

как сбалансированному сосуществованию разных производств, так и развитию межгосударственного сотрудничества стран Прикаспийского региона.

¹ Нефть и капитал. 2004. № 5. С. 56.

² Нефтегазовая вертикаль. 2003. № 18. С. 65.

³ Годовой отчет организации CITIES. 2004.

⁴ Нефтегазовая вертикаль. 2003. № 14. С. 11.

⁵ *Ali Yakhkashi*. Identification? Conservation and Rehabilitation. Tehran, 2002.

THE POLICY OF THE DEVELOPMENT OF TOURISM IN AZERBAIJAN

Ruslan Samedov
(Azerbaijan, Baku)

Does Azerbaijan need tourism development? This question rises when you think about the scarcity of natural and capital resources, which has to be relocated from the other industries and invested in tourism development. It is argued that because tourism is a capital intensive, funds needed to develop the sector are often unavailable. That means that investments must come from outsiders who subsequently take the profits out of the local community, leaving little behind for the resident population in the way of «economic development». While benefiting economically, local inhabitants nonetheless suffer the consequences of tourism development (for e.g., in terms of the over-crowding, and increased pollution levels that are often associated with tourism in an area). The tourism sector has also been criticized on the basis that, because skill levels in the underdeveloped areas are often low, many of the best jobs are taken by outsiders, who have the necessary qualifications to fill the positions. When this occurs, the benefits obtained by the local population are reduced. Every step or decision on the issue, in the case, has to be justified.

Azerbaijan became independent on the 28th of October 1991. The most notable achievements of the country in the transition process have been in pursuing price and trade liberalization, small-scale enterprise and farm privatization, and arresting the deterioration of state owned banks' portfolios. Azerbaijan is a relatively poor country but its potential role as an oil exporting country has deterred many bilateral and multilateral donors to be proactive. Economic policy challenge for the government of the country is how to deal with large-scale foreign-exchange inflows resulting from oil exports. One problem for natural resource economies is the over-appreciation of the local currency that results from a natural resources boom, which leads to non-natural resources exports becoming uncompetitive (also known as «Dutch disease»). A positive thing in the government general attitudes to the country's development is that it believes that successful development of the oil sector is not enough to ensure the harmonious development of the country's eco and growth in the population's income and employment. This is based on the fact that sector, which soaks up huge investments, does not create an adequate number of jobs. Therefore, while recognizing the danger of dividing the economy into the flourishing sector and the stagnant non-oil sector (which also poses the threat of dividing social sector (especially in the regions) with the aim of resolving the problems of unemployment raising the income level, and establishing a sound social protection system, as well as delivering adequate public services aimed at poverty reduction. Successful implementation of the oil strategy has already led to the inflow of petrodollars into the country which will grow rapidly in the coming years. Baku is probably the only city on the Caspian Sea with a sufficiently strong position to develop into a regional center for providing the growing Caspian market financial, transportation, oil, and communication services.

In both developed and developing countries, government authorities have places strong emphasis on tourism as a means of generating employment and income and of providing infrastructure for their economies. The potential benefits of tourism to developing countries like Azerbaijan are obvious. High priority in the economic development of Azerbaijan is given to expanding export opportunities and reducing imports. Tourism is a source

of foreign exchange. It has been identified as one of the fastest growing industries in the world in both developed and developing countries. The role of tourism for the economic development of the country and attitude of the government to the tourism development was reflected in the establishment of the Azerbaijan Republic Ministry of Youth, Sport and Tourism on the 18th of August 2001. The Ministry finished the work on the national concept of the growth of tourism in Azerbaijan and submitted it for appraisal of the concerned ministries. After the ministries of finance, of economic development, of health, and of labor and social protection made their comments, the document was sent to the Cabinet of Ministers of the country had been adopted in January 2003. The main regulations of the concept are the development and restoration of the resorts and recreation centers of Azerbaijan, as well as of tourist centers and hotels, particularly it is about Khudat-Nabran, Guba and Lenkoran-Astara zones. The historical, ecological and sporting tourism are given the special attention in the concept. The ministry will try to get foreign investments for the projects. There are some possible ways of getting them:

- 1) apply for the investment to the international donors like IBRD, World Bank, Islamic Bank, etc;
- 2) create advantageous conditions for the foreign private business investments;
- 3) try to invest money from the income of the oil sold in the world markets;
- 4) let the local business people bring their money from abroad and invest them in Azerbaijan economy.

It's obvious that for the benefit of the country it'll be better to afford the two latter variants to be implemented. Anyway without significant financial investments from abroad it'll be difficult to revive Azerbaijan Tourism. There is nothing wrong in borrowing money from the international financial institutions until the state has a clear vision of how it's going to spend the money in the most appropriate and beneficial way to be able to return them back as soon as possible. There is a necessity in developing an efficient tourism marketing strategy. The process requires definition of present and potential travel customers in terms of who they are, e.g., demographics, origins, purpose of travel, likes and dislikes, travel party sizes, and all factors that ultimately will determine the specific types of product, promotion, price and distribution appropriate to effectively market the destination's tourism product. The characteristics of the traveler to the country provide the basis for a short run strategy. Long run strategy can be influenced by the nature of the potential new markets-their characteristics, needs and preferences. The development of a marketing plan can include three steps:

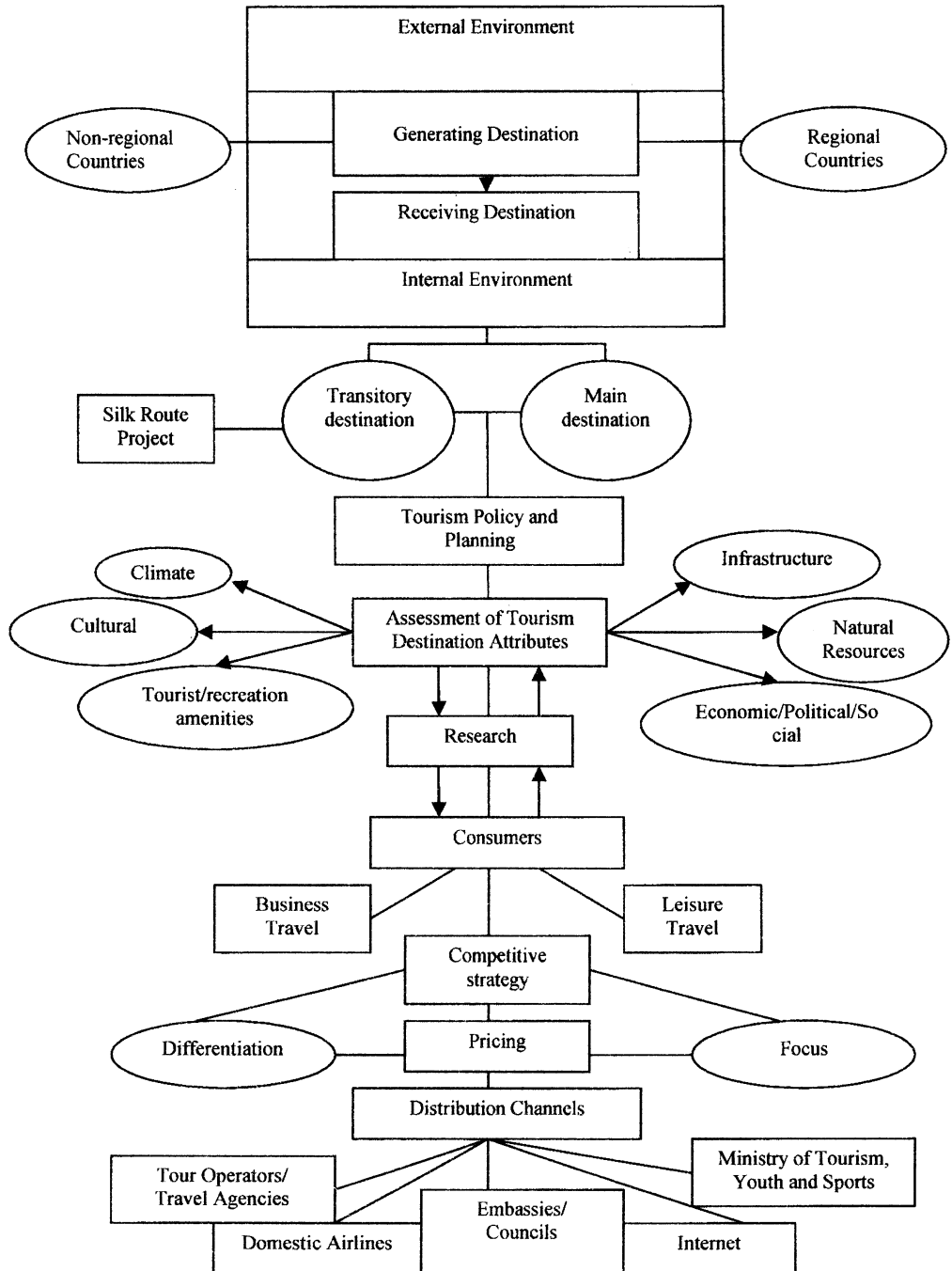
- 1) marketing opportunity analysis;
- 2) target market selection;
- 3) development of a competitive marketing strategy.

The crucial point in the marketing strategy development is a strategic image creation and management. It can include the following stages: identifying the images that are representative of a place to target audiences, correlating specific images with diverse demographic constituencies within the target audiences, positioning the benefits of the place to support an existing image or create a new image, and communicating those benefits to the target audience. The promotion campaign of the Ministry has to focus more on:

- 1) emphasizing the positive overall image of the country;
- 2) organizing familiarization tours for travel writers, journalists, travel agents, and tour operators;
- 3) using promotions to emphasize the positive aspects of a destination and downplay the negative points;
- 4) scheduling sport events, cultural festivals, and ethnic-food fairs;
- 5) trying to host international travel and tourism conventions.

An effective destination image positioning strategy will lead to favorable differentiation from competitors. Azerbaijan has also to consider the fact that it'll be a transition tourist destination area as a part of the Silk Road project implementation. The fact has to be taken into account in the tourism promotion strategy of the country. The question mark is whether Ministry of Tourism will focus primarily on development of domestic or foreign tourism. Of course from one point of view it seems to be more beneficial to attract foreign

tourists because they have hard currency and can spend more money in the destination country than the local people and it's easier to attract foreign investment for the project related to the receipt of foreign tourists to the country. From another point of view for the long-term state policy it's more beneficial to develop domestic tourism. Besides of recreational function for the local population it will assist the newly independent state in the policy of strengthening the country by cultivating the idea of unity and identity among its population. In the case tourism policy development plan can comprise the following steps considered on the draft:



If we consider tourism resources of Azerbaijan separately from the issues considered above, from the tourism development and recreational perspectives the country has a lot of attractive things to be seen and visited. As it is well known, out of 11 climatic zones 9 exist in Azerbaijan. There are also mineral resources, rich fauna and flora. The country has a diverse and rich history ranging from Paleolithic period till nowadays. It's the country of three religions history: Zoroaster's, Christian and Muslim; a country of great empires and invasions; a mixture of Albanian, Arabic, Farsi, Turkish, Russian, Jewish, German cultures. There is a lot of attractive historic monuments worth to be seen. Azerbaijan has a three S's tourist concept for development: Sun, Sand and Sea. Baku (the capital of the country) is the only city on the Caspian Sea that has the best developed tourist infrastructure in the area. The main international airport Baku «Bina» can accept 10 million passengers annually. The number of tourists increases annually and gradually from 210000 in 1996 up to 793000 in year 2002. There are 94 hotels, motels and hostels for visitors with 9591 seats in them. Almost a half of them has international service standards and appropriate for the foreign tourist accommodation.

Anyway before trying to invite any tourists to the country it's necessary to find out what kind of tourists the country is interested in? The reply seems obvious: leisure and business tourists. The former is considered to be families rather than individuals but the difficulty is that this kind of tourists are definitely doesn't have any desire to visit the tourist destination on the exploration tourist area cycle of evolution. There is also a specific feature in the republic tourism product: casinos and gambling is prohibited in the country. As a result a tourism development in Azerbaijan has to focus mainly on cultural, ecological and historical heritage of the tourism product promoted to the western tourists. The task for the Ministry as a matter of fact will be to elaborate the appropriate tourist product to satisfy the wants and needs of the potential customers. To increase the number of tourists to the destination in a short period of time it is possible to apply for investment and promotion to the foreign tour operators. At the same time Azerbaijan has to be ready for the fact that 50-60% of the revenues from tourist receipts in the case may leave the country. It is clear, that the diversification strategy should start by creating new products and by seeking new markets for the Azerbaijan tourist products. Promoting tourism destination by Internet will also contribute to the attraction of tourists to the country. The advertisement has to be oriented on the special category of tourists discussed above and less to the so called «X.com» generation market, which won't be beneficial to the tourism development for the country. The positive thing of having this kind of tourists is that they are exploratory by nature, seeking for everything new and could be more easily attracted to the destination if the tourism package will be cheap. But from the economic advantages point of view this category of tourist is not so positive because the expenditure of this kind of tourists is the lowest one. At the same time the market development strategy of Azerbaijan should focus on a clear segmentation of the markets rather than just finding new markets. The main objective is not just to attract more tourists but also to increase their expenditure while on holiday. The main tactical orientation should focus on more investment in professional training, better use of technology and alternatives to the «sun, sand and sea» concept, such as: rural and ecological, health, religious, sports, in particular golf and hunting and cultural tourism. MICE tourism concept also can be considered an alternative for the tourism development. Another perspective is to develop direct links with the customers to diminish dependency on the major tour operators in future. A further option is to find specialized tour operators that will bring more profitable segments. It seems inevitable that a market development strategy leading to a diversification strategy has to be built vis-à-vis with a product development strategy. Without the creation of differentiated products and services the Azerbaijan tourism industry would have serious difficulties in attracting new consumers in the future. Development of rural tourism can also be an interesting perspective although it needs a thorough investigation.

Azerbaijan could benefit from the regional cooperation between neighboring Caucasian Republics in promoting its tourist destination and selling it as a part of the whole destination tourist package. The leisure time spending world trends also demand the implemen-

tation of the policy. The problem is that Azerbaijan is in war with Armenia, which doesn't seem to be reasonable in solving the conflict by peaceful means. One of the ways of persuading Armenia to return the captured territories and put an end to the meaningless war maybe the calculation of the negative impacts for the economy of the country, which choose the dead-end way of dealing with the neighbors. Who knows maybe business people of the country have more common sense than politicians. Much attention has to be paid by the Azerbaijan country officials to the licensing of tourism firms. Every step made by the authorities has to be more proactive rather than reactive. Businessmen who want to get a credit form the government to establish a hotel and don't have any experience of dealing with hospitality business, for example, will have to attend short courses arranged and sponsored by the Azerbaijan Republic Ministry of Youth, Sport and Tourism. Private and state high educational institutions in Azerbaijan started to pay attention to the preparation of the specialists for the tourism industry. But the main weakness in majority of them is that they focus mostly on geographical tourism aspects rather than on tourism management, which has to be the core issue of teaching. Once a preliminary decision is made that development of tourism industry may be appropriate and beneficial, a comprehensive assessment of the potential is needed. This includes projection of the size and types of markets that the area's tourism industry. Another element of assessment is the identification of an area's tourism related resources and the number of motel, hotel rooms or restaurants, natural resources such as mountains, lakes, beaches, historic sides, and institutions such as hospitals, and universities. These are the basis of the present and short run tourism industry, and the foundation for longer run development.

Tourism development directly and indirectly impacts the economy of the country. The direct impacts include the jobs and wages created for country residents, the profits received by local business form sales to travelers, the direct net revenues received by state owned facilities such as state parks, and the taxes paid to state government form wages and sales created by traveler's purchase. The direct impacts (sales, profits, jobs, taxes) create indirect impacts, which themselves can be very significant. For example, the hotel employee uses, the after-tax wages earned to purchase goods and services from business, government agencies and other organizations. Also, the hotel purchases goods and services to support its sales to travelers. The size of these indirect effects can total several times the size of the original tourism sale. To the extent that tourists require services beyond the level that would be required for the local residents- e.g., police, fire protection, road maintenance, the cost for these services should be included in the tourism balance sheet. The growth of an area's travel industry will facilitate an increase in the family income through the opportunities for part time and seasonal employment available in travel businesses. While full time employment opportunities are very important, and abundant, on the industry, the opportunities to contribute to family income through part time and peak season employment are also important. These opportunities contribute to the overall quality of life in urban and a rural area alike, wherever the travel industry has been encouraged, developed and is thriving. Many traveler expenditures are made in general retail establishments such as restaurants, grocery stores, service stations, drug stores, department stores, gift stores as well as in attractions such as theme parks, theaters and sports events. These sales, and the resulting taxes and employment, represent a very significant part of the economic impact of travel. The nature of the tourism industry is that it permeates the business community. Unlike manufacturing or other heavy industry, tourism industry is not readily identified as a single industry. It is made of the full spectrum of businesses which serve the travelers needs. Rather it is made of the full spectrum of businesses which serve the travelers needs. Restaurants, service stations, gift shops, hotels and motels, and even the parks and recreational attractions which combined make up the travel industry, are integral parts of the area's business community, serving not only travelers but residents as well. The impact of increasing the business of such a diverse industry is bound to create a considerable ripple

effect through the business community. Increased need for business supplies, and the raw materials needed to produce the service, such as food stuffs, increased need for financing to undertake expansion or new development, and increased demand for employees, all impact on both residents and other businesses.

The answer to the question asked at the very beginning of the article: Yes. Azerbaijan is interested in tourism development but it has to predict and calculate all the positive and negative issues of the external and internal environment changes, which can arise on the later stages of development and be ready to face and solve them. Azerbaijan has to focus on sustainable tourism development for the benefit of future generations.