



EXPERIENCES OF FOREIGN COUNTRIES ON LOCALIZATION IN THE DEVELOPMENT OF THE REAL SECTOR

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Annotation. Localization of production in industrial enterprises allows to effectively solve problems such as employment in the country, dependence on imports, modernization of industrial enterprises, creation of new industries. It is appropriate to study and use the experiences of the developed countries in the proper organization of the localization process. In the article, the experiences of countries that effectively localized production in real sector enterprises were studied and the necessary conclusions were drawn.

Keywords: industry, localization, industrial production, localization of industrial production.

If we dwell on the recent history of the localization programs of industrial enterprises of the United States of America, in 1997, 1,380 bln. A product worth US dollars was created, which in turn accounted for 16% of GDP. By 1998, 1,429 bln. Goods were produced in the amount of US dollars and it was 15.77% of GDP. During the past period, the volume of production by real sector enterprises increased by 169%, while the share of the real sector in GDP decreased from 16% to 10.93%. This indicates that the service sector is rapidly developing from the industrial sector all over the world [1].

From the point of view of import substitution, it is appropriate to refer to the foreign experience of localization policy. It not only creates new jobs and production in its territory, but also stimulates the development of knowledge-intensive sectors of the economy, nourishes local companies, turns them into strong competitors on a global scale, guarantees national control over strategic industries.

After the 2008-2009 crisis, many economists feared a new wave of protectionism and a repeat of the wave of tariff restrictions that began in 1930 with the Smoot-Hawley Tariff Act during the Great Depression. This time, however, the authorities were more restrained, eschewing traditional forms of protectionism (such as quotas and tariffs) and emphasizing non-tariff restrictions (NTOs). These restrictions took various forms: complex customs procedures, high standards (packaging requirements), direct government subsidies, etc.

These tools include the increasingly popular localization requirements. These requirements are expressed in the share of the project to be provided by local companies (which brings the requirements closer to quotas) or in subsidies given only to local companies. It can also be citizenship requirements for companies that are allowed to import certain goods or invest in certain firms and sectors of the economy.

Historically, localization requirements have been used in a variety of contexts. In the last five years, the main reason was the need to create new jobs not in the world market, but in the domestic market. So, during the recession of 2008 (as in 1933), the US Congress passed the American Recovery and Reinvestment Act of 2009 (a massive financial stimulus of \$787

billion) to "Buy American " introduced the article. Many other countries have done the same. In such cases, public procurement and publicly funded projects have acted as mechanisms for the demands of localization [2].

But high unemployment and the need for financial incentives are not the only factors driving the demand for localization. The development of new industries is also used as an argument in favor of encouraging local companies, especially in developing countries interested in forming high-tech industries such as information technology and renewable energy.

Regulated industries (such as aviation, broadcasting, utilities, and telecommunications), "core" companies, and "strategic" industries are often subject to localization requirements. When state enterprises are privatized, only companies and citizens of this state can participate as buyers. Likewise, foreign multinational corporations may be excluded from the bidding process when "important" companies are targeted for sale.

The data show that after 2008, not only developing countries, but also developed countries actively applied to localization projects to solve economic problems such as creating new jobs and developing strategic sectors of the economy. In addition, the richer a country is and the less it depends on globalization (in terms of mutual trade and accumulated direct investment as a share of GDP), the more it develops. the more actively resorted to coercion in the localization of output.

Localization requirements are an old defense mechanism that ensures that three important goals are achieved: create jobs in your own economy, not abroad; to activate their national companies in order to turn them into global first-class competitors; guaranteed national control over "strategic" industries such as civil aviation, broadcasting, electricity, etc.

If we analyze the main goals of some countries that have effectively organized policies related to localization, we can come to the following conclusions.

The development of the health sector in Brazil is characterized by the "forced" localization of the production of medical equipment and drugs. One of its goals was to bring together public and private companies in the health sector. Another goal was to support emerging industrial and medical device firms. The third is to ensure public safety in the development of new drugs and medicines. Finally, the fourth was to ensure the availability of medicines, especially for those with serious illnesses.

Localization requirements can take many forms. The most correct form is the requirement that all materials and components in the investment project be supplied by local national companies. License requirements that indirectly favor local companies or locally produced goods. The most complex and subtle form of localization is apparently discriminatory regulation, which in practice leads to discrimination against foreign companies or goods due to stricter inspections and longer procedures for accepting contracts.

Wind turbine manufacturing policies in the Canadian provinces of Ontario and Quebec are examples of well-defined measures to encourage localization. Increasing the percentage of localization is the main incentive tool. The main goal of localization is the creation of new jobs for Canadian industrial companies and the formation of a new industrial network.

For more than 30 years, localization requirements have been an integral part of China's policy to promote the development of the automotive industry. Since the early 1980s, after China declared the automobile industry as one of the most important factors of economic growth, the state began to subsidize the industry and encourage the establishment of joint

ventures with foreign investors in order to increase production and acquire the necessary technologies. After China joined the WTO in 2001, China removed localization requirements from official documents and legislation; however, localization policies remain, in terms of foreign ownership requirements, financial instruments, and government "guidelines". Requirements for increasing the share of national capital in the structure of ownership are not regulated by WTO rules [3].

Localization policies in Nigeria focus on supply and employment in the oil and gas industry, which is largely controlled by foreign companies. The proximate and specific objectives are to encourage the creation of a national oil and gas industry and increase employment among Nigerian citizens. As the oil and gas industry is not regulated by WTO rules, Nigeria has no conflict with this organization on localization policy.

Apart from the preferential right to hire local staff, the law requires that all junior and middle management positions be held exclusively by Nigerians. Companies can hire foreigners for no more than 5% of all available positions. Furthermore, a foreign national may not hold any office for more than four years, after which a Nigerian must take his place.

Summarizing the most important goals of localization policy in the United States of America Recovery and Reinvestment Act (ARPA, 2009), the following can be distinguished:

- active expansion of employment at the expense of infrastructure costs;
- stimulation of economic growth;
- Protect American companies from unfair competition of foreign companies receiving subsidies;
- strengthening national security by encouraging the development of the local metallurgical industry [4].

From the above localization experiences, it can be seen that there is an opportunity to obtain solutions related to the effective organization of measures related to localization in the industrial sectors of Uzbekistan

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