

# The Role of The Tourism Sector in The National Economy and Characteristics

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**Abstract:** In this paper article has been described the role of the tourism sector in the national economy and its features. The article characterizes the growing role of tourism in modern society, notes the enormous importance of tourism development for the economic, social and cultural development of countries.

**Keywords:** Tourism, tourism functions, employment, tourism share in GDP, tourism consumption, tourism industries.

## I. INTRODUCTION

Tourism is one of the most important and fast-growing sectors in developed and developing economies. Unlike other sectors of the economy where products are delivered to consumers, tourism allows many people to move to places where tourist resources are concentrated and where their consumption takes place. The contribution of tourism to the growth of the world economy, including the gross value added created in the sector, employment, growth of trade in goods and services, the impact on the development of transport, information and communication, as well as agriculture is immeasurable.

Attention to tourism as a specific type of socio-economic activity in recent decades has been growing rapidly both in a single country and around the world. Of the many reasons and prerequisites for this, I would like to emphasize the main thing: tourism is one of those types of human activity that most fully corresponds to one of the basic principles of the globalization process - the free movement of large masses of people. It is the movement of people in space, travel (from the French *tourisme*) - a generic sign of tourism.

It should also be noted that the process of globalization, which gained speed as the means of communication developed throughout the history of mankind, acquired its scale and intensity in the second half of the 20th century. Organizational and legal registration of this process took place, as you know, in 1994, when the World Trade Organization (WTO) was created, whose activities, primarily in the economic sphere, fully extended to the tourism sector.

According to available data, 1 million 135 thousand tourists have visited Uzbekistan since the beginning of the year. The statistics were published by the Ministry of Tourism and Sports.

It is worth noting that the tourism sector earned \$ 273 million in 9 months. Due to quarantine restrictions over the past period, the number of tourists from Japan, China, Indonesia, Malaysia, Singapore, Thailand, Taiwan and South Korea has decreased. However, there are more tourists from the CIS countries, Western Europe and the USA.[11]

## II. ANALYSIS AND RESULTS

Unlike other types of economic activity in the field of tourism, natural resources are consumed less, and also have an intensive impact on population growth in this sector. At the same time, tourism is an export-oriented activity that is flexible to changes in the world economy.

**Production function.** Tourism organizations produce tourism products, provide services and thus participate in the creation of GDP. In 2019, tourism will account for about 10.5% of world GDP and will generate \$ 9.2 trillion in tourism. doll. gross value added (GVA) was created (in 2020, value added was \$ 4.7 trillion and accounted for 5.6% of GDP). The highest share of tourism in GDP is in Mexico (15.5%), Spain (14.3%) and Italy (13.0%). The highest share of GVA in tourism is in the United States (\$ 1.8 trillion), China (\$ 1.6 trillion) and Japan (\$ 359 billion).[6]

According to the data of 2019, 13.6 trillion soums will be spent on direct tourism in Uzbekistan. Its share in the country's GDP was 2.6% (and in 2020 this figure was 0.4%).

**Employment function.** The tourism industry has significant potential in solving employment problems and plays an important role in creating new jobs. In addition to providing direct employment in the tourism sector, tourism also serves to increase employment in the mixed sectors that work with them. [5]

This sector of the economy requires highly qualified personnel as well as unskilled workers. In many cases, special attention is paid to tourism in the development of programs aimed at providing employment and

reducing poverty. Tourism creates significant opportunities for employment, especially among the population facing certain difficulties in finding employment, including young people, women with young children and others.[4]

As you can see from the figures, 334 mln. one person is employed, which is 10% of the total number of employees. In particular, the highest rates of employment in tourism were observed in Antigua and Barbuda (91%), Aruba (84%), St. Lucia (78%), while in Greece, Thailand and New Zealand 20% of employment is in tourism. [3]

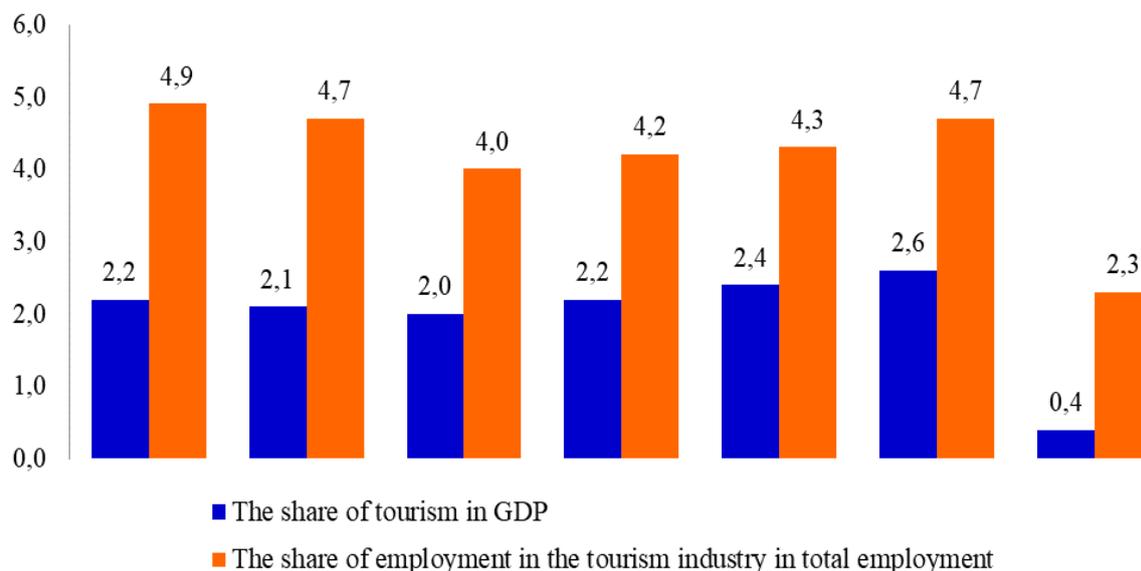


Figure 1. Dynamics of the share of tourism in GDP and employment (%)

In this regard, we considered it expedient to conduct a comparative analysis of the share of employment in the tourism sector in Uzbekistan and the share of tourism in GDP. In this case, we used the indicator of the share of employment in legal entities in the tourism sector in total legal entities (Figure 1).

From the data presented in this figure, it can be seen that the share of tourism in GDP in 2014-2018 was in the range of 2.0-2.4%, and in 2019 the highest rate (2.6%) was recorded. The share of employment in the tourism sector in these years ranged from 4.0 to 4.9%. By 2020, the share of tourism in GDP was 0.4% and the share of employment in the tourism sector was 2.3%, and as a result of the pandemic, there was a significant decrease compared to previous years.

Income generation function. Economic activity in the field of tourism contributes to the creation of national income through tax revenues and customs duties. The importance of tourism products and services in the country's exports is also invaluable.

If we analyze the amount of income of developed countries from this activity, we can see the following results. In particular, in 2019, the United States will spend 233.5 billion. USD, Spain 81.3 bln. USD, France 71.0 bln. doll., Thailand 65.1 bln. USD, Italy 51.9 bln. USD, UK 48.5 bln. USD, Australia 48.0 bln. USD, Germany 58.2 bln. USD, Japan received 49.2 bln. USD, China 40.4 bln. doll., India 31.7 bln. doll. and Turkey 42.4 billion. doll. are leading the way in this area.[8]

The share of the 10 countries with the highest tourist arrivals in the world today

40%. This is the case in the 10 countries with the highest revenues from international tourism

Consists of 47.7%. In recent years, while the developed countries of the world are leading in the field of tourism, there is a significant growth in this area in developing countries.[9]

In this regard, we consider it appropriate to analyze the activities of tourism service providers in the Republic of Uzbekistan. In 2020, there was a decrease in real volumes in the tourism services sector compared to the previous year. This was due to the Sovid pandemic, which was observed all over the world, including in our country. Impact of the Cold War pandemic on housing services (65.8%), railway passenger transport services (54.8), air passenger transport services (33.0%) and other tourism services (50.1) showed. The overall growth rate of the tourism sector was determined by summarizing the indicators of these services using statistical methods, and Figure 3 below compares the country's GDP growth rate.

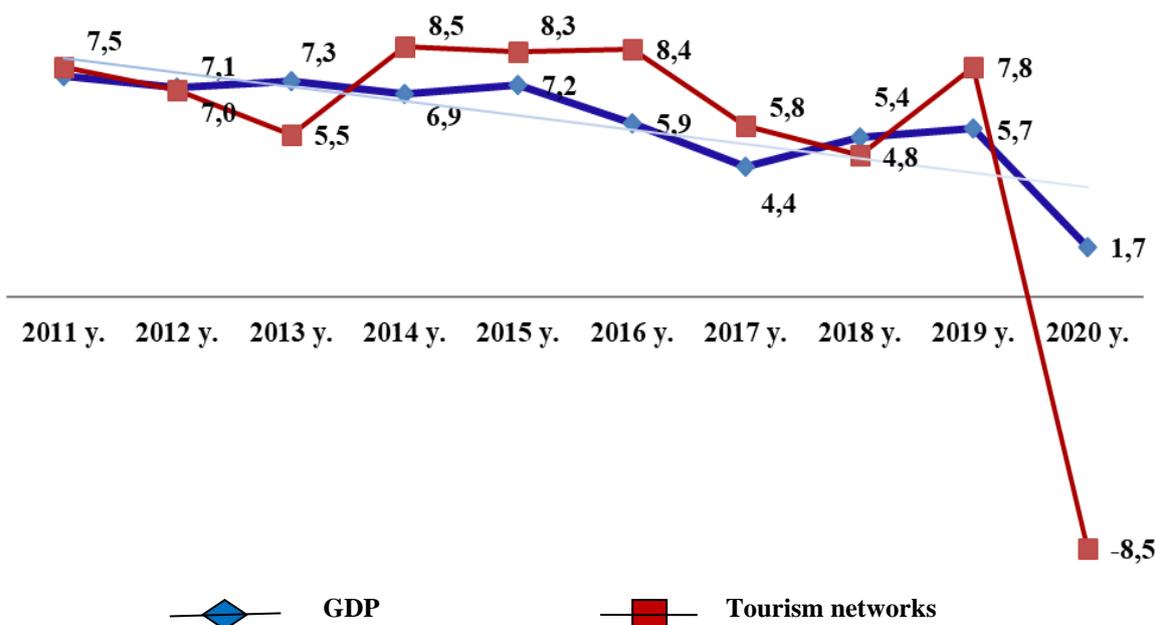


Figure 2. Dynamics of growth rates of GDP and tourism of the Republic of Uzbekistan

These data show that in 2014-2017 and 2019, real growth rates in the tourism sector were higher than GDP. In 2020, compared to 2019, as a result of the pandemic, there was a slowdown in GDP growth (1.7%), while in the tourism sector there was a decrease in fixed prices (-8.5%).

The function of narrowing the gap between the economic development of the regions of the country. Development of hotel services, catering, transport, culture and sports services and other similar tourism sectors by attracting tourists to undeveloped, non-mineral areas, increase cash flow to the region, increase employment and thereby ensure the growth of the region's economy and as a result, economic disparities between regions of the country can be reduced. Thus, the tourism sector as a stimulus to the economy affects the development of all sectors.[10]

The function of ensuring the balance of payments of the country. Tourism plays an important role in the country's balance of payments and is important in calculating the tourism balance by comparing tourists entering the country and residents leaving the country for tourism purposes and their costs for tourism goods and services. In developed countries, its positive balance will be high, and it will also help the country to achieve a positive balance of payments. The share of developed countries in the share of international tourism revenues in exports is 9.2% in the United States, 16.3% in Spain, 14.0% in Australia, 8.0% in France, 8.2% in Italy and 5.5% in the United Kingdom. %, 3.2% in Germany, 5.8% in India, 5.4% in Japan, 1.5% in China and 17.2% in Turkey. In this regard, we considered it appropriate to analyze the share of tourism in Uzbekistan's exports (Figure 4). From this figure, it can be seen that in 2014-2019, the share of tourism consumption in the export of services was in the range of 18.8-38.2%, and by 2020 this figure fell to 15%. The share of tourism consumption in total exports was in the range of 4.5-7.5% in 2014-2019 and 3.5% by 2020.

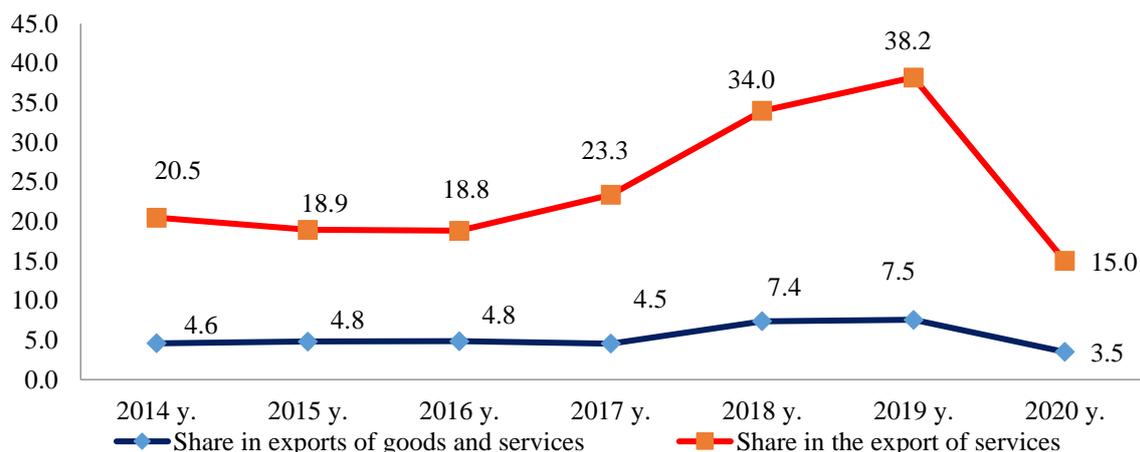


Figure 3. Consumption of tourism in Uzbekistan dynamics of share in exports

However, the development of tourism in the country will depend on a number of factors:

- The increase in real incomes of the population will lead to an increase in their consumption, as well as the economically well-off population will have the opportunity to additional cultural recreation, travel, sports.
- equal distribution of income of the population creates opportunities for more people to travel in society;
- The competitiveness of the national currency increases the ability of the population to travel abroad. When the national currency is devalued against foreign currencies and the level of fluctuations is high, the purchase of goods and services in foreign countries becomes more expensive for the population of that country;
- The existence of economic stability in the country ensures high growth rates of sectors of the economy, in which the budget supply will be high. This will increase the population's ability to travel.
- The availability of a stable energy and utility system in the country is a key factor in increasing the attractiveness of tourism. Without the creation of a sustainable energy system in the country, the results of measures taken to develop tourism will not be effective.

If the country's economy is stable, the culture of tourism will also develop. According to the World Bank, in 2019, spending on international tourism in China will reach 277.3 billion. USD, 182.4 bln. USD, Germany 99.9 bln. USD, UK 68.9 bln. USD, France 60.7 bln. USD, Australia 41.4 bln. USD, Russia 40.6 bln. USD, Italy 37.9 bln. USD, South Korea 34.8 bln. doll. and 33.6 billion in Canada. formed doll.ni. In addition, Uzbekistan's expenditures on international tourism in 2019 will reach 2.8 billion soums. USD.

The above comparative data show that the tourism sector in most cases plays an important role in the economic development of the country, as well as in improving the welfare of the population, ensuring economic stability, increasing employment and trade in goods and services.

The Republic of Uzbekistan, famous for its ancient cities, historical monuments, historical and cultural past, has a favorable infrastructure for the development of tourism, and today the country is working on the effective use of this infrastructure. At present, tourism has become a priority in the country, and the government pays great attention to its development. The development of the tourism sector is an important factor in expanding and strengthening cooperation with foreign countries, joining the international tourism market, promoting the high, unique historical, cultural and spiritual heritage of Uzbekistan to the world community, further expanding and enhancing integration into the world economy.

In this regard, special attention should be paid to the accelerated development of tourism as an important sector of the economy, the creation of favorable conditions, effective use of tourism opportunities in the country, providing ample opportunities for entrepreneurs producing tourism products and services and improving organizational and legal conditions. For this purpose, the Decree of the President of the Republic of Uzbekistan dated January 5, 2019 No 5611 "On additional measures for the accelerated development of tourism in the Republic of Uzbekistan" approved the "Concept of tourism development in the Republic of Uzbekistan in 2019-2025."

The Concept envisages the implementation of a number of measures based on the objectives:

- Strengthening the legislation on tourism, the introduction of international standards at the local level, which will create opportunities for the expansion of tourism;

- Development of tourism services in the regions of the country, taking into account the requirements and needs of visitors;
- Improving the quality of passenger transport services, development of domestic and foreign transport routes, improving the quality of services;
- reducing the impact of seasonal factors through diversification of tourism products and services;
- support of business entities providing tourism services through the development of domestic tourism in the country;
- Improving the image of Uzbekistan as a safe zone, expanding tourism services in foreign and domestic markets;
- training, retraining and systematic training of tourism personnel.

Extensive development of entrepreneurship in the field of tourism, diversification of tourism services and the introduction of new tourism services, as well as the study of tourism potential of the regions; Activities to mobilize the population for travel, the organization of convenient routes on domestic routes, the introduction of new tourist routes on the basis of marketing research, measures to increase the attractiveness of tourism further expand the capabilities of tourism service providers. This, in turn, will allow the country to expand all types of activities in the field of tourism in terms of quantity and quality and further develop the provision of paid services.

These measures include the following areas:

- a) improvement of legislation aimed at supporting the tourism sector;
- b) expanding cooperation between government agencies and the private sector;
- c) taking measures to develop tourism infrastructure in the regions of the country based on consumer demand;
- d) simplification of legislation related to the establishment of tourism facilities and expansion of foreign cooperation in the field;
- e) formation of modern road infrastructure based on foreign experience;
- f) Improving the activities of passenger transport in all regions, the establishment of regular traffic.

It is also necessary to further improve the quality of transport services by improving the operation of modern vehicles, airways, railways, electric trains, increase the attractiveness of tourism through the effective use of existing tourism resources, improving tourism facilities, historical and cultural heritage, sports complexes, health facilities, Encouraging the widespread use of domestic tourism in the country, the organization of a mass domestic tourism movement, the introduction of national tourism products and services, the organization of advertisements promoting national tourism, improving the system of training in the field with the involvement of foreign experts.

The implementation of the tasks set out in this decree will lead to the rapid development of the tourism industry, increase its share in the economy, increase the quality of tourism services. At the same time, the Law of the Republic of Uzbekistan "On Tourism", approved in the new edition No. 549, defines the main directions of state policy for the development of tourism.

Today, tourism plays an important role in increasing the demand for tourism services (goods) in the world economy and providing employment through the support of businesses operating in the field of tourism, as well as increasing state budget revenues. Proper organization of these processes requires a reliable database. In the world, including in our country, the indicators of the share of tourism in the economy are insufficient. There is a need to develop a system of statistical indicators that will determine the economic status and importance of these activities, which will allow to develop and implement measures for the development of the industry.

The tourism statistics conducted in many countries include indicators such as accommodation facilities and the number of rooms in them, as well as the flow of visitors to the country. These figures do not fully reflect the role of tourism in the economy at the national and local levels. The need to formulate such indicators requires the development of an additional auxiliary account in accordance with the principles of national accounts. Based on this requirement, the MCO recommends the formation of a tourism auxiliary account in the country.

Based on the above considerations, in order to properly assess the tourism sector, there is a need to develop a Tourism Assistant Account (TYOH) in the SME of the country. This auxiliary account fully reflects the need for tourism services (goods), which arose on the basis of additional demand from visitors to the country. The need for tourism services (goods) stimulates the activities of businesses operating in the field. This will create jobs, increase investment flows to the country and bring additional revenue to the state budget.

From the above, it can be concluded that the development of tourism in the country depends on a number of factors:

- The increase in real incomes of the population will lead to an increase in their consumption, as well as the economically well-off population will have the opportunity to additional cultural recreation, travel, sports.

- equal distribution of income of the population creates opportunities for more people to travel in society;
- The competitiveness of the national currency increases the ability of the population to travel abroad. When the national currency is devalued against foreign currencies and the level of fluctuations is high, the purchase of goods and services in foreign countries becomes more expensive for the population of that country;
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- The availability of a stable energy and utility system in the country is a key factor in increasing the attractiveness of tourism. Without the creation of a sustainable energy system in the country, the results of measures taken to develop tourism will not be effective.

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