

# In the Structure of The National Economy of Uzbekistan During the Years of Independence and Issues of Its Development

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**Annotation:** This article discusses the implementation of market economy reforms in the years of independence of the Republic of Uzbekistan, the peculiarities of the "Uzbek model", changes in the structure of the national economy during the period of market economy reforms and its development.

**Keywords:** Market Economy, Structural Changes, Diversification, Modernization, Specialization, Concentration, GDP, Innovative Technology.

The rapid development of the national economy of the country in all directions, the improvement of its industries and territorial structure, the radical reconstruction of the economy of the republic on a modern basis and the provision of sustainable development are in many respects the most effective reforms in the market economy. In this regard, the deepening of the mechanism of market reforms, the implementation of structural changes in the sectors of the national economy, the modernization of all sectors of the economy through the creation of a favorable investment climate, the expansion of local resources, their diversification, increase their potential, One of the priorities is to increase their economic potential through the effective use.

It is known that the formation and development of the national economy of our country in the last century was associated with the development of the national economy of the former Soviet Union. At that time, the share of the agricultural sector in the structure of the national economy of the republic was high. At the same time, the economy of the republic was one-sided and specialized. In the former All-Union territorial division of labor, Uzbekistan was involved in the production of cotton fiber, cocoon raw materials, and, more precisely, non-ferrous metals such as gold. Specialization of agriculture in cotton growing (cotton monoculture), in the mining industry, strong attention is paid to the extraction of strategic raw materials. However, the cotton fiber grown and the precious non-ferrous metals mined did not serve the interests of the republic. Deployment of productive forces at the level of large regions of the former Soviet Union and the establishment of industrial cooperation will ultimately lead to the development of the national economy and their diversification. The disintegration of the former Soviet Union in the early 1990s had a serious impact on the economies of the former Soviet republics. The rupture of horizontal and vertical economic ties has led to a decline in the production of goods in many sectors of the economy. The break-up of cooperation in such developments has necessitated a radical restructuring of the national economies of many young and independent countries.

From the first years of independence, the Republic of Uzbekistan has set priorities for the development of the national economy on the basis of market economy principles. In particular, a unique "Uzbek model" of transition to a market economy has been created in our country based on the experience of world operations and the rich historical heritage, mentality and important life experiences of the peoples of our country. The author of this model is undoubtedly the first President of the Republic, I. Karimov, who has a strong mind and knowledge, and its essence is based on five principles. In particular:

1. The supremacy of the economy over politics;
2. The state is the main reformer;
3. The rule of law;
4. Strong social policy;
5. There are such trends as the gradual transition to market relations.

In contrast to the development of the economy on the basis of "shock therapy" in the transition to a market economy in the 90s of the last century in the CIS and many other countries, the "Uzbek model" was developed in all respects, including state reforms, economic reforms. The need to ensure the rule of law, to support the population through a strong social policy, and to move to a market economy not in a radical revolutionary way, but in a step-by-step (evolutionary) way.

Economic geographers and economists of the republic during the years of independence divide the stages of development of the national economy of the republic into 3 stages. Professor A. Soliev, a well-known economic geographer, studied the stages of development of our national economy in the following periods. "The first period, 1991-1995, can be called a period of depression, which was caused by various economic and political factors. At the same time, the main economic indicators were lower than in the previous year and in 1990. In particular, growth in 1992, in fact, decreased significantly (88.9%).

The second period includes 1997-2003 (recovery period). During these years, the value of gross domestic product (GDP) increased, but did not stabilize.

The third period begins in 2004, and this period can be assessed as a year of sustainable growth.

It is known that the economic reforms carried out in the early years of independence have been given priority, and special attention has been paid to ensuring the economic independence of the national economy of our country. In this regard, reforms have been accelerated in industry, agriculture, transport and services, which are the leading sectors of the national economy. As a result, the creation of a favorable investment climate in the country, the privatization of unprofitable state-owned enterprises, the development of mining and geological exploration have led to structural changes in the economy.

In order to achieve a single fuel independence, joint ventures have been set up in the fuel and energy industry on the basis of large-scale projects based on local raw materials. Large joint ventures, such as the Karavulbozor oil refinery in Bukhara region, the Shurtan gas complex, and the Surgil gas complex, which are the largest industrial enterprises of the republic, have been established in cooperation with the economically developed countries of the world. In addition, the diversification of industries such as the machine-building and chemical industries of the republic has been increased, non-traditional branches have emerged. A completely new automotive industry (light, freight and passenger buses), the Kungrad Soda and Kyzylkum Phosphorite plants of the chemical industry have been built and put into operation in the machine-building complex.

During the years of independence, the enterprises of the former Soviet Union, whose production technologies have become obsolete, have been modernized and rebuilt in accordance with modern requirements. In particular, modern joint ventures have been set up on the basis of local textile and food industries based on cheap raw materials.

Structural changes in the agricultural sector have been accelerated on the basis of agrarian reforms. Community and state farms inherited from the former Soviet Union were abolished and replaced by farms and dehkan farms. As a result, the attitude of private property owners to land changed and their material interests increased. The cotton monoculture has been gradually abolished, and the areas under wheat, melons, vegetables and potatoes have been expanded on the basis of the policy of grain independence. During 1991-2018, the area under cotton was reduced by 612.3 thousand hectares. On the contrary, the area under cereals is 563.3 thousand hectares, potatoes, vegetables, the area under melons has increased by 65.3 thousand hectares. In addition, the yield of agricultural crops has increased. During the period under review, the yield of cereals increased from 17.3 to 38.1 centers, potatoes from 87 to 224.8 centers, vegetables from 188 to 237.1 centers, melons from 106 to 189.8 centers. Production to 1938.7 thousand tons, milk production increased by 7135 thousand tons, egg production by 5112.3 million units. During the years under study, the average milk yield per cow increased by 468 liters, and the number of eggs per hen increased by 19.7. The share of privately owned farms and dehkan farms in gross agricultural output has increased.

During the years of independence, the independence of the country was given priority at the level of state policy. In the former Soviet Union, roads were usually built on a transit basis, and the republics did not have a unified transport system. Located or disconnected from the central regions, only in areas connected by roads (Fergana Valley, Surkhandarya region, The Republic of Karakalpakstan) focused on bringing these regions closer to the central economic zones through the construction and operation of railways, as well as on the development of raw materials and economic capacity of these regions. The second priority is to build

a wide range of international transport routes to the world, mainly from the geographical location of the republic and its location on the mainland.

The data in Table 1 show that the macroeconomic indicators of the national economy of our country have been growing steadily over the years under study. In particular, the strong macroeconomic indicators of the economy in 1991-2020 were gross domestic product, industrial production, agricultural production, consumer goods, construction, and investments in fixed assets, transport, services, transportation and freight.

**Table 1**  
**Macroeconomic indicators of the economy of the Republic of Uzbekistan**

No	Key socio-economic indicators	1991 <sup>1</sup>	1995	2000	2005	2010	2015	2020
1	Gross Domestic Product (GDP) billion sum	61,5*	302,8	3255,6	15923,4	62388,3	221 350,9	602 551,4
2	GDP per capita, thousand rubles	3,0	13,3	132,1	608,5	2210,2	6715,4	16 949,1
3	Industrial products, billion soums	63,0	233,6	1888,9	11028,6	34499,1	97598,2	367 078,9
4	Consumer goods billion soums	00,2	77,4	921,5	2983,2	11780,5	42085,5	119 159,8
5	Agricultural products, billion soums	29,7	124,4	1387,2	5978,3	16774,7	42280,4	260 306,8
6	Investments in fixed assets, billion soums	11,6	88,9	744,5	3165,2	15338,7	41670,5	202 000,1
7	Foreign investment and loans, billion	-	12,4	172,4	687,0	4340,8	8309,5	86 647,0
8	Construction works, billion soums	6,2	40,5	388,4	1453,1	8245,8	12052,7	87823,8
9	Yuclar tashish, million tons	419,9	301,4	804,5	755,9	1176,8	1 319,8	1 366,7
10	No rotation, billion t-km	149,9	42,9	54,6	68,9	75,8	72,6	66,9
11	Passenger traffic, million people	3056,4	2731,9	3595,9	3962,4	6008,7	6 025,1	5 295,9
12	Passenger turnover, bln. passenger - km	-	22,3	30,9	46,2	76,5	106,0	118,3
13	Retail trade turnover, billion soums	34,5	106,7	1787,5	5577,4	21872,8	71184,1	194 843,5
14	Foreign trade turnover, mln.	2063,2	6612,6	6212,1	9500,1	22199,2	24555,7	36299,3

	USD							
15	Export	677,4	3719,9	3264,7	5408,8	13044,5	12139,1	15127,7
16	Import	1385,8	2892,7	2947,4	4091,3	8799,7	12416,6	21171,5

**Note:** 1-1991 billion rubles Table. Compiled on the basis of data from the State Statistics Committee of the Republic of Uzbekistan.

According to Table 2, the growth rate of macroeconomic indicators of the republic compared to previous years was lower in 1991 and 1995. This figure increased in 2000, 2005, and 2015 compared to previous years. In 2020, the growth rate of gross domestic product, industrial products, consumer goods, agricultural products, construction, retail trade will be higher than in other sectors.

**Table 2**  
**Growth rates of key macroeconomic indicators**

No		In% compared to previous years						
		1991	1995	2000	2005	2010	2015	2020
1	Gross Domestic Product (GDP)	99,5	99,1	103,8	107,0	108,5	107,2	101,7
2	GDP per capita	96,7	97,3	102,4	105,7	106,7	105,6	99,8*
3	Product industry	101,5	100,1	105,9	107,2	108,5	105,3	100,7
4	Consumer goods	104,3	102,8	106,2	116,6	112,4	109,7	103,6
5	Agricultural products	98,9	102,2	103,1	105,4	106,9	106,1	103,0
6	Investments in fixed assets	105,0	104,0	101,0	105,7	108,7	109,4	91,8
7	Construction works	96,6	95,8	103,0	110,7	105,1	118,8	109,1
10	Retail turnover	82,3	95,7	107,6	105,1	113,6	115,3	103,2
11	Foreign trade turnover	60,2	124,8	97,9	109,6	104,7	90,5	86,9
12	Export	65,5	138,3	100,9	111,5	110,6	92,3	86,6
13	Import	57,9	110,9	94,8	107,2	97,2	88,8	87,2

**Note:** The table is based on data from the State Statistics Committee of the Republic of Uzbekistan.

The 4th stage of development of the national economy of the Republic includes 2017-2021. This period is a qualitatively new stage of development in comparison with the previous periods. Reforms in all sectors of the economy have been accelerated and profound structural changes have taken place.

In 2017, the President of the Republic of Uzbekistan issued a decree on the "Strategy for Action for the Further Development of the Republic of Uzbekistan". In accordance with this decree on the five priority areas of development of the Republic of Uzbekistan in 2017-2021 the Strategy of Action was adopted.

Chapter 3 of the program is called Sustainable Areas of Economic Development and Liberalization, which aims to further develop and liberalize the economy, strengthen macroeconomic stability and maintain high economic growth, maintain competitiveness, and maintain a high level of economic growth, modernization and accelerated development of agriculture, continuation of institutional and structural reforms to reduce state participation in the economy, protection of private property rights and further strengthening of its sustainable position, further development of small and medium-sized enterprises; -Sustainable tasks have been identified, such as economic development, active attraction of foreign investment in the sectors and regions of the economy of the country through the improvement of the investment climate [1].

As noted in the Address of the President of the Republic of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis"... Secondly, in order to implement structural changes in the economy, it is necessary to accelerate the transformation of state-owned companies.

Currently, most of the state-owned enterprises are in a state of disrepair due to the lack of financial stability. That is why this year a program to reform all state-owned enterprises is being implemented. In particular, next year Navoi Mining and Metallurgical Combine, Uzbekneftegaz, Uzbekhydroenergo, and Zavtosanoat will be able to enter the international financial market and raise funds without state guarantees.

Another aspect of structural reforms is to reduce the state's participation in the economy.

We have begun extensive work on the privatization of a number of enterprises, with the involvement of international financial and legal advisers, for the transparent and efficient sale of state assets.

Next year, Fergana Nitrogen and Dehkanabad Potash plants, Coca-Cola drink, Bildirsoy and Chorvok resorts, Ichan Qala and Hayat Regency hotels, Poytakht business complex, Algog - The state's share in 83 large enterprises in the oil industry will be put up for sale.

In general, the number of state-owned enterprises will be reduced at least threefold in the next two years." [2]

Indeed, in recent years, the essence of the reforms being implemented in the country has been paying close attention to the issues of sustainable development of the national economy. In particular, it is important to gradually reduce the share of the state in achieving structural change in all sectors of the economy, privatize unprofitable enterprises, increase the investment potential of the regions, and create a free market environment.

In short, the national economy of the Republic of Uzbekistan has developed rapidly during the years of independence. Instead of a one-sided economy inherited from the former Soviet Union, a national economy based on a market economy has been formed. In the early years of independence, special attention was paid to the development of fuel and energy, food (grain), transport, which are the strongest sectors of the national economy. The creation of a favorable investment climate, the establishment of mining and processing enterprises on the basis of local mineral deposits in the regions. As a result, it has led to an increase in the export potential of the republic and its regions. This will serve to improve the well-being of our people.

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