

The Republic of Uzbekistan's Role of Acceleration and Diversification of its Exchange and Exchange Policy

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ABSTRACT

This article provides information on the measures taken by the Republic of Uzbekistan to accelerate the liberalization of its foreign exchange policy. There are ways of using foreign currency, which can be allocated from foreign currency, which is part of the gold and foreign exchange reserves of the Republic of Uzbekistan, or borrowed from sources of funds of international financial organizations such as the International Monetary Fund. Thus, the role and main indicators of economic diversification are interpreted in context.

KEYWORDS: *economy, currency, gold-currency, credit, account, liberalization, diversification, monetary policy, acceleration, debt, investment*

In the context of developing innovative economy, the issues of liberalization of monetary policy and diversification of the economy on the basis of the digital economy are invaluable in all areas. Accelerated development of liberalization of foreign exchange policy on the initiative of the President of the Republic of Uzbekistan Shavkat Mirziyoyev, a new stage of development and reforms has begun in our country. Also, based on the principle that "political independence cannot be achieved without economic independence", we believe that in the future it is necessary to focus on the following strategic directions of socio-economic development of our country.

First of all, it is of great importance to further strengthen macroeconomic stability and maintain the achieved economic growth rates, ensure the stability of our national currency, prices in the domestic market.

Secondly, the decisive factor is to further increase the competitiveness of our economy in the world market, modernize and diversify its industries and sectors, expand export potential, increase investment activity.¹

As noted in the Address of the President of the Republic of Uzbekistan Sh. Mirziyoyev on December 28, 2018, including the most important priorities for 2019, joint investments with the World Bank, European Bank for Reconstruction and Development, Islamic and Asian Development Banks and other international financial institutions volume was \$ 8.5 billion.²

When the tasks outlined in the Address of the President of the Republic of Uzbekistan Sh. Mirziyoyev to the Oliy Majlis on January 24, 2020 are analyzed, compared to 2019, that is, along with the positive results in all areas, the volume of investments has increased significantly. In particular, foreign

direct investment amounted to \$ 4.2 billion, compared to 2018 - I would like to draw your attention to this figure - increased by \$ 3.1 billion or 3.7 times.

The share of investment in GDP reached 37%. For the first time, our country received an international credit rating and successfully placed \$ 1 billion in bonds on world financial markets.³

It is important to pay special attention to the following priorities identified in the state program "Strategy of Action" for 2017-2021, developed in our country.

Further modernization and diversification of the industry through the transition of high-tech processing industries, primarily to a qualitatively new level, aimed at the rapid development of production of high value-added finished products based on deep processing of local raw materials.⁴

In the early 1980s, the independence of a number of Arab states and the "oil boom" accelerated the process of modernization and established a free currency policy. This, in turn, has led to an increase in attention to the Arab states in the world economy and international relations. Publications of that period included the works of Russian orientalist S.A Kaminsky on the constitutional foundations of the Arab states, AG Georgieva and VV Ozoling on the economic, social and legal-state development of the oil-producing Arab countries. These were written by M.G Zakaria, A.I Yakovlev, V.V Mashin, A.M Vasilev, L.I Medvedko and others.⁵

In accordance with the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021, the following is aimed at: introduction of market mechanisms of currency regulation, stimulation of export potential of the republic, active attraction of foreign direct investment, increase the competitiveness of domestic producers in foreign and domestic markets.

³ Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Oliy Majlis. 24.01.2020.

⁴ Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No PF-4947 "On the Action Strategy for further development of the Republic of Uzbekistan." Issue 28 (6722) of the newspaper "People's Word" dated February 8, 2017.

⁵ Kaminskiy S.A. Institute of the monarchy in the Arab East. - M.: Vostochnaya literatura, 1981; Georgiev A.G., Ozoling V.V. Neftnyane monarchy Aravii. - M.: Izdatelstvo MGIMO, 1983. - 224 p.; Zakaria M.G., Yakovlev A.I. Neftnyane monarchy Aravii na poroge XXI veka. - M.: Nauka, 1998. - 119 p.; Machine V.V., Yakovlev A.I. Persidskiy zaliv v planax i politike Zapada. - M.: Nauka, 1985; Vasilev A.M. Fakely Persidskogo zaliva. - M.: Politizdat, 1976. - 173 p.; Vasilev A.M. Persidskiy zaliv v epitsentre buri. - M.: Nauka, 1983. - 288 p.; Medvedko L.I. To the east and west of Suetsa. - M.: MGU Publishing House, 1981; Noveyshaya istoriya arabskix stran Azii (otv.red. V.V.Naumkin). - M.: Vostochnaya literatura, 1988.

¹ https://uz.fundamental-economic.uz/?page_id=1150

² Address of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the Oliy Majlis. 28.12.2018.

It was noted that the priorities of the state economic policy in the field of further liberalization of the foreign exchange market are as follows:

First, to ensure full realization of the right of legal entities and individuals to freely buy and sell foreign currency and to freely dispose of their funds at will;

Secondly, the use of only market mechanisms in determining the exchange rate of the national currency against foreign currency;

Third, to increase the role of market instruments in the use of foreign exchange resources, to create a level playing field for all economic entities in the foreign exchange market, to increase the stimulating role of monetary policy in developing exports in non-traditional sectors, strengthening regional and international economic cooperation;

Fourth, improving the business and investment climate which will serve to attract foreign direct investment, knowledge and technology to all sectors of the economy to directly stimulate the production of quality jobs and high value-added products;

Fifth, the implementation of a strict monetary policy aimed at ensuring the stability of the national currency, the active and adaptive use of monetary instruments, the development of the government securities market, as well as open market operations and operations to pledge government securities to bank liquidity;

Sixth, to prevent excessive growth of the money supply by coordinating monetary and fiscal policies and ensuring the balance of the state budget;

Seventh, to increase the resilience of the banking system and its risk tolerance, including through the application of effective measures aimed at mitigating the possible negative effects of liberalization of monetary policy;

Eighth, to take the necessary measures for state support for the enterprises of the basic industries to operate effectively in the new conditions of monetary policy;

The Ninth of that is that the implementation of targeted measures for comprehensive social support that will reduce the negative consequences of the liberalization of foreign exchange policy on the living standards of vulnerable groups.⁶

From the above-mentioned priorities, it is clear that in our country there is a relationship of international agreements on the basis of tax legislation. Application of international agreements of the Republic of Uzbekistan on taxation and general norms of international tax law shall be carried out in accordance with the procedure established by this Article [1].

In order to deepen the structural reforms clearly defined in the Action Strategy, increase the competitiveness of the national economy through the modernization and diversification of key sectors, the following tasks are envisaged.

Increase the limited annual number of employees from 50 to 200 when considering construction organizations as small businesses [2].

At the same time, one of the main tasks is to ensure the compliance of accounting data with international standards. In this regard, a number of normative and legal documents are being developed in the country. In particular, their improvement is taking into account the harmonization of national accounting standards with IFRS [3].

It is obvious that in the liberalization and diversification of monetary policy in our country, the role of monetary relations based on internal principles is important. It is appropriate for us to focus on the concept of diversification in the context of our research. As a result of diversification in our country there is a wide range of complexes (For example, agro-industrial complex, forest industry) that produce a variety of goods, services and are engaged in production, supply and development, and this is called production diversification. In addition to its credit diversification. there is also a view (in which the capital provided as a loan is distributed among various objects in order to reduce risk and obtain high returns). Such diversification is associated with the process of cross-sectoral capital concentration and increasing inter-enterprise internal instability. Diversification processes began to develop rapidly, especially from the mid-1950s. One of the main reasons for this is that the acceleration of scientific and technological progress during this period has led to an intensification of competition between enterprises and firms. As a result, the profit margins of enterprises have become relatively equal, and the sources of specialization to increase production efficiency have become relatively equal, and the sources of specialization to increase production efficiency have become relatively equal. In this regard, it can be said that the need to implement diversification processes was initially manifested at the level of micro-enterprises, firms and companies. It was from this period that the economic content and essence, goals and directions of diversification began to be studied in the economic literature [4].

Since the word diversification is a modern term that began to be used in our country at a time when the current innovative economy is developing, we need to explain its essence more deeply. However, a correct understanding of the meaning of this word, its application in practice can increase the efficiency of any legal entity.

"Diversification" is derived from the Latin word (diversificatio), which means change, diversity, giving something a multifaceted, combined, multidisciplinary tone.⁷

what is diversification? "Diversification" (Lat. Diversi fi catio - change, diversity) - the expansion and renewal of the range of activities and products of enterprises (associations). Diversification is done for the purpose of achieving high efficiency, economic profit, liquidation of bankruptcy and other purposes.⁸

Diversification is the expansion of the range of goods and services in a firm or geographical region [5].

⁶ Decree of the President of the Republic of Uzbekistan dated September 2, 2017 PF-5177 "On priority measures to liberalize the exchange rate."

⁷ Dictionary of foreign words. M., «Slavyanskiy dom knigi», 1998. - 509 p.

⁸ <https://qomus.info/encyclopedia/cat-d/diversifikatsiya-uz/>.

Diversification is an increase in the type of goods and services produced by a particular enterprise or conglomerate or economy [6].

Diversification is a measure applied to the expansion of industrial production into a wide range of activities and thus not to become overly dependent on only one type of product [7].

Diversification is the process of ensuring the stability of the amount of profit that comes from them through the purchase of securities of different enterprises [8].

Diversification is the simultaneous development of many unrelated production types [9].

Diversification is the diversification of an enterprise from one sector to another [10].

Diversification is the expansion of the range of enterprises, firms, corporations at the expense of industries other than the main business, their entry into other industries and the market of new goods and services [11].

"Diversification is the penetration of firms into other industries that are not directly related or functionally related to the core industry. Diversification is associated with the intersectoral concentration of production and the process of structural restructuring of the economy. In a broad sense, it means the expansion of economic activity into new areas, in other words the range of products, types of services and expansion into new areas."⁹

"Diversification of industrial production is a transition from one-way production based on the production of one type of product to multi-industry production with a wide range of products."¹⁰

American economists S. Fisher, R. Dornbush, R. Schmalenzi define diversification as "a strategy aimed at reducing the level of risk by dividing it into several assets." According to them, the main rule of diversification is "not to keep all the eggs in one basket."¹¹ While this definition is somewhat more general, it fully reflects the economic nature of diversification.

In the context of rapid development of the innovative economy in the liberalization and diversification of monetary policy in Uzbekistan, as well as the modernization of all sectors, the development of technical and strategic objectives, it is expedient to implement the following recommendations.

Minimization of backwardness in the liberalization of monetary policy in strategically important areas of monetary policy on the basis of modern and best international practices;

Development of long-term modernization in the liberalization and diversification of monetary policy, the investment climate that promotes the implementation of projects on international investment;

⁹ Bolshoy entsiklopedicheskiy slovar / Gl.red. A.M.Proxorov. - izd.2-e. - SPb.: «Norint», 2001. - p.355

¹⁰ NNSV PSY Lab Server (<http://psylab.unn.ac.ru/library/Dict/findict.gt.txt>) - economic dictionary.

¹¹ Fisher S., Dornbush R., Shmalenzi R. Economy: per. s angl. so 2 - go izd. - M.: Delo, 1997. - 351 p.

Development and diversification of monetary policy liberalization in the organizational and functional management system of the innovative economy, which leads to the development of the national economy and the use of digital technologies and increased competition between industries.

Further acceleration of the renewal process on the basis of modern international standards in the liberalization and diversification of monetary policy in all areas through the organization of innovative production fairs.

Given the crucial role of changes in monetary indicators in ensuring the stability of the exchange rate, the Central Bank should ensure the stability of the national currency and low inflation through the active and widespread use of monetary instruments.

Control over the task of conducting a strict monetary policy aimed at preventing excessive and unjustified growth of the money supply, ensuring the balance of government expenditures and revenues.

Improving government support for research and development in higher education and research institutions in the country (ITTKI) and applied research in the form of orders and grants in the liberalization and diversification of foreign exchange policy.

Taking into account the above recommendations, the main factors for the modernization of the chemical industry in our country, the acceleration of technical and technological renewal are:

Improving the process of liberalization and diversification of foreign exchange policy in the implementation of state and regional programs developed and implemented by the government;

Increase the effectiveness of bank loans in the liberalization of foreign exchange policy in the development of foreign investment climate;

Development of internal and external infrastructure of the country (construction, services, utilities, water, gas, electricity, transport, tourism, logistics, and others.);

Take into account the role of foreign exchange policy in the radical modernization of the construction industry and the expansion of exports and imports of finished products.

On the basis of these data, the positive development of the modernization environment in the country depends on the liberalization and diversification of monetary policy.

"Modernization is a process of technological renewal of production aimed at increasing the competitiveness of manufactured products (works and services). It is a means of eliminating the technological waste of enterprises and has a drastic impact on the efficient use of labor, material and raw material resources. The results of modernization, technical and technological renewal determine the conditions for the rapid development of high-tech competitive production [12].

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