



STATE FUNCTIONS: REGULATION, STANDARDIZATION, FINANCIAL SUPPORT, PROMOTION OF TOURISM PRODUCT

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Abstract

This scientific article analyzes the main functions of the state in the tourism and hotel industry – regulation, standardization, financial support, and promotion of tourism products. Tourism is one of the most dynamically developing sectors of the global economy, and the coordinating and supporting role of the state in its development is of great importance. The study uses comparative analysis, systematic approach, statistical analysis, and document analysis methods. Institutional reforms, improvements in the regulatory framework, implementation of international standards and certification systems, tax incentives, subsidies and grants mechanisms, as well as measures taken to develop the tourism brand and promote it internationally in the Republic of Uzbekistan are analyzed. The research results substantiate the interdependence of these four main functions of the state and their importance for the sustainable development of the tourism sector. Practical recommendations for promising areas of industry development are developed in the article.



Keywords: Regulation, standardization, financial support, promotion of tourism products, tourism policy, hotel industry, certification, subsidies, Uzbekistan.

Introduction

Tourism is considered one of the most dynamic and promising sectors of the global economy. According to the World Tourism Organization (UNWTO), the tourism sector accounts for approximately 10% of global gross domestic product, and 1 out of every 10 jobs in the world is directly or indirectly attributable to this sector. In recent years, special attention has been paid to the development of tourism and hospitality in the Republic of Uzbekistan. In 2025, 11.7 million foreign tourists visited the country, and exports of tourism services exceeded 3.6 billion US dollars. According to the “Uzbekistan – 2030” strategy, the tasks of increasing the number of foreign tourists to 20 million by 2030, raising tourism’s share in GDP from 3.5% to 7%, and increasing tourism service exports to over 6 billion dollars have been set.

The role of the state is crucial in achieving these strategic goals. The state performs four main functions in the tourism sector: regulation (creating and monitoring the legislative framework), standardization (setting uniform requirements for service quality), financial support (stimulating the sector through subsidies, tax incentives and other financial instruments), and promotion of the tourism product (creating the country’s tourism brand and promoting it internationally). The coherence and consistent implementation of these four functions ensure the sustainable development of the tourism sector.

The purpose of this research is to analyze the content, implementation mechanisms, and effectiveness of the state’s main functions in the tourism and hospitality sector – regulation, standardization, financial support, and promotion of the tourism product – using the example of the Republic of Uzbekistan, as well as to identify promising directions for the sector’s development.

LITERATURE REVIEW ON THE TOPIC

The state's functions in the tourism and hospitality sector have been widely studied in foreign and domestic literature. International financial institutions (the World Bank, the International Monetary Fund, the European Bank for



Reconstruction and Development) have developed guidelines and methodologies on public governance in tourism, improving the investment climate, and institutional reforms. According to the World Bank and OECD definitions, the state's main functions in the tourism sector include forming the legislative framework, controlling service quality, developing infrastructure, and expanding international cooperation.

In the scientific works of Uzbek scholars, the current state of the country's hotel industry, development trends, and state support measures have been studied. In particular, Sayfutdinov and Khalimova (2019) analyzed issues of hotel industry infrastructure, its development factors, and state regulation mechanisms. Abdullaeva (2021) studied the certification system for tourism services in Uzbekistan, existing problems, and development paths. Domestic researchers have analyzed, based on statistical data, the advantages of applying the public-private partnership mechanism in the tourism sector, practices in foreign countries, and the legal framework of Uzbekistan.

Scientific research has also been conducted on standardization and certification in tourism, the importance of implementing international standards, green certificates, and the principles of sustainable tourism. Financial support mechanisms, in particular the system of subsidies, tax incentives, and grants, are reflected in the resolutions of the Cabinet of Ministers and decrees of the President of the Republic of Uzbekistan. In the field of promoting the tourism product, special attention has been paid to strengthening Uzbekistan's brand in the global tourism market, participating in international exhibitions, and holding road shows and PR campaigns abroad.

However, the existing literature does not sufficiently cover a systematic and comprehensive analysis of the state's four main functions in the tourism and hospitality sector (regulation, standardization, financial support, and promotion of the tourism product). This article aims to fill that gap.

RESEARCH METHODOLOGY

The research employed comparative analysis, a systematic approach, statistical analysis, and document study methods. Through the comparative analysis method, the models of state governance in tourism and hospitality, regulation mechanisms, and standardization systems of Uzbekistan and foreign countries



were compared with each other. The systematic approach method allowed for the analysis of the state's functions in the interrelation of institutional, financial, legal, and social factors. Using the statistical analysis method, official data from the State Statistics Committee of the Republic of Uzbekistan, the Tourism Committee, and international organizations for the years 2023–2025 related to the tourism sector were analyzed. Using the document study method, the Law of the Republic of Uzbekistan "On Tourism", the "Uzbekistan – 2030" strategy, presidential decrees and resolutions, normative legal documents of the Cabinet of Ministers, reports on the activities of the State Enterprise "Tourism Services Certification Center", as well as reports from international organizations (UNWTO, WTTC) were analyzed.

ANALYSIS AND RESULTS

One of the most important functions of the state in the tourism and hospitality sector is the creation of a systemic regulation mechanism and its effective implementation. In the Republic of Uzbekistan, the adoption of the Law "On Tourism" in 2019 was a significant step in this regard. The law established the rules for providing hotel services, the booking procedure, the registration of visitors, and other requirements. Licensing, certification, and permitting procedures for opening and operating hotels were simplified. By Resolution No. PQ-238 of July 27, 2023, measures for the effective organization of state governance in the field of culture and tourism were approved, and tourism departments of the Republic of Karakalpakstan, regions, and the city of Tashkent were established.

According to Presidential Decree No. PF-217 of November 18, 2025, the Tourism Committee was designated as the republican executive authority implementing state policy for the regulation and development of the tourism sector. These institutional changes are aimed at forming a vertical system of sector management, clearly defining powers, and increasing the effectiveness of tourism policy implementation at the local level. Regulation mechanisms, while maintaining the state's control function, serve to stimulate private sector activity, reduce bureaucratic barriers, and improve the investment climate.

The second important function of the state is to raise the quality of tourism and hotel services to the level of international standards and to introduce a unified



standardization system. The State Enterprise "Tourism Services Certification Center" was established in accordance with Resolution No. PQ-135 of the President of the Republic of Uzbekistan dated February 18, 2022, and it carries out certification of hotel and tourist-excursion services. Certification of tourism services is mandatory under the Law of the Republic of Uzbekistan "On Tourism", and a tourism entity does not have the right to provide tourism services that have not passed certification.

During 2022–2024, the State Enterprise "Tourism Services Certification Center" certified 1,337 tourism facilities, including 1,285 accommodation facilities and 52 tour operator services. 37 hotels were awarded a "star" category, including 24 three-star, 8 four-star, and 4 five-star hotels. In the field of standardization, the State Enterprise "Tourism Services Certification Center" is the Working Body of the Technical Committee for Standardization STQ 4 "Tourism and Cultural Heritage". During the reporting period, a total of 16 state and national standards related to tourism were developed, covering areas such as beach activities, medical tourism, spa and sanatorium-resort services in hotels, ecological tourism, and requirements for visiting cultural and historical heritage sites.

Analysis of data from international booking systems is regularly carried out by the state. During 2022–2024, the State Enterprise "Tourism Services Certification Center" conducted inspection control at 1,631 tourism facilities, and in cases of non-compliance, the validity of the certificate was terminated. A point-based classification system for star-rated hotels was introduced based on the Hotelstars Union's international standard Criteria 2020–2025, which aims to ensure alignment with international requirements. One of the important directions of standardization is the introduction of "green" certificates and sustainable development requirements. Work is being carried out on uniform standards for environmental management, energy efficiency, and the introduction of "green" technologies in the hotel sector.

The third important function of the state is to stimulate and support the tourism and hotel sector through various financial instruments. By Resolution No. 550 of September 7, 2024, a number of regulatory legal documents in the field of state support for hotel industry activities were approved. The procedure for allocating subsidies to investors for the construction and equipping of new hotels has been established. The subsidy is granted once, in the amount of 40 million soums per



room for 3-star hotels and 65 million soums for 4-star and 5-star hotels. To support small and medium-sized businesses, customs incentives are provided until 2030 to entrepreneurs who have started building a hotel under a brand included in the top 50 of "Brand Finance" company.

From March 1, 2026, subsidies will be allocated annually for up to 10 best projects, covering 50% of costs, not exceeding 1 billion soums, related to the development and implementation of new types of tourism services – tourism startups. 50% of costs related to obtaining internationally recognized "green" certificates for hotels will be reimbursed by the state. From April 1, 2026, a procedure will be introduced to refund 50% of the value added tax amounts paid by business entities that organize international conferences and events (MICE tourism) and attract at least 100 foreign tourists to them, for organizing these events. Until January 1, 2027, buses, electric buses, and minibuses imported by tourism sector entities are exempted from customs duties, which serves to reduce tourist transport costs.

The fourth important function of the state is to create the country's tourism brand and effectively promote it in international markets. The Tourism Committee of the Republic of Uzbekistan is implementing a number of important initiatives in this direction. In 2025, the Tourism Committee, in cooperation with the "Silk Road" International University of Tourism and Cultural Heritage, conducted free online marketing courses for craftsmen and entrepreneurs. The goal of the training was to support the development of the tourism sector by promoting national souvenir products on modern digital platforms and expanding the export potential of local producers. More than 100 representatives of small and medium-sized businesses participated in the courses, where participants acquired skills in branding souvenirs and handicraft products, working with online sales platforms (Uzum, Wildberries, Ozon, ZoodMall, eBay, Etsy), delivery, logistics, and online payments. Special attention was paid to promoting tourism products and souvenirs on social networks and international markets.

The Tourism Committee has reached international agreements to study targeted foreign markets, such as Bahrain, and to establish experience exchange in promoting tourism products. Active cooperation with leading global media platforms, large-scale road shows abroad, participation in international exhibitions, and articles published in foreign media have significantly



strengthened Uzbekistan's brand on a global scale. Since April 2025, Uzbekistan has been receiving more than 1 million foreign tourists per month, and in 2025, exports of tourism services reached a record level – exceeding 3.6 billion US dollars. These achievements are, of course, a direct result of the state's systematic activities in promoting the tourism product.

CONCLUSION AND RECOMMENDATIONS

The state's four main functions in the tourism and hospitality sector – regulation, standardization, financial support, and promotion of the tourism product – are closely interrelated, and their consistent and balanced implementation ensures the sustainable development of the sector. While the Republic of Uzbekistan has achieved significant progress in performing these functions in recent years, a number of systemic problems still remain.

In the area of regulation, the powers of central and local tourism departments have been clearly defined and a vertical governance system has been created. However, there are problems such as imbalances between central and regional tourism departments, limited capacities of local budgets, and inconsistencies between some regulatory legal documents. In the field of standardization and certification, the transition to international standards and the development of uniform requirements for industries and service types are positive trends. At the same time, the main problems are the low qualification and foreign language proficiency of local hotel staff, insufficient levels of international certification, and the slowness of the process of introducing "green" certificates and sustainable tourism standards.

Financial support mechanisms have been significantly expanded in recent years. Although a system of subsidies, tax and customs incentives, and grants has been introduced, some measures have not yet been fully implemented or their effectiveness has not been evaluated. In the area of promoting the tourism product, while active participation in international exhibitions, holding road shows abroad, and promoting the national brand on digital platforms are underway, the country's tourism image has not yet been sufficiently strengthened, and marketing strategies for target markets have not been systematically developed.



To address the above conclusions and existing problems, the following recommendations have been developed. First, further improvement of regulation – clearly defining powers between central and local tourism departments, harmonizing regulatory legal documents with each other, simplifying the system for issuing permits and licenses based on the "single window" principle, and increasing digitalization in sector regulation. Second, developing standardization and certification – improving the system for upgrading hotel staff qualifications and teaching foreign languages, encouraging hotel certification according to international standards (ISO 9001, ISO 14001, Green Key) and introducing tax incentives or subsidies for this purpose, stimulating the introduction of "green" certificates and sustainable tourism standards, and creating additional incentives for hotels using energy-saving technologies.

Third, expanding financial support mechanisms and increasing their effectiveness – ensuring the targeting and transparency of subsidies and incentives, widely applying public-private partnership mechanisms to attract investments into the tourism sector, creating additional incentives for startup projects and "green" technologies, and expanding the capacity of local budgets to support tourism. Fourth, improving the strategy for promoting the tourism product – developing a unified and strong national tourism brand concept and actively promoting it internationally, developing separate marketing strategies for target markets (CIS, Middle East, South Asia, China, Europe, and America), expanding digital marketing, social media, and cooperation with influencers, and establishing systematic participation in international tourism exhibitions, road shows, and B2B events.

In general, the consistent and harmonious implementation of the state's four main functions in the tourism and hospitality sector is one of the important conditions for achieving the strategic goals of tourism sector development set out in the "Uzbekistan – 2030" strategy – increasing the number of foreign tourists to 20 million by 2030, raising tourism's share in GDP to 7%, and increasing exports of tourism services to over 6 billion dollars.



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