

CREATING AN ADDITIONAL VALUE CHAIN IN THE PROCESS OF DIVERSIFICATION OF INDUSTRIAL LOCALIZATION

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Abstract: *The article examines the creation of new jobs based on the localization and diversification of industry, reduction of imports, and prevention of dependence on foreign markets.*

Keywords: *localization, diversification of imported printing, industrial cooperation, localization program.*

I. INTRODUCTION

The strategy of Uzbekistan’s entry into the world economic system remains an important task. Uzbekistan’s narrow specialization in the division of labor (at the global and regional levels), its distance from the global commodity market, and its low transport infrastructure can be distinguished.

Encouraging the creation of import-substituting products in the framework of the policy of localization of industrial production will not only create new production and jobs in the country, but also develop advanced sectors of the economy, primarily ensuring the international competitiveness of strategic industries and its national control.

Localization is approached differently in different countries. Localization in developing countries is not aimed at entering the global market, but at creating new jobs in the domestic market, increasing the range of consumer goods, reducing imports.

According to scientific research, not only developing countries, but also developed countries of the world are focusing on localization of production projects to solve existing economic problems. Ensuring competitiveness will be aimed at establishing state control over strategically important sectors.

II. LITERATURE ANALYSIS AND METHODOLOGY

Industrial diversification is a new phenomenon that has been developing intensively in the economies of developed countries since the mid-1950s. As a result of priority investments in new research and development by Asian, European and American countries, positive growth rates are provided in the context of diversification of industrial production.

As a result of the implementation of priority investment investments in new research and development work by the countries of Asia, Europe, and America, increased competitiveness in the regions, positive growth rates in the context of industrial production diversification are ensured.

Despite the active study of the diversification process, a precise definition of it has not yet been found in any source. On the contrary, due to the complexity of analyzing and evaluating diversification by various economists, there is a diversity and expansion of definitions in illuminating the content of diversification.

According to the encyclopedic dictionary, “Diversification” (from lat. “diversificatio” - change, diversity) - the expansion of the names of objects of activity, products produced by monopolistic associations.

According to F. Kotler, diversification is a way to realize a firm’s growth by merging into new industries.

The general definition given by I. Ansoff is as follows: diversification is a concept applied to the process of redistributing available resources by specific enterprises in other areas of activity. This process refers to the possibility of transitioning to new technologies, entering new markets, and implementing them in new production sectors. In the future, the manufactured product will be completely new, and investment will be required for its production.

According to B.A. Chub, the essence of production diversification is the objective process of increasing the stratification of economic systems at all levels, from the macroeconomic level to the global one.

Uzbekistan still lacks experience in this area. Some attempts to implement a foreign experience that demonstrates diversification can be distinguished. However, it is difficult to determine the quality of the application of diversification in national industrial enterprises.

To date, mastering advanced techniques and technologies, the results of scientific research is not enough. Companies are expanding their operations by diversifying as a common form of capital concentration.

One of the first studies of the mechanism of integration and diversification of American companies was carried out in 1962 by M. Gort, and the diversification of Japanese enterprises in 1979 by E. Esinara.

According to T Kono, if a company's product has a very narrow application, such a company is a specialized company. If they find different uses, it will be a diversified company. However, when the development of market relations is clearly taken, it forces the enterprise to be absolutely and relatively included in the first or second type because the enterprise specializing in the dynamics of time is diversified or, conversely, may change.

The object of research - experience and practice of creating a value chain in the process of diversification of production, implementation of complex measures for the localization of canoe production.

Research methods: formal-logical, historical, structural.

Research shows that the most important guarantee of sustainable economic growth is the production of competitive products, finding new international markets for them and increasing exports, making full use of transit potential.

The methodological basis of the research was the basic rules and principles of dialectics. The study of the processes of diversification of industrial production was based on the method of quantitative study of mass events and happenings, ie the collection, processing and analysis of data on the composition of industrial production. Logical and comparative analysis, induction and deduction, statistical grouping, and a systematic approach to economic events and processes were used to draw conclusions from the data.

III. ANALYSIS AND RESULTS

The success of such important socio-economic tasks as improving the sectoral and territorial structure of the national economy, ensuring rational employment of labor resources, increasing the competitiveness of national enterprises, achieving economic security is largely due to increasing the localization of finished products, components and materials.

By rationally implementing this system:

- The dependence of the economy on external factors will be reduced and the structure of imports will be reduced;
- The volume and geography of the country's export potential will be expanded along with the implementation of industrial policy that will create high added value;
- The introduction of new efficient technologies into production processes will be accelerated and sustainable and consistent development will be achieved.

Therefore, integration into the world economic system through diversification of exports and improvement of imports, stabilization of the national economy is one of the main directions of economic policy of Uzbekistan.

A number of positive results have been noted in our country as a result of large-scale implementation of localization processes on the basis of targeted programs.

It should be noted that the country has not created a single system for the localization of industrial production. This impedes the full utilization of production capacity and leads to a decrease in the level of value chain creation through deep processing of local raw materials.

The current state of foreign trade of the country and its regions does not allow to obtain stable foreign exchange earnings from exports of goods and services. The share of raw materials in the structure of exports is dominant. The narrowness of the range of exported goods makes the country and its regional economy subject to changes in world markets.

The Ministry of Economy and Industry of the Republic of Uzbekistan adopted a resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the program of localization of consumer goods in domestic and foreign markets in 2023-2024" on the basis of proposals of public administration and local executive authorities and business associations. The decision is aimed at “further development of domestic industry, creation of value chains in production, expansion of intra-sectoral and intersectoral cooperation, increasing the competitiveness and variety of products, as well as increasing the volume of industrial products in demand in domestic and foreign markets.”

13 programs for the development of national industries have been approved. The program envisages deepening the localization of industrial production, reducing unemployment through the creation of new jobs, increasing the production of local products and increasing exports through the development of intra-sectoral and inter-sectoral cooperation in cooperation with businesses.

It should be noted that the organizations implementing localization projects have created preferential legal mechanisms of state support by the decisions of the Government and decrees of the President of the Republic of Uzbekistan.

Additional conditions have been introduced to offer finished products, components, raw materials and supplies produced by local enterprises in the domestic market through the electronic cooperation portal of the Ministry of Economy and Industry of the Republic of Uzbekistan.

All consumers have the opportunity to make purchases directly through the portal without tenders.

The State Fund for Entrepreneurship Development will guarantee 50% of the loan to finance the project for the production of localized products, and the interest rates on loans from commercial banks will be up to 5%.

The resolution sets forecast parameters for the production of localized products in industries and regions, aimed at import substitution worth \$ 3.1 billion and exports in the amount of \$ 351.6 million.

Production parameters of 906 projects worth 20.7 trillion soums in the economy and 1,465 projects worth 9.6 trillion soums in the regions were presented in each section and by type of localized product.

The list of finished products, materials and components recommended for development by local manufacturers in 2023-2024, consisting of 850 types of products worth a total of \$ 7.7 billion.

In order to further encourage the localization of industrial production, priority was given to the allocation of land plots in small industrial zones, idle, vacant buildings, structures, unfinished facilities and areas with engineering infrastructure for the regional placement of projects included in the Program.

It was also noted that projects for the production of high-tech complex finished products for the automotive, agricultural machinery and electrical engineering sectors should be included in the Feasibility Study, provided that the level of localization is provided after at least 50% of the project.

In particular, the population of the Fergana region is mainly located on the plains, their main occupation is agriculture, and 2/3 of the population lives in rural areas. It is densely populated with a population of 525 people per km². The Fergana region is one of the most populated areas in the valley.

The Fergana region is among the regions with high investment attractiveness. The region has a number of conveniences and advantages for investors to operate effectively. The region has great export potential and favorable opportunities for its rapid development. Currently, the Fergana region exports more than 50 types of products to about 70 countries of the world. It has established about 415 foreign and joint ventures with partners in about 30 countries.

The national and ethnic composition of the region's population is diverse. It has long-standing historical ties with Central Asian countries and China. Due to the developed economic and social infrastructure, the region has established strong ties with neighboring countries, and further improvement of economic and cultural ties is predicted in the coming years.

The region has reserves of oil, gas, ozokerite (used in the production of sulfur, asphalt, and bitumen), sulfur, gypsum, limestone, dolomite, sand (used in the production of glass), gravel, granite, gravel, crushed stone (used in the production of concrete), groundwater (used in the production of drinking water and for medical purposes), basalt, diabase, agloporite, silver, and gold.

Approximately 6% of the working-age population has higher or specialized secondary education, while among young people this ratio is quite high.

The region is densely populated, with sufficient and affordable labor. Despite having high potential and qualified labor resources, wages in the region remain relatively low among the CIS countries, which gives a great advantage to investors investing in enterprises of the region.

In addition, according to research, the number of workers in the region grows faster than in neighboring countries, which helps to keep wages at a competitive level.

The main branches of the electric power industry, chemical and petrochemical industries, oil refining, production of building materials, light and food industries are developed in the region.

The region’s industry is diversified, and heavy industry has a large share. The region’s oil refining, chemical, and energy sectors occupy a significant position on a national scale. There are two oil refineries, one in the city of Fergana, the other in Altyaryk.

The role of high-tech industries in the processing industry is significant, however, the annual growth rates in these industries (102.1 percent) were low, in high-tech industries above average (105.7 percent), in low-tech industries below average (114.1 percent), and in low-tech industries (102.9 percent) (Table 1).

Table 1.

Technological structure of the industry of developed countries and Uzbekistan in the current system of technological units

Processing industries	Share in developed countries	In Uzbekistan
High-tech productions	19	1,6
Medium-high-tech productions	28	25,3
Medium low-tech productions	21	35,5
Low-tech productions	32	37,5
High and medium-high-tech productions	47	

Machine building, metalworking, and construction industries are of great importance in the region. Agriculture provides a resource opportunity for the accelerated development of the light and food industries. Industrial enterprises are concentrated in the Fergana-Margilan industrial zone, as well as in the industrial centers of Kokand and Kuvasay.

Studies show that the share of the city of Fergana (34 percent) in the volume of industrial production of the region is high. In the remaining regions, the share of the cities of Kokand, Kuvasay and Margilan, Tashlak, Dangara, Uzbekistan and Kuva districts is 14.7; 7.5; 4.1; 12.5; 4.5; 2.7 and 3.3 percent. The share of Sokh, Yazyavan,

and Furkat districts does not even reach 1 percent. The city of Fergana (120.7 percent) and Tashlak district (115.2 percent) have high rates of industrial growth.

To increase the competitiveness of industry, further modernization and diversification of production are required. Chemical products. The main opportunities in this area are the growing demand for fertilizer production as the number of agricultural producers striving to increase yields increases.

The main directions for creating a rational network structure and improving the territorial location of industrial complexes in the region should be:

- Preservation of the leading role of light industry, while simultaneously reducing their share in Margilan and Kokand by transferring a number of enterprises to small towns and rural district centers;

- It is necessary to think about measures to reduce large textile enterprises, since the creation of infrastructure for over-centralized enterprises creates more difficulties in providing them with labor, creating conditions for high levels of air pollution;

- It is necessary to accelerate the development of small and joint ventures in light industry sectors;

- Revival of handicrafts, weaving and sewing, creation of conditions for the production of high-quality original fabrics of national colors and fabrics for family and cooperative workshops;

- In the future, such products should enter the world market along with handicraft and textile products of other eastern countries;

- In order to ensure the growth of scientific and technological progress in all spheres, it is advisable to increase the share of mechanical engineering and metalworking in the structure of industrial complexes of the Fergana region;

- It is necessary, first of all, to create a strong repair base and the production of spare parts and mechanisms for the processing industries of the light industry, agriculture, and the agro-industrial complex.

IV. CONCLUSIONS AND RECOMMENDATIONS

Successful implementation of measures to localize production to prevent the country's dependence on foreign markets will undoubtedly be a solid foundation for the sustainable development of the national economy.

A long-term enterprise for entering the international, national and local markets with new, localized products, taking its place, operating in a competitive environment, expanding the market and increasing sales, producing high-quality goods that meet the existing and new needs of consumers, cheaper than competitors policy development.

Strategic marketing serves the economic opportunities, including the efficient use of local resources and internal resources, aimed at ensuring the profitability, market stability and development of the enterprise.

Further development and rationalization of the industrial structure require strengthening the construction base. Therefore, it is necessary to diversify construction materials and, first of all, to build a number of small-capacity plants for the production

of bricks, slate, tiles, metal and wooden parts, and cement. These factories should be based on local raw materials and located in rural areas.

In a market economy, the weakness of horizontal and vertical links with other regions of the country necessitates the creation of a new branch of agriculture in agriculture - a sugar beet cultivation system, taking into account the sugar shortage that has developed in recent years.

It is necessary to cultivate sugar beets in all regions of the Fergana Valley, to build sugar factories that do not require large capital investments and will provide great economic benefits in a short time.

It is necessary to increase the existing capacities for the production of cottonseed oil, sesame oil, as well as oil from peaches and other types of stone fruits in the food industry.

Naturally, the development of the food industry, and primarily the canning industry, also requires the expansion of glass container production, which is advisable to solve by building another glass factory, for which it is advisable to find a location in small towns.

It is necessary to develop the structure of the forestry and woodworking industry, especially through the reconstruction of existing ones, the creation of small production facilities based on woodworking waste.

It is not advisable to create new chemical industry enterprises in the complexes of the Fergana Valley, especially those that violate the ecological regime, i.e., the production of mineral fertilizers and petrochemical products. It is necessary to maintain the current level of production, update technology, and implement an investment policy to improve treatment facilities, especially gas-retaining installations.

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