



ENHANCING THE EFFICIENCY AND ENSURING THE COMPETITIVENESS OF UZBEKISTAN'S ECONOMY

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ABSTRACT

This article analyzes issues related to enhancing the efficiency and competitiveness of Uzbekistan's economy. It highlights measures to modernize the economy in line with global market demands, increase production efficiency, implement innovative technologies, and improve labor productivity. Additionally, the article emphasizes the importance of state policies, support for the private sector, and attracting investments in strengthening competitiveness across various sectors of the economy. The research findings include proposals and recommendations for improving the efficiency and strengthening the competitive position of Uzbekistan's economy. This article may be useful for economists, practitioners, and policymakers in the field of economics.

INTRODUCTION

Global experience demonstrates that in today's era of globalization, countries with a strong economic foundation and a well-defined development program are achieving significant progress. In Uzbekistan, various measures are being implemented to establish a stable economy, and these initiatives are yielding positive results. In particular, in accordance with the decision on priority measures for implementing reforms in 2024, as outlined in the "Uzbekistan-2030" strategy by our esteemed President, the country aims to elevate its national economy to the upper-middle-income group by 2030. To achieve this goal, the foundation of a market economy must be fully established in 2024, paving the way for a qualitatively new stage of economic development in 2025, ultimately ensuring a decent standard of living for the population [1].

Ensuring the efficiency and competitiveness of our national economy requires an innovative approach to reforms, which I consider to be the most optimal solution. Through this path, I firmly believe that various long-standing challenges in different sectors of our economy will be effectively addressed. In recent years, Uzbekistan's economy has undergone significant developmental phases. However, for sustainable growth and long-term stability, the current economic factors may not be sufficient. As socio-economic processes continue to evolve, Uzbekistan must align its economy with contemporary global demands; otherwise, various challenges may emerge.

To this day, economic efficiency remains one of the most pressing and vital topics, and it will continue to be so in the future. Indeed, improving the living standards and well-being of the population is directly linked to the

efficiency of our economy. Therefore, it is essential to further develop small and medium-sized businesses, agriculture, technological manufacturing, and transport and logistics infrastructure. By doing so, Uzbekistan will strengthen its integration into the global market and enhance the competitiveness of its economy.

LITERATURE REVIEW

The analysis of relevant literature reveals that extensive research and practical studies have been conducted on enhancing economic efficiency and ensuring economic stability. Among foreign scholars, Robert Solow, in his work "A Contribution to the Theory of Economic Growth" (1956), Michael Porter in "The Competitive Advantage of Nations" (1990), Douglas North in "Institutions, Institutional Change and Economic Performance" (1990), and Paul Krugman in "Geography and Trade" have provided in-depth discussions on efficiency and competitiveness.

Michael Porter's theory of competitive advantage analyzes the key factors influencing a country's economic efficiency and success. His "Diamond Model" identifies four fundamental elements that contribute to national competitiveness: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry [2].

Furthermore, Adam Smith, recognized as one of the founders of economic thought, elaborated on several fundamental principles for increasing economic efficiency in his seminal work "The Wealth of Nations." He emphasized the importance of the division of labor as a key mechanism for enhancing production efficiency [3].

In Uzbekistan, various scholars have examined issues related to improving economic efficiency. N. Jalilova has studied the efficiency of the national economy, while N. Akhmedova has focused on the impact of innovative reforms in the agricultural sector. A. Akhmadiyeva and B. Mamurov have explored the positive effects of implementing information and communication technologies (ICT) on the economy.

Additionally, several Uzbek researchers have addressed economic growth and competitiveness. For instance, Shodmonov, Khajiyev, and Yusupov, in "Accelerating Economic Development" (2021), U. Mirzarayimov in "Enhancing Investment Efficiency and Stimulating Its Growth" (2020), Umarhodjayeva and Makhmudov in "Competitiveness" (2021), Mamatov in "Economic Growth" (2021), and N. Akhunova and N. Shamshiyeva in "Competition Strategy" (2021) have analyzed the implementation of market economy reforms, methods for improving enterprise efficiency, and the challenges of competitiveness in Uzbekistan's economy.

RESEARCH METHODOLOGY

The methodology of this research is based on the scientific studies of both domestic and foreign scholars on ensuring competitiveness and enhancing economic efficiency. Additionally, it takes into account the decrees and resolutions issued by our esteemed President aimed at strengthening economic stability and improving efficiency.

Furthermore, drawing insights from global experience, this study examines the proven methods of enhancing efficiency in developed economies and explores their potential application within Uzbekistan's economic context. Implementing such tested approaches can lead to significant advancements in the country's economic development.

In essence, the methodology of this paper focuses on introducing innovative ideas, modern technological advancements, and global best practices into practical application.

During the research process, various

scientific methods such as statistical grouping, comparative analysis, synthesis, abstraction, and other analytical techniques are extensively utilized.

ANALYSIS AND RESULTS

Uzbekistan is strategically located in Central Asia and possesses significant economic potential and natural resources, positioning it as a key player in the region. However, to ensure the global competitiveness of its economy, a series of systemic reforms and strategic approaches are essential. This paper analyzes the necessary measures to enhance Uzbekistan's economic competitiveness and efficiency. Competitiveness, in this context, refers to a country's ability to operate effectively in both domestic and international markets, increase export potential, and attract investments [4,195]. For Uzbekistan, this encompasses the development of an innovative economy, participation in international markets with high-value-added products, and the creation of a favorable investment climate.

In Uzbekistan's foreign trade structure, a significant portion of exports consists of raw materials such as natural gas, cotton, and gold. As a result, the share of finished products and high-value-added exports remains relatively low. However, in recent years, Uzbekistan has been shifting its focus away from raw material exports towards processed goods, ready-made garments, and textile products. The export of finished goods plays a crucial role in driving economic growth and improving the standard of living of the population.

As a result of these efforts, Uzbekistan's textile exports exceeded \$3 billion in 2023, and projections for 2024 indicate a further increase in this figure [5]. A notable example is the textile clusters in the Bukhara region, which have successfully established the production of high-value-added goods, contributing to job creation and economic diversification.



Source:<https://invexi.org/uz/press/uzbekistan-s-foreign-trade-turnover-for-the-1st-quarter-of-2024-amounted-to-15-8-billion/>

Technological modernization and innovations play a crucial role in enhancing a country's economy. While digital technologies are advancing in Uzbekistan, the level of modern technology adoption in manufacturing remains insufficient. However, in recent years, the government has undertaken significant initiatives to accelerate digital transformation. In particular, the "Uzbekistan-2030"

program prioritizes the implementation of digitalization processes. As a result, by December 2023, the establishment of 14 “Digital Service Centers” was mandated [6]. A prominent example of this effort is the creation of the IT Park in Tashkent, which has facilitated the launch of over 400 startups, some of which have successfully entered international markets.

Enhancing competitiveness can also be achieved by supporting small and medium-sized enterprises (SMEs). According to comparative analyses, in 2022, the share of SMEs in Uzbekistan’s gross domestic product (GDP) was 52.8%. Projections indicate that this figure is expected to rise to approximately 55-56% by 2024 [7]. To further boost this growth, various measures have been implemented, including the introduction of a preferential tax system for small businesses in the Republic of Karakalpakstan. These incentives have already demonstrated their effectiveness [8].

Overall, Uzbekistan’s economy was projected to grow from 5.7% in 2022 to 6.0% in 2023, with this expansion primarily driven by industrial and agricultural sector growth [9].



Source: <https://invexi.org/uz/press/uzbekistan-s-foreign-trade-turnover-for-the-1st-quarter-of-2024-amounted-to-15-8-billion/>

CONCLUSION: Systematic reforms are being implemented to enhance the efficiency and competitiveness of Uzbekistan’s economy. Strengthening this process requires the development of the domestic market, promotion of exports, adoption of innovative technologies, and training of highly skilled professionals. At the same time, efforts are being made to improve economic stability and the investment climate by reinforcing the legal framework and ensuring the efficient allocation of financial resources. Based on the above

analysis, it is evident that Uzbekistan's economic reforms aimed at boosting competitiveness will significantly strengthen the country's position in the global economic arena.

In general, drawing from international experience, the following measures are essential to increase efficiency and ensure competitiveness in Uzbekistan:

- Diversification of industry and production of high-value-added goods;
- Implementation of technological advancements and innovations;
- Support for small and medium-sized enterprises (SMEs);
- Development of transport and logistics infrastructure;
- Enhancement of education and formation of a highly skilled workforce;
- Improvement of energy efficiency;
- Reform of the financial system.

To enhance the efficiency of Uzbekistan's economy, transitioning from raw material exports to a diversified and high-tech economy is of paramount importance. Key priorities in this transition include technological modernization, the introduction of innovations, strengthening international cooperation, and developing a skilled workforce. Additionally, ensuring fair competition by limiting monopolies and expanding state oversight is necessary. Moreover, improving the quality of human capital is crucial for economic growth, making it imperative to enhance the quality of education and align workforce training with market demands. If Uzbekistan's economy achieves high levels of efficiency, it will ensure long-term, sustainable economic development.

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