



STATE AND STRUCTURE OF FOREIGN TRADE IN UZBEKISTAN IN THE CONTEXT OF ECONOMIC LIBERALIZATION

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Formation and development of export potential, is a complex process, including intra-economic and foreign economic components at all stages of functioning of the region as a complex economic system. The processes of spreading export activities to the regional level require the development of an appropriate policy. During the evolution of Uzbekistan's foreign trade policy, during the transition period, one can observe a departure from the practice of rigid vertical management of export potential development to liberalization of export activities, to operational and economic independence of economic relations subjects. Under these conditions, there is a need to implement the export potential within the framework of the Strategy of actions in the five priority areas of the Republic of Uzbekistan for 2017-2021.

Uzbekistan's export potential includes the following private potentials:

- Resource and raw materials, which is calculated on the basis of the weighted average endowment of the country with natural resources;
- production - the cumulative result of the economic activity of enterprises in the region;
- labor - characteristics of employees of enterprises in the region, their qualifications and educational level;
- financial - cumulative financial capacity;
- consumer - the volume of domestic and foreign markets, their characteristics;
- infrastructural - economic and geographic location and quality of production infrastructure;
- innovative - the level of development of scientific research activities and the possibility of introducing the achievements of scientific and technological progress;
- Institutional - the degree of development of the leading institutions of the market economy, forms of ownership, small business.

This structure of export potential, reflects both the possibility and the realization of the opportunity to enter the foreign market with competitive products.

The potential of export activity is determined by the maximum opportunities of the country to sell products on foreign sales markets. This element is fundamental in the structure of export potential, because the modern world market is a buyer's market, so the first place is not so much production as sales of goods not only at the national but also at the international level.

Revealing the essence of export potential, it is necessary to designate the motives that induce the economic system of the country and economic entities in the region to export their resources and products, to develop and promote the strategy of increasing participation of

the region in the international division of labor. The study of the problem showed that such a strategy has a number of advantages compared to import substitution, and the development of export potential has a more significant impact on the social and economic characteristics of the region.

The strategy of economic development of Uzbekistan aims to create a diversified and competitive economy, the maximum use of national resources with the involvement of innovative technologies and new methods of market management. An important role in this process is played by the development of foreign economic activity as the final result of the policy implemented in the country, which directly affects the living standards of the population.

According to the results of January-November 2020 the foreign trade turnover of the republic reached \$32,971.8 mln. As compared to the same period of the previous year, it decreased by \$4,897.6 mln. THE VOLUME OF FOREIGN TRADE TURNOVER OF THE REPUBLIC REACHED \$ 32,971.8 MLN (Statistics Committee, 2020).

Of the total WTO volume, exports amounted to \$14,197.3 million. In January-November 2019, there was a decrease of 10.5%, and imports were \$18,774.5 million (a decrease of 14.7%). The foreign trade balance was down by 14.7%. As a result, the balance of foreign trade turnover amounted to a passive balance of \$4,577.2 million. THE BALANCE OF FOREIGN TRADE TURNOVER AMOUNTED TO USD 4,577.2 MILLION (Statistics Committee, 2020).

As of today, Uzbekistan carries out trade relations with more than 160 countries of the world. The largest volume of foreign trade turnover is recorded with China (17.4%), Russian Federation (15.4%), Kazakhstan (7.9%), the Republic of Korea (5.8%), Turkey (5.7%), Kyrgyzstan (2.5%) and Germany (2.2%)(Statistics Committee, 2020).

The necessary resource base has been created in the republic in order to ensure the sustainable and uninterrupted work of enterprises and sectors of the real economy. As a result of an increase in the production of products that replaced imported goods and the diversification of industrial production, significant changes have been achieved in the structure of exports.

In addition, there is a strengthening of relations with neighboring states, a lot of work on the development of relations in the socio-economic, commercial and industrial and cultural sphere with these countries.

In particular, in recent years there have been significant changes in the WTO with neighboring countries, such as Kazakhstan and Kyrgyzstan. The presence of an active foreign trade balance with Kyrgyzstan, Tajikistan and Afghanistan can be seen as a positive result in the country's foreign trade.

Among the 20 major foreign trade partner countries there is also an active foreign trade balance with four countries, in particular with such countries as Afghanistan (\$691.9 million), Kyrgyzstan (\$555.1 million), Tajikistan(\$276.6million) and Iran (\$33.8 million). There is a passive balance of foreign trade turnover with the remaining 16 countries (Statistics Committee, 2020).

In January-November 2020, the total number of exporting entities amounted to 5,835 units and this ensured that the volume of exports excluding special exports reached \$8,392.8 mln. The total number of exporting entities amounted to 5,835 units (a decrease of 26.5% compared to the same period in 2019)(Statistics Committee, 2020).

In the structure of exports, 87.2% are goods, which are mainly industrial products (18.3%), food and live animals (8.6%), chemicals and similar products (5.2%) (Statistics Committee, 2020).

There is a difference in the direction of exports of goods and services between CIS

countries and other foreign countries. Thus, 22.2% of exports to the CIS countries are primarily exports of industrial goods, followed by food products and services, and various finished products.

During the reporting period, exports of various finished goods, machinery and transport equipment, industrial goods, as well as beverages and tobacco to the CIS countries increased at the fastest rate; the decrease was primarily observed in exports of mineral fuel, chemical substances, food products, animal and vegetable oil.

During the reporting period, imports amounted to \$18,774.5 million. In the reporting period, imports amounted to \$18,774.5 million (the growth rate decreased by 14.7% as compared to January-November 2019) (Statistics Committee, 2020).

The main share in its structure are machinery and transport equipment (37.6%), manufactured goods (17.2%), and chemicals and similar products (13.8%) (Statistics Committee, 2020).

Analysis of the dynamics of import of goods also showed that in January- November 2020, compared to the same period in 2019, the volume of import of goods decreased by 2,079.6 million USD. The volume of imports of goods decreased to \$17,733.0 million, while imports of services reached \$1,044.0 million. The imports of services reached \$1,041.5 million, while the imports of services reached \$1,041.5 million. THE TOTAL IMPORTS OF GOODS AND SERVICES REACHED \$1,041.5 MILLION (Statistics Committee, 2020).

In recent months, the dynamics of the stabilization of the share of imports with the CIS countries and other foreign countries, which, within, the ratio of 36.3:63.7 (Statistics Committee, 2020).

Overall, in January-November 2020, the Republic of Uzbekistan imported goods and services from 145 countries. One third of imports (\$13,523.2 million) accounted for such major partner countries as PRC (share in total imports 21.2%), Russian Federation (20.0%), Republic of Korea (9.9%), Kazakhstan (9.6%), Turkey (5.2%), Germany (3.5%) and Czech Republic (2.6%) (Statistics Committee, 2020).

One important aspect of the policy pursued in these years has been Uzbekistan's high commitment to developing economic cooperation with neighboring states, which is significantly changing the regional landscape in Central Asia and beyond.

The ongoing socio-economic transformation in Uzbekistan is creating opportunities to improve regional energy, transport, water, digital and economic ties. Cross-border traffic and trade with Tajikistan, Kyrgyzstan and Kazakhstan are consistently growing. Discussions are underway with the government of Afghanistan to build a new railway line that would provide Uzbekistan and Afghanistan with access to the sea. And the construction of the Uzbekistan-Kyrgyz Republic-China railroad will connect Uzbekistan and Afghanistan with China.

Among the countries of the world's main trading partners in exports are China (19.0%), Russia (16.9%), Kazakhstan (8.9%), Turkey (6.4%), Afghanistan, Kyrgyzstan, Tajikistan, accounting for 60.6%; in imports - Russia, China, Republic of Korea, Kazakhstan, Turkey, Germany, Japan, accounting for 68.3% (Statistics Committee, 2020).

Efforts to liberalize the foreign trade regime have increased as part of the intensification of Uzbekistan's accession process to the WTO. Uzbekistan has now submitted to the WTO Secretariat a Memorandum on Foreign Trade Regime, which will make it possible to start the negotiation process. In addition, work is underway to prepare a schedule of specific commitments on services.