

**Turkey-South Caucasus Value Chain Integration in Tourism: Future of
Tourism in Kars and Potential Synergies with Armenia**

TEPAV, August 2015

Introduction

A previous report prepared by TEPAV ‘Strengthening Connections and Business Synergies Between Turkey and Armenia’¹ identified Information and Communication Technologies (ICT) and tourism as target sectors for cross-border economic cooperation. The context of this study, under the “the Support to Armenia Turkey Normalization Process” programme funded by European Union, is to go deeper into the role of tourism as a springboard to mutual economic collaboration between Armenia and Turkey.

Within this context desk research focusing on data analysis and fact finding in the field covering Kars and Van in June 2015 were done (see Appendix 1).

This paper Elaborates on Eastern Anatolia’s tourism as a regional economic scheme for cooperation between Armenia and the north eastern region of Turkey. Kars is the base for this cooperation given multiple reasons such as location, shared borders with Armenia (328 km), Kars’ history as well as the presence of Ani Historical City.

Although the main subjects of this study are Armenia and Kars province, Georgia and Azerbaijan as integral parts of the South Caucasus are accepted as the beneficiaries of this synergy. Within this the first section will cover the tourism sector in Turkey. The second section will identify Kars, Iğdır, Van and Ardahan’s selected macroeconomic indicators. Third section analyzes the tourism sector in Kars where a basic SWOT analysis for tourism in Kars is also included. In the fourth section the potential regional complementarity between South Caucasus and Kars region is investigated. The final section proposes a roadmap, pin pointing some prominent policy objectives for the scheme.

1. Tourism in Turkey

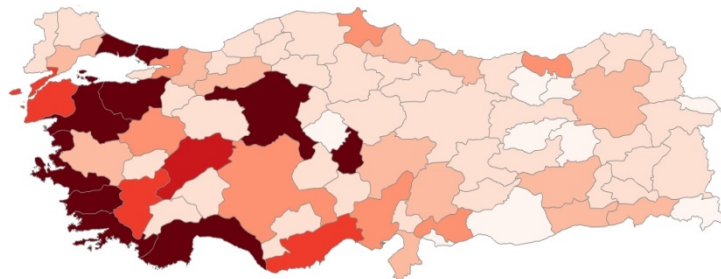
Tourism in Turkey is based on a rich variety of natural and cultural resources which are spread over the whole country. Certain destinations such as Istanbul, Cappadocia, Mediterranean and Aegean coasts attract the most touristic attention which successfully puts Turkey in the top ten most visited countries in the world. In 2014 39,8 million tourists arrived in Turkey with 5,3%

¹ Available at: http://www.tepav.org.tr/upload/files/1420818799-5.Strengthening_Connections_and_Business_Synergies_Between_Turkey_and_Armenia.pdf

increase compared to 2013. This puts Turkey in the 6th place in international tourist arrivals with 3rd place in change among top ten countries from 2013 to 2014².

However these figures do not show a homogenous success in Turkey as a whole. The heterogeneous distribution of tourism sector can be seen in the figure with a reduced visuality³ as number of overnight stays in provinces in 2013. The gap between the first and the last province in this list is more than thousand fold which is understandable when

Figure 1: The overnight stay numbers for both locals and foreigners in provinces in 2013 (darkest red: over 2,5 million and lightest pink: less than 78 thousand)



Source: Ministry of Culture and Tourism

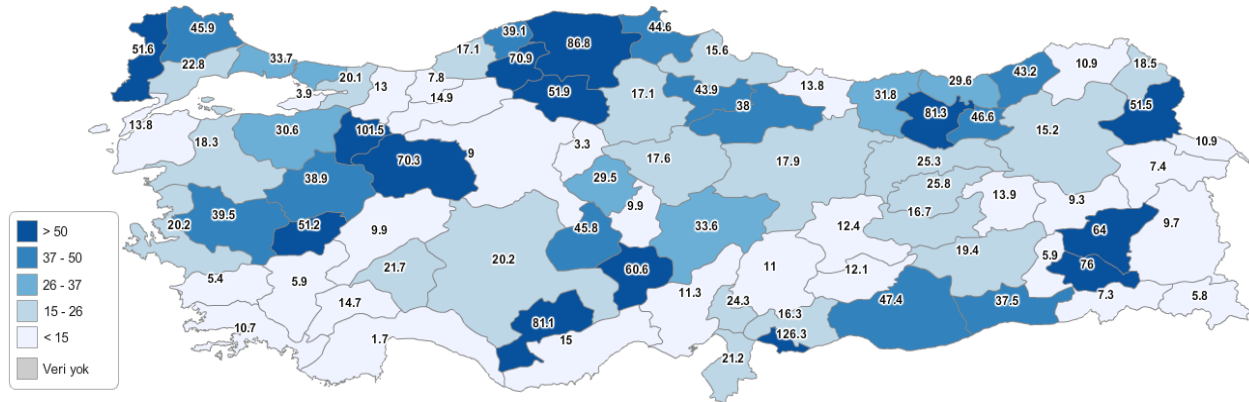
tourism is subject to many variables ranging from access to clean water up to the number of golf fields. As the density of international tourist arrivals does not cover Turkey as a whole consequently the number of overnights spent reflects provinces with less tourists.

Most of these less preferred provinces are in Eastern Turkey where the underutilized potential is significant. Two important facts explain the motivation to uncover the tourism potential of Eastern Anatolia; I) the regional disparity between western and eastern Anatolia is high, but at the same time most of the Eastern Anatolia provinces do not have a significant industrialization potential nor agriculture II) Eastern Anatolia holds valuable sources of tourism which were either inaccessible due to political instability and negative perception of security restraining the region from attracting desirable number of tourists. The rich environment could use and benefit from tourism as a bridge to both converge with the faster growing part of Western Anatolia and as a tool of cultural and political convergence in Southern Caucasus to overcome borders and political obstacles.

² United Nations World Tourism Organization, Tourism Highlights, 2015 Edition.

³ As it is hard to show the difference between 75 million and 254 thousand overnight stay with a color scale the upper limit of the scale was determined as 2,5 million overnight stays. However as a result of this the gap between the provinces with darkest red is still high.

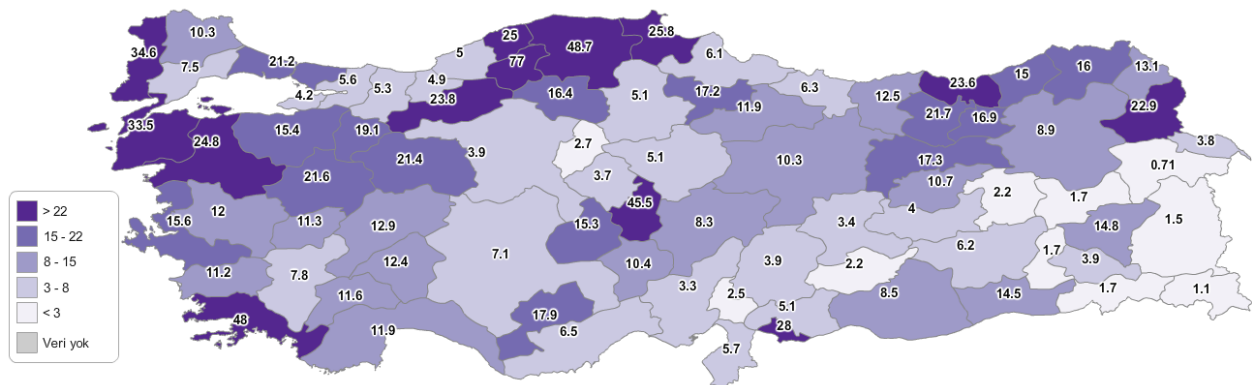
Figure 2: The number of immovable cultural properties including civil architecture examples, ruins, streets under protection, religious structures, cultural structures, administrative structures, military structures, industrial and mercantile structures, cemetery, martyrs' cemetery, monuments and memorial per 10.000 tourists who visited the cities in 2013.



Source: Ministry of Culture and Tourism and TEPAV calculations

When the cultural and historical assets of the provinces and the tourists that visit that province is investigated Kars along with Bitlis and Muş shows an important potential of touristic attractions. The dark blue regions in Figure 2 show that either the numbers of immovable properties are considerably high or the numbers of tourists are pretty low. Regardless of the reason, the dark blue regions prove that the provinces have been unable to exhaust its cultural assets with sufficient number of tourists and have a considerable potential for utilizing the relatively idle cultural properties and elevate the tourism sector in the city.

Figure 3: The number of immovable cultural properties per 10.000 people living in the provinces.



Source: Ministry of Culture and Tourism, TURKSTAT and TEPAV calculations

Figure 3 shows the number of immovable cultural assets per ten thousand people living in the provinces. Kars has a high per capita number of immovable cultural assets. This might imply that

the per capita utility derived would be high in Kars in case of successful utilization of the cultural assets in the province. Together with Figure 2, Figure 3 gives good insight on Kars tourism potential.

2. Selected Macroeconomic Indicators of Kars, Iğdır, Ardahan and Van

North Eastern Anatolia currently is an underdeveloped region of Turkey. Gross value added per capita of the provinces in the region are between 3500-5000\$, almost 25% of the western provinces' that are over 11.000\$⁴. However it was not like that in the past. Trade had been an

important facilitator of growth in the region throughout the active usage of the Silk Road. The northern route of the Silk Road pass through Kars and its neighboring province Erzurum was an important customs city of the Ottoman Empire due to its location. With the Silk Road losing its significance since 19th century, the significance of trade decreased throughout the following years. In 20th century, two world wars, the Iron Curtain in the following years and the ongoing tension in South Caucasus after the collapse of USSR hampered the trade in the region.

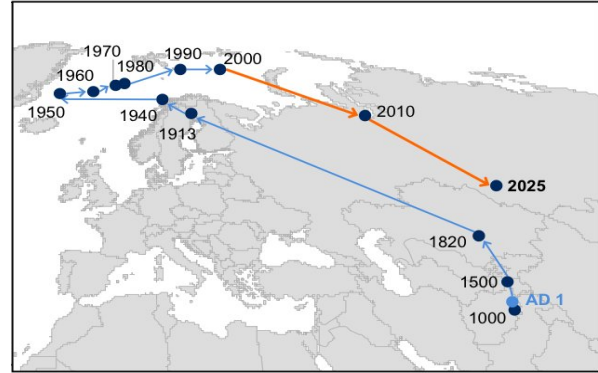
Currently agriculture is mostly the main sector in the region. However the lands are not fertile compared to the other regions of Turkey and industrialization is low.

Table 1: Selected macroeconomic indicators of Kars, Iğdır, Ardahan and Van

	Kars	Rank in TR	Iğdır	Rank in TR	Ardahan	Rank in TR	Van	Rank in TR
Socio-economic development rank*		68		69		71		75
Population**	296.466	59	192.056	73	100.809	79	1.085.542	19
Number of firms opened*	156	69	154	70	36	81	624	28
Number of firms***	2.628	68	1.665	76	1.089	79	6.459	45
Employment***	19.437	70	13.309	75	7.145	79	60.579	35
Female Employment***	3.787	68	2.447	74	1.456	80	8.169	51
Rate of female employment***	19,5%	49	18,4%	55	20,4%	43	13,5%	76
Unemployment rate**	6,6%	25	6,9%	35	5,8%	7	10,3%	64
Number of firms that export****	1	79	75	33	2	78	19	62
Export (*000)**	411 \$	79	123.236	49	1.208 \$	78	33.423 \$	65

⁴ TEPAV calculations

Figure 4: Economic center of gravity in the world over the years



Source: McKinsey Global Institute

			\$					
Import (*000)**	3.375 \$	74	16.828 \$	67	2 \$	81	43.732 \$	53
Number of corporate tax payers^	706	74	841	70	217	81	3.978	25
Number of income taxpayers^	3.168	69	2.773	72	1.150	79	10.114	32
Cash loans^^	1.446.971 TL	63	885.865 TL	72	557.900 TL	77	3.706.573 TL	35
Volume of Trade(*000.000)^^^	1.521 TL	75	1.341 TL	76	439 TL	81	7.693 TL	37

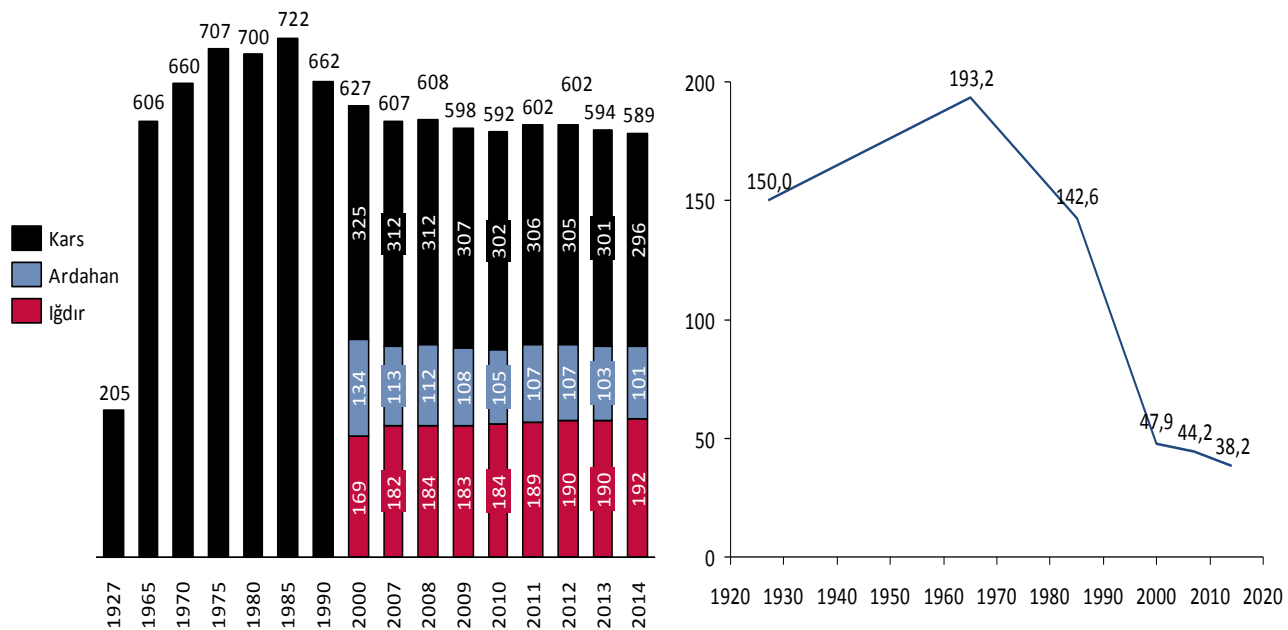
Selected macroeconomic indicators in Table 1 show that Kars Ardahan, Iğdır and Van have generally low or mild performances in business and trade compared to the rest of the 77 provinces of Turkey. Only Ardahan ranks in top ten with low employment rate, and Van ranks in top twenty with its population. Other than these the ranks of provinces in selected indicators are more or less worse than the median ranking provinces. Compared internally, Van performs better than the rest for the majority of the indicators and Kars seems to be the second. However Van with over a million population is a metropolitan city compared to the rest.

2.2. Kars: Turkey's Frontier in the North East

Kars region played multiple roles over the history. For a short time Kars was the capital of the Armenian Bagratid Kingdom in the middle of 10th century before the seat was transferred to Ani. Ani under the rule of the Armenian Bagratid Kingdom as the capital had flourished and became prosperous hub of trade before it's conquered by Seljuk Turks. The Georgian expelled the Seljuk rulers and took over the city which remained under their control until Mongols occupied the region. The Ottomans in 16th century extensively rebuild the city of Kars and used it as a fort against the Persian attacks. When Russians started conquering the Caucasus in 19th century, Kars became a strategic and fortified border town protecting the frontier of the Ottoman Empire and the road to Erzurum. In 1878, Russians took over Kars after the Battle of Kars following the Russo-Turkish War and remained under their control until the 'Treaty of Kars' was signed in 1921 and the city was ceded to Turkey.

From 1927, the population of Kars city was increasing until it peaked in 1965 at 193.2 per ten thousand. Since then population started to decline and the ratio shrank to 38.2 in 2014. Kars population decline since 1960's could be linked to the general migration trend of the times that occurred from villages and small cities around Anatolia to the centers like Ankara, Istanbul and Izmir. Along with this, the workforce migration wave to Germany in the 1960s can be accepted to have an effect. The decline in Kars' share in population continued since today. Another important factor affecting the share of population in Kars was the separation of Iğdır and Ardahan as separate provinces in 1993.

Graph 1-2: Population of Kars from 1927 to 2014 with Ardahan and Iğdır after becoming provinces in 1993 on the left. Kars' population share (per ten thousand) in Turkey between 1927 and 2014 on the right.



Source: Ministry of Culture and Tourism, TURKSTAT and TEPAV calculations

Low population, migration of labor force and the though geographical features of the region yield low industrialization for Kars. Agriculture and husbandry has been important sectors in the Kars. According to the interviews made in Kars, in 2014, around 122 thousand live animal stock trade transactions occurred, which generated almost 250 million Turkish Liras. Also it was stated that live animal stock was important in the trade between Kars and Armenia before the border gate was closed.

Regarding the manufacturing sector, manufacturing of food products and manufacturing of other non-metal mineral products share the dominance⁵ in Kars.⁶ Dominance in net sales in manufacturing of food products comes from the famous dairy products of Kars, kaşar and gruyere production, which became trademarks and earned reputation to be sold through chain supermarket outlets. However this success in cheese manufacturing and distribution on the domestic level is not enough for them to be qualified as viable export products. One reason for this is the low industrialization in dairy production in Kars and the lack of standards in product quality. Another reason is the seasonal shortages and surpluses in milk production due to again lack of industrialization. As well as these, due to lack of industrialization of milk and cheese

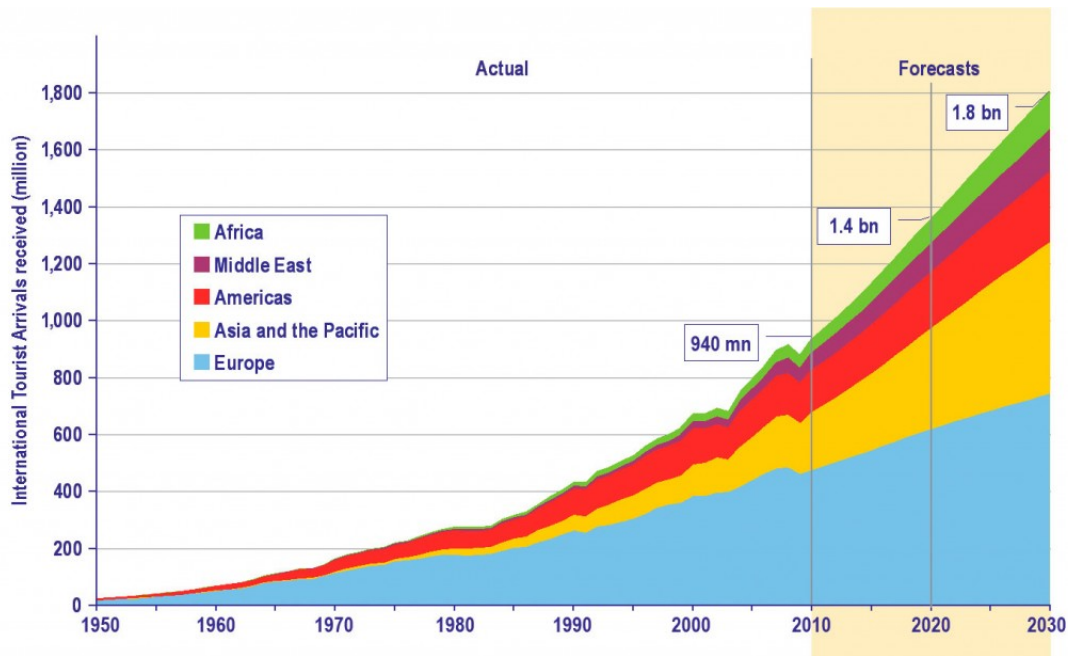
⁵ Dominance of a sector or sectors in a city is calculated by dividing the value of a specific sector to the total value of all sectors (manufacturing) in that city. Here the value indicates the net sales in 2012.

⁶ Entrepreneur Information System, Republic of Turkey Ministry of Industry, Science and Technology.

production, the conditions of the production is a problematic issue as compliance with world sanitary necessities concerned. Dominance in net sales in other non-metal mineral products comes from the cement production in the province.

As stated also in the regional development plan of the SERHAT Development Agency, within the goals of accomplishing the internalization and invigorating the economy of Kars, tourism stands out to be an important potential sector, along with husbandry, agriculture and manufacturing sectors.

Figure 5: Actual trend and forecast in international tourist arrivals between 1950 and 2030



Source: UNWTO, *World Tourism Highlights 2015 Edition*

Number of tourists increased from 25 million in 1950 to over 1 billion in 2013. The emergence of middle class in developing economies is expected to have a positive impact on the international tourist arrivals after 2030. Therefore, as the middle class expands the importance of tourism sector for all economies in the world increase. Taking the idle capacity of tourism in Kars (as shown in Figure 2), into consideration, perhaps it is a more feasible sector in regional development facilitator compared to other prominent sectors in Kars.

3. Kars Tourism

Tourism stands out in Kars to be an engine for a regional development due to three pillars; culture, nature and winter tourism. This homogeneous set allows Kars to be a year round attraction. Prominent tourism attractions are:

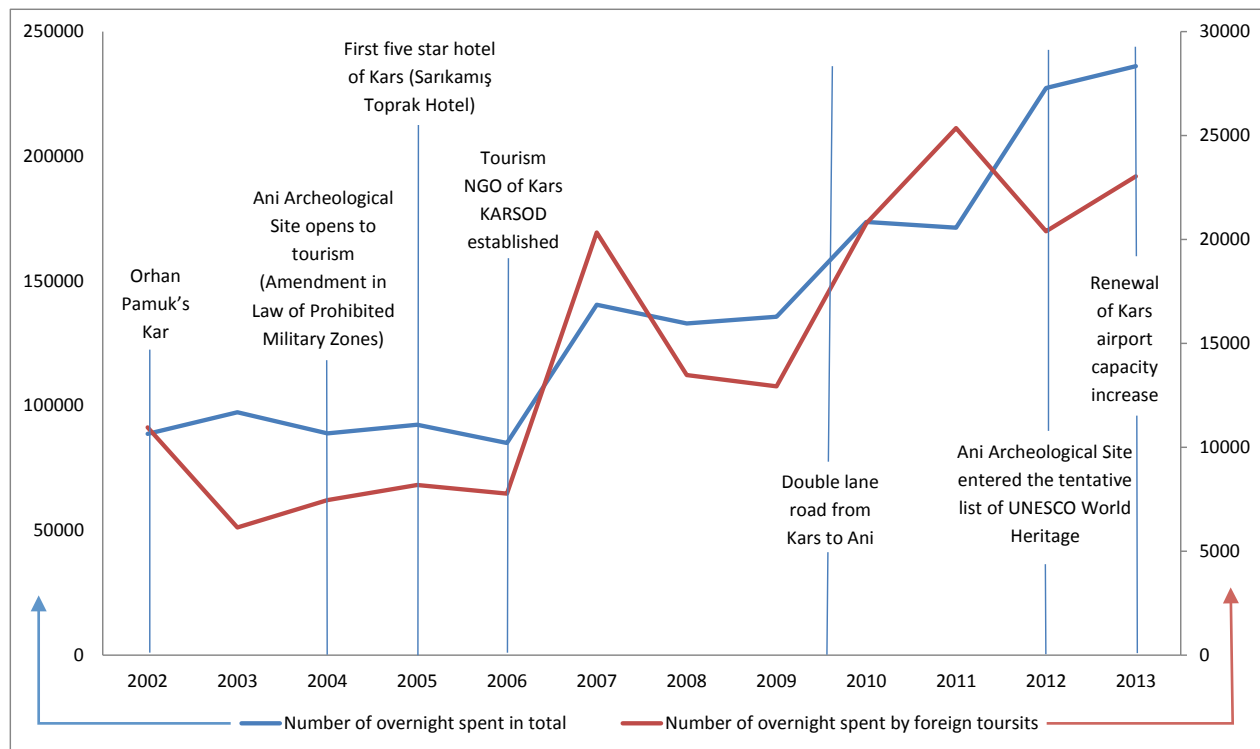
Table 2 and Figure 6: Touristic attractions of Kars province⁷

Cultural	Natural	Winter
Ani Historical City	Çıldır Lake	Sarıkamış Ski Resort
Kars City	Kuyucuk Lake	Çıldır Lake
Taşdere (Sosgert) Castle	Susuz waterfall / thermal springs	
Bassuregel Castle	Aras River Canyon	
Magazbert Castle	Sarıkamış Heights	
Five Churches of Digor	Borluk Valley	
Kechivan Castle		
Katarina's Hunting Lodge		
Sarıkamış Battle Fields		
Şeytan Kale		
Available from May to October	Available from April to October	Available from November to March



Although these cultural and natural assets have been important in many standards, Kars' tourism sector was able to start its escalation few years ago. The graph below shows a timeline for Kars' tourism starting from the beginning of 2000's to 2013, presenting both the important factors thought to be affecting the tourism of Kars as well as the number of overnight stays in Kars.

⁷ United Nations, Millenium Development Goals (MDG) Achievement Fund, Sustainable Tourism Development Strategy in Kars Tourism Destination, 2009



2002 – Nobel Prize laureate renowned author Orhan Pamuk published a novel named Kar in 2002 which takes Kars as the central space of the novel. The novel increased the popularity of the city especially in the eyes of both locals and foreigners who are interested in Turkish literature. Moreover it can be argued that the significant increase in the number of tourists and number of foreign tourist from 2006 to 2007 are partly due to the fact that Orhan Pamuk received the Nobel Prize in Literature in December 2006⁸. As Nobel Prize directly increases the author's and his/her works' popularity, Kars' popularity increased internationally in 2006. Other than Nobel Prize, Kar received Prix Medicis Etranger in 2005, Prix Mediterranee Etranger in 2006 in France. Kar was published in 2004 in USA.

2004 – The most important advancement in Kars' tourism was the liberation of Ani Historical City from being a prohibited military zone in 2004 with the amendment of the relevant law. Before 2004 visiting the site and especially taking pictures of the site was conditional upon the permission of the army unit positioned on the border of Armenia. This was a significant drawback and cost for the tourist to find local guides who can make it possible to move through the bureaucracy. Therefore 2004 can be accepted as the genuine introduction of Ani Historical City to the tourism society and stakeholders. However the access to site has remained as a problem due to one lane 45 km rough road from Kars to Ani which could be solved between 2009 and 2010 with the construction of double lane road. Complementary with these in 2012 the

⁸ However it should also be noted that in 2007 Turkey as a whole witnessed an important increase both in arrivals and overnight spent. This could be the main reason of increase in Kars' tourism in 2007 and Pamuk's Nobel laureateship could have been a supporting factor.

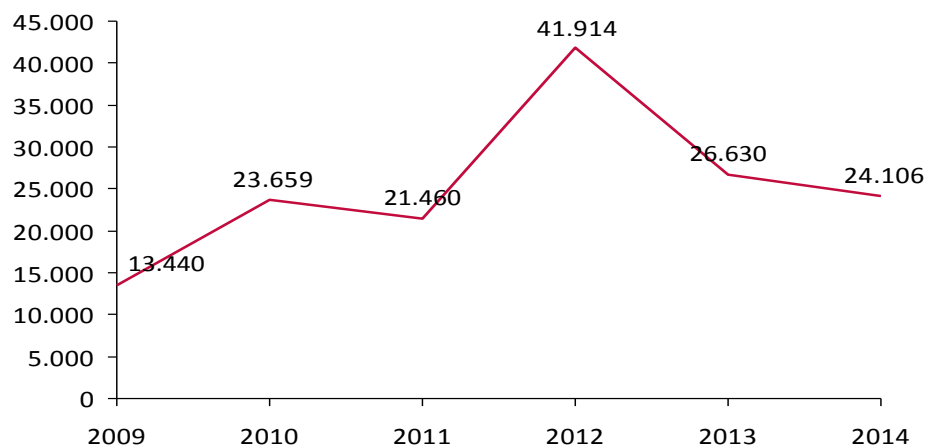
idle social facility situated at the outer gates of Ani that provided WCs, drinks and snacks opened again. Both the road and the facility outside of Ani were important infrastructural steps of improving the experience offered in the site.

2005 – The first five stars hotel of Kars was opened at Sarıkamış as a winter skiing facility in 2005. This was also important for the tourism of Kars as an investment of this magnitude shall effects on the decisions of the future investors in the city, i.e. paving the way.

2006 – 2006 marks the formation of KARSOD (Association of Kars’ Tourism Professionals, Hotels and Restaurants). Since 2006 KARSOD has been playing an important role of advocating for the development of Kars’ tourism along with tourism infrastructures and superstructure. Creating unity between the tourism professionals in the city, determining quality standards for the restaurants and forming official relationships between tourism pros and local authorities are examples of Kars’ civil society movement in tourism lead by KARSOD.

2012 – The second most important advancement for Kars’ tourism was the accession of Ani Historical City in the tentative list of United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Convention’s world heritage sites⁹. This elevated Ani which had become a conventional tourism subject only 8 years ago, to the level shared with renowned Ephesus¹⁰ in İzmir Selçuk, Ishak Pasha Palace in Ağrı Doğubayazıt, Mardin Cultural Landscape and many others. The effect of this accession to tentative list of UNESCO can be seen from the number of visitors of Ani Historical City.

Graph 3: Number of visitors in Ani Historical City from 2009 to 2014



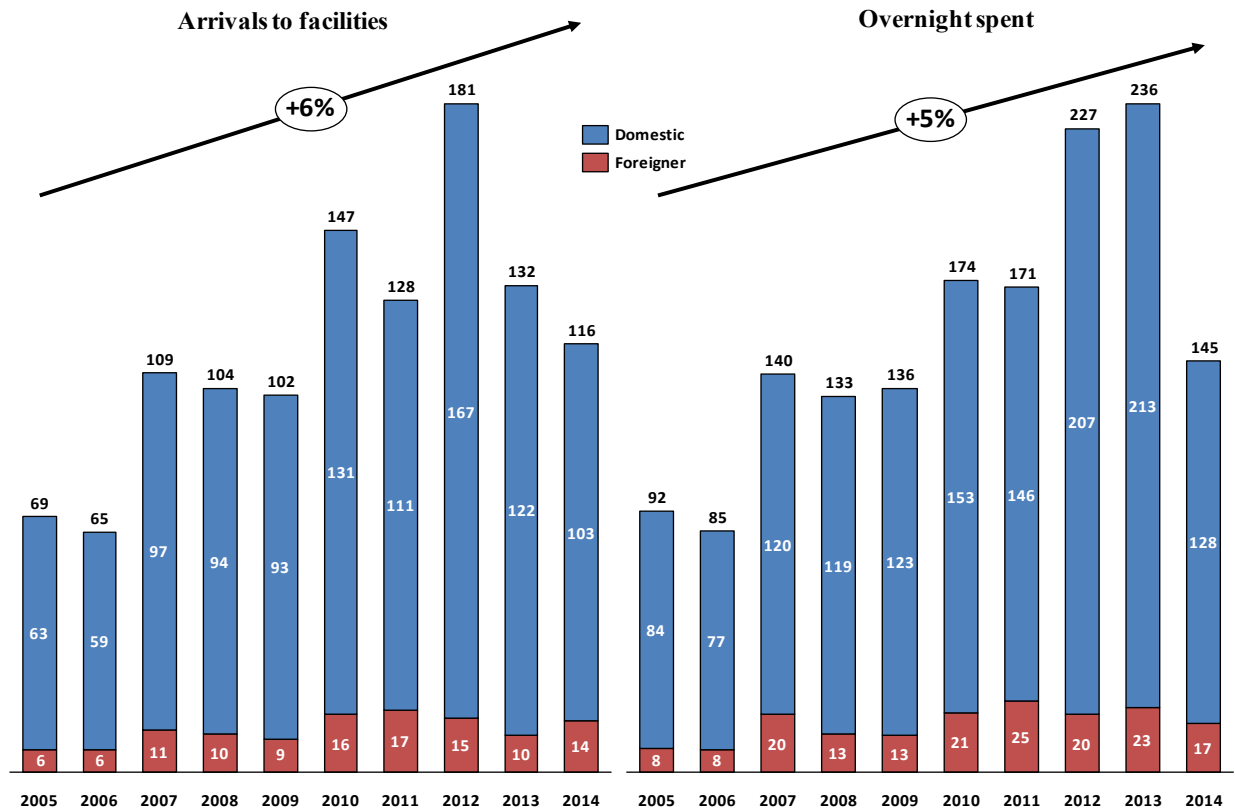
Source: Directorate of Culture and Tourism of Kars

⁹ Countries are obliged to present a tentative list to UNESCO revealing the criteria proposed heritage nominees satisfy and update it regularly. Therefore in the update of tentative list in 2012 Turkey submitted Ani Historical City to UNESCO.

¹⁰ Ephesus has become a World Heritage as of July 5th 2015.

The number of visitors in Ani Historical City nearly doubled as a result of inclusion in the UNESCO World Heritage tentative list however the popularity of the Ani in does not seem to be sustained in the following years.

Graph 4: Number of domestic and foreigner tourists' arrivals to accommodation facilities and overnight spent in Kars from 2005 to 2014 (1000 tourists and 1000 overnight spent).

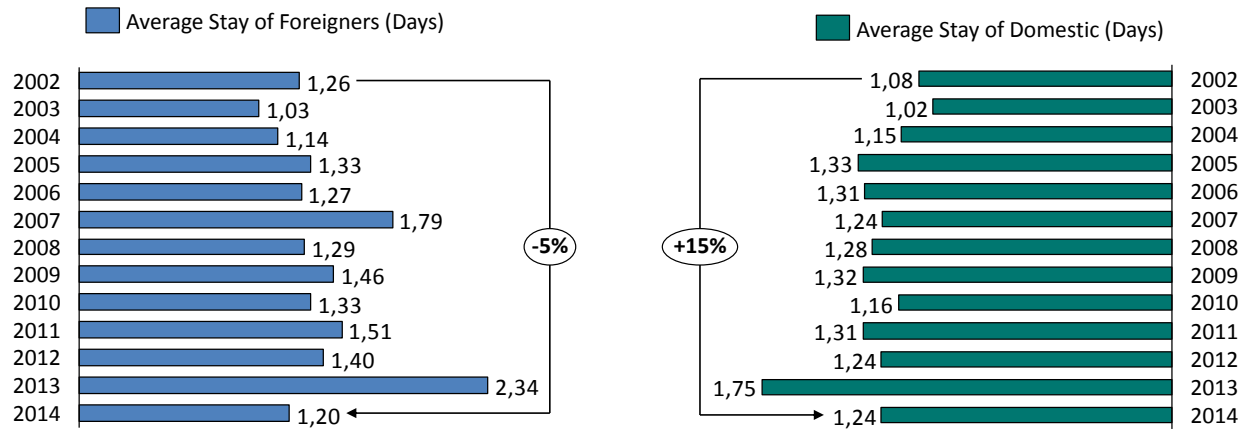


Source: Ministry of Culture and Tourism

The arrivals to facilities show 6% compound annual growth from 2005 to 2014. Although the trend is increasing throughout the years, the number of arrivals and overnight spent are volatile. Volatility in these numbers can be seen as a bad sign for the investors. As the city is in an early phase of utilizing its potential in tourism, this can be understandable, yet in order to sustain healthy investment in the sector the change in numbers should become more stable.

The number of overnights spent in Kars increased in a more stable manner compared to number of visitors between 2005 and 2013 with 12% compound annual growth rate. However parallel to the decrease in the tourist arrivals, overnight spent in 2014 decreased 39%. This can also be seen in the graph of average stays below.

Graph 5: Average number of days spent in Kars by foreigner and domestic tourists from 2002 to 2014



Source: Ministry of Culture and Tourism

The promising increase in the average stay of tourists in 2013 could not be sustained in 2014. In the current situation the chance of a tourist to spend the second day in Kars is %20.

The progress of investment in accommodation in Kars province is low. Between 2006 and 2013 the compound annual growth rate of number of beds in facilities with tourism establishment certificate was %1, similarly the compound annual growth rate of number of rooms was %2. Number of facilities with tourism establishment certificate increased from 6 in 2006 to 9 in 2013¹¹.

Kars lacks accommodation facilities and gastronomic facilities.

Table 3: Number of Hotels and restaurants in Baku, Tbilisi, Yerevan, Kars, Erzurum and Van¹²

	Population	Number of Hotels	Number of Restaurants
Yerevan	1.060.138	35	347
Baku	2.136.595	102	269
Tbilisi	1.172.700	86	334
Kars	296.466	7	29
Erzurum	763.320	9	83
Van	1.085.542	19	51

Source: TripAdvisor, accessed 02.07.2015, TURKSTAT and UNdata

¹¹ Ministry of Culture and Tourism

¹² TripAdvisor data, accessed 02.07.2015

Box 1: Regional Political Stability and Tourism

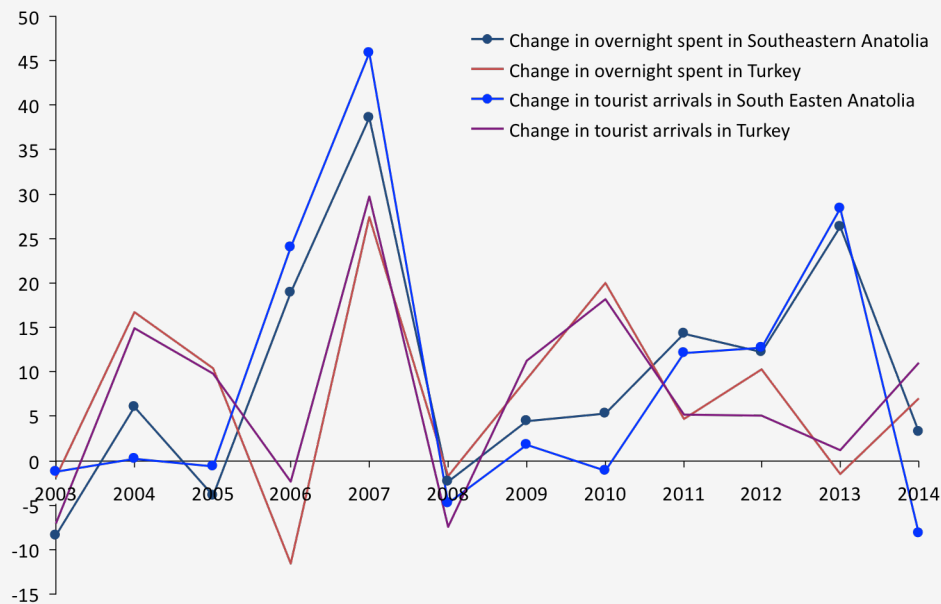
Effect of Regional Political Stability: Southeastern Anatolia Example

Peace process negotiations started in 2009 with Oslo negotiations and publicized with “democratization and human rights” package in 2010 had great impacts on maintaining and sustaining the non-conflict in South Eastern Anatolia (hosting two UNESCO world heritage sights out of 15 in Turkey and 7 locations in tentative list) that had been in various intervals with one sided ceasefire actions from 1980s to 2000s.

The impact of the peace process and the sustainable non-conflict environment in Southeastern Anatolia is big. Important cultural and natural tourism sights which were neglected or underutilized due to negative perception and actual security problems have been booming tourism attractions since the beginning of the process.

An important example comes from the Mardin, a city that entered the tentative list of UNESCO world heritage sight in 2000. However in order to be more clear on the effect of peace process tourism indicators in the whole region should be shown.

Graph 6: Change in overnight spent and tourist arrivals in Turkey and Southeastern Anatolia starting from the change in 2002-2003 (denoted as 2003) until 2013-2014 (denoted as 2014) as percentage.



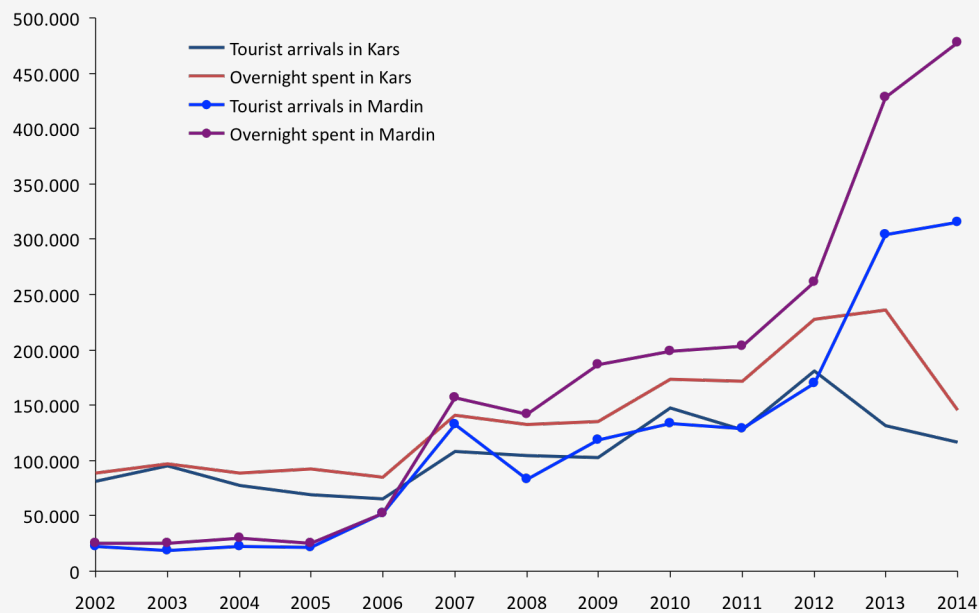
Source: Ministry of Culture and Tourism and TEPAV calculations

The graph shows that tourism in Southeastern region has been up to a different trend than the overall trend in Turkey beginning from 2010 (Southeastern Anatolia has the lowest correlation with Turkey both in change in tourist arrivals and overnight spent between 2003-2013 with value 0,37 and 0,24 respectively compared to correlation values of other 6 geographical regions). Both the overnight spent and the tourist arrivals increase in an increasing trend whereas Turkey's overnight spent and arrivals increase in a more or less decreasing trend.

Although peace process seems to represent a major part of this outlying trend (other than data analysis, the news about tourism boom in Southeastern Anatolia were investigated and telephone calls with the local experts were made) the humanitarian aid activity in the Syrian and Iraqi border might have an effect on it. The cities with major changes in overnight spent and arrivals in 2013 were Kilis, Batman, Şırnak and Mardin. However the booming effect between 2010 and 2013 reversed in 2014 with the increasing tension of the ISIS on region. Since 2003 the change in the number of tourist arrivals witnessed the highest negative change with 8% decrease in arrivals. The number of overnight spent also increased in a decreasing trend between 2013 and 2014 (%3 increase between 2013-2014 compared to 15% average increase between 2010 and 2013). This shows how quickly and deeply tourism is affected by the lack of political stability and security in a region.

The figures point that political stability and security in a region with rich touristic value fosters the tourism sector of that region. This invokes the idea of normalized South Caucasus and more free movement of people in the region would be an important facilitator of tourism as well as fostered tourism would result in a more sustainable normalization process between countries and the region. Kars at the heart of the normalization between Turkey and Armenia shall be able to continue its competition with Mardin.

Graph 7: Number of tourist arrivals and overnight spent in Kars and Mardin between 2002 and 2014.



Source: Ministry of Culture and Tourism

3.1. SWOT analysis

Following SWOT analysis is based upon two three issues; field visits, interviews and data collected. During the field visits Kars city center and Ani ruins were assessed for the attractions it offers to the visitor. The second part of the SWOT analysis is based on the interviews made with major stakeholders which were Kars Culture and Tourism Directorate, SERHAT Development Agency, Chamber of Commerce and Industry of Kars, Kafkas University and Kars Hotels and

Restaurants Association. Strengths in the analysis were categorized as sustainable and contingent. Weaknesses were categorized as the ones that can be overcome in short, middle and long run. Opportunities were categorized as the ones that can be realized in short, middle and long run. Finally threats were categorized as subtle and overt.

Strengths	
Sustainable	Contingent
<p>Resources (cultural, natural & architectural)</p> <ul style="list-style-type: none"> Cultural, natural and architectural resources are highly sustainable and with targeted efforts their values can be increased more. For instance, Provincial Director of Tourism and Culture of Kars declared that the accession process of Ani to the World Heritage list had gained pace with the submission of an extensive report to the UNESCO in February 2015. The accession of Ani to the list can happen in 2016¹³. <p>Price competitiveness</p> <ul style="list-style-type: none"> Kars is in 6th, most beneficial, incentive region. Zone 6 in incentive scheme provides the greatest financial state support. <p>Existence of facilitators & supporters (SERKA & KARSOD)</p> <ul style="list-style-type: none"> Serhat Development Agency located in Kars is one of the most important institutions in the province regarding the easing of investment environment and access to finance. KARSOD, association of hotels, restaurants and tourism professionals in Kars is the most prominent civil society initiative regarding tourism in Kars. They form the links between the tourism professionals of all sorts and links between local authorities and private sector. 	<p>Affinity toward tourists and tourism</p> <ul style="list-style-type: none"> The approach of locals to the tourists and tourism is positive in Kars. People living in Kars seem to be aware of and willing to embrace the tourism potential in their city and especially Ani. In this context Kars is not a conservative city. <p>Mysterious destination</p> <ul style="list-style-type: none"> Kars, along with other provinces of North Eastern Anatolia, offers a different experience for tourists. The features of the geography and the culture are distinctive and more preserved due to low interest in the past and low population.

¹³ <http://www.agos.com.tr/en/article/12147/campaign-begins-for-ani>

Weaknesses
that can be overcome in:

Short-run	Middle-run	Long-run
<p>Lack of service facilities (hotels, restaurants...etc).</p> <ul style="list-style-type: none"> • The number of hotels has been increasing in Kars, yet in the summer season the capacity sometimes could not satisfy the demand. • The quality of the restaurants in the city is low. Other than the nonexistence of any high quality restaurants, the number of touristic restaurants is low. • Public transportation does not reach to Ani Historical City from the Kars city center. The transportation is done either with taxis or tour agencies which can be costly. 	<p>Absence of tourism strategy Weak connectivity (flights)</p> <ul style="list-style-type: none"> • The time of flights to and from Kars are adverse for the weekend excursionists and businessmen and women. The frequency of flights is low (two flights to and from Ankara a day with pretty close times before and around noon, one flight to and from two airports of İstanbul). Cost of flight would constitute a serious part of the holiday budget. <p>Lack of experience in tourism management</p> <ul style="list-style-type: none"> • An important problem of Kars' tourism is the lack of sectoral education and sectoral experience of the hotel owners and managers which hampers the identification of problems in the management that might affect the whole sector. <p>Weak coordination and trust issues between stakeholders,</p>	<p>Lack of infrastructure Weak bilingual skills</p>

**Opportunities
that can be realized in:**

Short-run	Middle-run	Long-run
<p>Raising middle class in western Turkey</p> <ul style="list-style-type: none"> The rise of tourism in Southeastern Anatolia is linked with this phenomenon of “rediscovery” of the rising middle class that can easily apply to Kars. <p>Armenian Diaspora</p> <ul style="list-style-type: none"> Being able to attract Armenian Diaspora to Kars is an important chance the city has. This gives stakeholders of Kars tourism the ability to form and follow an organic and natural targeted marketing effort. Armenian Diaspora whose ancestors were inhabitants of Anatolia are largely still able to speak Turkish. <p>Accessibility of Georgians and Armenians to Turkey</p> <ul style="list-style-type: none"> Opening of the Çıldır-Aktaş border gate will be a facilitator of free movement of people in the region both for Georgians and Armenians, shortening the distance between major cities and Kars and easing the access. <p>E-marketing</p>	<p>Open borders between Turkey and Armenia</p> <ul style="list-style-type: none"> Open borders is the most important bilateral step that Armenia and Turkey can take towards a normalized bilateral relations as well as normalization of the region. <p>Entrepreneurial Diaspora of Kars in western Turkey willing to invest in their hometown</p> <ul style="list-style-type: none"> Linked with the incentives for investment in the province the educated entrepreneurs from Kars who are living abroad can be an important <p>New regulation of Ministry of Culture and Tourism on aiding the immovable cultural assets</p> <ul style="list-style-type: none"> Ministry’s new regulation was amended in May 2015. Within this regulation the owners of the immovable cultural assets that are deemed worthy of support, will get up to 75 thousand TL for restoration . The restoration itself is supported up to 300 thousand TL, as %70 of the cost for individual applications and %80 of the cost for collective applications. 	<p>Normalization between Azerbaijan and Armenia</p> <ul style="list-style-type: none"> The tension between Azerbaijan and Armenia is the most important reason of closed borders and suspended political relations. Therefore the political redemption of Turkey Armenia relations is the normalization of Azerbaijan and Armenia relations. <p>Escalation of ongoing excavations and exploration of new artifacts in Ani</p> <ul style="list-style-type: none"> Excavations in Ani Historic City have been slow. Nearly just the religious constructions are visible. The excavations aiming the districts of the medieval city had been limited compared to the area city was built on. An extensive excavation plan with long term purposes can change the face of the city.

Threats	
Subtle	Overt
<p>Negative word of mouth due to existing deficiencies</p> <ul style="list-style-type: none"> Kars is on the critical threshold of its tourism development. There are deficiencies in the tourism infrastructures and superstructures. Therefore negative word of mouth is a threat for potential tourists to form an undesirable prejudice about Kars. <p>Local community backlash from increased tourist inflows</p>	<p>Security Perceptions</p> <ul style="list-style-type: none"> Negative security perception directly for Kars is not a concern in the current situation. However negative security perception for Turkey overall, especially the negative perception of foreign tourists is a threat that the tourism in the whole country might suffer and Kars along with Turkey. The first evaluation of foreign tourist (especially those who are not from South Caucasus) is on the country that they will visit, then the region or the city of that country.

SWOT analysis shows a positive picture for Kars's tourism. Weaknesses outweigh strengths, but at the same time opportunities outweigh threats. This justifies a coordinated action and a targeted intervention particularly from policy makers and investors.

4. Regional Complementarity; Kars, Armenia and Turkey

Kars on its own has an important potential in tourism. However in order to be able to use this as leverage in a mutually beneficial economic cooperation, the complementary features of Kars that can be presented to the region should be investigated.

The importance of tourism is derived from the facts that it contributes to %9 of the global GDP and the sector creates one in eleven jobs worldwide¹⁴. Yet the tourism contribution to the economy differs on a country per country basis given the country's location, the potential available (i.e. heritage sites, recreational services...etc.), infrastructure readiness and other factors which tourism sector is promoted upon.

Travel and Tourism Competitiveness Index, 2015 prepared by the World Economic Forum compares the competitiveness of travel and tourism in 141 economies around the world. The comparison is based on four indexes (The enabling environment, travel & tourism policy and enabling conditions, infrastructure, natural and cultural resources) which are based on 14 sub-index and 90 individual indicators. Below table illustrates the general ranking of the four countries (among 141 economies) and also shows country's ranking according to the four indexes

¹⁴ UNWTO Tourism Highlights, 2014

based on a scale from 1 to 7 (1 being the least competitive and 7 being the most competitive)¹⁵, the four countries have scores as following¹⁶:

Table 4: 4 pillars of World Economic Forum Tourism Competitiveness Index for Armenia, Azerbaijan, Georgia and Turkey

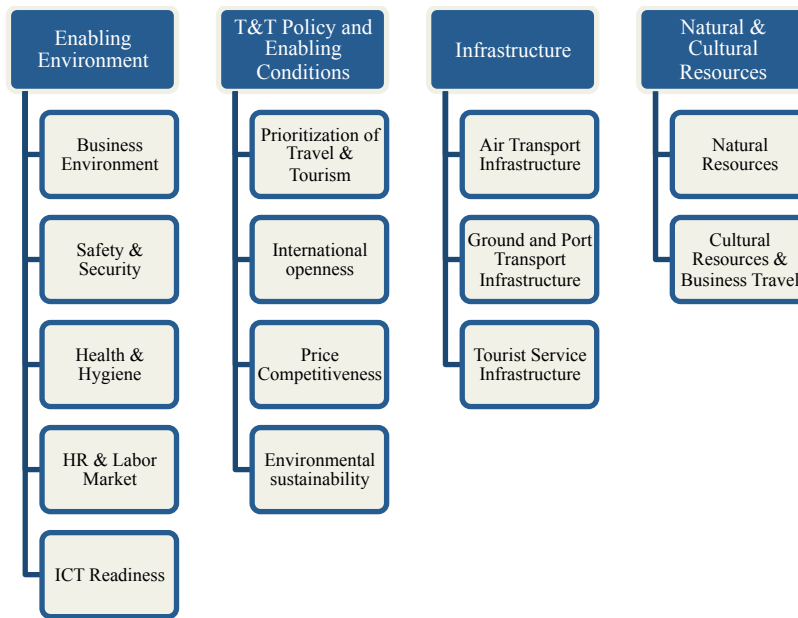
	General ranking	Enabling environment	Policy & enabling conditions	Infrastructure	Natural & cultural resources
Armenia	89	5	3,9	3,14	1,63
Azerbaijan	84	5,13	3,91	3,09	1,78
Georgia	71	5,15	4,32	3,47	1,76
Turkey	44	4,53	3,98	4,52	3,31

Source: Travel & Tourism Competitiveness Index, 2015

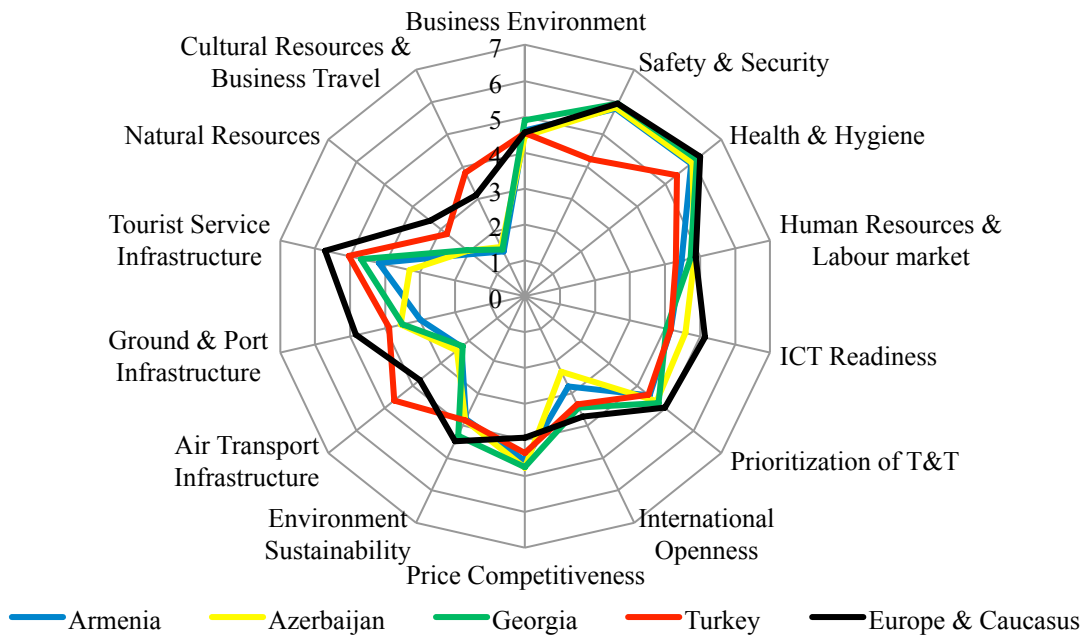
As mentioned earlier the four main travel and tourism competitiveness indexes are based on 14 sub-indexes. Here we group theses pillars under each index to better understand the dynamics behind each index. Each index is based on a different number of pillars based upon the relevant individual indicators that examine the aspects tourism competitiveness among countries.

¹⁵ WEF methodology

Figure 7: Four pillars of WEF index and sub-indices of pillars



Aforementioned indices are scored on a scale from one to seven which also apply on the 14 pillars. Below graph magnify the standings of each country according to scores of the sub-indexes. It is of importance to consider these standings when evaluating tourism's competitiveness since two thirds of data which reflect below scores are statistical data and the remaining one third is based on WEF executive opinion survey.



Source: Travel & Tourism Competitiveness Index, 2015

To elaborate more on these sub-indexes and to better highlight the areas where a potential cooperation is advantageous and to pinpoint the room in which development is needed we discuss in details, within the scope of the sub-indexes, the following:

1. Advantages
 - Human resources and labor market
 - Price competitiveness
2. Disadvantages
 - Connectivity (air, ground and port infrastructure)
 - Service Infrastructure

The strengths and weaknesses pinpointed above are evaluated within the context of Armenia and Turkey (Kars) where tourism could be both the cornerstone and the springboard in pursue of bilateral relations.

4.1. Human resources and labor market

The human capital is a vital asset to tourism development in which labor force qualifications and the flexibility of labor market dynamics project an image of experience to meet tourism demands. Both of Armenia and Turkey lay slightly short to match Europe and Caucasus average yet this leaves a room to exchange expertise for further development. Treatment of tourists, which Turkey has a long history with mass tourism, is a key feature of travel and tourism services. This rich history can attribute to elevate the domestic skills of Kars tourism labor force by holding exchange training sessions with experts from Istanbul or Antalya. A local example to this is Kars' Hotel. Some employees in the hotel were transferred from the Bodrum Hotel of the owner. They were planning to start a kind of exchange program between their hotels in Kars and Bodrum.

Also the existence of a tourism faculty in Kafkas University (Kars) is an important asset for the local human capital since skill-matching is fundamental for tourism development. Combining experience and education could turn Kars into a hub where Southern Caucasus in general and Armenia in specific could benefit the most.

4.2. Price competitiveness

The competitive advantage of Southern Caucasus tourism sector is the affordability to travel and enrich one's experiences. The region exceeds Europe and Caucasus price competitiveness average which indicates a leverage not only to attract more tourists, but also to compete with more attractive destinations globally to have a flatfoot on the international tourism map.

4.3. Connectivity

The region rests behind Europe and Caucasus average for connectivity especially in air transportation infrastructure, but Turkey exceeds the average as the graph above shows. Kars' airport is adjacent to the city center and is set to serve international flights. Currently the airport hosts two flights a day from Istanbul and one flight from Ankara not to mention flights from other domestic destinations. The airport of Kars could play a vital role in the region due to the geographic proximity to other tourism destinations in Southern Caucasus such as Batumi and Yerevan. The government of Armenia realizes the importance of air connectivity in relevance to tourism development for which on October 23rd, 2013 the government of Armenia¹⁷ approved a project to implement air transportation liberalization and adopting open air policy, which if combined with easier procedures to obtain a visa to enter Armenia, could lead to more international openness thus boost the tourism sector. Kars' location, on the other hand, is also of importance to ground transportation with proximity to Georgian and Armenian borders where investments to enhance the infrastructure might lead to better inter-regional tourism especially knowing that in 2013 %21¹⁸ of the number of international arrivals to Turkey entered the country through land border gates and in the same year, %87¹⁹ of Georgia's international arrivals entered the country from land border gates as well.

4.4. Service Infrastructure

The city of Kars in Northeast Anatolia stands out to be the tourism engine behind a regional development due to three assets; culture, nature and winter tourism. Although Kars has important tourism assets, the services related to those resources lack high standards. A starting point is to develop the infrastructure around the assets of Kars in terms service facilities (i.e. hotels, boutique hotels, restaurants, cafes, tour guides, brochure...etc.) to deliver the utmost desired service

¹⁷ Armenia Development Strategy 2014-2025 Annex to RA Government Decree # 442 - N On 27th of March, 2014

¹⁸ Turkish Statistical Institute

¹⁹ Ministry of Internal Affairs of Georgia

Box 2: Regional Complementarities: Van

Although Kars, with its long border and history with Armenia, is in the center of the regional cooperation, most of the Eastern Anatolia provinces host many cultural, historical and religious assets that can easily become a part of the cooperation and normalization process between two countries.

Van with its population over a million is an important metropolitan area of Eastern Anatolia. It is one of the most visited destinations of Iranian tourists, due to the proximity of the province to the Iranian border. As a result of this, tourism is not an unfamiliar sector in the city where the numbers of 5 and 4 stars hotels are relatively high and the supporting facilities of tourism are almost well developed. Due to the interest of Iranian tourists, tourism was evolved centrally on the shopping but Van hosts many cultural, historical and religious assets. The values of these assets are appreciated by the stakeholders of the province as well as domestic and foreign tourists.

One of the examples of these assets is The Holly Cross Church located on the island of Akdamar. The church has become a very important attraction especially for Armenian tourists after the ceremony that took place in 2010. With many important religious locations around, Van is able to become a permanent edge of the religious triangle of Ani-Kars, Etchmiadzin-Armenia and Akdamar-Van.

Figure 8: Golden triangle of religious center Etchmiadzin, Ani and Akdamar with important church and monasteries in Van province.



Box 2: Tourism Policies in South Caucasus Countries

South Caucasus Countries and Tourism Policies

Georgia Action Plan for 2013 (Georgian National Tourism Administration):

- Georgian National Tourism Administration planned to take place in 10 international tourism exhibitions.
- Press and Familiarization trips: 25 groups of 10 people (trips for foreign tour-operators and media representatives).
- Domestic marketing activities to increase awareness – word of mouth sort of thing.
- A guidebook for each type of tourism activity to introduce activity location, facilities, means of transportation...etc.
- Promote the local potential (e.g. designers David Koma & Tata Naka) via tourism related official websites.

Armenia Development Strategy for 2014-2025 (Armenia Development Strategy for 2014-2025):

- Improvement of relevant tourism infrastructures
- Implementation of 'open sky' approach with involvement of low cost airline companies, demonopolization of railway market, and ensuring competitiveness, creation and upgrading of tourism infrastructures out of Yerevan, as well as promotion of involvement of international hotel operators.
- Support the creation of agro-tourism in rural areas
- Inclusion of historical and cultural monuments in tourism routes and organization of various activities/events, and establishments of craftsmanship centers are among main objectives.

The development of tourism in Azerbaijan Republic 2008-2016 (Ministry of Culture and Tourism in Azerbaijan Republic):

- Improvement of personnel training for tourism
- increasing of number of accommodations
- development of various kinds of tourism

Increasing the international recognition, identifying tourism zones and creating incentives in these zones are especially the common goals in the policies of Georgia and Azerbaijan. The Kobuleti Health Resort and Anaklia Seafront Park in Georgian seaside are recent prominent tourism zones in the country.

Azerbaijan's approach to tourism zones is different in terms of scale as the whole country is divided to 7 tourism zones.

5. Toward a Roadmap

Kars with its weakness and strengths, threats and opportunities in tourism presents a viable and sustainable chance to increase the economic cooperation between Armenia and Turkey. Moreover this economic cooperation can be a step towards a mutual understanding on the benefits of normalization between the two countries and in South Caucasus. Being able to

achieve these goals, a roadmap identifying a policy design that can aid the cause bears great importance. Within this context 5 steps in elevating Kars tourism and its orientation in South Caucasus scene were determined. These steps are; a special tourism zone, a capacity building effort and cluster management, a targeted investment promotion effort, a targeted marketing effort and a plan for Ani Historical City.

5.1. Special Tourism Zone

It is controversial enough to describe a special economic zone (SEZ) not to mention how to define one. However it could be agreed to a large extent that special economic zones are; *‘demarcated geographic areas contained within a country’s national boundaries where the rules of business are different from those that prevail in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation, and the regulatory environment; whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory’*²⁰.

Prior to 1970s, most SEZs were clustered in industrial countries. But since the 1970s, starting with East Asia and Latin America, SEZs have been cornerstones to shift from import-substitution policies and integrate into export-led growth. Turkey, within the aforementioned context, enjoys a history full of successful SEZs in different cities of which the inherited experience constructs a solid ground to build upon the recommendation of establishing a special tourism zone in Kars - considering the scope of this paper. The aim of a tourism zone in Kars will be achieving one or more of the following policy objectives²¹:

- To attract foreign direct investment (FDI)
- To serve as ‘pressure valves’ to alleviate large-scale unemployment
- In support of a wider economic reform strategy
- As experimental laboratories for application of new policies and approaches

Fostering the establishment of the zone will have positive impacts, economically and politically, on both the domestic level (North Eastern part of Turkey) and the regional one (Turkey-Armenia relations). The reality that Armenia is a landlocked country and Kars is an inland province is not a plus for tourism yet this is a sufficient reason to compensate this shortage with the recommended alternative. Batumi, as an example, attracts %40.8 of Georgia’s international arrivals²² and despite being a coastal city did hold back the government of Georgia to seek the creation of a tourism zone (i.e. Kobulti) where first construction activities begun back in 2011.

²⁰ T. Farole ‘Special Economic Zones’ 2011, World Bank

²¹ FIAS ‘Special Economic Zones; performance, lessons learned and implications for zone development’ 2008, World Bank

²² Georgian National Tourism Administration, 2013

Kars with the proposed recommendation could play further role in region's tourism since the province is already privileged with assets for a year round tourism. Aside from miscellaneous attractions, the assets of Kars are of proximity to each other that makes it a cost friendly attraction for tourists. As mentioned earlier special zones are laboratories for the application of new policies and approaches. This can be utilized as a marketing tool to promote Kars as special tourism zone where special arrangements (e.g. visa waiver arrangements) could be applied as a replica to the 24 hours limited visits for Israelis visiting Jordan (Petra).

Kars also features a trait no other province of Turkey has and that is the distinguished Baltic designed building as remnants of the Russian era which is a unique theme Kars could elaborate upon. A similar experience of transforming the heart of a city took place in Beirut city center (Lebanon). Solidere in the heart of Beirut was transformed into a modern neighborhood where business and leisure facilities meet allowing communal dialogue to prevail. Over the years it can be claimed that Solidere's fame caught up with Lebanon's and became a popular destination for tourists on its own.

In this context, renovated city center of Kars along with authenticity preservation might transform the city center to a dense local market with international exposure where a room for local products (i.e. honey and cheese) could also become a theme to brand Kars internationally as well. Tourism zones are usually established to increase, among many things, the exposure of the local asset(s) and gain a foothold on the regional and the global tourism map. The core of Kars tourism zone starts from Ani Ruins given the symbolic status of it to the Armenians and as a compass for a new emerging destination in Turkey. Ani is on the borders between the two States which makes it an optimal destination for a special tourism zone especially knowing that the two sides could be connected though restoring Ani Bridge. The restoration of the bridge could be the snow ball on which further cooperation could take place in different aspects.

5.1.1. Capacity Building Efforts and Tourism Cluster

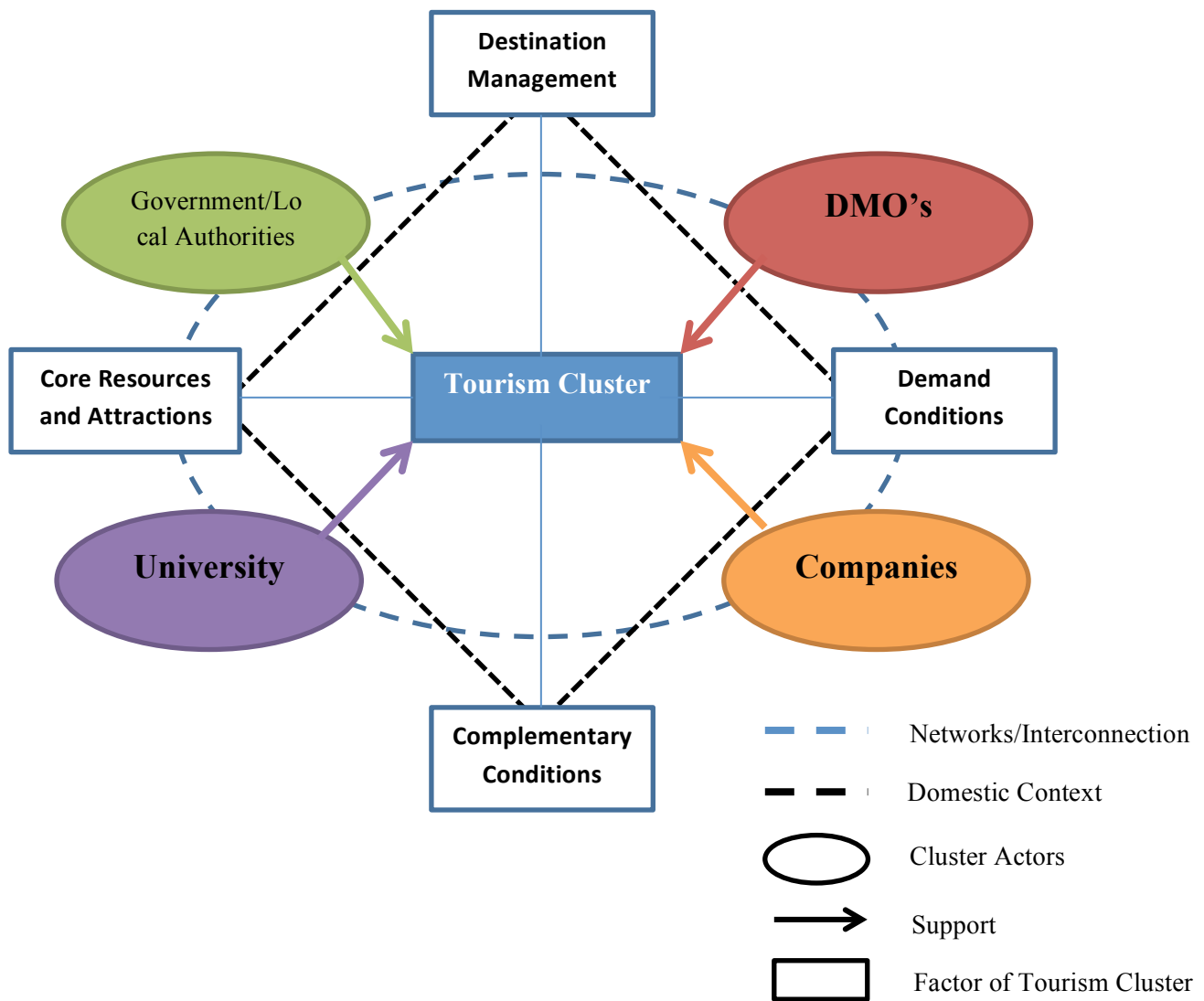
Industrial clusters have long been an area of theoretical and empirical study due to their contribution in improving the competitiveness of a destination and thus the regional development. The following cluster model is developed by Kim and Wicks²³ based on Porter's diamond model²⁴ and contributions from the models of Crouch and Ritchie²⁵ and Dwyer and Kim²⁶.

²³ Kim N. and Wicks B.E., "Rethinking Tourism Cluster Development for Global Competitiveness", International HRIE Conference-Refereed Track, University of Massachusetts, 2010

²⁴ Porter M.E., "Clusters and the New Economics of Competition", Harvard Business Review, 1998

²⁵ Crouch G. And Ritchie J., "Tourism Competitiveness, and societal prosperity", Journal of Business Research, 1999

²⁶ Dwyer L. and Kim C., "Destination competitiveness: Determinants and indicators" Current Issues in Tourism, 2003



In this model there are four factors of cluster and they are highly applicable for Kars. “Core resources and attractions” factor is the aggregate cultural and natural resources that destination offers to tourists. While endowed resources are all heritage, historic and cultural resources, created resources are value added activities like festivals, entertainment and shopping. As for Destination management is enhancing the appeal of core values and assets of the destination which can include marketing, human resources and environment management. The factor of complementary conditions are divided into two sub categories; tourism superstructure and supporting elements. Tourism superstructure and supporting elements can be summarized as the tourism infrastructure. While tourism superstructure is composed of the accommodation facilities, gastronomic services, transportation facilities as generally referred as the private sector in tourism, supporting elements are composed of general infrastructure, access to the destination like visa requirements, regulations hospitality etc. Demand conditions are the factors that focus

on the preferences of tourists about the destination and the ability of the destination to identify and answer the changing demand conditions²⁷.

The actors of the cluster can be government/local authorities, Destination Management Organizations (DMOs), university and private companies that operate in the tourism sector. It is important to note that clusters are efficient structures in case of being able to form a cooperative and collective set of mind in the region. All stakeholders have their roles in contribution to the cluster and in case of failure of one stakeholder (or group) to comply with this can hamper the operation of all the cluster activity. For Kars possible actors in government/local authority can be the governorship, municipal authority, Provincial Directorate of Tourism and Culture and Serhat Development Agency. They can contribute to the cluster with the enforcement of new regulations, public support to the sector and provincial representation of the tourism sector to the central government. Potential DMOs of Kars is the Chamber of Industry and Commerce and KARSOD which can play crucial roles in destination management like marketing of Kars and human resources management. Companies serve as both the suppliers of the complementary products like accommodation, restaurants and the suppliers of core natural and cultural resources (therefore local authorities are included also in here).

Even though all of the actors in a tourism cluster are equally important, it is necessary for one actor or a group of actors as a council to assume the role of preserving the network between all of the stakeholders. It is believed that in case of Kars that actor can be KARSOD or Chamber of Industry and Commerce as they already established a close relation and network with the various stakeholders of tourism sector in Kars. Also forming up a council for the goal of cluster management, consisting of members that each represent an actor of the tourism cluster in order can be an option.

5.3. Targeted Investment Promotion Effort

A new demand trend is emerging in accommodation facilities in which luxurious five stars hotels are skipped for smaller 3 to 4 stars hotels where tourists bargain the brand of global chain hotels for more interaction with the locals. The same thing can be said for the Kars. Tourists that come to Kars would be more interested in the authenticity of the city and its surrounding attractions, in pursue of trying new things although being able to afford to stay in all-inclusive five star hotels.

This demand is seen in the neighboring countries of Armenia where Kobuleti special tourism zone (Georgia) promotes investing in 5 to 7 floor hotels with a range of 36 to 60 rooms and 75 to 125 beds²⁸. Also Azerbaijan promotes investing in 3 stars facilities²⁹ where the capital invested is relatively small and facility payback period is shorter. Investment in Kars accommodation

²⁷ Kim N. and Wicks B.E., "Rethinking Tourism Cluster Development for Global Competitiveness", International HRIE Conference-Refereed Track, University of Massachusetts, 2010

²⁸ KOBULETI - Free Tourism Zone, GEORGIA, Adjara 2011

²⁹ Azerbaijan investment promotion agency

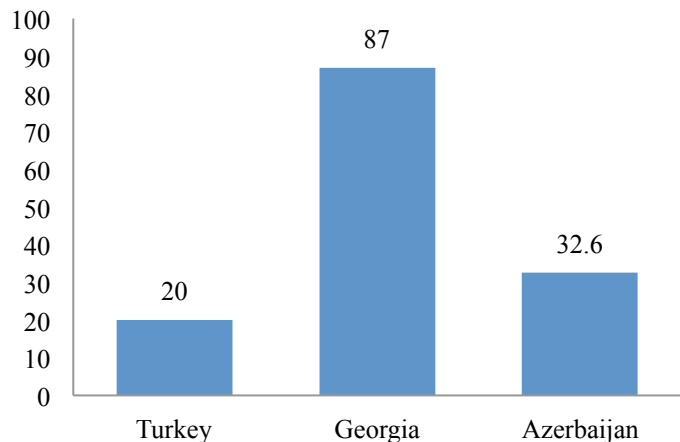
facilities is to fit with this trend especially that there is a room for infrastructure investment whether in the city center of Kars or close to the tourism assets.

5.4. Targeted Marketing Effort

Targeted marketing effort is an important step in Kars tourism. As the tourism attractions in Kars are characteristic and would not be able to attract ordinary tourists around the world, the stakeholders of Kars should focus to determine accurate target groups and right tools to attract those groups.

One of the first things that catch the eye in South Caucasus tourism is the inter-regional number of tourists. Table 5 shows the share of each country in the international tourist arrivals in targeted countries.

Graph 8: Share of arrivals by means of



Source: National Statistics Institutes of Turkey, Azerbaijan and Georgia

Table 5: Percentage of tourist with South Caucasus nationalities in Armenia, Azerbaijan, Georgia and Turkey

Tourists in	Visiting From				
	Armenia	Azerbaijan	Georgia	Turkey	Russia
Armenia ³⁰	-	-	%35,9	%1,5	%36
Azerbaijan	N/A	-	%1	%38	%16
Georgia	%24	%20	-	%30	%14
Turkey	%0,01	%1	%4	-	%12

Source: National institutes of statistics (2014 or most recent)

The number of tourist arrivals in Georgia with Armenian nationality was almost 1.3 million³¹ whereas the number of tourist with Armenian nationality in Turkey was limited to 21.972 in 2014³².

Cheaper travel costs can also be inferred since the geographic proximity is an advantage, but this also opens the door to enhance relative infrastructure for better connectivity especially knowing that travel by means of transport (roadway) has a significant weight.

³⁰ Armenian International Visitors Survey: Interim Summary of Results, USAID, Competitive Armenian Private Sector (CAPS), 2007

³¹ Georgian National Tourism Administration, Georgian Tourism in Figures, 2013

³² Ministry of Culture and Tourism

Within this context the opening of Çıldır Aktaş border gate can be a real opportunity for Kars to see increased number of Armenian and Georgian tourists in the city due to the fact that shorter distance between major cities and easy access.

Table 6: Distance between Gyumri-Kars, Yerevan-Kars and Tbilisi-Kars via different border gates in km.

	Gyumri-Kars	Yerevan-Kars	Tbilisi-Kars
via Sarp Border Gate	462	507	527
via Türkgözü Border Gate	325	470	440
via Çıldır Aktaş Border Gate	235	375	390
If Armenian Border was open	85	230	265

Source: Calculations made from the maps of General Command of Mapping

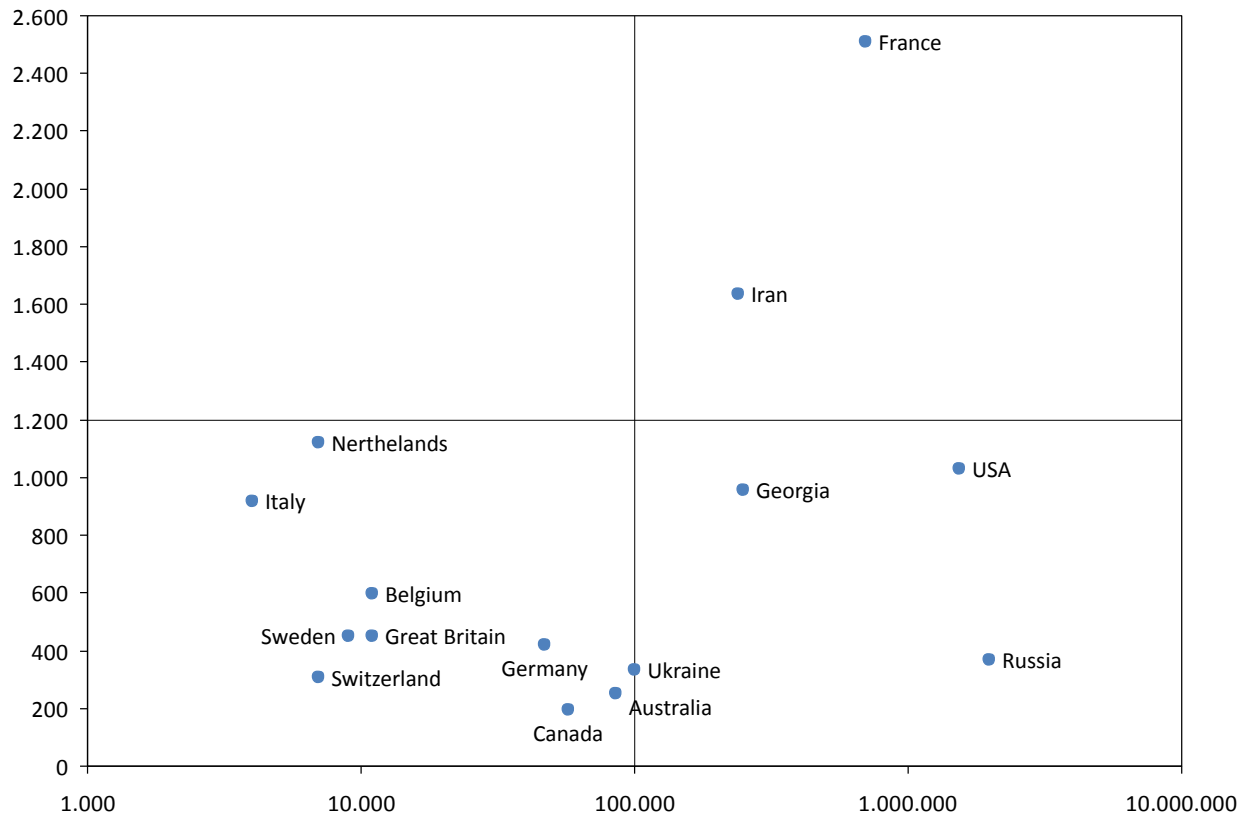
The decrease in the distance between Kars, Yerevan, Gyumri and Tbilisi via Çıldır Aktaş Border Gate is significant. As the accessibility and free movement of people is an important facilitator of touristic activity as mentioned, with the Çıldır Aktaş Border Gate, targeted marketing effort to attract the Armenian and Georgian tourists as well as Armenian tourists that visit Georgia should be used.

An alternative targeted marketing effort can be devised by the number of diaspora Armenians. In order to show the current situation as well as future potential or potential target markets the scatter graph below can be helpful.

Graph 9: Current number of overnight spent by nationality in Kars on the y axis³³ and the number of Armenian diaspora in the x-axis³⁴ (the data of x-axis is presented in logarithmic scale)

³³ Turkish Statistical Institute

³⁴ Population census of countries



The number of Armenian diaspora in the countries which are located at the bottom right-hand corner is relatively high, yet the numbers of overnight spent by the tourist from these countries are not high. For the sake of targeted marketing efforts Armenian diaspora living in Russia, Ukraine, Georgia and USA might be a good starting point. Especially Georgia, Russia and Ukraine with their relatively close proximity to Kars have a high potential of increasing overnight spent in Kars.

Countries in the bottom left-hand corner are mostly European Union countries with the exception of Australia. The possibility of the diaspora living in those countries being members of upper middle income is relatively higher to the diaspora in Ukraine, Russia and Georgia. Therefore they also present an important potential due to price competitiveness in Kars, advantageous exchange rate of Euro to Turkish Lira and possibly higher disposable income.

5.5. Plan for Ani Antique City

A long-termed excavation plan for Ani Historic City would have the greatest impact on the tourism of Kars. Combined with the special tourism zone this would also be the greatest support (along with the opening of border gates) to the normalization of Armenia Turkey relations. An extensive plan for Ani Historic City should first include the restoration of Ani bridge which is the symbol of broken connectivity between the borders of two states. An important step in the plan

for Ani would be to increase the interaction between academics from Armenia and Turkey. Within this context joint restoration projects can be devised.

The plan should also aim to complete the lack of facilities around Ani as well as easy and affordable access from city center.

Appendix 1

List of Interviews in Kars (12-14.06.2015)

- Fahri Ötegen, Kars Chamber of Industry and Commerce
- Turgay Kızılörenli, Kars Directorate of Culture and Tourism
- Oktay Güven, SERHAT Development Agency
- Savaş Demirci, Caucasus University of Kars
- Halit Özer, Association of Kars' Tourism Professionals, Hotels and Restaurants (KARSOD)

List of Interviews in Van (24-26.06.2015)

- Ramazan Temizer, Van Chamber of Industry and Commerce
- Muzaffer Aktuğ, Van Directorate of Culture and Tourism
- Emin Yaşar Demirci, Phd., Eastern Anatolia Development Agency
- Abdullah Tunçdemir, Association of Travel Agencies of Turkey (TÜRSAB)