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## THE ROLE AND IMPORTANCE OF THE PRODUCTION OF BUILDING MATERIALS IN THE DEVELOPMENT OF THE ECONOMY OF UZBEKISTAN

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## РОЛЬ И ЗНАЧЕНИЕ ПРОИЗВОДСТВА СТРОИТЕЛЬНЫХ МАТЕРИАЛОВ В РАЗВИТИИ ЭКОНОМИКИ УЗБЕКИСТАНА

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*Abstract.* The article examines the main directions of managing the efficiency of economic growth of building materials enterprises in the context of diversification and increasing its export potential in the building materials industry.

*Аннотация.* В статье рассматриваются основные направления управления эффективностью экономического роста предприятий строительных материалов в условиях диверсификации и увеличения его экспортного потенциала в отрасли строительных материалов.

*Keywords:* building materials, production, modernization, economic growth, foreign capital, management, benefits, world market, investment projects, fixed capital, investment allotment.

*Ключевые слова:* строительные материалы, производство, модернизация, экономический рост, иностранный капитал, менеджмент, преимущества, мировой рынок, инвестиционные проекты, основной капитал, размещение инвестиций.

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The basis of the reforms being implemented in Uzbekistan today is focused on sustainable economic growth and is directly related to the effective use of material, financial, technological, and human resources in the country. As you know, our country is rich in natural and mineral resources and considers the solution of tasks to ensure the achievement of high efficiency in terms of their use as the requirement of the century.

Because of the reforms carried out in Uzbekistan, new enterprises and new jobs are being created, foreign investments are widely involved, and existing enterprises are being modernized and reconstructed. At the same time, the efficiency of some industrial enterprises decreases, and the cost of their products increases, which, in turn, makes them not competitive. The profitability of each ruble is decreasing, efficiency is decreasing. To solve these pressing problems, the President and the government personally adopt new decrees and resolutions to increase the economic efficiency of industrial enterprises. In particular, the "Action Strategy" program was adopted in five

priority areas of development of the Republic of Uzbekistan for 2017-2021, presidential decrees and government resolutions for 2019-2025 on priority sectors of the economy, in particular, on expanding the production of building materials.

In recent years, the implementation of reforms, industrial upgrades, and enhanced political diversification increased investment activity, and expanded production of competitive products has provided a steady growth of GDP in the production of industrial building materials. In particular, the Action Strategy [1] in the five priority areas proposed by the President and planned for 2017–2021, as a result, accelerated economic growth, and in the last 2017–2019 economic growth was about 5.0%. If we look at the theory of economic growth optimization, this indicator is the best. Because, based on the indicators and provisions of UN economic development, in countries where economic growth is 4%, an increase in production is provided during the period of state development. In our opinion, the reality of such a policy is that the state should effectively use its resources and develop a long-term strategy. Because excessive economic growth leads to excessive spending of the country's resources, which, according to Fisher's theory, leads to overheating of the economy.

The industry of Uzbekistan has grown rapidly over the years of independence. Today, it accounts for 32% of the country's GDP, industrial output exceeds 200 types, and exports make up 48% (Figure).

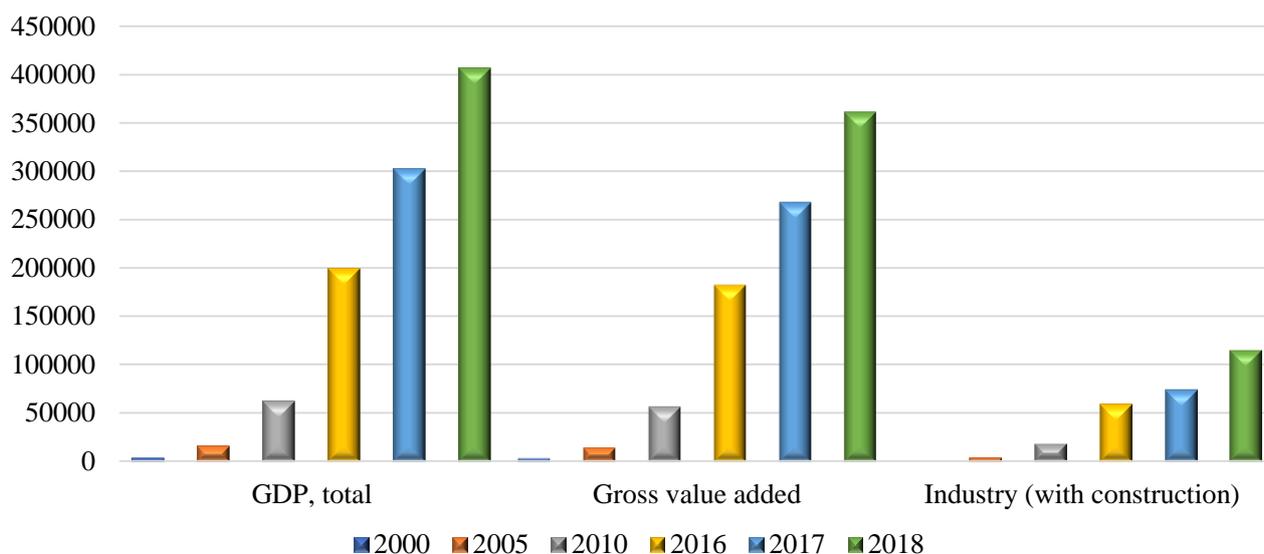


Figure. Structure of sectors of the gross domestic product of the Republic of Uzbekistan (billion soums) [3]

Over the past 19 years (2000-2018), GDP has grown by more than 3.4 times. Analysis of the main factors and sources of economic growth shows that over the past 19 years, the highest rates of economic growth were achieved due to growth in agriculture by 2.8 times (average annual growth rate of 5.6% for 2000-2018), in industry — 2.6 times (5.1%), in construction — 6.9 times (10.7%) and in the service sector — 4.1 times (7.7%) [3]. In this regard, we can see that the highest rate is observed in the construction industry.

It is well known that industry provides all other branches with modern technology and equipment. Due to the level of development of the industrial sector, its development leads to the rapid growth of agriculture, construction, transport, electric power and other industries. In industry, a highly qualified workforce is assembled into modern marketing and management, which develops

and implements measures to conserve resources reduce production costs and improve product quality.

During the years of Independence, the Republic of Uzbekistan changed into the country with modern cities, provided with high level of culture, architecture and communication. The country's leadership always pays great attention to developing construction, adopted long-term national program on preparation of specialists (construction of colleges and lyceums), school education (construction of new schools and major repairing of existing ones), support of individual dwellings (individual dwelling construction in rural areas), of course, developing of the construction materials industry is of great importance for all these areas [2].

Alongside with all spheres of the national economy the construction materials industry followed the most right way of developing, which is known all over the world as "The Uzbek model", and made an important step to the gradual developing of the branch.

The main aim of the branch is to implement the republican economic policy into producing construction materials:

- providing the construction market with locally produced construction materials;
- participating in drawing up state programs on localization, modernization, technical and technological re-equipping of the enterprises of the construction materials industry, in the investment and territorial programs of the republic, system of managing the quality and others, and monitoring of implementation of these programs;
- conducting the marketing of the construction materials (export, import, study of demand for construction materials on territorial levels);
- implementing a unique technical policy in modernization of existing and creating of new production facilities, assisting in implementing modern, effective, energy-saving technologies and equipment into production process and holding marketing of facilities;
- Conducting activities on attracting foreign investments and credits for implementing projects via creating joint stock and foreign enterprises.

Production of over 70 forms of modern, liquid, energy-effective, export-oriented construction materials, including with high benefit, have been organized in the branch during the 25 years of Independence.

In the line with the State Programs on investment and modernization, projects over 500 projects on producing construction materials with the volume of expenditure due to all sources of financing equivalent to 897,5 m US dollars, including due to attracting foreign investments and credits equal to 249,73 m US dollars, have been implemented during the years of Independence.

During this period annual average growth rate of investments in comparable prices into economy, industry, construction and assembly works totaled 12,2%, pace of investment growth into the construction materials industry totaled 45,8%.

Currently existing capacities on producing stoneware tile in the republic totals 11,0m cubic meters, with reaching the production capacity up to 25,0 m cubic meters till 2018-2019 years.

Over 50 enterprises on producing various dry building mixes work currently in the republic. The production capacity of the enterprises is more than 400 m cubic meters. The mixes provide new, significantly qualified level of conducting construction and assembly works.

Organization of producing of import-substituting products is under particular attention, market demand in construction materials is regularly studied and monitoring and analysis of import of construction materials is carried out.

During the years of Independence in accordance with the Program on localization of producing ready products the enterprises of the branch mastered the production of more than 50

forms of import-substituting materials: chmotte and siliceous refractory, stone wire tile, wood particle boards, welding electrode, ceramic tile, PVC window profile, aluminum plastic composite panel, gypsum board, dry mixes, linoleum, metal tile roofing, sanitary-technical products, laminate and flooring materials, roofing materials (polyizol, bicorn), cutoff disks, wall papers and others.

Construction materials imported into the country conditionally divided into three groups:

- common construction materials produced in the republic;
- construction materials composed of cellulose — MDF, lamin-board, board lumber, WDB;
- metal products — flat-rolled products, gage materials, wire, rolled wire, tubes, connector bend, connecting piece.

Construction materials totaling 1 532,7m US dollars were imported into the republic in 2015, the tempus of growth was 70,3%.

The volume of import of construction materials into the republic totaled 310,8m US dollars: boards from natural stone, ceramic tile, ceramic granite, glass plate, ceramic bathroom fittings, paints and varnishes, wallpapers, wallpapers for ceilings, thermal insulating materials and others.

Implementation of projects on organization of production is carried out on these 15 forms of products.

Cement production is the main consumer of energy and fuel resources in the construction materials producing branch, it totals over 95 %.

Now cement is produced in two methods: “wet” and “dry”. It should be mentioned that 3,3m tonnes of cement was produced in the republic in 1995, only 38% of this volume fall to share of using “dry” method, which is modern and less power consuming. In 2015, the cement production reached 7,8m tonnes and the share of the dry method totaled 60%.

In line with the decree by the president of Uzbekistan dated on 25 October 2016 № PP-2641 “On measures to further improve the management organization of the industry of construction materials of the Republic” and with the aim of further developing and diversification of the structure of construction materials industry, wide attracting of foreign investments for modernization, technological and technical re-equipping of enterprises of the branch and increase of its export potentials, introducing modern methods of corporative managing in accordance with international demands and standards the following tasks were put forward:

- Conducting marketing researches of internal and foreign markets of construction materials, revealing necessity in modern construction materials;
- Providing implementation of the complex of measures on deepening processing of local resources, increasing the volume of and expanding assortment of producing competitive, export-oriented construction materials, as well as satisfying internal demand on new forms of high-quality construction materials;
- Conducting unique scientific-technical and investment policy, wide implementation of leading energy and resource saving technologies to producing modern high-quality construction materials;
- Wide attracting of investment, first of all direct foreign investments, for modernization, technical and technological re-equipping of the branch, organization with leading foreign companies joint companies on producing high-quality modern construction materials;
- Active implementation of modern methods of corporative managing, wide attracting highly qualified managers, including foreigners, for managing the branch;
- Providing information, marketing and other services for organizations and enterprises composing the structure of joint stock Company, organization of retraining and

advanced training of specialists [1].

So, improving the organization of managing and further structural reforms will provide stable developing construction materials industry, deepening cooperative and integrative activities, competitiveness and diversification of produced materials and effective use of investment potential of the country.

Summarizing all above-mentioned we can made a conclusion that implementation of market reforms in the republic, including deepening the process of privatization, achieving macro-economic stability and providing stable economic growth directly connects with implementation of effective economic policy.

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