

LEGAL PROVISIONS FOR THE DEVELOPMENT OF THE ELECTRICAL ENGINEERING INDUSTRY OF THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

Whomever looks back at the recent period of time in our state will notice that, owing to the ongoing reforms implemented in the construction of the economy during the years of development, Uzbekistan has grown from an agrarian state into an industrially developed state. The fact that the growth rates of our republic's economy have been increasing over the last several years is because of the reforms implemented in each area of our state.

To this end, special emphasis is placed on the encouragement of the competitiveness of our economy by structural reform in the economy and industrial diversification as the most vital task. In particular, efforts are being made to develop the industrial sector, such as large-scale projects and programs.

Continuous reforms aimed at industry branch diversification have ensured the practical implementation of the rapidly developing areas of the electrical engineering industry in our country in reality. Thanks to this, dozens of new enterprises were established that produce more than twenty high-value-added goods, including modern household appliances, like TVs, washing machines, electric hobs and ovens, LED light bulbs and other lighting equipment, and new air conditioners, refrigerators, gas and electric stoves.

The stages of the development and growth of the electrical engineering industry in Uzbekistan during the last years, the condition and problems of the industry, as well as the outlook for the development of the electrical engineering industry in the republic, are investigated.

As noted, the electrical engineering industry is among the fastest-growing industries in the republic. The produced goods are supplied to various industries of

the republic, for example, energy, oil and gas, mining and mining industry, and social sector enterprises. At present, approximately 50 companies operate within the system in various sectors, i.e., cable, electric, and domestic appliance production and repair companies. The competitive goods produced are exported to Central Asia, the Commonwealth of Independent States, and other foreign countries.

It can be said that because of diversification of production, production is growing at a significant rate. Currently, special focus is being given to the potential of the growth of the electrical industry. As noted above, a plan for the development of the industry has been established, according to the terms of which by the year 2030, about 1 billion dollars of investments will be invested in the industry, 22 new product types will be launched into production, and the production volume will increase 5.1 times due to all the enterprises being updated.

One can observe that there is a necessity to continuously strive to still further deepen structural change in the industry, industrial modernization and diversification of production, developing the volume and range of output of high-added-value products, exploring new overseas markets, and increasing the output of competitive, modern electrical engineering products in domestic and overseas markets, and that there are untapped reserves and potential for these purposes.

Improvement of legislative regulation of the structure of the electrical engineering industry and the training staff system for the industry, as well as accelerating the implementation of modern corporate governance practices in the industry, is necessary. The paragraph explains the regulatory and legal framework for the establishment of the electrical engineering industry and the guidelines for their implementation in practice.

Through this resolution, the undertaking of planning new capacities for the production of new energy-saving equipment and other import-substituting products localization in the Republic of Karakalpakstan is created. According to it, the construction of investment project "Organization of the enterprise "Nukuselektroapparat" LLC for the manufacture of electrical goods in the city of

Nukus (Republic of Karakalpakstan) with an estimate of 8 million US dollars" and putting into operation by or on September 1, 2017 are guaranteed.

The investment project for 8 million US dollars is implemented by applying direct foreign investments with an 80 percent share of the company "Tanotrade AG" (Switzerland) and a 20 percent share of local investments amounting to "Toshelektroapparat" LLC (Republic of Uzbekistan).

Based on the implementation of the investment project, "Nukuselektroapparat" LLC is the customer, "Issiqlikelektroloyiha" JSC is the general project organization, and "Element Plus" LLC is the general contractor. Within the implementation of the investment project, installation and construction works are allowed to be carried out simultaneously with the development of design and estimate documentation until 15 August 2017. The Council of Ministers of the Republic of Karakalpakstan was instructed to allocate land for the construction of the "Nukuselektroapparat" LLC enterprise for the production of electrical products in accordance with the established procedure. In addition, the responsible organizations, at their own expense, according to their membership, will carry and connect engineering communications that entered the construction area, connect engineering communications and the railway, taking into account their uninterrupted work after the project documents, general contract organizations will allocate their departments and perform obligatory pre-loading verification of imported goods without tenders with manufacturers-factories or official traders (distributors) based on the most reasonable bids.

The mission is to provide for the supply of material and equipment, spare parts, components and assemblies, subject to.

The Decree of the President of the Republic of Uzbekistan No. PQ-4090 of January 4, 2019 "On measures to further develop and improve the export potential of the electrical industry" was a logical continuation of the reforms. In particular, much effort has been concentrated in the recent period on increasing the efficiency of the performance of electrical industry organizations, which made it possible to significantly increase the volume of production and export of products through the

mastering of new types of production. At the same time, in 2017, the share of investments in the electrical industry accounted for only 0.8 percent of the total investments in the republic, and the volume of production of electrical products in the GDP structure was 1.5 percent. The low raw material base in the industry is causing its price to increase compared to foreign analogs. At the same time, the lack of a system for deferring the payment of value added tax on imports of raw materials, materials and components has led to diversion of working capital of exporting organizations for other purposes and an increase in costs. Therefore, with the aim of further improvement and enhancement of the effectiveness of the activity of the electrical engineering industry organizations, providing conditions for introducing new technologies, the Association of Enterprises of the Electrical Engineering Industry of Uzbekistan was formed on the basis of the enterprises of the electrical engineering industry, "Uzeltexsanoat" JSC, transferring to it its property and other state-owned assets, as well as debtor and creditor obligations. The property and share package (share) in the authorized capital of economic entities of "Uzeltexsanoat" JSC was transferred to the State Committee of the Republic of Uzbekistan on Assistance to Privatized Enterprises and Development of Competition. The resolution determines that the enterprises and organizations of the electrical industry joining the "Uzeltexsanoat" association on voluntary terms are considered to be members of the "Uzeltexsanoat" association, the approval of the structure of the executive apparatus is realized by the decision of the general meeting of founders of the "Uzeltexsanoat" association, the election of the chairman of the "Uzeltexsanoat" association and his deputies is realized by the decision of the general meeting of founders, and the current provision and financing of the activity of the "Uzeltexsanoat" association is realized at the expense of contributions and contributions of members of the "Uzeltexsanoat" association and other sources not prohibited by law. The resolution also sets the main tasks of the association "Uzeltexsanoat" in particular:

- detail a strategy of sustainable development of the industry as an integrated complex of raw material processing, manufacturing and export of finished products

with high added value, including through expansion and encouragement of industrial cooperation;

- analyze the situation in the market for electrical products in local and foreign markets, and based on this, to assist in the development of new categories of products, to saturate the local market with high-quality national electrical products and expand its geography of exports, including by selling national brands on different channels of information and exhibition activities and showing the potential of the electrical industry enterprises

- investment in the establishment of high-tech production for the production of electrical products, primarily through support for the attraction of huge foreign investments, industrial modernization, technical and technological re-equipment, and joint production organization with leading foreign enterprises specializing in them;

- realization of all-around efforts to improve the system of standardization and certification in the electrical industry by coordinating it with international standards and requirements;

to assist in the identification of electrical engineering sector enterprises, based on the potential for further development of the regions' potential, availability of raw materials, infrastructure, labor resources and markets;

- for the purposes of disclosing real needs and promising areas of training personnel in the field of electrical engineering, to become involved in optimizing training programs for training, retraining and advanced training of specialists, to build scientific and research work in this area

- to establish and correct systemic shortcomings slowing the rapid development of the industry and the eco-friendly activity of business entities of the electrical engineering branch and develop proposals for further development of legislation in this area.

Resolution of the President of the Republic of Uzbekistan No. PQ-4348 of May 30, 2019 "On additional measures to create favorable conditions for the further development of the electrical industry and increase the investment and export

potential of the sector" has become the foundation for adopting all-round measures to develop the republic's electrical industry in recent years, organically structure the activities of industry enterprises, and support and promote the expansion of the nomenclature of electrical and household electrical goods of high added value. In order to further strengthen the reforms being implemented to build the electrical industry, introduce foreign direct investment and high technologies into the industry, deep processing of domestic resources, and raise the output of import-substituting, competitive in foreign markets and high-tech electrical and household electrical appliances with high added value, the major directions have been outlined. In particular:

- production of import-substituting, energy-efficient, affordable and high-quality electrical and household electrical products, taking into account the needs of the domestic market;

- introduction of new technologies into the deep processing of existing raw materials, expansion and diversification of the production of high-added-value finished goods;

- establishment of mutual cooperation between the electrical industry and other sectors of the economy, thereby increasing the level of localization of the production of components and equipment used in the electrical industry;

- introduction of new quality management techniques and international standards into the electrical industry, creation of a system for certifying domestically produced goods by international standards;

- production of new types of promising goods, introduction of research and development and innovative ideas into the electrical industry.

A working group has been formed to develop the electrical industry further and is charged with the following key tasks:

- to promote the deepening of copper and other raw materials processing in the electrical industry, the growth of production of high-value-added goods;

- to investigate the price of manufactured electrical and household electrical goods and conditions that limit its reduction, and to make suggestions to improve product competitiveness;

- to establish inter-sectoral and sectoral coordination, organize labor to raise production of import-replacing and export-oriented goods;
- for ensuring guarantees for the implementation of innovative innovations and technologies in the electric sector, including technological processes for the production of products;
- Establish regular control of the timely, complete and high-quality execution of the activities provided in the "Roadmap";
- Inform the Cabinet of Ministers every fifteen days on the progress of implementation of the projects being implemented and on the implementation of the "Roadmap".

The Government of the Republic of Uzbekistan's Cabinet of Ministers will focus on the preparation and implementation of a program to accelerate the electrical industry's development, including during 2019-2022:

- increase in the volume of copper processing in the industry by 5 times;
- increase in the volume of production of electrical and household electrical appliances by 2 times;
- increase the volume of exports of electrical and household electrical products by 4 times;
- become skilled in the creation of at least 15 new products in the framework of ongoing and future investment projects, etc.
- President of the Republic of Uzbekistan's Decision No. PQ-5011 dated March 2, 2021 "On additional measures to further develop the electrical industry and increase the competitiveness of domestic products" lays the direction for the introduction of planned steps to develop and modernize the republic's electrical industry, create production capacities for new types of modern electrical and household electrical products, increase the investment and export opportunities of the industry, and broadly support domestic manufacturers. In order to further accelerate work in these directions, improve the competitiveness of domestic electrical and household electrical goods, open up new markets for sales of products, and shape the scientific and technological, production and export potential of industrial enterprises,

The following main indicators of performance of the sector of electrical engineering have been set for 2021-2022. Namely:

- increase the level of deep processing of copper raw materials to 55 thousand tons in 2021 and 70 thousand tons in 2022;
- increase the level of product output to 15 trillion soums in 2021 and 19 trillion soums in 2022;
- keep the level of product exports to 450 million US dollars in 2021 and 600 million US dollars in 2022;
- increase employment in the sector to 27 thousand in 2021 and 34 thousand in 2022.

It is defined that the State Budget of the Republic of Uzbekistan funds intended for the Fund will be spent on the following purposes. Namely:

- 50% reimbursement for the cost of applying global standards on domestic firms producing electrical and domestic electrical products, product certification as per the needs of foreign markets, but in one case within a threshold not more than equivalent to 20 thousand US dollars;
- financing of pioneering development projects, participation in setting up production and service companies' authorized funds (capitals) in the field of electricity, establishment of special engineering centers and experimental design bureaus;
- renovation, reconstruction of vacant and non-working buildings and structures and updating of exterior engineering and communications systems in them, and establishment of industrial technoparks for the electrical industry in the areas for the attraction of potential investors for the implementation of investment projects on the production of electrical and home electrical products;
- providing domestic enterprises producing electrical and household electrical products with short-term financial guarantees to participate in tenders;
- reimbursement of 50% of electrical engineering industry enterprise expenses associated with participation in foreign exhibitions and fairs, but not more than the amount equal to 10 thousand US dollars for one case;

- reimbursement of up to 50% of electrical engineering industry enterprise expenditures on marketing to increase the popularity of products on foreign markets, development of pre-project documentation (business plan, feasibility study, etc.) of industry projects, and access to international databases (information resources) for world market research and marketing analysis;
- organization of exhibitions and fairs in the republic and foreign countries, seminars, creation of presentation materials and exhibition stands for the promotion of electrical and household products of local production, etc.

The Resolution of the President of the Republic of Uzbekistan of January 10, 2024 No. PQ-15 "On additional measures to further increase the production and export potential of the electrical industry" established the following main target indicators for the electrical industry's development for 2024-2025 in order to open up new reserves and opportunities in the electrical industry, expand the production of high-value-added electrical products, household and other appliances, further increase the competitiveness of domestic products, as well as systematically move forward with the introduction of advanced technologies to the industry. In particular:

- increase the potential for processing copper raw materials to 140 thousand tons in 2024 and to 160 thousand tons in 2025;
- increase the volume of output of products to 30.8 trillion soums in 2024 and to 38 trillion soums in 2025;
- ensure the volume of exports of products in the amount of 1.5 billion US dollars in 2024 and 2 billion US dollars in 2025.

Under the leadership of the Chairman of the Council of Ministers of the Republic of Karakalpakstan, governors of the regions and the city of Tashkent, regional working groups for the development of the electrical industry were formed within a month, including representatives of the "Uzeltexsanoat" association, the Ministry of Economy and Finance, the Ministry of Investments, Industry and Trade, the Chamber of Commerce and Industry, regional branches of "Uzsanoatqurilishbank" JSCB and "Business Development Bank" JSCB, and the regional working groups' functions were determined as follows. Namely:

- to contribute to the development of production in the electrical industry in the regions;
- to assist business entities in the realization of new investment projects, the launch of new production in the regions through the attraction of foreign investors;
- to assist business entities operating in the field of electrical engineering in accessing export markets.
- The Chairman of the Council of Ministers of the Republic of Karakalpakstan, regional governors and Tashkent city governor should review the reports of regional working groups at least once a quarter and submit a report to the Cabinet of Ministers regarding performed work every quarter.

The Reconstruction and Development Fund is directed to avail a credit line of 100 million US dollars for 10 years with a 3-year grace period and an annual interest rate of 5 percent in 2024-2026 to commercial banks on their request for a period of 10 years with a 3-year grace period and an annual interest rate of 7 percent (2 percent bank margin).

The electrical engineering industry, whose profit from the sale of electrical items at the end of the reporting period between January 1, 2024 and January 1, 2027 is not less than 80% of its total profit

The decision includes the provision of tax incentives in terms of a 50% reduction in profit tax and property tax rates for companies of the electrical engineering industry, the value of which is not less than 80% of the total profit.

Organization of the activity of the Directorate on a rational basis and equipping the technopark with external communication and engineering networks During implementation of the Program for the Development of Social and Production Infrastructure of the Republic of Uzbekistan for 2024:

- a) at the expense of funds allocated for equipping special economic and small industrial zones and investment projects with the external infrastructure.
- construction, reconstruction and restoration of drinking water and wastewater facilities by organizations in the name of "Uzsuvtaminot" JSC, and roads, ordered by the Committee on Highways;

- construction, reconstruction and repair of electric and natural gas pipelines in conformity with the accepted design and estimate documents by organizations of the National Electric Networks of Uzbekistan JSC, Regional Electric Networks JSC and Hududgaztaminot JSC;
- b) construction, relocation, reconstruction and maintenance of communication networks by the expense of Uzbektelecom JSC;
- c) development works of relocation or transfer of irrigation and open collectors to the closed network are included in the construction and repair funds of facilities of the Ministry of Water Resources.

This decision allocates that in 2024 the Uzelteksanoat association will be given 25 billion soums of the state budget in stages for equipping a testing laboratory of Eltech-Lab LLC.

The above decisions have been the main pillars of the development of the electrical engineering sector in our country and continue to shape the basis upon which the sector grows.