SWOT Analysis of the Development of the Market of Freight Services in Samarkand Region and its Priorities

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Abstract: The author scientifically and theoretically substantiates the situation and problems of diversification of the freight services market, its services market structure, SWOT analysis of the development of the freight transport services market in Samarkand region and research opportunities for the development of the regional freight transport cluster.

Keywords: transport, freight transport, service, market, diversification, freight services market, region, cluster, strategy.

One of the third most important sectors of the national economy is the rational and efficient use of available resources in the development of freight transport and its infrastructure. Because neither the world economy nor the economy of a region or a country can be imagined without a transport system.

The formation of the market of freight services in Uzbekistan is one of the priorities for increasing the effectiveness of innovative modernization and sustainable development of the economy as an important component of the Development Strategy of the Republic of Uzbekistan. Indeed, as noted by the President of the Republic of Uzbekistan Sh. Mirziyoyev, "Strategy is a real program of action in the process of renewal‖¹. Therefore, there are specific strategic directions for the development of the market of freight services in the country, in the implementation of which it is important to take into account the process of renewal of services, modern technology, innovative ideas and developments.

In particular, the development of the freight transport market at the regional level, including Central Asian countries, creates new opportunities. In this regard, as noted by President Sh. Mirziyoyev at the International Conference on November 10, 2017 in Samarkand,

... According to UN experts, effective co-operation between Central Asian countries would allow the region's GDP to at least double in 10 years.² Therefore, the market of freight services will create the conditions for the development of a new business environment by strengthening and expanding interregional cooperation.

It should be noted that an in-depth analysis of freight transport services in the structure of transport services allows to find a solution to a number of problems in the development of services. Because this service is a vital necessity, which is used by almost all the population of our country. Due to this, a number of laws and by-laws have been adopted in our country to regulate this issue and improve the quality and efficiency of public transport services, and we believe that they will play an important role in shaping and developing the transport services market in the country.

In order to meet the needs of consumers in the market of transport services and achieve high profitability, it is necessary to expand the competitive environment between transport service providers, diversify and modernize the range of services.

¹ Sh. Mirziyoyev “Speech at the 72nd session of the UN General Assembly”, source: www.sof.uz
² Sh. Mirziyoyev’s speech at the international conference “Central Asia: common history and common future cooperation for sustainable development and profess” in Samarkand. Source: uza.uz
Freight and freight turnover by modes of transport in Uzbekistan

<table>
<thead>
<tr>
<th>Shipment – by years</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020^{2}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including in transport:</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Railway, mln.t.</td>
<td>1132,5</td>
<td>1146,2</td>
<td>1243,0</td>
<td>1319,8</td>
<td>1378,8</td>
</tr>
<tr>
<td>Car, mln.t.</td>
<td>67,6</td>
<td>67,9</td>
<td>68,4</td>
<td>70,1</td>
<td>70,4</td>
</tr>
<tr>
<td>Pipeline, mln.t.</td>
<td>1002,8^{1)}</td>
<td>1013,1</td>
<td>1102,2</td>
<td>1177,7</td>
<td>1245,6</td>
</tr>
<tr>
<td>Airway, thousand</td>
<td>62,2</td>
<td>65,1</td>
<td>72,4</td>
<td>72,0</td>
<td>62,8</td>
</tr>
</tbody>
</table>

| Cargo turnover, bln.t-km | 65,3 | 66,9 | 71,3 | 72,6 | 69,1 |
| Including in transport: |     |      |      |      |      |
| Railway                  | 22,9 | 22,9 | 22,9 | 23,4 | 24,0 |
| Car                      | 13,3^{1)} | 13,6 | 14,6 | 15,9 | 16,1 |
| Pipeline                 | 28,9 | 30,2 | 33,6 | 33,2 | 28,9 |
| Airline, mln.t-km        | 132,2 | 156,9 | 123,5 | 119,0 | 219,1 |

1. The data is clear
2. Preliminary data

In order to study in detail the formation of the market of freight services, it is necessary to pay attention to both theoretical and practical aspects. In this regard, according to the results of research on the market of transport services, the most basic concepts are the definition of "transport services", "services market", "transport services market". In particular, the provision of transport services, in our opinion, is characterized as "an activity that occurs in the productive and non-productive entities of people, representing a set of actions aimed at meeting their own consumption needs and profit"^{3}. According to the author's definition, the market of freight services is a set of market relations formed between the entities providing freight services and consumers of transport services in connection with the process of providing freight services within the balance of supply and demand. Ensuring market equilibrium in the market of freight transport services of the Republic^{4} is formed primarily on the basis of demand for transport services and is reflected in the following forms:

1. Demand arising from the offer of freight service providers. This demand is the most important in the market of transport services, and market elements and market prices of transport services are formed on the basis of the relationship between suppliers and providers of transport services.

2. Negative demand in freight transport services.^{5} If the majority of the consumer avoids the transport service, then the transport service blind-selling market will be in a state of negative demand. In such cases, the task of transport enterprises is to analyze why the market does not like this type of transport service, to develop a system of appropriate solutions and implement it in their activities.

3. Requirement not available in freight service. Many consumers may have unmet needs using the services available in the transportation market. The task of freight transport enterprises is to find ways to connect the characteristics of such a service with the natural needs and desires of man. If there is no demand in the market, it will be necessary to shape it.

4. Hidden demand in freight transport service. In many areas of transportation, consumers need the service, but may not be interested in it. The task of transport enterprises will be to accurately assess market capacity and arouse interest in efficient transport services that can meet demand.

5. Declining demand in freight transport services. The service of the enterprise will not pass in the market of transport services after a certain period of time. In such cases, the main task of

^{3} K. Mirtazev “Agroservice economy”, Tashkent, “Economy and finance”, 2013, p
transport enterprises is to reverse the downward trend in demand.

6. Irregular demand in freight transport services. Demand for services in many transport companies fluctuates unevenly. This leads to the fact that the employees of the enterprise are sometimes idle and sometimes overworked. In such cases, the task of transport enterprises is to ensure a sharp change in demand by changing prices, taking incentives.

7. Full value demand for freight transport services. If transport companies are satisfied with their freight and passenger turnover, this is called full value demand. The goal of transportation companies is to meet the needs of consumers, while maintaining full value-added demand despite increasing competition.

8. Excessive demand in freight transport services. At the same time, the level of demand will not be satisfied by the services offered in the market of transport services. The task of transport enterprises will be to find a way to temporarily reduce demand and restore market equilibrium.

The competitive environment between service providers plays an important role in the formation of the market of freight services in the country as a separate regional market, and this is one of the main factors strongly influencing the development of transport services.

Transport as a necessary means of any social system. As vehicles change, so do vehicles. When the growth of vehicles lags behind the overall development, it hinders the development of society, and this creates the need to accelerate the pace of development of transport.

In general, in all countries, including Uzbekistan, the structure of the market of freight services is formed, which is reflected in the following diagram (Figure 1).

**Figure 1. The structure of the freight service market**

Necessary comparative comparisons are made in the development of the services market and the study of its important aspects on the basis of the use of various methods, including the traditional method of analysis. Therefore, the method of SWOT analysis was used to compare the current state of the transport services market in Samarkand region.

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6 SWOT is a method of analysis in strategic planning that involves dividing factors and events into 4 groups: Strength, Weakness, Opportunities, and Threats. The acronym SWOT was first introduced in...
SWOT analysis of the development of the freight market services in Samarkand region

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ The creation of a regulatory framework for the development of freight transport services and the availability of financial and credit benefits;</td>
<td>➢ Insufficient number of enterprises providing freight transport services;</td>
</tr>
<tr>
<td>➢ Creation of all facilities for the timely provision of freight transport services to the customer in the country;</td>
<td>➢ Insufficient meeting of environmental service providers and lack of decontamination equipment;</td>
</tr>
<tr>
<td>➢ Formation of the Action Strategy based on modernization and diversification of transport services in Uzbekistan;</td>
<td>➢ Unsatisfactory prices and variability of prices for services provided by enterprises providing freight transport services;</td>
</tr>
<tr>
<td>➢ The presence of various competitors in the market of freight services and the creation of favorable opportunities to increase their competitiveness;</td>
<td>➢ Inadequate fulfillment of the obligation of enterprises providing freight transport services to regularly renew vehicles;</td>
</tr>
<tr>
<td>➢ In the market of freight services, enterprises have their own demand and supply of services.</td>
<td>➢ Insufficient safety requirements for the provision of freight services and the need for insurance;</td>
</tr>
<tr>
<td></td>
<td>➢ Problems with licensing of enterprises providing freight transport services.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
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<tbody>
<tr>
<td>➢ The existence of a legal basis for the provision of transport services by the Government and their priority;</td>
<td>➢ Imbalances in the change of prices for freight services;</td>
</tr>
<tr>
<td>➢ High level of modernization of freight service equipment;</td>
<td>➢ High risk of damage from poor quality services in the market of freight services;</td>
</tr>
<tr>
<td>➢ Development of state programs and strategies for the development of freight transport;</td>
<td>➢ Lack of timely delivery of transport services under the influence of external factors;</td>
</tr>
<tr>
<td>➢ Creation of high opportunities for financing of enterprises providing freight transport services on the basis of preferential taxes and bank loans;</td>
<td>➢ Existence of risks arising from changes in the legislation in the field of freight services;</td>
</tr>
<tr>
<td>➢ The development of freight transport infrastructure has been formed as an important trend that determines the development of urban and rural areas.</td>
<td>➢ High road traffic risks in the provision of freight transport services.</td>
</tr>
</tbody>
</table>

In determining the demand in the market of road freight services, it is important to calculate the aggregate market demand, and it is recommended to use the following formula. \( Q = n \times g \times p \) (2.1) where \( Q \) is the aggregate market demand, \( n \) is the number of customers in the market, \( g \) is the average annual demand per customer for transport services, \( p \) is the average price per unit of service.

It should be noted that high efficiency of transport services can be achieved only if there is a competitive environment in the market of transport services. Therefore, today it is expedient to increase the number of service transport enterprises, improve the quality of services, create a favorable market environment to strengthen the competitive factor.

1963 by Professor K. Andrews at a conference on business policy at Harvard University in the United States.

7 Author’s development
measures to further improve the system of public transport services and bus transportation in cities and villages" 24 modern buses and minibuses were purchased. In general, the main conceptual directions of the development of the transport services market in our country, arising from the tasks set out in the Action Strategy, are:

1. Increasing the role of freight transport services in ensuring the sustainability of the national economy.

2. Pursue an active investment policy for the development of social infrastructure for the provision of freight transport services.

3. Strengthening diversification measures to increase the range and improve the quality of freight services.

4. Carry out systematic work to create a competitive environment and eliminate monopolies in the market of freight services.

5. Enhancing the use of modern technologies and equipment that increase labor productivity in the provision of freight transport services.

6. Prioritize the improvement of the legal and regulatory framework for the provision of freight transport services.

7. Achieving a high level of service quality through the use of energy-saving and resource-saving technologies in the provision of transport services.

8. Prioritize the strengthening of exports of transport services in the country.

Therefore, the consistent development of the market of freight services in the country, as defined in the Action Strategy, will depend on the level of economic relations between suppliers, formed on the basis of market demand and supply, a competitive environment.

In the development of the economy of our country, one of the most important links of social infrastructure, the infrastructure of transport services, plays a special role. In this regard, the President noted that "the service sector is playing an increasingly important role in the sustainable development of our economy ... In 2013, the construction and reconstruction of road-transport and engineering-communication infrastructure was carried out at a high pace". One of the important directions in the development of transport services in the country on a modern basis is the cluster approach, the main links of which are consumers of transport services, transport service providers and transport service providers (Figure 2).

![TRANSPORT SERVICES CLUSTER COMMUNICATIONS](image)

**Figure 2. Samarkand Regional Freight Transportation Services Cluster**

8 IA Karimov "2014 will be a year of development with high growth rates, mobilization of all available opportunities, consistent continuation of the strategy of self-justified reforms", People's Speech, January 18, 2014.
The central part of the regional freight transport cluster is the entities engaged in freight and passenger transportation, which are responsible for performing the following main functions:

- modernization of service vehicles based on the demand and supply of consumer and control cluster links;
- improving the culture and quality of passenger service, expanding transport services;
- the use of the experience of developed countries in the introduction of machinery and technology, the development of the repair base, the formation of investment programs to increase the efficiency of the use of vehicles;
- cluster coordination of transport enterprises in the provision of urban, interurban and interregional transportation of passengers and cargo.

In addition, logistics centers in the core system of the freight cluster are also transport service entities. They control the implementation of logistic services such as transportation, receipt, storage, dispatch and delivery of goods. One of the most common services today is phone ordering. These transport services are also provided by transport service entities, which allows to provide a variety of passenger or freight services quickly, cheaply and with quality. The role of transport service providers in the regional cluster of freight transport services is important.

At the same time, the Ministry of Transport of the Republic of Uzbekistan, as the main customer, regulates relations in the implementation of all passenger and freight transport services in the country. The Ministry of Transport of the Republic of Uzbekistan is entrusted with the following tasks in the transport cluster within its competence:

- development and approval of normative and legal documents on ensuring the safety of passengers and cargo in freight vehicles, control over their observance by management bodies and business entities;
- introduction of a mechanism for the implementation of passenger and freight routes on a tender basis, the creation of equal conditions for carriers of all forms of ownership;
- approval of international and interregional routes of passenger transportation on the basis of proposals of the Council of Ministers of the Republic of Karakalpakstan, regional and Tashkent city khokimiyats;
- organization of licensing of carriers in freight transport and control over compliance with the requirements and conditions of the license in the field of transport;
- implementation of international cooperation in the field of freight transport and representation and protection of the interests of the Republic of Uzbekistan in international transport organizations.

In a market economy, the performance of transport enterprises of various forms of ownership depends on their quality and low cost of transport services to customers. At the same time, the transparency of entrepreneurial activity in this area, if not regulated by the state by appropriate means, hinders the functioning of the regional cluster and reduces its economic efficiency. Therefore, the experience of foreign countries shows that ensuring the effectiveness of the regional transport cluster, its development in the interests of society and the population is regulated by state legislation, legal and tariff-tax, first of all, licensing mechanisms. In particular, licensing of road transport is one of the mechanisms of state regulation of activities related to transportation, forwarding and other transport processes, the purpose of which is to protect the interests of consumers in the regional transport service cluster and regulate the transport services market, monitoring the implementation of antitrust laws, ensuring state control over compliance with traffic safety and environmental requirements for the use of road transport.

Further development of the regional freight transport cluster in the country is directly related to changes in the demand for transport services. Consumers of transport services are the population,
private enterprises, state enterprises and foreign enterprises. One of the important aspects of the regional transport service cluster is the interaction between consumers and transport service providers. In turn, this requires the interaction of transport service providers and transport service providers.

In general, as a result of a cluster approach to the provision of freight transport services, the sector is systematically achieving economic and social efficiency, diversity of services - diversification. Most importantly, the regional freight cluster system will lead to the harmonization of relations between the entities and the creation of a single transport service system. Indeed, our research shows that the regional transport services cluster creates and expands the following opportunities in the development of transport services:

firstly, it creates a basis for attracting all the resources of the industry (economic, financial, intellectual, etc.) to the market of freight services of the republic and the effective use of all factors affecting the provision of transport services;

secondly, the systematization of economic relations between the entities providing freight transport services and consumers of services, controllers, showing ways to increase their income;

thirdly, it will create clear mechanisms for the development of freight transport services by the state;

fourthly, to increase the interest of freight transport service providers in the results of services and identify opportunities for their continuous and effective development in the form of an integrated system.

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