ASSESSMENT OF THE CURRENT STATE OF TOURISM IN AZERBAIJAN

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Abstract

The tourism industry in Azerbaijan is currently in the process of development. In connection with the COVID-19 pandemic and its consequences, this area of the country's national economy has faced serious problems. The current situation in the industry urgently requires an assessment approach to the current state of tourism in the country in terms of determining further development prospects. The proposed article examines the development of tourism in Azerbaijan for the period from 2006 to 2020, assesses the main indicators of tourism development in Azerbaijan, and examines the impact of the pandemic on them. In addition, the article discusses the prospects for the development of tourism in the post-pandemic period.

Keywords: COVID-19 Pandemic, Hotels, Tourism, Tour Operators, Travel Agencies

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1. Introduction

The middle of the twentieth century was marked by the rapid development of tourism. The main reasons for this process were the increase in the standard of living and the growth of free time of the population. As a rule, the concept of tourism is associated with recreation, travel, the opportunity to see and know the world, get new experiences. The opportunity to travel allows you to see new places, get acquainted with the history, culture, customs, traditions, national cuisine of other countries. Since the second half of the 20th century, tourism has been turning into a dynamically developing sector of the economy, providing ample opportunities for the application of labor. A distinctive feature of the development of tourism is a large

number of links with other related industries, such as transport, communications, trade, construction, the development of handicrafts, the production of souvenirs, etc.

The importance of domestic tourism is associated with its contribution to the growth of the country's GDP, the development of industries that are inextricably linked with tourism, and the growth of employment. The role of international tourism is due to the growth of foreign exchange earnings due to the growth in the country's attendance by foreign tourists.

It should be noted that the pandemic has emphasized the importance of tourism for the country's economy as a whole. There was a threat of closure of jobs, funding for the preservation of the cultural and natural heritage of the country was reduced. In this regard, the revival of tourism provides a chance to restore not only economic, but also humanitarian values that determine the special significance of this sector - peace, solidarity, international cooperation. However, along with a wide range of opportunities for new tourism enterprises, increasing digitalization, the growing interest in ecotourism, and in particular in adventure tourism, will be accompanied by many challenges.

Already, completely new directions are being created in tourism, focused on tourists with non-standard preferences, creating new opportunities for tourism. To realize these opportunities, the tourism sector needs both real economic support from both the state and private companies. In this context, the World Tourism Organization is active in encouraging investment in projects that help tourism destinations grow their tourism industry in a sustainable and flexible manner, taking into account the fact that one of the main goals of the UNWTO is at the same time to achieve zero emissions from tourism. .

The latest World Economic Forum Travel &Tourism Development Index 2021/Rebuilding for a Sustainable and Resilient Future. Insight Report. May 2022 clearly reflects the magnitude of the pandemic-induced tourism problem, as well as the huge potential of untapped tourism resources in developing countries. Thus, the index once again confirms that sustainable development remains a key condition for the growth of tourism.

2. Literature review

As stated in The Limits to Growth (Meadows, H., Meadows, L., Randers J., 2004) major challenges facing humanity are the problems of exhaustion of natural resources and environmental pollution. According to forecasts by leading oil companies, oil reserves will be exhausted in the next 60 years. In addition, in the long term, the widespread use of alternative energy sources will help reduce the demand for oil in international markets.

In view of the foregoing, it is advisable to consider the tourism industry as one of the factors for integrating Azerbaijan into the world economy.

In recent decades, demand and supply in the field of tourism have been actively studied. The study of tourism development in developing countries is of interest from the point of view of regulating economic growth, unemployment, taxation systems, etc. A number of studies confirm that tourism played a leading role in the economic recovery of countries after the 2008

crisis. (Papatheodorou A, Rossell J, Xiao H (2010). Paul Krugman in his study "There is a way out of the crisis" (Krugman P., 2012) notes that after the crisis, unemployment in Greece, Ireland and Spain reached 23%, and if we consider the development of Spain after the crisis, we can see that the economic recovery was mainly due to the development of tourism. According to the UNWTO, Spain became the second tourist destination in the world in 2018 in terms of the number of arrivals and tourism income, and the share of tourism in GDP was 12%.

Sinclair and Stabler (1997) have argued that the most obvious difference between developed and developing economies is that, under existing conditional differences, an increase in tourism spending in developing economies has a more significant effect. Sinclair notes that the development of tourism is not connected with the development of the country. Some studies indicate that the potential growth of tourism is associated with foreign exchange earnings and the corresponding stabilization of the balance of payments. Foreign exchange earnings from tourism can be used to import capital goods and then produce goods and services, resulting in economic growth.

On the other hand, the creation of additional jobs benefits the economy in the form of tax revenue. In addition, international tourism promotes economic growth by stimulating competition between local firms and international tourism destinations and promotes "economy of scale" at the local level.

Lohman and Panosso have published studies on tourism demand modeling and forecasting since 2000. One of the main findings of this article is that the methods used to analyze and forecast tourism demand were more diverse than in previous reviews. In addition to the most popular time series and econometric models, new methods have emerged in the literature. However, in terms of forecasting accuracy, the study shows that there is no single model that consistently outperforms other models in all situations.

Besides. this study identified some new areas of research, including improving forecasting accuracy by combining forecasts; integration of both qualitative and quantitative forecasting approaches, tourism cycles and seasonality analysis, event impact assessment and risk forecasting.Lohmann and Panosso (2017) also define three categories of tourism offer - attractions, tourist facilities and services, infrastructure - and describe a number of characteristics of the tourist offer, such as its intangibility, rigidity, heterogeneity, etc.

Camilleri(2018) writes that the demand for tourism products can depend on marketing elements including the product or service itself, its distribution, promotion strategies and price. Price is the only element of the marketing mix that actually generates revenue. However, setting the price is difficult as there are many pricing strategies. Moreover, there are a number of factors that will influence which pricing strategy you can use.

These factors include: corporate goals, marketing goals, cost level of the organization. Camilleri explains the various approaches that can be taken when setting a price. Ultimately, it is up to the customers to decide whether the delivered product will meet or exceed their expectations.

Yue Li and Qi Jie Jiang (2017) tourism supply chain. Based on the theory of platforms, the researchers propose a mathematical model to study the internal mechanism of the influence of the platform on the ability of stakeholders to predict demand in tourism. The results of the study showed that the number of cases of stakeholder forecast mismatch with the platform was less than the stakeholder forecast mismatch without the platform. That is, the platform improves demand forecasts for stakeholders. The higher information processing capability of the platform also had an impact on demand forecasting.

Bucelatto T., Webber D., White S. A (2010) focused on obtaining up-to-date and timely data on supply and demand in the tourism sector. Demand refers to consumption or expenditure in the tourism sector, while supply refers to the output of tourism-related industries. The study was carried out to address the shortcomings of the Tourism Satellite Account used in the UK.

The authors emphasize that tourism is different from other sectors of the economy and does not have a clear production function. Both the end product and the resources in tourism are not clearly identified. To measure the economic impact of tourism, the use of TSA is recommended. The main feature of the satellite account is to separately measure the demand components of tourism and supply industries and then reconcile them.

Chung M.G., Pan T., Zou X., Jianguou L., (2018) Ming Gong Chang, Tao Pan's study on ecotourism tourism demand generation The authors write that despite the growing demand for nature tourism, there is uncertainty about how the need for water, food and infrastructure affects the ecosystem of the region. With the help of a conceptual model in using a telecommunications framework, the study reveals complex relationships between nature tourism demand, supply and the economy.

The study was conducted on the example of Qinghai province. Natural resources of Qinghai, protected by Sanzangyuan National Park. This region may face degradation of natural habitat due to the rapid development of tourism. The results showed that new management systems are needed to reduce the negative impacts of tourists on the environment and the economy.

Chaiboonsri, C., Sriboonjit, J., Sriwichailamphan, T., Chaitip, P. & Sriboonchitta, S. (2010). Cheebunsri conducted a study to identify factors influencing the main source markets of Malaysia, Japan, Korea, Singapore, and China and shaping the demand in the tourism market in Taiwan. The determining factors were the income of tourists, transport costs and the exchange rate. Using panel analysis, the author found that higher income levels and an appreciation of the exchange rate will stimulate demand for tourism, while in the long run, transport costs affect tourism negatively.

Shahbaz M, Kuma RR, Ivanov S, Loganathan N (2016) Using quarterly time series data, examines tourism in Malaysia using two metrics: per capita tourism revenue and per capita visitor numbers. Using the Solow function and the ARDL boundary procedure, the author takes into account the openness of trade, financial development and breaks in the structural series. The results of the study show the presence of cointegration between the variables. The subsequent application of the Granger test shows a bidirectional causal relationship between tourism and per capita output, financial development and tourism, and trade openness and

tourism demand. The article proves that tourism plays a key role in the development of sectors of the economy and the increase in the overall level of income.

The increase in the level of global and regional integration has led to the fact that tourist flows between countries have become closely interconnected. These links should be taken into account when modeling and forecasting the demand for international tourism in the region. Assaf and Song's study presents a comprehensive and accurate systematic approach to analyzing the demand for international tourism in the region. The Bayesian global vector autoregressive model (BGVAR) was used. Tourist flows in nine countries of Southeast Asia were studied, showing the ability of the model to take into account the side effects of the demand for international tourism in this region.

Assaf A.G., Li G., Song H., Tsionas E.M. (2018) In 2006, when the World Economic Forum initiated the first Global Risks Report, a pandemic was one of the four key risk scenarios, and in 2020, infectious diseases are ranked third in likelihood (behind weapons of mass destruction and inflation) and tenth in potential impact among global risks. Gössling S.,Scott D.,Hall C.M. (2020) notice that according to the UNWTO and the OECD, tourism is the sector most affected by the COVID-19 containment measures. The pandemic has had both direct and indirect impacts on tourism. Simultaneously, COVID-19 has highlighted the macroeconomic importance of tourism for most economies. It should be noted that tourism accounts for 7% of international trade and every tenth job in the world is associated with tourism.

There are many studies devoted to changes in supply and demand for tourism during a pandemic. But the state of uncertainty and discontinuity in the economic cycles of recent decades greatly reduces the ability to accurately predict the future state of tourism. For example, Polzos explores the effects of the COVID-19 outbreak on Chinese tourist arrivals in the US and Australia. The researcher believes that the growing share of Chinese among tourists and the fact that the pandemic began in China make it suitable for forecasting global tourism.

Data from the SARS outbreak in 2003 is used to train an artificial neural network called Long Short Term Memory (LSTM). The studies were validated by retrospective testing. The author showed that the recovery of the number of arrivals to pre-crisis levels may take from 6 to 12 months.14. (Polyzos.S, Samitas A.,Spyridou A. Ef., 2020) In recent years, the term "inclusive capitalism" has been used in modern tourism literature, the concept of which is associated with the concepts of a binary economy. (Ashford, Robert, 1996)In the context of tourism, the term "inclusive tourism" is used. From this point of view, the work of Shavens and Bidulf is of interest. Shavens and Biedulph define and propose elements of an analytical framework and note how inclusive capitalism is related to other terms that characterize the economic and social potential of tourism development. The elements of inclusive capitalism are illustrated with reference to examples from around the world. The examples demonstrate how it is ethical and beneficial to involve marginalized groups in the process of creating tourism demand and supply. (Scheyvens R., Biddulph R., 2017)

3. Methodology

Given the growing influence of international tourism and its contribution to the country's economy, each country, to one degree or another, pursues a policy of supporting and stimulating inbound tourism. To stimulate inbound tourism, it is necessary to have an appropriate number and quality of hotels, travel companies and tour operators, which ensures the influx of foreign tourists and creates normal conditions for their stay in the country. In this context, the process of assessing the state of the tourism industry in a particular country involves the use of various indicators, the leading of which are the number of tourists arriving and leaving the country; income from tourism, the number of objects serving tourists and their quality indicators, etc.

The proposed article provides a dynamic analysis of the number of hotels, tour operators and travel agencies in Azerbaijan for 2006-2020 by comparing annual growth rates. The structure of the hotel industry is analyzed according to the forms of ownership. Further, using the regression equation, the influence of the number of travel agencies and tour operators operating in the country on the number of hotels is calculated, and vice versa. That is, in one case, X is taken as the number of hotels, and Y is the number of travel agencies and tour operators, and vice versa in the other. As a result, firstly, we get the impact of changes in the number of hotels on the number of travel agencies and tour operators; secondly, the change in the number of travel agencies and tour operators by the number of hotels.

As indicators of the number of hotels, travel agencies and tour operators for 2006-2020, official statistics of the State Statistics Committee of the Republic of Azerbaijan were used.

4. Dynamics of tourism development indicators in Azerbaijan for 2006-2020.

Given the large untapped tourism potential of Azerbaijan and the need for its development, in 2002 the State Program for the Development of Tourism in Azerbaijan was adopted. In order to support the tourism industry in Azerbaijan, 2011 was declared the year of tourism in the country. Considering the prospects of tourism development for Azerbaijan, the country has prepared the Program "Tourism Development in the Republic of Azerbaijan for 2008-2016". Prospects for the development of tourism were reflected in the Strategic Roadmap for the Development of the Economy of the Republic of Azerbaijan. This strategic map outlines the main directions of tourism development, namely:

- In order to attract more foreign tourists, a more complete realization of the tourism potential of the city of Baku is necessary;

- Formation of a favorable climate in the country for the development of the tourism sector;

- Development of regional tourism for local and foreign tourists;

- Creation of a national tourism quality system in order to increase the satisfaction of tourists from services.

All these activities and practical measures to support the development of tourism in the country had a significant impact on the dynamics of the main indicators.

Table 1: Dynamics of the Main Indicators of Tourism Development in Azerbaijan for 2006-2020.

	2006	2010	2015	2019	2020	2020 to 2006	2020 to 2019
Number of tour operators and travel agencies	96	126	243	432	300	312,5	69,4
Number of employees in them (persons)	779	1418	1 586	2205	1464	187,9	66,4
Profit of tour operators and travel agencies (million manats)	8480	19065	36482,2	63363,8	16147,3	190,4	25,5

Source: Tourism in Azerbaijan 2020, p. 12.; https://www.stat.gov.az/

According to Table 1, for 2006-2020, the number of tour operators and travel agencies as a whole increased by 3.1 times. If until 2019 there was an increase in the number of tour operators and travel agencies, then in 2020 compared to 2019 their number decreased by 30.6%. The number of employees in travel agencies and travel agencies for 2006-2020 increased by 87.9%, but in 2020 compared to 2019 their number decreased by 33.6%. The profit of tour operators and travel agencies for the study period increased by 90.4%, and in 2020 compared to 2019 it decreased by 74.5%. Obviously, the decline in all of the above indicators is caused by the Covid 19 pandemic.
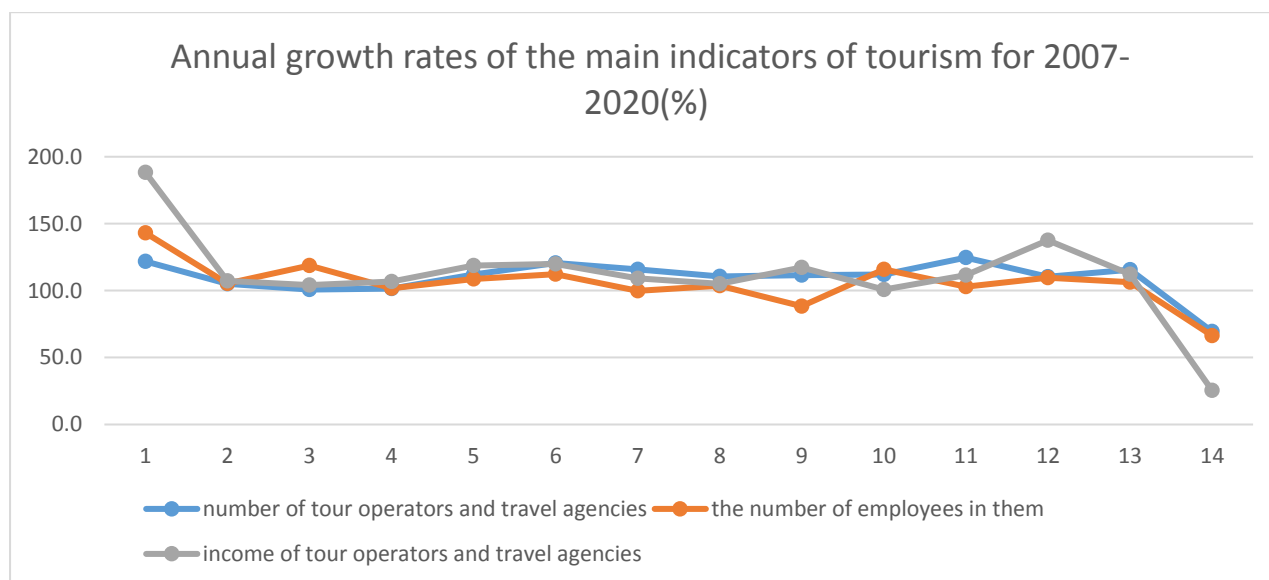
Schedule 1.

As can be seen from the graph, the main indicators of tourism development are declining during the financial crises of 2008, 2015, as well as in connection with the pandemic in 2020. For 2007-2020, the largest growth in tourism development indicators falls on 2007. An analysis of

the indicators of growth rates in the number of tour operators and travel agencies shows that the greatest growth took place in the period of 2006-2007 - by 21.9%. In subsequent years, the indicator fluctuated: from the lowest - 0.8% in 2009 to the highest - 20.6% in 2012, and due to the Covid 19 pandemic, it decreased by 29.6%, amounting to 69.4% of the indicator 2019.

It should be noted that the annual rate of change in the income of travel agencies and tour operators basically corresponds to the rate of change in the number of these enterprises. The largest increase in this indicator took place in 2007 and amounted to 88.3% compared to 2006. In subsequent years, this indicator ranged from the lowest indicator of 0.8 in 2016 to the highest of 37.5%. in 2018. In 2020, due to Covid 19, the income of travel agencies and tour operators decreased by 74.5%, amounting to only 25.5% of the 2019 figures.

As for the number of employees in travel agencies, the largest increase in this indicator took place in 2007 and amounted to 43.1% compared to 2006. In subsequent years, this figure ranged from the lowest 2.9% to the highest 15.9%. In terms of 2 years, there is a decrease in the number of employees - these are 2013 and 2015. And if in 2013 the number of employees in these enterprises decreased by only 0.1%, then in 2015 the reduction was already 11.6%, although in these years there was an increase in both the number of travel agencies and tour operators and their income. In connection with Covid 19 in 2020, the number of employees in travel agencies decreased by 33.7%, amounting to 66.4% of the figures for 2019.

Thus, the analysis showed that the dynamics of the indicators of the number of tour operators and travel agencies and their incomes basically coincide, while the number of employees in them decreased in some years with a general increase in other indicators. This is due to the fact that in these years the average number of employees in tourism enterprises has decreased. In addition, as is known, in connection with the pandemic, all indicators of tourism have deteriorated, but most of all the reduction affected income, while the number of travel agencies and those working in them decreased to a lesser extent. This is because the owners are keeping the organization and employees in the hope of a quick end to the pandemic and an improvement in the tourism industry.

The level of tourism development, attracting foreign tourists has a great impact on the hotel business. As noted above, the tourism industry in Azerbaijan is relatively young and is in the process of formation. In recent years, many hotels and hotel-type enterprises of various forms of ownership have been built in the country. Consider how their number has changed by form of ownership.

Table 2: Changes in the Number of Hotels and Hotel-Type Enterprises by Form of Ownership for 2006-2020

	2006	2016	2017	2018	2019	2020	2020/2006 (%)
Number of hotels and hospitality-type enterprises	285	548	563	596	642	655	229,8
including government	65	45	35	38	33	33	50,7
Private	208	488	515	545	592	604	290,4
Foreign and joint	12	15	13	13	17	18	150

Source: Tourism in Azerbaijan 2020, p. 12.; https://www.stat.gov.az/

As can be seen from Table 2, the total number of hotels and hotel-type enterprises increased by 2.3 times in 2006-2020. The number of private enterprises increased by 2.9 times, foreign and joint enterprises by 50.0%, while state enterprises decreased by 49.3%.
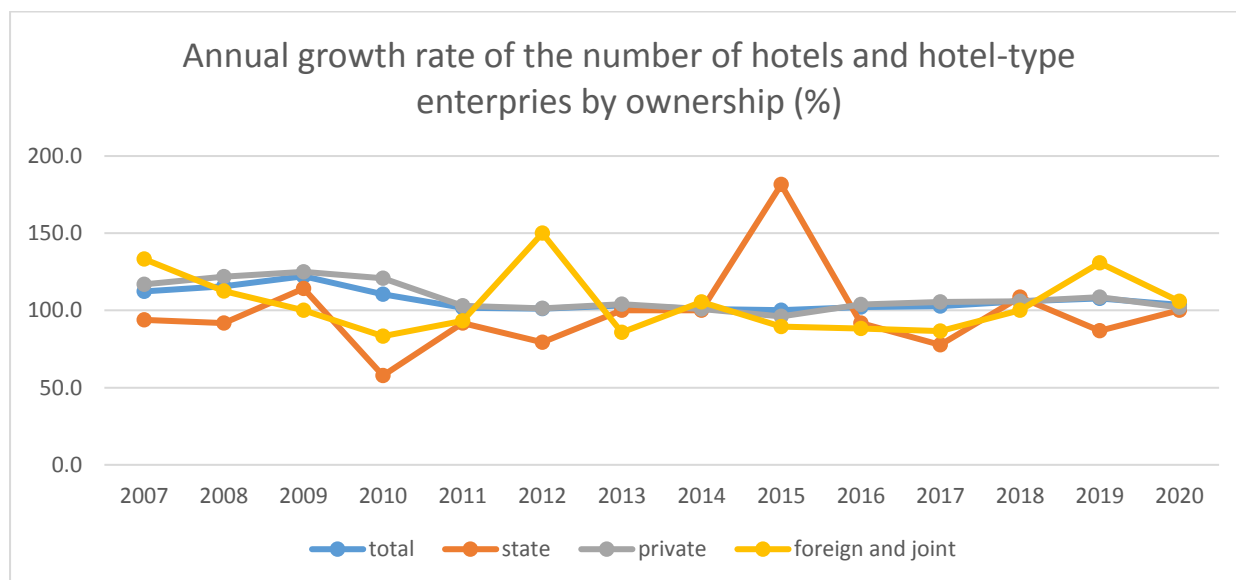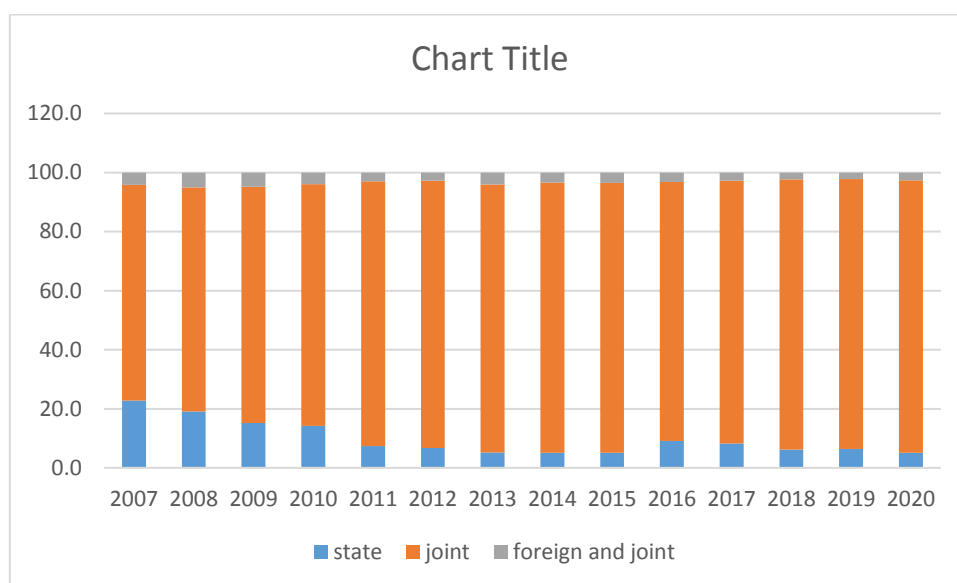

Schedule 2.

As can be seen from Graph 2, the number of hotels and hospitality-type businesses fluctuate. Thus, the total number of these enterprises throughout the entire period shows a positive trend, the indicators range from the highest - from 22.2% in 2009, to the lowest 0.2% in 2015. The annual rate of change in the public sector reflects a very different dynamic. The growth in the number of these enterprises was observed in 2009, 2015 and 2018, the largest increase was 81.5%. In 2015. In the remaining years of the period, with the exception of 2013-2014, there is a decrease in the number of hotels and hotel-type enterprises, the largest decrease is 63.0%. Takes place in 2010.

In contrast to the growth rate of the number of enterprises operating in the public sector, in the private sector (with the exception of 2016, when the decrease was 3.9%), there was an annual

increase in this indicator. The largest growth of 25.0% was observed in 2009, and the smallest 2.0% in 2020.

The number of foreign and joint hotels and hotel-type enterprises increased by 50.0% over the period under study. This figure fluctuates considerably. So, in 2007-2009, 2012, 2014, 2016-2020, there is an increase. The highest growth took place in 2012 -50.0%. In other years, this indicator shows a decrease compared to the previous year. The biggest decrease in the indicator was -16.7%. Took place in 2010.

The result of such dynamics in the number of hotels and hotel-type enterprises influenced their structure by form of ownership.

Schedule 3.

As can be seen from the diagram, the ratio in the number of state and non-state hotels and hotel-type enterprises has changed. The share of state facilities decreased from 22.8% in 2006 to 5.1% in 2020. Accordingly, the share of private hotels and hotel-type enterprises increased from 73.0% to 92.2%. Despite the high growth rate of joint and foreign hotels and hotel-type enterprises, their share decreased from 4.2% to 2.6%.

There are only 18 such facilities in Azerbaijan, of which 13 are foreign and 5 are joint.

The development of the hotel business and the presence of tour operators and travel agencies in the country mutually influence each other. Let us consider how a change in the number of travel agencies and tour operators affects the number of hotels and hotel-type enterprises and vice versa. The calculation of the correlation coefficient showed a positive relationship between these two indicators - 0.81, which indicates a close relationship.

The regression equation showing the effect of changing the number of travel agencies on the number of hotels can be expressed by the following equation

$$У=322,7+0,829х, \qquad где\ R=\ 0,814\ и\ R^2=0,662.$$

And the influence of the number of hotels on the number of travel agencies and tour operators can be expressed by the following regression equation

$$У=-184,2+0,799х, \qquad где\ R=\ 0,814\ и\ R^2=0,662.$$

As can be seen from these equations, the mutual influence of these indicators is almost the same. That is, a change in the number of travel agencies by one unit leads to a change in the number of hotels by 0.829, and the effect of a change in the number of hotels on travel agencies is a slightly smaller value of 0.799.

Let's consider how the hotel business developed in Azerbaijan in 2006-2020.

Table 3: Key indicators of hotels and hotel-type enterprises for 2006-2020.

	2006	2016	2017	2018	2019	2020	2020 to 2006 (in %)
Number of hotels and hospitality-type enterprises	285	548	563	596	642	655,0	229,8
Single capacity	24706	40042	41611	46693	49980	50687,0	205,2
Number of rooms	11403	20330	20778	22192	23865	24195,0	212,2
Number of persons to be accommodated (thousand people)	291,6	1122,1	1414,7	1 749,5	1919,8	668,8	229,3
including citizens of the country (thousand people)	141,1	345,3	433,5	515,1	603	401,4	284,5
Specific gravity (%)	48,4	30,8	30,6	30,6	31,4	60,0	
foreigners (thousand people)	150536	776784	981232	1234392	1316739	267383,0	177,6
Specific gravity (%)	51,6	69,2	69,4	69,4	68,6	40,0	
income from operation (thousand manats)	74 342,4	240 112,7	284 453,9	359 453,0	450188,5	116798,0	157,1
operating costs (thousand manats)	50012	204852,3	222 192,9	277680,5	308342,5	171805,1	343,5
VAT and other taxes paid to the budget (thousand manats)	9445,9	38525,7	39 040,6	33323,1	42252,5	15018,2	159,0

Source: Tourism in Azerbaijan 2020, p. 12.; https://www.stat.gov.az/

As can be seen from Table 2, the number of hotels and hotel-type enterprises for 2006-2020 increased by 2.3 times, in 2020 compared to 2019 the indicator changed slightly - by only 2.0%, while in previous years there was a significant growth of this indicator.

In 2006-2020, the one-time capacity of hotels and hotel-type enterprises increased by 5.2%, and the number of rooms increased by 2.1 times. It should be noted that although in 2019-2020,

according to these indicators, the growth rate decreased, in general, the growth trend remained during the study period.

The number of people accommodated in hotels and hotel-type enterprises as a whole increased by 2.3 times from 2006 to 2020. From 2006 to 2019, this indicator increased by 6.6 times, and in 2020 it decreased by 65.2% compared to 2019.

The number of people accommodated in hotels in 2006-2019 increased by 6.6 times. Among the citizens of the country, this figure increased by 4.3 times, and among foreigners by 8.7 times. In 2020, compared to 2006, among the citizens of Azerbaijan, the growth was 2.8 times, and compared to 2019, this indicator decreased by 33.4%. For foreign citizens, the indicator for 2006-2020 increased by 77.6%, but amounted to only 20.3% of the 2019 level. In 2006, 48.4% of accommodated tourists accounted for Azerbaijani citizens, and 51.6% for foreigners.

In subsequent years, there was a downward trend in the proportion of Azerbaijani citizens and an increase in foreigners. Thus, in 2016, the share of people accommodated in hotels and hotel-type enterprises amounted to 30.8% and 69.2%, respectively, in favor of foreigners. This trend has continued until 2020. Such changes indicate an increase in the number of foreign tourists visiting Azerbaijan. Due to the Covid 19 pandemic and restrictions on tourist flows, the ratio of tourists accommodated in hotels has changed in favor of Azerbaijani citizens, amounting to 60.0%, while foreign tourists have decreased to 40.0%.

The pandemic has significantly reduced the income of hotels and hospitality-type businesses. So, if in 2006-2019 the income of these enterprises increased by 6.0 times, then in 2019-2020 they decreased by 74.1% and amounted to 25.9% of the 2019 level. The same trend is observed in the expenditure indicators of these enterprises - in 2006-2019 they increased by 6.2 times, and in 2020 they decreased by 44.3%, amounting to 55.7% of the 2019 level. Due to the reduction in income of hotels and hotel-type enterprises, tax revenues to the country's budget have decreased. So, if in 2006-2019 the growth from VAT and other tax revenues to the budget increased 4.5 times, then in 2020 compared to 2006, the growth was only 59.0%. In 2020, compared to 2019, these receipts decreased by 64.5%.

It follows from the analysis that, with a significant reduction in the number of tourists due to the pandemic, and as a result of a significant reduction in income, the number of this type of enterprises, their capacity, as well as the number of rooms has been preserved, the owners keep the enterprises, bear the cost of maintaining them in the hope of surviving difficult times due to the pandemic and to continue work after it is completed.

5. Conclusion

Compared to countries with a well-developed tourism industry, this industry in Azerbaijan is young and emerging. Significant growth in many tourism indicators for 2006-2020 is explained by very low starting figures.

It should be noted that the country is located along the route of the Great Silk Road at the junction of Europe and Asia. The country has good climatic conditions, beautiful landscapes,

the presence of historical monuments - all this is a favorable environment for the development of tourism in general, including international tourism. At the same time, the tourism industry is an important alternative to the development of the oil sector and is included as one of the key sectors in the development of the non-oil sector. In this regard, the tourism industry is in the center of attention of the state and is supported by it.

Of course, for the emerging industry, a lot of damage was done by the pandemic, which significantly affected the deterioration in tourism development. However, despite the virtual absence of customers and a decrease in income in 2020, the number of hotels and hotel-type enterprises, their one-time capacity, and the number of rooms continued to grow. Thus, the owners are not curtailing the hotel business, but continue to expand the number and capabilities of existing hotels and hospitality-type enterprises in the hope of weathering the difficult period due to the pandemic and resuming work after it.

The Covid-19 pandemic has reduced opportunities for travel, resulting in a pent-up demand for travel. In our opinion, travel agencies and hotels during a lull in the market should prepare for the period after the pandemic. The pandemic has increased the need for increased digitalization of tourism services. To meet the growing demand of tourists during the post-pandemic period, travel agencies and tour operators can increase the number of digital services and products. These can be alternative digital platforms through which potential customers will be able to book hotel rooms, purchase tickets online for various events such as exhibitions, concerts, etc. Such preventive measures can increase the competitiveness of travel agencies, tour operators, hotels and hospitality-type enterprises, who are the first to apply digitalization, offering customers new opportunities.

During the pandemic, travel agencies and tour operators can actively organize virtual tours to interest potential customers. The possibility of combining virtual tours with real ones allows you to immerse yourself more in the content of the tour and the corresponding historical space. If potential tourists are interested in a virtual tour of the sights of Azerbaijan, then after the end of the pandemic, they may have a desire to visit these places in reality.

As noted in the article, there are 18 joint and foreign hotels and hotel-type enterprises operating in the country. The growth in the number of joint and foreign enterprises will contribute to attracting additional investment resources to the country's economy and the formation of experience in the operation of advanced facilities in this field.

Promising in the development of tourism may be the development of international cooperation, which can be expressed in the exchange of information between travel agencies of various countries, especially neighboring ones. For example, the interaction between travel agencies and tour operators in Azerbaijan and Georgia can help a tourist visiting one of these countries to visit the neighboring country. Interactions between travel agencies and tour operators of neighboring countries can be organized via video link and consider the possibility of transferring tourists from one country to another, discuss its conditions, etc. This practice can contribute to the growth of the competitiveness of the tourism industry in Azerbaijan.

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