



ECONOMIC MECHANISM OF STATE SUPPORT FOR ATTRACTING INVESTMENT IN TOURISM IN THE REGION

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ANNOTATION

The article defines the mechanisms aimed at state regulation to overcome the crisis in the tourism sector by regulating investments in the development of the tourism services market in the region.

KEYWORDS: *tourism, infrastructure, tourism industry, investments, economic mechanism, tourism services market, state regulation.*

INTRODUCTION

Great attention to attracting investments in the development of the global tourism services market is primarily due to the growing economic importance of tourism as a large-scale and highly profitable activity, which accounted for 10 percent of the global gross product in 2019. According to the World Tourism Organization (WTO), "in 2020, the number of international tourists decreased by 74 percent compared to 2019, and losses from the export of tourist services reached \$1.3 trillion"¹. Under the impact of the pandemic, the global tourism industry is facing an economic crisis. The growth rate of the tourism industry has slowed down due to the closure of international and internal borders, as well as the transition of people to self-isolation².

A number of scientific studies are being conducted in the world in order to develop the global tourism services market, determine the impact of the coronavirus pandemic on tourism, as well as introduce new investment methods, improve economic mechanisms and improve the investment climate. In this process, special attention is paid to the design of a model for the development of tourism as a strategic sector in the national economy. In this regard, one of the important issues is to attract investment in the development of the tourist services market.

MATERIALS AND METHODS

The development of the infrastructure of the tourist services market based on modern requirements and the increase in investment volumes, as well as their effectiveness, are important for ensuring the stability of the economy in our country. Therefore, as the head of our state stressed, "... in 2021 we will continue consistent reforms in the development of tourism. In particular, special attention will be paid to the development of the pilgrimage and domestic tourism"³.

In this regard, it is advisable to further expand research on the development of recommendations and proposals for the targeted and effective use of investment opportunities in tourism, improving the efficiency of service resources, developing ways to effectively use the mechanism of state support for the necessary conditions for the development of tourism, improving the methodological foundations for the creation of tourist information and logistics centers, stimulating methods for assessing the activities of tourism entities and increasing investment attractiveness.

World experience shows that an important methodological concept in international relations is the investment climate in the tourism services market, the components of which are investment potential, investment risks,

¹ World tourism barometer. Volume 19. Issue 1. January 2021

² UNWTO, COVID-19 and Tourism 2020, A year in review, January 2021 https://webunwto.s3.eu-west.amazonaws.com/s3fs-public/2020-12/2020_Year_in_Review_0.pdf

³ Message of the President of the Republic of Uzbekistan Oliy Majlis. December 29, 2020 / "Xalq so'zi" Newspaper. From December 30, 2020



investment attractiveness, and investment activity. The investment climate of a tourist destination can be defined by the socio-economic, environmental, political, and other conditions that have been formed over the years, which determine the scale (volume and norm) of investments in fixed assets. The investment climate in the development of the tourist services market consists of two components: the investment attractiveness of a tourist destination and investment activity. The investment attractiveness of a tourist destination is the amount of capital investment that can be attracted to the economy of the region⁴.

The main elements of the mechanism for increasing investment attractiveness in the development of the tourism services market are: stimulating innovatively active travel agencies through tax incentives; systematic implementation of economic relations; creating conditions for effective management of public investments in tourism; improving the ordering of depreciation charges.

Potential investors usually track the investment attractiveness in the country by studying the data of various analytical, research companies and agencies. The World Bank's Doing Business rating is very famous among them. The rating indicators reflect the level of development of the business environment, the promotion of the process of creating the conditions necessary for doing business, and attracting investment in the countries. The high rating of the business environment means that the most favorable conditions for economic development have been created in the country.

As a result of a detailed assessment of the investment climate in the development of the tourist services market in the regions, attracting foreign investors will lead to the creation of new jobs and the sale of tourist products, which, in turn, will increase financial profits.

Today, Uzbekistan is in the process of radical reform of the tourism sector, the main goal of which is to turn tourism into a strategic sector of the national economy, attract investment in the development of tourist services, ensure diversification and achieve economic development of the regions. Analysis of the current situation shows that there is a positive trend in the main indicators of tourism. In 2018, the share of tourism in GDP increased by 31% compared to 2017 and amounted to 10415.6 billion soums. These figures show the effectiveness of the reforms carried out in the industry. The government plans to increase the share of the tourism industry in the country's economy to 5% in 2022-2025.

As a result of fundamental changes in the Republic of Uzbekistan, from 2007 to 2018, government spending on tourism increased 15-fold and amounted to 58.8 billion soums. This is evidenced by the fact that in 2018 the volume of capital investments in tourism reached 1808.2 billion soums, which is 13 times more than in 2007.

Today, transport and tourism infrastructure, including information technology, staff training, and regional marketing, also need investment. According to the WTO, increasing capital investments is very important for regions that are not designed to attract tourists to the region for other purposes, and can be an effective and profitable strategy.

In our opinion, the economic mechanism of state support for attracting investments in the development of the tourism services market will consist of a set of management principles and functions, organizational forms, and methods that allow the effective use of the country's tourist resources in preserving the cultural, historical and natural environment. In the development of the tourist services market, it is advisable to form a mechanism that will allow the regulation of this investment policy (Fig.1).

Thus, an active state policy today already shows its positive shifts in the socio-economic situation of the regions, as well as in increasing the investment attractiveness of the territory, and, as a result, improving the living standards of the local population⁵.

The economic mechanism for regulating investments in the development of the tourist services market is primarily aimed at creating additional resources for expanding services. The economic mechanism of regulation of investments in the development of the tourist services market affects the decision-making on the activities of subjects.

In 2020, the number of foreign tourists visiting Uzbekistan amounted to 1.5 million people. The volume of tourist services provided amounted to \$ 261 million. The Government of the Republic of Uzbekistan has assessed the future economic consequences of the coronavirus pandemic in 2021, according to which the number of foreign tourists amounted to 1.7 million and the export of tourist services amounted to 370 million US dollars.

⁴ Electronic resource: http://edu.dvgups.ru/metdoc/cgu/sots_kult.htm

⁵ Ruzmetov.B. Economics. Experience, problems, effectiveness of integrated development. Tashkent. 2002.

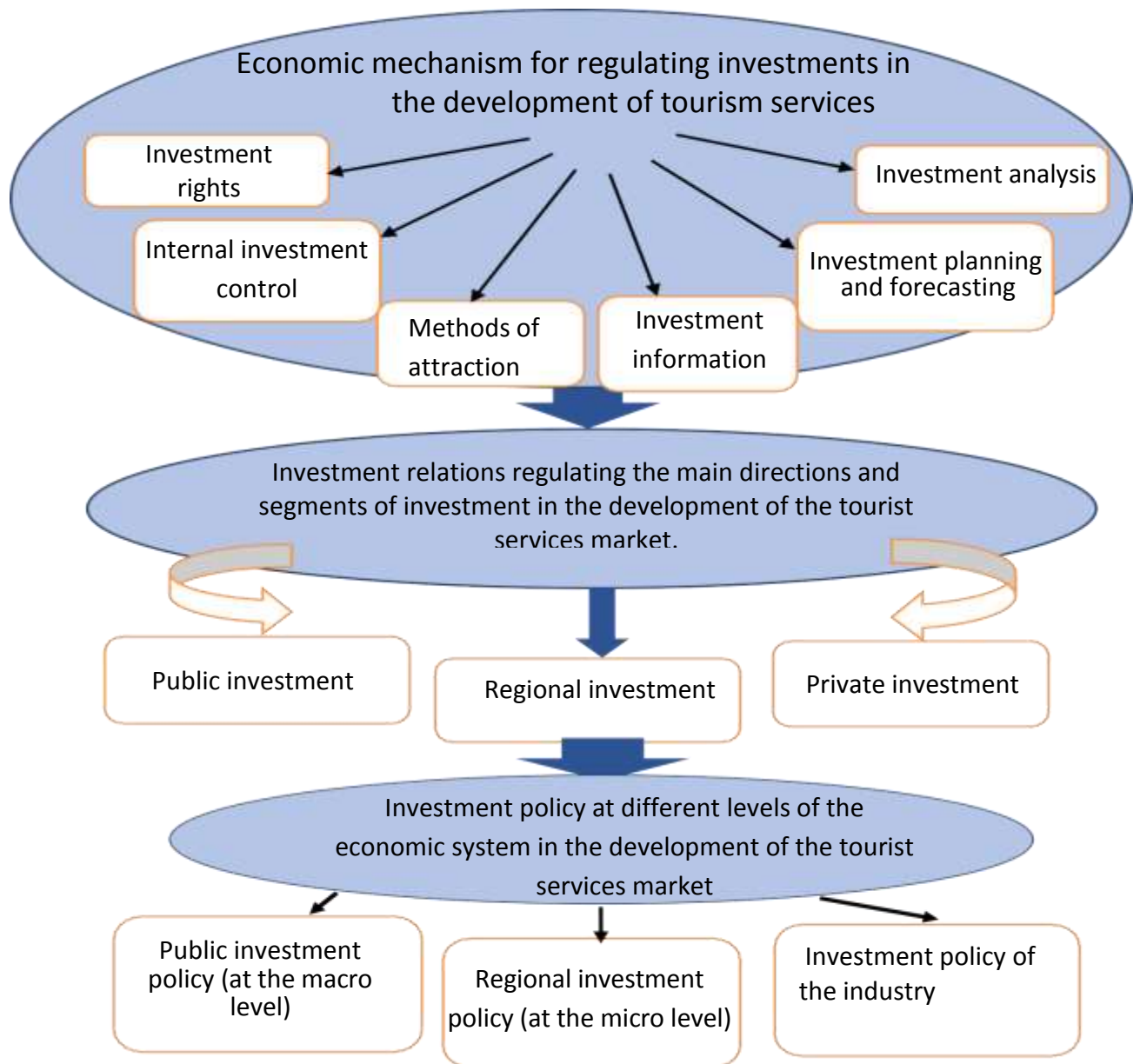


Figure 1. The economic mechanism for regulating investments in the development of the tourism services market in the region⁶

In this regard, in this study, to overcome the crisis in the tourism sector, the following economic mechanism was developed and recommended, aimed at state regulation of tourist activity (Fig. 2).

⁶ Developed on the basis of the author's research.

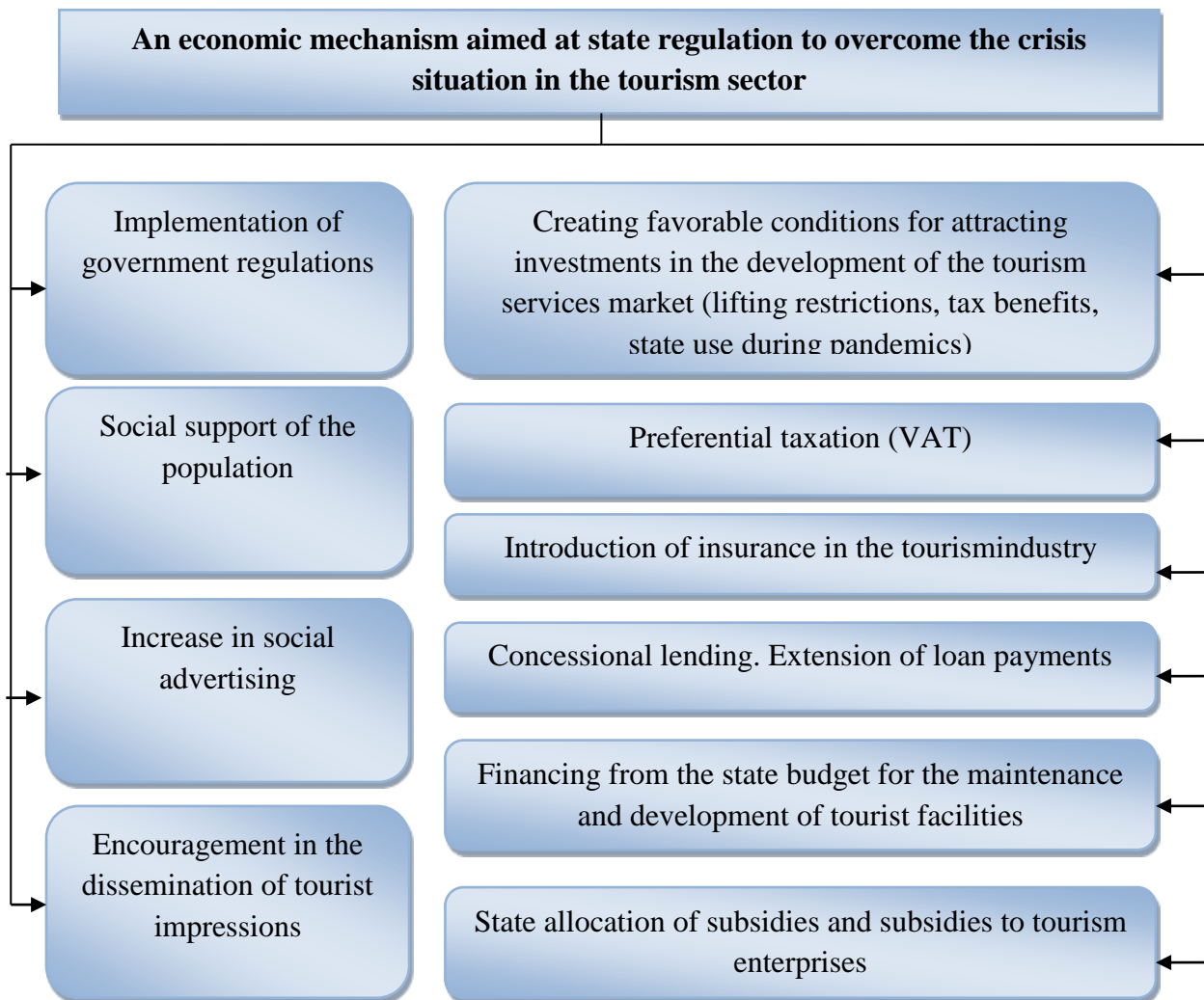


Figure 2. An economic mechanism aimed at state regulation to overcome the crisis in the tourism sector⁷

Based on the decrees of the President of the Republic of Uzbekistan, important measures are being taken to support businesses engaged in tourism in the context of a pandemic, to ensure employment and economic activity in the industry.

At the same time, at this stage, to support the tourism sector of the country and restore it as soon as possible, based on the experience of foreign countries, it is advisable to implement the following measures:

- involvement of employees of budget organizations in domestic tourism on a paid basis and under certain conditions (use of placement tools, advertising services);
- the creation of mechanisms (organization of promotions, etc.) to stimulate hotel accommodation, providing free visits to attractions, bonuses for subscribers of mobile operators, as well as free nights for children and guests who book and stay for a certain period (three, five nights, etc.) in hotels;
- gradual opening of inbound tourism based on the analysis and opening of flights with countries with a stable epidemiological situation with the development of criteria for determining the stability of the epidemiological situation.

⁷ Developed on the basis of the author's research.



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