

DEVELOPMENT OF COMPETITIVE PRODUCTION BASED ON LOCAL RAW MATERIALS IN THE DISTRICT*Tokhirov Zafar Zarif ugli**Bukhara Innovation University**Master of Economics*

Annotation: This article analyzes the theoretical and methodological foundations and practical aspects of the production of competitive products based on local raw materials in the districts. The study studies the economic essence of local raw material resources, the relationship between competitiveness theory and local production. Trends in the use of local raw materials in Uzbekistan for 2015-2024, the increase in the number of manufacturing enterprises from 45,000 to 112,000, and the increase in production volume from 45.6 trillion soums to 287.4 trillion soums are analyzed based on statistical data. The article covers the main problems such as technological support, financial resources, marketing system and their economic consequences. Based on cluster approach, smart specialization, Industry 4.0 technologies and principles of circular economy, development perspectives and recommendations have been developed.

Key words: local raw materials, competitiveness, import substitution, cluster, smart specialization, circular economy, Industry 4.0

Abstract. This article analyzes the theoretical-methodological foundations and practical aspects of developing competitive products based on local raw materials in districts. The study examines the economic essence of local raw material resources, competitiveness theory and its relationship with local production. The trends in utilizing local raw materials in Uzbekistan during 2015-2024, including the growth of manufacturing enterprises from 45,000 to 112,000 and production volume increase from 45.6 trillion to 287.4 trillion UZS, are analyzed based on statistical data. The article highlights main problems such as technological support, financial resources, marketing system and their economic consequences. Development prospects and recommendations based on cluster approach, smart specialization, Industry 4.0 technologies and circular economy principles are developed.

Keywords: local raw materials, competitiveness, import substitution, cluster, smart specialization, circular economy, Industry 4.0

In the conditions of a modern economy, the effective use of local raw materials is an important factor of regional development. Within the framework of the economic reforms being carried out in the Republic of Uzbekistan, the development of production based on local raw materials has been identified as one of the priority tasks. This article analyzes the theoretical and methodological foundations and practical aspects of the production of competitive products based on local raw materials in districts.

The concept of local raw materials is interpreted differently in the economic literature. According to the definition of the Russian economist V.P. Orlov, "local raw materials are a set of natural resources located in a certain territory and capable of being used economically effectively" (Orlov V.P., 2020).

The English scientist M. Porter, in his theory of competitiveness, identifies local resources as “the main factor of national competitive advantage” (Porter M.E., 2019).

Local raw materials can be divided into natural (mineral resources, products of the plant and animal world), artificial (industrial waste, secondary resources) and mixed (processed natural resources) types by origin. In terms of economic significance, it is necessary to distinguish between types of raw materials that are strategic, have export potential and are intended for local needs.

A number of indicators are used in international practice to assess the economic efficiency of using the local raw material base. As the American economist R. Pindyck noted, “the efficiency of resource use is determined not only by their availability, but also by market conditions, technological capabilities and the institutional environment” (Pindyck R.S., 2021).

The concept of competitiveness is one of the fundamental categories of economic theory and is interpreted at different levels and contexts. According to the definition of K. Schwab, an expert at the World Economic Forum, “competitiveness is a set of institutions, policies and factors that are necessary for a country or region to achieve sustainable economic growth and improve the living standards of its population” (Schwab K., 2021).

M. Porter, in his famous “diamond” model, distinguishes four main factors that determine national competitive advantage: factor conditions, demand conditions, supporting and related industries, firm strategy and competition. When this model is applied in the context of local production, it is necessary to take into account regional characteristics and the resource base.

1-jadval.

Mahalliy xom ashyodan foydalanish samaradorligining asosiy ko‘rsatkichlari

Ko‘rsatkich nomi	Hisoblash formulasi	Me‘yoriy qiymat	Iqtisodiy ma’nosi
Resurs qaytimi	$RQ = YaIM / XAH$	> 1.5	Xom ashyo hajmi birligiga to‘g‘ri keladigan YaIM
Rentabellik darajasi	$R = (F - T) / T \times 100\%$	> 20%	Xom ashyodan foydalanish foydalilik darajasi
Material sig‘imi	$MS = XAH / IM$	< 0.7	Ishlab chiqarish material talabchanligi
Eksport salohiyati	$ES = XAE / UXA \times 100\%$	> 30%	Xom ashyo eksport imkoniyatlari
Import o‘rnini bosish koeffitsienti	$IOB = MIM / UIM \times 100\%$	> 60%	Mahalliyashtirish darajasi

In Uzbekistan, production based on local raw materials has shown significant growth in 2015-2024. If in 2015 there were 45,000 manufacturing enterprises operating in the republic, by 2024 this figure reached 112,000, that is, it increased by 2.5 times. The volume of production increased from 45.6 trillion soums to 287.4 trillion soums. Demand for local products has increased significantly in recent years. This trend was formed under the influence of import substitution policies, growth in incomes, expansion of export opportunities, and improvement in the quality-price ratio. The share of domestic

textiles in the domestic market increased from 45.2% in 2015 to 82.1% in 2024, and the share of food products from 62.4% to 90.2%.

There are a number of serious problems in the use of local raw materials. Firstly, the low level of technological support - more than 65% of industrial enterprises in the country operate with technologies that are more than 10 years old. Due to these outdated technologies, material and energy consumption is 30-40% higher than the norm, and the cost of products is significantly higher than that of competitors.

Secondly, there is a lack of financial resources and an unfavorable investment climate. The average interest rate on bank loans in 2024 was 16.2%, which is a very high indicator for small and medium-sized businesses. Due to problems with collateral, 60% of enterprises do not have access to credit.

Thirdly, shortcomings in the marketing and sales system. Most local manufacturers do not have modern marketing strategies, do not pay attention to branding, digital marketing is poorly developed. Only 35% of enterprises are active on social networks, 15% use CRM systems.

An integrated approach is needed to develop the production of competitive products based on local raw materials. First of all, it is necessary to widely introduce the cluster approach. 340 clusters created in Uzbekistan in 2019-2024 are showing their effectiveness - the level of raw material utilization in the cluster model is 92%, and in the traditional model - 65%.

The implementation of the "smart specialization" concept makes it possible to identify the specific competitive advantages of each district and develop an innovative development strategy based on them. For example, the Qibray district can specialize in high-tech production, the Urgut district in the bio-food cluster, and the Shafirkon district in smart textiles.

The introduction of Industry 4.0 technologies allows for an average 33% reduction in productivity, 21% reduction in costs, and 38% improvement in quality. Technologies such as IoT sensors, Big Data analytics, Cloud computing, artificial intelligence, and robotics dramatically increase the efficiency of using local raw materials.

Implementing the principles of the circular economy helps to maximize resource use and minimize waste. The transition from a linear model to a circular model allows for a 40% reduction in resource consumption, 35% reduction in energy consumption, and 47% reduction in water consumption.

Developing the production of competitive products based on local raw materials is one of the priority tasks of the Uzbek economy. The achievements made in 2015-2024 - a 6.3-fold increase in production volumes and a 3.1-fold increase in exports - indicate positive trends. However, serious problems remain in technological modernization, financial resources, the marketing system, and personnel training. Through the integrated application of the cluster approach, smart specialization, digital technologies, and circular economy principles, it is possible to increase the depth of processing of local raw materials by 95%, increase export volumes by 3.2 times, and create more than 500,000 new jobs by 2030. This requires public-private sector cooperation, investment attraction, personnel training, and continued institutional reforms.

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