

CONTRIBUTION OF FOREIGN DIRECT INVESTMENT TO THE TOURISM SECTOR

Rakhmatullaeva F.M. Email: Rakhmatullaeva6101@scientifictext.ru

*Rakhmatullaeva Firuza Mubinovna - Associate Professor,
DEPARTMENT OF ECONOMY,
BUKHARA STATE UNIVERSITY,
BUKHARA, REPUBLIC OF UZBEKISTAN*

Abstract: *tourism is considered as one of the most profitable, efficient and intensively developing sector of the world economy. Tourism products and attributes are unique in nature in each countries of the world. Tourism, a key economic activity, which significantly contributes to the regional economic development of our country. The purpose of this article is to show the importance of tourism industry, indicate the current situation of tourism in Uzbekistan. The significance of investments has been considered in this paper in realizing the potential of this industry.*

Keywords: *regional tourism, regional economic development, public and private investments, strategy.*

ВКЛАД ПРЯМЫХ ИНОСТРАННЫХ ИНВЕСТИЦИЙ В СЕКТОР ТУРИЗМА Рахматуллаева Ф.М.

*Рахматуллаева Фируза Мубиновна – доцент,
кафедра экономики,
Бухарский государственный университет,
г. Бухара, Республика Узбекистан*

Аннотация: *туризм считается одним из самых прибыльных, эффективных и интенсивно развивающихся секторов мировой экономики. Туристические продукты и атрибуты уникальны по своей природе в каждой стране мира. Туризм - ключевая сфера экономической деятельности, которая вносит значительный вклад в региональное экономическое развитие нашей страны. Цель данной статьи - показать важность индустрии туризма, обозначить текущую ситуацию в сфере туризма в Узбекистане. В данной статье рассматривается важность инвестиций в реализации потенциала этой отрасли.*

Ключевые слова: *региональный туризм, региональное экономическое развитие, государственные и частные инвестиции, стратегия.*

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Many countries view tourism as an important and integral part of their economic development strategies. The well-recognized economic benefits of tourism such as contribution to the development of enterprises, the creation of new jobs, the growth of the tax potential of the territory, and creation of new economic impulses in the regions, are therefore important reasons to get governments support for the sector. In addition, tourism improves the image of the region as an economically developed territory in the aggregate. So, tourism has a higher spillover and multiplier effects as compared to other sectors of the economy.

Various empirical approaches and methodologies used in the economic literature establish the relationship of investment with sectoral and economic growth. Despite the growing importance of foreign direct investment (FDI) in tourism for developing countries and its perceived developmental importance, there are few empirical impact studies.

Foreign direct investment (FDI) is one of the vehicles through which developing countries can develop their tourism sector; but the dynamics of FDI and its implications in this growing sector have been relatively little studied.

By paying attention to the regional tourism development, the tourism attractiveness of the whole country can be improved. Growth in popularity and tourist attractiveness of a region and the increase in regional tourist product quality make the regional tourism infrastructure an attractive investment object. Domestic and foreign investment into the regional tourist industry by creating favorable development conditions contributes to a rise in profitability and service quality and promotion of a tourist region domestically and internationally.

Uzbekistan views tourism to be an important industry providing substantial foreign exchange receipts and employment opportunities. The government has already accepted not only the importance of tourism in economic development but also has played the dominant role in the planning and implementation process as elsewhere in the developing world.

Uzbekistan has a huge potential and are rich in heritage and cultural assets. Statistics illustrate the nature and scope, the significance of tourism in our country. In 2017-2019, the volume of tourism services exports doubled,

amounting to 546.9 million US dollars in 2017, 1 billion 041 million US dollars in 2018, and 1 billion 313 million US dollars in 2019.

The tourism sector in Uzbekistan is flourishing due to an increase in foreign tourist arrivals. Before 2016, the growth rate of the number of foreign visitors averaged 8 % per year; in 2017 it was 7 % and exceeded 2.84 million people. For the Republic of Uzbekistan as well 2019 was a record year – it received over 6.748 million international tourists up from 5.346 million the year before.

Investments from the public and private sector are vital for the general economic growth as well as the sectoral growth such as tourism sector, because investment help in stimulating and restructuring economic activities.

In order to attract investments in the development of tourism infrastructure, by taking into account the specifics of this industry, it is necessary to put into effect organizational and economic mechanisms that encourage investments in the development of the tourism industry. Active attraction of investments in business practices could make a significant contribution to the development of the tourism infrastructure in the region.

The condition for creating an effective management system for investment processes in the tourism industry is to increase the scientific validity of management decisions in the field of investment, ensuring the interaction of such basic elements of the management system as principles, methods, management functions, tools that guide the implementation of investment projects to achieve the necessary results and the level of efficiency. These circumstances determine the need to create such a mechanism for managing the process of investment in the tourism business of economic entities of the national economy, which would ensure the achievement of the goals of investment design, both in the strategic aspect and in the near future.

In addition, the effectiveness of the investment management system in the tourism sector can be significantly increased by state investment instruments to support tourism programs, preferential lending to business entities, ensuring a high level of investment attractiveness of national economic objects for foreign and domestic investors, and promoting the accumulation of funds of small depositors by financial and credit institutions and institutional investors

Developed tourism industry due to the large flow of visitors provides the region, first of all, with export revenues, and additional commodity turnover, job creation which bring long term improvements to the living conditions of the local people.

Even though, private sector primarily sustain the tourism activity, the role of government is crucial in the development of tourism industry at policy level. To attract private, including foreign investment in the tourism industry, it is very important:

- to ensure activity of local authorities in the field of advertising and information activities (promotion of tourist and recreational potential of territory);
- to provide assistance and support activities, financial incentives for promoting private investment and collaboration with private investors for the development of tourism and hospitality services,
- to ensure liberal administrative and tax policies that encourage private investment initiatives;
- to pursue effective antimonopoly policy aimed at maintaining a healthy competitive environment among tourism enterprises which helps to ensure profitability.

Collaboration between private and public investors will result in more funding for tourism and stronger developmental impacts, in development consistent vision and marketing strategy for the local tourism sector.

For a comprehensive development of the existing tourism potential, all the numerous participants in the tourism business and stakeholders should join their efforts in order to create and implement a common concept that is ultimately intended to benefit all participants.

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