

## WAYS TO INCREASE THE EXPORT POTENTIAL OF UZBEKISTAN

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**DOI: 10.5958/2278-4853.2023.00058.7**

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### ABSTRACT

*This article analyzes reforms, indicators of foreign trade and existing problems for the effective organization and development of exports in Uzbekistan, developed proposals and recommendations on the development of export potential based on the results obtained.*

**KEYWORDS:** *Export, Import, Foreign Trade, Trade Balance Deficit.*

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### INTRODUCTION

One of the most important factors in maintaining stable and high growth rates of the national economy is the consistent increase and full use of the country's export potential, which is closely related to increasing the competitiveness of domestic producers' products in foreign markets. It is also important to strengthen efforts to strengthen and expand the positions of domestic enterprises in foreign markets, to enter new markets.

In this regard, it is necessary to constantly study the issue of economic development based on an assessment of the constant impact of internal and external factors. In particular, it is necessary to outline important strategic goals aimed at increasing the role of the digital economy in order to increase export potential and ensure competitiveness, improve the quality of production and services by supporting domestic producers.

Therefore, it is necessary to identify effective measures aimed at developing foreign trade in Uzbekistan, in particular, expanding exports, and pay serious attention to supporting enterprises operating in this area.

### ANALYSIS AND RESULTS

The globalization of economic ties has led to an acceleration of the flow of goods and services between countries, deepening competition and changing the nature of business in international trade. This requires the use of modern business methods in every sector of the economy.

In this regard, a number of effective economic measures have been implemented in Uzbekistan for the effective organization and development of exports. Of particular importance in 2018 was

the adoption of the Decree of the President of the Republic of Uzbekistan No. PP-4069 "On measures to strengthen assistance and stimulate exports" [2].

In accordance with the resolution, in order to radically increase the volume of exports of goods and services, expand the range of exported products, ensure the foreign trade balance and increase foreign exchange earnings, the following main tasks are defined:

- An increase in the production of highly competitive export products with high added value, a sharp increase in the volume of exports of services (tourism, medical, educational, transport, construction, etc.), as well as the accelerated creation of appropriate infrastructure for their provision;
- Search for partners for the supply of products of own production and conclusion of contracts with organizations and enterprises.

The resolution notes that a national export support system will be created. The Center provides information, analytical and financial support for export activities.

Also, in accordance with the resolution, an Export Promotion Agency will be created under the Ministry of Foreign Trade (since 2019, the Ministry of Finance annually allocates at least 15 million rubles to the agency when forming the parameters of the state budget) and trade missions at the embassies of Uzbekistan abroad;

There is no doubt that such reforms have led to significant positive changes in the industry. From the data in Table 1, it can be seen that the foreign trade of the Republic of Uzbekistan in 2021 increased almost 7 times compared to 2000 and 1.7 times compared to 2015. Accordingly, it should be noted that Uzbekistan's trade deficit has been growing in recent years. It shows how crucial this problem is in ensuring macroeconomic stability, economic growth and well-being of the country's population not only in the short term, but also in the medium term, and especially in the long term.

**TABLE 1 FOREIGN TRADE OF THE REPUBLIC OF UZBEKISTAN (MILLION US DOLLARS)**

<b>Indicators</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2021</b>
<b>million US dollars:</b>	<b>6</b>	<b>9</b>	<b>22</b>	<b>24</b>		
<b>Foreign trade turnover</b>	<b>212,1</b>	<b>500,1</b>	<b>199,2</b>	<b>924,2</b>	<b>36 256,1</b>	<b>42 170,5</b>
export	3 264,7	5 408,8	13 023,4	12 507,6	15 102,3	16 662,8
import	2 947,4	4 091,3	9 175,8	12 416,6	21 153,8	25 507,7
<i>trade balance</i>	317,3	1 037,0	3 847,6	91,0	-6 051,5	-8 844,9
<b>including:</b>	<b>2</b>	<b>3</b>	<b>9 369,2</b>	<b>9 548,9</b>	<b>11 826,4</b>	<b>15 920,4</b>
<b>with CIS countries</b>	<b>297,8</b>	<b>403,4</b>				
export	1 172,2	1 722,6	5 647,7	5 230,3	4 106,4	5 433,8
import	1 125,6	1 680,8	3 721,5	4 318,6	7 720,0	10 486,6

<i>trade balance</i>	46,6	41,8	1 926,2	911,7	-3 613,6	-5 052,8
<b>with other countries</b>	<b>3 914,3</b>	<b>6 096,7</b>	<b>12 830,0</b>	<b>15 375,3</b>	<b>24 429,6</b>	<b>26 250,1</b>
export	2 092,5	3 686,2	7 375,7	7 277,3	10 995,8	11 229,0
import	1 821,8	2 410,5	4 545,3	8 098,0	13 433,8	15 021,1
<i>trade balance</i>	270,7	1 275,7	1 921,4	-820,7	-2 437,9	-3 792,1

**Data of the Statistical Agency under the President of the Republic of Uzbekistan**

If in 2020 the volume of exports of goods and services to Uzbekistan amounted to \$ 15102.3 million, the volume of imports amounted to \$21153.8 million and a negative foreign trade balance of \$6051.5 million, then in 2021 these figures amounted to \$16662.8 million, \$ 25507.7 million and \$8,844.9 million, respectively. For a country whose gross domestic product (GDP) is \$69.2 billion, it cannot be denied that the deficit in the balance of goods and services in the amount of \$8844.9 million is a much larger amount.

Is it good or bad to have such a negative and constantly growing deficit in the balance of goods and services? It is impossible to give an unambiguous answer to this question without analyzing the main causes of the emergence and growth of the deficit, as well as the sources of covering the balance of goods and services.

The analysis of the balance of payments of Uzbekistan for 2020-2021 shows that the main part of the deficit in the balance of goods and services is covered by remittances of Uzbek migrant workers engaged in work outside the country. In general, in 2021, the positive balance of the current account of the balance of payments under the article "factor income" amounted to \$ 6.6 billion.

If the balance of goods and services of the country had a deficit in this amount, it would not pose a threat to macroeconomic stability and economic growth. It should be noted that this hypothesis is true only if there are no risks that can lead to a decrease in these incomes. However, there are such risks, there are even risks associated with the export of goods. For example, export revenues may decrease as a result of falling world market prices for exported goods or a decrease in the level of income in the importing countries of our goods. It will also reduce the volume of our exports.

However, in 2021, the volume of the deficit of the balance of goods and services in Uzbekistan exceeded the surplus of the balance of factor income.

Theoretically, the current account deficit can be financed by net inflows of foreign direct investment, portfolio investments, international loans and a reduction in gold and foreign exchange reserves.

Of course, if the resulting deficit in the foreign trade balance is associated with a net inflow of foreign direct investment into the economy, this will not lead to an increase in external debt. In addition, foreign direct investment opens the way to modern technologies, management,

distribution channels of multinational corporations, provides access to world-famous brands and other similar opportunities.

From this point of view, the foreign trade deficit associated with the inflow of foreign direct investment into the country is not a threat, but a positive factor of macroeconomic stability and economic growth. The only exceptions are cases of monopolization of the domestic market by enterprises with the participation of foreign capital. Although in this case, the inflow of foreign direct investment creates the impression that they serve to restructure the economy and create new jobs, in general, this can lead to a decrease in the welfare of the population.

Monopolization of the domestic market by enterprises with foreign investments is a direct consequence of the inefficient policy pursued in the country by the decision-making government.

## CONCLUSION

Today, in order to develop export potential in the real sector of the economy, we consider it expedient for economic entities to implement the following measures:

- Improving the management of all stages of enterprise supply through the introduction of modern production methods at enterprises operating in the industrial sector;
- Ensuring that the quality of goods meets international standards through the introduction of modern technologies at exporting enterprises and preventing production stoppages, reducing production costs and maximizing profits, introducing innovative management systems aimed at ensuring transparency of financial and economic activities;
- Increasing export potential by effectively establishing interaction with customers (clients) in order to further improve customer service during export operations and increase sales volumes;
- Improvement of foreign trade management through the introduction of a real-time business analysis system, as well as the introduction of an enterprise resource management system in large economic entities with a significant share in the country's export potential.

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