

Foreign Experiences in Regional Economic Development and Ways of Their Effective Utilization in the Conditions of Uzbekistan

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ABSTRACT: This article studies and analyzes the experiences of developed countries such as the USA, Germany, Turkey, and Japan in the field of regional economic development. The main approaches, strategies, and mechanisms of these foreign experiences are examined, and directions that could be effective in practice for application in the conditions of Uzbekistan are recommended. The article emphasizes the importance of a comprehensive approach including infrastructure, investments, innovations, social and cultural aspects. It also extensively explores ways to utilize foreign experience to reduce regional inequalities and achieve sustainable economic growth. Additionally, practical recommendations are proposed for the further development of Uzbekistan's regions.

KEYWORDS: regional economy, regional economic development, strategy, foreign experience, funds, innovative technoparks, innovative approach.

INTRODUCTION

In the era of globalization, regional economic development is one of the key factors in ensuring the sustainable development of every country. Global experience shows that balancing economic activity from a regional perspective, efficiently using resources, and properly directing local opportunities can increase the overall economic potential of a country. For this reason, many countries develop regional development strategies and implement them in practice.

Specifically, developed countries such as the USA, Germany, Japan, South Korea, and others have achieved significant results by using various models and approaches to the economic development of their territories. In these countries, the foundation of regional policy includes factors such as innovative infrastructure, support for small and medium-sized enterprises, the creation of industrial clusters, expansion of transport and communication networks, and investment in human capital.

Currently, economic disparities between regions remain one of the pressing issues for many countries. In remote or economically less developed regions compared to developed major cities, factors such as lack of jobs, infrastructure problems, and low investment flows negatively affect the pace of economic growth. Therefore, comprehensive regional development and balancing economic activity from a regional perspective have become priority directions of any country's policy.

International experience shows that the experience of foreign countries plays a significant role in shaping effective regional development policies. In particular, European Union countries, Southeast Asian countries, the United States of America, and other developed countries stand out with their long-term experience in regional economic development. Their innovative approaches in regional policy, clustering, creation of industrial parks, infrastructure modernization, and stimulation of local initiatives have helped reduce interregional disparities.

The Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022, "On the Strategy of Development of the New Uzbekistan for 2022–2026" also specifically highlights issues of sustainable regional development and effective utilization of their unique potential.

All this underscores the relevance of studying foreign experience and developing a model adapted to the conditions of Uzbekistan.

Analysis of literature on the topic

Regional economic development should be viewed as the process of developing the economies of regions through the expansion of the portfolio of products and services [2].

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The experience of foreign countries in regional economic development shows that a systematic approach, efficient use of local resources, attracting investments based on public-private partnership, and the development of social infrastructure are important factors for stimulating regional growth.

In the study by J. Bradley and G. Untiedt (2008), it is noted that the regional policy of the European Union is mainly implemented through structural funds. These funds assist less developed regions by improving infrastructure, education, and employment [3].

In Germany, under the policy of "Territorial cohesion," the aim is to balance economic activity from a regional perspective through supporting industrial clusters, innovation technoparks, and local initiatives [4].

In South Korea, since the 1960s, industrial cluster policies have led to the creation of innovation zones in various regions. For example, Daedeok Innopolis is an integrated platform of science, production, and education centers [5].

In the United States, regional development policy is carried out in cooperation with local governments and the non-governmental sector. The federal government finances regional projects, but their management is often delegated to states and counties [6].

In Turkey, since the 2000s, through the DOKAP program (Eastern Black Sea Development Program) and Development Agencies, projects aimed at improving the investment and business climate in each region have been implemented [7].

Based on the above, it can be emphasized that the experience of foreign countries in regional policy shows that investment infrastructure, innovative development, support for local initiatives, and strategic approaches ensuring regional balance are crucial for achieving sustainable economic growth. By adapting this experience to Uzbekistan's conditions, it is possible to reduce disparities between economic regions and ensure overall development.

Research methodology

In conducting this research, methods such as induction, deduction, statistical observation, comparative analysis, synthesis, logical reasoning, and tables were used. Additionally, the study examined and analyzed the main methodologies, theoretical approaches, foreign and local experiences related to regional economic development.

Analysis and results

The level of economic development in the Republic of Uzbekistan is unevenly distributed across regions. This situation is explained by historical, geo-economic factors, resource potential, demographic density, and differences in governance. Eliminating regional disparities, balancing economic activity by areas, and expanding local development opportunities have become priority directions of state policy in recent years.

Statistical observations show that some regions (Tashkent city, Navoi region, Bukhara and Fergana valleys) are economically active and advanced in terms of investment, while other regions (Republic of Karakalpakstan, Surkhandarya, Jizzakh, Sirdarya regions) lag behind.

The main problems in ensuring the development of these regions include:

1. Infrastructure imbalance. In some regions, transport, energy, and communication infrastructure do not meet modern requirements. In particular, logistics chains are weakly developed in remote areas (for example, Kamashi, Uzun, and Shumanay districts);
2. Differences in attracting investments. Central regions such as Tashkent and Navoi attract the most foreign investment, whereas Surkhandarya, Jizzakh, and Kashkadarya regions experience low investment inflows;
3. Shortage of personnel and innovative potential. Regional education systems and scientific infrastructure are concentrated in central cities, with a lack of qualified specialists in remote areas;
4. Inefficient use of resources. In agriculturally rich regions (Andijan, Fergana), there are water shortages and land reclamation problems.

To address these issues and further develop the country's territories, active reforms are being carried out recently. In particular, within the framework of the "New Uzbekistan" strategy, the following key documents have been adopted:

- The principle "One project per region": a separate investment portfolio has been developed for each district and city (2022–2026);
 - Through "Regional programs," sectoral projects have been launched: industry, agriculture, services, tourism;
 - To develop entrepreneurship, financial and consulting support for regional businesses has been strengthened through the "Neighborhood work system";
 - Free Economic Zones (FEZ) and Small Industrial Zones (SIZ) have been introduced in more than 20 regions.
- Undoubtedly, studying the experience of developed countries and effectively using it in this area is advisable.

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The **U.S. Experience** in Regional Economic Development.

The United States of America is a developed country with a federal structure that places great emphasis on ensuring balance and territorial equality among independent states when conducting regional economic policy. The U.S. experience shows that key tools in regional development include territorial special programs, infrastructure modernization, a cluster approach, and public-private partnership (PPP).

The following main approaches are applied in practice to ensure regional development in the U.S.:

1. Integrated management at the federal and state levels:

– each state has its own economic development program supported by federal financial assistance (grants, subsidies).

2. Development of production and service clusters:

– based on Michael Porter's theory, the formation of industrial clusters in regions is an important direction of U.S. policy. For example, IT clusters in California, oil and gas in Texas, automotive clusters in Detroit.

3. The Appalachian region development experience:

– the Appalachian region has historically been economically lagging, and in 1965 the Appalachian Regional Commission (ARC) was established. This organization annually allocates federal grants in infrastructure, education, healthcare, and business support.

Effectiveness of the U.S. experience:

- Between 2010 and 2020, the unemployment rate in the Appalachian region dropped from 12% to 6.5%;
- Over \$75 billion in investments have been attracted through Opportunity Zones;
- The city of Detroit, after bankruptcy in 2013, created more than 14,000 new jobs by 2022 through cluster-based industrial policy.

Directions for applying the U.S. regional economic development experience to the context of Uzbekistan:

Table 1: Directions for applying the U.S. experience in regional economic development to Uzbekistan's context.

US Experience	Recommendations Suitable for Uzbekistan
Federal-level grants	Establishment of special funds for underdeveloped regions
Significant tax incentives (Opportunity Zone)	Providing tax and credit incentives to less developed areas
Cluster approach	Creation of territorial clusters based on natural resources
Infrastructure modernization	Development of transport-logistics, IT, and energy sectors on a regional basis

The US experience shows that long-term strategies, innovative approaches, and policies tailored to local needs are crucial for the effective development of regions. Considering the resources, human capital, and infrastructural potential of each region, methods such as clustering, infrastructure modernization, and tax incentives used in the US can also be applied and are appropriate in the context of Uzbekistan.

Germany's experience in regional economic development.

Germany, one of the strongest economic countries in Europe, pursues regional economic development policy based on the principle of federal governance. The country uses long-term, scientifically grounded strategies to reduce regional disparities, develop infrastructure evenly, and establish industrial clusters. Germany's experience stands out for its systematic and innovative approach.

Key approaches and political mechanisms [9]:

1. Federal system and autonomy of the Länder:

– Germany consists of 16 federal states (Länder), each with the right to form its own economic policy. However, the federation coordinates their activities.

2. The principle of "structural policy" (Strukturpolitik):

– state support and financing of underdeveloped or economically weak regions to promote their development.

3. The principle of "solidarity" (unified development approach):

– a subsidy system funded by tax revenues from wealthy regions to support lagging regions.

Table 2: Key approaches and tools of the German experience

Direction	Practical tools
Infrastructure modernization	Roads and railways, IT networks, ecological infrastructure projects

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Innovative industrial clusters	"Industry 4.0", automotive, chemistry, IT, biotechnology
Public-Private Partnership (PPP)	Large-scale PPP system for financing infrastructure and energy projects
Regional monitoring system	Analysis of regions' economic potential based on federal statistics and GIS systems

Results and analytical indicators:

- In East Germany, industrial production increased threefold from 1990 to 2020;
- Through the GRW program, over 200,000 new jobs were created between 2015 and 2022;
- High-income federal states such as Bavaria and Baden-Württemberg became centers of technological clusters.

Directions for applying German experience in regional economic development to the conditions of Uzbekistan are presented below:

Table 3: Directions for applying German experience in regional economic development to Uzbekistan's conditions

German Experience	Application in Uzbekistan's Conditions
Coordinated policy based on federal structure	Coordination of interregional development strategies
GRW-type subsidy policy for underdeveloped regions	Special economic incentives for less developed regions
Innovative growth through clustering and technoparks	Development of industrial zones and IT parks
Resource allocation based on regional statistical analysis	Investment guidance based on SWOT analysis of each region

German experience shows that the key factor in regional development is a systematic approach, interregional equality, innovation-based policy, and enhancement of infrastructure capacity. Adapting this experience in Uzbekistan, especially through programs like GRW, technoparks, and clustered production development, will help reduce economic centralization and ensure regional stability.

Turkey's experience in regional economic development.

Turkey is a country geographically located at the crossroads of Europe and Asia, with a rapidly growing economy. Regional disparities, especially between Eastern and Western areas, represent a significant issue. Therefore, the Turkish government has implemented comprehensive strategies aimed at the economic development of regions.

The main approaches of Turkey's experience in regional development include:

1. Regional Development Agencies (RDA):

– Based on a law adopted in 2006, 26 regional development agencies were established in Turkey;
 – these agencies focus on increasing the economic potential of regions, attracting investments, and supporting small and medium enterprises (SMEs).

2. Policy of dividing Turkey's territory into 12 macro-regions:

– each region has its own development strategy depending on its economic and social capabilities;
 – this division serves to efficiently allocate national and regional resources.

Results and analytical indicators:

- In areas where the GAP project was implemented, agricultural productivity doubled;
- Between 2006 and 2020, the economic share of SMEs in Turkey grew from 55% to 62%;
- Approximately 15 billion dollars of investments were attracted to underdeveloped regions through RDAs;
- Regional disparities have significantly decreased on average, but development in some eastern and southern regions remains slow.

Directions for applying Turkey's experience in regional economic development to Uzbekistan's conditions:

Table 4: Directions for applying Turkey's experience to regional development in Uzbekistan

Turkey's Experience	Application opportunities for Uzbekistan
Establishment of regional development agencies	Creation of coordinating bodies for socio-economic development in regions
Implementation of large infrastructure projects	Development of water and energy projects based on regional coordination
SME development programs	Expansion of subsidies and training for small and medium businesses
Tax and financial incentives	Creating incentives to attract investments to underdeveloped regions

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Turkey's experience demonstrates the importance of an integrated approach to regional economic development, effective cooperation between the state and regions, and the significance of infrastructure projects. Strategic programs like the GAP project and the activities of RDAs help reduce disparities between regions in the country. For Uzbekistan, Turkey's experience provides practical lessons particularly in supporting underdeveloped regions.

Japan's experience in regional economic development.

Japan's economy is primarily based on industry and technology, but significant disparities exist between regions of the country. Therefore, the Japanese government has developed comprehensive policies aimed at reducing regional inequalities and developing the unique potential of each area. Regional development strategies are coordinated nationally and take into account local characteristics.

The main approaches and political mechanisms of Japan's experience in regional development include:

1. Multifaceted regional development strategies:

- The Japanese government focuses on several sectors in regional development, including infrastructure, innovation, education, and social services. This approach is based on the concept of "regional sustainable development."

2. "Chiiki Okoshi" – regional revitalization programs:

- Cultural, economic, and ecological projects are implemented to revitalize underdeveloped or depopulating regions. Local transformations and activities to attract youth to the regions play an important role in this program.

3. Regional investment and tax incentives:

- The state provides tax and financial incentives for production and investment in underdeveloped regions.

Key programs and initiative projects of Japan's experience:

1. "Comprehensive National Development Plans" (CNDP) – updated every 5 years, this plan focuses on developing national and regional infrastructure, diversifying industry, and improving living conditions;

2. "Special Zones for Structural Reform" program – special zones are created to develop the local economy and attract investments. Procedures for starting and running businesses in these zones are simplified;

3. Technoparks and innovation centers – Japan has established numerous technoparks and research centers aimed at introducing high technologies in regions and supporting startups.

Results and analytical indicators:

- Through the Shinkansen network, economic activity and tourism have significantly increased in areas distant from large cities;

- Special economic zones contributed to the diversification of regional economies and the creation of new jobs;

- "Chiiki Okoshi" programs increased youth interest in returning to regions and developing local business;

- In recent years, Japan has managed to stop or slow population decline in some regions facing demographic problems.

Directions for using Japan's experience in regional economic development in Uzbekistan:

Table 5: Directions for applying Japan's experience to regional development in Uzbekistan

Japan's Experience	Application opportunities for Uzbekistan
Comprehensive approach to regional development	Joint development of infrastructure, education, culture, and economic activity
Establishment of innovative technoparks and special zones	Expansion of industrial zones and innovation centers in Uzbekistan
Programs for revitalizing depopulated regions	Implementation of social and economic programs in sparsely populated areas
Development of interregional transport infrastructure	Improvement of railways and highways, strengthening intercity connections

Japan applied a systematic approach combining innovation, infrastructure, and social policy in regional development. This approach not only ensured economic growth but also helped reduce social disparities between regions. For Uzbekistan, this experience is especially valuable for the comprehensive development of underdeveloped regions and strengthening territorial stability.

CONCLUSION AND SUGGESTIONS

Achieving sustainable and balanced economic growth in regions, fully utilizing the internal potential of territories, and creating modern infrastructure and industrial capacities require consideration of the following recommendations based on the above foreign experiences:

1. Establishment of regional development agencies. Special agencies or centers need to be created in each region. They should study the economic potential of the region, attract investments, support small and medium businesses, and develop strategic plans;

2. Comprehensive infrastructure development. It is necessary to modernize transport, energy, water supply, communications, and other infrastructure. This will increase not only economic activity but also bring regions closer together;

3. Encouragement of small and medium businesses. Small and medium businesses should be supported through incentives, loans, training, and business incubators. This is important for job creation and economic diversification;

4. Provision of tax and other incentives to attract investments in underdeveloped regions. The investment climate needs improvement, stimulating investment in underdeveloped areas through tax and financial benefits;

5. Development of innovative technoparks and special economic zones. Technoparks, scientific centers, and special economic zones supporting innovation should be established. This will contribute to modernizing regional industry and developing high-tech production;

6. Comprehensive development of social, cultural, and educational sectors in regional development. Not only the economy but also education, healthcare, culture, and social services need simultaneous development. This is important for creating a prospective and sustainable society in regions;

7. Implementation of open dialogue and cooperation mechanisms. Strong mechanisms of cooperation and dialogue should be established among local authorities, the private sector, civil society, and international partners. This facilitates coordination of national and regional plans.

In conclusion, it is important for Uzbekistan to implement the above recommendations for sustainable and balanced regional development. This will enable all territories of the country to increase economic activity, ensure social well-being, and contribute to overall national development.

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