

The Strategic Role of State Programs in Modernizing the National Construction Industry and Promoting Diversification Processes

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Abstract

This article analyzes the role of state programs in modernizing the national construction industry of New Uzbekistan, as well as in promoting production diversification and innovative development within the sector. The study examines key factors influencing digital transformation, technological renewal, and institutional reforms in the construction industry. It also highlights the importance of aligning technical regulations and standards with international requirements, modernizing construction material production systems, and enhancing investment activity through strategic state initiatives. The findings demonstrate that state policy plays a decisive role in ensuring sustainable growth and improving the competitiveness of the construction sector.

Keywords: Construction industry, state programs, modernization, diversification, innovative development, digital transformation, investment policy, technical regulation, standardization, sustainable economic growth.

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1. Introduction

In the context of New Uzbekistan, priority has been given to the development of the national construction industry, the acceleration of product diversification in the practices of enterprises operating in the sector, as well as the further improvement of enterprise activities and the introduction of digital technologies into the industry. The construction sector plays a crucial role in creating the material and technical base of all sectors of the economy, as well as in meeting the population's needs for comfortable housing, social and engineering infrastructure services, and cultural recreation.

State policy in the construction sector is aimed at enhancing the potential of the industry through the efficient use of innovations, investments, labor, and

material resources in order to ensure the successful implementation of socio-economic development programs at the national, regional, and sectoral levels.

The proposed “Uzbekistan Building Code (UBC)” technical regulation and standardization system consists of the following structural components:

General rules and requirements for product manufacturing – this component includes a set of rules and requirements covering the production processes and technological characteristics of construction products that are not available in the domestic market and are imported from abroad. Such rules and requirements enable local construction industry enterprises, which plan to implement horizontal product diversification, to obtain complete and scientifically grounded information

on import-substituting products.

Production of new products within urban development programs – in recent years, priority has been given to urban development projects in the country, and large-scale construction activities have been implemented. In this context, it is necessary to establish a list of alternative products that meet the demand for materials used in urban development projects by domestic construction enterprises. This will further accelerate the horizontal diversification of products manufactured by local construction companies.

Special opportunities and incentives within state strategic reforms – this component involves the creation of a unified database on benefits, incentives, and favorable conditions provided by the state to support the development of the construction sector, particularly in the production of import-substituting and export-oriented construction materials. This will simplify access to relevant information for business entities.

Vertical and horizontal structures – this component integrates information on existing collaborative projects between construction enterprises aimed at product diversification, thereby strengthening inter-firm cooperation and improving access to potential partners for production activities.

External enclosure structure standards – considering the rapid expansion of construction activities in the country, it is necessary to develop a database on the production and use of external enclosure structures in buildings and facilities. This database should be based on international standards, enabling manufacturers to better understand technical regulations and improving the overall quality of construction works.

Load-bearing structures – these structures are widely used in construction processes. Enterprises involved in construction establish cooperation with service providers in this field. Therefore, it is necessary to define production requirements for such structures and create a database of service providers, including information on pricing and technological characteristics of services.

Engineering networks – this component requires the formation of a list of construction materials with the highest demand based on technical regulations identified by engineering enterprises. This will help reduce market research costs for construction companies and expand their internal investment capacity.

Internal environment – this involves the preparation of analytical materials on the market conditions and dynamics of the construction materials sector. Such analyses reduce marketing costs for enterprises and provide information on product demand and competitors. As a result, information asymmetry in the construction materials market may increase competition, leading to improved product quality and optimized pricing.

Safety – technical regulations related to safety requirements for different types of construction materials should be developed in accordance with international standards. This will enhance the global competitiveness of domestic construction products.

Fire safety requirements – fire safety standards for the production and use of construction materials should be developed taking into account natural and climatic conditions.

The proposed “Uzbekistan Building Code (UBC)” technical regulation and standardization system should be continuously improved by the Scientific Research Institute for Technical Regulation and Standardization. This will ensure the effective implementation of product diversification processes in the national construction industry.

In our view, the practical measures being implemented in the country to develop a “industrial mortgage” program aimed at supporting construction material manufacturing enterprises will undoubtedly yield positive results in the future. Within the framework of this initiative, industrial mortgage financing will be provided for 20 projects in construction product manufacturing enterprises. In the first stage, 50 million US dollars will be allocated, with loans granted for a period of 7 years, including a 2-year grace period.

In addition, industrial zones for construction materials production are being established in various regions of the country, including Nukus city, Buloqboshi, Qorovulbozor, Forish, Chust, Paxtachi, Sariosiyo, and Uzbekistan districts. Furthermore, negotiations are being conducted with leading companies from Spain, Italy, and Türkiye to establish a cluster for the production of porcelain tableware and sanitary equipment in Angren.

In 2024, it was planned to launch at least 10 projects worth 200 million US dollars for the production of finished goods from kaolin using a cluster-based approach in the Navoi, Samarkand, and Tashkent regions.

The main criteria for selecting large-scale industrial projects through open competition include the following:

the creation of at least 100 new jobs within the project framework;

the share of imported goods in the domestic market being reduced by more than 50 percent through the production of import-substituting products;

the use of modern (next-generation) technological equipment in production.

Within the program, winners of the competition will be provided with loans at an annual interest rate of 4 percent in foreign currency and 10 percent in national currency, for a period of up to 10 years, including a grace period of up to 3 years. The loan amount will cover up to 25 percent of the project cost, but not exceeding 10 million US dollars per project.

In our opinion, the implementation of the above-mentioned proposals will allow for the improvement of state support programs aimed at diversifying products of construction enterprises in the country, thereby ensuring the timely and effective achievement of the strategic goals and objectives of ongoing reforms in the sector. As a result, opportunities for product diversification in construction enterprises will expand, ultimately contributing to the steady growth of added value in the construction industry.

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