

WAYS TO ATTRACT FOREIGN INVESTMENTS AND EFFECTIVELY USE THEM IN THE DEVELOPMENT OF TOURISM**Iriskulova Farangiz Nabijon kizi**

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Abstract: In the current globalization environment, the tourism sector is emerging as one of the strategic sectors of the national economy, playing an important role in regional development, employment generation, and increasing foreign exchange earnings. In this context, the issues of sustainable development of tourism, attracting foreign investments to the sector, and their effective use are of urgent importance. This article analyzes the institutional, organizational, and economic mechanisms for attracting foreign investments in the tourism sector, as well as the role of investments in the development of infrastructure, quality of services, and innovative technologies. In the course of the research, based on modern statistical indicators and world experience, ways of effective use of foreign investments are highlighted, and scientific conclusions are put forward aimed at increasing the competitiveness of the tourism sector.

Keywords: Foreign investments, investment environment, tourism infrastructure, sustainable development, competitiveness, innovations, service economy.

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Аннотация: В условиях современной глобализации сектор туризма становится одним из стратегических секторов национальной экономики, играя важную роль в региональном развитии, создании рабочих мест и увеличении валютных поступлений. В этом контексте вопросы устойчивого развития туризма, привлечения иностранных инвестиций в сектор и их эффективного использования приобретают актуальное значение. В статье анализируются институциональные, организационные и экономические механизмы привлечения иностранных инвестиций в сектор туризма, а также роль инвестиций в

развитии инфраструктуры, повышении качества услуг и внедрении инновационных технологий. В ходе исследования, на основе современных статистических показателей и мирового опыта, выделяются пути эффективного использования иностранных инвестиций и предлагаются научные выводы, направленные на повышение конкурентоспособности сектора туризма.

Ключевые слова: Сектор туризма, иностранные инвестиции, инвестиционная среда, туристическая инфраструктура, устойчивое развитие, конкурентоспособность, инновации, экономика услуг.

Introduction. In recent years, the share of the service sector, in particular the tourism sector, in the world economy has been increasing. According to the World Tourism Organization, the tourism sector is an important source of economic growth in many countries, allowing to improve the quality of infrastructure and services by attracting foreign investment. Increased competition, diversification of tourism products and the rapid introduction of digital technologies require new investment approaches in the tourism sector.

In the Republic of Uzbekistan, tourism development is also identified as one of the priorities of state policy, and institutional reforms and regulatory and legal acts implemented in recent years are actively attracting foreign investment to the sector. Simplification of visa procedures, expansion of public-private partnership mechanisms, and state programs aimed at developing tourism infrastructure have significantly improved the investment climate. At the same time, the issues of effective use of attracted foreign investments, their targeting in accordance with regional tourism potential and market requirements require in-depth scientific analysis.

The main purpose of this article is to conduct a scientific study of ways to attract and effectively use foreign investments in the development of the tourism sector, as well as to develop practical proposals aimed at ensuring the sustainable and competitive development of the sector.

Literature Review. Over the past decade, the tourism sector has been studied as a strategic sector in global and national economies. World experience shows that foreign investment in the tourism sector has a direct impact on economic growth, employment generation, and foreign exchange earnings. Dunning[1] emphasizes that the activities of multinational companies in the global market and foreign investment are of strategic importance for the development of tourism infrastructure, improving the quality of services, and sustainable growth. According to UNWTO[2], the tourism sector has high global investment attractiveness and sustainable development potential.

Local scholars have studied the impact of foreign investment on the development of tourism in Uzbekistan. Karimov[3] analyzes methods for modernizing tourism infrastructure and effectively using investments through public-private partnership mechanisms. Abdurakhmonov[4] emphasizes the need to increase the economic efficiency of foreign investment in the services sector, develop regional tourism potential, and introduce innovative technologies.

In addition, Balassa[5] studies the relationship between foreign investment and economic growth on the example of developing countries. Lee et al.[6] analyzes global tourism investment trends and highlights the recovery strategies of the sector after the COVID-19 pandemic. Smith[7] scientifically demonstrates the impact of innovative technologies and digital platforms in tourism services on the effective use of investments.

Also, data published by the Local State Statistics Agency[9] confirm the increasing volume of foreign investment in Uzbekistan and their role in the development of tourism infrastructure. Petrova[8] analyzes world experience in sustainable investment projects in the tourism sector and the development of eco-tourism.

In general, current scientific sources provide in-depth coverage of the economic, institutional and strategic aspects of attracting foreign investment, presenting them as a means of sustainable development and increasing competitiveness in the tourism sector.

Methodology. This article uses combined research methods to analyze the process of attracting foreign investments in the tourism sector and their effective use. The research was carried out based on the following approaches:

1. Analytical and comparative analysis - existing regulatory and legal documents, presidential decrees and resolutions, state programs and scientific articles on the development of tourism infrastructure and attracting foreign investments in Uzbekistan and the world experience were analyzed. In this way, priority areas and effective mechanisms for attracting investments in the country were identified.

2. Statistical methods - based on data from the State Statistics Committee of the Republic of Uzbekistan and UNWTO, foreign investments attracted to tourism, the flow of foreign tourists, the number of tourism projects and infrastructure development were analyzed for 2019–2023. This method made it possible to determine the effectiveness of investments and their direct impact on the development of tourism.

3. Comparison and classification By analyzing the attracted investments into various segments of tourism (hotel and catering services, eco-tourism, transport and smart tourism), their territorial and strategic significance was determined.

4. Synthesis and forecasting Based on the data obtained, a scientific synthesis method was used to identify mechanisms for the effective use of foreign investments and forecast future development prospects.

5. Analysis of public-private partnerships (PPP) and investment mechanisms Modern PPP mechanisms used in tourism projects, investment incentive measures, including tax incentives, loans and grants, were studied.

Using this methodology, the article not only analyzes practical mechanisms for attracting foreign investments and their effective use, but also allows developing scientific recommendations to increase the competitiveness of the industry and ensure its sustainable development.

Results and Discussion. Based on the Decree of the President of the Republic of Uzbekistan No. PF-5611 dated January 5, 2019 and Resolution No. PQ-139 for 2022–2026, measures were taken to develop the tourism sector. These documents created a strategic framework aimed at modernizing tourism infrastructure, attracting foreign investment, and improving the quality of services. Also, mechanisms for attracting investments in the hotel industry, transport, and eco-tourism facilities were determined within the framework of state programs.

According to the latest statistics, the number of foreign tourists visiting Uzbekistan increased from 6.7 million to 6.5 million people in 2019–2023. Although a decrease in tourist flows was observed in 2020 due to the COVID-19 pandemic, a steady recovery and growth in the tourism sector was observed in 2021–2023. During this period, the volume of foreign

investments attracted to tourism increased from 320 million US dollars to 520 million US dollars. This growth was achieved through investment incentives created by the state for tourism services, hotel infrastructure and transport and logistics projects (tax incentives, land allocation, PPP mechanisms).

Table 1. Foreign Investment in Tourism Development (Uzbekistan)

Year	Number of Foreign Tourists (million)	Foreign Investment in Tourism (USD million)	Number of Tourism Projects	Key Investment Areas
2019	6.7	320	145	Hotels, Transport, Cultural Tourism
2020	1.5	180	82	Digital Services, Domestic Tourism
2021	2.3	240	96	Eco-tourism, Infrastructure
2022	5.2	410	168	PPP Projects, Hospitality
2023	6.5	520	210	Resorts, Smart Tourism, Services

The table data shows the importance of foreign investments in the development of the tourism sector in Uzbekistan and the process of their effective use. In 2019, the number of foreign tourists visiting the country amounted to 6.7 million people, and the volume of foreign investments attracted to the tourism sector amounted to 320 million US dollars. The main investment areas during this period were focused on hotels, transport and cultural tourism, which shows the positive impact of the favorable investment climate created by the state.

In 2020, under the influence of the global COVID-19 pandemic, the flow of tourists decreased sharply, falling to 1.5 million, and the volume of investments decreased to 180 million US dollars. At the same time, during this period, attention was paid to digital services and domestic tourism projects, trying to maintain the stability of the sector.

In 2021–2022, a recovery process is observed in the tourism sector: the number of foreign tourists reached 2.3 million and 5.2 million people, respectively. The volume of investments increased by 410 million US dollars in 2022, which indicates that they were implemented through public-private partnership (PPP) projects, measures aimed at developing hotel and transport infrastructure.

In 2023, the tourism sector entered a phase of stable growth, with the number of foreign tourists reaching 6.5 million, and the volume of investments reaching 520 million US dollars. During this period, investments were aimed at improving the quality of resorts, smart tourism projects and services. This contributes to the effective use of foreign investments and maximizing their economic impact.

In general, the analysis of the table shows that:

- an increase in the volume of foreign investments is directly related to the improvement of the quality of tourism infrastructure and services;
- investment incentives created through state programs, decrees and resolutions contribute to the successful implementation of projects;
- targeting investments according to regional potential and tourism segments increases efficiency.

Thus, further improving the mechanisms for attracting foreign investments in the future and directing them towards strategic areas will ensure the sustainable and competitive development of the Uzbek tourism sector. During the discussion, it was found that attracting foreign investments only as a financial resource is not enough. Their targeting, taking into account the regional tourism potential and market demands, significantly increases efficiency. For example, hotel and transport projects implemented on the basis of PPP mechanisms in the cities of Tashkent and Samarkand have been successful in increasing the flow of foreign tourists. At the same time, attracting investments in ecological and cultural tourism facilities serves to develop the tourist potential of the regions.

It should be noted that the effective use of foreign investments should not be measured only by economic indicators. Improving the quality of services through the introduction of innovative technologies and digital platforms is also an important strategic direction within the framework of the State Program for the Development of the Tourism Sector for 2022–2026. This will ensure a long-term positive impact of investments.

The results show that the experience of Uzbekistan requires an integrated approach to attracting foreign investments and their effective use. In particular:

- Financing projects through public-private partnership (PPP) mechanisms;
- Developing an investment strategy based on regional potential;
- Introducing innovative technologies to improve the quality of infrastructure and services;
- Incentivizing investors through state programs and regulatory documents.

All this will serve to increase the sustainable development and competitiveness of the tourism sector, as well as maximize the economic efficiency of foreign investments in the country.

Conclusion and recommendations: The results of the study on attracting and effectively using foreign investments in the development of the tourism sector show that this sector, as a strategic sector in the national economy, ensures sustainable growth. The decrees and resolutions of the President of Uzbekistan adopted in 2019-2023 and the state program for 2022-2026 have created a favorable environment for attracting foreign investments and their effective direction. Based on statistical data, it was determined that the flow of foreign tourists and the volume of investments attracted to tourism projects have increased significantly, which served to strengthen

the infrastructure, quality of services and competitiveness of the sector. At the same time, it was shown that the effective use of foreign investments is not limited to attracting financial resources, but should be directed through territorial potential, innovative technologies and public-private partnership mechanisms.

On this basis, the following recommendations are put forward: adapting tourism projects to regional potential and market requirements, expanding PPP mechanisms to finance hotel, transport and eco-tourism projects, introducing digital platforms and "smart tourism" technologies, diversifying tax incentives and financial incentives, as well as regularly monitoring the economic efficiency of attracted investments and adapting international experience to the country's conditions. These measures will serve to ensure the sustainable development of the tourism sector of Uzbekistan, increase its competitiveness and ensure the maximum positive impact of foreign investments.

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