

## **THE ROLE OF TOURISM IN THE GLOBAL ECONOMY**

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The relevance of this topic lies in the fact that tourism greatly affects the development of the economy of any country. The tourist potential of various states is a very difficult concept, difficult for an unambiguous interpretation and assessment. This fact largely depends on the service level which tourists are used to, there are objects of cultural, natural, and historical heritage of each particular state, different in origin and essence. At the same time, several external factors of the political, economic, cultural, social, and psychological nature represent significant influence on the indicators of the attractiveness degree for the mentioned above tourists' orientation.

The purpose of the article is to analyze the impact of the tourism market on the world economy, to predict the future development of tourism as a sphere. The economic functions of tourism primarily include the economic benefits that it provides. Indeed, tourism stimulates the development of infrastructure elements – hotels, restaurants, trade enterprises and the like. It predetermines increase in the revenue of the budget due to taxes, which can be direct (payment for a visa, customs duty) or indirect (increase in workers' wages causes increase in the amount of income tax that they pay to the budget) [2, c. 576]. In addition, as noted above, tourism has ample opportunities to attract foreign business relations and various kinds of investments. One more equally important economic function of tourism is the diversification of the economy, forming minor industries that serve the tourism industry, providing increase in the income of the population and increase in the welfare of the nation. Nevertheless, the positive impact of tourism on the state economy occurs only if it develops in all directions, that is, rapidly evolving tourism does not turn the country's economy into a service economy. In other words, the economic efficiency of tourism provides that it should advance in a particular state in parallel and in conjunction with other sectors of the state's socio-economic complex.

There is a direct link between trends in the development of the tourism industry and overall economic, technical and social gains. The growing of standard of living in developed industrial countries of the world leads to increase in the duration of vacations for workers and suggests a rather high level of retirement benefits, which also has a significant impact on the development of tourism [4, c 126].

The demand for travel and tourism is determined simultaneously by market mechanisms (demand for tourist visits, excursions and other services, delivering these services and their distribution), and exogenous variables, i.e. factors not directly related to tourism and travel, but having a significant impact on the degree and form of demand for tourism activities. Exogenous factors include demographic and social change, economic and legal gains, trade development, information technology upgrade, transport infrastructure reformation and improved travel safety.

Demographic and social changes include: aging population, earlier retirement with sufficient retirement benefits, increasing age paid vacation, increasing number of single

adults, increase in the number of working women, families with two working family members, a trend towards later marriages, increase in the number of childless families, better understanding of travel opportunities and care for the environment. Thus, the changes taking place in the demographic structure and social models of society lead to increasing the number of people in the world who have spare time, desire and financial ability to travel.

In the practice of tourism activities, there are countries that are suppliers of tourists (sending countries) and countries that, as a rule, receive tourists. The former include: the USA, Germany, England, Belgium, Denmark, etc. The latter include France, the USA, Spain, Italy, Hungary, etc. The WTO statistics show that international travel and income from sending countries have recently grown in all regions of the world. The WTO experts point out that there is a close link between tourism development trends and the general condition of a country's economy. Travel dynamics are very sensitive to whether the economy is booming or declining.

The analysis of the tourism market in each tourism region of the world covers: the history of development, the current condition, the prospects of the global tourism sector. It pursues the main goals:

- to identify those regions where international tourism is increasing and those where it is decreasing;
- to explain the reasons for the significant differences in the geographical distribution of the number of tourists and the income from their stay and the dynamics of these differences;
- to identify those countries where international tourism has great potential to become an important element of economic development.

The economic space of the socio-cultural sphere and tourism covers most of the world economy. Many developed countries consider tourism and the service sector a priority area of their economic development, since this industry is very attractive in terms of investment. Furthermore, it contributes to the development of the infrastructure of the region or country, the inflow of foreign exchange. An example of targeted programs for the development of tourism shows the direct effect of their implementation: namely, the construction of hotels, restaurants, ski resorts, roads, etc. Still, the implementation of these programs requires investment in other sectors of the national economy: construction, manufacturing. The multiplicative effect of the program implementation implies the involvement of various business entities in this type (advertising agencies, trade enterprises, public catering, entertainment establishments, transport companies), which ensures the flow of money into local, regional and federal budgets.

The COVID-19 pandemic should lead to a critical rethink of the global tourism growth model due to the interconnected causes of the risks associated with global travel and the sector's contribution to climate change. The 'success' of tourism has historically been defined by tourism organizations – UNWTO, ICAO, CLIA or WTTC – as an increase in the number of tourists [5, c 16]. This perspective has already been questioned in the context of the global financial crisis, and as the issues of over-tourism, climate change and the COVID-19 pandemic illustrate, this point of view is outdated. While growth lobbyists give publicity

to climate change and the SDGs regularly, there is no evidence-based climate change mitigation strategy and general concealment of the pandemic and other risks that the global tourism system imposes on itself and the global economy. Volume growth agendas appear to be promoted by individuals and large businesses that profit from such growth patterns. UNWTO is a prime example of a supranational organization that is responsible for advancing the SDGs as a whole, but in its current form it is a platform to protect growth. Thus, the COVID-19 crisis should be considered as an opportunity to critically rethink the growth trajectory of tourism and challenge the logic of increasing arrivals with great benefits. This reconsideration could start with an overview of positive outcomes of the COVID-19 pandemic. For example, as a result of a significant demand decrease, airlines have begun to abandon old and inefficient aircraft. Video conferencing, which has been neglected for many years to reduce transport demand, has become widespread among freelance workers, including distance learning students and business travelers who avoid nonessential air travel.

Despite the pandemic crisis, international tourism will continue to develop despite the risk of an economic downturn, as tourism demand has its own determinants. The pandemic will be able to reboot the tourism sector, introduce new vectors for the development of this sector, which will certainly have a positive impact on the world economy development as a whole. It is also undeniable that the international disparity in the tourism sector is significant. To achieve equal success in the world, new approaches to promoting tourism development must be based on international cooperation. Consequently, international cooperation and agreements between the key tourism units (hotels, transport and travel companies) should guarantee the future development of the industry. Tourism as a form of social and cultural activity and as an industry that produces services arising within travelling is an important sphere of the economy, further development and improvement of which will contribute to increase in state revenues.

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