



## THE MAIN FORM OF FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN INTERNATIONAL TRADE

**Tillanazarov Zuhridin To'xtamurod's son**

Faculty of Economics 3-course student  
Namangan state university

### ARTICLE INFO

Qabul qilindi: 25- July 2023 yil

Ma'qullandi: 28- July 2023 yil

Nashr qilindi: 31-July 2023 yil

### KEY WORDS

*economic reforms, export, import, foreign economic activity, international trade, protectionist principles.*

### ABSTRACT

*This article provides information about international trade, which is the main form of foreign economic activity of the Republic of Uzbekistan, and the differences between the volume of export and import of goods and their solutions, economic reforms, the agency of foreign economic relations, foreign economic policy.*

At the current stage of deepening economic reforms in Uzbekistan, the liberalization of foreign economic activity is one of the most priority areas of the country's development strategy at the beginning of the 21st century.

Liberalization of international trade helps to increase the degree of openness of the economy, increase production efficiency and increase competitiveness, and expand the internal possibilities of increasing the country's export potential.

In this regard, it is important to analyze the current state of foreign economic relations, the achieved results and problems in determining the directions, methods and ways of liberalizing the foreign economic activities of the Republic of Uzbekistan.

The growth of the share of foreign countries in the international trade turnover indicates that Uzbekistan's foreign economic relations are becoming more active. At the same time, there is a negative side to this trend. The fact is that the location of Uzbekistan does not allow direct access to sea routes.

This leads to higher transport costs in foreign economic activity. Therefore, trade with neighboring countries has a positive effect on the development of economic relations, the cost of products and increases the level of competitiveness.

In today's environment, foreign economic activity, like any other economic activity, needs a certain arrangement. Increasing economic interdependence between different countries and intensifying competition in the world market, increasing the role of transnational corporations in the world economy, instability of exchange rates, deficit of balance of payments, further growth of debts of developing countries and the development of modern economic relations other features determine the need to regulate them not only at the level of individual countries, but also at the level of economic organizations.

State regulation of foreign economic activity reflects the process of developing a set of measures by state organizations and ensuring their implementation. These measures are

aimed at obtaining benefits from the country's participation in international specialization, reducing or reducing the impact of periodic downturns in the world economy, as well as reducing or reducing the impact of fluctuations in exchange rates and other negative events in the world economy on the domestic economy, in the world market. aimed at strengthening the position of national production. In other words, ranking by the state is the implementation of measures aimed at creating favorable external conditions for the effective development of the national economy.

State regulation of foreign economic activity is of great importance in countries undergoing fundamental economic reforms. Especially in Uzbekistan, the most important role has been assigned to the state as the main reformer in the stabilization of the economy and the formation of a new model of economic management.

Interstate regulation of foreign economic activity means the implementation of measures developed by international economic organizations and aimed at ensuring the interests of participating countries, stimulating international exchange and increasing its efficiency, as well as the stability and development of the world economy in general. Regulation of foreign economic activity both at the individual state level and at the international level reflects the process of influencing economic operations between partners in different countries using various methods, tools, and guidelines. As international trade relations develop, the methods of influence are also improving. Also, due to the complexity of mutual relations and new priorities, new approaches are emerging that fully take into account the goals and interests of partners in foreign trade, foreign investment and other operations.

In the current globalization, the total economic functions of the state are implemented through the mechanisms of state management. In particular, in the model of running a modern market economy, a special place is allocated to the issues of state management through the intervention of administrative bodies in business activities, often using various forms and methods of an economic nature.

The need to ensure the competitiveness of national investment in the world market forced the most developed countries to provide tax incentives, regulate measures related to the consumption of raw materials and food, and even introduce labor obligations at the beginning of the last century. encouraged the manufacturer to use state-sponsored measures of stimulation. All this was aimed at ensuring a significant increase in international trade activity.

Many methods of state management are known in modern world practice, these are long-term planning and medium-term indicative planning, measures of credit and fiscal nature, administrative and organizational-legal forms, market competition and exclusion of monopoly. Long-term state management is provided by forecasting, programming and strategic planning of the economy. It mainly aims at forming strategic priorities in the development of national industries capable of providing competitive production, because it is possible to enter the world market only if it has significant industrial potential in terms of quantity and quality.

The use of long-term management methods is typical for economically developed countries. Its results are primarily reflected in the economic policy of the state. This allows us to achieve a high level of development in a relatively short period of time, to take a strong

position in the world market as the leading exporters of many product categories. For example, the main leaders in world trade in 2019 will provide 13.3% of total merchandise export turnover in China, 8.8% in the USA, 7.9% in Germany, and 3.8% in Japan.<sup>[5]</sup>

Depending on the scale of the state's intervention in international trade, they distinguish between free and protectionist trade policies.

Freedom of trade, which develops on the basis of free market forces, supply and demand, reflects a policy of least intervention by the state.

Protectionism is the state policy of protecting the domestic market from foreign competition by applying definitional and non-definitional institutions.

Which policy is better? This question is a constant debate between economists and politicians. Is protectionism, which allows national industrial development, or trade freedom, which allows direct comparison of national production priorities with international priorities, preferable?

At different periods of history, the practice of foreign trade has swung in one direction and in another, it has never taken any of the extreme forms. In the 50s and 60s of the last century, it was typical for the international economy to return from protectionism to further liberalization and liberalization of foreign trade. From the beginning of the 70s, the opposite side is noticeable. Protecting their domestic market from foreign competition, countries began to distance themselves from each other with mutually defined and non-defined barriers.

Modern protectionism is embodied in relatively narrow sectors - agriculture, textiles, clothing and steel industries.

The development of protectionist principles makes it possible to distinguish several forms of them:

- selective protectionism directed against some countries or a number of goods;
- sectoral protectionism protects certain sectors, primarily agriculture within the framework of agrarian protectionism;
- collective protectionism is carried out by associations of countries against countries that are not among them;
- covert protectionism is implemented using methods of domestic economic policy.

In the framework of trade policy, economic, political, administrative, organizational-legal and other issues are inextricably linked.

Different countries of the world use different instruments to implement their trade policy. The average level of non-specific restrictions is usually considered as the value share of imports or exports subject to a particular restriction. In this case, they are adjusted to the level of performance. For example, an automatic export license issued by the authorities upon submission of the necessary documents will obviously limit exports to a much lesser extent than an export quota, which prohibits the export of goods in excess of a specified quantity. Various restrictions on export and import of goods, selective licensing are highly effective quantitative restrictions. Automatic licensing, flexible quotas are also effective restrictions.

According to their nature, instruments of state management of international trade are divided into definition - based on the application of customs definition and non-definition - all other methods. Trade policy instruments are often used when there is a need to limit imports or accelerate exports.

In a word, when making a decision to use one or another instrument of international trade policy, the country's government usually evaluates their combined effect and the expected prospects of this effect inside and outside the country.

The active involvement of Uzbekistan in the world economic system, the establishment of economic relations with foreign countries and international organizations required a radical revision of the system of management of foreign economic activity.

First, when Uzbekistan became an independent country, it was necessary to create special organizations responsible for the development of an independent policy in the field of foreign economic activity and its implementation.

Secondly, due to the beginning of the process of fundamental restructuring of the national economy in the republic, the number of people engaged in foreign economic activities has increased, and they have been given wide rights in concluding various (trade, investment, banking, etc.) foreign economic transactions. In this field, not only state agencies (Foreign Economic Activity Agency, TIF National Bank), but also various associations, organizations, enterprises based on other forms of ownership (private company, shareholding, foreign, etc.) can conclude contracts and agreements.<sup>[3]</sup>

At present, taking into account the above circumstances, the system of management of foreign economic activity is being formed in the republic, and the activities of the organizations included in it are being improved and the main tasks are defined. At the current stage of the transition to a market economy, the main tasks of the foreign economic activity management system are as follows:

- development and implementation of foreign economic policy that meets the national interests of the republic and ensures its place in the world community;
- to study the legal basis of organizing foreign economic activity;
- ensuring the highest efficiency for all participants of foreign economic activity, regardless of different forms of ownership;
- full use of the external economic factor for successful reform of the national economy.

To date, in managing foreign economic activity, the President of the Republic of Uzbekistan, the Oliy Majlis and the Cabinet of Ministers determine the development strategy of Uzbekistan's foreign economic activity, develop its regulatory framework, and exercise general leadership and control over the actions of all participants in international economic relations.

The agency of foreign economic relations - ensures the implementation of unified economic activity, control of the activities of all participants of international relations, that is, the state, company, joint-stock, public, private organizations. Also:

- develops and applies state methods of regulating foreign economic activity (customs definitions, export quotas, permission to engage in foreign economic activity, etc.);
- conducts export-import operations on products corresponding to the list submitted to the agency;
- performs verification of foreign economic contracts and agreements concluded by subjects of foreign economic activity;
- "Innovasiya", "Uzagroimpex", "Interservis", "Uztashkitrans", "Uzekspomarkaz" are international trade and economic organizations at the expense of large enterprises in the

system of the foreign economic relations agency. They carry out commercial and economic activities on the types of products and services specified for these organizations.

Conditional structure of organizations for managing foreign economic activity of the Republic of Uzbekistan: President of the Republic of Uzbekistan and Oliy Majlis; Cabinet of Ministers; Network organizations; Foreign economic complex; Functional organizations; Ministry of Agriculture and Water Management; National Bank of Foreign Economic Activity; Ministry of Macroeconomics; State Chemical Industry Concern; Foreign Economic Relations Agency; Ministry of Finance; State metallurgical industry concern; The Ministry of Foreign Affairs; Central Bank; "Uzbeksavdo" association; State Tax Committee; Corporation "Ozdonkhusulot", "Uzavtotrans", "Uzsayyok Construction" and "Uzbekistan Temir Yullari";

The Republican Tax Committee regulates issues of taxation in the implementation of foreign economic activities, develops regulatory documents on these issues and supervises their compliance.<sup>[2]</sup>

Under the conditions of the market economy, the main economic participants of foreign economic relations are enterprises and organizations with different forms of ownership. In addition, enterprises are also participants in foreign economic activity and have certain rights in concluding export-import, investment and other agreements with foreign partners in accordance with the Law "On Foreign Economic Activity". Enterprises and organizations are allowed to open their currency accounts in banks and use these funds.

Foreign economic policy is a set of measures implemented by state agencies in the field of foreign economic relations in accordance with national current and strategic goals.

For most of the countries that were able to rapidly develop their economy after the Second World War, the well-designed foreign economic policy of the state was an important factor in the success achieved (Japan, South Korea, Singapore, China, etc.).

The economic policy of a country aimed at protecting its national economy from foreign competition is called protectionism, and some methods of this policy are used by all countries, despite the slight liberalization of international exchange.

From the first days of independence, Uzbekistan began to implement its foreign economic activities, taking into account the world experience and the specific features of the development of the national economy.

It is known that, according to the historical objective situation, Uzbekistan was closely connected with the economy of the republics of the former Union. Therefore, the foreign economic activity of Uzbekistan is carried out in two directions, namely:

- first, with the republics of the former union;
- secondly, the republic is being conducted with foreign countries that did not have direct relations before.

The formation of the state policy in the field of foreign economic activity in Uzbekistan is influenced by the characteristics of the economic relations inherited from the former union. These features include:

- mainly being limited to the trade of traditional goods, underdeveloped areas of international economic relations such as exchange of services and information, finance, capital and labor force;
- the advantage of import over export. For example, in 2022, exports in our Republic as part of Foreign Trade turnover amounted to \$11.3 billion, and the volume of exports

amounted to 16.8 billion soums. Currently, exports and imports are balanced. But this is achieved by severely restricting imports;

- Inefficiency of the structure of export and import, mainly raw materials are exported, consumer goods are imported. Such a situation deepens the imbalance in the economy of the Republic. That is why Uzbekistan's joining the world community requires an objective assessment of the republic's existing capabilities and their full use in the national interests.<sup>[4]</sup>

It is worth noting that Uzbekistan is one of the largest republics of the former Union, occupying the 3rd place in terms of population and the 5th place in terms of the volume of national product.

Liberalization of foreign economic activity in Uzbekistan requires the creation of its regulatory and legal framework, the implementation of relevant legal changes, as well as the wider opening of our economy to the outside world and the taking of serious steps towards its liberalization.

The policy of liberalization of foreign economic activity in Uzbekistan is carried out on the basis of the development and implementation of a set of measures related to the liberalization of foreign trade, the procedures for attracting foreign investments, and the formation of regulatory legal bases for the regulation of foreign economic activity.

This mechanism is based on a set of measures aimed at making export-import operations in accordance with the requirements of international norms.

During the short period from January 1994 to October 1995, the Republic followed the preferential regime introduced for importers in order to fill the domestic market with necessary goods and attract foreign investments.

The newly introduced customs fees were aimed at protecting our producers, bringing high-quality goods to the republic, exporting goods and services produced in our country, and eliminating the discrepancy between prices on the domestic and foreign markets.<sup>[1]</sup>

The system of issuing permits for export and import of certain types of goods by the Agency for Foreign Economic Relations has also changed. Some of its powers include the Ministry of Labor (issuing permits for citizens of the republic to work abroad and foreigners in Uzbekistan), the Ministry of Culture (exporting works of art and importing film, video, audio products), the State of Science and Technology It was given to the committee (scientific research works).

### **Conclusion:**

In order to increase the volume of international trade of the Republic of Uzbekistan and the entry of developed countries, it is necessary to fundamentally reform the international foreign trade policy and revise it. Also, if we introduce new investments and innovations into our enterprises and encourage innovation in small business and entrepreneurship, we will produce high-quality goods that can compete with the products of foreign countries, and as a result, the participation of our Republic in international trade will increase, and in addition, the domestic market will be supplied with goods. as a result, the volume of products we buy from foreign countries will decrease. As a result, the development of our Republic will accelerate

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