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**THE EFFECT OF CLUSTER POLICY ON INDUSTRIAL POLICY IN
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2ND YEAR STUDENT OF "ECONOMICS"**

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***Abstract:** The purpose of this paper is to examine the effects of cluster policy on industrial policy in Uzbek. All countries have specific economic conditions, level of development and policies. There are several factors which determines the improvement and development level of countries for example; economic, political and demographical conditions. However, industrial policy can modernize the level of development of a country and change the level of economic development of a country. Each economy has its own network dynamics, which can be developed by industrial-cluster policies. In this study, the effect of cluster policy on industrial policy is examined with the Uzbek experience.*

***Keywords:** cluster, innovation, cluster approach, innovation activity, Cluster Policy, Clustering, Regional Development, Economic Growth, Industrial Policy, Sectorial Development, Cooperation, CatchUp, Collaboration, Competition.*

Introduction: Industrial Policies are the main drivers for economic development of the countries. A country could have a chance to possess a strong position in competitive world market since it has a developed industry and high level of manufacturing ability. Otherwise, countries will be condemned to exploitation of material, i.e., economic resources by powerful states, as has been the case throughout human history. Cluster policy is one of the best economic elements of industrial policy

development. Cluster policy has a significant positive impact on the industrial policy and development of countries. Industrial Policy could be seen as the control room of giant robot of government for serving to the industry. However, as with all machines, you first need a power button to turn on the mechanism. Cluster policy is a kind of driving dynamo that makes all the parts of the engine work. Therefore, the industrial policy could not move without that dynamo which is Cluster Policy. The cluster policy is increasing the efficiency of the industrial policies of countries. Economic reforms and politics of Uzbekistan differ from economic and political reforms of other Central Asian countries. Uzbekistan's post-independence policy was mainly based on gradual economic reforms, which allowed it to mitigate the negative consequences of the collapse of the Soviet Union and maintain a high rate of economic development. Primarily depending on the export of raw materials such as gold and cotton, the government of Uzbekistan decided to make its economy independent and self-sustainable. Industrial policy played a key role in achieving these goals. In other words, theoretical are those aspects of science that focus on building models and applying them to data in order to form an understanding of a set of phenomena. This is opposed to building and running experiments to verify the models.

Literature analysis: Although it has not been long since the class approach to organizing production began to be used in our country, the founders of competition theory abroad have long developed this direction. Among them are M. Porter, M. Meskon, P. Druker, A. Thompson, F. Hedouri, T. Brian, and others. Theoretical and methodological aspects and organization of classrooms in our country are G. Zachidov, T. Matevka, A. Osmonova, O. Todorova, D. Mirzaxalilova, Ya. Be was studied in the scientific research of the likes of D. Kurbanova. The cluster scheme for organizing production in these studies has been analyzed as an important instrument for implementing the country's regional policy and improving the competitiveness of various sectors of the economy.

Within the framework of their research, the aforementioned researchers studied, analyzed, summarized, and developed suggestions and recommendations. The results

of the study have been used and used to develop and implement the economic policies of various countries. (Matthew 24:14; 28:19, 20) Jehovah's Witnesses would be pleased to discuss these answers with you. In this process, a variety of ideas can be extended, and various theories can be found, one denying the other.

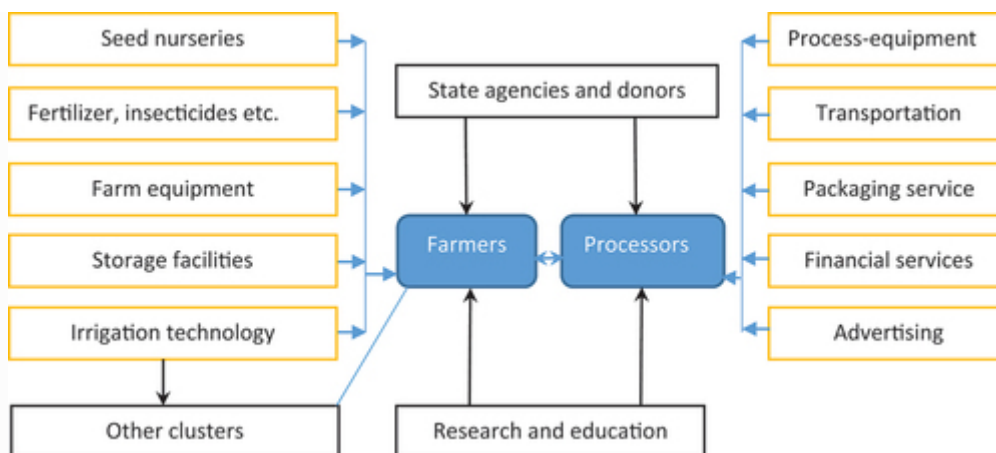
Research methodology: Economic research methods such as monitoring, data collection, analyzing, synthesizing, and logical thinking have been used in foreign countries to study the characteristics of classroom politics in recent history and today. According to Bae and Mah (2018), after the mid-1990s the government adopted a strategy to transform the economy from heavy dependence on agriculture and natural resources to a modern industrial economy. Instead of experiencing rapid deindustrialization, Uzbekistan conducted an industrialization policy, which had three aspects. First, the government tried to reduce its heavy reliance on the production and export of cotton and to achieve self-sufficiency in food by increasing grain production. Second, it pursued self-sufficiency in energy to become a net fuel exporter. Finally, it tried to increase the share of industry in GDP and that of machinery and equipment in both total industrial outputs and exports. Uzbekistan's government has taken industrial policy measures, including tax and financial incentives, state orders, a policy selectively welcoming FDI, protection from import and promotion of export, and exchange-rate management.

Result and discussion: List has an argument about protecting small companies until they can be ready to enter world competition. List strongly disclaims Adam Smith's approaches of the free market the invisible hand argument which describes that people will make decisions based on their own personal self-interest and benefits. Furthermore, he emphasize the state should protect infant industries until they become developed. moreover, List has an Economic nationalism approach which claims economics should be applied for the welfare and interest of countries. His fifth approach is productive forces of the countries are the pistons of the economic development of the countries. A country can be strong in its productivity with its labor forces also and if a country did not give importance to education of nations and growth

its citizens as craftsman, engineers, and technical persons and if they did not give importance to doing a systematic R&D then how can they became an innovative nation and state of art. His last argument is about the productive forces for that time: educational infrastructure, transportation infrastructure, technical/technological infrastructure, entrepreneurial infrastructure, institutional infrastructure of the state. According to the Strategy of Development of New Uzbekistan for 2022-2026, to accelerate the development of the national economy and provide high growth rates, the country's industrial policy aimed at increasing the share of industry in GDP and the volume of industrial production by 1.4 times. Within the Strategy, Uzbekistan planned to liberalize energy markets, organize copper industry clusters, and develop the chemical and gas chemical industries, bringing the level of natural gas processing from 8 to 20%. Furthermore, the government planned continuing localization efforts in the auto industry with an increase in production volume by 1.4 times and its export by 2 times. It was expected that an industrial cluster of agricultural machinery would be created; the volume of leather and footwear and pharmaceutical industries production would increase by 3 times. The electrical industry production was planned to double and exports to triple (President.uz, na). Later, Uzbekistan adopted the Strategy – 2030, where the previous goals were adjusted and updated. In particular, by 2030, the country plans to increase the share of industrial-technological products from 25 to 32%. At the same time, the country's labor productivity processing industry will be doubled. Uzbekistan will create a competitive environment in the automotive industry and increase production volume to 1 million cars. Moreover, the government will organize 8 research and production clusters in the areas of metal processing, mechanical engineering and electronics, transport and logistics, and agricultural productivity and yields. According to expectations of the government, more than 30 prestigious foreign brands to the leather and footwear industry will be attracted and added value will be increased by 5 times. Finally, the government aims to bring value added in the industry to \$45 billion and create 2.5 million high-income jobs (Lex.uz, 2024).

Uzbekistan actively engages in industrial cooperation with other Central Asian countries. For instance, Kazakhstan and Uzbekistan are building a plant for the production of kitchen stoves, vacuum cleaners, televisions, microwaves, and washing machines of the Uzbek brand Artel in the Karaganda region. The commissioning of the plant is planned for 2025. The project is divided into several stages, and the development potential is 8.95 billion USD, of which 7.97 billion USD is for export. According to local authorities of the Karaganda region, the enterprise will produce up to a million products per year and provide jobs for about 1.200 people. It is worth mentioning the implementation of another important project such as the launch of production of small-unit assembly of Chevrolet Onix cars in the Kostanay region, which is planned for the first quarter of 2024 on the basis of the SaryarkaAvtoProm plant (Kursiv, 2023).

Picture 1. An agricultural cluster as a combination of various actors.



Thus, Uzbekistan has already achieved many goals of its initial industrial policy using well-protected markets and strong measures of state support. Currently, the country set ambitious goals for its new industrial policy, aimed at increasing competitiveness and capacity. Attraction of foreign investments, multinationals, and industrial cooperation can strengthen Uzbekistan's economy. The government also needs to make a priority demand of Uzbek consumers and find solutions for the challenges such as monopoly in car production. In conclusion, cluster policies highly influenced the industrial policies of the countries. There is a strong relationship between cluster policy and industrial policy. Cluster policy has very positive affects to shaping the industrial policies of countries. Cluster policies emerges new sectors and also entrepreneurs which is going to develop the economies of the countries. The

cluster policy is the triggering tool for industrial policies of the countries. Clusters are the incubators of innovation, new technologies, high industrial employment quality, competitiveness of industrial companies and export. These are the significant factors of the development of economies and industrial policies of countries. Cluster policy is a successful tool to have a strong industrial policy and save the economy with creating new technologies. Cluster policy increases the efficiency of Industrial policies with its proactive role in the industry and economy. In Turkish experience, there are several clustering examples which directs the industrial policy according to these cluster's policy. It shows that cluster policy affects the industrial policy of the countries as a director and facilitator for the implementation of the industrial policies.

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