APPLIED ASPECTS OF TOURISM BUSINESS DEVELOPMENT IN THE CASPIAN SEA REGION

Olga Zeveke¹, *, Elena Bogomolova¹, Elizaveta Kolotova¹

¹ Peoples’ Friendship University of Russia (RUDN University), Moscow, Russia

*Corresponding author. Email: zeveke-oyu@rudn.ru

ABSTRACT

The development of tourist communication of the five Caspian region countries is considered one of the most relevant in the region's strategic aspects of economic development. This article deals with tourist resources and what functional mechanisms will develop tourism in the region. The article offers an overview of the state of tourism infrastructure of Russia, Azerbaijan, Kazakhstan, Turkmenistan, and Iran over the past five years. The prospects of cruise tourism cooperation are considered. Opportunities for the development of cross-border tourism are analysed. The article raises the problems of ecology in the Caspian region, which is also a factor in the development of the tourist sphere. Since the ecology of the region directly depends on the development of oil and gas deposits, the solution of these problems is also possible only by joint efforts of the five countries.

Keywords: Caspian region tourism, cruise tourism, eco-tourism, cluster concept of tourism development, urbanization of resort landscapes, cross-cultural interaction, green financing.

The Caspian Sea is a transboundary space where for centuries, the self-styled cultures, traditions, and customs of many ethnic groups have been formed, united by the sea on the one hand, and divided by the economic interests of oil resources on the other. Each of the five states expects to take the right of primacy in this region, but there are segments of the geopolitical economy that can only be developed by joint efforts, there are problems that need to be solved by combined resources. Aspects of this synergy are tourism and ecology.

1. REVIEW OF THE STATE OF THE TOURISM BUSINESS IN THE CASPIAN REGION

The interest in tourism in contemporary society does not wane even in times of pandemics. Forced restrictions on outbound tourism have created a foundation for developing tourist infrastructure and new routes within the countries. The Caspian Sea region was not an exception, but when considering the potential of this region, it is possible to point out some accents.

The Caspian region (in the broad sense) refers to five countries located along the perimeter of the Caspian Sea; they are Azerbaijan, Russia, Kazakhstan, Iran, and Turkmenistan. They are commonly referred to as "Caspian Sea basin" states.

1.1. Azerbaijan

Azerbaijan is the key player and leader of the Caspian integration processes in shaping the tourism industry. The central aspect of this role is the location of the capital city Baku on the shores of the Caspian Sea. Tourist flow to Azerbaijan in January-October 2019 amounted to 2 million 682.4 thousand people. According to the State Statistics Committee, quoted by Interfax-Azerbaijan, the tourist flow to Azerbaijan in 2020 was 795.7 thousand people, four times lower than the previous year [1]. The main reason for this decline was the imposed sanitary and epidemiological restrictions.

The infrastructure of the capital is actively developing compared to regional cities. Baku is a gastronomic paradise with a system of beach recreation in development. The country is designing eco-tourism as well. For instance, the Professional Association of Diving Instructors (PADI) Diving centre is in operation. Undoubtedly, the underwater surface of the Caspian Sea...
is not as attractive as the Red Sea, but there are objects of interest to divers - sunken ships.

Sailing (there is a yacht club on Baku Boulevard) is limited to Baku Bay, as there are no agreements on cross-border tourism and going out to sea is impossible. Of course, sport fishing for some species of sturgeon is developed. The state of tourism in Baku is a kind of benchmark for the whole Caspian Sea region.

We should note that several tourist resources of the region are not actively used in constructing routes, for example, the Apsheronskaya stone track, which has a history of 5,000 years. Nevertheless, today, ancient monuments, which could attract tourists without having any protective status, are gradually being destroyed.

1.2. Russia

The second place in the structure of the tourist flow undoubtedly belongs to Russia. From 2014 to 2019, the volume of regional tourist flow was determined in the framework of the ongoing monitoring of the industry development and amounted to about 2-2.5 million tourists annually. The economists take into account stays in hotels and other accommodations, air and rail passenger traffic, data from mobile operators, the number of sightseers in museums, and the number of citizens served by travel agencies. The pandemic has made its adjustments, and even the hot summer of 2021 brought to the delta of the Volga about 700 thousand tourists. According to the Ministry of Culture of the Astrakhan region, in 2020, considering the COVID-19 restrictions, about 1.2 million people visited the Astrakhan region. The figure is planned to increase by 30% [2].

When reviewing natural and anthropogenic resources, undoubtedly, the first place belongs to Russia. It is worth mentioning the Astrakhan Reserve, which acts as the primary conservation object, maintaining the ecological balance of the whole region. The Volga Delta attracts tourists by fishing, lotus blossoms, and the Caspian marine mammals - seals. Most importantly, it is a water artery of the Volga River, connecting the Caspian Sea (five states) with central Russia and Moscow.

Besides Astrakhan, the Russian coast of the Caspian Sea is fit for beach tourism in such locations as Makhachkala, Kaspiysk, Izberbash, and Derbent. Here is the same set of pros and cons as in the recreation areas of other Caspian countries. The common problem is undeveloped infrastructure and service, which is more than compensated by lovely sandy beaches and warm sea. Active beach sports such as kiting and windsurfing are developed, and such elements as rafting, rock climbing, parachute flying form quite an independent tourist flow. These locations are actively involved in cultural and educational tourism routes. One of the oldest cities of Russia and the world, Derbent, is located on the coast of the Caspian Sea. In 2015, the city celebrated its 2000th anniversary. The settlement on this territory existed for more than 5 thousand years. In 2003, UNESCO included the Naryn-Kala citadel, the ancient city, including the 8th century Juma Mosque and the fortresses of Derbent, in the World Heritage List as outstanding monuments of the Sassanid Empire and subsequent cultures.

1.3. Kazakhstan

Considering the role of Kazakhstan, we should note the breakthrough that this state has made in the last few years. The basis of this leap was the state regulation system, notably the State Program of Development of Tourism Industry of the Republic of Kazakhstan for 2019-2025. The program's goal is to ensure that the share of tourism in the total GDP of the Republic of Kazakhstan is not less than 8% by 2025. As part of this program, a tourist Map of Kazakhstan showcased the top-10 objects at the national and top-50 objects at regional levels. A specific example is the coastal city of Aktau, the center of the Mangistau region (in the Soviet period, the city was called Shevchenko). The city has the country's only seaport Kuryk, from which ferries run to Baku, and it is the third-largest airport in Kazakhstan. Until ten years ago, the city was not considered a tourist center, but today, thanks to active investments, the city is growing (from 34 to 60 neighbourhoods). Statistics of arrivals to the city recorded 734 thousand people before the pandemic and 560 thousand tourists in 2021 [2].

In Aktau, a pedestrian embankment was equipped with viewing platforms and playgrounds for children, an amphitheatre was built, artificial palm trees were "planted," benches and tents were installed under which one can hide from the scorching sun.

Unique means of accommodation appeared in Aktau, such as the five-star hotel "Caspian Riviera Grand Palace" - the first Kazakhstani start-up at the level of well-known international hotel chains, which provides accommodation and event services, is actively engaged in sturgeon fish breeding. "Caspian Riviera Grand Palace" bears with dignity the status of a unique architectural object, where 6 of 12 floors according to a particular design are inscribed into the coastal cliff. In total, Aktau's reservation system offers 61 hotels in the city. The city's event calendar is packed and offers music and gastronomic festivals, but the domestic tourists choose beach and health holidays. In Kazakhstan on the Caspian Sea, there are no curative resources such as healing waters, mud, "black sand" in Lankaran (the leader of the health tourist flow of Caspian Azerbaijan Sanatorium Lankaran Springs Wellness Resort). However, tourist locations have analogous resources, such as Kenderly Resort, 200 km from Aktau. In 2012,
foreign investors presented the concept of the development of Kenderly Resort. The concept "promised" that tourists would be able to rest here all year-round. For this purpose, it was planned to erect giant transparent domes over the coast and the Caspian Sea, creating a microclimate suitable for the recreation of tourists. The resort area was planned to be divided by water channels, on which 3 thousand electric boats were to run. In the centre of "Kenderly" was planned to build a city for leisure and shopping tourists. There were also plans to construct an airport between Kenderly and Zhanaozen to make it convenient for tourists to get to the resort. However, the concept was not adequately funded.

1.4. Turkmenistan

The project of a tourist centre on the Caspian Sea in Turkmenistan is no less ambitious - Avaza, located twelve kilometres from the city of Turkmenbashi. The Turkmen authorities have been investing considerable sums in construction since 2007. Avaza is being created with the expectation of outshining Dubai. In total, about 60 hotels are planned to be built in the zone, of which 18 have been built by 2018, such as the hotel "Gami," which looks like a big, beautiful ship, built by order of the Ministry of Oil and Gas of Turkmenistan. The Tolkun yacht club and the Ak Yelken cottage complex have also opened. Most of the hotels have seawater pools and tennis fields and spa centres, and fashionable restaurants. There is even a forest on the territory of the national tourist zone of Turkmenistan, which was very difficult to grow in the desert.

It is not possible to estimate the tourist flow in this location for several reasons.

1. The hotels are 50% full, but in 2015, journalists discovered that government agencies regularly receive orders for the number of tourists who must visit Avaza during the vacation season. In order to pay for the vacation of one or two tourists, some agencies collect money from all employees. Often, no one goes to Avaza - the institutions are limited to paying and booking rooms. As a result, sometimes ordinary citizens, who have decided to rest in the resort area, find out that the hotel rooms are empty, but civil servants on paper book them. Sometimes it is possible to occupy such a room, but the price is higher than factual.

2. It is hard to expect tourists from other countries either since Turkmenistan has a strict visa regime, which for some reason was not reviewed when drawing up plans to build a super-resort. Where can the flow of foreign tourists come from if Turkmenistan is one of the most challenging countries in the world? The refusal rate for a Turkmen visa goes off the scale of 90 percent. To obtain it, one must have a relative or friend in Turkmenistan who can make an invitation, but the refusal is more than likely even in these cases. One can enter with a tourist visa, but in that case, one must pay at least two thousand dollars for the tickets and the ticket.

There is another active problem of this resort - the ecological situation in the region of the city of Turkmenbashi. According to the report prepared by the Democratic Citizens' Union of Turkmenistan, the Turkmenbashi complex of oil refineries, the most polluted Caspian Sea water body - Saymonov Bay, and technological filtration fields of Turkmenbashi, where industrial effluents with increased sulfur content are discharged, are situated. The presence of chemical and biological wastewater impurities, harmful hydrocarbon compounds significantly pollute the air basin of the city.

1.5. Iran

The Caspian coast is the most favourable and green region of Iran, undoubtedly of interest to tourists. However, Iranians travel to the Caspian Sea mostly on their own, so Iranian travel agencies do not organize trips to the coast of Gilan and Mazanderan. Some firms, such as Gardeshyaran, include visits to towns on the Caspian Sea in more extensive tours.

Among the towns to be visited are Enzeli port, the western part of which rests on a 15-kilometer lagoon; Gilan, with its silk, rice, and tea plantations; Tonekabon, attractive with its orange orchards; Chalus, famous for its Alam Kuh Mountain and mountain lake; and Nowshahr, a seaside resort once a favourite vacation spot of the royal family.

The most comfortable resort area stretches in the province of Mazandaran from Mahmudabad to Balbusar. Its centre is Ramsar - the most popular resort of Iran on the Caspian Sea. The coast of Mazenderan is built up with numerous sanatoriums and hotels.

Tourist Arrivals Statistics in Iran According to the United Nations World Tourism Organization (UNWTO), Iran received more than 7.29 million foreign tourists in 2018, but the Caspian region accounted for about 20%, accounting for 1.45 million tourists. According to Iran's Deputy Minister of Cultural Heritage Vali Teymouri, 4.1 million foreign tourists visited the country in the first five months of this year 2021, "despite the threats and challenges facing the country" [2].

Perhaps the two most important factors of seaside recreation in Iran also impact the prohibition of alcohol and special restrictions on women's clothing. According to the laws in force in Iran, women are forbidden to appear in front of unfamiliar men in "excessive open" clothing. Only a few beaches with "special sectors" allow women to swim in their regular swimwear. In addition, the Caspian Sea is considered very dirty and is much inferior to the Persian Gulf in terms of cleanliness.
2. ECONOMIC COMPONENT

Infrastructural development in the field of tourism should become a catalyst for attracting international investment. This is the world experience. The Caspian tourist potential, undoubtedly, will become a kind of "magnet" of direct foreign investment, the attraction of state resources in the format of state support, domestic private injections for the development of the region.

Per the Order of the Government of the Russian Federation №369-p "On Approval of the Strategy of Tourism Development in the North Caucasian Federal District until 2035" dated March 7, 2019, the country provides for the development of active tourism with elements of environmental, skiing, and sports, marine tourism in the North Caucasian Federal District. Implementation of this order is carried out within the framework of the Presidential Decree №204 of May 7, 2018, "On national goals and strategic objectives of development of the Russian Federation for the period up to 2024" in terms of solving the tasks of national projects "Ecology" and "International cooperation and export" [8].

Phase I (2019-2024) of the Strategy provides for the activities to develop maritime cruise tourism in the Caspian Sea with the priority use of ships built at Russian shipyards. Also, in the first phase, the following is provided: the construction of environmental tourism infrastructure on the priority tourist areas, construction of observation sites and tourist campsites on the main tourist routes, including cognitive tourist routes through special protected natural areas of national importance; creation of a network of tourist information centres, creation of a unified information portal and the formation of the event calendar of the North Caucasian Federal District, etc.

As part of this decree, the cruise liner "Peter the Great" was built to start navigation in 2022. According to the plan of "Mosturflot" company at first, the ship will work out the program "Treasures of the East" (11 days / 10 nights) with stops in Baku (Azerbaijan), Bander-Enzali (Iran), Nowshehr (Iran), Turkmenbashi (Turkmenistan), Aktau (Kazakhstan), Astrakhan (Russia), Makhachkala/Derbent (Russia) and back in Baku. Then the ship is supposed to leave for the Black Sea in the winter, performing the cruise program "The Adventure on the Three Seas" (14 days / 13 nights) with stops in Baku, Makhachkala, Astrakhan, Nikolaevsky, Volgograd, Volgodonsk, Rostov-on-Don, Azov, Kerch, Novorossiysk, and Sochi.

In March next year, "Peter the Great" will return on the same route back to the Caspian Sea, where it will perform cruises by sea, and then pass the route "Great Silk Way" (12 days / 11 nights) from Baku to Moscow with stops in Baku, Derbent, Astrakhan, Volgograd, Saratov, Ulyanovsk, Kazan, Nizhniy Novgorod, Yaroslavl, Uglich, and Moscow. There are 155 comfortable cabins (each with a balcony), including 12 luxury cabins on the projected ship. In all, the ship is sized for 310 passengers. Several restaurants, bars, a swimming pool, a SPA centre, and many other things will be available for tourists. The new motor ship will become a deluxe five-star hotel. Considering the high class of the ship, the cost of the tickets will be 10-15 thousand RUR per person per day.

Such a move would unite all five countries of the Caspian Sea region. Nevertheless, the states compete for the global flow of tourism and the cash flow of international investments. Five original states are great potential for a tourism cluster of five different cultures. In the future, the Caspian Sea cluster, based on the synergy of the five states, will be one of the powerful recreational centres of the world. Tourists, resting and traveling by sea in five different landscapes, have the opportunity to experience different cultures and immerse themselves in the atmosphere of five distinct regions.

One of the problems of organizing the cluster is that the five states are competitors struggling to attract the international tourist flow and investment. Today, all the states of the Caspian Sea region rely on their resources and market. Today, the dominant country in this alliance is Azerbaijan because the capital of Baku is located directly on the coast because of the active development of infrastructure, creative approaches to leisure. However, Russia and Iran can organize the global tourist flows.

Another problem is the lack of a systematic approach to creating conditions for local business development: no service training programs, no tax incentive regimes, which could attract "cheap" and "long" investments. Return on investment in the material base of tourism is 10-12 years.

By creating a tourism cluster, the following problems can be solved: 1) creation of a unified dialogue platform; 2) creation of a unified institute for regional development; 3) a unified mechanism for investment policy because the result of investment in the tourist flow of one state is many times lower than the synergy of all states simultaneously. The unity of measures will benefit all states at the same time.

Even though the Russian configuration of tourism in the Caspian Sea is self-sufficient, it has the potential of domestic tourist flow, has development institutions, including the State Development Corporation "VEB.RF," as well as local investment funds capable of attracting investments in the hospitality structure and sanatoriums on favourable terms. Under these circumstances, Russia can become a driver and
recommend a transition to the cluster system to all countries of the Caspian region.

There is a variant of development, in which the most significant part of the income from tourism would be concentrated in one or two states with the most developed infrastructure of hospitality, where a tourist would stay for 10-12 days, the other participants would get income from cross-cultural interaction. However, the Caspian Sea is attractive as a unique world destination, which allows for a 10-14-days vacation with a recreational and cultural tour in five original, beautiful countries.

The optimal model of the cluster is two or three countries with modern cruise ships. Each region has a developed coastal sanatorium and resort area with a year-round Spa Resort. Each of the five countries has enough internal resources to maintain the infrastructure, but a joint approach would accelerate creating a tourist cluster.

3. THE ENVIRONMENTAL ASPECT

The state of the environment of the Caspian region is caused by the fact that most of the coastal countries, based on the identified economic benefits and relevant priorities of national economic policy, consistently exploit oil and gas fields in the water area and coastal zone of the Caspian Sea, hurting local ecosystems and worsening the environment. The environmental situation in the Caspian region is characterized as tense due to the vulnerability of the landscape-ecological systems located within its boundaries to anthropogenic influences.

The high tension of the ecological situation is determined by the combined action of some negative natural and anthropogenic factors and the increasing threats of degradation of the natural complexes of the coastal zone and the ecosystem of the entire sea. The main factors of environmental degradation should be considered:

- the entry of pollutants into the sea with river runoff, with the wastewater of industrial enterprises and settlements;
- an excess of organic substances, leading to eutrophication of the waters of the Caspian Sea;
- significant risks of accidental pollution during shipping, on oil pipelines and during the development of offshore hydrocarbon deposits;
- flooding of urban and agricultural lands due to the transgression of the Caspian Sea and the destruction of coastal infrastructure;
- the ingress of pollutants from the coastal part with strong wind gusts;
- the presence of sufficiently active geodynamics of the region, the risks of man-made earthquakes, chemical pollution and soil deflation;
- the expansion of desert coastal lands due to climate change;
- air pollution by emissions of petrochemical processing industry and transport enterprises;
- insufficient processing of solid household and industrial waste, taking into account the existing capacities of local municipal waste disposal facilities for waste disposal and disposal and modern recycling enterprises;
- complication of the sanitary and epidemiological situation due to the coronavirus pandemic;
- inefficient management of the state of the ecological environment, the presence of facts of violation of the regime of specially protected natural territories and water areas;
- insufficient interstate regulation of the activities of environmental management bodies.

Energy resources of the Caspian region are used as one of the main elements in the energy security system of the main participants of the world economic policy. Oil reserves of this region are equal to more than 200 billion barrels, which allows it to take second place in the world after the Middle East. Exploration and exploitation of oil fields is the most critical component of pollution. In the Caspian region, large-scale exploration works are carried out, new oil and gas fields are discovered, and old wells' efficiency and flow rate are increased. This situation leads to the fact that the degree of oil pollution in different sea parts may significantly exceed the maximum permissible norms. According to the international statistics, 0.1% of the produced oil gets into the sea when developing offshore oil fields. At a volume of extraction of about 100 million tons a year, the volume of sea pollution will exceed 100 thousand tons a year [9].

Nevertheless, over the past 25 years, there has been a decrease in the amount of systematic hydrological work in the sea and a decrease in information from weather stations and posts of the Russian Hydrometeorological Service. According to the latest GPS (Global Positioning System) measurements, many level gauges in the Caspian Sea have a vertical shift, decreasing their number. In particular, this is explained by the movement of the Earth's crust and introduces a significant error in the interannual variability of the sea level [10]. In recent years, as a result of many Russian and international projects, unique experience has been accumulated with basic thermohydrodynamic and hydrometeorological information about the state of the sea and developed new
research methods that can be used to study the state of the environment, solving environmental and regional climate problems of the Caspian region.

Consequently, environmental preservation problems affect the interests of the modern community's social, economic, and entrepreneurial spheres. Integration processes in the sphere of tourism business in the Caspian Sea region require a comprehensive analysis of such integration and its risks, adequate information, and analytical support of the adoption and implementation processes of appropriate organizational decisions at various structural levels of management. Integration processes have significant geopolitical, social, economic, informational, and other specifics and affect the interests of countries that are members of various international associations, which, to some extent, is determined by the objectives and activities of transnational corporations, including those involved in the production, processing, and transportation of fuel and energy resources in the Caspian Sea. At the same time, there are risks in the economy, and, as a consequence, there is a need to use risk management measures [11].

We believe it is impossible without considering the environmental component of each business project and the development of the tourism business of the destination as a whole. Solving environmental problems to a certain extent is possible based on a green economy as an advanced sphere, capable of acting as the main engine of integration processes and economic growth of the Caspian region. This will be facilitated by developing a national system of green finance in a dialogue with line ministries, departments, the Bank of Russia, expert and business communities. This system should help Russian and foreign companies borrow funds to implement environmental projects effectively [12]. Green financing, including green bonds, should be placed on the securities market at a discount, providing economic benefits to issuers. Also, the largest investment funds allocate a part of funds that can be used to purchase securities of the green format.

The basis of this system will be the Methodological Recommendations on green financing. They were developed taking into account the national project "Ecology," the experience of major international organizations in this area (CBI, ICMA, IDFC), and of China, the first country that has developed and implemented a similar document [13]. The advisory group for elaborating the recommendations notes that the prepared recommendations are the first trial version, which will be finalized, considering all parties' comments and wishes. According to the experts of the Ministry of Economic Development, in 2021, the complete cycle of green financing, environmentally "colored," responsible financing will be implemented, which includes the development of taxonomy, verification, and recommendations for the attribution of instruments to green financial instruments [14]. This will accelerate the implementation of environmental projects to modernize and re-equip regional enterprises, expand international cooperation, and increase the effectiveness of integration processes in the tourism business in the Caspian Sea region.

Summarizing, we can say that the Caspian region is a unique multinational and multiconfessional destination that has every opportunity to become an attractive tourist cluster of the global tourist flow if the existing geopolitical efforts are "reformatted" to find ways and opportunities, primarily to finance environmental problems of the region, as well as to create cross-border agreements in the field of cruise tourism, development of tourist infrastructure and international tourist routes.

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