

CURRENT ISSUES OF COMMODITY MARKET DEVELOPMENT IN UZBEKISTAN

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Abstract: *At the current stage of economic reforms in Uzbekistan, the implementation of deep structural changes and diversification in industry, modernization of production, technical and technological renewal, deep processing of local raw materials are among the priorities in the economy. The role of the commodity market in increasing the production of finished products is invaluable. Therefore, the state of development of the commodity market in Uzbekistan, the situation on the commodity market and the factors affecting it, the problems in the development of the commodity market, their solutions are described in this article.*

Keywords: *commodity markets, commodity market, diversification of industrial production, commodity exchanges, raw material resources, semi-finished products, consumer market, processing.*

INTRODUCTION

In the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021, the industry will be further developed by bringing high-tech processing industries, first of all, to a qualitatively new level aimed at accelerated development of high value-added finished products based on deep processing of local raw materials. the task of modernization and diversification is defined. Great attention is paid to the processing of fruits and vegetables and meat and dairy products, deepening the processing of non-ferrous and precious metals, chemical and hydrocarbon raw materials, expanding the production of finished leather shoes, pharmaceuticals, construction materials, finished textiles and knitwear. As a result, the development of the commodity market in Uzbekistan is now reaching a new stage.

In the commodity market, the supply of raw materials from suppliers who grow and prepare them to production enterprises, the organization of trade in raw materials, the establishment of distribution channels are among the most pressing issues. This is because the continuous operation of manufacturing enterprises, the timely satisfaction of their demand for raw materials also depends on the supply of raw materials.

Therefore, in accordance with the Resolution of the President of the Republic of Uzbekistan dated October 8, 2019 "On measures to increase the efficiency of commodity exchanges and further improve the mechanisms of exchange trading" in the country to liberalize the economy and reduce administrative regulation, the market for highly liquid and monopoly products Consistent measures have been taken to introduce modern information and communication technologies in the exchange's activities in order to increase the level of transparency in exchange trading and the development of a healthy competitive environment.

Also, in the address of the President of the Republic of Uzbekistan to the Oliy Majlis, he identified the uninterrupted supply of raw materials to industries as one of the programmatic and targeted tasks to be implemented in the economy in 2020 and beyond.

ANALYSIS OF THE RELEVANT LITERATURE

The peculiarities of the raw materials market, changes in market conditions have been widely studied by foreign scientists, as well as experts from economic centers.

From the XXI century, the growth rate of the world economy has led to a sharp change in the factors affecting the situation on commodity markets. The imbalance between the intensity of consumption of many commodities, the intensification of liberalization in key segments, and speculative growth are destabilizing commodity trade [Spartak, 2011, p.7]. In the XXI century, the general situation in the commodity markets has changed, first of all, the level of instability has increased. Situations such as supply and demand imbalances in the commodity market, high price volatility, and inefficient management require exporters and importers to be constantly vigilant [World Economic Situation..., 2013].

The production of finished products with high added value based on the processing of high-tech raw material resources is developing rapidly. Under their influence, in the last decade, the proportion of materials with desired properties, also called “smart” materials, has increased, which are changing their properties in response to environmental changes [Williams, Adams, 2010, p. 169].

From the beginning of the century to the economic crisis of 2008 and 2010-2013, rising prices, changes in the structure of world commodity markets, the dynamics of economic growth in Asia, especially China and India led to a global increase in demand for raw materials [Trade and Development..., 2013] . Over the last decade, geopolitical instability has changed some geographic routes for commodity suppliers. The development of domestic industry in the countries leads to the expansion of trade in mineral resources [Revenko, 2015, p.33].

Observations in commodity markets suggest that there is a high correlation between economic growth and price changes. The dynamics of GDP growth in world GDP and developed countries is consistent with the dynamics of metal prices, not with the price of oil raw materials [Parra-Lancourt, 2015, p.13].

In Uzbekistan, the task is to ensure the timely implementation of sectoral programs for the deep processing of mineral resources, the implementation of 649 investment projects worth about \$ 40 billion [Action Strategy, paragraph 132].

RESEARCH METHODOLOGY

Scientific abstraction, induction and deduction, time and the topic was studied using methods such as space, analysis and synthesis, logical analysis, and based on the experience of the authors in the development of the commodity market.

ANALYSIS AND RESULTS

The implementation of deep structural changes and diversification in industry, the development of processing also has an impact on the situation on commodity markets in Uzbekistan. The government's focus on increasing the production of finished products in the country is also having a positive impact on the raw materials market. The commodity market consists of raw materials, semi-finished products, means of production required for the manufacturing industry. Commodity resources are mainly sold through commodity exchanges. The commodity market is directly related to the activities of these exchanges.

Therefore, the Resolution of the President of the Republic of Uzbekistan dated October 8, 2019 "On measures to increase the efficiency of commodity exchanges and further improve the mechanisms of exchange trading" was adopted. This decision is based on the introduction of modern information and communication technologies in the exchange to liberalize the economy and reduce administrative regulation, increase market mechanisms in the sale of highly liquid and monopoly products, increase transparency in exchange trading and develop a healthy competitive environment.

In general, today Uzbekistan is developing the necessary measures for deep processing of local raw materials in the system of "raw materials - semi-finished products - finished products." In general, Uzbekistan pays great attention to the development of its domestic industry, further increasing the share of this sector in the country's GDP, and for this purpose to attract foreign investment. The development of the raw materials market is of great importance for this.

It should be noted that the market of raw materials (products for technical and production purposes) is an exchange. Their trade is carried out wholesale through the exchange mechanism. If we pay attention to the structure of trades through the Uzbek commodity exchanges in 2008-2018, commodities play a key role (Figure 1).

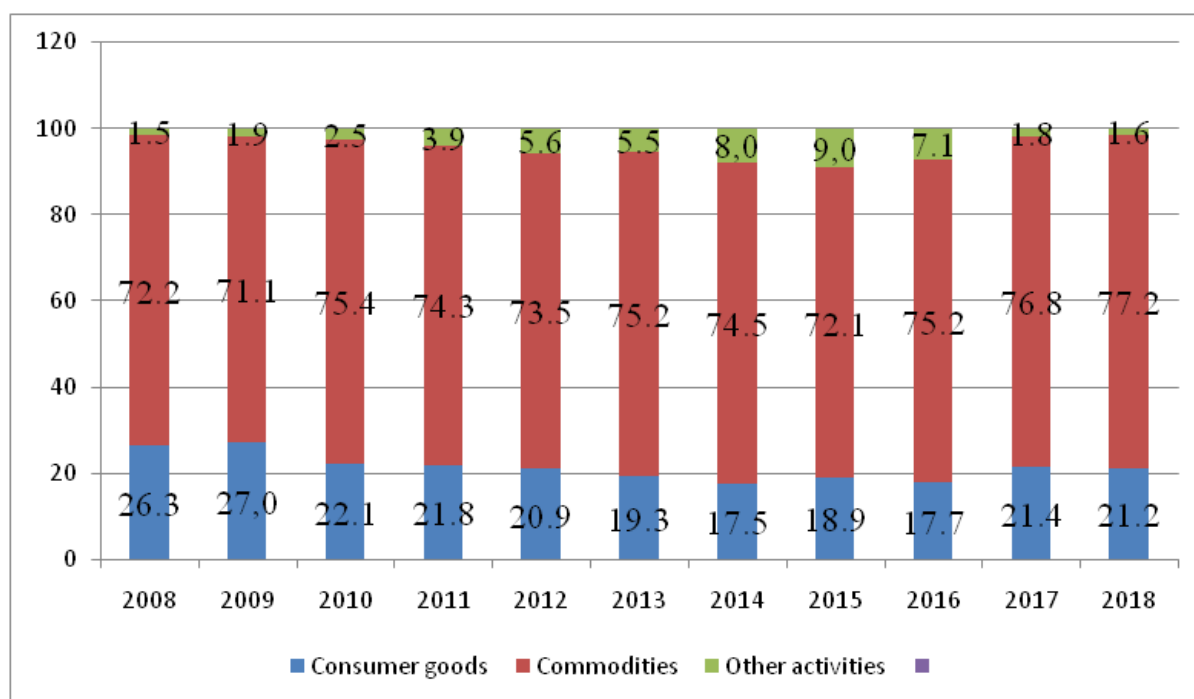


Figure 1. The structure of the turnover of Uzbek commodity exchanges, in percent

More than 70% of the turnover of Uzbek commodity exchanges are raw materials, more than 20% are consumer goods. Raw material resources are an important factor in the organization of processing in the country. In 2017-2021, Uzbekistan has developed special programs for the organization of deep processing of local raw materials.

The concept of processing refers to a process that involves several (at least three to four) stages of the production cycle involving the production of a consumer product from a raw material. The priority of the country's economic policy is the gradual deep processing of rich mineral resources and flora of Uzbekistan, the production of high value-added products. In other words, the main goal is to move to a 3-4 stage system of processing to turn raw materials into finished products that are in high demand in the world market. The essence of this system is that in the first stage the raw material is initially processed, ie semi-finished, in

the next stage it is converted into finished materials for industrial production, and in the third and final stage the finished product is produced for the consumer market.

It depends on which industries in the country have the highest opportunities for the development of processing, cultivation, extraction and processing of raw materials. If we pay attention to the analysis of the types of commodity resources sold through the Uzbek commodity exchanges in 2014-2018, the share of agricultural products, fuel, construction materials, machinery, mechanical equipment, machinery and equipment and mineral fertilizers for technical production is high. (Table 1).

Table 1: Sale of commodity resources at Uzbek commodity exchanges¹ (mln. sum)

№	Product types	Years				
		2014	2015	2016	2017	2018
1.	Agricultural products for technical production	350980,0	419112,2	737401,0	523674,2	769287,6
2.	Wheat	3612,4	662,2	7887,5	320166,9	504958,9
3.	Sugar	107909,7	102021,3	146497,6	392473,6	58840,1
4.	Wheatflour	748071,0	749886,2	744925,9	802383,1	516706,5
5.	Vegetableoil	484520,0	499888,6	627147,6	802723,6	1192358,2
6.	Yarnfabric	3931,6	2138,7	1674,9	5987,2	7143,1
7.	Silkfabric	340,5	15,7	416,8	3000,0	4511,6
8.	Clothesandrelateditems	27688,7	17401,5	19412,6	47728,1	34456,4
9.	Gasoline	55423,8	54267,6	118666,7	86911,4	121145,3
10.	Dieselfuel	315058,0	255180,4	310609,7	40220,1	953,6
11.	Coal	149420,3	10845,4	11280,0	10025,1	170545,2
12.	Bitumen, asphalt	14903,4	14937,6	15372,1	3694,1	93467,5
13.	Fuel oil (kerosene, motor oils)	510,8	259,4	336,3	166,8	217,5
14.	Mineralfertilizers	72534,0	102950,2	107645,8	26212,0	181156,5
15.	Suitablewood	665,9	1174,8	5246,0	6462,6	1028,1
16.	Sawwoodmaterials	7742,3	18876,5	10152,3	10912,6	10912,9
17.	Mechanical products, mechanical equipment, machines and tools	266418,5	195741,3	169056,6	189498,0	283231,9
18.	Paperandcardboard	3463,0	4440,5	10732,1	19355,5	33777,8
19.	Asbestoscementproducts (slate)	88761,8	66601,4	64989,8	26038,6	26576,9
20.	Cement	1953093,3	1779762,0	2435307,3	2330384,6	5547117,6
21.	Buildingbricks	7347,7	10877,1	5551,8	1663,1	21558,0
22.	Windowwindow	54568,1	83834,2	135705,2	173939,3	409128,2
23.	Rolling of metal and metal products	434723,7	331352,4	480447,1	22754,0	191063,4
24.	Groundvehicles	16821,3	5129,1	7323,8	33143,3	34721,3

Based on the analysis of the table data, we developed the structure of the commodity market of Uzbekistan (Figure 2).

¹Data of the State Statistics Committee of the Republic of Uzbekistan.

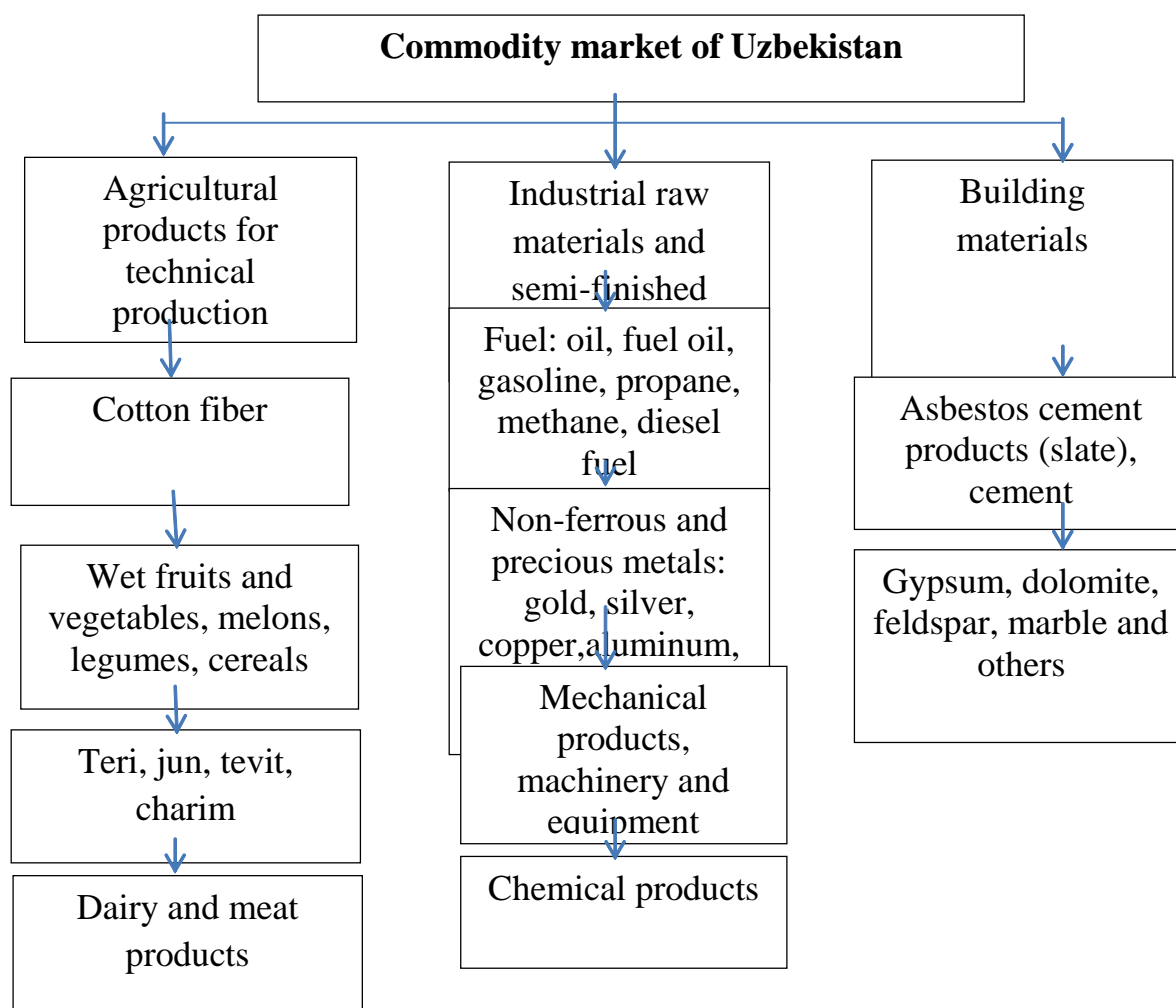


Figure 2. The structure of the commodity market of Uzbekistan²

Based on the results of research, we have divided the Uzbek commodity market into three major macro-level segments. The first major segment is agricultural products for technical production. This segment includes cotton fiber, wet fruits and vegetables, melons, legumes, cereals, leather, wool, tevit, leather, dairy and meat products.

The second segment is industrial raw materials and semi-finished products. This segment is the most promising and promising. This segment includes fuels: oil, fuel oil, gasoline, propane, methane, diesel fuel; non-ferrous and precious metals: gold, silver, copper, aluminum, lead, tin; machinery products, machines and equipment; chemical products.

The third segment includes building materials: asbestos cement products (slate), cement, gypsum, limestone, feldspar, marble and others.

Significant changes are taking place in the world commodity market situation in the next decade. A number of factors influence changes in supply and demand in the market of mineral raw materials and heat resources. In particular, consumer stocks, market regulation, solvency of companies, phases of the reproduction cycle, the state of scientific and technological development in the consumer sector, the structure and scale of demand in the market of mineral and thermal resources, transportation of raw materials, inflation, state

²Development of authors.

monopoly regulation, current the level of production, the state of scientific and technical progress in geological prospecting and mining determine the supply.

In the address of the President of the Republic of Uzbekistan to the Oliy Majlis on January 24, 2020, one of the priorities in the economy in 2020 and beyond is to provide a number of important sectors of the Uzbek economy, including chemical, oil and gas, energy, electrical engineering, construction materials, jewelry. , radical development of the geological prospecting industry. Taking this into account, 2 trillion soums are allocated from the budget of Uzbekistan this year to identify promising deposits and increase existing reserves and to increase existing reserves [Address of the President of the Republic of Uzbekistan to the Oliy Majlis ... 2020].

The growth rate of commodity trade is always determined by the growth rate of production, the growth of trade volume and the expansion of scale. Also, the commodity composition of international trade is determined by the growth rate of the share of raw materials and semi-finished products. Currently, trade in a number of non-ferrous metal raw materials, mineral and energy resources plays a key role in industrial production.

In the development of trade in raw materials in the world, increasing attention is paid to the extraction of mineral, metal, fuel resources on the basis of advanced high-tech equipment. It is also important to find additional new facilities, develop transport infrastructure.

One of the important economic aspects of the commodity market is that it is the main source of attracting investors. It is also known from the world economy that most investors make their investments in the sale and production of raw materials of strategic importance.

The most important sector that attracts investors in Uzbekistan is the raw materials market. Agricultural products, non-ferrous and precious metals, minerals and hydrocarbons for technical and production purposes are the main sources of investment for investors.

CONCLUSIONS

Uzbekistan is a country rich in mineral and plant raw materials. The programs adopted in the country for the development of industrial production are mainly aimed at increasing the production of finished products as a result of deep processing of local minerals. Commodity market conditions are also changing dramatically. The country is moving from the export of raw materials to the export of finished products. The task is to process 3.5 million tons of cotton grown in the country alone by 10025, to produce non-finished products (yarn, yarn) and to develop its exports. Therefore, the main focus should be on the development of the Uzbek commodity market. In the development of the commodity market, it is expedient to pay attention to the following:

Regular study of commodity markets, marketing research in the field of supply and demand, the dynamics of changes in price levels, the needs of manufacturing enterprises and the capacity of the consumer market;

organization of trade in raw materials, registration of trade agreements, formation of sales channels, development of the scheme of effective commodity movement system;

Establishing cooperation with the world's leading companies in each type of raw material resources, attracting foreign investment;

organization of modern infrastructure in the system of "raw materials - semi-finished products - finished products" for the development of the commodity market.

As a result of the study of the situation on the commodity market of Uzbekistan, the state of development and future state programs, current issues have been identified. We have developed the following proposals and recommendations for further development of the commodity market, increasing trade turnover, increasing the efficiency of entities operating in this market:

1) Establishment of the "Agency for Raw Materials Resources", which will cultivate, extract, prepare, create reserves, trade, analyze the price level, study the situation in the domestic and foreign markets in the country.

2) Further increase the organization of clusters of agricultural production for technical and production purposes, the introduction of a mechanism for the establishment of specialized exchanges for the organization of trade in agricultural products for technical production.

3) Establish specialization of commercial intermediaries operating in the V2V system in the commodity market: brokers, dealers, wholesalers, logistics companies. Introduce a system of incentives for them from the state.

4) Development of a mechanism for cooperation between business entities in the system of "supplier of raw materials - trade of raw materials - producer" in the processing of mineral raw materials, fuel, energy raw materials.

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