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MAIN DIRECTIONS OF DEVELOPING DIGITAL ECONOMY IN THE CONTEXT OF ENSURING THE ECONOMIC SECURITY OF COUNTRY

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Abstract: *The article describes promoting digital economy in Uzbekistan, current trends of digitalization of the economy and society based on the analysis of the implementation of projects. And also discusses an assessment of the degree of use of Internet, the factors affecting for the development of e-commerce and e-government, justifying efficiency in the use of foreign practices on global agenda. Future perspectives and potentials to gain added value by digitalization of the economy of Uzbekistan.*

Keywords: *digital economy; e-government; digitalization; smart city; digital innovation; big data.*

Introduction

It is the single most important driver of innovation, competitiveness and growth, and it holds huge potential for entrepreneurs and small and medium-sized enterprises. These trends enable more than just technological innovation. They spur innovation in business models, business networking and transfer of knowledge and access to international markets, which can be implemented into economy of Uzbekistan [1].

According to the the resolution of the president of the Republic of Uzbekistan No. RP-3832 “On measures for the development of the digital economy in the Republic of Uzbekistan” adopted in July 3, 2018 it is planned for the next few years to ensure the close cooperation of state bodies and business entities in Uzbekistan in the implementation of innovative ideas, technologies and applications for the development of the current digital economy [2].

For the last years an establishment of the new business is changing the nature and landscape of business in Uzbekistan. Most importantly they bring new shares and values into markets, and playing significant drive for the economy as a whole. Subsequent attention by our government into this sphere is showing its promising results with the well-being of population and simplicity in people’s life. The digital economy has become a powerful accelerator and catalyst of national economy. The casual observers are taken into consideration by high indicators of economic growth of Uzbekistan.

In this regard, the President of Uzbekistan Shavkat Mirziyoyev has instructed the government to develop a national concept for transition to digital economy. As he said “We set big goals: we need to bring the share of the digital economy to 30 percent” [1].

As well as, Uzbekistan attaches great importance to the development of information and communication technologies at the highest level, and enhancing their role in the country's social and economic development. A striking example of this is the speech by the

president Shavkat Mirziyoyev, in which, he particularly notes:

"Modernization of industries and regions, increasing their competitiveness, development of export potential will always be at the center of our attention. To do this, it is necessary to attract foreign investments, advanced technologies, including information and communication technologies, even more actively. On this basis, we will be able to achieve growth of GDP more than 2 times by 2030" [3].

Obviously, the new economic space formed by the digital economy creates for its participant's fundamentally different opportunities than before, and prospects.

Literature Review

The works of such Uzbek and foreign scientific figures as Blundell-Wignall, Nakamoto S., Narayanan A., Elliot S.W., Khodiev B.Y., Yusupova N., Ergashev., Edward M. Roche., Anke Hoeffler., Varian, H., Aaron Orendorff., Ajeet Khurana and other authors have been used in this work.

Research methodology

Different methodologies were used during research such as quantitative, qualitative, experimental and statistical research methods. Also sampling and sample design, analyzing data, data collection, observational data, secondary data and large-scope based survey have been used.

Analysis and results

The digitization of economic growth and trade will be increasingly driven by the use and extraction of value from data. The evolution of special purpose standards for networked vehicles towards IP based communication networks and the high volume data processing requirement call for big data virtual network [5].

The results of this analysis suggest that with a high degree of probability in the near future, the level of digitalization will determine the competitiveness of not only business but also entire countries. At the same time, only those countries and companies that will be able to adapt quickly and maximize the benefits of the changes that have taken place have achieved a sustainable competitive advantage.

For advanced development, it is important to identify trends in the field of digital technologies, most influencing the shape and structure of the economy in general and the individual sectors in particular, and also to determine which of them will allow the greatest benefits in the next 5-10 years. The pace of building a digital infrastructure is critical. In the world of the Internet of things, everything must be connected with each other quickly, reliably and safely. In this regard, it is important to continue implementing measures to expand the coverage of the population with advanced technologies and their rapid deployment throughout the country. This will lead to an increase in the availability of the Internet, and will also give impetus to the development of entrepreneurship on the digital periphery.

Results of our research suggest that there are main barriers and obstacles in the way of full realization of potential of digitalization in Uzbekistan, here we will list them:

1. One of obstacles is related with overall cover of the population with Internet;
2. Another very common barrier is related with skills and experience of information technologies in relevant fields;
3. Lack of fast and popular virtual payment system where banks play active role and act as a guarantee for success and safety of transactions;

4. Lack of promotional activities regarding to popularization of e-commerce among consumers and of explanations on how the system works.

Defining of main obstacles and barriers in further development of digital economy in Uzbekistan is important as it helps to define main problems in this field and solving these problems systematically can help to increase the scale and scope of e-business and thus can help to benefit from its all advantages.

Digitalization plays a big role in formation of economic activity not only in the business, but also in the area of management. E-government operates in Uzbekistan is clear illustration of digitalization in the governing bodies.

The digital transformation is an opportunity to be welcomed, but it also brings certain challenges that need to be managed. Generally speaking, the digital transformation is changing the world faster than many rules and regulations have evolved. Governments can benefit from mechanisms to periodically review their regulatory frameworks and, where appropriate, update them to ensure that they are well suited to the increasingly digitalized world.

Developments and perspectives in the area of digital economy in Uzbekistan

Digital technologies change the daily life of a person, production relations, the structure of the economy and education, new requirements for communications, computing power, information systems and services. At present, data is becoming a new asset, mainly due to their alternative value, that is, as data is applied to new purposes and used to implement new ideas [7].

#	WEBSITE	TIME	PAGES
01	Google.com	7m 32s	8.56
02	Youtube.com	8m 18s	4.79
03	Ok.ru	4m 48s	2.15
04	Mover.uz	12m 12s	8.00
05	Yandex.ru	5m 21s	3.22
06	VK.com	10m 28s	4.74
07	Mail.ru	5m 23s	3.63
08	Olx.uz	15m 38s	13.90
09	Kun.uz	9m 43s	6.21
10	Google.ru	5m 50s	9.76
#	WEBSITE	TIME	PAGES
11	Wikipedia.org	4m 16s	3.31
12	Uzonline.uz	2m 45s	2.95
13	Mytube.uz	8m 32s	8.38
14	Instagram.com	5m 23s	3.34
15	Alltor.me	7m 11s	3.07
16	Player.uz	4m 37s	4.16
17	Allmovies.uz	6m 08s	5.52
18	Aliexpress.com	14m 15s	11.29
19	Daryo.uz	7m 42s	5.00
20	Google.co.uz	4m 00s	4.48

Chart 1. Ranking of top websites in Uzbekistan

(Note: ranking based on the number of visitors to each site and the number of pages viewed)

Source: <https://www.alexa.com/topsites/countries/UZ>

The use of IT-technologies enables the transparency of public bodies, creates conditions for active participation of citizens in the process of making important management decisions regarding their interests. In addition, the widespread application of ICT promotes to improve the business environment, increase competitiveness of the

national economy, the quality of life of the population.

Looking into trend in websites that are used by our population can reveal high potential to be engaged with internet. Among 20 websites google.com search engine found to be most visited website with 7 m 32 seconds and per consumer viewed 8.56 pages per visit. Next leading position belonged to youtube.com almost 5 pages per entrance with 8 m 18 s more than even google.com. 3rd rank was taken by ok.ru social network where 2.15 viewed per visit.

100% of the tax and statistical reports are submitted via the internet in e-form. Full transition to electronic declaration of goods and registration of export-import contracts are provided, which reduced working day of the customs clearance of goods and provision of other related services from three to one. The development of online payment of taxes, compulsory and communal payments allowed increase the number of users in two-fold and by 2.3 times – for online transactions.

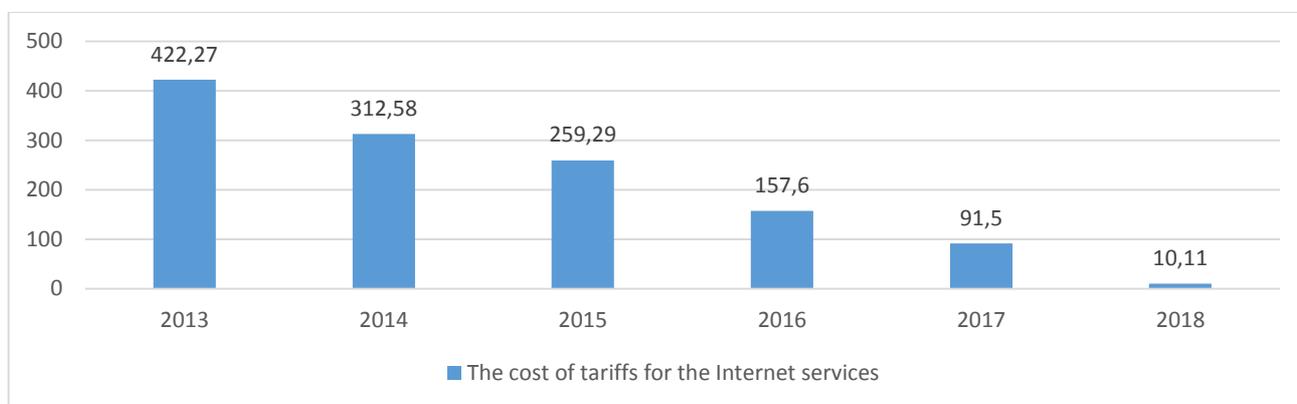


Chart 2. Cost of tariffs for internet services (external channel)

Source: www.mitc.uz

The entry into force of Law “On e-government” which has been adopted recently in June of this year, gives new impetus to the advancement of communication environment. This legal act creates a solid foundation for the further deepening of the reform of public administration and the enhancement of its efficiency. It provides for the consistent implementation and expansion of the modern ICT usage in public administration, establishment and operation of the system “Electronic government”, increasing the transparency and openness of government agencies, the responsibility of officials.

Transforming the world and realizing the sustainable development goals by 2030 will require a paradigm shift in the way societies govern themselves. It will require rethinking the role of government and the way it interacts with civil society and the private sector in managing the public affairs of a country and responding to the needs of its people. ICTs and e-government have the potential to ensure that no one is left behind in sustainable development. The 2030 Agenda specifically recognized the vital role of these two components as a catalyst for realizing its vision, and stated that “the spread of information and communications technology and global interconnectedness have great potential to accelerate human progress, bridge the digital divide, develop knowledge societies such as

scientific and technological innovation among different sectors" [1].

Today the world is on the threshold of development of economy of new technological generation - digital economy. In the modern world, in the age of globalization and information technology relevance of digitalization of socio-economic relations. According to the experts, 22 percent of global GDP created by the digital economy. About 27 percent of companies around the world use artificial intelligence in their activities. According to the data, by 2020 the world market of technologies for digital production will be more than 700 billion, and by 2025 will expand by \$3 trillion due to new products and services.

Under these conditions, traditional trade and economic processes are smoothly moving to online platforms. According to the calculations of economists, the volume of sales on online trading platforms in 2017 reached more than \$22 trillion, and by 2020 it is expected to grow to \$27 trillion. For instance, there are more than 800 thousand online stores in Europe. Only Germany has more than 175 thousand, Germany is the leader among other European countries. In the U.S. "Amazon" company occupies 37 percent of the American market of electronic commerce and according to the forecasts, within three years this figure will rise to 50 percent. From this point, it's necessary to note that the Republic of Korea is one of the most developed countries in the world for innovative development and digitalization of society and the state.

In order to develop the cryptosystem in Uzbekistan, a license to operate crypto-exchanges is issued exclusively to foreign legal entities through the opening of subsidiaries or other enterprises in the territory of the Republic of Uzbekistan.

From January 1, 2021, it is planned to introduce blockchain technologies in the activities of state bodies, including the implementation of public procurement, provision of public services and verification of personal information, maintenance of state registers and classifiers.

Special attention is paid to the development of e-government. Almost all government agencies provide e-services, such as the Single Portal for Interactive Public Services (my.gov.uz) provides more than 300 electronic services, including the portal which gives an opportunity to send an appeal to law enforcement agencies and open a business in 30 minutes, while tax reporting and customs clearance are 100% transferred to electronic form.

Measures are being implemented to create the first "smart city" in Uzbekistan. Thanks to cooperation and effective coordination with experts from the Republic of Korea, in 2025 the first "smart city" will be Nurafshon city [6].

Along with this, in September, the decree of the President of the Republic of Uzbekistan on "The Strategy for Innovative Development of the Country for 2019-2021" was adopted.

The main goal of the Strategy is development of human capital as the main factor determining the level of the country's competitiveness in the world arena and its innovative progress.

The document notes that one of the main goals is the entry of Uzbekistan by 2030 into the 50 leading countries of the world according to the Global Innovation Index rating.

Among the main objectives of the strategy is Uzbekistan's joining the 50 leading countries by 2030 according to the rating of the Global innovation index.

In the prism of innovative development and digitalization of the economy, it should be emphasized that the quality of education and research are drivers of digitalization of the state economy. The country's education system should not lag behind the requirements imposed on it by the realities of the digital economy.

Conclusion

In conclusion analysis reveals some of the different economic strengths and weaknesses that countries display, highlighting potential sources of digital comparative advantage as well as areas for development. Current levels of digital engagement reflect the real concerns and worries that people have about their place within this future. Businesses and governments have been at the vanguard of driving the transition to a digital economy—through job creation, skills development, cutting-edge innovation and enabling regulatory frameworks. But people need to be heard louder than before if we are to build a digital economy that harnesses the rich diversity of talents and attitudes that exist across our societies:

1. Support the free flow of information to catalyze innovation and creativity, support research and knowledge sharing, enhance trade and e-commerce, enable the development of new businesses and services, and increase people's welfare through policies, grounded in respect for human rights and the rule of law, that reinforce the Internet's openness, in particular its distributed and interconnected nature, while respecting applicable frameworks for privacy and data protection, and strengthening digital security;

2. Stimulate digital innovation and creativity to spur growth and address global social issues through coordinated policies that promote investment in digital technologies and knowledge-based capital, encourage availability and use of data, including open public sector data, foster entrepreneurship and the development of small and medium enterprises, and support the continued transformation of all economic sectors, including public services;

3. Increase broadband connectivity and harness the potential of interconnected and converged infrastructures and digital services to bridge digital divides and foster innovation by adopting technologically neutral frameworks that foster investment in broadband networks, protect consumers, promote competition and enable opportunities for all;

4. Embrace the opportunities arising from emerging technologies and applications such as the Internet of Things, cloud computing, digital transformation of manufacturing and data analytics, while addressing their economic and social effects, and assessing the appropriateness of policy and regulatory frameworks, and of global standards;

5. Promote digital security risk management and the protection of privacy at the highest level of leadership to strengthen trust, and develop to this effect collaborative strategies that recognize these issues as critical for economic and social prosperity, support implementation of coherent digital security and privacy risk management practices, with particular attention to the freedom of expression and the needs of small and medium enterprises and individuals, foster research and innovation and promote a general policy of accountability and transparency.

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