



## Foreign Economic Activity of the Republic of Uzbekistan: Assessment and Momentum of Development

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**Abstract:** This article examines the concept of foreign economic activity, its principles and main directions in the Republic of Uzbekistan, analyzes foreign trade operations, considers problems in conducting foreign trade operations and suggests measures to improve foreign economic relations of entrepreneurs of the country.

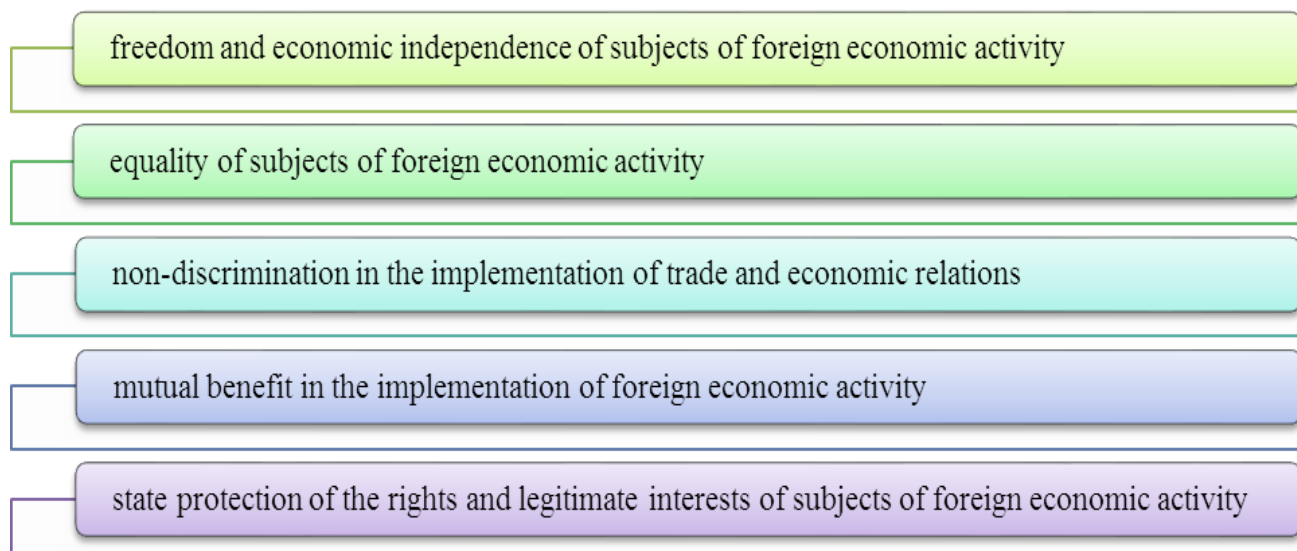
**Keywords:** foreign economic activity, export, import, foreign trade turnover, integration, investments, partner countries, customs procedures, development strategy, national economy.

According to the new edition of the Law of the Republic of Uzbekistan "On Foreign Economic Activity", foreign economic activity refers to the activities of legal entities and individuals of the Republic of Uzbekistan aimed at establishing and developing mutually beneficial economic ties with legal entities and individuals of foreign states, as well as international organizations.

Legal entities registered in the Republic of Uzbekistan, as well as individuals with permanent residence in the territory of the Republic of Uzbekistan and registered as individual entrepreneurs are entitled to engage in foreign economic activity. State bodies of the Republic of Uzbekistan may also carry out foreign economic activity, unless otherwise established by law.

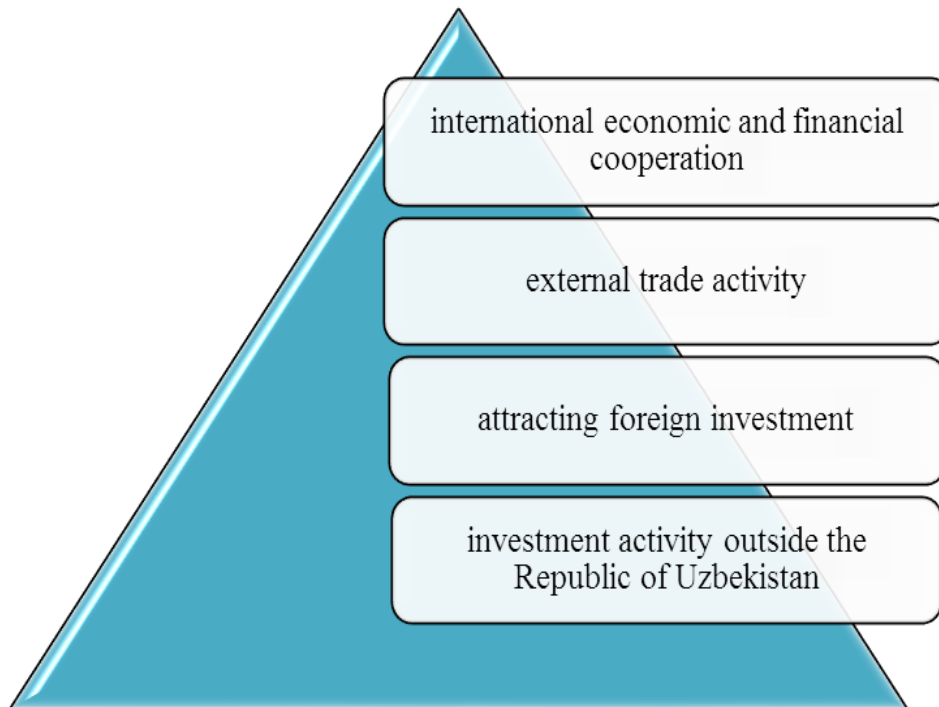
The basic principles of foreign economic activity are presented in Figure 1.

**Figure 1 - Basic principles of foreign economic activity of the Republic of Uzbekistan**



Furthermore, this Law defines the directions of foreign economic activity of the Republic of Uzbekistan, presented in Figure 2.

**Figure 2 – Directions of foreign economic activity of the Republic of Uzbekistan**



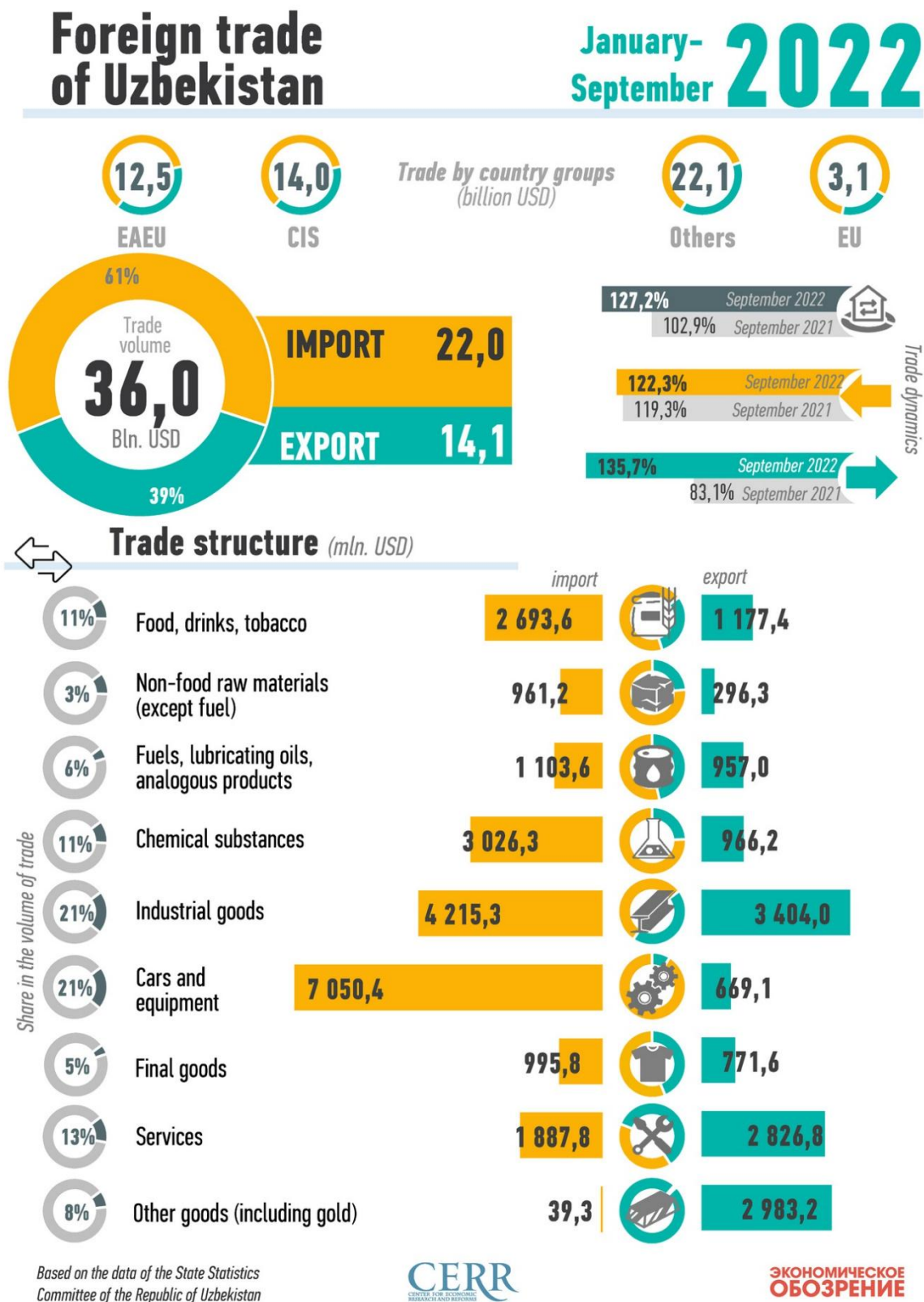
International economic and financial cooperation is the implementation of foreign economic activity, which is aimed at establishing and expanding mutually beneficial relations of subjects of foreign economic activity of the Republic of Uzbekistan with legal entities and individuals of foreign states, as well as international organizations in the field of finance, production, education, healthcare, scientific and technical, cultural, environmental, humanitarian and other spheres. Foreign trade activity is entrepreneurial activity in the field of international trade in goods, works and services.

Foreign trade activities are carried out by exporting and importing goods, works or services. Foreign investments in the territory of the Republic of Uzbekistan are recognized as all types of tangible and intangible benefits and rights to them, including intellectual property rights, as well as any income from foreign investments that is invested by foreign investors in objects of entrepreneurial and other types of activities not prohibited by state legislation.

According to the results of January-September 2022, Uzbekistan's foreign trade turnover (WTO) amounted to \$36.0 billion. and grew by \$7.7 billion. or by 27.2% compared to the same period in 2021.

The structure of the foreign trade of the Republic of Uzbekistan for 2022 in the context of export – import operations, by groups of countries and the structure of trade is presented in Figure 3.

Figure 3 – Uzbekistan's foreign trade in 2022



In total, the World Trade Organization exports amounted to \$14.1 billion. (by January-September 2021, there was an increase of 35.7%), and imports – \$22.0 billion. ( the enlargement of 22.3%).

As a consequence, the negative balance of foreign trade turnover amounted to \$7.9 billion.

Throughout the 20 largest partner countries in foreign economic activity, there is an active foreign trade balance with 3 countries, in particular with such as Afghanistan, Kyrgyzstan and Tajikistan. A passive balance of foreign trade turnover is maintained with the remaining 17 countries.

Currently, the Republic of Uzbekistan has trade relations with 195 countries of the world. The largest share of total trade turnover have on China (18,8%), Russia (18,2%), Kazakhstan (9,1%), Turkey (6,8%), South Korea (5,1%), Kyrgyzstan (2,4%) and Germany (2,2%).

According to the groups of countries, the largest volume of foreign trade falls on the CIS countries – \$ 14 billion, of which the EAEU countries – \$ 12.5 billion, trade turnover with other countries amounted to \$22.1 billion. including with the EU countries – \$3.1 billion.

In the foreign trade turnover of Uzbekistan in the regional context, a significant share falls on the city of Tashkent – 38.8% or \$ 14 billion, and the smallest – 0.8% or \$ 289.3 million on the Surkhandarya region.

In recent years, there has been a consistent increase in exports and imports in the republic. However, despite the measures taken, Uzbekistan ranked 165th in the World Bank's Doing Business 2019 report on the International Trade Index.

The analysis showed the presence of excessive bureaucratic procedures, requirements and documents submitted to the relevant authorities for the issuance of permits and customs clearance.

Among them is the requirement to apply 30 days before export/import for registration of permits by veterinary and plant quarantine authorities; submission of excessive 10 types of documents (contract, shipping documents, fumigation certificate, copies of regulatory documents, etc.); the need to submit documents on paper, incomplete functioning of the customs information system "Single Window", which does not allow to fully switch to electronic document processing, automate control processes and ensure effective interdepartmental interaction.

Low automation of processes during control at customs posts, as well as the lack of regulations for passing control procedures does not allow speeding up the process of passing control procedures.

The study of foreign experience in such procedures has shown that the introduction of modern information systems that allow you to process and receive the necessary documents in real time on the principle of "one window" and pass customs, border and other controls through automated systems, the abolition of unnecessary procedures and documents have allowed many countries to significantly reduce the financial and time costs for the implementation of export – import operations.

Expanding the supply of high-value-added products, improving the mechanisms for regulating foreign trade, supporting and stimulating the export activities of Uzbek entrepreneurs play an important role in promoting domestic goods in foreign markets, and contribute to strengthening international economic cooperation. The Presidential Decree "On additional measures to support participants in foreign trade activities" dated April 6, 2022 gave representatives of the business community a new impetus to the development of foreign economic relations.

In the appendix to the "DEVELOPMENT STRATEGY OF THE NEW UZBEKISTAN FOR 2022-2026" in section 111 "ACCELERATED DEVELOPMENT OF THE NATIONAL ECONOMY AND ENSURING HIGH GROWTH RATES", the main goal in foreign policy is indicated — further improvement and increasing the attractiveness of the investment climate in the country, taking measures to attract investments in the amount of 120 billion US dollars in the following years, including 70 billion dollars of foreign investments.

Establishing a new system for the effective use of investments and increasing export volumes based on the bottom—up principle.

Implementation of the Strategy of attracting foreign and domestic Investments until 2026 on the basis of attracting investments in the amount of US\$ 14 billion in the form of public-private partnership in the energy, transport, healthcare, education, ecology, utilities, water management and other sectors.

It is also necessary to establish mutual foreign economic relations between business representatives of the regions of the republic and foreign countries. In particular, the development of investment and foreign economic relations of the Syrdarya region with the People's Republic of China, Surkhandarya region with the Russian Federation, Jizzakh region with India. Organization of an "Investor Assistance Center" in Surkhandarya region, a "Business Assistance Center" in Navoi region by the Navoi Mining and Metallurgical Combine, a "Center for Advanced Projects and Engineering" in Tashkent, and "Innovation and Technology Centers" in each district in order to provide practical assistance to entrepreneurs. These and other measures to support participants in foreign economic activity become a reliable incentive for the development of business entities, to promote domestic products to foreign markets

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