

Study Of The Process Of Reforming The Tourism Industry In Uzbekistan

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Abstract: Currently, the process of cardinal reform of the tourism industry has been launched in Uzbekistan. This goal is to transform tourism into a strategic direction for the development of the national economy, which will ensure its diversification and accelerated development of the regions.

In order to increase the effectiveness of the ongoing reforms and radically increase the number of foreign citizens entering the republic, by solving the existing problems of the tourist infrastructure, improving the quality of services provided and actively promoting the national tourist product on world markets, strengthening the human resources potential of the tourism industry, as well as in accordance with the main directions of the Concept of Tourism Development in the Republic of Uzbekistan in 2019-2025, the necessary measures are being taken.

Key words: Research, tourism, industry, reforms, concept, regulations, results, potential.

1. INTRODUCTION.

Uzbekistan has the resources to develop many types of tourism. The rich cultural and historical heritage, ancient traditions of crafts and art could attract fans of cultural and educational, archaeological and ethnographic tourism to the country. The presence of significant places of worship for the followers of the three largest world religions (Islam, Christianity and Buddhism) serves as the basis for the development of pilgrimage tourism, it also has a large number of unique natural objects (lakes, mountain peaks, river floodplain forests, steppe and desert landscapes), and this could serve as the basis for the development of ecological and adventure tourism.

The Republic of Uzbekistan, as a country located at the crossroads of the Great Silk Road, has historically played an important role in the development of trade relations and cultural exchange between East and West. Cities such as Samarkand, Bukhara, and Khiva were centers of culture and education, making an invaluable contribution to the development of ancient civilizations. Today, the masterpieces of architectural monuments preserved since those times are increasingly attracting tourists from all over the world. According to a world-class expert, Sadik Badak, "Uzbekistan is the pearl of the Central Asian region".

The Government of Uzbekistan, in order to increase the effectiveness of the ongoing reforms, as well as to radically increase the number of foreign citizens entering the republic and improve the quality of services provided, as well as actively promote the national tourist

product on world markets, in accordance with the main directions of the Concept of Tourism Development in the Republic of Uzbekistan in 2019-2025, intends to increase the number of foreign tourists to 9 million people by 2025, which is not an easy task, given all the limitations associated with the epidemiological situation in the world. However, along with international tourism, domestic tourism has been developing quite actively in recent years, which is very important for maintaining the dynamics of the industry in the difficult conditions of the COVID-19 pandemic.

2. RESEARCH METHODS:

When writing the article, such methods as the method of system analysis and synthesis of the studied materials were used.

3. DISCUSSION OF THE RESULTS:

Uzbekistan has a serious potential for the development of tourism. There are more than 7.4 thousand cultural heritage sites in the country, of which 209 are included in the list of UNESCO World Heritage Sites. In addition, the republic has 11 national nature parks and state reserves, 12 nature reserves, 106 museums and many other objects-what can attract tourists. [1]

Sadiq Badak, adviser to the chairman of the State Committee for Tourism Development, said that with the creation of the necessary tourism infrastructure in Uzbekistan, the budget revenue will reach 15 billion \$. He further noted that the republic can receive tourists for all four seasons, but other countries in the region do not have such potential. [2]

The Government of Uzbekistan is taking measures to address the existing problems of the tourism industry and infrastructure:

- * to improve the quality of services provided;
- * active promotion of the national tourist product on the world markets;
- * a drastic increase in the flow of foreign citizens entering the republic;
- * introduction of digital technologies in the development of tourism;
- * active reform of the tourism industry;
- * improving the regulatory framework;
- * improving the competitiveness of services in the global market;
- * increase in the share of tourism services exports in the GDP of the republic.

An important point of the reforms of President Shavkat Mirziyoyev was the promise to turn tourism into one of the leading strategically important sectors of the economy of Uzbekistan, which led to a number of measures to increase the tourist flow to the country [3]

To implement the tasks set, as well as to create favorable conditions for the development of tourism, the Concept for the Development of the Tourism sector in the Republic of Uzbekistan in 2019-2025 was proposed and approved (05.01.2019 DP-5611). This document shows the analysis of the current state of the tourism sector, sets the main goals, defines the stages and directions of the industry development. On the basis of the adopted Concept, favorable conditions for the development of the tourism industry have been formed, ensuring the effective use of economic resources to increase the role of this industry in the economy, including ensuring the growth of tourism exports from 951 million to 2.2 billion US dollars in 2025, increasing the share of tourism in the country's GDP to 5% [4].

The next stage of tourism reform is the fact that in 2019, three more important documents on the development of tourism in Uzbekistan were adopted - Decree of the President of the Republic of Uzbekistan No. DP-5611 of January 5, 2019 "On additional measures for the accelerated development of tourism in the Republic of Uzbekistan", Decree of the President of the Republic of Uzbekistan No. DP-4095 of January 5, 2019 "On Measures for the accelerated development of the tourism industry" and Decree of the President of the Republic of Uzbekistan No. DP-5781 of August 13, 2019 "On measures for the further development of tourism in the Republic of Uzbekistan". [5]

On the basis of the above-mentioned documents, the State Committee for Tourism Development has adopted a number of decisions on the provision of tax benefits and preferences to entrepreneurs in the tourism sector, as well as on the liberalization of the visa regime. The measures taken to liberalize the visa regime are as follows:

- An additional visa-free regime has been introduced for citizens of 86 countries, as of January 1, 2020. As a result of the measures taken, the number of tourists from countries with a visa-free regime increased by an average of 56% (27% of the total tourist flow) [6]
- * the number of countries with simplified entry visa requirements has been increased from 12 to 50. Citizens from 77 countries can get an e-visa;
- * simplified requirements for the operation of hostels and the abolition of 22 requirements;
- * opportunities for accommodation of foreign tourists in private apartments have been created;
- * approved a simplified procedure for organizing guest houses in rural areas with the abolition of the certification requirement and the establishment of minimum requirements for their creation;
- * additional (non-electronic) categories of entry visas for certain groups of foreign citizens have been introduced: "Vatandosh" - a 2-year visa for natives of Uzbekistan and their families; "Student visa" - a one-year visa for foreign students studying in educational institutions of Uzbekistan; "Academic visa" - a visa for a period of 2 months to 2 years for foreign citizens wishing to conduct research and teaching activities in Uzbekistan; "Medical visa" - a visa for up to 3 months for foreign citizens entering for medical treatment; "Pilgrim visa" is a pilgrimage visa issued for a period of up to 2 months to foreign citizens at the request of tourist organizations and the Committee on Religious Affairs under the Cabinet of Ministers.

Due to the systematic work on reforming and improving the tourism industry in the republic, it was possible to achieve noticeable results and, first of all, to increase the tourist flow, modernize the tourist infrastructure and simplify the visa regime, whereby which Uzbekistan took the second place among the CIS countries in the ranking of the most open visa regimes.

Analysis and results. Investments are the most important condition for the growth and sustainable development of tourism in Uzbekistan. They contribute to the expansion of the

production potential of the industry, creating jobs and increasing income. Foreign investment, in turn, plays an important role in creating favorable conditions for the development of such a sector of the economy as tourism, for the reason that its volume and structure depend on:

- * dynamics of the tourism market development;
- its financial and economic indicators;
- * infrastructure ratio of the development of the tourism services market (proportionality of the development of hotels, transport, food networks, communications);
- * the general situation of tourist demand and supply in the territorial aspect (competitive environment);
- * quality characteristics of objects and subjects of the tourism industry in the future; capacity, production capacity and capacity of tourist objects[7]

In addition, in order to attract foreign investors to the industry, public-private partnership mechanisms are being adopted to encourage investment in the development of tourist infrastructure.

In particular, data from official sources indicate that in 2018-2019, more than 401.1 million dollar of total investment was directed to the development of international tourism in Uzbekistan (this is 19% more than in 2017)[8]

An important aspect for the study of the arrival of foreign citizens in Uzbekistan is the expansion of the geography of the country's foreign economic relations and, accordingly, the volume of export and import operations.

To assess the impact of exports and imports on the economic growth of Uzbekistan, we calculate the power-law econometric models of the dependence of GDP growth on the volume of exports and imports, respectively, for the period from 1998 to 2019:

$Y = 18,467 * X^{0,6945}$ in this case, the assessment of the adequacy of the model is confirmed by the value of the coefficient of determination $R^2 = 0,8379$

$Y = 19,375 * X^{0,7346}$ $R^2 = 0,8569$

The analysis of models indicates the degree of influence of export and import volumes on the growth of the economy as a whole, in particular, an increase of 1% of these factors leads to an increase in the country's GDP by 0.69% and 0.73%, respectively.

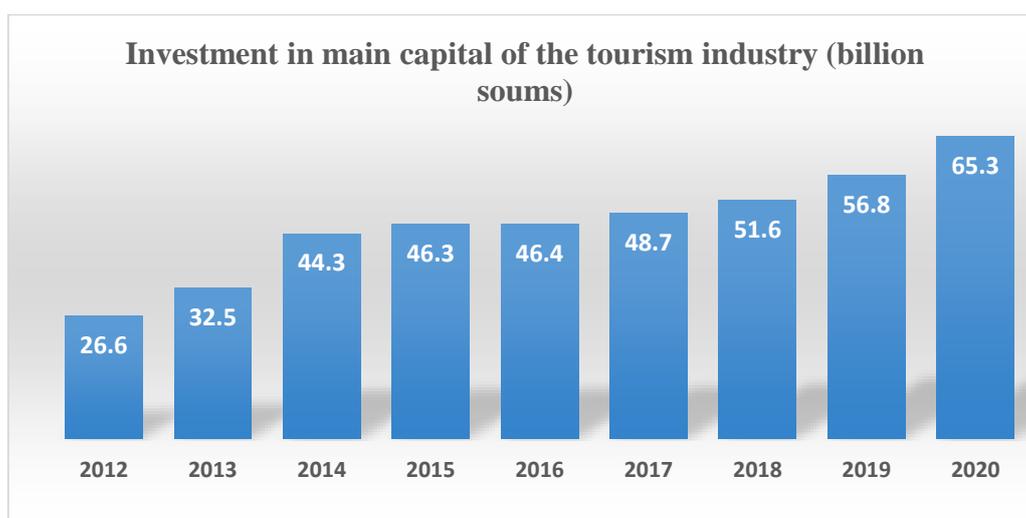


Figure 1. Dynamics of investments in fixed assets of the tourism industry of Uzbekistan for 2012-2020 [8]

To meet the target parameters for the development of tourism, travel companies, together, use innovative processes in the field of tourism management, such as:

- * the diversification of tourist services aimed at different segments of the tourist market is aimed at the use of innovative marketing tools to form the offer of tourist services in accordance with the needs of the real and target audience;

- * creating favorable conditions for investors to conduct business by including the tourism sector in the List of economic sectors that are subject to benefits provided for foreign investors

- * The introduction of the "Open Skies" regime at the international airports "Karshi", "Nukus" and "Termez", as well as "Bukhara" with the use of the "fifth freedom of air" when transporting citizens of foreign states, in accordance with international legal norms, starting from October 1, 2019.

Tourism in Uzbekistan has developed at an accelerated pace in recent years, due to the initiatives and reforms of the leadership of the republic.

But the beginning of 2020 was marked by the emergence of a serious threat to the world community – the coronavirus pandemic.

According to experts of the International Monetary Fund, the world economy shrank by 3%, and the world economy grew by 6.3% in 2020, but in 2021 the growth of the world gross domestic product (GDP) will be 5.5%. At the same time, the experts of the fund left unchanged their forecast for 2022 - world GDP growth will be 4.2%. [9]

The shares of hotel holdings, airlines and luxury retailers were reduced (35 % of sales of these goods are in China), the price of oil on international markets fell by 3 %. At the same time, prices for safer assets such as gold and government bonds jumped [9].

Analysts of the Economist Intelligence Unit (EIU) estimated the possible losses of the global tourism industry from the coronavirus pandemic at \$80 billion.

Over the past 20 years, there have been 3 situations associated with a noticeable decrease in the relative value of the number of tourist arrivals: in 2001-due to the terrorist attacks of September 11, 2003 – due to the SARS epidemic, and 2009 – due to the global economic crisis. But even in the aggregate, the previous crises did not lead to such economic consequences as the 2020 pandemic will bring [10]

The coronavirus pandemic, along with the devastating results, has positive trends, because in this regard, the digital transformation of companies in the tourism industry of Uzbekistan, including in the direction of tourism, is actively continuing in 2020-2021, according to experts of tourist associations of Russia.

The Government of Uzbekistan has adopted a post-crisis program for economic recovery for 2020-2021. At the first stage, it is planned to stabilize and restore growth, at the second — to continue systemic reforms, in this regard, President of Uzbekistan Shavkat Mirziyoyev signed a Decree on May 28, 2020 "On urgent measures to support the tourism sector to reduce the negative impact of the coronavirus pandemic" [11]

On the basis of this decree, for the "resuscitation" of the tourism industry, as one of the most affected areas in Uzbekistan, many benefits are provided for all market participants.

In order to restore tourism in the post-crisis period, a sociological survey was conducted among representatives of tourism of the republic on measures to restore tourism, the result of the opinion poll agreed that first of all it is necessary to activate domestic tourism as a measure to support the tourism market, and then after the lifting of restrictions on movement and border crossing, international types of tourism (Fig.2)

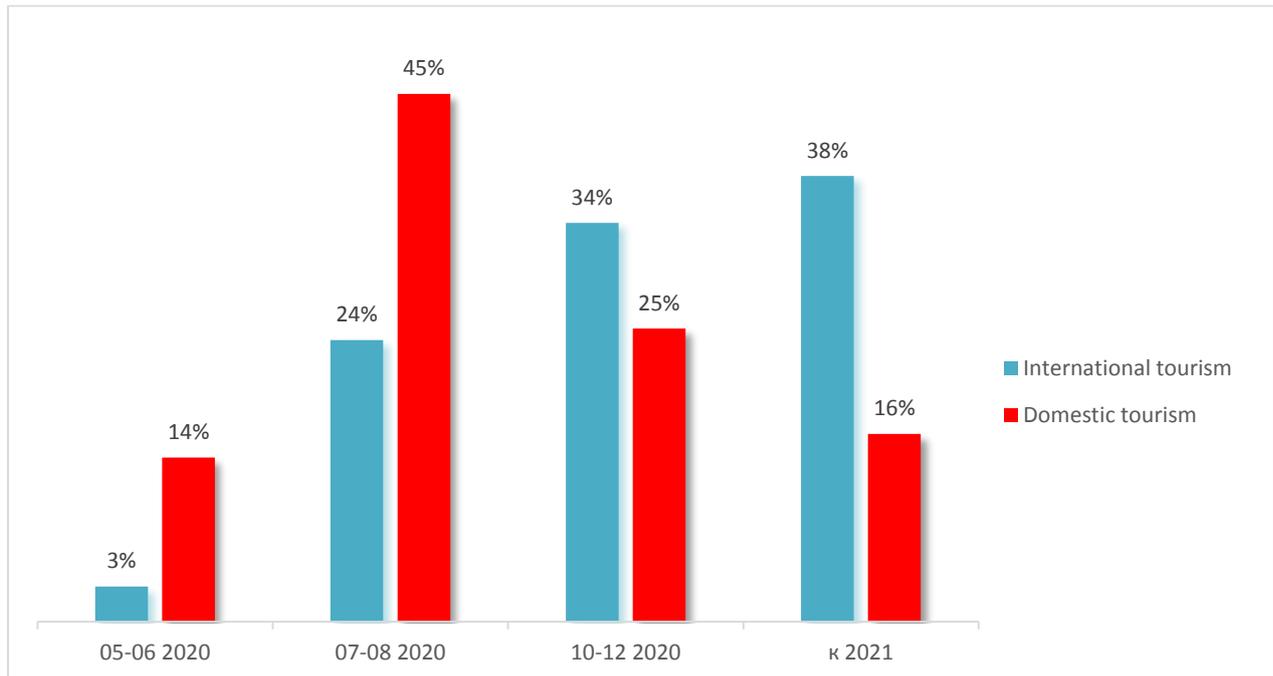


Figure 2. Sociological survey of tourism representatives on measures to restore tourism in Uzbekistan [10]

We can conduct a systematic analysis of the development of tourism in Uzbekistan over the past three years on the basis of a comparative method of forecast and target indicators of the number of tourists with real ones. The concept of development of the tourism sector in Uzbekistan in 2019-2025, which indicates the main vectors of development of the industry, target parameters and tasks that should be solved in the coming years. The goal of the concept is to transform tourism into a strategic sector of the economy by diversifying and improving the quality of services, as well as improving the tourism and transport infrastructure.

To activate and restore tourism in Uzbekistan, first of all, the project of social tourism of the organization of charitable tourist events for people with disabilities "Travel for all" has been developed, which has been implemented since July of this year.

Secondly, for each anniversary of the independence of Uzbekistan, discounts are announced in 200 hotel facilities (hotels and family guest houses), as well as on more than 80 vehicles (buses, minibuses and passenger cars) and more than 110 public catering outlets. At the same time, JSC "Uzbekistan Temir Yullari" introduced discounts on domestic flights from 10 to 50 %, and "Uzbekistan Airways" – from 30 to 50 percent on domestic flights;

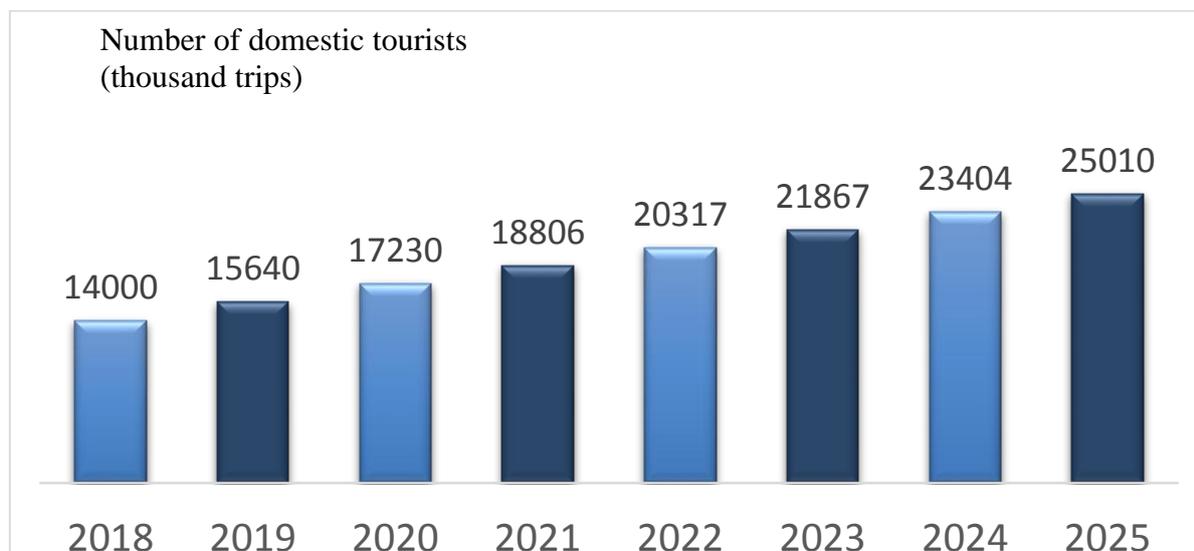


Figure 3. Indicators of the number of domestic tourists on the implementation of the Concept of Tourism development in Uzbekistan for 2019-2025

The analysis of target and forecast indicators of the flow of the number of domestic tourists in comparison with real indicators showed this picture. In 2018, the real indicator of the number of domestic tourism amounted to 15.4 million tourists, in comparison with the forecast, target indicators, a clear increase of 12% is visible. In 2019, this figure was 9 % lower, in 2020, 69 thousand citizens, of which more than 13 thousand used the services of tour operators, and 56 thousand made a trip independently to the following regions of the republic: Samarkand, Bukhara, Khorezm, Navoi, Kashkadarya, Surkhandarya and Tashkent. (Figure 3)

The analysis of Figure 4 clearly shows the growth of the target and forecast indicators of the number of foreign tourists since 2018, but the real indicators are higher than the forecast ones. In 2019, more than 6.5 million foreign tourists visited the republic, which is 15% more than in 2018 (5.3 million). The year 2020 showed about 1.5 million foreign tourists, here the decline in the real indicator is clearly visible, is explained by the coronavirus pandemic.

To increase the number of hotels and improve their quality, as well as the associated infrastructure, the Presidential Decree of January 5, 2019 provides new benefits and incentives for entrepreneurs involved in the construction of hotels. If hotels with at least 50 rooms for the 3-star category and at least 100 rooms for the 4-star category are put into operation, then after confirming the hotel category, part of the investors' costs for the construction and equipment of the new hotel will be compensated at the expense of the state budget until January 1, 2022. The amount of compensation will be 40 million soums for each room in hotels with a category of 3 stars and 65 million soums for each room in hotels with a category of 4 stars. (Figure 4)

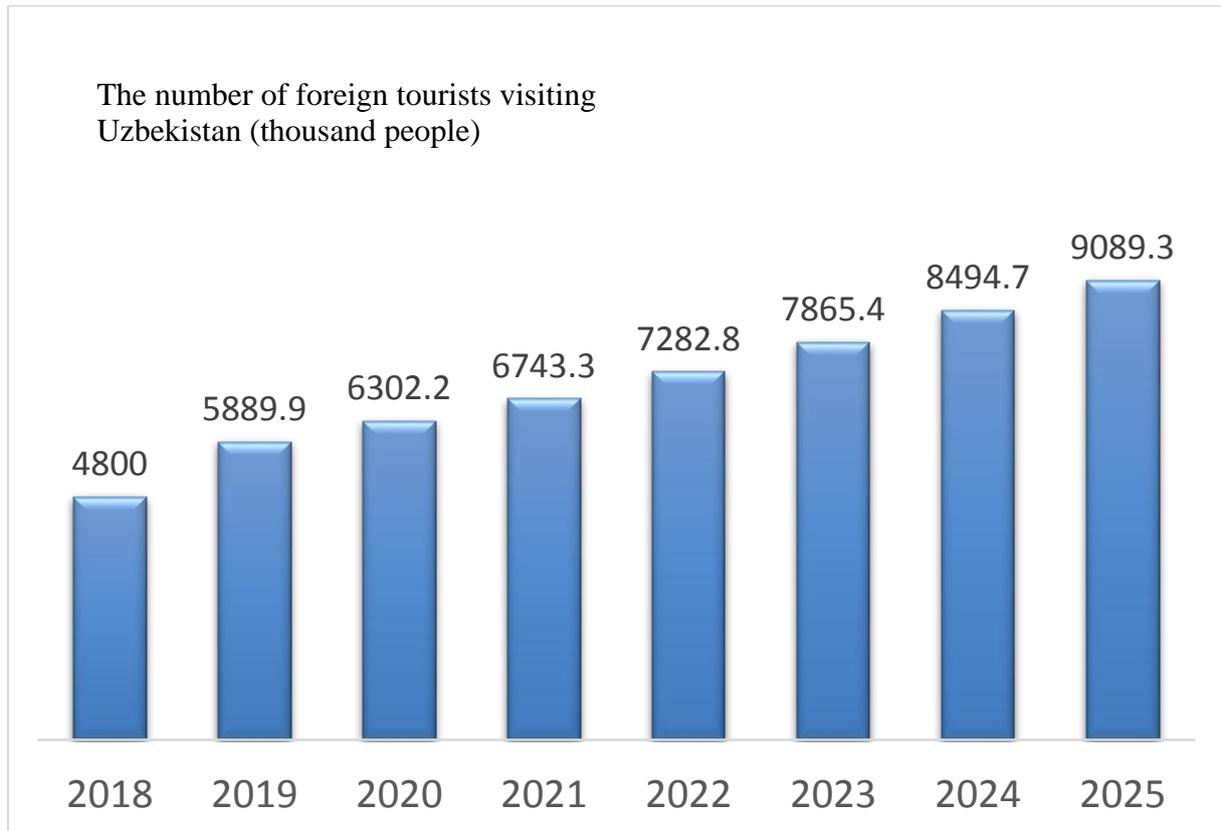


Figure 4. Indicators of the number of foreign tourists on the implementation of the Concept of Tourism development in Uzbekistan for 2019-2025

In addition, if local hotel owners use well-known and prestigious global hotel brands (according to the ratings of the top 50 hotel brands), then within three years from the date of entry into force of the franchise contract, the royalties of these organizations are partially

financed from the state budget.

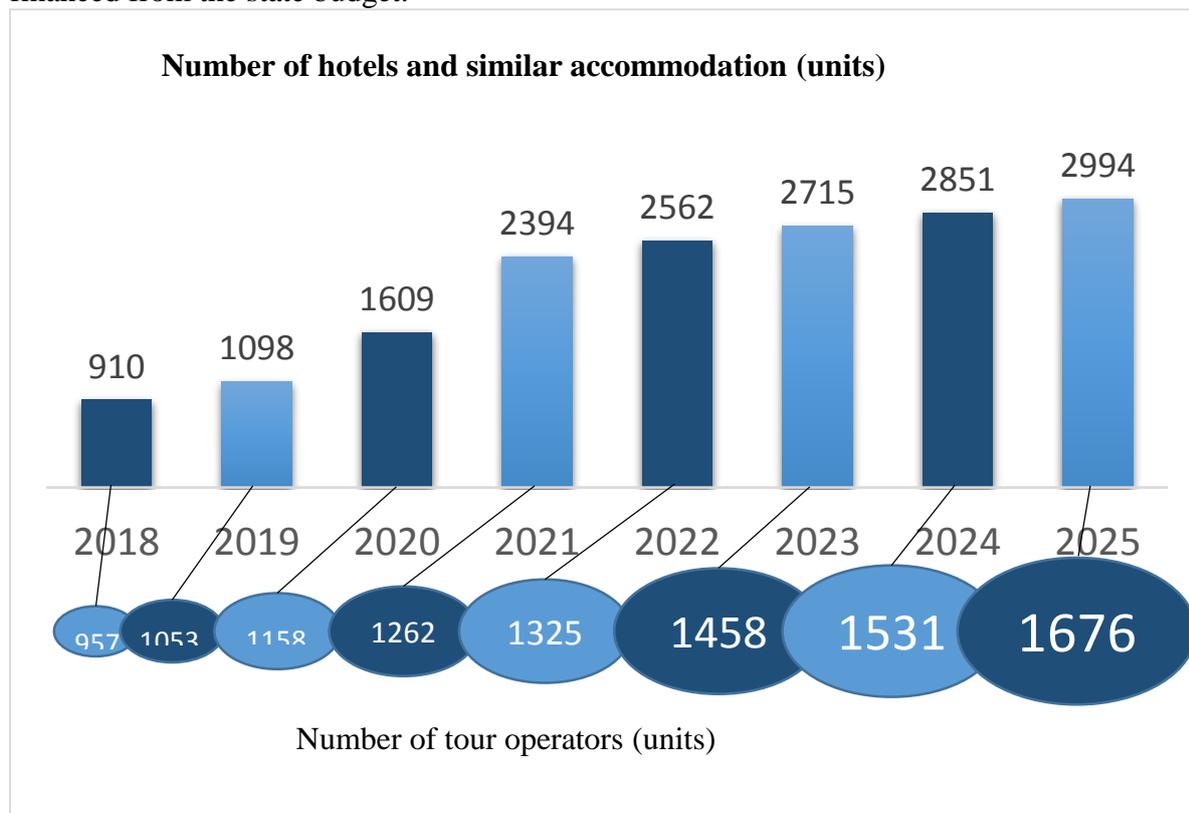


Figure 5. The number of hotels and other accommodation facilities and the number of tour operators in Uzbekistan in 2019-2025 (units).

The amount of funding will be: the first 50 hotels with a 3-star category-annually in the equivalent of 200 US \$ per room for each hotel, the first 30 hotels with a 4-star category-annually in the equivalent of 400 US \$ per room for each hotel[12].

This resolution approved the targets for the construction of hotels in Uzbekistan in the next three years: the number of hotels is planned to increase from the current 886 to 2394 (2.7 times) by the end of 2021, and the number of hotel rooms from 19832 to 50044 (2.5 times). (Figure 5).

The export of tourist services amounted to 1 billion 40 million dollars in 2018, in 2019 this indicator amounted to 1 301 million dollars, which is 30% of last year's export volume (1 041 million dollars).

Further, it was planned to increase the flow of foreign tourists to 7.5 million in 2020, to 10 million in 2022 and to 12 million in 2025. Due to this, the export of tourist services was to be brought to 1.5 billion \$ in 2020 and to 3 billion \$ over the next five years. According to forecasts, by the end of 2020, 1,142 hotels with 28 thousand rooms were to be built, and the number of rooms by the beginning of the year will grow by 37%.[13] The real indicators of a difficult 2020 turned out to be disappointing – the export of services amounted to \$ 261 million, which is several times less than the forecast.

Conclusions and suggestions. As a conclusion, we can assume that the number of foreign tourists by 2025 will be 9 million people, and the export of tourist services will increase to 2.2 billion US dollars, that is, it will more than double from current levels. More attention is

planned to be paid to pilgrimage tourism, since Uzbekistan is the leader in the number of pilgrims among the countries of Central Asia[14]

For the development and restoration of the tourism industry, we offer the following recommendations:

1. It is necessary to stimulate the consumer activity of the population for the consumption of tourist services and create conditions for the employment of those segments of the population who have lost their jobs;
2. All travel companies need to transfer their activities to digital platforms;
3. Disseminate information about tourism events, innovations through websites, social networks, video / teleconferences, as well as mobile applications, this will balance costs and guarantee the participation of busy top managers in events.
4. Travel agencies, using digital economy technologies, can offer virtual types of tourism.

In total, the government expects to attract 1.7 million foreign visitors in 2021, and tourism exports are expected to reach 370 million \$. The leadership of the republic intends to do the work in 2021 on the basis not of general figures, but of clear plans and detailed calculations for flights. Time will tell whether these forecasts will be implemented.

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