

## Foreign Experience in Forming a Competitive Environment and Opportunities for its Effective Use

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### Abstract

*Creating a favourable competitive environment in the context of strengthening the integration of Uzbekistan into the world economy is a key condition for the development and deepening of market relations. Competition not only helps the market to function effectively, but also as a result of running a business is a natural regulator of the various disproportions that occur. The main constraint of competition is the market concentration of a narrow range of market participants. In many countries around the world, despite more than 200 years of antitrust law, the search for more effective forms of antitrust policy continues. The practical implementation of such complex tasks testifies to the urgency of research on the formation of prospects for the development of a competitive environment in our country.*

**Keywords:** *competitive environment, antitrust policy, state budget deficit, competition process, exchange rate, financial institutions.*

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### Introduction

In the context of Uzbekistan's integration into the world economy and the intensification of the process of liberalization of foreign trade, it is necessary to ensure a competitive environment in the domestic market, increase the competitiveness of domestic producers. This makes it an objective necessity to study the process of formation of a competitive environment in the country, to improve the legislation in this area, to develop mechanisms for the implementation of antitrust policy. Therefore, the development of competition has become a priority of public policy in the implementation of structural reforms. In this regard, President of the Republic of Uzbekistan Shavkat Miromovich Mirziyoyev said: "We need to study the world experience and find our own way."

### Literature review

The economic essence of the concept of competition and the stages of development, the processes associated with the impact of improving the competitive environment on socio-economic developments scientific and theoretical bases from foreign economists M.Porter [2], A.Christopher [3], E.Pierre, E.Langeard [4], V.Ye.Roxchin, Ye.N.Vetrova [5], T.G.Filosofova, V.A.Bikov [6], Yu.B.Rubin [7], F.Davrukov [8], M.A.Agapova [9].

Processes related to the competitive environment in our country and methods of its protection, problems arising in the process of competition and methods of its protection, foreign experience in

improving the competitive environment and opportunities for its effective use Sh.D.Ergashkhodjayeva [10], A.Olmasov, A.Vakhobov [11], Sh.Sh.Shodmonov, U.V.Gofurov [12], M.T.Yaxshiyeva, X.T.Azizov [14] and it can be seen in the research work of economists such as D.Sh.Bababekova, U.J.Zaynutdinova, B.O.Tursunov [15], K.O.Kholikov, R.H.Dusanov [16], A.M.Kadirov, A.T.Akhmediyeva [17].

### **Research methodology**

Research methods such as analysis and synthesis, induction and deduction, statistics and comparison were used in conducting the research.

### **Analysis and discussion of results**

The first steps towards the creation of a modern European Union were taken in 1951: the "European Coal and Steel Union", which aimed to unite European resources for steel and coal production in Belgium, Germany, the Netherlands, Luxembourg, France and Italy (ECSC - European Coal and Steel Community). This agreement came into force in 1952. The Treaty of Rome, signed on March 25, 1957, is the cornerstone of the European Economic Community. Under an agreement signed by Italy, Germany, France, Belgium, the Netherlands and Luxembourg, all barriers to the free movement of people, goods, services and capital have been removed. In addition, another Roman treaty was signed on the same day, according to him, the European Atomic Energy Community was also founded. determines the increase. The treaty ended the process of regulating the monetary and political systems of European countries.

The European Central Bank (ECB) and the European Central Banking System (EBRD), which are part of the national central banks of the EU member states, are responsible for the monetary policy of the European Union.

The signatories of the Maastricht Treaty agreed on the need to comply with the following five principles, known as the Maastricht Principles, in order to join the European Monetary Union:

1. The state budget deficit should not exceed 3% of GDP;
2. Public debt less than 60% of GDP;
3. The state shall participate in the exchange rate mechanism for two years and support the national exchange rate in a predetermined range;
4. The inflation rate should not exceed 1.5% of the average value of the three members of the European Union with the most stable price tags;

Long-term interest rates on government bonds should not exceed 2% of the average value of these rates in countries with the lowest inflation rates. It should be noted that by this time the number of EU member states has doubled - the signatories of the Treaty of Rome were the United Kingdom, Denmark, Ireland (1973), Greece (1981), Spain and Portugal (1986). Although the agreement on simplification of passport and visa control at the borders of a number of EU countries was signed on July 14, 1985 by 5 countries - Belgium, the Netherlands, Luxembourg, France and Germany, it entered into force on March 1, 1999. Instead, the European Union's Schengen legislation has been introduced. This year, the European Union expanded for the fourth time, with three more countries joining: Austria, Finland and Sweden. Unlike the member states of the Eurozone, these 9 countries cannot interfere in the monetary policy of the European Central Bank and do not send their representatives to senior positions in the bank.

The euro has been in non-cash form since January 1, 1999. On January 1, 2002, cash banknotes and coins were issued. The euro is currently the single currency of 240 million Europeans. Currently, the amount of euro banknotes in circulation around the world has exceeded 1 trillion euros, and according to this indicator, the currency is ahead of the US dollar. The EU, which has 15 members, added 10 more this year. These are the Czech Republic, Hungary, Poland, Slovenia, Slovakia, Estonia, Latvia, Lithuania, Cyprus and Malta. Although this expansion was the largest in terms of population and territory of the country, it was not the largest in terms of gross domestic product. In 2007, Bulgaria and Romania also became members of the European Union under this fifth enlargement, bringing the number of member states to 27. In 2013, Croatia became the 28th member of the EU as part of the sixth enlargement. In a referendum in June 2016, the people of the United Kingdom voted in favor of leaving the EU - Brexit. In March 2017, a law to this effect was signed by Queen Elizabeth II of the country's parliament and officially entered into force. As a result, for the first time, the United Kingdom did not attend the 60th anniversary summit of the Treaty of Rome in Rome, Italy, and the number of EU member states dropped to 27. In a referendum in June 2016, the people of the United Kingdom voted in favor of leaving the EU - Brexit. In March 2017, a law to this effect was signed by Queen Elizabeth II of the country's parliament and officially entered into force. As a result, for the first time, the United Kingdom did not attend the 60th anniversary summit of the Treaty of Rome in Rome, Italy, and the number of EU member states dropped to 27. In a referendum in June 2016, the people of the United Kingdom voted in favor of leaving the EU - Brexit. In March 2017, a law to this effect was signed by Queen Elizabeth II of the country's parliament and officially entered into force. As a result, for the first time, the United Kingdom did not attend the 60th anniversary summit of the Treaty of Rome in Rome, Italy, and the number of EU member states dropped to 27.

We have talked in detail about the European Union. It has 27 member states: Belgium, Germany, Italy, Luxembourg, the Netherlands, France (1957), Denmark, Ireland (1973), Greece (1981), Spain, Portugal (1986), Austria, Finland, Sweden (1995), Hungary, Cyprus, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Czech Republic, Estonia (2004) Bulgaria, Romania (2007) Croatia (2013) The most powerful countries are not members of the European Union.

Europe's single currency is in force in only 19 EU member states. EU members Sweden, Denmark, Poland, the Czech Republic, Hungary, Bulgaria, Romania, Cyprus, Ireland and the former member - the United Kingdom - have retained their national currencies. None of the EU members, except Romania, plans to devalue the national currency and introduce the euro in the near future. Romania will switch to the euro from January 1, 2019. In smaller countries such as Andorra, the Vatican, Monaco, and San Marino, the euro also applies. The Swiss franc itself and Liechtenstein; Norway and Iceland also practice their national currencies in the former Yugoslav republics.

The agreement will be signed on June 14, 1985 on board the Queen Marie-Astrid aboard the Moselle River on the border of Luxembourg, France and Germany with representatives of Belgium, Luxembourg, the Netherlands, France and the Federal Republic of Germany. The agreement takes the name of the village closest to the ship at that time - Schengen. The Schengen area was non-existent in six of the 28 EU member states: the United Kingdom, Croatia, Romania, Cyprus, Ireland and Bulgaria. Currently, a Schengen visa allows you to travel freely across the borders of 22 EU member states. EU members Cyprus, Croatia, Romania and Bulgaria are members of the Schengen area and will be admitted in the coming years. But the interesting thing is, The Schengen area also applies to the Eurozone and non-EU countries. For example, Switzerland, Iceland, Norway, Liechtenstein. Minor countries such as Andorra, San Marino and the Vatican (via Italy) and

Monaco (via France) can also be easily accessed with a Schengen visa. These are states with open borders.

The development of a competitive environment in the European Union indicates the development of a single airline service, e.g. allowed to lay a solid foundation for the development of low-cost flights. In the aftermath of 9/11, airlines began canceling orders for new aircraft. Unable to find a buyer, Boeing and Airbus began packing the planes into a warehouse. Analysts have begun to talk about the fact that these manufacturers are facing bankruptcy, especially the weight of the situation of the American company.

The new head of Ryanair Airlines in Ireland, Michael Uliri, has extended a helping hand to Boeing. Previously, he ran the world's largest leasing company, which buys and rents new aircraft. Shortly before the crisis, the company went bankrupt, but Uliri, as an excellent specialist in aircraft procurement, knew all the subtleties of the manufacturers. He was able to purchase 100 Boeing 737-800s at a discount of about 70 percent, then the order expanded to another 150 vehicles, and to date, the low-cost carrier has a total of about 500 Boeing aircraft. There is a clear division in the market: traditional flagship carriers are business passengers (flying at the expense of the employer), as well as private passengers (mainly long-haul, including

In Loukoster (Ryanair, easyJet, Vueling, Transavia, Eurowings, Norwegian Air) more than 75% of the passenger flow from Northern Europe to the Mediterranean and Atlantic resorts or similar places (ski resorts, major cultural historical centers, etc.). The remaining 25 per cent belong to labor migrants (mainly from Eastern and Southeastern Europe to the northern and western parts of the continent). With the exception of Wizzair and Pegasus, where the flow is distributed in the form of 50 percent to 50 percent. Ryanair, followed by many other low-cost carriers, also managed to make more money by focusing on flying to smaller cities, and gained another market advantage - a subsidy from local authorities and airports. Let's say

Once the obligation is met, the airline does not pay for the airport, plus it charges, say, € 10 per passenger. If the airline fails to meet the obligation, it will not receive a subsidy and will have to pay full fees for all passengers.

As part of the campaign, 150,000 tickets will be sold at a loss of € 35 per ticket - a total net loss of € 5.25 million. But the airline will receive a subsidy (€ 10 million) for all passengers at the end of the year and a discount on airport fees (again € 10 million). As a result, even if other airlines sell other tickets at a 0% profit, the net profit at one airport alone will be € 14.75 million. For a long time, Ryanair paid absolutely no fees at many small airports, except for a token fee for passenger service. However, after numerous complaints from competitors, the EU antitrust authorities have addressed the issue and have strictly regulated the granting of discounts at airports.

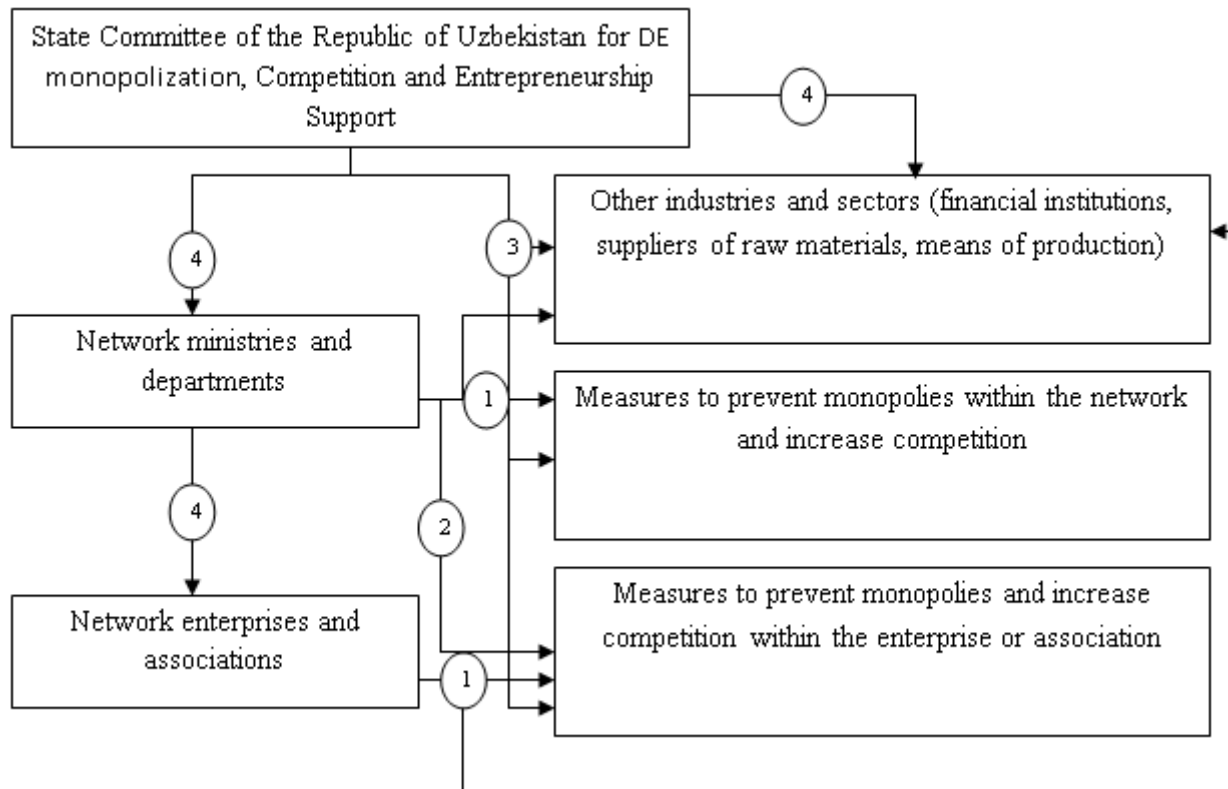
The last two areas, which differ from foreign analogues, play a key role in the antitrust regulation of Uzbekistan. The main task of foreign antitrust policy is to control the merger and acquisition process. In addition to the norms governing the initial control of mergers in Uzbekistan, there are also norms governing the actions of public authorities that hinder competition in foreign antitrust policies. One of the reasons for the uncompetitive behavior of these government agencies is the specificity of the CIS countries, which are focused on conducting industrial policy in accordance with their region, industry or specific market. Accordingly, there is an inevitable ambiguity in the definition of powers between antitrust and industrial policy. This is reflected in the list of tasks of the antimonopoly authorities of Uzbekistan, which is wider than the ordinary set of tasks performed by the antitrust authorities of foreign countries. In particular, the Law on Competition provides for the protection of enterprises from interference in their economic activities by state authorities and

local self-government bodies. The crisis has clearly shown that antitrust regulation plays an important role in preventing the emergence of "bubbles" in financial markets. To this end, on August 20, 2013, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 230 "On measures to improve antitrust regulation in commodity and financial markets." It includes the procedure for recognizing a dominant position in the financial market, the procedure for determining the monopoly high and monopoly low prices for services in the financial market, the procedure for determining the agreed actions and transactions that restrict competition,

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated May 10, 2014 No 118 "On the procedure for obtaining information on the activities of natural monopolies by the antimonopoly body". Regulations on the procedure for obtaining information In order to radically reduce the list and types of monopoly products and ensure the transition to international principles of antitrust regulation, the Cabinet of Ministers of the Republic of Uzbekistan on March 30, 2018 "On measures to further improve antitrust regulation in commodity markets" Resolution No. 249 was adopted. State regulation of prices in accordance with this resolution (declaration, approval,

- the prices (tariffs) specified in appendix 2 to this resolution, the goods (services) in the list of socially significant goods (services) and their strategic types regulated by the state;
- Goods (services) produced under natural monopolies;
- Resolutions of the President of the Republic of Uzbekistan provide for the regulation of prices (tariffs) for goods (services).

In ensuring the access of producers to raw materials, production and technical means, it is necessary to take into account, first of all, small business and private entrepreneurship.



**Figure 1. Processes of formation and implementation of the intersect oral program on demopolization and development of competition**

In this regard, the urgent task is to develop a mechanism for participation in the competition for the right of small enterprises to fulfill the state order for the development of goods and services. Because one of the conditions that create a competitive environment is the large number of market participants, the most effective way to ensure this is the development of small businesses. However, one of the main problems in the sustainable development of small businesses in the transition period is to provide them with sufficient workload. Accordingly, the fact that these enterprises have a certain amount of work through the state order also affects the development of competition, and this method is widely used in foreign countries.

The current stage of development of the sector, which continues with the improvement of antitrust regulation in commodity and financial markets, ultimately solves the problems caused by the multi-profile of one body, the development of economic sectors and entrepreneurship, increasing competitiveness, creating a free competitive environment, attracting investment, led to the division of responsibilities between the newly established and other bodies in order to protect the rights of the owner. Also, the persistence of monopolies in a number of sectors and activities indicates the existence of limitations of the current monopoly policy.

### **Conclusions and suggestions**

A competitive environment is essential for the economy to function well. The main indicators of the competitive environment are:

World experience shows that in order to maintain a competitive environment in the economy of developed countries and ensure the effective functioning of the competition mechanism, along with the creation of a favorable macroeconomic environment for industrial enterprises, it receives various state support. Although the world experience in state support of entrepreneurship and the formation of a competitive environment is rich and diverse, they differ from each other in terms of mechanisms, methods and tools for this process. The study of this experience, the effective use of its positive aspects, based on the specifics of our country, is one of the most pressing tasks today, when structural changes are taking place in the economy.

- creation of general conditions for the activities of production entities;
- support and provision of benefits to production entities in order to ensure their adaptation to economic conditions.

Having studied the results of summarizing the world experience in creating a competitive environment and state support for entrepreneurship, we believe that they can be used in Uzbekistan in the following areas:

- ✓ in the development of practical measures to increase the practical significance of antitrust law, reduce monopolistic structures and implement the Law "On Natural Monopolies";
- ✓ in regulating tax rates and improving the system of tax incentives applied to production entities and industrial enterprises;
- ✓ Improving and developing the mechanism of providing management, technical and information assistance to enterprises, etc.

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