

Opening Remarks by VP Shixin Chen

CAREC High-Level Session During the Annual General Meeting “Sustainable Tourism Development in the CAREC Region”

(15:15–17:15, 1 May 2019, Nadi, Fiji)

I. Introduction

Honorable Governors, Ministers
Distinguished guests, ladies and gentlemen,

- On behalf of the Asian Development Bank, it is my privilege to welcome you to the Central Asia Regional Economic Cooperation (CAREC) High Level Session on Sustainable Tourism Development in the CAREC Region.
- Tourism is one of the most dynamic and fast-growing sectors in the world. It accounts for more than 10% of the world’s GDP, 7% of the world’s exports, and generates about 10% of jobs globally. Given its strong interlinkages with other sectors, the tourism sector is becoming increasingly important in the agendas of developing countries and the donor community. As exemplified by our host country, Fiji, tourism is one of the essential backbones of the economy. In 2018, tourism accounted for 13.9% of its GDP and 12.5% of its total employment.
- Sustainable tourism is recognized as a core driver of socio-economic development. It is also an effective response to current and future regional challenges such as the unfinished poverty agenda, rising inequalities, and growing environmental concerns. Tourism can help reduce social and regional imbalances, empower local communities, and promote gender equality through the generation of employment and income opportunities for small and medium-sized enterprises and entrepreneurs, including women and the youth. A well-managed tourism sector can play a key role in the preservation of natural and cultural assets. It helps raise environmental awareness among the tourist community, thus contributing to climate change mitigation efforts.

II. Tourism in CAREC 2030 Strategy

- CAREC countries enjoy a vast range of natural and cultural endowments to attract visitors from neighboring countries and beyond. Tourist arrivals in the CAREC region, except Afghanistan, Turkmenistan¹ and the People’s Republic China, reached almost 20 million in 2018. This represents an annual growth of about 4.5% over the past five years. Of this, more than half are intra-regional tourism flows and nearly 25% are visitors from the Russian Federation. In the People’s Republic of China, tourist arrivals reached 63.65 million in 2018. Prospects for the next decade look promising, with tourist arrivals in the 8 CAREC countries forecast to reach 31.7 million by 2028.
- Recognizing this potential, the CAREC Program has included tourism as a key priority sector going forward. The CAREC 2030 strategy, endorsed in October 2017, advocates a regional approach to tourism development to help realize economies of scale resulting from greater specialization and more efficient use of resources. Tourists often do not recognize national

¹ No tourism data available for Afghanistan and Turkmenistan.

boundaries and typically combine two or more neighboring countries when selecting their destinations. Facilitating travel between countries and promoting multi-country experiences can result in greater socio-economic benefits for each of the countries of the region.

- Recent reforms to ease visa regimes are also a clear evidence of CAREC countries' commitment to further develop their tourism sectors. E-visa systems are currently operational in six CAREC countries² and, in March 2019, Pakistan has also launched a new e-visa scheme for 175 countries. Meanwhile, Uzbekistan has granted visa-free access to 45 countries this year, and a joint visa initiative, the so-called “*Silk Visa*”, between Kazakhstan and Uzbekistan is underway.

III. Tourism Challenges in CAREC Countries

- Despite these positive developments, several common challenges remain to be addressed. Concerted efforts are required to fully develop the region's tourism potential. First, connectivity within the region and with other countries needs to be enhanced. At the moment, the number of direct flights between CAREC countries is limited, and immigration controls at many airports often require lengthy processing time. Road and rail connections also need upgrading and rehabilitation.
- Second, greater connectivity needs to be complemented by high quality tourism infrastructure and services such as lodging and catering, tourist signage and information centers, accessible public spaces and transportation, reliable water supply, and adequate means of waste disposal. Tourist facilities and services are currently not in accordance with international standards and the provision of basic utilities remains limited, particularly in rural areas.
- Third, an enabling business environment is needed to promote cross-border investments, and to support small and medium-sized enterprises' participation in regional tourism value chains by widening access to market information and affordable finance.
- Fourth, the skills currently available in the labor market are insufficient to meet the needs of the tourism industry in the CAREC region. Investing in tourism education programs to create an adequate supply of quality human resources is crucial to improve service quality. Collaboration on a regional basis can help ensure that common standards are achieved across the region.
- Lastly, the cross-cutting nature of the tourism sector underscores the need for coordinated and integrated destination planning and management between government agencies, private sector, local communities and civil society. Enhanced public-private partnerships across borders can bring increased mutual benefits for CAREC countries.

IV. Way Forward

- The tourism sector offers a great potential for economic cooperation and growth, and will certainly play a significant role in the CAREC region going forward. ADB stands ready to work together with CAREC member countries and other development partners to promote a regional approach for sustainable tourism development.

² Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan.

- Private sector dominates the tourism industry in most countries. Robust private sector involvement is indispensable to the development of tourism destinations, as it can bring greater operational efficiency and innovations. It also helps address public budget constraints for the industry. More private sector investments in high quality tourism infrastructure and services are needed in the region to meet the growing tourism demand in a sustainable manner.
- Going forward, we will increase our efforts to mobilize technical and financial resources to support the development of essential tourism infrastructure, create a conducive environment to attract private tourism investments, and enhance the attraction of the CAREC region as a competitive tourism destination globally.
- This year, ADB will approve \$2 million technical assistance for supporting the development of a CAREC tourism strategy and a regional investment framework leading to 2030. In addition, we will strive to provide value-adding knowledge and capacity building services to member countries on key aspects of sustainable tourism development.
- I look forward to a fruitful discussion today. Thank you.