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Analysis of The Formation of Competitiveness of The Tourism Sector in Uzbekistan

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Abstract: Improving the competitiveness of the tourism sector is an important factor in the transformation of the country, where the tourist flow is characterized by rapid growth. The purpose of the research is to determine the key subindices of competitiveness in the tourism industry of Uzbekistan, their relationship with demand in the tourism market, and to identify the country's potential for ensuring the sustainable development of tourism. To analyze the main subindices, Uzbekistan's tourism and travel industry's strong, medium, and weak aspects were identified through expert analysis according to TTDI. Research into the methodology for assessing competitiveness in tourism has made it possible to identify the current state and trends in the development of the tourism market. The practical significance of the research lies in the fact that its results can be directly used in the activities of the structural subdivisions of the State Committee of the Republic of Uzbekistan for Tourism Development in developing proposals for improving the methodological foundations of increasing the competitiveness of domestic tourism products in the context of an innovative economy. Based on the socio-economic indicators of tourism development in Uzbekistan and the international rating, a SWOT analysis was conducted, which allowed for the development of proposals for the strategic development of the tourism sector.

Keywords: mahalla, community, creative tourism, ecotourism

1. Introduction

Today, the tourism sector holds a prominent place in the structure of the international services market, with its rapid development and economic efficiency leading to the first positions, surpassing strategic sectors such as oil production and the automotive industry. The sustainable development of tourism was facilitated by the formation of competitive conditions in the market, the activation of tourism business and the growth of demand for tourism services and its recovery in the context of overcoming the consequences of the coronavirus pandemic, involving the growing potential of destinations in tourism turnover, increasing its role in the global economy, political, global socio-cultural, and integration processes.

Literature review. The fundamental foundations of the problems of competition, competitiveness, competitive advantage in the process of developing socio-economic relations, the fundamental principles of competition, competitiveness, competitive

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advantage, and the problems of increasing competitiveness, scientific and methodological aspects of the development of the service sector, competitive advantages and market forces, the impact of competition and monopoly on economic growth have been researched by were studied by classical economists[1-2-3-4].

2. Materials and Methods

The dissertation work utilized methods of comparative analysis, system analysis, grouping, induction and deduction, logical, statistical and comparative analysis, abstract-logical approach, expert evaluation, regression-correlation analysis, as well as econometric modeling and forecasting.

3. Results

For the first time in 2024, Uzbekistan was included in the World Economic Forum's Tourism and Travel Development Index (TTDI) report, showing the highest growth compared to 2019's initial data. Uzbekistan ranked 78th among 119 participating countries in the TTDI 2024 index. This is 16 positions higher, than in 2019 (94th place). The WEF identified the top 10 countries with the highest growth rates in the ranking, and Uzbekistan topped this list and entered this ranking for the first time (Figure 1)[5].

The top 10 countries that have improved their economies for tourism development include countries that have been leaders in the tourism sector for decades, possessing stable industry development indicators such as the UAE, Egypt, Saudi Arabia, Albania, Indonesia, and Tanzania. Each of these countries has unique positive experience in developing the industry and diversifying tourism products.

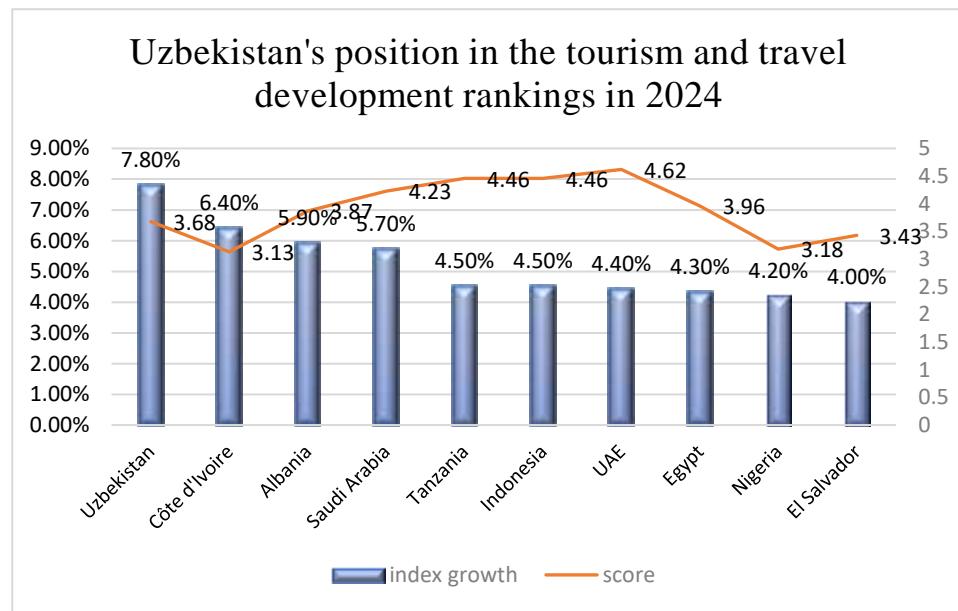


Figure 1. Top 10 countries that have improved their economies in terms of tourism and travel development (change in score in % for 2019-2024)[6].

To analyze the main subindexes, the combination of which determines the country's position, we group the subindexes into 3 categories: green subindexes reflect the strengths of the tourism and travel industry of Uzbekistan according to TTDI, yellow - medium, red - weaknesses.

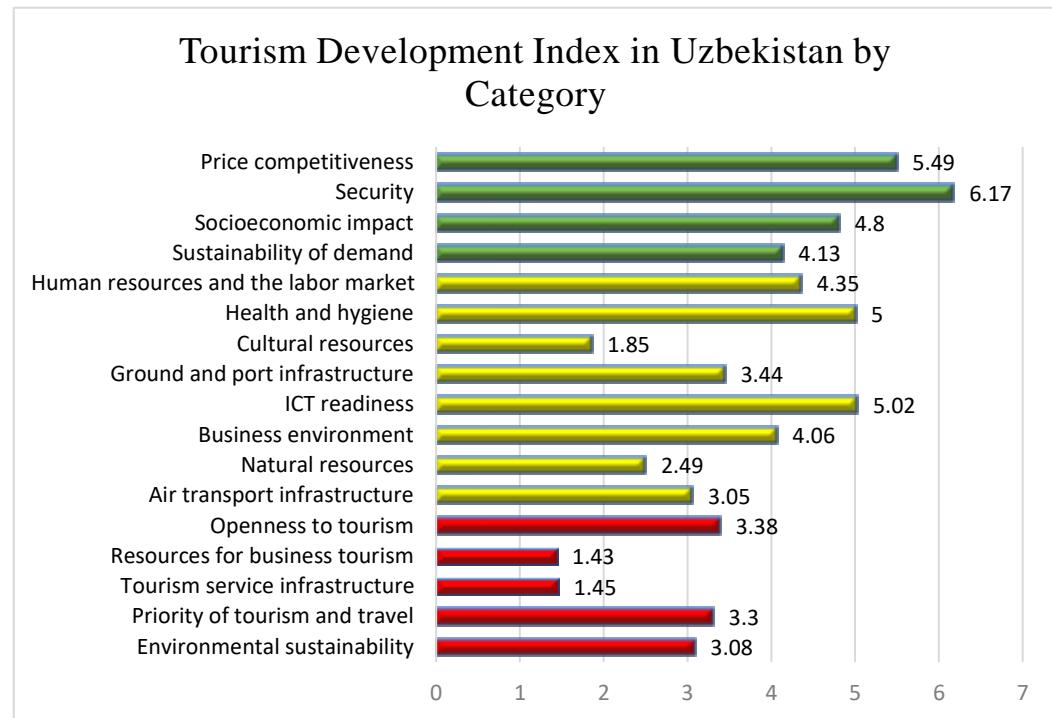


Figure 2. Coding of subindexes that determine the Tourism and Travel Development Index (TTDI) of Uzbekistan in 2024[7]

As can be seen from Figure 2, the strong advantage of national tourism is safety - 6.17 points (26th place). Uzbekistan ranked 1st in the "Security Perception Index 2023" ranking of the world's safest countries, which includes 121 countries. This is the most important competitive advantage for attracting travelers. The price competitiveness of tourism in the country - 5.49 points (25th place) indicates a high level of development of the tourism services market, the creation of healthy competitive relations between market participants, the stimulation of mechanisms for strengthening competition, which leads to a decrease in the cost of traveling to the country compared to other destinations, making the country attractive and accessible. Tourism in the country has not only a multiplicative effect, but also a socio-economic impact - 4.8 points (33rd place), creating additional jobs and stimulating new formats of partnership with the local community[8].

According to WEF experts, the greatest threats to the country are problems with sustainable resource management and environmental protection - 3.08 points (119th place), underdevelopment of tourism services infrastructure - 1.45 points (102nd place), which is manifested in the shortage of hotels, restaurants, and international-level services, especially outside cities, in remote villages and auls, which are becoming increasingly popular in recent years. In terms of the priority of tourism and travel - 3.30 points (105), the republic's position lags significantly behind countries focused on tourism development, which is related to transformational processes in the macroeconomy.

Analysis of tourism development indicators in the republic over the past 15 years has shown stable growth in inbound, domestic, and outbound tourism indicators, excluding the 2-year period of overcoming the consequences of the coronavirus pandemic (Figure 1).

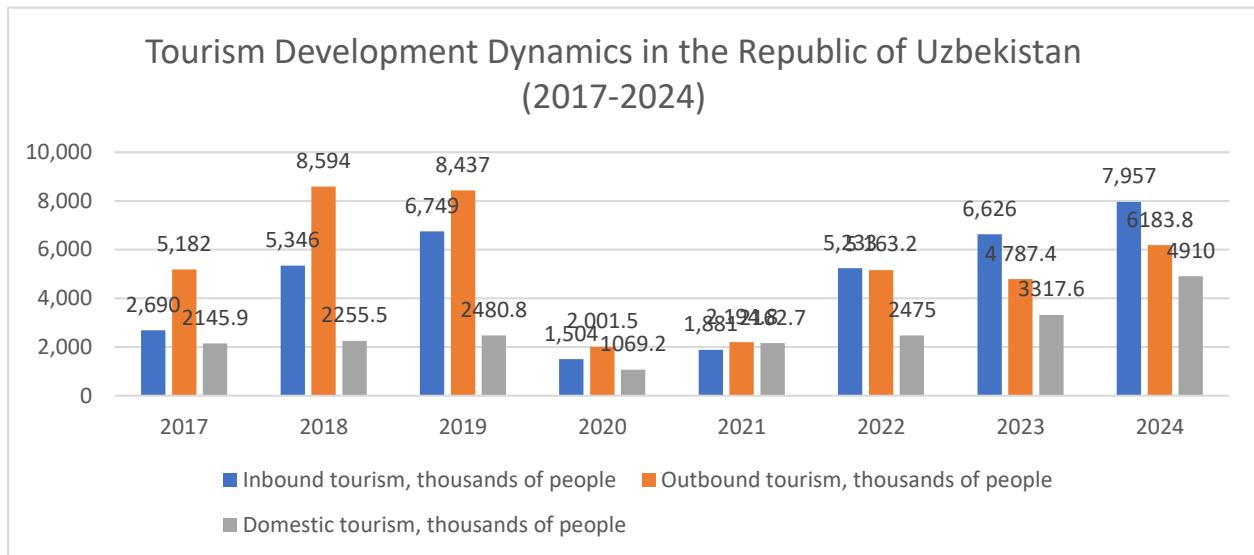


Figure 1. Dynamics of tourism development in Uzbekistan[9]

This period allowed us to unlock the potential of domestic tourism, which became a clear trigger for the formation of the concept of year-round tourism in the country. Its faster growth rate compared to inbound and outbound tourism is due to increased demand for health rehabilitation after the pandemic, improving the level and quality of life of the population, but in most cases, domestic tourism is unorganized, many do not use the services of tourism operators, but independently organize a recreation program (Figure 2). The low level of organized tourism in the total tourist flow (14.5%) is largely due to the fact that the majority of foreign tourists purchase tours from foreign tourism organizations, but is largely explained by the growth of domestic tourism, which is traditionally of a spontaneous nature.

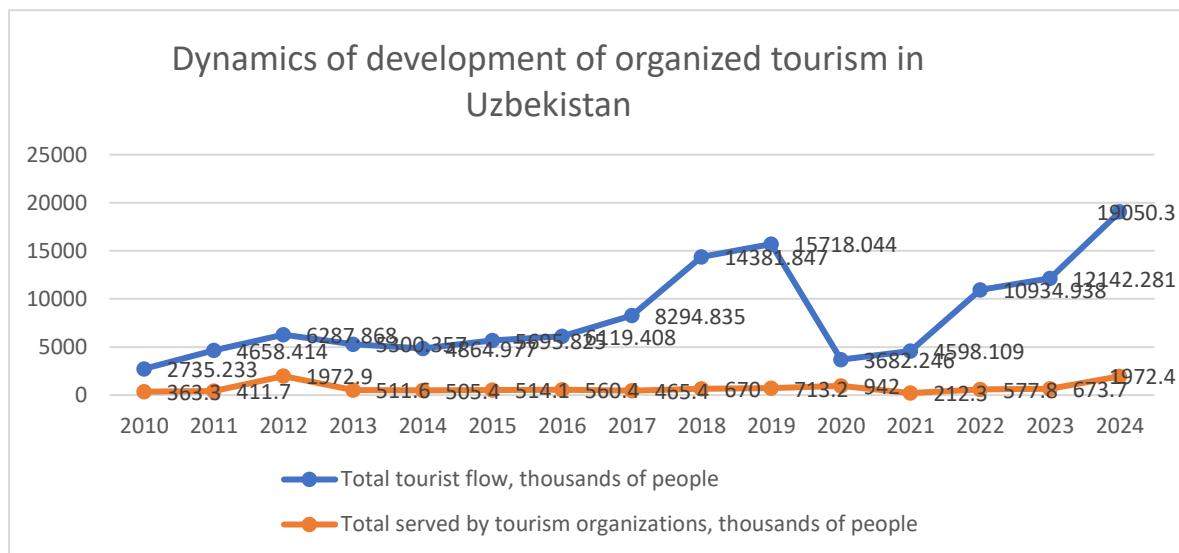


Figure 2. Dynamics of organized tourism development in Uzbekistan for 2010-2024[10]

The dynamics of the incoming tourist flow to Uzbekistan demonstrates rapid growth and reaching pre-pandemic levels. In 2024, the number of foreign tourists visiting the country exceeded the 2019 level by 117.8%. In 2022, compared to 2021, a record growth rate of 278% was observed, and in 2024, compared to the previous year, it amounted to 1270.1%, which indicates a rapid recovery of the tourism industry. This

was also achieved through practical measures to further simplify the visa regime, develop new attractive tourism products, increase business activity, and hold large-scale events in the most significant destinations (holding the SCO summit, business forums). Tourist organizations served 11.7% of the total tourist flow, most of which accounted for the incoming and outgoing flows. According to a sample survey conducted by the Statistics Agency in 2024, the number of trips made by households within the country amounted to 129,467,275 trips, which is an average of 3-4 trips per capita per year.

Table 1. Socio-economic indicators of tourism development in Uzbekistan in 2020-2024.[11]

№	Indicators	2020	2021	2022	2023	2024
1.	Volume of services rendered, billion soums	219978	28438	366891	649806	818,428
	Growth rates of market services rendered, %	113.5	129.3	129.0	177.1	125.9
2.	Inbound tourism, thousand people	1,504	1,881	5,233	6,626	7,957
	Specific weight in the total flow, %	40.85	40.91	47.85	54.57	41.7
3.	Outbound tourism, thousand people	2,001.5	2,194.8	5,163.2	4,787.4	6183.8
	Specific weight in the total flow, %	54.36	47.73	47.22	39.43	32.4
4.	Domestic tourism, thousand people.	176.65	522.1	538.9	728.6	4910.0
	Specific weight in the total flow, %	4.80	11.35	4.93	6.00	25.6
5.	Tourist flow, total, thousand people	3,682	4,598	10,935	12,142	19050.3
6.	Total served by tourist organizations, thousand people	212.3	577.8	673.7	1157.1	1972.9;
	Growth rate of tourists served, %	22.5	272.2	116.6	171.7	170.5
7.	Employment in tourism, thousand people.	231431	190814	208053.	214613.	215,679.
	Employment growth rate, %	100.0	82.4	109.0	103.1	100.4
8.	The share of gross value added created in tourism sectors in the country's GDP, %	8.4	7.	7.8	9.1	9.4
0.	Number of tourist organizations, units.	337.	288.	348.	593.	743.
	Growth rate of the number of tourist organizations, %	65.2	85.4	120.8	170.4	125.3.

The volume of services provided throughout the republic over the past 5 years has demonstrated stable growth rates, which was influenced by tourism. The share of the country's tourism product in the added value increased significantly from 8.4% in 2020 to 9.4%, which is explained by the increasing involvement of producers in the value creation chain through integration processes in clusters, the accelerated development of hotel chains, and the digitalization of the service sector[13-14]. The tourist flow in the republic in 2024 increased almost 5 times compared to 2020 to 16,801 thousand tourists, and significant changes occurred in its structure:

in the total tourist flow, 42.4% is occupied by inbound tourism, while after the pandemic it was 40.85%;

Exit tourism in the country is growing in absolute terms, however, its share in the total flow decreased to 32.4% due to the increase in the importance of domestic tourism and the restoration of inbound tourism; domestic tourism revealed its potential after the coronavirus pandemic, when its share was 4.8% in 2020, almost 6.0 times increased and amounted to 25.6%; the total tourist flow in 2024 increased compared to the previous year by 156.8% due to the growth of the share of inbound and domestic tourism[15].

In order to identify the trends in the formation of demand in the tourism market of the Republic of Uzbekistan in post-pandemic conditions, we conducted a SWOT analysis, which will allow us to develop proposals for increasing tourist arrivals to the country, taking into account the competitive advantages of the national tourism product, opportunities, and overcoming the consequences of the coronavirus pandemic (Table 3).

Table 3. SWOT analysis of Uzbekistan's national tourism product

Strengths	Weaknesses
Active diversification of the tourism product increases its competitiveness; Historical heritage and the past that maintains demand among Russians; Architectural structures, natural and climatic conditions; the legacy of Imam Al-Bukhari, the multinational composition of the population; gastronomic pursuits, national parks, reserves, availability of protected areas; renown and international recognition in rankings; state support for tourism entrepreneurship; "Samsilkroad" tourism cluster modernized infrastructure of main tourist destinations (airports, main roads, roadside infrastructure)	Limited vertical diversification of the tourism product; Relatively high price of the tourism product and low indicator of tourist loyalty; The high share of independent tourism overloads tourism facilities during the season; Lagging behind in the use of digital services and weak content of domestic tourism operators; Weak cultural program, underdeveloped entertainment industry, and nightlife lead to short-term stay of tourists in one destination. The lack of medical insurance hinders the development of health tourism.
Opportunities	Threats
Utilizing the potential of amateur tourism during the off-season; Diversification of nostalgic tours; tourism product "Golden Journey to the Development of MICE Tourism Based on the "Samsilkroad" Tourist Complex";	Violation of tourism product value creation chains leads to an increase in product value; Energy collapses and energy resource shortages during the tourist season; Coronavirus and other diseases pandemic, lockdowns.

implementation of the concept of year-round tourism through winter and summer tours at reduced prices; development of educational products, summer and winter schools stimulates youth tourism; public-private partnership in promoting tourism products through mahallas.	Instability of the political system in neighboring countries.
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SWOT analysis of the republic's national tourism product allowed us to identify the following trends and patterns:

- Analysis showed that tourism operators have begun to actively use vertical diversification tactics to increase competitiveness, taking into account market needs;
- Analysis showed the need to diversify the tourism product in order to develop year-round tourism, which requires a comprehensive approach based on long-term partnerships between states, integration of tour operators with the participation of social communities in the form of mahallas, which can promote nostalgic, pilgrimage, and ethnographic tours;
- it is necessary to further diversify social, youth, inclusive, and ecological tourism by providing discounts during the off-season for the loading of tourist facilities;

4. Conclusion

Destination strategies should be based on comparative and competitive advantages: unique tourism resources, innovative sales technologies and territorial brand promotion, vertical diversification of tourism products covering all levels of national tourism (neighborhood, destination, country).

Opportunities for the growth of tourism are created by the openness of the country, transport infrastructure, and unique natural resources that are not fully involved in tourism. All these problematic aspects, advantages, and opportunities can be taken into account when developing national tourism development programs through:

launching the national "Green Tourism" program (waste control, water conservation in hotels, development of ecotourism and protected areas, promotion of "green" certificates for hotels);

stimulating the development of tourism services infrastructure (investments in hotels 3-4* and international network brands, rdevelopment of infrastructure beyond the country's main destinations of Tashkent, Samarkand, Bukhara and Khiva (small cities, historical villages);

increasing the priority of tourism in state policy (increasing the budget for promoting the country abroad, reducing barriers for investors through tax benefits for tourist facilities), developing long-term strategies, such as "Tourism Vision 2050."

Overall, the current state of the tourism sector in the republic and its development trends are demonstrating positive results. Analysis of the measures being taken for the further development of tourism and future prospects confirms the strategic importance of increasing the competitiveness of national tourism to ensure its sustainable development.

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