



Ижтимоий-гуманитар фанларнинг  
долзарб муаммолари. -2020. -№ 1(1).

ISSN: 2181-1342 (Online)

<https://scienceproblems.uz>

*Иқтисодиёт фанлари*

## **EXTERNAL ECONOMIC ACTIVITIES OF UZBEKISTAN: PROBLEMS AND SOLUTIONS**

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## **ВНЕШНЕЭКОНОМИЧЕСКАЯ ДЕЯТЕЛЬНОСТЬ УЗБЕКИСТАНА: ПРОБЛЕМЫ И РЕШЕНИЯ**

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## **ЎЗБЕКИСТОННИНГ ТАШҚИ ИҚТИСОДИЙ ФАОЛИЯТИ: МУАММОЛАР ВА ЕЧИМЛАР**

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*Иқтибос келтириш учун / For citation / Для цитирования:*

Saidova O'g'iloy. External economic activities of Uzbekistan: problems and solutions // Actual problems of Humanities and Social sciences. – 2020. – № 1(1). – P. 88–94. <https://doi.org/10.47390/A1342112020N10>

*Аннотация:* Мазкур мақолада халқаро савдо, ташқи савдо, импорт ва экспорт операциялари, шунингдек, ҳозирги ҳолат муҳокама қилинган. Ўзбекистоннинг ташқи иқтисодий фаолиятида 2015 йилдан 2020 йилнинг биринчи тўрт ойигача булган даврдаги кўрсаткичлар таҳлил қилинган.

*Калит сўзлар:* халқаро савдо, ташқи савдо, импорт, экспорт, ташқи иқтисодий фаолият.

*Аннотация:* В этой статье обсуждается международная торговля, внешняя торговля, импортные операции и экспортные операции, текущая ситуация в Узбекистане. Проанализированы показатели внешнеторгового оборота Узбекистана с 2015 по первые четыре месяца 2020 года.

*Ключевые слова:* международная торговля, внешняя торговля, импорт, экспорт, внешнеэкономическая деятельность.

**Abstract:** *In this article international trade, external trade, import and export operations, the current situation are discussed. Figures from 2015 year to the first 4 months of 2020 year are analyzed in foreign economic activities in Uzbekistan.*

**Key words:** *international trade, foreign trade, import, export, foreign economic activities.*

**DOI:** 10.47390/A1342112020N10

As a result of the reforms undertaken in the country in recent years, economic and social prosperity is being achieved. Examples of such reforms include the Decree of the President of the Republic of Uzbekistan on 7 February 2017, "Strategies for Action in Five Priority Directions for the Development of the Republic of Uzbekistan in 2017-2021". Chapter III of this strategy, "Priorities for Economic Development and Liberalization," focuses on the further development of our national economy. In particular, there is a need to liberalize foreign economic activity and to increase inflow of foreign investment. In other words, further development of international economic cooperation, including the expansion of relations with leading international and foreign financial institutions, the continuation of a well thought out foreign debt policy, the effective use of attracted foreign investments and loans, the functioning free economic zones, to increase effectiveness of technology parks and small industrial zones, to create new ones, to liberalize and simplify exports, to diversify export structure and geography, to expand and mobilize export potential of industries and regions, to improve investment climate, the active involvement of foreign direct investment.[9] As well as, the issues of further increasing the content of export-oriented products, the gradual transition from the export of raw materials to the export of finished products were also discussed.

Besides, import customs duties and excise tax rates on imported goods have been revised. The changes came into force on January 1, 2020.

The changes are aimed at diversifying the national economy, supporting the competitiveness of local producers, creating conditions for innovative development and the organization of export-oriented production, creating a favorable investment climate.

The study of the role of the state in the foreign economic activity of the enterprises and their organization is reflected in researches, scientific works, brochures and articles of foreign and republican economists. Among foreign scientists, David Ricardo [4; 85-103 pp], Mark Blaug[6; p. 201], Murray Rothbard[3; 96–98 pp] researched this topic in his works. Among scientists in our country, Vakhobov A.[8; 11-12 b], Egamberdiyev F.[5; 15-20 b], Hidirov N.[7; 13-17 b], Boymurodov S.[2; 6-11 b] and Botirova N.[1; 30-32 b] carried out scientific researches.

In this article scientific abstracting, comparative analysis, grouping, systematic approach, economic-statistical analysis, correlation analysis was used by the author.

From our point of view, in order to obtain full information about foreign trade turnover in Uzbekistan, the data of export and import in 5 years: between 2015 and 2020 were analyzed in the following. Table №1 is about export in Uzbekistan.

We can see from the table that the volume of export from year to year has been increased. For example, in 2015 the total amount of export goods was approximately 9.5 billion dollars and in 2019 this indicator was equal to 14 billion dollars, rising 50 % than at the beginning of the period.

Besides, Russia has a valuable place in the export operations of Uzbekistan, obtaining 15 % and 12 % of total export goods from Uzbekistan, respectively in 2019 and in the first four months of 2020. As well as, another one of main exporters is considered to be China, with 13 % in 2019 and 9 % from January to April of 2020. After China, Kazakhstan takes the third place, importing goods in the amount of 1 242 846.4 thousand dollars in 2019.

Countries	2015 year	2016 year	2017 year	2018 year	2019 year	Jan-Apr 2020 year
Afghanistan	371 670,8	416 079,5	507 912,2	467 087,1	455 608,1	168 056,1
Bangladesh	130 986,4	86 105,6	50 542,0	37 828,4	1 628,8	10 008,6
China	1 922 871,3	1 401 800,1	1 590 493,5	2 165 190,7	1 825 682,2	318 309,2
Georgia	77 218,4	61 799,9	61 916,0	8 748,4	17 354,8	5 099,2
Iran	309 282,5	341 794,1	258 298,1	164 374,4	208 514,9	45 108,1
Kazakhstan	1 791 561,8	876 602,2	991 308,9	1 242 846,4	1 256 533,6	181 421,6
South Korea	69 596,7	90 230,9	45 857,2	33 619,9	43 473,5	8 439,8
Kyrgyzstan	89 771,2	114 141,5	169 096,1	252 771,6	645 869,5	174 779,2
Russia	1 236 175,4	1 237 401,8	1 527 346,6	1 636 827,7	2 071 685,6	435 284,7
Singapore	64 653,1	57 463,0	56 273,1	54 708,0	26 981,0	11 651,5
Tajikistan	6 380,1	43 395,2	75 347,6	141 466,9	204 719,7	92 133,9
Turkey	758 798,6	654 258,3	833 514,5	865 828,3	1 157 666,6	310 860,7
Turkmenistan	66 798,1	55 829,0	53 177,3	35 336,8	52 853,9	17 350,2
Ukraine	60 877,1	46 874,3	99 770,8	92 705,1	113 671,8	29 543,4
UAE	26 281,8	44 705,5	27 016,5	31 052,4	119 686,1	29 339,3
The United Kingdom	12 231,7	15 840,4	21 714,0	134 265,2	55 702,5	1 164,4
USA	3 484,7	28 144,6	7 954,3	4 816,3	6 806,1	2 188,2
Others	2 447 702,8	3 401 538,6	4 014 034,7	3 551 226,1	5 759 400,7	1 826 833,6
Total	9 446 342,5	8 974 004,5	10 391 573,4	10 920 699,7	14 023 839,4	3 667 571,7

**Table №1. External trade, goods, export in thousand dollars<sup>1</sup>**

<sup>1</sup> Author's compilation using the data of The State Committee of the Republic of Uzbekistan on Statistics

Table № 2 illustrates the information about importing products by Uzbekistan in the period of 2015-2020 years. Unfortunately, the volume of import goods has also been risen between 2015 and 2020. At the beginning of the period Uzbekistan imported goods in the amount of 11 462 500 thousand dollars. As well as, in 2019 there was a dramatical increase, being 21 866 454.7 thousand dollars. This is considered 2 times more than that in 2015. However, on January -April 2020 year the amount of imported products was 5 884 558.1 thousand dollars, decreasing about 633 000 thousand dollars than at that time of 2019 year.

In general, main importers do not change during the whole period: from 2015 to 2020. Uzbekistan's main imports are machines and equipment, chemical products, food and metals. Uzbekistan's main import partners are Russia, South Korea, China, Germany and Kazakhstan[11]. For example, at the beginning of the period from China about 25 % of total import was obtained and on January-April 2020 year the indicator was almost not changed, being 23 percent. In import operations Russia takes the second place at the end of the period, being the first place in 2015. The amount of imported products equaled approximately 2.49 billion and 1.25 billion dollars, relatively in 2015 year and in the first four months of 2020 year. The third place was taken by South Korea. From January to April of 2020 year South Korea exported goods to Uzbekistan in the amount of 724 862 000 dollars, considering 12 percent of the total imported products during the period.

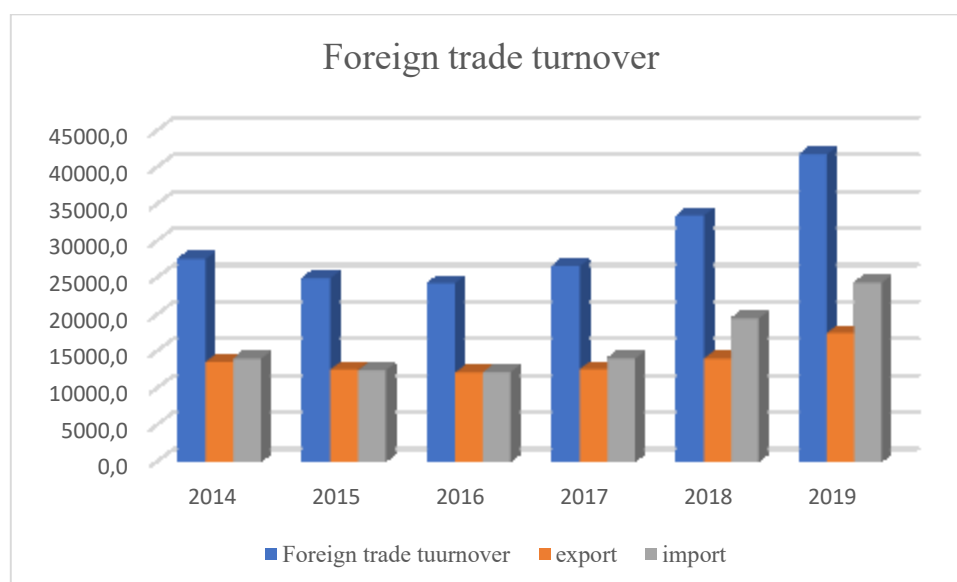
<b>Countries</b>	<b>2015 year</b>	<b>2016 year</b>	<b>2017 year</b>	<b>2018 year</b>	<b>2019 year</b>	<b>Jan-Apr 2020 year</b>
Austria	66 859,4	92 767,8	53 005,9	100 266,5	119 564,0	26 451,5
Belarus	87 251,8	91 837,8	152 126,1	373 361,6	279 600,0	62 990,6
Brazilia	314 843,2	355 012,8	320 922,2	50 725,1	115 503,8	39 414,5
China	2 227 037,5	2 234 226,2	2 700 637,7	3 539 507,1	5 052 445,2	1 280 533,0
France	148 550,9	143 954,6	102 669,5	110 454,3	133 559,5	39 181,8
Germany	474 555,9	480 876,7	574 076,3	699 813,6	884 337,9	172 899,5
India	251 107,0	308 506,7	282 033,5	252 030,3	319 153,7	86 545,1
Italy	149 627,6	160 507,6	147 849,6	267 408,4	364 386,3	104 313,5
Japan	241 710,1	238 794,9	140 856,2	683 604,6	381 285,0	49 849,7
Kazakhstan	831 387,8	935 533,4	975 266,8	1 543 659,5	1 909 160,6	657 647,6
South Korea	1 406 069,7	807 131,4	1 156 709,6	1 936 163,8	2 524 586,3	724 862,0
Lithuania	263 454,3	277 223,6	257 748,7	276 608,9	441 930,9	127 768,4
Russia	2 487 494,0	2 274 517,3	2 564 168,2	3 382 849,3	3 974 424,4	1 247 201,8
Turkey	401 187,6	475 406,3	594 485,3	1 096 822,9	1 296 532,5	274 130,9
Turkmenistan	211 970,7	127 209,8	105 423,2	239 274,4	404 647,9	119 804,4
Ukraine	266 957,7	202 345,7	182 951,6	326 246,1	263 899,3	87 081,1
USA	194 704,1	388 790,1	148 711,7	314 243,9	498 072,6	75 350,8
Others	1 437 770,7	1 733 764,4	1 575 567,0	2 119 218,6	2 903 364,8	708 531,6

	11 462	11 328	12 035	17 312		
<b>Total</b>	<b>540,0</b>	<b>407,0</b>	<b>209,3</b>	<b>259,0</b>	<b>21 866 454,7</b>	<b>5 884 558,1</b>

**Table № 2. External trade, goods, import in thousand dollars<sup>2</sup>**

In the following diagram the indicators of foreign trade turnover, import and export are given in the period of time: between 2014 and 2019.

It can be seen from the diagram, there was a growth trend in foreign trade turnover during the whole period. In 2014 the indicator was equal to approximately 28 000 million dollars. At the end of the period it was 41 000 million dollars. In the first 3 years of the time the amounts of export and import goods were almost equal to each other, however from 2017 to the end of the period import figures were higher than those in export. This means Uzbekistan imported more than it exported. In economics, it is not good situation.



**Diagram № 1. Foreign trade turnover of the Republic of Uzbekistan in million dollars<sup>3</sup>**

Today, there are several barriers to our country's export-import operations. For example, the export surplus reserves are inadequate; while the structure of exports is largely the proportion of raw materials, in imports the share of finished goods are quite larger than others and etc.

In conclusion, consumers should be able to choose cheap and high-quality goods and services. The rights of domestic manufacturers are protected. Traders help developers comply with international market requirements to develop national standards in accordance with accepted international standards. Firstly, to further

<sup>2</sup> Author's compilation using the data of The State Committee of the Republic of Uzbekistan on Statistics

<sup>3</sup> <http://www.stat.uz>

enhance the export potential of our country, it is necessary to establish the export of ready and semi-finished products, not raw materials by the enterprises. Then, the development and growth of the economy of our country will be accompanied by an increase in the inflow of goods to the country through the full utilization of export potential, and the rise in the national currency's value.

Secondly, the optimization of imports in our country is in a totally unsatisfactory state. The factors contributing to this situation are mainly due to the fact that studying the structure of imports and the optimization of imports have not been adequately organized, and that in first quarter of 2019 instead of purchasing goods produced by the enterprises of the complex, the imports of such products from abroad passed away. As well as, the share of finished goods in imports is higher. The optimization of imports and the organization of production of its substitutes in our country are needed.

In addition, we can say that in order to ensure economic balance and encourage export, as well as produce products which can be replaced import goods, the following measures should be taken:

1. Increasing the quality of government institutions in the process of government investment management in the country;

2. Improvement of the regulatory and legal framework regulating foreign investment activity and legislation;

3. Accelerate and expand the development of production infrastructure across the entire region;

4. Organization and improvement of quality of rational use of available labor resources in the economy;

5. Ensuring acceleration of capital flows through reforming the banking and financial system and the development of the financial market;

6. Creation of favorable business and investment climate in the country, ensuring freedom of entrepreneurship;

7. Liberalization of foreign trade activities and export promotion;

8. It is necessary to develop long-term economic development programs through the identification of ways of long-term economic development by identifying ways for the development of the industry based on social, political, ecological and resource potential of the national economy.

Solving such problems will help the country achieve good results in foreign economic activity.

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