

INTEGRATION OF UZBEKISTAN INTO THE WORLD ECONOMY AND FOREIGN ECONOMIC ACTIVITY

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This article describes the processes of integration of the Republic of Uzbekistan into the world economy. Efforts to develop foreign economic activities and, as a result, new opportunities and prospects for the country's economy have been extensively analyzed. This article emphasizes the importance of economic integration processes, foreign trade indicators, development of the investment environment and technological modernization.

INTRODUCTION. In today's globalized environment, strengthening the position of each country in the global economy holds significant importance. Through economic relations between nations, the level of competitiveness, as well as the ability to produce high-quality goods and services, is increasing. Specifically, for Uzbekistan, this process serves not only as a foundation for economic development but also as a crucial factor in enhancing its standing on the international stage.

Since the early years of independence, Uzbekistan has paid great attention to shaping and developing an open economy. As a result of economic reforms carried out in recent years, the country's foreign economic relations have expanded significantly, and targeted, forward-looking measures aimed at securing its position in global markets are being

implemented. This is evident in the Presidential Decree of the Republic of Uzbekistan on “Additional Measures for Further Development of International Economic Cooperation of the Republic of Uzbekistan”[1], which emphasizes ensuring coordination of government agencies’ activities to effectively address tasks related to accelerating the integration of the national economy into the global economic system. Similarly, the Presidential Resolution on “Measures for Further Improvement of Administrative Procedures in the Implementation of Foreign Economic Activities”[2] outlines consistent measures aimed at liberalizing foreign economic activities, strengthening export potential, creating a favorable environment for exporters, enhancing investment attractiveness, and improving customs administration in the country.

Consequently, these developments highlight that foreign and international economic relations currently serve as a pivotal element of the economy and underscore their relevance as one of the pressing issues of our time.

Analysis and Results

In the current global context, the increase in population, inefficient allocation of resources, and rising economic inequality have necessitated greater focus on global economic integration and foreign economic activities. Addressing these challenges compels Uzbekistan to pursue its international economic relations through the following strategic directions: Expanding the range of exported products, particularly in sectors such as energy, agriculture, textiles, and other industrial goods. Additionally, creating added value by further processing agricultural products. Establishing favorable conditions for foreign investors and developing free economic zones and special investment areas to attract new investments. Deepening economic collaboration with Central Asian countries, simplifying customs procedures to facilitate trade, and strengthening cooperation with international economic organizations.

These measures are being considered to tackle the outlined issues and pave the way for sustainable economic growth and integration into the global economy.

Integration into the Global Economy is a crucial process for the economic development of every country, with both positive and negative aspects. Below are the main positive and negative aspects of this process (Table 1).

Table 1.

Integration into the world economy⁶¹	
Positive aspects	Negative aspects
<ul style="list-style-type: none"> • Through the expansion of trade opportunities, in the process of integration with the world economy, countries will have the opportunity to export their products to a wider market. At the same time, in order to increase competitiveness, products that meet international requirements and standards are produced. • In attracting foreign investments, integration serves to attract foreign capital to the country, which expands production capacity. • Through technological modernization, technological updating of production processes and introduction of innovative developments will develop based on the requirements of the international market. • As a result of cooperation with new export-oriented enterprises and foreign investors, new jobs will be created for the local population. • The expansion of international economic relations leads to an increase in exports and foreign exchange reserves, which has a positive effect on the country's economic stability. 	<ul style="list-style-type: none"> • The dependence of exports on one or more countries, their economic problems or political decisions can have a negative impact on the local economy. • Regions and sectors that are better prepared to benefit more from international integration will win, which can increase inter-regional and inter-sectoral inequality. • As a result of integration, requirements set by international organizations and trade blocs may partially limit local economic and political decisions. • Uncontrolled use of natural resources to meet the demand of international markets can cause environmental problems.

Although integration into the world economy allows countries to expand their economic opportunities and become part of the global market, it is important to manage and balance this process. To get the maximum benefit from integration, it is necessary to direct the national economic policy to increase competitiveness, diversification and support of local producers.

In addition, we can observe the stable development of foreign economic relations of our country through statistical data (Table 2).

⁶¹ Manba muallif tomonidan internet ma`lumotlaridan foydalangan holda tuzilgan

Table 2.

Foreign trade turnover and balance of the Republic of Uzbekistan (in January-December of the year, million US dollars) [4].

Indicators	2020 year	2021 year	2022 year	2023 year
Foreign trade turnover	36256,1	42071,6	50 500,3	62 567,4
Eksport	15102,3	16610,6	19 732,6	24 426,2
- Goods	7292,8	9953,4	11 020,3	10 989,9
- Services	2005,0	2547,4	4 456,7	5 179,7
- Non-monetary gold	5804,4	4109,8	4 255,6	8 256,6
Import	21153,8	25461,0	30 767,8	38 141,2
- Goods	19932,4	23724,2	28 220,3	35 574,8
- Services	1221,4	1736,8	2 547,5	2 566,4
Balance	-6051,5	-8850,4	-11 035,2	-13 715,0

In the table, the foreign trade turnover has increased by 26 311,3 million USD (approximately a 72,5% increase) in 2023 compared to 2020. This can be attributed to new trade agreements, the expansion of international economic cooperation, and the rise in prices in the energy, gold, and other strategic product markets.

In 2020, exports amounted to 15 102,3 million USD, while in 2023, it increased to 24 426,2 million USD, showing a growth of 9 323,9 million USD (approximately a 61,7% increase). This growth includes an increase in the export of non-monetary gold, which rose by 2 671,2 million USD from 2020 to 2023 (reaching 8 256,6 million USD); the export of services, which reached 2 566,4 million USD (a 116,2% increase); and the increase in the export of technological products, agricultural goods, and industrial commodities.

In 2020, imports amounted to 21 153,8 million USD, while in 2023, it increased to 38 141,2 million USD, with an increase of 16 987,4 million USD (approximately an 80,3% increase). In this process, the import of goods played a major role, reaching 35 574,8 million USD in 2023 (an 80% increase). Additionally, there was an increase in demand for machinery and construction materials for infrastructure projects, as well as a small but steady rise in the import of services.

In general, we observe positive dynamics in foreign trade turnover from 2020 to 2023. This is due to economic reforms, the opening of new export markets and the growth of

import requirements. However, the negative indicators in the trade balance show that domestic production is not yet sufficiently developed and high dependence on imports. Therefore, it is important to diversify exports and focus on the production of high value-added products.

<p>XXP</p> <p>TSA – 13 722,0</p> <p>Экспорт: 2 461,8 Импорт: 11 260,1</p>  21,9 %	<p>Россия</p> <p>TSA – 9 883,8</p> <p>Экспорт: 3 307,6 Импорт: 6 576,1</p>  15,8 %	<p>Қозоғистон</p> <p>TSA – 4 398,9</p> <p>Экспорт: 1 372,5 Импорт: 3 026,4</p>  7,0 %	<p>Туркия</p> <p>TSA – 3 099,7</p> <p>Экспорт: 1 248,5 Импорт: 1 851,2</p>  5,0 %	<p>Корея Республикаси</p> <p>TSA – 2 343,2</p> <p>Экспорт: 40,4 Импорт: 2 302,9</p>  3,7 %
<p>Туркменистон</p> <p>TSA – 1 094,4</p> <p>Экспорт: 171,2 Импорт: 923,2</p>  1,7 %	<p>Германия</p> <p>TSA – 1 054,2</p> <p>Экспорт: 75,8 Импорт: 978,4</p>  1,7 %	<p>Франция</p> <p>TSA – 984,7</p> <p>Экспорт: 392,1 Импорт: 592,6</p>  1,6 %	<p>Қирғиз Республикас</p> <p>TSA – 953,4</p> <p>Экспорт: 631,5 Импорт: 321,9</p>  1,5 %	<p>Афғонистон</p> <p>TSA – 867,0</p> <p>Экспорт: 856,7 Импорт: 10,3</p>  1,4 %

Figure 1. Countries with the highest share of foreign trade turnover with Uzbekistan (January-December 2023, million US dollars) [4].

This figure shows Uzbekistan in terms of foreign trade turnover (TSA), export, import and share percentages, and the leading countries in terms of trade volume include China, Russia and Kazakhstan. Imports of goods and services from China, Russia, Kazakhstan, and the Republic of Korea were at a higher level as of 2023.

Conclusion and Recommendations

In conclusion, integration into the global economy ensures that countries can enter the global market, strengthening economic growth and stability. However, for the successful implementation of this process, it is necessary to enhance the competitiveness, innovative potential, and adaptability of the national economy to global trends. For Uzbekistan to achieve success in the integration process, it must continue developing its transport and logistics system, attract foreign investments, and support local producers.

To further develop Uzbekistan's integration into the global economy and its foreign economic activities, the following recommendations have been proposed:

First, develop transport infrastructure that meets international standards and establish new logistics centers to support international trade.

Second, identify and develop new export markets, reduce taxes and customs duties for business entities to actively participate in international exhibitions.

Third, increase the competitiveness of export products by providing broad opportunities for technological renewal and innovation.

Fourth, expand education and practical training programs to train highly qualified specialists in accordance with international standards in higher educational institutions.

Fifth, develop legislative measures to address issues related to foreign economic relations and strengthen laws that protect investment activities and support entrepreneurship.

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