



## THE ESSENCE AND CONTENT OF THE STATE INDUSTRIAL POLICY

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**Annotation:** The article talks about the essence and forms of industrial policy. Attention is paid to the consideration of methods, advantages and disadvantages of forms of industrial policy. A review of the current state and prospects for the development of industry of the Republic of Uzbekistan was carried out

**Keywords:** Industry, industrial policy, forms of industrial policy, government regulation, approaches, manufacturing industry, economic zones.

Industrial policy, as a set of government measures, plays a key role in optimizing the distribution of society's resources, forming an effective structure of the national economy and ensuring its competitiveness in the world market, i.e. industrial policy is a key tool for achieving modernization goals. It is a multi-level system of economic, political and organizational measures aimed at maintaining and growing national industry.

The definition of industrial policy is the subject of active scientific debate, with researchers offering different approaches to its interpretation. One approach is to understand industrial policy as a system of government regulation measures aimed at supporting and developing individual industries or sectors of industry. Proponents of this approach, such as economist R. Reich, view industrial policy as a set of selective measures that contribute to the growth of the competitiveness of the national economy.[1]

An alternative approach interprets industrial policy as a general strategy for structural transformations in the economy, which involves the creation of favorable institutional conditions for the development of production potential. Representatives of this approach, for example J. Stiglitz and J. Lynn, focus on the need to create an innovation infrastructure and stimulate technological modernization.[2]

In addition, in the scientific literature there is an interpretation of industrial policy as a combination of sectoral and horizontal measures aimed at increasing the efficiency of resource use and stimulating structural changes in the economy. This approach, developed, in particular, by R. Coase and D. North, involves the use of both selective and universal regulatory instruments.

Industrial policy acquires particular relevance in critical periods of crisis, as well as in the context of the unfolding process of liberalization and globalization of the world economy. Modernization requires industry to be able to adapt to global trends and competition. Industrial policy contributes to this process by stimulating the development of exports, attracting foreign investment and interaction with international partners. Under these conditions, the state cannot shy away from responsibility for effectively solving the problems of socio-economic development and accelerating economic, technological and managerial progress.

Analysis of the forms of industrial policy allows us to understand how the state can influence the development of industry in various conditions. Let's look at each form in Table 1.

The choice of form of industrial policy depends on the specific conditions and goals of the country. Defensive policies may be effective in the short term, but in the long term they can lead to reduced competitiveness. Adaptive policies are more suitable for conditions of globalization and rapid change, but they require significant investment in innovation. Proactive policies can lead to significant increases in

Forms of industrial policy

|                              | TARGET  | METHODS  | ADVANTAGES   | FLAWS  | APPLICATION  |
|------------------------------|---|--|--|--|--|
| Protective industrial policy | Preservation of the existing industrial structure, protection of national firms from foreign competition. | Tariffs, quotas, subsidies, protectionist measures.  | Protecting jobs in traditional industries. Reduced dependence on imports. Creating time to adapt to new conditions.        | Declining competitiveness of national firms. Raising prices for consumers. Slowdown of technological progress. Risk of creating ineffective enterprises. | In times of crisis, when it is necessary to protect the national economy from external shocks. In developing countries, where it is necessary to protect young industries from competition from developed countries. |
| Adaptive industrial policy   | Adaptation of industrial structure to changes in demand and competitive conditions in the world market.   | Stimulating innovation. Supporting transition into new industries. Development of education and science.   | Increasing the competitiveness of the national economy. Creation of new jobs in promising industries. Increase in exports. | Risk of job losses in traditional industries. The need for significant investment in innovation.   | In the context of globalization and rapid changes in demand. In countries striving for innovative development.   |
| Proactive industrial policy  | Active influence on the development of the country's industry, based on its long-term priorities.         | Strategic planning. Development of key industries. Creation of innovation clusters. <u>Export support.</u> | Creating competitive advantages in the global market. Acceleration of economic growth. Development of new technologies.    | The risk of choosing the wrong priorities. The need for significant government investment. Possibility of corruption and inefficiency.                   | In countries striving for sustainable and innovative development. In conditions of strong competition in the global market.  |

It is important to note that all three forms of industrial policy can be used in combination depending on the specific conditions and objectives of the country.

In the structure of production, the largest share falls on manufacturing enterprises (84.4%), the production volume of which amounted to 553.3 trillion soums, followed by the mining industry and quarrying with a share of 8.4% with a production volume of 55.2 trillion. soum, 6.7% share of electricity supply, gas supply, steam and air conditioning with a production volume of 44.3 trillion. soum and the smallest share is 0.5% or 3.0 trillion. soum belongs to water supply, sewerage, waste collection and disposal[3].

Consumer goods-oriented industries, including mechanical engineering, textiles and food processing, played a key role in industrial growth. Their products provided more than half (53.4%) of the total increase in industrial production in 2023.

Many enterprises underwent technical and technological modernization and introduced resource- and energy-efficient technologies. The volume of investment in fixed capital of industry increased from \$2.1 billion in 1991 to \$16.7 billion in 2022.

The energy intensity of industrial production has decreased by 32% over the past 10 years.

On January 18, 2024, President Sh. Mirziyoyev held a video conference meeting on priority tasks in the field of investment, export and industry for 2024, where it was noted that in order to grow24 special economic zones have been created in the republic for industrial production. Land in them is allocated in a simplified manner, and tax benefits are established for them. However, these opportunities are not fully used. For example, 800 hectares of land with ready-made infrastructure are empty in the zones. In this regard, it was decided to implement a new experiment on the development of economic zones. In particular, 240 hectares of land in special industrial zones in Bukhara, Navoi and Tashkent regions will be outsourced to foreign companies. It was noted that this year 309 major projects can be implemented in special economic zones and 40 thousand jobs can be created[4].

Further expansion of manufacturing industries focused on the production of competitive finished products is one of the key priorities of the state's economic policy.

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