

TRADE AND ECONOMIC PERFORMANCE THROUGH DIGITAL ECONOMY

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Annotation

As the phenomenon of digital economy has become an appealing sphere in today's Globalized world, it is currently being investigated by many experts and is considered as a main tool for economic development for a state economy on a daily basis. Hence, the increasing attractiveness of this sphere encouraged author to have broader research about the impact of digitalization on trade and economic situation of humanity, therefore this article is devoted to the study of trade along with economics performance of states via digital economy. In addition, the result of this process will be indicated with the statistics of developing country, Uzbekistan.

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Introduction

Increasingly high rate of usage of high technologies as a smart way of creating better economic atmosphere in the world, undisputedly, has become a common trend over the past several years.

Especially, the improvement of international trade among the world countries, which is an original fact of ameliorating living standards of people, creating a chance for clients to enjoy a myriad of different goods, by quick adoption of analogue as well as mechanical electronic devices to digital version, accelerated the process of shift to digitalization in the sphere of trade after bearing superior positive results for economic performance of world countries. Therefore, there is a heated debated among world experts along with economists about the various effects of international trade although it can cause great number of profits for developing countries.

The vast majority of people consider that international trade may harm the developing countries' economic performance in a global market by increasing the rate of unemployment in developing countries and little, local businesses may be kicked out by giant companies, as they start distributing their products to all parts of the Globe.

However, the opinion of building up new along with different goods for consumers by international companies that can expand their target market globally has been being pushed forward by many

experts. This, in turn, can may unlock an opportunity of gaining profits through higher tax revenues and developing better international cooperation with developed countries for developing countries.

Analyses of Relevant Literature

As the term of international trade has been being used since early ages by exchanges various local goods among countries, there are divergent variety of points about its definition.

The first investigations about the relevance of Information and Communication Technologies and international trade were based on efficiency along with economics growth's rate. Therefore, the widely usage of internet penetration as the independent variable of interest (Freund and Weinhold, 2002) caused favorable progress in the field of export performance.

For instance, David Ricardo, famous British economist, introduced his concept about comparative advantage in the beginning of 19th century. And, this toward, in which international trade belongs to only international varieties in the productivity of the labor, is called Ricardian Model.

In addition, two Swedish well-known economists who are Eli Heckscher and Bertil Ohlin (Ohlin received the Nobel Prize in economics in 1977) also developed their theory which is known as Heckscher-Ohlin theory. According to their thought, interplay between the proportions in which different factors of production are available in different countries and the proportions in which they are used in producing different goods, it is also referred to as the factor-proportions theory. [7]

Furthermore, Christian Broda and Cédric Tille (2003) found out the distinctive feature of tariffs and export subsidies is that they create a difference between prices at which goods are traded on the world market and prices at which those goods can be purchased within a country. The direct effect of a tariff is to make imported goods more expensive inside a country than they are outside the country. [7]

Portugal-Perez and Wilson (2012) studied the effects of hard (physical infrastructure and Information and Communication Technologies) and soft infrastructures (boundary and transport productivity along with the business regulatory environment) on the export action of developing countries. With a panel of 101 countries for the period 2004-2007, they determined that infrastructure boosts export performance.

The analyses that were conducted by Christian Broda (2006) showed the triple progress in the rate of imports of available goods in U. S. in the last three decades of 20th century. In this circumstance, the dramatic result in the field of different products for Americans encouraged the 2.6 percent of welfare gain of their annual GDP.

One more considerable research focused on the positions of developing countries in a global market along with how they act in the world market, carried out by A. Panagariya (2005) was studied the process of reforms in the Indian market in the period of 1980-1990 and how these years inspired the dramatic acceleration of the economic performance as well as balance in the state policy.

In short, all researches that were noted above indicated the basic information about the relevance between Information and Communication Technologies as well as international trade among world countries and how digital transformation encouraged the incredible positive impact on states' economic performances in the world market over the past several years. Therefore, all carried researches showed beneficial results of the usage of digital technology in the field of international trade, especially for developing countries.

Research methodology

The research analyzed the Trade and economic performance of different types of world countries, including developed as well as developing ones, through digital economy, especially the statistics of e-trade development worldwide and studied the research conducted by many foreign and foremost scientists on the topics of the development along with the evolution in the sphere of digitalized economic performance like e-trade and assessed the levels of e-trade usage benefits in the international

trade sector. The article provides theoretical and practical observation, formulates proposals and recommendations on the basic tips for the activities of states while exchanging goods online and the high rate of productive results made by developed countries until today. The developed scientific and practical recommendations can be used in the process of further improving the e-trade activities of the all types of countries.

Analyses and Results

While the statistics of last decades about the development of e-trade along with internet of things were analyzed, the high rate of productivity was revealed through e-trade compared to traditional exporting systems. According to this, there are some figures about the real data that indicates the difference between e-exporters along with traditional ones.

Even though the digital transformation has been developing dramatically day by day, there are some countries which use the ways of old school trade. However, the big difference can be witnessed by looking to the Figure№1 which brightly indicates the statistics of Exporters using e-trade outperform traditional exporters, especially SMEs according to the statistics of World Bank Group [5].

Fig 1.

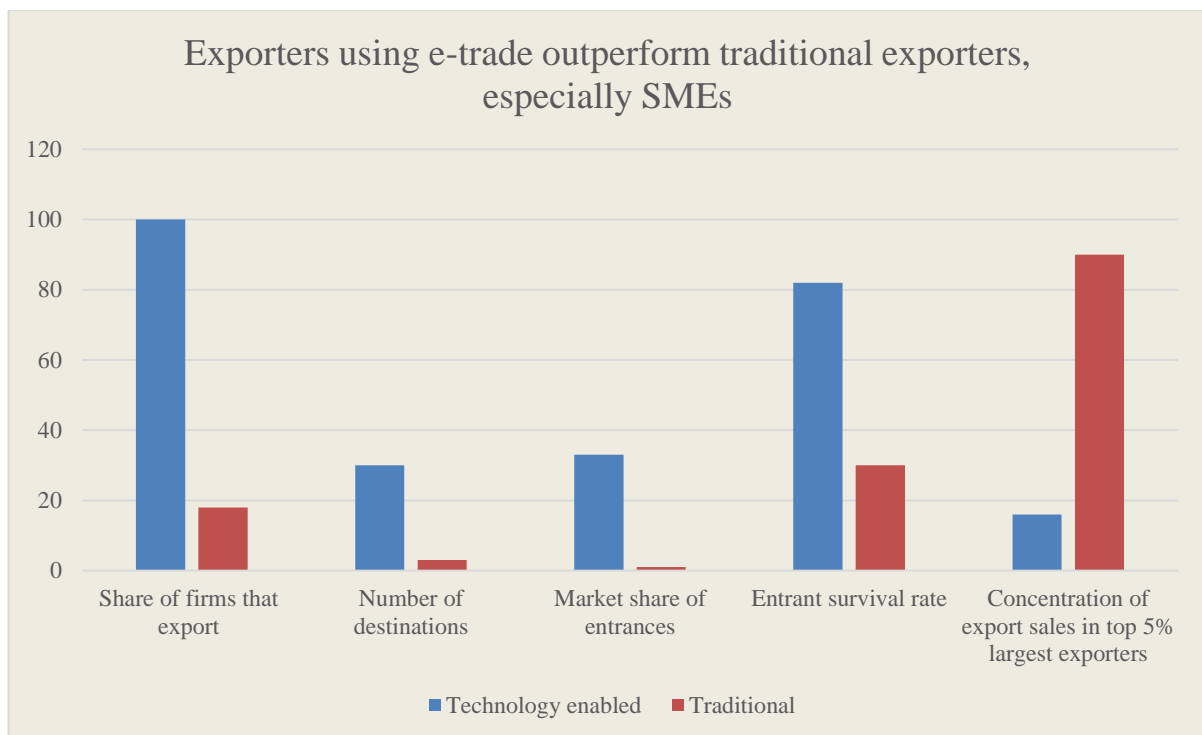


Figure 1. Exporters using e-trade outperform traditional exporters, especially SMEs

In addition, the data about the Internet distribution of the world countries can also prove why the e-trade plays significant role for the state's economy on a daily basis. For example, the Figure№2 shows that the top seven countries use approximately over than 3 three fourth of internet usage of the world. Most interestingly, the USA which holds the biggest rate of digitalization as well as GDP rate in the Globe has the 26% Internet usage and this is the percentage of other world countries except big seven. Therefore, internet created the chance of easy online trading system among people as they can set up their little businesses, like online shops, easily for low costs.

Fig 2.

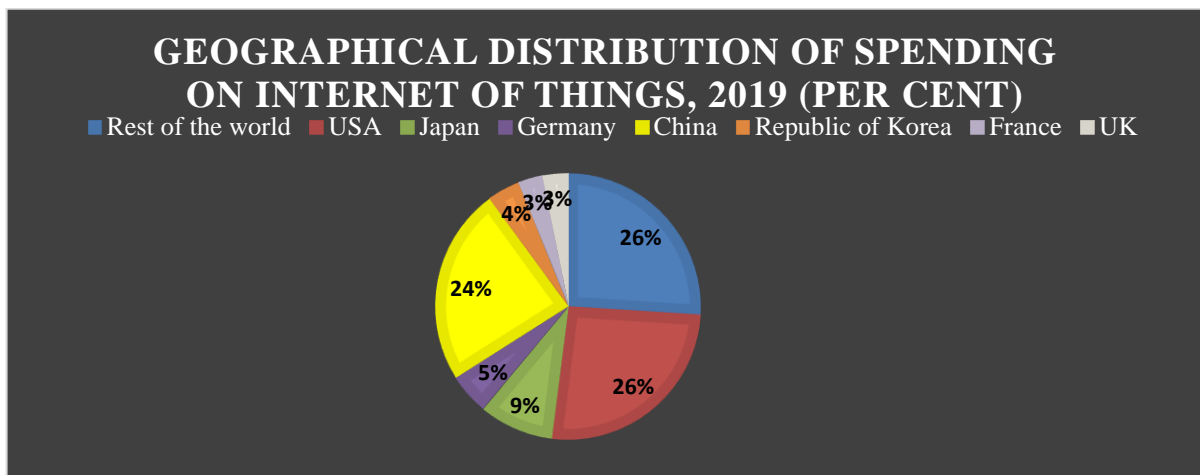


Figure 2. Geographical distribution of spending on Internet of things, 2019 (Per cent)

According to this, the phrase of Blockchain technology has become so well-known over the last several years. Many people know this owing to its special missions behind the Cryptocurrencies but, unfortunately it is not widely learned like Bitcoin. Nevertheless, the function of Blockchain is, simultaneously, unlocking opportunities for easier ways of transaction processes for everybody through its Smart Contracts. Smart Contracts value the products and find suitable customers along with supplies the safe exchange among people. In this circumstance, the place for intermediaries disappear and the price of goods can be sold for its real price, with lower margins. This, in turn, ensures the similar chances in the field of international trade for everybody even there are giant competitors in the market as they have the same chances like new manufacturers in the internet. Hence, experts predicted the dramatic growth of Blockchain technology utility in the long run.

Moreover, Cryptocurrencies can be used to accelerate the process of sending transaction internationally between any companies without the commission of government as it is uncontrolled system for exchange. That is why the bank of Canada and the authority of Singapore, for example, have announced their cross-border, cross currency transfer using Blockchain. Other notable institutions include JPMorgan chase, which recently launched its JPM coin, a Blockchain-based token that enables the transfer of payments between financial institutions accounts. [8] Unfortunately, in some countries there are some special bans for the usage of Cryptos and it is incredibly difficult for businesses to have quick transaction exchanges globally as they have to wait long queues in banks or pay commissions for exchanges.

Now the statistics of Uzbekistan as a developing country can vividly illustrate how the digital transformation is incredibly significant for the GDP of a state.

That is why the Figure №3 gives information about the number of subscribers connected to the Internet. As of 2020, the number of business entities licensed to provide Internet access services was 618 units, and the total number of collective access points was 445 units. The bandwidth of international data channels is 104.1 Gbit / s. formed. [15]

Fig 3

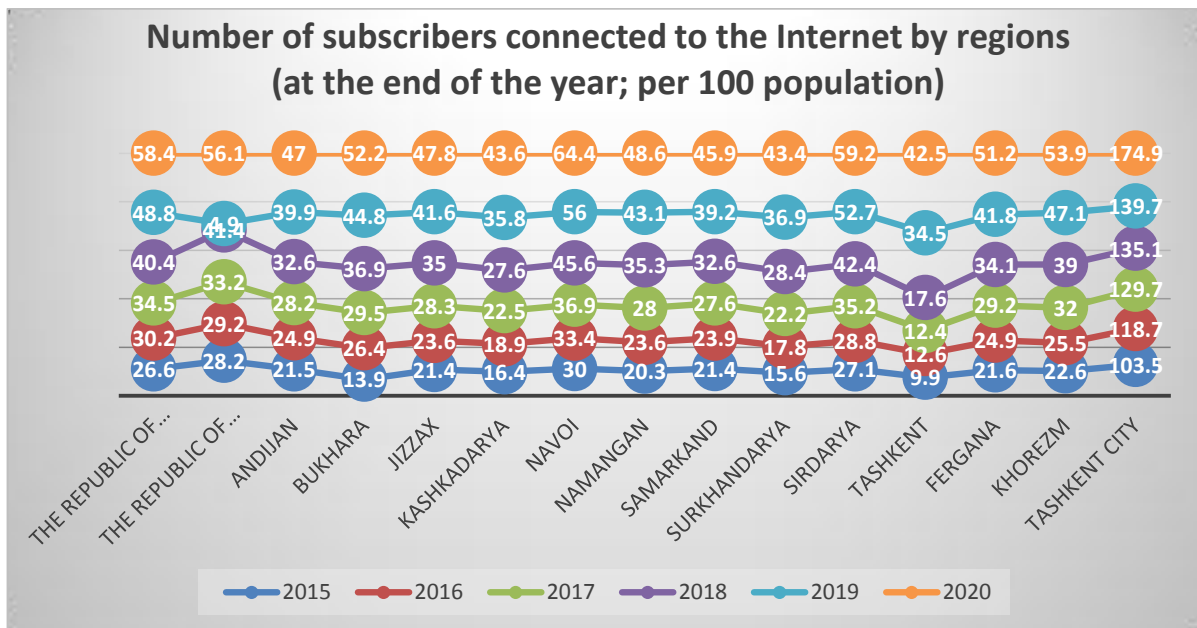


Figure 3. Number of subscribers connected to the Internet by regions (at the end of the year; per 100 populations)

In the future, it is planned to create innovation institutions capable of promoting the development of an innovation-based economy. Such institutions are represented by various government programs in large and small businesses, as well as venture funds. There is a strong need to establish such institutions for the effective implementation of state innovation policy.

Today, the field of information and communication technologies (ICT) is one of the fastest growing sectors in the world economy. This mechanism of economic growth, as well as in other areas, continues to significantly change economic processes and influence the formation of a new type of economy based on the product of intellectual human labor, the use of information and knowledge. [13]

Fig 4

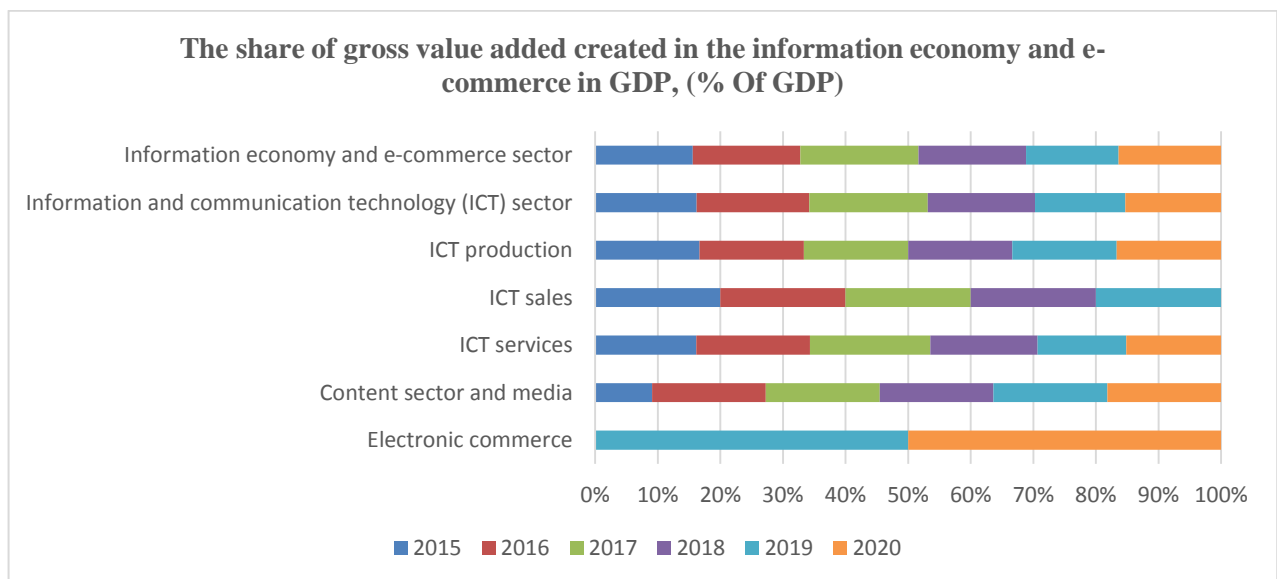


Figure 4. The share of gross value added created in the information economy and e-commerce in GDP, (% Of GDP)

The volume of communication services in January-December 2020 amounted to 11018.4 billion sums and increased by 17.2% compared to the same period last year (in current prices). Mobile services (including the Internet) accounted for 51.1% of total communications services and amounted to 5,627.7 billion sums, including 5,282.0 billion sums to the population. [14]

Besides, the global issue of the Pandemic in 2019 harmed many sectors in economy of various countries, hence this period accelerated the development along with the implementation of digital tools in different parts of the Earth. Therefore, this virus vividly explained the need for e-trade as well as online communication systems, based on the Internet of things for humanity. [11]

Conclusion and suggestions

In conclusion, the whole text along with figures in the article brightly illustrates how e-trade has been becoming very significant in today's Globalized world. Hence, as the economic performance of various states in world market is being full of different competitors internationally day by day, the way of productive economic outcome became via digitalization. According to this, there are some recommendations that should be paid attention:

- ✓ Implementation of e-trade usage by developed as well as developing countries should be speeded up to boost productivity;
- ✓ The quality of internet access should be supplied for all citizens in each state:
- ✓ Utility of Cryptocurrencies should be legalized and controlled by authorities to create easier chances for businesses;

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