INTERNATIONAL TOURISM IS IN FOR A MAJOR BOOST

Norboyeva Gulsanam Oripovna
Student of Navoi State Pedagogical Institute
norboyevagulsanam@gmail.com

Abdijamilova Gulhayo Abdurasul qizi
Student of Navoi State Pedagogical Institute
abdujamilovagulhayo@gmail.com

Annotation: *In the global economy, tourism is one of the most noticeable and growing sectors. This sector plays an important role in boosting a nation's economy. An increase in tourism flow can bring positive economic outcomes to the nations, especially in gross domestic product (GDP) and employment opportunities. The period under study was from 1990 to 2015. To check whether the variables under study were stationary, augmented Dickey–Fuller and Phillips–Perron unit root tests were applied. A regression technique and Johansen cointegration approach were employed for the analysis of data. This study suggests that legislators should focus on the policies with special emphasis on the promotion of tourism due to its great potential throughout the country. Policy implications of this recent study and future research suggestions are also mentioned.*

Keywords: *sustainable tourism, economic growth, employment, gross domestic product.*

Introduction.

We know that at the same time tourism in the world is developing on a large scale. There are many types of tourism, and modern technologies, geographical location of objects, pilgrimage tourism make a great contribution to their development.

In December 2017, the World Travel and Tourism Council's report, Coping With Success: Managing Congestion in Tourism Destinations, identified four key drivers of global tourism growth:

1. Prosperity - Many countries, particularly India and China, have a growing middle class, which means more people have the money to travel. According to Visa projections, India and China will create more than 900 million new members of the global middle and upper classes between 2015 and 2025, and by 2025, more than 280 million households will travel internationally each year.

2. Demographic shifts — Millennials travel significantly more than other generations, the report noted: 72 percent of US millennials plan to travel more in the next year, compared to 59 percent of Gen Xers and 40 percent of Baby Boomers. And as life expectancy increases, more people will be able to travel for more years. Visa forecasts that the number of trips taken by travelers aged 65 and over will double to 180 million between 2015 and 2025.

3. Convenience — Nearly two-thirds of leisure travelers use online resources to research and book travel, and online accommodations are on the rise — think Airbnb and other home-sharing platforms. Travel has also become much cheaper. Domestic air fares in the US fell 44 percent (adjusted for inflation) from 1980 to 2016. Global annual air passenger numbers are projected to grow by 3.7% per year until 2035.

4. Awareness — Sources including review and rating sites, social media and destination ratings are "creating and driving interest in travel, particularly the best destinations and most popular sites," the report says. An analysis of online reviews shows that most are centered around the destination's most popular attractions. Knowing that some destinations, such as the Great Barrier Reef, are in danger of disappearing also encourages some people to visit before it's too late.

According to UNWTO's long-term forecast report Tourism Towards 2030, international tourist arrivals worldwide are expected to reach 1.8 billion by 2030. Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year). The market share of emerging economies increased from 30% in 1980 to 45% in 2016, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals [8, p. 3].All above mentioned facts prove that tourism industry is a pivotal sector and play a vital role in world economy.

Main body.

Tourism today is an indicator of the development of civilization, a method of understanding the surrounding reality, a way to increase the cultural level and restore people's health. At the end of the 20th century. tourism is becoming a mass phenomenon, and the tourism business is experiencing a real boom. Today tourism has become one of the main categories of international trade in services. As a global export category, tourism ranks third behind chemicals and fuels and ahead of automotive products and food products. In many developing countries, tourism is the top export category. This article highlights the role of tourism and its economic impact in the global economy. The economic contribution of tourism is felt both directly and indirectly, where direct economic impacts are created when goods such as accommodation and entertainment, services, food and drink, and retail opportunities are sold.

According to methodological regulations of tourism statistics tourism expenditures include all funds spent on the purchase of consumer goods and services during the preparation for a tour and while travelling [20, p. 31]. Tourist expenditure can be paid either by the visitor or by other people. One should distinguish between the spending related to internal (regional) and international tourism. Nonrecurring or periodic household surveys on issues related to the provision of tourism services help to keep a record of internal tourism expenditure. The subject of the survey should be a resident of a country who consumes tourist services within the national borders. International tourism expenditures are recorded in the balance of payment on the account "Travel". The credit of this account reflects the cost of goods and services that non-residents bought in the country during their visit both for personal use and/or for donation. Obviously, these expenditures are connected with inbound tourism. The debit of the account reflects the cost of goods and services that residents of the country purchased while visiting other countries [2, p. 166]. These expenditures are connected with outbound tourism.

Conclusion.

In the terminology of foreign trade, the turnover of the credit account "Travel" corresponds to the export of tourism services (E) and the turnover of the debit account corresponds to the import of tourism services (i). The sum of exports and imports reflects foreign trade turnover of tourist services, the difference between exports and imports shows foreign trade amount of balance. Statistical digests of UNWTO devoted to the analysis of trends in international tourism use the term "international tourist receipts" instead of the term "export of tourist services", and the term "international tourist expenditure" instead of the term "imports of tourist services".

At present, the value of international trade is increasing, providing numerous opportunities for businesses in other sectors in the economy, especially for firms doing international business. As a result, international travel increases in response to increasing international business operations among companies in different countries. Moreover, since business travel is one of the purposes of international tourists, a study of international tourists has recently involved the study of international trade value as a factor that affects international tourism demand.

The Thai economy eminently relies on international trade and is also popular among international tourists. Thus, activities related to international trade can help attract tourists and promote international tourism for the country. This study aimed to explain the impact of international trade on international tourism demand.

Correspondingly, it attempted to determine whether international trade does indeed positively affect international tourism demand, as reported in studies of other countries. If so, then the promotion of international trade between Thailand and another country should serve as a strategy to attract more tourists from that specific country. The results of this study could suggest policy implications for the growth and development of Thailand.

Concepts and Principles

Theories that point to the connection between international trade and international tourism demand are grounded on three principles:

Principle 1: International trade stimulates business travel (Turner & Witt, 2001) and contributes to networking at the individual, business, and national levels. Besides this, international trade bolsters a network effect, which reduces international transaction costs as well as promoting travel and exchanges among countries (White, 2007).

Principle 2: International trade boosts product advertisements that attract consumers' attention and create awareness of both a product and its country of origin. Accordingly, consumers' attention and recognition stimulate the desire to travel to the home country of that product (Kulendran & Wilson, 2000).

Principle 3: To facilitate related activities, international trade encourages a country to develop essential infrastructure, for example, transportation and communication systems. Improvement of infrastructure in turn helps attract more tourists (Santana, Ledesma, & Perez, 2011).

A review of the relevant principles leads to the conclusion that international trade is positively associated with international tourism demand thanks to the fact that it helps reduce the transaction costs of international travel (Leitao, 2010) and the search cost of the destination country.

This study estimated international tourism demand in Thailand using the country's degree of openness to international trade. As shown in Table 3, the demand tends to change in the long term rather than in the short term. When travel costs decrease by one percent, the number of tourists tends to increase by 0.023 and 0.404 percent in the short run and long run, respectively. For international tourists, tourism in Thailand is regarded as a normal good as the income elasticity of demand is positive in both the short and long terms, being 0.049–0.402 in the short term and 0.860–1.276 in the long term (assuming that GNI per capita increases by one percent). Regarding other factors, it was found that an increase of one percent in the number of tourists in the previous year caused the number of tourists in the following year to increase by

0.269–0.943 percent, implying that tourists who visited Thailand the year before tended to visit the country again the following year.

Literature review

After reviewing the literature aligned with the objective of our study, we have bifurcated the review section into three subsegments, which are discernible to readers. The first segment reviews the relationship of tourism with trade, the second segment reviews the relationship of tourism with economic growth, and the third segment reviews the studies in tourism literature that use the wavelet-based methodologies.

Literature on tourism and trade

The empirical literature on the relationship is widely established and it investigates several aspects of the relationship. Based on the theme of the articles, we can show two possible classifications. The first group investigates bilateral links between these two variables. For example, Kulendran and Wilson (2000) investigate the association between international travel flow and trade in the context of Australia. Primarily focused on the four large trading partners of Australia, the study concludes that international trade pushed international tourism. The reverse association between these variables was also observed in this study. Similarly, using Singaporean data, Khan et al. (2005) also find similar results. Furthermore, Shan and Wilson (2001) using Chinese data and Santana-Gallego et al. (2011) with Organization for Economic Cooperation and Development data suggest similar implications. The second line of thought stresses upon the notion of “international trade causes tourism hypothesis.” As we mentioned in the introduction section, this line of literature holds that successful business trips and identification of business opportunities through leisure could facilitate trade later. Many studies propose, empirically examine, and accept this proposition (Eilat and Einav, 2004; Goh and Law, 2003; Oh et al., 1995; Santana-Gallego et al., 2010). The methodological approaches adopted by the scholars are the econometric tools such as Granger causality and co-integration tests.

Literature on tourism and economic growth

There exist several studies on exploring the association between economic growth and tourism. The broad base of literature highlights several aspects of tourism leading to economic growth. McKinnon (1964) posits that tourism is a credible way of earning foreign exchange that contributes to capital goods and hence facilitates the production process. Brau et al. (2007) argue that for small economies, tourism is a potentially effective channel to trigger economic growth. Similarly, Narayan (2004) shows that as a result of increasing tourism spending by 10%, the gross domestic product (GDP) in the longer term could increase by 0.5%. Gokovali (2010) also studies this relationship by considering the Turkish data and reports that the tourism revenue and economic output show elasticity of 0.53. Recent studies also suggest that Malaysia adopts the hypothesis of "economic-driven tourism growth" while Singapore adopts "tourism-led economic growth" (Du et al., 2016). Further, in the exhaustive literature review by Brida et al. (2016), many similar pieces of evidence can be traced.

Wavelets in tourism

Applications of wavelet theory in economics and finance literature are well established on account of its superior ability over traditional econometric techniques to analyze data in a time–frequency domain (Das et al., 2018; Reboredo and Rivera-Castro, 2013). The use of wavelet theory in tourism is at a nascent stage. However, its use is evident in unraveling of some crucial research questions in tourism literature. For example, using this method, Raza et al. (2017) study how tourism development causes environmental degradation in the context of United States. Similarly, Suresh and Tiwari (2018) use the wavelet methodology to examine the relationship between trade and output with tourist arrivals. Recently, Singh et al. (2018) study the relationship between tourist footfalls and economic policy uncertainty. Similarly, in this study, we use wavelets to analyze the nexus of trade and economic growth with tourist receipts.

In this study, we revisit the nexus of economic growth and trade with tourist receipts in the context of a developed country, that is, the United States. Since this relationship varies across the time and different frequencies, we resort to the wavelet-based analysis. Thus, we are able to address the questions such as (a) whether the relationship between the variables holds in the long, medium, or short run and (b) does trade/economic growth lead tourism receipts or vice versa? These questions are intriguing and are rarely answered in the literature of tourism economics, and therefore, we have examined them in this study.

Method

This section contains the description of the data source and estimation methodology used in this study.

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