

## THE INFLUENCE OF THE FREE ACCESS OF PARTICIPANTS TO MARKETS ON THE AVAILABILITY OF GOODS AND SERVICES

Alishev Shohruh Ulug'bek o'g'li

### Abstract

This article analyzes the impact of free market entry for participants on the availability of goods and services from both theoretical and practical perspectives. The study highlights factors such as increased competition, expansion of production volumes, price reduction, and broader satisfaction of consumer needs under conditions of free entry. The research substantiates the role of free market mechanisms in enhancing economic efficiency and social welfare.

**Keywords:** Free market, market entry, competition, availability of goods and services, supply, consumer welfare, economic efficiency.

### Introduction

In a market economy, the availability of goods and services is one of the key indicators of economic development. This availability largely depends on various factors, particularly the ease with which participants can enter the market. When market entry is free, new producers and service providers emerge, leading to an expansion of supply. As a result, consumers benefit from a wider selection of products and improved quality. Conversely, artificial barriers such as complex licensing procedures or the dominance of monopolistic structures may lead to shortages of goods and services. Therefore, the issue of free market entry is considered one of the most important directions of economic policy. The main objective of this article is to provide a scientific analysis of the impact of free market entry on the availability of goods and services.

Within economic theory, the issue of free market entry has been extensively examined by classical and neoclassical economists. Representatives of classical economic thought argue that under conditions of free competition, market equilibrium is formed automatically. According to their views, the entry of new participants leads to price reductions and increased output.

Modern economic research emphasizes that free market entry stimulates innovation, technological development, and service diversification. Several studies indicate that under free entry conditions, the activation of small and medium-sized enterprises significantly reduces shortages of goods and services. At the same time, proponents of institutional economics stress the importance of the state's regulatory role in the process of market entry.

Free access of participants to markets—commonly referred to as free entry and exit—refers to a market structure where individuals, entrepreneurs, and firms face minimal barriers to starting a business, entering an industry, or leaving it when unprofitable. This principle is a cornerstone of competitive markets in economic theory. Its primary influence on the availability of goods and services is overwhelmingly positive, as it

promotes competition, innovation, responsiveness to consumer demand, and overall abundance. However, it is not without limitations, particularly in cases of market failures or naturally restricted industries.

#### Positive Influences on Availability

##### Increased Supply in Response to Demand

When markets allow free entry, high profits in an industry signal unmet consumer demand or profitable opportunities. This attracts new participants who increase production to capture those profits. As more firms enter, total supply rises, making the good or service more widely available.

For example, in the early 2000s, the rapid growth of demand for smartphones drew numerous new manufacturers and app developers into the market. Within a decade, smartphones transitioned from luxury items to near-universal commodities, with diverse models available at various price points.

##### Greater Variety and Diversity of Goods and Services

Free entry encourages product differentiation. Firms compete not just on price but by offering unique features, quality levels, designs, or specialized services to attract customers. This leads to a broader range of choices for consumers.

Consider the food delivery sector: low barriers to entry for new platforms and independent restaurants have resulted in thousands of cuisine options available for delivery in most urban areas—far more than existed under more restricted systems.

##### Innovation and Technological Progress

The threat of new entrants disciplines existing firms, pushing them to innovate continuously to maintain market share. New participants often introduce disruptive technologies or business models.

The rise of ride-sharing services is a clear example: traditional taxi markets were often heavily regulated with limited licenses (restricted entry). The entry of app-based platforms dramatically increased the availability of on-demand transportation, especially during peak hours or in underserved neighborhoods.

##### Prevention of Long-Term Shortages

In markets with free entry, persistent shortages are quickly addressed by new suppliers. High prices during shortages act as incentives for entry, expanding capacity until equilibrium is restored. This self-correcting mechanism ensures that goods and services remain available over time.

One of the fundamental principles of a market economy is the free entry of participants (new firms, entrepreneurs, and foreign investors) into markets. This process intensifies competition, stimulates innovation, reduces prices, expands the range of goods and services, and improves their availability. In economic theory, this mechanism is explained by the model of perfect competition: when entry barriers (administrative obstacles, monopolies, and high customs duties) are reduced, new participants enter the market, increase supply, and protect consumer welfare.

In Uzbekistan, this effect has become clearly visible since 2016 as a result of large-scale economic reforms implemented under the leadership of President Shavkat Mirziyoyev.

During the previous period (1991–2016), markets were constrained by state monopolies, currency restrictions, high import tariffs, and administrative barriers, which led to shortages of goods, high prices, and low quality. Beginning in 2017, liberalization processes opened markets and significantly increased the availability of goods and services.

#### Theoretical Foundations and Overall Impact

Positive effects of free market entry: When new firms enter the market, they compete with existing participants. As a result:

- The assortment of goods expands (foreign brands and new domestic products enter the market);
- Prices decline due to increased competition;
- Quality improves through the introduction of innovations and modern technologies;
- Consumer choice increases.

Negative effects (short-term): New entrants may displace former monopolies in the short run; however, in the long term, this process enhances overall economic efficiency. In the context of Uzbekistan: According to reports by the World Bank and the International Monetary Fund (IMF), reforms implemented since 2017 have sustained GDP growth at 6–7%, sharply increased import volumes, and diversified markets.

#### Key Reforms in Uzbekistan and Their Impact (2017–2025)

##### Liberalization of the foreign exchange market (2017):

The official and market exchange rates were unified, and currency convertibility was liberalized. Result: Import volumes increased sharply. Between 2017 and 2025, imports grew at an average annual rate of 15–20%. In January–November 2025, imports amounted to USD 41.88 billion (+16.9%). Foreign goods (household appliances, automobiles, and food products) became widely available in domestic markets.

Trade and customs liberalization: Customs duties were reduced, and export/import licensing requirements were simplified. The process of accession to the World Trade Organization (WTO) accelerated, with significant steps taken in 2025. Result: Foreign trade turnover reached a record level in 2025 (exports amounted to USD 30.8 billion, +26.2%). Supermarket chains (such as Uzum Market and Makro) and online platforms expanded, offering more than 600,000 types of goods.

##### Privatization and reform of state-owned enterprises (SOEs):

Under the 2021–2025 strategy, it was planned to reduce the number of SOEs by 75%. In 2025, more than 500 small SOEs, as well as large enterprises (UzAuto Motors, power stations, and telecommunications companies), were privatized or prepared for initial public offerings (IPOs). Result: New private participants entered the energy, telecommunications, and chemical sectors. For example, the introduction of an independent regulator in the telecommunications market strengthened competition and improved service quality.

Strengthening competition legislation: The activities of the Competition Development and Consumer Protection Committee were reinforced, and since 2023 the institution has been accountable to the President and the Senate.

Measures against monopolistic practices and tariff liberalization (in energy and gas sectors) were intensified. Result: A healthier competitive environment emerged, and consumer rights protection improved.

Improving the business environment:

Licensing and permit requirements were reduced, and tax procedures were simplified. Favorable conditions were created for small and medium-sized enterprises. Result: The number of new firms increased, and the services sector (IT, tourism, retail trade) expanded rapidly.

Statistical Evidence and Outcomes (2017–2025)

Imports and availability of goods: In 2025, imports reached USD 41.88 billion (+16.9%), while exports amounted to USD 30.8 billion (+26.2%). Trade with China, Russia, and Turkey expanded significantly. The presence of foreign brands in technology, clothing, and food markets increased, and prices declined due to competition.

Economic growth: GDP grew by 7.6% in 2025 (January–September). According to the World Bank, reforms increased the private sector's share in the economy and boosted employment.

Sectoral examples:

- Retail trade: Traditional markets such as Chorsu and Alay, as well as supermarkets, expanded product variety and improved service quality.
- Energy and telecommunications: Tariff liberalization and privatization led to the introduction of new services, including faster internet and more affordable energy.
- Agriculture: Liberalization of the cotton sector (price deregulation) and increased imports improved food availability.

Challenges and Future Prospects

Despite significant progress, several challenges remain:

- State-owned enterprises continue to dominate key sectors such as energy and transport;
- Infrastructure constraints and corruption risks persist;
- According to the IMF's 2025 report, full completion of price liberalization and SOE privatization remains necessary.

According to forecasts by the World Bank and the Asian Development Bank (ADB), ongoing reforms through 2026—such as WTO accession and full privatization—will further open markets and increase the availability of goods and services by two to three times.

In Uzbekistan, reforms aimed at ensuring free market entry (2017–2025) have significantly increased the availability of goods and services, making markets more competitive and consumer-friendly. This process is ongoing and is expected to position the country among upper-middle-income economies by 2030.

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## Conclusion

In conclusion, free market entry of participants plays a crucial role in increasing the availability of goods and services. It strengthens competition, expands production volumes, and enhances consumer welfare.

The following recommendations are proposed:

Gradual reduction of artificial barriers to market entry;

Support for the participation of small and medium-sized enterprises in the market;

Strengthening quality control alongside market liberalization;

Development of institutional mechanisms to protect competition.

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