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STRATEGIC DIRECTIONS OF MODERNIZATION OF FOREIGN ECONOMIC ACTIVITY IN UZBEKISTAN

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Abstract: The article discusses the main issues of modernization of foreign economic activity in Uzbekistan and highlights its strategic directions. It is known that, liberalization of foreign economic activity is one of the leading components of the development of the republic and its integration into the world market in modern conditions of globalization of the world economy and world trade. Furthermore, explained the causal problems that arise in foreign economic activity and presented recommendations to their appropriate solution.

Keywords: foreign economic activity, integration, globalization, foreign trade, import, export.

Introduction

Globalization processes in the world economy are a natural result of the integration of production and capital. Integration and globalization of world economic processes leads to the fact that in practice it is not profitable for any country to have only "its own production". The causes of globalization processes are changes of two types: the development of technologies and the liberalization of economic policy. The acceleration of globalization processes, in our opinion, is influenced by economic impacts, the main of which are the following: the transition of the national economy of a closed type to an open economy; deepening the international division of labor; improvement of methods of state regulation, the emergence of transnational corporations; creation of mechanisms for international economic exchange; development of science and technology.

According to the current system of tariff regulation of imports for 65 product groups, import duties from 5% to 30% are levied.

Changes in Uzbekistan’s foreign trade in recent years reflect Uzbekistan's aspirations to join the WTO. Uzbekistan, through phased negotiations, is increasingly increasing the number of countries with which the most favored nation regime is used.

Liberalization of foreign economic activity is one of the leading components of the development of the republic and its integration into the world market in modern conditions of globalization of the world economy and world trade. President of Uzbekistan Sh.M.Mirziyoyev points out that it is necessary “to consistently pursue a course for further liberalization and deepening economic reforms in all spheres and sectors of the economy ... The liberalization of the economy is inextricably linked with the liberalization of foreign economic activity”[1]
The foreign economic policy of the Republic of Uzbekistan should be mobile and coordinated taking into account the rapid changes in the world of political and socio-economic conditions.

**Analysis and results**

Uzbekistan's foreign trade reform and export promotion is not only an important source of income growth in freely convertible currency, the main means of integration into the world economy, but also actions aimed at solving such urgent tasks as strengthening the national currency, which ensures the incipient sustainable economic growth, implementation of deep structural changes in the economy.

The regulation of foreign trade through market mechanisms by reducing administrative control in accordance with international rules and taking into account the peculiarities of the transition period in the republic requires the improvement of state regulation of foreign trade and methods of its reform.

The main difficulties that arise in the republic in the field of foreign economic activity are:
- the lack of a scientifically based concept of state regulation of wind farms, which takes into account their changing conditions;
- poor development of the organizational infrastructure of foreign trade and real export promotion;
- Lack of special knowledge about the market economy, conditions and legal and technical aspects of entering the world market related to the conduct of foreign economic transactions in the overwhelming majority of WEC participants;
- lack or absence of the necessary commercial information on world markets;
- lack of many types of technical support in the functional areas of foreign trade;
- low level of computerization and automation of customs and export-import supervision.

Taking into account these facts, measures for the development of foreign economic relations of the republic are carried out taking into account the processes of economic globalization in the world and the creation of a single world economy. In our opinion, Uzbekistan, expressing its desire to join the WTO, should liberalize its own foreign economic activity and become an integral part of the world economy. This is what the President of our country Sh.M. Mirziyoyev says: “... the entire system of organizing foreign economic activity should be radically revised. I believe it is overly regulated. It is dominated by the methods of administrative regulation rather than economic, tariff regulation. We must quickly switch to civilized forms of foreign economic activity accepted throughout the world, accelerate the process of Uzbekistan’s accession to the WTO”.[2]

It is known that competitive export-oriented industries will benefit from accession to the WTO. Liberalization of foreign economic activity is one of the directions in managing the development of foreign trade and, in turn, increasing national competitiveness. Studies show that national competitiveness depends on
management, the state of the financial market and the quality of financial services, the level of infrastructure development, the quality of production potential, the influence of the state on the creation of a competitive environment and other factors.

The international competitiveness of a state is primarily determined by the aggregate competitive advantages of its leading enterprises. And they, in turn, are formed on the basis and under the influence of such factors as the capacity and needs of the domestic market, the necessary production factors available in the country, the level and efficiency of the production and general economic infrastructure, the level of development of the competitive environment.

Competitive advantages of Uzbekistan form the basis for successful export-oriented development. In our opinion, Uzbekistan has the following comparative advantages: rich industrial reserves of certain types of mineral raw materials that are competitive in the external market (gold, uranium, copper, silver, natural gas and others; favorable natural and climatic conditions for growing many agricultural products, as well as creating the possibility of saving heat and electricity; rich cultural and historical heritage, known throughout the world.

The advantages of Uzbekistan over many developing countries are also based on the following factors: the availability of a relatively highly qualified and disciplined workforce, cheap labor; high level of scientific potential and research; developed infrastructure (transport communications, electrification, buildings and structures, provision of public utilities in cities, communications, the presence of over 4.2 million hectares of irrigated agricultural land).

While Uzbekistan is one of the fastest growing economies in the region, with historical growth rates of around 6-7% and expected GDP growth of over 5% in the medium term, Uzbekistan's foreign trade has grown at a much faster pace, especially in the last 2 years.

While foreign trade turnover in 2017 increased by less than 10%, in 2018 there was an increase of up to 27%, as for 2019, growth is expected by more than 35% and will reach more than 47 billion US dollars. It is also important to note that the ratio of foreign trade turnover to GDP is also growing significantly, which indicates the growth of the economy in terms of trade. This figure is ahead of the global average (57%) in 2018 and may be almost the same as in Germany (87%) in 2019.

In the context of the global economic crisis, innovative, investment and intellectual development are important areas for the development of the national economy. Along with this, the world economy is changing, in which rapid processes of regional international integration and global liberalization are taking place. The foreign economic activity of states is also being modified, and hence their role in the management and regulation of foreign economic processes. Uzbekistan joins the world economic processes under the influence of the external environment of already formed foreign economic relations.
Within the framework of the Strategy, in the Year of Development of Science, Education and the Digital Economy, further development of comprehensive ties with foreign countries is envisaged. Unfortunately, the outbreak of coronavirus negatively affected the development of trade and economic ties.

Due to restrictions on leaving the PRC, the number of visitors to Uzbekistan in February of this year decreased by 75.2%, compared to last year (2841 people). This affected the export of services in the first quarter of 2020, which decreased by 14% (USD 24.1 million). If in 2019 61.9 thousand Chinese tourists visited Uzbekistan, then this year this figure is expected to decrease significantly.

The largest volume of foreign trade turnover was recorded with China (16.4 percent), Russia (14.6 percent), Kazakhstan (7.2 percent), South Korea (5.9 percent), Turkey (five percent), Kyrgyzstan (2.3 percent) and Germany (two percent). The share of gold in the export structure reached 50 percent. The precious metal brought the country a record $5.8 billion.

Conclusions and recommendations

The problem under consideration is caused, on the one hand, by the practical needs of industrial enterprises participating in foreign economic activity, which have an urgent need to develop a reliable methodology and effective tools for high-quality selection of options in the process of strategic management of innovative processes, on the other hand, by the increasing strategic importance of the foreign economic complex in economic development. In this regard, according to the author, it is necessary to improve the concept of development of foreign economic activity in Uzbekistan, based on improving the level of management, modernizing production, and developing science-intensive export industries. When developing it, it is necessary to take into account the implementation of the principle of adequacy, which can be understood as the creation of such an institutional system for regulating foreign economic activity, which could simultaneously, within the framework of compliance with international requirements and taking into account globalization trends, preserve and defend the priority of national economic interests in the nature and directions of foreign economic activity. The content of the adequacy itself can be considered with this method of internal institutional implementation of international obligations, norms and rules, which, of course, forms its functional ability through the prism of strategic goals and objectives of the country's socio-economic development.

Thus, the foreign economic activity strategy is inevitably enclosed in the contradictory boundaries of national interests and institutional settings of international economic organizations, global challenges of the world market and fierce international competition.

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