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How to Entice More Tourists

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The economic impact of tourism is too big to ignore, but unfortunately Russia is doing just that.

Money spent on hotels, restaurants, transportation and related events contributes 2.8 percent of global gross domestic product and 98 million jobs, or 3.3 percent of global employment, according to the World Travel & Tourism Council, the industry's global monitoring body.

These numbers are expected to grow 4 percent annually through 2022, well above that of most industry sectors, driven by burgeoning demand from the new middle class in emerging economies and an aging population in developed economies that has time and money to travel.

Not surprisingly, Russia's share of global tourism is well below global and country averages. Russia's combined direct and indirect impact of tourism comprises 5.9 percent of GDP ($106 billion), 5.4 percent of total employment (3.9 million) and visitor export revenue of 3 percent of total exports ($16.8 billion). At the same time, however, tourism ranks third in Russia's

export earnings, after the extractive and chemical industries, and ahead of the country's automotive, chemical and communications sectors in terms of GDP and employment.

Compared with other BRIC countries, Russian tourism lags behind Brazil and China by about 30 percent in terms of GDP contribution and expected sector growth. China long ago identified tourism as one of the five economic pillars of its industrial policy. Does Russia have an industrial policy? If so, where does tourism fit in?

What's more, Russia is a big net export loser in tourism, as Russians take more than twice the number of trips and spend three times more abroad than inbound tourists do in Russia.

Russia spends around 0.6 euros (76 cents) per inbound tourist compared to a world average of 6 euros ($7.60). And what is spent is spent badly. The typical approach by a Russian federal or regional tourist agency is to travel to Cannes, Berlin or another tourist convention event, set up a stand, and go shopping there. No surprise that these trips do little to help the country's tourism sector.

To make friends and new business, you must host the party, not go to someone else's party. Invite the key tour destination deciders, such as tour operators and travel writers, to Russia, entertain and show them the country in all its big, brash, unusual splendor. This is essential, particularly given Russia's image problem that is part a leftover of the Cold War and part self-inflicted.

Encouragingly, the government has agreed on a federal tourism development program and promised $11 billion in funding through 2018. Moscow, for its part, has allocated funds for advertising the city via social media. The success of these efforts will depend not just on if and how the funds will be spent, but how well the authorities listen to tourism industry participants who know the market and what is needed.

A government-industry dialogue would also mark a notable change from recent times when Russian tourism officials were "too busy" to meet or openly hostile to those invested in and trying to develop the industry.

Of course, other major issues need to be tackled to address Russia's tourism deficit. These include inadequate and expensive transportation and accommodation infrastructure, poorly developed and tourist-unfriendly attractions with little accommodation for elderly and disabled visitors, perceived security concerns and high prices. These structural problems clearly will take time to remedy.

But the easiest quick-fix remedy would be not modification, but abolishment, of Russia's expensive, timeconsuming and self-defeating visa regime. What is the point of it? If seems as if it is more an issue of national pride. "Foreign consulates treat us like dirt," the Russia argument goes, "so let's reciprocate." It would be much better if Russia adopted an on-arrival visa regime at the airport for a nominal fee of $20 or so. This approach shows more enlightened self-interest.

A government tourism development strategy that prioritizes the involvement of industry participants in mapping its direction and allocating its resources makes too much economic sense to ignore. Boosting the tourism sector would help diversify Russia's economy and create

clean, safe and socially interactive jobs. It would also produce a valuable dividend by boosting Russia's global image, something the country drastically needs.

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The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

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