



TOURISM AND ITS IMPACT ON THE ECONOMY

Nurbek Odilov

Researcher, Banking and Finance Academy of the Republic of Uzbekistan (BFA), Tashkent, Uzbekistan, Email: odilovn@gmail.com

In the modern world, where connectivity seems limitless, tourism is becoming an essential aspect of life. People embark on their journeys to discover new landscapes and people as well as cultures which are completely different from theirs. However, there's more to tourism than simply enjoyment and exploration. It is crucial for the development of local economies as well. Travelers pay for accommodation, meals, transport, and different activities which help companies expand and creates employment.

Nevertheless, tourism also has its problems. An excessive number of visitors to certain locations leads to an excessive number of visitors, with environmentally damaging effects and sometimes, even irreversibly altering local customs and traditions for the worse. In order to utilize the benefits of tourism without compromising the ethicality of the industry, a thorough comprehension of its impacts is required. The discussion in this article revolves around the pros and cons that travel, and tourism bring in to the various economies across the globe.

The Significance of Tourism in Economic Development

It is not simply holidaying, but tourism has now become the driving force of the economy! It has about \$9 trillion annual income and its contribution to the world's GDP is nearly 10%. Thus, this sphere is of great interest to both employers and the world economy overall. Hotels, tourists, transport services, and many others, each year, most of the people have jobs that are given to them.

Tourism to many countries, especially those not reliant on agriculture or manufacturing industries, is their lifeblood. It allows for economic diversification and revenues coming from external sources. Furthermore, tourism in local businesses, cultural exchange, and at times even inspires governments to build or improve access infrastructure, such as airports or roads, benefits locals and visitors alike.

As of 2023, the top 10 countries by international tourist arrivals and the contribution of tourism to their Gross Domestic Product (GDP) are as follows:

Rank	Country	International Tourist Arrivals (2023), (SUSD)	Tourism's Share of GDP (%)
1	France	100 million	8.8%
2	Spain	85.17 million	14.5%
3	United States	66.48 million	1.1%

4	Italy	64.5 million	10.5%
5	Turkey	51.2 million	11.3%
6	Mexico	45 million	8.5%
7	Thailand	39.8 million	17.7%
8	Germany	39.6 million	9.6%
9	United Kingdom	39.4 million	9.0%
10	Japan	31.9 million	7.4%

Note: The percentage of tourism's share of GDP represents the direct contribution of travel and tourism to the country's economy.

These figures highlight the significant role tourism plays in the economies of these countries, with nations like Spain and Thailand having a higher dependency on tourism relative to their GDP. In contrast, countries such as the United States have a lower percentage, indicating a more diversified economy

The Economic Benefits of Tourism

Tourism brings several clear benefits to local communities. Quite a few direct positive impacts of tourism on a local community including:

1. Employment Opportunities:

Tourist flows create job opportunities in the hotel, restaurant, transportation, and entertainment industries; jobs which improve the unemployment rate in the area and raise the quality and standard of living amongst the locals. Indirectly, they provide work for other industries such as agriculture and construction through their goods and services supply to the tourism industry.

2. Infrastructure

This is usually accompanied by governments' investments in improving the roads, public transportation, healthcare facilities, and places of recreation. These do not only accommodate tourists but also make life easier for all living in that area.

3. Local Businesses are Helped:

Tourism is sometimes a lifesaver to small businesses. Many visitors often look for unique, local experiences, such as buying handicrafts, trying traditional food, or local guides. Such demand helps small businesses to thrive and boosts the local economy.

Challenges Tourism Brings to Economies

While tourism comes with evident benefits, all the same, it has its own set of problems. Some common challenges are:

1. Rising Costs for Locals:

Tourism tends to always inflate the cost of living. The more tourists are spending on commodities and services, the higher the prices tend to get to make life a little difficult for natives to sustain.

2. Overburdened Infrastructure:

En-mass arrivals can soon swamp the public amenities. Traffic congestion may follow and congestion in public transports and essential needs like water and electricity flow stretched beyond its capacity.

3. Environmental Degradation:

Overuse at times results in degradation of the tourist areas. Litter, pollution, and destruction of natural habits are also commonly experienced. These will ultimately destroy the environment and might make it less ideal for future visitors.

4. Distributed Benefits Inequality:

The greater part of the economic benefits from tourism mostly goes to large firms, including international hotel chains while local firms especially the small ones, are usually economically disadvantaged in relation to them. This results in economic inequality within communities.

CONCLUSION

Tourism is a potent economic driver. It engenders jobs, develops small businesses, and generates relevant investments in infrastructure. The many challenges associated with tourism include increased living costs, destruction of environments, and unequal distribution of its benefits. For tourism to become truly beneficial, governments and businesses should adopt sustainable practices for environmental conservation and have equitable distributions of the accruing benefits. If harnessed properly, it can improve lifestyles, strengthen communities, and provide unforgettable moments for visitors.

REFERENCES:

1. <https://www.statista.com/statistics/1099933/travel-and-tourism-share-of-gdp/>
2. <https://wttc.org/research/economic-impact>
3. Nigel Morgan. 'Tourism and Inequality.' Problems and Prospects, Stroma Cole, CABI, 17/12/2010
4. Craig Webster. 'Future Tourism.' Political, Social and Economic Challenges, James Leigh, Routledge, 25/05/2017
5. World Tourism Organization. 'Enhancing the Economic Benefits of Tourism for Local Communities and Poverty Alleviation.' World Tourism Organization, 1/1/2002