



COMPETITION AND BASIS OF MARKET RELATIONS IN THE CONDITIONS OF MODERNIZATION OF THE ECONOMY OF UZBEKISTAN

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Abstract:

The article discusses the main issues of ensuring a competitive environment in the internal market, increasing the competitiveness of inland producers in the context of modernizing the country's economy.

Keywords:

Competitiveness, antitrust policy, globalization, economic reforms, liberalization, global market

A market economy, irrespective of its maturity and developmental characteristics, requires competition. As the President of the Republic of Uzbekistan, Shavkat Mirziyoyev noted, in the process of Uzbekistan's transition to a market economy, the issue of competition is of fundamental importance. "You cannot create a market economy without competition. Competition is the main condition of the market, one might say, its law"¹.

At the current level of economic development, issues on the fight against manifestations of monopoly and the formation of a competitive environment in practice become extremely important. At the same time an unreasonably high level of monopolization of the economy in certain sectors is a brake that restrains the growth of production volumes, an increase in the quality and competitiveness of products, and a decrease in prices for it.

Competition is limited with the strengthening of the monopolistic nature of the economy. Firms will prefer not to enter into a fight with competitors, but, on the contrary, agree with them on a peaceful division of the market. Thus, they limit the action of the competition mechanism, which, in turn, stimulates innovation and, ultimately, the growth of the economy and the welfare of the population. For this reason, the state is required to intensify actions on creating and developing a competitive environment, which is reflected in the country's antimonopoly policy.

One of the most important directions of the antimonopoly policy of Uzbekistan is the prevention and suppression of the abuse by monopoly companies of their preferential powers. It is for this purpose that the State Register of Monopoly Companies is kept, which includes all enterprises that have preferential positions in certain industries.

As a result of the antimonopoly policy in our country, over the past five years, the number of monopoly enterprises has reduced more than doubled. By 2024, it is planned to reduce the number of monopoly enterprises by 25%, as well as reduce the share of the state in the banking sector to 50%.

In this basis, taking into account the experience of developed countries, in order to create an effective competitive environment in Uzbekistan, the following measures are required:

¹ Speech by the President of the Republic of Uzbekistan Shavkat Mirziyoyev at the meeting to discuss priority tasks in ensuring a competitive environment in the economy and protecting consumer rights. May 28, 2020

- maximum elimination of various manifestation of state monopoly in the economy. This requires institutional reforms aimed at creating relatively favorable conditions for the development of entrepreneurship and improvement of public administration of the economy;
- prevention of the possibility of abuse by natural monopolies of their advantageous positions. Government agencies must ensure the development of competition. It is impossible to achieve effective innovation, low costs and prices, high quality products without these aspects. Give it in other words, increase the competitiveness of the whole economy;

At the same time, with the development of the market economy, the methods of competition are changing and improving. Currently, the creation of an effective competitive environment and the gradual reduction of monopoly on the market for goods and services remain a priority area for solving problems of further development and liberalization of the economy. For this purpose, measures are being taken to reduce the participation of the state in the country's economy and the transition to market mechanisms is being carried out.

In recent years, in the field of entrepreneurial activity, the tax burden has been reduced and 86 separate licensed types of activities and licensing procedures have been canceled, including by combining 38 types into 16, reducing the processing time for 25 types and centralizing the issuance of 14 licenses and permits².

As world experience and practice shows, the regulation and support of competition in the market fit with the goals of the policy to stimulate the development and growth of companies and industries competitiveness in general.

Developed countries have accumulated vast experience in supporting competition. For example, the policy pursued in the European Union is aimed at solving the following tasks:

- ensuring the integration of national markets, suppression of actions on the contractual division of the market by companies;
- formation of barriers preventing the increase and concentration of economic power.

In the USA and EU countries, any agreements aimed at limiting the competition between competing parties are prohibited. Particular, in this country, joining cartels is regarded as a violation of the law and is fraught with a fine of US \$ 350,000 for individuals and US \$ 10 million for firms and companies, as well as imprisonment for up to three years.

In the context of the globalization of the world economy, the policy of developed countries to support competition has recently changed under the influence of two main trends:

- firstly, the reduction of customs barriers inside of the GATT / WTO reforms. Given the openness of markets and free access of foreign exporters to these markets, mergers and acquisitions of local companies by them no longer pose a risk of restricting competition, since the decrease in national firms is offset by the creation of competitive companies participating in the world market.
- secondly, in the context of the acceleration of the scientific and technical process, the further increase in research and development costs is increasingly leading to the fact that even large companies are uniting in various alliances.

As a result of increased competition in world markets, in the last decade, special attention has been paid to solving competitiveness issues, which is directly related to modern changes and features of the world economy and international economic relations. At the same time, the types and methods of competition, methods of achieving competitiveness, under the influence of the globalization of economic life, are radically transformed as a result of changes in world production and international capital markets.

Modern competition, formed under the influence of the globalization of economic life, is characterized by the following features: wide range of interests of competing parties; consideration of various parameters of competition (costs, quality, time, know-how, financial condition, market barriers); multistage directions (in product markets, in the field of resources, between various entrepreneurial concepts); dynamics of changes in the status of competitors and the balance of forces in the market; the advantage of non-price methods of competition over price ones.

² Decree of the President of the Republic of Uzbekistan № 6019 "On additional measures to further develop the competitive environment and reduce state participation in the economy" dated 06.07.2020

At present, the processes of globalization lead to increased international competition, since strong foreign competitors also join to domestic companies competing with each other in their own, domestic market.

To solve these problems and increase economic indicators, as well as to enhance competitiveness, measures are being taken to improve priority industries and production by using the rich natural resource potential, forming their export orientation, developing and strengthening the country's export potential.

As a result of the market reforms carried out, significant results have been obtained in the stable economic growth of Uzbekistan. In particular, in 2020, the gross domestic product (GDP) of Uzbekistan at current prices reached 580.2 trillion soums, which is 1.6 more than in the previous year. If we look at 2017-2019, we will see that the growth rate of real GDP averaged 5.2.

However, during the current pandemic, this indicator fell to its lowest level for the first time. The economic situation in the world has caused a sharp decline in jobs. In some countries, the impact of COVID-19 on labor markets was ten times greater than in the early months of the global financial crisis in 2008, according to the Organization for Economic Cooperation and Development.

Uzbekistan also did not escape the negative economic consequences of the coronavirus infection. In April 2020, during the period of the most severe quarantine restrictions, the decline in industry compared to April 2019 is estimated at 28%, services - 39%, exports - 23%.

But despite this, according to experts, thanks to the measures taken, Uzbekistan belongs to that small group of countries where the negative consequences of the pandemic will not be limited to a recession in the economy, but only to a decrease in economic growth to 1.5 percent, which is much higher than in most other countries.

The creation of conditions for healthy competition in the republic, the implementation of economic reforms to involve economic entities in the competition by expanding their independence are considered important aspects of today. Dynamically changing conditions, requirements and tough forms of competition in regional and world markets objectively necessitate further deepening of economic reforms.

However, as we noted above, under the influence of globalization of economic life, there is a change in the forms and methods of competition, ways of achieving competitiveness. For this reason, there is a need to take serious measures to develop a competitive environment in the process of further deepening, improving and liberalizing the system of economic management. The measures taken in our republic to create a competitive environment are aimed at deepening reforms to liberalize the economy.

With the contraction of the world economy, the aggregate global demand has decreased and continues to decline, which causes a significant increase in international competition for distribution area of products and services. And the country that will be able to strengthen its competitive advantages faster than others, the competitiveness of its national business will also be able to expand and strengthen its positions in foreign markets. This will provide it with more opportunities for a more dynamic and efficient recovery of the economy as a whole.

Conducting such effective events will ultimately create opportunities for further strengthening the competitive environment in our country.

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