

Perspectives on Tourism Development in the Russian Far East

Hisako Tsuji

Senior Economist, Research Division, ERINA

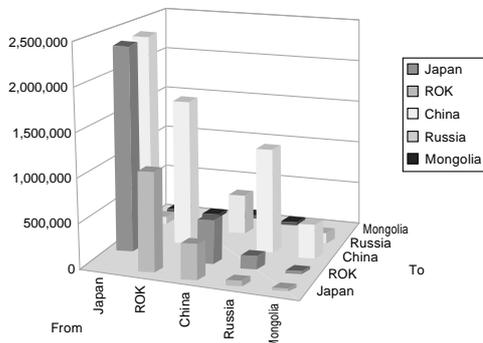
The aim of this paper is to summarize proposals for expanding the number of foreign tourists, particularly Japanese, who visit the Russian Far East. Why should we promote tourism? In addition to the primary aim of enjoying a trip, we can identify two by-products generated when many people cross borders for the purpose of tourism. Firstly, the country receiving the tourists benefits from increased affluence. Secondly, interpersonal exchange deepens mutual understanding and assists in improving the image of that country overseas. According to a survey carried out by the Japanese government, most of the foreigners who visited Japan for the World Cup soccer championship said that their image of the Japanese had improved after visiting Japan. It is conceivable that the same thing would happen in Russia as well.

First of all, this paper provides an overview of flows of tourists in Northeast Asia, including Russia and Japan. Then, based on interviews with people in the Japanese travel industry, it identifies what is necessary in order to expand tourism operations in the Russian Far East.

1. The Current State of International Travel in Northeast Asia

Firstly, let us look at the current state of international tourism in terms of statistics. We can understand more about movements of people by looking at the immigration statistics for each country. The DPRK is not included because it does not publish its statistics. As the statistics that can be obtained are limited to those compiled by the immigration control authorities on a national basis, all statistics refer to the situation in the country as a whole. Accordingly, there are no figures for specific regions of a country, such as the Russian Far East or Northeastern China. Moreover, although the purposes of overseas travel include tourism, business, shopping, studying abroad, working away from home and peddling goods, it is difficult to make precise distinctions on the basis of statistics alone.

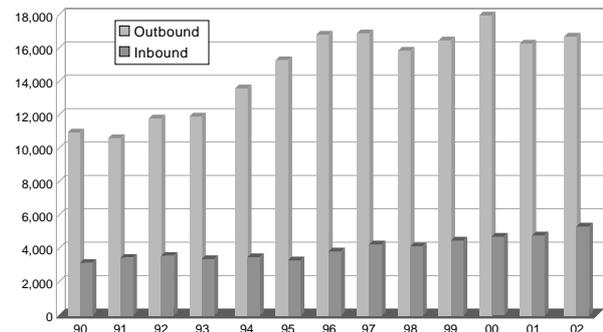
Graph 1. Tourism matrix in Northeast Asia, 2001



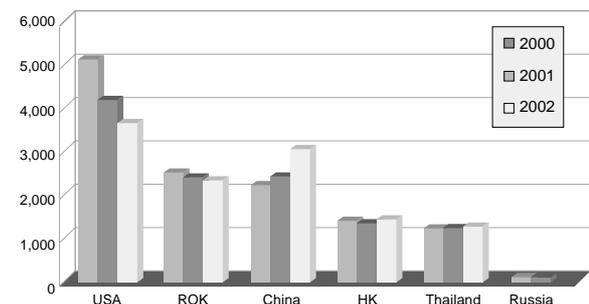
International travel in the countries of Northeast Asia has the following characteristics.

1) The Japanese are very active in terms of overseas travel. In Northeast Asia, the number of visitors to China and the ROK is particularly high. In 2001, a total of 16 million people traveled abroad. The number of people traveling to the ROK and China was particularly high, reaching 2.4 million in each case. A major reason for this is the fact that the ROK exempts Japanese people from the requirement for a visa. In addition, China began exempting Japanese tourists from the visa requirement in September 2003. In China, sightseeing at such places as the Great Wall, the Forbidden City and Guilin is popular, while many tourists visit the ROK for shopping and beauty salon treatments. Moreover, both countries are popular for their food, and their attraction also lies in the fact that they are cheap destinations located close to Japan.

Graph 2. Japanese tourists to the world (Unit: 1000)



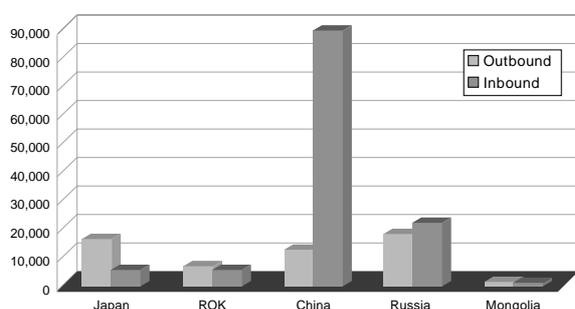
Graph 3. Destinations of Japanese tourists, 2001 (Unit: 1000)



2) South Koreans are also active in visiting China and Japan. South Koreans visiting Japan for sightseeing require visas, but the conditions for obtaining a visa are being relaxed. In addition, many ferries sail between the ROK and China, and the ROK and Japan, providing a cheap means of transport.

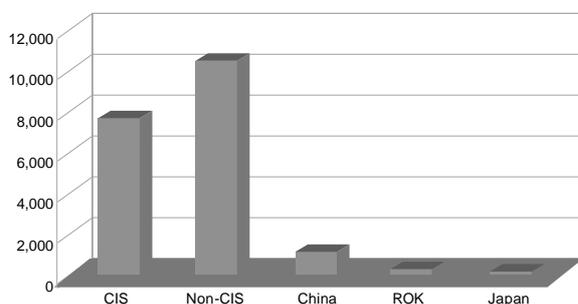
3) The number of Chinese traveling overseas is extremely low (1% of population). Many Chinese tend to visit Hong Kong or Macau, and there are few visitors to other Northeast Asian countries (12% of the total). The main reasons for this are the restrictions on overseas travel and economic constraints. Only citizens of Shanghai, Beijing and Guangzhou are permitted to join group tours of Japan. It is thought likely that the gates will be opened to other Chinese tourists in the future. About seven times as many foreigners visit China as Chinese go overseas. The majority of these (87%) are accounted for by people of Chinese descent from countries such as Hong Kong, Macao and Taiwan.

Graph 4. Outbound & inbound tourists in Northeast Asia, 2001 (Unit: 1000)



4) Few Russians travel to Northeast Asia. 18 million Russians went overseas in 2001, but many of these (42%) were bound for CIS states, and the number of travelers to Northeast Asia was no more than about 1.4 million (8%). The majority of these (135,000) were destined for China. In particular, it has been estimated that the number of peddlers involved in cross-border trade in Suifenhe and Heihe is particularly high. The number of Russians visiting Japan was just 35,000.

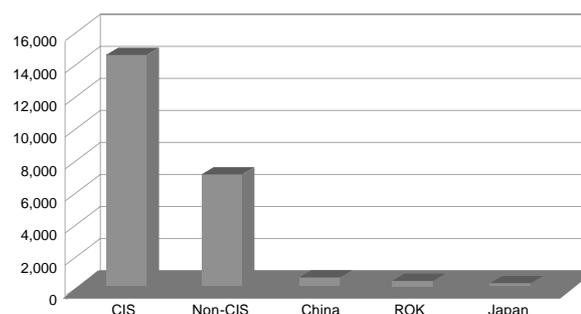
Graph 5. Destinations of Russian tourists, 2001 (Unit: 1000)



5) Few travelers from the countries of Northeast Asia visit Russia. Around 21 million foreigners visited Russia in 2001, but many of these were from CIS states, as might be expected, and travelers from Northeast Asia accounted for just 3.6% of all foreign visitors. A breakdown of this figure shows

that there were 460,000 visitors from China (2.1% of all visitors to Russia), 120,000 from the ROK (0.5%) and 70,000 from Japan (0.3%). The question is why these figures should be so low? Most of the foreign tourists were from European countries; the CIS accounted for 67%, Finland for 6%, Lithuania for 5% and Poland for 4%. It is likely that the situation in the Russian Far East is different, but there is no statistical proof of this.

Graph 6. Foreign tourists to Russia, 2001 (Unit: 1000)



2. The Situation Regarding Japanese Visiting the Russian Far East for Sightseeing Purposes

Next, let us focus on Japanese visitors to Russia. Japanese tourists visiting the Russian Far East fall into one of two categories. These are general tourists and visitors with a specific aim.

(General tourists)

General tourists are those who do not have a particular interest in the Russian Far East but decide to go to see the region once because it is close to Japan. Most of these tourists have already visited places such as Europe (including the Moscow area), mainland America, Hawaii and Asia (including China and the ROK) and have set their sights on visiting the Russian Far East because it is an unknown region. In almost all cases, they participate in group tours for such reasons as their inability to speak Russian. Moreover, at present, many of the visitors are middle-aged or elderly, and mostly male, with hardly any young female visitors. In fact, the number of Japanese men going to Russia with the aim of visiting Russian prostitutes has been on the increase of late.

The things that general tourists expect on their visit are European-style streets (like those in St. Petersburg) and cultural pursuits, the comfort of a five-star hotel, prices on a par with those in the ROK, Russian food that suits the Japanese palate, abundant souvenirs and the freedom to walk around the city alone with a guidebook in one hand.

So, to what degree are general tourists that have actually participated in tours satisfied with them? In fact, their level of satisfaction is apparently extremely low. To be specific, the following complaints have been heard:

- There are few things to see. There are no impressive tourism resources. Even though it is also part of Russia, the Russian Far East cannot hold a candle to places such as St. Petersburg, which is overflowing with tourism resources such

- as beautiful streets, historic sites and fine art.
- The quality of and service at hotels is poor.
- The food does not suit the Japanese palate. It is different from the Russian food that is famous in Japan (pirozhki, borscht, caviar).
- Domestic flights and trains are delayed, playing havoc with travelers' schedules.
- Obtaining a visa is time consuming and expensive, and immigration checks are harsh.
- Travel costs are high.
- It is not possible to walk the streets on one's own. There is no English or Japanese on the street signs. There are no taxis that one could use without anxiety. Security is a worry.
- There are few souvenirs. Duty-free shops at the airports are unsatisfactory.

(Tourists with specific aims)

Currently, the main trend is for visits to Russian Far East by tourists with such specific aims as participation in outdoor activities, eco-tours, fishing, hunting, visits to sanctuaries for wild animals, cultural exchange, interaction between young people, visits to the homes of friends and acquaintances, and visits to graves of Japanese internees.

These travelers tend to be highly satisfied with their visit, in general, and some make repeated visits. However, their numbers are limited and a significant increase is unlikely.

In order to increase tourist numbers, it is necessary to attract general tourists.

3. Major Problems with Regard to the Russian Far East as a Tourist Destination

Let us now consider the problems involved in attracting general tourists from Japan to the Russian Far East.

(Problems involved in attracting general tourists)

- 1) The Russian Far East has few tourism resources that can be enjoyed by tourists. European countries and such cities as St. Petersburg and Moscow have an abundance of historical and cultural assets (art museums, ballets, concerts, etc.) that appeal to the Japanese. Many cities do not merely protect their historical assets but are making efforts to reconstruct building that have become decrepit or were previously destroyed. Khabarovsk and Vladivostok are lacking in this area. On the other hand, the ROK, which is visited by many Japanese, has various attractions geared towards young people, such as markets, grilled meat restaurants and beauty salons. China has abundant historical assets, such as the Great Wall and Forbidden City, and nature tourism resources such as Guilin. It is necessary for the Russian Far East to develop more tourism resources as well.
- 2) The quality and quantity of hotels is insufficient. Existing hotels are small and, as visits by tourists to the Russian Far East tend to be concentrated in the summer, there are not enough hotels in the summer. In terms of quality, few are in the five-star category.

Recently, it has become possible in Japanese hotels to use computers and the internet in the guest rooms.

- 3) The food does not always suit the Japanese palate. Generally, Russian food is tasty and basically should be popular with the Japanese. Tourists would be delighted if they were given the Russian food that the average Japanese person expects to encounter in Russia (pirozhki, borscht, pelmeni, caviar).
- 4) It is difficult for ordinary Japanese people, who cannot understand Russian, to walk around cities freely. Japanese people who have visited Europe or America look forward to being able to walk around cities with a map in one hand, but this is difficult to do in the Russian Far East. Problems include the lack of maps in Japanese, the inadequacy of Japanese guidebooks, the lack of street signs in Japanese or English, and the lack of taxi drivers who can understand what non-Russian-speaking tourists are saying. Moreover, there are no shuttle bus services from the airport to hotels in the city center on which Japanese (or English) is understood, and that Japanese people traveling independently could use.
- 5) High cost. In comparison with visiting the ROK from Japan, a trip to the Russian Far East costs 30-40% more. A four-day three-night tour to the ROK costs between ¥60,000 and ¥90,000, while a trip of the same length to Khabarovsk costs around ¥90,000 to ¥120,000. In the case of the ROK, tours during the off-peak season and on weekdays cost even less. In the Russian Far East, air fares, hotel charges, interpreting costs and transfer costs are expensive. The monopoly on air travel is cited as the main reason for the expense of airfares. It is necessary to understand that even the Japanese are sensitive to prices during an economic slump.
- 6) Administrative procedures are a nuisance. Immigration checks are harsh compared with those in other countries. Since the ROK abolished the requirement for Japanese tourists to obtain visas, the number of Japanese tourists visiting the country has increased significantly. In addition, China abolished the visa requirement for Japanese people in September and it is envisaged that the number of tourists, which had fallen as a result of the effects of the SARS epidemic, will increase as a result. Japanese people do not require visas to visit America or countries in Europe and Southeast Asia. About the only tourist destinations that require Japanese visitors to have visas are Russia and Mongolia.

(Problems for travel agents)

- 1) It is not possible to obtain information about the region within Japan. There is no branch of the Russian National Tourist Office in Japan. Most other countries have a Japanese branch of their government's official tourist board. Consideration also ought to be given to establishing an official

tourist office specializing in the Russian Far East.

- 2) Insufficient publicity targeting Japanese people. There are several conceivable ways of publicizing the region. Generally speaking, pamphlets alone are not enough; obtaining publicity through tourism magazines and leisure magazines is more effective. Women's magazines could also be used to target female travelers. Another effective method would be to profile the region on TV programs, as there are many food and travel-related programs and quiz shows that focus on overseas travel.
- 3) Domestic means of transport (planes and trains) are often delayed, so it is difficult to make travel plans in which travelers are guaranteed to make their connections.
- 4) Costs are high. Transfer costs and interpreting charges are tacked onto the basic cost. There is no system of obtaining commission by collaborating with specific souvenir shops.
- 5) There are problems relating to contracts. One Japanese company has had the experience of being charged more for chartering a helicopter than had been agreed in advance in the contract (1995). Japanese travel agents believe that the Russians with whom they do business do not respect the principle of adhering to contracts.

4. The Potential for Tourism in the Russian Far East

Looking at all this, it seems as though the Russian Far East does not have the capacity to be a tourist destination, but in fact it has great potential. The scope for developing the tourism resources that it lacks is also immense. Let us look at the possibilities that the region holds.

- 1) Making use of nature to the greatest possible extent: What the Russian Far East has that Moscow lacks is natural beauty. For example, Kamchatka has such resources as hot springs and volcanoes. If a regular but seasonal air route to Japan were established and accommodation facilities developed, the area could become popular with Japanese tourists as a resort providing an escape from the heat and humidity of the Japanese summer. In addition, Irkutsk, which is home to Lake Baikal, has distinctively picturesque city streets, and could become attractive as a summer retreat. In order to launch these areas as resorts, decent hotels and meticulous service is required. Moreover, cheap, convenient air transport is a sine qua non of any summer resort.
- 2) Developing cultural tourism resources: Would it not be possible to reproduce in the Russian Far East the art museums, ballets, operas, concerts and circuses that are the highlight of any trip to Moscow or St. Petersburg? For example, it is said that the Hermitage, which no self-respecting Japanese tourist would miss on a visit to St. Petersburg, has a massive collection, much of which is just slumbering in a basement storeroom. This is a complete waste. Why not pass on to the Russian Far East the artifacts that are not on display and create a

Far Eastern Branch of the State Hermitage Museum in which to display them?

- 3) Sporting exchange: Russia has attractive resources with regard to such sports as ice hockey. Japan's professional teams are being scrapped, one after another, and apparently the very existence of Japan's ice hockey league is threatened, because the number of teams has decreased. It seems that an international league that includes teams from the ROK is going to be created, so if Russia could also join this, supporters would move between the three countries and sporting exchange would be intensified.
- 4) Historical tourism resources: The Russian Far East has picturesque European-style streets and resources that have been bequeathed by modern history. For example, Sakhalin has buildings that remain from the time when it was ruled by Japan, and if conservation work to improve their condition was carried out, they could become places of historic interest. In addition, there are graves of Japanese internees and buildings constructed by internees in Khabarovsk and Irkutsk. These could arouse the interest of Japanese tourists.
- 5) Wholesome amusement facilities: Amusement facilities are invariably capable of attracting tourists. Tokyo Disneyland is jam-packed with tourists from Taiwan and China. Given that many Japanese visit Las Vegas, they could be receptive to casinos. I wonder how a Russian version of Las Vegas might turn out?
- 6) Attracting events such as international conferences: This year, Niigata opened Toki Messe, an international conference facility, and has been attracting a variety of national and international conferences. If international conference halls and hotels were developed in the Russian Far East, it would become possible to attract various conferences. In the same way, attracting international sporting competitions is also conceivable.
- 7) Combining various elements: Where there are several small places that could be visited, as is the case in the Russian Far East, tours combining a number of these could be offered. For example, there could be a tour visiting Khabarovsk, Kamchatka, Irkutsk and Moscow. Furthermore, combining these with road or rail journeys, or a cruise from Japan to Vladivostok is also conceivable.

5. Advice to the Russian Side

Finally, we come to advice and requests to those on the Russian side.

- 1) Establish a Japanese branch of the Russian National Tourist Office and improve publicity activities in collaboration with the airlines. By doing this, it will become easier for Japanese travel companies to obtain information and make bookings. It would be desirable to establish a tourism bureau covering the

whole of Russia in Tokyo, and one specializing in the Russian Far East in Niigata.

- 2) It is necessary to plan cities in such a way that tourists can walk around them freely. Street signs in Japanese or English should be developed, as should shuttle buses from the airport to major hotels on which English or Japanese is spoken and understood. Reliable taxis should be provided. It is necessary to make cities safer.
- 3) Visas should be eliminated for Japanese tourists and immigration procedures should be streamlined. Russia's rivals, the ROK and China, have abolished the visa requirement for Japanese tourists.
- 4) Hotels should be constructed, improved and modernized, with international standards (star system) applied to them. I visited Riga last year for the first time in over a decade and was surprised at the way in which the Soviet-era Intourist Hotel had been reborn as the luxurious five-star Latvija Hotel.
- 5) It is necessary to tackle the development of tourism resources through efforts on the part of both the public and the private sectors. The region has great potential in terms of cultural events (ballets, concerts, art exhibitions, etc.) and historical

resources. If the traditional, picturesque European-style streets of Khabarovsk and Vladivostok were polished up further and parts of the city that had become dilapidated or had been destroyed were restored to their former glory, the attractiveness of these cities would be increased. In places such as Rotenberg in southern Germany, the medieval ramparts and buildings have been reconstructed and they have become a tourist attraction. Similar efforts are being made in St. Petersburg. Systematic efforts to recreate traditional buildings are required.

- 6) Efforts should be made to reduce costs, making airfares and hotel charges cheaper, so that the region can hold its own against the ROK and China. It would be desirable for the monopoly on air routes to be eliminated.
- 7) The improvement of airport duty-free shops offers a chance to obtain foreign currency. Precious souvenirs and beautiful postcards can also help to improve tourists' impressions of a place. On my most recent visit, I was impressed with the beautiful new postcards being developed in Khabarovsk.