

**REPUBLIC OF AZERBAIJAN**

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**ABSTRACT**

of the dissertation for the degree of Doctor of Philosophy

**THE IMPACT OF TOURISM DEVELOPMENT  
IN THE LANKARAN ECONOMIC REGION  
ON THE SOCIO-ECONOMIC SITUATION**

Speciality: 5312.01 Field economy

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## GENERAL CHARACTERISTICS OF THE WORK

**The actuality of the subject.** In modern times, the development of tourism is a priority area for attracting the country's potential to economic turnover and is therefore of great socio-economic importance. Theoretical and methodological research on the development of tourism can be highly effective if it is carried out taking into account its characteristics and socio-economic consequences. The correct assessment of the tourism potential of Azerbaijan, the further improvement of the mechanisms of its infrastructure is of great theoretical and practical importance. First of all, it opens wide opportunities for the expansion of financial opportunities in the country, the effective solution of the problem of employment, which is an important socio-economic factor in the socio-political life of the country.

In recent years, the state has paid special attention to the development of tourism in Azerbaijan, not only to meet the needs of people for recreation, but also to increase the impact of this sector on the development of the national economy as a whole and its individual sectors.

Border regions have begun to play an important role in Azerbaijan's effective integration into modern international economic integration processes. Thus, the development of tourism in the border regions, as a result, opens up great opportunities for further expansion of socio-economic relations with neighboring countries. From the point of view of tourism development, increasing such attention to the border regions is conducive to the formation of new competitive infrastructure in those areas, the creation and development of various types of production, in short, attracting foreign investment to the country's economy and socio-economic development, creates conditions. This, in turn, opens wide opportunities for effective international economic activity in Azerbaijan.

The current crisis in the world economy requires the implementation of a reasonable policy by the state in Azerbaijan to ensure the dynamic socio-economic development of the border regions.

This, in turn, can be more effective in the context of integration of cross-border markets, strengthening mutually beneficial relations between different economic entities of cross-border areas, the free flow of goods, services, capital, technology, information and labor. This is explained by the fact that in real conditions there are certain differences between the economic systems of neighboring countries. Taking into account the norms of international economic law in the process of economic relations, these differences can create a favorable basis for the establishment of a diversified system in all areas of economic cooperation, especially in the field of tourism, based on the interests of both parties. Lankaran economic region has great potential due to its geographical, historical-cultural and socio-economic potential, and from this point of view, the development of tourism in the border areas is of special importance both for the complex development of the region and the economy of Azerbaijan in general. From this point of view, a comprehensive study of tourism activity as a priority area is of great importance in the socio-economic development of the border region.

**The degree of development of the problem.** Recently, many authors have conducted extensive research on the formation and further development of international tourism in Azerbaijan and around the world. On the economics of tourism A.Alirzayev, E.Mammadov, R.Gasimov, N.Gafarov (Azerbaijan), M.Morozov, A.Zdorov, V.Borodin, D.Ushakov, A.Ovcharov, N.Moiseyeva, V. Bogolyubov (Russian Federation), P. Pusenteylo (Ukraine) and other scientists wrote.

On the modern problems of tourism development in the regions A. Hasanov, E. Gojayeve, F. Rahmanov, (Azerbaijan), O. Zuyeva, N. Guliyev, Y. Chernyavskiy, I. Dragileva, S. Poshnagov (CIS countries), authors from other foreign countries F.Kotler, G.Ridevskiy, R.Nurkovich, A.Figueira, N.Apostolov and other scientists conducted researches.

As a result, scientific research conducted by foreign experts on the effective development of tourism provides an important scientific, theoretical and practical basis for improving the management of socio-economic development of border regions.

The urgency of solving problems in the development of tourism

in the border regions of Azerbaijan determines the choice of the topic, object and subject of research, as well as the definition of goals and objectives of the research.

**The purpose and objectives of the study.** The purpose of the dissertation is to assess the tourism potential of the Lankaran economic region and identify ways to increase the impact of tourism on the socio-economic development of the region. The following tasks have been identified to achieve the set goal:

- Research of theoretical and methodological aspects of the role of the tourism sector in the economy of the border region and the problems of its dynamic development;
- Study of ways to effectively use the tourism potential of the region based on the assessment of tourism market factors;
- Analysis of tourism resources and tourism infrastructure of Lankaran economic region;
- Conducting SWOT analysis of the region in order to identify future development trends in the field of tourism;
- Substantiation of scientific and methodological aspects of the announcement of Lankaran economic region as “Special economic zone for tourism” and the establishment of the Regional Tourism Council;
- Study of international experience in the field of tourism development and determination of ways of its effective application in the border regions in order to ensure the complex socio-economic development of Lankaran economic region;
- Enhancing the role of tourism in the economic development of Lankaran economic region, development of investment opportunities and economic development prospects;
- Identification of ways to effectively regulate tourism activities by the Regional Tourism Council in order to transform the Lankaran economic region into an international tourism destination.

**The object of research** is the tourism sector of Lankaran economic region of the Republic of Azerbaijan.

**The subject of the study** is how to increase the role of tourism in the socio-economic development of Lankaran economic region.

### **Research methods**

The theoretical and methodological basis of the dissertation

research is formed by the concepts of local and foreign experts on the state regulation of the economy, socially oriented market economy, regional economy, management theory, works devoted to the problems of the development of the tourism sector, as well as the main provisions of the relevant theories, regulatory legal acts.

In the research of the dissertation the conceptual ideas established in the State programs on development of the regions of the republic were used.

The methodological basis of the research is the method of comparison, as well as the graphical method, the method of analytical groupings, the survey method and the methods of correlation-regression analysis.

**The information base of the study** includes multilateral international agreements to which Azerbaijan has acceded in recent years, as well as intergovernmental agreements, materials of relevant state programs on regional development, economic spheres, Strategic Roadmap for the development of specialized tourism industry in Azerbaijan, World Tourism Organization, EU and other international organizations. documents, official data of the State Statistics Committee of the Republic of Azerbaijan, the Ministry of Economy, the State Tourism Agency.

**The main provisions submitted for defense:**

1. Assessment of the border region as a tourist area
2. Identification of factors affecting the development of tourism in Lankaran economic region;
3. Substantiation that cross-border cooperation with the neighboring country is one of the main conditions for the social and economic development of the Lankaran Economic Region;
4. SWOT analysis of Lankaran Economic Region;
5. Substantiation of scientific and methodological aspects of the announcement of the region as a "Special Economic Zone for Tourism" and the establishment of the Regional Tourism Council;
6. Substantiation of investment attractiveness of Lankaran Economic Region and transformation of this region into a destination;

**Scientific innovation of the research:**

- A different definition of "tourism resources" is given. The

addition of "ethnographic group" to this concept is justified;

- The tourism potential of Lankaran Economic Region was assessed according to modern research methodology and the ways of application of international experience in the organization of cross-border tourism in the conditions of Azerbaijan region were substantiated;

- The development of tourism in the region is justified on the basis of economic, social and environmental assessments;

- The place and role of tourism development in the socio-economic development of the Lankaran border region was determined and the theoretical and practical aspects of the establishment of the Special Economic Zone aimed at the development of tourism were revealed;

- Ways to organize the promotion of the region under one brand and implement it with different approaches have been identified.

#### **Theoretical and practical significance of research results.**

**The theoretical significance of the research** is to expand the theoretical base of research in the field of tourism, to systematize and expand the existing scientific knowledge about the organization of cross-border tourism.

**The practical significance of the dissertation** is that the conceptual provisions obtained at the end of the study, the proposals made can be used by the relevant authorities to plan and program the socio-economic development of the Lankaran region.

The results of the research are an important tool in the regulation of socio-economic development of border regions by the State Tourism Agency, the Ministry of Ecology and Natural Resources, district executive authorities and regional administrations, the effective use of tourism and recreation opportunities as a priority area of cooperation with neighboring countries. can.

**Approbation of research results.** The main provisions and results of the dissertation were commented, discussed and approved at international and national scientific-practical conferences and seminars. Including:

2 articles were published in Belarus, 2 in Bulgaria, 3 in the Russian Federation, 1 in Kazakhstan, 4 at conferences held in various

educational institutions of our country and 6 in periodicals recommended for publication of the main results of dissertations in the Republic of Azerbaijan.

The scientific provisions obtained in the dissertation are used in the process of training specialists in "Tourism and Hospitality" at Khazar University.

The author has published 17 articles on the research in our country and abroad, as well as 1 textbook, 1 textbook (team of authors) and 3 booklets.

The structure and scope of the dissertation. The dissertation consists of an introduction (10494 characters), three chapters (Chapter I - 60852 characters, Chapter II - 71274 characters, Chapter III - 92166 characters), conclusion (9554 characters), a list of sources used in 141 titles, appendices and abbreviations. The results of 21 tables, 2 figures, 3 graphs, 12 diagrams, 4 schemes, 5 maps and 3 surveys are given in the dissertation. The total volume of the work is 162 pages (244342 characters).

## **Contents of the dissertation**

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## SUMMARY OF THE RESEARCH

**1. Assessment of the border region as a tourist area.** Regions differ in their specific features and forms of socio-economic development. These are due to natural, socio-political, demographic and other factors. According to their natural-geographical and economic characteristics, the regions are classified as natural-climatic and extreme zones, coastal and border regions, as well as regions separated from the main territory of the country. Such a division allows to implement the required development strategy using the tourism-recreation potential.

The level of socio-economic development is a key indicator of the region's strengths or weaknesses over other areas. Regions are divided into geographical, economic, religious, ethnic, etc. can be distinguished from the point of view.

One of the reasons for the rapid development of international tourism in different regions of the world is the simplification of customs and visa documentation, economic growth and political stability in general. Spain, Hungary, Austria and many other countries can compensate for the excess foreign exchange inflows in other economic sectors by developing the form of inbound tourism. The number of foreign tourists visiting the neighboring country is significant.

The dissertation focuses on the fact that the number of foreign tourists in Asia and Oceania is growing faster than in the Americas, and political stability and economic growth in the region over the past 15 years have led to an increase in the wealth of the population. The increase in financial opportunities, in turn, is accompanied by an increase in demand for tourism services. The increase in demand has led to the improvement and development of the tourism infrastructure of the supply structure of relevant services.

The basis for the successful development of intra-European regions is the legal framework. The main legal document defining the terms of cooperation at the regional and local levels is the European Framework Convention on Transboundary Cooperation between Territorial Communities and Authorities, adopted on 21 May 1980 in Madrid. The crisis in the economy in modern times requires an urgent

solution to the sustainable development of border regions. This, in turn, ensures the integration of markets, the participation of individual economic entities in cross-border cooperation in goods, services, capital, technology, information and labor.

As a result of the collapse of the socialist block in the 1990s, joint border regions were created **between Western countries and neighboring countries** to help develop the economies of countries that entered the free market environment. The creation of such regions also pursues a number of strategic goals: the opening of new markets, the creation of European security, political stability and economic organization.

Free economic zones and free trade centers operate in many countries with different directions and different specializations. Even in some countries (Ukraine, Jordan, Thailand, Philippines, Honduras, Russian Federation, etc.) there are special development zones that are dominated by tourism.

The presence of several economic regions of Azerbaijan bordering on Iran is of strategic importance for the regional economic development of the two countries. Along with the passage of important transport lines through the territory of Lankaran Economic Region, international economic relations are carried out here.

Strategic management of regional tourism and recreation complexes requires in-depth study of area zoning and knowledge of modern features of tourism regions. According to the World Tourism Organization, the tourism region is an area with a network of special facilities and services required for the organization of health and recreation. The term "tourist region" means a specific place, province or geographical area chosen by a tourist for the purpose of travel. This area is home to the accommodation, catering and leisure facilities required for travelers. The area that meets these requirements is considered a "tourism destination".

**2. Identification of factors affecting the development of tourism in Lankaran economic region.** As a result of the research, the essence, structure and features of tourism resources and tourism infrastructure in modern conditions are revealed. In the dissertation, the author substantiates the tourism resources and tourism

infrastructure, which are the main elements of tourism.

The study argues that in order to create a comprehensive basis for tourism activities, a systematic study of existing resources should be conducted, and as a result there is a need to highlight the attractiveness of tourism resources by grouping them according to their location and characteristics. Natural and recreational resources allocated for recreation of the population are a key element of the tourism sector of the economy. The quality and quantity of these resources determine the directional nature of tourism and recreation complexes. The author gives different explanations about the correct identification of the resources that form the basis of tourism activities, the elements that are able to meet the physical and spiritual needs of people.

A number of authors (N.Apostolov - Bulgaria, V.Kvartalnov, I.Zorin, V.Krujalin, A.Chudnovskiy, A.Kuskov, among others. - Russia) divide tourism (-recreation) resources into 2 groups (parts) with some differences : natural and cultural-historical (or anthropogenic).

Unlike other authors, the dissertation offers the concept of "tourism resources" in 3 groups: 1. Natural climatic; 2. Anthropogenic; 3. Ethnographic.

Natural resources are the basis for creating the tourist attractiveness of the region. The forest area in Lankaran ER equals to 23% of the area. There are many rivers, Khanbulanchay reservoirs, thermal springs in the area, the Talish mountain range reaches peaks up to 2,500 meters.

The second group of tourism resources includes anthropogenic, that is, man-made reserves. The Lankaran region attracts tourists with its nature, man-made and historically important buildings, as well as with the unique traditions and cuisine of the people living in this area. The study considers ethnographic resources as an integral part of tourism resources. "Ethnographic resources include local national traditions, customs, life, folk art in the place of tourists." Ethnographic tourism creates opportunities for closer cultural ties, the inclusion of the culture of small nations in the world cultural heritage, and is a stable partner of multiculturalism.

The dissertation notes that the economic efficiency of tourism resources is measured by the intensity of their involvement in tourism. The influx of domestic and foreign tourists to the region during the year determines the funds allocated for the use of these resources and their reproduction. "The sources of funding for the reproduction of recreational resources are tourism revenues and credit resources":

$$\bar{K} = Tg + Kr$$

Here:  $\bar{K}$  – capital investment;

$Tg$  – income from tourism;

$Kr$  – credit resources;

The main element of tourism activity is the network of facilities providing services to tourists. It is from these objects that tourists are provided with accommodation, food, transport, excursions, entertainment, etc., individually or in a complex.

Enterprises and organizations of territorial tourism infrastructure are divided into social, industrial and institutional infrastructure. The term social infrastructure refers to the enterprises involved in the reproduction of the labor force: health departments, tourism education, retail trade, catering, passenger transport and housing, leisure, etc. The production infrastructure of the tourism sector includes tour operators, agencies, accommodation facilities, etc. aiddir. Institutional tourism infrastructure includes governing bodies regulating tourism, associations operating in the field of tourism.

**3. Substantiate that cross-border cooperation with the neighboring country is one of the main conditions for the social and economic development of the Lankaran Economic Region.** If we look at the statistics, we can see that by the end of 2019, there were 3,658 places in hotels and hotel-type enterprises, which form the basis of the tourism industry in Lankaran IR, and is 7.3% of this figure in the country. In addition, rural guest houses also provide relevant services to tourists. There is one tour operator in the region, a tourism information center, and Lankaran State University and Masalli State Regional College teach tourism.

As can be seen from Table 1, despite the fact that Lankaran ER is the third largest economic region in terms of hotel capacity, it lags behind in terms of number of employees, accommodation and income.

The number of overnight stays of all tourists during the year is related to the direct costs of tourists. While the total number of overnight stays of tourists in the country increased 3 times in 2019 compared to 2006, in Lankaran ER it decreased 2 times.

**Table 1**

**The main indicators of hotels and hotel-type enterprises by economic regions in 2019**

Economic regions	Disposable capacity (place)	Average annual number of employees (people)	Number of placed people (people)	Income (thousand manats)
<b>Baku city</b>	20740	5696	1199151	335760.9
<b>Absheron</b>	1087	360	15608	2666.1
<b>Ganja-Gazax</b>	3392	853	78665	16987.3
<b>Sheki-Zagatala</b>	4561	1828	238085	34885.9
<b>Lankaran</b>	<b>3658</b>	<b>721</b>	<b>56288</b>	<b>6229.2</b>
<b>Guba-Khachmaz</b>	10931	1942	193454	37197.2
<b>Aran</b>	2296	301	41321	3068.9
<b>Upper Karabakh</b>	60	4	1167	43.7
<b>Mountainous Shirvan</b>	1738	455	31744	6735.7
<b>Nakhchivan</b>	1517	321	64282	6613.6
<b>Total across the country</b>	49980	12481	1919765	450188.5

*Source: Compiled on the basis of the website [www.stat.gov.az/tourism](http://www.stat.gov.az/tourism)*

Foreigners are many times less involved in Lankaran ER than in other economic regions. The following example shows the amount of financial losses lost by low-income accommodation facilities. Thus, the following lost income can be calculated by setting the minimum daily cost of a foreign tourist at 50 manat (conventional figure):

In 2008, 6933 overnight stays x 50 man = 346650 man.

In 2019, 3933 overnight x 50 man = 196650 man.

The amount that the region lost in 2019 compared to 2008 only from foreign tourists is 346650 man - 196650 man = 150000 man. was.

In 2019, 96.7% of people accommodated in hotels and hotel-type enterprises in the region stayed for only 1-3 days. The majority of short-term overnight stays are due to the large number of visitors on weekends, the lack or absence of entertainment centers and interesting historical and cultural events and nature excursions, and the fact that show programs are either weak or not organized at all.

The average overnight stay in the region was 3.6 days in 2014 and 1.54 days in 2019. Lankaran IR is in the last place in terms of hotel bookings from other economic regions.

As can be seen from Table 2, the output per capita in the region is 4.6 times lower than the national average, and the accommodation of tourists and catering services per capita is 3.9 times lower.

**Table 2**

**The main economic indicators for 2019 in the Republic of Azerbaijan and Lankaran economic region**

№	Indicators	By country	On Lankaran ER	
			actual	calculation (forecast)
1	Percentage of occupancy in hotels and hotel-type establishments	22.1%	10.1%	60%
2	Product release (thousand manats)	88104332.3	1813005.6	2056680.6 (+243675.0)
3	Non-oil sector (thousand manats)	44471800.0	1813005.6	2056680.6 (+243675.0)
4	Tourist accommodation and catering services (thousand manats)	2105351.5	48735.8	292410.0 (+243675.0)
5	Average annual population (thousand people)	10024.3	941.9	941.9
6	Product output per person (manat)	8789.1	1924.8	2183.5 (+258,7)
7	Tourist accommodation and catering services per 1 person (manat)	210.02	51.7	310.4 (+258,7)
8	Share of tourist accommodation and catering services in output (%)	2.4	2.7	14.2 (+11.5)
9	Share of tourist accommodation and catering services within the non-oil sector (%)	4.7	2.7	14,2 (+11.5)

*Source: Compiled on the basis of the website [www.stat.gov.az/tourism](http://www.stat.gov.az/tourism)*

A regression analysis of the hotel's performance for 2007-2018 was conducted through the *EViews* package to determine its place in the region's economy.

- In order to determine the relationship between the two variables in the region for the purpose of "Estimation Equation" for 2007-2018, "Production of key areas" (ESMS) and "revenue of hotels" were selected (Estimation Command). Calculations show that while hotel revenues increase by 1%, output in key areas increases by 0.032%, and

the number of employees in the region increases by 0.03%. The small impact is due to the small number of employees in hotels.

While the percentage of loading at accommodation facilities is 60, these figures are 0.19% and 0.18%, respectively. This means the creation of new jobs and increased financial opportunities for local residents.

The author conducted surveys related to tourism in the region and analyzed the results. A 2006-2008 survey of locals on tourism and tourism activities (rural tourism) found that local attitudes toward tourism were “positive,” but that a low level of utility infrastructure and some repairs were needed to accommodate tourists in their homes. reported that. In 2015, surveys were conducted on the level of service in the recreation centers of the region. Tourists expressed their satisfaction with the services of local resorts

Positive feedback from local residents on tourism activities, the availability of rich tourism resources and the fact that the region is bordered create a basis for the development of international tourism in this area.

According to foreign authors, the agreements on cooperation between the border regions give mutual administrative powers on both sides of the border mutual powers in the implementation of intra-regional cooperation and the solution of any related problems. In Europe, such areas are called Euroregions. Cooperation between the border regions is carried out not only for economic interests, but also for the protection of nature and ecological balance.

In the joint cooperation regions (Euroregions) established in 1992 on the border areas of Germany, the Czech Republic and Poland, 32 projects worth \$ 900 million were implemented by Poland during 1994-1996 and positive achievements were made in the field of unemployment. The goal of the WhiteRoad project is to create a new, high-quality, easily accessible tourism product that meets the needs of tourists to increase the international tourist flow to the regions of Finland and the Republic of Karelia in the Russian Federation. Khorgos is opening a center for international cross-border cooperation on the border between the Republic of Kazakhstan and the People's Republic of China. A special area has been allocated for the activities

of travel agencies in this area.

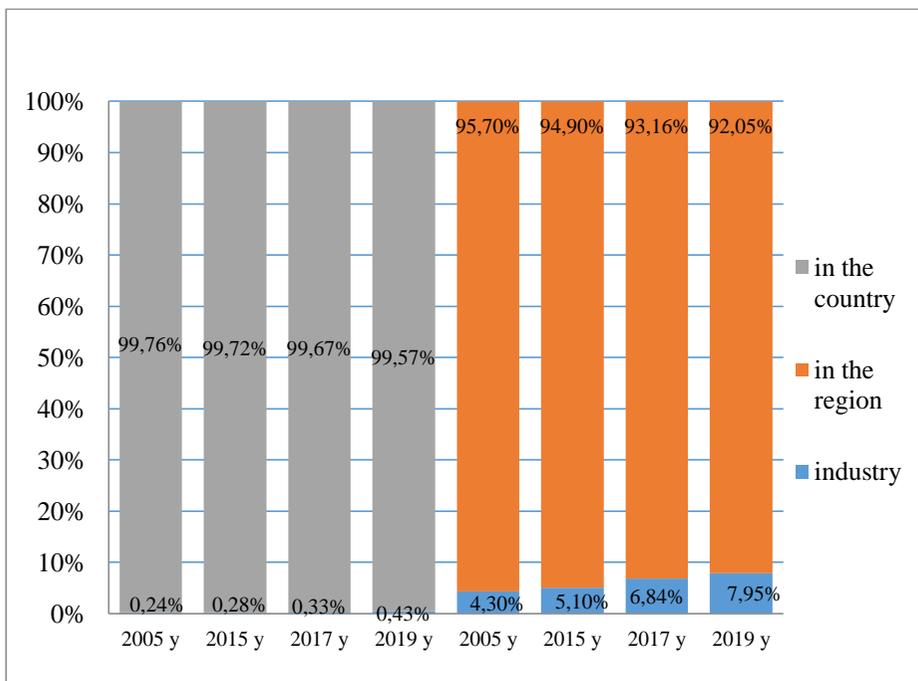
According to statistics, 1921.9 thousand foreign tourists visited Azerbaijan in 2015 and 2863.5 thousand in 2019. Expenditures of foreign tourists in our country in 2015 amounted to 1132.4 million manat, in 2019 - 2971.4 million manat. Unlike previous years, the balance of payments for international tourism in 2017-2019 was positive for our country.

The number of visitors to our country from Iran, which shares a common border with Azerbaijan, varies between 150,000 and 370,000 annually. The number of people leaving Azerbaijan for Iran for tourism in 2019 was 1353.3 thousand people.

The main flow of people and cargo passing from Iran to our country and vice versa takes place at the Astara border checkpoint. This means that Lankaran IR is an important cross-border area for Azerbaijan. The opening of the Alat-Astara highway, the recent commissioning of the Astara (Iran) -Astara (Azerbaijan) railway, the operation and maintenance of transport lines in the area, the creation of new jobs to provide regular maintenance of vehicles, more intensive tourist flow on both sides. means to be.

During 1993-2020, the Presidents of Iran and Azerbaijan met 20 times, government delegations paid about 100 reciprocal visits, 4 meetings of the Iran-Azerbaijan State Commission were organized and about 50 documents, including on tourism development, were signed. About 550 companies with Iranian investment operate in various sectors of the economy in our country, and a total of \$ 2.7 billion has been invested in the Azerbaijani economy by Iran. Iranian citizens can get e-visas to our country within 3 days. The close neighborly relations between Azerbaijan and Iran will allow the active activity of Iranian state and private companies during the transformation of Lankaran ER into an international tourism destination.

**4.Determination of socio-economic potential of Lankaran Economic Region.** In 2019, per capita income in Lankaran ER was 2725.6 man, which is the lowest among economic regions. In 2019, the share of Lankaran ER in the country's total output was only 2.1%.



**Diagram.** *The share of Lankaran Economic Region in the gross output of industry in the main areas in the country and the region*

The social, economic and social indicators of the economic regions were compared. Although Lankaran ER lags behind others in terms of economic and social indicators, it ranks third in terms of environmental indicators. The rating of economic regions was calculated on the basis of different indicators in each direction. Thus, the indicators on economic development - industry and agriculture were taken as a basis and calculated per capita; social development - calculated on the basis of health indicators (number of doctors and medical workers per 1,000 people, number of hospital beds per 10,000 people), average pension and average targeted benefits; Environmental development is calculated on the basis of emissions of pollutants (tons) and wastewater (million cubic meters) from stationary sources into the atmosphere.

The lack of heavy industrial enterprises in the study area creates the most favorable opportunities for the development of sports,

environmental, medical and health tourism.

One of the directions of tourism development is the development of domestic tourism. Thus, in this case, the citizens of the country get different leisure opportunities by using rural guest houses as accommodation facilities during trips. According to the statistics for 2020, 1.2% of the total number of tourists visiting Lankaran ER were in hotels, 3.3% in rented houses, 53.1% in the houses of relatives and friends and 42.4% in family members. they spent the night in houses. It turns out that the citizens of the country prefer to spend the night in private accommodation during domestic trips.

**5. Analysis of the region's strengths and weaknesses, opportunities and threats (SWOT), ways to promote the international tourism market.** In the dissertation, as a result of the analysis of SWOT of Lankaran economic region, it is determined that despite having rich tourism resources, tourism infrastructure enterprises operate below the potential potential. The region has a favorable geographical position, extensive forest cover, abundant water resources, commercial activity of the population, higher and secondary education institutions. However, the poor quality of roads, gas and electricity outages, dumping of household and technical wastes into areas and rivers, and the possibility of landslides are among the region's weaknesses.

It is the environment around the tourist complexes, along with the tourist complexes that provide high comfort and quality service, attracting tourists to the region. The environment means the level of crime in the area, the operation of utilities, the activities of banking services, the social situation of the population, the state of health, the ecological balance and a number of other factors.

Investors in the region are interested in a favorable investment climate, banks - the activity of entrepreneurs, the social situation of the population, and tourists are interested in the state of tourism resources and the level of service of tourism infrastructure.

The region must constantly offer new values (Table 3). To do this, you need to cultivate attractive traits that rely on target groups. The smaller the region, the more unique and original the proposed values should be.

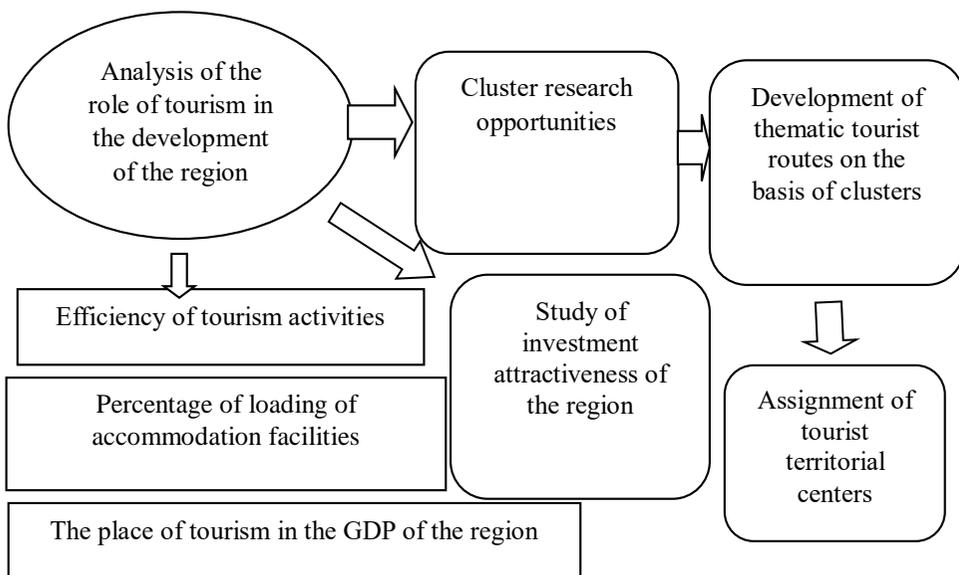
**Table 3**

**Proposals that can be made by the region to the international tourism market**

s/s	Goal group	Cəlbətmə üsulu
1	Those who came for treatment	Thermal waters - treatment-health procedures
2	Victims	Local cuisine - lavangi
3	Citrus- and tea- lovers	Participate in the collection of citrus fruits; Excursion to the tea factory
4	Nature lovers	Ecological and ornithological tours to the Iron tree Forest, National Parks
5	lovers of communication with villagers, village life	Land of longevity - the organization of communication with long-lived people in families, recreation in rural guest houses
6	Transition to Iran	Organization of 1-3 day tours to the border areas of Iran
7	Sea trips and fishing	Organization of yachts, underwater excursions, fishing

*\* Source: The table was prepared by the author*

Turkey, Russia and Georgia allow hotels and tour operators to be fully or partially exempted from taxes, to have special conditions for loans, to create the infrastructure of tourist areas at the expense of state support, to apply preferential tariffs for utilities, to reduce service prices. Application of similar benefits in Lankaran IR can accelerate the development of tourism in the region. The dissertation notes that in order to promote the region as an international tourism destination, it is necessary to study the tourism potential of the region in advance. First of all, it is necessary to develop tourism clusters on the basis of the Regional Tourism Register. The territory of the clusters is limited to Lankaran Economic Region. Implementation of the Regional Development Program for tourism, which will be developed for the development of the region, the measures outlined in the Scheme should always be on the agenda of the Regional Tourism Council. Tourists can come to the region from Russia and Iran by modern highways, and from far abroad by direct air and rail.



### **Scheme.: Implementation of Regional Development Program**

Lankaran Region should present tourism opportunities with its own stand as a **tourist destination** at international tourism exhibitions and fairs held abroad, establish partnerships by directly communicating with tour operators of foreign countries. Hotels in the region should offer their services on hotels.com, booking.com, airbnb.com and other commercial websites. **The Lankaran region should be promoted as a tourism product.** For this purpose, there is a necessity to create a special brand. **The trademark can be conventionally called "Land of the Iron Tree"**. The goods manufactured in the region (agriculture, industry, souvenirs), services provided must be offered under one brand. The focus should be on the **professionalism of the personnel and the correct determination of the number of the personnel.**

**6.Determination of directions of transformation of Lankaran Economic Region into tourism destination.** The research substantiates the objective need to transform the region into a tourism destination, identifies its priorities and directions. In order to achieve comprehensive socio-economic development, it is proposed to declare the **Lankaran Tourism Special Economic Zone** within the borders of Lankaran IR. It is planned to establish a **Regional Tourism Council**, which will

develop a tourism-oriented development program. The implementation of the **Development Program** of Lankaran IR can be carried out under the supervision of the Azerbaijan Tourism Council.

The comprehensive development of the region is associated with the management (regulation) of closely interrelated activities of entrepreneurs in the form of cooperation, whether in production, finance and credit, or in the service sector, as in our example.

Investments in construction in Lankaran ER are growing every year. Our country has adopted State Programs for the development of tea, citrus, paddy for 2018-2027. The implementation of these programs is mainly related to the research region.

The physical volume index of production in Lankaran IR for 2008-2019 was 9% on average per year. Based on these indicators, investment in the region for 2020-2030 is expected to reach 4,521 million by 2030, with an average annual national growth rate of 9% and an average annual regional GDP growth of 9%. Per capita production in the region will increase 2.5 times in 2030 compared to 2019, based on high probability indicators.

Taking into account the number of rooms available in hotels, the forecast for the number of rooms required for 2030 is based on the number of recreational areas, landscape, population, road infrastructure in the area, liquid and solid waste disposal, environmental pollution, water and electricity per capita in hotels. Consumption norms, natural water sources, collection of rainwater for use, reuse of used water after treatment, climate change and other parameters are taken into account (Table 4).

International hotel standards set the number of employees for every 10 rooms according to the star rating. In 2019, the region's hotels employed 463 fewer employees than the standards. By 2030, the same figure should be equal to 5,158, which is directly related to the financial security of as many families. In order to provide comprehensive services to the country and foreign tourists to be attracted to the region, 50% of jobs will be added for other types of tourism services (guides, tour operators, catering) and other services that support the full implementation of tourism activities. In this case, the total number of jobs reaches 7737  $[(6447 * 0.8) + 50\%]$ .

**Table 4**

**Growth of accommodation facilities and investment forecast till 2030**

	Number of numbers					
	2006	2010	2019	2030	New construction	Modernization
<b>Lankaran economic region</b>	837	1095	1480	6447	4967	1480
<b>administrative districts</b>						
<b>Astara</b>	83	108	116	595	479	116
<b>Lankaran</b>	192	211	636	2557	1921	636
<b>Lerik</b>	28	192	187	645	458	187
<b>Yardimli</b>	10	21	21	770	749	21
<b>Masalli</b>	467	496	453	813	360	453
<b>Cəlilabad</b>	57	67	67	1067	1000	67

**Source:** calculations were made on the basis of "Regional planning scheme of settlement, nature use and territorial organization of productive forces in Lankaran economic region"

By 2030, while the average growth rate in other economic sectors will remain at 60% of the load in the hotel industry, the output per capita in the region should be 4810.4 manat. This allows the research region to approach the relevant indicators of other economic regions.

It is concluded from the above information that Lankaran is a suitable region for the intensive development of tourism in order to improve the socio-economic indicators of the Republic of Iran. The favorable position of the region in terms of tourism has the potential to turn this area into an attractive tourist destination for both citizens and foreign tourists. For this purpose, the following proposals should be implemented:

1. Establishment of the Regional Tourism Council for the purpose of creation and management of the Special Economic Zone for Tourism within the administrative boundaries of Lankaran HR. Approval of the Regional Development Program proposed by the Regional Tourism Council;

2. Application of all possible privileges related to special economic zones to the activities of local and foreign entrepreneurs, regulation of the activities of all organizations participating in the implementation of the Regional Development Program in the form of cooperation;

3. Development of a joint action plan with the Islamic Republic of Iran for the development of tourism in the border areas of both countries; Establishment of an international trade center covering both sides of the

state border;

4. Application of methodological aspects of the development of the tourism cluster of the region. Development and certification of tourist routes of different purpose and duration on the basis of clusters, meeting the requirements of different segments of tourists;

5. Promotion of the region under the name of "Iron Land" tourism trade brand;

6. Application of B2B, B2C and other e-sales programs for the sale of tourism products of the region on the e-portal "Iron Land";

7. Establishment of a network of 2-3 star hotels and rural guest houses. Conducting trainings on tourist services for rural guest hosts; posting information on individual accommodation facilities on international e-portals; attracting international chain hotels to the region;

8. Organization of Baku-Lankaran, Lankaran-Rasht, Baku-Lankaran-Rasht and other sea cruises. For this purpose, apply to the relevant structures, obtain appropriate sea transport;

9. Improvement of rural roads, uninterrupted supply of gas and electricity, revitalization of cultural centers and ensuring the functioning of other social security elements. Use of alternative energy sources;

10. Organization of international air charter flights for transportation of tourists at Lankaran International Airport;

11. Pay special attention to the development of camping, rural and eco-tourism for the development of domestic tourism in the post-pandemic period; regulation of prices in the management of domestic tourism;

12. Creation of appropriate conditions for training of sports clubs in the cold months of the year, organization of international conferences, exhibitions, fairs.

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