MODERN TRENDS OF THE MARKET ECONOMY IN THE DEVELOPMENT OF NEW UZBEKISTAN

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Annotation: The article analyzes the impact of the market reforms implemented in New Uzbekistan since 2017 – in particular, the liberalization of currency policy, the simplification of the tax system, and measures to improve the investment climate – on the development of the national economy. It also provides a scientific substantiation of the role of foreign investment, small and medium-sized businesses, and free economic zones in ensuring economic growth, technological renewal, and the integration of the national economy into the world economy.

Key words: New Uzbekistan, market reforms, liberalization of currency policy, foreign investment, investment climate, small and medium-sized businesses, free economic zones, tax incentives, technological renewal, economic growth.

First of all, if we turn to recent historical processes, the issues of reforming the market economy in New Uzbekistan on modern foundations found their expression in Decree No. PF-5177 of the President of the Republic of Uzbekistan "On Measures to Liberalize Currency Policy," adopted on 2 September 2017. In accordance with this Decree, beginning on 5 September 2017, the official exchange rate of the national currency, the soum, began to be determined on the basis of market mechanisms [1].

This reform became an important turning point in Uzbekistan's economic history and created a solid foundation for forming genuine market relations in the country, liberalizing foreign economic ties, and improving the investment climate. These reforms also aroused great interest in the international community and significantly enhanced the country's international economic image. In particular, as a result of the market reforms carried out, Uzbekistan's position in the World Bank's "Doing Business" ranking rose from 166th place in 2016 to 69th place in 2020. In addition, the volume of foreign investment increased from USD 2.4 billion in 2017 to USD 9.8 billion by 2023 [2]. The fact that the private sector's share in GDP reached 78 percent during this period also shows that private property is acquiring priority importance in the economy.

Importantly, the market reforms in New Uzbekistan have been carried out consistently and step by step since 2017, and at their center stood such priority directions as human interests, the development of entrepreneurship, and ensuring economic freedom. This, in turn, served both to ensure the sustainable growth of the national economy and to enhance the country's standing in the international arena [3].

The main economic reforms carried out during this period can be summarized in the following directions:

Liberalization of the economy and introduction of market mechanisms – aimed at reducing state intervention in the economy and strengthening market principles;

Liberalization of currency policy – the free circulation of the national currency was ensured, and restrictions on foreign currency operations were abolished;

Improving the investment climate – tax and financial incentives were introduced to attract foreign investment into small and medium-sized businesses;

Modernization of market infrastructure – supporting entrepreneurship was made a priority direction of state policy. In particular, the liberalization of the currency market simplified foreign trade operations, liberalized import-export processes, and stimulated the formation of market prices. This, in turn, helped to strengthen the competitive environment in the economy. At the same time, wide-ranging reforms were also carried out in the areas of taxation and corporate governance. In particular, beginning in 2019, the tax system was simplified and the tax burden was reduced, and, through the improvement of the customs and audit systems, a new economic policy aimed at developing the private sector was introduced [4].

The processes of attracting foreign investment into small and medium-sized businesses have become more comprehensive and systematic in the conditions of New Uzbekistan. The fact that this process has risen to a new stage is explained, first of all, by the fact that investments are viewed not merely as a financial resource for the national economy but as a strategic factor bringing in modern technologies, innovative solutions, and advanced management practices.

As a result of investments, opportunities have expanded in the domestic market for producing competitive, import-substituting, and export-oriented modern products, new production capacities have been created, and new jobs serving to ensure the employment of the population have been established. An analysis of research shows that the impact of investments on the economy manifests itself in the following main directions:

First, investments expand the production potential of existing enterprises, strengthen their capital base, and increase the private sector's share in the economy;

Second, particularly under the influence of foreign investment, technological renewal processes in the national economy accelerate. This, in turn, makes it possible, by introducing modern equipment and advanced technologies at enterprises, to produce products that are competitive on the world market;

Third, investments expand the opportunities of national producers to implement promising projects through credit resources;

Fourth, investment processes deepen the integration of the national economy into the world economic system.

In this sense, investments are one of the main drivers of economic growth at both the macroeconomic and microeconomic levels. In particular, pursuing an active investment policy is of strategic importance for reducing the economy's dependence on raw materials, diversifying it, and forming a sustainable national economy [5]. The research results show that creating a favorable institutional environment, legal guarantees, and tax incentives for investors is a decisive factor for attracting investment effectively. In particular, the introduction of tax incentives for small enterprises established with the participation of foreign investment significantly increased their opportunities to expand production and introduce new technologies [6].

This, in turn, contributed to the rapid growth of small and medium-sized businesses. For example, according to statistical data, whereas about 33 thousand business entities were registered in the republic in 2016, this figure reached 93 thousand by 2022, which clearly demonstrates the dynamic development of the private sector.

Free economic zones (FEZs) also emerged as an important institutional mechanism in the rapid development of the market economy. In particular, the establishment of the "Navoi," "Angren," "Jizzakh," "Urgut," "Gijduvan," "Kokand," and "Hazorasp" free economic zones served to distribute investments efficiently across regions, modernize industry, and increase export potential [7].

In free economic zones, the tax and customs incentives for entrepreneurs, the provision of ready-made engineering and communications infrastructure, and the simplification of administrative procedures are of important significance in increasing investment attractiveness. At the same time,

special attention is being paid in these zones to ensuring socio-economic stability by involving the population in entrepreneurship, creating new jobs, and developing export-oriented production.

In particular, within the framework of the Strategy of Actions for 2017–2021, developing free economic zones, strengthening their institutional foundations, and introducing an innovative development model were designated as one of the priority tasks.

The above analyses show that investment policy in New Uzbekistan has become a central element of economic reforms, and is of decisive importance in developing small and medium-sized businesses, ensuring technological renewal, and accelerating the integration of the national economy into the world economy.

At the same time, it is scientifically substantiated that, through the system of free economic zones and investment incentives, an effective institutional environment has been formed in the country that serves to ensure sustainable economic growth, increase export potential, and expand employment [8].

In the third priority direction of the Strategy of Actions for the Further Development of the Republic of Uzbekistan, entitled “Priority Directions for the Development and Liberalization of the Economy,” a number of strategic tasks aimed at modernizing the national economy and enhancing its competitiveness were set out.

In conclusion, reducing energy and resource consumption in the economy, widely introducing energy-saving technologies, expanding the use of renewable energy sources, and increasing labor productivity are identified as priority tasks. This, in turn, is one of the important factors serving the development of the economy on an innovative basis.

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