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CURRENT CONDITIONS OF ECONOMIC COOPERATION OF NAMANGAN REGION AND FOREIGN EXPERIENCES

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ABSTRACT

The article discusses about the interregional economic cooperation of Namangan region of Uzbekistan and analysis of interregional cooperation of Russian Federation, United States of America, People's Republic of China, European Union and Republic of Uzbekistan. The purpose of the study is to analyze and prepare recommendations based on facing issues on economic cooperation, the level of interdependence, innovation and technologies for business people and government officers of the country.

Key words: *interregional cooperation, economic regions, interterritorial economy, socio-economic issues, information base, regional economy, socio-economic system and territorial division of labor.*

Introduction

Considering the level of economic interregional cooperation of Namangan region and the other Fergana Valley regions, further strengthening existing ties by identifying systemic problems is very relevant and important in case of Uzbekistan. Because, until these days any research projects have not been conducted in this area, the necessary information base to assess the level of cooperation has not been formed. Official state statistics do not contain information on import and export of goods (services) in each region in the Fergana Valley. Through a number of available indicators can be used to

get a general idea of a certain part of the interaction, without taking into account some errors.

Research methodology

Scientific abstraction, analysis and synthesis methods were effectively used in this research paper. In particular, I studied Fergana valley provinces socio-economic conditions using the anonymous application questionnaire forms for the purpose of learning the real facing issues among the entrepreneurs and households. The method of presentation directions and separating the regions for economic cooperation sectors of Uzbekistan was mentioned for better design of conclusion and recommendations for the readers.

Results and Figures

If the formation of the composition of exports and imports is analyzed it can be possible to identify certain imbalances in production of certain products. (Table 1).

In Andijan region, the positive ratio of exports and imports of goods is observed only in foods (3,822). For the other goods the ratio of imported (chemical products are - 0.027, non-ferrous metals - 0.048, ferrous metals - 0.072, machinery equipment - 0.129 and services - 0.028). Almost these trends can be observed in Namangan and Fergana regions.

Objectively, the Fergana valley to satisfy the demands now and in the near future will buy non-ferrous and ferrous metals, chemical and fuel products from abroad and other regions of the country. But for valley, it is desirable to strengthen the process of localization for the production use the own capabilities and potentials in terms of machinery and equipment, foods, services and consumer goods for not importing those products from other parts of the country and abroad.

The indicators show the inflow and outflow of goods (services) and the volume of imports - exports of goods by the railways of Fergana valley. (Table 2)

As can be seen from the table products from the valleys and provinces are mainly shipped by railways. (10.5 percent share in the country). The role of railways in the

shipment of goods is more than 99.0%. These are mainly products of light automobiles, chemical, gasoline, light and food industries.

Table 1

Products (services) in the Fergana Valley formation of the structure of imports and exports (mln. dollars)¹

Products (services)	Export			Import		
	Andijon province	Namangan province	Fergana province	Andijon province	Namangan province	Fergana province
Total	584,9	378,1	555,3	2211,5	493,4	907,0
Including: cotton fiber	1,1	0,4	2,7	-	-	-
Chemical products	7,0	5,4	13,3	257,6	98,0	94,0
Non-ferrous metals	0,5	0,1	0,11	10,5	0,5	4,3
Ferrous metals	11,3	10,2	2,9	156,6	43,0	36,2
Energy	0,0	0,38	6,6	14,7	12,0	193,6
Machinery and equipment	192,6	8,1	1,3	149,4	179,4	291,4
Foods	51,6	104,8	207,9	13,5	72,8	119,2
Services	3,9	5,5	8,9	138,7	0,9	12,0
Others	316,8	243,0	311,7	125,9	86,8	156,2

But these figures are only show some parts of exports from the valley regions and shipments to the other regions. The import-export of goods by railways is not fully

¹ Calculated based on the data of Agency of Statistics.

regulated in the regions. (transport balance). In general, the lack of balance of products (services) imports & exports of the official statistics has a negative effect to analyse of socio-economic processes of the regions to determine the level of their overall development, self-sufficiency in basic consumer goods in economic cooperation between regions.

At present taking into account the level of formation of database, the results of local surveys can be used as the main method of assessing inter-regional socio-economic cooperation through a specially designed questionnaire.

The main purpose of the survey conducted by the author was the development of the important economic factors. It consists of identifying the advantages of interregional socio-economic cooperation and effectively using it. The survey also aims to evaluate the existing socio-economic relations between Andijan, Namangan and Fergana regions of the valley population, and ways to expand mutually beneficial cooperation in the future.

Table 2

Goods shipped (transported) by railways and roads in Fergana valley provinces¹

Regions	Amount of Goods (mln.tn)	
	Railway transport	Road transport
Republic of Uzbekistan	70137,3	329,3
Fergana Valley provinces:	7390,3	46,0
Andijon	494,5	23,1
Namangan	353,0	6,5
Fergana	6542,8	16,4

¹ Calculated based on the data of Agency of Statistics.

The survey was conducted in the form of interviews with respondents directly at work places. The questionnaire questions covered four areas. The first is to interview the management groups of the largest industrial enterprises (10) selected in each region. The second is to establish a dialogue with the management of small and medium-sized businesses (20), selected in different areas (industry, construction, services) in each region. Third, direct interviews with households (50) in each province. Fourth, evaluate the inter-regional relations with the heads and specialists (10) of each region (government office workers).

With the managers of large industrial enterprises operating in three regions

I have identified from which regions the raw materials, spare parts and components, tools, machinery and technology is imported. (Table 3). During the survey managers and head of divisions of textile, machinery, food, pharmaceutical, construction materials and chemical industries operating enterprises of the valley actively attended.

In general, the raw materials in industrial enterprises (cotton fiber, agricultural raw materials, oil, construction materials, etc.) are obtained from the local regions.

In particular, their share in Andijan is 56.0% and 50.0% in Namangan and 50.0% in Fergana provinces. At the same time, raw materials imported for production from other regions of the country and abroad accounted for 24.0% in Andijan, 27.0% in Fergana and 35.0% in Namangan provinces.

Table-3

Fergana Valley regions' share on importing needed large industrial enterprises' raw materials, components, machinery and equipments.

(Percentage of survey results)¹

Regions	Andijan province enterprises			Fergana province Enterprises			Namangan province enterprises		
	Raw materials	Components	Machinery and equipment	Raw materials	Components	Machinery and equipment	Raw materials	Components	Machinery and equipment
Machinery and equipment	56,0	51,0	45,0	50,0	55,0	69,0	50,0	69,0	40,0
From neighbore Andijan province	-	-	-	10,0	10,0	9,0	10,0	9,0	11,0
From neighbore Fergana province	11,0	7,0	2,0	-	-	-	5,0	13,0	10,0
From neighbore Namangan province	9,0	5,0	5,5	13,0	5,0	14,0	-	-	-
From the other province of Uzbekistan	19,0	24,0	19,0	12,0	14,0	5,0	30,0	11,0	15,5
From abroad	5,0	6,0	11,0	15,0	11,0	14,0	5,0	10,	12,0

¹ Source: Author's calculations based on survey results.

The production of components for enterprises in the regions is relatively high, it is higher than 51.0% in Andijan, 55.0% in Fergana and 69.0% in Namangan provinces. However, the share of other regions of the country and foreign countries in the import of necessary machinery and equipment is relatively high. In particular, its share is 30.0% in Andijan province, 27.0% in Namangan and 29.0% in Fergana provinces. According to the results of the analysis, the largest enterprises of the Fergana Valley almost half of the raw materials 25-30% of components, about 30% of machinery and technology bought from the other regions of the country and abroad. The share of valley regions in importing of components remains low.

For example, the share of Fergana to supply of components to enterprises of Andijan is only 7.0%, and to Namangan - 5.0%. This situation shows the mutual cooperation between the valley regions is not established as required. This has a negative impact on competitiveness and serves as a key factor for high transportation and product costs. According to the conclusion of experts, the formation of production infrastructure and the opportunity of its development is assessed by 5 points and mentioned as a key factor in cooperation, 1st place in the ranking. In the second place, taking into consideration the informal nature of cooperation can be observed in the field of higher education, trade and services. There is also a certain shift in interregional use of the required workers and specialists (third place).

Despite the great opportunities the level of industrial cooperation remains low. Basically, it is an informal cooperation in the production of components for automobiles which took fourth place in the ranking. The ratio of imports and exports of interregional products in the valley is negative, and this also belongs to the ratio of exports and imports from/to abroad. (fifth place).

Table 4

Rating system for assessing the level of socio-economic cooperation in Fergana Valley. Survey results, December 2022, percent) ¹

№	The main areas of cooperation	Evaluation criteria			Final result (points, rating)
		High	Medium	Low	
1.	Ratio of import and export of products from the regions	-	-	1	1
2.	Development of interregional production infrastructure	-	5	-	5
3.	Interregional industrial cooperation	-	-	2	2
4.	Mutual investment activity	-	-	-	0
5.	Cooperation in the field of higher education	-	4	-	4
6.	Mutual trade	-	4	-	4
7.	Mutual use of services	-	4	-	4
8.	Mutual use of workers and professionals	-	-	3	3
9.	Availability of official documents on cooperation	-	-	0	0

The lowest results of economic cooperation can be assessed by the lack of formal documents of mutual investment activities and interregional cooperation (provinces, cities and districts, formal agreements between entrepreneurs, etc.). (sixth place).

In conclusion, it should be noted that the economic relations between the valley provinces even informally are better comparatively to other regions of the country. (infrastructure, trade, services, internal migration, cooperation).

However, the lack of documents on the establishment of formal cooperation, mutual aspiration and initiative hinder the expansion of socio-economic ties between the regions.

According to the questionnaire survey the socio-economic cooperation of the Fergana valley remains low, for better and convenient business environment for local and foreign business people, it will be advisable to establish regional cooperation office for above mentioned three provinces in Fergana city.

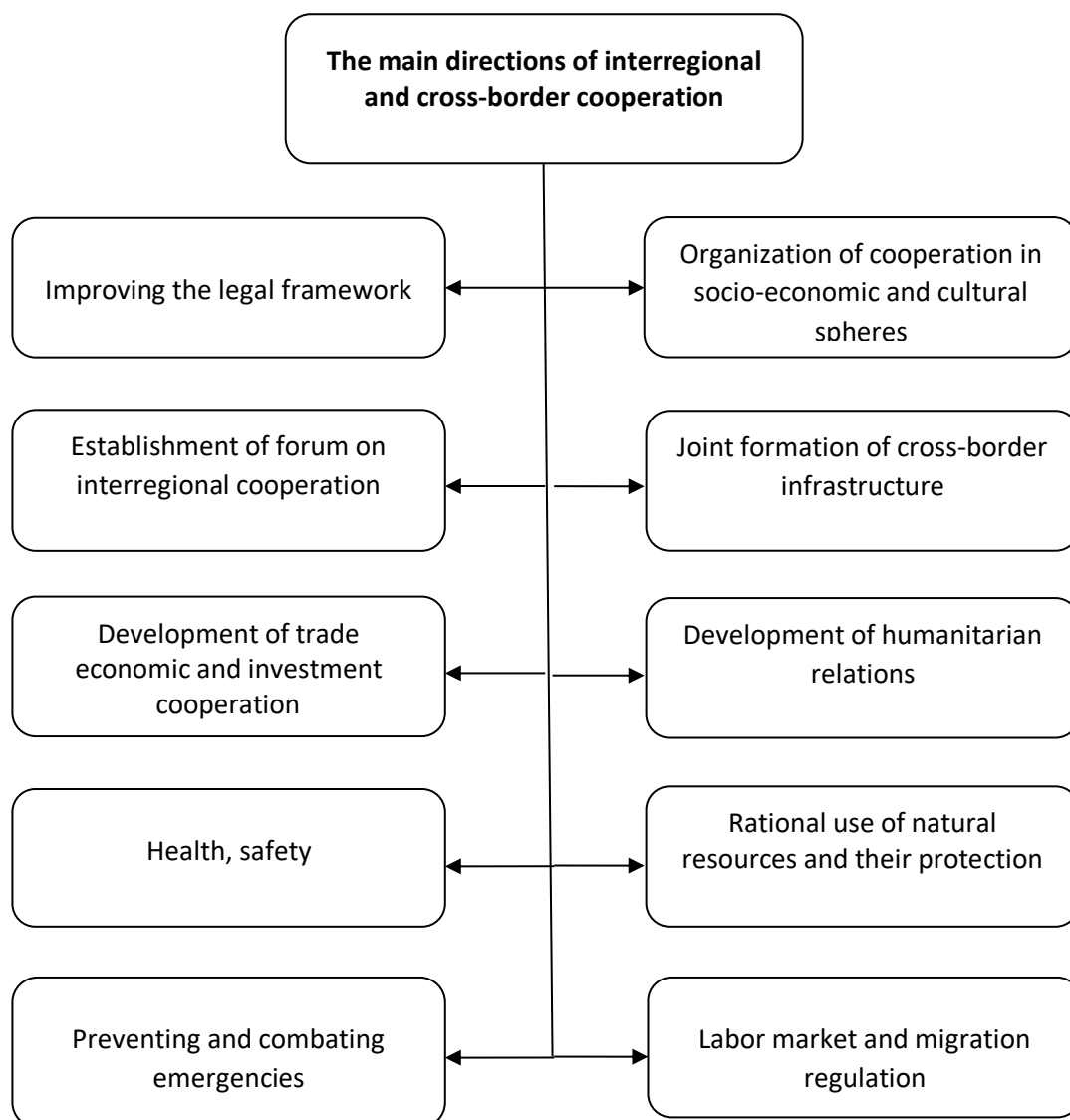
In foreign countries, various international associations have accumulated positive experiences in development of interregional economies, and on the basis of

¹Source: Based on the survey results of the expert assessment, systematized by the author.

their systematic research it can be developed specific scientific and practical proposals. In particular, the Commonwealth of Independent States (CIS) has created a regulatory framework for interregional cooperation which has achieved certain results in development of relations between the regions, based on the specific interests of each country. As an example, there was held the first forum of regional cooperation between Russia and Uzbekistan in October 17-20th, 2018. The main objectives are:

- socio-economic development assistance of CIS, Commonwealth of Independent States;
- ensuring the formation and development of mutually beneficial and coordinated regional policy of cooperation processes;
- development of trade, economic, cultural and human potentials.

The main factors of interregional and cross-border cooperation are interstate relations, historical ties, traditions of the population, natural, economic potentials and population migration. The main directions and goals of interregional cooperation of the CIS countries are determined on the basis of existing factors (Figure 1.3.1).



Discussion

Socio-economic cooperation between the internal territories of separate countries has a direct scientific and practical significance for our research. There is some experience in this area in Russian Federation.

Russian Federation, interregional cooperation has developed some level, such as the "Siberian Treaty", "Center-Black Earth", "North-West", "Great Volga", "North Caucasus", "Great Ural", "Far East" and others. Economic cooperation associations that unite these two or more regions, supported by federal government agencies.

There are different forms and methods of interregional cooperation. For example, there is an alliance between the city of Moscow and Moscow region,

the St.Petersburg region which coordinates cooperation. Public unions and associations have been established within the framework of local government. Examples include the Union of Russian cities, the Congress of local districts, the associations of small and medium cities and others.

In particular, program for the development of the transport system in these regions has been developed and the Union has fulfilled the following tasks:

- evaluation effectiveness of St. Petersburg and Leningrad regions' transport communications;
- preparation of proposals for the development of a targeted state program for the development of transport infrastructure providing interconnected regions;
- development of regulations on the necessary financial and logistical resources for the development of a single infrastructure.

Decisions made by the Coordinating Union are binding on all ministries and organizations. The experience of the Russian Federation in the field of interregional cooperation shows that the relations between the main regions are carried out within the economic zone. In Siberia, Baikal, North-West, Caucasus, Krasnoyarsk, Far East and other economic zones, the close cooperation between their constituent regions the existence of single infrastructure, the formation of certain specialization served as an important factor. Socio-economic relations are focused on trade, implementation of

joint investment projects, the establishment of joint ventures, meeting the needs and services for the population.

The analysis shows that the main mechanism of interregional cooperation in Russia is the conclusion of agreements and treaties between the legislative and executive bodies of the regions. As an example, in 2018 the Leningrad region signed more than 26 agreements on cooperation with other regions, and the Rostov region signed at the level of 6 legislative bodies.

Most of the agreements are concluded between the territorial administrations (administration, government, executive body). Kastrova region has signed 62 agreements on trade, economic, scientific, technical and cultural cooperation with other regions of Russia. This figure is 57 in the Rostov region. It should be noted that Uzbekistan has no agreements on interregional cooperation.

New areas of interregional cooperation in Russia include agreements under purpose of developing various socio-economic ties between entrepreneurs and youth organizations.

In general, great emphasis is placed on development of interregional cooperation in Russian Federation. In future, this direction will be focused on the implementation of single regional policy, the need to develop socio-economic relations at the level of economic regions, the specific natural and economic potentials of each regions, the level of specialization meeting the needs of the population¹.

The United States of America has a highly decentralized government system. The role and responsibilities of states, municipalities and districts in socio-economic development are high. They pursue an independent regional policy and inter-regional cooperation depends directly on them. Interregional cooperation can be assessed mainly through the effective organization of transport infrastructure, cooperation in trade, services and industrial enterprises in interests of the population.

¹ Rostanets V.G., Topilin A.V., *Napravleniya i metodi issledovaniya problem mejregionalnogo sotrudnichestvo v sovremennoy Rossii*. – M, RAEN, 2015, №2.

Japan, regional policy has been implemented taking into account the high level of production and population density, as well as the well-developed northern regions of Hokkaido and Tohoku. Its distinctive features are:

-the development of the regions and the location of productive forces have a clear legal basis;

-private investors are not supported like the European Union, the United States and Canada;

-the main focus is on the formation of a single infrastructure for the development of exports and industry;

-in the plan of socio-economic development of the country, special plans for the organization of regional, including interregional cooperation. (Hokkaido, Okinawa Development Projects).

European Union, countries have accumulated some experience on development of regional and interregional cooperation. Four types of programs for integrated development of the regions have been developed and implemented:

First, national programs were developed on the interests of each country' of the European Union.

Second, interstate programs were developed mainly on the interests of industries and regions.

Third, special long-term programs mainly aimed at regional development were funded through a special fund.

Fourth, generalized programs have been developed which would implement activities through a number of special funds, investment banks. A number of countries and regions in the European Union operate within the framework of cooperation organizations. These are the free trade zones, the customs union, the common market and economic cooperation.

In developed European Countries, interregional cooperation is based on the principles of a market economy on different directions, depending on the common goals, the specifics of each country the potentials of the regions.

The role of the specially established Territorial Development Fund in the development of regional and interregional cooperation is high. The funds will be directed to investment projects in the fields of transport infrastructures, services, culture and sports in the regions.

People's Republic of China, regional policy is considered as a priority factor. The developed regional plans and programs include:

- complex and coordinated different regions' development;
- demographic policy, population distribution and birth reduction;
- rational and full use of local natural resources;
- support for local initiatives.

Special economic zones play an important role on implementation of regional policy. There are more than thirty of them, which are designed to attract foreign investment.

The organization of interregional cooperation in China is carried out by the central government and local authorities.

The process of decentralization in foreign countries takes many forms and plays an important role on the organization of interregional cooperation. While decentralization level is high in the United States, the process is moderate in the European Union countries. Differences in the formation of the budget-tax system in the regions cause some problems in the development of interregional cooperation.

French Republic, the role of local taxes budget is 60% and 40% is allocated from the center as a subsidy. Regions set local taxes themselves. Summarizing the above, it can be said that interregional cooperation in foreign countries has a different form, each country forms of socio-economic ties between the regions based on its interests, natural and economic potentials, the priorities of ongoing reforms.

It's level and width are affected by a number of factors:

- specialization of the regions;
- the level of complex and coordinated development of the regions;
- implementation of interregional cooperation mainly within economic regions;

- effective use of natural and economic potentials;
- rational placement of enterprises and industries;
- the formation of a certain management system, etc.

Conclusion and recommendations. In the Republic of Uzbekistan, in case of Namangan region, based on the existing foreign experiences, it is advisable to take into account the following development of interregional economic cooperation:

- development of normative and legal bases of interregional cooperation (memorandum, agreement, coordinating council, agreement, etc.);
- establishment of joint ventures, financial and industrial groups, implementation of joint investment projects in order to develop trade and economic cooperation;
- formation of interregional innovation clusters based on natural and economic potentials and specialization;
- creation of an integrated interchangeable information base for the organization of interregional cooperation;
- formation of direct relations with economic entities and development of cooperative relations;
- supporting additional joint small and medium business projects;
- taking into account the needs and requirements of the entire population in the organization of social spheres and services;
- cooperation with young people, including the implementation of joint projects;
- regulation of migration processes by mutual consent, the formation of a common regional labor market;
- development and implementation of measures for the development of transport and engineering infrastructure that unites all regions;
- organization of cooperation on ecology, climate, efficient use of water and land resources;
- development of medium and long-term strategy for the development of interregional socio-economic cooperation, etc.

For better rapid economic growth in our country, additionally would be upright to announce some Uzbek elite business members' names' publicly. Unfortunately, we

do not have officially noted yet the names of elite business people “Billionaires” names’ and make for them additional privileges. Nowadays, this political economic circumstances may not have positive effect on our country’s SWOT analysis when

it is checked by foreign business people or investors. The results of the assessment by the experts, socio-economic cooperation between the regions of the Fergana Valley including Namangan region, it is summarized and analyzed by author and some conclusion and recommendations are given. (Table 4). The level of cooperation in each of the main areas is assessed as following: cooperation level high 8-10 points; cooperation level average 4-7 points; cooperation level is low 0-3 points.

It remains important that regional economic cooperation serves as an inseparable part of the ongoing regional policy to prove its scientific and practical basis to develop mechanisms for its implementation.

It is especially important to establish and intensify full-fledged economic cooperation in case of Namangan region. Substantiating the effectiveness of economic cooperation in case of the region can be used as a study guide for other regions of Uzbekistan.

In particular, the effective use of materials and intellectual potentials in intensification of the economy including the organization of cooperation between the regions on the basis of digital technologies remains very important in preventing various modern threats. These are related to the establishment of an interregional cluster system, innovation centers, technology platforms, shared innovation centers. Radical change of interregional socio-economic cooperation should be one of the important priorities of the ongoing reforms in Uzbekistan and effective use of its resources as a new factor on ensuring economic growth of the country. The most difficult task here is to form the organizational and economic mechanisms of organization interregional cooperation. Therefore, it remains important and relevant to assess the level and opportunities of regional cooperation, scientifically substantiate the strategy and methods of its development.

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