World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 21, April 2023
ISSN: 2749-3628,

PROBLEMS OF INTERNATIONAL FINANCING OF DEVELOPING COUNTRIES AND INCREASING THE TAX POTENTIAL OF THE TERRITORY, THEIR ENTRY INTO INTERNATIONAL CREDIT MARKETS

Yuldasheva D.A.,
Senior Lecturer at Tashkent State University of Economics
and Ural State University

Article history:

Received: 26th February 2023
Accepted: 26th March 2023
Published: 28th April 2023

Abstract:

This article provides that the growing globalization of the manufacturing and financial sectors has radically changed the system of international movement of goods and finance. This process has affected both the availability of foreign financial resources for economically prosperous countries and the need for them. The status of economically developing countries in the system of world trade relations, as well as the pace and structure of global economic growth have significantly affected their demand for external resources, since they are one of the most important factors determining the volume of foreign income and expenditure. As a result, imbalances and imbalances in trade relations lead to a dissonance between demand and availability of foreign financial resources, and subsequently to problems with the inflow of investments.

Keywords: International. Finance, Countries, Tax potential, International, Credit markets

In the late 19th – early 20th century, international capital flows formed the basis for the development of the modern world economic system. In the context of globalization of the early 2000s, the international capital market is developing and plays a crucial role in the development of the world economy.[1]

The growing globalization of the manufacturing and financial sector has radically changed the system of international movement of goods and finance. Its process has affected both the availability of foreign financial resources for economically prosperous countries and the need for them. The status of economically developing countries in the system of world trade relations, as well as the pace and structure of global economic growth have significantly influenced their demand for external resources, as they are one of the most important factors fixing the amount of foreign income and expenses. As a result, imbalances and unbalance in trade relations lead to a dissonance between demand and availability of foreign financial resources, and subsequently to problems of investment flow.

Similarly, the investment decisions of several national financial firms and other companies significantly affect the lack of financial resources and the integration of foreign trade in developing countries, including Uzbekistan.

In this regard, when studying financial problems in countries with more developed economies, considerable attention should be paid to international trade, investment, finance and their interdependence.

It should also be taken into account that due to the interdependence of the trade and financial sectors, private capital inflows to economically prosperous countries have a similar external impact on the growth of markets and countries with underdeveloped economies.

The experience of recent years has shown that the transfer of private capital to growing markets often leads to disruptions in world trade relations and leads to global deflationary pressure. This, in turn, not only exacerbates problems in economically developed countries, but also affects poor countries as a result of falling commodity prices.

In other words, global financial stability is also important for countries that are still far from private capital markets, as they are affected by the global financial crisis. In fact, these countries are twice as important: their access to global financial markets is very limited, although they are simultaneously facing financial crises in other areas.

In recent decades, due to various factors, the need for foreign financing of economic growth in developing countries has increased. These factors include rapid trade liberalization without expanding

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 21, April 2023
ISSN: 2749-3628,

access to the markets of manufactured goods in areas where they have comparative advantages, unstable and unsuccessful adaptation of exchange rates, slow growth of the world economy and unfavorable trends in changing terms of trade.

In addition, a significant part of the total investment flows in developing countries is not sustainable and, therefore, cannot be a reliable means of financing development.

Apart from the fact that foreign direct investment has become an important part of capital inflows (there are all conditions to say that it is more reliable than most other forms of private investment), it should be recognized that a significant part of foreign direct investment is associated with the integration and acquisition of companies, including privatization.

The problem of capital flow is solved through the use of private investment. Given the major changes in private investment over the past two decades, it can be said that private investment has played a significant role in the development of finance.

If the priority sides of capital inflows, in the end, inevitably lead to the opposite effect, then in this case it is necessary to reconsider the instruments of external financing and the degree of dependence on it. Here we should focus on: partial and sustainable financing of economically developed countries, eliminating instability and losses over the past two decades, as well as equality between investments of both companies and states, and investment management of companies.

Of course, the movement of internal financial resources is an important condition for the successful development of the global financial system, but it is not enough, since the development is largely due to external factors.[2] A good example is the ongoing periods of negative investment balance, when financial resources of developing countries were used only to repay external obligations. At the same time, such a situation arises due to the use of foreign loans, it can also be noted that many investment outflows have occurred as a result of a process applied outside of countries facing such difficulties.

Therefore, when discussing the dynamics of domestic financial resources in developing countries, it is necessary to take into account external factors that limit the freedom of using domestic financial resources for development, such as global demand, terms of trade, stability of international monetary and financial markets, the impact of globalization of production and finance, and the provision of practical development assistance.

To solve the problem of mobilizing internal resources, it is also necessary to take into account external factors that have an impact on the environment, and still solve them with the help of external financing.

Since external financial inflows are a strong driver of economic growth, and their outflow is a hindering factor of development, special emphasis should be placed on fluctuations in the distribution of investments between countries, including their instability.

Growing markets require global financial stability of the free capital flow, as this stability is a prerequisite for the growth of the world market and the stability of its exports. However, the most important thing is the return on investment in these countries, including stable trade financing during the imbalance.

Thus, during the Asian and Brazilian crises, the fall in the currency did not stimulate the expansion of exports, because the usual channels of financing trade in imported means of production for the manufacture of export goods and the system of financing export orders collapsed. As a result, the absence or termination of business financing has weakened the effectiveness of sustainability measures.

It is also important for emerging markets that large investments and accelerated investment outflows did not cause currency exchange rate volatility, changes in domestic prices and the destruction of the financial system (which was observed in almost all crises since the end of the 20th century). However, stability cannot be achieved by abolishing national independence in the field of monetary policy. For most developing countries, free-flow exchange rates and fixed exchange rates are not the best choice. Due to independent national factors, these systems significantly ensure international competitiveness.

Nevertheless, it should be recognized that the instability of capital inflows complicates the management of the exchange rate of the currency, as well as creates difficulties in ensuring national competitiveness. Consequently, exchange rate management must necessarily be accompanied by coordination, stabilization, regulation and control over capital flows.

This characterizes another problem related to the regulation and control of these financial flows. Currently, countries have little control over international financial transactions, and therefore, the problem of establishing financial flows in individual countries is extremely serious.

Problems with the movement of financial flows can be solved by investing in new technologies, industries and increasing the number of jobs. The main thing will be that the use of this capital should create added value, technological innovations that will increase GDP, increase public welfare and create new economic conditions for the country as a whole. Thus, the question is not about the need for transnational capital, but about how to effectively apply it in a particular state: choose the right form, set goals, adjust the course of use and control the results of application.

The problem of external obligations is an urgent phenomenon and, as mentioned earlier, reached a global level at the end of the 20th century.[3]

External obligations hindered the development of the world economy, and were also the subject of constant discussions among the largest Western countries (which are the leading creditors). The issue of credit debt required discussions, coordination, finding optimal ways and making informed decisions, for this purpose the Paris Club was formed. This club was an informal organization of industrially and economically developed countries, which at the initial stages functioned occasionally, and then began to have a serious representative structure both among creditor States and debtor States under the leadership of the UNCTAD. Thanks to the functioning and coordinated work of the Paris Club, creditor States have developed and implemented numerous programs to reduce and write off credit obligations. By dividing the debtor countries into groups (according to the level of per capita income), at first up to 33% of the debt was written off, and then 50% of the total debt. In low-income countries, this figure has reached 67%. The practical application of the phenomenon of full cancellation of the financial burden in poor countries has increased. The World Bank assumes that the fundamental goal of such a policy was the restoration of foreign economic activity.

Over the past 20 years, the international political and economic means of providing state aid to developing countries have decreased, which has caused the problem of state financing and assistance to these states. Most of the donor countries that provide assistance are trying to reduce government assistance programs to economically developed countries, because they are not only ineffective, but mostly even hinder economic development. These statements are based on assumptions that the private sector is much more efficient in choosing acceptable financial recipients, and the use of private resources is associated with the benefits that entrepreneurial innovative approaches provide during the creation of modern forms of financing. As a result, aid countries have reduced intervention in their economies and reduced financial support for economically prosperous countries. It should be noted that countries that do support donor programs now impose requirements for the implementation of specific standards, monitoring, evaluation, control and other measures that include market testing for the effectiveness of such capital investments.

In view of the important role of State aid to developing countries, there is an urgent need to reverse the trend towards its reduction, and even in the opposite phenomenon – a significant increase in its part. At the same time, it is important to ensure the optimal distribution of these funds and to ensure their effective operation.

To date, there is evidence that priority points of state support to developing countries may lose their strength and be reduced to zero significance due to costs.

The provision of public financing could be used as a stimulus in attracting private investment for underdeveloped countries. And provided that many donors are not ready to fulfill the digital values laid down in their own budget to assist developing countries, they were able at least to try on responsibility for applying innovative measures to encourage and encourage the private sector, which in turn could fill financial voids, for example, achieve this is achieved through the creation of public-private partnerships, business associations, preferential taxation, etc.

In order to solve international complex economic problems (especially in developing countries), deep structural reforms are needed, the prevention of the development of unstable factors and the emergence of new growth models. It is important to understand the links between the economies of the West and the East (especially the USA and China), as well as the North and the South (especially within the EU). This entails solving the problem of a deep macroeconomic (in particular, payment) imbalance.

It is important to develop an effective and adequate model of international financial regulation, since it is well known that it is from the financial sphere that a real serious threat to the stability and further prosperity of developing countries is spreading.

REFERENCES

1. Asanaliyevna Y. U. Tax Reform of 2019 in Uzbekistan //International Journal on

Integrated Education. – Т. 3. – №. 10. – С. 286-291.
2. Юлдашева У. А. ҲУДУДЛАРНИНГ СОЛИҚ САЛОҲИЯТИНИ БАҲОЛАШ УСУЛЛАРИ ВА УЛАРНИНГ АМАЛДАГИ ҲОЛАТИ ТАҲЛИЛИ //ILMIY TADQIQOT VA INNOVATSIYA. – 2022. – Т. 1. – №. 1. – С. 45-49.
3. Umida Y. et al. INTERNATIONAL INSTITUTIONS AND BASIC SCENARIOS FOR REFORMING THE MODERN INTERNATIONAL MONETARY SYSTEM //EUROPEAN JOURNAL OF BUSINESS STARTUPS AND OPEN SOCIETY. – 2022. – Т. 2. – №. 6. – С. 87-90.