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STRATEGIES FOR AMPLIFYING INDUSTRY'S ROLE IN UZBEKISTAN'S ECONOMIC GROWTH

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Abstract: The article analyzes the practical situations of the industrial sector in Uzbekistan. Practical suggestions and recommendations are presented regarding the development of the industry in strengthening the economy of Uzbekistan.

Keywords: Industrial sector, economy of Uzbekistan, production possibilities, gross domestic product, efficiency indicators.

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Introduction

Strategic plans of Uzbekistan aimed at economic reforms involve production of competitive, export-oriented and import-substituting products with high added value, as well as sustainable and proportionate growth of industry and modernization of production capacities, technological advancements and establishment of huge industrial enterprises.

The Strategy “Uzbekistan – 2030”, which has been worked out in reliance upon the experience gained during implementation of the new development strategy of Uzbekistan and the results of public discussions, sets the top-priority objective of ensuring effective use of the local raw material base and development of industry based on advanced technologies.

According to this strategy, the share of technological output produced in the industry should be increased from 25 percent to 32 percent, labor productivity in the processing industry should be doubled, copper production required for high-income products is supposed to be increased by 3.5 times, gold - by 1.5 times, silver - by 3 times, uranium by 3 times. It should be noted that with the aim of localizing production of all household appliances investments in the amount of 1.5 billion USD will be attracted, as well as industrial mortgage system, which stipulates the mechanisms of providing buildings in the form of “ready businesses” to entrepreneurs, will be introduced. “Research and Development” (R&D) centers will be established in such areas as electrical engineering, mechanical engineering, textiles, chemistry, building materials, metal processing, geology, energy, bio-technology, food processing, transport and logistics.

Moreover, in order to develop the “driver” sectors of the industry and fully utilize the industrial potential of the regions, the amount of added value in the industry will be increased up to 45 billion USD, and 2.5 million high-income jobs will be created. Large operating enterprises will launch the system of active promotion of enterprises that have established industrial cooperation, and expansion of cooperation relations with regional enterprises. Modern technological industrial zones will be established in each district, as well as geological exploration activities will be conducted within the territory of 60 000 square kilometers throughout the republic. Production of 400000 tons

of artificial and mixed fibers will be launched in order to reach 100 percent of yarn processing level in the textile industry and to meet the demand for high-quality fabric.

In addition, 70 percent of the need for medications in the pharmaceutical sector will be covered by domestic producers, and the added value will be increased by 5 times due to the attraction of more than 30 prestigious foreign brands to the leather and foot-wear industry.

Methods

In this study, statistical tables and graphs, analytical comparisons, logical and comparative analysis, grouping methods, as well as research work of foreign and domestic scientists on the subject were widely used.

Result and Disscusion

Uzbekistan possesses wide opportunities to achieve the above goals. Human resources and a huge raw material base are considered the core basis for this.

Herewith if we focus on the results of the structural reforms implemented in the economic areas of Uzbekistan, it is obvious that in 2017-2022 industrial products increased by 1.4 times, agriculture - by 1.2 times, market services and construction works - by 1.9 times. To ensure this result, the main goals are focused on accelerating the process of diversifying industrial sectors, deploying high-tech production facilities, first of all, solving strategic tasks related to the production of finished products with high added value based on deep processing of local raw materials.

The system of regional associations of enterprises in the form of specialized economic or small industrial zones, technoparks and clusters has been set up. During this period, there were 20 free economic zones, 506 clusters, and 317 small industrial zones. The share of the manufactured products in industrial production constituted 4.9 percent in free economic zones, 5.2 percent in clusters and 1.2 percent in small industrial zones. As a result, the industry share in the GDP has been steadily increased from 21.1 percent to 26.7 percent.

The increase in exports has been achieved due to a 169 percent increase in the volume of industrial products with high added value, as well as a sharp decrease in the export of cotton fiber and an increase in the level of its processing. Moreover, exports of sewing and knitting products have increased by nearly 1 billion USD, which demonstrates twofold growth. Export of raw materials decreased by almost 22 percent or 732 million USD.

By the end of 2023 manufacturing of industrial products increased by 6 percent. Furthermore, all essential sectors demonstrate the steady growth rate. Intensity of growth in industry increased by 0.8 percentage points compared to 2022. The share of the industry in GDP constituted 26.1 percent and ranked second after the service sector in terms of added value.

Being the main driver of industrial growth, the manufacturing industry has shown the best rates for structural change. Manufacturing of products in this sector has increased by 6.7 percent and was 0.7 percentage points higher than the average growth index for the industry as a whole. This fact has enabled to raise the share of this sector in the industry structure up to 84.4 percent.

It should be noted that intention is the primary factor for the industrial development based on the active development of processing industry. This is obvious in such industries as oil refining (127.1 percent), metallurgy (106.4 percent), and construction materials industry (111.3 percent). Their growth rate is significantly higher than in 2022.

Over half of the increase in the manufacturing of industrial products (53.4 percent) fall within the enterprises manufacturing machine-building products (107.4 percent), textile products and clothing (107.2 percent), soft drinks and tobacco products (105.9 percent). Although the growth intensity slowed down a bit compared to the previous period due to the increase in the volume of competing imports, the positive change related to the increase in the volume of production of consumer goods (107.3 percent) has become one of the main factors in the industry development.

In the ranking of regions, the largest share of consumer goods in the volume of produced

products has been tracked in Andijan region (27.3 percent of the total volume), Tashkent city (20.8 percent), and Tashkent region (11.9 percent).In other regions, large reserves remain in the production of consumer goods.

A comparative analysis of the activities of enterprises with foreign investments illustrates that their share in industrial production is the largest in the Republic of Karakalpakstan (51.1 percent), Samarkand region (42.3 percent), Tashkent city (30.2 percent), and Fergana region (25.4 percent). This figure ranged from 5.7 percent to 19.7 percent in other regions, and 21.7 percent for the industry as a whole. This is 3.3 percentage points lower than in 2022.

Electricity supply demonstrates a significant increase in production (109.7 percent). This was one of the best performances among the industries.The growth rate in the mining industry accounted for 101 percent. The prospect for the industry development is determined by the efficiency of implementing top-priority projects for the minerals extraction.

A slowdown in the rate of increase in losses and arrears is the peculiarity of the analyzed period. As a result, the risk of non-repayment of loans was lower than in 2022.

Despite the difficulties of the analyzed period, enterprises are gradually adapting to the new energy tariffs. Such an opportunity is emerging due to the measures undertaken to reduce the production costs of the output.

If we focus on the figures of the first quarter of 2024, during this period,the national enterprises produced industrial output worth 227.8 trillion UZS. It is obvious that the physical volume index of industrial production constituted 109.8 percent compared to the same period last year. At the same time, the share of the manufacturing industry in the total volume of industrial production accounted for 80.8 percent, the share of mining and open-pit mining industry amounted to 9.5 percent, the share of electricity, gas, steam supply and air conditioning wasequal to 9.1 percent, and the share of water supply, sewage system, waste collection and disposal accounted for 0.6 percent.

Production in industrial enterprises has increased by 12.0 percent compared to the same period last year. In addition, the increase of 4.5 percent is witnessed. In the electricity, gas, steam supply and air conditioning industry, the physical volume index increased by 2.0 percent and in the mining and open pit mining industry by 1.2 percent.

Herewith, compared to the same period of the last year, production of motor vehicles, trailers and semi-trailers increased by 141.9 percent compared to January-April of 2023, production of other finished goods grew by 125.8 percent, production of beverages rose by 121.4 percent, as well as production of rubber and plastic products increased by 16.8 percent.

In January-April of 2024 civil engineering works have been completed in the amount 46913.2 billion UZS and the growth rates accounted for 107.0 percent. 24.5 percent, which accounts for 11486.0 billion UZS of the total volume of civil engineering works, have been accomplished by large enterprises and entities, small enterprises and micro-firms have performed 58.8 percent, which corresponds to 27572.0 billion UZS and 16.7 percent of works worth 7855.2 UZS have been completed by informal sector entities.

During this period, the turnover of retail trade constituted 99072.0 billion UZS demonstrating 8.9 percent growth compared to the same period of the last year. The turnover of large enterprises increased by 17.7 percent compared to January-April 2023, which corresponds to 17.9 percent of the total trade volume. Retail turnover of small business entities has increased by 6.2 percent compared to the same period of the last year. At the republican level, the share of this sector in the total retail trade turnover constituted 71.4 percent, of which non-organized trade turnover amounted to 10.7 percent which corresponds to the amount of 10624.3 billionUZS.

By the end of January-April of this year, the foreign trade turnover of the republic constitutes 20870.1 mln. USD, which shows 5.9 percent or 1164.7 million USD growth compared to the corresponding period of 2023. The indicator of the export volume increased by 9,0 percent compared to the same period of the last year and reached the amount of 8490.5 mln. USD. The import indicator accounted for 12379.6 mln. USD demonstrating the increase by 3.9 percent compared to the same period of the last year.

The volume of provided market services in January-April 2024 constituted 172.7 trillion UZS and increased by 12.9 percent compared to the corresponding period of the previous year. The growth of the total volume of market services has been under a positive impact of the growth of financial services by 18.2 percent, trade services - by 10.8 percent, transport services - by 7.0 percent, communication and information services - by 19.8 percent, and education services - by 31.5 percent.The largest volume of market services falls on financial services (39.9 trillion UZS, a growth rate of 118.2 percent compared to the last year), transport services (41.1 trillion UZS, a growth rate of 107.0 percent) and trade services (38.5 trillion UZS, a growth rate of 110.8 percent).

As of May 1, 2024, the number of enterprises and organizations operating in the republic amounted to 469.3 thousand, of which 400.5 thousand are small enterprises and micro-firms. The largest number by regional location belongs to Tashkent city (99926), Tashkent region (43409), Samarkand (41480), Fergana (38997), Kashkadarya (30680), Bukhara (30192). The largest number of operatingenterprises and entities by types of activities accounts for trade – 154 270 entities, in industry – 64 375 entities, in agriculture, forestry and fishing – 33 957 entities, in construction – 32 926 entities, and in residential facilities and food services – 27 969 entities.

In January-April 2024 27700 new enterprises and entities have been set up in the republic, of which the number of small enterprises and micro-firms accounts for 26 700. As of May 1, 2024, the number of enterprises operating in the republic with foreign capital amounts to 14 478 and 4627 of them are joint ventures and 9851 are foreign enterprises.

The tar product is a black odorless solid. The composition is not stable and depends on the pyrolysis raw materials. Samples of the TAR product of the joint venture UzKor Gas Chemical LLC for preliminary determination of the qualitative composition were analyzed on a Nicolet 6700 IR Fourier spectrometer analyzer with a Continuum microscope and a Raman module. The results of the analysis are shown in Figure 1.

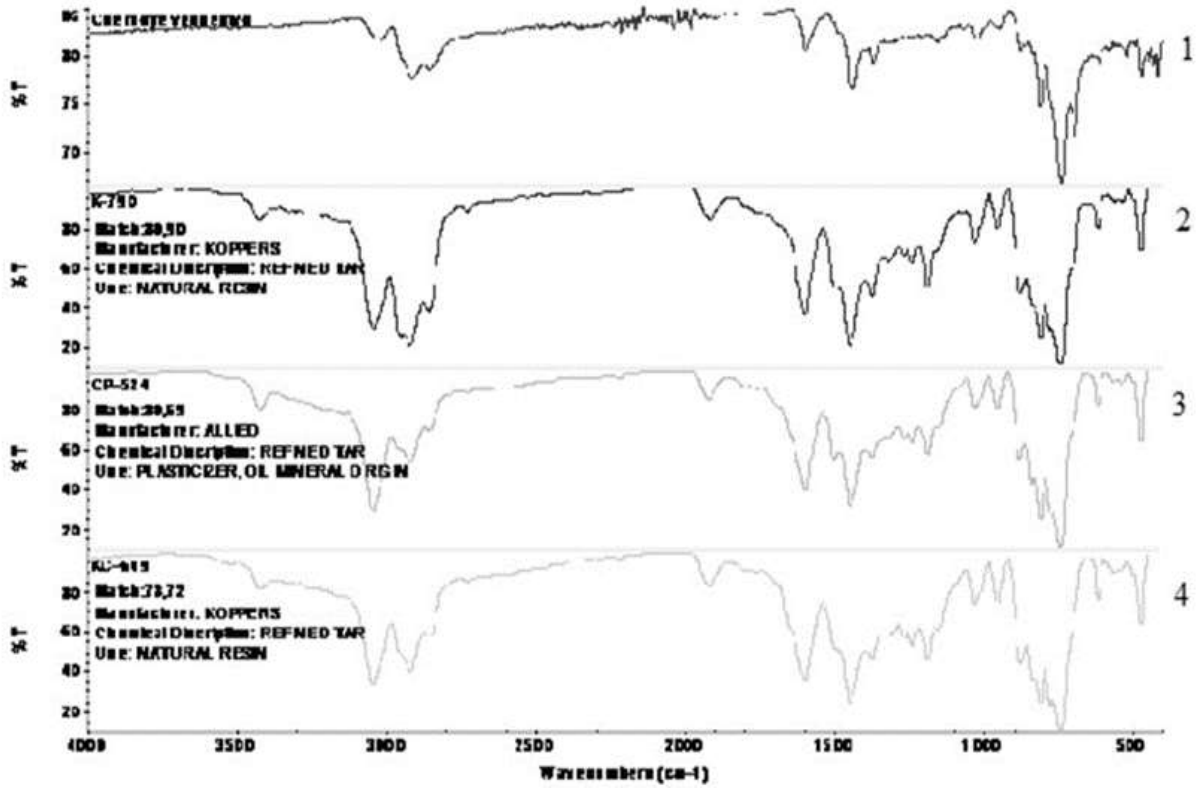

Figure 1. Industry development IR spectrogram of the TAR product: 1 - tar product, 2, 3 and 4 spectra of the base of the device

Source: Author development

In the study, the composition of "tar-product", which is considered a secondary raw material,

was studied by vacuum fractional driving at high temperature, and the products obtained were physico-chemical analysis.

The results of Mass-spectrum alanalization show that in the composition of the resulting fraction there are several substances that are valuable for the industry (Table 1).

Table 1

Results of vacuum driving of Industry development Tar-products

№	Substance name	Output time (min)	Percentage of component(%)
1	Fluorene	13,63	2,17
2	2-phenyltaloal	13,94	1,38
3	9-methylfloren	14,95	2,86
4	2-methylfloren	15,02	1,86
5	1,1-diphenyleten	15,14	1,88
6	fenantren	15,82	10,44
7	2-methylphenanthren	15,94	38,64
8	4-methylphenanthren	16,71	1,02
9	3-methylphenanthren	17,01	1,4
10	2-methylantratsen	17,07	1,79
11	1-methylantratsen	17,16	8,69
12	9-methylantratsen	17,26	2,7
13	2-methylantratsen	17,30	2,09
14	1,4-methanoazoline	17,77	1,37
15	1,2-benzendicarbon acid	22,70	13,46
16	unspecified product	>22,70	9,25

Source: Author development

Conclusion

Moreover, as a result of undertaking systematic measures aimed at the use of resource-saving technologies in agriculture, introduction of a new form of ownership in the sector, improvement of land reclamation, the annual average growth rate of sector production accounted for 2.5 percent in 2017-2022. In agriculture, a total of 394300 hectares of land was put back into use, 256300 hectares of water saving systems and flexible pipe irrigation systems were introduced in 146 800 hectares. 25 enterprises producing drip irrigation equipment and supplies were launched. The degree of localization has reached 60 percent, and the cost of one hectare of water-saving equipment has decreased from 5 000 USD to an average of 2 000 USD.

Activities of clusters and cooperatives have been developed in the agricultural sector, and 463 agro clusters have been effectively launched. About 559000 hectares of cotton and grain fields have been placed on the digital platform in contour sections, the names of crop types and other information have been made available for online monitoring. Area of 92 600 hectares of cotton and grain has been released for open electronic tenders for setting up farms.

Within the framework of reforms, because of the increase in the income of the population, targeted measures for the development of the service sector in each district, city and neighborhood, the growth rate of market services in the last 2 years was equal to 15 percent on average. As a result of the reform aimed at privatization of non-agricultural land, 1 814 hectares of land have been traded on bidding procedures.

The main goal for the next 7 years is to ensure economic stability and inclusive development. In achieving this goal, particular attention is paid to the next stage of poverty reduction, that is, to strengthening the economic self-sufficiency of the population and creating the conditions required for

this. Our updated Constitution serves as a solid legal framework for achieving and implementing this goal.

It should be noted that the stable growth of the national macroeconomic indicators is ensureddespite the geopolitical situation, intensification of the globalization process, as well as economic uncertainties. All this is the result of a systematic approach to solving economic problems and particular attention paid to the development of regions. After all, investments and new technological solutions are an essential factor in the development of all regions.

In conclusion, the ongoing reforms have a number of positive aspects and are of crucial importance for the worthy living of our people and the development of the Republic of Uzbekistan. The comprehensive reforms being implemented, that is, modernization processes in the industrial sector, are significant as they are aimed at strengthening the national economy. The industrial sector development not only reinforces the country's economy, but also ensures creation of jobs in the country and the export of products to the global markets. These innovations, i.e., establishment of new industrial enterprises, determine the future of the country

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