

**BURDENS ON DEVELOPING COMPETITION ENVIRONMENT IN NATIONAL
ECONOMY**

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Abstract: *This article is devoted to study competition policy and burdens to development of competition environment by grouping according to their features. Further improving directions of competition in an economy and elimination of bans to competition are discussed.*

Keywords: *competition, competition policy, market power, barrier to competition.*

Annotatsiya: *Mazkur maqolada raqobat siyosati va raqobat muhitini rivojlantirishga cheklovlar ularning xususiyatlariga ko'ra guruhlash vositasida o'rganilgan. Iqtisodiyotda raqobatni takomillashtirish va raqobatga cheklovlarni bartaraf qilish bayon qilingan.*

Tayanch iboralar: *raqobat, raqobat siyosati, bozor mavqei, raqobatga to'siqlar.*

Аннотация: *Данная статья посвящена на изучение конкурентной среды и преграды для развития конкурентной среды на основе особенности. Дельнейшее направления развития конкуренции в экономике и устранения барьеров конкуренции были обсуждено.*

Ключевые слова: *конкуренция, политика конкуренции, рыночная сила, преграды для конкуренции.*

Competition policy reforms foster efficient regulatory frameworks in sectors of economy, deter anticompetitive business practices, and minimize distortive government interventions in markets and consequently improve market contestability, lead to entry of new firms, expansion of efficiently operating firms, and changes in the behavior of firms with market power. The resulting improvements in markup benefit both firms and households and lead to potential increases in sector productivity, exports, investment, and consumption. These benefits subsequently move to increases in aggregate output, employment, and consumer welfare³⁶.

Competition pressure offers the best possible range of goods at the best possible prices as result by increasing the choice of consumer to buy elsewhere. In a free market, business should be a competitive game with consumers as the beneficiaries. To preserve well-functioning product markets, authorities like the Commission must prevent or correct anti-competitive behavior by doing abuse of a dominant position, agreements between companies that restrict competition, mergers (and other formal agreements whereby companies join forces permanently or temporarily), financial

³⁶ <https://www.worldbank.org/en/topic/competition-policy>

support (state aid) for companies, sectorial pages relevant to specific markets, cooperation with foreign competition authorities³⁷.

In 2022, OECD Global forum on competition discussed the goals of competition policy like consumer welfare standards to maintain and encourage the process of competition in order to promote efficient use of resources while protecting the freedom of economic action of various market participants, pluralism, decentralization of economic decision-making, preventing abuses of economic power, promoting small business, fairness and equity and other socio-political values³⁸.

In economics, barriers to entry are factors that can prevent or impede newcomers to a market or industry sector; as such, they can limit competition. They benefit existing firms because they protect their market share and ability to generate revenues and profits. Barriers to entry include high startup costs, regulatory hurdles, or other obstacles, special tax benefits to existing firms, patent protections, strong brand identity, customer loyalty, and high customer switching costs, licenses or regulatory clearance before operation.

The barriers might be divided the following types: Government Barriers to Entry, Natural Barriers to Entry and Industry-Specific Barriers to Entry. Government Barriers to Entry regulate heavily industries by the government are usually the most difficult to penetrate for varying reasons. Natural Barriers to Entry can also form naturally as the dynamics of an industry take shape. High consumer switching costs, brand identity and customer loyalty serve as barriers to entry for potential entrants. Industry-Specific Barriers to Entry also have their own barriers to entry into industry sectors that stem from the nature of the business, as well as the position of powerful incumbents. They may be a special authorization, economies of scale, high resource ownership, high startup costs, patents and copyrights in association with proprietary technology, government, environmental regulations, and high fixed operating costs, high fixed costs and large sunk costs in the production of wholesale financial services.

Countries tend to build foundations for reform implementation around three directions in order to fostering competition in markets: (1) Antitrust rules and enforcement; (2) Pro-competition market and sector regulation; (3) Competition principles in broader public policies, including SoEs and competitive neutrality³⁹.

The followings were showed as further ways of developing competition in sphere of economy.

– Procompetition regulations and government interventions: opening market and reforming anticompetitive sectorial regulation. It consists of reform policies and regulations that strengthen dominance: restrictions to the number of firms, statutory monopolies, bans towards private investment, lack of access regulation for essential facilities. Eliminate government interventions that are conducive to collusive outcomes or increase the cost of competing: controls on prices on other market

³⁷https://competition-policy.ec.europa.eu/about/what-competition-policy/what-competition-policy-brief-definitions_en.

³⁸ <https://www.oecd.org/competition/the-goals-of-competition-policy.htm>

³⁹ The World Bank Group Markets and Competition Policy Cluster

variables that increase business risk, reform government interventions that discriminate and harm competition on the merits: frameworks that distort the level playing field or grant high levels of discretion.

– Competitive neutrality and non-distortive public aid support. There are that control state aid to favoritism and minimize distortions on competition. Ensure competitive neutrality including vis a vis SOEs.

– Effective competition law and antitrust enforcement. Tackle cartel agreements that raise the costs of key inputs and final products and reduce access to a broader variety of products. Prevent anticompetitive mergers. Strengthen the general antitrust and institutional framework to combat anticompetitive conduct and abuse of dominance.

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