



IMPACT OF THE IMPROVEMENT OF THE NATIONAL CURRENCY SYSTEM ON THE IMPORT-EXPORT AUTHORITY

Khilola Sharipova

Lecturer of the "Private International Law" department of Tashkent State University of Law, doctor of philosophy (PhD) in legal sciences

Article history:	Abstract:
<p>Received: October 10th 2023 Accepted: November 7th 2023 Published: December 14th 2023</p>	<p>In this article, import-export relations are the main factors of the development of foreign economic relations of the country. It is well known that today trade surplus helps economic growth. More exports mean more output from factories and production facilities, as well as more people employed to keep those factories running</p>
<p>Keywords: Export, joint-stock companies, trade surplus, import, small business, private property, market economy</p>	

Liberalization of currency policy is one of the important conditions of socio-economic reforms in any country. In most cases, in the course of economic reforms, the main focus is not on attracting foreign loans and bonds, but on developing local production, increasing the country's export potential, and ensuring the stability of the national currency. It is important to strengthen the consumption power of the soum by filling the domestic market with local products, the consistency of the monetary credit policy, the balance of consumer goods and money in the domestic market.

At the same time, foreign investment is also necessary for the formation of a diversified and stable economy. It is no secret that a few years ago in Uzbekistan, only a group of investors-importers, initiators of large projects used privileges and preferences during the currency conversion process. In general, currency restrictions have a negative impact on foreign economic activity in general, including export development. As a result, exporters tried not to transfer their receipts to commercial banks at the official exchange rate of the national currency, not believing in profiting in foreign currency. However, on September 2 in 2017 there was announced the Presidential Decree № 5177 "On the priority measures to liberalize the currency policy" and the same conditions were created for all investors.¹

In recent years, the work carried out on the improvement of foreign exchange policy and foreign trade activity plays a major role in the

introduction of foreign investments into the economy of our republic, increase of export potential, stable development of export-oriented productions and small business and private entrepreneurship entities. In particular, our Republic has secured its image as a reliable, solvent international partner that fulfills its obligations on time, has created opportunities to direct currency resources to the priority areas of modernization, technical re-equipment and diversification of the leading sectors of the real economy, and to mitigate the negative consequences of the global financial crisis.²

At the same time, in practice, the presence of excessive administrative obstacles in the conversion of funds of foreign trade participants into foreign currency led to the creation of unequal conditions in doing business and the violation of market principles of competitions was demanding the reform of the system. The fact that there are a number of problems and shortcomings that hinder our country's export potential, improve the business and investment environment, and attract foreign investments, brought the need to adopt such a comprehensive reform document to the agenda. In particular, as a result of excessive administrative interventions in the regulation of currency, the existence of special privileges and preferences for certain sectors of the economy and economic entities in the implementation of foreign trade

¹ Cheffins Brian. Dividends as a Substitute for Corporate Law: The Separation of Ownership and Control in the United Kingdom. – ECGI - Law Working Paper No. 69 / 2006. – 2006..

² Baker M., Wurgler J. Why Are Dividends Disappearing? An Empirical Analysis. – Harvard University Working paper, 2002; Baker M. Wurgler J. A Catering Theory of Dividends. – Harvard University Working paper, 2002; Baker M., Wurgler J. Investor Sentiment. A Cross Section of Stock Returns. – Harvard University Working Paper, 2003 <http://www.harvard-law.edu/>



activities, unequal conditions for conducting business between business entities have arisen, and a parallel foreign currency market and exchange course was created. The weakening of the role of the exchange rate policy in stimulating foreign trade has reduced the competitiveness of the prices of goods and services of local producers in the foreign and domestic markets. These problems and shortcomings were specifically noted by our compatriots, businessmen, and investors during the public discussion of the Action Strategy.

It is known that the world economy is still suffering from the negative consequences of the global financial crisis, and the world markets are still stagnant, to implement such a principled reform required a firm political will and well-thought-out economic plans. In this sense, along with the rapid development of the lagging sectors of the economy, there was a need to prevent the quality of life of the poor segment of the population from decreasing, and the prices of imported consumer goods in our markets to increase sharply.

In 2017-2021, a large-scale work was carried out on the implementation of the tasks set for the implementation of the market mechanisms for the regulation of the foreign exchange sector in the Action Strategy for the five priority directions of the development of the Republic of Uzbekistan. With these Decrees of the President, practical efforts have been started to further improve the business and investment environment in our country, to eliminate the problems and shortcomings that prevent the attraction of foreign investments, and excessive administrative interventions in currency regulation. In particular, it is envisaged to form a foreign exchange market that operates only on the basis of market mechanisms, to guarantee the free purchase and sale of foreign currency in banks by legal entities and individuals for the implementation of current international currency transactions.³

According to the decree, legal entities could freely convert their funds into foreign currency in banks for importing goods, work and services, repaying loans, paying business trip expenses and other non-commercial operations. However, previously, in practice, there were state, market

and stock exchange rates that differed sharply from each other in currency exchange. In addition, while some business entities have privileges in the matter of conversion, other businessmen face various restrictions, long-term waiting and other distractions in this matter, causing a number of problems. After the announcement of the decree, individuals could also freely buy foreign currency in the conversion departments of commercial banks, transfer the purchased funds to international payment cards and use them abroad without any restrictions. Also, it was established that when the population applies for the sale of cash foreign currency in their hands to a commercial bank at the market price, it will be accepted by all branches and mini-banks of commercial banks in an unlimited amount and without wandering. It is worth mentioning that in the following years, certain measures were taken to encourage exporters, they were given many incentives related to taxes and other mandatory payments, and a number of procedures that were an obstacle to the organization of export activities were canceled. However, the procedure of compulsory sale of foreign exchange earnings, which was maintained in practice, had a negative effect on export activity.

With these Decrees of the President, regardless of the form of ownership or the type of exported products, the complete cancellation of this procedure for all exporting organizations will undoubtedly serve to stimulate the export sector. As a result, exporting companies now have the right to freely dispose of their foreign currency earnings as they wish.

In general, this document, accepted as a logical continuation of the ongoing reforms, created equal conditions for all foreign trade participants based on the principle of fairness and opened the doors wide to all foreign investors. This, in turn, created the ground for bringing modern technology and equipment, implementing legal-organizational and financial mechanisms that guarantee investors, including the currency policy formed on the basis of market requirements, and increasing the transparency of the economy.

At the same time, a number of norms aimed at strengthening confidence in the national currency were expressed in this legal document. In particular, due to the fact that in recent years, the practice of selling some goods and services (cars, air tickets, etc.) in foreign currency in the territory of the republic has created inconveniences for

³ Gulyamov S.S. Razvitiye zakonodatelstva ob aktsionernykh obshchestvax v sisteme korporatnykh otnosheniy i problemy ego sovershenstvovaniya: Diss. ... Dr. walk science - T.: Tashkent State Juridical Institute, 2005.



entrepreneurs and residents and caused their objections, from now on, settlements and payments for all goods and services in the territory of the republic, state collection of customs duties, determination of prices of goods and services will be carried out only in national currency.⁴

Based on the above, we can conclude that this Presidential Decree:

enables unification of exchange rates and distribution of currency resources based on market principles;

enables the Central Bank of Uzbekistan to conduct a monetary and credit policy aimed at supporting stability and effectively controlling inflation;

the reform increases external competitiveness, creates new jobs and allows economic growth due to direct attraction of foreign investments and improvement of internal resource allocation. Strengthens the confidence of foreign investors to invest;

in the process of liberalization of the foreign exchange market, it creates equal conditions for all participants of foreign trade activities in ensuring the full implementation of the priorities of the state economic policy;

strengthens the position of our national currency, ensures its stability;

serves to accelerate the socio-economic development of our country, to ensure the employment of the population and to raise the standard of living.

BIBLIOGRAPHY

1. Decree No. PF-4947 of the President of the Republic of Uzbekistan "On the Strategy of Actions for Further Development of the Republic of Uzbekistan", February 7, 2017.
2. Cheffins Brian. Dividends as a Substitute for Corporate Law: The Separation of Ownership and Control in the United Kingdom. – ECGI - Law Working Paper No. 69 / 2006. – 2006..
3. Baker M., Wurgler J. Why Are Dividends Disappearing? An Empirical Analysis. – Harvard University Working paper, 2002; Baker M. Wurgler J. A Catering Theory of Dividends. – Harvard University Working paper, 2002; Baker M., Wurgler J. Investor Sentiment. A

Cross Section of Stock Returns. – Harvard University Working Paper, 2003 <http://www.harvard-law.edu/>

4. Correia da Silva L., Goergen M., Renneboog L. Dividend Policy and Corporate Governance. – Oxford University Press: Oxford, 2004.
5. Gulyamov S.S. Razvitie zakonodatelstva ob aktsionernykh obshchestvax v sisteme korporatnykh otnosheniy i problemy ego sovershenstvovaniya: Diss. ... Dr. walk science - T.: Tashkent State Juridical Institute, 2005.

⁴ Correia da Silva L., Goergen M., Renneboog L. Dividend Policy and Corporate Governance. – Oxford University Press: Oxford, 2004.