



## EFFECTIVE MANAGEMENT OF FOREIGN ECONOMIC ACTIVITY IS AN IMPORTANT FACTOR IN THE ACCELERATED INTEGRATION OF THE REPUBLIC OF UZBEKISTAN WITH FOREIGN COUNTRIES

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<p><b>Received:</b> 4<sup>th</sup> November 2021 <b>Accepted:</b> 4<sup>th</sup> December 2021 <b>Published:</b> 10<sup>th</sup> January 2022</p>	<p>One of our priorities in the economic sphere is to further strengthen the economic ties of our country with foreign countries and increase its international prestige, accelerate the attraction of investments, and further develop the tourism industry by promoting the economic potential of our country abroad. The economic development strategy of Uzbekistan is aimed at creating a diversified and competitive economy, the maximum use of national resources using innovative technologies and new methods of market management. The country's foreign economic activity, especially in the field of foreign trade, has a direct impact on the standard of living of the population as a result of reforms. The socio-economic reforms carried out in our country are aimed at ensuring long-term sustainable economic growth by increasing production efficiency in all sectors and sectors of the economy. The country has taken a number of positive steps to improve investment policy and attract foreign investment. The bulk of foreign investment is directed to the development of enterprises in the real sector and their technical and technological modernization.</p>
<p><b>Keywords:</b> Economy, Development, Economic Sphere, Foreign Economic Activity, Foreign Trade, Investment, Competition, Export, Import, Foreign Countries, Expert, Credit, Foreign Trade Turnover, International Market, Legal Entity Or Individual, Active Foreign Trade Balance, Exporter, Importer.</p>	

"The implementation of such an important principle and priority as ensuring sustainable growth of our economy, for me, as the head of state, remains a strategic task. First of all, we need to accelerate the work that has begun to further deepen our work on reforming and liberalizing the economy, structural transformation of its spheres and industries." [10]

**President of the Republic of Uzbekistan Sh.M.Mirziyoyev**

### INTRODUCTION

Today, reforms in our country are carried out, first of all, in accordance with various changes taking place in the world, including in the global economic conjuncture. The path we have chosen shows its stability and viability in the conditions of a decline in the pace of development of the world economy after the global crisis. The foreign policy reforms carried out in our country in recent years serve to strengthen peace and stability in the region, expand the potential of our country in the international arena and develop comprehensive and mutually beneficial relations with foreign countries.

In recent years, at the initiative of our esteemed President Shavkat Miromonovich Mirziyoyev, important and relevant reforms and transformations have been consistently carried out in the socio-political, economic,

cultural, educational and other spheres of life in Uzbekistan. The economic and social difficulties of an international scale caused by the pandemic in 2020, the general situation in certain regions and the aggravation of interstate relations require new goals and approaches from our foreign policy. [5]

The Republic of Uzbekistan is celebrating the 30th anniversary of state independence with consistent internal reforms and an updated foreign policy. Openness, innovations and innovations observed in the internal life of the country, as well as economic liberalization, market development, improvement of the business environment, digitization, introduction of new technologies, education and enlightenment, citizen activity and attention to the protection of human rights - all this undoubtedly affects the foreign policy of our country.



According to the majority of international experts and foreign politicians, today Uzbekistan pursues a consistent, clear and constructive policy, characterized by unprecedented openness and dynamism. The economic openness and attractiveness of our country for investment and business, the desire to solve all problematic issues on the basis of unanimity, mutual respect and solidarity, maintaining balanced and mutually beneficial relations with leading states and other countries of the world, mutually beneficial cooperation based on political trust and compliance with international law - this is how our foreign partners characterize the foreign policy course pursued by President of Uzbekistan Shavkat Mirziyoyev. [9]

Today, foreign trade is the main component of the economic activity of the Republic. Ongoing reforms in this area make it possible to provide domestic and international markets with products and services. As a result of the large-scale reforms carried out in our country to develop foreign economic activity and close ties with the countries of the world, the export potential of our country is growing.

In addition, the creation by the government of a number of tax and customs privileges, modernization of production and the production of competitive products create prerequisites for our national products to take a strong place in foreign markets.

#### **ANALYSIS OF THE LITERATURE ON THE TOPIC.**

The current stage of globalization, characterized by crisis phenomena in the world economy, has a significant impact on the nature and forms of foreign economic relations between states. Along with the rapid development of developed and some developing countries, the differentiation of international flows of services, capital, labor and information products between countries within a relatively small group of States is increasing. While developing countries have strengthened their positions in the international system over the past decade, at the same time, developed countries, relying on their scientific and technological advantages, stimulate innovation in production, are leaders in the global economy, which allows them to have unilateral advantages in international trade in goods and services. [1]

The theory known as the Heckscher-Ohlin theory of trade does not put the cost of production in the first place, but what resources are included in these costs, since countries tend to export goods in the production of which the resources available to them in excess are used.

There are other theoretical points of view. But among them, we can single out those that, firstly, are widely

distributed among scientists and practitioners, secondly, differ in pronounced macroeconomic simplicity, and thirdly, are the most generalized.

All the approaches we have described to the content of international trade can easily be attributed to the first two views. After all, it is obvious that the product in which resources are spent, of which there are plenty in the country, and the life cycle of the product, and the scale effect - all of them are directly related to production costs. Therefore, the first two views are the most universal doctrines, and the rest are their refinements.

It should be noted that international trade is the initial, coordinating and reproducing basis of all other forms and types of foreign economic activity. The effectiveness of such a form of foreign economic activity as attracting foreign capital also depends on its level. The legal and other restrictions on trade are reflected in the investment processes.[2]

Foreign economic activity is an activity related to trade transactions of enterprises from different countries. Foreign economic activity includes international exhibitions, investments and joint production. But the main part of foreign trade is international trade. For trade, companies must move goods across the customs borders of states. Specialists of foreign economic activity are responsible for such transactions. [16]

Foreign economic activity or foreign economic activity is an economic activity associated with the export or import of goods and services. In other words, it is a trade of a national representative with a foreign one. In this case, trade can be understood as activities associated not only with the sale and purchase of goods, but also with the implementation of international projects, as well as with investments and lending. Participants in foreign economic activity can be government bodies, commercial and state enterprises, as well as individuals.

Foreign economic activity is carried out in accordance with customs legislation.

In the conditions of economic growth, many Russian enterprises of large and small businesses are entering the world market. Numerous international agreements are concluded annually, not only goods, but also equipment are purchased, and the subject of export is not only raw materials, but also own products. By carrying out such activities, Russian companies become participants in foreign economic activity.[17]

#### **RESEARCH METHODOLOGY**

To write a scientific article on foreign economic relations, the entire literature on foreign economic



activity was studied. The ongoing reforms of foreign economic activity were studied. As a result of the literature studied, the topic was fully covered. In the process of covering the topic, methods of grouping, synthesis, analysis of statistical data, analysis were used. The reforms carried out in cooperation with foreign countries are considered. The tables are appropriately formulated and compared. The "data of the State Committee of the Republic of Uzbekistan on Statistics", the Law of the Republic of Uzbekistan" were taken as a basis for covering the topic About foreign economic activity".

### **ANALYSIS AND RESULTS**

In accordance with Article 3 of the Law of the Republic of Uzbekistan" On foreign economic activity":

Foreign economic activity refers to the activities of legal entities and individuals of the Republic of Uzbekistan aimed at establishing and developing mutually beneficial economic relations with legal entities and individuals of foreign states, as well as international organizations.

Legal entities registered in the Republic of Uzbekistan, as well as individuals with permanent residence in the territory of the Republic of Uzbekistan and registered as individual entrepreneurs are entitled to engage in foreign economic activity. State bodies of the Republic of Uzbekistan may carry out foreign economic activity, unless otherwise established by law. [13]

The main principles of foreign economic activity are:

- freedom and economic independence of subjects of foreign economic activity;
- equality of subjects of foreign economic activity;
- inadmissibility of discrimination in the implementation of trade and economic relations;
- mutual interest in the implementation of foreign economic activity;
- state protection of the rights and legitimate interests of subjects of foreign economic activity.

Foreign economic activity may be carried out in relation to goods, works (services), any property that is the object of purchase and sale or exchange, including securities, currency values, electric, thermal energy and other types of energy, vehicles, intellectual property objects, with the exception of those prohibited by law for use in foreign economic activity.[7]

The main directions of foreign economic activity are:

1. international economic and financial cooperation;
2. foreign trade activity;
3. attracting foreign investment;

4. Investment activity outside the Republic of Uzbekistan.

Foreign trade activity is an entrepreneurial activity in the field of international trade in goods, works (services). Foreign trade activities are carried out by exporting and importing goods, works (services). [8]

The export of goods from the customs territory of the Republic of Uzbekistan without the obligation to re-import them is the export of goods, unless otherwise established by law.

The performance of works (rendering services) by a legal entity or individual of the Republic of Uzbekistan for a legal entity or individual of a foreign state, regardless of the place of their performance (rendering), is the export of works (services).

The import of goods into the customs territory of the Republic of Uzbekistan without the obligation to re-export them is an import of goods. The performance of works (rendering services) by a legal entity or individual of a foreign state for a legal entity or individual of the Republic of Uzbekistan, regardless of the place of their performance (rendering), is the import of works (services).

Foreign investments in the territory of the Republic of Uzbekistan are recognized as all types of tangible and intangible benefits and rights to them, including intellectual property rights, contributed by foreign investors to business objects and other types of activities not prohibited by law, as well as any income from foreign investments. [11]

The forms and procedure for the implementation of foreign investments in the territory of the Republic of Uzbekistan are determined by legislation. Investment activity outside the Republic of Uzbekistan investment activity outside the Republic of Uzbekistan is recognized as a set of actions of subjects of foreign economic activity related to the placement of tangible and intangible benefits and rights to objects of entrepreneurial and other activities outside the Republic of Uzbekistan. [6]

When forming statistical indicators of foreign trade in goods in the Republic of Uzbekistan, along with the Commodity Nomenclature of Foreign Economic Activity (hereinafter – CN FEA), the United Nations International Standardized Trade classifier (hereinafter-UNIST) is used. This, in turn, allows you to group export and import goods into 10 large sections for analytical purposes. Coding of goods according to UNIST is carried out using switches between CN FEA and UNIST. [15]

Uzbekistan carries out trade relations with 174 countries of the world. According to the results of January-August 2021, the republic's foreign trade



turnover amounted to \$24,963.7 million compared to 2020 and amounted to \$ 383.1 million, or 1.6%.

The volume of exports to Central Asia amounted to US\$ 9,277.9 million (a decrease of 20.1%), and the volume of imports amounted to US\$ 15,685.8 million (an increase of 20.9%). During the reporting period – \$6,407.9 million. A passive foreign trade balance in US dollars was recorded. [12]

Among the 20 largest partner countries in foreign economic activity, there is an active foreign trade balance in four states, in particular in Afghanistan, the Kyrgyz Republic, Tajikistan and Turkey. A passive foreign trade balance is maintained with the remaining 16 countries.

A relatively significant contribution of the CU is noted in the People's Republic of China (19.2%), the Russian Federation (17.9%), Kazakhstan (9.9%), Turkey (8.6%), the Republic of Korea (4.8%), the Kyrgyz Republic (2.4%) and Germany (1.9%).

In January-August 2021, a third or 37.9% of the foreign trade turnover of the Republic of Uzbekistan

falls on the CIS countries, whose share in foreign trade turnover increased by 7.8% compared to the corresponding period in 2020. The share of vehicles of other foreign states in January-August 2021, compared with the corresponding period in 2020, decreased by 4.7% and amounted to 62.1%.

The foreign trade turnover of the Republic of Uzbekistan with the CIS countries as of January - July 2021 amounted to 9,467.1 million US dollars. Of these, exports – 3 280.4 million US dollars, imports - 6 186.7 million US dollars.

The largest volumes of foreign trade turnover of the Republic of Uzbekistan with the CIS countries were registered with the Russian Federation (47.2%), Kazakhstan (26.2%) and the Kyrgyz Republic (6.3%). The foreign trade turnover of the Republic of Uzbekistan with the member states of the Eurasian Economic Union amounted to 7,812.7 million US dollars. Of these, the volume of exports amounted to 2,541.3 million US dollars, and the volume of imports- 5,271.4 million US dollars.[3]

**FOREIGN TRADE TURNOVER AND BALANCE OF THE REPUBLIC OF UZBEKISTAN**  
**(January-August, USD million)**

**Table 1**

<b>Indicators</b>	<b>2020</b>	<b>2021</b>	<b>Growth rate, in %</b>	<b>Compared to the total amount, in %</b>
<b>Foreign trade turnover</b>	<b>24 580,6</b>	<b>24 963,7</b>	<b>101,6</b>	<b>x</b>
<b>Export</b>	<b>11 607,9</b>	<b>9 277,9</b>	<b>79,9</b>	<b>100,0</b>
<b>Products</b>	4 496,3	6281,2	139,7	67,7
<b>Services</b>	1 307,2	1 610,2	123,2	17,4
<b>Gold</b>	5 804,4	1 386,5	23,9	14,9
<b>Import</b>	<b>12 972,7</b>	<b>15 685,8</b>	<b>120,9</b>	<b>100,0</b>
<b>Products</b>	12 207,5	14 664,6	120,1	93,5
<b>Services</b>	765,2	1 021,2	133,5	6,5
<b>Balance</b>	<b>-1 364,8</b>	<b>-6 407,9</b>	<b>x</b>	<b>x</b>
<b>Products</b>	-1 906,8	-6 996,9	x	x
<b>Without gold</b>	-7 711,2	-8 383,4	x	x
<b>Services</b>	542,0	589,0	x	x
<b>Export (volume without gold)</b>	<b>5 803,5</b>	<b>7 891,4</b>	<b>136,0</b>	<b>x</b>



In January-August of this year, the number of exporters of the country amounted to 5,527, which amounted to \$7,891.4 million. Exports of goods and services in US dollars (excluding gold exports) were secured (increased by 36.0% compared to the corresponding period in 2020).

According to the results of January-August 2021, China (17.0% of total exports) and the Russian Federation (13.7%) were the leaders in the structure of the main

### **VOLUMES AND GROWTH RATES OF EXPORTS OF THE REPUBLIC OF UZBEKISTAN TO THE MAIN PARTNER STATES**

**(January-August, for a period of years)**

**Table 2**

Countries	Million USA dollars		Growth rate in %		Place	
	2020	2021	2020	2021	2020	2021
<b>People's Republic of China</b>	1 187,9	1 577,6	68,4	132,9	1	1
<b>Russian Federation</b>	933,0	1 274,7	59,2	136,6	2	2
<b>Turkey</b>	553,5	1 120,0	71,6	202,3	4	3
<b>Kazakhstan</b>	556,9	736,7	62,2	132,3	3	4
<b>The Kyrgyz Republic</b>	478,6	490,2	99,4	102,4	5	5
<b>Afghanistan</b>	464,3	441,9	128,3	95,2	6	6

In January-August 2021, the volume of imports amounted to 15 685.8 million US dollars and 120.9% by 2020. The largest share in the structure of imports came in the machinery and transport equipment (33,6 %), industrial goods (18,3%), and chemicals and similar products, not included in other categories (14,0%).

According to the analysis of the dynamics of the imports of goods in January-August of 2021, the

In the structure of exports, the share of goods is 82.6%, which account for industrial goods (30.0%), foodstuffs and live animals (8.7%) and chemicals and similar products not included in other categories (7.2%).

export partner countries. The share of these seven largest countries in total exports was 64.0%.

volume of imported goods amounted to 2 457,1 million. Compared to the corresponding period of last year. And amounted to \$14,664.6 million. Imports of services amounted to \$1,021.2 million.

According to the results of January-August 2021, the Republic of Uzbekistan imported goods and services from 153 states.

### **THE VOLUME AND GROWTH RATES OF IMPORTS OF THE REPUBLIC OF UZBEKISTAN TO THE MAIN PARTNER STATES**



**(January-August, for a period of years)**

**Table 3**

Countries	Million USA dollars		Growth rate in %		Place	
	2020	2021	2020	2021	2020	2021
<b>People's Republic of China</b>	2 833,9	3 213,9	87,7	113,4	1	1
<b>Russian Federation</b>	2 652,9	3 197,9	104,8	120,5	2	2
<b>Kazakhstan</b>	1 212,9	1 746,0	90,3	144,0	4	3
<b>Republic of Korea</b>	1 419,8	1 166,3	79,4	82,1	3	4
<b>Turkey</b>	676,8	1 029,8	79,3	152,1	5	5
<b>Germany</b>	436,4	434,8	70,2	99,6	6	6

In January-June 2021, \$103.1 trillion will be collected from common sources of financing for the development of the economic and social sphere in the Republic of Uzbekistan. the amount has been disbursed. 9.8 billion in US dollar equivalent. mastered and amounted to 105.9% compared to the corresponding period last year. [4]

In January-June 2021-43 685.5 billion. sum (\$4.2 billion) or 96.8% of foreign investments and loans in fixed assets have been disbursed compared to January-June 2020.

The share of foreign investments and loans in the total volume of mastered investments in fixed assets amounted to 42.4%. In the structure of foreign investments and loans, foreign investments amount to \$14,756.4 billion. soums and, accordingly, foreign loans in the amount of \$ 28,929.1 billion. Soums. In total, 11,338.6 billion dollars of foreign investments and loans have been disbursed. The amount was foreign direct investment, foreign loans under the state guarantee of the Republic of Uzbekistan

amounted to 9,157.0 billion US dollars. soums, other foreign investments and unsecured loans in the amount of \$23,189.9 billion. The growth rate of foreign investments and loans compared to the corresponding period last year amounted to 96.8%. [14]

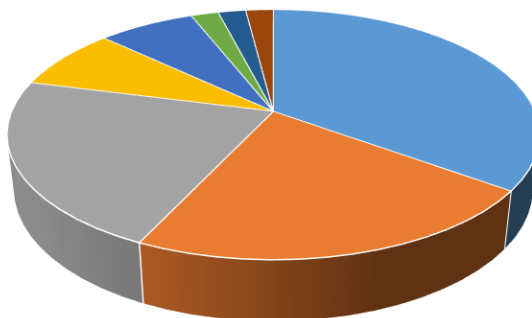
In the manufacturing industry, foreign investments and loans have been mastered in a significant amount and amounted to \$17,835.6 billion. Sum, or 40.8% of the total investment. Also in its structure, the production of textile and clothing products by type of activity increased by 11.2%, or by 4,853.7 billion. Sum, in the production of other non-metallic mineral products 8.9% or 3,878.3 billion 8.5% or 3,700.6 billion. significant investments have been mastered.

The bulk of foreign investment in fixed assets, i.e. 58.6%, falls on four investor countries: China - 22.3%, Russia - 21.5%, Turkey - 7.5% and Germany- 7.3%. In the diagram below, you can see the weight of attracted investments by investor countries:



### Chart

## FOREIGN DIRECT INVESTMENT BY INVESTOR COUNTRIES, in % of the amount



■ Other investor countries ■ Han Chinese ■ Russia ■ Turkey ■ USA ■ Cyprus ■ Germany ■ Filipinn

### CONCLUSIONS AND SUGGESTIONS

Centuries-old work on the establishment and development of international relations has been done in Uzbekistan for a historically short period. Uzbekistan is known all over the world for its peaceful, good-neighborly, mutually beneficial policy and activities aimed at mutually beneficial cooperation, has taken a worthy place in the world community, its positions are strengthening from year to year. Foreign economic activity is the main part of the economic activity of our republic. Ongoing reforms in this area make it possible to provide domestic and international markets with products and services. Today, Uzbekistan has its voice in the international community and is a member of reputable international organizations.

Political, diplomatic, trade, economic and cultural ties are being established with the leading industrialized countries of the world. The achieved trade relations with other countries allow us to increase the export of products produced in our republic, which, in turn, allows it to become one of the developed countries of the world. As a result of the large-scale reforms carried out in our country to develop foreign economic activity and close ties with the countries of the world, the export potential of our country is growing. In addition, the creation by the government of a number of tax and customs privileges, modernization of production and the production of competitive products create prerequisites for our national products to take a strong place in foreign markets.

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