

ANALYSIS OF ECONOMIC GROWTH DRIVERS OF KHOREZM REGION

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Abstract: this article gives information about macroeconomic indicators of Khorezm region. Besides, the macroeconomics analysis of the region by its districts has been made in order to determine each economic growth drivers of districts based on the current resources and opportunities existed. Subsequently, relying on the results of the macroeconomic analysis, the existing problems and drawback in promising spheres of each district were systematically determined. Also, article highlights information about economic mechanisms of supporting business or investment projects in the region.

Keywords: GRP (Gross Regional Product), indicator, driver, investment, macroeconomic analysis, investment.

АНАЛИЗ ДРАЙВЕРОВ ЭКОНОМИЧЕСКОГО РОСТА ХОРЕЗМСКОЙ ОБЛАСТИ

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Аннотация: в данной статье представлена информация о макроэкономических показателях Хорезмской области. Кроме того, был проведен макроэкономический анализ региона по его районам с целью определения каждого из драйверов экономического роста районов, исходя из имеющихся ресурсов и возможностей. В дальнейшем по результатам макроэкономического анализа систематически определялись существующие проблемы и недостатки в перспективных сферах каждого района. Также в статье освещена информация об экономических механизмах поддержки бизнеса или инвестиционных проектов в регионе.

Ключевые слова: ВРП (валовой региональный продукт), индикатор, драйвер, инвестиции, макроэкономический анализ, экономический механизм.

Today, the government, the Republic of Uzbekistan, implements a number of effective economic policies to achieve sustainable economic growth with providing employment of the population and improving the welfare of them. In this regard, implementation of economic measures based on the available opportunities and resources through effective macroeconomic analysis, namely, identifying each economic growth point in promising fields of the region definitely plays an important role in economic development processes. Through this, we can further develop the priority sectors in the region and, as a result, it is likely possible to increase the share of the region in the country's GDP (Gross Domestic Product).

What is an economic growth driver? Before answering this question, it is necessary to define the word “driver”. According to Cambridge dictionary definitions, ‘driver’ is something that makes other things progress, develop, and grow stronger [3] or a factor which causes a particular phenomenon to happen or develop [2]. When it comes to economic driver, in finance and economics, it refers to some key factor that has a large influence on some outcome of interest [1].

So, how can we determine or identify economic growth points or drivers of the region? In order to do that what kind of measures should be undertaken? To determine the points of economic growth of the region, we must first make a macroeconomic analysis of the region, a systematic study of existing opportunities and resources that the region has. If we look at available resources and opportunities of Khorezm region by districts, we can see that the region is expertise in agriculture and production of agricultural products.

Moreover, Muzaffar Masharipov, a senior manager of Khorezm Projects Factory under the Ministry of investments and foreign trade of Uzbekistan, also emphasizes that the main large-scale production and export of products in Khorezm region is going on agricultural sector due to the richness of agricultural resources. For example, in many districts agro-industrial clusters are being established to produce high value-added products which are directed at satisfying local demand towards agricultural products as well as exporting them to neighboring countries [4].

If we compare the composition of GRP of Khorezm region in the last 3 years (2018, 2019, 2020), we can see that agriculture sector plays an important role in region's GRP, namely, it accounted nearly half of total GRP in all given years (figure 1).

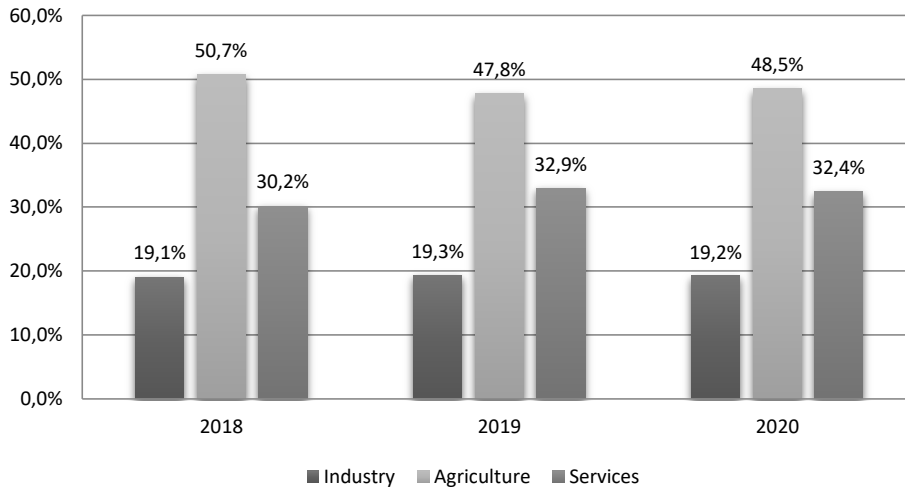


Figure 1. The composition of Gross Regional Product of Khorezm region by sectors in 2018, 2019, and 2020 (in percentage) [5]

Furthermore, by analyzing Urgench city in the region as an example, we can clearly see the strength and weaknesses. And also, it is possible to clarify socio-economic growth directions of the city. Namely, Urgench city is specialized in construction, mechanical engineering, pharmaceutical and other industries so that the city exports goods and services produced in these industries to foreign countries such as Russia, China and Ukraine. However, in the city, the processing of industrial waste and the extraction of secondary raw materials from them is very limited, only plastic or similar materials are recycled (figure 2).

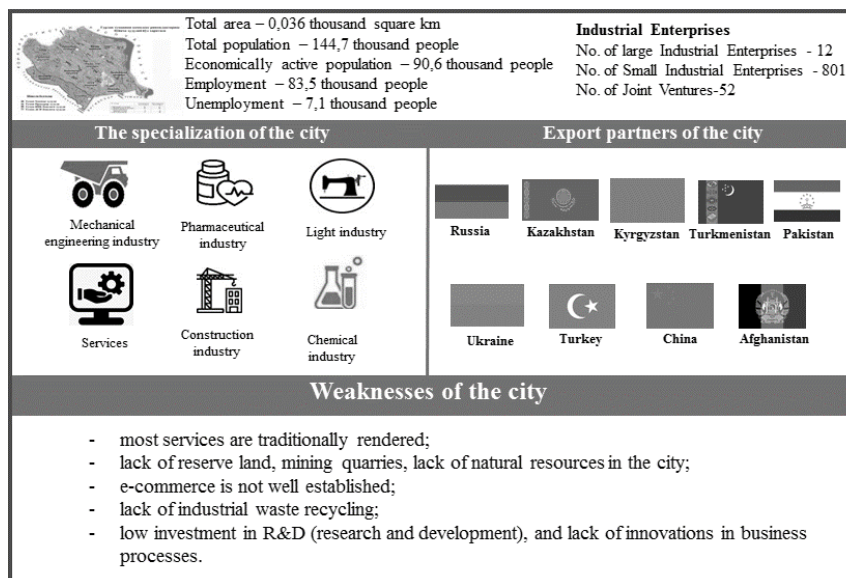


Fig. 2. Socio-economic growth directions of Urgench city

Source: Created by author.

The available opportunities will be explored by analyzing each district in the region in the above way. According to the results of the analysis, separate sample projects will be developed for each district separately and the ways to attract foreign investors to these projects will be observed. In addition, in this way, the existing problems in each district will be identified during the analysis, and proposal and recommendations for their solution will be developed.

As a promising growth driver of Khorezm region, it is important to further develop the services sector. The analysis showed that the types of services are less developed in other areas of the region by compared with the cities. For example, the share of services in the regional product is very low in these areas, to clarify, financial services, medical services to the population and communication/IT services are not well established that the existing infrastructure does not meet the standards.

Based on the results of the research, by implementing following recommendations it is highly possible to increase GRP of the region and provide employment of the population:

- increasing the number of private organizations providing medical services to the population in each district;
- diversification and modernization of the service sector and using innovative methods in it;
- producing high value-added products through the use of innovative techniques and technologies in each steps of the production process;
- increasing the number of agro-industrial clusters specializing in the production of export-oriented products through the processing of agricultural products;
- construction of a wide range of waste processing plants for the production of secondary raw materials;
- establishing extra-budgetary funds for R&D (Research and Development).

In summary, by identifying the region's priority economic growth drivers, we can achieve high growth rates by focusing on these points and attracting foreign investment. This, in turn, will significantly reduce the unemployment rate in the region and increase the welfare of the population.

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