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Crimea Needs Investment Splurge to Become Next Sochi

By Diana Kulchitskaya

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People in Sevastopol, Crimea, enjoying the sun on during a holiday dedicated to the Black Sea fleet that is stationed there.

Having voted to leave Ukraine and become part of Russia, the Crimean peninsula will need an expensive Moscow-funded overhaul if it is to become a seaside resort for Russian citizens and tourists from abroad.

Crimea, which will become one of Russia's poorest regions if it joins the country, suffers from dilapidated infrastructure and logistics, and is racked with environmental issues. Tourism is the peninsula's only obvious source of wealth, but many of its hotels were built during Soviet times and need renovation.

"One of Crimea's main problems is its infrastructure. We need new roads, new drain systems and electricity lines," said Alexander Trofimov, executive director of the Association of Crimean Resorts. The Crimean tourist industry generates between $5 billion and $8 billion

in annual turnover, and it is an important money-making sector for the whole population, he said.

"We have suffered significantly from the [political turmoil] in Ukraine. Two or three weeks ago large numbers of people started canceling their bookings. The main goal now is to save the season this year," he said, adding that Crimea needs serious investment in air travel, as now there are very few direct flights connecting the peninsula with Russian cities.

Anatoly Pustovalov, who owns a agency based in Crimea, said that to revive the region investors should focus first on industry. "The peninsula needs to revive its industrial sector, which will give a boost to the region and cause positive change on all levels," he said.

Collecting garbage and building treatment facilities are also crucial to alleviate the region's environmental problems and make it a prosperous resort, he said.

The peninsula has huge potential to become a hub for spas and balneology — the study of therapeutical bathing and medical springs — travel agents said. Crimea has rich mineral resources and therapeutic clay, but very few medical centers or spa venues that could be used by tourists.

The prevailing mood among travel agents was positive, with some saying that within two or three years Crimea will become a bigger seaside resort both for Russians and foreigners, hosting more tourists than ever before.

"If Russia invests about a billion dollars a year for several years, a significant effect would be achieved very soon. Crimea will be unrecognizable, as the change would be immense," said Boris Zelensky, president of the Association of Tour Agents of Crimea and Sevastopol. Building a crossing over the Kerch Strait — recently given fresh impetus by Prime Minister Dmitry Medvedev — may also be a boost for the tourist industry in Crimea and for the region as a whole, he said.

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