

# A new milestone in the development of modern Uzbekistan

*The article analyzes specific trends of the ongoing reforms and transformations in Uzbekistan, implementation of the tasks indicated in The Strategy for Actions on the development of Uzbekistan in 2017-2021, in the context of development and liberalization of the economy. Thus, the article investigates practical measures to implement these tasks, changes in approaches towards the interaction of the state, population, business community, etc.*

Wide-ranging reforms and changes in Uzbekistan are characterized by sequence and productivity. It is important to adapt these transformations to global changes, including in the context of the world economy. The chosen path of development has proved its stability and viability in terms of post-crisis situation in the world economy, the slow-down of its development rates, which indicates its strategic justification. Experts argue that the macroeconomic stability in Uzbekistan provides an opportunity to resist external negative manifestations and achieve the forecasted growth rates of economy.

At present, Uzbekistan is actively implementing the tasks identified in the Action Strategy for the five priority areas of the Republic of Uzbekistan in 2017-2021 (the Strategy of Action hereunder). The Strategy of Action is a fundamental document that defines a completely new milestone in the development of modern Uzbekistan. The scope of the tasks indicates that Uzbekistan has reached a new level of development. As the experts note, the adoption of this document demonstrates a great step forward, and Uzbekistan has been consistently and confidently creating a solid foundation for reaching this goal.

For reference: The Action Strategy for the five priority areas of the Republic of Uzbekistan in 2017-2021 was approved in February 7, 2017 by the Decree of President of the Republic of Uzbekistan Sh.Mirziyoyev. The strategy involves the following directions of development of the country in the next 5 years: 1) improvement of state and social construction; 2) ensuring the rule of law and reforming the judicial system; 3) the development and liberalization of the economy; 4) the development of social sphere; 5) security, inter-ethnic harmony and religious tolerance, implementation of balanced, mutually beneficial and constructive foreign policy. The tasks outlined in the Action Strategy will be implemented in five phases, each of which provides for the approval of a separate annual state program for its implementation in accordance with the declaration of a year.

## **Dialogue based on pragmatism**

Modern information and communication technologies (ICT) have brought the state-society interaction to a qualitatively new level. They have become a part of life that promotes the progress. The development of high technologies has a positively impact on the improvement of the organizational feedback mechanisms of the state and society, as well as state bodies and citizens.

In this context, it is worth noting the activity of the virtual reception of the President of the Republic of Uzbekistan - as one of the effective ways to establish a dialogue with the people. The virtual reception of the President of the Republic of Uzbekistan serves as an indicator of the effectiveness of state bodies and local authorities, a mechanism for deep analysis of appeals and their in-site implementation.

During a short period of time, the virtual reception of the Head of State has become an effective tool for resolving issues concerning the people. Thus, as of in August 10, 2017, the virtual reception of the President of the Republic of Uzbekistan received 1 071 827 complaints from citizens, 1 013 682 of which (94%) have been considered. The principle of the responsibility of state bodies and officials before the society is consistently being carried out. Moreover, citizens feel ownership of the reform agenda, which contributes to the strengthening of mutual trust in state-people relationship and serves as a factor for stable society and dynamic development. Experts address the formation process of proactive thinking among the population, which is a key factor in realizing the tasks set by the state.

## **Creative economy & Creative class**

One of the priority areas of the Action Strategy is the development and liberalization of the economy, which provides for further strengthening of macroeconomic stability and maintaining high economic growth rates, increasing its competitiveness, modernization and intensive development of agriculture, the continuation of institutional and structural reforms to reduce the state's presence in the economy, further consolidation and increase of protection of the rights and the major role of private property, stimulating the development of small business and private entrepreneurship, comprehensive and balanced socio-economic development of regions, districts and cities, active attraction of foreign investments in the sectors of the economy by improving the investment climate.

In this regard, it is note worthy that the leadership of our country has proposed a positive economic agenda, which implies diversification of the economy and structural reorganization of agriculture, as well as expansion of foreign economic relations. Moreover, Uzbek government is taking measures to develop a creative economy based on innovative development and increasing economic growth in order to fully implement the tasks set in this direction.

The main idea of the creative economy is to establish new industries and products (both goods and services) that would provide not only opportunities for an increase the volume of export, but also a creation of new high-quality jobs. The creative economy also encourages increased citizen engagement in development of new products and services through startups (new business projects, original ideas and models), new types of entrepreneurship, cooperation between research institutions, universities and industrial enterprises.

Startups are actively being implemented and are popular with the youth in Uzbekistan. In particular, in March 2017 the "Youth startup initiatives support program" was launched, in which thousands of students from all universities of Uzbekistan took an active part. The scope of the project is wide, it embraces the areas, such as e-commerce, education, communication and navigation technologies, transport and road infrastructure, as well as medicine and biotechnology.

The President Sh.Mirziyoyev has adopted over 20 laws and regulations, relevant additions and amendments were made to corresponding legislative acts, provided the conditions necessary for supporting business entities. In particular, the Head of State initiated the establishment of the "Guarantee Fund for small business development" and the "Institute of the Commissioner for Protection of Rights and Legal Interests of Business Entities", etc. Experts state that Uzbek approach to the implementation of economic policy has changed, which is now aimed primarily at increasing the economic activity of the population and creating a favorable business environment. The government focuses on attracting foreign investment to create and expand high-tech and innovative productions. The establishment of free economic zones (FEZ) aims at fostering favorable conditions for greater inflows of foreign investment, increase of production of export-oriented products in the regions. For a short period of time, 11 FEZs were created in the Republic of Karakalpakstan, Samarkand, Bukhara, Ferghana, Khorezm, Jizzakh, Namangan, Syrdarya, Surkhandarya and Tashkent regions. This trend indicates the expanding geographical scope of production capacity and resource potential of the regions.

Today the development of entrepreneurship (primarily small business and private entrepreneurship) is the most powerful driver of sustained economic growth in Uzbekistan. In 2016, the share of small businesses in GDP was 56.9%, in industry – 38.9%, in retail turnover – 87.1%, in fee-based services – 50.8% and in employment – 77.9%.

It is known that the development of any society determines the body of intellectual abilities, health, knowledge, labor productivity and high quality of life, i.e. human capital. In the modern world, human capital is the main driver of the creative economy, as well as technological progress. According to the UN's 2016 Human Development Report, Uzbekistan belongs to a group with a high level of human development.

In this regard, experts draw attention to the fact that the formation of the creative class has intensified in

Uzbekistan, which will become the mainstay of the economy. In particular, technology innovation zones are to be established which will specialize in fundamental research, experimental-industrial tests and examples of innovative product development in various fields. For example, in the fields of chemical technology, pharmaceuticals and medical biotechnology, building materials, food industry, energy saving, alternative and renewable energy sources, mechanical engineering, electrical engineering, etc.

### **National branding is the shortest way to the world market**

It is known that the notion of the state is conveyed to the audience in two ways: by creating a "brand" of the country and promoting national goods and services herewith. According to experts, successful branding includes the development of six interrelated spheres (the so-called "hexagon") of the economy: the development of tourism, to enhance of export potential, the activation of foreign and domestic policy, the attraction of investments, the promotion of culture, and the welfare of the people. In this context, it should be noted that Uzbekistan has a huge reserve of opportunities to promote the national brand in the world market. In particular, there is a rich cultural heritage, a stable development of the country, hospitable people, contemporary infrastructure of cities, etc.

The partnership between the state, business community and society is necessary for creating a national brand. At the same time, the largest portion of brand financing is assigned to the business community that is interested in foreign investments and the promotion of goods and services in world markets. Successful brand of the state allows not only improve the internal and international image of the country, but also raise the level of political influence in the international arena, increase the volume of export of promoted goods and services, strengthen international ties and partnerships, stimulate a sense of national identity and improve the competitiveness of the country.

Uzbekistan, being one of the cradles of the world civilization, has long served as a bridge between East and West, uniting the cultural and scientific wealth of humanity. The Uzbek land is home to the greatest scientists and philosophers such as Al-Khwarizmi, Al-Beruni, Ibn Sino, Mirzo Ulugbek and others, who made an invaluable contribution to the development of science and culture. According to experts, over a long historical period people who lived in Uzbekistan were not only good traders who knew how to manage the economy and handle money, but also cultivated the prestige of science and knowledge. Currently, the products of Uzbekistan are exported under the brand "Made in Uzbekistan".

The geography of exports has been steadily expanding. Actively working on opening trading houses in a number of countries, such as Japan, Korea, Kuwait, Oman etc. In this context it is worth noting the intensification of the development of trade relations with Afghanistan, which is not considered as "source of threats" but as a source of opportunities.. The country's international image is largely determined by the qualities of its leader as a conductor of all transformations. Today the President of the Republic of Uzbekistan Sh. Mirziyoev is a vivid example of the country's branding process, being "an advanced person in the field of ICT", "open to dialogue on the most pressing problems of a regional and international nature".

An important role in this direction is played by assessments, ratings and indices of authoritative international institutions. Thus, according to the World Bank report Doing Business 2017: assessing the quality and effectiveness of regulation, Uzbekistan ranks 87 among 190 countries. The World Bank in 2016 included Uzbekistan in the top 10 countries in the world, which carried out important reforms in the sphere of business activity. According to the results of researches Focus Economics, Uzbekistan took the 7th place in the world among 127 countries in terms of GDP growth rate in 2016. In the Gallup 2016 Emotions Report (USA), Uzbek people were among the three most optimistic and positive people on the planet. In general, the presence of a strong national brand ultimately contributes to an increase in the international rating and political influence, investor confidence, the growth of exports of domestic goods, tourism development, the strengthening the internal social stability, and the improvement of the quality of life of the population.

## **Perfection knows no bounds**

Summarizing the above, it should be noted that the measures taken by the state testify that in a rapidly changing world Uzbekistan continues to improve the policy of innovative development, giving priority to the effective implementation of national economic potential. Within the framework of the implementation of the tasks outlined in the Strategy of Action for the five priority development directions of the Republic of Uzbekistan in 2017-2021, many ideas are successfully implemented, including those aimed at strengthening the country's international image. To this end, Uzbekistan continues to mobilize its creative potential, which includes, in particular, the formation of a welfare belt around the country, widely applying modern approaches and methods to all spheres of society. At the same time, the development of the country's economy is viewed through the prism of enhancing the welfare of the people. Such an approach will undoubtedly yield fruitful results in the very near future.

**Abror YUSUPOV**

Leading research fellow of the Institute for Strategic and Regional Studies under the President of the  
Republic of Uzbekistan