



TOURISM EXPORT DEVELOPMENT IN UZBEKISTAN: THE ROLE OF INSTITUTIONS AND REGIONAL INTEGRATION

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Abstract

This research article investigates the role of institutional factors and regional integration in the development of tourism services exports in Uzbekistan. Drawing on institutional economics and theories of comparative advantage, the study explores how formal institutions (e.g., regulatory quality, policy implementation) and informal institutions (e.g., trust networks, cultural affinity) shape the trajectory of tourism exports. A comparative analysis with Kazakhstan and Turkey has been conducted using a qualitative-dominant mixed-methods approach that includes institutional benchmarking, policy review, and statistical data analysis.

The research findings reveal that while Uzbekistan has made strides policy reform and visa liberalization in tourism, it still lags behind in institutional efficiency and regional coordination. Kazakhstan demonstrates relatively stronger governance indicators but faces implementation bottlenecks. Turkey serves as a benchmark for successful tourism export policy with its mature institutional ecosystem and strategic use of cultural diplomacy.

The research concludes that institutional modernization, enhanced public-private partnerships, and pragmatic regionalism—through mechanisms such as joint branding and visa integration—are key to unlocking Uzbekistan's tourism export potential. The study contributes to the literature on export competitiveness and regionalism in emerging economies, providing actionable policy insights for Central Asia.



Keywords: Tourism services export, institutional factors, regional integration, Uzbekistan, Kazakhstan, Turkey, informal institutions, comparative analysis.

Introduction

In recent decades, the global trade in services has experienced a substantial transformation, with tourism services emerging as a key driver of economic growth for developing economies. The export of tourism services not only generates foreign exchange earnings but also catalyzes investment, employment, and institutional reform. However, the successful development of this sector is contingent upon the quality of formal and informal institutions as well as the extent of regional integration.

Theoretical perspectives provide valuable insights into the determinants of competitive advantage in tourism exports. Porter's Diamond Model emphasizes the role of factor conditions, demand structure, firm strategy, and institutional support in enhancing national competitiveness (Porter, 1990). Meanwhile, Douglas North's institutional theory highlights the influence of formal rules and informal norms in shaping economic performance, particularly in transition economies (North, 1991). Furthermore, Ricardo's theory of comparative advantage offers a foundational rationale for the specialization and export of services based on relative efficiencies and resource endowments (Ricardo, 1817).

Despite its rich cultural heritage, strategic geographic location, and growing tourism sector, Uzbekistan's tourism services exports remain underutilized. The country faces various institutional challenges, including regulatory complexity, limited coordination mechanisms, and underdeveloped cross-border tourism cooperation. Compared to regional peers such as Kazakhstan, and benchmark economies like Turkey, Uzbekistan is yet to unlock its full export potential through effective institutional arrangements and regional collaboration.

This study aims to examine the role of institutional factors—both formal (legal frameworks, policy incentives, public administration) and informal (networks, norms, cultural perceptions)—in shaping tourism services exports in Uzbekistan. A comparative institutional analysis with Kazakhstan and Turkey is conducted to identify critical gaps and best practices. The paper also explores



the prospects for regional tourism integration in Central Asia, focusing on how harmonized institutional frameworks could enhance the region's collective competitiveness in the global tourism market.

Research methods

This research employs a **comparative institutional analysis** framework to examine how formal and informal institutions influence the development of tourism services exports in Uzbekistan, Kazakhstan, and Turkey. The study adopts a **qualitative-dominant mixed-methods approach**, incorporating secondary data analysis, policy review, and comparative benchmarking.

A multi-country case study design is used to compare institutional structures and tourism export strategies in Uzbekistan, Kazakhstan, and Turkey. These countries were selected based on their shared regional ties (Central Asia and the Turkic world), varying levels of institutional maturity, and different stages of tourism sector development.

Drawing on **North's (1991)** definition of institutions as "the rules of the game," this study analyzes both formal (e.g., tourism laws, government strategies, public-private partnerships) and informal institutions (e.g., trust, social norms, cross-border cooperation networks). This framework enables the identification of institutional barriers and enablers in each context.

The study applies **benchmarking techniques** and **institutional capacity scoring**, inspired by methodologies used in the World Economic Forum's **Travel & Tourism Competitiveness Index** (WEF, 2021) and the **Worldwide Governance Indicators** (World Bank, 2023). These allow for a structured comparison across key institutional dimensions such as governance, regulatory quality, and public sector efficiency.

Results

This section presents the empirical findings from the comparative institutional analysis of tourism services exports in Uzbekistan, Kazakhstan, and Turkey. The results are structured around three thematic pillars: (1) institutional framework and governance quality, (2) export performance and competitiveness, and (3) regional integration and cooperation capacity.



Uzbekistan has made significant progress in reforming its tourism governance structure since 2016, including the establishment of the **Ministry of Tourism and Cultural Heritage**, introduction of “**Tourism Development Strategy 2030**”, and simplification of visa regimes. However, governance indicators such as **Regulatory Quality** (**−0.23 in 2022**) and **Government Effectiveness** (**−0.37**) remain below regional peers (World Bank, 2023). As shown in Figure 1, Uzbekistan continues to lag behind its regional peers in key governance indicators such as regulatory quality and and government effectiveness.

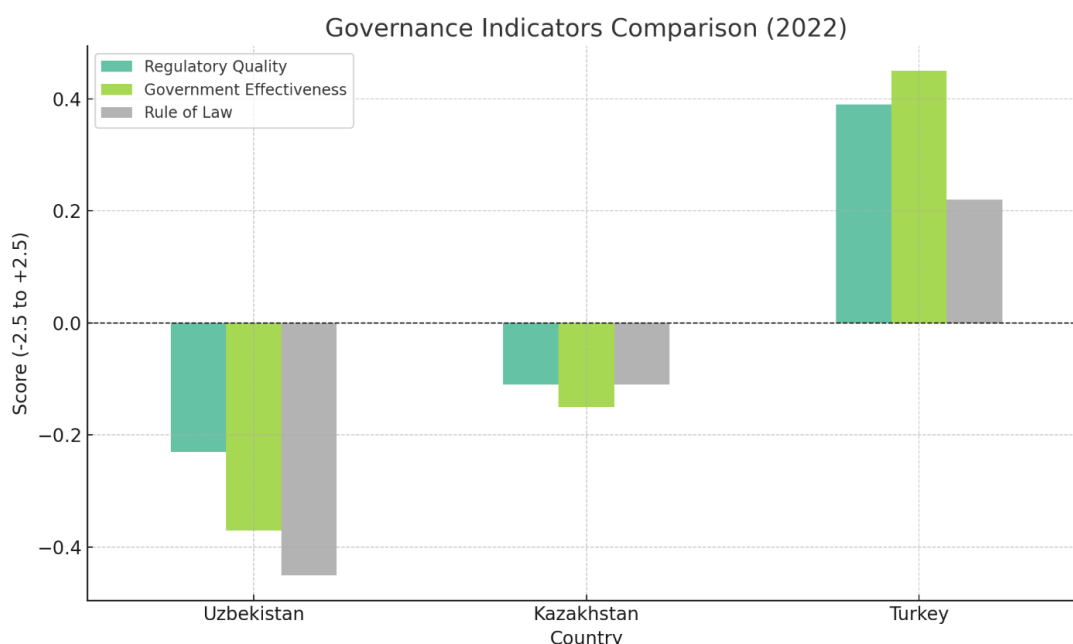


Figure 1. Governance Indicators Comparison among Uzbekistan, Kazakhstan, and Turkey (2022).¹

In contrast, **Kazakhstan** has adopted a more centralized model with its “Tourism Industry Development Concept,” but implementation has lagged due to bureaucratic fragmentation. Nevertheless, it scores higher than Uzbekistan in **Rule of Law** (**−0.11**) and **Ease of Doing Business** (**25th percentile globally**). **Turkey** stands out with a more mature institutional ecosystem, having integrated public-private partnerships, digital promotion platforms, and destination

¹ It has been analyzed based on source of World Bank (2023). Worldwide Governance Indicators



management organizations (DMOs). Its **regulatory quality (+0.39)** and **tourism policy effectiveness** are consistently above OECD average (WEF, 2021).

According to **UNWTO data (2023)**, **Uzbekistan's** tourism services export reached **USD 1.5 billion** in 2022, with **over 60%** of visitors coming from neighboring CIS countries. However, export diversification remains low, and average tourist expenditure per capita is under **USD 300**.

Kazakhstan achieved **USD 2.1 billion**, benefiting from larger domestic infrastructure and growing inbound business tourism, especially from China and Russia. **Turkey** recorded over **USD 45 billion** in tourism exports (2022), supported by advanced tourism supply chains, diversified source markets, and strong brand identity.

In the **Travel & Tourism Competitiveness Index (WEF, 2021)**, Turkey ranks **45th globally**, Kazakhstan **80th**, and Uzbekistan **94th**. Uzbekistan's main weaknesses lie in **infrastructure, human capital, and regulatory environment**. Uzbekistan has taken steps toward regional cooperation through **C5+1 tourism summits** and **visa-free travel initiatives** (e.g., "Silk Road Visa"). However, institutional coordination with Kazakhstan and Kyrgyzstan remains underdeveloped. Kazakhstan promotes regional initiatives under the **Turkic Council**, while Turkey leverages cultural diplomacy and "**Turkish Cooperation and Coordination Agency (TIKA)**" to strengthen ties across Central Asia.

Nevertheless, there is limited alignment of standards, marketing strategies, or joint investments among these states, which weakens their collective export position. Informal networks (diaspora ties, historical heritage, cultural affinity) play an underestimated yet critical role in facilitating cross-border tourism flows.

Discussion

The comparative analysis reveals a multifaceted relationship between institutional development and the performance of tourism services exports. Uzbekistan, while demonstrating notable progress in tourism policy reform, still faces structural barriers that hinder its full integration into global tourism value



chains. This discussion synthesizes the key findings from the results and places them in the broader theoretical and regional context.

According to Douglass North's theory of institutions (1990), effective formal institutions reduce transaction costs, enhance predictability, and improve economic outcomes. In Uzbekistan's case, although formal structures have been established, the **institutional capacity gap**—manifested through regulatory uncertainty and low public-private cooperation—remains a bottleneck.

In contrast, Turkey's success illustrates how **mature institutional environments**, integrated destination management, and cross-sectoral synergies can elevate tourism exports. Kazakhstan, while institutionally ahead of Uzbekistan, still struggles with bureaucratic rigidity and implementation gaps. Thus, **strong institutions** are not only governance tools but **export enablers**. They shape competitiveness, investor confidence, and the ability to attract high-spending tourists. Beyond formal rules, informal institutions such as cultural affinity, trust networks, and diaspora linkages influence tourism dynamics (Helmke & Levitsky, 2004). Uzbekistan and Kazakhstan share strong **cross-border ethnic ties**, which support recurring tourism flows. However, these informal channels remain underutilized in state-led tourism strategies.

Turkey, meanwhile, effectively leverages **cultural diplomacy**—through language, religion, and historical narratives—as soft power tools to attract tourists from Central Asia and beyond. This highlights a missed opportunity for Uzbekistan to use its rich cultural heritage as a diplomatic and economic asset. While regional tourism cooperation has increased—e.g., the “Silk Road Visa” proposal and C5+1 forums—there is **limited institutionalization** of joint tourism development strategies. This hinders scalability and coordination. Shared branding, joint marketing campaigns, and harmonized visa regimes are still sporadic or symbolic. In line with Porter's cluster theory (1998), regional integration could help Central Asian countries **achieve scale**, reduce costs, and **differentiate themselves** collectively. However, this requires supranational coordination mechanisms, which are currently absent.

The analysis underscores several strategic imperatives for Uzbekistan:

- **Institutional modernization** should be deepened with clear regulatory frameworks and performance-based governance.



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- **Public-private partnerships** and **local destination management organizations** (DMOs) can bridge capacity gaps.
 - Soft power instruments, cultural diplomacy, and regional networks must be integrated into tourism export policies.
 - A **regional tourism platform** involving Kazakhstan, Kyrgyzstan, and Turkey could catalyze integrated export growth.
- In sum, the interplay between formal and informal institutions, combined with pragmatic regionalism, determines the trajectory of tourism export performance in emerging economies like Uzbekistan.

Conclusion

This study examined how institutional frameworks—both formal and informal—and regional integration dynamics shape the development of tourism services exports in Uzbekistan. The comparative perspective with Kazakhstan and Turkey enabled a nuanced understanding of how institutional maturity, policy consistency, and regional cooperation influence performance.

The findings contribute to broader discussions on the role of institutions and regionalism in shaping export competitiveness, particularly in emerging and transition economies. Uzbekistan's case exemplifies the opportunities and constraints of tourism development in a post-Soviet context, and offers a blueprint for similarly positioned nations seeking to elevate their tourism sectors through institutional innovation and regional collaboration.

The analysis confirms that Uzbekistan, while undertaking significant reforms, still faces structural challenges stemming from weak regulatory quality, limited governance efficiency, and underdeveloped coordination mechanisms. Informal institutions—such as cultural ties and diaspora networks—are valuable but remain insufficiently leveraged in tourism policy frameworks.

In contrast, Turkey's export success story demonstrates the value of institutional coherence, destination management models, and regional connectivity. Kazakhstan's transitional institutional position offers important intermediate lessons on the role of governance and policy execution.



Future Recommendations

To strengthen institutional quality, Uzbekistan should prioritize regulatory clarity, reduce bureaucratic fragmentation, and adopt performance-based institutional reforms. Enhanced transparency and inter-agency coordination are key to unlocking tourism export potential.

To develop local and regional partnerships. institutionalizing public-private partnerships (PPPs) and establishing destination management organizations (DMOs) across regions can ensure tailored, sustainable, and community-driven tourism development.

To utilize informal institutions strategically, cultural diplomacy, soft power, and diaspora engagement should be incorporated into tourism promotion strategies to differentiate Uzbekistan as a cultural tourism hub in Central Asia.

To accelerate regional tourism integration, joint branding initiatives, visa facilitation (e.g., Silk Visa), and multi-country tourism packages with Kazakhstan, Kyrgyzstan, and Turkey can help create a unified regional tourism corridor and stimulate export growth.

For the institutional innovation and monitoring, establishing tourism export observatories, supported by data-driven monitoring systems, will help measure institutional effectiveness and identify emerging trends and bottlenecks.

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