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THE IMPORTANCE OF INVESTMENTS IN MODERNIZING INDUSRY OF UZBEKISTAN

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Abstract: This scientific article is devoted to the economic concept of innovations and investments under current processes of globalization ongoing in the world economy. In addition, the article provides research of interrelationship between innovation and investment processes. Basing on the research results the author has developed scientific proposals and practical recommendations aimed at activation of attracting investments in the modernization of the industry of the Republic of Uzbekistan.

Key words: innovation, investment, innovative investments, industry modernization.

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Introduction

During the period of economic reforms the objective of stabilizing the national economy and achieving high rates of economic growth is becoming a top-target issue.Therefore, a particular attention is paid to enhancing innovation and investment activities. Taking into account the objectives outlined in the "Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021" theyear 2019 has been named as "The Year of Active Investment and Social Development".Achieving economic growth and accelerating the development of the economic system on the basis of further intensification of investment activity requires a strategic interpretation of the economic nature of investments and the mechanism of their efficient use in the technological modernization of the manufacturing sector during the transition of the national economy to the market relations.The world experience illustrates that the state has achieved a steady growth of its own economy due to implementing an active investment policy. In this regard, the President of the Republic of Uzbekistan Sh.M.Mirziyoyev has stated that "The use of investments brings to the inflow of new technologies, advanced experience, highly-qualified professionals, and as a result the rapid development of entrepreneurship" (Message, 2018).

Currently in terms of economic conditions of strengthening competition in the world market, the issues of improving the branches and technological structures of the national economy, continuous renewal of the manufacturing process from the technic and technological aspects, implementing radical structural changes in the economy, steady implementation of modernization and diversification are crucially important and this fact substantiates the necessity of conducting comprehensive research in this area.

Literature review

Scientific works of foreign and domestic authors P.Samuelson, S.I.Abramovhave studied from the theoretical point of view such issues as investment market, financial provision for investment, development and efficiency of investment projects, the main investment sources, investment risks, investment climate in the country and the region, financial investment management, and methods for regulating government investment activities, as well as the relationships between investing and entrepreneurship(Abramov, 2000 and Samuelson, 1992).

Meanwhile, as the current practice sets forth new requirements for economics to reconsider many issues related to the economic growth and a comprehensive resource provision of economic systems for innovative development at all levels of economic systems. However, scientific literary sources haven't provided a thorough consideration of the mutual interrelationships in practice of managing various types of investments.It should be noted, that attracting investments in the economy, in particular, in the industry sector, will facilitate enhancing the competitiveness of the Republic of Uzbekistan, achieving its technical and technological re-equipment, promoting innovative approach to reproduction of investment resources at the regional and local levels, as well as obtaining a substantial increase in the relevance and efficiency of the measures developed and undertaken in this regard.

The economy needs the introduction of new techniquesand technologies to generate new industries and modernize their businesses, to supplement the consumer market with demanded goods and services, and finally to achieve social development of the aims of the society. Usually the basis for these resources constitute cash funds, bank deposits and placements, shares, technologies, machinery, equipment, patents, licenses, including trademarks, loans, as well as property and non-property rights, including intellectual and industrial property. These resources assessed by their value, constitute the main essence of the investments.

In the opinion of Romash M.B. and Shevchuk V.I., the interpretation of the concept "investments" served as the basis offormulating the main objectives of the investments (Romash, Shevchuk, 2004). In this regard it is necessary to introduce formation of resources in the structure for the production stage of the reproduction process.

In addition, during the modernization and technological re-equipment of the modern economy, formation of the following innovative resources is required:

a) new types of equipment, new technologies, new materials, new skills and knowledge;

b) restructuring of the main institutions of modern reproduction;

c)creating a new structure of capital;

d) structural reconstruction of economic systems and the entire national economy;

e) resource supply for the transition to the innovative development of the economy. This investment objective is determined by the fact that investment factors are objective and

dependent on innovation factors and their participation in scientific, technical and innovative activities;

f) solving the problem of employment, the group of social tasks related to the social sphere and other social benefits of investments;

g) regulating the priorities of the economic development.

According to this approach, the concepts of “investments” and “innovations”are interconnected. This is also evidenced by the classification of investments:

• financial resources (funds, targeted bank deposits, stocks, securities);

• tangible assets (machinery, equipment);

• intellectual property (patents, know-how, technology) (Romash, Shevchuk, 2004).

In the practice of international economic relations, these resources are divided into portfolios, solid (direct) and soft resources.Often, tangible and intellectual resources are represented in the role of innovation. It should be noted that in modern economic literary sources the following approaches are used to perceive the essence of innovations.

Supporters of the first approach, such as Hartmann Haushtajn, Lapin V. N., Valenta F., Santo B., Nikson F., Medynskiy V.G., Zavlin P.N. and other scientists-economists suppose that innovations represent a process of replacing new things, elements, methods, principles, and etc.

Representatives of the second approach Avsyannikov N.M., Kulagin A.S., Shumpeter Y. define innovations as new products (machinery), technology, methods, and etc. obtained as a result of the creative process (Avsyannikov 2002, Khujakulov 2017).

Alternatively, Keynes J., Pinningo I.P., Yakovets Yu., Rayzberg B.A., Lozovskiy L.Sh., Starodubtseva E. B., Dyakin B.G. when giving definition to the concept “investments” primarily determine investments as the object, and then as a process(Pinningo, 1990, Reisberg and Lozovsky 2002, Dyakin, 1996).

It should be noted that realization of innovations in terms of the industry, first of all, alongside with introduction of the technologies aimed at economizing energy and resources, causes reduction of the production facilities directed to the reproduction facilities; second, manufacturing of goods with the help of high-tech facilities and intellectual labour; third, alongside with the sales of products with the improved consumer value, determines the possibility to raise this profit.

Thus, innovation generally refers to changing processes or creating more effective processes, products and ideas.For businesses, this could mean implementing new ideas, creating dynamic products or improving your existing services. Innovation can be a catalyst for the growth and success of your business, and enables to adapt and grow in the marketplace.

In addition, innovations represent the sectors that provide high-tech structure of the economy, development and introduction of new technologies, production and export of highly competitive value-added products.

However, the high rates and efficiencyof the economic development are based not only on the amount of capital invested but also on the quality of the innovations implemented.However, the high share of investments in the construction of various non-production facilities indicates their low quality.This can cause the economic downturn of the mechanism of economic entities and the financial crisis under the conditions of non-product competitiveness.Active development of the investment-innovation process leads to the diversification of the industry, modernization of the key sectors of the economy, and the increase in inflows of the capital returns.This is evidenced by the fact that in the developed countries about 50-70% of the GDP growth is achieved by the application of the advanced technologies.

Thus, it is possible to conclude that “innovation-investment” is a single interrelated system, and more precisely, innovations provide a high level of investment.With the aim offormation of innovative investment factors and searching a new mechanism for their efficient use it is possible to reconsider such terms and concepts “innovation investing”, investments in innovations”, “investments in novelties”.

The research papers of scientists provide comprehensive study of the problem of reproduction of a new type of machinery and equipment and its features considering the characteristics of the market mechanism. In our opinion, the following peculiarities of the reproduction of the basic investment resource, such as new types of equipment, should be additionally suplemented:

• a separate integrity and innovation of all initial investment resources;

• the need to produce their properties at the stage of consumption, with the assurance of all new techniques until the end of the life cycle;

• a sharp increase in the significance of venture capital;

• science, industry and market integration;

• a substantially increased role of business resources.

The reproduction peculiarities of a sophisticated investment resources, such as new technologyare determined by the following cases:first of all, peculiarities as a resource center of technology (scientific and technical information, processes, materials, tools, a whole set of organization and management, production and (or) use of products); second, peculiarities of the economy, peculiar features of the case and its technological basis; third, with social and scientific-technical spheres, with the priorities of the entire economy.

The analysis of these circumstances provides the basis for determining the following characteristics of reproduction of new technologies, such as investment resources:

• scientific, technical, organizational-administrative, and a whole set of scientific knowledge;

• social, psychological and other knowledge. Their availability determines the ability of the economy to reproduce modern macroeconomic systems which are emerging as an innovative resource;

• a high level of labour intelligence at all stages of a single reproduction process, including the distribution-exchange process;

• the impact of the economic system on innovative development, renewal of production equipment;

• the inter-sectoral and inter-regional peculiarity;

•more gross efficiency of investment resources used;

•when reproducing new structural machinery achieving high integration of the market as a continuation of production at the stage of science, production and consumption;

• the use of the diversity of investment sources in practice, in particular, all types of capital (joint-stock, venture, depreciation, bank, bond, payable, etc.)

From the point of view of Samuelson P. (Samuelson, 1992), the term “investment” implies placing capital with the aim of getting economic and (or) social benefit; placing capital in the reproduction (its expansion and support); the current growth of the cost of capital property as a

result of production activity in that period; as well as the portion of retained earnings for that period.

It should be noted that the term “investment” has been defined by various scientists and economists in different ways. Investments are money, intellectual property, buildings, constructions that are not used for current consumption and thus can be used to get economic, social and other benefits in future.All the definitions of the “investment” concept constitute the basis for concluding that this aim can be achieved through investments in innovations.
Therefore, as a result of innovative activity, economic, social and other benefits are obtained after a certain period of time. It mainly complies with the term “investment” which has a long-term nature.

If we consider the concept “innovation”, many scientists, such as L.M.Gokberg, E.A.Utkin, S.I.Abramov in their research papers described the final outcome of the innovative activity expressed in the form of a new object or an improved product that has been introduced in the production in terms of scientific discovery or inventions(Abramov 2000, Utkin 1996).

In this case, it is necessary to divideand study investments step-by-step.If innovations are the result of scientific activity in the form of a concrete object, the stage from the idea emergence to the precise object production is a novelty that does not generate income at these stages, but will help to get future profit. This, in turn, complies with the term “investment”. Therefore it is required to distinguish the notions of “investments in novelties” and “investments in innovations”.

The next stage of our research is devoted to the consideration and definition of such concepts as “Innovative investing”, “Innovative investments”, “Investments in innovations”. Innovative investingis a new form of innovation investment (in terms of new sources of funding for innovation).Investments in innovations are the resources that are invested in the reproduction of innovation resources or attracted in the form of innovations (machinery, technology, new skilled personnel, information resources, intellectual resources, etc.).

Investments in novelties represent placements of the funds in fundamental, practical researches, developments or experimental elaborations in a certain sphere with the aim of enhancing its efficiency.Novelties may be represented in the following ways: discoveries, inventions, patents, trademarks, rationalization proposals, new or improved products, technology, management or production documentation; organizational, production or other structures, know-how, concepts, scientific approaches or principles, documents (standards, recommendations, methods, guidelines, etc.), marketing research results, etc.

Thus, investments constitute the basis of resource support for innovative activities and their unavailability leads to the process of creating and implementing innovations. Mutual interconnection betweeninvestments and innovations represented by the opportunity to make investments in economic, scientific, organizational, environmental, social and other areas and significant efficiency can be achieved only due to the applied innovative approach.

Research methodology

The research has been carried out on the basis of dialectical approach.An innovative and systematic approach to economical phenomena and processes has been applied in the research of innovation and investment processes.When developing conclusions of the data, such research methods as logical analysis, synthesis, generalization, induction and deduction have been widely used.

Analysis and results

Currently a particular attention is paid to the attraction of investments for the implementation of projects on structural transformations, modernization, technical and technological renewal of the national economy. In 2017-2021 as the result of implementing the Action Strategy on five priority directions in terms of “The Year of Active Entrepreneurship and Support of Innovative Ideas”, within the framework of the relevant government programmes 649 investment projects in the total amount of approximately 40 billion USD have been realized with the aim of deepening structural ransformations, modernization and diversification of the leading sectors of the economy and raising the competitiveness of the national companies. The implementation of these projects has been mainly carried out due to the resources of equity of companies, loans

extended by commercial banks and attracted foreign investments and credit lines. As a result within the 5 years period, the volume of industrial production will increase 1,5 times, its share in the GDP – from 33,6% to 36%, the share of the reproduction branch – from 80% to 85%.

In 2018, 18 official state visits have been made and agreements for 1080 projects worth 52 billion USD have been reached.The volume of joint investments with the World Bank, the European Bank for Reconstruction and Development, Islamic and Asian Development Banks, and other international financial institutions amounted to8,5 billion USD.Currently, 456 projects worth 23 billion USD are being implemented in our country due to foreign investments.

In 2019 it is planned to allocate about 138 trillion UZS for implementing investments which is 16% more than in 2018.In this regard, foreign direct investments (FDI) will increase almost 1,5 times compared to the current year and will reach the amount of 4,2 billion USD. As a result, 142 modern enterprises are expected to put into operation.

The main priority in industrial policy has become to improve the quality of institutional reforms and expand access to entrepreneurship activities, modernize and diversify industrial production, support the real sector of the economy, and implement industry-specific development programmes for the medium and long term perspectives.As a result of the modernization, technical and technological renewal of the industry, as well as the reduction of energy consumption in the sectors of economy and social sphere in 2015-2019, the implementation of the Energy Efficiency Measures Programme has resulted in a 7,4% decrease of the energy consumption in the GDP. In addition, the prime-cost of the products manufactured at large enterprises decreased by an average of 10,6% compared to the previous year.

Continuously modernizing the production of automotive industry, oil and gas complex, petrochemical machinery building, pharmaceuticals, textile industry, radio-electronics industry, and widespread use of scientific achievements in Uzbekistan is currently considered to be a top-target issue and requires a wide application of the advanced and cutting-edge methods and technologies.

The results of the analysis illustrate that the additional growth in industrial production in 1994 was 1,8% higher than in the previous year, however this indicator accounted for 8,5% in 2010 and 7,0% in 2017 and we can see 7,6% growth over the analyzed period of time (Table 1).

The share of industry in GDP has declinedto 2000, but has increased over the past few years.In other words, during the analyzed period we can see that in 2010 this indicator increased by 64,8% compared to 2002 and by 40,2% in 2017.

As a result, industrial production output in comparable prices in 2017 increased 1,67 times compared to 2010.It should be noted that over the yearsthe Gross Industrial Product (GIP) has demonstrated a higher growth than the Gross Domestic Product (GDP) of Uzbekistan.

Table 1

Dynamics of the main indicators of the industry

Indicator	Years									In 2017 in relation to 2010
	1994	1998	2002	2006	2010	2014	2015	2016	2017	
Industrial production (in current prices), trln. UZS	x	x	x	x	38,1	84,0	97,6	111,9	144,2	166,9
Additional growth of the industrial production, %	1,6	3,6	8,5	10,8	8,5	8,3	7,9	6,2	7,0	82,3
Share of industry in the Gross Domestic Product (construction sector included), %	17,0	14,9	14,5	22,1	23,9	24,2	33.0	32,9	33,5	140,2

Source: Industry of Uzbekistan. Collection of statistical materials. Tashkent: State Statistics Committee of the Republic of Uzbekistan, 2016. 32-p.; Industry of Uzbekistan. Collection of

statistical materials. Tashkent: State Statistics Committee of the Republic of Uzbekistan, 2006. – p. 27.

Table 2 illustrates that in 2005-2017 the share of fuel industry in the volume of investments in the fixed capital was relatively high.This fact is justified by the expansion of the modernization scope and the supply of natural gas and electricity to the population, industrial enterprises, services sector and other entities, as well as the rise in gas prices in the world market.

In accordance with the Decree of the President of the Republic of Uzbekistan "On the Program of further development of the textile and clothing-knitwear industry in 2017-2019" as of December 21, 2016, the programme for further development of textile and clothing-knitwear industry in 2017-2019 was approved.The document focuses on the modernization, diversification and accelerated development of the textile and clothing –knitwear industries, deep processing of cotton fiber and silk raw materials, extensive attracting foreign investments, and expanding volumes and types of ready, export-oriented products required for foreign markets.

Since January 1, compulsory sale of a part of earnings in foreign exchange gained from the export of non-food consumer goods from the textile and clothing –knitwear to authorized banks was abolished. By 2020spare parts and components (including those on a list), which are not produced in the country, imported technological equipment, components and spare parts, as well as equipment for textile and sewing-knitted sectorare exempted from import customs duties (customs clearance) except for official registration fees.

Table 2

Structure of the investments attracted in the industry of the Republic of Uzbekistan, in%

Industry branches	Years							
	2005	2010	2011	2012	2013	2014	2015	2017
Total in industry, including:	100	100	100	100	100	100	100	100
Energy	7,9	16,7	13,6	10,7	10,8	10,3	11,3	12,3
Fuel	25,9	23,4	31,0	39,10	42,3	48,1	52,9	46,9
Metallurgy	19,6	17,9	13,0	8,2	9,5	8,0	5,5	5,5

Chemical and petrochemical industry	6,9	4,2	3,0	6,7	5,9	4,6	5,8	4,5
Machinery construction and metallurgy	4,1	11,2	13,6	11,8	8,5	5,6	5,4	5,0
Construction materials	3,5	8,3	4,4	5,3	5,6	5,7	4,3	4,4
Light industry	15,2	8,4	10,5	8,6	7,9	6,9	4,4	6,1
Food	5,7	5,5	4,9	4,9	4,8	5,8	4,0	4,1
Others	11,2	4,4	6,0	4,7	4,7	5,0	6,4	8,2

Source: Developed by the author on the basis of the following collections of materials: Industry of Uzbekistan. Collection of statistical materials. Tashkent: State Statistics Committee of the Republic of Uzbekistan, 2016, p.44.; Industry of Uzbekistan. Collection of statistical materials. Tashkent: State Statistics Committee of the Republic of Uzbekistan, 2006. – p 36.; Industry of Uzbekistan. Collection of statistical materials. Tashkent: State Statistics Committee of the Republic of Uzbekistan, 2012. – p. 34. Statistical Bulletin of the Republic of Uzbekistan. January-December 2017, P. 60.

In this regard, anumber of foreign partners including Swiss “Rieter AG” have been manufacturing textile equipment. Integrated complexes “Uztex Group” and “Osborn Textile” have been created.In cooperationwith the major participants of the global textile industry, the performance of “LT Textile International” company, a joint venture for the production of cotton fiber, has been put into operation.

In compliance with the Programmefor structural transformations, diversification and modernization of production for 2018-2021, over 130 investment projects with the the total cost of2,5 billion USD are supposed to be implemented. Since July 1, 2017, the importance of the enteringinto force of the textile protocol between Uzbekistan and the European Union is expected to be further enhanced through the expansion of bilateral trade between textile goods and the EU.

In accordance with the programme on complex development of the silkworm breeding industry for 2017-2021, modernization of 20 silkworm seeds and 30 cocoon processing plants is going on.11 newly-established specialized enterprises for processing of silk-warm cocoons are expected to be put into operation by the end of this year. The world-wide known companies “Van De Wiele”, “Picanol” and “Reggiani” have signed contracts to purchase new technologies.Cooperation with the Italian Silk Road Association has been established in order to increase export potential and exit to the European market. The agreement on the establishment of the Italian Industrial Park and the production of ready-made silk products has been reached in Uzbekistan.

Currently “Uzcharmsanoat” Association has united 213 enterprises and pays a particular attention to attractinag investments, creatinag new modern enterprises, providing work for the employees and further comprehensive modernization.To pursue this aim, the Investment Programme by industry has been developed. According to this Programme72 investment projects are expected to be implemented.Expansion of the production capacity of the finished product will definitely increase the export potential of the enterprises operating in this industry.Thus, by 2025 exports of footwear made of leather are expected to amount to 1032 billion USD.

In compliance with the Resolution of the President of the Republic of Uzbekistan as of March 4, 2015 “On the Action Programme for providing structural changes, modernization and diversification of manufacturing in 2015-2019”, the process of modernization and diversification of the manufacturing is implemented in the following directions:

– establishing new capacities in the power industry and consistent modernization of operating ones;

– raising the volume of high added value products and extending their range in the oil, gas and petrochemical industry;

– diversifying manufacturing and export in the chemical industry;

– expansion of existing capacities on production of agricultural machinery, lorries and spare parts and establishing the new ones;

– improving the structure of textile and footwear industry;

– elaboration and development of high technological capacities for the production of electrotechnical equipment;

– establishing new capacities for production of equipment and accessories for information technologies;

– development of production of large-scale ecologically friendly construction materials;

– significantly expanding the range of goods and production of the pharmaceutical industry;

– expanding the capacities of the food industry.

Large investments will be made to the above mentioned industries to create and modernize existing facilities.In particular, for the development of new capacities for 2015-2019 investments in the total amount of 13676,9 mln. USD are expected to be made to create new facilities and 4 487,0 million USD are planned to attract for modernization.Most of these funds are primarily allocated to new construction.In particular, 79,4% of total investments planned for 2015-2019, and 85,8% of foreign investments and loans will be spent on construction of new objects and facilities.Considerable changes in the industry of Uzbekistan are observed due to attracting huge amount of investments in the modernization of industrial sectors and the provision of tax, customs and other benefits to the enterprises by the government.In particular, growth of industrial output in 2016-2019 will be ensured by over 9% per year.

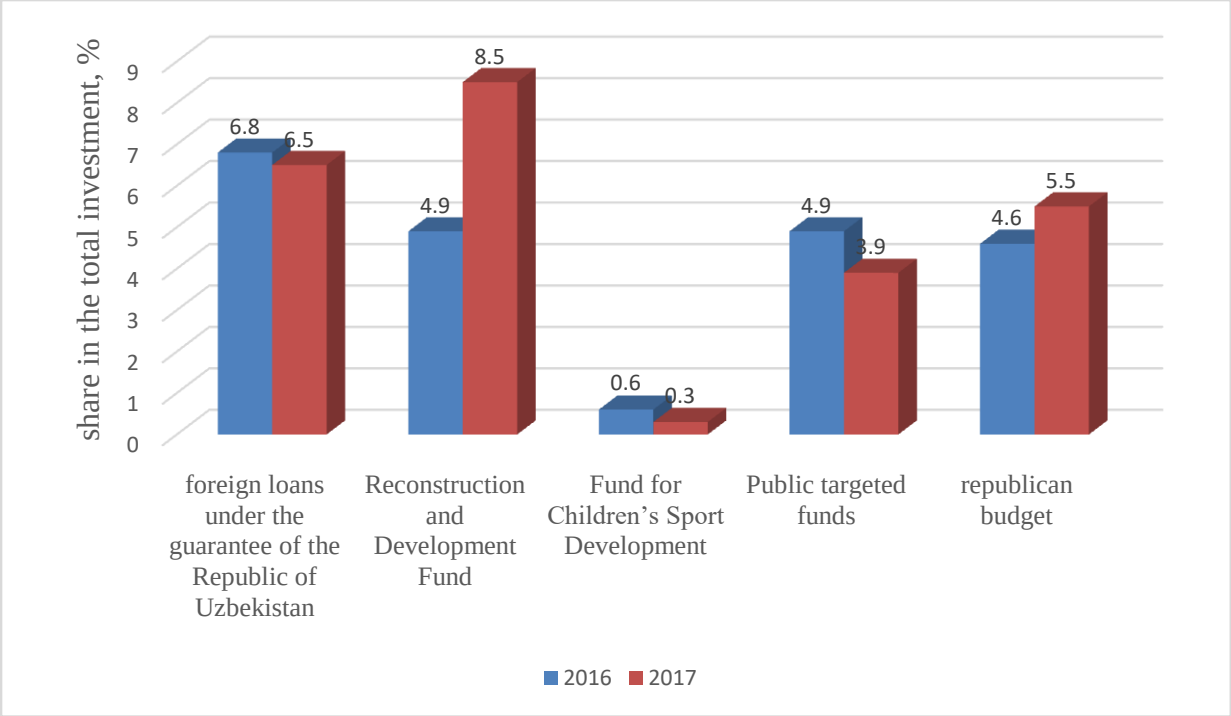

Figure1. Sources for financing centralized investments in the fixed capital

Source: Statistical bulletin of the Republic of Uzbekistan. January-December 2017. –T.: 2017. – P.65.

The following investment projects are implemented at the expense of the republican budget:

- electrification of Navoi-Konimex-Miskin railway line and putting into operation high-speed passangre trains;
- constructing company houses for the police inspectors of internal affairs authorities;
- measures for the development of irrigation systems, raising safety and reliability of the use of large and significant facilities.

The structural changes implemented in the industrial complex resulted in a number of positive shifts in the financialpolicy, pricing and monetary policies, as well as the measures undertaken to reform the economy as a whole.Reforming, restructuring, raising the share of private ownership in the industry, creating the basis for market-based management of industrial enterprises play an important role in the development of industry.In our country, since 2016 the industry structure has been modified in accordance with the requirements of the International Standard Industrial Classification of All Economic Activities (ISIC).

In this regard, the industrial sector is grouped into four sections of the ISIC: SectionB“mining and open-pit mining”, Secion C “manufacturing industry”, Section D, “electricity, gas, steam and air conditioning”, Section D“water supply; sewerage system, waste collection and utilization”.

Table 3

Structure (in%) and dynamics of the industrial production by types of economic activities

Indicators	**2010**	**2012**	**2014**	**2015**	**2016**	**2017**	2017 in relation to 2010, %
Total industrial production	100,0	100,0	100,0	100,0	100,0	100,0	166,9
B.Miningindustryandopen-pitmning	15,0	14,7	11,0	11,1	9,6	12,7	136,6
Coal, lignite, oil and natural gas extraction	10,7	10,8	7,1	7,2	5,5	8,1	148,5
Extractionofmetalores	3,6	3,3	3,2	3,2	3,2	3,7	114,0
Production of other types of mining industry	0,2	0,3	0,4	0,4	0,4	0,5	3,4 times
C.Manufacturing industry	73,8	75,8	79,9	79,0	80,3	78,1	177,3
Manufacture of food, beverages and tobacco products	18,0	18,3	20,4	22,4	23,9	19,6	182,0
Manufacture of textile,clothing, leather products	14,4	15,3	15,1	16,0	16,7	14,6	173,2
Manufacture of wood and cork, articles for textile and weaving, paper and paper products, furniture production	1,0	1,1	1,9	2,0	2,6	2,4	3,1times
Publishing and presenting written materials	0,5	0,6	0,6	0,6	0,8	0,9	2,7 times
Manufacture of peat coal and oil refining products	4,7	3,9	3,6	3,2	2,6	2,6	89,0

Manufacture of chemical products, rubber and plastic products	6,6	6,6	6,9	7,1	8,9	9,3	199,0

Source: IndustryofUzbekistan. Collection of Statistical Materials. State Statistics Committee of the Republic of Uzbekistan, 2016. –P.34.Statistical Bulletin of the Republic of Uzbekistan. January-December 2017. –T.: 2017. –P. 16, 37.

Structural changes in the manufacturing of industrial products and the share of sectors in the new structure according to the ISIC in our republic are summarized in Table 3.According to the data presented in Table 3, in 2010 15,0% of total industrial output was created in mining and open pit mining, 73,8% - in processing industry, however, in 2016 this indicator constituted 12,7% and 78% respectively. In 2017, compared with 2010, the volume of industrial production increased 1,67 times and constituted an average annual growth rate of 7,7%.If we compare the growth rates of some types of industrial products to the level of 2010, we can see that in 2017 these figures have grown several times [23].

Currently the basic factors of industrial development are expected to be:

- development of construction materials industry;
- raising efficiency of bank loans in the development of industry;
- processing of local raw materials;
- wide use of privileges and preferences created within the Localization Programme and International Industrial Fair and Cooperation Exchange;
- expansion of exports of goods produced, assistance in exporting production manufactured by small enterprises.

Conclusion and proposals

1.From the above-stated considerations it is possible to conclude that in spite of the crisis and various negative trends in the world economy occurred in recent years, significant positive results have been achieved in Uzbekistan and radical structural and qualitative changes are observed in the economic branches of our country. These factors, first of all, ensure an increase in the welfare of our people and enhancing our country's status around the globe, as well as provide a stable growth rate in the economy.

2. The process of achieving sustainable development of the national economy is directly related to innovation activities. This, in turn, implies implementation of an active investment policy.

3. With the aim of ensuring national economic growth, it is necessary to create a system of additional market incentives for innovative and investment development in the strategic perspective, taking into account the requirements of the national commodity-technological specialties in terms of natural resources availability and ecological security under current economic development of the country.

4. Economic growth is capable to provide the national economy with the necessary investment resources for qualitative changes and technological modernization of the production process.

5. In future, we offer the following directions of industry development in our republic:

- developing investment-oriented industries, developing research-based projects targeted to meet large-scale necessities;
- supporting innovative capacities at enterprises, establishing new enterprises requiring high scientific and technological level, as well as manufacturing new products that can compete with imported goods;
- accelerating the strategy of advanced countries to import modern technologiesto produce highly demanded industrial products;
- raising the share of small businesses and private entrepreneurship entities in the industry and others.

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