



## IMPROVING THE EXPORT POTENTIAL OF UZBEKISTAN

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**ABSTRACT:** The paper considers the state of export activity of Uzbekistan at the present stage of development. The main competitive advantages of the country are determined. The main problems of the improving of export potential and possible solutions are highlighted.

**KEYWORDS:** Export, export activities, diversification, import substitution.

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### INTRODUCTION

The reforms aimed at stimulating foreign trade, which have been carried out by developed countries over the past ten years, do not create the possibility of their entry into international markets, as well as conditions for stable growth and diversification of exports. As is known from foreign experience, many countries have preferred trade integration; they are critical of the management and variability of export prices. On this basis, there is a relevance for countries to achieve intensive, extensive, high-quality and stable growth while ensuring export competitiveness.

Uzbekistan is a large country with a significant amount of various resources, which largely determine its export potential.

Despite the openness of our country to foreign trade, as well as an increase in the level of integration in global markets, the shares of traditional products and the Uzbek market in export operations with foreign trade partners remain high.

In this situation, a significant share in the structure of goods are primary or intermediate goods. In addition, the high correlation of the proceeds from export in foreign trade of our republic with the situation

on the world raw materials market, as well as the proceeds from exports, is closely related to the economic condition of the main trading partner countries. In order to obtain a high stable export income and increase its influence on GDP growth, it is considered relevant to identify areas of diversification of the structure and geography of exports, as well as the production of competitive export-oriented products with high added value.

## LITERATURE REVIEW

In addition, the multi-period evolution of the theoretical foundations of achieving economic benefits from exports has been studied. In particular, they include the static achievement of using the relative advantages of the country and the rational distribution of unique resources, as well as the emergence in conditions of strong competition of a more efficient export sector, the achievement of a large-scale effect, the rational use of existing productive forces, the wide dissemination of knowledge and such dynamic achievements, like a technological revolution, etc.

In addition, research methods of the work of scientists in the field of increasing foreign trade are described in detail.

In particular, the basics of state policy in various directions of export diversification, developed by O. Cadot, S. Carrer and V. Strauss Kahn<sup>1</sup>, are widely studied. The effect of forced restrictions on expanding quantitatively identified trade for developing countries, including countries that do not have access to the sea and other exporting countries, studied by J. Hallart, R. Tseped and J. Kang (2011)<sup>2</sup>, trade policy, trade convenience, the impact of investment climate variables on trade activities, studied by Murat Sheker<sup>3</sup>, the relationship of intensive and extensive limits of export competitiveness in international trade, identified in the studies of A. Kusolita<sup>4</sup>.

A number of studies have been carried out to assess Uzbekistan's export potential, diversify its foreign trade, and assess the impact of foreign trade on socio-economic development.

In particular, T. Mamadzhanova's<sup>5</sup> study examined foreign trade in Uzbekistan and its importance in the development of the economy, the theoretical foundations of foreign trade, the stages of the globalization process in the development of international exchange and foreign trade between countries.

The problems of export and protection of exporters and insurance of export-import operations were studied by H. Abdurahimov<sup>6</sup>.

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<sup>1</sup> Olivier Cadot, Céline Carrère, and Vanessa Strauss-Kahn. 2011. «Trade Diversification: Drivers and Impacts». World Bank, Washington, DC.

<sup>2</sup> Jean-Jacques Hallaert, Ricardo Cavazos Cepeda, and Gimin Kang. 2011. «Estimating the Constraints to Developing Countries Trade». Organisation for Economic Co-operation and Development, Paris

<sup>3</sup> Murat Sheker. 2010. «Trade Policies, Investment Climate, and Exports across Countries». World Bank Policy Research Working Paper No. 5654, World Bank, Washington, DC

<sup>4</sup> Ana Paula Cusolito. 2010. «Export Competitiveness and the Intensive and the Extensive Margins of Trade». World Bank, Washington, DC.

<sup>5</sup> Мамаджанова Т. Ўзбекистонда ташқи савдо ва унинг иқтисодий ва ривожлантиришдаги аҳамияти. «Иқтисодий ва инновацион технологиялар» илмий электрон журнали. № 4, июль-август, 2018 йил.

<sup>6</sup> Абдурахимова Х. Экспорт-импорт операцияларини суғурталаш хусусиятлари ва уларни такомиллаштириш. «Иқтисодий ва инновацион технологиялар» илмий электрон журнали. № 1, январь-февраль, 2017 йил.

The best study is the study of L. Mingishova on improving the export competitiveness of Uzbekistan. The aim of his research is to "develop scientific proposals and recommendations on the main directions of the increasing competitiveness of Uzbekistan's export goods in the world market."<sup>7</sup>

Research on the development of industry and sector exports was undertaken by Z. Khakimov, whose focus is on increasing the export of textile products from Uzbekistan through clusters of industry<sup>8</sup>.

## RESEARCH METHODOLOGY

The article studies the stages of globalization in the development of international trade and international trade between countries based on observations, the economic analysis of the dynamics of export of fruits and vegetables on export-import potential of the republic by selective method.

In the study, in order to identify how important export products of Uzbekistan are, as well as assess the economic significance of new products included in the list of products manufactured in our country and their share in the world market, their intensive and extensive limits are calculated using the Hummels-Klenow method.

## ANALYSIS AND RESULTS

Today, Uzbekistan has become an independent state in the world community and has become a member of influential international organizations. It has been developing political, diplomatic, trade and economic and cultural ties with leading industrialized countries in the world, and has been developing mutually beneficial bilateral and multilateral relations. In this context, the country's foreign economic potential is the availability of natural resources, the creation of industrial and scientific and technological potential, the export of infrastructure, social services, products and services abroad, or to foreign nationals, firms and organizations including sales to foreign businesses and joint ventures within the country.

The most important economic indicators that determine the country's external economic potential are the volume of GDP production, including the per capita share of exports of goods and services in GDP and the share of industrial goods in total exports.

Historically, the role of export potential has been singled out as a mechanism for activating the existing and possible economic advantages of the state, as an auxiliary tool for embarking on the path of effective, rapid economic growth in order to reduce the gap between the main socio-economic parameters and other developed countries.

Currently, Uzbekistan is working to improve all the indicators that make up the country's international trade rating. In particular, in order to solve a number of problems that impede the expansion of trade, the internal market and manufacturers with the necessary goods, and the export of domestic products, the President of the Republic of Uzbekistan dated November 30, 2018 No PF-5564 of the Republic of Uzbekistan ”.

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 1). As a result of consistent policy of ensuring openness of the economy, modernization,

<sup>7</sup> Mingishov L. The main directions of increasing Uzbekistan's export competitiveness. 08.00.09 - The World economy. PhD Dissertation Abstract On Economic Sciences . Tashkent – 2018.

<sup>8</sup> Z.Hakimov. Uzbekistan's clothes market: condition, competitive environment, and development. TAJMMR: TRANSAsian Journal of Marketing&Managemet. Research. ISSN:2279-0667 Vol 6, Issue 2-3, Feb-March/

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 1.

**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
<i>Trade balance</i>	3847,6	3676,7	783,1	375,8	<b>-438,6</b>	<b>91</b>	<b>-43</b>	<b>-</b> <b>1458,7</b>	<b>-</b> <b>5448,5</b>	<b>-2808</b>
<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-statystyka-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 were \$ 8,437.6 million. US dollars (growth rate - 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%).

Foreign trade operations of residents of the republic are mainly carried out with the countries of Asia (52.3% of the total turnover), Europe (38.5%) and America (1.5%), which account for 92.3% of the total turnover.

Table 2

**Distribution of foreign trade of the Republic of Uzbekistan by continents of the world  
(January-December 2018)**

Indicators	Export	Import	Foreign trade	
			Growth to 2017, %	Total percentage value
Total	14253,9	19555,2	127,3	100,0
including:				
Europe	5956,8	7056,4	113,4	38,5
Asia	7167,1	7018,6	140,1	52,3

America	37,2	470,3	79,4	1,5
Africa	11,6	15,9	97,0	0,1
Australia and Oceania	0,4	1,7	47,2	0,0

Source: <https://stat.uz/uploads/doklad/2018/yanvar-dekabr/ru/13.pdf>

Among the CIS countries, the main foreign trade partners are Russia, Kazakhstan, Kyrgyzstan, Ukraine, Belarus, Tajikistan, which account for 31.0% of foreign trade turnover, among other countries - China, Turkey, the Republic of Korea, Germany, Afghanistan, Japan, Latvia, the USA, Iran, France, Italy, which account for 43.1% of the total foreign trade turnover.

Compared with November 2018, the volume of exports of goods and services in December 2018 increased threefold. The main contributing factor to this increase was gold exports of \$ 1,351.4 million.

Compared with the same period last year, gold exports decreased by 10.8% and amounted to 2909.5 million US dollars. In January-December 2017, the volume of gold exports reached 3260.0 million US dollars.

The volume of exports of food products increased by 25.3% due to an increase in export deliveries of fruits and vegetables by 35.5%. The share of services in total exports amounted to 21.3%, where transport services account for 11.8%, and travel accounts for 7.3%.

## CONCLUSIONS

The results of the analysis show that there are promising opportunities for further growth of exports among domestic producers.

The competitive advantages of Uzbekistan are the basis for successful export-oriented development. In our opinion, Uzbekistan has the following relative advantages, it is advisable to use these advantages in trade relations with foreign countries:

- ✚ rich industrial stocks of certain types of mineral raw materials (gold, uranium, copper, silver, natural gas, etc.) that are competitive on the foreign market;
- ✚ Favorable natural climatic conditions that allow the production of many agricultural products, as well as heat and electricity;
- ✚ World-famous rich cultural heritage with more than 400 historical and architectural monuments. This will undoubtedly create advantages for the development of the tourism industry and related industries.

I also propose that the priorities of export-oriented development are: aircraft construction, automotive industry, agricultural machinery, lifting equipment, photographic and solar production, plastics industry, pharmaceuticals production, information technology and software development. I think it is necessary to further improve trade relations with foreign countries in these areas. In order to enhance export potential, the following are suggested:

- ✚ Ensuring not only political stability, but also economic stability in the country;
- ✚ The presence of infrastructure in the country that fully supports the development of trade;
- ✚ The country has no direct sea routes, but has a favorable geographical location, that is, the Great Silk Road, connecting the East and the West;
- ✚ High potential for the development of agriculture and the processing industry and the richness of the country in various mineral resources;



- ✚ Additional privileges and preferences for exporters;
- ✚ Diversification of exports, diversification of exports, avoiding traditional markets, accelerating the activities of industrial enterprises, promoting local brands;
- ✚ Localization of finished products, components and materials, etc.

In summary, each country strives to ensure stable international economic relations. International economic relations, first of all, increase the volume of national product and income at the international level, and secondly, the efficient use of available resources based on demand and supply in the market, and, thirdly, in the international economic relations, ensures survival.

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