

TOURISM AND RELATED SERVICES BACKGROUND BRIEF

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Tourism and Related Services Sector Background Brief

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Executive Summary

Major Impediments to Tourism Development

- Inadequate infrastructure support facilities:
 - Cost and availability of air linkages, both between and within certain countries;
 - Low quality and inadequate land transport corridors; and
 - Generally weak telecommunications facilities.
- The lack of region-wide and consistent visa rules, regulations, and reasonable costs, as well as time-consuming border procedures
- Political situation in some CAREC member economies
- Generally inadequate hotels, guest houses, and related tourist facilities

Critical Issues in Related Areas

- Generally inadequate tourism information centers
- Absence of consistent information on tourism opportunities and limited access to such information (limited use of innovative channels of information such as web sites, including suitable research on the history and related aspects of the tourism resources);
- Lack of adequately trained tourism industry professionals and training institutions
- Weaknesses in collaborative tourism planning and marketing (within countries and between countries in the region)
- Branding of the region as a tourist destination: Using the Silk Road brand as a marketing tool
- Developing Transboundary Conservation Areas to merge elements of regional cooperation and eco-tourism

Key Opportunities

- Eco-tourism and related facilities development
- Cultural tourism and related facilities development
- High quality hotel, restaurant and related facilities development, in particular along the Silk Road
- Web site development and related information services – both national and regional
- Training and Development services (strengthening and linking existing institutions and/or developing new ones, including regional training centers)
- Resources and support facilities to support Transboundary Conservation Areas

Possible Recommendations

- Developing and implementing a cost-effective regional multi-entry visa
- Leverage donor agencies more explicitly as potential partners in various aspects of tourism development (i.e., learning from ADB's successful tourism cooperation in the Greater Mekong Region)
- Develop comprehensive tourism development and marketing plans in each country and for the CAREC region (covering tourism policies, infrastructure, facilities, etc.)
- Develop a tourism branding platform for the region
- Develop channels for effective tourism promotion such as a CAREC tourism web site that links significantly improved country-specific web sites
- Improve quality and availability of research on the various tourism assets
- Strengthen tourism industry through adequate training facilities and development programs for the industry

I. Sector Overview

Tourism is one of the world's largest growth industries. The UN WTO has forecast that world tourism arrivals will triple to 15 billion by 2020. As a result, the tourism industry will bring more development opportunities for poverty alleviation and environmental protection throughout the region. There is no doubt that China and Central Asia enjoy tremendous potential for tourism investments with rich resources available for development and Central Asian economies are just beginning to tap into its vast tourism potentials.

International tourist arrivals are generally rising in the Central Asia region as a whole, but the level of tourist arrivals is still low in some of the countries (see Table 1).

Table 1. International Tourist Arrivals in CAREC ('000)

Country	2000	2002	2003	2004
Afghanistan	n.a.	n.a.	n.a.	n.a.
Azerbaijan	681	834	1,014	1,349
China	31,229	36,803	32,970	41,761
Kazakhstan	1,471	2,832	2,410	3,073
Kyrgyz Rep.	59	140	342	398
Mongolia	137	229	201	301
Tajikistan	4	n.a.	n.a.	n.a.
Uzbekistan	302	332	231	262

n.a. = data not available

Source: World Tourism Organization, *Tourism Market Trends, 2005 Edition*

Tourism comprises a very low percentage of total GDP in some CAREC countries as shown by the fluctuating revenues generated from international tourism, as reflected in Table 2. In China, tourism accounts for over 5% of GDP, in the Kyrgyz Republic the figure was 3.5% in 2005, and in Kazakhstan it was 1.6% in 2004.

In China, the number of international tourists and the tourism receipts over the past few years was adversely affected by health sector challenges, namely the severe acute respiratory syndrome (SARS) and avian influenza. The publicity surrounding these disease outbreaks caused a massive drop in tourists to China and other parts of Asia.

Table 2. International Tourism Receipts in CAREC (US\$ million)

Country	2000	2002	2003	2004
Afghanistan	n.a.	n.a.	n.a.	n.a.
Azerbaijan	63	51	58	66
China - Xinjiang	95	n.a.	n.a.	91
Kazakhstan	356	622	564	708
Kyrgyz Rep.	15	36	48	78
Mongolia	36	130	143	185
Tajikistan	n.a.	2	2	1
Uzbekistan	n.a.	22	24	28

n.a. = data not available

Sources: World Tourism Organization, *Tourism Market Trends, 2005 Edition*; Chinese provincial data in 2000 from Jin Fengjun and Qian Jinkai, *A Social and Economic Atlas of Western China* (China Intercontinental Press, 2003); Chinese provincial data in 2004 from www.china.org

In 1994, the World Tourism Organization launched the "Silk Road Project" with the aim of revitalizing tourism along the route used by Marco Polo and the caravan traders who came after him. Sixteen Silk Road countries have joined this initiative, including the Kyrgyz Republic. Joint promotional activities include publication of brochures, familiarization trips, and special events at major tourism fairs.

The sector faces the challenge of having to increase tourism in-flows into the region while at the same time ensuring that the cultural and environmental impacts of such efforts are adequately mitigated or addressed.

II. Sector Features, Endowments and Operating Constraints

The Central Asian region has the potential to become one of the world's most unique tourism destinations, and the distribution of inter-related tourism endowments across the region makes it ideal for cross-border or regional investment opportunities. All of the CAREC countries have prioritized tourism for attracting foreign investment.

The greatest potential for CAREC countries in the tourism sector is in the development of:

- cultural and historical attractions; and
- eco-tourism.

Cultural tourism: Cultural tourism has grown by 15% worldwide every year for the past decade (UN World Tourism Organization). The CAREC countries encompass a rich cultural heritage with historic cities, ancient architecture, and traditional arts and crafts. The development of quality arts and crafts offers strong potential to generate foreign currency and employment as well as reinvigorating and preserving traditional skills.

The ancient Silk Road left a legacy of fascinating structures and monuments. Ancient mosques, Islamic buildings, emperors' tombs, and relics can be found throughout the region. For instance Samarkand's (Uzbekistan) Registan Square, which is an ensemble of three Madrassahs (Islamic colleges), is considered one of the greatest Islamic monuments in the world. Xi'an (Shaanxi) has the world famous terra cotta warriors. The Mogao Grottoes in Gansu Province were started in 366 A.D. and have 491 caves preserved with 2,400 sculptures and 45,000 square meters of mural paintings. Azerbaijan offers a unique attraction to Jewish tourists, drawing on both the centuries-old Jewish culture and the still active Jewish community in the northern town of Krasnaya Sloboda.

Kazakhstan has its State Program on Restoration of the Historic Centers of the Silk Road, Preservation and Development of the Cultural Heritage of Turkic States, and is building an Infrastructure for Tourism. Phase 1 runs from 1998 to 2007 and focuses on restoring ancient towns and routes. Phase 2 runs 2003-2012 and covers 28 sites and includes road reconstruction. It is expected that 70% of the financing for this program will come from domestic and foreign investors.

Eco-tourism. The other high potential regional tourism sub-sector in the region is eco-tourism. Ecotourism emphasizes environmental and social sustainability through conservation, community involvement, interpretation, education, and environmental management. Small businesses represent the core of the ecotourism sector with the majority of ecotourism operators providing a specialized service for small groups or individuals. Achieving continued and sustainable ecotourism is an ongoing process. By applying the concepts of ecotourism, and by involving both visitor and host, it is a process which will ultimately benefit all - including the environment.

The Central Asia region contains some of the most scenic landscapes in Asia, and the low population density in much of the region leaves ample space for excellent nature and other outdoor tourism activities. Diverse landscapes featuring high mountains, glaciers, caves, lakes, rivers, hot springs, and steppes can be found throughout the region. The Kyrgyz Republic is frequently referred to as the "Switzerland of Central Asia" because of its high mountain valleys that are suitable for mountain climbing, white-water rafting, and hiking. Also, Lake Issyk-Kul, the second largest alpine lake in the world, and its surrounding area offer potential for a variety of recreational activities.

Tajikistan's National Park is recognized by the United Nations as the largest and most diverse park in Central Asia. Mongolia's desolate steppes offer one of the last remaining unexplored regions in the world. Xinjiang is among the top regions in China for nature reserves. Key natural attractions

are mountains, glaciers, and lakes (including Lake Bosten in Xinjiang, which is the largest freshwater lake in China), which are suitable for adventure tourism. One of the most innovative tourism products developed out of a desert is the Shapotou in Ningxia Autonomous Region (close to Xinjiang) which is labeled as the “world’s sand capital” because a vast sand dune was transformed into an amusement park-like atmosphere with tourists coming to slide down the dune.

The historical, cultural, and natural attractions of the Central Asian region are all in place, but the supporting infrastructure and tourism services are where the opportunities exist for prospective investors. Throughout much of the region, there is insufficient transport infrastructure, tourist and business class hotels, communications systems, resorts, camping, and other facilities, and these shortages largely explain why the region’s tourism potential remains untapped.¹

Many of the tourist facilities such as hotels, resorts, spas, sanatoriums, and camps were built during the Soviet Union days, and these facilities need major renovations or should be replaced by new, modern constructions all together. This is especially the case outside of capital cities. Affordable and well-run tourist class (medium-priced) hotels are needed throughout the region. Many of the newer hotels springing up tend to be geared for the business and luxury travelers, and combined with the high cost of airfares into Central Asia, the region is less competitive compared to Southeast Asia and other popular destinations.

III. Government Approaches to Tourism

In all CAREC countries, the governments strongly encourage the tourism industry, and are generally committed to providing tourists with high quality service and attractive tour options. The Bukhara Declaration on Silk Road Tourism provides a clear set of commitments on directions for the region’s tourism sector (see Attachment 1).

Azerbaijan

The Government of the Azerbaijan Republic began implementing a strategy for the development of tourism in the Republic for 2002-2006. A top-priority of this program is the reconstruction of the tourist infrastructure of Azerbaijan. In addition to improving physical assets, the plan includes a number of strategies to improve the intangible assets that will increase the quality and competitiveness of the sector in the international tourist market. The Azerbaijani government would like to improve the training for key personnel within the sector including tour operators and guides as well as resort and other hospitality staff. To increase the competitiveness of the sector over the long-term, additional steps should be taken to strengthen the sector. In the near-term, the budget allocations suggested for achieving the tasks outlined in the strategy need to be made available.

People’s Republic of China (Western Region)

Strong government efforts for the long-term development of China’s Western regions were particularly emphasized at the recent Silk Road Investment Conference. The rapid infrastructure development in Xinjiang – road, air transport, telecommunications – has laid the foundation for general economic development, and for tourism in particular. Indeed, tourism is expected to become the most important economic sector for the region, generating significant revenues and creating tremendous numbers of jobs. A great deal of attention is now being paid to the protection of tourism resources and to the development of new tourism products based on historical, cultural and natural characteristics. Lastly, to complement the massive infrastructure expenditures, the Chinese government is stressing the need for human resource development, especially in hotel management and tour guiding activities, identifying quality as the next five years’ main focus.

¹ Other obstacles include the visa requirements for most nationalities, limited air routes between cities in the region, and time-consuming border procedures. A number of these issues were discussed at the Tourism session of the Silk Road Investment Forum, held from June 7-9, in Xi’an, People’s Republic of China. The Tourism Session Notes are presented in Attachment 2.

Kazakhstan

In Kazakhstan, tourism was declared a separate economy branch in 2002 with adoption of the Government Program for Development of Tourism Industry for 2003-2005. Tourism related services are subject to licensing under Kazakh law. The tourism industry in Kazakhstan is supervised by the Agency of Tourism and Sports and is regulated by the Law on Tourist Activities in the Republic of Kazakhstan. Tourism was made a priority sector of the economy based on the Tourism Development Plan, and officials claim that tourism can eventually constitute 5% of the country's GDP. The national strategy in this sector is aimed at the development of entry tourism, increase the interest of international investors towards the capacities of the country, considerable improvement of tourism infrastructure, proper consideration of safety issues, etc. The Government intends to place more effort to stimulate the development of inbound tourism and hospitality industry by supporting investments in this sector. Under the government's policy of innovative and industrial development, the tourism sector has great development potential, and tourism was one of the seven sectors selected as one of the most promising sectors around which to develop a cluster.

Kyrgyz Republic

The Government of the Kyrgyz Republic is also committed to the development of tourism. The year 2001 was designated the "Year of Tourism", and a number of official policy commitments to develop tourism were made and followed up on. The Government is currently pursuing reforms to create more favorable conditions for foreign and domestic investors. Tourism has been identified as one of the key industries with significant potential for economic growth in the country.

Mongolia

In Mongolia, a number of measures are being taken to boost investment in tourism. Besides the Foreign Investment Law, a specific Tourism Law provides preferential tax treatment for investors and lays the groundwork for improvements in tourism infrastructure, such as upgrades for transportation, telecommunications and water facilities. The Mongolian Tourist Board has been created to coordinate government activity in the sector and to provide information (www.mongoliatourism.gov.mn). The Mongolian Tourism Association (www.travelmongolia.org) also provides a port of call for tourists and potential investors alike, grouping more than 100 member companies and organizations accounting for more than 80% of tourist bookings.

Tajikistan

A number of strategic documents developed by the Government of Tajikistan call for attraction of investments into tourism and hospitality services. The Poverty Reduction Strategy Paper (PRSP), the National Program of Economic Development for 2005-2015 (NPED) and the National Tourism Development Programs (NTDP) are prepared by the Government of Tajikistan and devote special attention to tourism, aiming to attract investments, to create jobs, and to develop the industry. Other measures have been undertaken to accelerate the process. The National Tourism Development Program calls for attracting investments into the tourism sector as one of the government's priority sectors for development. In particular, the Program recognizes weak management skills in the tourism and adjacent industries (transportation-communication infrastructure, services, construction and insurance), as well as deteriorated fixed assets, and lack of promotional campaigns in the international markets.

Uzbekistan

The Government of Uzbekistan sees the tourism sector as one of its priority sectors for development. Although Uzbekistan has made important strides in the introduction of a market economy, development of the tourism sector will likely continue to have heavy government involvement particularly through the national tourism company, Uzbektourism. According to its investment plan for 1999-2005, Uzbektourism intends to construct more than ten new hotels and

renovate 15 existing ones to international standards. Uzbektourism also plans to upgrade the hotel network in the Chimgan mountainous resort. Training of tourism staff will also be a priority. Many of the country's architectural monuments have been restored during the 90's, and restoration efforts will continue.

It is worth noting that the 15th General Assembly of the World Tourism Organisation (WTO) held in Beijing, China approved the opening of the Bureau on Silk Road Project in Samarkand, Uzbekistan. The Samarkand-based bureau will coordinate cooperation of the Great Silk Road countries in the development of tourism, assist these states in participation in tourism exhibitions and organize other events aimed at development of the Silk Road tourism product.

IV. Country-Specific Tourism Resources and Opportunities – Selected Countries²

Azerbaijan³

Cultural and Historical Tourism: Apart from the individual attractions that have been mentioned, Azerbaijan's many historical and current religious artifacts and communities make it very attractive for religious tourism. Jewish tourists, from both Israel and the U.S., could be attracted to the centuries-old Jewish culture and the still active Jewish community in the northern town of Krasnaya Sloboda. Christian tourists could be attracted both by the Jewish history and the ancient Albanian Christian sites in Azerbaijan, which may fit well into a South Caucasus regional tour package with Georgia. Also, given the many historical mosques found around the country, there would also be a large draw to Muslim tourists. Finally, the many temples and monuments of the ancient religion of Zoroastrianism could also be a draw.

Eco-tourism and Agro-tourism: There is tremendous potential for eco- and agrotourism in Azerbaijan, due to the incredible diversity in terrain, climate, flora, and fauna. Efforts should be made to not only further develop the opportunities for mountaineering, bird-watching, fishing, and hiking (among others), but also to protect the opportunities themselves. Specifically, training should be conducted among the locals to ensure that mitigation measures are introduced to promote sustainable eco-tourism principles and practices.

Arts and Crafts: Small and medium size businesses should be developed and appropriate training should be extended to enable these enterprises to manufacture or develop high quality indigenous items for tourists. These businesses offer the most potential for employing people, especially in the rural areas of the country. Training programs should focus on the entire cycle of business, including (1) product development, production, business skills, marketing, and joint promotion.

China – Xinjiang Uygur Autonomous Region⁴

Xinjiang genuinely represents the central hub of the ancient Silk Road and serves as the window both from Central Asia into the Silk Road provinces of China and beyond, and from the immense mainland of China into Central Asia and further afield. In addition to this function as a cross roads, and the tremendous tourism potential that goes along with that, Xinjiang also boasts a number of stunning tourism sites.

Natural Resources:

- The Karez Wells, a series of underground channels which supply water to agriculture in an environmentally sensitive manner

² This section presents extracts from reports on tourism-related issues in order to provide a flavor of the types of tourism resources and opportunities in the selected CAREC countries.

³ Source: Rapid Tourism Assessment for the Azerbaijan Tourism Sector Development Program, by the Citizens Development Corps for The Organization for Security and Cooperation in Europe, Office in Baku, March, 2004

⁴ Source: UN World Tourism Organization, *Tourism Pearls of the Silk Road*, Undated.

- Tianchi Natural Reserve, situated north of Bogda Peak of the Tien-Shan Mountains with beautiful lakes and mountain scenery

Cultural and Historical Resources:

- Ancient City of Jiaohe, the oldest and best preserved earth-built city in the world located near Turpan in the Yarnaz Valley, not far from Urumqi. It used to be the capital of the state of South Cheshi, one of the kingdoms of the Han dynasty over 2,000 years ago. It still includes city walls, huts, temples, watchtowers, courtyards, streets and wells, with a Buddhist monastery in the center of the city.
- Aistan-Halahezhou Ancient Tomb Group, essentially an underground museum also near Turpan that served as the burial site of nobles, officials and ordinary people from the early Jin dynasty.

Arts, Handicrafts, and Cuisine:

- Xinjiang and western China offer an extensive range of ethnic handicrafts and cooking, blending the influences from the east with those from the west in a unique manner.

Kazakhstan⁵

The tourism market in Kazakhstan has been doubling from year to year since 2001. Now it is considered as one of the most attractive business sectors. The market potential is high and leaves a lot of opportunities for further growth and development.

A country like Kazakhstan, possessing beautiful natural resources, has a great potential for the development of internal tourism. Adventure traveling is gaining popularity among the young and middle-aged people. It includes river rafting along mountain rivers, paragliding, hiking, etc. Fishing and hunting grounds are also popular among Kazakhstanians and have also attracted many travelers from Russia and Europe. Special attention should be paid to skiing tourism. Kazakhstan possesses good potential, and Almaty's Chimbulak attracts many domestic and foreign tourists.

Another feature of Kazakhstan attractive for tourists is its culture and history. Signs of ancient civilization are still evident in the country. Kazakhstan is a part of the Great Silk Road routes, and such tours are traditionally exciting for outside tourists. Other places of attraction that can be offered to tourists in Kazakhstan, include ecological and treatment tours. The country is rich in natural resources, such as healing mineral waters, hot springs, etc., that can address various medical needs.

Natural state protected zones with attractive and comfortable landscapes are also of special interest for tourists. For example, in East Kazakhstan alone there are four natural parks - Markakolsky, West Altaysky, Alakolsky and Katon-Karagaysky National Parks. In other regions of the country, there are promising "spooling out" places as Charynsky canyon, Kulsay, Kapshagay, Borovoye, and Khan - Tengry. A special state program for regenerating historical centers of the Silk Road is in place. It partially provides construction of tourist and ethnographical complexes at its route points, which is actively supported by WTO and UNESCO. Beyond these efforts lie challenges in the tourism sector, such as insufficient infrastructure, lack of resorts and camping facilities, road infrastructure, and transportation and communication systems.

In sum, the most promising attractions in Kazakhstan include mountain, adventure, sport and environmental tourism. Opportunities in the tourism sector exist in both inbound and outbound tourism segments, and include: Hotels and health centers; Business tourism; Education Tourism; Bus tours; Adventure tours; Sport tourism; Museums and parks; Equipment for hotels; Event tourism.

⁵ Source: Svetlana Voronina, *BISNIS Kazakhstan, The Market for Tourism, Hospitality & Recreational Services in Kazakhstan, May 2005*

Kyrgyz Republic⁶

Despite numerous challenges, the long-term outlook for tourism in the Kyrgyz Republic is optimistic. The country's natural beauty, unspoiled environment, and cultural richness provide unlimited potential for well-conceived projects. Positive developments include the Kyrgyz Republic's increased marketing efforts abroad, foreign investment in the hotel sector, and greater per tourist expenditures. International development organizations are actively supporting the community-based cultural and adventure tourism, expanding awareness of the county and its range of tourism options. Important steps have already been taken on the path to tourism development, however, there remains tremendous potential for future growth in the industry.

In particular, in the early 2000s, the Government announced a large-scale program for privatization of "tourist and recreational objects" in the Kyrgyz Republic. These sanatorium and resort facilities were built during the Soviet era, are predominantly located in the Lake Issyk-Kul area, and require further investment. Experts say that with upgrades and proper management, some of them may become commercially viable projects, taking into account the potential of the Lake Issyk-Kul region. Recently, the region was added to the UNESCO list of biosphere preserves.

Although somewhat dated, the International Finance Corporation, a member of the World Bank Group, conducted an analysis of 24 investment projects. Although the study does not conclusively say that these proposals would be commercially feasible, it identified seven projects with promising prospects:

- New resort at Issyk-Kul Lake region;
- Alma-Ata hotel at Cholpon-Ata in Issyk-Kul Lake region;
- International Trekking Center at Bishkek;
- Dostuk Trekking Camp at the Lake Issyk-Kul;
- Chenar Guest House in Osh;
- Fuel Service depot at Manas airport in Bishkek; and
- Ak-Bermet Holiday Camp Resort at Issyk-Kul Lake.

Mongolia⁷

Mongolia has great potential for ecotourism and adventure holidays. The country's largely unspoiled natural environment, magnificent wildlife, and nomadic civilization have already attracted a significant number of tourists. In the past, most visitors have come from Japan, Russia and China, but there has been an increase in the number of tourists from western Europe and the United States in the past few years. There are currently over 250 registered travel agencies in Mongolia.

This country, which boasts of a rich culture and landscapes, presents immense possibilities for potential investors in development of the tourism industry. Spread across an area nearly the size of Alaska, Mongolia is one of the last great wilderness areas. It is drawing an increasing number of visitors looking for a unique vacation destination.

The authorities have also proved capable of thinking well outside the box when it comes to tourism developments. One recently sanctioned project is a proposed leisure complex featuring a casino, hotels, conference amenities and shops to be built close to the Chinese border at the remote town of Zamyn Uud in conjunction with US-based property developer Winwheel Bullion. A new airport is intended to provide easy access, but what really makes this project feasible is an unbridled passion for gambling a short hop across the border in China.

⁶ Source: Source: US Commercial Service www.bisnis.doc.gov, Kyrgyz Republic: Overview of the Tourism Sector, November 2001.

⁷ Source: *International magazine feature on Mongolia*.

Tajikistan⁸

Tajikistan possesses resources for large-scale development of mountaineering and historic tourism. The sector has a great potential for development, and enjoys the special attention of the Government as reflected in the National Program of Economic Development for 2005-2015. Rapid economic growth continues to create demand for quality hotels, resorts and hospitality services especially in Dushanbe and in regional capitals: Khujand and Kurgan Tyube. The completion of on-going projects in the hotel sector in Tajikistan will initiate competition among hotels. The tourism potential of Tajikistan is huge and its development was largely set back due to the civil conflict in the late 90s. The tourism sector needs infrastructure investments and the development of tourism management capabilities for its hotels, resorts, spa, health sanatoriums, and recreational facilities.

The city of Dushanbe has recently announced the renewal of the City Master Plan which will be a useful tool in identifying future locations for various types of facilities. The new City Master Plan will outline major hubs for business, residential, industrial, and recreational areas throughout Dushanbe and its suburbs. There are a number of attractive areas for potential investors and developers. The Varzob area, some 10 km outside of northern Dushanbe, is a popular resort destination for those in Dushanbe and its surroundings. To revive and further develop the tourism industry and resorts in the Varzob area, the Government proclaimed Varzob as a resort area. The resort area is a special territory with defined administrative borders and environment to stimulate development of tourism and resorts, and to attract investments in infrastructure. One of the main objectives in the resort area is environmental protection and development of the tourism industry. Other areas that enjoy support of the Government are Romit, and Baljuvan area.

Sogd, the northern region of Tajikistan, is traditionally an industrial and economically strong region. In the city of Khujand, located just an hour from Tashkent, a private company Tavhid LLC, owner of Tavhid hotel, expressed its plans to upgrade its hotel in Khujand and to develop a tourist resort property at Kayrakkum Water Reservoir, also known as the Tajik Sea.

With increased competition, local resorts are likely to upgrade their facilities and basic services such as power and water supply systems, services and service qualities; seek trained staff; and over-all up-keep of the facilities. Building capacity of local owners and managers of resorts and hotels, and developing their marketing and sales skills will contribute to the long-term development of the sector.

Uzbekistan⁹

Uzbekistan's key resources cover three major cities on the Silk Road:

- Samarkand, Uzbekistan's second largest city and the historical seat of Tamerlane's realm. Many of Samarkand's sites have been recently restored. Registan Square, an ensemble of three Madrassahs (Islamic colleges) ranks first in Central Asia and among the greatest of all the grandiose works of the Islamic world. The Registan, along with Bibi Khanim Mosque, the Shah-i-Zinda holy ensemble of mausoleums, and Gur Emir (Tamerlane's elaborate tomb), provide many displays of ceramic tiles from the 14th and 15th centuries.
- Bukhara, situated another three hours west by road from Samarkand. The old city is well preserved and provides a glimpse into the grandeur of this once powerful Emirate and seat of Islamic scholarship.

⁸ Source: Jamshed Rahmonberdiev, BISNIS Representative, Hotel, Resort and Hospitality Services Development in Tajikistan, Market Analysis, June 2005

⁹ Source: Murod Madjidov, U.S. Foreign Commercial Service, *Tourism Infrastructure Market of Uzbekistan*, 2003.

- Khiva, the former capital of the Khorezm Khanate, lies in the far west of the country near the border with Turkmenistan. This is another great attraction along the Silk Road and a historical place that has undergone extensive restoration in recent years. Khiva is the best-preserved ancient city in Uzbekistan with scores of sites to visit within its old walls.

In addition to promoting the famous Silk Road sites, the GOU seeks to develop golf courses, theme parks, mountain resorts and other outdoor activities. It also recognizes the growing trends of ecotourism, adventure-tourism, and scientific tourism.

Several new ideas have been floated for attracting more tourists, including:

- archaeological tours to Termez, Kuva, and Khoresm with the active participation of tourists in excavation and restoration works;
- adventure tours to the Chimgan mountains, deserts and steppes of Uzbekistan;
- exotic tours including camel treks, hunting, or fishing;
- conference tours which combine participation in conferences followed by sightseeing;
- health tours to sanatoriums, spas and resorts.

The following is a list of government-sponsored projects included in Uzbektourism's Investment Plan for 1999-2005:

- Construction of a four-star hotel in Khiva
- Reconstruction of the Hotel Khorezm in Urgench
- Reconstruction of the Hotel Bukhara in Bukhara
- Construction of a 2-3 star tourist hotel in Tashkent with 50-60 beds in Tashkent
- Construction of tourist hotel with 60 beds in Andijan
- Reconstruction of the Hotel Oltin Vodiy in Andijan
- Reconstruction of the Hotel Uzbekiston in Djizzak
- Reconstruction of the Hotel in Termez

Uzbektourism also intends to modernize its hotel complexes in Shakhrisabz and Samarkand. In addition, Uzbektourism plans to sell Afrosiob Hotel in Samarkand, Hotel New Bukhoro and Hotel Chorsu in Tashkent.

V. Selected Critical Issues and Recommendations

Planning and Promotion

Issue: General weaknesses in collaborative tourism planning and marketing, both within the countries and between the countries of CAREC are often mentioned. At the national levels, more attention has been given to tourism planning in recent years, but the planning exercises tend to be inconsistent between countries and do not provide a strong basis for region-wide planning.

Recommendation: Develop comprehensive plans for promoting tourism in each country following a reasonably consistent framework that takes into consideration each country's specific needs and requirements. It is also essential that individual country efforts are supported by a comprehensive plan for the CAREC region as a whole – covering tourism policies, infrastructure, facilities, etc.

Visas

Issue: Visas and getting through country borders constitute one of the major challenges for tourists visiting Central Asia. The cost and time required to get visas remain significant throughout the region.

Recommendation: It would be helpful to immediately develop a cost-effective regional multi-entry visa. As a reference point, in order to consolidate the region's overall competitiveness in the global tourism market, the UNDP Silk Road Initiative is working on the creation of a 'UN Silk Road Multiple Entry Visa' for multi-destination travel along the old trade route. This requires a great deal

of inter- and intra-regional cooperation. The establishment of such a visa would thus be an unprecedented show of common trust and dedication toward further development by the Central Asian region.

Information and Dissemination

Issue: Many observers note the absence of consistent and reliable information on tourism opportunities. Innovative information channels that apply new technologies such as web sites are not adequately used. This problem extends to limited suitable research on the history and related aspects of tourism resources in the region. Documentation and maps to assist tourists to access the resources are also lacking. The lack of adequate tourism information centers all over the region is also highlighted.

Recommendation: There is the need to develop a branding platform for the region as a destination site. This needs to be supported by a CAREC tourism destination web site, linked up to improved country-specific web sites. The program should explicitly include provision for improved quality and availability of research and documentation on the various tourism assets.

Trained Personnel

Issue: The lack of adequately trained tourism professionals and training institutions has been highlighted as a critical constraint on the tourism sectors of Central Asia. The Afghanistan National Development Strategy is very clear on that point: “Due to a complete absence of vocational training capacities and opportunities, skilled and semi-skilled labor must be imported from within and outside the region at a high cost. Afghanistan’s cultural heritage risks further destruction, a huge potential loss to the people and an obstacle to developing the tourism industry.”

Recommendation: Strengthen tourism industry, both at the national and regional levels, through adequate training facilities and development programs for the industry by:

- Upgrading the levels of tourism administration towards making it at par with international standards;
- Improving skills competencies through an effective curricula that is anchored on international standards and practices;
- Publishing educational and training materials to address the requirements of various tourism specialties;
- Implementing comprehensive training programs that includes on-the-job training for the trainees;
- Increasing the number of teachers and trainers with the necessary tourism-related experience;
- Establishing a national/regional specialized tourist-information training center.

Transboundary Conservation Areas

Issue: The CAREC project is explicitly concerned with regional cooperation and regional development and it is not always easy to identify tourism projects that can easily be recognized as a joint agenda for regional cooperation in tourism. In the research for this Tourism Background Brief, the concept of a Transboundary Conservation Area (TCBA) was discovered¹⁰ in the context of such a project in Central Asia: “a cluster of protected areas and the intervening land, such as in a new World Bank project in the West Tien Shan Mountains of Central Asia, which will focus first on four protected areas and later extend over parts of Uzbekistan, Kazakhstan and the Kyrgyz

¹⁰ The source was a brochure called A Meeting of Minds, summarizing the findings of the International Workshop on Increasing the Effectiveness of Transboundary Conservation Areas in Tropical Forests, held 17–21 February 2003 in Ubon Ratchathani, Thailand (see: http://www.tbpa.net/docs/pdfs/ITTO_TB_Broch.pdf). An excerpt from this brochure is presented in Attachment 3.

Republic". The idea of regional cooperation in the conservation area linked with eco-tourism appears very attractive.

Recommendation: Explicit consideration of the potential for developing Transboundary Conservation Areas to merge elements of regional cooperation and eco-tourism, building on the existing project in the West Tien Shan Mountains.

Attachment 1: The Bukhara Declaration on Silk Road Tourism

We, the participants in the Fourth International Meeting on the Silk Road, gathered in the ancient heritage city of Bukhara:

Recognizing the value of tourism as a contributor to peaceful coexistence, mutual understanding and respect among people and as an instrument for the dissemination of knowledge about historical, cultural and spiritual values,

Recalling the principles of the Samarkand Declaration on Silk Road Tourism (1994), of the Khiva Declaration on Tourism and the Preservation of the Cultural Heritage (1999), and the Conclusions and Recommendations of the Second and Third International Meetings on the Silk Road, held respectively in Teheran, Iran (1997) and Tbilisi, Georgia (1998),

Considering that Silk Road countries possess attractive and diversified tourism products based on their outstanding natural and cultural heritage, which could be made more widely available for domestic and international tourists,

Noting the economic and social benefits of tourism, in particular, cultural and ecological tourism, for Silk Road destinations and their populations,

Striving to give fresh impetus to the WTO Silk Road Tourism Project, which over the years has served as a useful and effective tool for launching new destinations and promoting established ones,

Cognizant of the difficulties faced by tourists in obtaining visas for travel to the Silk Road countries; and recalling the recommendations contained in the WTO Study on Visa Facilitation in the Silk Road countries,

Acknowledging the need for new efforts in the wake of the crisis that followed the tragic events of September 11th 2001 and that has affected the global tourism industry and produced unjustified perceptions and security concerns regarding some Silk Road destinations,

Pledge to undertake new efforts aimed at strengthening regional cooperation in tourism, both in the framework of the WTO Silk Road Project, and on other multilateral and bilateral bases for the benefit of the participating countries;

Appeal to the Governments of the Silk Road countries to carefully consider the advantages of facilitating tourist formalities, in particular, visa and customs procedures; such measures, while taking into account legitimate security concerns, would remove unnecessary obstacles to access tourist destinations by bona fide international travelers, thus strengthening their competitive position in the global tourism market;

Encourage public and private sectors including central and regional Governments, local communities and the travel trade to develop tourism on a sustainable basis, with due respect to natural environments and heritage sites, and to actively promote Silk Road destinations in the promising generating markets;

Invite local and international stakeholders to invest in Silk Road tourism facilities, which would both bring economic benefits and serve as a source of local incomes, jobs and social and economic stability;

Appeal to all the Governments, in observance of the Global Code of Ethics for Tourism, to issue balanced advisories to their nationals without prejudicing in an unjustified and exaggerated manner the tourism industry of the Silk Road countries;

Appeal to all the media to disseminate honest and balanced information on the situation in the Silk Road countries, which could influence the flow of tourists;

Endorse the generous proposal of the Government of the Republic of Uzbekistan to open and operate, in the heritage city of Samarkand, a Silk Road office, which would perform its activities for the benefit of all Silk Road countries; and submit this proposal to the WTO Secretary-General for its implementation;

Note with satisfaction the wide use of the Silk Road Tourism Project emblem and its effectiveness as a tool for promotion, and request the WTO Secretariat to study ways of maximizing and fully exploiting its potential in the future;

Also note with satisfaction the effectiveness of the Silk Road Brochure published by WTO in 1997 thanks to the generous support of the Government of Japan; and suggest that an updated version be published with support of Silk Road countries;

Accept with gratitude the kind invitation of Syria to host the next Silk Road Tourism Meeting in 2003; and take note of the kind offers by Azerbaijan and Pakistan to host future Silk Road Meetings;

Express our sincere gratitude to the President of the Republic of Uzbekistan for providing optimal conditions for holding the Meeting and for the generous hospitality extended to all the participants.

The Declaration was adopted on 27 October 2002 in Bukhara by the participants in the 4th International Meeting on the Silk Road, convened by the World Tourism Organization on the generous invitation of the Government of the Republic of Uzbekistan.

Attachment 2: Silk Road Investment Forum, June 7-9, Xi'an, People's Republic of China, Tourism Session Notes

The tourism sector was represented by Government Authorities, private sector industry and investors, tourism associations, academia, and the UN World Tourism Organization (UNWTO).

Tourism is a large and rapidly expanding industry, with current growth rates surpassing those of the oil, automobile and IT industries. Perhaps more than any other industry, tourism is very much subject to external factors. But as with any other sector, investment decisions are based on political stability, competition levels, profit margins and further prospects for development. Trends in tourism investment show that investors prefer mature destinations with well-established image and infrastructure.

Several speakers from China highlighted the availability of vast tourism resources and their potential to act as catalysts for local economic development. Government efforts for long-term development of China's Western regions were particularly emphasized. Seven industries have been opened up to private sector participation there, including the airline industry. The State has encouraged private sector investment in neighboring countries, thus supporting the development of domestic and international tourism. A great deal of attention is now being paid to the protection of tourism resources and to the development of new tourism products based on historical, cultural and natural characteristics.

The Chinese speakers also pointed out remaining challenges such as further development of tourism infrastructure and expansion of product diversity. They stressed the need for human resource development, especially in hotel management and tour guiding activities, identifying quality as the next five years' main focus.

Representatives from Central Asia provided brief overviews of major developments in their respective countries, confirming tourism as a sector with great potential for growth. At the moment tourism resources are still under developed largely because tourism is contingent upon further development in several other sectors. Road and transport infrastructure must increase; air transport is more developed but the industry is hampered by a lack of competition; there are huge construction needs particularly in mid-range accommodation; and communications must be improved. Furthermore, additional tourism services such as catering, entertainment, support infrastructure, and production of tourism products all need boosting.

For tourism to develop along the Silk Road more efforts should be made to brand and market the Silk Road region as a tourist destination. Furthermore, the region would benefit from the establishment of a coordinating mechanism that could facilitate multilateral and bilateral cooperation among Silk Road countries, especially in the sharing and exchange of information on Silk Road tourism.

In addition to tackling the above challenges, Central Asian representatives recommended organizing and participating in trade fairs, exhibitions and conferences. Most importantly, the speakers identified existing border/visa regulations as a major deterrent for tourists and proposed to simplify border control procedures.

As a final consensus it was agreed that tourism development in the Silk Road region requires a regional approach and offers many opportunities for cooperation.

Source: Silk Road Investment Newsletter - Special Issue: Investment Forum Report, Issue 3, July 2006 (www.silkroad.undp.org.cn)

Attachment 3: What is Transboundary Conservation?

Transboundary conservation can include a wide variety of conservation approaches, linked by the common theme that they extend across international borders. In general, in transboundary conservation areas (TCBAs), two or more countries cooperate in the management and conservation of ecologically important areas straddling borders. The number of TCBAs has grown sharply in recent years, from 59 in 1988, mainly in Europe and North America, to 169 in 2001, spread all over the world. The International Tropical Timber Organization (ITTO), for example, supports TBCA projects spanning ten million hectares of tropical forest in eight countries.

Examples of TCBAs range from coordinated management of two protected areas in different countries sharing a common border, to a mosaic of land uses in three or more countries contributing to biodiversity conservation.

The workshop defined five main types of transboundary conservation areas (while noting that the definitions are not precise):

- two or more contiguous protected areas across a national boundary, such as Park W, which is shared by Benin, Burkina Faso and Niger and is being managed cooperatively for common conservation aims;
- a cluster of protected areas and the intervening land, such as in a new World Bank project in the West Tien Shan Mountains of Central Asia, which will focus first on four protected areas and later extend over parts of Uzbekistan, Kazakhstan and the Kyrgyz Republic;
- a cluster of separated protected areas without intervening land: for instance, Kibiri National Park in Burundi, Virunga National Park in the Democratic Republic of Congo and Volcanoes National Park in Rwanda have common management aims (including mountain gorilla conservation) but no control over intervening farmland;
- a trans-border area including proposed protected areas, as in the Pha Taem trans-border initiative between Thailand, Laos and Cambodia, which is developing a complex including both existing and proposed protected areas; and
- a protected area in one country aided by sympathetic land use over the border, such as in Borneo, where improved forest management on the Malaysian side of the border is helping preserve populations of large animals in the adjoining Kayan Mentarang National Park in Indonesia.

Source: A Meeting of Minds: An ITTO/IUCN paper summarizing the findings of the International Workshop on Increasing the Effectiveness of Transboundary Conservation Areas in Tropical Forests, held 17–21 February 2003 in Ubon Ratchathani, Thailand (see: http://www.tbpa.net/docs/pdfs/ITTO_TB_Broch.pdf)