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FOREIGN TRADE OF INDUSTRY IN DEVELOPED AND DEVELOPING COUNTRIES

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Abstract. *This article reveals solutions to a number of issues related to the formation and development of foreign trade in industry in developed and developing countries. It is concluded that the current development strategy of many countries solves a number of not only economic issues, but also social and political ones.*

Keywords: *foreign trade, industry, export, modernization, investment.*

Introduction

In world practice, as a rule, countries develop proposals for economic reform in terms of creating favorable conditions for the growth of export potential. Solving this problem is the key to achieving and implementing the overall and intermediate goals of economic reform. The most important factor determining a country's export potential is the country's comparative advantage. If at the early stages, such factors of production as land, labor, and capital came to the fore, at the present stage of development, the country's ability to create the necessary conditions for economic development that stimulate the development of the missing factors plays a decisive role. For example, Uzbekistan is characterized by a number of comparative advantages such as land and cheap labor, and the lack of such a factor as capital. Another comparative advantage is the low-cost labor force, which has a high level of education and training.

However, experience shows that this comparative advantage is not used effectively enough. Therefore, in my opinion, it is necessary to study the experience of regulating foreign economic activity in the countries of the world [1].

The structure of exports of goods varies under the influence of scientific and technological advances and the intensification of the international division of labor. Currently, the dominant share of industrial goods in the structure of international trade with 3/4 of the world trade turnover. The share of foodstuffs, raw materials and fuel is only one fourth of the total turnover.

The deterioration in the terms of trade of industrial exporters from developing countries is to some extent explained by the economic growth rates of some of these countries, primarily China and India. The engine of this process is the growth of labor productivity in export sectors, which gives them a competitive advantage and contributes to an increase in demand for imports.

In the interests of effective integration of the economy of the Republic of Uzbekistan into the world economy, foreign trade legislation is being improved in order to harmonize and unify it with generally accepted international norms and

practices, customs unions, free trade zones are being created together with other states, agreements are being concluded on trade and economic issues, cooperation in the customs sphere and etc.

Literature review of the research topic is based on the generalization of the research results of specialists in the field of export and the development of industrial sectors. I.S. Tsy-pin and S.I. Tsy-pin focused on the export of industrial products and proposed a number of methods and tools for the development of foreign economic activity¹. They analyzed the scientific and technological development of industry, disclosed the theoretical and practical aspects of research on long-term modernization.

Representatives of classical economics A. Smith, D. Ricardo, T. Malthus, J. Mill considered foreign trade between countries from the point of view of the profitability of both import and export of goods, advocating the abolition of any import restrictions as a factor that reduces the efficiency of the economy .

Among domestic economists studying the issues of foreign economic activity, expansion of export potential, one can single out Makhmudova N.M., Nazarov Sh.Kh., Nurullaeva T.Zh., Sirazhiddinova N.², Rakhmankulov M.Kh., Ubaydullaev Z.S.³.

Research methodology

In most cases, the legal regulation of regional FEA and the participation of regional entities in foreign economic relations is based on the principles of federalism. In the United States, States are granted the right to create additional incentives for attracting foreign investment by introducing appropriate tax incentives and simplifying the procedure for registering enterprises (corporations). States are also required to help Finance exports from their territories. To this end, they are entitled to develop export development projects for small and medium-sized businesses, providing assistance in obtaining export financing through the relevant state authorities and private entities. At the same time, the States encourage the development of barter and counter-trade. Direct participants of foreign economic activity are provided with subsidies.

Other rights of States include the establishment of their foreign commercial offices that provide consulting and marketing services, participation in the formation and development of the regime of foreign trade zones formed on their territory, and regional programs for the development of local trade. At the same

¹Sinin I.S., Sinina S.I. Strategy for the development of the economy, industry and business in modern conditions // Economics. Taxes. Right. 2016. № 5. p. 74–82.

²Maxmudov N.M., Nurullayev T.J., Department of Foreign Economic Activity of Uzbekistan. Textbook, T:TSUE, 2005-p.72. Nazarov Sh.X. Assesment of the competitiveness of regions: theory of practise// Collection of scientific articles of the Forum of Economists of Uzbekistan. 2012.-p.360-366. Sirajiddinov N. Problems of increasing the efficiency of Uzbekistan's foreign trade.-T:UWED, 2004-p.154.

³Raxmankulov M.X., Ubaydullayev Z.S. Formation of the system of legal regulation of foreign economic activity of Uzbekistan// Social sciences in Uzbekistan.-1994.-№9-10. Salixov S.S. Go to the external market//Economics and statistics.-1995-№5-6.

time, the state can act as a direct participant in foreign trade relations and regulate its relations with foreign partners accordingly.

In Germany, the so-called residual principle is legally fixed in the regulation of foreign economic activity. In accordance with it, all legislative rights that are not assigned to the Federation by the Constitution belong to the lands. When differentiating between categories, the areas of exclusive and competing legal competence are formed.

One of the main directions of participation of the majority of countries in the world economy in the international division of labor is currently export orientation. The economic growth of many countries in Western Europe and Asia is a clear example of integration into the world economy. Many countries have gone through the process of restructuring their export structure. The factors that determine whether countries are export-oriented are a number of ways of reproducing structures in their course of industrialization. A kind of mechanism for connecting to economic reform was used in industrially new States, where the rate was placed on exports, state regulation of foreign trade, and initially support for large businesses[5].

Results and discussion

Turning to the reforms of developing countries, we can highlight the following features of their market development models. According to some theories, the economic difficulties of peripheral countries were directly linked to participation in the international division of labor. In those countries where the policy of maximum self-sufficiency in industrial goods was taken, isolation from the world market began, and other sectors of the economy – agriculture and exports-almost did not develop. The lack of a diversified export base with backward agriculture caused a sharp economic downturn (Brazil, India, Chile). At the same time, another group of States that had more correctly defined their economic development strategy was able to adjust and survive in an unfavorable situation (Thailand, Singapore, Malaysia).

Competitive advantage theory highlights differences between countries and between national characters. Thus, when analyzing the economies of industrialized countries, you can find large differences in the models of national competitive advantages. Germany has a long-established position as a leader in the chemical industry, many types of manufacturing and processing machinery, production of high-end machines and printing equipment. The United States is involved in the production of detergents, medical equipment, aircraft, computers, and computer software, while Japan is involved in the production of transport equipment and related machinery, high-quality household appliances, and printing equipment.

At the same time, a competitive advantage is created and maintained in close connection with local (regional) conditions: in the production of products; by territorial and geographical features; climatic features; natural features; and other

features that differ from the specifics of other regions. Therefore, the country's endowment with certain traditional factors no longer determines its competitive advantage. This was actually confirmed by new industrial countries such as Hong Kong, Taiwan, the Philippines, Malaysia, Thailand, China, etc., where there is a rapid growth in production and high growth rates of foreign trade.

Table 1.

List of countries by exports[11]

Rank	Country	Exports	% of GDP	Year
		(millions of \$)		
—	European Union	7,698,638	47.1%	2019
1	China	2,643,377	18.4%	2019
2	United States	2,498,032	11.7%	2019
3	Germany	1,810,933	47.0%	2019
4	Japan	904,883	18.5%	2018
5	United Kingdom	891,875	31.5%	2019
6	France	882,761	31.8%	2019
7	Netherlands	750,172	82.5%	2019
8	South Korea	669,594	39.8%	2019
—	Hong Kong	648,982	177.3%	2019
9	Singapore	645,612	173.5%	2019
10	Italy	632,619	31.6%	2019

For most economies in the world, their leading export and import trading partner in terms of value is either the European Union or China, and to a certain degree, the United States and Japan.

Other countries like Russia, Brazil, India and South Africa are emerging as significant markets or source countries in different parts of the world.

Individually for each European Union member trade with all other European Union members collectively is greater than any other trading partner. Both the European Union and the United States have China as their largest origin of imports. China's own largest source of imports is European Union. In other parts of the world the European Union or the United States is the largest trading partner, however other leading trading countries may be the most prominent in certain countries. Brazil, Russia and South Africa are becoming increasingly dominant in their respective regional areas.

Some isolated countries depend on a larger neighbour to be their largest trading partner – Venezuela is one of Cuba's key export markets, while doubly-landlocked Uzbekistan exports chiefly to Tajikistan and Afghanistan, its singly-landlocked neighbours.

The Japanese government, using a selective approach, used the following methods:

- all industries were divided by priority level,
- developed a priority scale, identifying four groups of industries that provide maximum, high, neutral and negative priorities.

The first group was formed by the coal mining, ferrous metallurgy, agricultural fertilizers, and electric power industries. The second priority was provided by such industries as iron ore mining, oil refining, production of asbestos, textiles and dyes, and Maritime transport.

The export orientation model has demonstrated fundamental new trends in the behavior of developing countries in the new industrial countries, regardless of the industry, personnel, and other characteristics of the countries.

The analysis of trends in the export strategies of NIS in the Asia-Pacific region makes it possible to identify the following key positions among them:

- ability to overcome the crisis stage in its development in the early 80's;
- ensuring the balance of the national economy and high rates of economic development of dynamism;
- ability to deploy a large-scale export strategy of industry specialization;
- quite successful implementation of the structural adjustment of the economy;
- targeted development of advanced, high-tech industries such as electronics, instrumentation, and electrical engineering through state regulation of processes to stimulate or restrain the growth rate of industries characterized by a high share of labor, energy, and material costs;
- radical reconstruction of traditional industries such as metallurgy, petrochemistry, etc.,
- based on attracting new technologies, equipping with modern equipment, including information technologies, etc[7].

Conclusion

In the end, all this contributed to the modification of the economic structure as a whole, not only of the region, but of the world economy as a whole. Despite the common strategy of South-East Asian countries' penetration into world markets, we can also notice certain distinctive features in the process of actively borrowing technologies, adapting them and improving them, aimed at rapidly responding to the needs of a particular market, which allow reducing costs while improving the quality of competitors. This is the key to entering the world market and increasing the exports of these countries [4].

Today, "new industrial countries "or" new industrial economies" repeat the achievements of Japan. East Asian NIS have a significantly higher level of economic development compared to the main group of developing countries and higher economic growth than the industrialized countries. Similarly, the economic development strategies of Asian NIS were based on export-oriented production, primarily of finished products.

It is noteworthy that NIS countries have become net exporters of agricultural products, i.e. they export them to the world market more than they import. And despite the fact that natural conditions are similar in many ways in these countries, and their exports consist mainly of products of tropical origin, however, each country has its own specifics, due to both soil and climate factors, and historical conditions, as well as development strategy.

Thus, the economic policy aimed at the primary development of industrial exports was an important integral part of the formation and development of the export potential of the countries under consideration. At the same time, the factor that the export potential is exclusively subject to state regulation played a special role. However, given the uneven territorial proportions, many countries have taken special measures to prevent regional imbalances [6].

It should be noted that consideration of the formation and development of the export potential of developed countries of the world and its modern features is of practical interest for Uzbekistan.

Thus, it should be stated that the model of developing the competitiveness of the economy of any country will only be successful if it is built on the advantages determined by the national determinants of competitiveness and adapted to the impact of the external environment.

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