

Tourism as One of the Economic Drivers of Uzbekistan

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Tourism is considered one of the drivers of economic growth (Samimi et al., 2011). Tourism has been linked to lower income inequality (Alam and Paramati, 2016) and life satisfaction (Sirgy et al., 2011). According to World Bank, the number of tourism arrivals since 1995 increased from 524 million people to 1341 million people (Figure 1).

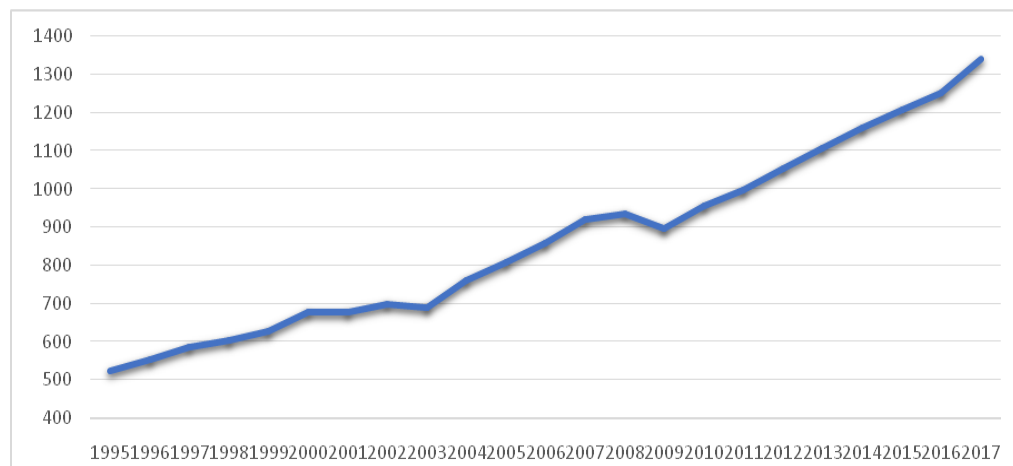


Figure 1. Tourism arrivals, million people.

Source: World Bank

Moreover, Figure 2 shows that countries such as Uzbekistan have increased its tourism arrivals since 1995 by more than 2800% from 92,000 in 1995 to 2,7 million in 2017. Moreover, in 2018 more than 5.3 million visitors were registered in Uzbekistan. Indeed, this growth significantly surpasses such countries as Iceland, Korea or Japan. This may imply that Uzbekistan is one of the fastest growing tourism markets in the world.

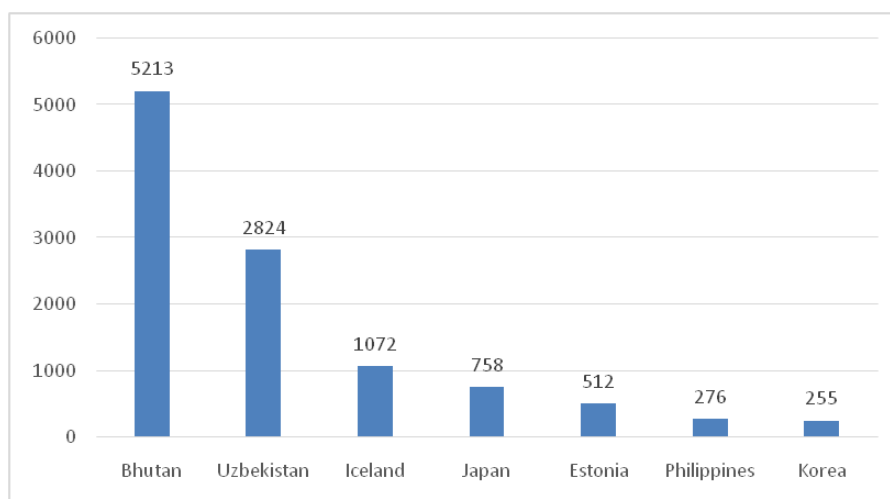


Figure 2. Percentage change in tourism arrivals, 1995-2017

Source: World Bank

Looking at the distribution of the data in Figure 3 we may observe that excluding CIS, Turkey and Korea Republic are among top nations from where tourists visited Uzbekistan in 2017. Significant market potential is not tapped from visitors from India, China and EU nations as their share has not reached its potential.

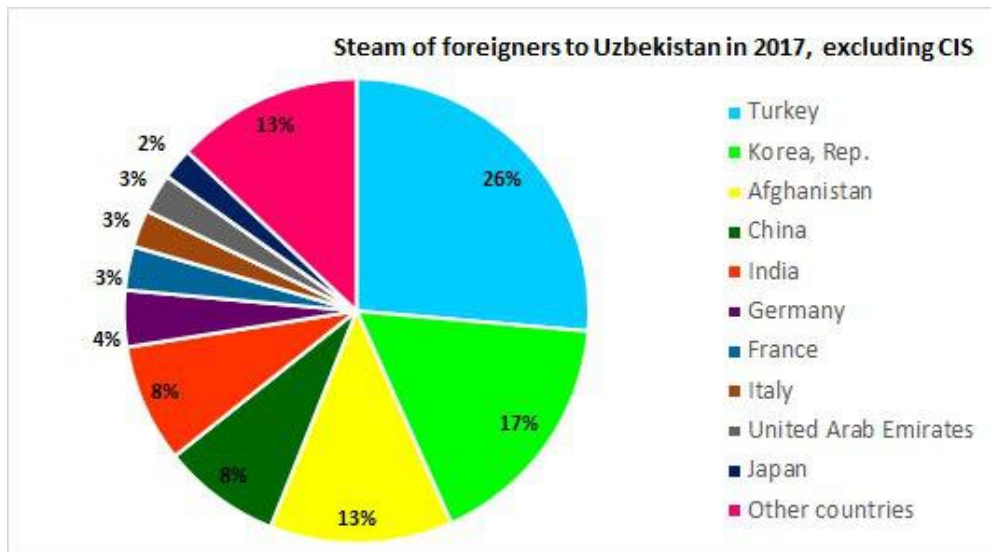


Figure 3. Distribution of tourists arriving to Uzbekistan, excluding CIS, 2017

Source: State statistics committee

World Tourism Council in 2018 documents that the direct contribution of travel and tourism to GDP in 2017 was UZS2,220.1bn (0.9% of GDP). This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. Currently, the tourism arrivals to Uzbekistan constitute nearly 8.3% of population. A recent study by shows that for CIS countries a 10% increase in tourism receipts is associated with 1.36% of economic growth. This implies that if Uzbekistan could increase proportionally its tourist arrivals to approximately 6 million people in the short run from 5.3 in 2018, its GDP would increase to more than 675 million USD¹.

The government has already been implementing measures to reach this target. There has been visa restrictions eliminated for a large group of countries. In addition, the government has been giving various fiscal and other benefits for companies that aim to operate in the tourism industry to further accelerate the expansion of this sector.

President of Uzbekistan ShavkatMirziyoyev in his selector meeting devoted to issues of implementation of investment projects, held on January 8 highlighted that 2019 will be a turning point in tourism development.

References

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¹https://mpra.ub.uni-muenchen.de/66215/1/MPRA_paper_66215.pdf