

**Informational & Analytical Card**

**Tourism Industry of South Caucasus – Opportunities and Prospects**

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The new reality emerging in the region, with the process of normalisation of Azerbaijani-Armenian and Turkish-Armenian relations within the framework of the peace-building process, must provide a significant impetus to both regional economic development, as well as the development of each individual country, including in terms of the tourism industry. The latter focal point will be aimed at increasing attractiveness and competitiveness of the region as a tourist destination, promoting South Caucasus and raising awareness about the region, helping to strengthen the peace-building process, overcoming crises associated with the pandemic and warfare, turning a region with immense potential into one of the most popular global tourist destinations in the nearest future.

**Introduction**

The South Caucasus is a region located between the Black Sea and the Caspian Sea, consisting of three countries with a total area of 186.1 thousand km<sup>2</sup> and a population of 16.7 million: Republic of Azerbaijan - 86.6 thousand km<sup>2</sup>, population - 10.1 million ; Georgia - 69.7 thousand km<sup>2</sup>, population - 3.7 million; Republic of Armenia - 29.8 thousand km<sup>2</sup>; Population - 2.9 million. By land the South Caucasus borders with the Russian Federation (Republic of Azerbaijan, Georgia), the Republic of Turkey (Republic of Azerbaijan, Georgia, Republic of Armenia) and the Islamic Republic of Iran (Republic of Azerbaijan, Republic of Armenia) and by sea it borders the Russian Federation, Republic of Kazakhstan, Turkmenistan and the Islamic Republic of Iran in the case of the Caspian Sea (Republic of Azerbaijan), and in the case of the Black Sea - by the Republic of Turkey, Republic of Bulgaria, Romania, Ukraine, Russian Federation (Georgia).

Located at the crossroads of trade routes, since ancient times, South Caucasus served as a link between East and West (the historic Silk Road). Some of the oldest states in the world, in the IX-VI centuries BC, - Colchis and Urartu, were located in said region; with Greater Armenia, Caucasus Albania and Iberia taking their stead in the second half of the first millennium BC. The rich lands of the South Caucasus constantly attracted the attention of powerful neighbors - the Roman Empire, the Byzantine Empire, Parthia, the Sassanid Empire, the Arabs, the Mongols, the Persian, Ottoman and Russian empires.

The South Caucasus region is rich in natural resources, flora and fauna, diverse landscapes, temperate climate, *etc.* which is determined by the fact that the region is situated between the temperate humid Mediterranean and arid continental Caspian basins. It is also characterised by scenic nature, most of which remains untouched, including: the glaciated, ever-snow-capped Caucasus Mountain range, one of the world's largest mountain lakes - Sevani, protected areas, medical and balneological resorts, unique historical and cultural heritage, folklore, ancient viticulture, and diverse cuisine, as well as traditional hospitality.

### Protected territories, rivers and lakes of South Caucasus

Republic of Azerbaijan	Georgia	Republic of Armenia
total area - 893 thousand Hectares; 11 - state nature reserves; 10 - national parks; 22 - nature conservation areas.	total area - 660 thousand Hectares; 14 - state nature reserves; 13 - national parks; 23 - nature conservation areas.	total area - 332 thousand Hectares; 2 - state nature reserves; 3 - national parks; 22 - nature conservation areas.
- 8400 rivers (total length -45 000km.); - 450 lakes.	- 26 060 rivers (total length - 60 000 km.); - 860 lakes.	- 9480 rivers (total length -23 000 km); - 100 lakes.

**Source:** - Ministry of ecology and natural resources of the Republic of Azerbaijan  
 - Agency of protected Areas of Georgia  
 - Ministry of environmental protection of the Republic of Armenia  
 - Ministry of environmental protection of the Republic of Armenia

### Resorts of South Caucasus

Republic of Azerbaijan	Georgia	Republic of Armenia
-15 Main resorts, including 2 skiing centres; 1. Shahdag; 2. Tufandag; - 1000 mineral water springs	- 103 resorts, including 4 skiing centres: 1. Gudauri; 2. Bakuriani (Kokhta, Mitarbi, Didveli); 3. Goderdzi; 4. Mestia (Hatsvali & Tetnuldi); - 182 resort zones; - 2400 mineral water springs	- 7 resorts, including 3 skiing centres: 1. Tsakhkadzor; 2. Jermuk; 3 Sevan; - 11 mineral water springs

**Source:** - Ministry of ecology and natural resources of the Republic of Azerbaijan  
 - Georgian national tourism administration  
 - Internet portals: must – see top (<https://must-see.top>), Azz Tera ([www.azterra.az](http://www.azterra.az)).

### Cultural Heritage Sites of South Caucasus

Republic of Azerbaijan	Georgia	Republic of Armenia
6 308 – Cultural heritage sites 220 - museums	12 202 – Cultural heritage sites; including: 7 916 – imobile cultural heritage sites 4 221 – mobile cultural heritage sites 65 – non-material cultural heritage sites 150 - museums	24 231 – Cultural heritage sites 45 - non-material cultural heritage sites 6 – cultural areas 126 - museums

**Source:** - Ministry of Culture of the Republic of Azerbaijan;  
 - Georgian Cultural Heritage Protection Agency  
 - Ministry of Education, Science, Culture and Sport of the Republic of Armenia;  
 - Report of the Council of Europe: “Heritage Assessment Report - Armenia”.

Today, the South Caucasus is distinguished by its special strategic geopolitical and geoeconomic location as it is crossed by such important transport and logistical communications as: the Europe-Caucasus-Asia Transport Corridor (TRACECA); Europe-China Transport Route - Trans-Caspian International Transport Route - Middle Corridor; Caspian Sea - Black Sea International Transport Route (International Transport Route "Caspian Sea - Black Sea"); Persian Gulf - International Transport and Transit Corridor (International Transport and Transit Corridor "Persian Gulf - Black Sea"); South-West transport corridor; ‘Lapis Lazuli’ Transportation Route and Southern Energy Corridor (Baku-Tbilisi-Ceyhan Oil Pipelines; Baku-Tbilisi-Supsa and Gas Pipelines: Baku-Tbilisi-Erzurum and Trans-Anatolian Gas Pipeline (TANAP) with its diversified routes in South - Eastern Europe (TAP and others) the completion of which contributed to

diversification of natural gas supply routes between natural gas sources and the European Union. Consequently, it is a very important region, where the interests of both global and regional actors are at stake. The rather well-maintained transport and logistics infrastructure of all three countries of the region is also to be emphasised here. Road, rail, sea and air networks connect the South Caucasus, both with neighboring countries, as well as the rest of the world, where air transport plays an important role in the development of tourism in the region.

For example: the distance between Baku and Tbilisi is 576 km, which takes 6-7 hours to cover by car, by plane (two flights a day, Azerbaijan Airlines) it only takes 1 hour 10 minutes, by train (moving daily, stopped in 2021 due to the pandemic) - 11 hours. The distance between Tbilisi and Yerevan is 276km, taking 5 hours to cover by car, by plane (one flight every day - 'Aircompany Armenia') however, it only takes 40 minutes, by train (runs every other day) - 10 hours, also the train runs seasonally, May-September in the direction of Yerevan-Batumi-Yerevan - 16 hours. It should be noted that there is a visa-free regime between Georgia and the Republic of Azerbaijan and Georgia and the Republic of Armenia.

#### International Airports of South Caucasus

Republic of Azerbaijan	Georgia	Republic of Armenia
Baku	Tbilisi	Yerevan
Nakhchevan	Kutaisi	Gyumri
Ganja	Batumi	
Gabala		
Lenkaran		
Zaqatala		
Fizuli		

#### International Airline Companies Operating in South Caucasus Countries on Regular Flight Basis

Republic of Azerbaijan	Georgia	Republic of Armenia
1. Aeroflot	1. Air Arabia	1. Aegean airlines
2. Air Arabia	2. Belavia	2. Aeroflot
3. Air Astana	3. Pegasus Airlines	3. Air Arabia
4. Arkia	4. Fly Dubai	4. Air Cairo
5. Azerbaijan Airlines	5. Lufthansa	5. Air France
6. Belavia	6. Qatar Airways	6. Aircompany Armenia
7. Buta Airways	7. Ukraine International Airline	7. Albawings
8. China Southern	8. Ryanair Georgia	8. Alrosa
9. Etihad Airway	9. Azerbaijanian Airlines	9. Armenia Airways
10. Fly Dubai	10. Armenia Fly	10. Armenian Helicopters
11. Flynas	11. Sky Up	11. Austrian Airlines
12. Gulf Air	12. QESHM Air	12. Aviadrom
13. Isaero	13. Air France	13. Azimuth
14. Iran Air	14. Jazeera Airways	14. Bees
15. Iraqi Airways	15. Georgian Airways	15. Belavia
16. Israil	16. Turkish Airlines	16. Brussels Airlines
17. Jazeera Airways	17. Bees Airlines	17. Cham Wings
18. Kuwait Airways	18. Flynas	18. Condor
19. Lufthansa	19. Taban Airlines	19. Eurowings
20. NordStar	20. Wizz Air	20. Fly Dubai
21. Pegasus	21. LOT-Polish Airlines	21. Fly Egypt

22. Qatar Airways	22. Israil Airlines	22. Ikar
23. S7 Airlines		23. Iraero
24. Scat		24. Lot Polish Airlines
25. Smartavia		25. Lufthansa
26. Turkish Airlines		26. Middle East Airlines
27. Ukraine International		27. My Way
28. UR Airlines		28. Nord Star
29. Ural Airlines		29. Nordwind Airlines
30. UTAIR		30. Pegas Fly
31. Uzbekistan Airways		31. Pobeda Airlines
32. Wizz Air		32. Qatar Airways
33. Nordwind Airlines		33. Red Wings
34. Azimuth		34. Rossiya Airlines
35. IrAero		35. S7 Airlines
		36. Scat Airlines
		37. Sky Up
		38. Smartavia
		39. Ukrainian International Airlines
		40. Ural Airlines
		41. UTair
		42. WizzAir
		43. MEA

Source: www.zvartnots.aero; www.airport.az; www.tbilisiairport.com; www.kutaisi.aero

#### International Maritime Ports of the South Caucasus

Republic of Azerbaijan, Caspian Sea	Georgia, Black Sea
Baku – Alyat Hovsan	Batumi, Poti, Sokhumi

Considering all of the above, the South Caucasus with all its potential provides the opportunity to develop the tourism industry across the following dimensions:

- Cultural tourism;
- Cultural-educational tourism (Excursions, trips, tours)
- Music tourism;
- Literary tourism;
- Creative tourism;
- Eco-tourism;
- Zoological and botanical tourism;
- Specialised tourism (birdwatching);
- Hunting and fishing tourism;
- Auto-tourism;
- Agro-tourism;
- Gastronomical tourism/culinary tourism;
- Viticulture tourism;
- Extreme tourism;
- Diving;
- Medical/health-care tourism;
- Recreational tourism (resorts);

- Youth and Children’s tourism;
- Social tourism;
- Sports tourism;
- Hiking tourism;
- Equestrian tourism;
- Mountain tourism;
- Skiing tourism;
- Water-related tourism;
- Historical tourism;
- Archeological tourism;
- Religious tourism (pilgrimage);
- Educational tourism;
- Scientific (specialised) tourism;
- Business tourism;
- Maritime tourism;
- Coastal tourism (including coastal, river-side and lake-side tourism).

Additionally, it is noteworthy, that despite the current threats and challenges faced by the region, the South Caucasus has the opportunity to claim itself as a significant tourist destination on the East-West and North-South crossroads, with the successful case of the booming Georgian tourism industry acting as a good example for such development.

#### Tourism Industry Development Trends in Georgia

Despite the Pandemic, in 2021 a positive dynamic of the revival of the tourism industry emerged in Georgia, both in terms of the numbers of international travellers, tourists, as well as the airline industry. Compared to 2020, in 2021 the increase in the income generated from tourism amounted to 130% (38% compared to 2019)<sup>1</sup>

#### Income from International Tourism in Georgia (Thousand USD)

	2017	2018	2019	2020	2021	change % 2021/2020
<b>Total:</b>	2 704 340	3 222 074	3 268 654	541 686	1 244 942	130%

Source: Georgian national tourism administration

Additionally, in 2020 tourism amounted to 5.9% of the Gross Domestic Product (GDP) of Georgia

#### Share of GDP (%)

2017	2018	2019	2020
7,3%	7,8%	8,4%	5,9%

Source: Georgian national tourism administration

It is also noteworthy, that in 2021 the share of tourists in the dynamics of international travels increased significantly, amounting to 83%, which is the result of active marketing campaigns directed at target markets as well as the enacted health and safety regulations.<sup>2</sup> It must also be noted that the dynamics observed over the years suggest that Georgia would have been visited by just about under 11 million international travellers if not for the Pandemic.

#### Statistics of International Travel in Georgia

Type of Visit	2017	2018	2019	2020	2021	Change %2021/2020
International traveller visits	7 902 509	8 679 544	9 357 964	1 747 110	1,881,271	7.7%

Visits by International Visitors	6 482 830	7 203 350	7 725 774	1 513 421	1,721,242	13.7%
Tourism visits	4 069 354	4 756 820	5 080 478	1 087 093	1,577,463	45.1%
Single-day visits	2 413 476	2 446 530	2 645 296	426 328	143,779	-66.3%
Other (non-tourist)	1 419 679	1 476 194	1 632 190	233 689	160,029	-31.5%

Source: Georgian national tourism administration

#### Top 10 Countries by International Visitors in Georgia

Country	2017	2018	2019	2020	2021	Change %2021/2020
Turkey	1 007 276	1 098 555	1 156 513	335 580	326,494	-2.7%
Russia	1 135 057	1 404 757	1 471 558	208 677	212,979	2.1%
Armenia	1 287 168	1 268 886	1 365 048	260 965	164,698	-36.9%
Ukraine	169 862	177 058	207 667	42 414	144,901	241.6%
Israel	115 040	156 922	205 051	25 731	100,686	291.3%
Azerbaijan	1 301 556	1 424 610	1 526 619	295 132	82,718	-72.0%
Kazakhstan	47 241	58 955	103 611	13 779	66,787	384.7%
Saudi Arabia	45,708	51,879	75,155	4,960	63,437	1179.0%
Belarus	42 149	60 241	66 174	14 340	53,698	274.5%
Uzbekistan	13 040	8 312	16 785	14 410	36,384	152.5%

Source: Georgian national tourism administration

#### International Visitors from EU Member States in Georgia

Country	2017	2018	2019	2020	2021	Change %2021/2020
<b>Total sum</b>	<b>283 312</b>	<b>385 181</b>	<b>484 996</b>	<b>70 742</b>	<b>139 157</b>	<b>96,7%</b>
Austria	6 998	9 323	11 962	1 435	2,126	48.2%
Belgium	4 972	7 442	9 247	1 028	2,602	153.1%
Bulgaria	11 022	10 211	10 916	3 871	3,638	-6.0%
UK	22 392	29 406	37 478	5 625	7,936	41.1%
Germany	43 090	64 486	89 051	9 338	21,194	127.0%
Denmark	3 282	4 541	6 088	568	1,158	103.9%
Spain	7 541	10 996	13 710	1 727	4,041	134.0%
Estonia	5 572	10 036	12 482	2 819	4,353	54.4%
Ireland	3 287	2 873	4 903	707	1,237	75.0%
Italy	13 425	17 435	21 424	3 722	3,803	2.2%
Cyprus	1 382	1 878	2 262	367	519	41.4%
Latvia	11 805	17 653	20 514	3 976	7,961	100.2%
Lithuania	14 565	18 693	22 381	4 735	9,376	98.0%
Luxemburg	238	315	360	60	198	230.0%
Malta	228	241	520	101	122	20.8%
Netherlands	11 646	18 204	22 908	2 192	4,250	93.9%
Poland	48 913	66 903	88 300	10 691	30,988	189.9%
Portugal	2 412	3 139	3 988	546	1,152	111.0%
Romania	4 466	7 079	6 815	1 205	2,248	86.6%
Greece	18 276	19 722	21 150	3 363	5,317	58.1%
France	16 053	21 765	27 952	5 220	10,646	103.9%
Slovakia	3 721	6 039	6 689	1 182	1,282	8.5%
Slovenia	2 071	2 602	3 335	360	874	142.8%
Hungary	5 731	6 539	7 778	1 028	3,548	245.1%
Finland	3 344	4 333	5 100	701	793	13.1%
Sweden	6 034	8 080	9 654	1 452	1,947	34.1%
Czechia	9 435	13 575	16 018	2 476	5,316	114.7%

Croatia	1 411	1 672	2 011	247	532	115.4%
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Source: Georgian national tourism administration

\* From January 31st of 2020 the UK is no longer a member state of the EU

#### International Visits Per Border in Georgia

Border	2017	2018	2019	2020	2021	Change % 2021/2020
<b>Total</b>	<b>6,482,830</b>	<b>7,203,350</b>	<b>7,725,774</b>	<b>1,513,421</b>	<b>1 721 242</b>	<b>12,1%</b>
Including						
Tbilisi Airport	1 133 811	1 402 157	1 355 626	202 632	568,149	180.4%
Sarpi	1 101 317	1 296 833	1 355 489	278 477	253,859	-8.8%
Batumi Airport	193 699	239 251	258 159	19 868	221,853	1016.6%
Kazbegi	1 045 488	1 129 490	1 256 631	273 553	220,788	-19.3%
Sadakhlo	1 012 111	1 057 581	1 211 590	184 388	125,047	-32.2%
Tsiteli Khidi	1 018 548	1 121 052	1 235 802	301 033	111,744	-62.9%
Kutaisi Airport	112 179	147 009	215 556	46 693	87,156	86.7%
Vale	146 052	112 763	92 089	35 338	33,495	-5.2%
Kartsakh	118 822	106 006	97 911	29 911	28,511	-4.7%
Ninotsminda	177 753	163 985	167 157	48 244	26,808	-44.4%
Geguti	51 895	47 784	69 835	12 701	17,791	40.1%
Sadakhlo Railroad	27 180	29 257	32 652	2 360	8,486	259.6%
Tsodna	209 673	207 309	219 626	39 838	8,312	-79.1%
Batumi Port	12 953	16 445	19 291	7 534	3,626	-51.9%
Poti Port	16 876	14 038	19 362	5 271	3,164	-40.0%
Kartsakh Railroad	41	527	573	937	1,246	33.0%
Gardabani Railroal	26 195	37 694	46 677	9 343	1,147	-87.7%
Kulevi Port	1 857	1 988	1 895	524	60	-88.5%
Akhkerpi	225	75	133	11	0	-100.0%
Vakhtangisi	75 675	71 769	69 403	14 691	0	-100.0%
Samtatskaro	480	337	317	74	0	-100.0%

Source: Georgian national tourism administration

#### Number of Transported Travellers by International Airport in Georgia

Year	2017	2018	2019	2020	2021	Increase 2021/2020
Tbilisi International Airport	3 164 139	3 808 619	3 692 175	590 123	1 683 696	185,3%
Kutaisi International Airport	405 173	617 373	873 616	183 873	282 514	53,6 %
Batumi International Airport	495 668	598 891	624 151	51 412	516 017	903,7%

Source: Georgian Civil Aviation Agency

#### Number of Transported Travellers by the Georgia – Azerbaijan and Georgia – Armenia Railroad

Year	2019	2020	2021
Republic of Azerbaijan <sup>¶</sup>	118 511	18 873	--
Republic of Armenia	54 153	3 105	15 867
<b>Total:</b>	<b>172 664</b>	<b>21 978</b>	<b>15 867</b>

Source: Georgian Rail

The policy of development of tourism as an industry are significantly influenced by the international commitments made by the Government of Georgia. In this regard, it is important to effectively implement the Georgia-EU Association Agreement, including the opportunities provided within the

framework of the Deep and Comprehensive Free Trade Agreement, along with the Visa Liberalization Action Plan in terms of the management of the migration process (Georgia citizens have been travelling to EU / Schengen member states without a visa since March 2017).

It should be noted that the EU actively supports the development of the Black Sea region, initiated by the Black Sea Synergy in Southeastern Europe, which was founded after the accession of the Republic of Bulgaria and Romania to the EU in 2007 (due to the fact that after accession of said states, the Black Sea became an EU Sea). The initiative aims to expand and promote cooperation between the countries of the Black Sea region and the European Union. The Black Sea Synergy is seen as part of a larger European Action Policy and an Eastern Partnership Support Initiative.

Although cooperation under this initiative has been developed in areas such as: Maritime Policy, Maritime Research, Fisheries, Environment, Culture, Tourism, Transport and Communications, at this stage the EU needs to develop an even more effective strategy for the Black Sea region, akin to its approach towards other coastal regions (e.g. Mediterranean, Baltic Sea).

In addition, alongside the EU, Free Trade Agreements are already in effect with the European Free Trade Association (EFTA), the Republic of Turkey, the People's Republic of China and the Commonwealth of Independent States (CIS). Similar agreements are being prepared with the US and India, thus, contributing to the promotion of business tourism.<sup>4</sup>

It should be noted, that on December 2nd of 2021, at the General Assembly of the World Tourism Organization (UNWTO) of the United Nations, held in Madrid, Georgia was elected for the first time as a member of the Executive Board of said organisation, which, in turn, will contribute to the process of popularisation of the country, further developing its tourism potential. Simultaneously, Georgia is provided with the opportunity to pursue the interests of both the South Caucasus region, as well as Eastern Europe overall, in terms of the development of tourism.<sup>5</sup>

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<sup>4</sup>Due to the Pandemic in 2021 the Tbilisi-Baku-Tbilisi railway transport connection was severed

### **Possibilities for the Development of the Tourism Industry in South Caucasus in terms of Regional Development**

In line with the global trend, due to the pandemic, in 2020 the tourism industry shrunk unprecedentedly in all three countries of the South Caucasus. According to the United Nations World Tourism Organization (UNWTO), the number of international tourist trips in the world decreased by about one billion in 2020, a change of negative 74% compared to the same indicator recorded for 1990. In economic terms, this means a \$ 1.3 trillion drop in revenue, a loss of global GDP of \$ 2 trillion, as well as 100-120 million jobs at risk. International experts suggest that the goal of the world tourism industry, to reach the levels of activity recorded for 2019, could be achieved by 2023-2024.<sup>6</sup>

As for the main trends in the development of the tourism potential of the South Caucasus during the last 5 years (2017-2021) and the consequences of the impact of the pandemic on the tourism sector, the picture is as follows:

In 2020, international visits to all three countries of the South Caucasus amounted to a record small number - 2,684,398 visitors (a decrease of -82.4% compared to 2019). In January-September 2021, the number of international visitors in the Republic of Azerbaijan amounted to 515 280, in Georgia - 1 188 234, and in the Republic of Armenia - 609 775 visitors.



**International Visitors Statistics in South Caucasus Countries**

<b>Republic of Azerbaijan</b>						
<b>Type of Visit</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 (9 Months)</b>	<b>Change % 2020/2019</b>
Visits by International Visitors	2 691 998	2 849 581	3 170 373	795 761	515 280	-74,9%
<b>Georgia</b>						
<b>Type of Visit</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 (9 Months)</b>	<b>Change % 2020/2019</b>
Visits by International Visitors	6 482 830	7 203 350	7 725 774	1 513 421	1 188 234	-80,4%
<b>Republic of Armenia</b>						
<b>Type of Visit</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 (9 Months)</b>	<b>Change % 2020/2019</b>
Visits by International Visitors	3 398 143	3 757 168	4 319 618	375 216	609 775	-80.2%

**Source:** - National Tourism Agency of the Republic of Azerbaijan  
 - Georgian National Tourism Administration  
 - Tourism Committee of the Republic of Armenia

It must also be noted at this point, that the Republic of Azerbaijan ranks the 6th among the visitors for Georgia, with Armenia ranking as the 3rd. Georgia, however, occupied the 2nd rank for both Armenia, as well as Azerbaijan. Additionally, for all three South Caucasus states the Russian Federation and Ukraine are among the top 10 countries in terms of international visitors, with the Republic of Turkey, the Islamic Republic of Iran, India, and the Republic of Kazakhstan showing up on the top 10 lists of at least two of the aforementioned South Caucasus states.

**Top 10 Countries by the Number of International Visitors in the South Caucasus Countries**

<b>Republic of Azerbaijan</b>						
<b>Country</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 (9 months)</b>	<b>Change % 2020/2019</b>
Russia	853 082	880 029	932 984	225 214	176 800	-75,8%
Georgia	537 710	610 556	725 465	184 253	44 098	-74,6%
Turkey	301 553	291 499	316 628	160 513	44 098	-49,3%
Iran	362 597	241 124	255 628	72 796	81 314	-71,5%
Saudi Arabia	33 273	73 284	107 230	11 945	820	-88,8%
UAE	102 360	94 031	68 346	7 951	5 192	-88,4%
India	6 012	39 051	65 118	12 769	2 238	-80,4%
Ukraine	57 756	57 707	59 116	16 954	12 639	-71,3%
Turkmenistan	7 637	28 305	52 127	8 256	1 946	-84,2%
Iraq	62 454	67 514	50 723	5 184	659	-89,8%
<b>Georgia</b>						
<b>Country</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Change %2021/2020</b>
Turkey	1 007 276	1 098 555	1 156 513	335 580	326,494	-2,7%
Russia	1 135 057	1 404 757	1 471 558	208 677	212,979	2,1%
Armenia	1 287 168	1 268 886	1 365 048	260 965	164,698	-36,9%
Ukraine	169 862	177 058	207 667	42 414	144,901	241,6%
Israel	115 040	156 922	205 051	25 731	100,686	291,3%
Azerbaijan	1 301 556	1 424 610	1 526 619	295 132	82,718	-72,0%
Kazakhstan	47 241	58 955	103 611	13 779	66,787	384,7%
Saudi Arabia	45,708	51,879	75,155	4,960	63,437	1179,0%
Belarus	42 149	60 241	66 174	14 340	53,698	274,5%
Uzbekistan	13 040	8 312	16 785	14 410	36,384	152,5%
<b>Republic of Armenia</b>						
<b>Country</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2021 (9 Months)</b>	<b>2021 (9 Months)</b>	<b>Change% 2021/2020 (9 Months)</b>

Russia	584 561	684 013	855 612	125 212	238 008	47,4%
Georgia	319 902	314 341	344 607	51 001	41 295	-19,0%
Iran	220 147	160 645	160 676	13 576	68 830	80,3%
USA	44 587	53 744	63 175	3 821	24 347	84,3%
Kazakhstan	7500	12981	39 882	2 107	3 131	32,7%
Germany	21 011	28 655	39 690	1 787	7 978	77,6%
India	11 589	31 213	38 735	2 884	15 244	81,1%
Ukraine	29 706	32 412	36 125	5 786	15 715	63,2%
France	21 881	27 651	32 397	2 348	10 619	77,9%
Philippines	22 007	20 363	20 262	291	1 336	78,2%

**Source:** - National Tourism Agency of the Republic of Azerbaijan  
- Georgian National Tourism Administration  
- Tourism Committee of the Republic of Armenia

In terms of the neighbouring states of the region, in 2019 the number of visitors to the South Caucasus states amounted to 5 291 596, which is 4.5% more than in 2018. It is also important to note, that in the period between 2017 and 2020 Georgia had the most visitors from neighbouring states of the South Caucasus region.

#### Statistics of Visitors from Neighbouring States to the South Caucasus Countries

	Republic of Azerbaijan				Georgia				Republic of Armenia			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020 9 თვე
Russia	853082	880029	932984	225214	1135057	1404757	1471558	208677	584561	684013	855612	238 008
Turkey	301553	291499	316628	160513	1007276	1098555	1156513	335 580				
Iran	362597	241124	255628	72 796	282549	291070	141997	17053	220147	160645	160676	68 830
<b>Total:</b>	<b>1517232</b>	<b>1412652</b>	<b>1505240</b>	<b>458523</b>	<b>2424882</b>	<b>2794382</b>	<b>2770068</b>	<b>561310</b>	<b>804708</b>	<b>844658</b>	<b>1016288</b>	<b>306 838</b>

**Source:** - National Tourism Agency of the Republic of Azerbaijan  
- Georgian National Tourism Administration  
- Tourism Committee of the Republic of Armenia

In 2019 the South Caucasus countries were visited by more than 800 000 travellers from the EU. In the period from January to September of 2021 the region was visited by 149 329 travellers from EU member states. It is noteworthy, that the following EU countries are among the top 10 on the list of visitors for all three of the Caucasus countries: Germany, France, Poland, the Netherlands, and Spain. Additionally, Italy, Sweden, and Austria are also represented on the aforementioned list for two of the three South Caucasus states.

#### Visitors from EU Member States to the South Caucasus Countries

	2019	2021 January-September
Total sum	800 044	149 329
<b>Republic of Azerbaijan</b>		
<b>Sum:</b>	138 229	23 579
<b>Top 10 countries</b>		
UK	36 850	6 718
Germany	20 494	3 740
Italy	12 215	2 440
France	9 096	1 372
Poland	6 612	402

Netherlands	6 103	1 135
Spain	4 725	840
Sweden	3 457	425
Hungary	3 361	348
Austria	3 286	562
<b>Georgia</b>		
<b>Sum:</b>	484 996	95 712
<b>Top 10 countries</b>		
Germany	89 051	15 238
Poland	88 300	22 727
UK	37 478	5 307
France	27 952	7 836
Netherlands	22 908	3 021
Lithuania	22 381	6 485
Greece	21 150	3 460
Latvia	20 514	5 138
Czechia	16 018	3 869
Spain	13 710	2 591
<b>Republic of Armenia</b>		
<b>Sum:</b>	176 819	30 038
<b>Top 10 Countries</b>		
Gemrany	39 690	7,978
France	32 397	10,619
Poland	17 134	3 047
Netherlands	14 430	5 971
UK	12 515	2 709
Italy	12 581	1 429
Belgium	10 181	4 507
Spain	8 259	1 376
Sweden	6 740	1 941
Austria	5 865	1 336

**Source:** - National Tourism Agency of the Republic of Azerbaijan  
- Georgian National Tourism Administration  
- Tourism Committee of the Republic of Armenia

In terms of the service industry active 'brand' Hotels are currently represented in all three of the South Caucasus states. Additionally, the increase in the activity of the leading companies in the region in the international service industry supports both the development of the network of 'brand' Hotels, as well as the introduction of high standards, increasing, in turn, the attractiveness of the region overall.

#### 'Brand' Hotels Operating in the South Caucasus Countries

Georgia	Republic of Azerbaijan	Republic of Armenia
1. Crowne Plaza Borjomi;	1. Kempinski Hotel Badamdard;	1. Marriot Armenia;
2. Divan Suites Batumi;	2. Fairmont Baku Hotel;	2. Hyatt Palace Yerevan;
3. Golden Tulip Borjomi;	3. Hilton;	3. Doubletree Hilton YerevanCity Center;
4. JRW Welmond Hotel Spa Casino;	4. Excelsior Hotel Baku;	4. Best Western Plus Congress;
5. Ambassadori Tbilisi Hotel;	5. Four Seasons Baku;	5. Radisson Blu;
6. Citadines City Centre Tbilisi;	6. Happy Inn;	6. The Alexander a Luxury
7. Courtyard Tbilisi;	7. Sheraton Baku Airport Hotel;	

8. Hilton Garden Inn Tbilisi 9. Ibis Styles Tbilisi Center; 10. Mercure Tbilisi Old Town; 11. Hotel Citrus; 12. Marriott Tbilisi Hotel; 13. Millennium The Biltmore Tbilisi; 14. Radisson Blu Iveria Hotel Tbilisi; 15. ROOMS HOTEL Tbilisi; 16. The Shota Hotel; 17. Ibis Tbilisi Stadium; 18. Cron Palace Hotel Tbilisi; 19. Ramada Encore Tbilisi; 20. Ameri Plaza; 21. Best Western Tbilisi Art Hotel; 22. Holiday Inn Tbilisi; 23. Best Western Tbilisi City Center; 24. Hotels & Preference Hualing Tbilisi; 25. Wyndham Batumi; 26. Holiday Inn Telavi; 27. Radisson Collection Hotel Tsinandali Estate Georgia; 28. Paragraph Resort & Spa Shekvetili Autograph Collection; 29. Rooms Hotel Kazbegi; 30. Radisson Blu Hotel Batumi; 31. Sheraton Hotel Batumi; 32. The Grand Gloria Hotel; 33. Batumi Hotel; 34. Hilton Batumi; 35. Hotel Boulevard Batumi; 36. Georgia Palace Hotel & Spa; 37. Golden Tulip Borjomi; 38. MOXY Tbilisi; 39. Iota Hotel Tbilisi; 40. Sheraton Grand Tbilisi Metechi Palace; 41. Sole Palace; 42. Tiflis Palace; 43. Wyndham Grand Tbilisi; 44. Radius Hotel Tbilisi.	8. Hyatt Regency Baku; 9. Metropol Hotel; 10. Park Hyatt Baku; 11. Park Inn; 12. Radisson Blu Plaza Hotel Baku; 13. Ramada; 14. Jumeirah Bilgah Beach Hotel	Collection Hotel; 7. Ramada Hotel & Suites By Wyndham Yerevan; 8. Opera Suite Hotel; 9. Paris; 10. Golden Palace Hotel Yerevan; 11. Holiday Inn Express Yerevan; 12. Holiday Inn Yerevan; 13. Ibis Hotel; 14. Grand Hotel Yerevan; 15. Tufenkian Historic Yerevan; 16. Tsaghkadzor Marriot Hotel
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Source: - National Tourism Agency of the Republic of Azerbaijan  
 - Georgian National Tourism Administration  
 - Tourism Committee of the Republic of Armenia

The further development of tourism in the region depends heavily on the existing economic environment in the three South Caucasus states. It is noteworthy, that the 2021 Economic Freedom Index published by the Heritage Foundation places Azerbaijan on the 38th, Georgia on the 12th and Armenia on the 32nd position.

#### Economic Freedom Index

2021					
Countries	Place	Rule of Law	Effectiveness of Regulations	Government Share/Volume	Open Market
Republic of Azerbaijan	38	56,8	73,2	84,2	66,0

Georgia	12	63,6	79,4	87,0	79
Republic of Armenia	32	52,5	78,8	84,2	72,9
<b>2020</b>					
Republic of Azerbaijan	44	53,2	72,3	83,4	68,2
Georgia	12	63,8	80,0	85,0	79,3
Republic of Armenia	34	57,2	76,5	78,1	75,2

Source: The Heritage Foundation

It is also interesting to note at this point that according to the Travel & Tourism Competitiveness Index – (last measurements conducted in 2019), among 140 states included in the study the Republic of Azerbaijan occupies the 71st, Georgia – the 68th, and Armenia - the 79th position.

#### Travel & Tourism Competitiveness Index

Countires	2015	2017	2019
Republic of Azerbaijan	84	71	71
Georgia	71	70	68
Republic of Armenia	89	84	79

Source: (World Economic Forum)

It is noteworthy, that the largest tourism-related online search engine Momondo published the Top Countries for Travel and Work Index in 2021. Among the 111 countries included in the study Georgia occupies the 17th position, with Armenia ranking as the 83th on the list.<sup>7</sup>

According to the Social Progress Index in 2021 among the 168 states included in the study the Republic of Azerbaijan recieved 62,9 points, placing it on the 107the position, with Georgia receiving 74,47 points (49th rank), and the Republic of Armenia - 74,56 points (55th rank).

#### The Social Progress Index

countries	2020		2021	
	Rank	Points	Rank	Points
Republic of Azerbaijan	104	64,11	107	62,9
Georgia	56	74,85	49	74,47
Republic of Armenia	50	76,46	55	74,56

Source: www.socialprogress.org

According to the Cost of Living Index of one of the largest data-base of Numbeo in 2022 among the 139 countries included in the study, the Republic of Azerbaijan ranks as the 126th, Georgia ranks as the 125th and the Republic of Armenia ranks as the 109th.

#### The Cost of Living Index

Countries	2020	2021	2022
Republic of Azerbaijan	123	119	126
Georgia	120	132	125
Republic of Armenia	109	115	109

Source: www.numbeo.com

According to Numbeo's Quality of Life Index of 2022 among the 255 cities included in the study, Baku ranks as 212the, Tbilisi – as 196th, and Yerevan – as 186th.

### The Quality of Life Index

City	2020	2021	2022
Yerevan	166	187	186
Tbilisi	174	193	196
Baku	195	211	212

Source: www.numbeo.com

According to Numbeo's Crime Index of 2022 among the 142 countries included in the study the South Caucasus region ranks very low in terms of crime levels overall, with the Republic of Azerbaijan ranking as the 35th, Georgia – as 14th and the Republic of Armenia – as the 9th.

### The Crime Index

Country	2020			2021			2022		
	Rank	Security index	Crime index	Rank	Security Index	Crime Index	Rank	Security Index	Crime Index
Azerbaijan	32	68.39	31.61	32	68.34	31.66	35	32.25	67.75
Georgia	4	79.79	20.21	10	77.38	22.62	14	75.70	24.30
Armenia	9	78.40	21.60	11	76.65	23.35	9	77.87	22.13

Source: www.numbeo.com

Given all the above, due to its mostly untapped potential in terms of the tourism industry, opportunities and prospects open up for the South Caucasus region to turn it into an important tourist destination, based on the potential of existing and future tourist flows from neighboring countries (Republic of Turkey, Russian Federation, Islamic Republic of Iran - more than 300 million population), as well as the 50 states in Europe, 748.3 million (including 27 EU countries - 448 million), Central Asia (74.1 million), the People's Republic of China (1,439.3 million), the Middle East and North Africa; Among them: Saudi Arabia, Iraq, Israel, United Arab Emirates, Kuwait, Qatar (with a population of more than 100 million), as well as the Azerbaijani, Georgian and Armenian diasporas (to the count of millions of people) living in different countries world-wide.<sup>8</sup> Therefore, it is necessary for the three countries to cooperate in order to develop a strategy for the development of the tourism industry in the South Caucasus as a region with immense potential in this regard, increasing tourism attractiveness and competitiveness, along with the promotion of local culture, *etc.* This will, in turn, contribute to the peace-building process in the region. It will help to overcome the crises associated with warfare and the pandemic, increasing economic sustainability. The assistance of the United Nation's World Tourism Organization (UNWTO), along with other leading international institutions will also be important in shaping this strategy.

To achieve the aforementioned goals, it is vital for the region to take effective steps, including:

- Complete modernisation and further development of existing transport and logistics networks (including increasing the frequency of flights of operating and potential airlines, including low-cost airlines, facilitating the restoration and development of regular passenger-cruise traffic on the Black and Caspian Seas) that should help to establish a service standard, increase bandwidth and save time;
  - Pandemic crisis management in terms of safe tourism. Ensure safe tourism (the pandemic factor) certification. Development of post-pandemic tourism;
  - Attracting investments for the development of regional tourism;
  - Innovation and digitalisation;

- Offer alternative forms of tourism and create new targeted tourism products in all three countries of the South Caucasus, including combined tourism (Republic of Azerbaijan-Georgia; Republic of Armenia - Georgia, in future - Republic of Azerbaijan - Republic of Armenia);
- Emphasis on local cultural and natural resources, sports activities for the further development of the entertainment tourism industry in the region;
- Development of international trade markets and fairs in the region, which will facilitate business connections and travel, including in terms of business tourism;
- Make a list of target countries for tourism campaigns aimed at increasing the attractiveness of tourism flows to the region and gradually implementing the action plan for cooperation with each country.
- Coordinating the work of national tourism administrations, tour operators, travel agencies and travel associations (including guides) in three countries to create new, attractive and cohesive tourist routes in the South Caucasus;
- Conducting an active marketing campaign for target markets via the means of utilising the available tools of leading international platforms as well as international media and bloggers;
- Timely and correct emphasis on the most creative, in-demand and competitive tourism products;
- Using the opportunities of Azerbaijani, Georgian and Armenian diasporas living abroad to attract tourist flows to the region;
- Modernisation of tourist infrastructure, including existing real estate and construction of new real estate, including in the hotel sector;
- Joint efforts of all three countries to increase investment migration (local government - construction, development and international consulting companies specialising in investment migration);
- Introduction of visa-free regimes / visa-liberalisation with target countries for the purposes of facilitation of tourist travel;
- Increasing the engagement of the tourism administrations of the three countries with target audiences, both jointly, as well as by combining different methods (presentations, round tables, seminars, exhibitions, press and introductory tours) in order to increase the attractiveness of the region in terms of tourism;
- Complete a full inventory and analysis of the existing potential in the tourism industry for the preparation of a single, unified tourist guide of the region.

### **Conclusion:**

The new reality emerging in the region, with the process of normalisation of Azerbaijani-Armenian and Turkish-Armenian relations within the framework of the peace-building process, must provide a significant impetus to regional development across all dimensions of cooperation, including the tourism industry. It is noteworthy, that on February 2nd of 2022 flights have been reinstated between the Republic of Turkey and the Republic of Armenia.

Taking into consideration the aforementioned reality, joint efforts by all three of the South Caucasus countries must be actively diverted towards the popularisation and increased competitiveness on

both individual as well as regional levels. This will, in turn, support the process of regionalisation and integration of the tourism industry in the South Caucasus, thus, further strengthening the sustainability of regional tourism and ensuring healthy competition, both within the region as well as with neighbouring states.

Considering all of the above, the window of opportunity that is currently available provides the South Caucasus region with the chance to become a popular tourist destination, claiming its rightful place on the world tourism map in the nearest future.

<sup>1</sup> ჯანაიშვილი, მედეა. „საქართველოში 2021 წლის ტურიზმის აღდგენის დინამიკა პოზიტიურია და იმედს გვაძლევს, რომ უმოკლეს ვადაში შევძლებთ ტურიზმის უსაფრთხო აღდგენას“, [www.interpressnews.ge](http://www.interpressnews.ge), 14.01.2022

<sup>2</sup> იქვე.

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<sup>4</sup> იქვე.

<sup>5</sup> გაეროს ტურიზმის საერთაშორისო ორგანიზაცია ([www.unwto.org](http://www.unwto.org))

<sup>6</sup> “How COVID-19 is changing the world: a statistical perspective, Volume III” ([www.unstats.un.org](http://www.unstats.un.org))

<sup>7</sup> <https://www.momondo.ro/travel-work/rank>

<sup>8</sup> [Worldometer \(www.worldometers.info\)](http://www.worldometers.info)

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