



Tourism: Concept Paper

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TOURISM: CONCEPT PAPER

I. INTRODUCTION

1. During the Fourth Ministerial Conference of the CAREC Program, November 2005, Bishkek, Ministers urged that the pace of regional cooperation accelerate, and expressed interest in broadening and deepening the Program to include new sectors – including tourism.¹ More recently, during a mission in January 2006 of the CAREC Secretariat to Beijing and Urumqi, PRC requested that consideration be given to including tourism (and agriculture, HRD and environment) initiatives in the CAREC Program. Following is a brief concept paper outlining the rationale for including tourism in the Program, possible areas for regional cooperation, and issues that need to be resolved before proceeding.

II. RATIONALE FOR INCLUDING THE TOURISM SECTOR

2. Central Asia offers a rich array of tourism attractions, among them natural attractions, the cultural diversity of the region, and the historic cities and towns along the legendary Silk Road linking China to Europe and South Asia. Cultural tourism, adventure tourism, eco-tourism² and other forms of tourism should flourish in the region, especially in light of the upward trend in world tourism and Central Asia's strong appeal. Except for PRC, however, tourism to Central Asia is limited – at least relative to the potential.

3. For the CAREC region, there were approximately 5 million international tourists in 2004, which generated about \$840 million in receipts. While this was only a fraction of world tourism arrivals and receipts (about 763 million and US \$622 billion, respectively), tourism to the CAREC region has increased ten fold during the past decade. Indeed, tourism has increased by 20-30 percent annually in some cases – despite concerns about security and epidemics.

Table 1: Tourism Arrivals/Receipts for CAREC Countries: 2004 (or latest year)

| Country | No. of International Visitors | % Increase over 2003 | Receipts (Million US \$) |
|----------------------------|-------------------------------|----------------------|--------------------------|
| Afghanistan | | | |
| Azerbaijan | 1,197,000 | 12.3 | 287 |
| Kazakhstan | 2,800,000 | | 764 |
| Kyrgyz Republic | 398,078 | 16.4 | |
| Mongolia | 300,537 | | |
| People's Republic of China | | | |
| WTO data | 41,800,000 | 26.7 | 25,700 |
| CNTO data | 16,932,506 | 48.5 | |
| Tajikistan | 7,800 (2003) | | |
| Uzbekistan | 332,000 (2002) | | 68 (2002) |

Sources: WTO and official country statistics. Table to be verified, updated.

¹ Several CAREC countries expressed interest in September 2004 in a proposed Regional Tourism RETA by ADB.

² The SUNV/STEA (2002), describes ecotourism as "small group travel that produces equitable socio-economic benefits for local people, contributes to the conservation and protection of the cultural and natural heritage and seeks to minimize the negative impacts arising from visiting such areas."

4. PRC now ranks fourth as the world most visited destinations (after France, Spain, and the United States). PRC is also becoming an important source of tourists for several countries in Asia.³ Kazakhstan had almost 3 million international visitors in 2004, but a high percentage of these are for business and professional purposes. Azerbaijan also has a high number of business visits. For other CAREC member countries, international visitors are still at low levels. There is huge potential for increased tourism, drawing from the (WTO) projected doubling of the number of world tourists by 2020, and renewed international interest in Central Asia. Uzbekistan's potential is particularly noteworthy, given its rich cultural heritage and yet low levels of tourism.

5. Tourism accounts for 30 percent of total services traded worldwide and generates significant international earnings. For many countries, such as Thailand and now increasingly so for PRC, it is an important sub-sector. Properly structured, tourism is pro-poor, providing employment and income opportunities for labor force participants who might otherwise be unemployed or underemployed. Further, properly integrated with the economies of the region, it can help generate jobs in associated industries, such as transport, agriculture, and light manufacturing (e.g., textiles and handicrafts). There is a vast international tourism market to be tapped, and it offers win-win outcomes for CAREC countries.

6. While development of the tourism sector should be led by the private sector, governments can and should play a strong supporting role. This role is necessarily largely fulfilled by national and local governments, but there are also very significant benefits from neighboring countries coordinating their efforts to promote and develop tourism. Single destination marketing and all the elements that make a single destination (e.g., a group of countries or contiguous areas) a reality call for close regional collaboration. The outcome will be a win-win for all participants, especially if tourism circuits in the region are facilitated.

7. By drawing increasing numbers of tourists to the region, and by encouraging longer stays and more visits throughout the region through enabling access and entry to each of the Central Asian countries, the contribution to employment and income generation will increase sharply. As noted above, China is already experiencing large numbers of international tourists, and a sharp increase in domestic tourism; Reference: Xinjiang Uygur Autonomous Region and the Central Asian Republics would benefit from encouraging western visits. (Laos and other neighboring countries to Thailand have benefited very substantially from facilitating cross-border and single-destination tourism.) Facilitating intra-regional movements of tourists in Central Asia will entail improvements in road and rail infrastructure, improved air routes and airport facilities, better visa availability, and increasing the number and upgrading the status of international cross-border points. In addition to coordinating these activities to maximize tourism growth and benefits, the rationale for regional cooperation includes positioning and packaging reasons (linking secure destinations), promotional reasons (pooling limited resources for a bigger effect), physical access reasons (to access otherwise remote areas), and logistical reasons.

8. Relevant to the rationale for including the tourism sector in the CAREC Program is the experience of other regional cooperation initiatives. The ADB-supported Greater Mekong Subregion (GMS) Program of Economic Cooperation, which commenced in 1992, has been very pro-active in promoting tourism in the subregion, with considerable success. ADB has also been supporting regional tourism development in South Asia, through the South Asia Subregion Economic Cooperation Program (SASEC). The UNDP Silk Road project in Central Asia also actively promotes tourism.

³ China generated 28.8 million trips abroad in 2004; nearly half traveled for leisure purposes.

III. AREAS FOR REGIONAL COOPERATION IN TOURISM

9. Areas for regional cooperation in tourism include the following:

- **Joint Marketing.** The prospect of countries working together to position and promote the region as a visitor destination is normally well received by all stakeholders, governments and the private sector alike, and may be the best way to get regional cooperation in tourism underway; partnership with the private sector and tourism organizations is vital;
- **Constraints to Travel.** This category involves two sets of regional initiatives:
 - **Access Initiatives.** This includes road and rail infrastructure, air circuits and airport facilities; product development of this form is highly supportive of private sector investment in tourism, and also serves trade and development more broadly;
 - **Entry Initiatives.** This includes visa availability, duration, multiple entry designation and regional application; it also includes the number and status of international cross-border points; again, initiatives of this form facilitate business dealings, trade and development more broadly;
- **Product Development.** Investment in hotels, resort areas, recreational centers and the like should be undertaken by the private sector, so as to best ensure responsiveness to the preferences of tourists and to be competitive; nonetheless, there are areas additional to infrastructure that the government can contribute towards product development; roadside facilities and tourism information centers are examples; coordination among neighboring countries in meeting high standards for such services helps contribute to a positive image for the region;
- **Tourism Human Resource Development** included under this category would be hospitality training; customs and immigration officials are normally the first point of contact for tourists, and a friendly, informative manner contributes immediately to forming a positive impression; training in tourism management strengthens the capacity of government (central and local) to provide a conducive policy and regulatory framework for tourism development; ADB and CAREC's other development partners, notably the UNDP, have provided technical assistance for tourism skills trainings;
- **Regional Planning.** While several CAREC countries have tourism development plans, not all do; further, the potential benefits of regional tourism development in CAREC countries needs to be properly assessed and quantified, together with a comprehensive analysis of the obstacles to tourism development; this should lead to identification of a pipeline of priority projects for regional tourism development, and to mechanisms for encouraging public/private sector partnerships for development; ADB has prepared a TA proposal in response to these interests and needs.

IV. ISSUES/QUESTIONS FOR CONSIDERATION

10. Consistent with the founding principle of CAREC that it be results-oriented and highly practical, a number of issues or questions need to be addressed in considering a broadening of the Program to include tourism:

- **Resource availability, both technical and financial.** The question must be addressed as whether one of the MI partners to CAREC is willing to take the lead in helping participating countries to identify and implement regional tourism activities; the resource availability must be credible, and the level of commitment sufficient to achieve significant results; if insufficient resources are available from within the MI “six”, consideration may need to be given to inviting another donor partner to participate;
- **Bilateral or the Two plus Principle.** A good deal of tourism facilitation and development can be accomplished through bilateral or the two plus principle (i.e., subgroups of the CAREC countries); new cross-border points and elevation to international status is normally best done on a bilateral basis; new air routes, visa provisions and other such issues may also be addressed on a bilateral or two plus principle; CAREC countries will need to ensure movement towards a common goal (e.g., regional visa privileges and an open skies policy);
- **Overall Institutional Framework (OIF) Effectiveness.** Broadening of the CAREC Program to include new sectors (possibly agriculture, HRD and the environment, in addition to tourism) would mean expanding the SOMs and MCs to include additional interests and stakeholders; questions need to be addressed as to the capacity of the CAREC Secretariat and the National Focal Points to take on additional responsibilities; also, questions arise as to maintaining the focus of the SOMs and MCs on CAREC’s core economic sectors (transport, trade and energy);
- **Coordination with other Regional Initiatives/Organizations.** Ministers agreed during the Third Ministerial Conference that duplication and overlap in regional cooperation should be minimized; Ministers requested that the interrelationship of the CAREC Program with other regional initiatives, including the SCO and the EEC, be reviewed; in particular, consultations will need to be undertaken with the SCO and UNDP to ensure that CAREC tourism initiatives are complementary.

V. INSTITUTIONAL OPTIONS

11. Senior Officials may wish to consider the following options concerning tourism:
 - **Tourism as a subset of trade facilitation and transport:** as noted earlier, two important constraints to tourism development are difficulties of access and entry; CAREC’s Custom’s Coordinating Committee and Transport Working Group are actively engaged in simplifying and harmonizing cross-border arrangements, and other concerns related to access and entry; also, a major study has recently been completed on air services in the region, which could serve as input to initiatives to facilitate improved air services in the region – which is critical to tourism development;
 - **Step-step-approach:** CAREC could engage tourism in a gradualist fashion, in collaboration with other organizations that have expertise in the subject; a regional tourism assessment could be undertaken in collaboration with the World Tourism Organization; a regional workshop on tourism could be undertaken in collaboration with UN-ESCAP; formulation of a regional tourism framework could be undertaken in collaboration with UNDP, in conjunction with Phase Two of its Silk Road Project.
 - **Establishment of a Working Group on Tourism:** the terms of reference for such a working group would need to be determined, drawing on experience under the GMS, SASEC, Silk Road and other programs. It would likely be desirable to commence by

focusing on areas where mutual benefits are most easily gained (e.g., joint marketing and human resource development).

VI. CONCLUSIONS AND RECOMMENDATION

12. Tourism is an opportune area for regional cooperation, offering CAREC countries the possibility of considerably expanding the number of tourism visits, length of stay and other benefits in a win-win manner. Tourism could become a major industry for the region, building on its rich culture heritage, natural attractions and other interests. Properly developed, tourism initiatives can be strongly pro-poor.

13. Regional initiatives could include joint marketing, collaboration in improving access and entry to CAREC countries, joint product development, training and other forms of human resource development, and regional planning.

14. CAREC should focus on those areas where practical results are most likely, paving the way for progress in areas where more consensus building is required.

15. It is recommended that an Ad Hoc Working Group be established to develop a draft proposal on regional tourism cooperation. This proposal should be discussed at the next SOM.