

# WAYS OF INNOVATIVE DEVELOPMENT OF THE EXPORT POTENTIAL OF UZBEKISTAN IN THE CONTEXT OF MODERNIZATION OF THE NATIONAL ECONOMY

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**Abstract**— The article analyzes statistical data for 2005-2019 and provides an assessment of the current state of the Uzbek export potential. The author in the article reveals its competitive opportunities for the country's export potential in the world market. Also proposed ways of further development of export potential leading to an increase in the volume of exports in the national economy.

**Index Terms**— economics, export, export potential, innovative development, competitiveness.

## 1 INTRODUCTION

Studying the topic of the export potential of Uzbekistan is an extremely important and relevant process at the present stage of the economic development of our country. The importance of exports as a factor of stabilization and maintenance of production, a source of foreign exchange for meeting the internal needs of the economy, increased significantly by the mid-90s, when in a relatively short historical period in Uzbekistan, after the abolition of the state monopoly on foreign trade, a transition to new forms of management was made. based on the principles of a liberal economy with the participation of new business entities. The relevance, practical significance of the problem of forming and using the export potential of Uzbekistan determined the choice of the topic of work.

The current structure of trade, which is dominated by products from the fuel and raw materials and agricultural sectors, cannot ensure further economic growth, both because of the limited number of natural resources, and because of the relative narrowness of the market for their sales and the instability of the situation in these markets, leading to price fluctuations. Considering all that has been said, it can be assumed that the growth of the Uzbek export of energy resources of raw materials and materials that make up its basis today will grow over the next 15 years by no more than 15-20%. At the same time, there is a preservation of a relatively stable price level. The instability of world prices for the main goods of Uzbek export is the most vulnerable feature of the modern economy. In this situation, Uzbek business and the state will have to choose a structure for the further development of the economy.

Our government is taking real steps to carry out industrial

policy aimed at the accelerated development of modern knowledge-intensive industries, primarily mechanical engineering, the export of products of which can radically change the structure of Uzbek exports and contribute to the acceleration of its growth. An example is the modern science-intensive branches of the chemical industry, for which there are favorable conditions in the country, including the necessary natural resources. Improving the efficiency of exports in this area is associated with the implementation of a coordinated market strategy by exporters and the attraction of large foreign investors to this area. For mechanical engineering products, the prospects for changes in export potential and competitiveness are associated with the technological re-equipment of enterprises and an improvement in the quality of the technical characteristics of these products.

The call for the development of a strategy for the development of export potential in the manufacturing industries, and above all in mechanical engineering, does not mean at all that it is necessary to curtail the export of oil, gas, cotton and other types of raw materials and semi-finished products. It is obvious that in the coming years these goods will continue to form the basis of Uzbek exports, remain the main suppliers of foreign exchange and the most important sources of state budget revenues.

## 2 LITERATURE REVIEW

A bibliographic method is used as a research methodological toolkit. At the first stage, the analysis of the content of publications, interviews related to impact of coronavirus to agricultural supply chain was performed. In this case, the search query used combinations of keywords, COVID-19 and agriculture. Then, the bibliographic database on the content of articles for the period 2019 to 2020, inclusive, was analyzed. There many reseaches about pandemia`a effect to World economy as well as Shashi R.C. [1], Aboah, J. W. [2], Cui J.Z. [3], Ivanov D. [4] and others.

Some local economists, as well as Khodiev B. Y. [5], Mus-tafakulov Sh. I., [6] and others proposed evaluation method-

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ology for integrated assessment of production capacity management, which is based on qualitative and effective indicators of production capacity management. Methodology for assessment the efficiency of production capacities management at textile enterprises were investigated by B. O. Tursunov in other works [7;8;10], but they have not investigated problems of influence of the Covid-19 pandemic coronavirus of the world economy.

### 3 ANALYSIS AND RESULTS

At present, the general situation in the world economy and the country's place in the system of the international division of labor are increasingly determined by the potential of science-intensive industries associated with the use of high technologies. Of key importance for improving the foreign trade specialization of Uzbekistan is the implementation of a resource-innovative model for the development of the domestic economy, focused on a gradual increase in the share of the final stages of the technological cycle with the simultaneous coexistence of multi-level competitive advantages. In the context of a multi-structured competitive economy actually functioning in Uzbekistan, innovative diversification of exports is fundamentally possible and achievable in the foreseeable future.[12]

Diversification of exports, that is, expanding the range of goods and services sold abroad, suppressing the prevalence of certain goods or services (especially raw materials), expanding the geography of the countries to which our goods are exported, ensure the stability of the export volume, reduce the susceptibility of the national economy to negative changes in the foreign market.[11]

Table-1 Export data for 2005-2017 y in Uzbekistan

Index	2005 y.	2010 y.	2015 y.	2017 y.
Total export volume (mln USD)	3267.6	4853.0	11493.3	11771.3
Total export volume as a percentage	100,0	100,0	100,0	100,0
Including (as a percentage of the total)				
Cotton fiber	27.5	19.1	9.3	8.6
Chemicals, plastics and plastic products	2.9	5.3	5.6	5.0
Ferrous and non-ferrous metals	6.6	9.2	7.0	5.0
cars and equipment	3.4	8.4	7.6	2.9
Food products	5.4	3.8	4.5	6.0
Energetic resources	10.3	11.1	24.7	34.2
Services	13.7	12.2	10.4	8.8
Others	30.2	30.5	30.9	29.5

A number of measures taken over the past years to support export-oriented enterprises help to increase the export potential of the economy, achieve positive dynamics in the structure of foreign trade, and a stable increase in its volume.

Increasing competitiveness through increasing the commodity and geographical structure of exports and imports of the republic presupposes a number of tasks.

In conclusion, we can say that an increase in the volume of exports, an improvement in its structure as a whole, and a diversification of foreign trade turnover will contribute to the achievement of qualitative changes in the structural composition of the economy through its increase in competitiveness, further economic development and growth in the welfare of the population.

At the end of 2019, the foreign trade turnover of the Republic of Uzbekistan amounted to \$ 42.2 billion, an increase of \$ 8.7 billion compared to the same period last year (an increase of 26.2%). In particular, the export of domestic goods and services to foreign countries grew by \$ 3.9 billion, or 28% by 2018, and amounted to \$ 17.9 billion, according to the press service of the MIVT.[11]

The main share of exports fell on products made of precious and semi-precious metals - \$ 5.1 billion (28.5% of total exports), services - \$ 3.6 billion (19.9%), energy resources - \$ 2.5 billion. dollars (14.1%), textiles - 1.6 billion dollars (9.1%), food products - 1.5 billion dollars (8.5%), non-ferrous metals and products from them - 951, \$ 3 million (5.3%), chemical products and products from them - \$ 876.9 million (4.9%), ferrous metals and products from them - \$ 349.6 million (2%).

It is worth noting that during 2019, 2,700 new enterprises were involved in export activities, which provided additional exports in the amount of more than \$ 1 billion. In addition, the sale of 206 new types of products to the markets of 42 countries has been mastered.

Imports grew by \$ 4.8 billion, reaching \$ 24.3 billion, 25% more than in 2018.

The main import items were mechanical equipment - \$ 5.6 billion (23.1% of total imports), vehicles and spare parts for them - \$ 2.6 billion (10.8%), services - 2.4 billion dollars (10%), ferrous metals and products from them - 2.2 billion dollars (9.1%), electrical equipment - 1.3 billion dollars (5.5%), food products - 1.2 billion dollars (5.2%), energy resources - 928.1 million dollars (3.8%), pharmaceutical products - 926.8 million dollars (3.8%), timber and wood products - 903.7 USD million (3.7%), chemical products - USD 843.5 million (3.5%), plastics and products from them - USD 811.7 million (3.3%) and others.

The number of foreign trade partners of the Republic of Uzbekistan for the reporting period was 178. At the moment, the leaders in terms of trade turnover are China (\$ 7.6 billion or 18.1%), Russia (\$ 6.6 billion or 15.7%), Kazakhstan (\$ 3.3 billion or 8%), Republic of Korea (\$ 2.7 billion or 6.5%), Turkey (\$ 2.5 billion or 6%), Germany (\$ 980 million or 2.3 %), Kyrgyzstan (\$ 829 million, or 2%), Afghanistan (\$ 618 million, or 1.5%) and the United States (\$ 596 million, or 1.4%).

In January-December 2019, the volume of trade with the CIS countries amounted to \$ 14.6 billion, an increase of 20% compared to last year. In this context, the main trading

partners were Russia (46% of the total trade with the CIS countries), Kazakhstan (23%), Kyrgyzstan (6%), Turkmenistan (4%).

The trade turnover with neighboring countries also noticeably increased - the growth amounted to 25% in relation to 2018: in physical terms, the volume of exports reached 3.2 billion, and imports - 2.6 billion dollars. Among the 20 large partner countries in foreign economic activity, there is a positive balance of foreign trade with 5 countries: Afghanistan, Kyrgyzstan, Tajikistan, Iran and France.

In January-May 2020, the republic's foreign trade turnover amounted to \$ 12.9 billion and increased by 7% compared to the same indicator last year.

In the reporting period, the volume of exports amounted to \$ 5.1 billion, which is less by \$ 951.3 million, or 18% compared to last year.

The negative balance of foreign trade turnover amounted to 600 million dollars.

The main share of exports fell on:

- items made of precious and semi-precious metals - 1.64 billion dollars. (31.9% of total exports),
- services - USD 879.5 million (17.1%),
- energy resources - 384.3 million dollars. (7.5%),
- textile products - 368.6 mln. Dollars. (fourteen%),
- foodstuffs - 100.6 million dollars. (3.8%),
- non-ferrous metals and products from them - 284.4 million US dollars. (5.6%),
- chemical products and products from them - 330.0 mln. (6.4%),
- ferrous metals and products from them - 82.9 mln. USD. (1.6%).

In the reporting period, the volume of imports amounted to \$ 7 billion 841 million, which is less by \$ 1.5 billion or 16% compared to last year.

The negative balance of foreign trade turnover amounted to \$ 2.8 billion.

The composition of the import of the republic.

- import of products - 92% or 7 billion 251 million dollars (14.3% decrease);
- import of services -8% or \$ 590 million by (33% decrease).

A significant volume of imports falls on goods used in the production process, as "intermediate" (raw materials, components, spare parts), which contributes to ensuring a full production cycle for the production of finished products, increasing production volumes and expanding the range of manufactured goods.

In particular, the main share of products imported into the republic falls on:

- machinery and transport equipment (including parts and accessories) - 2 billion 909 million dollars (growth rate -20.4%);
- industrial goods - \$ 1 billion 295 million (-18.4%);
- chemicals and similar products - \$ 1 billion 40 million (-3.6%);
- food products - \$ 515 million (-3.3%);
- non-food raw materials, except fuel - 379 million dollars (-10.9%)

- energy resources, oil and oil products - \$ 442 million (+ 23.6%);
- live animals and feed for them - \$ 76 million (-37.2%);
- vegetable and animal oils - \$ 104 million (-15.8%);
- drinks and tobacco - \$ 14 million (-25.8%);
- various finished goods and other goods - \$ 477 million.

## 4 CONCLUSIONS

Summarizing what has been said, it should be concluded: world experience shows that an active foreign trade policy is an effective tool for structural restructuring, increasing the efficiency of the competitiveness of national production and increasing the welfare of the nation. It contributes to an increase in export volumes, while commodity and geographic diversification stimulates the expansion of domestic production of goods and services, promotes the development of high-tech sectors of the economy and the development of new production facilities, an increase in employment and an increase in consumer demand, and also helps to reduce the burden of external debt of the state. From the international division of labor, consisting in the exchange of raw materials and fuel for finished products (mostly for consumer goods), Uzbekistan needs to move to the division of labor mainly in the production of finished products, especially science-intensive and technological ones. It is advisable to support the modernization of export-oriented industries, aimed at increasing the degree of processing of raw materials through the introduction of advanced technologies. Serious efforts are needed on the part of the degree of processing of raw materials through the introduction of the state and entrepreneurs to actively introduce domestic scientific developments into production, to create conditions for Uzbekistan's transition to an innovative path of development. There should be government funding for science and information technology, the introduction of modern communications and high technologies.

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