



Prospects for Economic Development of Regions on the Basis of Uzbekistan Experience

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ABSTRACT

This paper examines theoretical and methodological issues of regional development as an important part of national territories and economics. Conducted a study of the basic functions of governments on regional development and necessary measures. The main measures for the development of regions are considered using the example of the People's Republic of China, the Federal Republic of Germany and the Republic of Uzbekistan, based on the inherent territorial specificity and general socio-economic development of these countries. The author examines the factors slowing down regional development, and also provides conclusions and suggestions on effective and integrated development of regions.

Keywords: regional development, regional economics, reforms, industry, business development, social development.

INTRODUCTION THEORETICAL AND METHODOLOGICAL PART. DEFINITION OF BASIC CONCEPTS

Current trends for strengthening integration processes and globalization lead to strengthening of geopolitical factors in the formation of a single economic area for countries and regions. At the same time, the importance of expanding regional socio-economic systems interaction with similar territorial entities and the growth of the importance of the regions' internal economic situation in their development strategies implementation increases.

The word “region” comes from the Latin “regio” meaning border, area. The most detailed definition is given by the economist N. Nekrasov - “A region is understood as the country's large territory with more or less homogeneous natural conditions and certain direction of productive forces development based on a combination of the natural resources complex with the corresponding established and prospective material and technical base, production and social infrastructure.”

Regions are the largest players in the national economy. It is the regions' well-being that determines the opportunities for the country's population successful life. And the regional development inequality is a problem that the state can solve with the tax and budget policy instruments help. At the same time, the main government task is to build such a system of interbudgetary relations between the center and the regions providing the regions with the necessary resources to solve the socio-economic development problems.ⁱ

Based on this, it is necessary to develop a state policy in the field of socio-economic development and territorial planning of regions. At the same time, one of the most difficult

issues remains the question of choosing the vector and strategy for regional economic development.

To achieve these goals, governments of countries can implement the following tasks:

- develop legal regulation in the field of regional development and territorial planning;
- ensure the socio-economic development of regions strategies consistency with the national goals and strategic objectives;
- initiate individual development programs to ensure sustainable development of individual territories;
- develop and implement various schemes to support territories, including free economic and industrial zones to raise the regions' investment attractiveness;
- implement large-scale projects allowing to integrate the economy of these regions into the economic area of the entire country to eliminate disproportions in regional development and remove infrastructure restrictions.ⁱⁱ

At the same time, when implementing the above tasks, a number of factors must be taken into account:

- remoteness of the location of enterprises and population from the road and transport infrastructure;
- the social infrastructure state;
- the economic potential and resource base of the region;
- coverage by telecommunication systems, and etc.

Global development trends in globalization context, as well as the technological structures changes, currently allow developing economies to become part of the global economic system at an accelerated pace also increasing the role of countries' regions in the global economy.

Understanding global trends in transformation processes allows us to develop regional development strategies conforming to the changes taking place. This also applies to the industry structure of the regional product with the need to:

- increase the role of agriculture and processing industries to increase the agricultural farming efficiency;
- develop transport with targeted organization of logistics systems;
- highlight priority areas for industrial development considering the resource potential of the territory;
- the educational services sphere is of particular importance as a fundamental sphere for the human potential development. It can be stated that the regional economy will become competitive if conditions for the human capital development are created;
- the basis of the new paradigm of regional development should be an innovative economy based on advanced technologies in manufacturing enterprises and the introduction of high-tech technologies aimed at the long-term perspective.ⁱⁱⁱ

Country Analysis. China, Germany, Uzbekistan (more detailed description of the history and current state of regions development in China and Germany is provided in the appendix).

Country	People's Republic of China	Federal Republic of Germany	Republic of Uzbekistan
Considered Factor			
Fundamental strategy	Independence of regions achieved by a focused development strategy	Ensuring equal participation of regions in the country's economic development	Balancing the economic development of regions improving the living standard of the population
Development challenges	Balancing economic development between Western, Eastern and Central regions	Strengthening rural regions as independent economic territories and living areas	Creating new jobs in conditions of declining natural resources
Main approved documents	Five-year development plans	"Common Task" Document - Improving the Regional Economy Structure" (GRW)	Regional development programs, New Uzbekistan development strategy
Drivers of regional development growth	Established labor, capital and goods markets	Subsidies for the industry, infrastructure development, additional assistance to weak regions	Industrial development, creation of free economic zones, cluster approach

In 1991, Uzbekistan inherited collapsed hypertrophied economy which was the raw materials appendix of the USSR. Under the leadership of the first President of the republic, active work was started to level out the disproportions in the regions' development. It is worth to say that 60% of the industrial production was accounted for by 2 regions - Tashkent city and Tashkent region.

Fergana region had sufficiently developed industry - due to the operating chemical plant, Navoiy - due to Navoiy Mining and Metallurgical Plant and related industries, and Kashkadarya region of the republic - due to the production and processing of oil and gas and other related industries.

The industry's share in the GDP structure at that time was 9%, and agriculture - 27%. By 2016, the situation had changed dramatically, the industry's share was 27%, and agriculture - 16%. That is, Uzbekistan turned from an agrarian into industrial-agrarian country.

The question is due to what factors these changes occurred. The largest manufacturing enterprises started to operate, such as Shurtan Gas Chemical Complex jointly with ABB (Sweden), automobile factories with world leaders in the automotive industry, such as General Motors, Isuzu, Man in Andijan, Khorezm, Samarkand regions, a motor factory in Tashkent region, Gas Chemical Complex in Karakalpakstan at the Surgil field with Lotte Chemical (South Korea), large textile complexes with Indorama in Kokand, Fergana and Bukhara regions, Daewoo in Fergana region, Kabul Textile in Tashkent and many others, which made it possible to ensure deep cotton processing within the country and obtain value added.

The factory for the production of excavators and earthmoving equipment was built in Khorezm region with XMG (China), the Bukhara Oil Refinery with Technic (France). Factories for the production of televisions, refrigerators, computers, gadgets and other consumer electronics in cooperation with Samsung, LG and others. Joint ventures for the production of tractors, cotton pickers and other agricultural machinery were opened with Case Corporation (USA), Claas and Lenken (Germany).

New industries were also established, such as automobile manufacturing, mechanical engineering, agricultural engineering, pharmaceuticals, textiles, oil and gas chemistry.

Modern road transport and engineering and communications infrastructure was formed, including the construction of the Angren-Pap railway lines with a unique tunnel through the Kamchik mountain pass, the Tashguzar-Baysun-Kumkurgan railway line. The first high-speed railway service in Central Asia was opened on the Tashkent – Samarkand – Bukhara - Karshi routes.

In the same years, in order to organize high-tech production and attract foreign investments into the regions of the republic, by the initiative of the Ministry of Economy, 4 free economic zones were opened for the first time - "Navoiy", "Jizzakh", "Urgut" and "Tashkent" and I was assigned to head their Supervisory Boards. Special preferential, tax, currency and customs regimes in these zones allowed to attract many promising foreign and domestic investors to these territories.

All of the above factors, such as reducing the tax burden, attracting strategic foreign investors to industrial sectors, attracting the necessary foreign preferential credits, creating favorable conditions for the development of small, private businesses and their rapid growth, forming a modern market infrastructure, sustainable development of agricultural production based on the liquidation of collective and state farms and the creation of private farms and many others determined the sustainable 8 percent growth of the economy for more than 10 years starting from 2016.

Since 2017, by the initiative of President Sh. M. Mirziyoyev, the new stage of economic transformation began during which the following measures were ensured:

- full conversion of the current account;
- radical reduction of the tax burden on the economy;
- improvement of business legal protection;
- the right for land private ownership has been determined in law;
- protection of foreign investors has been strengthened;
- the procedure for acquiring and renting state property has been simplified;
- tariff and non-tariff barriers have been significantly reduced, new mechanisms for supporting exporters have been introduced.

These and other measures taken by the government allowed for more active and intensive development of regional potential leading to the overall growth of the republic economy: according to the results of 2023, the republic's GDP in current prices amounted to 1 066 569

bln. soums with 6% increase compared to 2022. In dollar terms, in 2023, the nominal GDP amounted to 90.8 bln. US dollars which is 10.4 bln. dollars more than in 2022.

The new stage in the regions' development was their specialization, taking into account all the factors specific to these regions with division into clusters.

In Uzbekistan, 506 clusters were established in 2018-2022. In 2022, they produced industrial products worth of 28.7 trln. soums. Over the past five years, the production volume has increased 32 times. The volume of investments into cluster development in 2018-2022 increased 5.2 times, and the number of people employed - 2.5 times. The share of clusters in the total volume of industrial exports in 2019 was 5% while in 2022 it reached 11.4%.

At the same time, labor productivity in the cluster system increased 12.9 times from 2018 to 2022, the Accounting Rate of Return ratio (ARR) increased from 1.0 to 1.4 indicating the high efficiency of the industrial clustering process.

Fruit and vegetable clusters, cotton-textile and grain clusters operate in 13 regions of the republic (in all but Tashkent). Let us note the largest and most successful of them:

- Agricultural cluster - Bek Cluster LLC, located in Mirzaabad district of Syrdarya region. Established in accordance with the Decree of the President of the Republic of Uzbekistan dated by 2017. This cluster was allocated 18 thousand hectares of land. By the results of the cluster system activity, more than 5 000 new jobs were created. Hydroponic greenhouses were put into operation, intensive vineyards were planted. In 2019, the enterprise for primary cotton processing was organized in the cluster system. Modern information technologies are being introduced into the cluster's activities, in particular, the "Kropio-Telematics" program for equipment remote control and management, gathering information on the volume of work performed, the amount of fuel consumed, and etc. With the help of the "Kropio-Agro" program, crop development is monitored via satellite and the necessary agrotechnical measures are determined. Also, 1 317 different types of equipment and units were purchased for a total of 282 bln. soums from the USA, Germany, Great Britain, Russia, Turkey and China. In particular: arable tractors - 126 units, row-crop tractors - 110 units, cultivators - 110 units, seeders - 68 units, laser levelers - 42 units, tractor trailers - 263 units, sprayers - 74 units, cotton pickers - 52 units, grain harvesters - 12 units and other types of agricultural machinery - 224 units.
- Baht Textile LLC - the main activity is spinning production. It is located in the cities of Navoiy and Samarkand. The production capacity of the enterprise allows to carry out the entire production process: cotton growing, ginning, spinning, raw fabric knitting, dyeing, production of finished products. Cotton with the longest fibers in Uzbekistan grows on the area of 25 000 hectares. Cotton factories have been built in the cities of Khatyrchi and Kiziltepa processing 135 000 tons of cotton per year.
- BCT DENIM DIVISION in Bukhara region - production of denim fabric and finished products. It is fully vertically integrated textile company managing all processes from sowing seeds to the production of finished denim products. The number of employees is more than 5 000 people. Products are exported to Germany, Portugal, Turkey, Poland, Japan, Belarus, Ukraine and Russia.

- The pharmaceutical cluster - Tashkent Pharma Park located in Tashkent region - is a single ecosystem in which all areas of the pharmaceutical industry and the necessary infrastructure are located: the Laboratory of the Center for the examination of pharmaceutical products, the laboratory of the research center and university, pilot production lines, the pharmaceutical technical university, the center for clinical research, the industrial zone.

At the same time, by 2026 medical clusters will be organized in seven regions of Uzbekistan: in Namangan, Fergana, Syrdarya, Kashkadarya, Navoiy, Tashkent regions and the city of Tashkent. Tourism is also one of the important areas of the regional economy development. Having rich cultural and historical heritage, each region of Uzbekistan is unique and inimitable in its own way.

In addition to Samarkand, Bukhara and Khiva, which are the pearls of world civilization and centers of global tourism, almost every region of the country has ancient archaeological and historical monuments.

For example, in Navoiy region, over 200 archaeological sites have been discovered, including burial mounds, settlements remains, silicon workshops and rock paintings. In the 2.5 km long Sarmyshsay Gorge, over 5 000 petroglyphic images have been found, most of which date back to the Bronze Age (3000-900 BC), there are also petroglyphs dating back to the Eneolithic (4000-3000 BC), Neolithic (6000-4000 BC) and Mesolithic (15000-6000 BC) eras. Images of people and animals, hunting scenes, and everyday work are among the petroglyphs.

The mountain resort areas of Tashkent, Jizzakh and Surkhandarya regions are also very popular among tourists. Even Karakalpakstan, a region with an unprecedented ecological catastrophe associated with the shallowing Aral Sea, is attractive both for tourists and hosting cultural, entertainment, musical events and folk art festivals.

The state policy aimed at tourism developing brings good results - in 2023 6.6 mln. foreign citizens visited Uzbekistan for tourism which is 1.4 mln. or 27% more compared to 2022. In addition to citizens of the CIS countries, the country was visited by tourists from Turkey, India, China, South Korea, Japan, Germany, Italy, the USA, France, Great Britain, Spain and other countries. In 2023, the number of foreign arrivals from the CIS countries increased by 23%, while the number of tourists from non-CIS countries increased by 95%. Most tourists visited the country for leisure and recreation (64%).

It should be noted that since 2022, the practice of developing and implementing target development programs for the regions of the republic for 5 years has been introduced, from 2022 to 2026. Thus, development programs for all 12 regions, the Republic of Karakalpakstan and the Tashkent city were approved, providing for an average of: growth of GRP (by 1.5 times), industrial production (by 1.6 times), agricultural output (1.2 times), services (by 3 times), and construction volumes (by 1.6 times).

Also, the implementation of the following measures has been approved for each region:

- practical measures to solve existing issues of the population;

- specialization of cities and districts defining "growth points" and "driver industries";
- consolidated parameters of investment projects for the industry, agriculture and services development;
- a set of measures for the development of engineering and communications, production and service infrastructure and the construction, reconstruction and repair of social facilities;
- thorough list of perspective projects for the development of social and production infrastructure of cities and districts.

At the same time, in 2022 the New Uzbekistan Development State Strategy for 2022-2026 was approved, which among other things provides for:

- further development of the local industries export potential based on the maximum use of existing opportunities;
- organization of free trade zones in border areas with neighboring states;
- organization of 200 new industrial zones in the regions and development of business incubators system, including the creation of more favorable conditions for the development of entrepreneurship in areas with a "difficult" socio-economic situation;
- establishment of mutual foreign economic relations between business representatives of the regions of the republic and foreign countries. In particular, the development of investment and foreign economic relations of Syrdarya region with the PRC, Surkhandarya region with the Russian Federation, Jizzakh region with India;
- construction of utilities and social infrastructure facilities within the framework of the Obod Qishloq and Obod Makhalla programs, taking into account the "growth points" of each area;
- construction and renovation in the regions of the republic of about 80 thousand kilometers of trunk and distribution electric networks, over 20 thousand transformer stations and over 200 substations;
- the service sector development in the regions with growth in services volume by three times in the next 5 years and the creation of 3.5 mln. new jobs in this area;
- implementation of the "City Comfort Index" to assess the life quality of the population in cities.

As we can see, the republic is implementing quite efficient state programs for the regions' development, however, at the same time, there is a fairly significant variance in the regional development indicators.

SYSTEM PROBLEMS. FACTORS SLOWING DOWN REGIONAL DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN

Uneven Development of Regional Economies

The leaders in terms of contribution to **GDP** are the capital and the capital region due to the financial flows' concentration, the manufacturing enterprises presence, the necessary infrastructure, transport corridors and the communications development.

Next come Navoiy region (developed industry) and Samarkand region (tourism).

The most lagging region in terms of contribution to GDP is Syrdarya region which economy is dominated by light industry, food products, and pharmaceuticals.

In terms of **industrial production**, in addition to the leading regions Navoiy region (the presence of the largest mining and metallurgical plant in the country) is the next one, the most lagging region is Syrdarya region.

In terms of product exports, the last in the top three leaders is Andijan region (production and export of cars, auto production clusters), the lowest indicator is in Jizzakh region.

In terms of the number of **enterprises and small businesses**, the leading positions are occupied by the Tashkent city, Tashkent and Samarkand regions, the most lagging region, as in the previous indicators, is Syrdarya region.

Thus, we can see a group of leading regions in economic development, regions in the middle position and a number of lagging regions:

- **Leading regions:** Tashkent city, Tashkent and Samarkand regions;
- **Middle-class regions:** Navoiy, Andijan, Kashkadarya, Fergana, Bukhara and Namangan regions;
- **Regions lagging behind in development:** Syrdarya, Surkhandarya, Jizzakh, Khorezm regions and the Republic of Karakalpakstan.

Underdevelopment and Degradation of Industrial and Social Infrastructure

Despite the large-scale measures taken by the Government of the country to improve industrial and social infrastructure, in many cities and regions of Uzbekistan, especially in remote areas, the level of deterioration of power grid, water supply networks, heating networks in populated areas, as well as road and transport infrastructure is high.

Excess Labor Force

In Uzbekistan, 890 thousand children are born annually, 730 thousand people graduate from schools, the number of unemployed is 1.3 million people. More than 1 million people enter the labor market annually.

In this context, the accelerated creation of a large number of new jobs and issues of organized labor migration come first.

Decrease in the Carbons Production

As of January 1, 2023, gas production in Uzbekistan decreased by almost 5 bln. cubic meters. The production of oil and gas condensate also decreased.

In 2023, Uzbekistan imported more gas than exported. The difference in supplies exceeded 165 mln. US Dollars. Oil and oil products imports for 4 months of 2024 increased by 27% and amounted to 788 mln. US Dollars.

The country is forced to import energy resources to support the needs of the population and enterprises and economy development.

Reduction of Water Resources

Uzbekistan is among the top 30 countries with increased water stress, ranking 25th out of 164 countries. According to the experts, the fresh water deficit in Uzbekistan may reach 7 bln. cubic meters by 2030. By 2050, the deficit will double.

Due to the climate and anthropogenic changes, over the past 50 years the country's key rivers - Syrdarya and Amudarya - have lost more than 20% of their volume. This leads to dust storms and droughts worsening the problem of water deficit.

The main fresh water consumer is the agricultural sector accounting for 90% of the used water volume. At the same time, 36% of this, or 14 bln. cubic meters, is lost in canals with earth beds, another 6 bln. cubic meters are lost due to outdated irrigation methods. At the same time, the construction of the Kushtepa Canal by Afghanistan could seriously worsen the situation of Uzbekistan and Turkmenistan, with the most critical scenario possible being a strict economy of water resources for 6 million people.

CONCLUSIONS AND PROPOSALS FOR EFFECTIVE AND COMPREHENSIVE DEVELOPMENT OF REGIONS

1. The fundamental factor in the regions' development is existence of a comprehensive and strategically verified State Program for the Development of Regions, with the determining role of the state as the main regulator and creator of the necessary conditions for economic and social development. The experience of regional development using the example of China shows that despite the recognition of independence in the development of regions and territories, it is the government being the main regulator of economic measures and directing financial flows to the development of a particular territory or production area. The German government has taken a large number of measures to stimulate the independent choice by the regions of directions and industries for their further development. At the same time, the development results have occurred due to the introduction of integrated regional development concepts. The federal government, in turn, offers additional assistance to regions with a weak economy, playing the role of a fair distributor of resources and leveling economic development within the republic. The current situation, in addition to the above, requires the implementation of additional measures for a more complete and comprehensive development of regions, in accordance with their historical and cultural potential, existing resource and labor base.

2. Considering the absence of large industrial enterprises, factories and export-oriented production facilities in most regions of the republic, in order to ensure a high employment level, it seems necessary for the state to stimulate the development of small and medium-sized businesses - the basis for creating "cheap" jobs, high employment and the middle class formation. In addition to the measures implemented by the government, in this context, it is proposed to establish an institution of business intermediaries on the basis of regional, city and district self-government bodies with direct subordination to the Cabinet of Ministers of the republic. This business intermediary should be elected taking into account the business community opinion of a given region and deal only with issues of business development, problem solving and elimination of factors slowing down development and preventing economic activity. In order to speed up the resolution of problematic issues, in addition to face-

to-face discussions, it is proposed to organize a special portal for entrepreneurs to address and solve existing issues in real time.

3. As part of the small business development, given the rich cultural and historical heritage of most regions of the republics, it is proposed to implement appropriate measures to develop cultural and ethnic services in each individual region.

In this context, it is proposed:

- production of souvenirs and other products reflecting the specifics of the regional cultural and ethnic heritage (souvenirs, household items, national clothing, dishes, fabrics, and etc.);
- production of cultural and ethnic services (theaters, dance groups, art works, etc.);
- expansion of public catering facilities network focused on the national cuisine of the region;
- development of hotels and other accommodation facilities for the population and tourists, taking into account the national and cultural traditions of everyday life and recreation;
- extensive advertising promotion and organization of tours to natural and historical locations.

The implementation of these measures will allow:

- to reduce tension in the regional labor market due to the development of self-employment and additional employment of the population;
- to ensure the small entrepreneurship development;
- to promote the development of cultural sphere and support of folk crafts and trades;
- to improve the tourist image of the country due to the presence and modern equipment of interesting original places for tourists. Also, the increased interest of tourists will allow the formation and development of service infrastructure in historical and cultural zones and ensure their preservation.

4. With the growing problem of increasing fossil fuels deficit, the country needs to develop a large-scale program for the development and transition to alternative energy sources (shown in the table), taking into account the geographical features of each individual region.

Name	Source
Hydropower	The energy source is water. The most common method is to generate energy using a dam and turbines that rotate the water inside. The potential capacity of hydroelectric power stations is 30-40 terawatt-hours per year.
Wind power	The energy source is wind. Energy is also generated by turbines that rotate the wind. They are much cheaper than water turbines, and are located at a height of 100 meters: this means that the land underneath them can be used for agricultural purpose.
Helio power	The energy source is Sun. Such stations can accumulate sunlight using batteries that convert it into the energy.

Given the growing scarcity of water resources, which in turn can lead to food shortages and reduced production, it is necessary to:

- **achieve consensus** among the Central Asian countries on the conservation and use of water resources at the regional level. Countries need to develop and implement agreed action plans based on the principles of fair and efficient water resources use. Within the framework of the Central Asian Water and Energy Program, annual water forums and meetings at various levels are held to create favorable conditions for increasing water and energy security in the region;
- **improve the efficiency** of water resources use by increasing the irrigation systems efficiency, introducing advanced satellite technologies and water management methods. This may include modernizing irrigation systems, using drip irrigation allowing to reduce water loss and simultaneously increase crop yields. In addition, it is important to develop infrastructure for collecting and storing rainwater, as well as industrial and domestic use.

5. It is proposed to introduce the National Regional Development Rating and to conduct annual assessment of the local government bodies activities, with subsequent organization of events at the national level considering the results of the annual assessment according to the approved indicators and make government decisions on their basis on the development of a particular region, territory, and the allocation of the necessary financial, technical, natural and human resources.

The implementation of this initiative will allow a detailed study of the state of development of both leading and lagging regions, with subsequent spread of the best regions' practices to others. It will also ensure openness of local government activities to the population, media representatives and higher-level departments stimulating them to achieve the best results.

It is proposed to introduce indicators to be analyzed according to the following system:

1. **"Main general economic indicators"** reflecting the dynamics of the main macro- and microeconomic indicators of regional development;
2. **"Production"** reflecting information on the volume of manufactured products, product exports, introduction of new production facilities, renewal of fixed assets, and etc.;
3. **"Goods and services market"** indicating statistics on the volume of retail turnover, the structure of paid and household services to the population;
4. **"Finance"**: information on accounts receivable, accounts payable and solvency of enterprises, the balance of income and expenses of the population, execution of the regional budget, the price index in the consumer market;
5. **"Foreign economic activity"** with indicators on the activities of joint ventures, foreign investments, export-import of goods and services, and foreign trade balance.
6. **"Construction"**: commissioning of production capacities and housing and civil engineering facilities, volumes of contract and construction and installation works, use of capital investments, availability of unfinished construction, etc.;
7. **"Agriculture"** reflects the production of gross product in all categories of farms, livestock and poultry population, livestock productivity, availability and condition of agricultural machinery, sown areas, crop yields by types of agricultural crops, and etc.;
8. **"Transport"**: results of the work of automobile, rail, air, river and electric transport, data on the transportation of passengers and goods, freight turnover, passenger turnover;

9. **"Labor market"** with data on the number and composition of labor resources in the professional and age structure, the number of employed and unemployed, labor force movement, availability of jobs, wages, information on wage arrears;
10. **"Social sphere"** reflecting information on the number of pre-school, secondary specialized and higher educational institutions, the number of students and persons with higher education, the number of medical institutions and hospital beds, the number and occupancy of hotels, and etc.;
11. **"Living Standard of the population"** includes data on food consumption, the availability of durable cultural and household goods, characteristics of housing conditions, the poverty level, the provision of social infrastructure facilities, and the migration of population from the region.

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Attachment to the Article

History and current state of regional development in the People's Republic of China and the Federal Republic of Germany.

People's Republic of China.

One of the features of the regional policy of the People's Republic of China is the independence of the regions achieved through a focused development strategy.

This strategy involves the support and development of individual regions and districts, as well as the implementation of certain projects and programs due to their specificity. The country's division into economic regions is based on the same principle.

At the same time, the PRC not only concentrates the necessary resources in certain regions, but also implements appropriate measures in the security, political stability, and social security areas.

Within the PRC territory, it is clear that within territorial units and within provinces there is a concentration of economic development at several growth poles. Most of these growth poles are located in East China, especially in the Bohai Bay, Yangtze River Delta, and Pearl River Delta regions. Thus, East China is ahead of West China in terms of development.

It is worth to note that the western region occupies 2/3 of China's area. Compared with the developed eastern coastal regions, most of the western region is sparsely populated, has poor natural conditions, and has a relatively backward economy. The existence of these conditions is caused by various complex social and historical reasons.

These geographic imbalances have led to the adoption of a number of regional policies originally designed to promote a more balanced model of coordinated national development.

In the mid-1960s, due to tensions with the United States and its allies, the government launched a program to relocate strategic enterprises to the mountainous areas of central and western China. Once international tensions eased, priority was shifted to the coast.

After 1978, as a result of reforms and openness to investments, growth was concentrated in the eastern coastal areas. At the same time, the establishment of special economic zones, open cities, and open economic zones, as well as the introduction of a wide range of other preferential policies, led to a sharp increase in regional imbalances.

In the mid-1990s, the next Ninth Five-Year Plan stated that economic and social development should "conform to coordinated economic development among regions and gradually reduce regional development disparities."

A number of policies were put forward to accelerate the development of the central and western regions:

- these regions were given priority in resource development schedules and infrastructure projects;
- natural resource prices were adjusted in their favor;
- centralized financial transfer payments were introduced.

In 1999, the government approved the West Development Strategy. During the "Tenth Five-Year Plan" period, the key tasks for the development of the western region were:

- accelerating infrastructure construction;
- strengthening environmental protection and construction;
- strengthening the basic agriculture positions;
- adjusting the industrial structure;
- developing tourism;
- developing science, technology, education, cultural and medical services.

Significant steps were taken in the development of the western region and the implementation of the "ten major projects" was launched, namely: the Ningxi Railway, the Yuhuai Railway, the construction of the western highway,

the construction of the western airport, the Chongqing light rail, the Xiebei-Xining-Lanzhou gas pipeline, the Qinghai potash fertilizer project, the project to return farmland to forests and pastures, the construction of university infrastructure in the west, and the Jipingpu water conservancy project in Sichuan.ⁱⁱⁱ

The Chinese economy has shown rapid development because even before the "opening doors" reforms, the country already had a unified industry and agriculture base, including irrigation systems. All this laid a solid foundation for subsequent development. Also, the success and rapid growth of the Chinese economy is explained by the following main factors:

- commodity market with a gradual historical transition from planned to market regulation has developed in China;
- capital market has formed in China. Together with foreign capital investments, China adopts technology and purchases equipment in large quantities;
- labor market has developed in China. The labor market in China is inexpensive explaining the colossal number of manufactured products with low- cost price also allowing Chinese goods to be competitive in the world market.ⁱⁱⁱ

Taking into account the above, it should be concluded that the development of China's regions is based on strong support and control by the state, including on the basis of the adopted five-year state development programs, as well as on the accelerated construction of infrastructure, agriculture, industrial enterprises, as well as the development of science, technology and education.

Federal Republic of Germany

Regional policy in Germany is an integral part of the national economic policy which purpose is to ensure equal participation of weak regions in the economic development of the country.

In 1969, a national instrument was created - "Improvement of the Regional Economy Structure" Joint Task (GRW - Gemeinschaftsaufgabe "Verbesserung der regionalen Wirtschaftsstruktur").

The Joint Task aims to provide an institutional basis for a common and coordinated regional development policy in Germany. GRW gives the regions full responsibility in the implementation of regional policy limited only by national rules. The aid provided by the GA is directed only to certain areas previously approved for support.

The map of such areas is agreed upon by the GA Planning Committee and approved by the European Commission. The Planning Committee in turn provides the detailed annual Framework Plan specifying the areas marked on the aid map, the aid measures, the conditions for granting aid and the priorities for regional development.

Over the past decade, Germany has taken a number of measures to stimulate initiatives from the bottom up, from the regions. These results have been achieved through the introduction of integrated regional development concepts involving all relevant regional authorities.

The essence of the concept is that the regions themselves should select the areas needing the most funding. Integrated regional development concepts are flexible instruments promoting regional development and more effective goals prioritisation.

The programs include the subsidies allocation from both the federal and state budgets for the development of industry and infrastructure, which in turn creates the preconditions for the widespread deployment of the investment process. As for the Federal Government, it offers additional assistance to weak regions: it provides unified scheme for the development of the regions and organizes system for providing assistance.ⁱⁱⁱ

In general, the Federal Government and the regional governments strive to strengthen rural regions as independent economic territories and living spaces. In doing so, the potential opportunities and characteristics of the territories are taken into account, and their attractiveness for living and tourism is increased.

To implement the above-mentioned goals, in accordance with the concept of sustainable development and ensuring a high quality of life in the city and in the countryside, support tools of various levels are used aimed at overcoming disparities in the living standard of various territories:

- at the European Union level;
- at the federal center level;
- at the regional level.

At the EU level, cooperation is being built with the European Agricultural Rural Development Fund (ELER) in accordance with the rules of the General Agricultural Policy (GAP), which aims not only at the direct agriculture development, but also at the rural areas development.

The agricultural development goals are mainly implemented through direct payments. Agricultural development projects are financed entirely from the EU budget. Rural development programs are co-financed from EU funds, as well as from regional and national funds.

The European Commission has formulated the following long-term strategic objectives in the field of rural development:

- increasing the competitiveness of agriculture, forestry and food industry;
- ensuring sustainable use of natural resources and climate protection;
- balanced territorial development of the economy of agriculture and rural areas;

The European Parliament has also defined priorities in the rural development policy:

- restoration, conservation and development of natural ecosystems that depend on agriculture and forestry;
- increasing the competitiveness of all agricultural sectors, as well as the profitability of agricultural enterprises;
- promoting the organization of the food chain;
- state support for social integration, measures to fight poverty;
- state support for agriculture, forestry and food industry in the transition to low carbon emissions economy and production.

Thus, it should be noted that an integrative approach is being implemented in Germany to implement the goals of rural areas sustainable development consisting of forming a set of instruments for supporting territories, aimed at overcoming disparities in the living standard of different territories and ensuring a high quality of life in the city and in the countryside.

Territorial support is carried out integratively, at three levels: at the European Union level, at the federal center level, at the regional level.

Republic of Uzbekistan

In 1991, Uzbekistan inherited collapsed hypertrophied economy which was the raw materials appendix of the USSR. Under the leadership of the first President of the republic, active work was started to level out the disproportions in the regions' development. It is worth to say that 60% of the industrial production was accounted for by 2 regions - Tashkent city and Tashkent region.

Fergana region had sufficiently developed industry - due to the operating chemical plant, Navoiy - due to Navoiy Mining and Metallurgical Plant and related industries, and Kashkadarya region of the republic - due to the production and processing of oil and gas and other related industries.

The industry's share in the GDP structure at that time was 9%, and agriculture - 27%. By 2016, the situation had changed dramatically, the industry's share was 27%, and agriculture - 16%. That is, Uzbekistan turned from an agrarian into industrial-agrarian country.

The question is due to what factors these changes occurred. The largest manufacturing enterprises started to operate, such as Shurtan Gas Chemical Complex jointly with ABB (Sweden), automobile factories with world

leaders in the automotive industry, such as General Motors, Isuzu, Man in Andijan, Khorezm, Samarkand regions, a motor factory in Tashkent region, Gas Chemical Complex in Karakalpakstan at the Surgil field with Lotte Chemical (South Korea), large textile complexes with Indorama in Kokand, Fergana and Bukhara regions, Daewoo in Fergana region, Kabul Textile in Tashkent and many others, which made it possible to ensure deep cotton processing within the country and obtain value added.

The factory for the production of excavators and earthmoving equipment was built in Khorezm region with XMG (China), the Bukhara Oil Refinery with Technic (France). Factories for the production of televisions, refrigerators, computers, gadgets and other consumer electronics in cooperation with Samsung, LG and others. Joint ventures for the production of tractors, cotton pickers and other agricultural machinery were opened with Case Corporation (USA), Claas and Lenken (Germany).

New industries were also established, such as automobile manufacturing, mechanical engineering, agricultural engineering, pharmaceuticals, textiles, oil and gas chemistry.

Modern road transport and engineering and communications infrastructure was formed, including the construction of the Angren-Pap railway lines with a unique tunnel through the Kamchik mountain pass, the Tashguzar-Baysun-Kumkurgan railway line. The first high-speed railway service in Central Asia was opened on the Tashkent – Samarkand – Bukhara - Karshi routes.

In the same years, in order to organize high-tech production and attract foreign investments into the regions of the republic, by the initiative of the Ministry of Economy, 4 free economic zones were opened for the first time - "Navoiy", "Jizzakh", "Urgut" and "Tashkent" and I was assigned to head their Supervisory Boards. Special preferential, tax, currency and customs regimes in these zones allowed to attract many promising foreign and domestic investors to these territories.

All of the above factors, such as reducing the tax burden, attracting strategic foreign investors to industrial sectors, attracting the necessary foreign preferential credits, creating favorable conditions for the development of small, private businesses and their rapid growth, forming a modern market infrastructure, sustainable development of agricultural production based on the liquidation of collective and state farms and the creation of private farms and many others determined the sustainable 8 percent growth of the economy for more than 10 years starting from 2016.

Since 2017, by the initiative of President Sh. M. Mirziyoyev, the new stage of economic transformation began during which the following measures were ensured:

- full conversion of the current account;
- radical reduction of the tax burden on the economy;
- improvement of business legal protection;
- the right for land private ownership has been determined in law;
- protection of foreign investors has been strengthened;
- the procedure for acquiring and renting state property has been simplified;
- tariff and non-tariff barriers have been significantly reduced, new mechanisms for supporting exporters have been introduced.

These and other measures taken by the government allowed for more active and intensive development of regional potential leading to the overall growth of the republic economy: according to the results of 2023, the republic's GDP in current prices amounted to 1 066 569 bln. soums with 6% increase compared to 2022. In dollar terms, in 2023, the nominal GDP amounted to 90.8 bln. US dollars which is 10.4 bln. dollars more than in 2022. The new stage in the regions' development was their specialization, taking into account all the factors specific to these regions with division into clusters.

In Uzbekistan, 506 clusters were established in 2018-2022. In 2022, they produced industrial products worth of 28.7 trln. soums. Over the past five years, the production volume has increased 32 times. The volume of investments into cluster development in 2018-2022 increased 5.2 times, and the number of people employed - 2.5

times. The share of clusters in the total volume of industrial exports in 2019 was 5% while in 2022 it reached 11.4%.

At the same time, labor productivity in the cluster system increased 12.9 times from 2018 to 2022, the Accounting Rate of Return ratio (ARR) increased from 1.0 to 1.4 indicating the high efficiency of the industrial clustering process.

Fruit and vegetable clusters, cotton-textile and grain clusters operate in 13 regions of the republic (in all but Tashkent). Let us note the largest and most successful of them:

- Agricultural cluster - Bek Cluster LLC, located in Mirzaabad district of Syrdarya region. Established in accordance with the Decree of the President of the Republic of Uzbekistan dated by 2017. This cluster was allocated 18 thousand hectares of land. By the results of the cluster system activity, more than 5 000 new jobs were created. Hydroponic greenhouses were put into operation, intensive vineyards were planted. In 2019, the enterprise for primary cotton processing was organized in the cluster system. Modern information technologies are being introduced into the cluster's activities, in particular, the "Kropio-Telematics" program for equipment remote control and management, gathering information on the volume of work performed, the amount of fuel consumed, and etc. With the help of the "Kropio-Agro" program, crop development is monitored via satellite and the necessary agrotechnical measures are determined. Also, 1 317 different types of equipment and units were purchased for a total of 282 bln. soums from the USA, Germany, Great Britain, Russia, Turkey and China. In particular: arable tractors - 126 units, row-crop tractors - 110 units, cultivators - 110 units, seeders - 68 units, laser levelers - 42 units, tractor trailers - 263 units, sprayers - 74 units, cotton pickers - 52 units, grain harvesters - 12 units and other types of agricultural machinery - 224 units.
- Baht Textile LLC - the main activity is spinning production. It is located in the cities of Navoiy and Samarkand. The production capacity of the enterprise allows to carry out the entire production process: cotton growing, ginning, spinning, raw fabric knitting, dyeing, production of finished products. Cotton with the longest fibers in Uzbekistan grows on the area of 25 000 hectares. Cotton factories have been built in the cities of Khatyrchi and Kiziltepa processing 135 000 tons of cotton per year.
- BCT DENIM DIVISION in Bukhara region - production of denim fabric and finished products. It is fully vertically integrated textile company managing all processes from sowing seeds to the production of finished denim products. The number of employees is more than 5 000 people. Products are exported to Germany, Portugal, Turkey, Poland, Japan, Belarus, Ukraine and Russia.
- The pharmaceutical cluster - Tashkent Pharma Park located in Tashkent region - is a single ecosystem in which all areas of the pharmaceutical industry and the necessary infrastructure are located: the Laboratory of the Center for the examination of pharmaceutical products, the laboratory of the research center and university, pilot production lines, the pharmaceutical technical university, the center for clinical research, the industrial zone.

At the same time, by 2026 medical clusters will be organized in seven regions of Uzbekistan: in Namangan, Fergana, Syrdarya, Kashkadarya, Navoiy, Tashkent regions and the city of Tashkent.

Tourism is also one of the important areas of the regional economy development. Having rich cultural and historical heritage, each region of Uzbekistan is unique and inimitable in its own way.

In addition to Samarkand, Bukhara and Khiva, which are the pearls of world civilization and centers of global tourism, almost every region of the country has ancient archaeological and historical monuments.

For example, in Navoiy region, over 200 archaeological sites have been discovered, including burial mounds, settlements remains, silicon workshops and rock paintings. In the 2.5 km long Sarmyshsay Gorge, over 5 000 petroglyphic images have been found, most of which date back to the Bronze Age (3000-900 BC), there are also petroglyphs dating back to the Eneolithic (4000-3000 BC), Neolithic (6000-4000 BC) and Mesolithic (15000-6000 BC) eras. Images of people and animals, hunting scenes, and everyday work are among the petroglyphs.

The mountain resort areas of Tashkent, Jizzakh and Surkhandarya regions are also very popular among tourists.

Even Karakalpakstan, a region with an unprecedented ecological catastrophe associated with the shallowing Aral Sea, is attractive both for tourists and hosting cultural, entertainment, musical events and folk art festivals.

The state policy aimed at tourism developing brings good results - in 2023 6.6 mln. foreign citizens visited Uzbekistan for tourism which is 1.4 mln. or 27% more compared to 2022. In addition to citizens of the CIS countries, the country was visited by tourists from Turkey, India, China, South Korea, Japan, Germany, Italy, the USA, France, Great Britain, Spain and other countries. In 2023, the number of foreign arrivals from the CIS countries increased by 23%, while the number of tourists from non-CIS countries increased by 95%. Most tourists visited the country for leisure and recreation (64%).

It should be noted that since 2022, the practice of developing and implementing target development programs for the regions of the republic for 5 years has been introduced, from 2022 to 2026. Thus, development programs for all 12 regions, the Republic of Karakalpakstan and the Tashkent city were approved, providing for an average of: growth of GRP (by 1.5 times), industrial production (by 1.6 times), agricultural output (1.2 times), services (by 3 times), and construction volumes (by 1.6 times).

Also, the implementation of the following measures has been approved for each region:

- practical measures to solve existing issues of the population;
- specialization of cities and districts defining "growth points" and "driver industries";
- consolidated parameters of investment projects for the industry, agriculture and services development;
- a set of measures for the development of engineering and communications, production and service infrastructure and the construction, reconstruction and repair of social facilities;
- thorough list of perspective projects for the development of social and production infrastructure of cities and districts.

At the same time, in 2022 the New Uzbekistan Development State Strategy for 2022-2026 was approved, which among other things provides for:

- further development of the local industries export potential based on the maximum use of existing opportunities;
- organization of free trade zones in border areas with neighboring states;
- organization of 200 new industrial zones in the regions and development of business incubators system, including the creation of more favorable conditions for the development of entrepreneurship in areas with a "difficult" socio-economic situation;
- establishment of mutual foreign economic relations between business representatives of the regions of the republic and foreign countries. In particular, the development of investment and foreign economic relations of Syrdarya region with the PRC, Surkhandarya region with the Russian Federation, Jizzakh region with India;
- construction of utilities and social infrastructure facilities within the framework of the Obod Qishloq and Obod Makhalla programs, taking into account the "growth points" of each area;
- construction and renovation in the regions of the republic of about 80 thousand kilometers of trunk and distribution electric networks, over 20 thousand transformer stations and over 200 substations;
- the service sector development in the regions with growth in services volume by three times in the next 5 years and the creation of 3.5 mln. new jobs in this area;
- implementation of the "City Comfort Index" to assess the life quality of the population in cities.

As we can see, the republic is implementing quite efficient state programs for the regions' development, however, at the same time, there is a fairly significant variance in the regional development indicators.