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## CHAPTER V

# **SPECIFICS OF SUSTAINABLE RURAL DEVELOPMENT IN RESORT AREAS: CASE OF CAUCASUS MINERAL WATERS**

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### **ABSTRACT**

The chapter aims at overview of issued, related to specifics of sustainable rural development in resort areas. There is the analysis of dynamics and current state of tourism and recreation sector of Stavropol Region of the Russian Federation and particularly the resort area of Caucasus Mineral Waters. The chapter describes the recreational, resort and agricultural potential of the region, as well as discovers the major problems of its effective utilization in the purposes of sustainable rural development. The central objective of this chapter is to present a review of how tourism and recreation may affect rural development, as well as to provide a critical analysis of main approaches to sustainable regional development by means of tourism. The paper points out that tourism should get more attention in respect of sustainable development of rural territories and recreational areas, and the expected benefits from tourism must be carefully assessed.

**KEY WORDS:** resorts, sustainable development, recreation, rural territories

### **INTRODUCTION**

In recent years, the role of tourism has become more recognized in the context of the sustainable regional development, which includes use of natural resources and the sector's potential contribution to the economic growth of the region. The practice of tourism has the potential to assist in conserving natural areas, alleviating poverty in rural territories, empowering women, enhancing education, and improving the health and well being of local communities.

But how tourism can assist in supporting and meeting these potential goals? Relevance of sustainable economic development of the certain region is in the necessity to create the conditions for sustainable development of economic sector and raise of living standards of rural people by means of the effective usage of the existing sanatorium, resort, touristic and recreational potential. Provision of sustainable economic development will condition the increase of investment attractiveness of the region (including foreign investments), development of touristic and recreational infrastructure of the region, as well as spheres of sanatorium, resort, engineering, technical, transport and touristic spheres.

The chapter concludes analysis of problems of effective preservation and increase of rational implementation of environmental, climatic, natural curative and recreational resources. Research is conducted on the materials of Stavropol Region in general and the resort area of Caucasus Mineral Waters in particular, one of the leading Russian regions in view of endowment of touristic, recreational, sanatorium, resort, and balneological resources.

### **CAUCASUS MINERAL WATERS: RECREATIONAL POTENTIAL**

Caucasus Mineral Waters are situated in the middle of 700-km isthmus between the Black and Caspian seas on the northern slopes of the Main Caucasian ridge, only in 90 km from the highest mountain in Europe – Elbrus, a two-headed top of which is well seen almost on the whole territory of the region. Occupying the territory, area of which is 6,000 sq km, the region is noted for large contrasts of natural settings.

Food treatment by mineral water is considered to be one of main methods of treatment of large number of diseases for many years. Regulating systems of organism mobilize its energy, metabolic processes become more intense while usage of mineral water. Man knows powerful healing properties of nature for several thousands of years the – air, sunshine and especially mineral water, mud and areas with particularly favorable climate. They returned the health and strength to those who used them.

The mighty gifts of nature became known in Russia for more than a century they were available only to the military and select group of visitors who had enough money for a trip to the water. The situation changed as the result of the revolution in 1917, and calming the situation in the country. During the Soviet period in the history of resort towns of Caucasus region became really popular and mass. The same situation is typical for the modern period in the history of resorts. All 200 years of existence and development of the Caucasus Mineral Waters is a period of hard work of public authorities and research institutes developing domestic natural treatments. And now it is a priority for the state.

But we should not forget the historical facts, dates associated with the development of Russian balneology, in many respects distinctive, developed by its own way, different from Western countries. In European countries, there are resorts for many centuries, and some of them more than a thousand years. In Russia, they appeared only at the beginning of last century, and Caucasus Mineral Waters were among the first ones. At the same time came balneology, the science of spa treatment, appeared.<sup>74</sup>

Owing to its variety, mineral waters of Caucasus Mineral Waters are used in treatment of wide specter of diseases. When mineral water gets to an organ-

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<sup>74</sup> Trukhachev, A., Mikhaylenko, A., Lebedev, A., Lebedev, Yu., Povolotskaya, N. (2012): *Caucasus Mineral Waters: questions and answers*. Stavropol, AGRUS, 144 pg

ism, it has an influence on receptors of digestive apparatus and processes both in the cavity of digestive apparatus and also in the mucosa of gastrointestinal tract. Chemical components of mineral waters, reaching blood, influence receptors of blood vessels, organs of endocrine systems and nervous system, also influencing nervous and endocrine control of organism and its system.

Mud of Big Tambukan lake is used in Caucasus Mineral Waters for treating for pack and applications. Silt black sulfide mud, sapropelic mud, peat are used for mud cure. Silt sulfide mud is black, rich in salts, sulphurous iron, contains hydrogen sulphide, methane, carbonic acid. Influence of peloid on organism is conditioned by a complex of irritants such as temperature of mud, chemical and mechanical elements. Unique method of treatment – radonotherapy (waters, containing radon, are used for treatment of diseases of nervous and cardiovascular system, respiratory and digestion apparatuses, bones, joints and muscles, gynaecological disorders, metabolism diseases and others) – includes medicinal influence on organism with the help of medicinal element radon which is used for water and air baths, bathing in medicinal pools, ablution, microclyster, inhalations.

Currently, 14 resorts institutions in the country develop the scientific problems associated with devising natural healing factors, long-term planning of resort-sanatorium network, the study of physiological and therapeutic action of natural factors and many other problems of the resort practice. More than 2.000 physicians and scientists employed in laboratories and clinics.

Large complex science developed on the resorts of the Caucasus, where in the middle of the 19th century the first Russian balneological society emerged.

In Pyatigorsk Research Institute of Balneology and Physiotherapy, its four clinics and in many laboratories a broad scientific search is being done now. Greatly increased supplies of medical treatment, further exploration of subsoil is conducted, new springs of water were discovered. Mud deposit are studied and protected. On the basis of long-term studies in animals, healthy and sick people have developed new principles, indications and methods of treatment of natural causes of many diseases that were previously not shown for a spa treatment.

Long-term perspective plan for further development of resorts and health centers in the Caucasian Mineral Waters was made on the basis of analysis of scientific observation.

Caucasus Mineral Waters resort area includes four towns: Kislovodsk, Essentuki, Zheleznovodsk and Pyatigorsk. Those small towns are equivalent in their sizes to such European resort centers as Karlovy Vary and Baden-Baden. All the towns are located not far from each other and compose a single health resort district.

Kislovodsk is the biggest and the most manifold resort town of the Caucasus Mineral Waters resort area. It is located in the picturesque valley, surround-

ed with slopes of the main Caucasian ridge. Extension of the valley from the south-east to the north-west is about 4 km. It is a lower terrace of Betchasinsky plateau which, constantly arising to the south-west, forms Bermamitskie altitudes, bordering upon Elbrus, situated in 90 km from Kislovodsk. The valley is formed of gorges of 2 interflowing rivers – the Olkhovka and the Berezhvka, which flow into the Podkumok river. From the east the city is protected with hills, which are connected with each other by small knolls and a chain of cretaceous mountains, forming the middle part of Dzinalskiy ridge (height is up to 1.500 m). From the west the valley is bounded by a high range of hills, forming Birch gorge, from the south – Kabardinsky ridge, height of which is up to 1.600 m and from the north – by a ridge of cretaceous mountains of Borgustansky ridge, reaching height 1.200 m above sea level.

Indications to treatment in Kislovodsk include cardiovascular system, nervous system diseases, respiratory apparatus diseases (chronic nonspecific diseases of lungs, bronchial asthma), coexisting illnesses of digestive apparatus, gynaecological disorders, urological diseases, musculoskeletal apparatus, ear, nose, throat diseases. Kislovodsk focuses on health improvement, not on treatment itself, because of its perfect mountainous climate. There are good facilities for sport leisure, especially because of the proximity of Caucasus Mountains. Resort is popular among all age-group population, including young people.

Pyatigorsk is the center of active, business and educational tourism. It is also popular among people interested in culture and sports. Treatment component does not dominate, but accompanies various entertainments. Green fund of the city consists of natural forests and cultural plantations – fruit gardens, parks, boulevards, street lining. Forests are wood-shrubby. The highest mountain is five-headed Beshtau. Several tens of relic and precinctive plants and over 100 herbs grow on the mountains of Pyatigorje. Beshtaugorsky forest tract with unique picturesque subalpine glades and also forest tracts with rare and vanishing sorts of plants on Lisaya mountain are especially interesting. In the forests and steeps there are many foxes, badgers, weasels, European hares; hamsters, hedgehogs, Russian polecats, campagnols, jerboas are found.

Essentuki is the health and recovery resort. It is situated in the steppe valley of the Podkumok river. Principle medicinal remedies of the resort – over 20 springs of mineral water. Climate here is continental. The indications for treating in Essentuki include digestive apparatus disease (reflux esophagitis, chronic gastritis, gastroduodenitis, stomach ulcer, duodenal ulcer, inveterate bronchitis, enterocolitis, inveterate hepatitis, cholecystitis, cholangitis, pancreatitis, biliary dyskinesia, cholelithiasis, peritoneal commissures of abdominal cavity); endocrinology (pancreatic diabetes, polyneuropathy and angiopathy, alimentary obesity); gynecopathies (chronic inflammation of appendages, chronic pelvic celltiltis, pelvic peritoneal adhesions, malposition of uterus, infantility (sexual), uterus hypoplasia, ovarian dysfunction, infecundity), and also

concomitant diseases: pulmonology, auricle, guttur and nose diseases, dermatology, nervous system diseases, peripheral vascular diseases, locomotor apparatus diseases.

Zheleznovodsk is the resort town of Caucasus Mineral Waters area with high-developed health treatment infrastructure. This is the only place in Russia and Europe with hot calcic waters. The town has over 20 mineral springs, which mineral water is used for drinking, bathing, inhalations and other water procedures. Zheleznovodsk is situated between mountains Beshtau and Zheleznaya in Zheleznovodskaya valley, covered with thick broad-leaved forest. Zheleznovodsk forest park is the only park of natural origin in the Caucasian Mineral Waters. It is a part of forest riches of Beshtaugorskoe forestry. Main wood species of the park are ash-tree, oak. About 1350 sorts of plants, 125 of which are medicinal and 25 – vitamin-containing and used in medical practice, is represented here. The wonderful nature, absence of large industrial enterprises, remoteness from ecologically unfavorable territories allows, by opinion of many native and foreign specialists, to attribute this city to “small Switzerland”. Wonderful climate of Zheleznovodsk is similar to the climate of middle Alps, the air is saturated with oxygen and phytoncides of forest. All this arouse positive emotions in resting people and raise persistence of stresses.

#### **CAUCASUS MINERAL WATERS: ECONOMIC CHARACTERISTICS AND RURAL DEVELOPMENT**

The agricultural sector of the economy of Stavropol Region is the most important one. The sector's share of gross regional product in 2012 was 18% (15% – agriculture and 3%g – food industry). 24% of population work in the sphere of agriculture. Stavropol Region plays an important role in the agricultural complex of the whole country, providing 20% of the grapes, 6% of the grain and 3% of the sugar beet grown in Russia. Among the features of the agricultural complex of Stavropol Region is that private farms are the main type of enterprises.

Different soil and climate conditions of individual agricultural zones pre-determine the diversity of arable crops and their production specialization. However, as a result of low prices for agricultural products, insufficient budgeting, asset depreciation, and the unavailability of bank loans owing to high interest rates, the capital assets of a number of industries of the Stavropol's economy have practically stopped renewing and are quickly wearing out. The increased burden on equipment resulted in violations of technological agricultural processes and environmental damages. To solve the existing problems, it is necessary to modernize the regional nature management socioeconomically and technologically, which would make it possible to create modern postindustrial society with a sufficiently high level of welfare and social maintenance. This model of sustainable development should rest on the resource-saving and environment-protecting method of management, which implies reaching def-

inite results without irrecoverable losses of resources. At the current, postcrisis, stage of the development of productive forces, production facilities should be subject to innovative, rather than any, human labor. This human property will help accumulate new knowledge and transform environmental-economic relations into a sustainable system of the continual development of humankind itself, for example, into an innovative system of agrarian nature use. A rational compromise between qualitative and quantitative industrial indicators and the scales of spent natural and energy resources with their anthropogenic impact on the environment, particularly, on the state of the soil cover, may be reached by organizing agrarian production within this environmental-economic system.

The development of agriculture in Stavropol Region in general and Caucasus Mineral Waters in particular would help to replace imports of meat, milk and vegetables and improve the situation on the inter-regional market. This makes the development of the agricultural complex one of the main priorities. The most promising spheres are production of meat (pork, beef, and poultry), milk and milk products (cheese, sour cream, and yogurt), grapes and wine, vegetables, mineral water, and sugar.

The major part of the natural area of preferential protection Caucasus Mineral Waters is located on the territory of Stavropol Region. That is the only place in the world with over 130 springs of mineral water of 30 types. In comparison, Karlovy Vary has 60 springs, while Baden-Baden – only 20.

Currently, tourism and recreation impact essentially into the Gross Regional Product (GRP). As of 2011, the share of touristic and recreational complex in Stavropol Region's economics is about 3.2% of GRP. In comparison, the related average world level is 3.6%, average EU level is 6-9%, and the share of tourism in Russia's economics is 2.5%.

According to the Ministry of Resorts and Tourism of Stavropol Region, annual increase of number of incoming tourists is over 6%. Herein, 11% of that flow is foreigners, which testifies the high touristic potential of the region. In comparison with 1991, tourist flow in Stavropol Region increased threefold.

The overall income of Stavropol Region from incoming tourists in 2011 was 14.7 bln rubles, in 2012 – 16.3 bln rubles. The volume of touristic services in 2013 will reach 18 bln rubles, according to the prognosis of the Ministry of Resorts and Tourism of Stavropol Region.

Over 960 thousand people visited Stavropol Region in 2012, including 107.5 thousand foreign tourists (11%). The flow increased by 9% in comparison with 2011, and by 12.6% in comparison with 2010. There are over 40 tourist operators and about 200 travel agencies working in Stavropol Region, as well as 302 collective accommodation facilities, including 132 sanatoriums and resort houses. The total accommodation capacity was 33.5 thousand places in 2012. The capacity increases every year with reconstruction and construction of new sanatoriums, hotels and resort houses. There were 14 new ac-

accommodation facilities introduced in 2012 (1.7 thousand places), 20 in 2011 (0.7 thousand places). The total volume of investments into sanatorium, resort and tourist complex of Stavropol Region and Caucasus Mineral Waters during 2010-2012 exceeded €212 mln.

**Table 5.1.** Dynamics of tourist and recreational complex of Stavropol Region

Indicator	2010	2011	2012	2012 to 2010, %	2013 (prognosis)
Overall income from incoming tourists, € mln.	343.2	367.5	407.6	118.8	450.0
Incoming tourists, people	852 680	880 730	960 120	112.6	980 000
Share of foreign tourists, %	9.2	10.6	11.2	121.7	11.6
Accommodation facilities, thousand places	31.1	31.8	33.5	107.7	34.0

*Source:* Trukhachev, A., Mikhaylenko, A., Lebedev, A., Lebedev, Yu., Povolotskaya, N. (2012): *Caucasus Mineral Waters: questions and answers*. Stavropol, AGRUS, 144 pg

In 2011 the flow of investments into economy of Caucasus Mineral Waters region increased 1.6 times comparing with the level of 2010 and amounted to 18.5 bln rubles. Sanatorium and hotel complex in the region of Caucasian Mineral Waters rose by 672 placements, nine new modern hotels were put into service.

In 2012, in the Caucasus Mineral Waters region 18 facilities of sanatorium-resort and hotel complex will be commissioned. Among them: the sanatorium “Russia”, “Kazakhstan” in Essentuki, sanatorium “Plaza MAP – Zheleznovodsk”, holiday hotel “Beshtaugorsky” in Zheleznovodsk. 8 mini-hotels will also be put in commission. 40 resorts and tourist facilities are being currently built in the region. In coming years, the capacity of sanatorium-resort complex will increase by 2.9 thousand places; in additional, 3 thousand new jobs will be created.

Understanding of the importance of the region and the necessity of problems solving was reflected in the order of Vladimir Putin dated November 28, 2011 «About the development of the concept of integrated development programs in the region of Caucasian Mineral Waters». The Ministry prepared a draft of the program until 2025 and directed it to the developer – Additional Liability Company “Corporation of the Northern Caucasus”. The necessity of state financial support for the integrated development of the Caucasus Mineral Waters region in the amount of 108.4 bln rubles for environment and natural medicinal resources preservation measures, provision of energy carriers in



the region, water supply and sanitation, well-planned highways and modern transportation facilities, schools, hospitals and kindergarten was substantiated. 202.0 bln rubles of private investments will be allocated to the implementation of reconstruction and construction of sanatorium-resort and tourist complex.

In order to increase the attractiveness of Caucasian Mineral Waters the construction of water parks in Essentuki and Zheleznovodsk, sports and entertainment center “Spartak” in Zheleznovodsk, cinema and concert complex “Russia” and “Amusement Park” in Kislovodsk, a sports complex “Novopyatigorskoe Lake”, a multifunctional exhibition center “Expo Pyatigorsk” in Pyatigorsk, the center of adventure tourism on the mountain Yutsa in Predgorniy region, multipurpose exhibition center near the international airport in Mineral Waters will be started.

Caucasus Mineral Waters area has favorable conditions for development of its tourist and recreational sphere. Among the apparent competitive advantages of the region, we emphasize:

1. Favorable climatic and environmental conditions, diversity of picturesque landscapes;
2. Treatment resources (variety of mineral water springs of various types, therapeutic muds);
3. Essential historical and cultural potential;
4. Transport accessibility (relative proximity to the most densely populated regions of Russia, development of air, railroad and highway connections);
5. Existence of advanced treatment and recovery technologies, balneotherapeutic research centers, specialized educational establishments and a number of specialists of high qualification.

The potentials of environmental tourism are high as well. The western part of the Big Caucasus is various in flora and fauna, their protection is not equal led not only in the Caucasian region but also among other mountain areas of the Europe and Western Asia. It is a territory, where large number of rare pre-cinctive and relic sorts of plants and animals, being at stake of disappearance, are concentrated. The territory is rich in picturesque objects: powerful waterfalls, pointed mountain tops (up to 3.360 m), rapid mountain rivers with clear water, clear mountain lakes, huge trees (imposing firs, height of which is up to 85 m and diameter – more than 2 m), rare plants (orchids and others) and many others. Invaluable natural complexes have been kept in the Western Caucasus.

Teberda, the neighbor area, is a mountain climatic resort, situated at height of 1.260-1.300 m in the forest mountains of the western Caucasus, where a fan of very picturesque gorges stretches to a snow-covered heap of the Main Caucasian ridge. Not far there is a heart of alpinism and mountain tourism of Russia Dombai. It is an area of the primeval Caucasian nature and monuments of olden times, an area of the sun, rocks, fir forests, dazzling sparkling snow and pearly air. Elbrus region as close to Caucasus Mineral Waters as well. It is a

tourist name of a part of the Bolshoi Caucasus from the western approaches to Elbrusto the basin of the Tchegeg river to the east. Its south border passes by the Main Caucasian ridge. High clarity of the air and great number of hours of sunshine create here wonderful conditions both in summer and in winter. A park of the Elbrus region admits 300 thousand visitors per a year. Fauna of the Elbrus region is also various and rich in unique species, which are found nowhere else. They are Caucasian tur, Caucasian snowcock, Caucasian black grouse, Caucasian lizard and ground beetle and others. Traces of wild boars, the number of which is large in mountain forests, are also found.

In spite of the big potential tourism of the region, it still is not developed enough. Stavropol Region brings only 2% of the total income of the Russian Federation in the sphere of tourism. The reason is that the number of tourists coming to the region is rather small and that the private sector still dominates the market. The percentage of international tourists coming to the North Caucasus is smaller than in Russia in general. The tourism infrastructure is underdeveloped and service is usually rather poor. In addition to this, the North Caucasus has a bad image and so is unpopular even in other regions of Russia.

Stavropol Region in general and Caucasus Mineral Waters resort area in particular attract lower number of tourists, comparing to resort and tourist centers of other countries. The benchmarking analysis demonstrated that Caucasus Mineral Waters, having more mineral springs and accommodation facilities, attract threefold lower tourist flow, than Karlovy Vary.

The economic effect ratio is even worse: annual gross income from incoming tourists in Caucasus Mineral Waters is fourfold lower than in Karlovy Vary. In addition, the rating of Caucasus Mineral Waters among tourists and travelers is incomparably worse than the one of Karlovy Vary: only 36% of respondents in Caucasus Mineral Waters consider services and overall level of resort as excellent and good (96% in Karlovy Vary). Infrastructural and qualitative backwardness of Russian resort is one of the most serious problems and limiting factors of its sustainable development in future.

Concerning rural aspects, the positions of Caucasus Mineral Waters and Karlovy Vary are different as well. Share of agriculture in gross regional product is higher in Caucasus Mineral Waters, while rural tourism plays more important role in Karlovy Vary. Share of rural households involved into domestic tourist services is bigger in Karlovy Vary, which confirms the higher level of infrastructural development and economic involvement of rural areas into tourism.

One of the most acute problems preventing the successful development of tourism in the region is the absence of investment. Investors are not ready to invest in the development of the Caucasian resorts due to the constant menace to public security. This is the main reason for the low competitiveness of the Caucasian resorts.

## **PERSPECTIVES OF SUSTAINABLE RURAL DEVELOPMENT BY MEANS OF RURAL AND ENVIRONMENTAL TOURISM IN CAUCASUS MINERAL WATERS RESORT AREA**

It is widely believed that the future prosperity of rural regions will be driven by enterprise, innovation, and new technologies, tailored to markets and applied to new and old industries. The economic crisis that erupted worldwide in 2008 presented a moment to reflect on this, specifically to tease out the approaches with the best potential to enhance future rural development.<sup>75</sup>

The “area of opportunity” – tourism – is a sector well positioned to boost local economic opportunities in rural areas, especially the resort ones like Caucasus Mineral Waters. Opportunities for growth can exist in all types of regions. High and sustainable growth rates of tourism in rural areas can be achieved in different ways. Although predominantly rural regions are disproportionately represented among the slowest-growing regions in the OECD, they are also over-represented among the fastest-growing. The most successful paths to economic development are based upon local strategies that are grounded in local competences and assets.<sup>76</sup>

Obviously, development of tourist and recreational complex is not a thing in itself. That sphere along with agriculture is the backbone for economics of Stavropol Region in general and Caucasus Mineral Waters in particular. Enhancement of economic activity in tourism will influence positively on other sectors of regional economics. Among possible system effects of tourism development for regional economic development and rural territories, we have to emphasize the following:

1. Growth of tourist flow, both from Russian regions and from abroad, that increases trade and transportation, and extends marketing opportunities for rural households.
2. Growth of profitability and turnover of trade with agricultural commodities and food by rural households that affects the regional budget positively.
3. Development of tourist industry, that increases number of workplaces in rural areas and creates favorable conditions for enhancement of quality of agricultural commodities, food and tourist services provided by rural households.
4. Improvement of image of resorts and tourist locations of Caucasus Mineral Waters, including its rural areas, increase of living standards in rural territories.

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<sup>75</sup> Gorenak, S., Bobek, V. (2010): *Total responsibility management indicators and sustainable development*. International Journal of Sustainable Society, Vol. 2(3), pp. 248-264.

<sup>76</sup> OECD (2012): *Innovation and Modernising the Rural Economy*. Rural Policy Conferences (<http://www.oecd.org/rural/krasnoyarsk/Innovation-Modernising-Rural-Economy.pdf>)

5. New opportunities for development of small and medium entrepreneurship in rural areas.

6. Positive influences of tourist market on real estate market and construction in rural territories.

7. Development of sustainable financial background for preservation of unique monuments of nature, history and culture, located in Stavropol Region and area of Caucasus Mineral Waters.

Entrepreneurship is now widely seen as a driving force for modernising both urban and rural economies. New firms can drive innovation and erode the monopoly profits of entrenched older businesses. In rural areas, new firms may be particularly important because they are the mechanism for introducing new sectors and products. Rural areas are particularly reliant on small and medium-sized enterprises, since the local labour force is generally too small to supply large firms. Because rural areas tend to specialise in a few types of business at any point in time they are especially vulnerable to shocks to their core economic base. Product cycle theory suggests that firms relocate to rural areas at a fairly late stage in their life-cycle, when controlling costs is crucial, and the market for their output is mature. Not surprisingly, such firms have a tendency to fail after a period of time, as new products are introduced. While one strategy for the host rural community is to recruit another late-stage firm, an increasingly common alternative is to try to foster indigenous entrepreneurial activity that can take advantage of local resources.

Assurance of sustainable rural development by means of utilization of tourist and recreational potential is expected through the following kinds of tourism:

1. Health and treatment tourism (balneological, climatic, ecological).
2. Sport tourism (Olympic Games, hiking, cycling, mountainous, equine, paragliding).
3. Excursion tourism (cultural, national, ethnographic, photographic).
4. Rural tourism (educational and recreational agritourism, gastronomy tourism).

According to the Strategy of social and economic development of Stavropol Region until 2025,<sup>77</sup> tourism is one of the most promising branches of social development, able to host more than 100.000 new jobsites. Main tasks of tourism sector development are:

1. creation of modern infrastructure;
2. improvement of new image of Caucasus Mineral Waters resort area and active promotion of its tourist advantages;
3. insurance of tourists' safety;

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<sup>77</sup> Government of Stavropol Region (2011): *Strategy of social and economic development of Stavropol Region until 2025*. Decree of the Government of Stavropol Region No. 147-rp from 20.04.2011

4. staff base creation;
5. encouragement of small and medium enterprises in the sphere of tourism;
6. efficient protection and restoration of objects of cultural interest.

Development of modern health resorts requires major investments in infrastructure. State joint-stock company "Special economic zones" and Investment Fund of the Russian Federation will provide support for investment projects. The management and selection of the most suitable projects will be conducted by the newly created North Caucasus Development Institute. Special attention will be attributed to the improvement of North Caucasus image and promotion of region's tourist attractions in Russia and abroad by creating a common brand for the region.

The development of tourist centers will require boosting the network capacity of current transport system. Higher priority is attributed to the development of air transportation (development of airports' infrastructure in Mineralnye Vody and Stavropol). Highway network joining Caucasus Mineral Waters resorts to tourist centers of Krasnodar Region and Abkhazia is also scheduled for construction.

To improve the level of service and create a regular staff basis special training programs including international experience exchange are being worked out. International tourist companies will be invited to work in the region. The State will support private initiative in the field of hotel networks creation and tourism services development.

History and culture monuments restoration and protection as well as nature parks and reserves form important part of tourism development program. Special attention will be paid to recreation zones, parks development. Massive construction activities in the resort zones may damage the unique microclimate necessary for medication, so smaller forms of construction will be favored. The Strategy stipulates regular activities for protection and improvement of the environment and sanitary conditions of parks and settlements.

Implementation of such a multisided and complex project involves a range of tasks to be completed. Among the top-priority tasks of the given research we emphasized the following: development of theoretic and methodical issues of sustainable rural development by means of utilization of the existing tourist and recreational potential; assessment of current and long-term sustainability of economic development of rural territories in Stavropol Region; development of mechanisms of implementation of the Strategy of sustainable rural development through particular kinds of tourism and action plan in short, medium and long-term perspectives; elaboration of social, economic, legal, administrative and managerial measures, which drive touristic and recreational complex of Caucasus Mineral Waters on the brand new qualitative level and provide complex sustainable solution of economic, social and environmental tasks along with preservation of natural, resource, historical and cultural potential of the region.

## CONCLUSIONS

Case analysis of the Caucasus Mineral Waters resort area shows that the region has favorable conditions for development of its tourist and recreational potential in rural sphere, including favorable environmental conditions, treatment resources, essential historical and cultural potential, and easy transport accessibility.

However, the benchmarking analysis shows that despite of such essential competitive advantages, Caucasus Mineral Waters resort area attract lower number of tourists, comparing to resort and tourist centers of other countries, for example Karlovy Vary. That decreases the economic effect of tourism for rural areas and creates serious treats for their sustainable development. Rural households of Caucasus Mineral Waters are not deeply involved into domestic tourist services, do not produce commodities with high added value, of high quality and competitiveness, and very much depend on domestic state support and rural state policies.

The key factors, which may ensure sustainable development of rural areas of Caucasus Mineral Waters by means of utilization of its tourist and recreational potential, include health and treatment tourism in rural areas, excursion and ethnographical tourism, educational and recreational agritourism, gastronomy tourism. Development of those spheres of tourist and recreational complex of Caucasus Mineral Waters, supported by the Strategy of social and economic development of Stavropol Region until 2025, should help to: diversify economics of Stavropol Region by means of complex development of tourist and recreational potential; ensure sustainable rural development by means of enhancement of economic activity of rural households and expansion of their incomes; improve quality of tourist and recreational services, including their diversification, accessibility, infrastructure, support of innovations; rebrand tourist and recreational complex of Caucasus Mineral Waters as a provider of diversified tourist product of high quality, including rural tourism.

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