

## CLUSTER THEORY AND DEVELOPMENT OF AGROCLUSTERS IN THE REPUBLIC OF UZBEKISTAN

Hafizov Bunyodjon Zayniddin o'g'li

Doctoral of TIAME

Телефон : + 998 97 951 56 01, bunyod.bavariya@mail.ru

### ABSTRACT

This article presents various theories of the formation and development of clusters. The state of development of agroclusters has been studied on the examples of created agroclusters in the Republic of Uzbekistan. There are given the main directions for the creation and development of agricultural clusters in the country.

**Keywords:** cluster, food safety, agricultural cluster, innovative development, clustering.

### INTRODUCTION

There are many different theories of the formation and development of competitiveness. But, as practice shows the development of the most successful firms and economic systems, the most effective form of economic growth is the theory of the cluster mechanism. It is based on the concept of "cluster" - the concentration of the most effective and interconnected types of economic activity, ie. a set of interconnected groups of successfully competing firms that form the "golden section", in the Western interpretation, "diamond" of the entire economic system of the state and provide competitive positions in the industry, national and world markets.

A cluster in the economic literature is defined as an industrial complex formed on the basis of the territorial concentration of networks of specialized suppliers, main producers and consumers, connected by a technological chain and acting as an alternative to the sectoral approach [6].

The founder of the theory of cluster development, M. Porter, defines a cluster as an industrial group, namely, a cluster is a group of geographically adjacent interconnected companies and related organizations operating in a particular area and characterized by common activities and complementary to each other. M. Porter [7] believes that the country's competitiveness should be viewed through the prism of international competitiveness not of its individual firms, clusters - associations of firms in various industries, and the ability of these clusters to effectively use internal resources is of fundamental importance. He also developed a system of determinants of the competitive advantage of countries, called the "competitive rhombus" (or "diamond") according to the number of the main groups of such advantages.

Currently, for the Republic of Uzbekistan and a number of other countries of Central Asia, the issue of transferring the economy of the country and its regions to an innovative path of development is urgent. An important point in creating an innovation-oriented economy at the regional level is the issue of forming a cluster model for its development. Special attention on the part of the state is paid to the creation of agricultural clusters as a more competitive form of organization of production and business, facilitating the exit of production products to foreign markets.

Scientific and practical work on clusters began with large-scale reforms in all areas aimed at increasing the competitiveness of the country's economy based on the modernization and diversification of key sectors, deepening democratic reforms in the Action Strategy for five priority areas of development of the Republic of Uzbekistan in 2017-2021 [1].

In order to further deepen structural reforms and attract direct investment in the development of cluster production in agriculture, introduce effective methods of growing raw cotton, grain crops and other crops, organize deep processing and produce competitive products with high added value and, on this basis, increase productivity and wages in the agricultural sector, by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to create a modern agro-industrial cluster in the Kuyichirchik district of the Tashkent region" 01.12.2018 № 974, it was created the agricultural cluster "Tashkent Cotton Textile cluster"[4]. The founders of the TCT cluster are Paraglide Limited (Great Britain) and Petromaruz Capital (Russia).

As part of the cluster, on the territory of 35.4 thousand hectares, it has been established work to grow raw cotton, grain crops, textile, livestock and fish farming complexes, a garden economy, to produce biogas and vermicompost.

Complex "TST Rice" is exactly the complex that is included in TST Cluster. It has a complete production chain for growing and deep processing of rice. Last year, an area of more than 2,600 hectares was sown with rice varieties "Lazurny", "Iskandar", "Mustakillik" and "Nukus". With the adoption of the Decree of the President of the Republic of Uzbekistan No. PP-4973 of February 2, 2021 "On measures for the further development of rice cultivation" in this industry, qualitative changes began, and also increased efficiency [5]. The TST Rice complex is equipped with equipment from the Turkish company Yashar Makina. It is used in the production of premium rice products. The smart technique sorts the rice not only by size, but also by color.

In a pandemic, the country's domestic resources play an important role. To implement the Decree of the President of Uzbekistan Shavkat Mirziyoyev "On measures to further ensure the food security of the country" in 2019 [3], the Jizzakh organic cluster was created in Jizzakh region. He is engaged in the production of meat and dairy products, crop production and livestock breeding. The total investment in the Jizzakh agricultural cluster is US\$150 million. According to the State Statistics Committee, in 2020, 2526,2 million tons of meat (+2.1% compared to January - December 2019) and 11009,9 million tons of milk (+ 2.8% compared to 2019) were produced in Uzbekistan. However, local companies do not yet fully cover the needs of the market. The volume of imports of meat and edible offal increased in January-June 2020 in physical volume by 63.6 percent to 12.6 thousand tons, in value terms - by 53.5 percent to 9 million US dollars.

Created in 2019, Jizzakh organic is capable of producing 1,500 tons of premium marbled beef and 24,000 tons of milk per year, as well as ensuring the country's livestock breeding by raising and selling livestock with high-quality gene pools to local farmers. To ensure that Uzbekistan does not depend on foreign supplies, the Jizzakh agricultural cluster is working on the cultivation of seeds of fodder crops. The company also plans to conduct an experiment in April on the embryonic fertilization of one hundred local cows to increase the pedigree of domestic cattle.

Today, the development of agricultural clusters is a recognized tool accompanying sustainable innovative development and increasing the competitiveness of agriculture in the region and the agro-industrial complex as a whole. Agrocluster is a territorially localized, innovative structure, which was created on the basis of industrial and agricultural production, which is designed to create an industrial basis for increasing the competitiveness and productivity of the food sector in the region, redistribution of added value and the integrated use of the socio-economic potential of the territory. The advantage of agricultural clusters lies in innovation and increased labor productivity in agricultural production compared to agricultural producers isolated by location.

In the conditions of Uzbekistan, the creation and development of agricultural clusters should be carried out in the following main directions:

- With the leading position of the processing enterprise, the quality of agricultural products of the resource sector, the innovative nature of the joint activities of the participants, interaction with regional authorities that create conditions for the implementation of the internal competitiveness of companies belonging to the agro-cluster;
- Should be focused on the integrated use of the socio-economic, scientific and technical potential of the region and include program measures for regional authorities to stimulate the creation, ensure the conditions for functioning, and monitor the activities of agricultural clusters;
- The mechanism of clustering the food sector of the region should include: the choice of the resource sector, taking into account the real and potential level of development of agricultural production, the choice of the key sector using matrix analysis, the substantiation of the specialization of the agricultural cluster based on the calculation of the competitiveness index of the economic sector;
- The cluster must necessarily include farmers and dekhkan farms - as suppliers of agricultural raw materials, ensuring the activities of leading companies;
- Should be formed on the basis of scientifically grounded and technologically realizable complex solutions, as well as attracting profitable investment;
- The target start in the activity of the agro-cluster should be innovative;
- To ensure the stability of the cluster and the possibility of development in the long term, it is necessary to support its activities by local authorities through the mechanisms of state regulation, or the direct participation of state structures as part of an integrated formation;

Currently, the development of clusters is a recognized tool accompanying sustainable innovative development and increasing the competitiveness of agriculture in the region and the agro-industrial complex as a whole. In our country, the use of the cluster form of organizing agricultural activities is provided for in a number of legislative, regulatory and legal documents, the most significant of which are: the Strategy for the Development of Agriculture in the Republic of Uzbekistan for 2020-2030 [2], the Law of the Republic of Uzbekistan on Innovation Activity, the Action Strategy on five priority areas of development of the Republic of Uzbekistan in 2017-2021. They will serve as the main link in the implementation of cluster policy in the Republic of Uzbekistan, which leads to such positive effects as increasing the competitiveness of the agri-food market; growth in product exports due to cost reduction; increased competition,

which will develop the agri-food market and improve the quality of products; increasing the level of employment of the rural population.

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