

THE DEVELOPMENT OF TOURISM SECTOR IN THE REPUBLIC OF AZERBAIJAN

Shamkhal Mammadov

Tourism Institute of the Republic of Azerbaijan, Azerbaijan

The objective of this abstract is to show the importance and effectiveness of tourism sector in the economic sphere of the country and present it in the XIV Scientific Conference on the subject of Economist for Ecology to be held in Sumy, Ukraine between May 6 and 9 2008. In this thesis I will try to justify the importance of tourism sector development to search the perspectives and problems in this regard in the Republic of Azerbaijan.

The main reason for raising the role of tourism in the economical and integration system of the Republic of Azerbaijan is the country's location in a good geographical and economical position, some international projects pass through its territory and some of the countries use the opportunity of Azerbaijan as a transit service.

Azerbaijan is available for tourism and takes the main place for its geographical area position in carrying freight, and transport passengers as an available - transnational transport corridor in Europe and Asian and East-West.

We look at the Tourism Market in the country as a perspective structure mechanism of its area, territory and structure improvement of its economical system.

According to recent statistics of WTO, tourism provides 10 percent of the world's income and employs almost one tenth of the world's workforce. By the year 2010 these numbers will double. International tourism is the world's largest export earner and an important factor in the balance of payments of most nations. The receipts from international tourism can provide a valuable source of earnings for many countries both developed as well as developing. Although tourism is sensitive to the level of economic activity in the tourist generating countries, it provides more stable earnings than primary products. The income from tourism increases a higher rate than merchandise export in a number of countries. It stimulates investment in infrastructure, most of which also helps to improve the living conditions of local people. Tourism has become one of the world's most important sources of employment and this sector may help regional development in the country. Besides, tourism can be effectively used to address the problems of poverty. However, there are also negative sides of tourism's development for local communities. For example, in most all-inclusive package tours more than 80 percent of travellers' fees go to the airlines, hotels and other international companies, not to local businessmen and workers. Besides, large hotel chain restaurants often import food to satisfy foreign visitors and rarely employ local staff for senior management positions, preventing local farmers and workers from reaping the benefit of their presence. Many tourists never leave the hotel grounds or cruise ship, reducing the possibility of tourist income for local businesses.

Development of tourism industry has multiplier effect on country's economy, there for tourism's income is not easy to measure. The multiplier theory has been created by Keynes. In according to Keynes's theory the flow of money generated by tourist spending multiplies as it passes through various sections of the economy. The benefits from infrastructure investments, justified primarily for tourism – airports, roads, water supply and other public utilities – may be widely shared by the other sectors of the economy. Tourist facilities such as hotels, restaurants, museums, clubs, sports complexes, public transport and national parks are used also by domestic tourists and visitors, businessmen and residents, yet a significant portion of the costs may be borne by international tourists. The flow of money generated by tourist spending multiplies as it passes through various sections of the economy through the operation of the multiplier effect. In other words, tourist expenditure not only supports the tourist industry directly but helps indirectly to support many other industries which supply goods and services to the tourist industry.

It is significant social impacts of tourism. This sector of economy is a powerful force for improving international understanding and contributing to peace among all the nations of the world.

In particular possible positive effects of tourism:

As a perspective way the social-economical importance of tourism and its role in Azerbaijan economy is mainly supported with the way using optimally of oil incomes and economical raise. The optimal distribution system has to be assisted with the way of increasing of tourism incomes according to the fall temp of oil incomes. That's why the tourism field and its regional specters are priority directions for social and economical development of the republic.