

Keynote Speech

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**3rd UNWTO Global Conference on Wine Tourism:
Wine Tourism as a Tool for Rural Development**

**Castel Mimi, Moldova
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Thank you, Ms. Verbeniuc, for the kind introduction.

And thank you Prime Minister Filip and Minister Gaburici for making time in your busy schedules to be here today to highlight the importance of the wine industry and wine tourism to the social and economic development of Moldova.

Let me also extend my warmest greetings to Mr. Jaime Cabal, Deputy Secretary-General of the UNWTO. I had the honor to be a panelist at last year's Global Conference on Tourism and Development held in Montego Bay, Jamaica so I can attest firsthand to the pivotal role that gatherings like this play in fostering the exchange of best practices in tourism development across borders and catalyzing the kind of creative thinking that moves this industry forward.

Let me also congratulate my colleague and friend, Mr. Gheorghe Arpentin, Director of Moldova's National Office for Wine and Vine: an innovative public/private partnership that with the support of the GOM, USAID and the wine industry is playing a key role in transforming Moldova's wine industry from a producer of low quality bulk wine for the Russian market to an award-winning producer of high quality bottled wine for export to the EU and beyond. Gheorghe, as always, it is an honor to work with you and I am excited about the work we have ahead of us to make Moldova one of the pre-eminent wine tourism destinations on the planet!!! We will get it done!

When I first learned that this conference, the THIRD of its kind, was being held in Moldova, I was thrilled. First, because this event itself marks what I hope is the beginning of MICE tourism in Moldova but more importantly because I

cannot think of a better test case than Moldova for building a new wine tourism industry, being able to observe first-hand its impact on local, regional, and national economic development, and extracting lessons learned for the sector worldwide.

But let us begin at the beginning. In order to have wine tourism, you must first have good wine. Thanks to successful advocacy by the private sector and visionary leadership in the government, and in response to two crippling embargoes imposed by Russia on Moldova's wine sector in 2005 and 2013, Moldova has literally reinvented its wine industry. Smart regulation designed to encourage the emergence of small and medium-sized wineries has opened the market to 22 new small boutique wineries that together with well-known wineries such as Cricova and Milesti Mici have transformed the industry. Thanks to their hard work, U.S. technical assistance and seed grants for new technology, Moldovan winemakers have garnered 700 gold, silver and bronze medals in international wine competitions, one-third of which are GOLD and GRAND GOLD medals.

This remarkable increase in quality has facilitated the diversification of exports such that the lion's share of Moldovan wine is now exported to the EU, the Western Hemisphere and the increasingly sophisticated markets of Asia. When I arrived here two years ago my suggestion that Moldova consider marketing its wines in the U.S. was met with incredulity. I was told that the U.S. market was too big, too sophisticated and too demanding to penetrate. Today, our project is actively exploring doing just that and the first Moldovan wines are making their appearance in American restaurants and wine bars.

We are proud to say that the wine sector now comprises 2% of Moldova's GDP—more than \$145 million in sales each year. And while the sector has yet to duplicate its pre-embargo sales, the quality and reputation of its wines and the diversification of its exports bode well for the future.

The challenge now is to build on these accomplishments by exploiting the synergies between Moldova's successful wine industry and its nascent tourism industry. Tourism has been one of Moldova's growth engines since the early

2000s. Although in absolute terms, the industry remains small, it has tremendous potential.

How much potential are we talking about? How much difference can it really make? Think about this....

According to the World Travel and Tourism Council's 2018 report, travel and tourism accounted for 10.4 percent of global GDP and 313 million jobs--almost one in ten jobs on the entire planet in 2017. Last year alone, travel and tourism contributed almost \$8.3 trillion dollars to the world economy. \$ 8.3 trillion. Let that sink in!

What's particularly relevant for our discussions today about rural development is that 80% percent of the growth in global tourism is driven by small and medium enterprises. And as development professionals know, small and medium enterprises tend to be more labor intensive and as such they create more jobs. What's more, emerging trends in the tourism sector such as soft adventure tourism, self-travel, and a desire for culturally authentic experiences mean that job growth can also occur in the rural areas where those adventures and authentic cultural experiences are to be found.

In Armenia, USAID brought in the expertise of the renowned Smithsonian Institution to develop a new model for tourism designed to whet the appetite of the tourist through visits to the national museum, restaurants and wine bars while developing a national tourism circuit based on several key anchor points with associated smaller sites to draw the tourist outside the capital city, encourage him/her to see more, stay longer and spend more. Moreover, a wine route and coupled with a creative promotional campaign is drawing worldwide attention to Armenia's ancient wine culture. The result? Tourism in Armenia grew 10 percent just in the last year, thanks to those efforts. Since the USAID project began in Armenia in 2016, visits to wineries have increased 53 percent.

While traditional tourist destinations such as Jamaica, that depend heavily on sun and sand struggle to make tourism more inclusive, to break out of the all-inclusive model that limits the opportunities for small businesses, latecomers

like Armenia and Moldova have a green field and can profit from the lessons that more sophisticated destinations are now learning, sometimes the hard way.

Here again, after a lively debate about tourism policy, in consultation with the private sector and key donors, the Government of Moldova is again adopting a smart regulation approach that clears away unnecessary and burdensome regulations for small and medium enterprises, paving the way for exponential growth in in-bound tourism focused on the rural areas that are our primary target for job growth.

Like many lower middle income countries, Moldova is experiencing high rates of out-migration, especially among the economically active age cohorts but particularly among youth. Many young people do not see pathways to advancement here, so they venture abroad, where jobs are available that pay living wages and offer potential for professional growth. The experts from our competitiveness project are projecting that while tourism accounts for less than 1% of GDP today, within a decade the sector can grow by at least a factor of 10. A growing tourism sector can help keep Moldovan youth here, keep families together and help them create businesses that can be passed from generation to generation!

The signs are encouraging.

We all know about the wine tourism industries in France and Italy, but wine tourism has taken off around the world. In my own country, the United States, wineries, and wine tourism, have bloomed not only in California, but now in Oregon and Washington states on the West Coast, and in New York and Virginia on the East Coast. In Argentina, Germany, Austria, and Spain, Georgia, Armenia, and many other countries, wine tourism experiences draw tourists from far and wide!

The attraction of Moldova for the foreign visitor lies in the distinctive experiences it offers, namely discovering the rich heritage, culture, folklore, history and character of Moldova through exploration and human interaction. These experiences range from tasting Moldova's traditional foods, being guided around centuries-old monasteries and amazing churches, participating in

unchanged traditions of rural life, and enjoying high-quality musical and cultural events and, of course, wine!!!

Since USAID began assisting the tourism industry here in 2012, Moldova has taken important strides to brand, position, and market itself as a new tourism destination. Moldova launched a national tourism brand, the Tree of Life, and has been featured in dozens of travel magazines around the globe. Through a very effective, #BeOurGuest marketing campaign, Moldova has gone from being one of the least visited countries in the world (second only to Vanuatu I'm told), to making it onto the top-10 "must see" lists of tourism organizations such as the National Geographic and Lonely Planet. Even Architectural Digest earlier this year touted Moldova as an "authentic travel experience." In response, we are helping bed and breakfasts meet the demands of foreign tourists in terms of their quality standards and offerings. We are helping to develop adventure tourism in the area such as hiking and bicycling trails. But much work remains to be done and many opportunities still exist to leverage Moldova's and many of those opportunities are rooted in the wine industry. The industry has enormous growth potential up-and-down the value chain! As producers transition from thinking of themselves as farmers, to thinking of themselves and their communities as tourism destinations, vast new opportunities open up.

One of my favorite stories from the various wineries we support here in Moldova is about a man who worked as an engineer, and as a hobby, grew grapes in the southern region of Moldova called Gagauzia. He used to just sell his grapes in bulk to Russia. Now, after working hard to develop his own wines and meet all of the health standards and other requirements to be able to sell on the European market, he proudly shows off his wine with his own personal label (the Kara Gani brand) on every bottle. He and his wife have built a restaurant where you can dine on and learn to make traditional Gagauzian food. Their next project is building eight rooms so that guests, after roasting their own lamb, stomping their own grapes, dining on delicious food that they helped to prepare and drinking award winning wines can avoid driving home (!!!) and take advantage of delightful lodgings in the traditional Moldovan style. And it all started with a small grant from USAID to buy steel tanks to ferment his wine.

This entrepreneur epitomizes what we are hoping to achieve here. He is gratified to know that the fruit of his labor is in demand in Europe and beyond. It gives him a sense of pride -- not only in himself -- but in what the people of Moldova have to offer to the rest of the world. More importantly, he is building a legacy for his children whom he hopes will take over the business one day.

This is a sea-change from the days when Moldovan vineyard owners had to sell their production to Russia for whatever price they felt like paying or worse, toss it out when their only trading partner decided to impose an embargo for political reasons. USAID is proud to have been part of that.

But there is more we can do to link individual enterprises to a larger network of destinations just as we did in Armenia. Local and national governments must partner in this development process through direct economic support to the sector, as well as through infrastructure development, improving the roads, installing signage to mark the wine trail, and improving historical sites to give visitors more to do. Here in Moldova, for example, thanks to a grant from the U.S. Ambassador's cultural preservation fund, major restoration efforts are underway at a unique 18th century church in Causeni, just south of here. These improvements build upon the wine tourism experiences already offered at small wineries near Causeni and larger ones such as Purcari and Et Cetera wineries a few miles on down the road, giving tourists more diversity in their vacation experience and a greater understanding of the rich history of Moldova.

As you all know well, at each step of this process, local jobs multiply. UNWTO studies show that 30 new tourists mean one new job in the tourism industry. For Moldovans, this translates into creating opportunities that can entice their children to move back to Moldova like the daughter of one of Moldova's prominent winemakers did. After finishing her studies abroad and gaining valuable work experience in international tourism, she decided to come back and help develop the family business by adding a wine and culinary tourism component to it. Those of you who are planning to visit the Asconi winery this evening are about to see just how successful she has already been!

As our colleagues in Armenia recognized, and Moldovan entrepreneurs are learning, private sector leaders need to work together to improve the industry and not look at each other as competitors. Tourism development, including wine tourism, is not a zero sum game. There is a place in the sector for large investments, such as the one that gave birth to Castel Mimi, this beautiful chateau where we are meeting today and small ones, such as the 22 boutique wineries USAID has helped to launch. We at USAID are committed to helping all stakeholders large and small, public and private carry out their specific mandates to make wine tourism in Moldova a success!

There is always more to learn about improving the wine tourism experience, and I'm sure we all look forward to learning from each other over the course of this conference. I thank you all for coming and wish you the very best during your time here in Moldova. As we say here in Moldova, "Bine ati venit!"