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Article

State Of Production Process at The Enterprises Of The Oil and Gas Industry Of Uzbekistan

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Abstract: This study examines the current state of production processes in Uzbekistan's oil and gas sector, emphasizing its critical role in the national economy. The research highlights key challenges, trends, resource reserves, and the economic impact of domestic and foreign investments in the industry. Statistical data and comparative analysis methods are used to explore production efficiency, resource utilization, and the integration of innovative technologies to optimize output. The study identifies major resource-rich regions such as Kashkadarya and Bukhara-Khiva, focusing on their contribution to production dynamics.Findings reveal that although resource use efficiency and technological advancements have improved, challenges persist in modernizing outdated refineries and aligning production with environmental standards. The analysis underscores fluctuating investment efficiencies and production trends, with a noted increase in gas production expected until 2031. The study also emphasizes the importance of adopting digital solutions and innovative practices to enhance competitiveness and achieve economic stability.The research concludes that addressing existing challenges through strategic investments and policy reforms can support sustainable growth in the sector. These insights provide a basis for enhancing the innovative development strategy of Uzbekistan's oil and gas industry, ensuring long-term economic and environmental sustainability.

Keywords: Oil and Gas Industry, Trends, Resource Reserves, Economic Potential, Efficiency, Foreign Investments.

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1. Introduction

In a context of increasing demand for oil and gas industry products, which have become a permanent means of consumption in all countries of the world. One of the important tasks is to meet this demand, ensure environmental sustainability and increase economic efficiency. "According to the forecast given by Energy Insights in 2022, after 2035, it will be necessary to search for new reliable oil sources in the countries of the Asia-Pacific and other regions." The rapid development of the oil and gas sector and industry requires the involvement of modern technologies in this area.

The growing demand for oil and gas industry products has given rise to the following tasks, firstly, the effective use of existing resources, and secondly, ensuring the economic competitiveness of production. According to scientific research by the World Bank in 2020, the share of the gross domestic product in economically developed countries will reach 60 percent, which is created due to the widespread application and effective use of groundbreaking innovations by industrial sectors[7].

Literature review.

In the 1980s,R. Auity's theory was based on the idea and views of the American scientist J. Sachs, who said that "natural resources, in comparison with their benefits for the country's economy and peace, serve as an attractor for ruthless political games for resources", additionally,citing countries such as the United Arab Emirates, Japan, and China. The country's wealth in natural resources does not always become a country's advantage.

The English economist E. Reinert, in his treatise "How Developed Countries Developed and the Poor Remain Poor," noted that "even in countries with large resources, most of the poverty is based on the monopolization of production resources in production."

2. Materials and Methods

This article investigates various foreign literature on the subject. In practical analyses, official statistical data and methods such as statistical observation, comparative analysis, logical reasoning, statistical tables and graphs, comparative analysis were used.

3. Results

The oil and gas industry of our country is saturated with significant mineral resources, mainly in the Kashkadarya zone and the Bukhara-Khiva region. In particular, the Kokdumaloq deposit and more than 300 promising wells in it are known as the most productive area in our country. Usually, attention is paid to the production of products of industrial enterprises relative to the market, first of all, to providing it with raw materials.

Nowadays, the use of oil and gas industry resources has been improving over the years, modern technologies expand the opportunities for manufacturers in all existing sectors and industries. Improving production activities - increasing the range of products, expanding trade corridors, reducing production costs, increasing labor productivity and production efficiency, ensuring a socially healthy environment and economic stability are included in the scope of such views.

The efficient use of industrial oil and gas products, as an integral part of the country's investment concept, creates an opportunity to increase productivity by developing products based on innovative technologies and ensuring the integrated use of residual resources.

Foreign experience in the field shows that the economic, social and political position of economically developed countries in the world is ensured, first of all, by innovations based on their intellectual knowledge. In particular, in the world, economically developed countries show that the growth rates in production due to software products, according to various assumptions, range from 10% to 20%[1].

The rapid evolution and a number of developing countries of the world is due to a number of socio-economic factors:

firstly, the development of the global Internet since the late 1990s and early 2000s and its widespread use in economic, financial, and management relations;

secondly, the expansion of financial and economic relations between the countries of the world and their interconnection and deepening of the division of labor;

thirdly, the increase in the global population, the annual growth rate of which is 1.3 percent or 80 million people. The world's population increased from 1 billion 7.5 billion between 1800 and 2020. As a result of the constant increase in population growth, it is expected to reach 8.4 billion in 2030 and 9.4 billion by 2050. It is noteworthy that the rapid growth of the population, low living standards, and low population growth rates are common in countries with a high standard of living[5];

fourth, it should effectively meet the growing needs of the population through the efficient use of limited economic resources in countries, to form an ownership class and a healthy competitive environment, and to achieve international competitiveness of products and services are among these factors[5].

Gas production in Uzbekistan has increased significantly in recent years, but there are a number of aspects that need to be addressed. All existing problems have solutions, and in part, the time factor also plays a role in their effective solution. The direct ban on the use of outdated technologies that do not meet modern technological and environmental standards, the growth of oil consumption in the coming years due to the decrease in domestic fuel production due to the low utilization of outdated Uzbek oil refineries, the gradual decrease in the level of full-capacity operation of the oil refining industry in the coming years due to the insignificant margin of oil refining,but it cannot be expected from a strategic development perspective. In order to create a "strategically advanced generation" of modern oil and gas enterprises, we are forced, first of all, to use outdated technologies and raw materials, albeit non-ecological. The growth of gas production in the country is expected to continue until 2031, but at a lower pace. (Figure 1)

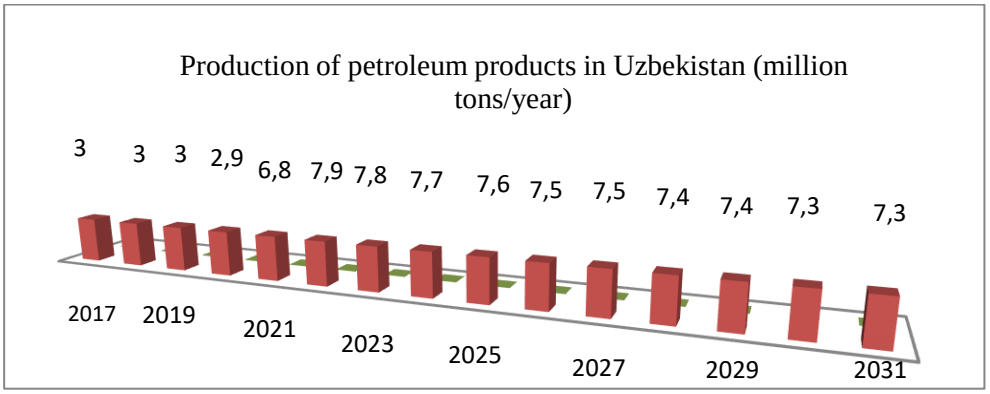

Figure 1. Dynamics of oil product production in Uzbekistan (million tons/year)[3].

At the same time, there was a steady decline in the economic efficiency of investments, which is mainly due to a decrease in the profitability of the major products of industrial enterprises. The investment potential indicators of the 3 largest oil and gas industry enterprises, such as Uzneftgazqazibchiqarish JSC, Uztransgaz JSC, and Uzneftgazmahsulot JSC, are presented in Table 1.

Although the economic indicators of financial investments in the activities of Uzneftgazqazibchiqarish JSC show a small result in percentage terms, when converted into funds, they turn into very large values.

Table 1

Economic indicators of financial investments in the oil and gas industry. 2014-2021 (in percent)[9]

№	Indicators	2014 y.	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.	2020 y.	2021 y.
	Overall economic efficiency ("O'zneftgazqazibchiqarish" JSC, "O'ztransgaz" JSC, "O'zneftmahsulot" JSC)	4,58	18,9	16,49	10,4	-13,42	14,4	10,6	11,3
1	"O'zneftgazqazibchiqarish" JSC	0,3	0,1	0,05	0,04	-0,76	-0,05	0,05	0,3

2	“O‘ztransgaz” JSC	7,67	15,4	7,88	6,39	-4,02	12,9	8,01	9,78
3	“O‘zneftmahsulot” JSC	-3,39	3,52	8,56	3,94	-8,64	1,66	2,55	3,12

4. Discussion

JSC "Uzbekneftegazqazibchiqarish" accounted for 0.3% of financial investments in the oil and gas industry in 2014, and in 2015, this figure decreased to 0.1%. In 2016, the flow of investments slowed down slightly and amounted to 0.4%, but by 2017,it increased sharply by 2 times. Even though there was a deficit in 2018, hovewer, in 2019,the figure showed a 4-fold increase in the result. Although there was a 3-fold decrease in the deficit in 2020, it increased by 0.2% until 2021. The percentage of financial investments in Uztransgaz JSC is much higher than in Uzbekneftegazqazibchiqarish JSC and Uzneftemahsulot JSC, increasing from 7.67% to 15.35% in during thr 1 year from 2014.Furthermore, this indicator decreased considerably to 7.88% in 2016, and showed a lower result of 1.49% in 2017. Simultaneously, due to sharp changes in the structure of expenses, there was a deficit of 4.02%, and in 2018, this indicator improved sharply and increased to 12.79%. Although the indicator decreased by 1.6 times in 2019.And it means that this is considered a positive economic result for the pandemic period. It went up due to the high level of transportation and service in the oil and gas sector. The changes in the indicators of Uzneftegazmahsulot JSC over the years are fundamentally different, including a deficit of -3.39% in 2014, and a 2-fold increase of 3.52% in 2015. This process was also observed in 2016, when it increased to 8.56%, in 2017, the indicator decreased from 8.56% to 3.94%, After that,it showed a deficit of -8.64% in 2018. Interestingly, it increased by 3.2 times compared to 2021, with a significant result. According to the summary of the general economic efficiency ("Uzneftgazqazibchiqarish" JSC, "Uztransgaz" JSC, "Uzneftmahsulot" JSC), financial investments in the oil and gas industry amounted to 4.58% in 2014, after that this indicator increased by 4 times in 2015 and showed a result of 18.9%. What is more,In 2016, a result was 2.5% lower than in 2015. In addition , the sector's enterprises had a total deficit of 13.42%, before this indicator increased by 2 times to 14.4% and managed to get out of the deficit in 2019. One important point is that financial investment in the sector amounted to 10.6% in 2020, which is about 4.1% lower than in 2019. Considering the pandemic period, it is computed a significant result,before this indicator registered a significant rise to 11.3% in 2021

5. Conclusion

In recent years, the formation of management reports based on the methodology proposed by industrial enterprises in our country allows us to collect sufficient information to assess the level of innovative development not only of enterprises, but also of the economy of our country, as well as to identify existing shortcomings and develop state programs aimed at eliminating them. This creates a basis for the successful implementation of the strategy of innovative development in our country in the long term.

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