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THE ROLE OF TRADING SERVICES IN THE DEVELOPMENT OF THE COUNTRY'S ECONOMY

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Abstract. This article discusses the negative impact of COVID-19 on the sharp decline in production and consumption worldwide, the disruption of global production chains and trade links, falling commodity prices on world markets and deteriorating conditions. Emphasis is placed on the implementation of an active foreign trade policy to enter the world market, to pursue a foreign trade policy aimed at further strengthening their position in the interests of national producers.

Keywords. Coronavirus Pandemic, Global Economy, Trade Services, Trade Network, Trade Policy, Foreign Trade, Foreign Trade Turnover, Export, Import, Partnership, Revenue, Profit.

Introduction

COVID-19 has led to a sharp decline in production and consumption in the world's largest economies, disruption of global production chains and trade ties, falling commodity prices on world markets and deteriorating conditions. Unprecedented measures are being taken to combat the spread of the pandemic around the world, including by restricting the movement of people and shutting down businesses.

The coronavirus pandemic is complicating the macroeconomic situation around the world, leading to a rethinking of defined financial and economic goals. Since the announcement of the coronavirus pandemic, the first priority has been to prevent the spread of infection and save lives. It was strongly recommended that all resources, including financial resources, be directed towards this goal. [1]. Otherwise, the spread of the disease and its uncontrollability could lead to a long-lasting economic downturn that has shaken the earth.

The COVID-19-induced global trade contraction renewed the dialogue on a de-globalising world order. However, new data and estimates show that global trade has rebounded to the level at the beginning of 2019. A novel seaborne trade dataset at daily frequency provides an idea of the movements of trade patterns (Figure 1). The trade volume returned to the 2017-2019 average levels by the beginning of 2021 after a sharp plunge in May-2020 [10].

The Uzbekistan economy, which is part of the global economic system, has not been left out, which in turn requires effective preventive measures to mitigate the negative effects of this situation.
Combating the spread of coronavirus infection and other global threats is one of the urgent tasks for the whole world today to ensure macroeconomic stability, uninterrupted operation of economic sectors and industries, stimulate foreign economic activity, effective social support, prevent a sharp decline in incomes.

This disaster has clearly demonstrated the strengths and weaknesses of the world’s population, how interconnected they are, and the need to further strengthen economic partnership.

At a time when technology and resources, investment, and competition for access to foreign markets are intensifying all over the world, it is important to combine knowledge and potential, to make extensive use of the complementary factors of the economy. In Uzbekistan, the issues of research and systematization of trade services, ensuring the free operation of trade enterprises in pandemic conditions are considered to be very important.

**Literature review**

The period of development of the first theories of trade dates back to the 15th century. According to J. Sachs, who lived in this period, “the economic success of any country in the world is born in foreign trade. To date, no country has been able to create a healthy economy in isolation from the world economic system.

D. Ricardo said foreign exchange is possible and beneficial for all states. He identified price zones where the exchange was beneficial to all.

John Stuart Mill in his work “Fundamentals of Political Economy” (1848) showed at what price the exchange would take place. According to Mill, the exchange price is determined by the law of supply and demand to the extent that the gross exports of each country cover the gross imports.

Bulatova A.S. and Liventseva N.N.s study the effectiveness of foreign economic activity and highlight 10 indicators in its evaluation. At the same time, they also analyze the priorities of foreign trade regulation [2].

According to A.Vahobov, “the process of direct and indirect intervention in economic activity is aimed at ensuring domestic employment, achieving economic growth, ensuring macroeconomic stability, improving the balance of payments and regulating the exchange rate by influencing the volume and composition of exports and imports. According to the scientist, trade policy is a relatively independent direction of general economic policy, which includes fiscal policy, the regulation of foreign trade through taxes, subsidies, currency controls and direct restrictions on imports or exports [3].

According to Unctad, an international organization directly involved in regulating international trade, the COVID-19 pandemic has already killed more than 1.5 million people and forced nearly half of the world’s population to adhere to restrictive measures. The decline in consumer spending and the closure of production have led to the deepest and synchronous global economic crisis in
history. By 2020, global production is expected to decline by 4-5 percent, trade by 7-9 percent, foreign direct investment by 40 percent, and remittances are expected to exceed $ 100 billion. From 2019, the debt of countries around the world has risen sharply. It is expected to reach $ 277 trillion by the end of 2020, or 365 percent of global production, up from 320 percent at the end of 2019. The pandemic also led to its disappearance in the second quarter.

By 2020, nearly 500 million jobs worldwide and most of the 2 billion workers who are not adequately protected in the informal sector will be severely affected. In 2021, global trade is expected to grow by 7-8%, which is closer to a “slow recovery” scenario rather than a “quick return to trend”. In terms of foreign direct investment, the pandemic has caused serious uncertainty in the economic outlook, which could delay or even cancel previously envisaged projects, rather than in developing countries. Thus, the pandemic could be a turning point that could radically change the configuration of international production in the next decade, directly to developing countries - to " the inflow of investment is expected to be positive, but much lower than previous peaks [11].

**Research methodology**

Scientific abstraction, induction and deduction methods were used in the research process. The method of analysis and synthesis was used to study the trade turnover of Uzbekistan during the pandemic.

**Analysis and results**

The country's economic stability and financial growth are largely determined by its foreign trade turnover and the degree of integration into world markets.

Uzbekistan has trade relations with 171 countries. A relatively significant share of foreign trade turnover in 2021 will be in the People's Republic of China (18.2%), the Russian Federation (17%), Kazakhstan (10.4%), Turkey (8.7%), the Republic of Korea (4.6%), It was reported in the Kyrgyz Republic (2.4%) and Afghanistan (2.0%).

However, the ongoing pandemic in 2020-2021 has led to the temporary closure of customs borders in Uzbekistan, as well as other countries, and the reduction of foreign trade, limiting trade and economic relations. Therefore, the volume of foreign trade turnover in 2020 decreased by 18.2%. In the first half of 2020, Uzbekistan's foreign trade turnover amounted to $ 15.8 billion, a decrease of 18.2% compared to the same period last year. In particular, exports decreased by 22.6% and imports by 15%.

In January-June 2020, the foreign trade turnover of Uzbekistan amounted to 15.8 billion US dollars.

Compared to the corresponding period of 2019, it decreased by $ 3.5 billion or 18.2%.
According to the statistics, in 6 months, exports amounted to 6.2 billion US dollars (a decrease of 22.6%) and imports to 9.5 billion US dollars (a decrease of 15%). During the reporting period, a passive foreign trade balance of $ 3.2 billion was recorded.

In January 2020, foreign trade turnover rose in February, although slightly lower than last year. However, due to the onset of the coronavirus pandemic in the world and the introduction of quarantine restrictions in a number of countries around the world, foreign trade turnover in March ($ 2.2 billion), a significant decrease in June ($ 2.6 billion) and May ($ 2.1 billion). At the same time, in June, this figure began to show a growth rate - ($ 2.8 billion).

The main exports of Uzbekistan are gold (33.8%), followed by industrial goods (18.7%), services (16.1%), food and live animals (8.9%), chemicals ( 6.1%), mineral fuels (5.1%) and others.

The main share in the structure of imports is machinery and transport equipment (37.1%), industrial goods (16.8%), as well as chemicals and similar products (13.7%).[9]

In January-November 2019, the foreign trade turnover of the republic amounted to 38.2 billion US dollars, an increase of 9.5 billion US dollars or 33.4% compared to the same period last year.

According to the State Statistics Committee, the volume of exports amounted to 16.2 billion US dollars (growth rate - 43.3%) and imports to 22 billion US dollars (growth rate - 27.0%). During the reporting period, passive foreign trade turnover amounted to 5.7 billion US dollars.

Uzbekistan has trade relations with about 190 countries. The largest share of the republic's foreign trade turnover in the world is in the People's Republic of China (19.2%), the Russian Federation (15.2%), Kazakhstan (8.4%), the Republic of Korea (6.6%), Turkey (5, 9 percent), Germany (2.4 percent) and Kyrgyzstan (2.0 percent).

In January-November 2019, the volume of trade with CIS countries amounted to 13 billion US dollars, and the share of Uzbekistan in foreign trade turnover increased to 34.2%.

The strengthening of socio-economic ties with neighboring countries will also have a positive impact on bilateral trade relations. Neighboring countries account for about 34.2% of foreign trade with CIS countries, including 34.8% of exports and 33.7% of imports.

The share of other foreign countries in foreign trade turnover
Foreign trade turnover increased by 42.0% compared to the same period last year, reaching 65.8% ($ 25.1 billion).

Of the 20 largest foreign economic partners, five countries have an active foreign trade balance, including Afghanistan ($ 550.6 million), Kyrgyzstan ($ 494.0 million) and Tajikistan ($ 150.5 million). USD), France (USD 53.5 million) and Iran
(USD 9.1 million). The passive foreign trade balance with the remaining 15 countries is maintained.

However, it should be noted that the existing trade, economic, financial, investment, transport and logistics and energy opportunities are not fully used.

In our opinion, in the context of the pandemic, it would be expedient to further expand the multilateral partnership in the economy of Uzbekistan. To do this:

- strengthening trade and investment ties, which are the main drivers of economic growth;
- Development of industrial cooperation based on the principle of "finding complementary points";
- Ensuring free circulation of funds, goods and services between neighboring and partner countries, expanding interbank relations and financing;
- expanding transport corridors and increasing the transit potential of our regions, further accelerating our economic cooperation.
- Development of a "green economy" rich in renewable and alternative energy sources.

As a methodological basis, we found it expedient to focus on factor analysis of economic profitability. Because in a pandemic, the usefulness of each indicator plays an important role in the system of indicators.

Based on the above, as well as taking into account the situation in the country, we believe that the following factors will affect the change in the profitability of trade and economic potential:

- profit margin (Fd) - x1;
- contribution of income to the volume of production (Dm) - x2;
- efficiency of economic potential (IsQ) - x3;

The relationship between these factors is represented by the following formula:

\[ Isr = Fd \cdot Dm \cdot IsQ = X_1 \cdot X_2 \cdot X_3 = \prod_i X_i; i = 1 \]

Their relationship to each other is illustrated in Figure 1.
Figure 1. Interdependence of factors influencing changes in economic potential efficiency

The effect of the factors presented in this figure can be determined by different methods of analysis.

Conclusion / Recommendations

The results of the study show that the intensification of foreign economic entrepreneurship initiatives and influence of local governments will help to improve the concept of state regulation of foreign economic cooperation in the post-pandemic period and the creation of foreign policy tools of state and regional governments.

In order for the Republic of Uzbekistan to pursue an active foreign trade policy in the world market, it is expedient to pursue a foreign trade policy based on the interests of national producers and aimed at further strengthening their position. To do this, we need to set up a perfectly free trade that can be done in accordance with our conditions.

References

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