



IMPACT OF COVID-19 ON UZBEKISTAN'S TOURISM INDUSTRY

The novel coronavirus outbreak affects almost every area of life in many parts of the world. With the arrival of summer, the tourism industry was expected to revive. However, this tourist season is far from the previous years' activity due to the pandemic. Because of the highly contagious virus, businesses in tourism, like in other sectors, try to gain the trust of tourists by implementing several measures. As leaders of many countries of the world, President of Uzbekistan Shavkat Mirziyoyev pays special attention to the country's tourism industry. Accordingly, Uzbek authorities make efforts to protect businesses in the sector from the economic impact of the outbreak as much as possible. Due to its historical monuments and cultural legacy Uzbekistan is among the most popular foreign tourist destinations. Similar to other countries, the Uzbek government started to take strict measures after the first COVID-19 cases had been detected in Uzbekistan on March 15, 2020. The suspension of air, rail, and road services and the quarantine regime are among the key measures. Within the general economic structure, these measures mostly affect the service sector and especially the tourism industry. When comparing the data of the State Committee for Tourism Development of Uzbekistan for the first quarters of 2018-2020, we can observe a continuous upward trend. Thus, in January 2018, the number of tourists who visited the country amounted to 266,100. This figure grew by 64.3% to 437,200 in 2019, and then to 538,300 in 2020, which represents a 23.1% increase. The number of tourists that amounted to 265,000 in February 2018 rose by 48.5% to 393,500 in the same month of 2019. Then it reached 440,200 with an 11.9% increase in February 2020. When reviewing the figures for March, we can witness the consequence of the coronavirus pandemic as the number of tourists, which grew from 441,100 in 2018 to 549,400 with a 24.6% increase in 2019, fell to 221,000 in March 2020. As a result, the number of tourists visiting the country in the first three months of 2020 only reached 1.12 million, which is

a significant reduction in comparison with 1.38 million in the first quarter of 2019. Looking at the countries where tourists come from, we see that the majority of them, or 95.6%, come from the Commonwealth of Independent States (CIS) countries. Among the CIS countries, Kazakhstan ranks first with 397,600 tourists, followed by Tajikistan with 332,700 visitors, and Kyrgyzstan with 298,100 travelers to Uzbekistan. According to the State Committee for Tourism Development, the overall number of tourists that visited Uzbekistan in 2018 amounted to 5.34 million, while in 2019, it grew by 35% to 6.74 million. This increase was also reflected in tourism revenues, allowing them to increase from \$1.04 billion in 2018 to \$1.34 billion in 2019. It is clear, however, that revenues of the country's tourism industry will substantially decrease this year. There is also a decrease in the number of people traveling abroad from Uzbekistan due to quarantine measures worldwide. In the first three months of 2020, the number of Uzbek citizens visiting foreign countries amounted to 1.4 million people, which is a 16.7% drop compared to 2019. This general trend is also a phenomenon affecting the Uzbek tourism industry. On May 28, 2020, President Mirziyoyev signed a decree on urgent measures to support the tourism sector to reduce the negative impact of the coronavirus pandemic. According to this decree, the tourism industry in the country is planned to resume in three stages. In the first stage, obstacles to the movement of Uzbek citizens within the country will be removed to revive domestic tourism. In the second stage, it is envisaged to accept citizens of the CIS member countries, and in the third stage – nationals of third countries. In this context, tourism facilities in Uzbekistan carry out preparation works under the necessary hygiene and health rules within the scope of the project "Uzbekistan. Safe travel guaranteed". The economic support measures provided by the Uzbek government to the tourism industry includes tax reductions, grant support, and the extension of the loan repayment

period. For example, during June 1-December 31, 2020, a 50% discount will be applied to tax payments of tour operators, travel agencies, hotels, and hostels. On the other hand, it was announced that tour operators would receive a grant of \$982, while new tourism projects would be provided with the financial support of around \$14,000. The Central Bank and the State Tax Committee approved the extension of the loan repayment period in the field of tourism to 24 months. Moreover, additional benefits will be provided in customs procedures of products imported by the tourism industry such as spare parts and disinfectants for hotels.

In addition to the tourism industry, the pandemic has also adversely affected the transportation and aviation fields. Therefore, it is planned to resume the Open Skies regime, which was previously on the agenda in October 2019. The regime will be reintroduced on August 1, 2020, for two years. The first charter flight from Istanbul to the historical city of Bukhara within the Open Skies regime was made in November 2019. Under this regime, foreign airlines can perform international passenger and cargo flights to the designated Uzbek airports in Nukus, Termez, Bukhara, Navoiy, Urgench, Andijan, Fergana, Namangan, and Samarkand. Thus, Uzbekistan tries to overcome the challenges experienced in the tourism, aviation, and transportation sectors by facilitating passenger travel and cargo transportation, via both transit and direct flights. In addition, it is planned to make domestic airline transport more attractive by reducing transportation costs to various parts of the country.

In summary, as seen from its decisions, the government of Uzbekistan focuses on addressing economic and transportation problems in the tourism industry and convincing tourists that strict measures are taken on health and hygiene matters. In the coming period, it will become clear if the support measures taken by Uzbekistan, which has the best-known tourism centers in Central Asia, have positive effects on its domestic tourism industry.

Politics, Foreign Affairs, and Security

- SCO Secretary-General Vladimir Norov attended the opening of the Virtual Counter-Terrorism Week organized at the UN as part of the webinar “Post COVID-19 World: Contours, Pivot Points and Benefits of Multilateral Collaboration”. In his speech, Norov stated that the current socio-economic crisis, combined with contactless communication technologies, forms fertile soil for the spread of destructive ideas among young people. He also noted that sleeping terrorist cells can take advantage of the political and economic chaos caused by the pandemic (SCO, 07.07.2020).
- The 15th meeting of the Council of Heads of Financial Intelligence Units of the CIS member states was held via video conference. The parties discussed the council's work in assessing risks and threats in the field of preventing money laundering and terrorist financing, including through the implementation of the international operation “Barrier”. They also addressed the organization of an information exchange system between their agencies and the monitoring of criminogenic behavior in the cryptocurrency market (CIS Executive Committee, 08.07.2020).
- OSCE Project Coordinator in Uzbekistan John MacGregor hosted two online roundtable discussions that focused on rule of law and foreign policy. Both fields are among the main priority areas of the country's state program for 2020, which is part of the 2017-2021 national action strategy. Participants of the first event discussed policy reforms concerning the judiciary and areas that need further improvement. The second event addressed the implementation of a balanced, mutually beneficial and constructive foreign policy by Uzbekistan (OSCE, 10.07.2020).
- The State Security Service and the Ministry of Internal Affairs of Uzbekistan detained 38 young people on charges of involvement in terrorist and extremist organizations. 15 members of an underground group of the extremist movement “Jihadists” were apprehended in the Boysun district of the Surkhandarya region. In the city of Jizzakh and the Sharof Rashidov district of the Jizzakh region, authorities arrested 23 members of another radical group (Uzbekistan 24, 08.07.2020).
- The Russian Federal Security Service (FSB) detained recruiters of the international terrorist organization “Katiba al-Tawhid wal-Jihad” in the city of Kaliningrad. According to the FSB, four nationals of unnamed Central Asian countries recruited labor migrants from Central Asia for a subsequent transfer to combat zones. During the searches, the FSB discovered extremist literature, flags and attributes of the terrorist organization (TASS, 08.07.2020).
- According to the Ministry of Defense of Azerbaijan, the Armenian armed forces committed a provocation on the Azerbaijani-Armenian state border in the Tovuz district. The Armenian side reportedly violated the ceasefire and attacked positions of the Azerbaijani army using artillery mounts. The ministry stated that there were losses on both sides and that the Armenian units had been defeated and driven back (Ministry of Defense of Azerbaijan, 12.07.2020).

Economy, Finance, and Energy

- The Council of the Eurasian Economic Commission (EEC) held a meeting via videoconference to discuss urgent issues of the Eurasian Economic Union (EAEU). In particular, the council ordered to create a committee for settling disputes related to moving goods in the EAEU. It also ordered to send a draft agreement on simplifying the existing system of transit of goods for review by the member states. In addition, amendments were made to the EAEU's regulations on safety of milk and dairy products and phytosanitary control procedures (EEC, 10.07.2020).
- According to Kazakhstan's Ministry of Agriculture, in 2019, the country's agricultural sector attracted \$1.1 billion of investments, which was a 41% increase compared to 2018. In Kazakhstan, about 20% of the workforce is employed in agriculture, and 80% of the land area is suitable for agricultural purposes. The COVID-19 pandemic revealed the importance of food security, and, taking into account the increase in foreign demand for domestic agricultural products, the crop area was increased to 22.5 million hectares (The Astana Times, 10.07.2020).
- The World Bank will provide a \$500 million loan to Uzbekistan for the implementation of an agricultural modernization project. Agriculture is an important sector of the Uzbek economy as it employs 27% of the working-age population (3.6 million people), contributes 28% of the GDP and accounts for 10% of the country's exports. The project is expected to improve access of Uzbek farmers to modern technologies, technical consultations, support services for various stages of production, agrology, phytosanitary, and sales (UzDaily, 12.07.2020).
- The heads of the government transport agencies of Turkmenistan and Turkey held negotiations via videoconference to discuss ways of developing bilateral cooperation in the transport sector, in particular, the effective use of transport corridors and air routes. The parties also focused on the role of logistics companies in the development of cargo transportation and the implementation of the Lapis Lazuli international transit route (MFA of Turkmenistan, 08.07.2020).
- According to the Ministry of Energy and Water Resources of Tajikistan, the modernization of one of the generating units of the Nurek hydropower plant will be completed by December 2020, as part of the first phase of the plant's reconstruction, which began in March 2019. The project is implemented by the Austria-based international technology group Andritz. After its modernization, the capacity of the plant is expected to increase by 10% and reach 3,300 MW (Avesta, 10.07.2020).
- The supervisory board of the Belarus Hi-Tech Park registered 71 companies as its new residents. Apart from Belarus, these companies, specializing in healthcare, logistics, financial technologies, digital commerce, consulting, gaming, and software development for agribusiness, represent Germany, Israel, Switzerland, the United Kingdom, and the United States. At present, the park is home to 886 companies that employ about 63,000 people (BelTA, 10.07.2020).

Society and Culture

- The Health Scientific Group of the Turkic Council held its first videoconference meeting to follow up on the decisions of the council's Health Coordination Committee. High-ranking health officials and practitioners of the Turkic Council member and observer states discussed cooperation opportunities in developing new methods for the prevention, diagnosis and treatment of COVID-19. The Turkish Ministry of Health agreed to provide epidemiological training to medical workers from other member states (Turkic Council, 08.07.2020).
- The Turkish Language Association formerly known as Turkish Linguistic Society, founded at the initiative of Atatürk on July 12, 1932, held an online meeting dedicated to its 88th anniversary. The event was attended by Turkish officials and scholars, representatives of the Yunus Emre Institute, TURKSOY and TWESCO, as well as prominent Turkologists from Turkic speaking countries. Participants were introduced to the work done by the Turkish Language Association and its future plans (TWESCO, 12.07.2020).
- The Council of Muslim Religious Communities of Lithuania held an event “Bow and Arrow of the Golden Horde” in the Lithuanian city of Trakai. The event was organized with support of the Turkish Cooperation and Coordination Agency (TIKA) as part of the project to back cultural activities of ethnic Crimean Tatars who reside in Lithuania for centuries. This year, TIKA will also organize the seventh summer school for Lithuanian Crimean Tatars (Haberler.com, 10.07.2020).
- The Ministry of Higher and Secondary Specialized Education of Uzbekistan, the Delegation of the European Union (EU) to Uzbekistan and the United Nations Development Program (UNDP) launched a cross-border initiative aimed at supporting the economic rights of young Afghan women. The project envisages providing them with educational grants to study in Uzbekistan and Kazakhstan. The EU provided a grant of €2 million for this initiative, which will be implemented by the UNDP until 2025 (UNDP, 10.07.2020).
- Tajikistan's Ministry of Labor held an online meeting with the Russian Ministry of Internal Affairs to discuss the current situation of Tajik labor migrants in Russia. The Tajik side called on the Russian authorities to support Tajik citizens during this difficult period related to the COVID-19 pandemic. According to the Russian side, under the current epidemiological situation, Russia provides a number of benefits for foreign citizens staying in the country. In particular, residence and work permits of Tajik nationals were extended until September 15, 2020 (Sputnik, 08.07.2020).
- The UN World Food Program and Tajikistan's Committee for Environmental Protection signed an agreement to launch a climate change adaptation project, which will be funded by the Green Climate Fund. Over the next four years, nearly 115,000 vulnerable people in rural Tajik communities will receive climate information and weather alerts and learn how to improve their food security through sustainable use of land and natural resources (Asia-Plus, 08.07.2020).