



Scoping Study on “Promoting Regional Tourism Cooperation under CAREC 2030”

Executive Summary

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I. Introduction

1. The purpose of the Central Asia Regional Economic Cooperation (CAREC) Program is to support socio-economic growth in its member countries¹ through cooperation and integration in development sectors. Endorsed at the 16th Ministerial Conference in October 2017, the CAREC 2030 strategy seeks to expand the horizons of economic cooperation in the region by connecting people, policies and projects for shared and sustainable development.² Given that the essence of tourism is to create and foster better dialogue, increased people-to-people exchanges, more economic ties and increased connectivity throughout the region, its development is an operational priority under CAREC 2030.

2. Tourism is an activity in which its adherents do not feel constrained by national boundaries but wish to pursue their interests or engage in chosen activities related to themes that can spread across multiple countries. Facilitating travel into, around, and between the countries of the CAREC region can bring significantly increased benefits.

3. Tourism is recognised as an effective way of helping countries achieve Sustainable Development Goals (SDGs). It can contribute to urban renewal and rural development and reduce regional imbalances by giving communities the opportunity to prosper in their place of origin. Tourism is also an effective means for developing countries to take part in the global economy. Sustainable tourism can play a major role, not only in conserving and preserving cultural heritage and biodiversity, but also in respecting terrestrial ecosystems, by fostering efforts towards conservation and the reduction of waste.

4. The Aviation Scoping Study, recently completed under CAREC, has identified the need for increased air connectivity in order to diversify access options.³ This Tourism Scoping Study seeks to identify ways in which countries can work with each other to take advantage of the improved air access by increasing the appeal of the CAREC region, making it easier for tourists to enter and travel around the CAREC region, and developing infrastructure and things for tourists to see and do across two or more countries.

II. Current State of Tourism and Future Prospects

5. International tourism continues to show sustained and steady growth above the level of the global economy. International tourist arrivals recorded an average annual rate of increase of 4.8% between 2010 and 2017, reaching a level of 1,323 million people and generating receipts of USD 1,332 billion (with a 7-year average rate of growth since 2010 of 4.5%)⁴. By contrast, global GDP rose 3% in 2017, a higher rate of growth than most years since 2010.⁵

6. The rise of international tourism shows few signs of slowing down with arrivals worldwide expected to increase by 3.3% a year between 2010 and 2030, and to reach 1.8 billion by 2030, according to UNWTO's long-term forecast report *Tourism Towards 2030*. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year)⁶.

¹ CAREC countries include Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan.

² CAREC. 2018. CAREC 2030: Connecting the Region for Shared and Sustainable Development. Manila.

³ CAREC. 2018. *Aviation and the Role of CAREC: A Scoping Study*. Manila.

⁴ UNWTO. 2018. *World Tourism Barometer*. Volume 16, Issue 3. Madrid.

⁵ World Bank Group. 2018. *Global Economic Prospects*. Washington DC.

⁶ UNWTO. 2018. *UNWTO Tourism Highlights 2017*. World Tourism Organization. Madrid.

7. With the exclusion of Afghanistan, the Chinese Autonomous Regions of Inner Mongolia and Xinjiang, and Turkmenistan, the aggregate volume of international tourist arrivals in 2018 is forecast by the World Travel and Tourism Council (WTTC) at just under 20 million with a predicted growth rate over the decade to 2028 of close to 5%.⁷ Taken in a global context, the aggregate share of CAREC countries is less than 2% of world tourism. This illustrates a considerable challenge but, at the same time, an opportunity.

8. The determinants of the levels, directions and types of international travel remain fairly constant i.e. economic factors, demographic change, travel facilitation (both regulations and transport connectivity), tourism infrastructure and product development, and marketing and promotion. However, the way these influences on travel decisions have evolved over time, and the force of information technology continues to increase through greatly expanded consumer knowledge about destination and experience options, and the ways tourism products and services can be accessed and purchased. This has led to increased sophistication of marketing and promotional methods deployed by destinations and travel operators.

9. In short, there are now more destinations offering a wider range of tourism experiences than ever before; and these destinations market to an increasingly diversified set of tourism market segments and niches. The ready online availability of information on every aspect of travel choice is being exploited both by consumers and travel providers, including destinations.

10. The relevance of these changes in the international tourist marketplace to the CAREC countries is that those regions, which have not been recognised previously as primary tourism destinations, can now position themselves to market segments which are specifically seeking the types of experience that CAREC countries can offer based on their individual natural and cultural resources. Appropriate tourism infrastructure, and product and service development and delivery in CAREC countries are needed for this purpose. Future prospects for CAREC members will be determined both by external factors, such as economic performance and demographic changes in main (and secondary) tourist markets, and by measures which CAREC countries can take – either individually, or through collaboration with other CAREC members and neighbouring countries.

11. Two trends feature prominently in the current international tourism environment: (i) the consumer's search for greater self-fulfilment from their travel choices, and (ii) the instant and full availability of information on which to base such choices. One consequence of these trends is the selection of more off-the-beaten track destinations. Given the abundant natural and cultural heritage assets of CAREC countries, this augurs well for increased tourist flows for activities such as:

- *Nature-based tourism in diverse forms* i.e. 'hard' (adventure tourism), and 'soft' (sightseeing)
- *Cultural heritage tourism*, exploiting the historically important Silk Road Route that runs through many CAREC countries, and past civilizations and combining tangible assets with the intangible ones of traditional crafts, music and performance
- *Circuits combining both natural and cultural heritage features*, catering for those with a general interest in these aspects of CAREC countries.
- *City tourism*
- *Business tourism*
- *Event tourism*

⁷ WTTC. 2018. *Travel and Tourism Economic Impact 2018*. Series of country reports for Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan and Uzbekistan. London.

III. Strengths and Opportunities

12. The strengths of the CAREC countries as tourism destinations arise from their natural and cultural heritage, and historical and built assets, namely: (i) outstanding range of unspoiled natural resources in all countries; (ii) wide variety of cultural and urban tourism assets; (iii) UNESCO World Heritage Sites, the foremost being the Silk Road; (iv) diverse ethnic groups and cultures; (v) quality of lodging and other tourism facilities in capital cities; and (vi) political goodwill and strong support from governments for tourism development. A SWOT analysis is included in Appendix 1.

13. The growth of, and trends in, international tourism described in section II represent a *prima facie* opportunity for the CAREC countries to develop and sustain their tourism sectors. As a relatively new destination area, the CAREC countries can take advantage of these trends while further exploiting the established reputation of the Silk Road by expanding the range of itineraries based on it.

14. In order to expand the market segments attracted to CAREC countries beyond the dedicated small volume adventure tourist, the opportunity exists to diversify the target markets towards the larger volume segments with interest in learning about natural and cultural heritage while at the same time being entertained (i.e. *edutainment* or *infotainment* seekers). This will necessitate developing appropriate tourism experiences (along with upgraded and expanded tourism facility and service standards) for all markets on a product: market-matching principle.

IV. Challenges for CAREC Countries

15. The success of any destination is a function of a combination of factors, including:

- *Appeal*: brand and image perception among consumers in target markets and segments;
- *Accessibility*: capacity and quality of transport infrastructure; travel time, frequency and cost; entry requirements in the form of visas (ease and cost of obtaining); and border arrangements;
- *Tourism products*: range and quality of things to see and do related to the interests of the market segments;
- *Standards and service*: quality of tourist facilities and service delivery of tourism personnel to internationally expected standards; and
- *Personal safety*: health facilities and policing to provide protection from civil and other crime.

16. The CAREC countries are no exception. Each of these factors needs to be addressed, as well as the institutional arrangements for the planning and management of tourism.

a. Appeal - Image and Brand Development

17. In tourism destination choice, it is important to recognise that prospective visitors cannot 'test drive' the destinations they are considering. Their assessment and evaluation that will ultimately determine their selection are a combination of what they have learned from media (especially and increasingly social media) and word of mouth from travel agents, family and friends. Not all this information may accurately reflect what the destination has to offer but '*the perception is the reality*' in destination choice.

18. A prime example of how this process represents a challenge for the CAREC countries is the TripAdvisor report on Travel Trends for the Silk Road.⁸ Based on the report's traveller reviews, eight CAREC countries are featured in the top 10 countries most associated with the Silk Road i.e. Mongolia, Kazakhstan, Uzbekistan, Azerbaijan, Tajikistan, Turkmenistan, People's Republic of China (PRC), and Kyrgyz Republic.⁹ Yet, apart from the PRC, none of the CAREC countries are in the top 10 Silk Road countries travellers intend to visit in the next 5 years.

19. This clearly indicates a distrust that the CAREC countries can provide good experiences for the intending Silk Road route traveller. Addressing this issue has to be a priority. The most fundamental need for the CAREC countries in respect of the international market is building a perception that the countries are, both individually and in combination, destinations that: (i) offer a wide range of outstanding tourism experiences with high quality facilities and standards; (ii) are easy to reach and travel around in and between, and (iii) provide a safe and secure environment.

20. Can this goal be achieved on a region-wide basis? The need to develop a coherent and persuasive positive tourism image for the CAREC region as a whole would be an ultimate, long term goal. In the short-to-mid terms, the focus can most profitably be on creating strong images and brands for sub-regional partnerships between countries with shared resources and potential to attract visitors on multi-country tours.

b. Accessibility – Air and Land Connections, and Border Regulation and Arrangements

21. Limited direct air connections represent a significant obstacle to the development of (i) intra-regional tourism between the CAREC countries; and (ii) international tourism to the CAREC countries, both individually and on a multi-country basis. This *Tourism Scoping Study* recognises that increased air access into the CAREC region is vital for increased tourism. As such, the conclusion of the *CAREC Aviation Scoping Study*¹⁰ is fully endorsed, namely that: *"A safe, reliable, and efficient aviation sector can be a pivotal component in driving economic growth. A more open CAREC aviation market will reduce transport costs and travel times, leading to direct benefits to governments, the private sector, and consumers."*

22. While rail travel is possible between virtually all of the member countries, there is wide recognition that the current road systems, particularly on routes most appealing to tourists, require upgrading, both in respect of road quality, buses and the provision of roadside services.

23. Each CAREC country uses its own systems of visa and border entry arrangements for foreign visitors. Visa requirements vary both between the different CAREC countries and the source countries of visitors. Some CAREC countries have made significant advances in recent times in reducing the entry requirements of foreign visitors as well as fellow CAREC country visitors.

24. While the ultimate goal would be the elimination of visa requirements for travel to and between CAREC countries, the ability to obtain visas-on-arrival or e-visas would be welcomed by the international travelling public and make the region more tourism-friendly. Thus, CAREC countries could work with each other to establish entry requirements that are: (i) common across all CAREC countries; and (ii) do not necessitate making in-person or email application ahead of travel. In respect of immigration at airports, separate lanes can be introduced for CAREC country citizens and international tourists. A common format with signage using the same wording in all CAREC countries would be helpful for arriving travellers.

⁸ TripAdvisor. 2016. *TripAdvisor Travel Trends for the Silk Road 2016*. Published by the UNWTO Silk Road Programme.

⁹ The other two countries are Iran and Turkey.

¹⁰ CAREC. 2018. *Aviation and the Role of CAREC: A Scoping Study*, para 245, pp. 53. Manila.

c. Tourism Products - Product, Facility and Cross Border Tourism Product Development

25. One of the key challenges facing CAREC countries is to broaden the appeal of their tourism product offering. The present range offered caters for two broad market segments: (i) those with a deep interest and commitment to hard adventure experiences; and (ii) those with a fascination about the Silk Road and associated historic and cultural heritage features. These market segments are relatively small in volume terms.

26. In realising increased demand from those larger volume segments (i.e. those with a general interest in the attractions in the destination they choose to visit but wanting a set of experiences based on informed and entertaining interpretation of these features), a widespread upgrading of standards is needed across the CAREC region, both in respect of tourist facilities (e.g. accommodation, tour operations) and service. At the same time, it will be vital to make such improvements without deleterious impacts on the environmental and cultural heritage features that attract visitors.

27. Google search identified that tour programs are currently offered from Europe to all CAREC member countries, even those for which security arrangements have to be provided. Examination of the first three pages of the Google search¹¹ for tours in the different CAREC countries reveals that the present range of tours offered from European source countries to CAREC countries is a mixture of: (i) tours following sections of the Silk Road; (ii) nature-based tours – mainly hard adventure (i.e. trekking and winter sports); (iii) combined cultural heritage and nature sightseeing tours; and (iv) city tours.

28. Increasing the range and variety of tours that feature more than one CAREC country can significantly stimulate greater demand from what can be termed the “*Culturally Curious*” international tourism market segment.¹²

d. Standards and Service - Human Resource Capacity and Service Improvements

29. The tourism policy planning documents of CAREC countries recognise the needs to upgrade standards of tourist facilities and increase the supply of trained personnel to internationally accepted and expected standards. However, there are few stated instances where countries intend to work with each other to establish the necessary common service levels and certification schemes by which the international travel trade and prospective tourists can get reassurance.

30. Tourism staff in operational contact with tourists require three categories of skills: technical, linguistic and social. Technical and linguistic skills can be taught through common curricula based on international systems, with qualifications and certification for those that achieve the standards required to ensure that a high level of service provision is achieved, and to reassure tourists that service in CAREC countries is in line with international norms. Social skills can be partly taught, but sufficient freedom should be allowed for trainees to express their own character, thereby ensuring that service is not totally homogenous across all countries. Training programs can be established in each country using the same curricula and qualification requirements, or organised on a sub-regional basis with students from two or more countries being taught together.

¹¹ It should be noted that Google search can introduce bias based on the location and interests of the reviewer.

¹² Culturally curious are independent active sightseers looking to visit new places and expand their experience by exploring landscapes, history and culture. They love to delve deeper into the history of a location, crave unusual experiences, and enjoy connecting with nature and wandering off the beaten track. Failte Ireland. Drawn from *Global Segmentation Toolkit*. http://www.failteireland.ie/Failteireland/media/WebsiteStructure/Documents/2_Develop_Your_Business/3_Marketing_Toolkit/9_International_Sales_Toolkit/FI-Growing-International-Sales-interactive_1.pdf. Dublin.

e. Personal Safety – Medical Facilities and Security

31. As tourism grows so does the need for facilities to deal with difficulties that might arise concerning tourists' health and wellbeing. The provision of medical facilities of an adequate scale and standard is an imperative, particularly in areas outside capital cities. In order to lessen the occurrence of civil and other crime perpetuated against tourists, it is advisable that an emergency call centre, police patrols and a rapid response facility to counter crime in the main centres where tourists congregate are provided.

f. Institutions

32. These various factors cannot be dealt with in isolation: they require coordinated planning and implementation. In examining each of these factors in respect of the CAREC countries, it should be recognised that tourists represent an addition – albeit temporary – to the permanent population of the places they visit and stay. They have many of the same needs – along with additional ones – as the residents of the destination. Planning and management of tourism is vitally important and often need strong public sector engagement and investment; while tourism operations are most successfully undertaken by the private sector.

33. Institutional arrangements to plan, develop and oversee the operation of the tourism sector by the private sector necessitates effective public sector leadership and close coordination with private sector businesses. At the same time, attracting tourists to the country necessitates investment in marketing and promotion targeted at most promising source markets and segments. There are, thus, two functions: (i) policy, planning, regulation, and overall management; and (ii) marketing and promotion.

34. At present time, institutional structures in most CAREC countries combine the two functions, possibly inhibiting their effectiveness in developing tourism that is in line with market needs, and attracting tourists to whom the countries' product offering could have most appeal. On the other hand, it can be said that in countries where there are very limited officials with strong tourism skills, resources should be centralised on one organisation.

35. Those CAREC countries that have prepared official tourism policy and strategic plans recognise their shortcomings in key areas of provision essential for the development and operation of a tourism sector generating maximum economic benefits. They seek to address these through a range of actions covering each of the areas of (i) brand and image development; (ii) transport and facility infrastructure provision; (iii) air connectivity to and between the CAREC countries; (iv) simplification and acceleration of visa clearance and border arrangements; (v) tourism product development; (vi) improved operational and service standards to international levels; and (viii) visitor safety. In all cases, there is recognition that the programmes of activities to implement the various actions identified will require external financial and technical assistance.

V. Regional Cooperation and Integration Recommendations

The principal cooperation and integration opportunities identified during the initial stages of the Tourism Scoping Study for CAREC countries to pursue on a regional and/or sub-regional basis are summarised in the table below.

Category	Recommendation
Accessibility and Infrastructure	<ul style="list-style-type: none"> • Facilitate common procedures to make visa processes more uniform and tourist-friendly • Implement the recommendations of the CAREC Aviation Scoping Study to increase and improve air transport connectivity into, and between, CAREC countries • Upgrade land transport facilities on cross border routes used by tour operators
Tourism Products and Experiences	<ul style="list-style-type: none"> • Further exploit the impetus created by ongoing international support for the development of Silk Road routes for tourism purposes • Develop appropriate tourism experiences (along with upgraded and expanded facility and service standards) for all markets on a product: market-matching principle • Establish and implement across all CAREC countries certification schemes for the different types of tourism facility
Tourism Skills and Services	<ul style="list-style-type: none"> • Develop tourism education and training courses, on both a national and sub-regional basis, to common curricula and qualifications • Work with the UNWTO Silk Road University (Tashkent) to develop specialist trainings and encourage other inter-university tourism partnerships
Marketing and Promotion	<ul style="list-style-type: none"> • Establish a CAREC virtual tourism support database / portal to strengthen the collection of tourism statistics and to share information and market knowledge • Create destination image and branding on a sub-regional basis under the overall Silk Road region marketing umbrella
Financing and Other Support	<ul style="list-style-type: none"> • Develop a standard regional investment framework for foreign investors • Identify funding support mechanisms to accelerate access improvements, product development and marketing of CAREC and its sub-regions i.e. sovereign lending, technical assistance, non-sovereign lending
Organization and Institutions	<ul style="list-style-type: none"> • Establish a CAREC Silk Road Tourism Working Group to improve public-private coordination and collaboration • Develop sub-regional partnerships of countries willing to work on joint activities (e.g. in respect of product development, cross-border tourism, and marketing) • Develop a more detailed CAREC Tourism Strategy, setting out a vision and roadmap for 2030

Appendix 1: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Outstanding range of unspoiled natural resources in all countries • Steppe, mountain and desert cultures • Historic cities and ancient empires • UNESCO World Heritage Sites close to airports/cities, the foremost being Silk Road-related • Diverse ethnic groups and cultures, both nomadic and settled • Quality of lodging and other tourism facilities in capital cities • Political goodwill and support from governments for tourism development • “New” destinations for visitors to discover • CAREC’s standing as a neutral and honest broker providing a trusted development platform to advance regional tourism cooperation 	<ul style="list-style-type: none"> • Limited air access to, and between, CAREC countries • Inadequate internal transport infrastructure and facilities on tourist routes, including inter-country ones • Non-standardized visa requirements and border entry arrangements • Long distance and travel time to many CAREC countries from international markets • Lack of brand awareness and image, resulting in little knowledge of CAREC countries and a weak perception of them as tourism destinations • Limited product development in the form of tourism experiences to appeal to the middle, non-specialist, market segments • Language barriers • Shortages of skilled workers and destination managers • Limited financing resources
Opportunities	Threats
<ul style="list-style-type: none"> • Growing international profile of the Silk Road, which link all CAREC members, and ongoing international support for the development of the Silk Road routes for tourism purposes • Continued expansion of international tourism, in particular the fast-growing Asian markets, and the travelers’ quest for new experiences and off-the beaten track destinations • Continuing rise of information technology enabling prospective travelers to have detailed information on destinations instantly • New infrastructure linkages under development (including under the Belt and Road Initiative) • Potential role of tourism in the achievement of the Sustainable Development Goals, to which all CAREC countries are signatories • Regional tourism training initiatives (management and operational) • Donor support, inward investment, tourism development incentives 	<ul style="list-style-type: none"> • Climate change • Environmental degradation • Competing destinations • Economic downturns in primary tourist generating markets • Natural and human-created disasters • Political instability • Terrorist and civil crime