

International Economic Relations and Prospects of the New Uzbekistan

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Annotation: *The article provides a comparative analysis of commodity-geographical structure of exports in the Republic of Uzbekistan, its indicators for the recent years. Also suggestions and offers for further structural improvement of the export were developed.*

Keywords: *Foreign trade, export, diversification, foreign trade balance, commodity- geographical structure of export, gravitational model of foreign trade, economies of scale.*

Introduction

In a situation where the economic stability and development of countries, the efficient use of economic resources, modern globalization and integration processes are deepening, in many respects it depends on its participation in international trade relations.

The development of foreign trade, especially exports, opens up a number of new opportunities for the country, increasing the efficiency of the national economy. The geographical structure of the country's exports directly and indirectly affects the development of the economy through:

- The geographical expansion of exports means access to new markets for producers, which is a sign that new demand has emerged. That is, the manufacturer participates in a wider regional or international market than in a limited domestic market. This will increase production. As a result, the product is produced in large quantities, using the positive effect of a certain "scale effect" from economic theory. Also, the means of production involved will be used at full capacity. If necessary, work will be organized in two or three shifts, creating additional jobs.
- The expansion of production, the full use of resources creates interest and the need to implement scientific and technological innovations. In addition, the breadth of production ensures high cost efficiency, which is intended to be developed in order to develop a particular area. As a result, the economy will further develop through a combination of production and scientific and technological innovations.

Also, the large variety of goods exported by the country reduces the sensitivity of the economy to structural fluctuations in the international market, thereby mitigating the negative effects of changes in demand and prices in the international market on the national economy. The high share of processed products not only increases export earnings, but also increases the country's net profit at the expense of high added value.

We have seen that the structural characteristics of foreign trade are important in terms of economic health, stability and security. Especially in the current period of growing interdependence between different national economies, the urgency of this issue is growing several times. In this case, the best course of action is to prevent one type of product or one country and region from being bound in foreign trade relations.

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Analysis of the relevant literature

The importance of foreign trade and its role in the economy has been studied by many economists as an objective necessity for development. Even today, this topic remains relevant.

The results of his research show that the country's specialization in the export of raw materials increases the gap in the level of economic development between this country and developed countries that export finished products. This is because the prices for the above two types of products in the world market change at different rates and the degree of stability of demand also varies.

Also, the commodity composition of exports and its direct role in economic growth Lederman D. and Malonian V. studied in studies [2]. Researchers have shown a correlation between the level of processing of exported products and economic growth. Also, Rodrick D. Empirically analyzed the importance of export commodity composition in the example of Chinese exports [3].

In our country, a number of scientists are conducting research in this area. In particular, Azam S. In his work he studied the possibilities and potential of structural improvement of foreign trade of our country [4]. At the same time, it shows that there is a link between enterprises with foreign investment and the geographical structure of foreign trade [5].

In the above work, the impact of the structure of the country's exports on economic growth, the characteristics of the level of economic development reflected in the export commodity and geographical structure are studied.

Exports of high-value-added products reveal that the capital spent on value added remains in the country, in other words, the assimilation of wealth created by the population in the process of converting raw materials into finished goods has an impact on economic growth. Improving its geographical structure means developing trade relations with countries with stable markets and high solvency. This will increase the volume of export earnings and ensure its stability.

Research methodology

During the study, the commodity and geographical structure of exports were studied using the analysis of dynamic series, based on the results obtained, the main directions of development were identified. By comparison and comparison, a group of goods with a high share in the structure of export goods was identified, an analysis of the factors influencing the emergence of this feature was provided, the main export sectors and partners were grouped. The study also provides an analysis of data on the identified opportunities to improve the geographical structure of exports using the gravity model of foreign trade.

Analysis and results

The following table shows the commodity composition of Uzbekistan's exports and compares the figures for the two periods. It should be noted that structural changes occur for two main reasons:

- the physical volume of exports of a particular group of goods or changes in prices for products of this group of goods on the world market;
- the occurrence of the above changes for the goods of another group in a situation where a separate group of goods remains unchanged, and as a result changes in the total volume of exports, which is considered a deduction. We will focus on the final results in the analysis of the table below.

Table 1. Commodity structure of exports of the Republic of Uzbekistan

	2019 y	Brand composition, in%	2021 y	Brand composition, in%	In 2021 in% compared to 2019
Total exports	12507,6	100,00	17901,7	100,00	143,1
Cotton fiber	736,1	5,89	281,6	1,57	38,3

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Chemical industry products	613	4,90	876,9	4,90	143,1
Ferrous metals	168	1,34	349,6	1,95	208,1
Non-ferrous metals	656,2	5,25	951,3	5,31	145
Energy carriers and petroleum products	2685,2	21,47	2524,9	14,10	94
Machinery and equipment	159,3	1,27	451,4	2,52	283,4
Gold	1920,6	15,36	4918,3	27,47	256,1
Food products	1316,4	10,52	1517,5	8,48	115,3
Export of services	3061,3	24,48	3560,2	19,89	116,3
Others	1191,5	9,53	2470	13,80	207,3

From the data in Table 1, we can see that over the past five years, the country's exports have grown by about \$ 5.4 billion, reaching 143.1% in 2021 compared to 2019. Quantitative changes in exports can be assessed positively, but if we take into account that the foreign trade turnover increased by 1.7 times during this period, it is clear that this growth rate is lagging behind the overall figure. The group of products with the highest share in exports in 2019 is:

- Gold;
- Export of services;
- Energy carriers and oil products;
- Food products.

The total share of these products is 69.9% of the country's exports. In the past period, these four groups accounted for 71.8% of the country's exports. Over the past five years, the groups "Gold" and "Energy carriers and oil products" have changed places. This is due to the fact that revenues from gold exports increased by 256.1% in 2019-2021, while exports of energy carriers and petroleum products in 2021 amounted to 94% compared to 2019.

If we pay attention to the prices of this group of products in the international market, it will become clear what factors caused these changes. Prices for gold [8], oil, and natural gas [9] increased by 120.2 percent, 117.1 percent, and 97.7 percent, respectively, between 2019 and 2021.

If we compare the growth rates of exports of these products in Uzbekistan with these indicators, we can see that the physical volume of gold exports of our country has increased. Given that the main share of the group of energy carriers and petroleum products falls on the share of natural gas it can be said that this category has remained almost unchanged.

The next two major groups, exports of services and food products, recorded additional growth of 16.3 and 15.3 percent, respectively. Despite the fact that the food industry is a labor-intensive sector in our country, given the recovery of user resources, I believe that in today's conditions, this figure can be positively assessed.

But despite this, the potential of both industries is high, and there is ample opportunity to develop these areas. Although exports of ferrous metals, machinery and equipment have grown 2 and 2.8 times in the last five years, respectively, their share in total exports (the two groups account for 4% of total exports) did not significantly affect the overall dynamics.

It is obvious that the share of raw materials and low value-added products in the country's exports remains high. This situation cannot provide sufficient economic growth and stability. Given the inextricable link between exports and imports and the need for the country to achieve a positive balance in foreign trade, this situation clearly shows how urgent it is to improve the structure of

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exports. In the 1950s, Raul Prebisch and his working group studied the example of Latin America, where the difference between the price of raw materials exported in foreign trade and the price of imported finished goods increased over time in favor of the latter. This means that with the preservation of the structure of these exports, the country's foreign trade turnover will increase, which will have a negative impact on the overall economic situation.

As mentioned above, the geographical structure of exports is also an important factor in terms of economic development and security. The share of the People's Republic of China and the Russian Federation among Uzbekistan's export partners is significantly higher. If we pay attention to the composition of products imported by China and Russia, the above problem will be confirmed once again.

China accounts for 14% of the country's exports, mainly energy carriers, cotton fiber and non-ferrous metals. Russia's share is also 13.9 percent, mainly in textiles and fruits and vegetables. Uzbekistan's 10 largest export partners account for 54.9% of total exports. This shows that reforms and concrete measures need to be taken to improve the geography of exports.

Conclusion

An analysis of Uzbekistan's exports based on the gravitational model of foreign trade revealed that it is possible to increase exports from the CIS countries to Armenia (5.4 times), Moldova (2.1 times) and Azerbaijan (1.7 times).

It was also calculated that the export potential to countries such as Australia, Norway, Finland, Sweden, Ireland, Hungary, Thailand, Singapore, Japan, Sri Lanka, and Malaysia was very high [4]. Government agencies and financial institutions, as well as manufacturers, should pay more attention to the development of these areas.

In addition, one of the most pressing issues in the development of trade relations with European countries today is the issuance of the necessary documents and certificates. In developed countries, the demand for product quality is high, and the capacity of large enterprises and small manufacturers in the issuance of quality certificates is not equal. In this regard, it is necessary to organize the activities of institutions, private organizations that provide advice and practical assistance to small businesses.

There is also a need to introduce information and consulting services to support the light industry. It would be expedient for these organizations to study the market requirements, characteristics of manufacturers. In other words, an outsourcing service for export marketing should be established, and insured by the state, taking into account various risks at the beginning of the activity.

For small manufacturers, the establishment of a separate external relations, marketing department is financially inefficient. Through outsourcing, it is possible to achieve efficiency by distributing these costs among several organizations. Because it is impossible to develop exports without a separate, systematic study of the market. The country's export potential is the sum of the activities of micro-level enterprises and organizations, which means that special attention should be paid to this level.

The expansion of enterprises with foreign investment will also ensure the development of foreign trade. In particular, the analysis of the activities of such enterprises operating in our country shows that their role in foreign trade, including exports, is significant [5]. With this in mind, this direction should also be included in the strategy of structural improvement of foreign trade.

Given that the structural improvement of foreign trade, in particular exports, is inextricably linked with the development of the national economy [2], it is clear that the measures taken in this direction will ultimately ensure economic development and well-being of the population.

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