

KEY ACHIEVMENTS AND SUCCESSES IN THE DEVELOPMENT OF INDUSTRY IN THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

The industrial sector, as a separate part of the country's economy, is of great importance. The article considers and analyzes the development of the economy, satisfaction of the market demand for goods, to a certain extent related to the quality and volume of products produced by industrial enterprises.

Keywords: Economy, development, industry, modernization, independence.

INTRODUCTION

Competitiveness in the world market and the effective growth of the country at the present time in the context of an updated system of global economic problems require updating the methods of formulating and implementing the industrial strategy of the state. The essay considers the key trends of future growth and changes in the structural appearance of industry in the direction of building an innovation-oriented structure of industrial production. Nowadays, the development and implementation of the economy in the world market and its prosperity require new strategies in the formulation and implementation of the state industrial policy in response to the changing challenges of the world economic space. The current state of globalization and market transformation processes in the industrial sector of the domestic economy requires the introduction of high-quality management methodologies. The solution of issues related to the institutional framework regulating the functioning of the industrial system is of great importance for the industrial strategy of all countries.

The economic development of individual countries is theoretically substantiated taking into account the following factors:

1. The introduction of new conditions for decision-making has been established for all economic entities, regardless of their stage of development and national origin.
2. The institutional structure that manages decision-making processes within a particular country.
3. The effectiveness of policy implementation depends on the currently existing institutional conditions. [1].

It is appropriate to conduct an analysis of the economic policy of the Republic of Uzbekistan in order to determine the structural characteristics of its industrial policy and identify its main



achievements and shortcomings. The above actions will contribute to the development of key strategies for strengthening the national industrial policy, which is aimed at overcoming the structural causes of failures inherent in the current industrial system.

Since independence, Uzbekistan has been actively pursuing an industrial policy with the aim of moving from the production of raw materials with a relatively low market value to the production of finished goods with a higher market value. The measures taken concern the identification of priority goods and industries and the subsequent redistribution of resources.

Generally speaking, this methodology facilitates the process of economic restructuring and expansion within the country. The effectiveness and long-term results of industrial policy depend on a reasonable choice of target products and commodity groups, which should be based on the existing potential of the country.

ANALYSIS AND RESULTS

The implementation of the measures has led to several significant results, including a consistent increase in industrial production, an increase in the contribution of industry to overall GDP growth, favorable trends in the development of the innovative factor of industrial growth, an increase in the production of high-tech products, an increase in the efficiency of resource use, and an increase in the level of localization of products. During this period, there was a significant increase in the volume of industrial production, which increased by more than 2.2 times. The average annual growth rate of production was 9.2%, exceeding the average level of industrial growth achieved in the CIS countries by 6.2%. [2].

During the global financial and economic crisis from 2008 to 2009, Uzbekistan's industrial sector demonstrated remarkable resilience in its development. While other major countries of the Commonwealth of Independent States (CIS) experienced a 10% decline in industrial production, Uzbekistan was able to maintain its pre-eminent status in the expansion of industry within the Commonwealth of Independent States. The share of industrial value added in the structure of the gross domestic product (GDP) increased from 14.2% to 23.6%. Support for key industries contributed to maintaining a stable growth trajectory in areas such as fuel and energy production, metallurgy, chemicals, and construction materials. In the industrial sectors, production volume increased by more than 1.6 times, allowing the country to maintain a commendable level of raw material security. Implementation of design modifications within industrial production. Industries that focus on the production of final products that require significant processing and are readily available demonstrate average annual growth rates that exceed those of the fuel and raw materials industry by 14.1 percentage points. The mechanical engineering sector



demonstrates the highest growth rates - 124.0%, followed by light and food industry - 114.4%, and the chemical and pharmaceutical industry - 126.9%. Over the previous five-year period, there was a noticeable increase in the share of manufacturing in the structure of industrial production, increasing from 34.7% to 40.4%. This increase applies to mechanical engineering, which saw growth from 9.8% to 16.3%. Over the previous two years, the share of inventive products in total industrial production increased from 4.5% to 5.4%. The share of inventive goods in the fuel sector underwent significant growth, increasing from 0.07% to 10.5%. Similarly, the construction materials industry saw growth from 3.6% to 9.2%, while the food and light industries saw growth from 1.1% to 2.6%. Internal funds are the predominant means of financing innovation in various industries, with their share increasing significantly on average across the industry from 74.9% to 89.9% over the past two years. The share of industrial output belonging to the high-tech sector increased from 6.1% to 12.8% over the period under review. The positive impact of high-tech mechanical engineering industries such as the communications and radio measuring equipment industry, the electronics industry, and the production of electrical measuring instruments led to an increase in growth dynamics from 0.2% to 0.7% over the period. The chemical and pharmaceutical industries maintained their positions in the high-tech sector output volumes, accounting for only 0.35% of the entire industry. The share of fuel and energy costs in the overall structure of industrial production costs has decreased from 15.5% to 11.8%.

Industries that focus on finished goods production offer the highest degree of product localization. For example, the localization rate of automobile production reached 54%, while cotton pickers reached 56%, televisions - 47%, refrigerators - 40%, and cotton seeders - 60%.

Over the past year, the volume of localized goods increased by 2.3 times, which amounted to approximately 16% of the total industrial production. The localization program has yielded significant results: more than 840 projects have been successfully implemented. This has led to the establishment of production of more than 120 new product categories, including oil and gas equipment, components and materials obtained from local raw materials. These products are intended for the chemical, food and light industries, as well as for the building materials sector. [3], [4].

CONCLUSION

However, the achieved favorable results are constantly exposed to the influence of external and internal environmental factors, which can potentially undermine or nullify the achieved results. The challenges and risks arising from the global financial and economic crisis, as well as the growing globalization of the world economy, are associated with external



factors. The current state of affairs has been facilitated by several factors, including the intensification of global competition, the expectation of upcoming technological advances, the growing importance of innovation in socio-economic progress and the decreasing influence of traditional growth factors. In addition, the raw materials-export model of industrial development has reached its limits, as evidenced by the rapid escalation of fuel and raw materials exports, the release of goods for domestic consumption due to the overload of production capacities and the low cost of production factors such as labor, fuel and electricity. [3]. The external situation dictates the need for the government to take anti-crisis measures due to two main factors: the state of the global financial sector and the prices of goods exported by the republic. The implementation of measures aimed at mitigating the effects of crises to support the real sector industries has allowed the national industry as a whole to maintain a favorable trajectory. Uzbekistan maintains its leading positions in the world markets for various raw materials, such as natural gas, non-ferrous metals, uranium, cotton and silk.

Obstacles to achieving the intended goals are internal in nature and stem from the need for large-scale modernization. This requirement is due to factors such as the presence of a significant amount of outdated equipment and a relatively low rate of renewal of fixed assets.

Despite the decrease in the rate of depreciation of fixed assets in the industry of Uzbekistan, this issue is still of great importance for the economy. A comparative analysis of the depreciation of fixed assets by industry revealed a positive downward trend in certain industries, including ferrous metallurgy, chemical and petrochemical industries, mechanical engineering and metalworking, as well as light and food industries. The main problems faced by large enterprises are related to the procurement of raw materials, product marketing, stimulating innovation and employee training. These factors significantly affect the competitiveness of their products. The Government of the Republic of Uzbekistan has implemented targeted financial and economic initiatives to support enterprises operating in the material sector of the economy. Several scientific studies have confirmed that over a long period, a policy that prioritizes exports occupies a more advantageous position compared to a policy that emphasizes import substitution. World Bank experts analyzed data from 41 countries for the period from 1963 to 1985. The data obtained indicate that in countries that pursued an active import substitution policy over a long period of time, the average annual economic growth rate was only 1.6%. In contrast, countries that prioritized strong export orientation achieved growth rates of 67%. Moreover, the efficiency of investments in countries pursuing import substitution policies was half that of countries developing and implementing exports. The growth rates of industrial exports in countries with a stable export orientation were significantly higher,



averaging from 14.5% to 15%. In contrast, in countries with a strong import substitution strategy, growth rates were only 3-5%. [5]. Over the past two decades, the share of exports in the total volume of industrial production in Uzbekistan has doubled. Favorable changes are taking place, as evidenced by the increase in the share of high-tech goods in the commodity structure of exports.

The largest share of exports in relation to the volume of production falls on the non-ferrous metallurgy, light industry, fuel and energy complex, chemical and petrochemical industries. The observed decrease in this indicator is obvious in such areas as mechanical engineering and metalworking. This trend can be explained by the negative consequences of the global financial and economic crisis, which led to a decrease in demand for automotive products in foreign markets.

One of the most important tasks of the state economic policy in the process of modernization of the industrial structure of the country is the creation of favorable conditions conducive to a dynamic investment process. The revitalization of the technological infrastructure of the industrial sector depends on a dynamic investment process, which is largely influenced by the tax, budget and monetary policies of the government.

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