

UDC 338.262

**THE SPECIFIC FEATURES OF THE REPUBLIC
OF UZBEKISTAN MACROECONOMIC DEVELOPMENT**

**ОСОБЕННОСТИ МАКРОЭКОНОМИЧЕСКОГО РАЗВИТИЯ
РЕСПУБЛИКИ УЗБЕКИСТАН**

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Abstract. In this paper looked through priority directions of The Strategy for Actions on the development of Uzbekistan in 2017–2021, that is developed by the President of the Republic of Uzbekistan, socio–economic development results of Uzbekistan in 2016. As well as stated on sharp and sensitive reforms held on deepening market reform and liberalization of economy, improving business environment, supplying further development of small business and private entrepreneurship (SMPE) in order to develop competition in the market, easing business conditions, developing favorable business environment, eliminating barriers and obstacles in developing SMPE.

Аннотация. В данной статье рассмотрены основные направления «Стратегии действий по развитию Узбекистана в 2017–2021 годах», разработанной Президентом Республики Узбекистан, итоги социально–экономического развития Узбекистана в 2016 году. Кроме того, проанализированы основные реформы в стране проводимых по углублению рыночных реформ и либерализации экономики, улучшению деловой среды, обеспечению дальнейшего развития малого бизнеса и частного предпринимательства (МБЧП) в целях развития конкуренции на рынке, ослабления условий ведения бизнеса, развития благоприятной деловой среды, устранения барьеров, препятствий в развитии МБЧП.

Keywords: macroeconomics, socio–economic development, market reforms, liberalization, business environment, modernization, entrepreneurship.

Ключевые слова: макроэкономика, социально–экономическое развитие, рыночные реформы, либерализация, бизнес–среда, модернизация, предпринимательство.

It is known as one of the most important priorities of the economy of the republic of Uzbekistan by the President of the country in the years 2017–2021, developed by the decrees of the action plan for the further development of strategies aimed at the liberalization of the economy in the third direction is to maintain macroeconomic stability and economic growth, to increase the competitiveness of the national economy, promote the development of small business and private entrepreneurship and the country's economy by improving the investment climate, and it is pointed to the attraction of foreign investments (The presidential decree of the Republic of Uzbekistan of February 7, 2017 No. UP-4947 About the Strategy of Actions for Further Development of the Republic of Uzbekistan).

Indeed, reformations that carried out in order to broaden market reforms, liberalize the economy, improve the business environment and competition lead to develop the country's economy at high rates in 2016.

In particular, by the end of 2016, real growth of the gross domestic product in 2015 increased by 7.8% and nominal capacity of 199.3 trillion sums.

High economic growth rates were, in turn, determined by the first President of the Republic of Uzbekistan Islam Karimov in 2016 social-economic development of the country's most important priority directions of development of the economy of the country or all the mobilization of internal resources and the opportunity to find and economic structural reform, modernization political deepening and diversification, as well as the rapid development of the private business sector, small business, home promote demand implementation of measures aimed at ensuring the effective macroeconomic politic (The speech of the First President of Republic of Uzbekistan I. Karimov dedicated to the outcomes of socio-economic development in the country in 2015 and the crucial priorities of economic program for the year 2016 at the extended meeting of Cabinet of Ministers//*xalq so'zi*, 2016, 16 January.).

So recent years, it has been attaching importance of improving the business and investment environment, providing a wide range of benefits and opportunities, playing an important role to attract foreign investment and the structural work carried out in this area is an important factor in increasing the volume of investment in the economy in Uzbekistan.

2015–2019 domestic industrial restructuring, modernization and diversification of the sector, aimed at the creation of modern infrastructure in a number of applications for the year 2016, the duties and the effective implementation of the measures served a purpose of providing the highest growth rates of the volume of capital investments which is directed economy.

In particular, all the sources of financing of the amount of investments increased in 2015 compared to 9.6% and total 16.6 billion US dollars.

They were financed at the expense of the population and 53.3% of investments in the company's own funds, 15,3% of foreign investments and loans, 10.3% of commercial banks' loans and other loans, 4.5% of the state budget, 4.7% of the state trust funds and 4.7% of fund for Reconstruction and Development of the Republic of Uzbekistan.

Including, a total capital investment of 3.7 billion US dollars, or 11.3% of the share of foreign investments, from that 73% of direct foreign investments. In 2016, the value of US \$ 5.2 billion over the implementation of 164 large investment projects were carried out (the official web site of the Central Bank of Uzbekistan: www.cbu.uz).

A distinctive feature of the investment policy, implemented in the country, is manifesting in deep processing of local raw materials and energy saving and the creation of new high-tech industries reflected in the government gives priority to the implementation of investment projects.

A total of 726 thousand new jobs were created as a result of the continuation of the program of measures which were belonged to the creation of jobs and employment, from that 438.5 thousand are college graduates. The creation of new jobs with a steady increasing in labor productivity is serving for increasing in real incomes of the population. In particular, it was 11% of the total growth in real income per capita, 15% of the salary of staff of organizations in the budget, and scholarships, 12.1% of pensions and social benefits in 2016.

Deepening the reform of the economy, gradual implementation of structural changes in the medium term programs ensured the highest growth rates in the volume of production in all sectors of the economy and maintenance of macroeconomic stability in 2016. In that year, it was industrial production increased by 6.6% compared to 2015, including the development of industrial production by technological renovation of enterprises, expand the range of ready consumer goods on the basis of deep processing of raw materials as a result of the acceleration of production.

In industry the highest growth rates were observed mainly in the sectors of light industry (16.6%), production of building materials (14.1%) and food industry(14.4%). Growth rate was

12.1% in the weaving industry which belongs to the structure of the textile industry, 22.0% in leather and footwear industry and 18.9% in garment industry (the official web site of the Central Bank of Uzbekistan: www.cbu.uz).

In the development of agriculture, it was paid much attention to continue deep structural changes in the system, deep processing of agricultural products, and to keep them focused on the development of infrastructure. In 2016, the reform of the agriculture and providing food security, the further development of diversified farms and measures aimed at improving efficiency in the cultivation of the product all of them helped to increase in gross product increased by 6.6% compared to 2015.

For instance, the volume of the production of consumer goods increased 5.4% compared to 2015 and it was 47.4 trillion sum. In this the volume of food production was 11.4%, the cultivation of fruits and vegetables was 11.2%, potatoes were 9.7%, vegetable crops were 10.4% compared to 2015.

The positive changes were in service industry in 2016. The volume of services increased 12.5% compared to 2015 in this period. As well as the provision of value added volume which was created in the service sector increased by 9.3% provided to increase 49.5% growth in the gross value added content of the growth in the service sector compared to 2015 in economy (the official web site of the Central Bank of Uzbekistan: www.cbu.uz).

The services sector with high growth rates were observed in areas such as financial services(30.6%), catering(19.0%), commercial services(18.5%), healthcare(17.2%), repair of computers and household goods(16.3%), communication and information(16.0%), road transport services(11.8%) and education (11.2%).

According to the decree of the President of the Republic of Uzbekistan №PF-4848 About the rapid development of business activities to ensure comprehensive protection of private property, and in terms of the quality of the business environment as well as additional measures, all kinds of businesses unscheduled inspections were abolished from 2017, January 1. This was next important step for the development of entrepreneurship and to ensure the protection of private property by the state in the country. As well as to facilitate business conditions, favorable business environment, and to eliminate unnecessary barriers in the way of business development for the immediate and effective implementation of the measures serves as an motivation to further development of the industry (The presidential decree of the Republic of Uzbekistan of October 5, 2016 No. UP-4848 On additional measures to ensure the accelerated development of entrepreneurial activity, comprehensive protection of private property and substantial improvement of business climate).

Such as private property, small business and private entrepreneurship, to ensure the protection of the gradual implementation of the programs of measures adopted as a result of nearly 32 thousand in 2016, or more than 2015 which is 18% of new small enterprises are listed in the State registration and started its work.

Doing business — the rating of ease of doing business is drawn up by the World Bank every year for evaluating on the basis of the same criteria business environment of 189 countries of the world. According to the rating countries are assessed on 10 indicators.

In the report of Doing business — 2016 which was shown in 2015, October, Uzbekistan was raised from 141st of level to 87th in the rating. During the last year Uzbekistan held at least 3 areas of reform and gained place among ten the most progressive reformer countries which rose to the top of the rankings (Table).

In my view, the advantages and opportunities will take up the success of the country's achievements in the field of business for the development of entrepreneurship directed by the government.

The role of small business and private businesses is very important to ensure sustainable socio-economic growth in the country that is the share of the country's growth domestic product

grew by 56.9% and 45% in industry. Currently, in the economy 78% of employed population is working in this area.

Table.

THE PLACE OF UZBEKISTAN IN THE RATING — DOING BUSINESS OF THE WORLD
 BANK*

| <i>The indicator</i> | <i>Doing business — 2015</i> | <i>Doing business — 2016</i> |
|---|------------------------------|------------------------------|
| Ease of doing business | 141 | 87 |
| The implementation of the agreements | 32 | 32 |
| The creation of new enterprises | 64 | 42 |
| Take credit | 105 | 42 |
| The resolution of issues of economic insolvency | 75 | 75 |
| The state registration of real property | 113 | 87 |
| The protection of minority investors | 87 | 88 |
| The electrical connection to the network | 108 | 112 |
| Tax payment | 117 | 115 |
| Construction permits | 149 | 151 |
| Foreign trade conditions | 158 | 159 |

* www.chamber.uz (the official web site of the Chamber of commerce and industry of Uzbekistan).

Of course, the role of small business and private entrepreneurship in the country's economy, economic development, financial services, including loans are an important factor in the dynamic Growth. The amount of loans which are allocated for small business and business entities increased 3.1 times in 2016 compared to 2015 and it established almost 15.9 trillion sum, from that the volume of micro increased 3.1 times and it was more than 3.3 trillion sum (the official web site of the Central Bank of Uzbekistan www.cbu.uz) (Figure).

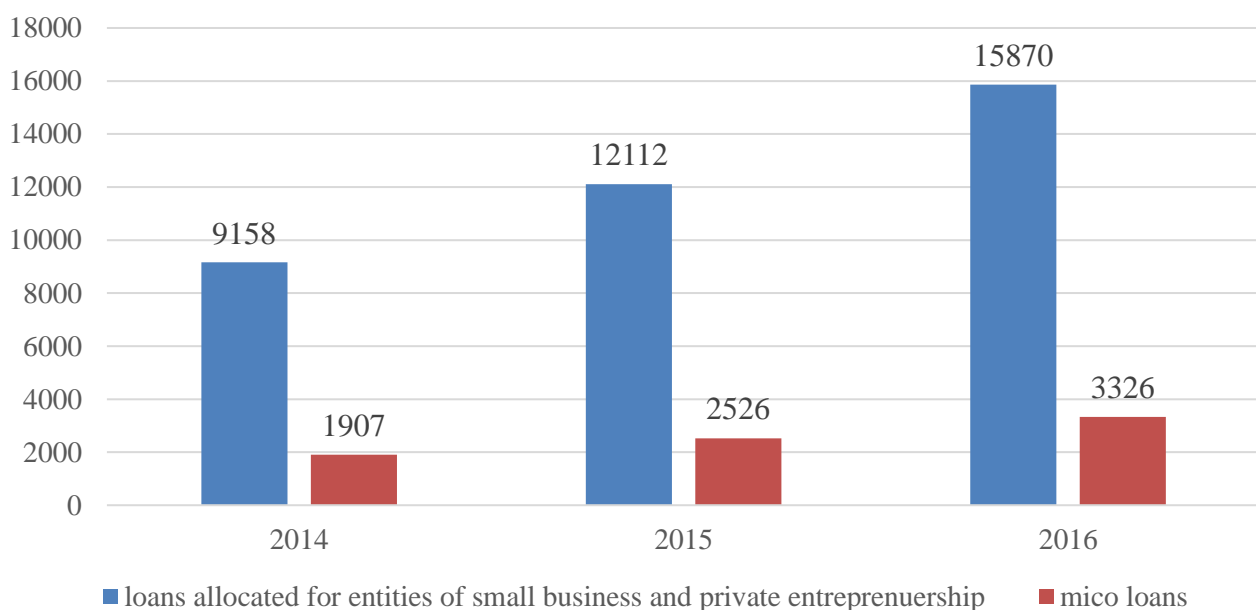


Figure. 2014–2016 years, Loans to small business and private entrepreneurship, billion sums.

In particular, the funds of credit allocated:

367.2 billion sum for the development of family business and crafts 1,647.0 billion sum for women's entrepreneurship 2,752.6 billion sum for manufacture of food products 2,993.0 billion sum for manufacture of non-food products 362.1 billion sum for financing business plans of graduates of professional colleges.

By 2016, the country's foreign economic activity in the global economy, including the main trade partners of the country watching the unstable economic and financial situation, as well as external markets caused by the effect of the decrease in prices of the main raw material to display the results in 2016, despite the unfavorable competitive conditions' external trade surplus reached. And it provided the positive balance of payments and helped the growth of gold and currency reserves in the country.

In 2016 foreign economic activity of local manufacturers was put into practice at complex trade and a sharp competitive environment which was formed as a result of a sharp devaluation of national currency environment in the main export markets, remaining at low levels of prices, and a number of commercial partnerships of a sharp devaluation of national currency during the last 2–3 years.

The total amount of exported goods and services increased 0.5% compared to 2015, and it was almost 12.6 billion US dollars in spite of these unfavorable conditions of populism and trade. This, in turn, shows the increasing of the export potential of the enterprises and the amount of evidence of higher rates of export. In 2016, the amount of imported goods and services was cut down 2.4% compared to 2015, and it was more than 12.1 billion US dollars (the official web site of the Central Bank of Uzbekistan: www.cbu.uz).

A decrease in the volume of imports in dollar amount is interpreted particularly oil, and decreasing in prices of raw products and services which are necessary for our economy and also foreign suppliers of goods and services in many foreign countries devaluation of the national currency against the US dollar. In general, foreign trade circulation was more than 24.7 billion US dollars in 2016, it was cut down 1.0% compared to 2015. The positive surplus of foreign trade balance was 453.6 million US dollars.

The inflation rate dynamics plays an important role in the conduct of monetary policy by Central Bank and the implementation of measures aimed at ensuring the stability of prices in the economy by the government in curbing inflation in 2016 and its forecast has been achieved. At the end of 2016 on the basis of the consumer price index inflation rate was 5.7%.

At the same time, the main focus was on the economy to stimulate domestic demand and increase the pace of economic growth through the expansion of the volume of production, financial support for the favorable prerequisites and ultimately to main macroeconomic stability in the country.

The main trading partner countries, taking into consideration the economic conditions and trends, the country's real sector businesses and measures to prevent the negative impact of the macroeconomic situation in general praise swap.

In our view, the high economic growth rates are expected due to the following factors:

- To increase the volume of investments in fixed capital by active investment policy.
- Deepening the structural changes in the industry, including continuous technical and technological renewal of production and the modernization and diversification of products with high added value as well as to continue the growth of the industry due to the expansion of the size and type of production supply.
- Agricultural reform and development as well as the diversification of production in the area and increasing productivity due to the implementation of the program objectives and measures to increase agricultural products.

– The service sector accelerated growth, small business and entrepreneurship in the rapid development, its financial sector entities, and to create a favorable business environment to continue for support a systematic, purposeful and programmatic measures.

We think that the implementation of the above measures will help to macroeconomic stability and balanced development of the economy and regions of the country.

*Работа поступила
в редакцию 19.02.2017 г.*

*Принята к публикации
22.02.2017 г.*

Cite as (APA):

Khudaiberganov, Zh. (2017). The specific features of the Republic of Uzbekistan macroeconomic development. *Bulletin of Science and Practice*, (5), 155-160.

Ссылка для цитирования:

Khudaiberganov Zh. The specific features of the Republic of Uzbekistan macroeconomic development // Бюллетень науки и практики. Электрон. журн. 2017. №5 (18). С. 155-160. Режим доступа: <http://www.bulletennauki.com/khudaiberganov> (дата обращения 15.05.2017).