

TOURISM DEVELOPMENT OVER INVESTMENTS POSSIBILITIES: CASE OF UZBEKISTAN

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Abstract

The paper targets to investigate the status and growth of tourism in Central Asian countries using the sample of Uzbekistan tourism industry with superior reference to country's tourism infrastructure sectors. As a Silk Road tourism destination and unique cultural, historical, archeological, and natural attractions, Central Asian States (CAS) (Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan) present essential interest and potential for tourists from all over the world. This article makes an overview of the current status of tourism industry with the aim of finding out the strategy for developing a program that enhances the strengths that these countries have in the international arena. The results serve to point out key trends and gaps in which to focus future research on this topic and also they might be useful in formulating public policies and strategies for tourism industry development.

Keywords: Tourism development, Central Asia, Innovative technology, Silk Road, Tourism destination

INTRODUCTION

Over the decades, tourism has experienced, continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses growing several new destinations. Tourism has become one of the major players in international commerce, and also represents at the same time one of the main income sources for many developing countries. Moreover, the contribution of tourism to economic well-being relies on the quality and the revenues of the tourism offer ("UNWTO Annual Report 2013", 2014). According to the World Travel and Tourism Council, the

total contribution of Travel & Tourism to GDP (Gross Domestic Product) was \$6,630.4 billion (9.3% of GDP) in 2012, and is forecast to rise by 4.4% in 2023. Furthermore, in 2012, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 8.7% of total global employment and this is expected to rise by 2.4% to 337,819,000 jobs in 2023 (Yearbook of Tourism Statistics., 2014) .

Over the past several decades , international tourism has been steadily increasing , as well as the importance of the tourism industry for the economy of many countries . Today, the business volume of tourism equals or even surpasses that of oil exports , food products or automobiles. Tourism has become one of the major players in international commerce , and represents at the same time one of the main income sources for many developing countries (Xu, 2013).

Since the break-up of the Soviet Union in 1991, the former Soviet Asian States (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) present important opportunities to become a major tourist destination in the way of unique cultural, historical, archeological, and natural attractions. After becoming independent, the policy and model of tourism development in these countries was mainly based on improving tourism infrastructure(Coulibaly et al., 2012).

The President of Uzbekistan Islam Karimov at his speech at the opening ceremony of the 99th session of the Executive Board of the World Tourism Organization of the United Nations emphasized great significance of forming and supporting of the touristic brand “The Great Silk Road” via strengthening the touristic status of Uzbekistan and developing the image of its attractiveness, as well as using the touristic resources of Fergana valley, Tashkent, Jizzakh regions. In solving these tasks a specific role is assigned for the innovative development of tourism as one of the modern forms of service.

During the period of independence, the touristic service is interpreted as one of the most perspective spheres of industry and attention to it has risen to the level of state policy. It should be emphasized that in 1993 there were only 4 private touristic firms in our country, however today there are 800 touristic firms and hotels in private sector of touristic service, including 500 hotels with total volume of 30 thousand of places and approximately 300 tour operators and agents⁴⁰. As a result of this work, according to the World Travel and Tourism Council index, in 2013 the Republic of Uzbekistan was mentioned among top five countries where tourism develops with the quickest rates⁴¹.

Further development of tourism in our country aiming to increase its share in GDP (Gross Domestic Product) and provide the population with new employment opportunities asserts the existence of necessity in wide range analysis of tourism marketing services and

development of perfect scientific researches which create the basis for promotion of prospective programs. The existence of these problems and the objective necessity of their solution prove the actuality of the subject of this research, devoted to the study of methodological and practical aspects of innovative development of national tourism service market.

Exploration of methodological foundation and practical aspects of improving the tourism service market is a notable task of the world science and main attention is focused on following issues: determining out the directions of developing tourism services market and working out the innovative models of development of tourism in terms of national economy.

Certain proposals concerning institutional bases of innovative development of the service market were offered to the Legislative Chamber of Oliy Majlis of the Republic of Uzbekistan and they were accepted for adoption in practice in the process of making improvements to a new variant of the law "About tourism". Certain types of perspective touristic-recreational territorial clusters were proposed on the base of algorithm of model of forming and development of touristic-recreational cluster in Samarkand region. As a result, the gross income of the firm obtained from touristic services has increased twice.

The author has taken out patent certificates of the Intellectual Property Agency of the Republic of Uzbekistan for the following research developments: assessment of the tourist enterprise management efficiency with the help of models of dynamic standards; methodical basis of evaluation of the effectiveness of the market management system of tourism services; electronic calculation of tourism intensity factor in the territory of Uzbekistan and database of travel agencies, hotels, operating in the territories.

Well-located World Heritage sites of Central Asian States, amusing history of medieval scientists, and undiscovered nature of people make attractive for visitors from all over the world. A vital factor in the history of the southern part of the region was its location astride the most direct trade route between China and Europe, the so-called Silk Route which began to be developed in the Roman times (Kemal Kantarci, Muzaffer Uysal, & Vincent P. Magnini, 2014). Countries like, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, and Tajikistan contain a marvelous and rich untapped tourism interest that has great potential to organize different type of uncommon accomplishments ("Central Asia: Problems and Perspectives of International Tourism: Slavomír Horák," 2014).

As a major Silk Road tourist destination, country possesses exotic tourist potential, distinct monuments of prehistoric times with unique natural landscapes, that may main role to become one of the principal tourist states on the globe. That is why much attention is devoted in Uzbekistan to the development of tourism and expansion of corresponding infrastructure as one of the priority directions of the nation's socio-economic development.(Knobloch, 2013)

As independent country, Uzbekistan needs to foster its magnetism as a medieval center and intellectual origin due in part to scholars, philosophers and cultural leaders such as Al- Farabi, Avicenna, Ulugbek, Navoiy, Baburshah and Tamerlane. They have a great contribution to world culture and sciences of mankind which vividly shown in numerous and included works, such as “Canon of Medicine” of Avicenna, “Fundamentals of Astronomy” of Alfraganus, “Baburnama” of Baburshah, and “Divans” of Navaiy which provide imagination of education in the history of the Middle Age’s lifestyle, culture, tradition and so on.

In addition, Uzbekistan maintained trade, intellectual and religious contacts with South Asia, the Middle East and Europe. The oasis towns of Samarkand, Bukhara, Khiva, and Tashkent mark the famous "Silk Road" over which caravans took the products of Europe to exchange for those of Asia. The 2500th anniversaries of the ancient cities Bukhara and Khiva and 2750th of Samarkand that once was capital city of great Tamerlane make interest of tourists globally.

RESEARCH APPROACH

Moreover, infrastructural proximity such as highways, railways and airports also provides relatively comfortable and ease accessibility to global world through the CA region. There appears to be sufficient resources to expand opportunities for investment in tourism infrastructure at all levels (“The World Factbook,” 2014).

The economy of the Republic of Uzbekistan have been developing deep structural changes taking place. Modernization and diversification of the branch of economy, creation of favorable conditions for a small business and private entrepreneurship, the opening of a large number of modern enterprises and the creation of additional jobs bring positive results. These can be glanced of country's socio-economic development in 2015 (table 1).

Table 1. The Republic of Uzbekistan in 2015 the main social economic development indicators (in percentage)

Indicators	Developing rate
The gross domestic product (GDP)	8.0
Production of industrial goods	8.0
Agricultural products	7.0
Retail trade turnover	15.0
Paid services	10.8
Construction and assembling works	18.0
Attraction of investments	9.5
Real income of population	9.6

Source: Compiled from the information of state statistic committee of the Republic of Uzbekistan

The size of the GDP of the country in its contribution of the structure of the service sector has been growing in recent years (table 2). Attracting investments and effective use of them plays significant role in development of the structure of the Uzbekistan economy. Attracting investments to the national economy sectors is supported from subsidized the state budget, extra-budgetary funds as well as enterprises of different ownership forms and the financial source of the population.

Table 2. The gross domestic product (GDP) and its volume of the service sector in The Republic of Uzbekistan in 2010-2015 (in percentage)

	2010 y.	2014 y.	2015y.
The gross domestic products	8.5	8.1	8.0
Volume of the service sector	49.0	54.0	54.5

Source: Prepared with the information of state statistic committee of the Republic of Uzbekistan

Attracting and owning the volume of investments is decreasing year by year as shown in the table 3.

Table 3. Attracting and owning the volume of investments to the economic branch of The Republic of Uzbekistan in 2010-2015 (billion US dollars)

	2010y.	2015y.
The total volume of investments	15409.1	15800.0
foreign investments	3235.9	3318.0

Source: Prepared with the information of state statistic committee of the Republic of Uzbekistan

The results of the analysis showed that attracting investments involved a total investment of 3.3 billion dollars, or 21percent of foreign investment only in 2015 (Karimov I.A., 2016). Service sector plays a special role in the field of tourism and further development is set as one of the main priorities. It was legislated on the activities of the organization and the development of tourism in the republic. According to the nature of small businesses companies including touristic organizations are being used as the socio-economic priorities. Additional jobs are being created by newly established tourist centers and routes, as a result, our population is equipped with additional revenue from them. Today, internal and external tourism is developing. The network provides enterprises a lot of material, financial and labor-intensive. One of the current topical issues is the using them more efficiently. According to the further development of tourism in this area related services directly. "The tourist service

structure involves the following items: ordering service, meeting for tourists and transportation of them, housing, meals, tour services” (Mirzayev and Aliyev, 2011) and other services.

Development of tourism industry consist of ensuring their safety and the quality of service. this industry is directly related to the financial sources in order to build international tourist constructions and the construction of a new direction. The structure of sources consist of financing investments in this sector. Investments is to use as supporting touristic companies, firms, hotels in financial way and being aimed to benefit as a result. Today, the attracted funds in the field of tourism enterprises' own funds make up the bulk of the structure. The attraction of foreign investment share is not high. The reasons for that is as follows:

- The high share of companies in the sector of small and private businesses;
- aimed at attracting foreign investments in the tourism sector the legal and regulatory documents is not developed;
- tourism management deficiencies;
- tourism is not sufficiently involved in the activities of investment incentives;
- and the lack of sufficient methodological framework aimed at attracting investments in the tourism sector.

THEORETICAL ISSUES OF TOURISM DEVELOPMENT OVER INVESTMENTS POSSIBILITIES: CASE OF UZBEKISTAN

Research results show that today the field of investments, including foreign investments aimed at the development of theoretical and methodological framework is not sufficiently created. Tourism, investment laws and by-laws adopted on the issues of tourism enterprises in Republic of Uzbekistan, but investments of this document weather these features are not the full attention of the industry. In our opinion, to attract investments in the field of tourism legislation and other formalizations connected with the theoretical aspects should be developed. Investments in the tourism sector, including the general rules for attracting foreign investments, investments, depending on the sources and methods ought to be adopted. The results of the research showed that methods and rules in the tourism sector are not fully developed. Tourism enterprises in the implementation of these processes must take into account the tasks before them. Investments in tourism sector consists of 90 to 95 percent of domestic investments, such as companies, banks, budget, budget funds. Foreign investment in the tourism sector average of 4-5 per cent only. Rapid development of the tourism industry of the republic and the need to increase the flow of tourists. As for the need to improve the following aspects of the theory and method. This in turn internal and external investments in the field of tourism, based on extensive

input from sides important issues in the development of their rules and procedures as requested. It can be proposals and recommendations of attracting investments in the tourism sector and the further development of this sector:

- developing tourism sphere and learning this the sector investments extensive to attract to on foreign experience;
- creating new objects of tourism service and types ;
- adopting tourism in the field of investments extensive to attract to criteria development;
- applying additional preferences of tourism in the field foreign investments extensive to attract and further improving investment environment ;
- improving the legal basics of the sector investments extensive to attract to normative and developing tourism ;
- multiplying the number of and the quality of tourist services ;
- producing the system of the cursor of the effectiveness of tourism in the field to development of investments ;
- improving the control and monitor of investments, including foreign investment related to the sector of tourism.

CONCLUSION

As tourism stimulates infrastructure development of the country, has a strong multiplication effect and helps diversify the economy, supports local culture and crafts and environmental protection, it is very actual for the Republic of Uzbekistan with its transitional economy, moreover it is important as Uzbekistan is a country with vast capabilities in tourism. The travel and tourism industry is a leading export industry in worldwide, Central Asian counties could contribute considerable as well.

Moreover, with vast underused capabilities in tourism and diversity of tourist attractions represent the potential of tourism in these tourism destinations. Location of the area, corridors on the Great Silk Road, with cities which were main points of trade, make destination attractive one for the flow of tourists globally. Accessibility of various tourism types, distinct traditions and unique cultural background of Central Asia has considered as one of the main key factor tourism and hospitality businesses.

After have been establishing and implying global experience, the attractiveness of tourism estimated to become as one of the crucial one in the Central Asian destination. Furthermore, the optimization of visa facilities has listed as one of the main advancement of tourism policy by the UNWTO research group.

As one of the main Silk Road tourism destination, Central Asian states have great potential to advance sector of hospitality and tourism that create a lot of promotions for different spheres. In the other perspective, tourism sector in Central Asia has already established and its policy has led to some fundamentals improvements in the last 20 years. Further investigations and explorations may be addressed to identify obstacles of the industry by learning all its sub-sectors.

In briefly, Central Asian states, such as Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan have great potential of tourism deployment as whole. Established policies and conducted measurements in counties have made already its results. Upcoming diversifications and modernizations in the industry may contribute exponentially for the economies of the Central Asian counties.

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