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THE FUNCTIONING OF YACHT CHARTER COMPANIES IN CROATIA AND POLAND – A COMPARATIVE PERSPECTIVE¹

FUNKCJONOWANIE POLSKICH I CHORWACKICH PRZEDSIĘBIORSTW CZARTERUJĄCYCH JACHTY – PORÓWNANIE

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Summary: The article presents and compares the functioning of the yacht charter market in Croatia and Poland. Croatia is the leading European tourist destination in which nautical tourism is one of the leading branches of the economy. There are very restrictive regulations regarding the conduct of charter activities. In Poland the dynamic development of nautical tourism has been observed for a dozen or so years, but it is only now taking on significance for the economy. There are no special regulations relating to the operation of yacht chartering companies. The solutions applied in Croatia were treated as an example of good practices on the basis of which recommendations for Poland were formulated. The article presents the concepts of yacht charter, the regulations regarding charter companies, data on the charter offer range available in both countries and the conclusions. Research is based on the method of literature analysis, online resources and observation.

Keywords: nautical tourism, yacht charter companies, management of tourism development.

Streszczenie: W artykule przedstawiono i porównano funkcjonowanie rynku czarterów jachtów w Chorwacji i w Polsce. Chorwacja jest główną europejską destynacją turystyczną, w której turystyka żeglarska jest jedną z najważniejszych gałęzi gospodarki. W kraju tym

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obowiązują bardzo restrykcyjne przepisy dotyczące prowadzenia działalności czarterowej. Z kolei w Polsce od kilkunastu lat można obserwować dynamiczny rozwój turystyki żeglarskiej, choć tak naprawdę dopiero nabiera ona znaczenia dla gospodarki. Nie obowiązują tu żadne specjalne regulacje odnoszące się do funkcjonowania firm czarterujących jachty. Rozwiązania stosowane w Chorwacji potraktowane zostały jako przykład „dobrych praktyk”, na podstawie których sformułowano rekomendacje dla Polski. W artykule przedstawiono podstawowe pojęcia dotyczące czarterów jachtów, opisano regulacje dotyczące firm czarterujących jachty obowiązujące w Chorwacji i Polsce oraz zaprezentowano dane dotyczące oferty czarterowej w obu krajach. Całość uzupełniono wnioskami. Badania opierają się na metodzie analizy literatury, zasobów internetowych i obserwacji.

Słowa kluczowe: turystyka żeglarska, czartery jachtów, zarządzanie rozwojem turystyki żeglarskiej.

1. Introduction

The issues of the functioning of yacht charter companies are very important for the development of nautical tourism. Nevertheless, these issues are extremely rare in the Polish and foreign scientific literature. In Poland, charter yachts are discussed in publications by A. Łapko [2018] focusing on problems of yacht charter companies on the Polish market and also by M. Nowacki [2013], focusing on factors of quality. L. Butowski [2010] mentions charter services as one of the criteria used to benchmark the waters used for nautical tourism. In a similar context, the topic is addressed by Croatian scientists, including T. Luković [2015, 2012], P. Cavo, A. Mrcela, H. Baricević [2010], and M. Uran and D. Gračan [2005]. In their works, charter services are listed as one of the determinants of the development of nautical tourism.

This article discusses the organization of Polish and Croatian yacht charter market and their comparison. The first part of the article presents the specificity of the functioning of yacht charter companies. The next part is focused on the legal aspects and discusses the regulations applicable to yacht charter companies operating in both analysed countries. Then the article presents statistical data regarding the charter offer range in both countries. This comparative approach to the charter issue is completely new in the literature. It should be noted that nautical tourism in Croatia is considered to be an important element of the maritime sector and a valuable type of tourism. While the charter market in Croatia is strong and marked with a long tradition, in Poland it is a novelty. These two markets operate in different conditions, which causes certain problems faced by the charter companies. However, some of them are common, and good practices from Croatia can be adapted to the Polish market, which may be helpful in its further development and as a consequence may lead to the improvement of nautical tourism.

2. General information about the functioning of charter companies

By definition, a yacht charter means to hire a yacht for a certain period of time in order to organize a voyage. In nautical tourism there are three types of charters: bareboat, skippered and crewed [Jennings 2003, p. 131].

In the case of a bareboat charter, the charterer hires only the yacht for a certain amount of money. A skippered charter includes also a person with the appropriate license – a skipper. A crewed charter consists of hiring a boat with a full crew - not only a skipper, but also a cook and a crew for managing sails and manoeuvring a boat.

The main advantages of yacht chartering are:

- avoiding many costs associated with owning a yacht – in particular the cost of its purchase, but also its berthing, insurance, preparation for the season, launch and slip, servicing and repair. That is why yacht charters are becoming more and more popular.
- the possibility of choosing the vessel that suits the water area, the type of the voyage and passenger needs (number of people, health condition and nautical skills).
- flexibility in choosing the port of departure.

Table 1. Types of yacht charter companies in Poland and Croatia

Poland		Croatia		
Ownership	Legal status	Ownership	Legal status	Country of origin
<ul style="list-style-type: none"> – offering own yachts – agents: (offering private yachts or yachts of other companies) – offering own and agents yachts 	<ul style="list-style-type: none"> – private business – clubs and sailing associations – towns and municipalities – sailing ports – other 	<ul style="list-style-type: none"> – the same as in Poland 	<ul style="list-style-type: none"> – private business (registered as charter companies) 	<ul style="list-style-type: none"> – domestic – E.U – Non-EU

Source: own work.

Table 1 presents the types of charter companies functioning in Poland and in Croatia divided by different criteria. The differences in the classification presented for these countries result from the organization of the nautical tourism market, as well as the differences in the regulations in force. Essentially, the nautical tourism market in Croatia is created by private entities, which also applies to charter services. In Poland, apart from private enterprises, there are also other entities such as sailing associations and clubs, and even cities and municipalities. Certainly, the criteria may be multiplied and a few other types of businesses may be selected, e.g. their size, the

number of people employed, and the service areas (inland or marine). Moreover, the unambiguous classification of a company and its assignment to a single group is usually not possible. Therefore it should be noted that the presented classification is only indicative and does not exhaust all the possibilities. In addition, the types of companies demonstrate a large variety within their own types. For example, private companies include large companies with several hundred yachts, as well as individual business operators with one yacht that is occasionally available to third parties on a charter basis (so-called individual charter).

In the case of Croatia, an additional criterion of the country of origin (registration) of the charter company was introduced. This is due to the fact that in this country there are significant differences regarding the current regulations depending on whether it is a Croatian or a foreign entity (there is also a distinction between EU and non-EU companies).

It should also be noted that further analysis covers companies providing charter services in a given country. Companies that offer foreign charters (e.g. companies operating on the Polish market offering yachts in the Adriatic Sea) are not analysed.

3. Regulations applying to the charter business in Croatia and Poland

In Croatia there are very precise regulations governing the activities of yacht charterers. In the last decade, however, they have undergone many changes which resulted from the need to adapt the market to the requirements of the European Union of which Croatia has been a member of since 2013. Great emphasis is placed on the prevention of ‘black charters’. The latest regulation from 2017 was published in the Official Gazette No. 42/2017 in the document: Ordinance on the conditions for conducting the activity of chartering of vessels with or without crew and the provision of guest accommodation services on vessels [Official Gazette no.72/2017, www.nn.hr (01.02.2019)] .

The key points of this document are the following:

As shown in Table 1, a charter activity may be conducted by:

- 1) a vessel of Croatian nationality,
- 2) a vessel of the EEA (European Economic Area) Member State nationality,
- 3) a vessel of a third-country nationality for which authorization for cabotage has been obtained.

All these vessels shall meet the following conditions: they shall be registered for economic use in the state of its nationality, technically fit for conducting charter activities in the Republic of Croatia, have the minimum number of crew members of adequate qualifications, be in possession of other valid certificates and books complying with the regulations of the flag state and be in possession of a third-party liability insurance policy also covering harmful events in the internal waters and the

territorial sea of the Republic of Croatia. In addition to the conditions referred to in paragraph 1 of this Article, a vessel of third-country nationality shall obtain an authorization for the temporary admission of goods with partial relief from import duties from the competent authority of the Republic of Croatia, or shall present such valid authorization obtained from another EU Member State.

A charter company's obligation is to submit a request for the assignment of user rights to work on the central database (e-crew). Prior to chartering a vessel, a charter company is required to submit to the Ministry a written request for the assignment of user rights to work on the e-crew, where all registrations of crew and passenger lists on vessels are recorded. For a vessel chartered to and from a user in a third country, the beginning of the charter shall be considered the first entry in a port open for international traffic in the Republic of Croatia.

Other obligations of a charter company are to:

1. Possess the equipment for the electronic registration of crew and passengers lists, which includes Internet connection and equipment for advanced electronic signature.

2. Report the crew and passenger list to the central database of the Ministry prior to any navigation.

3. Have a guest reception area, owned, leased or concessioned under a concession permit.

4. Designate at least one person with whom it has signed a contract of employment or any other contract regulating the employer-employee relationship with regard to working conditions, remuneration and duties, being in charge of technical seaworthiness and the delivery of a charter company's vessel, in compliance with the provisions of this ordinance and positive regulations of the Republic of Croatia, as well as of providing assistance to guests during the voyage.

5. Carry out delivery of the vessel with the master of the vessel and charge the sojourn tax according to special regulations.

The responsibilities of a charter company relating to vessels of the EEA Member State nationality are:

1. Issuing a record or a report on the last technical survey conducted.

2. Obtaining a business cooperation agreement concluded with the owner or user of the vessel, which shall contain the Croatian ID or VAT ID number of the owner or user of the vessel, if a charter company is not the owner of the vessel and proof that a navigation safety fee (vignette) has been paid.

The responsibilities of a charter company related to vessels of third-country nationality shall be to provide the following:

1. A record or a report on the last technical survey conducted.

2. A charter party, i.e. a business cooperation agreement with the owner or user of the vessel, which shall contain the ID or VAT ID of the owner or user of the vessel, if a charter company is not the owner of the vessel.

3. Proof that a navigation safety fee (VIGENTTE) has been paid.

4. Authorization for temporary admission of goods with partial relief from import duties from the competent authority of the Republic of Croatia or shall present such valid authorization obtained from another EU Member State.

5. Request for obtaining authorization for cabotage A charter company's activities in compliance with the provisions of this Ordinance, for a vessel of foreign nationality, may be performed by a legal and natural person registered in the Register of Maritime Agents of the Republic of Croatia.

Analyzing the precise regulations governing the operation of yacht chartering companies in Croatia, it may be surprising that there are no such regulations in Poland. Charter operations are not regulated or controlled in any way. Charter companies are not obligated to obtain any special permits to run their business. There are also no regulations governing the requirements for their employed staff. A charter company can be run by any company that places such a record in the National Court Register (KRS). Such a company is not obliged to collect any information about its clients and to share information about them. If such information is collected, then it is only on its own initiative and for internal purposes resulting most often from marketing activities.

4. Current situation of charter activities in Croatia and Poland

Currently there are 879 charter agencies in Croatia, offering charters with sailing or motor yachts with or without crew for a period from 1 day to 90 days. In 2017, 155 new charter agencies opened in Croatia – including 61 charter agencies from within the EU and 72 charter agencies from outside the EU (Ministry of the Sea, Transport and Infrastructure) [www.mppi.hr (09.06.2018)]. The number of yachts included in the offer range of individual types of enterprises is presented in Table 2.

Table 2. Number of yachts owned by Croatian charter agencies

Number of yachts owned by charter agencies			
Length (m)	Domestic	EU	Non – EU
≤ 25,00	706	244	5
25-50	37	56	41
Over 50	0	3	14
Total	743	303	60

Source: own work.

The total number of yacht charters owned by domestic charter agencies in 2017 was 12437. These were mostly weekly charters of yachts up to 25 m in length.

The total number of charters made by EU charter agencies in 2017 was 4098. These were mostly weekly charters and most of them were made by sailing yachts without crew, with main ports of departure/arrival being marinas in Dubrovnik, Split, Trogir, Šibenik and Zadar.

Non-EU charter agencies made 257 charters in 2017. These were also mainly weekly charters. The minimum price of the 7 days charter was € 3.400,00 and maximum price of the charter was €1.021.450,00.

When looking at the structure of all charters, it can be observed that almost 95 % of all charters is made up by smaller yachts of 25 m without crew and that most of these yachts fly the Croatian flag, offered on the market through Croatian charter agencies. (Ministry of the Sea, Transport and Infrastructure – [www.mppi.hr (09.06.2018)]).

In Poland unfortunately it is impossible to give such an exact information about the number of chartering agencies and yachts which they have in their offered range. This is obviously due to the abovementioned lack of the need to keep records of charters and reporting of their activities. There is a huge information loophole because there is no general database of this type of companies (except for the Great Masurian Lakes and the internet portal [www.mazury.info.pl (01.02.2019)]), no studies nor current reports.

The Polish Sailing Market report which describes individual sailing regions, provides an approximate number of charter companies that operate in Poland. According to the report, 98 charter companies operate in the region of the Great Masurian Lakes, and 40 in the Pomerania region [*Polski rynek żeglarski...*, pp. 16.19]. The data come from 2015, although the source of information was not specified. Since the Internet is the main medium used by Polish sailors when looking for a yacht for charter, verification of this information was done on the basis of research of online resources and also specialized literature (sailing journals). Therefore, the figures presented should be considered as merely indicative.

As far as domestic charter companies are concerned, their location is usually determined by the presence of appropriate tourist attractions for sailing, i.e. bodies of water with the appropriate parameters and development. Hence, the regions with the biggest number of charter companies in Poland include: the Great Masurian Lakes and the Baltic Coast, the Vistula Lagoon, the Żuławy Loop and the Szczecin Lagoon Area (in the report cited earlier, these regions were put together as Pomerania). It is possible that some of the operators offer charters in different regions and they have been shown in the table several times (so the actual number of charterers could be smaller). The list includes companies that mainly offer sailing yachts. In the area of the Żuławy Loop and the Vistula Lagoon there are a lot of companies offering the hire of motor yachts and barges, which were not included in the table. The number of yacht charter companies listed in the regions is presented in Table 3.

Table 3. Number of yacht charter companies in a given region

Region	Baltic Coast	Żuławy Loop and the Vistula Lagoon	Szczecin Lagoon Area	Great Masurian Lakes
Number of charter companies	48	11	15	106

Source: own study based on online and trade literature resources.

As a result of the verification, it was confirmed that most yacht charter companies are located in the area of the Great Masurian Lakes (Table 3). In this region there are twice as many companies as those operating in the Baltic Coast region, although the entities from both the West Pomeranian and Pomeranian provinces were taken into account. In addition, there are many yachts available in Masuria (the Mazury), which can be chartered from private persons. Thus, the Great Masurian Lakes are still the most popular sailing destination in Poland. Estimates show that there are approximately 1200 yachts in the area for permanent hire [Kulczyk et al. 2016, p. 32].

It is impossible to give precise information about yachts offered by charter companies. The range offered by the existing companies is very diverse. The entities listed in Table 3 offer from 1 to over 100 vessels, which vary in type, age, standard, equipment and size. The range includes both long-term hire yachts for demanding customers as well as very luxurious vessels for tourists who primarily focus on comfort.

5. Conclusions

The article compares the organization of the yacht charter market in Poland and Croatia. Croatia is a country that is recognized by many sailors as the most attractive tourist destination. In addition to its unquestionable natural assets, sailors also value the efficient organization and high quality of services, including charters. Charter services play a very important role in the development of nautical tourism, because they allow foreign tourists to practice sailing in a selected region without having to transport their own yachts because this is not affordable for many. They also allow hiring yachts by tourists who do not possess their own vessels. Therefore, they significantly increase the number of tourists. The condition is, however, the high quality of charter services, which determines the safety of sailing, and also contributes to the emergence of positive impressions. According to the adopted policy, nautical tourism is one of the key forms of tourism in Croatia. [<https://mint.gov.hr> (01.02.2019)].

In order to ensure the proper quality of services rendered, as well as to counteract the phenomenon of 'black charters', the state introduced detailed regulations regarding charter operations. The need to register every crew member in the e-crew base provides knowledge about the participants of nautical tourism (gender, age, material status), their habits and preferences. This knowledge is extremely helpful in creating a tourist product as well as in planning marketing activities. In turn, the need to register charter companies provides knowledge about the supply side of the market. The appropriate quality of yachts is ensured and prevents illegal charters that lower the revenues from tourism.

However, the situation is quite different in Poland. In recent years, Poland has been experiencing the dynamic development of nautical tourism. Many new yacht

ports are being built, and the existing ones are undergoing a thorough modernization. However, there is a lack of basic knowledge about the nautical tourism market, including chartering. There is no general database of companies offering such services, so it is not known how many of them operate in the market. It is also not known what fleet they have. This is conducive to the phenomenon of 'black charters' because people who charter yachts illegally are able to offer customers much lower prices. Often the quality of chartered yachts is also poor, which may adversely affect the safety of nautical tourism. It is difficult to plan the development of nautical tourism without basic knowledge about the demand and supply of the market, and this is how it is implemented in Poland. The introduction of a uniform way of collecting data on, for example, sailors using charter company services could provide valuable knowledge to create tourism products related to nautical tourism. The organization of the charter services market in Croatia may be a good practice example for Poland, which could be implemented. Unfortunately, this requires changes at legislative level, which is very difficult to introduce. However it should be realized that the development of every form of tourism should be based on real knowledge about the current state of the market, and this requires the regular collection of data on the activities of the entities on the supply side and the behavior and preferences of tourists.

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