

Features of The Economic Potential of Kazakhstan and Uzbekistan: Problems and Solutions

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Abstract

The article presents a broad and narrow analysis of the socio-economic cooperation of our country with the Republic of Kazakhstan, the main macroeconomic indicators of our countries, the features of the economic potential of Kazakhstan and Uzbekistan: problems and solutions. Based on the analysis, proposals are made for the implementation of comprehensive measures to develop the economy of our country.

Keywords: economy of Uzbekistan, economy of Kazakhstan, macroeconomic indicators, indicators of foreign trade, employment, external debt



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Introduction: This year marks the 25th anniversary of the establishment of diplomatic relations between Uzbekistan and Kazakhstan. This date marks a period of dynamic development and enrichment of relations between the two countries with new content. Uzbekistan and Kazakhstan are important states of Central Asia. Relations between the two countries are consistently developing in the spirit of good-neighborliness and strategic partnership. These partnerships are based on the strong ties of friendship and brotherhood, the common history, language and culture of our peoples.

Mutually beneficial cooperation between our countries is characterized by a trusting and constructive dialogue. Over the past twenty-five years, a solid legal framework for cooperation between our states has been created. There are more than 200 legal acts related to various industries. These include the Treaty of eternal friendship between the Republic of Uzbekistan and the Republic of Kazakhstan (1998), the treaty on strategic partnership (2013). They establish the basic foundation of bilateral relations, i.e. the principles of equality, mutual understanding, comprehensive cooperation and trust.

Uzbekistan is Kazakhstan's largest trading partner in Central Asia. At the business forum held in Astana with the participation of the business circles of the two countries, trade agreements and investment agreements were signed for a total amount of about 1 billion US dollars. Today, the business structures of Uzbekistan and Kazakhstan put forward a number of proposals for the creation of joint ventures, the opening of trading houses, and the implementation of promising and mutually beneficial investment projects. Specific goals have been set to bring the volume of mutual trade turnover between the two countries to 5 billion US dollars.

Another important area of cooperation — the accelerated integration of the transport infrastructures of Kazakhstan and Uzbekistan-will be crucial in the formation of transport and transit corridors and will create conditions for stimulating trade and investment in our countries, further developing bilateral and regional cooperation.

Research methods: Since time immemorial, our countries have huge industrial and mineral resources, agricultural products, a large number of semi-finished products obtained in the process of processing, natural resources, and developed infrastructure capabilities. Modern exploration of the earth's interior is associated with the development of deposits rich in reserves of precious, non-ferrous and rare metals, various products of organic fuel, oil, natural gas and gas condensate, brown and semi-coke coals, shale fuel, uranium and many types of necessary raw materials for construction.

On the territory of Uzbekistan, a complex of minerals has been identified, containing about a hundred types of mineral raw materials, sixty of which are already used in the national economy.

It is confirmed that Uzbekistan holds a leading position in the reserves of such minerals as gold, uranium, copper, natural gas, tungsten, potassium salt, phosphorites, kaolin, not only among the CIS countries, but also around the world. In particular, it ranks fourth in the world in terms of gold reserves, seventh in terms of its production, eleventh in terms of copper reserves, eighth in terms of uranium reserves, and twelfth in terms of production.

Results: Gold is a crucial commodity in providing the economy of our country with financial resources during the pandemic, increasing economic stability. In particular, the volume of gold exports of our country for October, November and December of the current year 2020 amounted to 5804.4 million dollars. This amounted to 38-38. 2% of the total volume of exported goods and services.

Main macroeconomic indicators of the economy of Kazakhstan
Table 1

Indicators	2019	2020	2021
Population, at the end of the year, million people	18,6	18,9	19,2
Working-age population, million people	9,2	9,3	9,4
Average monthly nominal salary of an employee, USD	488	450	452
Average monthly nominal salary of an employee in the national currency	186815	198760	203120
Gross domestic product, billion US dollars United States National currency	181,7	184,8	190,4
Gross domestic product, billion US dollars US national currency	69532,6	70342,7	72389,5
GDP per capita, US dollars	9768,8	9777,8	9916,7
GDP per capita, thousand national currency	3738,3	3721,8	3770,3
Foreign trade turnover, billion US dollars US \$	97,8	98,5	99,4
Exports, billion US dollars US \$	58,1	58,7	59,1
Imports, billion US dollars	39,7	39,8	40,3

The gross domestic product (GDP) of Kazakhstan in January-December 2020 amounted to 70.1 trillion tenge, which is 2.6% less than in the same period last year.

According to the International Monetary Fund's World Economic Outlook report, the real gross domestic product of the world economy fell 3.3%, but growth is projected to reach 6% this year.

The best forecast among the Central Asian countries belongs to Uzbekistan, which by 2026 may have the highest real growth rate of 5.5%. This is followed by Kazakhstan (4.4%), Kyrgyzstan, Tajikistan (4% each) and Turkmenistan (3.7%).

At the same time, the lowest real GDP growth among the Central Asian countries this year is expected in Kazakhstan (3.2%), followed by Kyrgyzstan (6%), then Uzbekistan (5%), Tajikistan (5%) and Turkmenistan (four%)., 6%), respectively. In 2022, GDP growth is projected in Uzbekistan (up to 5.3%) and Kazakhstan (up to 4%). In the rest of Central Asia, economic growth is expected to slow. In 2020, real GDP growth in Uzbekistan amounted to 1.6%. In Kazakhstan, the predominance of services in the GDP network system. The share of industry in GDP was 27% (minus 0.4%), construction - 6.1% (plus 11.2%), agriculture, forestry and fisheries - 5.3% (plus 5.6%). In January-December 2020, the share of industry in the GDP of Uzbekistan amounted to 26.3% (plus 0.7%), agriculture, forestry and fisheries - 26.1% (plus 3%), construction - 6.5% (plus 9, 2%).

GDP per capita in Kazakhstan in 2020 amounted to 9.06 thousand dollars, which is much higher than in Uzbekistan (1.69 thousand dollars). At the same time, Uzbekistan lags behind Kazakhstan in terms of GDP per capita growth rates. In 2018, this figure was 3.6% against 2.6%, in 2019 - 3.2% against 3.8%, in 2020 this figure will increase to 0.3% in Uzbekistan and 3% in Kazakhstan., Decreased by 9%.

On the territory of Uzbekistan, a complex of minerals containing more than a hundred types of mineral raw materials, of which sixty are already used in the national economy.

It was confirmed that Uzbekistan is a leader not only among the CIS countries, but also in the world in terms of reserves of such minerals as gold, uranium, copper, natural gas, tungsten,

potassium salts, phosphorites, and kaolin. In particular, it ranks fourth in the world in terms of gold reserves, seventh in terms of production, eleventh in terms of copper reserves, eighth in terms of uranium reserves and twelfth in terms of production.

Foreign trade turnover of the Republic of Uzbekistan (January-November 2020) According to the results of January-November 2020, the foreign trade turnover of the republic amounted to 28 664.7 million UAH. US dollars, up 17.6% over the same period last year. including the volume of export 11 324.0 mln. UAH. US dollars (decreased by 3.2%), and the volume of imports amounted to 17,340.7 million UAH. US dollars (growth rate 36.8%). foreign trade balance minus UAH 6,016.7 million. U.S. DOLLAR.

In particular, it is necessary to strengthen measures to ensure income stability during the coronavirus pandemic. Regardless of the form of ownership, it is necessary to prevent the loss of labor income by providing subsidies or benefits from the anti-crisis fund in cases where it is established that enterprises and organizations that temporarily suspend work during the quarantine period cannot pay the average salary. Income, in turn, will help maintain the purchasing power of the population and help them get out of the crisis faster.

Although experts from the World Bank and other international organizations note that the world economy, including in Uzbekistan, is slowing down, there are opportunities to achieve the planned development indicators and even strengthen their positions in the international division of labor. This requires the implementation of crisis and post-crisis measures based on thoughtful economic and political decisions.

In recent years, as a result of the diversification of the industrial structure by our state, support for exports, a further increase in the production of import-substituting goods and products, a significant change has been achieved in the structure of exports. In particular, foreign trade is focused on the export of raw materials, the export of goods with high added value and capital-intensive goods.

As an example, we can see changes in the share of cotton fiber in total exports. In recent years, as a result of the diversification of the industrial structure by our state, support for exports, a further increase in the production of import-substituting goods and products, a significant change has been achieved in the structure of exports. In particular, foreign trade is carried out in the export of raw materials, the export of goods with high added value and capital-intensive goods. As an example, we can see changes in the share of cotton fiber in total exports.

Foreign trade, in million dollars

Table 2

	2020-10	2020-11	2020-12
International trade			
Goods and services, export of goods	13329,1	14197,3	15127,7
Export of goods	11705,1	12376,7	13123,9
Cotton	130,4	137,0	146,9
Chemical products and products from them	711,3	788,3	873,5
Black metals	268,5	289,5	314,9
Non-ferrous metals	733,2	825,0	924,3
Energy and oil products	566,2	619,6	659,0
Mechanisms and equipment	319,6	379,3	467,3

Gold	5804,4	5804,4	5804,4
Food	1147,7	1311,7	1443,8
Export of services	1624,0	1820,6	2003,9
building	33,2	41,5	44,8
Transport service	1136,6	1282,9	1423,2
Travel	228,3	240,8	255,8
other services	226,0	255,5	280,1
Other	2023,7	2221,9	2489,8

In January-November 2018, the export of cotton fiber amounted to 5.3% of the total export volume, the total export volume reached 409.3 thousand tons, and in January-November 2019, 348.9 thousand tons of cotton fiber were exported. At the end of January-November 2020, the share of cotton fiber in total exports decreased by 3.4% and amounted to 246.9 thousand tons.

Foreign trade of the Republic of Uzbekistan, million rubles dollars

Table 3

	2018	2019	January December 2020 year.
Foreign trade turnover	33429,9	41751,0	36299,3
Export	13990,7	17458,7	15127,7
Import	19439,2	24292,3	21171,5

This change can be explained by the fact that raw cotton is focused on the production and export of textiles with high added value. If you look at the results of January-November this year, you can see that the share of cotton fiber in total exports has significantly decreased compared to the same period in previous years.

In total, 110.9 thousand tons of cotton fiber were exported during this period. It should be noted that in November 2018, the export of goods and services amounted to 97.6 million tons compared to October. Another 975.9 million US dollars were exported. U.S. DOLLAR. The volume of imports of goods and services amounted to UAH 1,828.1 million. Dollars, which is \$ 11.2 million more than in October. More than the US dollar. In January-November 2018, the sequence of countries with a high share in the republic's foreign trade turnover practically did not change since January of this year.

The total external debt of Uzbekistan in the first three months of 2020 amounted to \$ 25.1 billion. According to the Central Bank, since the beginning of the year, the amount of debt has increased by 2.8% or \$ 692 million.

Change in the total external debt of the Republic of Uzbekistan, billion dollars

Table 4

Years	External debt of the state	Private external debt	Total external debt
2016 y.	6,6	8,1	14,6
2017 y.	7,6	8,2	15,8
2018 y	10,1	7,2	17,3
2019 y	15,8	8,6	24,4
2020 y	16,2	8,9	25,1

External debt consists of public and private debt. Public debt was \$ 16.2 billion and private debt was \$ 8.9 billion. At the same time, it was noted that in the context of a global pandemic, the market prices of Uzbekistan's sovereign bonds decreased due to a decrease in stock prices on

stock markets. In terms of debt repayment, US \$ 132 million in principal and US \$ 93 million in interest payments were paid in the first quarter. Expansion of the integration of Uzbekistan into the world economic system is an important element of the ongoing structural changes in the economy and serves as an important basis for sustainable economic development.

The Strategy for the Further Development of the Republic of Uzbekistan states the need to take measures for the transition of the country and its regions to an export-oriented development model, including increasing and supporting the export potential of regions, introducing domestic goods and services into world markets.

In this regard, it is no coincidence that at the 72nd session of the UN General Assembly, the head of our state emphasized the importance of strengthening interregional cooperation between the Central Asian states and put forward a number of constructive ideas and initiatives to strengthen peace and security. in Central Asia.

Thus, the implementation of measures to strengthen interregional cooperation of Uzbekistan with foreign countries is an urgent task today. With this in mind, the authors view the strengthening of interregional cooperation between Uzbekistan and Central Asia as an important source of economic growth in the country and its regions.

It is intended to determine the priorities of interregional cooperation between Uzbekistan and Central Asia. The main tasks of the work are to assess the foreign trade turnover, to determine the competitive advantages and potential of the country, the principles and main directions of interregional cooperation in Uzbekistan.

By providing our country's economy with financial resources during a pandemic, gold is a key commodity for increasing economic stability. In particular, the volume of gold exports of our country in October, November and December 2020 amounted to \$ 5804.4 million, respectively. This amounted to 38-38.2% of the total export of goods and services.

Main macroeconomic indicators of the economy of Uzbekistan

Table 5

Indicators	2019	2020	2021
Population, at the end of the year, million people	33,9	34,1	34,3
Working-age population, million people	14,9	15,1	15,3
Average monthly nominal salary of an employee, USD	263,3	267,5	269,4
Average monthly nominal salary of an employee in the national currency	2324	2350,7	2477,3
Gross domestic product, billion US dollars United States National currency	57,9	58,2	58,9
Gross domestic product, billion US dollarsUS national currency	511838,1	517789,8	523664,2
GDP per capita, US dollars	1707,96	1706,74	1717,2
GDP per capita, thousand national currency	15098,47	15184,45	15267,17
Foreign trade turnover, billion US dollars US \$	35,9	36,8	37,1
Exports, billion US dollars US \$	14	14,9	15,1
Imports, billion US dollars	21,9	21,9	22,0

More than 33 million people live in Uzbekistan. This means a huge and versatile labor market. Also, the country's favorable climatic conditions make it possible to grow fruits and vegetables all year round. At the same time, Uzbekistan has great potential in the automotive industry. Not only cars are produced, but also trucks and cars.

Currently, large projects are being implemented in Uzbekistan to industrialize its territory. Free economic zones are being created in almost all regions. Let me emphasize that Kazakhstan also has such opportunities. Over the years of industrial and innovative development of Kazakhstan, more than a thousand enterprises have been created. As mentioned above, Uzbek vehicles also use roads that are being built and built in the capital from the capital.

Kazakhstan and Uzbekistan also need to develop cooperation in ensuring and strengthening security in the region. In fact, our countries are on the same ship in this respect. In April 2019, representatives of the governments of Kazakhstan and Uzbekistan signed a memorandum of understanding on the establishment of an international center for trade and economic cooperation on the border between the two countries in order to optimize cross-border trade and establish the largest trade and logistics center in Central Asia. The new facility is expected to centralize trade cooperation with other Central Asian countries, consolidate and regulate trade flows, and improve transport logistics.

The strengthening of Kazakhstan's ties with Uzbekistan, including frequent negotiations between the two countries, has gradually begun a process of cooperation in the region. Potentially, such cooperation will enable the countries of the region to find common solutions to the problems of water and energy, security and drug trafficking; The formation of a common position on the policy of the great powers, which is most important, will not allow them to become a "raw material supplier of global economic processes."

Given the size of the Uzbek consumer market and the size of Kazakhstan, it is clear that the relationship between the two countries is key to long-term growth in the region and will indeed determine the climate in the region.

Conclusion: From the above tables, it can be seen that the Republic of Uzbekistan does not fully use its economic potential, given that it is twice as large as the Republic of Kazakhstan in terms of population, but 6 times smaller in terms of land area. This is one of the most important tasks facing our state for the radical transformation and development of the country's economy. The question arises, what kind of work should we do to achieve this? We believe that it is necessary to conduct an in-depth analysis and evaluate the following factors in a separate set.

1. Low competitive environment due to the high share of monopoly enterprises in our state
2. High level of cronyism and bribery among individuals in our country
3. Hence the outflow of talented specialists to other developed countries
4. The development of the hidden economy in our country in comparison with other countries
5. The result is an increase in the number of entries in the accounting statements of enterprises
6. Given these circumstances, we would like to make the following proposals for the development of our country's economy:
7. For the development of small business and private entrepreneurship in certain areas, it is necessary to gradually reduce the share of the state in these areas

8. Maintaining the state's share, taking into account important aspects of strategically important enterprises and organizations
9. Creating a specific tourist route scheme to attract individual tourists and increase the tourist weight in our country
10. Develop and provide customers with visual travel routes taking into account the conditions of the pandemic in our country
11. Organization and development of "women's pilgrimage tourism" aimed at individual women in our country.

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