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## **THE IMPACT OF THE TOURISM SECTOR ON THE ECONOMY OF GEORGIA**

### **Abstract**

In today's world, tourism has a positive impact on the country's economy. This is especially important for solving the financial problems of small and developing countries such as Georgia. The development of the tourism industry contributes to the growth of financial income and job creation, and from the point of view of economic policy – sustainable development of the country, attracting foreign investment and ensuring the introduction of modern innovative environmental technologies. which ultimately affects the economic well-being of society. To develop tourism, it is important to develop a strategic plan and concept at each regional level so that tourism does not develop chaotically. In particular, negative phenomena such as excessive consumption of natural resources, air pollution, destruction of the cultural landscape, degradation of biodiversity and many others will be prevented. The government's readiness to develop tourism should be transparent and responsible, since the government, on the one hand, expresses its readiness to develop tourism, on the other hand, begins the construction of hydroelectric power plants in the same region, which, of course, has a negative impact on both natural resources and the population. That is why it is important to attract the population to the development of stable and sustainable tourism in the regions. This activity will ultimately help strengthen the area, which is a prerequisite for the socio-economic development of the country's population, as well as improving the quality of life.

**Keywords:** *Protected Areas, Landscape, Capacity Ecotourism, Agritourism, Tourism Industry*

The tourism sector plays one of the important roles in the development of the Georgian economy. This is especially important for solving the financial problems of small and developing countries such as Georgia. The development of the tourism industry in terms of financial development contributes to both income growth and the creation of jobs. And in the economic development of the country provides foreign investment, sustainable policy development, the introduction of modern innovative environmental technologies. which ultimately affects the economic well-being of society. Centuries ago, when there was no name for economic growth from tourism, states benefited the most. After many years, the development of the tourism sector has grown significantly and is the best condition for doing business in many countries. The development of modern technologies greatly contributed to the change in the tourism market. For some, holidays and travel are determined not by popular, but by exotic countries. True, Europe comes first, but there is a great demand for eastern countries, including Georgia. The development of technologies has brought great popularity to virtual tourism, because anyone can explore any country online.

Based on the above, tourism is the main source of income in many developed, developing and

underdeveloped countries, the population is given the opportunity to engage in self-employment at the local level, since they can turn the sale of tourist products and services into a source of income. The National Tourism Administration conducts various activities to support the local population in the successful work of the family business, as employment in the tourism sector creates both jobs and helps to overcome poverty.

Currently, tourism is considered a priority in Georgia. In particular, visitors travel through the landscape of protected areas and relax in national parks. Recreational tourism is especially important for the part of the population that lives in nearby areas, as visitors are offered local products of their own production, which is an incentive for both employment of the population (family hotels, transport) and local (crafts, national cuisine) production. Based on this, we can conclude that the more tourist services we offer visitors, the greater the throughput.

Georgia earned \$3.2 billion in tourism in 2019, according to Georgia’s national tourism statistics for 2021. United States. dollars, which represented 8.4% of the country’s gross domestic product. This is a positive event that will cover both the stagnation caused by the pandemic and the cash capital crisis. In particular, in 2021, Georgia will pay UAH 1.88 million. received a visitor from another country, which is 7.7% more compared to previous data for 2020 (see chart N1 “Statistics of international travel”).

Chart N1 International travel statistics



Source: National Tourism Administration of Georgia 2021.

The above chart provides an analysis of the fact that Georgia has an international population of 1.88 million in 2021. The number of visitors visited, which is 1.7 million more than the previous year, and the growth is 13.7%, and the number of tourist visits is 1.5 million people. The number of visits is 45% higher than last year. Basically, 86.3% of visitors come from neighboring countries, while the figure of 49.5% of visitors from Iran is especially high, which is associated with the abolition of the visa regime. Most international travellers – 82% – arrived by land, 18% by air and 1% by rail. For visitors arriving by land, the busiest border is Sarfi at 21%, followed by Sadallo at 19% and Red Bridge at 18%. As international tourists. We can say that tourism in Georgia is at a qualitatively transitional stage and is switching to a new system, since it is still an unknown country for travelers, which gradually increases the desire to visit the country and makes it more interesting. In particular, it can offer visitors a diverse landscape of Georgia, picturesque nature, a subtropical zone carved into the rocks of the city, historical monuments and other tourist zones. Also, tourist visits from 2014 to 2019 were characterized by growth, and from 2020 to the present, there

is a significant decrease in visitors both in international and domestic tourism, which is probably caused by the dangers associated with the pandemic. For a country that is actively engaged in tourism, the main income is. In 2021, tourism revenues increased by 40% compared to 2019. Georgia generated \$1.2 billion in revenue from international travelers in 2021, up 1.30 percent from 2020, according to the National Tourism Administration. In addition, revenues from international travelers accounted for 38 percent of the 2019 figure. [National Tourism Administration 2021].

It is worth noting the circumstances when both the number of visitors and the income from them increased from the tourism sector, especially before the pandemic. According to the World Tourism Organization, Georgia is in 69th place out of 141 countries, and in terms of income, in 2017 it received \$2.7 billion in tourism income, and in 2021 the income will be 77.5%, decreased by and amounted to \$98.3 million [World Tourism Organization 2018]. Georgia earned \$1.2 billion in international travel in 2021, according to the National Bank of Georgia. UNITED STATES. dollars, which is 130% higher than the 2020 rate and 62% lower than the 2019 rate. The situation, of course, is undesirable, but natural compared to the pandemic period. (see chart N2 income from international travel).

Chart N2 Income from international travel



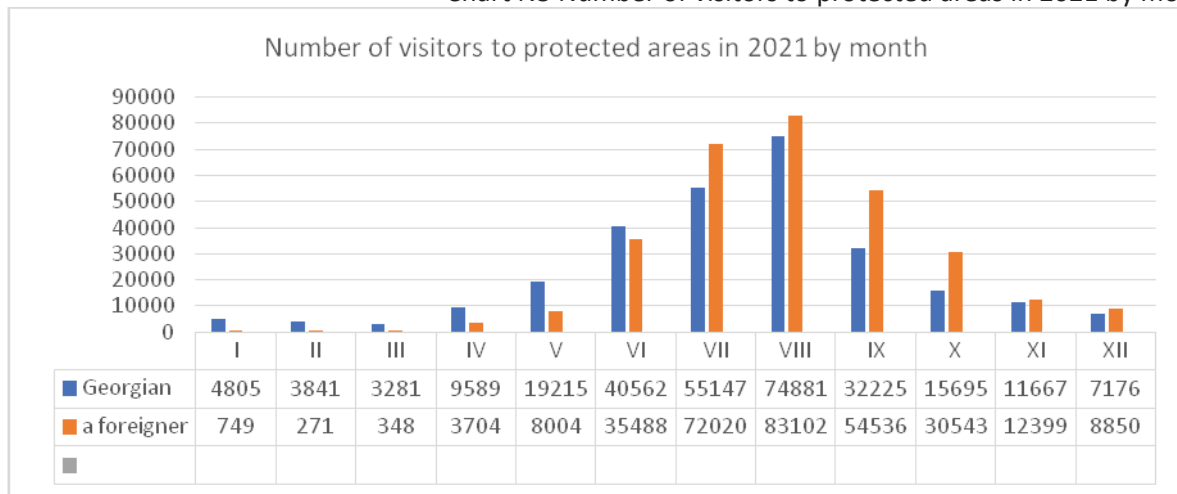
Source: National Bank of Georgia 2021

It is important that the revenues received from tourism remain in the country, and for this it is necessary to develop local production. The latest pace of lari strengthening is also directly dependent on foreign inflows, but the country cannot fully take advantage of these inflows, since a certain part will still flow out of the country. This is a challenge when a country is actually dependent on imports. Due to the fact that tourism is an important source of currency inflows, the government wants to spend more money on advertising and marketing services, as we see that both the number of visitors and the inflow of currency are increasing. It is noteworthy that the growth rate of the number of visitors to protected areas in 2021 by month [National Bank of Georgia 2021]. In particular, if 4805 Georgian and 749 foreign guests visited the country in January, then in December the number of Georgian guests increased 1.5 times, and among foreigners – 12 times. (see chart N3, number of PA visitors)

Generally, visitors are interested in both the natural conditions and the traditional way of life of the population.

According to the government, by 2025 Georgia will be known all over the world and will not have competitors in the field of tourism, where the amount that visitors spend. This amount will significantly increase the standard of living of the local population, as well as the country's economy. Following from the above, it is important for a reasonable assessment to analyze those factors when it is not possible to fully use the available resources. However, the country has not only rich natural and recreational resources and cultural heritage monuments, but also tradition.

Chart N3 Number of visitors to protected areas in 2021 by month



Source: <http://apa.gov.ge/ge/statistika/vizitorta-statistika/2021-wlis>

Thus, for the development of tourism, it is important to develop a strategic plan and concept at each regional level so that tourism does not develop chaotically. The government’s readiness for the development of tourism should be transparent and responsible, since on the one hand it expresses its readiness for the development of tourism, on the other hand, it begins the construction of hydroelectric power plants in the same region, which certainly has a negative impact on both natural resources and the population, so the involvement of the population is important for the development of stable and sustainable tourism in the regions. This activity will ultimately contribute to strengthening the local population, which is a necessary condition for the socio-economic development of the country’s population, as well as improving the quality of life.

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