

THE IMPORTANCE OF INNOVATIVE ECONOMIC MEASURES IN FORMING THE COMPETITIVE ENVIRONMENT

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Abstract: this article examines the importance of innovative economic measures in the formation of a competitive environment. The article also examines the essence of the competitive environment in the country's economy and the importance of economic measures taken in its formation, the effectiveness of privileges and preferences that determine the directions of economic development in a market economy, and the priority principles of development programs based on international experience. Reforms aimed at developing a competitive environment at the current stage of the Uzbek economy are studied.

Key words: innovation, competition, formation of competitive environment, competitiveness, innovative economic measures, benefits, subsidy, economic development program, entrepreneurship.

Introduction. Measures to stimulate competitive production in the economy, support entrepreneurship and a healthy competitive environment, develop export potential, and regulate the provision of benefits aimed at providing the population with quality consumer goods are of great importance. In the international economy, in the context of nationalization and protectionism after the financial and economic crisis, increased state intervention in the economy due to the COVID-19 pandemic, and ultimately the complexity of international trade conditions, ensuring a competitive environment in local and international markets is a priority task for national economies.

At this point, if competition means relations of market economy subjects based on certain laws, we can say that the theories of competition developed gradually based on the features of economic development.

Abstraction, economic analysis and synthesis, comparative analysis, statistical methods of scientific knowledge were used as research methodology.

Analysis of relevant literature. As the foundation of modern economic theories in the functional approach to competition, general ideas about the content of competition and its theoretical foundations and the forces driving it have been formed, including classical models such as perfect competition, monopolistic competition, oligopoly, and pure monopoly [1].

In particular, P. McNulty, studying the evolution of the concept of perfect competition studied by economists before him, believes that the answer to the scientific controversy lies in the difference between competition as a market structure and

behavioral competition. He concludes that this difference was created between the concept of competition previously used by Adam Smith and his predecessors and the concept of perfect competition developed and improved by theorists of the 19th and 20th centuries [2].

J. Schumpeter (1883-1950) criticized the formal, unrealistic concept of competition that was popular among economists at that time, arguing that perfect competition never existed and that its existence would be harmful to the economy. He considered monopolistic practices beneficial because they encouraged research spending and large investments [3].

J. Barney organized the industrial network (Maison, 1939 and Bain, 1956; Porter, 1980), Chamberlin (1933) and Schumpeter (1939) discussed the characteristics of competitive forces that can affect firms in the above competitive situations and the results of normative strategy theories in a comprehensive systematic analysis of competition theories. In this case, the industrial economy of competition, Chamberlin and Schumpeter's types, industry, industry/firm and industry/economy are the research objects, respectively, the basis of the theories is the industrial structure, behavior, and activity; monopolistic competition between different firms; creative reconstruction. Firms' profits are higher due to high barriers to entry in the industrial economy of competition, a decrease in the number of firms, an increase in product differentiation, a decrease in demand elasticity, and in Chamberlin's competition, firms determine their strategy according to their specific assets (technological achievements, reputation, brand, co-working), skills and differential competence, in Schumpeter's technological and market-based competition, some firms are the source of revolutionary changes in the industry. unique skills, the ability to quickly adapt to others is considered important [4].

F. Hayek (1899-1992) also criticized neoclassical economists for the impossibility of a perfect theory of competition, concluding that competition is a dynamic process by nature, and its specific features are eliminated by assumptions based on statistical analysis. Competition, when we imagine a single market, is a process of forming ideas as a result of the organization of the integrity and coherence of the economic system through the dissemination of information [5].

The “Comparative Advantage Theory of Competition” proposed by S. Hunt and R. Morgan concludes that the neoclassical theory of competition explains the difference from competitors in a market economy better than the perfect competition theory. The comparative advantage theory of competition explains the achievement of high financial results at the micro level and high quality, efficiency and innovation at the macro level as a result of comparative advantage in resources and competitive advantage in market position. Because this theory is based on the long-term proportionality order of neoclassicals, it shows a large amount of surplus in market

economies. This theory expands the intangible resources such as organizational capabilities, knowledge and competence. Such highly organized and complex resources are considered very important for the modern economy [6].

R.A. Fatkhutdinov (2005) calls competition the competition that effectively limits the possibility of unilateral influence on the general conditions of commodity circulation as a result of the independent actions of economic entities. He also defines competition as the process of entities managing their competitive advantages and the advantages of the managed object for strategic and practical realization or achieving other goals [7].

According to Oxford Dictionaries, the competitive environment describes how companies compete in a given market, including distribution channels, suppliers, competitors, vendors, pricing methods, advertising, etc. The competitive environment determines the position of competing companies in terms of the “five forces” [8].

N.I. Usik defines the competitive environment as the institutional conditions for coordinating the activities of market entities, emphasizing that competition policy consists of competition legislation and the field of competition protection [9]. This definition expresses not directive, but democratic mechanisms for the functioning and formation of the competitive environment based on the organization and transformation of institutions. Thus, according to him, the content of the competitive environment consists of ensuring the competition mechanism, the structure consists of the procedure and rules for conducting business in the economic coordination system, and the economic coordination system as a form of competition manifestation. Research suggests that instead of the competition mechanism, an economic coordination system has been formed.

The Law of the Republic of Uzbekistan “On Competition”, adopted on July 3, 2023, defines competition as: “Competition is the competition of economic entities (competitors), in which their independent actions exclude or limit the possibility of each of them to unilaterally influence the general conditions of commodity transactions in the commodity or financial market.” This law also defines: “Unfair competition is the actions of an economic entity or group of persons aimed at obtaining advantages in carrying out economic activities, which are contrary to the law, business practices, and which cause or may cause harm to other economic entities (competitors) or damage or may damage their business reputation” [10].

N. Sirajiddinov, focusing on the formation of a competitive environment in the conditions of Uzbekistan and the effective use of its advantages to increase the competitiveness of the economy and the well-being of the people, emphasizes that this requires a comprehensive approach to expanding the scope of important reforms, such as de-monopolizing the economy, introducing corporate governance principles,

improving anti-monopoly policy, reforming the foreign trade regime, and creating equal conditions for doing business [11].

Simplifying the relationship between competition and competitiveness, competitiveness can be said to be the latent competitive opportunity tested in the market for goods and services. The competitive environment is the level of opportunities and conditions of the national economy for the development of activities based on the competitive advantages of market economy factors aimed at achieving high profitability or their development.

Analysis and discussion of results. The need to form a real competitive environment in our country, taking into account the strengthening of cooperation with the World Trade Organization, the European Union, and the Eurasian Economic Union, is emphasized for the development of economic sectors and entrepreneurship in our country, as well as for increasing the competitiveness of local manufacturers.

However, all states intervene in their economies to some extent through subsidies, state-owned or controlled enterprises, government procurement policies that favor domestic players, trade measures, or investment screening regimes (industrial policy instruments).

State intervention in the economy in the development of competition is manifested in the provision of privileges and exclusive rights, state spending and protection of consumer rights. The provision by the state to individuals of any tax benefits, preferences or advantages, licensing rights that give them an advantage over enterprises operating in the commodity and financial markets leads to a violation of the principles of competition. Such a practice is a prohibited measure in most world economic legislation, in particular in our national economy.

It is very important that the preferential measures provided are within the framework of generally accepted principles of competition. In this regard, in many countries, tax and other benefits provided are continuously evaluated in terms of efficiency and effectiveness.

International trade and investment rules attempt to manage the spillover effect of these interventions on other markets, balancing legitimate interests. Disputes among countries about what level of international rules should govern these interventions remain a source of ongoing trade disputes.

At a time when all governments have increased their intervention in the economy, an opportunity has arisen to have a balanced, inclusive dialogue on updating these rules, which should also take into account the concerns of developing and least developed countries in the context of the COVID-19 pandemic and economic recovery, critical supply chains, or environmental protection.

In economies with strong rational industrial policy approaches, including maintaining productivity growth, diversification, inclusive growth, job creation,

transitioning to a green economy, and government intervention to correct market failures and absolute deviations, have occurred, even despite external crises. While government intervention varies in degree and form across countries, depending on the level of development, interests, and resource potential of countries, international rules should aim to reduce the harmful spillover effects of this intervention.

An industrial policy aimed at stimulating dynamic activity involves both enhancing and counteracting the effects of market-competitive forces and their resource allocation in order to support restructuring, diversification, and technological dynamism. This has created a middle ground between the highly ideological position of uncontrolled competitive forces and overly interventionist state planning.

Global economic liberalization, which began in the second half of the 20th century, has been replaced by increased state intervention and protectionism in the international trade arena over the past decade. According to The Global Trade Alert, more than 32,500 protectionist policy interventions have been introduced globally since November 2008, outnumbering the 6,900 trade liberalization economic interventions.

The Global From a graphical analysis of the Trade ACG data for 2021, it is possible to divide the instruments of protectionism and liberalism policy interventions into “hard measures” such as regional trade protection measures, subsidies, trade-related investment measures, restrictions on government procurement, export measures (subsidization) and “soft measures” such as TDI, migration, tariff measures, and licenses (quotas) [12].

According to the World Trade Organization, a subsidy is a financial assistance provided by a government or the private sector to individuals or legal entities to cover their expenses. Subsidies can be provided in the form of direct payments, taxes, exemptions or discounts, control over the prices of products and raw materials to the benefit of the producer, and other forms.

The IAEA emphasizes that subsidies should be understood in the context of the value chain, implying that support provided to the upper echelons of the economy spills over to the lower echelons of production. Deviations in the provision of subsidies are observed in the sectors of agriculture, fossil fuels, fisheries, aluminum production, and semiconductors. Subsidies provided to the global energy sector, reflecting the environmental cost, amounted to \$5.3 trillion in 2015, or 6.5% of global GDP. The bulk of these subsidies go to China, \$2.3 trillion, the United States, \$700 billion, and Russia and India, \$300 billion each [13].

In addition, exporting companies typically need guarantees or insurance and credit to cover their sales costs and safely deliver goods and services to overseas markets. China provided the world's largest amount of medium- and long-term export credits in 2019, at \$33.5 billion, followed by Italy and Germany, each with \$11 billion.

Subsidies are defined by international trade rules as deviations from the norm of domestic and international markets and as market entry. However, the WTO's subsidy rules are based on the GATT (the General Agreement moment Tariffs oath Trade), SCM Agreement (the Agreement moment Subsidies oath Countervailing Measures) and AoA (the Agreement moment Agriculture) agreements, has not been renewed since its inception. The WTO SCM Agreement requires all members to provide new and complete notifications every three years of their specific subsidies in the goods sector. WTO members must demonstrate in a transparent manner that they do not provide any subsidies. Notification does not confer legal status. Unfortunately, non-notification is increasing as the number of WTO members increases. The European Union's state aid rules generally regulate measures by member states that threaten to restrict trade and competition within the Union, with the exception of measures for regional economic development, the promotion of small and medium-sized enterprises and the protection of the environment. The European Commission has significant powers to investigate, assess and abolish illegal state aid, but does not apply to medium- and long-term financing of exports by member states.

The EU's state aid rules are stronger than the WTO's subsidy regime, and require that subsidies for goods and services are generally considered illegal, excessive and preferential, and that they are not only approved by the state, but also allowed by businesses and the public, and that illegal subsidies are recovered. The European Commission assesses the effectiveness of state aid rules in relation to current energy and environmental subsidies, strategically important technologies and value chains, and addresses market failures.

While recent discussions in international practice have shown that WTO rules are sufficient to cover China's specific norms, the trilateral cooperation of the US, the EU and Japan (Fraud and Protectionism, 2017, WTO Industrial Subsidies, 2020) and the European Commission's recommendation to regulate foreign subsidies that harm the domestic market were adopted in 2021.

A fundamental difficulty in regulating international subsidies is distinguishing between “good and bad subsidies.” The renegotiation of subsidies is intensifying during crises such as the COVID -19 pandemic and climate change, as countries need well-written exceptions based on clear criteria to respond or adjust the terms of trade.

Also, the creation of a competitive environment in the economy of countries is widely implemented through the program of targeted measures. In particular, the European Union adopted the "Europe 2020" strategy, which aims for "smart, sustainable and inclusive economic growth" in order to achieve the set competitiveness goals. Accordingly, the Europe 2020 competitiveness index consists of seven economic pillars, a structure in three directions: smart (business environment, digital program, innovative Europe, education and training), inclusive (labour market and

employment, social inclusion), sustainable (environmental sustainability) economic growth [14].

It is known that after the failure of the 2000 Lisbon strategy, a serious effort to make Europe a competitive economy by 2010, Europe was lagging behind the US, Japan and Canada in 2012 in building a smarter economy that would facilitate the transition to higher added value and more productive activities. For example: productivity in Europe was 20% lower than in the US.

A competitive economy is defined as a country that is able to provide its population with a high and growing standard of living and gainful employment. In other words, increased competitiveness and productivity are important forces that ensure a sustainable level of economic development.

In our opinion, in the conditions of Uzbekistan, the direction of a smart European economy based on knowledge and innovation is relevant, and it is necessary to pay attention to the pillars of the entrepreneurial environment, the digital economy program, innovative European experience, and education and training.

Improving the business environment for economic growth and employment involves promoting competition through effective antitrust policies and appropriate regulation. This also requires accelerating business creation by making it easier to start a business, reducing administrative barriers, tax evasion and the tax burden, making it cheaper and easier to start a business, and making capital available for new and promising businesses.

The digital agenda is about determining the extent to which economies are using information and communication technologies to disseminate scientific innovations and increase industrial productivity. The contribution of ICT to the economy is seen in its ability to spread across economic sectors, transform business practices and economic activities, and serve as an effective infrastructure for trade transactions.

An innovative Europe requires the necessary structure to be at the forefront of innovation. Firms in the countries will need to design and develop advanced products and processes that maintain competitive advantage. In particular, this environment requires significant investment in research and development, the presence of high-quality research institutions, especially from the private sector, extensive cooperation between universities and industry, and modern business practices.

Quality education and training are essential in the transition from simple production processes and products to value chains. Also important are well-educated workers who can quickly adapt to the demands of the production system, secondary and tertiary education, and continuous training to update workers' skills.

Smart economic growth means development based on knowledge and innovation, sustainable growth means resource efficiency, green and competitive

economy, inclusive growth means acceleration of high employment economy leading to social and territorial cohesion.

Even at the current stage of the economy in Uzbekistan, the following are required to create a competitive economy, further develop the competitive environment, and protect consumer rights:

first, to develop evaluation processes based on foreign experience to increase the effectiveness and efficiency of the provision of benefits to economic sectors (establishing an inter-ministerial commission on canceling the benefits provided to economic sectors);

secondly, to introduce a procedure for determining the application of special privileges by government decision after a positive conclusion of the commission in the necessary manner;

thirdly, it was requested to carry out a review of preferential rights that adversely affect the development of competition presented earlier.

As a result of the reforms, it was forbidden to make government and departmental decisions on the approval of lists of imported goods with the use of customs fee concessions in order to implement a number of goals, such as creating a competitive environment and creating equal conditions for doing business, ensuring the principles of fair competition [15].

all provided benefits should include the following:

firstly, based on the priorities of the socio-economic perspective development of the country, the impact of benefits and preferences on individual industries, spheres of activity and regions;

secondly, the effectiveness of the given benefits and preferences for the budget and society;

thirdly, it was determined that they should be considered in terms of assessing their impact on the competitive environment and business activities.

In our country, business entities are provided with 7 types of benefits: VAT (93.5% of total benefits), personal income tax (1.6%), profit tax (1.6%), land tax (1.3%), social tax (1%), property tax (0.6%) and sales tax (0.3%) [16].

According to the State Tax Committee, in the first quarter of 2022, 44,183 companies benefited from tax incentives totaling 9 trillion soums. It is noted that the majority of the incentives fell on enterprises in the mining industry, banking, transport, pharmaceuticals, utilities, oil and gas, energy, insurance, medicine, construction, recreation, sports, silk, fishing, leather and footwear industries and other sectors.

Also, in order to reduce poverty as a result of achieving inclusive and sustainable economic growth, ensure competition in the economy, create equal conditions for business entities, accelerate the full transition to market relations, increase the competitiveness of the national economy, sharply increase the volume of private

investments, the procedure for paying state assets in installments of up to three years will be implemented. it was determined that the right to pledge was granted. The procedure for obtaining a residence permit for foreign investors in the purchase of real estate has been eased [17].

In addition, in the changes in the field of taxation and customs, the income tax of non-resident individuals (excluding dividends, interest, freight) has been reduced to 12 percent. Benefits established from May 1, 2022, in particular, customs duties in the silk industry (except for customs clearance fees and VAT for some goods), land tax and property tax for legal entities, turnover tax in the fishing industry, profit tax in the leather, footwear and fur industry, property tax for individuals, turnover tax and production of licorice and other medicinal plants and benefits for land, property, profit and turnover taxes, customs payments in the processing network are applied to all business entities in the networks.

The future privatization process of state assets includes the sale of certain shares of Uzbekneftegaz JSC, Issyk-Kul Power Plants JSC, Uzbekistan Airways JSC, UzAuto Motors JSC, UzAuto Motors Powertrain JSC, and Samarkand Avtomobil Zavodi LLC, the development of a strategy for reforming Uzbekhydroenergo JSC, Uzbektelecom JSC, and Uzbekistan Post JSC, Uzbekistan Railways JSC, obtaining an international credit rating for Uzbekistan National Electric Grids JSC and Uztransgaz JSC, and the transfer of the wholesale purchase and sale function of Khududgaztaminot JSC and Khududiy Electric Grids JSC to a private operator.

Also, in order to further improve the competitive environment in the economy of our country and reduce bureaucratic obstacles to the private sector, the following changes were made to the antimonopoly legislation:

first, not to recognize legal entities or individual entrepreneurs or groups of individuals whose revenue from the sale of goods (services) in the last calendar year does not exceed ten thousand times the base calculation amount as holding a dominant position in the commodity or financial markets and not to apply antimonopoly measures to them;

secondly, from September 1, 2022, the following will apply to business entities that have committed anti-competitive actions:

a) agreements and coordination of economic activities that lead to restriction of competition in the commodity and financial markets;

b) abuse of a dominant (monopoly) position and superior bargaining power in the commodity and financial markets, unjustified price increases for products of social and strategic importance, and unfair competition;

v) violation of the competition legislation during the merger, acquisition and purchase of shares in the authorized fund;

g) financial fines are applied for anti-competitive actions and violation of anti-monopoly requirements in public auctions;

d) administrative liability will be increased for unlawful restrictions on the free movement and sale of raw materials, goods and services by state bodies, for decisions restricting competition by bodies authorized to issue licenses, registrations, accreditations and permits, for failure to provide necessary documents and information upon request of the antimonopoly body, and for providing incorrect or false information;

e) elimination of existing monopolies by extensive involvement of the private sector and abolition of exclusive rights in accordance with the planned action plan.

Conclusions and proposals. In order to achieve comprehensive economic and social development of the country, the important measures of economic reforms are to stimulate competitive production in the economy, ensure a competitive environment, develop export potential, create a single space and equal opportunities in the national economy for the activities of all categories of economic entities in order to achieve high profitability or to develop them according to their competitive advantages, liberalize the economy, and increase the volume of investments.

Furthermore, the lack of transparency in countries' economic practices and the complexity of trade relations make it difficult to identify and measure the impact of subsidies, and clear reform programs are needed to eliminate unnecessary and harmful subsidies and improve efficiency and innovation in the long term. This situation requires countries to develop cooperation to prevent and regulate harmful subsidies that have negative effects on domestic and foreign markets.

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