

STRATEGIES TO EXPAND THE PRODUCTION OF HIGH VALUE-ADDED PRODUCTS IN THE INDUSTRY (ON THE EXAMPLE OF UZBEKISTAN)

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Abstract

This article analyzes the strategies of expanding the production of high value-added products in the industry of Uzbekistan. The technological level, export potential, localization level and international competitiveness factors of industrial sectors are deeply studied. According to the results of the analysis, technological modernization, innovative infrastructure, training of qualified personnel and export diversification play an important role in increasing the share of high value-added products. As a conclusion, strategic recommendations have been developed.

Keywords: Industry, high added value, strategy, innovation, export, Uzbekistan, digitalization, technological modernization.

Introduction

The production of high value-added products in the global economy is one of the key factors that ensure the competitiveness of national economies. In this regard, developing countries, including Uzbekistan, are deeply aware of the need to transition from the export model of raw materials to the export model based on processing. A special strategic direction is defined by the Presidential Decree No. PP-347 of July 26, 2022 - localization and expansion of high-tech production networks in the production of industrial products. This article analyzes the real results, problems and promising directions based on these political approaches.

Methods

The following methods were used in the study:

- Based on the data of the State Committee of the Republic of Uzbekistan on Statistics, the Ministry of Investments, Industry and Trade (ISSV), the dynamics of the production of high value-added products for 2019–2024 was analyzed;
- Tables and graphs were used to compare the level of value added across sectors cross-section;

- Based on the SWOT analysis, strengths and weaknesses of the industry of Uzbekistan were identified, opportunities and threats were assessed;
- A comparative analysis was carried out with the experience of China, South Korea and Turkey.¹

Results

Table 1. The level of value added in some sectors of the industry of Uzbekistan (2023)²

Network	Value Added (%)
Farmatsevtika	65%
Electrical engineering	55%
Automobile	40%
To's leaves	35%
Chemical industry	30%
Metallurgy	25%

Also, exports of industrial products in 2023 amounted to \$12.4 billion. However, exports of high-value products accounted for only 35% of this volume. This situation confirms the urgency of the need to expand value-added production in the industry.

Discussion

The following strategies are important in Uzbekistan to expand the production of high value-added products in the industry:

1. **Technological modernization:** Between 2024 and 2026, 60% of industrial enterprises will be modernized. It is planned to produce localized products based on new technologies.
2. **Innovative infrastructure:** "Green industrial zones", technoparks, startup support centers are on the rise. In 2024, 45 new innovation centers are launched.
3. **Human resources potential:** Training engineers and technologists with practical skills is relevant for a competitive industry. A system of dual education is being introduced in industrial colleges.³
4. **Export diversification:** Finished products export areas are expanding. For example, home appliances manufactured by Artel and Akfa Group are exported to Russia and Europe.

Table 2. Export directions of high value-added products (2024, million \$)⁴

¹ Lee, K. (2020). *Catch-up Industrialization in Korea*. Cambridge University Press

² Goskomstat of the Republic of Uzbekistan (stat.uz), Industrial statistics for 2023–2024

³ Otamurodov S., Farmonova M. Problems of innovative development of industrial enterprises // Economics and education. – 2023. – T. 24. – No. 3. – C. 106-112.

⁴ Ministry of Investment, Industry and Trade (ISSV) Reports, 2023–2024.

Network	Hajmi export	Main markets
Electrical engineering	450	Russia, Kazakhstan
Farmatsevtika	320	Afg'oniston, Turkmaniston
To's leaves	2,100	Turkey, Europe
Auto Parts	290	Rossiya, Belarus

Suggestions and recommendations

The following proposals and recommendations can be put forward to increase the share of production of high value-added products in the industry of Uzbekistan:

1. **Acceleration of technological modernization:**

- Expanding the system of concessional loans and grants to replace obsolete equipment with modern automated systems.
- Creation of a technological fund aimed at the introduction of robotization and artificial intelligence technologies in local industrial enterprises.

2. **Strengthening innovative infrastructure:**

- Creation of innovation clusters (university, research center, technopark, manufacturer) in each industrial zone;
- Stimulating cooperation between research institutes and manufacturing enterprises through state contracts.

3. **Support for small and medium producers:**

- Provision of subsidy and leasing benefits to small businesses for the purchase of high-tech equipment.
- Subsidization of marketing and logistics services by the government to integrate small enterprises into export activities.

4. **Improving the system of training qualified personnel:**

- Expanding the dual education model in industrial colleges and integrating practice bases with enterprises.
- Increase quotas for master's and doctoral programs in engineering, IT, automation and materials science for high-tech industries.

Promotion of export potential

- Allocation of grants to compensate for the cost and simplification of the process of obtaining certificates of conformity to international standards for finished industrial products.
- Financing of participation in foreign exhibitions for promotion of high-value products under the "Made in Uzbekistan" brand.



5. **Implementation of digital platforms and artificial intelligence:**

- Support at the strategic level for the adoption of digital manufacturing technologies (CIM, CAD/CAM, IoT).
- Expansion of artificial intelligence-based monitoring systems to increase production efficiency in industrial enterprises.

6. **Regional specialization and industrial cooperation:**

- Formation of a network specialization in each region in the area of a specific high value-added product.
- Development of vertical cooperation mechanisms in industrial parks and free economic zones

Conclusion

Increasing the competitiveness of the industry in Uzbekistan is a strategic priority - expanding the production of high value-added products. In this regard:

- Technological renewal,
- Development of an innovative environment
- Integration of science and production,
- Approaches such as export diversification and alignment with international standards are important.

If these directions are implemented systematically, the share of the high-value segment in the composition of industrial products can reach more than 50% by 2030.

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