



## **PUBLIC-PRIVATE PARTNERSHIP IN THE TRANSPORT SYSTEM OF UZBEKISTAN**

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**Abstract:** This article presents various opinions about the "public-private partnership" and gives its main definitions. The article discusses the importance of public-private partnership in the transport system. The article explains the necessity for forming and developing public-private partnership in the transport system of Uzbekistan.

**Keywords:** public-private partnership, transport, private sector, economy, public share, relations

### **INTRODUCTION**

The large-scale reforms currently being implemented in the national economy, such as technical and technological renewal and modernization of economic sectors, including the transport system, are important, first of all, for creating competitive production (rendering services) in the world market.

The transport system, being one of the foundations of the national potential with its infrastructure sector, occupies a leading place in ensuring internal and external economic relations and solving important socio-economic problems that arise in the process of developing the country's regions. In recent years, transport has not only tended to increase the volume of traffic, but also to increase its importance in the unified transport system of the country. [1]

It should be noted that at present, the transport system's cargo and passenger transportation activities show signs of stagnation, which can be explained by a high degree of depreciation of fixed production assets and limited investment opportunities of the transport system. Currently, the country's transport system is experiencing a need to increase and update rolling stock, improve the structure of the road surface and modern means of communication. [2]

The fact that most of the infrastructure sectors that make up the country's transport system are state-owned and that they are not sufficiently attractive for attracting private capital hinders a positive solution to these problems. Therefore, cooperation between the public and private sectors is now becoming increasingly important.

President of the Republic of Uzbekistan Shavkat Mirziyoyev said rightly in his Address to the Oliy Majlis: "...when implementing structural changes in the economy, it is necessary to accelerate the transformation of state-owned companies... Another area of structural reforms is to reduce the state's participation in the economy".[3]

Currently, structural changes are being observed all over the world in industries that were previously under the jurisdiction of the state, such as industrial and social infrastructure, energy, road and rail transport, main pipeline transport and other branches of natural monopolies. The state's objective is to transfer these industries to private owners on the terms of temporary long-term or medium-term ownership and use. [4]

On the one hand, the privatization of infrastructure sectors of strategic, economic and socio-political importance is impossible. But on the other hand, there may not be sufficient opportunities to provide these areas at a consistently high level at the expense of the state. To solve this contradiction, the concept of public-private partnership is used abroad. The result is a mutually beneficial relationship between the public and private sectors.

Public-private partnership relations are defined in the Law of the Republic of Uzbekistan "On public-private partnership" and in Regulation "On the implementation of projects on public-private partnership as follows: **"a public-private partnership** is a legally formed partnership between a public and private partner for a certain period of time, based on combining their resources for the implementation of a public-private partnership project. " [5, 6]

Systematic research in this area is conducted abroad. Scientist-economist V. N. Livshits emphasizes that combining state and non-state capital is the basis of state investment policy all over the world. [7] Another economist V.G. Varnavsky gives a definition of the concept of public-private partnership: "a public-private partnership is a system of organizational, economic, legal and social relations between the public and private sectors based on legally agreed interests, such as achieving public administration goals and maximizing the benefits of commercial activities. " [8]

## Methods

Theoretical and comparative research methods were used in the research work.

A number of researchers expressed their opinion on public-private partnerships. T. Barnekov, R. Boyle and D. Bogatykh define the concept of "cooperation" in their works, stating that "cooperation is a mechanism through which the state provides services to private owners of capital." [9] Researchers from the University of Brussels M. Roll and A. Verweek argue that "private companies are only interested in income and expenses and cannot provide a socio-economic efficiency." [10] The results of many similar studies show that public authorities can help the private sector to increase the profit from their projects in partnership with the state.

According to other researchers, cooperation is a mechanism that serves the development of the economy and guarantees the protection of the interests of various segments of society. [11]

From our point of view, the unification of the state (through its various subjects) and business in partnership can lead to contradictions between ensuring profit and serving the interests of society. The approach to resolution of these contradictions, how this partnership affects socio-economic relations in the country (province, city), what socio-economic results society expects as a result of the transfer of state-owned industries and services to the private sector, is closely related to how fully civil society has been formed, the level of maturity of state institutions that control the activities of the state.

Some researchers call the collaboration setup process a privatization. A study by American scientists entitled "Public-private partnership as a financing source of the state of society" states that one of the alternative sources of financing infrastructure spending is "privatization, that is, financing state-owned enterprises, design, construction, in a word, the conclusion of various agreements with a significant increase in the participation of private companies in their ownership and use." [12]

However, there is also a point of view that public-private partnership has nothing to do with privatization. M. B. Gerrard, Chairman of the British public-private partnership, a company set up by the British government, says: “partnerships are created, operated and at the same time considered uncaptialized on the border between public and private sector farms. Politically, they represent a third way in which the government provides some public services to the population. [13]

Modern forms of public-private partnership are inextricably linked with the processes of reforming the national economy and represent the process of privatization in a figurative sense.

### **Results and discussions**

A public-private partnership represents the interests of private entrepreneurs and government agencies. At the same time, both the state and non-state sectors interact as subjects of economic activity, being a perception of the relations of cooperation between them and form the basis of public-private partnership. [14]

As noted above, today the main elements of a mixed economy are the system of relations of cooperation between the public and private sectors. The need for its establishment follows from the liberal concept of development: it turns out that an economy based on private property has a higher efficiency in managing state property compared to an economy based directly on public administration, between the processes of forming the institution of private property and accelerating economic growth.

The main goal of all types of economic functions of the state is to create an institutional environment for economic activity, which is an integral part of cooperation institutions. Complex forms of management and the functioning of individual branches and branches of the economy in modern management are impossible without the direct participation of the state. Along with the fact that the current forms of cooperation are a relatively new stage in the development of the economy, it plays a leading role in improving market relations.

Typically, researchers divide public-private partnership into three main theoretical aspects. The first one deals with the processes of denationalization that occur to varying degrees in many countries of the world, and the role of public-private partnerships in them.

The second aspect manifests itself in determining the role of the state in the modern economy and the optimal limit of state intervention in economic processes.

The third aspect is traced around the relationship between the state and the social categories of modern society.

There are two different approaches to the concept of public-private partnership in the Western scientific literature. While the first view holds that the state is a means of exercising supreme hegemony, the second approach involves the neutrality of the state and its service for the benefit of society as a whole. [15]

In a number of indicators of socio-economic development of the Republic of Uzbekistan over the years of independence, the share of the non-state sector has increased from year to year. In particular, in non-state industry sectors, agriculture, communications, retail turnover, etc. But in the transport sector, the figure is only 56 percent. [16] Based on these data, it can be noted that currently there is an urgent need to intensify cooperation between the state and non-state sectors in the field of transport.

In recent years, a new institutional structure of the economy has been formed in our country, and significant changes have been observed in the system of economic relations between the public and private sectors.

The most important point in partnership relations is a significant expansion of the territory for the free movement of capital, its penetration into those areas in which previously it was impossible to operate. [17]

In advanced economies, state authorities no longer consider many types of economic activity and traditionally state-run industries, such as industrial and social infrastructure, and natural monopolies, as industries that are under their full responsibility. They transfer objects of energy and gas farms, water and pipeline networks, transport and communication systems to private owners on the terms of temporary long-term or medium-term ownership and use. At the same time, the state reserves the right to control and seriously monitor the activities of the private sector. [18]

At the same time, since this process is considered complex, many problems arise. The calmness of the first years of reforming public-private relations and the state's hopes for creating a society that responds quickly to emerging economic challenges in the near future are gradually changing as a result of a clear assessment of the difficulties along the way.

Today, the main elements of a mixed economy are the system of relations of cooperation between the public and private sectors. The need for its establishment follows from the liberal concept of development: it turns out that an economy based on private property has a higher efficiency in managing state property compared to an economy based directly on public administration, between the processes of forming the institution of private property and accelerating economic growth.

### **Conclusion**

In modern parlance, economic cooperation between the public and private sectors and practices is understood as an institutional and organizational structure created between public and private businesses for the purpose of large-scale implementation of socially significant projects, such as research and development, as well as areas of activity from industry to the provision of public services. Any such structures are temporary. In other words, a partnership is created for the purpose of implementing a certain project for a certain period of time and ceases its activity upon completion of the project. In practice, this system acts as a well-defined complex of institutional environment and relations.

In our opinion, the reduction of state participation in the economy and the system of public-private partnership in the process of privatization can help the state in:

- transfer of ownership and use of property objects belonging to the company or the private sector on a refundable basis (with strict control over the concessionaire's activities).);
- transfer of functions related to the construction, operation and maintenance of public property objects, primarily industrial and social infrastructure facilities, to the private sector;
- support for technical and technological development of production facilities and services;
- creating conditions for the effective functioning of production facilities that are in public ownership, their rational management, rational use of natural resources, and environmental protection;
- termination of the concession agreement, return of the object to public administration or transfer it to another business entity on the terms of the concession in case of violation by a private partner of the terms and conditions of the public-private partnership agreement;
- more commitment to social justice principles while optimizing government intervention in the economy;
- finalised provision to establish public-private partnerships in priority areas of reform;

- formation of competitive markets in certain areas of state ownership;
- collection of concession payments to the budget;
- The interest of the private sector in public-private partnerships expressed in the following ways:
- a private partner receives state assets that do not belong to it in the long term at preferential prices;
- partner of the private sector, bears the risks of ensuring a minimum level of profitability, the private partner receives a sufficient guarantee of return on investment. In some cases (for heating, gas and water projects), the state may even pay an additional fee to a private partner for improving the quality of service at the expense of the budget;
- private partner can also increase the overall profit of the business by increasing labor productivity during the term of the public-private partnership agreement.

Public-private partnerships are a multi-faceted business, and it is important to clearly define their role and functions. After all, both sides are interested in the successful implementation of cooperation between the state and private investors. Consequently, the formation of a public-private partnership in the transport system of Uzbekistan is an urgent issue today.

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