

## **Comment on the article: „Restructuring Large Scale State Enterprises at the End of the Russian Supply Chain: The Challenge for Technical Assistance and Investment in the Central Asian Republics“**

*Daria Nesterova\**

In his article „Restructuring Large Scale State Enterprises at the End of the Russian Supply Chain: The Challenge for Technical Assistance and Investment in the Central Asian Republics“ the author investigates the affect of the collapse of the former Soviet Union on the economic situation of large enterprises.

He considers several special features which play a important role for the direction and the speed of the reform process. Special attention should be paid to the problems of large state owned enterprises which are mentioned by the author. These problems are the intensive attrition, the lack of current assets, the breakdown of business relations, the loss of markets and difficulties in the field of management.

Actually, the model of „dual business“ was established in the Middle Asian Republics. But the parts of this model do not form a complete production complex. Special attention was paid to the development of the basis industries. But this is only the first stage of industrialization. Due to the process of industrialization not being completed, the basis industry now dominates the industrial structure in this region. That is the reason why Kasachstan, for instace, imports about 70% of end products they need from Russia and other CIS-countries.

A further special feature of the industrialization is the strong specialization. This results in a strong dependence on the supply of other republics. The breakdown of supply relations cause serious troubles for the whole region.

The next problem of industrialization rests in the lack of staff. Most workers in the industrial sector, especially qualified ones, came from Slavian republics and are leaving the countries now.

Thus the reindustrialization, technical modernization of the production and the consequent transformation into processing industries are the most important tasks in this field.

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On the other hand, the industrial production forms a comparably small part of the GNP of this Republics. The main part of the GNP is produced in the sector of agriculture. Most people work in this field, as shown by the following table.

*Table 1: Staff in the field of agriculture*

|              |     |
|--------------|-----|
| Uzbekistan   | 59% |
| Kyrgysstan   | 62% |
| Kasachstan   | 43% |
| Tadchikistan | 68% |

The condition for this was the existence of local markets as well as the highly integrated infrastructure of production of the branches which was the basis of local markets.

After the collapse of the Soviet Union the development of limited local markets, the partition of the infrastructure of production and the separation of the economies started. All this had considerable influence on the main part of the economy of the Middle Asian Republics - the agriculture. Thus we can sum up that the „survival of national economies and civil society not only depends on the „restructuring of the large scale state enterprises“. There are further points like distribution of work, the main fields of work, the coordination of reform processes, the setting of priorities and the development of reform mechanisms the success depends on.