

Building their own development models, many modern progressive states have spent hundreds of years to develop their economies, political and legal systems. Against this background, the progress made by Uzbekistan in just 25 years cannot but impress, or at least draw the interest of the world community. The phenomenon of the 'Uzbek development model' has been recognized by experts and analysts of the headmost international financial institutions and research centers. For a historically short period of time the country has not only risen from its knees, but has actively got involved in international economic processes, and boldly entered the high-tech future.

Year by year Uzbekistan carries out large-scale investment projects on the further development of economy, social sector, infrastructure, transport and communication networks, thereby creating new jobs and raising incomes. The implementation of the proactive development strategy has allowed the country to rank among the few countries in the world in providing high rates of GDP growth and industrial production. Modernization, innovations, IT-technologies, investments are the guides for Uzbekistan in its urge for taking a decent position on the global economic map.

However, it all was different 25 years ago. After the collapse of the Soviet Union, Uzbekistan had to quickly adapt its economy to the realities of the time. Those days, the government clearly realized that after a fairly long period of development within a single economic model, the country needed a dramatic change in its policy, a prompt restructuring of industries and privatization, in order to be competitive in the current environment.

The new strategy of economic development was built upon the quite clear and obvious thesis, which was later acknowledged as the 'Uzbek development model'. Its main provisions positioned the state as a major reformer, implied the conduct of a strong social policy and a gradual transition to a market economy.

Therefore, in the early 90s, Uzbekistan embarked on the gradual denationalization of industries. It is based on theses about the need to channel foreign investments, the latest world achievements in information technologies and research, introduce quality management systems and streamline management, which generally allowed to change the situation in corporate governance, and engage new, enthusiastic and enterprising managers in company management.

Anticipating the complexity of the challenges for the underdeveloped and deformed economy of Uzbekistan in 1989, Islam Karimov pointed out to the importance of ensuring a comprehensive and waste-free processing of the mined and produced raw materials, and bringing them to the stage of finished products within the country. In other words, the republic needed to build a powerful processing industry, equipped with modern equipment and technologies, and thus employ the vigorously growing manpower, provide the population with high salaries, enhance the growth of the national income and reach the level of developed countries. As a result, the world has received a new face on the global economic map.

One of the main features in the national development strategy comes to its stepwise forward motion without abrupt upswings and changes. That largely contributed to the achievement of serious progress at the considerable part of domestic industrial enterprises, and helped the country to go through the negative impact of the global economic crisis without any tangible losses. Channeling of domestic and foreign investment in the real economy, which in turn, drew innovations, advanced equipment, IT-technologies, international quality standards and more like a magnet, were the core elements of the strategy.

In a short time, Uzbekistan established unique industrial facilities, many of which were founded by means of foreign funds. All of them are focused on the production of competitive products in the framework of import substitution and localization processes. This course has strengthened the economy of Uzbekistan, made it more dynamic and sustainable, reduced the dependence of the domestic real sector on external factors, and accelerated the introduction of new and efficient technologies in production processes.

In addition, these processes allowed better use of local raw materials and production resources, thereby increasing the production of up-to-date competitive goods, rational and efficient use of foreign exchange resources, as well as creating new jobs. The Production Localization Program has been implemented in Uzbekistan for more than 15 years. Over the years, the production of import-substituting products has grown by more than 220 times. Last year alone, the volume of production of localized products exceeded 4 trillion soums (*currency rates of CB RU from 07.09.2016, 1\$= 2994.76 soums*) under 696 projects with 1.3 times increase YOY. The estimated effect of imports exceeded \$1.5 billion.

The global market has opened up huge opportunities for Uzbek companies, while challenging with certain risks for economic models in developing countries. Therefore, the process of development of domestic demand with the focus on rural areas was started concurrently with the maximum diversification of exports. The country also embarked on reduction of state

expenditures, stimulation of small business and private entrepreneurship, and active development of public-private partnership.

The present Uzbekistan is a dynamically developing country with a fast-growing and socially oriented market economy. The consistent reforms have primarily resulted in stable and balanced economic growth. Over the past decade the average annual growth rate of the gross domestic product in Uzbekistan has exceeded 8%. Generally, over the years of independence, the country's economy grew by almost 6 times, and real incomes of the population - by almost 9 times. Gross domestic product per capita grew to \$6,900, which allowed Uzbekistan ranking among the countries with an average income.

The structure of Uzbekistan's exports has changed dramatically as a result of the diversification of the industrial structure. In the beginning of the 1990s the country's exports were mainly dependent on cotton, which share in the structure of exports was 60%, while now almost 80% of the country's exports of finished products are represented by cars, buses and trucks, a wide range of home appliances, cellular phones, fruits and vegetables, textile and leather products, medicines, modern cable-conductor goods, construction materials, fertilizers and more.

Small Business has turned into the flagship engine of the national economy. In the first years of independence private enterprise hardly existed, while today more than 90% of all businesses are small or private business entities. Today, over 56% of GDP, 32% of industrial and almost all agricultural production accounts for small business. The private sector is now the main source of growth of incomes of local population.

Over the last four years alone, Uzbekistan approved more than 15 laws aimed at enhancing the role and protection of private property, the further improvement of the business environment and business management, including the laws 'On protection of private property and guarantees for owners' rights', 'On guarantees for freedom of entrepreneurship', 'On licensing procedures in business', 'On the competition', 'On the family business'. 186 permits and licensing procedures, 65 statistical, and six procedures of tax reporting were cancelled. Tax and statistical reports, as well as customs clearance fully shifted to the electronic submission system. At the legislative level, Uzbekistan introduced the principle of the priority of the rights of entrepreneurs in their relations with the government, law enforcement and regulatory authorities. There is an open and transparent mechanism for greater involvement of small businesses in the government procurement process.

The attainment of food security is another important achievement of independence. In a short time, Uzbekistan did not just pass a fairly tortuous path in this direction, but, unlike many countries, radically reformed and reoriented its agriculture.

In the early 1990s, the agricultural sector of the country was focused on one goal - the production of maximum volumes of cotton to meet the needs of the textile industry, most of the facilities of which were located outside the country. For example, only 7% of cotton was processed domestically those years. There was an urgent need to change the vector in agriculture, increase volumes of grain crops, fruits and vegetables and other crops. In the heat of rejection from the old priorities, it was very important not to lose the achievements that have brought the present Uzbekistan among the leaders in cotton production and exports.

The head of state drew attention to this, noting the inappropriateness of destroying the old house without building a new one. As a result, the country withdrew the territories under cotton, while seriously increasing its production. That was achieved through the introduction of the achievements of Uzbek scientists, which were widely recognized throughout the world, and which scaled up the yields and quality of cotton. However, the main victory was achieved in grain growing.

In 1991, the republic produced 940,000 tons of grain, and the average yield in the republic was 17 kg per hectare, while last year Uzbekistan grew more than 8.1 million tons of grain. As a result, over the years of independence, the productivity has more than tripled, the total harvest increased by eight times. The country has not just achieved grain independence and fully provided the domestic market, but has also started exports.

Information technologies have not just turned into one of the most important indicators of the country's development, but into the driver for bringing the economy to a new level. One of the major development trends of the domestic industry comes to the maximum filling of gaps in the Uzbek market through the development of domestic products, which, unlike their Western counterparts, are more adapted to local conditions and cheaper in price. Some five years ago, the situation was diametrically different - the market was dominated by foreign software products, as well as their counterfeit forgery.

Again, the merit goes to independence. Today, the country's information and communication technologies move forward not just adapting the foreign products, but also inventing something own. Programmers and inventors actively apply technical tools, offering domestic users the

unique products that are adapted to local conditions.

The country lives in the present, while building the certain, financially stable and economically balanced tomorrow. By the end of 2019, Uzbekistan is planning to implement 870 big investment projects totaling \$38 billion.

The projects are envisaged by the Program of Measures on Ensuring Structural Reforms, Modernization and Diversification of Production for 2015-2019. In particular, it provides for the establishment of 415 new companies, and upgrade of 455 operating industrial enterprises. Its implementation is expected to ensure the growth of industrial production by 1.5 times in 5 years, and increase in the share of industry in GDP from 24 to 27% by 2020. It also envisages the creation of 52,000 new jobs.

According to experts, the new program will fundamentally differ from the previous ones primarily by the focus on the accelerated development of high-tech industries, which should ensure the production of export-oriented, domestically and externally marketable products.

Uzbekistan has the appropriate expertise, resources and capacity to implement such an ambitious program. Having gained the research, technical, engineering, production and intellectual potential in the course of implementation of complex projects, Uzbekistan has secured a strong foundation for the implementation of new, more technically sophisticated projects with the introduction of advanced technologies. This has guaranteed the competitiveness of domestic products for the years ahead. It is noteworthy that the experience will be used not only in basic industries, but also in other sectors, primarily in processing. For these purposes, Uzbekistan will attract strategic foreign investors, and world's technology leaders.

Most importantly, the fruits of the country's economic development strategy are used by millions of ordinary people. Today, citizens celebrate a new apartment or the construction of a house, a purchase of a car, marriage, a new job. The people are confident in the future of their country, the future of their children, who feel equal to their peers in the developed countries.

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