



## EFFECTIVE MANAGEMENT OF FOREIGN TRADE OF UZBEKISTAN IN THE PROCESS OF INTEGRATION

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**ABSTRACT:** The article explores the peculiarities of foreign trade management in the context of globalization. In the course of integration of Uzbekistan with the world economy, the main aspects and directions of liberalization of foreign trade were analyzed. Scientific proposals and practical recommendations on the use of basic tools and tools for foreign trade management have been developed during the integration process.

**KEYWORDS:** world economy, globalization, integration, foreign trade, international trade, export, import, customs, definitions, foreign trade management.

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### INTRODUCTION

The development of modern world economic relations is characterized by deepening integration processes in the context of globalization of the world economy, aimed not only at reducing barriers to the migration of goods, services, capital within integration groups, but also at strengthening the innovative component of foreign trade, which is especially important for developing countries and countries with in transition.

Acceleration of integration has resulted in a gradual transformation into single economic zones, providing free movement of goods and services market participants. That is why in the world economy, national borders on trade are gradually eliminated. Integration with world trade is becoming the only policy of national economic development for many countries.

Development of effective mechanisms of foreign trade management in the process of formation of innovative economy and international integration is one of the factors determining the quality of the business environment of any country. One of the priority directions of Uzbekistan's economic development

strategy is to radically improve the management of international trade and create favorable conditions for entrepreneurship.

The Strategy of Action for the Five Priorities of Development of the Republic of Uzbekistan for 2017-2021 sets out the following tasks: "Liberalization and simplification of export activities, diversification of export structure and geography, expansion and mobilization of export potential of economic sectors and regions"[1]. In recent years, the Decree of the President of the Republic of Uzbekistan on Foreign Trade Development, dated April 13, 2017, No. P-5012 "On Measures to Improve the Management System in Foreign Trade," further enhances the effectiveness of foreign trade relations, liberalization of foreign trade, strengthening export potential and competitiveness. improving the system of promotion of domestic products to foreign markets, trade between the manufacturers and foreign partners It is intended to serve long-term sustainable partnerships.

Along with the above, a number of strategic goals for the effective integration of our country with the world economy are outlined. These circumstances define tasks such as choosing a strategic foreign policy direction.

## LITERATURE REVIEW

The spatial aspect of international economic relations was considered in the theories of globalization, location, new economic geography. The spatial characteristics of globalization are reflected in the works within the framework of the theory of globalization and noted that regions become "nodes" linking global flows of goods.

Certain aspects of the development of international trade, the establishment and improvement of the tools for its regulation in the framework of the World Trade Organization (WTO) are studied in the works of E. Gryaznova [2] , Movsesya-na A.G. [3] , in the analytical and working materials of international economic organizations: WTO, World Bank, International Monetary Fund (IMF), UN Conference on Trade and Development (UNCTAD).

The issues of transformation of the methods of implementing foreign trade policy in connection with the upcoming accession of the country to the WTO take place in the works: Ishchenko EG [4]., Kushlina VI [5] , Perskoy VV [6] .

Factors of development of economic integration in Uzbekistan and improvement of its efficiency have been studied by Sh.ZAYNUTDINOV. [7] It examines the role of the state in expanding integration processes, ways to enhance the effectiveness and integration of enterprises involved in this process.

The main directions of modernization of the foreign trade policy of the Republic of Uzbekistan in the conditions of national economy stability are studied by Zufarova NA. [8] Nazarova R.R. Innovative mechanisms of foreign trade regulation in Uzbekistan have been studied. [9]

The main focus of this study is on the liberalization of foreign trade in the context of Uzbekistan's integration with the global economy. It also represents the theoretical and methodological study of foreign trade management and an attempt to find ways to implement it.

## RESEARCH METHODOLOGY

In the current conditions of global economic development, Uzbekistan's integration with the world economy should be based on strategic management, which does not adversely affect the balance of foreign trade and maintain and stimulate the development of entrepreneurship, free from the threat of economic development.

In the process of integration of the national economy with the world economy, according to the world scientists, the foreign trade was the main risk factor. However, modern trends show that foreign trade policy is a relatively independent economic policy that involves the regulation of taxes, subsidies, currency control, direct import or export restrictions. It is worth noting that any measures to restrict foreign trade often have short-term effects.

For a long time, this is reflected in the experience of developed countries, but only free trade allows more efficient and efficient allocation of economic resources. [10]

The idea of free foreign trade was built on the basis of David Ricardo's theory of relative superiority 300 years ago, which states that the free (unrestricted) movement of all production resources internationally will increase economic efficiency and improve the well-being of the population with the greatest benefit of resources. [11]

International economic relations cover a wide range of issues that can be detailed in terms of foreign trade. Therefore, the basic theories of international economic relations have many approaches to foreign trade management. This is because international trade plays a major role in the economies of any country in its integration relations with the world countries, which will increase its gross national income [12]. The World Bank's 2015 Doing Business Index identifies key factors that have a negative impact on Uzbekistan's international trade performance, they are [13]:

- ❖ Uzbekistan's geographical isolation, low diversification of foreign trade routes and high transport costs for foreign economic activity entities;
- ❖ the availability of much more than is required in the normative and legal acts establishing procedures for foreign trade;
- ❖ the practice of requiring documents that are not required by law to be issued by the state authorities for foreign trade;
- ❖ relatively high costs of participants of foreign economic activity for preparation of documents, customs clearance and technical inspection;
- ❖ differs from the World Bank methodology in determining the time and cost of goods movement in the calculations of the International Trade Indicator

## ANALYSIS AND RESULTS

Currently, Uzbekistan is working to improve all indicators that make up the country's international trade rating. In particular, for the purpose of solving a number of problems impeding the expansion of trade, internal market and manufacturers with the necessary goods and export of domestic products, the President of the Republic of Uzbekistan dated November 30, 2018 N UP-5564 the Decree "On measures to further liberalize trade and develop competition in the commodity markets" was adopted. This decree envisages a two-stage liberalization of trade and the changes made in Table 1.

**Table 1**

### Directions of Foreign Trade Liberalization in Uzbekistan

The operating system New system	New system
In accordance with the Decree of the President of the Republic of Uzbekistan "On measures to further liberalize trade and develop competition in the commodity markets"	

It is allowed to sell imported highly liquid goods in the internal market exclusively on the stock exchange without restrictions	Allowed to sell highly liquid imported products at the discretion of their owners at the internal market, including without any restrictions
Consumer finance credit is intended only for the purchase of goods and services produced in Uzbekistan	Consumer finance is allowed to be provided on equal terms to import or purchase local goods and services
Export of certain types of goods are limited (pork, poultry, vegetable oil, sugar, bread and bakery products, ores, silk waste, etc.)	Restrictions on certain types of goods (pork, poultry, vegetable oil, sugar, bread and bakery products, ores, silk waste, etc.) were abolished.
The procedures for exporting goods, works and services through e-commerce sites on the Internet were not established	Without concluding an export contract for business entities and charging a bank fee, the right to export goods, works and services through e-commerce platforms on the Internet are given.
Transportation of natural persons without customs declaration was up to \$ 3,000	Goods transported by individuals without customs declaration increased to \$ 5,000
In accordance with the Decree of the President of the Republic of Uzbekistan "On measures to further liberalize foreign trade and increase the efficiency of trade operations"	
The procedure of compulsory inspection of imported goods is applied prior to shipment	Pre-shipment inspection of imported goods is carried out on a voluntary basis

Source: Compiled by the author.

As a result of the implemented reforms, the country's foreign trade has a dynamically developing tendency, there is an active export and import policy, and the export of finished goods is growing at a high rate. (Table 2). As a result of consistent policy of ensuring openness of the economy, modernization, technical and technological renovation and diversification of production, a solid basis for the development of foreign trade based on efficient and highly effective models has been achieved, and in turn, the corresponding achievements are achieved.

**Table 2.**

**Foreign trade of the Republic of Uzbekistan, million USD**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 y. January june
<b>Foreign trade turnover</b>	22199	26366	26416	28270	27530	24924	24232	26566	33430	19683,2
Export	13023	15021	13600	14323	13546	12508	12095	12554	13991	8437,6
Import	9175,8	11345	12817	13947	13984	12417	12138	14012	19439	11245,6
Trade balance	3847,6	3676,7	783,1	375,8	-438,6	91	-43	- 1458,7	- 5448,5	-2808

<b>Foreign trade turnover</b>	104,7	118,8	100,2	107	97,4	90,5	97,2	109,6	125,84	129,8
Export	110,6	115,3	90,5	105,3	94,6	92,3	96,7	103,8	111,45	127
Import	97,2	123,6	113	108,8	100,3	88,8	97,8	115,4	138,73	132

Source: State Statistics Committee of the Republic of Uzbekistan . <https://stat.uz/uz/180-ofytsyalnaia-statistika-uz/6567-tashqi-iqtisodiy-faoliyat>, <https://stat.uz/uploads/doklad/2019/yanvar-iyun/uz/13.pdf>

In 2019, the number of companies exporting goods reached 3,885. Exports in January-June 2019 amounted to \$ 8,437.6 million (a growth rate of 27.0%). In the structure of exports, goods accounted for 81.5%, mainly due to energy sources and oil products (16.8%), food products (9.4%), textiles and textile products (9.1%), non-ferrous metals. products made of ferrous metals (5.8%) and ferrous metals and products (1.7%)

It is well known that the main directions of foreign trade management during the integration process are as follows:

- Trade and transaction liberalization. Most countries in the world (primarily WTO member states) have reduced customs and other barriers to cross-border movement of goods and services. Conditions are being created to make trade liberalization the main principle of the policy of most countries.
- Establishment of new foreign trade management mechanisms and institutions.
- Increasing the effectiveness of regulatory and regulatory bodies in international economic relations, trade flows, regulations and development strategies.
- Increasing competition in the national market.
- Formation of regional integration groups to protect the competitive advantage of global industrial forces. Ensuring the country's competitiveness in global competition through the implementation of trade and economic, foreign exchange policies and international labor sharing that create favorable conditions for cooperation.

## CONCLUSIONS

From the foregoing, we believe that the main emphasis in the integration process should be on improving the approach to strategic management of foreign trade based on national interests:

Implementation of foreign trade policy aimed at further strengthening of their position in the interests of national producers. At the same time, national interests are focused on ensuring competitive advantage, and it is proposed to use such forms of customs restrictions as indirect competition rather than direct protection (protectionist). The main strategic goal is to prepare producers for free competition through the gradual reduction of protective methods. In M. Porter's theory as a prerequisite for the country's competitiveness "The more competition in the country and the greater the demand from buyers, the higher the chances of a country's businesses succeeding on the international market, on the contrary, weak competition in the national market, as a rule, leads to weakening of the competitive advantage "[14].

Conducting market research on domestic market price indices, market trends in order to inform foreign consumers about the high demand and types of products [15] produced in the country and to present the



results of this study on the official websites of the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan;

In world practice, a large number of sanitary and phytosanitary measures are used in international trade as non-standard methods of production. In Uzbekistan, it is advisable to move towards using non-trade methods to bring foreign trade liberalization methods closer to the standards of international organizations such as the IMF and the World Trade Organization. Notary methods have a significant impact not only on local producers but also on the welfare of the country's population.

It is known that high restrictions on foreign trade are one of the factors directly affecting the development of the hidden economy. Central Bank of the Republic of Uzbekistan in cooperation with UNDP based on widely used monetary methods in international practice Estimated volume of hidden economy in Uzbekistan according to the results of 2018 the volume of gross entering economy in Uzbekistan will be 44.6% of the product [16]. According to the definitions of the General Agreement on Definitions and Trade of the World Trade Organization (GATT) in the definition of customs in Uzbekistan the application of the “national mode” principle will also help to reduce the hidden economy by ensuring electronic reporting of imported goods.

We can conclude that it is advisable to use the aforementioned methods and tools as indirectly as possible to develop effective mechanisms for foreign trade management in the process of forming an innovative economy and international integration in Uzbekistan.

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