

# Russia: A Failed Tourist Mecca

By [Ian Pryde](#)

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On March 15, 2013, the Financial Times [published](#) an article on "Moscow's new art centers — A tour of the hotspots of a creative renaissance that could lift Moscow's profile as a cutting-edge destination."

The article highlights the capital city's edgy art galleries and creative hubs and how they should help the city with its plan to boost international tourists from around 4.5 million a year now to 10 million by 2020 and catapult Moscow into the world's top 10 destinations.

There is only one problem with this rosy picture. Russia stubbornly continues to maintain its counter-productive visa policies — a national issue which the city itself can do nothing about, even though the current mayor Sergei Sobyenin was head of the Presidential Administration from 2005 to 2008 and knows Putin well.

Well-heeled Europeans searching for an exotic long weekend can arrive in Tbilisi or Istanbul on the spur of the moment after a last-minute booking and get a visa at the airport.

Not so with Moscow or indeed any other city in Russia. Foreigners have now been urging Russia to drop its visa practices for over two decades. On June 11 2010 I wrote an [article](#) in Russian for Gazeta.ru (Сами с усами), one of the country's most popular online newspapers, suggesting that Russia should declare itself "Open for Business," scrap invitations and visas for both tourists and businessmen, at least from OECD countries, issue visas on the spot at all entry points and reassign its staff in Russia's consulates to attracting investment and promoting Russian business, culture and sport around the world.

Russia might just then get away from its fixation on luxury accommodation and its oligarchs might just then start building normal 2, 3 and 4 star hotels for ordinary tourists to capitalise on the country's huge possibilities. Even if they didn't, foreign companies would jump at the chance of investing in the sector given the right conditions. Russia could then diversify the economy, earn huge additional revenues, provide additional employment — and even improve its image.

Eazy peazy! So why doesn't Russia initiate a policy that makes so much strategic sense? There are two main reasons.

The most important is that it clashes with what Russia wrongly sees as a far more important strategic goal: reasserting Russia's status as a great power. Why should it open its doors to countries which do not reciprocate? This, the reasoning goes, would be a sign of weakness. But the only result is that Russia has cut itself off from huge investment and the trillions of dollars awash in the world looking for decent yield.

The second has to do with domestic politics. Russians constantly complain about the difficulty of obtaining visas for developed countries — although Russians are everywhere in Europe, the US and Canada — and about the treatment they receive during the application process.

A third aspect is that Russia can always point to restrictive visa and entry policies even for highly-qualified staff in countries such as the US, UK and Germany, which, like Russia, presently cut off their nose to spite their face.

The only problem with all these excuses is that even if true, they do absolutely nothing to help Russia solve its problems, although that type of argumentation is astonishingly common in the country.

So Russia's political elite, which makes such a great show of justifying its go-it-alone policies in other areas, can hardly show leadership on visas and explain the huge benefits an open-door policy would bring to the country.

As a result, Russia concludes more relaxed visa regimes only on the basis of reciprocity — beneficiaries so far are countries like the U.S. and Venezuela and many others.

But at heart, Russia just doesn't want to do this. At a meeting of the Presidential Sports Council last week, Putin suggested that Russia should ease visa restrictions for sportsmen ahead of all the global events coming up in Russia — the Student Olympics Games this summer, the Winter Olympics and Formula 1 in 2014, and the World Cup in 2018, plus a variety of other world championships.

This is just a variation on an older policy. In 2008, football fans from Chelsea and Manchester

United were allowed into Russia without visas to attend the European Cup Final in Moscow.

Instead of thinking strategically and globally, Russia, as usual, thinks it is doing some people a favour by making minor, one-off concessions. But if visas were issued to everyone at entry points, consulate staff could then promote these Russian sporting events all over the world — and perhaps attract large numbers of tourists.

But Russia invariably believes it knows best, even in areas where it has no real experience.

Ruchir Sharma, who manages around \$25 billion as head of Emerging Market Equities and Global Macro Investment Management at Morgan Stanley, argued in his 2012 book *Breakout Nations: In Pursuit of the Next Economic Miracles*, that in order "to regain its momentum, Russia needs not only a new non-oil economic model. It needs a new non-czarist mind-set."

International tourism should be playing a major role in that new non-oil economic model, but a simple anecdote shows just how difficult it is to convince Russia of anything, even when it's in the country's best interests.

In my post "Goldman Sachs' Mission Impossible" on March 7 2013, I wrote that former BBC journalist Angus Roxburgh "commuted between Brussels and Moscow instead of staying in Moscow to do the job properly."

Angus wrote to me pointing out that he did indeed want to stay in Moscow "to do the job properly," but he was overruled by the Kremlin.

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

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