

Prospects for Developing System of State Promotion of Export in the Republic of Uzbekistan

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ABSTRACT

In this article, the author researches Chinese experience of promoting export, areas of state regulation of exports, support for local producers and export support and developed proposals for export promotion in Uzbekistan. Comparative analysis of the economic development of the People's Republic of China, its impact on international trade and the system of state promotion for exports between Uzbekistan and China, the main problems in the development of the export support system of Uzbekistan and exports promotion in Uzbekistan by exploring the possibilities of using the Chinese experience in the development of the export promotion system.

KEYWORDS: Export, Export promotion, Chinese experience of export promotion, domestic producers, Trade houses, diplomatic missions

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INTRODUCTION

As consequences of Covid-19 Uzbekistan is holding policy of supporting export and any country that supports exports can not be a country that focuses on exports. In particular, each sector and sector of the economy serves for export, even economic indicators are tied to the volume of exports. Besides, export growth indicators have found evidence of a decline from 15 percent, impact on inflation, unemployment rate, economic growth indicators, both in practical experience and in our analysis. Therefore, we set ourselves the task of analyzing the Chinese export policy in comparison with the country's export policy. The main purpose of this study is to study in depth the shortcomings of our country's export policy, analyze them and suggest possible aspects to learn from Chinese experience.

The export system of the two countries, export geography, tariff and non-tariff methods, types of regulation of foreign economic activity, forms of their application, conditions created for export, the process

of increasing the number of organizations established for the purpose of financial and organizational support of exports and improving their functions were analyzed. According to the results of the analysis, in the export system of Uzbekistan there are mainly 6 types of products, in China this figure is 19 types. Energy sources and petroleum products (14.2 %) are considered the priority direction in the structure of Uzbekistan's exports, while machinery and equipment (59.15%) is the leader in the Chinese export system. The results of the analysis showed that China accounts for the main share of finished products in the structure of exports. The main share of Uzbekistan's exports falls on fossil resources and semi-finished products. There are positions such as chemical products, ferrous and non-ferrous metals, food products, which are common to both countries' export. The analysis of the geography of exports of both countries shows the following:

Comparative analysis of the geography of exports of Uzbekistan and China in 2019*

№	Export geography pf Uzbekistan	Partner country's share in export %	№	Export geography pf China	Partner country's share in export %
1.	China	16,0 %	1.	The USA	19 %
2.	Russian Federation	15,5 %	2.	Japan	6,06 %
3.	Kazakhstan	7,8 %	3.	Hong Kong	12,3%
4.	Turkey	6,2 %	4.	Republic of Korea	4,5 %
5.	Afghanistan	4,3 %	5.	Taiwan	1,9 %
6.	Iran	1,9 %	6.	Germany	3,1 %
7.	Tajikistan	1,3 %	7.	Australia	1,8 %
8.	Kyrgyzstan	1,3 %	8.	Vietnam	3,09 %
9.	France	1,0 %	9.	Malaysia	1,8 %
10.	Republic of Korea	0,9 %	10.	Brazil	1,28 %
11.	Ukraine	0,8 %	11.	India	3 %
12.	Latvia	0,6 %	12.	Russian Federation	1,86 %

*Table was formed by author

During 1991-2020 Uzbekistan has been engaged in geographic and structural research. In particular, the balance of foreign trade turnover in January-December 2017 amounted to 945.5 million US dollars. The trade turnover with the CIS countries amounted to 809.5 million US dollars. Trade turnover with other countries amounted to 136.0 million US dollars. Analyzing the turnover of foreign trade between the CIS countries, Russia, Kazakhstan, Ukraine, Kyrgyzstan and Tajikistan were the main partners, their share in the total foreign trade turnover was 28.7 per cent, among other countries China, Turkey, Korea, Germany, Afghanistan, Brazil, India, Iran, Latvia, Lithuania, France, USA, Italy and their share was 41.6 per cent.

Despite the fact that the above positive indicators have been observed as a result of state support in our country, we can still see that there are problems in the development of the export support system of Uzbekistan. Including:

- support of export activities of individual enterprises;
- public procurement at the export is one of the main problems;
- buyrocratic barriers are preserved in the export.
- the length (complexity) of the export process.

A special analysis of these listed problems will help to gain a deeper understanding of its meaning.

According to the latest rating of the World Bank “Doing business” Uzbekistan occupies 69th place, 8th place on the formalization of the enterprise, 22nd place on ensuring the implementation of contracts, 36th place on connection to electricity networks, 72nd place on registration of private property, 67th place on obtaining a loan, 37th place on protection of investor rights among the first hundred countries. We can see that the overall rating of our country in terms of business performance increased by 13 places, but the decline in international trade performance by 3 points was recorded. Linking this to our views above, we can see that the decline in the share of small business and private entrepreneurship in the export of goods and services has changed in the right way, as well as in the reverse way, the share of goods and services in imports.

Indicators of doing business in Uzbekistan “Doing business ranking for 2016-2019”¹.

Directions	Doing business ranking in 2016	Doing business ranking in 2017	Doing business ranking in 2018	Doing business ranking in 2019
Formalization of the enterprise	23	25	11	8
Obtaining a building permit	147	147	135	132
Connection to electrical networks	78	83	27	36
registration of private property	81	75	73	72

¹World Bank «Doing business». Date of access: 29.09.2019
<http://russianbusiness.org/data/exploreeconomies/uzbekistan/#grading-asross-borders>

Getting a loan	42	44	55	67
Investor rights protection	78	70	62	37
Tax and taxation	139	138	78	69
International trade	166	165	168	152
Ensuring the implementation of contracts	37	38	39	22
Allowance to non-payment inadequacy	72	77	87	100

***table was formed by author**

As noted in the table, the time for export to Uzbekistan is 112 hours under border and Customs Control while 28 hours in Europe and Central Asia. The time spent on exports, that is, the registration of documents, is 174 hours in Uzbekistan, while 27.9 hours in Europe and Central Asia. So, the amount of time spent on formalization is one of the main problems. In the border and customs control, there are cases when the long stay of goods and goods also affects their quality.

Time consumption and cost of international trade²

3.2.3-Table

Indicators	Uzbekistan (2017)	Uzbekistan (2018)	Uzbekistan (2019)	Europe and Central Asia (2017)	Europe and Central Asia (2018)	Europe and Central Asia(2019)
Time for export: border and Customs Control (hours)	112	112	112	28	28	22,1
Export price limit and customs control (USD)	278	278	278	195	191,4	157,5
Time for export: drawing up documents (hours)	174	174	96	27	27,9	24,3
Export price: drawing up documents (hours)	292	292	292	111	113,8	97,9
Time to import: border and Customs Control (hours)	111	111	111	26	25,9	21,1
Import price limit and customs control (USD)	278	278	278	202	185,1	162,3
Time to import: drawing up documents (hours)	174	174	174	26	27,3	24,7
Import price: drawing documents (hours)	292	292	292	91	94,7	93,9

***Table was formed by author**

²World Bank«Doing business». Date of access: 29.09.2019
<http://russianbusiness.org/data/exploreeconomies/uzbekistan/#grading-asross-borders>

Although the time spent on imports in Uzbekistan is relatively reduced by the requirements of the regime, the fact that import tariff rates are 10-70 per cent also creates an opportunity for the preservation of notarized restrictions along with tariff rates.

It also explains the high cost of exports and imports with the high cost of transportation infrastructure in the country. If the country's lack of access to the waterway is one side of this problem, the fact that the highways do not meet the world standards, the high cost of rail transportation and the inability of international airports to operate at full capacity are the second side of the problem.

Looking at the Chinese experience, the export activities of a particular region or network and sectors are supported by the state. The implementation of such a system by the state provides an opportunity for the establishment of targeted export sectors and occupies an important place in the competition. This method of state support for exports is also widely used in the US experience. Due to the consumption of the population and the demand of the domestic market, an opportunity is created for the expositions of products and services. In our country, on the contrary, individual enterprises and their activities are provided with benefits for export. According to leading economist scientist N.Sirajiddinov's theory, such a method is "more import-oriented policy, and the products produced by the supported enterprises are more oriented to the domestic market"³. In this case, the competitiveness of the products is low, the innovation activity of enterprises develops slowly, and monopoly prices are formed.

The implementation of the policy of export promotion implies the greater use of indirect methods of state regulation, the policy of substitution of imports is based on direct (administrative) methods of state regulation (currency control, import quotas, administrative distribution of financial and material resources, etc.).

In the implementation of export-oriented policies, local firms sell their products to the world market, where they face fierce competition both in terms of product prices and in terms of quality. This forces them to constantly improve production, reduce costs and improve product quality.

Implementation of import substitution policy further protectionism in the future. In particular, plans to

accelerate the industry will lead to a sharp increase in the demand for foreign currency, with high inflation in view of low or negative growth rates of exports and the fall in foreign currency.

Implementation of the import substitution policy reduces the competitiveness of domestic commodities in the global market."This can happen either as a result of an increase in the cost of production of exported goods (as a result of the restriction of imports and, thus, an increase in the price of imported goods used in the production of exported goods), or as a result of an increase in demand"⁴.

In addition, export credits are allocated in our country by international banks and export-import banks of foreign countries. As a result of the establishment of the Export-Import Bank in our country, the process of obtaining export-import loans is accelerated, there is an opportunity to reduce the interest rate of export-import loans. The Export-Import Bank not only regulates the system of export and import lending, but also performs the function of insurance of export, import loans.

CONCLUSIONS

In accordance with the experience of People's Republic of China, we offer the following areas of improvement of export activities in Uzbekistan on the basis of analysis and results:

1. To focus the activities of one of the banks in the Republic of Uzbekistan on direct export. The establishment of such a bank creates the following opportunities for an increase in the volume of exports in the country:
 - ability of local producers (exporters) to obtain loans for export and import at low interest;
 - development of export credit insurance system;
 - the opportunity to purchase equipment and raw materials from abroad on the basis of proposals of local exporters. For example, foreign banks that provide export-import loans to Uzbekistan are obliged to obtain the technique or raw material from the state of the bank that provides the loan, but the establishment of the Export-Import Bank in our country allows to buy spiritually new modern techniques and quality raw materials, depending on the demand and financial capacity of the exporter.

³Н.Сиражиддинов «Внешнеторговая стратегия: импортозамещение или экспортная ориентация?»: Dateofaccess 18.12.2018 <http://www.gazeta.uz/ru/2018/03/24/strategy/>

⁴Н.Сиражиддинов «Внешнеторговая стратегия: импортозамещение или экспортная ориентация?»: Dateofaccess 18.12.2018 <http://www.gazeta.uz/ru/2018/03/24/strategy/>

2. Reduction of export on the basis of State Procurement. In particular, reducing the public procurement of fruit and vegetable products, encouraging the implementation through private export companies or directly.
3. In order to support our national producers proposal on implementing the experience of Export-Import Bank of China in signing an export loan agreement to find orders from abroad and on the basis of the contract to implement them on the basis of credit to national producers on the basis of the requirements of that state has been offered.
4. To create a single electronic platform among the embassies of the Republic of Uzbekistan and foreign countries for daily trading needs, price analysis and presenting to responsible organizations, including assistance in finding buyers.
5. Implementation of the position of “international marketer” at the embassies of Uzbekistan in foreign countries and to determine their tasks as following - continuous analysis of the export potential of national products having relative advantages in foreign markets to their functional functions, coordination of direct cooperation between the foreign trade houses and manufacturers of the Republic of Uzbekistan.
6. Improving the activities of logistics centers whose activities in the country are slowed down. As a result of the increase in the quality and types of logistics services, it is possible to reduce the cost of transport and other storage and packaging services.
7. In order to support exports, the brokerage activities are carried out on commodity-raw materials exchanges, which are relatively inexpensive and constantly study the products that have a relative advantage in foreign countries, as well as provide the opportunity to export them directly to foreign markets.
8. It is important to improve the activities of Free Economic Zones. Today, despite the fact that more than 20 FEZs operate in our country, we can not say that none of them has a high level of export activity. This is due to the fact that the infrastructure situation in the FEXs is unsatisfactory and in order to improve this process in the FEZs, we suggest the following:
 - Improvement of logistics system in FEZs. For example, the development of automobile logistics in Angren FEZ, the organization of the

International Airport, the improvement of railway transport in Navoi FEZ and others.

- Organization of activities of FEZs on the basis of clusters. Organization of secondary production of canned products and food products in agricultural regions, production of agricultural machinery in the same region, placing chemical fertilizer production in the same place, etc.
9. Refusal of the system of subsidizing imported tokens, which is applied to some enterprises in the country. The solution of this problem, which hinders the development of healthy competition in the country, will give an opportunity to restore the export-oriented economy. To do this, it is necessary, first of all, to establish the support of export activities of brokers, and not individual enterprises. This is done using non-traditional methods and is used in cases where the share of local raw materials in the finished product is at least 70 percent.

The effective implementation of the above proposals depends on the size of the state budget, the opportunities for proper and effective use of national wealth, as well as its role and share in the international division of labor.

The development of exports in the Republic of Uzbekistan provides an opportunity for the formation of new branches of production in the country's economy, an increase in its share in the international division of labor, the development of international industrial cooperation and integration.

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