
**THE CURRENT STATE OF TOURISM AND ITS DEVELOPMENT PERSPECTIVES
IN GEORGIA**

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Abstract: Under modern globalization, tourism, as one of the major forms of relaxation of people, represents one of the leading and dynamic sectors of economy. Tourism plays a key role in the creation of new jobs and development of SMEs, promotes reduction of poverty and improving welfare of the population. In certain countries, tourism significantly encourages development of trade and service sectors, which, in turn, leads to increasing in currency revenues. Tourism encourages development of infrastructure and agricultural sector, including primary production, construction and modernization of utility service facilities, introduction of new technologies and creative approaches to management in the field. In short, tourism is becoming one of the priority and key area of economic development of each country.

Georgia is a unique country from the perspective of tourism development. The number of people attracted by the rich natural and cultural resources of Georgia that are distinguished by the unusual diversity is increasing day by day all around the world. The country has well-developed mountain, sea and spa resorts. In addition, there are over 2,000 mineral springs, more than 1,300 Karst caves (Kruber Cave - the deepest-known cave on Earth is also located in Georgia, in particular, in the Arabika Massif of Abkhazia. Its depth is 2,190 meters), 26,060 rivers, with total length of 58,957 kilometers, 860 lakes and 688 glaciers (glaciers are unevenly distributed on the territory of Georgia. Most of them are located in the basins of four rivers – Kodori, Enguri, Rioni and Tergi). There are also many waterfalls, 87 different types of protected areas, including 14 state reserves, 41 nature monuments, 11 national parks, 19 managed reserves and 2 protected landscapes in the country. In addition, in Georgia there are about 85 thousand historical and architectural monuments of various epochs, over 150 museums, numerous cathedrals, churches and monasteries belonging to the 6th-5th centuries BC. Georgia is outstanding with its unique national cuisine and traditional Georgian hospitality, which is organic part of the national culture. Various regions and villages have unique folk culture. With its tourism potential Georgia can compete with world's famous tourist countries. The fact that on the current stage the scientific study of tourism has become a priority direction of economic science is completely justified. In the present paper, based on scientific literature, reports of governmental and non-governmental, national and international organizations and statistical data, the current state of tourism is analyzed and challenges and possibilities of tourism development are discussed. At the end of the paper the conclusion is presented. Induction, deduction, comparison and other methods are used in the process of analysis.

Keywords: tourism, economics, strategy, Georgia.

1. INTRODUCTION

Historically, Georgia is situated at the intersection of Europe and Asia, in particular, in the south-west of Caucasus. The Caucasus includes the area between the Black, Azov and Caspian seas. The Caucasus Mountain Range divides the region into two parts: Northern and Southern, or Transcaucasus. Our country is situated in the western part of the latter. Its territory is 69700 square kilometers, the general length of borders is 2149 km, out of which 1839 km is land and 310 km is sea border. On the east Georgia is bordered by Azerbaijan, on the north Georgia shares a border with Russian Federation (Krasnodar Krai, Karachaevo-Cherkessia, Kabardino-Balkaria, North Ossetia, Ingushetia, Chechnya and Dagestan), which goes along the Greater Caucasus Mountain Range at altitude up to 5000 meters. The southern border which separates Georgia from Turkey and Armenia goes along the Minor Caucasus Range and Javakheti Plateau. Greater Caucasus Mountain Range has always been a symbol of national and cultural identity [1. 2.]. In addition, the Caucasus Mountains highly determine its tourism potential.

The development of tourism has a long history in Georgia, but it has been developing especially fast after the regaining of state independence. Over the past two decades, state approach to tourism has clearly become a priority. The Government of Georgia has developed its main objectives and tasks, internal priority directions, options for using state preferences, etc. Georgian Tourism Strategy 2025 developed by the Ministry of Economy and Sustainable Development of Georgia and the National Tourism Administration of Georgia with technical and financial support of the World Bank in 2015 shows high national interest to tourism industry [3]. This strategy represents a 10 year vision for tourism development and includes such important directions as tourism marketing, tourism products, tourism policy, infrastructure and others. The main objective of the strategy is to make Georgia

famous around world as high quality tourist destination for all seasons distinguished by its unique culture, natural heritage and national tradition of hospitality by 2025. Under the new strategy, the National Tourism Administration predicts the growth of tourists up to 8.4 million by 2025. According to the estimates of Tourism Administration, in case this amount of tourists arrive in the country, the number of the employed in tourism sector will increase from 18 thousand to 27 thousand, tourism spending per visitor will increase from 320 USD to 365 USD and the volume of investments from 183 million GEL to 874 million GEL. The state approach to tourism has already led to the first positive results. Success in this field is obvious. Tourism growth rates exceed economic growth rates by 3-4 times. Tourism accounts for over 7% of the GDP of Georgia. It is one of the main sources of foreign currency inflows, which is used to regulate economic stability of the country. In addition, development of tourism creates new jobs in the country, ensures employment and emergence of middle class.

2. CURRENT SITUATION IN TOURISM SECTOR

We have already noted that tourism is playing more and more important role in socio-economic development of Georgia. The dynamics of tourism development has substantially changed in recent years due to the adoption of relevant policy by the state. During the last five years, the number of tourists in Georgia has increased significantly compared to the world average. According to statistical data, 6,360,503 visitors visited Georgia in 2016 [4], which is 7.6% higher compared to the corresponding figure of 2015. From the total number of visits, 2,720,970 of them lasted more than 24 hours, which is 19% higher compared to the corresponding figure of the previous year; 1,321,340 were transit visits, 4.5% less compared to the corresponding figure of the previous year; the number of one-day visitors amounted to 2,318,189 visits, 4.5% higher compared to the corresponding figure of the previous year. In 2016, 84% of international tourists visiting Georgia arrived from neighboring countries, only 12% were from other countries.

With 1,523,703 visitors Azerbaijan is leading among the countries, from where most of the international visitors came to Georgia in 2016. This accounts for 24% of all the international visitors. Azerbaijan is followed by Armenia and Turkey with 1,496,437 and 1,256,561 tourists correspondingly. Russia is steadily keeping fourth position with 1,038,750 visitors. Ukraine is leading from non-neighboring countries with 174,858 visitors [4]. Image advertisement was focused on ten target markets and the world's most rated channels (CNN and EURONEWS), which promotes popularization of our country all around the world. Due to successful marketing campaigns, in 2016 the number of international travelers grew from Azerbaijan, Russia, Armenia, Ukraine, Kazakhstan, Israel, India and Saudi Arabia. The increase in the number of international travelers from Iran is the result of a visa free regime restored in January 2016. The number of international tourists from the countries where there are less political and economic crises is characterized with an increasing tendency. The number of tourists from the European Union countries was 264,403. The share of European travellers in total number visitors is 4.2%, while the growth compared with the previous year is 9.2% [5].

Currently, globalization is one of the main trends in the development of tourism industry, which has had a significant impact on tourism orientation of Georgia and facilitated international trade with services [6]. The main part of export of services of Georgian (64, 3%) comes from tourism revenue [4]. In 2016 revenues from international tourism in Georgia amounted to 2.17 billion USD, which is 11.9% (230 million USD) higher compared to the corresponding figure of the previous year. International tourism expenditures by Georgian citizens was 0.39 billion USD - 17.2% higher compared to the corresponding figure of the previous year. Therefore, international tourism balance in Georgia amounted to 1.78 million USD, which is 10.8% compared to the corresponding figure of the previous year [7].

In 2016, the number of people employed in major tourism related sectors amounted to 151.7 thousand. Most of them are employed in transport sector (56.2%), hotels and restaurants (15.8%). Contribution of tourism in total employment was 11% in 2016 [8]. Tourism accounted for 7.05% of GDP in 2016 compared to 6.6% in 2015 [5]. According to the World Travel & Tourism Council report of 2016, among 184 countries Georgia ranks 17th position according to direct contribution of tourism in GDP and 25th position according to total contribution. Travel and tourism account for 3.3% of the investments made in Georgia [4].

The number of accommodations registered in the database of the National Tourism Administration of Georgia is 1,765 and the number of beds is 57,049 [4]. As average demand for beds exceeds average supply, these numbers surely are not enough. Tbilisi and Adjara hold leading positions in Georgian hospitality industry of Georgia. Hotels account for 63% of the number of beds; hotels are followed by family hotels and guesthouses each with a share of 16%. Several hotels of international brand are already functioning in Georgia, such as Radisson Blue Iveria, Tbilisi Marriot, Courtyard Marriot, Sheraton Metekhi Palace, Holyday Inn, Citadines and others. Increase in the number of visitors in Georgia in previous years provides basis for optimistic forecast regarding construction of new hotels, which in turn has positive impact on employment rate and directly creates new jobs.

Opening of 84 new hotels is planned in Georgia in 2016-2018 with 9060 rooms and 10525 beds in total. World famous brands such as Intercontinental, Hilton, Pullman Hotels and Resorts (Axis) and Marriott Autograph Collection will enter Georgian tourism market. Spatial Arrangement Project developed by the government of Georgia in 2016 will significantly improve accessibility to tourist destinations. This is a very important project as it “changes Georgia and standards of life in its regions both qualitatively and physically and will impact well-being of each individual” [9]. Spatial Arrangement project includes major changes in the infrastructure of Georgia in 2016-2020. New roads, bridges and tunnels will be built in the nearest four years, which will make travel safer, fast and comfortable; improve accessibility to various tourist destinations; provide new attractions, attract investments, increase domestic and international tourist flows, create new jobs and therefore, improve living standards of Georgian population.

International competitiveness of travel and tourism estimates the place and role of Georgia on the world tourism market. According to Travel and Tourism Competitiveness report 2017, Georgia holds the 70th position among 136 countries [10]. The index comprises of 14 pillars. In each pillar, the country is granted 1-7 points. The maximum point granted to Georgia is 3.7 points out of 7. Georgia’s position in the Travel and Tourism Competitiveness Index 2017 by World Economic Forum improved by one position compared to 2015 (71th position). According to this ranking Georgia holds the second place after Russia in the region and is ahead of Azerbaijan, Kazakhstan, Armenia and Ukraine.

Out of four subindexes of the Travel and Tourism Competitiveness Index, Georgia has the best position in Enabling Environment – 37th position with 5.3 points. In addition, Georgia has improved its position in the following pillars [11]: Business Environment – 22nd position among 136 countries (5.26 points); Safety and Security – 29th position (6.01 points); ICT Readiness - 67th position (4.45 points); Prioritization of Travel & Tourism - 41st position (4.90 points); Environmental Sustainability – 42nd position (4.42 points); Air Transport Infrastructure - 90th position (2.2 points); Ground and Port Infrastructure – 63rd position (3.28 points); Natural Resources - 106th position (2.39 points); Cultural Resources and Business Travel - 81th position (1.56 points). According to the Travel and Tourism Competitiveness Index 2017 by World Economic Forum, position of Georgia worsened in the following pillars: Health and Hygiene - 36th position (6.10 points); Human Resources – 51st position (4.78 points); International Openness - 66th position (3.13 points) and Tourist Service Infrastructure - 70th position (4.03 points). Position of Georgia remained unchanged in the pillar of Price Competitiveness - 66th position (4.90 points). The Travel and Tourism Competitiveness Index identifies weaknesses and development directions in the tourism sector of Georgia. Although great attention is paid to the development of tourism in Georgia, there are some issues that need to be solved to make tourism more attractive and therefore, to provide better opportunities for the population to benefit from increasing number of tourists in the country.

3. OPPORTUNITIES AND CHALLENGES OF TOURISM DEVELOPMENT

Based on the analysis of the current situation in the tourism sector in Georgia, the following opportunities and challenges of tourism development are identified:

< **Opportunities.** There are quite good opportunities for tourism development in Georgia. The following aspects need to be focused on: geographical location, diverse landscape, subtropical zone of the Black Sea, rivers, waterfalls, glaciers, state natural reserves, cave towns, unique resorts and mineral waters, numerous and diverse historical monuments, captivating Caucasus Mountains, wine tradition and history, Georgian hospitality and well-known Georgian cuisine, cheap labor, liberal business environment, high national interest in tourism.

< **Challenges.** For improving tourism potential in the country, Georgia has to overcome the following challenges: reduction of geopolitical risks; providing perfect entrepreneurial, legal and institutional mechanisms for tourism activities; strict control over implementation of tourism development strategy by the government; providing convenient and affordable air traffic from tourism markets; increasing direct flights; improving road and other relevant infrastructure for better accessibility to tourist destinations in the country; reviewing visa policy of the country and simplification of international travel to attract foreign visitors; maintenance of cultural heritage monuments and other assets of cultural importance; increasing awareness about tourism potential of the country; improving educational system in tourism and increasing access to educational programs across the country; implementation of professional staff training and retraining programs in tourism; improving information and marketing capabilities. Overcoming of these challenges will ensure strengthening of Georgia's position on the world market of tourism services and rational use of tourism opportunities in the country.

CONCLUSION

Although a number of positive trends can be identified in tourism development in Georgia, we believe that activities for the development of tourism sector should actively continue in the future. These activities should focus both on discovering new markets and attraction of more tourists from existing markets. Development of tourism will positively impact development of other tourism related sectors – hotel industry, agriculture, food industry, transportation and telecommunication, education (preparing specialists for tourism sector). All this will promote employment, increase income of the population and ensure well-being of each person.

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