintained by Ministry. An agency needs to provide space, devices and equipment and the current requirements include 4 different criteria, the fulfilment of which the applicant must document enclosing originals or certified copies. The existing legislation provides that a natural person or entrepreneur are eligible to act as travel agency, but on-line business model is not foreseen, neither temporary provision of services by foreign agencies. Tour operators are obliged to provide the protection of customers through an insurance policy.
- **Tuzla Canton** – According to the Law on Tourism and Hospitality Activities activity of Tuzla Canton (Official Gazette of Tuzla Canton 10/00), travel agencies are legal or natural persons fulfilling

conditions prescribed by law and entered in Court register. An agency must determine by deed of incorporation the scope of activities, provided that the activities must be listed. On-line business model without separate working space is not foreseen by current legislation. Also, foreign travel agencies cannot temporarily provide services through the presence of natural person. For travel agencies, the Law on Tourism and Hospitality Activities includes obligations of the protection of recipients of services a (bail, according to Federal law).

- **Una-Sana Canton** - Una Sana Canton adopted recently The Law on tourism (Official Gazette of Una Sana Canton, 25/2020), providing that tour operators and travel intermediaries are only licenced legal entities entered in the register with the Ministry, after receiving a permit, according to Federal law. To be licenced, an agency must provide space, devices and equipment, as well as conditions regarding employees. The current licensing requirements include criteria relating to 11 different criteria, the fulfilment of which the applicant must document. The existing legislation does not recognise entrepreneur as eligible to perform as travel agency. Also, on-line business model without working space is not allowed, as well as the possibility that foreign agency temporarily act in this canton through the presence of natural person. Tour operators are obliged to provide the protection of customers through either insurance policy, or bank guarantee or cash deposit, covering liability and risks.
- **Western-Herzegovina County** - Tour operators and travel intermediaries can be only legal entities entered in Register of companies engaged in organizing or intermediation in traveling services, according to the Law on tourism activity (Official Gazette of Western Herzegovina County 20/2019). They need to be licenced after an approval issuance, and are entered in the register maintained by Ministry. The Law requires an agency to provide space, devices and equipment, as well as conditions regarding employees. The current requirements include 9 different criteria, the fulfilment of which the applicant must document enclosing originals or certified copies. The existing legislation does not provide that a natural person can perform as travel agency, but it recognizes on-line business model. Temporary provision of services is not foreseen. Tour operators must provide the protection of recipients of services a (insurance policy) to cover liability and risks like bankruptcy.
- **Zenica-Doboj Canton** – The Law on tourism activity of Zenica-Doboj Canton (Official Gazette of Zenica-Doboj Canton 12/2022),

prescribes that as the travel agencies, only legal entities entered in Register of companies are eligible. They are subject to a regime of licencing after an approval issuance, and are entered in the register maintained by Ministry. Here also, an agency needs to provide space, devices and equipment and fulfill 12 different criteria, documenting it by enclosing originals or certified copies. Natural person or entrepreneur cannot perform the work of a travel agency and temporary provision of services by foreign agencies is not allowed in this Canton. However, on-line business is foreseen. Tour operators must provide the bail, to cover the liability and risks like bankruptcy.

- **Central Bosnia Canton** is the only one that does not have its own law on tourism, but relies exclusively on the law that regulates tourism activities at the level of the Federation of BiH. Of course, respecting the cantonal general regulations that regulate the work of business entities is mandatory.

Discussion of current legal framework on travel agencies in CEFTA

The total CEFTA market is not very large, but it is extremely fragmented, as demonstrated by the analysis of the legislative framework governing the work of travel agencies. Each of the individual markets in this region, even the very small ones with less than 50,000 inhabitants, has its own law regulating the work of travel agencies. Although there are many similarities in these laws, there are also differences, primarily in the provisions on whether online work is allowed or not, whether entrepreneurs are allowed to carry out activities or not, what conditions an agency must meet in order to be authorized to work, how to insure against the risk of insolvency, etc.

In addition, the regulations often cause unjustified costs such as obtaining original documents or certified copies. A special type of imposition is the obligation that an agency from the region must establish a new travel agency to perform ad hoc work in a new market, even for temporary activities for which there is no economic justification (or to use services provided by a contracted agency, which also causes the cost). All these gaps will be overcome by the implementation of the *Joined Committee Decision 6/2024 on facilitating trade in services supplied by travel agencies and tour operators*, which regulates the operations of travel agencies in the member markets. Sustainable tourism development needs simplified legal framework (Jovanović, et al., 2024).

Conclusion

Although environmental and social sustainability are critical for the development of modern tourism, efforts to ensure economic sustainability must not be neglected in emerging markets. Economic multilateral integrations lower the costs of doing business. For travel agencies in CEFTA countries, the implementation of the Joint Committee Decision on Free Trade in Services is a development opportunity through lowering business costs, eliminating administrative barriers and increasing sustainable mobility of business entities.

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