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Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

### Empfohlene Zitierung / Suggested Citation:

Salukvadze, G. (2021). The Intersection of Georgian Tourism and Russian Politics. *Caucasus Analytical Digest*, 122, 9-14. <https://doi.org/10.3929/ethz-b-000506344>

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## The Intersection of Georgian Tourism and Russian Politics

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DOI: 10.3929/ethz-b-000506344

### Abstract

The article aims to explore the effect of global politics on tourism-dependent communities living in a geopolitically uncertain situation, using Georgia–Russia bilateral relations as an example. It discusses how the combination of political destabilization and tourism development affects Georgia’s overall economic climate, raising the question of whether the benefits of tourism are sustainable in the face of such an unpredictable political environment. The article explains how powerful regional political dynamics have impacted Georgia’s most formidable economic progress mechanism—tourism—and how strongly this has influenced the country’s development.

### The Political and Economic Price of Georgia’s Liberty

Political unrest in the South Caucasus area dates to the early 1990s, with the fall of the Soviet Union (USSR). Such political instability has been endemic in many transition countries. At the same time, Russia has employed provocations and backed different factions in conflicts to “maintain its de-facto authority” over various post-Soviet territories. Georgia was one of the newly independent countries that had to deal with violent ethnopolitical tensions and direct war with Russia in 2008 (the five-day August War). As a result of these developments, Georgia saw 20 percent of its territory annexed by its northern neighbour, which unilaterally declared the so-called independent states of Abkhazia and South Ossetia, notably unrecognized by the international community (Parliament of Georgia, 2008). Political upheaval and the disintegration of traditional Soviet-era economic linkages destroyed Georgia’s economic pillars, resulting in a dramatic decrease in national revenues and population welfare. Georgia’s economic development in the 1990s was impeded by various destructive factors, including corruption, crime, and hyperinflation described by Salukvadze (2008, p. 8) as “[...] authoritarian rules with a high level of corruption, especially state capture, non-transparency of the decision-making process, non-participation of the population, secrecy of information, etc.”. Georgia experienced the most significant drop in real GDP among the post-Soviet nations. According to World Bank (2020) records, the country’s real GDP fell by almost by 80% between 1990 and 1994, with major drops in agricultural (63%) and industrial (83%) outputs. In 1995, Georgia’s economic position began to improve, with GDP rising by 2.6% in that year and by 10.6% during the period 1996–97.

The tourism industry, which thrived under the USSR (Frederiksen and Gotfredsen, 2017), was one of the most

affected sectors of the national economy. Apart from the seizure of control of the most attractive and sought-after tourism locations, such as the Abkhazian Black Sea coast and mountain areas, the Russian occupation created almost 300,000 internally displaced persons (IDPs) (Salukvadze *et al.*, 2013). When moving to other cities and settlements in Georgia, IDPs were usually offered or voluntarily occupied tourist accommodation facilities, such as hotels and hotel-type establishments, as refugee housing in other parts of Georgia (Adeishvili *et al.*, 2011). As a result of the state’s failure to provide alternative accommodation, the “occupation” of tourism infrastructure has narrowed and eroded the country’s development possibilities in the near term. This was the first episode of political harassment in newly independent Georgia by a neighbouring country, Russia. It left a deep imprint on the country in terms of economic stagnation, particularly in tourism, one of the most advanced economic sectors under Soviet rule (Schmidt, 2017).

Since the mid-2000s, Georgia’s efforts to revive tourism have continuously faced persistent hurdles and constraints (Salukvadze and Gugushvili, 2018). This has been mirrored in the percentage of tourism income in Georgia’s GDP, which has shifted several times over the past ten years but has remained relatively steady and promising. Interestingly, a particularly substantial increase occurred in 2017, when the share of tourism income in the country’s GDP amounted to 7.3%, up from 6.2% in 2016. The significant increase continued in the years that followed, reaching a peak of 8.4% in 2019. Despite the positive outlook for the following years, the Covid-19 pandemic has had an extraordinary impact on the tourism sector, hurting its contribution to Georgia’s GDP, which decreased to 5.9% in 2020 according to preliminary estimates (National Statistics Office of Georgia (GEOSTAT), 2020). In addition to beyond the top-line statistics, tourism plays

a vital role in the national economic agenda and acts as the primary vector for Georgia's prosperity based on Georgia's strategic interests and development goals, which are clearly outlined in its strategy and policy documents (*Georgian Tourism Development Strategy 2025*, 2016; *Caucasus Regional Research Agenda (2020–2030)*, 2019; Regional Development Programme of Georgia (2018–2021), 2018; Strategy for Development of High Mountain Settlements of Georgia (2019–2023), 2019). However, it is well recognized that the region's fragile political climate, notably its "frozen" armed conflicts and Russia's economic and travel restrictions, jeopardizes the long-term viability of the tourism sector. Along with several other damages, the impact of destabilization includes a threat to tourism growth and the prosperity of local Georgian entrepreneurs who benefit directly from tourism revenues (Baumann and Kuemmerle, 2016).

It is worth noting that the Georgian tourism industry is becoming more vulnerable as a result of Russia's official political and informational "instruments" and methods, such as the suspension of direct flights, a trade embargo, and warnings to its citizens to avoid travelling to Georgia (Jandieri, 2014). Such acts of aggression by Georgia's northern neighbour inevitably disfavoured stable growth in its tourism sector (Papava, 2018).

### **The Dangers of Tourism Dependency**

Georgia's economy relies significantly on Russia, mainly through the energy sector, tourism, foreign trade, and remittances, a situation that poses a significant challenge for the country's economic independence and security. More specifically, exports of Georgian products to Russia have increased in recent years, reaching around USD 500 million in 2019. Russia accounted for 13.2% of Georgia's total exports in that year. The Covid-19 pandemic, on the other hand, has had a substantial influence on shipments to Russia, with its share dropping to 11.7% in the first quarter of 2020 (Transparency International Georgia, 2020). This, of course, provides neighbouring Russia with a strategic opportunity to manipulate Georgia. As Russia's most significant area of leverage against Georgia is tourism, it can effectively influence the economic well-being of many Georgians who depend on this sector. According to Georgia's National Tourism Administration, the Russian Federation accounted for the majority of foreign visits to Georgia with 1.2 million visitors in 2019, constituting 20% of total visitors to the country (Georgian National Tourism Administration 2020). As a result, global political blows to the free movement of people may be replicated at a local level, drastically altering the economic conditions of, for example, a household involved in tourism living in the

highlands of Georgia. This problem is currently acute and is being discussed not only in the Caucasus area but also in many other countries in a similar situation. However, Georgia's situation is even more concerning because its mountain areas have recently been marked by their complete reliance on tourism alone. According to Salukvadze and Backhaus (2020), this trend poses a risk for Georgia since a downturn in tourism would leave citizens with an underutilized tourist infrastructure built chiefly at the expense of prior traditional economic practices. Nonetheless, these authors outline the current challenges facing several economic fields which create an environment in which people are encouraged to rely on tourism.

Internationally, scientific and popular works have actively responded to this trend by examining many countries (e.g., China, Botswana, Indonesia) and concluding that in general, tourism is prone to generating mono-sectoral reliance (Meyer, 2007; Mbaiwa and Stronza, 2010; Garrigós-Simón, Galdón-Salvador and Gil-Pechuán, 2015). Lasso and Dahles argued that economic dependence on tourism-based revenue is a long-term risk for a country and its citizens (2018). Beyond the unpredictability of geopolitical threats, sole economic reliance on tourism is regarded as a very volatile and unstable strategy in the long run. The latter was clearly proved by the unexpected Covid-19 pandemic, which halted all tourism activities in a record short time and caused unprecedented damage to Georgia's tourism industry.

### **The Intersection of Political Actions and Tourism**

In recent years, the reflection of political decisions on tourism development has been particularly notable in Georgia. More specifically, Russia's embargo on Georgia specifically targets sectors in the Federation on which the Georgian economy relies. A chronology of the Russian blockades of Georgia, given in Figure 1 at the end of this article on p. 13, illustrates the essential features of the relationship between 2005 and 2020. Thusly, we reveal the economic dimensions along which Russia seeks to inflict harm on Georgia's economy. As Russia is one of the most important markets for Georgian exports, the Federation's various limitations substantially negatively impacted the sale of (among other items) agricultural goods, wine, and mineral waters from Georgia to Russia. Then, in 2005, Russian authorities launched a full-fledged economic embargo on Georgia, prohibiting the import of Georgian vegetable products on the premise that they "violated the criteria of microbiological composition" (Morrison, 2019). Following this move, in 2006, the wine industry became Russia's target in the Georgian economy, with Russia expand-

ing its embargo and banning wine imports from Georgia. There have also been multiple attempts to limit the free movement of people, predicated on the objective of directly decreasing the number of Russian tourists visiting Georgia.

If we draw comparisons and explore how restrictive measures on Georgia, particularly those imposed by the Russian Federation, may influence the country's tourism development, some links can easily be found. Figure 2 at the end of this article on p. 14 covers the period from 2008 to 2019 and illustrates the growth or decrease in the number of Russian tourists each year compared to the previous year. The year 2008 constituted a major challenge to Georgian tourism development, with Russian tourist numbers initially higher than those in 2007, but showing a sharp decline from August, with a nearly halved number of arrivals from Russia due to the Russo–Georgian war (August 7, 2008 – August 12, 2008). The effects of this shock remained considerable until the end of 2008. In 2009 the country's tense post-war circumstances remained in the first half the year, but numbers started to considerably increase from August on, with more than 40,000 more Russian visitors compared to the same period of the previous year.

It is remarkable that the interaction is quite obvious between (positive) political development and travel statistics, the years 2010 through 2013 also showing a typical rising trend of people coming to Georgia from Russia, especially during the peak season in the summer. Furthermore, following Georgia's unilateral removal of visa restrictions for Russian nationals in 2011, inbound visitors from the Federation increased by 72% in 2012 and continued to rise in 2013.

In 2018, 1.4 million Russian citizens visited Georgia and its share in total number of international visitor trips increased to 16.2%. More recently, in June 2019, Russia imposed an order to ban Russian airlines from flying to Georgia; Vladimir Putin had decided that a suspension of flights was required to [protect] “the national security of the Russian Federation (Higgins, 2019). Figure 2 at the end of this article on p. 14 demonstrates that this sanction decreased the number of Russian visitors substantially in July 2019. The share of Russian visitors in the total number of foreign visitors to Georgia reached a maximum of 16% in 2018. Due to the restriction on flights imposed from July 2019, Russia's share in Georgian tourism decreased to 15.7%. According to the Georgian National Tourism Administration (GNTA), the 2019 tourism statistics were forecast to exceed the 2018 figures for arrivals of

Russian visitors. In contrast, the number of tourists fell to 2017 levels (Georgian National Tourism Administration, 2018).

### Tourism Resilience in a Context of Geopolitical Turmoil

Most national development strategies and programs are focused on promoting economic diversification, particularly in remote rural and mountain regions. Despite these efforts, it appears that the vector from agricultural to rural development has not simply altered but become entirely reoriented towards tourism development (Gugushvili, Roep and Durglishvili, 2021). In most cases, in the face of significant diversification efforts, the tourism industry has become an impediment to and a powerful opponent of fostering the growth of other economic sectors. All of this emphasizes the urgent need to shift the focus of the diversification path; agriculture, in particular, should not be the starting point for diversification strategies, and the same holds for tourism, which has joined other sectors that “cannibalize” broader growth. To encourage diversification, the economic expansion strategy should integrate new dimensions, such as non-tourist businesses, in addition to supporting non-farming activities.

A newly-developed concept of “supportive tourism” seeks to maximize opportunities for the long-term development of activities independent of tourism (Gugushvili *et al.*, 2020). However, these opportunities should be derived from the broad links between tourism and other economic activities. As this opinion paper seeks to go beyond limited conceptions of tourism, it emphasizes that tourism could be the starting point for the expansion and assimilation of different economic activities and mark the end of the agricultural sector's traditional dominance, specifically in rural and mountain regions. Importantly, there is an urgent need to diversify tourist products and services to penetrate new, high-spending tourism markets and boost Georgia's competitiveness.

Understanding these dangers offers fresh insight into the interdependence of global politics and tourism-dependent communities, highlighting the fragility of treating tourism as a panacea for economic progress. In such a situation, a country's development “weapon” can at any time become the cause of its economic collapse. Its direct promotion mainly through state-driven policies and development-oriented initiatives is a reckless move and not an appropriate policy approach. Instead, the mantra of diversified development should be refined to emphasize the need to prevent reliance on a single sector in Georgia's volatile political context.

*Please see overleaf for information about the author and references.*

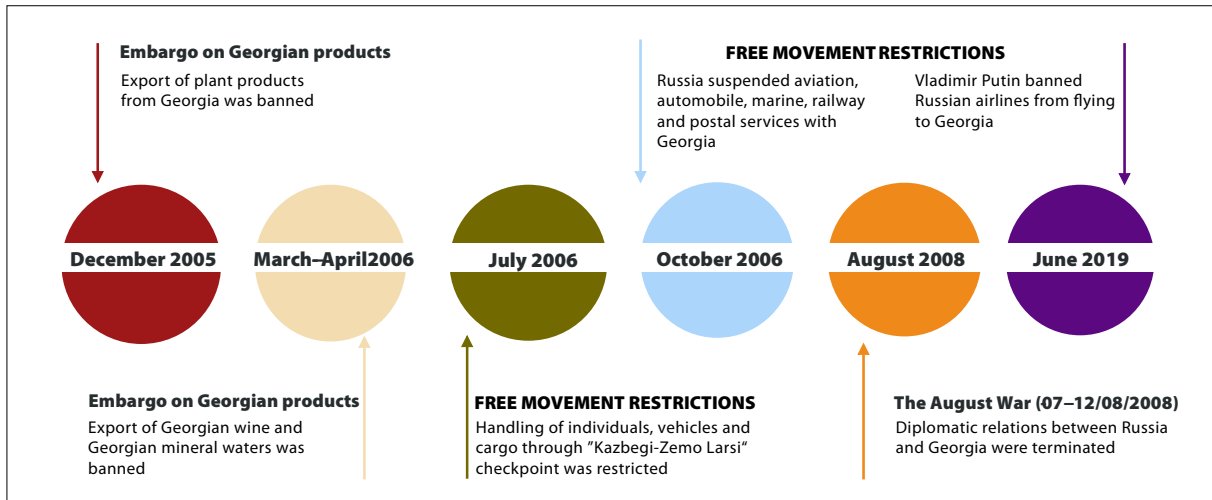
### About the Author

Gvantsa Salukvadze is a Ph.D. candidate at Tbilisi State University and a 2020 Doctoral Fellow at the Center for Eastern European Studies at the University of Zurich (UZH). In 2021, she became an affiliated researcher at UZH's Department of Geography, Unit of Space, Nature, and Society (SNS). Her research experience and authorship of articles in academic peer-reviewed journals cover sustainable tourism development, mountain livelihood studies, destination resilience, and community-based development.

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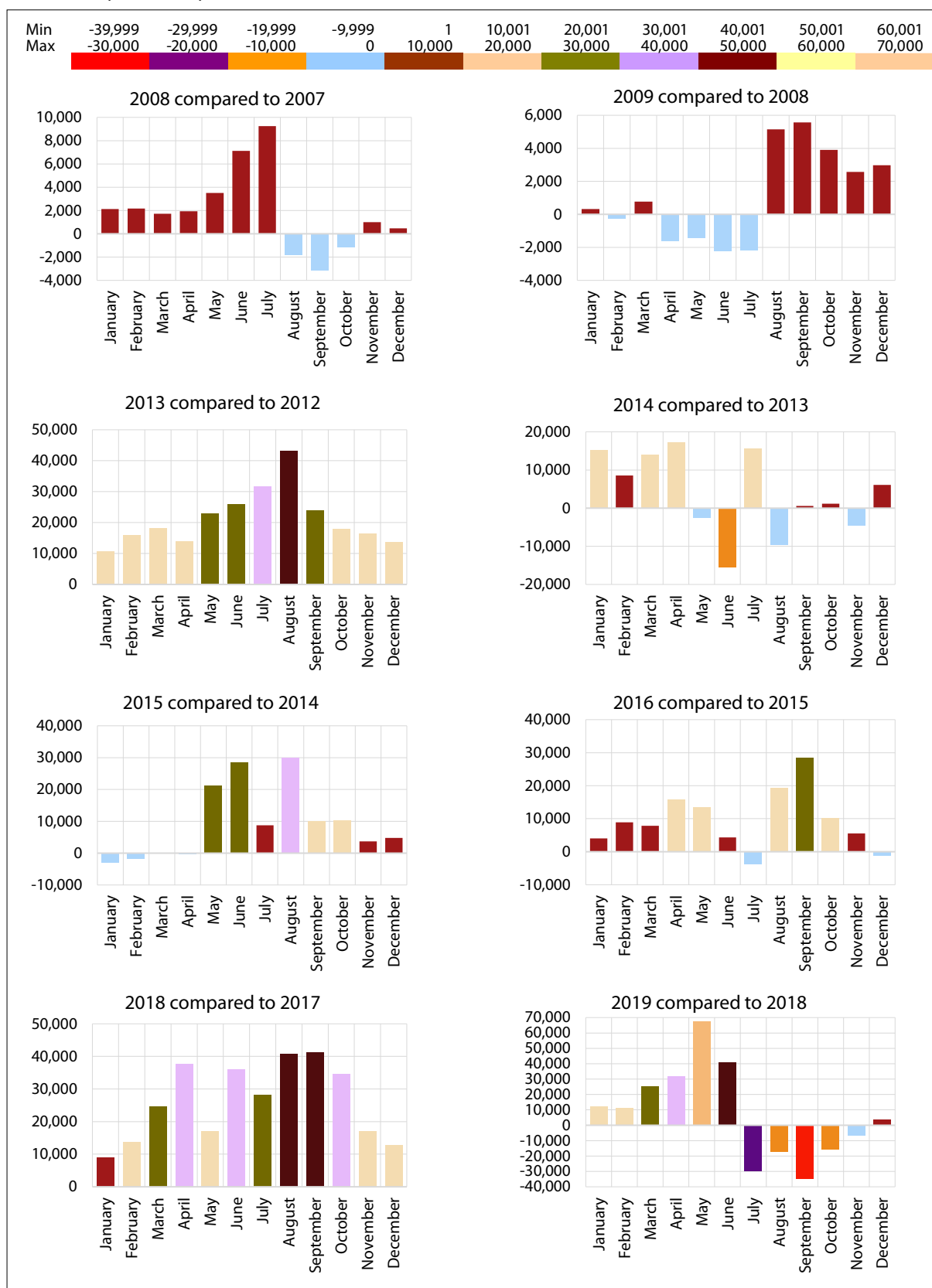
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Figure 1: A Chronology of Russian Embargoes on Georgia (2005–2020)



Sources: <https://www.sciencedirect.com/science/article/pii/S187936651500010X>; <https://www.cacianalyst.org/publications/analytical-articles/item/10801-analytical-articles-caci-analyst-2006-4-19-art-10801.html>; <https://transparency.ge/en/blog/georgias-economic-dependence-russia-trends-and-threats>; [https://www.europarl.europa.eu/meetdocs/2004\\_2009/documents/dv/632/632885/632885en.pdf](https://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/632/632885/632885en.pdf); <https://www.georgetownjournalofinternationalaffairs.org/online-edition/2019/7/22/rosso-georgian-dystopia>; <https://www.theguardian.com/world/2019/jun/22/putin-bans-russian-airlines-from-flying-to-georgia>; <https://emerging-europe.com/voices/russian-sanctions-against-georgia-how-dangerous-are-they-for-countrys-economy/>.

**Figure 2: The Difference in the Number of Arrivals from the Russian Federation Compared to the Previous Year (2008–2019)**



Source: chart by Temur Gugushvili, based on data from Ministry of Internal Affairs of Georgia