

## ISSUES OF DEVELOPMENT OF FOREIGN TRADE WITH THE HELP OF FOREIGN INVESTMENTS

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### Abstract

This article highlights the importance of foreign investments in the economy and their role in the development of foreign economic activity, analyzed on the basis of statistical data. In the analysis of the literature on the topic, the works and articles of foreign and local scientists, as well as scientific monographs and articles included in international scientific bases were used. The issues of development of the export-oriented economy in the Republic of Uzbekistan, the development of export activities of foreign economic entities, and the dynamics of foreign trade turnover were analyzed.

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### Introduction

It is noteworthy that priority work is increasing year by year in order to deepen the structural change and diversification of the economy of our country, to ensure employment, and to increase the income and quality of life of our people. of course. Considering that the future development of the economy of Uzbekistan and the world mainly depends on investments, now the wider attraction of foreign investments in the economy of our republic is becoming an important basis for ensuring the effective implementation of economic reforms carried out in our country. Regardless of the extent to which the implemented measures are wide-ranging and directed in accordance with the requirements of the market economy, there are still problems to be implemented in terms of improving the investment environment, implementing an effective investment policy, improving the infrastructure in the regions, and attracting foreign investments in the sectors. However, today, in order to ensure the well-being of the population and improve their quality of life, the creation of new jobs, especially the implementation of theoretical-methodological and organizational issues aimed at the expansion of production rates in the regions, is extremely important.

### Research methods.

It is worth noting that, despite the scientific and practical research work and theoretical research carried out to date, it is precisely in the current global economic conditions that the comprehensive statistical analysis of the attraction of foreign investments, the provision of guarantees and benefits to them, as well as the impact on the favorable placement of foreign investments in the regions issues aimed at evaluating the determining factors on the basis of statistical models are not systematically covered. Solving such issues on a systematic basis will ensure the country's economic development in the future.

It is known that the natural and climatic conditions, characteristics of the distribution of economic resources specific to each region affect their financial and investment potential. The specific features of these regions lead to regional differences in capital investments and especially foreign investments in terms of the composition of the sector.

### **Analysis and results.**

In the last 20 years, the strategy of social investment has been the main focus of the reform of the social security system. In particular, the expansion of active labor market programs and the development and implementation of spending on child services have always been high on the agenda. If in the definition of "Foreign investments" we express the sources of their formation, then it is shown as follows. Foreign investments are all the property, financial, and intellectual assets mobilized by foreign investors in the economy, entrepreneurship and other activities of another state in order to obtain a high level of income and achieve efficiency. So, we can understand that the capital moves in the economy of another country after separating from the economy of one country for a certain period of time. [2] The impact of foreign investment in the economy is based on a number of approaches. In the economic literature, there are two different approaches to determining the effect of investment on the economy of the receiving country. The first approach is typical of traditional theories of foreign trade, which determine the direct impact of foreign investment on the factor of material goods. The main condition of this approach is that foreign investment increases the marginal product of labor and capital, reduces the marginal product. The second approach to industrial organization pays close attention to the indirect and external effects of investment. Proponents of this theory try to understand why firms invest abroad without producing the same goods or services in their own country. According to them, foreign investments ensure the economic development of the host country based on increasing labor productivity and expanding exports. Diversification of export goods, that is, the expansion of the nomenclature of goods and services sold abroad, the elimination of the large share of a particular type of goods or services, especially raw materials, in the total export, makes it possible to expand the geography of the countries where our products are exported, and reduces the level of sensitivity of the national economy to negative changes in the foreign market. Currently, in the changing conditions of world economic growth, Uzbekistan is striving to carry out deep structural reforms that will facilitate large investments in its national economy. The process of economic renewal and growth is determined along with the volume and composition of investments, the quality and duration of their implementation. Foreign investments are of particular importance in the development of the country, the improvement of the standard of living and well-being of the population. Therefore, it plays an important role in stimulating the economy, enriching the market with new and high-quality products, creating additional jobs, and increasing the export potential. Therefore, in recent years, providing favorable conditions, additional opportunities and privileges for foreign investors in our country has become a priority. The development of the export-oriented economy in the Republic of Uzbekistan, that is, the development of export activities of foreign economic entities, is the most important priority issue of economic reforms. The main goal is to reduce the country's dependence on the export of raw materials, diversify the import and export markets, and increase the production of competitive goods. First of all, increasing the efficiency of foreign economic activity depends in many ways on the improvement of management in this field, the management of industrial entities and the introduction of the system of economic incentives. This year, the Export Support Fund, which provides guarantees to exporters and covers part of the costs, and the Export Credit Agency for pre-financing exports will be established. Based on foreign experience, it is necessary to reform the activities of customs, sanitary, quarantine, veterinary and other agencies that carry out control at customs posts [4].

In particular, the foreign trade turnover of the Republic of Uzbekistan amounted to 3327.5 million US dollars in December 2020 and decreased by 554.2 million US dollars compared to the same month of 2019. The same indicators are fundamentally different for 2020, in the first two months the difference with last year's indicators is small, and since March there have been fluctuations due to changes in the

world market. The sharp increase in foreign trade turnover in July and August is explained by the increase in gold exports. Export Also, one third of the foreign trade turnover of the Republic of Uzbekistan corresponds to the CIS countries. We can see that this indicator has changed a little in recent years. At the same time, despite the measures being taken to support foreign trade in our country and to further strengthen cooperation with the CIS countries in this field, in January-December 2020, the share of the CIS countries in the foreign trade turnover was 32.6%, compared to 2019 in the foreign trade turnover. year-on-year share decreased by 2.0%. In January-November 2020, the number of exporters of the country was 6109, and they exported goods and services worth 9323.3 million US dollars, that is, in addition to the export of precious metals, it was observed that it decreased by 25.7% compared to the corresponding period of 2019, and the export of goods and services was ensured. . That is, the share of goods in exports is 86.8%, in which industrial goods account for 19.2%, food products and live animals account for 8.8%, and chemicals and similar products not included in other categories account for 5.4%. organized.

**Table 1 Photos of the export volume and growth of the Republic of Uzbekistan to the main partner countries (January-December, by year) [6]**

№	States	Million USD		Growth rate, in %		Place	
		2019	2020	2019	2020	2019	2020
1	People's Republic of China	2528.7	1930.9	87.9	76.4	2	1
2	Russian Federation	2531.9	1470.1	119.6	58.1	1	2
3	Turkey	1217.6	1016.3	128.9	83.5	4	3
4	Kazakhstan	1393.0	903.0	103.0	64.8	3	4
5	Afghanistan	617.0	774.6	102.4	125.6	6	5
6	Kyrgyz Republic	669.6	756.6	2.5 b.	113.0	5	6
7	Tajikistan	327.6	404.6	137.9	123.5	7	7
8	Canada	6.5	142.1	131.7	21.9 b.	40	8
9	Iran	219.9	140.9	127.2	64.1	8	9
10	Tajikistan	144.3	128.0	2.4 b.	88.7	11	10
11	Ukraine	119.4	122.8	119.3	102.8	12	11
12	VAA	152.6	98.8	2.3 b.	64.8	10	12
13	Pakistan	97.9	98.5	3.0 b.	100.6	15	13
14	France	214.7	89.0	109.4	41.4	9	14
15	Germany	62.2	70.5	116.0	113.2	16	15
16	Poland	41.5	57.3	109.3	138.2	20	16
17	Singapore	34.2	55.7	47.8	162.9	23	17
18	Ozarbaijon	52.2	54.0	146.5	103.5	18	18
19	Republic of Korea	102.9	45.5	94.7	44.3	14	19
20	Great Britain	105.7	44.9	60.6	42.5	13	20

Due to the coronavirus pandemic, 2020 was a difficult year for the socio-economic life of our country. In 2020, compared to 2019, the volume of exports in our country decreased sharply, including the PRC 76.4%, the Russian Federation 58.1%, the Republic of Korea 44.3%, Great Britain 42.5%, France 41.4%, Turkey 83.5, Kazakhstan 64.8%, Iran 64.1%, Tajikistan 88.7% and UAE 64.8%. In order to overcome the existing problems, together with the Ministry of Economy and Industry, the Ministry of Investments and Foreign Trade, funds will be reinvested for the implementation of more priority infrastructure projects that provide opportunities for the development of entrepreneurship and employment of the population, including the transfer of engineering communications to small industrial zones. the task of revising the Investment Program was determined [3]. Privileges and preferences were

provided to foreign investors, as well as basic laws, presidential decrees and decisions, and government decisions aimed at stimulating the activities of enterprises with participation of foreign investors. Among such documents, the Law of the Republic of Uzbekistan "On Investments and Investment Activities" was adopted. According to this law, the main advantages of enterprises with foreign investments are as follows: [1].

- export-import operations of enterprises with foreign investments are carried out independently in compliance with the requirements of legislation;
- export of personal production products is not licensed and quota-free;
- enterprises with foreign investments have the right to import products for their production needs without a license in accordance with the legislation of the Republic of Uzbekistan;
- the procedure for identifying personal production products delivered for export and products imported by enterprises for their own needs is determined by the Cabinet of Ministers of the Republic of Uzbekistan. As a result of additional guarantees and protective measures provided to foreign investors, the republic is making it possible to strengthen and expand its export potential and ensure its integration into the world economy. Also, from year to year, the volume of investments in fixed capital is increasing year by year, and we can see it through the following table.

**Table 2 Sources of financing of capital investments [7]**

<b>Indicators</b>	<b>Billion soums</b>	<b>Growth rate, in percent</b>	<b>The share of the total, in percent</b>
<b>Equity investments</b>	<b>33387.3</b>	<b>100</b>	<b>100</b>
<i>Including:</i>			
<b>Centralized investments:</b>	<b>8430.1</b>	<b>25.3</b>	<b>7.3</b>
Republic budget funds	1358.1	16	4.1
Fund for the development of water supply and sewage systems	137.1	2	0.4
Recovery and Development Fund	928.8	11.6	2.8
Foreign loans under the guarantee of the Republic of Uzbekistan	6006.1	71	
<b>Decentralized investments :</b>	<b>24957.2</b>	<b>74.7</b>	<b>92.7</b>
Enterprise funding	8666.6	35	26.0
Population funds	3376.0	13	10.1
Guaranteeing and other foreign investments and credits	4945.2	20	
Direct foreign investments	3648.9	15	43.7
Commercial bank loans and other loans	4320.5	17	12.9

As can be seen from the data of Table 2, in 2020, the share of capital investments financed from centralized financing sources decreased by 13.0% to 25.3%, or 8430.1 billion, in the volume of total investments in 2020. amounted to soum. Accordingly, 24957.2 bln. from the decentralized financing sources. Soums or 74.7 percent of total investments were absorbed, which increased by 13.0 percent compared to the corresponding period of the previous year. In particular, we pay attention to the following comments of the President regarding the improvement of foreign economic activity: "Next year, 100 million dollars will be allocated from the Export Support Fund for enterprises to purchase raw materials and produce exportable products. Exporters will be reimbursed 50 percent of the costs of opening trade houses and stores abroad, as well as advertising expenses. In general, the Government will be given the task of increasing the export of goods and services by at least 20 percent next year" [4]. Diversification of export goods, that is, the expansion of the nomenclature of goods and services

sold abroad, the elimination of the large share of a particular type of goods or services, especially raw materials, in the total export, makes it possible to expand the geography of the countries where our products are exported, and reduces the level of sensitivity of the national economy to negative changes in the foreign market. In this regard, if we look at regions, Tashkent city has the highest share in the export of the republic with a share of 19.5% , i.e. 2954.7 mln. amounted to US dollars. Republic export Jizzakh region has the lowest share in the structure with a share of 0.8% and 124.1 mln . amounted to US dollars. Below is the financing of fixed capital investments in the Republic of Uzbekistan sources given.

### Conclusions and suggestions

Studying the demand for products produced in our country or that can be produced in foreign countries, developing a strategy for entering and competing in the markets of such goods will make it possible to expand the number of exported goods and the geography of countries. Based on the information reviewed above, it can be said that the issues of export and import are very important in increasing foreign economic activity in the Republic of Uzbekistan.

*First of all*, it is necessary to carry out activities related to promotion of export, in particular, comprehensive simplification of export of local products to the foreign market, as well as financial support.

*secondly*, in order to ensure the competitiveness of the products of our enterprises in the world markets, to help the exporting enterprises in reducing the costs of production and sale of products, to introduce them to the changes in the foreign market situation, the results of the research on prospective markets and competitors;

*thirdly*, it is important to develop the production of import-substituting products in the country based on local raw materials and to ensure the further expansion of industrial cooperation relations between large industrial enterprises and small business and private business entities.

*fourthly*, it is important to develop transport and communication systems, to reduce transport costs by opening new transport corridors, to increase the volume of exports in special programs for the release of finished products to new foreign markets, to improve the transportation system of exported goods, to provide marketing, financial and organizational-legal support to exporting enterprises. . As a result, the foreign economic activity of our country will expand further, that is, the possibility of producing competitive export-oriented goods instead of import will increase, as a result, foreign investments will be improved, and the process of wider implementation of the effects of economic reforms will be accelerated.

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