

From Hostility To Hospitality

Calm in the Caucasus could help revive the region's tourism industry





In October 2010, Georgian President Mikheil Saakashvili, with newspaper and television reporters in tow, stripped off his shirt and plunged into the Black Sea for a 3-kilometer swim. The goal of Saakashvili's stunt was the economic revival of the Georgian coast surrounding the town of Batumi, a popular Soviet-era vacation spot hungry for a resumption of euro and dollar tourism. In between such feats of endurance, Saakashvili also praised the semi-neglected ski industry in the country's mountainous interior.

"For dozens of years we have been explaining to the Europeans that Georgia can be Switzerland of Caucasus. There is nowhere in the world with such a combination of sea and ski resorts — that's not an exaggeration," the president told the news site Georgia Today in 2010. "So instead of us becoming Switzerland of Caucasus, let Switzerland now become Europe's Georgia. ... Let others compare themselves to us; but for now, Georgia needs a lot of work and a lot of investments."

For two decades after the fall of the Soviet Union, political and economic instability had chased away most of the tourists with a taste for the region's subtropical beaches, sparkling wine, rocky peaks and historical sites. But in this relatively remote corner of Eurasia, which includes Georgia, Armenia, Azerbaijan and parts of Russia, a tourism Renaissance is under way.

Mestia, a village in the Svaneti region of Georgia, hopes to draw more skiers and other tourists.

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Travelers now have much more from which to choose. Armenia has strung the world's longest cable car line, at 5.7 kilometers, over the Vorotan River Gorge that leads to the famed 9th-century Tatev monastery. In the landlocked nation north of Turkey, economic recovery includes a surge in sightseeing from Armenians living abroad, known as "diaspora tourism." Azerbaijan aspires to be an "elite" tourist destination that possesses the attractions of neighboring Iran without the political and religious drawbacks. A 2010 story in the *Caspian Business News* said Azerbaijan had spent the previous four years renovating and constructing 370 hotels containing 30,706 rooms. As part of its rebranding to international travelers, Georgia has launched an anti-pollution campaign to create a "golden sand beach" out of Batumi's waterfront by 2012.

The largest tourism investment of all is Russia's multi-billion-euro overhaul of the Black Sea coastal town of Sochi, host of the 2014 Winter Olympics, where palm trees will sway to a backdrop of snowy peaks. To handle hundreds of thousands of tourists, Moscow is bankrolling what is one of Europe's largest building projects, erecting from scratch ski pavilions, hockey and skating arenas, a 69,000-seat stadium, 90,000 hotel rooms and high-speed rail lines.

"Sochi 2014 is currently one of the largest complex ongoing investment projects in the world. Over 800 separate venue construction projects are being delivered simultaneously in time for 2014. The successful completion of these developments will create over 50 new enterprises and 43,000 new jobs," Russian Deputy Prime Minister Dmitry Kozak said in May 2010.

During the days of the Soviet Union, the Caucasus, coined the "Russian Riviera," developed into an exotic alternative to the ice-bound north. Its surf and slopes were favored by communist apparatchiks frolicking with wives and girlfriends. Spa-like beach resorts, stuffily reminiscent of Soviet and even Czarist days, give way to ski lodges in the foothills rimming the Black Sea coast. Farther inland is the realm of "adventure tourism," ideal terrain for foreigners eager to rough it at semi-accessible mountain villages and isolated monasteries. Adding to the vacation-land atmosphere are the wines and brandies produced in abundance in the region.

But another prime feature of the Caucasus — its dozens of ethnicities and languages — has bred violence, especially after the heavy hand of Soviet authoritarianism loosened its grip. Among the most publicized disagreements are the so-called frozen conflicts in South Ossetia, Abkhazia and Nagorno-Karabakh.

Kurt Volker, a recent U.S. ambassador to NATO, urged the international community to use the Sochi Olympics to smooth over disputes holding down the region. In a May 2010 article in *The Christian Science Monitor*, Volker worried that open Russian recognition of Abkhazia and South Ossetia, two regions that broke away from Georgia with Russian backing, would tarnish the games. Self-proclaimed Abkhaz and South Ossetian leaders declared independence from



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Top: A ski lift under construction is shown near Sochi, site of the 2014 Winter Olympics. The games could bring hundreds of thousands of tourists to the Caucasus, a region that is trying to revive its economy.

Bottom: A bather enjoys the surf in Batumi on the Black Sea coast of Georgia as construction cranes build luxury hotels in the distance. In 2009, Georgia reported that its seaside resorts attracted the greatest number of foreign tourists since the demise of the Soviet Union.

Georgia in the early 1990s, and the last vestiges of Georgian authority were expelled in 2008 by the Russian military. Diplomatic recognition of the breakaway republics has been minimal: NATO, the European Union and the Organization for Security and Co-operation in Europe consider the territories part of Georgia.

"The Sochi Olympics could become a catalyst for resolving long-standing conflicts, bringing the Caucasus region into the 21st century," Volker wrote. Russia's interest in a successful Olympics "should be a powerful incentive for consigning to history Moscow's ... approach to the Caucasus. This would surely be the best outcome for the states and peoples in the region, for Moscow, for the athletes and for the Olympics."

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An example of the ability of tourism to rebound quickly is Adjara, Georgia's coastal region north of the Turkish border. It attracted an estimated 162,000 foreign tourists in 2009, the largest number in the post-Soviet era, just a year after Georgian and Russian soldiers contested South Ossetia and Abkhazia with gunfire. The allure of tourist investment could also help resolve differences over Nagorno-Karabakh, a mostly Armenian section of Azerbaijan that helped spark fighting between the two countries in 1991. Open warfare between the two countries ended in 1994, but fear of further outbreaks devastated South Caucasus tourism for years afterward.

The healing has begun. A 2010 tourism fair held in Yerevan, Armenia, drew travel industry professionals from Turkey, the United States, the Czech Republic and Germany. The Armenian government reported that tourism has grown about 25 percent per year since 2001, when the country celebrated the 1,700th anniversary of its conversion to Christianity. Azerbaijani tourism is also recovering thanks largely to its resorts and hotels centered mostly on the city of Baku on the Caspian Sea. A July 2010 article on EurasiaNet said five luxury international hotels, including those from the Four Seasons, Hilton and Kempinski chains, were rising in the city. Turkish businessmen have been prominent in the tourism trade, taking advan-

tage of the Turkish language's kinship to Azerbaijani.

“This is an issue on which Russia, the United States and Europe have been working together well for years, and the outlines of a possible settlement have long been on the table,” Volker wrote in May 2010. “An Azeri-Armenian settlement could spur travel, trade, investment and economic prosperity in the region.”

A certain inflexibility left over from the days of the U.S.S.R. has acted as a hindrance to increased tourism. In a report on the South Caucasus, the World Bank noted that national governments have been slow in dismantling the expensive, top-down hospitality system modeled on Intourist, the stodgy Soviet tourism agency that doubled as a spy network during the Cold War. “The interpretation of the role and responsibilities of such institutions often does not correspond to the demands of a market economy,” the report said. “The persisting approach is one of overzealous control versus creating incentives for private sector investments.” In fact, when it comes to Russian tourists, Turkey is capturing some of the millions of travelers who used to cluster in the Caucasus. In a story about Russo-Turkish tourism in 2007, the *Guardian* reported that it's cheaper for a Russian to fly to Turkey than to Sochi. “Even staying in a country hotel just outside Moscow costs more than a holiday in Turkey,” the *Guardian* noted.

Nevertheless, the Caucasus has taken pains to attract more tourists, most aggressively in Georgia. The country offers training in hotel management that includes internships at five-star establishments in Turkey. Its recently appointed tourism minister, Maia Sidamonidze, created a stir in September 2010 by proposing a “tourism alliance” with Turkey, Armenia and Azerbaijan to host cross-border package tours. When it comes to attracting private casinos and hotels, Georgia has offered to waive licensing fees and value-added taxes. Visitors from more than 30 countries no longer need tourist visas.

The biggest cheerleader remains Saakashvili, who, aside from promoting the allures of the sea, is pushing large investments in the hopes of turning Georgia's mountainous Svaneti region into a heavily touristed alpine paradise by 2011. A highway and airport overhaul costing an estimated \$25 million will boost access to the regional capital of Mestia. In an October 2010 article published on EurasiaNet, regional government head Shmagi Nagani suggested skiers and nature lovers were the keys to bringing jobs to this remote region near the Russian border. “Tourism is, in general, the only path for the region to develop economically,” he said. □



Azerbaijani President Ilham Aliyev and Russian President Dmitry Medvedev share a chair lift at the Krasnaya Polyana ski resort in Sochi in 2010. Negotiators hope to use momentum from the 2014 Winter Olympics, which Sochi is hosting, to resolve conflicts such as the standoff between Azerbaijan and Armenia over Nagorno-Karabakh.