



## FACTORS INFLUENCING THE MANAGEMENT PROCESS OF INTERNATIONAL LIBERALIZATION OF FOREIGN ECONOMIC RELATIONS

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### Annotation

Foreign economic activity plays an important role in the economic development of any country. The organization and implementation of foreign economic activity is an important area in the world economy in the creation of a new economic mechanism for the classification of the country. World experience confirms that many countries have achieved significant growth in socio-economic development due to the open "economy", which provides for the relatively free movement of goods, capital, technology, labor and knowledge. There are some comments on foreign economic activity as an important factor in the sustainable development of the Republic of Uzbekistan.

**Keywords:** foreign economic activity, innovative development, governing bodies, investment climate, competition, modernization, market principles.

Uzbekistan's economic development strategy considers joining the ranks of developed countries, continuing and deepening political and economic reforms, modernization of the country, the formation of civil society and, on this basis, the creation of decent living conditions for its citizens as important tasks for the future.

International economic and financial cooperation in the field of production, finance, banking and insurance, education and training, tourism, health, science and technology, culture, ecology, humanitarian and other spheres in accordance with the legislation of the Republic of Uzbekistan individuals, as well as foreign economic activity aimed at establishing and expanding mutually beneficial relations with international organizations. [1] Accordingly, in order to further liberalize foreign trade, increase the volume and variety of exports of products in high demand in foreign markets, increase the competitiveness and financial stability of business entities: export of goods, works and services in the absence of indebtedness may be made under the terms of this sub-clause. In this case, exporters retain the right to export goods, works and services on the condition of prepayment, a letter of credit, as well as a guarantee of the buyer's bank or a policy to insure the export contract against political and commercial risks. Ташқи савдо операциялари бўйича муддати ўтказиб юборилган дебитор қарздорлик ҳосил бўлганлиги учун бевосита тадбиркорлик субъектлари жавоб беришликлари белгилаб қўйилган. [2]

Practice shows that the development of the republic's economy on the basis of market principles activates its foreign economic activity (FEA), which, in turn, helps to solve economic problems at different levels: the economy as a whole, individual regions, joint ventures and local enterprises. During the years of independence, the Republic of Uzbekistan has formed a system of state regulation of foreign

economic activity. The latter, being a complex structural object, depends on the effectiveness of a multi-level management mechanism, which can be implemented in the context of mutual flexibility of foreign economic policy tools of enterprises and government structures. Activation of foreign economic entrepreneurship initiatives and influence of local governments will help to improve the concept of state regulation of foreign economic cooperation in the post-crisis period and the creation of foreign policy tools of state and regional governments.

Innovative development strategy is a necessary factor in Uzbekistan's integration into the world community. Innovative economy is, first of all, a flexible, dynamic economy, in which new companies are created, old ones disappear, new markets are sought, new market segments are developed. In this process, foreign economic activity and its two main components - the export of goods with a high level of processing - can become an important incentive. It is necessary to look for a new concept for the development of the FEA of Uzbekistan, based on raising the level of management of industries and enterprises, modernization of production, the development of export-oriented industries.

World practice confirms that the main tasks of state management of innovation processes are the systematic implementation of scientific and technical developments in mass production, harmonization of relations between government, business and science in the interests of high technology, encouraging commercialization of research and development, creation of mechanisms to increase the competitiveness of the national economy. The results of foreign economic activity in Uzbekistan can be seen in the following table:

**Table 1**

**Foreign trade of the Republic of Uzbekistan<sup>1</sup>**

| <b>Indicators</b>                                 | <b>2017</b>     | <b>2018</b>     | <b>2019</b>     | <b>2020</b>     | <b>2021</b>     |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>million US dollars: Foreign trade turnover</b> | <b>26 566,1</b> | <b>33 429,9</b> | <b>41 751,0</b> | <b>36 256,1</b> | <b>42 071,6</b> |
| export  | 12 553,7        | 13 990,7        | 17 458,7        | 15 102,3        | 16 610,6        |
| import  | 14 012,4        | 19 439,2        | 24 292,3        | 21 153,8        | 25 461,0        |
| <i>trade balance</i>                              | -1 458,7        | -5 448,5        | -6 833,6        | -6 051,5        | -8 850,4        |
| <b>including:<br/>with CIS countries</b>          | <b>9 084,6</b>  | <b>12 144,4</b> | <b>14 461,8</b> | <b>11 826,4</b> | <b>15 867,8</b> |
| export  | 4 080,1         | 5 003,1         | 6 234,0         | 4 106,4         | 5 407,6         |
| import  | 5 004,5         | 7 141,3         | 8 227,8         | 7 720,0         | 10 460,2        |
| <i>trade balance</i>                              | -924,4          | -2 138,2        | -1 993,8        | -3 613,6        | -5 052,6        |

<sup>1</sup> <https://stat.uz/uz/rasmiy-statistika/merchandise-trade-2>

|                             |                 |                 |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>with other countries</b> | <b>17 481,5</b> | <b>21 285,5</b> | <b>27 289,2</b> | <b>24 429,6</b> | <b>26 203,7</b> |
| export                      | 8 473,6         | 8 987,6         | 11 224,7        | 10 995,8        | 11 203,0        |
| import                      | 9 007,9         | 12 297,9        | 16 064,5        | 13 433,8        | 15 000,8        |
| <i>trade balance</i>        | -534,3          | -3 310,3        | -4 839,9        | -2 437,9        | -3 797,8        |

In 2021, Uzbekistan's foreign trade turnover increased by 16% compared to 2020 and amounted to \$ 42.1 billion. Exports rose 10% to \$ 16.6 billion, while imports rose 20.4% to \$ 25.46 billion. Exports of industrial goods exceeded exports of gold.

At the end of 2021, the foreign trade turnover of Uzbekistan increased by 16% compared to 2020 and amounted to 42.1 billion dollars.

At the end of last year, the volume of exports from Uzbekistan increased by 10% to \$ 16.611 billion. Imports increased by 20.4% to \$ 25.461 billion.

The negative foreign trade balance of foreign trade turnover amounted to \$ 8.85 billion - last year this figure was \$ 6 billion.

The main foreign trade partners of Uzbekistan are Russia (17.9% of total trade turnover), China (17.7%), Kazakhstan (9.3%), Turkey (8.1%) and South Korea (4.5%). remains.

In 2021, the bulk of exports from Uzbekistan were industrial goods (26.1% of total exports), gold (24.7%), services (15.3%) and food products (8.3%).

In turn, in 2021, exports of industrial goods (including textiles, non-ferrous metals, iron and steel) increased by 7% compared to 2020 exports. The volume of gold exports in 2020 was 13.7% higher than in 2021. The share of car exports in total exports increased by 1.5 times to 4.2%.

Over the past year, the bulk of imports to Uzbekistan came from imports of machinery and equipment (32.4%, 5.2% less than in 2020), industrial goods (18.5%), chemicals (14.3%), foodstuffs. food products (9.9%) and services (6.8%).<sup>2</sup>

Innovative, investment and intellectual development are important directions in the development of the national economy in the context of the global economic crisis. At the same time, the world economy is changing, with strong regional and international integration and global liberalization. The foreign economic activity of states, its role in the management and regulation of foreign economic processes is also changing. Uzbekistan is joining the processes of the world economy under the influence of the external environment of foreign economic relations.

At the same time, as before, there is a big gap between the theory and practice of managing foreign economic activity on the basis of innovative development of the national economy. Failure to accept the news, to break away from the trends of global scientific and technological development, can lead to socio-economic and structural-technological backwardness. The foundations of the organizational and economic mechanism of science and innovation policy have not yet been developed, and the sectoral

<sup>2</sup> based on information from stat.uz.

authorities are not able to properly respond to the threats of the modern economy, which require increasing the effectiveness of innovative development [3].

In the management system of the modern market economy, a number of underdeveloped issues related to defining the role and importance of state regulation of foreign economic operations remain. A detailed examination of the factors influencing the management processes of local, regional and international liberalization of foreign economic relations is required. In the context of globalization, the implementation of TIF objectives implies a strategic level of activity management, including decisions related to identifying opportunities and forms of access to foreign markets, selection of target segments, ways to enter them, understanding the needs of consumers in other countries.

As entire states, as well as its individual business structures, integrate into the world economy, they will enter the process of globalization and feel its impact through various forms of TIF. The globalization of markets creates additional opportunities for businesses to enter new markets, which means expanding their access to capital inflows, technologies, cheaper imports and large-scale export markets. One of the possible directions of ensuring sustainable economic growth in the context of globalization and intensifying competition is a successful TIF. It increases national income as a result of how efficiently goods, services and services are produced, distributed and sold than in other countries, as well as export opportunities to ensure the country's relative and competitive advantage.

To organize the implementation of national strategic goals, it is necessary to conduct appropriate theoretical and methodological research, as well as to develop a mechanism to ensure their implementation at each level of government. [4]

Based on the results of the analysis of modern theories of economics, the following definitions of generalized management approaches are proposed:

- ✓ management of foreign economic activity is the development of management effects based on the application of economic theories and the definition of performance criteria with value expression.
- ✓ international management is the analysis of the business environment, taking into account the different factors of doing business in different countries, change management.

The first direction has a methodological basis for the management of TIF as a process of formation and implementation of international and national strategies, approaches and weapons, a system of institutions and mechanisms for its regulation at the national and international levels. The practical application of a scientific approach to management is a mechanism that consistently interconnects management elements such as principles, methods, functions.

The second direction is based on international management, the main objectives of which are the formation, development and application of competitive advantages through the use of economic, social, demographic, cultural and other characteristics of business entities in different countries and their intersectoral interdependence. In the context of this model, the role of governing bodies is seen, first of all, in increasing work activity [5]:

- establishing general rules governing competition and encouraging FEA;
- improving infrastructure and institutions;
- increase in the quality and availability of factors of production;
- creation of incentives to increase production efficiency on a competitive basis;

formation and development of institutions that support and disseminate innovative activities; - Ensuring the mobilization of educational institutions. The balance of development in foreign economic activity can be realized taking into account the following conditions. Firstly, the funds received from FEA will be directed to expanded reproduction and innovation activities, and secondly, the interests of present

and future generations will be pursued. The financial component is one of the key components of the balanced scorecard system in FEA. Usually, financial goals are at the beginning of the goal system, but there is a very strong correlation with the goals of the market, internal business processes, development and training prospects. Internal business process perspectives identify key processes that need to be improved and developed in the FEA area. These indicators focus on the processes that contribute to the achievement of the identified financial results.

That is why innovative processes - as a driving force for future efficiency - should be considered first and foremost in this perspective of the system. Globalization processes require diversity and flexibility of different forms of FEA. At the same time, globalization requires the ability of foreign companies to quickly restructure their economic structure and improve the quality of their products in response to increased competition. [6].

At the micro level, FEA entities should have distinct advantages not only over national enterprises but also over participants in world markets. Thus, FEA participating enterprises will have competitive advantages (which are different from the existing domestic advantages in the country), which ultimately characterize the potential of enterprises to participate in global economic relations. In this case, competitive advantages serve as serious competitive advantages of FEA. Thus, at the micro level, the important function of TIF is to realize the competitive advantages of the enterprise at the international level and to ensure its participation in the system of global economic relations. The study of approaches to the development of FEA strategy based on the formation of enterprise competitive advantages, as well as the essence of the process of organizing FEA allows the author to describe the approach to the process of strategic planning and management of modern enterprise FEA.

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