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INVESTMENT PROJECTS AS A PATHWAY TO INDUSTRIAL DEVELOPMENT IN GLOBAL NATIONS

Annotation: This scholarly article provides a comprehensive examination of industrial efficiency metrics in both developed and developing countries. It highlights the significance and role of investment projects in enhancing industrial sectors across these nations, offering examples of various projects. The discussion extends to the impact of military conflicts, geopolitical risks, climate shocks, inflation, stringent credit policies, and increasing external debt—all of which are adversely affecting the global economy. Experts from the United Nations predict a decline in global GDP growth rates for 2024. Another critical observation is the persistent sluggishness in global commodity trade and industrial production, primarily due to a contraction in goods trade throughout most of 2023, although the services sector, notably tourism, continued to recover and grow in 2023.

Keywords: project, investment project, industry, gross domestic product, macroeconomic forecast, automotive industry, energy sector, field.

In the context of global economic dynamics, the role of investment projects in industrial development is paramount. This article explores how such projects serve as catalysts for enhancing production capabilities and driving economic growth, particularly in the face of various global challenges.

The global decline in trade and industrial production is significantly attributed to several factors, including military conflicts, geopolitical uncertainties, and climate-related shocks. These elements not only destabilize economies but also predict a slowdown in global GDP growth, as forecasted by UN experts for 2024. The fluctuation in the goods trade, notably throughout 2023, contrasts with the continued expansion of the services sector, including tourism, which has shown resilience and growth [1].

In the long term, national and economic security issues, along with geopolitical factors, are likely to influence global supply chains. This process is already underway, with developed nations focusing on reshoring manufacturing and bolstering local production capacities. Several large firms operating within the Eurozone have announced plans to relocate their operations to the European Union, reflecting a strategic shift in production and investment patterns [2].

In the United States, recent years have seen a partial substitution of imports from China with imports from other countries, particularly ASEAN (Association of Southeast Asian Nations) member states, the European Union, Canada, and Mexico. This indicates that international trade may no longer be the growth driver it once was, and many countries are shifting from export-oriented growth strategies to ones focused on domestic trade.

For 2024 and 2025, there is potential for a modest recovery in global trade and industrial production, which could benefit countries focused on manufactured exports. The Purchasing Managers' Index, a leading indicator of economic activity, has been in a contraction zone since April, reflecting the variable nature of industrial production faced with real estate instability and weak external demand [3].

However, the ASEAN region's share increased, possibly reflecting the re-export of some Chinese goods through third countries. For instance, China's investment in production as well as the growth in wholesale and retail trade in ASEAN have accelerated rapidly in recent years amid rising labor costs in China.

Despite the economies of the region remaining largely low-tech, many are actively investing in high-tech sectors. Due to U.S. export restrictions, China has turned to Singapore as a source for importing chip manufacturing equipment; major semiconductor manufacturers like Taiwan's TSMC and South Korea's Hana Micron are expanding production in the region. Thailand and Indonesia, drawing investments from automakers such as Toyota and Hyundai, are becoming regional hubs for electric vehicle production [4].

The Eurasian Development Bank (EDB) has released its macroeconomic forecasts for its six member countries, predicting a balanced trajectory of GDP growth across the region. For 2024, expected GDP growth rates are as follows: Armenia at 5.7%, Belarus at 2%, Kazakhstan at 5%, Kyrgyzstan at 4.5%, Russia at 1.5%, and Tajikistan at 7.3% [5]. This paper delves into the global economic trends influencing these forecasts and their specific impact on the Eurasian region. The tightening of monetary conditions in developed countries has notably slowed inflation rates but has also led to significantly higher borrowing costs for households and businesses, potentially weakening economic activity worldwide.

The Eurasian Development Bank, a pivotal financial institution fostering economic relations and regional development among its member states for over 17 years, has announced its GDP growth expectations amidst a backdrop of global economic slowdown [6]. These forecasts are particularly pertinent given the current high-interest rate environment projected to dampen economic activity in major economies, including the USA and the Eurozone.

Analysts from the EDB have shared insights into the principal global economic trends and their repercussions for the Eurasian region. Firstly, the sharp tightening of monetary conditions, primarily in developed nations, has effectively slowed the pace of consumer price increases. However, the resultant increase in borrowing costs poses significant challenges for households and enterprises, potentially exacerbating the global economic slowdown.

Economic activities are not expected to rebound significantly soon, with high-interest rates in 2024 poised to be a primary driver of subdued GDP growth in both the USA and the Eurozone. The US economy is likely to skirt a recession, yet consumer weakness is expected to reduce GDP growth from 2.3% in 2023 to just 1.0% in 2024. The Eurozone is anticipated to experience modest economic growth, forecasted at around 0.9% in 2024, up slightly from 0.5% in 2023 [7].

For the EDB region, the global slowdown in economic growth will likely weaken demand for commodities, which could restrict opportunities to boost export revenues for most of the region's economies. However, proactive use of internal growth drivers allowed for a slightly improved forecast for 2024, suggesting a 2% GDP growth across the EDB's operational region.

The bank's strategic initiatives have focused on supporting sectors such as transport infrastructure, digital systems, green energy, agriculture, industry, and machine manufacturing. By adhering to the United Nations' Sustainable Development Goals and ESG principles, the bank has effectively contributed to the comprehensive development of its member states.

In its 2024 economic policy, the Chinese government has shifted its focus from stimulating domestic demand to prioritizing industrial development. Nonetheless, there is an intent to develop consumer sectors such as "smart homes", recreation, tourism, and sports events. Meanwhile, the real estate segment continues to exert pressure on China's economy. Concurrently, EUROFER, the European Steel Association, anticipates a 7.6% increase in steel consumption within the European Union for 2024, revised up from a previous forecast of 6.2%, supported by decreased inflation and lower energy prices which are expected to drive demand in automotive manufacturing, production, and infrastructure construction. However, demand dynamics remain heavily dependent on geopolitical and economic factors [8].

The Chinese government's strategic redirection in its 2024 economic agenda underscores a significant pivot towards bolstering the industrial sector rather than purely stimulating internal consumer demand. This shift is reflective of broader economic recalibrations aimed at enhancing industrial output amidst ongoing challenges in the real estate sector that continue to impact the broader economy.

The European Steel Association (EUROFER) has projected an optimistic outlook for steel consumption in the EU, expecting a 7.6% rise in 2024. This uptick is anticipated due to easing inflation and declining energy prices, which are likely to stimulate increased demand across several key sectors including automotive, production, and infrastructure. Nonetheless, this forecast is contingent on the prevailing geopolitical climate and economic conditions, which could potentially alter market dynamics.

In 2024, global demand for steel is expected to be closely linked with developments in manufacturing, automotive sectors, and infrastructure projects, particularly those associated with energy transitions. High interest rates, however, are likely to temper the growth in construction activities. According to SteelMint, several trends are anticipated within the global metallurgy sector in 2024:

- The price increase observed in December 2023 is expected to continue into the first half of 2024, supported by a decrease in production in China and a rise in domestic demand.
- While demand in key sectors like construction and infrastructure is expected to remain stable, other areas might experience slight declines due to the global economic slowdown.
- Ongoing geopolitical tensions and protectionist policies are expected to maintain volatility in global trade flows.
- According to Fitch, primary risks for the global steel industry include persistent inflation in developed markets, prolonged high-interest rates, high energy prices, and a slowdown in the Chinese economy.

Industrial SalesLeads, a leader in supplying data on industrial capital projects, has identified 1,274 industrial projects for the first two months of 2024. These projects span several significant directions, including:

- New constructions: 447
- Plant modernization projects: 208
- Industrial facility repairs: 534
- Industrial expansion: 200
- Industrial relocations: 509
- Plant closures: 43

In the fourth quarter of 2023, approximately 447.3 million square feet of construction activities were recorded, indicating a persistent drive among developers to complete more industrial facilities than ever before, albeit with a noted decline in new construction starts. According to Collier data, developers are increasingly focusing on bespoke projects and specialized facilities, including cold storage, manufacturing, and data centers. This report analyzes the strategic shifts in China's economic policies for 2024, emphasizing industrial development over stimulating internal demand, and reviews the anticipated growth in steel consumption across the European Union as predicted by EUROFER, amidst changing economic conditions [9].

The Chinese government's economic strategy for 2024 marks a pivotal shift towards reinforcing industrial capacities rather than purely boosting domestic demand. This adjustment reflects a broader realignment aimed at fostering sustainable economic growth amidst ongoing challenges in the real estate

sector. Simultaneously, the European Steel Association (EUROFER) projects an increase in steel consumption within the EU, driven by reduced inflation and declining energy costs, which is expected to stimulate demand across key sectors including automotive, manufacturing, and infrastructure [10].

Collier's recent data for Q4 2023 highlights significant construction activity, underlining a strategic emphasis on developing specialized industrial projects. This trend is expected to continue into 2024, with particular growth in sectors that support advanced manufacturing capabilities and data storage solutions.

Furthermore, EUROFER's optimistic forecast for a 7.6% increase in steel consumption in the EU suggests a robust demand for raw materials, necessary for supporting anticipated expansions in automotive and infrastructure projects. This forecast, however, remains sensitive to geopolitical and economic uncertainties that could influence market dynamics.

As industrial activities persist across the United States, states like California, Florida, New York, and Texas are distinguished by their widespread industrial initiatives. These states host a diverse array of sectors including automotive, steel, pharmaceuticals, and transportation, which are poised for expansion due to both local and international investments.

Industrial SalesLeads reports ongoing robust growth in Texas, with significant investments like the expansion of CFAN, an aerospace component manufacturer, planning a \$40 million enhancement to its production facilities. Furthermore, MNI highlights major aircraft manufacturing sites across the U.S., indicating a substantial industrial base that supports regional economic stability [11].

Micron Technology Inc. and Panasonic North America are spearheading developments in New York, with Micron planning a massive \$100 billion semiconductor manufacturing complex, signaling major advancements in high-tech manufacturing capabilities in the region.

Effective communication and visualization techniques such as 3D modeling and animation play a crucial role in illustrating the scale and impact of industrial projects, aiding stakeholders in understanding the comprehensive benefits and opportunities created by such initiatives. These tools help narrate the project's story in a clear and consistent manner, ensuring that all participants grasp the strategic objectives and potential impacts of the development.

The creation of 5D animation involves the integration of multiple dimensions of data, such as time and cost, into traditional 3D modeling and visualization techniques. This advanced approach is particularly effective for industrial projects, allowing for a more comprehensive understanding of complex processes. Below is a step-by-step breakdown of the stages involved in producing 5D animation.

2D Data Visualization. At the foundation of 5D animation is 2D data. This step includes illustrative information that identifies the primary components of the presentation in a simple, two-dimensional format. Key details can be highlighted either in the form of infographics or through descriptive text. This stage ensures clarity in presenting the basic structure and flow of the project.

3D Visualization. In this phase, pre-designed 3D models are utilized, and through design software, they are brought to life using visualization and lighting techniques. These 3D models allow stakeholders to view the project in a realistic and dynamic environment, providing a deeper insight into the structure and design elements.

4D Chronology. The fourth dimension—time—is added to the 3D environment. A timeline is integrated into the 3D models, allowing the visual representation of the project's development over time. This could show the month-by-month progress of construction or production phases,

The economic landscape of 2024 is defined by significant shifts in global economic and industrial dynamics, influenced heavily by geopolitical tensions and strategic realignments, particularly between China and the West. This division has notably spurred the growth and densification of regional industries,

with the Regional Comprehensive Economic Partnership (RCEP) playing a pivotal role in enhancing the flow of capital, technology, goods, and services across Asia, thereby optimizing regional trade and investment.

In contrast, the Eurozone has faced economic constraints marked by high commodity prices, reduced bank lending, and diminished export demand throughout 2023, leading to a downturn in industrial activity as confirmed by Eurostat data. Despite these challenges, there is an anticipation of gradual economic recovery, contingent on navigating away from the prevailing high-interest rate environment without plunging into deeper economic stagnation.

The resilience of economies and industries to adapt to these changes will be critical, especially with China's strategic focus on industrial development and Europe's significant infrastructure investments. This adaptation is crucial for leveraging recovery and growth opportunities, particularly in the manufacturing and infrastructure sectors, which are also being emphasized in the United States. The global increase in steel consumption, especially within the EU, underscores the potential for resurgence in industrial activities, dependent on maintaining global economic stability and geopolitical harmony.

Overall, the emphasis on enhancing industrial capabilities globally reflects a broad strategic response to the evolving economic conditions. The deployment of advanced visualization tools plays a crucial role in effectively communicating the complexities of these developments to stakeholders, thereby ensuring better comprehension and support for these significant economic endeavors.

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