

**MINISTRY OF HIGHER AND SECONDARY SPECIAL EDUCATION OF  
THE REPUBLIC OF UZBEKISTAN**

**TASHKENT STATE UNIVERSITY OF ECONOMICS**

*Copyright*

UDC: 658.11(1) +338.912.1 (575.I)

**IBRAGIMOV G'ANIJON G'AYRATOVICH**

**IMPROVEMENTS WAYS OF INVESTMENT METHODS IN  
DEVELOPING FOOD INDUSTRY IN THE REPUBLIC OF  
UZBEKISTAN**

5A2300102 - Economy (real sector)''

**DISSERTATION**

written to obtain a Master`s degree

**Scientific supervisor:**  
Sh.Mustafakulov

**TASHKENT- 2017**



## CONTENTS

<b>INTRODUCTION.....</b>	<b>3</b>
<b>CHAPTER 1. THEORETICAL AND METHODOLOGICAL BASES OF INNOVATIVE DEVELOPMENT OF THE FOOD INDUSTRY.....</b>	<b>9</b>
1.1. The problems of the formation and development of the food industry in Uzbekistan.....	9
1.2. The specifics of the innovative development of the food industry.....	14
1.3. The theoretical basis of attracting investments into the food industry .....	23
Conclusion on the first chapter .....	28
<b>CHAPTER 2. ANALYSIS OF THE FOOD INDUSTRY DEVELOPMENT OF THE REPUBLIC OF UZBEKISTAN.....</b>	<b>29</b>
2.1. The current status of attracting investments into the food industry.....	29
2.2. Economic policy carried out in Uzbekistan to attract innovative technologies into the food industry .....	37
2.3. Food products in Uzbekistan: the volume of production, export and import potential.....	45
Conclusion on the second chapter.....	51
<b>CHAPTER 3. DIRECTIONS OF INCREASING THE EFFICIENCY OF INNOVATIVE INVESTMENTS IN DEVELOPMENT OF THE FOOD INDUSTRY OF UZBEKISTAN.....</b>	<b>52</b>
3.1. The ways of modernization of the food industry in Uzbekistan.....	52
3.2. Ways of improving the efficiency of attracting investments into the food industry in Uzbekistan.....	62
3.3. Programs aimed at improving the efficiency of investments in the production of food products .....	68
Conclusion on the third chapter .....	71
<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>72</b>
<b>LIST OF REFERENCES .....</b>	<b>76</b>

## INTRODUCTION

**Reasonableness and topicality of theme of the dissertation.** A large scale work of modernization, technical and technological renovation, expansion and diversification of production has been carried out with intensity in all leading sectors of our country's economy. In particular, bringing investments into the food sector and directing these investments into the path of innovative development and effective use are one of the most pressing problems facing our national economy.

"The efficiency of country's economic and agricultural production and ensured food security, improvement of the material well-being of the entire population of Uzbekistan is strongly linked with the constant improvement of quality and productivity of our priceless wealth our land" is said to be country's the most important and priority areas for the year 2015<sup>1</sup>.

In addition, the current stage of economic development, acceleration of modernization, technical and technological renewal of leading sectors and the diversification of production is one of the priority tasks of our economic policy. Therefore, the further development of industrial companies, has become one of the most pressing issues facing the national economy.

In Uzbekistan "an increase in the production of consumer goods in 2016 reached 9.4%, production of food products by 8.7% and production of non-food products increased by 10%". This, even it shows the steady growth in production of food products over the passed years, puts our economy in front of the necessity of producing wide range food products corresponding to the world quality standards.

Based on the above considerations, to carry out the tasks, the financial capability of the food industry companies needs to be widened, the processes of investments into them needs to be accelerated which also expands the opportunity of bringing innovative technologies to this industry. This, in turn, requires the innovative approach to the processes of investments into the food production companies and in making cardinal changes in the trends of development of this

---

<sup>1</sup>Ўзбекистонни биринчи Президенти Ислам Каримовнинг мамлакатимизни 2014 йилда ижтимоий-иқтисодий ривожлантириш яқунлари ва 2015 йилга мўлжалланган иқтисодий дастурнинг энг муҳим устувор йўналишларига бағишланган Вазирлар Маҳкамасининг мажлисидаги маърузаси. // Халқ сўзи. 17.01.2013.

enterprises, which also at the same time requires a number of scientific and practical researches on this matter.

Also the need to develop scientific and practical recommendations offered in this area determines the actuality of the theme of this dissertation.

**Determination of the object and subject of the research.** The object of research, is the food industry association. The subject of the study, the economic processes related to researching and improving the methods of the innovative investments in developing the food industry.

**The aim and functions of the research.** Scientific-theoretical study of the processes of improving the efficiency of innovative investments in the food industry and elaboration of practical recommendations for the improvement of these processes is the aim of the study

**Objectives of the research.** To achieve the goals assigned during the research process following were identified:

- scientific and theoretical study of the status of the food industry as a part of industry;
- research of the theoretical aspects of attracting investments into the food industry;
- identification of the economic essence of innovations and studying the specific characteristics of them in the food industry;
- to analyze the economic indicators of the food industry enterprises;
- to explain the cost-effectiveness of food industry enterprises;
- to analyze the factors affecting the process of attracting investments into the food industry enterprises;
- the formation of the scientific and practical suggestions to increase the efficiency of improving of the food industry enterprises.

**The main issues and hypotheses of the research.** Theoretical-methodological and practical research of innovative investment processes within

the framework of the selected topic and using the scientific abstract method of studying factors affecting innovative investments in the food industry.

**Brief analysis of the literature on the subject.** The issues such as improvement of the investments effectiveness in the industrial enterprises and the investment processes management in the food industry are reflected in the scientific researches of well-known scientists and economists such as -F.Kotler,<sup>2</sup> D.Aaker, V.Kumar<sup>3</sup>, J.Abbott<sup>4</sup>, P.Bone, K.France<sup>5</sup>, J.Crockett<sup>6</sup>, J.Connor<sup>7</sup>, P.Doyle<sup>8</sup>, P.Stern and Gilbert A.<sup>9</sup>.

Some theoretical aspects of the investment processes and the efficiency of investments are reflected in the scientific researches of the economic scientists from Uzbekistan such as –A.Vakhabov<sup>10</sup>, S.Jalalov<sup>11</sup>, V.Abaturov<sup>12</sup>, B.Mamaev<sup>13</sup> Sh.Ergashxujaeva<sup>14</sup>, D.Gozibekov, Sh.Yusufbekov<sup>15</sup>, N.Karimov, S.Salimov<sup>16</sup>, M.Ochilov<sup>17</sup>.

---

<sup>2</sup> P.Kotler. Marketing Management. Tenth Edition, Pearson Custom Publishing, 2002.

<sup>3</sup> Aaker D.A., Kumar V. and Day, G.S. Marketing Research (7th edition), John Wiley and Son Inc, New York, 2001.

<sup>4</sup> Abbott J.C. (1962), “The Role of Marketing in the Development of Backward Agricultural Economies,” Journal of Farm Economics, March, pp. 349-362.

<sup>5</sup> Bone P F., France K. R. (2003), “International Harmonization of Food and Nutrition Regulation: The Good and the Bad,” Journal of Public Policy & Marketing, 22 (1), pp. 102-110.

<sup>6</sup> Crockett J.A. Population Change and the Demand for Food. www.nber.org/books/univ60-2.

<sup>7</sup> Connor J.M. Multinational Firms in the World Food Marketing System. Michigan State University, 1984.

<sup>8</sup> Doyle P., Stern P. Marketing management and strategy. Madrid: Prentice Hall Europe, 2006.

<sup>9</sup> Gilbert A. Churchill. Marketing Research: Methodological Foundations. Dryden Press, 1991.

<sup>10</sup> Ваҳобова. Ўзбекистоннинг ЖСТга аъзо бўлиши: озиқ-овқат саноати ҳамда қишлоқ хўжалик маҳсулотлари ниқайтаиш лаш соҳасида тўскинлик лар ва имкониятлар. // Ўзбекистон иқтисодиёти. – 2006. - №1. 104-111 б.

<sup>11</sup> Джалалов С., Ризаев Б. Сравнительные преимущества Узбекистана на мировом рынке сельхозпродукции. // Экономический вестник Узбекистана. 1999. №12. 38-40 с.

<sup>12</sup> Абатуров В. Продовольственная опасность. // Экономическое обозрение. Ташкент, 2007. №8. 50-54 с.

<sup>13</sup> Мамаев Б.Н. Жаҳон озиқ-овқат истеъмолнинг иқтисодий, ижтимоий ва демографик хусусиятлари. // “Иқтисодиёт ва таълим” журнали, 2006, №5, 22-26 б.

<sup>14</sup> Эргашхўжаева Ш.Ж. Стратегик маркетинг-II. Ўқув қўлланма. –Т.: ТДИУ. –272 б.

<sup>15</sup> Юсуфбеков Ш. Корхонада инновацион фаолият // Тошкент хақиқати - 2005 й. Ноябрь 2 б.

<sup>16</sup> Салимов С.А. Маркетингни бошқариш. Дарслик. –Т.: “Алоқачи”, 2010. –252 б.

<sup>17</sup> Очиллов М.Ф. ва бошқалар. Маркетинг стратегияси, моделлари ва истиқболлаш. Тошкент, 1997. –123 б.

The above mentioned academic economists have paid special attention to this issue more from the innovations or investments point of view and the economic processes associated with development of the industry in terms of investments.

Also in their scientific research they studied and researched the investments effectiveness in the industrial enterprises more as a general issue.

However, in our country in particular there are no researches made on the subject of innovative development of the food industry enterprises, also the specific features of investments and affecting factors are not reviewed systematically. To addition, the above mentioned issue was not researched and studied as a separate object on the master's level.

This, in turn creates an opportunity to determine the circle of issues needs to be solved according to the aim and functions of this research.

**Brief description of the methods used in the research.** Dialectical, abstract-logical thinking, analysis and synthesis, statistics and grouping, mathematical and economic methods are widely used in this dissertation.

**Theoretical and practical importance of the research results.** The economic analysis methods and formulas described in the dissertation can be used for forecasting changes and economic analysis of processes connected with the efficient use of investments in the industrial companies. In addition, the results of this research gives the opportunity to make important decisions on regulation of the financial processes of production.

The scientific conclusions and recommendations reflected in this dissertation are useful for improving the manufacturing processes, identifying the priority areas related to the future development of the company. By inserting variable factors into the main analytical formula of the research we can create next option accounts which will allow company to develop a variety of economic development options.

**Scientific novelty of the research.** Following novelties were obtained from the preparation of the scientific work, the study of existing problems and the analysis in reasonable relation:

- the theory of the specifics of the food industry enterprises studied;
- theoretical study of the economic essence of the process of innovation and investment took place at the level of master's degree;
- the system evaluating the effectiveness of enterprises is described and summarized by dividing into three groups;
- financial and economic analysis of the reports of the food industry companies association has been made, and the investment usage indicators analyzed;
- factors that affect the efficiency of the food industry companies were identified and their tendencies were studied;
- the trends of introduction of innovative methods in the food industry were identified;
- practical-scientific suggestions and recommendations were formed on the rational use of innovative investments in the food industry.

**Brief description of the structure of the dissertation.** The dissertation consists of Introduction, Three Chapters, Conclusions and recommendations and Bibliography. The main text of the dissertation is set out in 61 pages.

The key subtopics lit in the introduction of the dissertation are, the topicality of the subject, the degree of scrutiny of the subject, goals and objectives, subject and an object of the theme, and the methodological principles of the subject.

The main ideas we speak about in the first chapter named “Theoretical and methodological bases of innovative development of the food industry” are, investments in industrial enterprises, innovations and economic structure of the development of the food industry and also the methodological principles of them.

The analyses that took place in the second chapter named “Analysis of the food industry development of the republic of Uzbekistan” are the current situation

on investment usage, production indicators and the analysis of the import-export opportunities, economic analysis of the efficient investment usage and the financial-economic analysis of the factors affecting investments.

In the third chapter named “Directions of increasing the efficiency of innovative investments in development of the food industry of Uzbekistan”, it is written about the ways of improving the efficiency of the investments in the processes of modernization and the opportunities of improving the efficiency of the investments in the processes of creating new job places.

In the section of Conclusions and recommendations results achieved in each chapter of the dissertation are summarized and scientific and practical suggestions and recommendations on improving the efficiency of investments in the food industry companies are given.

## **CHAPTER 1. THEORETICAL AND METHODOLOGICAL BASES OF INNOVATIVE DEVELOPMENT OF THE FOOD INDUSTRY**

### **1.1. The problems of the formation and development of the food industry in Uzbekistan**

According to the experts, "...at present the competitive environment in the global agricultural and food markets is increasing day by day. Especially such a situation can be observed in the wet and dry fruits, vegetables, canned goods, processed fruit and vegetable products, vegetable oil, flour and flour products, tea, coffee, citrus fruits, meat and dairy products markets. In this the volume of sales or the demand for the goods is strongly influenced by its appearance, color, size, packaging, the company's reputation, behavior and the ability of presenting the goods in the right way, advertising and other factors"<sup>18</sup>.

The food industry – is the sector of country's economy in which food products are manufactured. The companies producing meat and milk, oil, fish, flour, pasta, canned fruits and vegetables, juices, drinks, sugar, sweets, bread and other food goods are embodied in this sector. In the economic literature it is said that, the industrial development and stabilization is strongly linked to the level of the development of the markets, and the consumer culture in different regions of the country. The goods are sold and bought through the market, where the consumer value is also formed. The intensification of this process will lead to the formation of specialized networks, where mutual trade turnover between them expands and grows stronger.

"Food products" in our opinion means, the final or intermediate product of the agro-industrial complex aimed to satisfy the all the food needs of the person or the society<sup>19</sup>.

The formation of the food goods industry is directly connected with its participation in the formation of the industry as a whole, and is seen as the trade

---

<sup>18</sup> Киселева Е.Н., Власова О.В., Коннова Е.Б. Рынок продовольственных товаров: учебное пособие. [http://www.plam.ru/ucebник/rynok\\_prodovalstvennyh\\_tovarov/p2.php](http://www.plam.ru/ucebник/rynok_prodovalstvennyh_tovarov/p2.php).

<sup>19</sup> Б.Мамаев. Озиқ-овқат товарлари бозорларида маркетинг тадқиқотлари ни тақомиллаштириш. Номзодлик диссертацияси. Тошкент. 2011.

system of agricultural products in which producers of various forms of ownership are involved. This in turn requires the opening up the specific features of the development of the food industry while researching this topic.

In our opinion, the food industry consumer goods market may have the following specific features:

1. Food industry products market summarizes, not all products manufactured in this market but only the part of it which covers people`s daily personal consumption needs.

2. The consumer market of the food industry, even its not directly connected with the functional areas of agro-industrial complex consisting of complementing each-other production sectors, combines the manufacturing sectors specialized to meet the needs of the population in wide range of consumer goods and services.

3. One of the main features of the food industry is the being specialized in complex variety of the final products. One of the main reasons for it is the methods of the technological affecting the food products raw materials.

4. If looking from the production point of view, one of the unique aspects of the consumption of the food industry goods is the small distance between the raw materials and the ultimate consumer.

5. The continuous availability and improvement of the system of distribution and consumption of products and goods in the food industry market (wholesale markets, suppliers and manufacturing enterprises, retail trade, catering divisions and etc.).

6. Consumer goods market of the food industry has not only the economic but also the social significance. It is the most important sector for the community, because of its function to serve to the different layers of the population coming out of the continual need of human for food products.

7. Continuous need for food commodities provides permanent operation for the food products market.

As it is said by Russian scientist A.Pustuyev, the food products market is the “difficult market system, which consists of the complex of different agricultural products markets, society of producers and processors, and the circuit of capital and goods circulation areas where entrepreneurs and the public interest are involved”<sup>20</sup>. It is obvious that A.Pustuyev emphasizes the fact that the food industry sector is an object which is very important for the national economy, and puts a stress on a link between the state, society and entrepreneurs.

In the experience of foreign countries (for example, in the United States) “food products industry” is studied as a separate sector of the national economy. As an organization it is under the Department of Agriculture, but it has an independent structure as well as its own system of economic indicators<sup>21</sup>. The USA’s food products market (“Food System”) as a perfect system is a chain of food products producing companies which connects “consumer and agriculture sector”. The manufacturer of the food industry can be (Picture 1.1.1).

A manufacturers of food products in the field of agriculture:	Consumer goods manufacturers:
<ul style="list-style-type: none"> <li>-poultry;</li> <li>- fisheries;</li> <li>-horticulture;</li> <li>-winegrowing;</li> <li>-beekeeping;</li> <li>-cattle;</li> <li>-melons and others.</li> </ul>	<ul style="list-style-type: none"> <li>-meat products sector;</li> <li>-confectionery;</li> <li>-fat and oil industry;</li> <li>-processing of fruit and vegetables;</li> <li>-sweets;</li> <li>-grain processing;</li> <li>-dairy products and others.</li> </ul>

**Picture 1.1.1. Food industry directions.**

Food production industry as an independent sector of the economy, which serves to meet the personal needs of the population is also exists in European and Arab countries, and sometimes it has a tendency of being apart from production sector. Thus, summarizing the above mentioned on the food industry, it can be described as follows: “food industry is the system which consists of companies

<sup>20</sup>Пустуев А.Л. Система рынка продовольственных товаров. М. 2003., -стр. 87

<sup>21</sup>“Food Marketing System”in USA, 2004, p 25.

producing food products, raw agricultural products, and also suppliers of food products to domestic and foreign consumers”.

In the scientific literature there are number of descriptions of the agricultural market and recommendations given for creating the necessary conditions for its functioning. In particular, the concept of comprehensive agricultural market is given in “Methodological instructions on State regulation of the agricultural market”<sup>22</sup>, and according to it, agricultural market harmonised agricultural products market, products resulting from the processing, and also the facilities specialized in manufacturing and service for the agriculture and processing industry. Apart from it, it also linked with sales of a number of other products from the public services complex (chemicals, machinery, construction materials industry and etc.). The exact definition of the infrastructure of agricultural market is given by V.Klyukach. According to him, “agricultural market is the complex of –consumption market, production instruments market, labour market, credit and financial market and innovation and information structures”<sup>23</sup>. When comparing definitions given for the agricultural market it is important to pay attention to one of its important specific aspects.

Agriculture –is the central element of the agricultural production complex. In this, it is important to not only satisfy the economic interests of the agricultural products producers but also, to pay attention to the market price of the product in ensuring the parity of prices in the sectors of the economy, material and technical supply, modern technology and the prices of services. This in turn shows the agricultural market in the role of mediator and serving as well as in the treatment sphere. For this reason, the concept of the agricultural market, which is not only the production and the sale of agricultural products, but also associated with the redistribution of income, in a broad sense can be understood as a set of social-economic relations. In this sense, agricultural market as a complex for production of food products defines market relationships on three following main sectors:

---

<sup>22</sup>Клюкач В.А., “Инфраструктура аграрного рынка”, 2004,- стр.57.

<sup>23</sup>The same source.

- as a network of suppliers and storers of raw materials;
- as a sector of processors of raw materials and producers of finished products;
- as a network of dealers selling finished goods.

Materials and technical resources, semi-finished and ready consumer goods can be put in one line with ready finished products sold in the market of agricultural products. Food commodities and products market is the most important part of the country's market infrastructure. The necessary conditions should be provided for the normal operation of this part. The economic scientist I. Ivatov says following on this, - "farmers' market plays an important role in meeting the demand of population for consumer goods and especially for agricultural products"<sup>24</sup>.

In this research we do not look at the as a "part of agriculture" or a "part of consumer goods". Food industry, "while being a particular sector of the national economy, it is an independent system pairing together such structures as agricultural products processing industry, producers of agricultural products, storers and the shippers"<sup>25</sup>.

At present, the data which indicates the ranking of development of the food industry and its place in the national economy of the country is changing rapidly.

For this reason, while evaluating the development of the food industry in Uzbekistan we have to assess it primarily from a structural point of view of its industrial structure and then analyze the statistical indicators of the manufacturing sector. In this we are presenting the level of development via dynamics of indicators characterized with the level of economic growth.

After the independence of the the Republic of Uzbekistan (1991y.) the properties of re-emergence and development of the food goods industry were identified with the diversity of its regional and natural-economic conditions of

---

<sup>24</sup> Иватов И. Ўзбекистон деҳқон бозорида маркетинг фаолияти ривожланишининг истикболлари. и.ф.д., диссертацияси. ТДИУ, -Т.2003, 72 б.

<sup>25</sup> Authors comments.

production and in particular with low agricultural development level, and also with low level of production and sales conditions. In general, the food industry in Uzbekistan since 1991 is experiencing the process of a new forming. At present we can see it in two new shapes: food production industry and production of agricultural consumer goods.

In general, to study the food industry there are some approaches and visions created by national and international scientists. This scientific thoughts are not on the enough level to meet the needs in analyzes of the industrial development on the level of satisfying the needs of a young country as ours. The unique form of development, the laws of the nature along with the economic laws, the relative advantages of the food industry should be taken into account in our country while implementing the investment policy aimed at economic entities. At the same time, it requires an attraction and implementation of tested and experienced by developed countries new innovative technologies which will be suitable for the climate and economic development of our country.

During our research we will analyze the innovations and innovative technologies factors affecting the development of the food industry.

## **1.2. The specifics of the innovative development of the food industry**

The essence of the countries scientific-technical policy in the modern market economy, is to support and improve the competitiveness of the scientific and technological researches which will create the necessary conditions to improve the competitive sectors of the economy in the world market while satisfying the domestic demand.

As it is said by the first President of the Republic of Uzbekistan I. Karimov, "Uzbekistan has the all necessary conditions to move to the modern type of the innovative development model. This model is based on wide usage of the scientific and technical potential, achievements of fundamental and applied science,

introduction of technologies that require a deep knowledge and high qualification and increasing the number of talented scientific personnel”.<sup>26</sup>

There are different definitions and approaches to innovation in the economic literature. For example, A.Azizov defines it as:

“Innovation” is an English word meaning “the introduction of new”. Introduction of new in this, need to be understood as, a new order, a new tradition, a new method of discovery, a new phenomenon. Whereas Sh.Yusufbekov defines it as:

“Innovation - is an activity oriented in developing and applying the new forms of products, technologies, organizational and management forms, which knows its main goal as to improve the quality of the products manufactured, to reduce the cost, to reduce the sale prices, to increase production capacity, to develop the new sales channels”<sup>27</sup>.

An economist J.Schumpeter has given a full explanation to the term of “innovation”. He links the terms “economic growth” and “innovation”, and marks them as a previously unknown kind of novelty. He defines the people who engaged in carrying out and implementing innovations as an entrepreneurs. They create previously unknown factors (combinations) of production facilities. For this reason J.Schumpeter defines the the ability of entrepreneurship as a fourth factor of production, unknown for the classic Economists<sup>28</sup>.

At the present time, “innovation” and “novelty” are not limited in the framework of the technical and technological changes. J.Schumpeter uploads a full social content to the term of innovation. He looks at the novelty as a tool for social development.

In his view, the technical and technological innovations, of course, will lead to a certain economic results, take part in the good sense in saturating the market,

---

<sup>26</sup> Юсуфбеков Ш. Корхонада инновацион фаолият. Тошкент хақиқати - 2005 йил. Ноябрь, 2 б.

<sup>27</sup> Шумпетер Й. Теория экономического развития. М.: Прогресс, 1982. с.488.

<sup>28</sup> The same source, p.312

changes the competition means, which will contribute to the development of society.

While researching the innovations, a special attention paid to the macro environmental factors influencing this processes, to analyze the performance of its intercessors, the profitability and a risk assessment of innovations.

In this studies of J.Keynes poses a special interest, which reflected in his theory “The General Theory of Employment, Interest and Money”. According to him, encouragement and engagement of the total demand can influence the production and the offer of goods and services. In this innovation plays an important role. A volume of innovations, depends on the profitability and scale of production<sup>29</sup>.

It is needs to be said that, J.Schumpeter and, N.Kondratyev are the first and great theorists of the processes of innovation. In particular, J.Schumpeter while assessing the noveltys, looks at it as an opportunity to accelerate an overcome from an economic crisis through activating rapid technological innovations. Thus, a healthy economy standards –are the results of promising entrepreneurial activity reflected in the dynamic inequality. While the goal of innovation is the effective result from the funds spent. Then, innovation is not a technical, but more economical term.

In our opinion, all the approaches mentioned above, carried out a comprehensive coverage of innovations. “Innovations” is not a synonym of “The introduction of novelty”, but the process of introduction of new knowledge and approaches in the form of news associated with the event.

Innovation can be taken as a result of socio-economic ideas, research, development, or new or excellent scientific and technical decisions. From mentioned above, we can conclude that "innovation" - is not a sectors or area of an activity, but its character.

---

<sup>29</sup> Keynes, John Maynard, (1936) The General Theory of Employment, Interest and Money, London: Macmillan (reprinted 2007).

Of course there are some other thoughts on this activity. For example, U.Begimkulov defines it as follows:

it is an activity which turns - “discoveries that occurred as an innovation as a result of the innovative activities into inventions, inventions into project, project into technology”.

From the thoughts described above we can see that there are two directions of understanding the innovations.

1. Market needs, meaning demand for the commodity or service in others words, this is the answer to market needs or marketing option. It also could be called an evolutionary. Naturally, various changes in the market of available goods and services are also belonged to the evolutionary process. For example, to such changes we can add the changes that occur which help to reduce the production costs or gives the product view of a“goods”.

2. “Inventiveness”– is an intellectual activity of creating a new product aimed at meeting the demand which is not available in the market.

There are different types of the innovations and they differ from each other with its content and significance:

1. Product innovation –innovations allowing you to maximize the profits through modifications and modernization of production and also the implementation of new sales price compared to the cost of production.

2. Technological innovation - maximizing the profits of the company by reducing the cost of manufactured products. Apart from that, in our opinion, it will be appropriate to talk about some types of innovations which differ from each other with the basis of scientific and technological development phase:

- technic innovation – usually features in production of new or enhanced types of products;

- technological innovation - arises from making the methods used in the process of production of the product better or perfect;

- organizational and management innovation –at first connected with production, transportation and optimization of the processes of commercial supply;
- information providing innovation - rationalizing the flow of information in the field of scientific, technical and innovation activities, connected with operative information intake and providing the convenience;
- social innovation – oriented at solving the problems in the field of education, labor conditions, healthcare and culture.

The process of innovation –is the process of transformation of the scientific knowledge into innovation.

Innovation policy means–the targeted activity of the state which effectively implements the innovations into the economy in order to solve the pending issues of social and economic development of the country. The innovative attractiveness of the industrial complex enterprises plays an important role in the implementation of the state innovation policy.

Currently, the condition of innovations in the real sector of the economy, is not perfect. Many industrial enterprises are not competitive, their assets spiritually and physically out of date. In such circumstances, the innovation policy of the state aimed at the development of industrial production, increasing the innovational attractiveness of the individual entities plays a significant role.

We believe that innovative attractiveness of the industrial complex companies is the complex of objective aspects serving to place the funds effectively into innovative projects. It is determined by the level of the companies export and scientific-technical potential, the level of financial stability, diversification of production, quality of innovative programs.

Innovational activity of the country, connection between the state and innovation in the economy can be characterized by the following dynamics of indexes:

- The total volume of innovative products;
- the share of innovative products in general volume of manufactured goods;

- the amount of innovation active enterprises and others.

Despite the positive change in the direction of the tendencies of innovative activity in recent years, the pace of innovation in the Republic of Uzbekistan is incompatible with the modern trends in the field of development. This at first is explained by the slow development of our country's scientific and technical goods market. From one side it is lack of the necessary resources database for the development of innovations, not sufficient financial base and high rates of taxes, budget and non budget fees. At the same time, still unfinished legal and regulatory framework for entrepreneurship and the absence of the legal status of innovational business subjects should also be noted. From other side this is because of the inability of innovation enterprises to adapt quickly to changes in the external environment, narrowing of the innovative structural re-creation works or total absence of them, the reduction of qualified scientific and management personnel, the lack of a culture of strategic management and business planning requirements.

Innovations are also important in development and expansion of production, reducing the moral and physical depreciation of fixed assets, improving the technical level of production, allowing individual businesses to ensure product quality and competitiveness.

Ultimately they necessary to ensure future normal level of company's functioning, stable financial condition and the maximum benefits.

The connections of innovations with our Republic's economy and the current state of food industry enterprises is based on the following aspects:

1) Innovation fully impact the national economy, provide its sustainable development through the budget, scientific and technical policy, carries out specific tasks on socio-economic security and creating necessary economic opportunities to raise living standards of the population and ensure the food security;

2) Innovative environment affects the industrial state of the economy, ensures the creation of the financial base of the production of goods and

services and its validity, and ensures that the production of food products is equipped with new designs of efficient industrial equipment;

3) The implementation of the innovations policy has an important socio-economic role, it helps in the implementation of the of governments social programs.

We believe that the connections between innovations and the government`s economic policy, and the mutual dependence has the following specific features:

- if from one side the change in the development of innovations with the correct aspect ratio to the economic conditions of the community is an important condition for strengthening the economic foundations of the state, the need to strengthen the economic foundations of the life of the state affects the directions and procedures of innovation usage from another side;

- relationship between the economy and the innovations carried out through the policy determining the quantitative and qualitative description of this communication. Quantitative tendencies define the innovations as the main factor of attracting the necessary financial resources for the development of the state. Qualitative tendencies define the indicators that determine the efficiency of innovations necessary for the effective functioning of the economy.

Thus, the nature of relations between innovation and economic development of the country and analysis of this mutual link has scientific and practical importance. Innovation are related to the economy, they impact the improvement of the economic indicators, help to solve the social and economic problems and to the stabilization of the economy. Innovation is considered as an very important economic category. In any country, innovational activity which is lower than the minimum border poses a serious threat to the national economic security. Therefore, there is a need for the scientific substantiation of the innovative activities in the period of reforms in Uzbekistan. The significance of the theoretical and practical analysis of the relationship between innovation and economic

situation of the country is in, identifying the factors that affect the innovative activity and efficiency of them in developing effective innovational policy.

Scientific sources and literature pays particular attention to classification of the innovations according to various signs. G.Hasanova gives a following description to the innovations (Table 1.2.1).

It should be noted that this classification of innovation is very conditional. Because, as well as the innovation itself, its character and features as a process are versatile and wide range.

**Table 1.2.1**

**Classification of innovation<sup>30</sup>**

<b>Classification criteria</b>	<b>Classificational breakdown of innovation</b>
Areas of innovation	administrative, organizational, social, industrial, etc.
The stages of development of science and technology as a results of innovations	scientific, technical, technological, design, production, information
The level of innovational capacity	a moderate, weak, public
The speed of introduction of innovations	fast, slow, growing, moderate, undulated
The scales of innovations	transcontinental, transnational, regional, large, medium, small
The resulting of innovations	high, low, stable
The effectiveness of innovations	economic, social, environmental, integrated

In most cases, the types of innovations listed in one source are characterized by another source in different structure or design. As an example to this, after the above classification given by G.Hasanova, the author lists the following existing types of innovations: productive and technological, separated by the used area and the scientific-technological development criteria - technical, technological, organizational-management, informational and social innovations<sup>31</sup>.

At this point, in our opinion, clarification of the difference between concepts such as “management of innovations” and “innovational management” has methodological importance. Because, the absence of separation of this two concepts in some cases is a

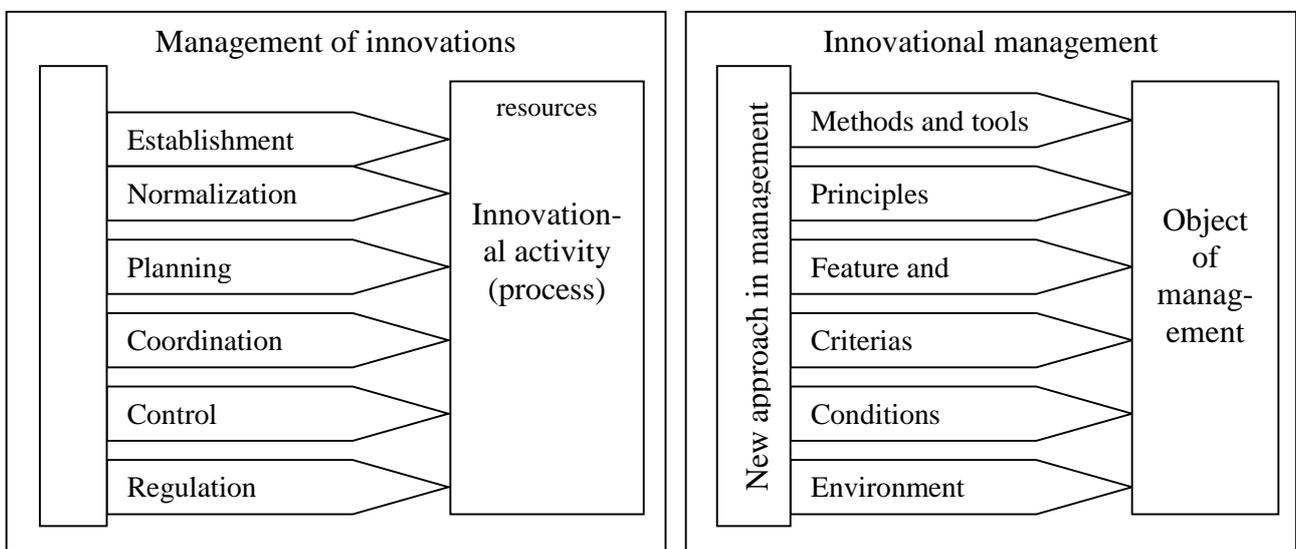
<sup>30</sup> Хасанова Г.Ж. Саноат корхоналари инновация фаолияти самарадорлигини ошириш. Ихтисослик: 08.00.04 – “Микроиктисодиёт”. – И.ф.н. илмий даражасини олиш учун ёзилган дисс. Бухоро давлат университети. – Тошкент, 2006. – Б.15.

<sup>31</sup>The same source, 15-16 p.

mistake.

Firstly, the management of innovations – means the implementation into innovative processes the basic functions of the management such as – the establishment, normalization, planning, coordination, control and regulation.

Whereas, innovational management means – a certain level of management in terms of quality and content and the specific characteristics of the activity of management. Overall, we can see the difference between the “management of innovations” and “innovational management” in a conditional graphical view (Picture-1.2.1).



**Picture 1.2.1. The difference between the “management of innovations” and “innovational management”<sup>32</sup>.**

The analysis of the socio-economic changes underway in our country shows that, the modernization of the economy is the basis of the achievements and successes. That’s why, studying the theoretical and methodological foundations of this process has a great significance.

<sup>32</sup>Authors developments.

### 1.3. The theoretical basis of attracting investments into the food industry

Meeting the growing needs of the population in the countries will require continuous production of goods and services. Keeping the framework cycle of production comes from an investment mode. Word “Investment” comes from words “Investition” German and “Investio” Latin, and interpreted by economic scientists in their own way.

Jerry M. Rosenberg in his dictionary called “Investments” while giving description to investment says following: “Investment” – “is usage of the money for attracting a large amount of money or income to achieve capital growth or both...”<sup>33</sup>.

In this definition the term of investment defined as a large amount of money spent to achieve increase in income or capital growth. But we think this definition is not very correct, because investment is the sum of the costs not only in the form of money and material investments but also in the form of immaterial, intellectual and financial costs.

As it is said by economic scientists Lawrence J. Gitman and Michael D. Joehnk: “Investment – is embedding of the capital to maintain or increase its value and to provide the positive amount of profit”<sup>34</sup>

In this opinion the term “preservation of the value of used capital” is more or less disputable. Because, if spent investments keep its value without bringing any profit, then this expenditure is not an investment but a “frozen capital”. That's why, in our opinion, this definition given to an investments is also not very correct.

There are some specific definitions given to “investments” by a group of economic-scientists of our republic, in their opinion “Investments should be understood as all types of proprietary, financial and intellectual wealth. It is long term investing by legal and physical persons into the different sectors and spheres

---

<sup>33</sup> Джерри М. Розенберг «Инвестиции» М: «Инфра» 1997, с.173 (Диссертант томонидан ўзбек тилига таржима қилинди).

<sup>34</sup> Лоренс Дж. Гитман, Майкл Д. Джонк «Основы инвестирования» М: «Дело» 1997, с.10 (Диссертант томонидан ўзбек тилига таржима қилинди).

of the economy to achieve profits, efficient production and to meet the needs of various segments of consumers”<sup>35</sup>.

Analyzing this definition given to an investments, we can feel that at the time of the rapid development of the economy this definition is a bit out of date. We think that investments have the view of not only the long term capital investing, but also a short and medium term of capital investing.

“Investments” as it is described by N.Haydarov- this is a material, financial and intellectual resources spent by all kinds of legal businesses or the state, operating on the basis of entrepreneurship in order to achieve an economic and social benefits<sup>36</sup>. In our view, this description of investments unlike the other existing definitions is more or less based on the current economic situation.

According to Professor D.Gozibekov – “investments aimed at preserving the current value, capitalization and savings features of the capital, under the possible clear and unclear risks”<sup>37</sup>.

In the law of the Republic of Uzbekistan “On investment activity” word “investment” described as follows: “investment - tangible and intangible goods and rights on them invested into economic and other business sectors”<sup>38</sup>.

Summing up this visions, coming out of the requirements of liberalization of the economy, we can consider following scientific and theoretical aspects of investments:

---

<sup>35</sup> Каримов Н.Г. «Иностранные инвестиции в экономику Республики Узбекистан и их финансовое обеспечение» автореферат диссертации на соискание ученой степени кандидата экономических наук. Т., 1998, 6 б. (Диссертант томонидан ўзбек тилига таржима қилинди).

<sup>36</sup> Ҳайдаров Н.Ҳ. “Иқтисодий эркинлаштириш шароитида корхоналар инвестицион фаолиятидаги молия-солиқ муносабатларини такомиллаштириш масалалари” мавзусидаги иқтисод фанлари доктори илмий даражасини олиш учун диссертация автореферати. Т., 2003, 14 б.

<sup>37</sup> Гозибеков Д. “Инвестицияларни молиялаштириш муаммолари” мавзусидаги иқтисод фанлари доктори илмий даражасини олиш учун диссертация автореферати. Т., 2002, 13 б.

<sup>38</sup> Ўзбекистон Республикасининг “Инвестиция фаолияти тўғрисида»ги қонуни 24.12.1998 й. 2-модда

investments - financial and intellectual resources spent by the government, enterprises, institutions, organizations, companies and citizens into activities not prohibited by law in order to get benefits in the specific term of time.

If talking with a detailed regard to the nature and the content of investments:

- it must be mobilized into activities that do not contradict the laws of the country. If the investments mobilized into activities that contradict the laws, then they do not serve to the country's development and economic growth, and as a result can not be an essential factor in economic growth;

- at the end of the term, of course, should bring benefits. If investments does not bring benefits, the economic essence of them disappears. The benefits could be not only in the form of cash but also in the form of interest, dividends, royalties, freight and other.

- as it is mentioned above, investments could be not only the long term capital investing, but also a short (from 1 day to 1 year) and medium (from 1 year to 3 years) term of capital investing. As an example, state short-term bonds are issued for a period of one year, and the costs of buying these bonds is a short-term financial investments.

- by the costs form of the investments there could be three main views of them: proprietary, financial and intellectual assets. They could be in a form of buildings, equipment, money, bank funds, shares, stocks and other securities, copyrights, inventions rights and others.

It should be noted that the essence of the investments is development of the country's economy.

Investments in the form money funds are thenominal value investments, after the the attraction of them into the production, they turn into a real investments and ensure the real economic growth.

Investments into the economic growth consists of two parts. First of them is compensation fund, while used for fixed assets it also could be called depreciation fund.

The second of them is the net investments or savings. This fund serves to increase the resources or improve the quality of them. Pure source of the investments is the pure products created in the community. One part of these products could become a part of the investment in the form of the means of production resources.

Attraction of the investments and effective use of them:

- creates an opportunity to get rid of an old equipment and technologies producing for several years a product with no demand and poor quality;

- the creation of new jobs places for the community, at the same time, introduction of foreign advanced management experience which is a factor in increasing the labor productivity;

- the production and export of competitive products in the international market for bringing into the country a bigger amount of a hard currency.

In our opinion, to increase the share of high-quality finished products, we should pay attention to the following priorities:

- help to promote the formation of economic and investment cooperation between national and foreign countries enterprises;

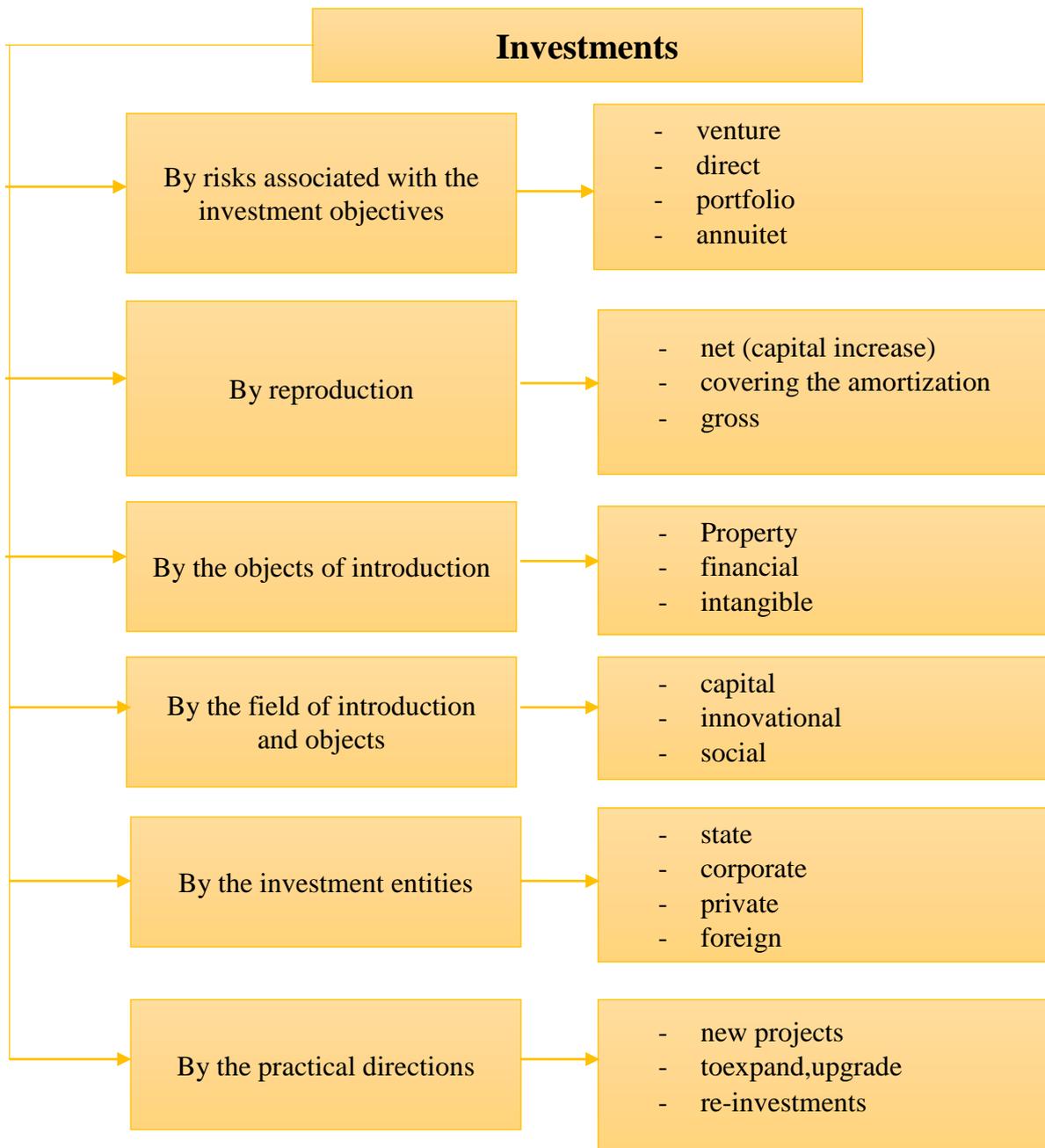
- improving the system within the sphere of production of high-tech and knowledge-intensive industry;

- through selling intellectual property such as licenses and technical know-how and trade secrets, the development of the services system in the field of engineering and leasing, accelerating the entrance of scientific and technical achievements of our country into the global economy circulation;

- creation of an effective system which will allow to support the innovations giving market directions to the scientific developments in the field of science and technology;

- further expand and deepen cooperation of the country's leading scientists and experts with foreign institutions, organizations and companies;

- analytical research and study of the high-level marketing, business and technology management, international market conditions, capacity, and price competition policy, cooperation, and information on establishment of joint ventures.



**Picture 1.3.1. Types of investments by their properties<sup>39</sup>**

<sup>39</sup>Authors developments.

In terms of the implementation of investment activities, investments are divided into internal and external investments. In particular:

- internal investments - net investments, invested in the particular country by investors.
- the theoretical and practical aspects of the external or foreign investments described in details in the current economic literature.

The difference of foreign investments from internal investments is in, their risks are calculated before of their implementation. Thus, foreign investors to use efficiently a part of their capital (property), invest into another country`s economy on the basis of minimum risk in order to profit from short-term capital flow. According to the characteristics the investments can be divided into the several types (Picture 1.3.1).

### **Conclusion on the first chapter**

By the studying the theoretical bases of innovative development in the food industry we can come to the following conclusions.

The food industry, as a separate of the industry has the next special features:

- food industry, combines not all products manufactured by itself but only a part of it which is necessary for people`s personal daily consumption needs.

- the consumer market of the food industry, even its not directly connected with the functional areas of agro-industrial complex consisting of complementing each-other production sectors, combines the manufacturing sectors specialized to meet the needs of the population in wide range of consumer goods and services.

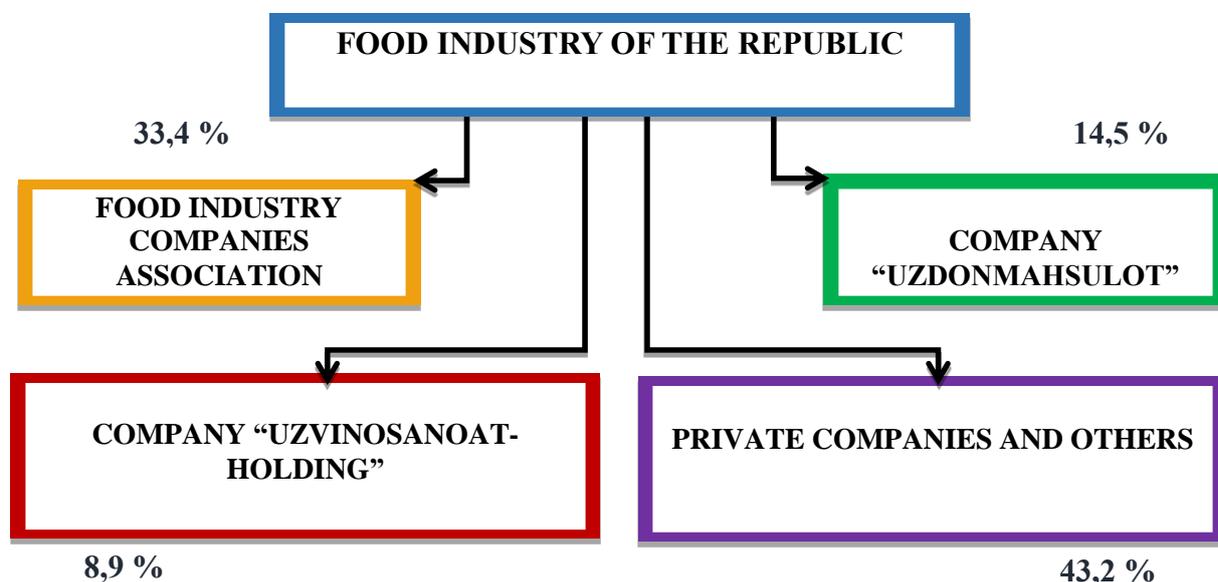
- One of the main features of the food industry is the being specialized in complex variety of the final products. One of the main reasons for it is the methods of the technological affecting the food products raw materials.

## CHAPTER 2. ANALYSIS OF THE FOOD INDUSTRY DEVELOPMENT OF THE REPUBLIC OF UZBEKISTAN

### 2.1. The current status of attracting investments into the food industry

In our country, a number of practical measures are carried out for the development of the food industry alongside with the development of other areas. In particular, O'zbekoziqovqat xolding company has been established, and a number of programs are being implemented into the practice in order to help its development. The largest food sectors in the food industry are divided into groups to coordinate their activities. The distribution by their share can be seen on the following picture (Picture 2.1.1).

It is known that, it is impossible to imagine the progress in the industry without investments. Because, the modernization, technical and technological renewal of production, the establishment of new enterprises requires a large scale flow of funds. Therefore, an important attention has been paid to the attraction of investments in the field of food sector with the participation of foreign investors.



Picture 2.1.1. The distribution of the food industry enterprises of the Republic of Uzbekistan<sup>40</sup>

<sup>40</sup>Authors developments.

According to the investment program approved by the resolution of the first President of the Republic of Uzbekistan №2069 from November 18, 2016, the implementation of a new 42 projects was planned by the Food industry companies association in 2016, attracting investments equal to USD 81,62 mln. In the passed first quarter of 2016, funds disbursed constitute to USD 11,44 mln., and the plan was fulfilled by 125,2%.

The planned activities for 2016, by the The Ministry of Economy, The Council of Ministers of the Republic of Karakalpakstan, alongside with the regional governments is to implement 1180 new projects and create 10 333 new job places. By implementing this projects in 2016, the commissioning of new capacities is planned in order to produce 7950 tn. of milk, 3950 tn. of meat, 10 500 tn. of fruits, vegetables and grapes, and 25 800tn. of other food products.

In January-March of 2014-2016, the implementation works of 285 projects were successfully carried out, fulfilling the plan by 120,6%. Including:

a) 273 projects with USD 22,69 mln. in processing products such as meat, milk, fruits, vegetables and others (fulfilling of the plan- 118,5%);

б) Works carried out by entities in the structure of the association on 12 projects with USD 11,54 mln. (fulfilling of the plan-124,9%).

These projects are accomplished through own funds of enterprises, bank loans and direct foreign investments.

In 2016, in the country, 34 enterprises with an annual manufacturing capacity of 2 650 tn. of milk, 19 enterprises with an annual manufacturing capacity of 1 410 tn. of meat, 7 enterprises with an annual manufacturing capacity of 6 050 tn. of fruits and vegetables, and 43 enterprises manufacturing other food products were put into the operation. 241,5 tn. of milk and dairy products, 61,5 tn. of meat and meat products, 25,5 tn. of dried fruit and vegetable products, and 1284,5 tn. of other food products were produced by these enterprises in January-March of 2014.

As a result of implementation of investment projects in the first half of 2014, a number of important manufacturing enterprises will begin its activities, in

particular, enterprise “Angren Shakar” will begin its operation in the Tashkent Region. As a result of it, the needs of our country in the sugar production will be fully satisfied.

In the first three months of 2014, in 170 processing enterprises, the modernization and reconstruction works were carried out, disbursing the funds in the amount of USD 10,15 mln. Which led to a creation of 2 000 new job places, increasing the volume of production of products such as dried fruit and vegetables, meat, milk, bakery and confectionery products, salt and soft drinks.

Analysis shows that, on the basis of investment projects it is not only to attract investments into the industry, but also to develop the industry in remote areas, the development of new trends in the industry and fighting unemployment. For example, on the basis of the farm “Siyob Shavkat Orzu” the construction of a small business specializing in the production of dairy products was completed in Samarkand region, production of a malt was launched on the basis of the “Mehnat malt” Ltd. in Tashkent region, also, in the Kashkadarya region full modernization and technical renewal process took place in the enterprise “Asl konserva” .

The introduction of modern technologies is considered as a priority, at the time of increasing competition in the sector. It is impossible to produce the customers liked product without implementing high-performance and efficient equipment.

This is why, in the companies within the association, morally outdated equipment gradually replaced with the new modern technologies. This in the same line with productivity increase, reduces the consumption of raw and auxiliary materials, saves energy and other natural resources and contributes to the reduction of production costs.

This also can be seen in the example of the reduction of production costs by 8,5% in the January-March 2017, according to the complex program of measures approved by the Association.

The large and small projects for the development of the country's food industry, are envisaged in the investment plans and they are being successfully implemented. This can be seen by each region in the Table 2.1.1. According to the table, in given years it is planned to implement 2 247 new projects with total sum equal to USD 663,2 mln.

**Table 2.1.1. Investment projects intended for 2016-2017 <sup>41</sup>**

№	Regions	Total projects		
		Number	Total amount in USD	Job places to create
<b>Total</b>		<b>2247</b>	<b>663215,3</b>	<b>23780</b>
1	Republic of Karakalpakstan	138	29472,6	1103
2	Andijan region	228	29313,5	1601
3	Bukhara region	125	18870,5	891
4	Jizzak region	130	16816,5	1039
5	Kashkadarya region	190	38417,0	1652
6	Navoi region	119	11666,6	797
7	Namangan region	129	25421,8	1421
8	Samarkand region	138	41384,7	1609
9	Surkhandarya region	168	38233,2	2345
10	Sirdarya region	148	20332,9	1463
11	Tashkent region	194	179429,4	2480
12	Ferghana region	129	24799,8	1309
13	Khorezm region	170	79971,8	1813
14	Tashkent (city)	241	109085,1	4257

Significantly, investments into the food industry projects have achieved extraordinary results in comparison with other sectors of the economy. If looking at the job places created by funds spent on this investment projects, then we can see that 23 780 new job places will be created, it means 35 job places for each USD 1

<sup>41</sup>Authors developments.

mln. spent. This is quite low compared to other sectors. Which means that more investment is required into the food industry compared to other sectors.

**Table 2.1.2. Investment program intended for 2015-2019<sup>42</sup>**

№	Fields	Number of projects	Cost of projects, <i>Mln.USD</i>	Sources of funding		
				own funds	bank loan	foreign investment
	<b>Total</b>	<b>391</b>	<b>384,0</b>	<b>114,0</b>	<b>240,0</b>	<b>31,0</b>
1	<b>Uzbekoziqovqat xolding company</b>	330	235,0	84,0	120,0	31,0
2	<b>Company “Uzdonmahsulot”</b>	32	110,0	23,0	80,0	
3	<b>Company “Uzvinosanoat-holding”</b>	29	46,0	10,0	39,0	

Our country adopted the program in order to develop the food industry intended for the years 2015-2019, by which it is planned to finance the large investment projects. This can be seen in the Table 2.1.2. given above.

According to it, it is planned to implement a total of 391 major investment, attracting funds equal to USD 384 mln. in the 2015-2019. 330 projects from them are planned to implement by the Food industry companies association, attracting USD 235 mln., and 13% of them are the foreign investments. 8% of the total investments attracted into the food industry are the foreign investments. Which means that the majority of the investments attracted in 2015-2019 are contributed by national banks and enterprises. So we can say that the food safety measures in our country are at the expense of our national producers.

If we do an analysis of the data across sectors, then we can see that the major projects are in the processing of fruits and vegetables, meat, milk and production of confectionery products (Table 2.1.3).

<sup>42</sup>Authors developments.

**Table 2.1.3. Investment program intended for 2015-2019<sup>43</sup>  
(across fields) more than 8 720 new job places will be created.**

№	Fields	Number of projects	Cost of projects, <i>Mln.USD</i>	Sources of funding		
				own funds	bank loan	foreign investment
	<b>Total</b>	<b>391</b>	<b>384,0</b>	<b>114,0</b>	<b>240,0</b>	<b>31,0</b>
<b>1</b>	Processing of fruits and vegetables	170	92,0	32,0	60,0	
<b>2</b>	Processing of meat and milk	106	65,0	24,0	41,0	
<b>3</b>	Production of confectionery products	31	72,0	24,0	48,0	
<b>4</b>	Production of other food products	84	155,0	33,0	91,0	31,0

If we look at the investment projects intended for the years 2015-2019 by distribution of the Food industry companies association (appendix-2), there are total 330 intended investment projects, 162 from which in processing of fruits and vegetables with USD 82 mln., 106 in processing of meat and dairies with USD 65mln., and 29 in the production of confectionery products with USD 64 mln. And their fair share is 49%, 32% and 8%.

If to analyze the context of investment projects by the areas (Table 2.1.5), based on the number of public investment programs, maximum is to be created the Tashkent region, with USD 24 mln. in 35 investment projects. Analyzed according to their number in relation to the size of their value, the largest investment projects in terms of the value of projects are in the Republic of Karakalpakstan and Khorezm region. Thus, the construction of the large food companies is planned in this regions of the country. When studying the investment projects to be established on the basis of the regional investment programs in given period there are 4750

<sup>43</sup>Authors developments.

projects with funding equal to USD 959,7 mln. Again, the Tashkent region has the biggest number of investment projects in the regional investment program, 504 with funding equal to USD 101,8mln.

**Table 2.1.5. Investment projects intended for 2015-2019 in the food industry<sup>44</sup>(by regions)**

№	Regions	SIP for 2015-2019		RIP for 2015-2019	
		Total projects	Cost Mln.USD	Total projects	Cost Mln.USD
1	Republic of Karakalpakstan	14	12,5	202	40,8
2	Andijan region	23	12,3	331	66,9
3	Bukhara region	24	14,9	345	69,7
4	Jizzak region	21	17,7	302	61,0
5	Kashkadarya region	23	20,4	331	66,9
6	Navoi region	15	9,8	216	43,6
7	Namangan region	22	16,1	317	64,1
8	Samarkand region	32	23,3	461	93,1
9	Surkhandarya region	28	14,0	403	81,4
10	Sirdarya region	21	9,7	302	61,0
11	Tashkent region	35	24,2	504	101,8
12	Ferghana region	25	19,0	360	72,7
13	Khorezm region	18	16,5	259	52,3
14	Tashkent (city)	29	24,3	417	84,3
	<b>Total</b>	<b>330</b>	<b>234,8</b>	<b>4750</b>	<b>959,7</b>

If analysing investment projects with planned implementation in 2015, it is planned to implement 983 new large and medium projects with funding equal to 389876 mln.soums (Table 2.1.6). and creating 10 575 new job places. The largest number of this projects are to be implemented in the Tashkent city, 131 projects with funding equal to 51 983mln.soums, creating 1410 new job places.

<sup>44</sup> Authors developments.

**Table 2.1.6. New investment projects to be implemented in regions in 2016<sup>45</sup>  
(mln.soums)**

Regions	Total projects to be implemented in 2016			from this,			
				Processing of milk	Processing of meat	Processing of fruits and vegetables	Other food products
	number	amount	new job places	amount			
Republic of Karakalpakstan	65	5565	311	2	2	2	59
Andijan region	54	17827	559	14	5	8	27
Bukhara region	78	33480	661	12	6	7	53
Jizzak region	38	31389	475	7	3	11	17
Kashkadarya region	81	27963	598	12	8	2	59
Navoi region	65	7584	370	9	1	1	54
Namangan region	50	6231	357	5	3	6	36
Samarkand region	83	49753	989	7	1	12	63
Surkhandarya region	44	30150	663	4	2	6	32
Sirdarya region	86	24567	1108	11	5	5	65
Tashkent region	46	52239	1068	12	6	11	17
Ferghana region	64	15663	841	6	3	8	47
Khorezm region	98	35482	1165	22	17	19	40
Tashkent (city)	131	51983	1410	19	10	15	88
<b>Total</b>	<b>983</b>	<b>389876</b>	<b>10575</b>	<b>142</b>	<b>72</b>	<b>113</b>	<b>657</b>

The current problems occurring while implementing the planned investment projects could be studied in virtue of the data provided by the Uzbekoziqovqat xoldingcompanies (appendix-3). The main problem is the uncertainty of the

<sup>45</sup>Authors developments.

funding source in the planned investment projects, which demands for taking the necessary measures by the state.

## **2.2. Economic policy carried out in Uzbekistan to attract innovative technologies into the food industry**

First President of the Republic of Uzbekistan I. Karimov evaluating the works being carried out to ensure the sustainable development of our country, in his speech at the meeting of the Cabinet of Ministers noted, "Today talking about the results of 2013, firstly we need to mention the achievement of the economic and social balance, and development with the highest rates through modernization and diversification of the processes".

Indeed, according to analyses, the average annual growth of the gross domestic product (GDP) was 4,1% in 2011-2013, 7,9% in 2011-2012, from 2012 it started to show a steady annual growth of 8%.

This positive economic growth during the last years is the result of the economic reforms and successful implementation of the target economic development programs in the country.

According to the statistics in the previous years, the largest share of growth in GDP corresponds to the industrial and services. It should be noted that, the agricultural sector as well as industrial production plays an important role in the development of the national economy, increasing living standards and fighting unemployment. Therefore, from the early years of independence, the special attention has been paid to the development of industries, which resulted with positive progress in this area.

It should be noted that the structural changes carried out step-by-step, process of denationalization and privatization of state property is formed principally new industrial sectors of the economy, and they have an important role in the development of the country.

According to the data, if in 2014 there were 13 000 enterprises of different ownership (in manufacturing), in 2016 this index reached 23 300. In other words the number of manufacturing enterprises increased 1,8 times (Table 2.2.1).

**Table 2.2.1. The change dynamics of the main indicators of industrial development and investment attracting in Uzbekistan**

Indicators	years						growth in 2012 compared to 2000 (% , times)
	2011	2012	2013	2014	2015	2016	
enterprises (manufacturing), in thousands	13,0	16,9	19,0	23,1	23,2	23,3	1,8 t.
Industrial products (current prices) bln.soum	1888,9	23848	28378	34499	41656	50730,6	26,8 t.
industrial production growth rates (as compared to the previous year),%	105,9	112,7	109,1	108,5	106,3	107,7	1,4%
the average number of workers in the industry, thousands of people	718,5	600,4	579,0	611,6	614,3	617,5	85,9%
fixed assets at the end of the year. bln.soum	2777	16641	21168	25491	26238	30763,8	11,1 t.
investments in fixed capital of industry sectors. bln.soum	221,5	3293,8	3559,9	4659,9	6158,2	7673,9	34,6 t.
from this, foreign investments	107,5	1350,7	871,5	1024,2	3881	4002,8	37,2 t.
labour productivity mln.soum	26,3	39,7	49,0	56,4	78,8	82,2	3,1 t.

In addition to this, the production of industrial products in 2016 rose 27 times compared to 2000, from 1 888,9 bln.soum to 50 730,6 bln.soum (current prices). Even, in 2014-2015 compared to 2012-2013 rate of the industrial production growth, associated with the effects of World financial-economic crisis, decreased slightly, it still showed a 7,7% growth in 2016.

It is planned to implement 1 064 innovational projects with total sum of USD 642,2 mln. In our country in 2012– 2016 (Table 2.2.2). Nearly the half of this

projects (474, total sum USD 441,2 mln.) were implemented in 2016. The biggest number of them were in Andijan, Samarkand, Ferghana and Tashkent regions.

**Table 2.2.2. The amount of ready regional innovational projects to implement in the Republic of Uzbekistan in 2012-2016**

Regions	2012-2016		From this, implemented in 2016	
	Total projects	Cost Mln.USD	Total projects	Cost Mln.USD
Republic of Karakalpakstan	77	34,6	12	10,2
Andijan region	139	25,8	27	24,9
Bukhara region	133	36,3	12	4,8
Jizzak region	96	48,9	12	4,0
Kashkadarya region	74	22,4	10	25,9
Navoi region	15	12,5	11	7,1
Namangan region	4	0,9	14	12,5
Samarkand region	209	78,7	24	15,8
Surkhandarya region	9	15,3	13	13,8
Sirdarya region	25	62,2	13	23,7
Tashkent region	128	182,9	64	75,5
Ferghana region	41	53,6	35	31,0
Khorezm region	96	38,0	6	8,9
Tashkent (city)	18	30,3	221	183,1
<b>Total</b>	<b>1064</b>	<b>642,2</b>	<b>474</b>	<b>441,2</b>

Targeted investments in industry sectors in recent years, not only help to accelerate the pace of industrial production in the country, but also has a great impact in the change of dynamics of industrial production per capita in the regions. Production per capita, is an indicator determining efficiency and a ranking of the regions (labor productivity).

If in 2015 production per capita in our country was 867,3 thous.soum, this indicator reached 1189,4 thous.soum in 2015. In the 2016 it reached 1419,7 thous.soum, and 1705,5 thos.soum in 2017. These growth rates were reached at the same time with the growth in the number of population.

The high growth rates in 2014 compared to 2015 between the regions were in Andijan (21,3%), Kashkadarya (20,9%), Namangan (20,3%), Navoi (19,7%), Sirdarya (16,6%), Tashkent (18,1%) regions and Republic of Karakalpakstan (25,1%) and Tashkent city (30,2%).

It should be noted that, in this period of time the industrial product growth rates rose from 42,2 trln.soum to 50,7 trln.soum. The shares of Andijan, Bukhara, Kashkadarya, Navoi, Samarkand, Tashkent, Ferghana regions and Tashkent city in this are relatively large.

The efficiency of investment used in the industrial production is calculated by comparing to the amount of investment involved in the sectors of the economy in the regions. According to the analysis, in terms of per capita investments into the economy has a steady increasing trend in recent years. It can be observed by the volume of direct investments per capita in the country (appendix-4).

Investments per capita in the sectors of economy were 449.8 thous.soum in 2015, 541,1 thous.soum in 2016 and 741,1 thous.soum in 2017. The main part of this investments were in the non-state sector enterprises up to 80% (appendix-5).

A relatively large amount of investments per capita into the economy (2014-2016) were in the Bukhara (1342,5 thous.soum), Navoi (1762,8 thous.soum), Kashkadarya (780,8 thous.soum) region and Tashkent city (2155,9 thous.soum). Whereas the small amount was in Andijan (416,7 thous.soum), Namangan (289,4 thous.soum), Surkhandarya (360,1 thous.soum) regions. This is explained by the fact that the number of population of these regions is much more higher than in other regions.

The high growth rates of investments per capita into the economies of the regions were in (in 2016 compared to 2012) Andijan (236,9%), Jizzak (251,6%), Navoi (254,0%), Sirdarya (286,3%), Khorezm (282,8%) regions and Tashkent city (240,5%).

It should be noted that investments into the economy of the regions, helps to develop not only the industrial enterprises in the areas, but it also ensures the development of the market and production infrastructure.

In general, according to the analysis, as a result of carried out step-by-step reforms in the country during the years of independence, we can see the sustainable development of the the economy`s sectors, significant positive changes occurred in the development of the regions and an improvement of the quality of life of the population. At the same time consolidating the results achieved, and directing them to serve the interests and welfare of the people, to achieve which we need an effective use of the resources directed into the economy, and a continuation of the structural changes by increasing the flow of investments are the important conditions of effectively addressing the priorities of the high development growth rate, justified by the first President I.Karimov.

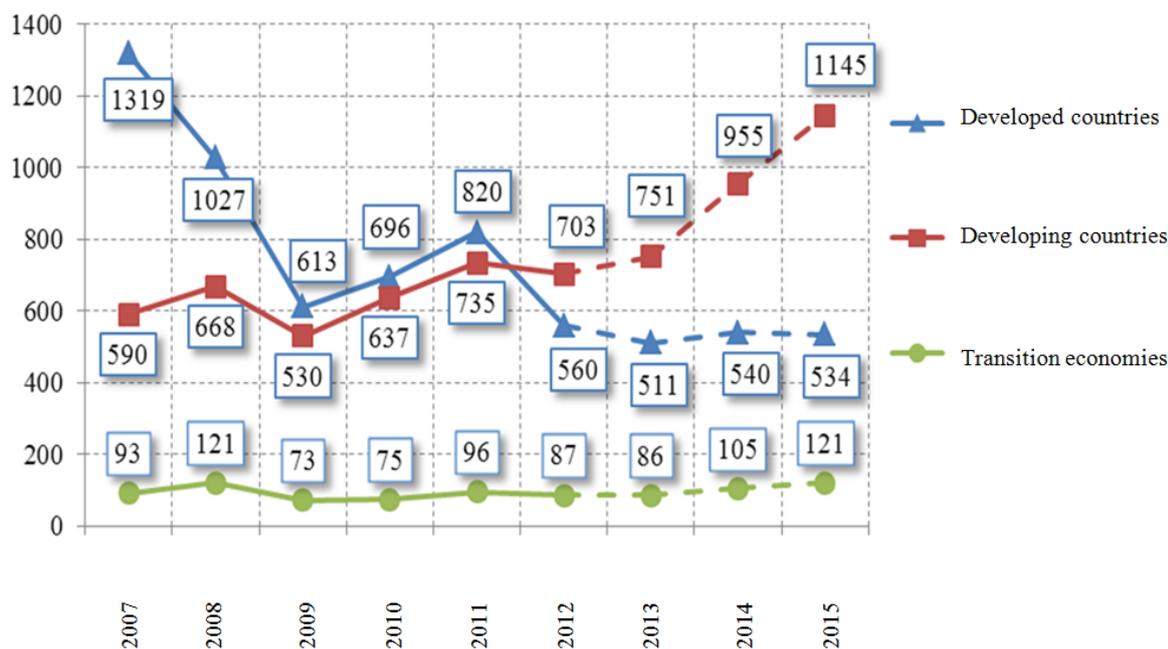
Today, the increase of the volume of direct foreign investments coming into the industrialized countries and emerging market economies with the sovereign credit rating on the investment level, increases our country`s need to obtain such sovereign credit rating, in accordance with the priorities of economic reforms in the state (Picture 2.2.1).

In particular, according to the statement of the United Nations Conference on Trade and Development (UNCTAD) on the investment process in the world in 2013, there will be an increase in the flow of foreign direct investment, reaching USD 1,8 trln in 2015, which also shows remaining leadership of developing countries in attracting them.

According to the UN experts, situation in terms of food security, is defined by food security indicators, the stability of supply and an opportunity to be able to own. They are described in detail below.

1. Stability: not to have delays in the food supply population, family or an individual should always have a food supply. They should not get any delays in the

food supply as a result of unexpected events (economic or climatic crisis) or recurring events (seasonal food shortages).



**Picture 2.2.1. Condition of attracting foreign direct investment in World country (USD bln.2014-2015 forecast)<sup>46</sup>**

2. The availability of food: the supply of the necessary quality food products in the required amount through domestic production or import. The most frequently utilized means of existence of food is the daily energy per capita in calories.

3. To be able to own a food: physical, economic and social opportunities necessary to be able to use the necessary resources order to get better nutrition. The physical supply of food and food products is an availability of infrastructure to supply the population with food products at a level that consumers demand. Economic opportunity defines the ability of the all social strata of the population to purchase sufficient quantities of food products.

4. The usage: adequate nutrition, clean water, through sanitation and health care getting to the state of satisfaction of all physiological food needs.

<sup>46</sup>[http://unctad.org/en/publicationslibrary/wir2013\\_en.pdf](http://unctad.org/en/publicationslibrary/wir2013_en.pdf) (давлатлар иқтисодиётининг ривожланиши кесимидаги прогноз кўрсаткичлари UNCTAD маълумотлари асосида муаллиф томонидан ҳисобланган).

A shortage or lack of some indicator, indicates a low level of the food safety or a shortage of the food products. A shortage of the food is a such situation, in which population does not get a sufficient amount of safe and nutritious food in order to live in an active lifestyle, which leads to serious consequences for the entire nation.

At the meeting of the Cabinet of Ministers held in January 16, 2015 dedicated to the results of socio-economic development in 2014 and the most important priorities of economic program for 2015, The first President I. Karimov outlined the strategic objectives of the country's all-round development in 2015 and subsequent years.

In order to implement the key priorities, the Government ensures the elaboration of a number of project documents and submits them for approval in the near term. Each of these projects will include the targeted set of programs for development of the economy and infrastructure with proper elucidation mechanisms of their implementation.

In particular, within the framework of the preparation of the measures program aimed at structural reforms in the production, modernization and diversification in 2015-2019, formed a list of 870 major programs with a total value of USD 38 bln. By this programs it is planned to open 415 new enterprises, and modernization and technical-technological renewal of 455 existing enterprises.

The principal distinctive feature of the program, is the main attention is paid to determine the export-oriented and competitive types of products in domestic and foreign markets, and the dynamic development of high-tech production enterprises. For this purpose, professional and organized strategic foreign investors and companies that have the most advanced technologies will be attracted to the production facilities.

One of the priorities in the development of the industry is the further localization of production, the expansion of industrial cooperation between the sectors.

The Government of the Republic, as a main factor of further rapid economic development, creation of new jobs, prosperity and quality of the life of population, pays a special attention to the implementation of the priority tasks in further development of private property and private enterprises.

For the implementation of the national food program for the 2015-2019, development program of agriculture sector is being developed. Program provides reduction of the low-yielding cotton fields, planting into the freed land of fruits and vegetables, melons, potatoes and other food crops, an establishment of intensive gardening and step-by-step acreage optimization. Measures, such as further development of selectioning and seed breeding of cotton and grain crops, including the development of new, highly efficient, salt and drought-resistant varieties of seeds, will be carried out.

In order to supply our farmers with the domestic modern equipment, on the base of the company “Uzagrosanoat mash-holding” in cooperation with companies “Claas” and “Lemken”, the production of highly efficient tractors, modernization of the cotton-picking machines, combine harvesters and other equipment will be set up.

The Government pays special attention to increasing the productivity of irrigated land as a guarantee and the foundation of the efficiency of agricultural production. The measures to continue the implementation of a program of improving the meliorative condition of irrigated lands for the 2013-2017 will be continued. The program involves the installation of energy-saving equipment, construction, reconstruction and application of modern irrigation facilities. The aim of it - is to improve a meliorative condition of 1,4 mln. hectares of irrigated lands and increasing productivity of agricultural crops in the next 5 years.

The introduction of water-saving technologies, including an expansion of drip irrigation systems into orchards and vineyards, are some of the most important tasks. This will allow saving 1 bln. cubic meters of water each year.

Increasing the volume of processing of agricultural products, is the next important task. In order to achieve this target it is planned to implement 391 new investment projects, building modern chilling cameras with capacity of keeping at least 1,3mln.tonns of fruits and vegetables. At the same time, the logistics system link will be improved.

As a result of implementation of specified and other measures in the agrarian sector, during 2015-2019, we will achieve the further strengthening of the food security, self-sufficiency of the country with the main types of products as well as significantly increasing the export of goods with high demand in foreign markets.

### **2.3. Food products in Uzbekistan: the volume of production, export and import potential**

Today in Uzbekistan, the food industry has been directed into the rapid development way. As an example of it, we can provide the annual 8-10% growth in production of food products, and meeting the needs of the domestic market mainly by locally produced products. A high results of the development indicators are achieved by creation of new joint ventures in the food industry, and attracting foreign investments. Our suppliers are actively participating in international exhibitions and trade fairs. We are exporting more than 180 types of ready products into the 80 world countries. Uzbekistan is in the list of top 10 countries supplying the world market with such products as apricots, plums, grapes, walnuts, cauliflower, cabbage and many other fruits and vegetables<sup>47</sup>.

Within the framework of the program of development of the industry for the period of 2012-2016, it is planned to launch more than 2 000 new enterprises. In particular, it is planned to launch 312 fruit, vegetable, meat and diary products processing enterprises, and modernization and technical-technological renewal of 169 existing ones. By launching this new production capacities we will be able to

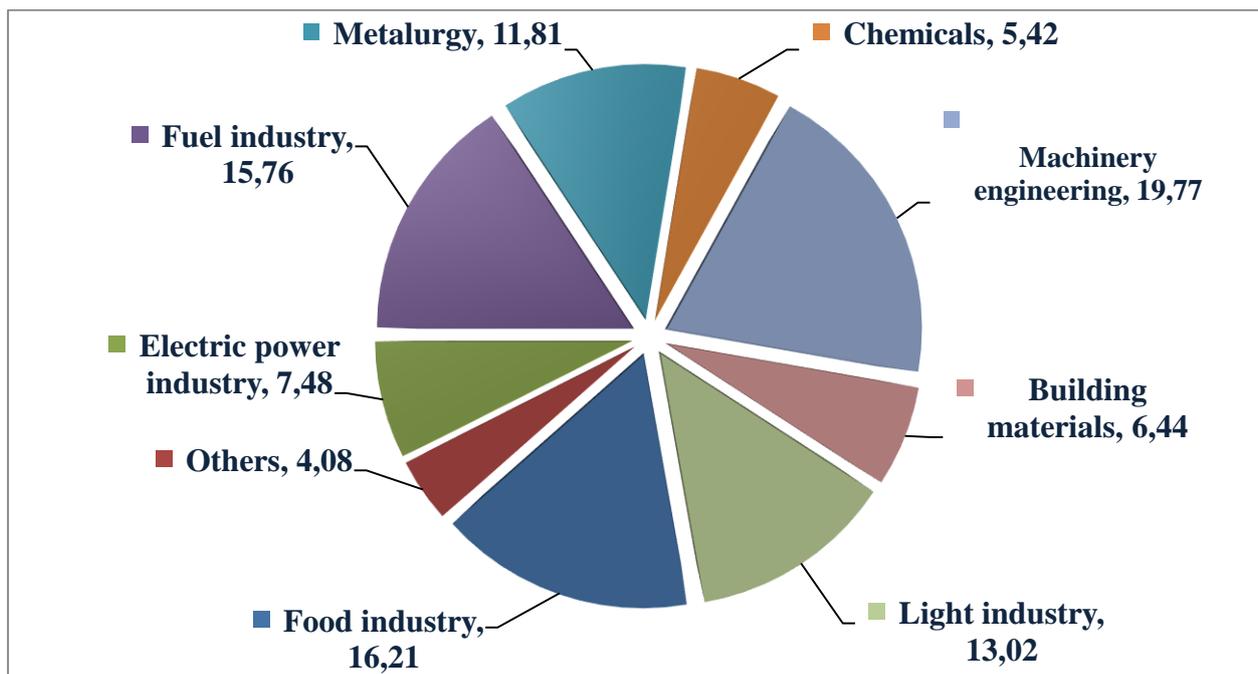
---

<sup>47</sup> Биринчи Президент Ислом Каримовнинг “Ўзбекистонда Озиқ-овқат дастурини амалга оширишнинг муҳим захиралари” мавзусидаги халқаро конференциянинг очилиш маросимидаги нутқи. Т. 2014.

process 63,1 thous.tonns of vegetables, 16,5 thous.tonns of meat and 45,7 thous.tonns of diary products annually At present there are 150 companies in the food industry companies Association, which poducing products such as vegetable oils,margarine, sugar, mineral waters, confectionery, dairy, meat and fruit and vegetables.

There are also 17 joint ventures in the Association. According to experts, by increasing the volume of production, learning the advanced foreign experience, introduction of foreign advanced technology and innovation attraction of foreign investment we are achieving high results. Only in 2016, USD 48,8 mln. of investments were attracted into the industry.

The share of companies within the Association in the volume of food products produced in our Republic constitutes to 38%, whereas in production of vegetable oil, margarine and soap it is 100%.<sup>48</sup>.



**Picture 2.3.1. The share of the food industry sector in the national industry<sup>49</sup>**

The share of the food industry production enterprises in the country`s industry reached 16.2 percent (Picture 2.3.1). This is the third place after mettalurgy and machinery engineering.

<sup>48</sup><http://turkistonpress.uz/article/832>

<sup>49</sup>Authors developments.

The country`s food industry is one of the fastest growing areas. It should be noted that in 2016, the growth reached 12%.

Manufacturing of the food products in the country has been growing over the years. It can be seen on the regional basis the structure of the following table (Table 2.3.1).

**Table 2.3.1. Increase of the food production in the country<sup>50</sup> (bln.soum)**

<b>Regions</b>	<b>2016</b>	<b>Growth rate, %</b>
Republic of Karakalpakstan	344,7	111,6
Andijan region	566,7	121,5
Bukhara region	601,6	115,5
Jizzak region	272,7	109,4
Kashkadarya region	749,5	105,5
Navoi region	348,0	114,6
Namangan region	574,5	109,0
Samarkand region	968,1	123,4
Surkhandarya region	358,7	107,4
Sirdarya region	354,9	117,4
Tashkent region	1356,6	112,3
Ferghana region	760,9	101,6
Khorezm region	305,4	103,2
Tashkent (city)	2052,7	120,4
<b>Total</b>	<b>10711,1</b>	<b>108,7</b>

As it can be seen in the table, the production of food products reached 10711,1 bln. soum in 2016, which is 108,7% compared to 2016. This is directly proportional to the growth of the gross domestic product of the Republic.

If we focus on the share of regions, the highest growth rate is in the city of Tashkent. Which shows the growth of the population of the city and the growth in the demand for food products.

To clearer see the growth of the food industry in the country we can look at the growth of it per capita (Table 2.3.2).

---

<sup>50</sup>Authors developments.

Table shows that, the main products in the food products list, such as meat and meat products, milk and dairy products, fruit and vegetables, vegetable oil and sugar has the tendency of growing.

**Table 2.3.2. Food production per capital<sup>51</sup>**

№	Type of product	Unit of measurement	Minimum standards 1 person/kg/year	2016 (30,7 mln.)	2017 (31,1 mln.)	In 2017 compared to 2016	
						+;-	%
1	Meat and meat products	Kg	40,11	37,10	39,24	2,14	105,8
2	Milk and dairy products	Kg	198,7	265,40	288,7	23,3	108,8
3	Canned fruits and vegetables	Conditional cans	15 cond.can/year	18,75	19,71	0,96	105,1
4	Vegetable oil	Kg	7,3	8,87	8,89	0,02	100,2
5	Sugar	Kg	19,38	13,53	15,7	2,17	116,1

It should be noted that, even the production of meat products and sugar are a bit lower than the world minimum standards they have a growing tendency. At the same time we can note that production of dairy products, fruit and vegetables and vegetable oil is higher than the world minimum standards.

Even the food security and development of food production in the country are considered as a priority, the lack of production of food products will require importing of them from other countries. The main imported food products in our country can be seen in the table below (Table 2.3.3).

In 2015-2016 years, the important food products such as meat and meat products, milk and dairy products, canned fruits and vegetables, vegetable oil, sugar, margarin, confectionery products, butter were imported from other countries.

We can surely say that import of this above mentioned products is decreasing year by year. We need to accelerate investment processes to promote and expand an additional production of the types of import-substituting consumer goods in this area.

---

<sup>51</sup>Authors developments.

**Table 2.3.3. The main types of food products imported in 2015-2016<sup>52</sup>**  
(thous.tons)

Products	2015	2016	Difference, in 2016 compared to 2015	
			+, -	%
Meat and meat products	9,6	9,5	0,1	99,0
Milk and dairy products	11,3	11,0	0,3	97,4
Canned fruits and vegetables	5,8	9,4	3,6	162,1
Vegetable oil	128,3	151,4	23,1	118,0
Sugar	65,2	39,8	25,4	61,0
Margarin	21,7	23,2	1,5	106,9
Confectionery products	25,7	30,9	5,2	120,2
Butter	4,1	3,0	0,9	73,2

**Table 2.3.4. The planned production of new products in the field of food production in 2014-2019<sup>53</sup>**

№	New types of products planned to produce	Volume, ton	Yeraly export, thous.USD	Energy efficiency, thous.USD	Cost of the project, thous.USD	Staring time	Created new job places
1	Soy protein production from soy	12 000	-	7 000	22 500	2019	30
2	Yogurts	1 000	1 000	3 500	4 000	2015	80
3	Pasteurized milk in different flavors	3 200	1 152	570	2 400	2015	35
4	Cheese (melted)	200	-	100	360	2015-2016	30
5	Confectionery products	13 500	4 500	25 000	45 200	2016-2020	450
6	Starch	10 000	1 500	9 000	4 000	2015-2016	75
7	Glycerol	1 000	500	2 500	3 000	2015	40
8	Oils	24 000	-	28 000	1 410	2015-2017	35

<sup>52</sup>Authors developments.

<sup>53</sup>Authors developments.

The significant work is being carried out in processing of grapes, fruits and vegetables to export them, and the results of it may be seen and analyzed in the following table (Table 2.3.5).

**Table 2.3.5. The export of processed fruit and vegetables and grapes<sup>54</sup>**

	Measure	2003	2012	In 2012 compared to 2003, %	2015. forecast	In 2016 compared to 2012, %
Total	Thous.ton	97,4	150,3	154,3	184,9	123,0
	Thous.USD	65,3	218,7	335,1	272,0	124,4
From this:						
Canned fruits and vegetables	Thous.ton	3,7	6,2	167,6	8,9	143,5
	Thous.USD	2,8	5,0	180,2	7,3	146,0
Natural juices	Thous.ton	8,5	29,3	344,7	33,0	112,6
	Thous.USD	5,4	23,2	429,6	26,5	114,2
Dried fruits and vegetables	Thous.ton	85,2	114,8	134,7	143,0	124,6
	Thous.USD	57,1	190,5	333,7	238,2	125,0

According to the table, the total amount of 97,4 tons of fruits and vegetables was exported in 2003, showing 154% growth in 10 years, and its planned to reach 123% growth in 2016. Also, while we achieved a financial rise of this indicators by implementation of innovative technologies, their geography of export is also expanding.

The production of canned fruits and vegetables in our Republic was in a low level in 2003. From the first years of independence lack of investment in bringing and introduction of innovative production technologies was one of the most urgent problems. Today, bringing investments into the field of introduction of innovative technologies in food sector as in all sectors of the economy, resulted in 167% growth in 2013, and planned to reach 143% in 2016.

As a result of the considered reforms in Uzbekistan, in the agriculture and horticulture, the production and export of fruit and vegetable juices rose by 344% in last 10 years, and expected to raise by 114% in next 2 years.

---

<sup>54</sup> Authors developments.

We can say on the basis of the above information, the framework established by the government to reduce the share of imported food goods, and measures carried out to encourage production of export-oriented production are playing a great role in development of our national economy (appendix- 6).

It also should be noted that, the consumption of food products in our country is consumed mainly with primary processing. Which presupposes the introduction of innovative production technologies and training the respective personnel able to suit this novelties.

### **Conclusion on the second chapter**

Based on the analysis of the state of development of the food industry, we can come to the following conclusions:

1. Investments attracted into the food industry in the country apart from increasing the productivity, give an opportunity to reduce the consumption of raw and auxiliary materials, save the energy and other natural resources and reduce the production costs.

2. The governments special attention given to ensuring the full coverage of the Republic`s regions while planning the investments in the food industry is one of the main criterions for ensuring food security in the areas.

3. In the country it is planned to implement a total number of 391 major projects with attracting USD 384 mln. investments in 2015-2019. 330 of this projects are planned by the companies of the food industry companies Association, with a total budget of USD 235 mln., 13% of which are the direct foreign investments. It is also important to note that 8% of the total investments attracted into the food industry in our country are the foreign investments, which means that the majority of the investments attracted in 2015-2019 are contributed by national banks and enterprises. So we can say that the food safety measures in our country are at the expense of our national producers.

## **CHAPTER 3. DIRECTIONS OF INCREASING THE EFFICIENCY OF INNOVATIVE INVESTMENTS IN DEVELOPMENT OF THE FOOD INDUSTRY OF UZBEKISTAN**

### **3.1. The ways of modernization of the food industry in Uzbekistan**

In the conditions of the modern market economy, the great attention paid to the complex development of a consumer goods markets. The demand in the development of the strategic development and the need for development of the production is increasing from year to year in our national food production companies. The introduction of innovative methods of development in our Republic based on the following three trends:

- the increased volume of demand for the food commodities. Companies when planning the production of food products within the whole country, should provide the production of low-cost products;
- the growing population of the cities, requires the use of methods providing technological production of the food products;
- to stabilize the prices of food products and the creation of large industrial enterprises.

Today, the development of the food industry and technical re-equipment and modernization processes in Uzbekistan, are carried out based on the experience of developed countries of the world. Food safety has become one of the priority issues of social and economic policy of our Republic. This is why, the per capita production of main food products such as wheat, meat, milk, eggs, fruit and vegetables is raising rapidly year by year in the same line with the raise in the processing of them. As a result of which the country achieved the production of the main food products within the country, ensuring the food safety. At the same time, our food strategy continues to have a high efficiency, by being internationally recognized and approved in every way. It is recognized as a fundamental aspects of advanced experience, and recommended by the United Nations World Food Program in other developing countries to learn and apply into the practice.

There are more than 200 companies within the uzbekoziqovqat xolding company producing and processing products such as oils, tobacco, confectionery products, fruit and vegetables, meat and milk. More than 60% of the products produced by this companies are the fruit and vegetables, meat, milk and confectionery products.

The production of food products rose by 11%, and the production of consumer goods rose by 16% in 2014. In particular, the steady growth was achieved in the production of confectionery products, sugar, margarine and canned fruit and vegetables. In the passed 2014, the production of 124 of new product items was put into the production. As a result of technical and technological renewal and the introduction of best practices in production, the 10,5% reduction of the production costs was achieved.

In the 74 food enterprises within the food industry, the systems of quality management was established in accordance with international standards, in 62 of them ISO 9001 standart and in 12 of them ISO 22000 management systems were certified.

In the passed year a number of works were carried out on the rehabilitation of low-profit enterprises in the country. In particular, "UzCarlsberg" Ltd. which ended the 2013 with a loss, ended 2014 with profit as a result of implementation of the "road map" designed to convert this company to a profitable company. If the food products in the passed years were exported to the Union of the Independent States, nowadays they are exported to the markets of the countries such as USA, Russia, Germany, Brasil, Holland, South Korea, Poland and Turkey.

In the framework of the regional investment program together with local authorities, 1 689 projects were implemented instead of 1 180 planned ones, opening 16 109 new job places. In other words, 672 new companies were established and in more than 1 000 of existing ones modernization and technological renewal works took place.

Projects carried out:

119 in processing of fruit and vegetables (39 700 tons of annual additional production power, 1936 new job places);

77 in processing of meat (4170 tons of annual additional production power, 674 new job places);

105 in processing of milk (9250 tons of annual additional production power, 1503 new job places);

1348 in processing of other food products (38100 tons of annual additional production power, 10776 new job places).

The great attention is paid to modernization and replacement of old equipment with new modern types in the processing of fruits, vegetables and grapes. In the last 10 years in fruits, vegetables and grapes processing enterprises of Samarkand, Tashkent, Kashkadarya, Andijan, Namangan and Khorezm regions of our republic the energy saving lines of Swiss "BUHER", Italian "FBR ELPO" and German "FLOTBERG" companies were put into the operation.

As a result of installation of new energy saving packaging lines of Sweden's "TETRA PAK" in the joint ventures "Agromir Samarqand", "Master Global Plus" and "Green World", achieved the production and supply of the national and foreign consumers with high quality natural fruit and vegetable juices and nectars complying the international standards. Within the framework of State investment programs in the past 3 years, 121 projects were carried out by the enterprises of the Association and the amount of USD 200 mln. were invested for this purpose. There was a growth in the amount of investments mastered in 2016 compared to 2014 by 3,3 times. And the sum of the direct foreign investments reached USD 120 mln.

At present, special attention is paid to the introduction of agriculture products processing projects into this investment programs. When in 2014 the number of implemented projects in this field was 88, in 2016 it reached the number of 341. During the last three years the production of more than 400 new types of products was established. This, in turn, helped to reduce the volume food products coming from import.

In cooperation with local governments, the 661 food sector companies working on the low level, were recovered and the level of production facilities use in them was increased, this was achieved by directing investments in the sum of 257,8 bln.soum. As a result of this works, 5309 new job places were opened and products produced for 398,85 bln.soum, USD 3,02 mln. of which are exported.

In 2015, by investing 176545,8 mln.soum, it is planned to recover and rehabilitate 462 low efficient and not operating companies. Results expected from this is products produced for 213148,9 mln.soum, exported products for USD 250 thous., and new 3690 job places created.

Today the widerange of efforts are taking place in order to achieve 110% growth in the product production in 2015, in particular to achieve 115% growth in the first quarter of this year. In addition, the special attention is paid to the production updates and commissioning of new capacities. According to the state investment program, it is planned to implement 62 investment projects in the food sector, and 983 investment projects by the regional investment programs, which will create an opportunity to open 11 000 new job places.

The economic reforms planned for the first quarter of 2015, are being consistently implemented within the Association.

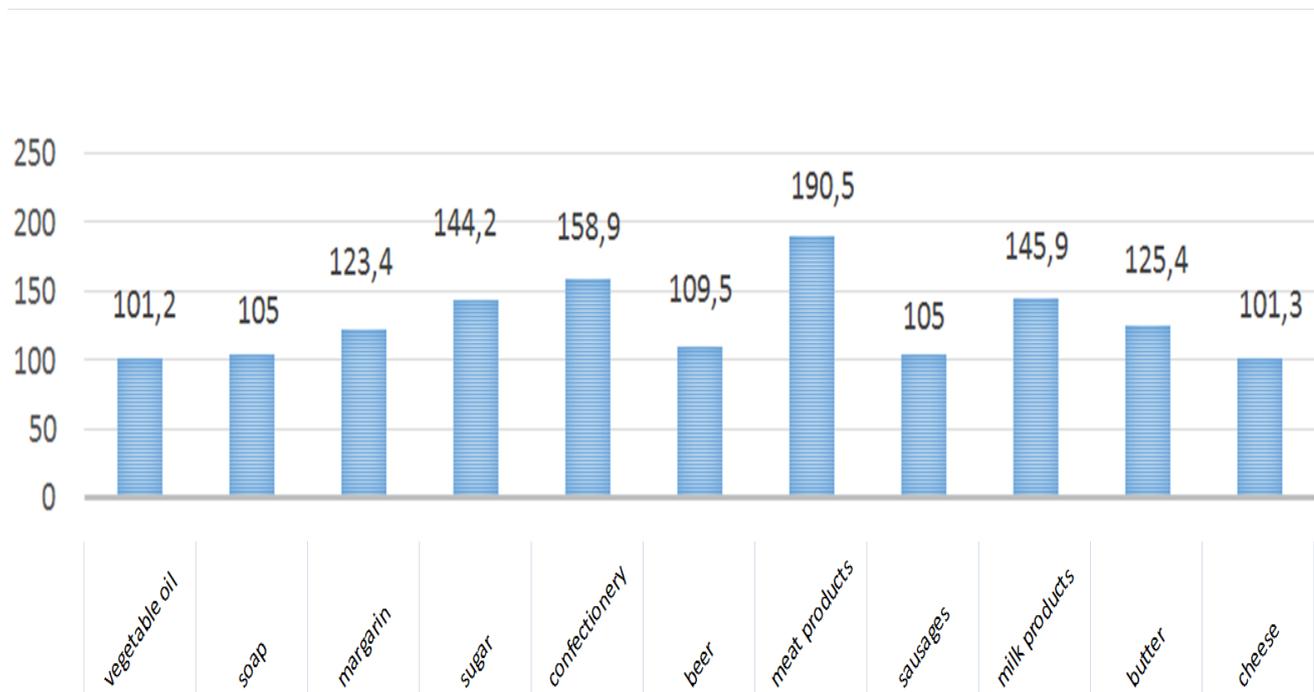
According to the analysis of performance indicators of industrial production, in the first quarter of the ongoing year, the companies within the Association reached production of industry products for amount of 991,1 bln.soum by providing 125,5% growth compared to 112% in the same period of the last year.

The growth in the production of certain types of food products in the first quarter of 2015, can also be analyzed on the basis of the following information (Picture 3.1.1).

By the information given, we can see the growth in the production of products such as: vegetable oil - 101,2%, soap - 105,0%, margarin - 123,4%, sugar - 144,2%, confectionery - 158,9%, beer - 109,5%, meat - 190,5%, sausages - 105,0%, milk

products - 145,9%, butter - 125,4% and cheese - 101,3%.which shows 128% growth in the sector within the analyzed period.

Also in the first quarter, the production of new 98 food products was launched. 79 of which are the confectionery products, 5 oil products, 7 canned fruit and vegetable, 3 meat and 4 milk products.



**Picture 3.1.1. Growth rates by types of products,%<sup>55</sup>**

Within the framework of the implementation of the State investment program in 2015, by bank loans, foreign investments and own funds of companies within the Association, mastering of the amount of USD 55,4 mln. of investments is planned. In particular, the full implementation of 44 new projects with funding equal to USD 26,37 mln., creating 317 new job places. Instead of USD 1,98 mln. planned for modernization, technical and technological re-equipment of production in January-March, the amount of USD 3,29 mln. investments were mastered fulfilling the plan by 166,7%.

According to the regional investment program in 2015, it is planned to implement 983 new investment projects with total funding of 389,8 bln. soums,

<sup>55</sup> Authors developments.

creating 10 575 new job places. In particular, 142 in processing of milk, 72 in processing of meat products, 113 in processing of fruit and vegetables, and 657 in other areas. In the first quarter of this year it was planned to implement 108 new projects with funding of 45,05 bln. soums, and creating 1000 new job places. In practice, this number reached 141 projects, with funding of 50,59 bln. soums and creating 1193 new job places.

Within the framework of 20 projects to be implemented by companies of the food industry Association in 2015, in order to start production of competitive import-substituting products, it is planned to widen the localization of production, and to expand the deepening of inter-sector cooperation. In particular, production of starch in "Melaza Agro Tech" Ltd., different types of caramel, chocolate candies and bars, chocolate marshmallow in "Mir skazok" Ltd, pressed bakery leaven in "Fatih Lazzat maya" PC., sodium sulfate in "Qungiroto sodium sulfate" PC., and tinned fish in JV "Marmax" Ltd.

The Association of food industry companies in cooperation with "Uzvinosanoat-holding" HC, "Uzdonmahsulot" Joint Stock Company and local governments developed the program for the further development of the food industry in 2015-2019, which includes the following measures:

- the main targeted future indicators of industrial food production and exporting of goods;
- the list of investment projects aimed at re-organization and modernization of the existing food and agricultural products processing enterprises in the food industry;
- the future indicators of re-organization and modernization of existing food industry companies processing fruits, vegetables, grapes, meat and dairy products;
- the future targeted indicators of processing of fruits, vegetables, grapes, meat and milk products;
- the volume of fields and the production indicators of non-traditional oil crops fields grown across the country.

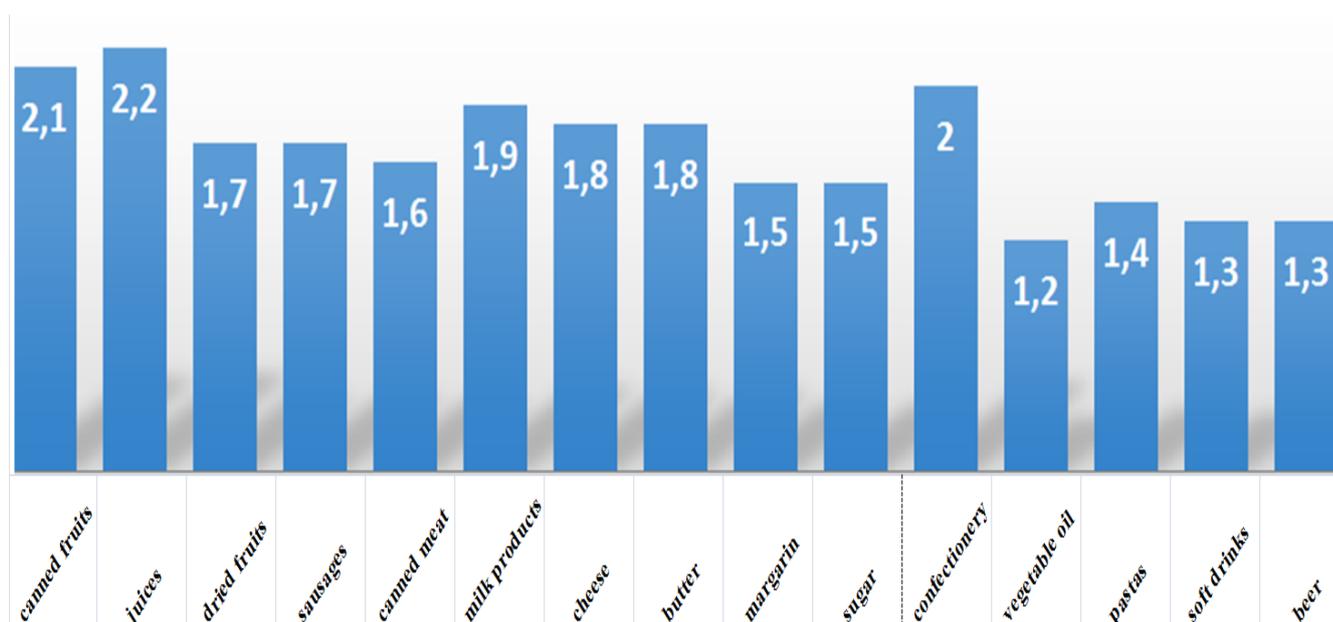
As a result of implementation of innovative technologies and the food industry modernization programs, the production volumes in 2019 will have increasing trends compared to 2014, shown in the picture (Picture 3.1.2).

In addition, as a result of the modernization programs to expand the production of food products of high industrial recycling process, the export volume in 2019 compared to 2014 will increase in the following amounts:

canned fruits and vegetables - 2,1 times;

fruit juices - 2,2 times;

dried fruits - 1,7 times.



**Picture 3.1.2. Production growth in 2019 compared to 2014<sup>56</sup>**

It is planned to master the USD 55,45 mln. in 2015 within the framework of 62 investment projects, which will help to create more than 350 new job places.

If to give a brief information on the Association of food industry companies, it has been established on the base of joining two associations “Fat-oil and food industry” and “Meat and dairy industry”, by the resolution of the first President of Uzbekistan №1633 on 31 October, 2011 about “Measures of further improvement of the management and development of the food industry for 2012-2015”.

<sup>56</sup> Authors developments.

Association is one of the most important sectors of agriculture and water resources, agricultural production and processing complex, and proved to be one of the most developed associations in Uzbekistan. The 38-40% of the food products in our Republic, are produced by the companies of the Association.

There are manufacturing enterprises in the Association, which produce the main share of products as vegetable oil, fat and oil, non-alcoholic beer, tobacco products, meat and dairy products, canned fruits and vegetables, including confectionery products, which determine the important stages of the food independence.

Milk and dairy products, meat and meat products, canned fruits and vegetables, vegetable oil, fat and oil, non-alcoholic beer, tobacco production is carried out at the expense of local raw materials. In the years of independence in Uzbekistan the significant works has been done on improving the system of fat and oil and food production industry.

As well as the large enterprises in the industry, there are a variety of small businesses in the different forms of privatization. This gives an opportunity to the development of the mixed economy sector.

The following are defined as the main tasks and activities of the Association:

- coordination of the activities of the food industry enterprises and organizations members of the Association, ensuring the protection of their rights and interests to be expressed, the implementation of measures introducing modern market and wide network of relations between processing enterprises, agricultural producers;

- organization of the marketing analysis of food products in the domestic and foreign markets, the development and implementation of programs, aimed at medium and long-term development of the industry, to support companies in the development and production of high-quality competitive products and in deep processing of raw materials, to supply with them the local markets and export;

- to study the advanced international experience in manufacturing of food products, in the process of modernization and technical re-equipment of production, in the introduction of innovative and high-performance technologies, helping to the to different area companies in attracting investments and mainly foreign direct investments;

- in process of standardization and certification of products produced by enterprises, assist the implementation of modern systems of evaluation of the quality accepted in all over the world;

- to improve the mechanism of mutual relations of fat and oil enterprises with cotton producers. To ensure the observance of established norms of cotton oil output and necessary regulations of the sale of the product by enterprises;

- information services to enterprises, training, retraining and skills development of the personnel.

As a result of our research, it is clear that there are the regions awaiting the investments into the process of development and modernization of the food industry (appendix –7). According to the table, there are 21 districts with the absence of meat processing enterprises, 18 districts with the absence of milk processing enterprises and 22 districts with the absence of fruit and vegetable processing enterprises in our Republic.

In 2015, in the Republic, it is planned to develop and implement the program aimed at the developing the production of ready localized products, spare parts and materials, which will also help to the establishment of many manufacturing enterprises (Table 3.1.2).

**Table 3.1.2. The list of projects aimed at the localization of production and production of import-substituting products in 2015, within the Association<sup>57</sup>**

<b>№</b>	<b>The initiator of the project</b>	<b>Localized product</b>	<b>Unit</b>	<b>Volume of production</b>	<b>Localization level, %</b>
1	"Melaza Agro Tech" Ltd	Starch	tn	5 000,0	65
2	"Mir skazok" Ltd	different types of caramel, chocolate candies and bars, chocolate marshmallow	tn	170,0	40
3	JV "Rossi" Ltd	different types of caramel, chocolate candies and bars, chocolate marshmallow	tn	78,0	40
4	"Momiq toy servis" Ltd	different types of caramel	tn	80,0	50
5	"Renesans Dizayn" Ltd	different types of caramel	tn	20,0	40
6	"Fatih Lazzat maya" PC	pressed bakery leaven	tn	2 000,0	40
7	"Qungirod sodium sulfate" PC	sodium sulfate	tn	10 000,0	100
8	JV "Integral invest" Ltd	oils	tn	1 000,0	60
9	"Uchqurgon yog" JSC	distilled glycerin	tn	350,0	80
10	"Urganch yog-moy" JSC	distilled glycerin	tn	80,0	80
11	JV "Integral invest" Ltd	distilled glycerin	tn	250,0	80
12	"Euros nab Production" JV	taste addings for the food products	tn	500,0	40
13	"Rash milk" Ltd	dried milk	tn	190,0	95
14	"Shaxrihon-sut" Ltd	dried milk	tn	130,0	95
15	"White milk Invest" Ltd	dried milk	tn	110,0	95
16	"Yangiyul-sut" Ltd	condensed milk	tn	30,0	86
17	"AGRO BRAVO" Ltd	condensed milk	tn	70,0	95
18	JV "Marmax" Ltd	tinned fish	tin	80,0	60
19	JV "Integral invest" Ltd	technical salomas	tn	3 801,0	89
		foodsalmomas	tn	6 448,0	94

<sup>57</sup> Authors developments.

In 2015, as a result of implementation of the localization projects in production of import-substituting products within the companies of the Association, the major changes are expected in the economy, such as finished products from local raw materials, manufacturing of import substitution and export oriented goods, which also will increase the hard currency inflows. In particular, there are, 20 products in the list of localization with planned localization level up to 40-100%. Putting into operation this projects, will create new areas for the economy`s sectors. And importantly, opening new job places will create new demand in the economy.

The support and preferences given to entrepreneurship and investment processes by the government in Uzbekistan, is giving an opportunity to bring investments into food enterprises, to start reconstruction and modernization processes (appendix -8). Which also will help to pick up the food service industry of the country into the new level.

### **3.2. Ways of improving the efficiency of attracting investments into the food industry in Uzbekistan**

According to the data, in the years of independence in our Republic, the attraction of investments reached USD 33,6 bln. All of these investments mainly were directed at development projects with strategic importance such as modernization, technical and technological renewal of the leading areas of the economy, development of transport and communications infrastructure.

In December 15, 2010, in order to develop the industry with sustainable, rapid and balanced trends, to diversify the main industrial sectors and provide growth of export potential, modernization of industrial complexes, technical and technological renewal of production for further increase in their efficiency and competitiveness, the resolution №1442 about “On priorities of industrial development of Uzbekistan in 2011-2015” of the first President of Uzbekistan was adopted. The comprehensive program of industrial development and modernization, technical and

technological renewal, a new large investment projects expected to be implemented, are reflected in this resolution, and following priority areas have been identified:

- development of well thought long term development prospects of the industry and the sectors that make the system, to diversify the economy;
- improving the competitiveness of our national industrial products,;
- deepening the structural reforms aimed at developing the energy, oil and gas, petrochemical, chemical, textile and light industry, ferrous metallurgy, machine and automotive, food, pharmaceutical sectors of our economy, in order to get worth while positions in the world, quality and deep processing of agricultural products, production of construction materials and products with constant demand in the world market, the raise the share of high value added competitive products production;
- modernization of large-scale industrial enterprises, technical and technological renovation, equipping them with most modern high-tech equipment, introduction of innovative technologies and modern scientific achievements in industrial sectors, expand the training of highly qualified personnel for industry;
- diversification of production, on the basis of the deep processing of local raw materials, achieve the sustainable growth in the export potential, increasing production of competitive export oriented industrial products;
- further development of industrial cooperation and localization of production, development of small business and private entrepreneurship in the industrial sectors, building industrial enterprises in all regions of the country and by this creating new job places;
- increasing the labor productivity, gradual reduction of production costs, introduction of energy and resource-saving technologies, improving the production processes, decreasing the in efficient spending;

- systematic implementation of international quality standards and technical regulations to the industrial production to ensure its competitiveness in foreign markets.<sup>58</sup>

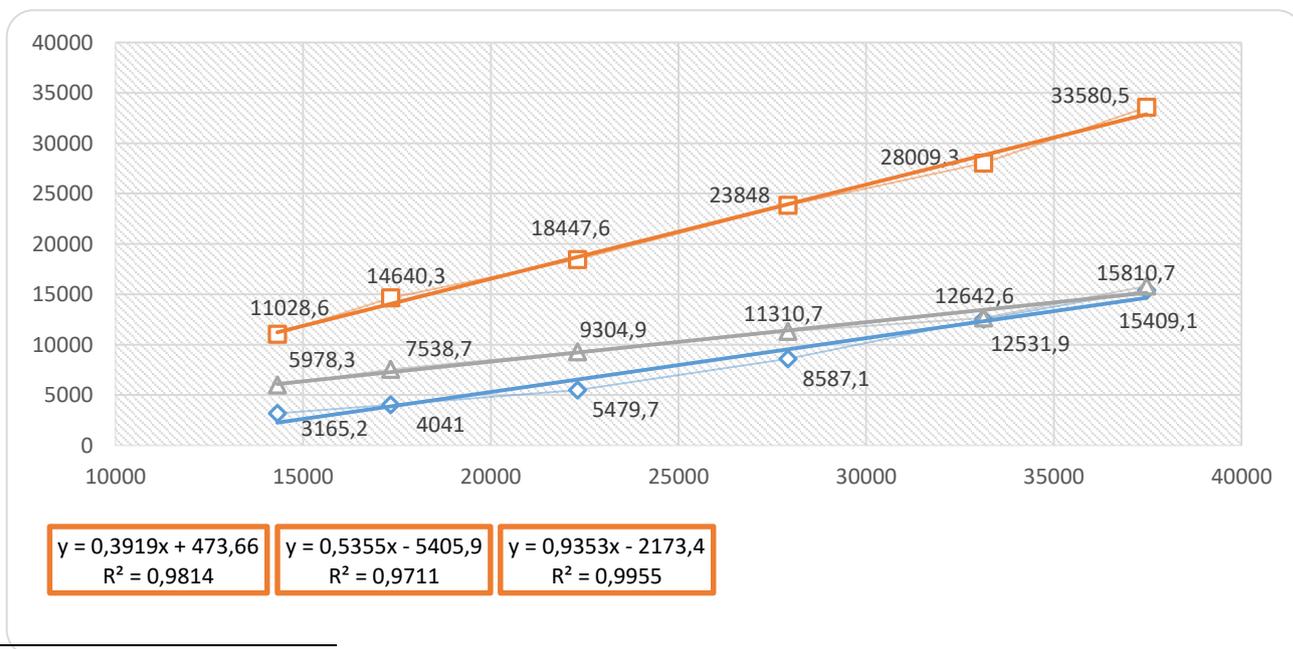
To implement the above mentioned priority directions, it is planned to attract USD 50 bln. investments in 519 projects. 260 of this projects are with approved funding sources of USD 30,07 bln.

Developing new investment projects by the list of them:

- 99 large sectoral projects with USD 6,03 bln. funding,
- 442 regional projects with USD 412 mln. funding.

It shows an average USD 10 bln. investment funds will be attracted into the economy each year for the development of the industry. This in turn, gives an opportunity to create new job places and formation of an extraincome, at the time ensuring the growth of the main macroeconomical indicator GDP.

**Picture 3.2.1. Connection between GDP and investments, industrial and agricultural products.<sup>59</sup>**



<sup>58</sup>Ўзбекистон Республикаси қонун ҳужжатлари тўплами. 2010 йил, 50-сон, 472-модда.

<sup>59</sup> Ўзбекистон Республикаси И.А.Каримовнинг 2010 йилда мамлакатимизни ижтимоий-иқтисодий ривожлантириш яқунлари ва 2011 йилга мўлжалланган энг муҳим устувор йўналишларига бағишланган Ўзбекистон Республикаси Вазирлар Маҳкамасидаги “Барча режа ва дастурларимиз Ватанимиз тараққиётини юксалтириш, халқимиз фаровонлигини оширишга хизмат қилади” мавзусидаги маърузасини ўрганиш бўйича Ўқув-услубий мажмуа. Тошкент: Иқтисодиёт. - 2011. – 376 бет.

If to analyze the data on the basis of correlation and regression analysis, there are a number of factors affecting the development of GDP, particularly, if the linear correlation of GDP and investments are calculated by statistical numbers entered in EXCEL program, the following function will appear (Picture 3.2.1):  $y = 0,535x - 5405$ .

From this equation we can view, when the other factors are unchangeable, the effectiveness of multiplier is equal to 2,15. From which we can conclude that the 1 bln.soum growth in the volume of investments will lead to 2,15 bln.soum growth of the GDP.

The correlation between GDP and industrial and agricultural products could be seen separately. The linear correlation equation between GDP and the volume of industrial production is  $y = 0,935x - 2173$ , agricultural production and GDP is  $y = 0,391x + 473,6$ .

As it could be seen in the picture, the high linear correlation of GDP is with industrial production capacity meaning correlation coefficient of variables is equal to 0,935. This indicator respectively is equal to 0,535 with investments, and to 0,391 with agriculture. Which means, in the future, the indicator which will be affecting the GDP growth is the change in the production of industrial products..

For this reason, the president of our country is mainly focuses on development of the industry in rural areas and reducing excess employment in agriculture. And paying a great attention to the development of representatives of the middle class, small business and private entrepreneurship. The importance of the middle class, small business and private entrepreneurship, in modernization and renovation of our country can not be compared to anything.<sup>60</sup>

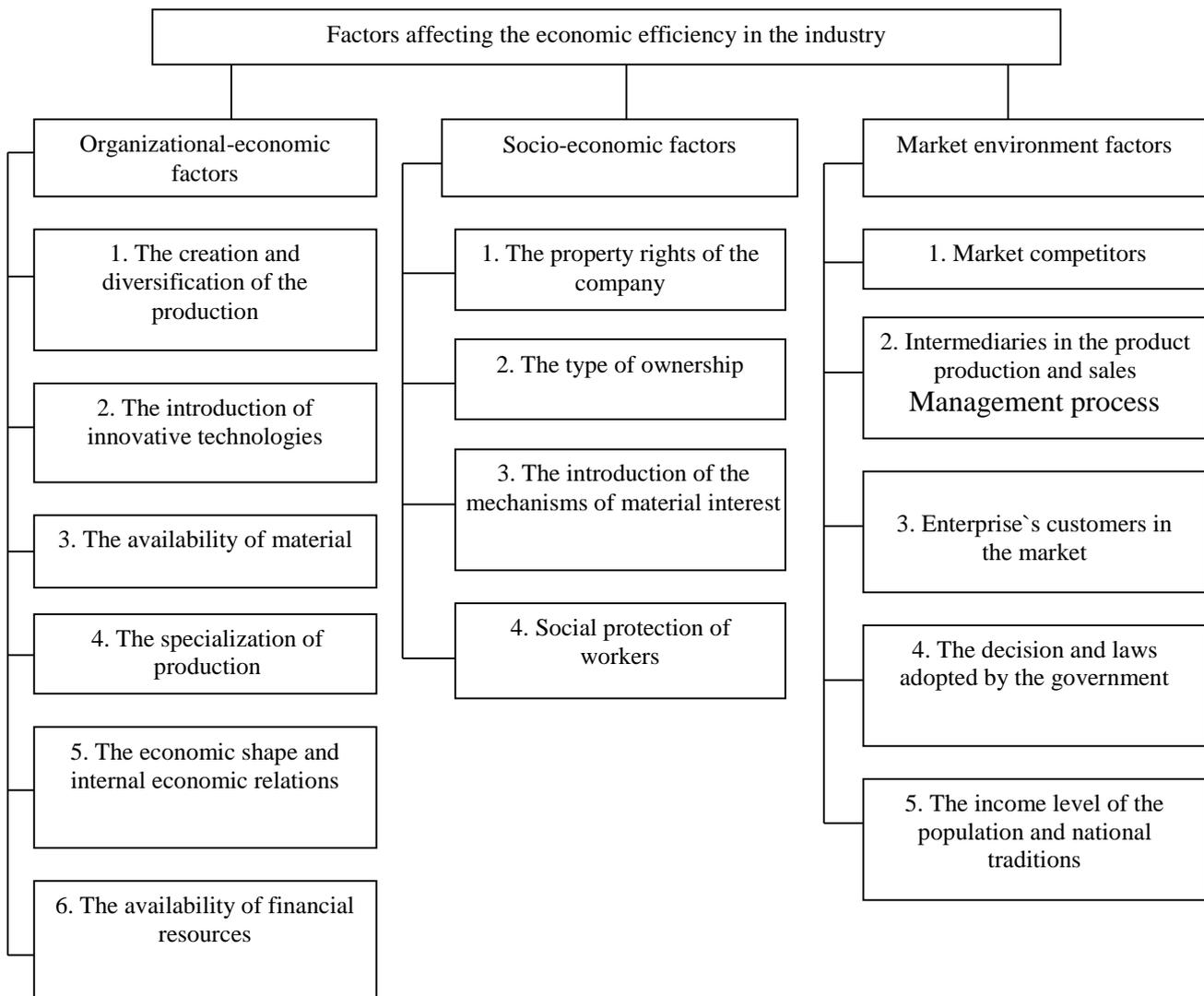
---

<sup>60</sup> “Барча режа ва дастурларимиз Ватанимиз тараққиётини юксалтириш, халқимиз фаровонлигини оширишга хизмат қилади”. Ўзбекистон Республикаси Биринчи Президенти И.А.Каримовнинг 2010 йилда мамлакатимизни ижтимоий-иқтисодий ривожлантириш яқунлари ва 2011 йилга мўлжалланган энг муҳим устувор йўналишларига бағишланган Ўзбекистон Республикаси Вазирлар Маҳкамаси мажлисидаги маърузаси. Халқ сўзи, 2011 йил 22 январь, № 16.

There are specific requirements of inclusion of projects into the state investment program. These are: the availability of approved technical and economic basis of the investment project; identified sources of funding and the payment of the loans in the term approved by the; readiness of the project passport and detailed information about the project carried out by initiator of the project.

Summarizing the comments and suggestions mentioned, following suggestions can be given to increase the effectiveness of investments:

- to ensure the guarantee demand of the commercial structures the formation of the system of guaranteed funds;



**Picture 3.2.2. Economic factors affecting the efficiency in the industry<sup>61</sup>.**

<sup>61</sup>Authors developments.

- in order to encourage the residential investment further development of the securities market, issuance of various securities;
- in order to accelerate the structural and technological reconstruction of production directing the portion of centralized lending resources to finance the short term investment projects, in particular directing into the small business and private entrepreneurship;
  - the widening of usage of non credit methods of financing the investment projects: leasing, franchising and factoring;
  - improving the quality of investment projects, establishment of the permanent operating investment projects exhibition and others.

In general, the level of efficiency of the investment projects is determined by the volume of investment and the future net income. Also, the analysis of the factors affecting the level of efficiency is one of the main problems every investor or entrepreneur has to deal with. According to the analysis, the impacts affecting the investments can be compared on the basis of following factors (Picture 3.2.2).

The main factors that affect the economic efficiency in industrial enterprises can be divided into three major groups. Organizational-economic, socio-economic and market environment factors are the these three main factors. Investors take into account this group of factors, while making decisions on investments into the production process.

The system of improving the economic efficiency of the production includes the following indicators:

- general indicators;
- indicators of increasing the efficient use of labor force;
- indicators of increasing the efficient use of investments, fixed assets and working capital;
- indicators of increasing the efficient use of financial resources.

### **3.3. Programs aimed at improving the efficiency of investments in the production of food products**

According to the decree №4609 on April 7, 2014 about “On additional measures for further improvement of the investment climate and business environment in the Republic of Uzbekistan” and resolution №927 on July 24, 2008 about “Measures for further improvement of the process of attracting foreign investments and loans, as well as on the development of implementation processes of them” of the first President of the Republic of Uzbekistan, the several state programs have been identified and are being introduced to attract foreign investments and loans aimed at improving the effectiveness and efficiency of the production processes. These programs are helping to improve the different factors affecting the entrepreneurs and businesses.

In particular, from October 1, 2014 the settlement of the investment proposals and projects passports between the initiators and the competent bodies of the public administration, is accepted in electronic form by “A single electronic database of investment proposals” of the Ministry of Foreign economic relations, investments and trade of the Republic of Uzbekistan. This system creates an opportunity to save the valuable time of the entrepreneurs and businesses.

A process of coordination within the cooperation scheme by the single electronic database system can be seen by the following picture (appendix -9).

The most important objectives of the program of modernization and technical re-equipment of the fat and oil industry companies in 2007-2011, are the following:

- to improve the quality of fat and oil products, increase the competitiveness and exports of it;
- to expand the production of high-demand products;
- the development of new types of products with high demand in the domestic and foreign markets;
- to reduce production costs and increase the efficiency of fat and oil industry.

There are more than 60 legal documents are introduced in the field of regulation of investment activity in the country.

The main laws are:

- the law on “Foreign investments”
- the law “About guarantees of the rights of foreign investors and measures of protecting them”
- the law “On investment activity”
- the law “About free economic zones”

Our President high lighted many times that, there is no development without investments. The attraction of USD 78,9 mln. of investments in 32 projects by the companies of Association in 2013, is due to this efforts. The growth by 3 times compared to the previous year and covering all areas of the food industry, should be noted in particular. According to the analyzes, the purpose of attracting the investment projects is not only to attract the investments, but also to develop the remote industrial areas, development of new industries, ensuring the employment of population. In addition, the innovative technologies are being emphasized, and there has been an increase in investment in production capacities based on innovative technology.

In particular, in 2016 within the framework of regional programs, 1895 investment projects are completed, creating nearly 27 000 new jobs places.

The introduction of modern technologies in the context of increasing competition in the sector, it is not designated as a priority accidentally. Because it is not possible to produce customers liked product without implementation of high-performance and efficient equipment. Therefore, the obsolete equipment of the companies within the Association are in the step-by-step modernization process.

This apart from increasing the productivity, helps to reduce the consumption of raw and auxiliary materials, save energy and other natural resources, and helps to reduce production costs. At the same time, increasing the production of consumer

goods that are beneficial to human health, and the use of alternative raw materials in this process is going to continue.

The economic development and the improvement of the living standards of the population of the any state, is directly related to the industry development.

Within the framework of the program of development of the industry for the period of 2011-2016, it is planned to launch more than 2 800 new enterprises. In particular, it is planned to launch 415 fruit, vegetable, meat and dairy products processing enterprises, and modernization and technical-technological renewal of 215 existing ones. By launching this new production capacities we will be able to process 75,1 thous.tonns of vegetables, 18,5 thous.tonns of meat and 56,7 thous.tonns of dairy products annually At present there are 150 companies in the Uzbekoziqovqatxolding company, which poducing products such as vegetable oils,margarine, sugar, mineral waters, confectionery, dairy, meat and fruit and vegetables.

In general, the role of investments in the industrial development is uncomparable, and the food industry requires more innovational investments than other types of industry because of its variability. This in turn, will require a rapid introduction of the innovations into the industry.

By studying the structural changes in the industrial sector we can analyze the effectiveness of investments. This can be done by learning the information given in the following table (appendix - 10).

The analysis of data of the table, a few conclusions related to the financial aspects of the development prospects of the country`s food industry, can be made:

1. There are 5 main sectors in the economy, determining the structure of industrial production of the country. This are, fuel (16,7%), light (15,4%), machinery (14,6%), precious metals (12,8%) and the food (12,2%) industries. The existence of food industry in this list, should be taken into the account when paying attention to the financial aspects of future development of the food industry.

2. The changes in the structural texture of production in the industry of

Uzbekistan can be divided into a few groups.

So, as can be seen from the above-mentioned conclusions, the food industry has one of the leading places in determining the structure of production of industrial products, and in the last years it has a tendency to strengthen it a bit more than the other sectors of the economy.

When we talk about the changes in the structure of industrial products production, it is natural that the growth in the share of one industry leads to a decrease on another sector. But in our opinion, if taking into the account the actual situation which was formed over the centuries, the high demand in food industry products, the existence of high qualified labor force serving for the high growth rates of the food industry, the high demand for the locally produced food products in the national and foreign markets and some other such factors, we think that it is not very correct that the changes in the structure of industrial products production could affect share of the food industry.

### **Conclusion on the third chapter**

By studying the main directions of improving the effectiveness of marketing researches of the market of the food products of the Republic of Uzbekistan, the following conclusions can be made:

1. The introduction of innovative methods into the development of the food industry of Uzbekistan, based on the following three trends:

- the increased volume of the demand for food commodities. The companies when producing the food products across the whole country, must ensure the production of low-cost products suitable for the entire population;

- the growing population of the city, requires the use of technological methods of providing them with food products;

- the stabilization of the prices of food products and the creation of a large production enterprises is required.

## CONCLUSIONS AND RECOMMENDATIONS

As a result of research in the innovational development of the food industry, the economic nature of the investments, the theoretical study of the specifics of the industrial enterprises and investments in the food industry and their efficiency, we can come to the following conclusions and recommendations.

1. The food industry, as a separate of the industry has the next special features:

- food industry, combines not all products manufactured by itself but only a part of it which is necessary for people's personal daily consumption needs.

- the consumer market of the food industry, even its not directly connected with the functional areas of agro-industrial complex consisting of complementing each-other production sectors, combines the manufacturing sectors specialized to meet the needs of the population in wide range of consumer goods and services.

- another of the main features of the food industry is the being specialized in complex variety of the final products. One of the main reasons for it is the methods of the technological affecting the food products raw materials.

- if looking from the production point of view, one of the unique aspects of the consumption of the food industry goods is the small distance between the raw materials and the ultimate consumer.

- the continuous availability and improvement of the system of distribution and consumption of products and goods in the food industry market (wholesale markets, suppliers and manufacturing enterprises, retail trade, catering divisions and etc.).

- consumer goods market of the food industry has not only the economic but also the social significance. It is the most important sector for the community, because of its function to serve to the different layers of the population coming out of the continual need of human for food products.

- continuous need for food commodities provides permanent operation for the food products market.

2. Agricultural market as a complex for production of food products defines market relationships on three following main sectors:

- as a network of suppliers and storers of raw materials;
- as a sector of processors of raw materials and producers of finished products;
- as a network of dealers selling finished goods.

3. Innovation - is the process of introduction of new knowledge and approaches in the form of news associated with the event.

Innovation can be taken as a result of socio-economic ideas, research, development, or new or excellent scientific and technical decisions. From mentioned above, we can conclude that "innovation" - is not a sectors or area of an activity, but its character.

If to an any activity or sector, which has an important place in the country's economy we implement noveltys such as knowledge, technology, approaches and others, then this case could be accepted as an innovation.

4. Innovational activity of the country, connection between the state and innovation in the economy can be characterized by the following dynamics of indexes:

- the total volume of innovative products;
- the share of innovative products in general volume of manufactured goods;
- the amount of innovation active enterprises and others.

5. The connections between innovations and the government's economic policy, and the mutual dependence has the following specific features:

- if from one side the change in the development of innovations with the correct aspect ratio to the economic conditions of the community is an important condition for strengthening the economic foundations of the state, the need to strengthen the economic foundations of the life of the state affects the directions and procedures of innovation usage from another side;

- relationships between the economy and the innovations carried out through the policy determining the quantitative and qualitative description of this

communication. Quantitative tendencies define the innovations as the main factor of attracting the necessary financial resources for the development of the state. Qualitative tendencies define the indicators that determine the efficiency of innovations necessary for the effective functioning of the.

6. The investments into the food industry of the Republic apart from the productivity increase, also reduces the consumption of raw and auxiliary materials, saves energy and other natural resources and contributes to the reduction of production costs.

7. In planning the investments into the food industry, the government should pay a special attention to the allocation of them by regions, ensuring the full coverage of the Republic's territories.

8. In 2015-2019, it is planned to implement a total of 391 major investment, attracting funds equal to USD 384 mln.. 330 projects from them are planned to implement by the Food industry companies association, attracting USD 235 mln., and 13% of them are the foreign investments. 8% of the total investments attracted into the food industry are the foreign investments. Which means that the majority of the investments attracted in 2015-2019 are contributed by national banks and enterprises. So we can say that the food safety measures in our country are at the expense of our national producers.

9. Analysis of the investment projects with planned implementation in 2015, shows that, it is planned to implement 983 new large and medium projects with funding equal to 389 876 mln.soums (Table 2.1.6). and creating 10 575 new job places. The largest number of this projects are to be implemented in the Tashkent city, 131 projects with funding equal to 51 983 mln.soums, creating 1410 new job places.

10. It should be noted that investments into the economy of the regions, help to develop not only the industrial enterprises in the areas, but it also ensures the development of the market and production infrastructure.

11. The introduction of innovative methods into the development of the food industry of Uzbekistan, based on the following three trends: - the increased volume of the demand for food commodities. The companies when producing the food products across the whole country, must ensure the production of low-cost products suitable for the entire population;

- the growing population of the city, requires the use of technological methods of providing them with food products;

- the stabilization of the prices of food products and the creation of a large production enterprises is required.

12. The main factors that affect the economic efficiency in industrial enterprises can be divided into three major groups. Organizational-economic, socio-economic and market environment factors are the these three main factors. Investors take into account this group of factors, while making decisions on investments into the production process.

13. When marking the effectiveness of the activities of the enterprises of the food industry, the usage of the system of evaluating the economic efficiency of industrial enterprises is recommended.

## LIST OF REFERENCES

### I. Normative legal acts of The Republic of Uzbekistan

1. Ўзбекистон Республикаси Конституцияси. – Т.: Ўзбекистон, 1992. – 46 б.
2. Ўзбекистон Республикасининг озиқ-овқат маҳсулотининг сифати ва хавфсизлиги тўғрисидаги 483-И-сон Қонуни. -Т.: Ўзбекистон, 1997 й.
3. “Фермер хўжалиги тўғрисида” Ўзбекистон Республикасининг Қонунига ўзгартириш ва қўшимчалар киритиш ҳақида» Ўзбекистон Республикасининг 2004 йил 26 августдаги 692-ИИ сон Қонуни. Ўзбекистон Республикаси Қонун ҳужжатлари тўплами.-Т.: “PressTIJ-Print” ЁАЖ., 2004. 40-41 сон.
4. Истеъмомчиларнинг ҳуқуқларини ҳимоя қилиш тўғрисида Ўзбекистон Республикасининг Қонуни 26.04.1996 й. N 221-И.

### 5. II. Proceedings of the first President of The Republic of Uzbekistan

#### Karimov I.A.

- 6.
7. “Дехқон ва фермер хўжаликлари давлат йўли билан қўллаб-қувватлаш ҳамда мамлакатни озиқ-овқат билан таъминлашда уларнинг ролини кучайтириш борасидаги чора-тадбирлар тўғрисида”ги Ўзбекистон Республикаси Президентининг 18.03.1997 й. пф-1737-сонли Фармони.
8. “Қишлоқ хўжалигида иқтисодий ислоҳотлар чуқурлаштиришнинг энг муҳим йўналишлари тўғрисида”ги Ўзбекистон Республикаси Президентининг 3226-сонли Фармони. 2003 йил 24 март. // Олий мажлис ахборотномаси. – Т., 2003 №. 3-4. – Б. 65-69.
9. Бозор ислоҳотларини чуқурлаштириш ва иқтисодиётни янада эркинлаштириш соҳасидаги устувор йўналишлар амалга оширилишини жадаллаштириш чора-тадбирлари тўғрисида. Тошкент шаҳри, 2005 йил 14 июнь.

10. Озиқ-овқат экинлари экиладиган майдонлари оптималлаштириш ва уларни етиштиришни кўпайтириш чора-тадбирлари тўғрисида”ги Ўзбекистон Республикаси Президентининг 4041-сонли Фармони. 2008 йил 20 октябрь. // Халқ сўзи. – Т., 2008 йил 22 октябрь.

11. Вазирлар Маҳкамасининг "Ўзбекистон гўшт ва сут саноати ("Ўзгўштсутсаноат") давлат-акционерлик уюшмасини бошқаришни такомиллаштириш ва унинг фаолиятини барқарорлаштириш чора-тадбирлари тўғрисида" 1996 йил 18 январдаги 30-сон қарорининг 8-банди.

12. Озиқ-овқат маҳсулотлари ишлаб чиқаришни кенгайтириш ва ички бозорни тўлдириш юзасидан кўшимча чора-тадбирлар тўғрисида мЎзбекистон Республикаси Президентининг ПҚ-1047-сон Қарори, 2009 йил 26 январь.

13. "Тараққиёт йўлида озиқ-овқат билан таъминлаш" дастури доирасидаги сув хўжалиги лойихасини молиялаштириш тўғрисида (ЎзР ВМ 07.03.2007 й. 45-сонли Қарори).

14. Савдо шохобчалари ва бозорларда гўшт маҳсулотларини сотишга кўйиладиган талаблар тўғрисидаги йўриқномани тасдиқлаш ҳақида Ўзбекистон Республикаси Адлия вазирлигининг 10.08.2006 й. 1610-сон билан рўйхатга олинган Ўзбекистон Республикаси қишлоқ ва сув хўжалги вазирлиги 13.07.2006 й. 6/2-сон, Ўзбекистон Республикаси соғлиқни сақлаш вазирлиги 4-сон ва Ўзбекистон Республикаси "Ўзстандарт" агентлигининг 255-сон Қарори.

15. Каримов И.А. Асосий мақсадимиз – юртимизда эркин ва обод, фаровон ҳаёт барпо этиш йўлини қатъият билан давом эттиришдир. Президент И.Каримовнинг Ўзбекистон Республикаси Конституцияси қабул қилинганлигининг 15 йиллигига бағишланган тантанали маросимдаги маърузаси // Халқ сўзи, 2007 йил 8 декабрь.

16. Каримов И.А. Барча ислохотлар ва ўзгаришларнинг асосий мақсади инсон манфаатлари устиворлигини таъминлаш // Халқ сўзи. – Т., 2008 йил 9 февраль.

17. Каримов И.А. Мамлакатимизни модернизация қилиш ва янгилашни изчил давом эттириш – давр талаби. Президент Ислом Каримовнинг 2008 йилда мамлакатимизни ижтимоий-иқтисодий ривожлантириш яқунлари ва 2009 йилга мўлжалланган иқтисодий дастурнинг энг муҳим устувор йўналишларига бағишланган Вазирлар Маҳкамаси мажлисидаги маърузаси // Халқ сўзи, 2009 йил 14 февраль.

18. Каримов И.А. Жаҳон молиявий-иқтисодий инқирози, Ўзбекистон шароитида уни бартараф этишнинг йўллари ва чоралари. –Т.: Ўзбекистон, 2009. – 54 б.

19. Ўзбекистон Президенти Ислом Каримовнинг мамлакатимизни 2014 йилда ижтимоий-иқтисодий ривожлантириш яқунлари ва 2015 йилга мўлжалланган иқтисодий дастурнинг энг муҳим устувор йўналишларига бағишланган Вазирлар Маҳкамасининг мажлисидаги маърузаси. // Халқ сўзи. 17.01.2013.

### **III. Books, monographs and textbooks**

20. Aaker D.A., Kumar V. and Day, G.S. Marketing Research (7th edition), John Wiley and Son Inc, New York, 2001.

21. Anholt S. Brand New Justice: the upside of global branding, Butterworth Heinemann, Oxford, 2003.

22. Anthony, Robert Newton, and James S. Reece. Management accounting: text and cases. Irwin, 1970.

23. Belverd E. Needles, Henry R. Anderson, James C. Caldwell. Principles of Accounting, Houghton Mifflin Company, 1990.

24. Connor J.M. Multinational Firms in the World Food Marketing System. Michigan State University, 1984.

25. Dave Patten. Successful Marketing for the Small Business. Published by Kogan Page, 1998.

26. Doyle P., Stern P. Marketing management and strategy. Madrid: Prentice Hall Europe, 2006.

27. Gilbert A. Churchill. Marketing Research: Methodological Foundations. Dryden Press, 1991.

28. Keynes, John Maynard, (1936) The General Theory of Employment, Interest and Money, London: Macmillan (reprinted 2007).

29. Kohls R. and J. Uhl. Marketing of Agricultural Products, Englewood Cliffs, NJ: Prentice Hall, 1997.

30. Lawrence J. Gitman, Michael D. Joehnk. Fundamentals Of Investing, published by arrangement with HarperCollins College Publishers, 1990.

31. Majaro S. International marketing. A strategic approach to world markets – Routledge, London, 1993.

32. Malcolm McDonald, Hugh Wilson. Marketing Plans: How to Prepare Them, How to Use Them, 7th Edition, Wiley, 2011.

33. Philip Kotler. Marketing Management. Tenth Edition, Pearson Custom Publishing, 2002.

34. Rogers L. The Barclays Guide to Marketing for the Small Business, Blackwell, 1990.

35. Rosenberg, Jerry M. Dictionary of Investing, New York: John Wiley & Sons, 1993.

36. Stone M., Woodcock N., Machtynger L. Customer Relationship Marketing, Kogan Page Limited, London, 2002.

37. Авдеева Р.В. Основные направления формирования маркетинговых информационных систем. Журнал «Маркетинг в России и за рубежом». 2005, № 4, 41–45 с.

38. Алексеев А.А. Маркетинговые исследования рынка услуг: Учеб.Пособие. - СПб:Изд-во. СПбУЭФ,1998. – 46 с.

39. Алферьев В.П. Аграрный рынок , - М.: ИНФРА-М,2002. –65 с.
40. Багиев Н.Л. и др. Маркетинг. Учебник, 2-е изд. –М.: “Экономика”, 2001, –183 с.
41. Бекмурадов А.Ш. Маркетинг: основы современного бизнеса (формирование, условия функционирования и перспективы развития.-Т.: Мехнат, 1992.-294 стр.
42. Беляев В.И. Маркетинг: основы теории и практики: учебник /4-е изд., перераб. и доп.- М.:КНОРУС, 2010, –680 с.
43. Беляевский И.К. Маркетинговые исследования: Информация, анализ, прогноз. Учеб. пособ. – М.: ФиС, 2004. –300 с.
44. Беркинов Б.Б. Организация маркетинговой деятельности предприятия. – Т.: ТДИУ, 1996. – 62 с.
45. Борким А.И. Маркетинговые исследования: Информация, анализ, прогноз. Учеб. пособ. – М.: ФиС, 2002. –72 с.
46. Герасимов Б.И., Мозгов Н.Н. Маркетинговые исследования рынка. – М.:Изд.Форум, 2009. –327 с.
47. Горячев А.А. Проблемы прогнозирования мировых товарных рынков. М.: Международные отношения, 2001. - 195 с.
48. Гулямов С.С. ва бошқалар. Маркетинг. Т.: Фан, 2005. –365 б.
49. Денисов В.П. Экономика-организационные основы при формировании рынка продовольственных товаров, 2003. –47 с.
50. Егорова В.Н. Теория и практика современного маркетинга: Полный набор стратегий, инструментов и техник.
51. Ерёмин В.Н. Маркетинг: основы и маркетинг информации: учебник,-М.:КНОРУС, 2010, –680 с.
52. Жалолов Ж.Ж. ва бошқалар. Бизнес маркетинг. Дарслик. Т.: Молия, 2006. –259 с.
53. Калюжной Н.Я., Якобсон А.Я. Маркетинг: общий курс: учебное пособие, 3-е изд., стер.-М: Издательство «ОМЕГА-Л», 2009, –476 с.

54. Ключаков В.А., “Инфраструктура аграрного рынка”, 2004,- стр. 110
55. Қосимова М.С., Абдухалилова Л.Т. Маркетинг тадқиқотлари. Ўқув қўлланма. –Т.: ТДИУ, 2010. – 157 б.
56. Куликов Л.М. Экономическая теория: учеб. - М. : ТКВелби, Изд-во Проспект, 2005, с.72.
57. Мотышина М.С. Методы и модели маркетинговых исследований: Учеб. пособие.- СПб: Изд-во СПбУЭФ, 1996. –72 с.
58. Очилов М.Ф. ва бошқалар. Маркетинг стратегияси, моделлари ва истиқболлаш. Тошкент, 1997. –123 б.
59. Пустуев А.Л., Система рынка продовольственных товаров, 2003.–87 с.
60. С.А. Николаева. Принципы формирования и калькулирования себестоимости,- М.:Финансы и статистики. 1995.-е 20;
61. Салимов С.А. Маркетингни бошқариш. Дарслик. –Т.: “Алоқачи”, 2010. –252 б.
62. Сатубалдин С.С. Учет затрат на производство в промышленности США. -М.:Финансы, 1980. - с 141.
63. Солиев А. Маркетинг. Бозоршунослик. –Т.:Иқтисод-молия, 2010.– 424 б.
64. Соловьев Б.А., Мешков А.А., Мусатов Б.В. Маркетинг: учебник.-М.: ИНФРА-М, 2010, –336 с.
65. Эргашхўжаева Ш.Ж. Стратегик маркетинг-II. Ўқув қўлланма. –Т.: ТДИУ. –272 б.
66. Юсупов М. Маркетинг (кўргазмалар ўқув қўлланма). – Т.: ТДИУ. – 2001. – 145 б.

#### **IV. Articles from scientific journals**

67. Abbott J.C. (1962), "The Role of Marketing in the Development of Backward Agricultural Economies," *Journal of Farm Economics*, March, pp. 349-362.
68. Bone P F., France K. R. (2003), "International Harmonization of Food and Nutrition Regulation: The Good and the Bad," *Journal of Public Policy & Marketing*, 22 (1), pp. 102-110.
69. Crockett J.A. Population Change and the Demand for Food. [www.nber.org/books/univ60-2](http://www.nber.org/books/univ60-2).
70. Dennis W. Carlton. The Theory of allocation and its implications for marketing and industrial structure. NBER Working Paper № 3786. July 1991.
71. Jappelli Tullio., Pistaferri Luigi. The consumption response to income changes. nber working paper 15739. 2010. [www.nber.org/papers/w15739](http://www.nber.org/papers/w15739).
72. Абатуров В. Продовольственная опасность. // Экономическое обозрение. Ташкент, 2007. №8. 50-54 с.
73. Азизов.А. Инновацион жараён, унинг урганилиши ва ахамияти. // Жамият ва бошқарув. - Тошкент, 2002 й. - №1. -48 б.
74. Ваҳобов А. Ўзбекистоннинг ЖСТга аъзо бўлиши: озиқ-овқат саноати ҳамда қишлоқ хўжалик маҳсулотларини қайта ишлаш соҳасида тўқтинликлар ва имкониятлар. // Ўзбекистон иқтисодиёти. -2006. -№1. 104-111б.
75. Джалалов С., Ризаев Б. Сравнительные преимущества Узбекистана на мировом рынке сельхозпродукции. // Экономический вестник Узбекистана. 1999. №12. 38-40 с.
76. Исахўжаев А. Экспортбоп миллий маҳсулотлар рақобатбардошлиги оширилиши. Ўзбекистон иқтисодий ахборотномаси. 1999. №12. 43-44 б.
77. Мамаев Б.Н. Жаҳон озиқ-овқат истеъмолининг иқтисодий, ижтимоий ва демографик хусусиятлари. // "Иқтисодиёт ва таълим" журнали, 2006, №5, 22-26 б.

78. Мамаев Б.Н. Озиқ-овқат бозорида ўрин эгаллашнинг маркетинг стратегияси. // “Ўзбекистон қишлоқ хўжалиги” журнали, 2001, №6, 25-27 б.

#### **V. Dissertations and abstracts of dissertations**

79. Бекмурадов А.Ш. Эффективность маркетинга средств производства. диссертация д.э.н.,1993.-293 с.

80. Жалолова Д.Ж. Истеъмол товарлари бозорида маркетинг тадқиқотлари. и.ф.н..дисс. автореф. ТДИУ, -Т.2008, 22 б.

81. Иватов И.И. Ўзбекистон деҳқон бозорида маркетинг фаолиятини ривожланишининг истиқболлари. и.ф.д..дисс. автореф. ТДИУ, -Т.2004, 53б.

82. Мадияров Ғ.А. Истеъмол товарларида маркетинг тизимини ривожлантирилиши. и.ф.н..дисс. автореф. ТДИУ, -Т.2008, 23 б.

83. Мамаев Б. Озиқ-овқат товарлари бозорларида маркетингтадқиқотларини такомиллаштириш. Номзодлик диссертацияси. Тошкент. 2011.25 б.

#### **VI. Collected papers of conferences**

84. Аралов Х.М. Деҳқон хўжаликларининг маҳсулот ишлаб чиқаришдаги самарадорлик кўрсаткичлари. “Ўзбекистон иқтисодиёти: эришилган ютуқлар, муаммолар ва ривожланиш истиқболлари” мавзуидаги республика илмий-амалий анжуман материаллари, Тошкент,2008. 129 -130 б.

85. Мамаев Б.Н. Бозор муносабатлари шароитида озиқ-овқат маҳсулотларимаркетинги. “Бозор иқтисодиётига ўтишнинг назарий ва амалий асослари” мавзуидаги республика илмий-амалий анжуман материаллари, Тошкент,1997. 110-111 б.

86. Салимов Б.Т., Салимов Б.Б. Фермер хўжаликларининг асосий иқтисодий кўрсаткичлари ўзгаришини эконометрик тадқиқ қилиш. “Ўзбекистон иқтисодиёти: эришилган ютуқлар, муаммолар ва ривожланиш истиқболлари” мавзуидаги республика илмий-амалий анжуман материаллари,

Тошкент,2008. 287-288 б.

87. Юсуфбеков Ш.Корхонада инновацион фаолият.Тошкент хакикати - 2005 йил. Ноябрь 2 б.

## **VII. Collection of statistics**

88. Ўзбекистон Республикаси Давлат Статистика қўмитаси маълумотлари. Тошкент, 1996-2010 йиллар.

89. Ўзбекистон Республикасининг 1996-2009 йилда ижтимоий-иқтисодий ривожланишининг асосий кўрсаткичлари. –Тошкент. Давлат статистика қўмитаси.

90. Социальное развитие и уровень жизни населения в Узбекистане за 2004, 2005, 2005, 2006, 2007, 2008, 2009,2010 -Ташкент: Госкомстат Республики Узбекистан.

91. «Экспорт-импорт Республики Узбекистан», статистик тўплам 1998,1999, 2000, 2001, 2002, 2003, 2003, 2004,2005, 2006, 2007, 2008, 2009, 2010 й.

## **VIII. Internet recourses**

92. [www.cer.uz](http://www.cer.uz)

93. [www.agro.uz](http://www.agro.uz)

94. [www.economy.uz](http://www.economy.uz)

95. [www.stat.uz](http://www.stat.uz)

96. [www.lex.uz](http://www.lex.uz)

97. [www.worldbank.org](http://www.worldbank.org)

98. <http://www.fao.org>

## **APPENDICES**

Structure of the foodstuffs market<sup>62</sup>

<b>Structure of the provision of agricultural products</b>	
<b>Manufacturers and suppliers</b>	<b>Form of subject</b>
Farms engaged in grain	Sales staff in the wholesale markets of agricultural products.
Farms engaged in cattle breeding	Enterprises on storage and processing of agricultural products
Farms engaged in poultry farming	Legal entities as mediators
Public companies importing food from outside	State companies for the purchase of goods from outside
Private companies importing food from outside	Commodity exchange
<b>Structure of food industry</b>	
<b>Manufacturers and suppliers</b>	<b>Form of subject</b>
Preparation and sale of food products	Individual entrepreneurs
Processing and canning	Entrepreneurs with large investments
Households producing raw materials and certain types of food	Individuals as mediators
Processors of animal products	Households and private entrepreneurs intermediaries

---

<sup>62</sup>Developed by the author.

**The investment program for the 2015-2019<sup>63</sup>**  
*(the enterprises of the food industry)*

№	Areas	Number of projects	Cost of project, mln USD			
				own funds	bank loan	foreign investment
	<b>TOTAL</b>	<b>330</b>	<b>235,0</b>	<b>84,0</b>	<b>120,0</b>	<b>31,0</b>
1	Processing of fruits and vegetables	162	82,0	28,0	38,0	16,0
2	Processing of meat and milk	106	65,0	25,0	33,0	7,0
3	Manufacture of confectionery products	29	64,0	25,0	40,0	-
4	Manufacture of other food products	33	24,0	7,0	9,0	7,0

---

<sup>63</sup>Compiled by the author on the basis of Food Industry Association information.

### Appendix 3

#### Existing problems of regional investment projects (by region)<sup>64</sup>

Regions	Problem projects total	Existing problems										
		own funds		bank loan		foreign investment		conversion of funds		buying equipment	adjustment of equipment	launch
		number	mln sum	number	mln sum	number	thousand USD	number	thousand USD			
Republic of Karakalpakstan	1	1	2,0			1	4,0					
Andijan region	7			7	210,0							
Bukhara region	15			9	2430,0			4	290,0	5	2	
Jizzakh region	1			1	80,0							
Kashkadarya region	11	4	85,0	7	536,0							
Navoiy region	2			2	35,0							
Namangan region	5			5	312,0							
Samarkand region												
Surkhandarya region	5			5	510,0							
Syrdarya region												
Tashkent region	1											1
Fergana region	2			1	300,0					1		
Khorezm region	5	3	340,0	5	610,0							
Tashkent city	4											4
<b>Total</b>	<b>59</b>	<b>8</b>	<b>427,0</b>	<b>42</b>	<b>5023,0</b>	<b>1</b>	<b>4,0</b>	<b>4</b>	<b>290,0</b>	<b>6</b>	<b>2</b>	<b>5</b>

<sup>64</sup>Compiled by the author on the basis of Food Industry Association information.

## Appendix 4

### Dynamics of output of industrial production per capita by the regions of Uzbekistan<sup>65</sup>

*(thousands sum)*

Regions	2008	2009	2010	2011	2012	Growth 2011/2010, %
Republic of Karakalpakstan	183,7	213,4	247,8	308,4	385,9	210,0
Andijan region	1 188,5	1 408,0	1 636,1	1898,3	2302,9	193,7
Bukhara region	618,1	660,3	847,2	1080,5	1195,3	193,4
Jizzakh region	272,4	283,5	346,8	445,2	516,2	189,5
Kashkadarya region	1 202,2	1 576,7	1 497,6	1566,2	1894,3	157,6
Navoiy region	3 599,3	3 715,7	4 098,1	4682,4	5606,2	155,7
Namangan region	197,9	238,8	328,6	440,1	528,5	267,1
Samarkand region	306,2	369,4	500,2	607,5	768,4	250,9
Surkhandarya region	200,5	226,3	293,1	344,5	401,5	200,2
Syrdarya region	355,6	441,6	537,0	766,4	893,4	251,2
Tashkent region	1 189,7	1 291,0	1 619,9	1993,3	2353,5	197,8
Fergana region	775,2	815,6	874,4	1056,1	1116,7	144,1
Khorezm region	228,8	259,6	304,2	410,3	485,3	200,3
Tashkent city	1 583,4	1 988,1	2 661,8	3533,5	4599,7	290,5
<b>Republic of Uzbekistan</b>	<b>867,3</b>	<b>1008,7</b>	<b>1189,4</b>	<b>1419,7</b>	<b>1705,5</b>	<b>196,6</b>

<sup>65</sup>Compiled by the author based on data from the State Statistics Committee of Uzbekistan.

## Appendix 5

### Dynamics of investment to the regions of Uzbekistan per capita<sup>66</sup>

*(thousands sum)*

Regions	2009	2010	2011	2012	Growth 2012/ 2009, %
<b>Republic of Uzbekistan</b>	<b>449,8</b>	<b>541,1</b>	<b>623,4</b>	<b>741,1</b>	<b>164,8</b>
Republic of Karakalpakstan	401,2	278,9	499,1	672,7	167,6
Andijan region	175,9	214,2	276,9	416,7	236,9
Bukhara region	1522,1	1270	1597,3	1342,5	88,2
Jizzakh region	206,8	317,8	437,7	520,4	251,6
Kashkadarya region	845,8	638,7	696,2	1007,2	119,1
Navoiy region	692,9	1980,2	1465,7	1762,8	254,4
Namangan region	213,1	236,5	276,3	298,4	140,0
Samarkand region	177,9	259,8	337,4	404,5	127,3
Surkhandarya region	248,6	271,3	298,3	360,7	145,1
Syrdarya region	291,1	529,4	725,2	833,3	286,3
Tashkent region	482,9	578,1	780,8	679,3	140,6
Fergana region	216,7	272,7	354,1	418,2	193,0
Khorezm region	141,6	226,6	318,4	400,5	282,8
Tashkent city	896,5	1459,9	1524,2	2155,9	240,5

<sup>66</sup> Compiled by the author based on data from the State Statistics Committee of Uzbekistan.

Production and exports of foodstuffs<sup>67</sup>

Foodstuff name	Unit	2014	2019 (forecast)	2019 relative to 2014	
				Growth, %	Difference +,-
<b>Production</b>					
Canned fruit and vegetable	mln convent. jar	567,2	1192	<b>2,1 times</b>	<b>624,8</b>
Fruit juice	mln convent. jar	332,4	731,3	<b>2,2 times</b>	<b>398,9</b>
Dried fruit	thousand ton	151	256,7	<b>1,7 times</b>	<b>105,7</b>
Cooked meats	thousand ton	31	52,8	<b>1,7 times</b>	<b>21,8</b>
Cannedmeat	mln convent. jar	4,8	7,5	<b>1,6 times</b>	<b>2,7</b>
Milk and dairy products	thousand ton	559,2	1036,1	<b>1,9 times</b>	<b>476,9</b>
Butter	thousand ton	9,4	17	<b>1,8 times</b>	<b>7,6</b>
Cheese and sheep cheese	thousand ton	9,1	16,3	<b>1,8 times</b>	<b>7,2</b>
Margarine	thousand ton	40	59	<b>1,5 times</b>	<b>19</b>
Sugar	thousand ton	415	610	<b>1,5 times</b>	<b>195</b>
Confectionery	thousand ton	49	98,2	<b>2,0 times</b>	<b>49,2</b>
Vegetable oil	thousand ton	266,5	321,4	<b>120,6</b>	<b>54,9</b>
Nonalcoholic beverage	mlndal.	52,1	70	<b>134,4</b>	<b>17,9</b>
Beer	mlndal.	22,8	29,4	<b>128,9</b>	<b>6,6</b>
<b>Export</b>					
Canned fruit and vegetable	thousand ton	12,1	26	<b>2,1 times</b>	<b>13,9</b>
Fruit juice	thousand ton	16,6	34,7	<b>2,1 times</b>	<b>18,1</b>
Dried fruit	thousand ton	79,4	174,7	<b>2,2 times</b>	<b>95,3</b>

<sup>67</sup>Compiled by the author on the basis of Food Industry Association information.

Districts where there are no enterprises for processing of meat, milk, vegetables and fruit<sup>68</sup>

Regions	Districts without enterprises for processing of meat	Share of district in the region's meat production, %	Districts without enterprises for processing of milk	Share of district in the region's milk production, %	Districts without enterprises for processing of fruit and vegetable	Share of district in the region's fruit and vegetable production, %
Republic of Karakalpakstan	Chimboy	7	Tortkul	17		
	Ellikkala	12				
Andijan region	Balikchi	7	Buloqboshi	7	Pakhtaobod	8
	Izboskan	7			Jalaquduq	9
Bukhara region	Peshku	8	Qorakul	11	Ramitan	7
	Shofirkon	9			Gjduvon	11
Jizzakh region	Forish	10	Arnasoy	5	Zomin	7
	Zomin	14	Yangiobod	6		
Kashkadarya region	Qamashi	10	Qamashi	8	Guzar	7
	Chiroqchi	13	Chiroqchi	13		
Navoiy region			Navbahor	16	Khatirchi	34
Namangan region	Mingbuloq	6	Mingbuloq	6		
	Norin	7	Uychi	5		
	Uychi	6				
Samarkand region	Nurobod	6	Qushraobod	5		
Surkhandarya region			Qiziriq	7	Sariosiyo	
			Muzraobod	7		
			Jarqurgon	8		
Syrdarya region	Sardoba	15	Sardoba	16		
	Sayhunobod	14	Mirzaobod	10		
Tashkent region	Urtachirchik	9			Urtachirchik	9
	Chinoz	6				
Fergana region	Uchkuprik	6	Buvaydi	8	Fergana	7
					Dangara	4

<sup>68</sup>Compiled by the author on the basis of Food Industry Association information.

Khorezm region	Kushkupir	8	Khozaryasp	12	Gurlan	10
	Khozaryasp	11			Khiva	14
<b>Total</b>	<b>21</b>		<b>18</b>		<b>22</b>	

**Foundation of new enterprises for processing of fruit, vegetable and grapes and reconstruction and modernization of existing enterprises in 2013-2015<sup>69</sup>**

№	Regions	Total projects				hereof:							
		number	capacity, thousandton/year	cost, mln USD	number of organized job places	foundation of new enterprises				reconstruction and modernization			
						number	capacity, thousandton/year	cost, mln USD	number of organized job places	number	capacity, thousandton/year	cost, mln USD	number of organized job places
1	Republic of Karakalpakstan	12	2,6	2,7	91	9	2,1	2,5	75	3	0,5	0,2	16
2	Andijan region	27	19,5	5,9	338	18	7,0	3,3	231	9	12,5	2,6	107
3	Bukhara region	19	3,4	2,0	140	15	2,7	1,5	125	4	0,7	0,5	15
4	Jizzakh region	25	10,3	7,2	377	22	9,8	6,8	348	3	0,5	0,4	29
5	Kashkadarya region	17	3,7	4,6	201	11	2,9	3,7	161	6	0,8	0,9	40
6	Navoiy region	12	2,1	1,5	78	10	1,5	1,2	68	2	0,6	0,3	10
7	Namangan region	21	14,1	4,5	407	18	10,9	1,6	257	3	3,2	2,9	150
8	Samarkand region	14	17,5	6,8	226	9	4,5	2,6	116	5	13,0	4,2	110
9	Surkhandarya region	33	9,2	5,9	439	25	6,5	3,1	245	8	2,7	2,8	194
10	Syrdarya region	18	1,8	3,0	219	16	1,5	2,9	214	2	0,3	0,1	5
11	Tashkent region	51	55,2	18,5	907	24	37,0	13,2	476	27	12,2	5,3	431
12	Fergana region	26	29,8	6,3	381	21	27,6	4,9	348	5	2,2	1,4	33
13	Khorezm region	23	17,8	12,4	332	18	13,8	11,3	317	5	4,0	1,1	15
	<b>Total</b>	<b>298</b>	<b>187</b>	<b>81,3</b>	<b>4136</b>	<b>216</b>	<b>127,8</b>	<b>58,6</b>	<b>2981</b>	<b>82</b>	<b>53,2</b>	<b>22,7</b>	<b>1155</b>

<sup>69</sup>Compiled by the author on the basis of Food Industry Association information.

## Appendix 9

### Scheme of the interaction based on a unified electronic database of investment proposals of the initiators of the project and the competent state bodies on investment proposals and projects passports involving the attraction of foreign investments and loans

Stages	Subjects	Measures	Due date
<b>Stage 1</b>	Project Initiators (ministries, agencies, associations, entities, local authorities)	<ol style="list-style-type: none"> <li>1. Filling in the electronic form of the investment proposal and the passport of the project involves the attraction of foreign investments and loans.</li> <li>2. Submit the investment proposal and the passport project to the Ministry of Economy for approval.</li> <li>3. Submit the approved investment proposal and the passport project to the Ministry of Finance (if the project involves the participation of international financial institutions).</li> <li>4. Submit the approved investment proposal and the passport project to the Ministry for foreign economic relations, investments and trade (if the project involves the participation of international financial institutions).</li> </ol>	<ol style="list-style-type: none"> <li>1. Within 30 days after approval of the State Investment Program and Regional Investment Programs.</li> <li>2. According to the information received.</li> <li>3. Within 10 days after receiving the proposal.</li> <li>4. According to the agreement.</li> </ol>
	The State Competition Committee	Filling in an electronic form on the privatization of state assets and for engaging potential foreign investors and submit to the Ministry for foreign economic relations, investments and trade.	If necessary.
<b>Stage 2</b>	Ministry of Economics	<ol style="list-style-type: none"> <li>1. Formation of a consolidated list of perspective investment proposals for further development of tasks in attracting foreign investors and creditors by the Ministry for foreign economic relations, investments and trade.</li> <li>2. Review and approval of investment proposals and projects passports providing to attract foreign investments and loans.</li> </ol>	<ol style="list-style-type: none"> <li>1. According to the approval of the consolidated list of perspective investment proposals and Regional Investment Programs.</li> <li>2. Within 10 days after receiving the proposal.</li> </ol>
	Ministry of Finance (if involved foreign loans)	Review and approval of investment proposals and projects passports providing to attract foreign loans guaranteed by the government.	Within 10 days after receiving the proposal.
<b>Stage 3</b>	Ministry for foreign economic relations, investments and trade	Approval of investment proposals and projects passports providing to attract foreign investments and loans, and online announcement at the website of the agency "Uzinfoinvest"	Within 3 days after approval of proposal with the Ministry of Economy and Ministry of Finance.

## Appendix 10

### The structure of output of industrial production of the Republic of Uzbekistan and the share of the food industry in it<sup>70</sup>

(%)

№	Sectors of industry	Year															Average
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
1.	Electric-power industry	8,1	7,7	9,1	10,9	11,3	10,0	9,4	8,6	8,7	8,1	7,9	7,7	7,5	7	8	<b>8,7</b>
2.	Fuel industry	13,2	13,4	12,2	13,4	16,2	17,0	17,7	19,9	21,3	19,8	17,4	18,0	17,9	17	16,5	<b>16,7</b>
3.	Ferrous metallurgy	1,4	1,5	1,8	2,6	2,3	2,3	2,4	2,9	2,4	2,4	2,5	2,6	2,3	2	2,1	<b>2,2</b>
4.	Non-ferrous metallurgy	10,9	13,3	15,0	15,4	17,1	18,5	15,7	12,5	11,5	10,5	10,4	10,0	10,1	10	10,5	<b>12,8</b>
5.	Chemical industry	5,6	5,6	5,8	5,6	5,2	4,8	4,7	5,1	4,7	5,1	5,7	5,5	5,1	5	5,5	<b>5,3</b>
6.	Engineering industry	11,1	10,2	12,2	12,2	13,0	13,8	15,4	16,1	16,3	16,1	16,2	17,4	16,2	16	16,5	<b>14,6</b>
7.	Forestry	1,3	1,3	1,2	1,1	0,9	0,8	0,9	1,0	1,1	1,0	1,2	1,3	1,1	1	1,1	<b>1,1</b>
8.	Building materials	5,2	4,6	4,1	3,9	3,6	4,2	5,2	5,0	4,9	4,1	5,3	5,5	5,1	5	5	<b>4,7</b>
9.	Light industry	20,0	19,5	19,7	19,2	16,6	14,6	13,7	12,6	12,1	13,1	13,4	12,9	13,9	15	14,5	<b>15,4</b>
<b>10.</b>	<b>Food industry</b>	<b>12,6</b>	<b>14,3</b>	<b>12,3</b>	<b>9,5</b>	<b>8,2</b>	<b>8,9</b>	<b>9,3</b>	<b>10,7</b>	<b>11,4</b>	<b>12,8</b>	<b>14,0</b>	<b>13,2</b>	<b>13,5</b>	<b>16</b>	<b>16</b>	<b>12,2</b>
11.	Others	10,6	8,6	6,4	6,3	5,5	5,1	5,4	5,6	5,0	5,6	6,0	5,9	7,3	6	4,3	<b>6,2</b>
<b>Total</b>		<b>100,0</b>															

<sup>70</sup>Predicted indicators for 2014-2015, <http://www.iqtisodiyot.uz>.

Appendix 11

Information about the main types of agricultural products collected in the reserve warehouses for the winter and spring period 2014-2015 year

Regions	Total capacity of reserve (thousand ton)	by products:							
		potato	onion	carrot	cabbage	fruit	watermelons, melons and gourds	rice	leguminous plants
Republic of Karakalpakstan	29,6	6,6	4,9	4,5	2,3	2,8	4,4	2,9	1,2
Andijan region	44,6	11,7	8,2	5,7	3,5	7,6	4,6	1,6	1,8
Bukhara region	32,4	8,0	4,6	5,0	2,6	6,4	2,7	1,8	1,4
Jizzakh region	22,3	4,7	4,6	3,5	1,3	3,9	2,3	1,2	0,8
Kashkadarya region	41,9	10,5	6,9	6,2	3,2	7,4	3,7	2,5	1,4
Navoiy region	26,6	6,7	5,2	3,6	2,5	4,2	2,4	1,1	0,9
Namangan region	48,2	12,9	7,7	6,9	3,4	9,6	4,4	2,1	1,3
Samarkand region	52,4	13,9	8,2	6,7	4,2	10,2	5,2	2,4	1,7
Surkhandarya region	31,9	8,8	5,5	4,0	2,4	4,9	2,0	3,1	1,1
Syrdarya region	15,5	3,9	3,1	1,5	1,2	2,2	1,8	1,1	0,7
Tashkent region	78,8	21,9	13,0	8,2	6,2	14,4	7,5	4,4	3,1
Fergana region	61,6	20,9	8,3	8,4	3,4	11,9	3,4	3,1	2,2
Khorezm region	31,5	8,6	5,2	4,4	2,0	3,7	2,0	5,1	0,5
Tashkent city	102,6	50,3	34,0	14,9	1,0	-	-	2,2	0,4
<b>Republic of Uzbekistan</b>	<b>620,0</b>	<b>189,6</b>	<b>119,3</b>	<b>83,5</b>	<b>38,9</b>	<b>89,3</b>	<b>46,5</b>	<b>34,6</b>	<b>18,3</b>

Appendix 12

Information about collected reserve agricultural products

Regions	Total capacity of reserve (thousand ton)	hereof:							
		Home consumption				Social institutions' needs			Large-scale enterprises needs
		Association "Uzulgurji-savdoinvest"	Agricultural markets	Farm enterprise and agro firms	Blank preparation shop	Public health service	Public education	Social security institutions	
Republic of Karakalpakstan	29,6	5,8	0,7	16,0	2,6	0,2	0,4	0,1	3,8
Andijan region	44,6	6,4	1,1	5,4	7,4	0,3	4,6	0,2	19,2
Bukhara region	32,4	5,7	2,7	0,6	14,7	0,3	2,0	0,1	6,3
Jizzakh region	22,3	1,3	0,9	3,8	15,0	0,3	0,9	0,1	-
Kashkadarya region	41,9	8,5	10,4	2,7	9,6	0,6	0,6	0,1	9,4
Navoiy region	26,6	2,0	1,2	6,1	9,9	0,1	1,9	0,03	5,4
Namangan region	48,2	6,8	2,9	25,0	7,1	0,5	2,9	0,1	3,0
Samarkand region	52,4	1,7	3,7	21,5	6,9	0,6	6,8	0,1	11,0
Surkhandarya region	31,9	4,4	2,5	7,4	10,5	0,7	3,3	0,06	3,1
Syrdarya region	15,5	3,1	1,5	3,2	3,9	0,2	1,2	0,04	2,3
Tashkent region	78,8	9,7	1,8	35,4	11,3	0,6	2,6	0,15	17,3
Fergana region	61,6	10,1	4,1	24,7	12,2	0,5	3,3	0,26	6,2
Khorezm region	31,5	6,2	0,3	9,5	10,9	0,2	0,9	0,04	3,3
Tashkent city	102,6	-	20,7	-	58,7	0,5	1,5	0,3	20,9
<b>Republic of Uzbekistan</b>	<b>620,0</b>	<b>71,7</b>	<b>54,5</b>	<b>161,4</b>	<b>180,8</b>	<b>5,7</b>	<b>33,0</b>	<b>1,6</b>	<b>111,2</b>

