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DEVELOPMENT AND INSURANCE OF FOREIGN ECONOMIC ACTIVITY IN THE REPUBLIC OF UZBEKISTAN WITH THE HELP OF FOREIGN INVESTMENTS

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ABSTRACT

The development of the export-oriented economy of the Republic of Uzbekistan, as well as the improvement of export activities of foreign economic entities are important at the current stage of economic restructuring. At the same time, Uzbekistan faces issues such as reducing the country's dependence on the export of raw materials, diversifying import and export markets, and accelerating the export of goods with a high added value.

KEYWORDS

Goods, export, Republic of Uzbekistan, mineral raw materials, tourism and entrepreneurship.

INTRODUCTION

According to the opinion of some countries and foreign economists, the development of foreign trade aimed at exports can be the basis for increasing the share of exports of non-raw goods. It is generally recognized that Uzbekistan has many advantages, some of which are as follows:

- a rich industrial type of many types of mineral raw materials;
- natural climatic conditions that are favorable for the cultivation of many agricultural plants, as well as save heat and electricity;

- a rich cultural and historical heritage that is known to the whole world, which enables the development of tourism and related types of entrepreneurship;
- relatively cheap workforce with high qualifications;
- significant scientific potential and high level of applied research;
- developed infrastructure, etc.

However, the assessment of the country's comparative advantages requires the use of a comprehensive ranking method. In a simpler form, comparative advantages can be estimated by the ratio of production costs or the ratio of prices of similar goods on the world market. The standard method is to classify the comparative advantages of Uzbekistan according to the level of competitiveness (in terms of costs, without taking into account the factor of product quality) into competitive, close to competitive and currently non-competitive goods groups by commodity groups. possible

At the same time, creating a competitive environment is the most important condition for the growth and further development of the country's export potential. According to the opinion of a number of countries and foreign economists, the following are necessary to increase the competitiveness of the country's producers:

- creation of equal conditions for all subjects of economic activity, that is, any benefits must apply to all sectors;
- to increase the mobility of resources, first of all, to ensure the free flow of capital by increasing the efficiency of the banking system, as well as to liberalize the market of goods and raw materials and abandon administrative management and distribution of raw materials for industrial production and export ;
- removing the monopolization of the system of concerns, associations, holdings and national companies, which maintain the practice of maintaining high prices alone, which leads to an increase in prices along the technological chain, while allowing the import of products in a limited manner;
- improving the tax system and its administration;
- liberalization of foreign trade.

Especially the development of the export of processing industries is highly dependent on the opportunities to enter the markets of foreign countries. Export of finished goods often faces tariff and notary barriers in foreign countries, while the export of raw materials does not face obstacles in entering foreign markets.

Today, one of the main problems of the country's export development is the high level of tariff and notarial protectionism in relation to imports. At the same time, high trade barriers limit not only the import

of consumer goods (goods for final use), but also the import of intermediate goods, which are necessary for the development of national production, both for export and for the domestic market. In addition, limiting foreign competition in the domestic market creates a factor for inefficient allocation of economic resources. As a result, in the medium-term and long-term perspective, the relative competitiveness of industries protected from imports will decrease.

Creating a favorable environment that provides stable conditions and support to business entities and investors, promotes the development of fair competition and prevents abuse is a necessary condition for the development and diversification of exports and, as a result, economic growth.

As a result of the economic reforms carried out in our country, the foreign trade turnover is growing year by year.

At the same time, the export of goods and services increased by 28.7 percent. As a result, the size of the positive balance in the foreign trade balance increased significantly. This is a reliable balance of payments and an important indicator of the stability of our economy.

Deep positive changes are taking place in the structure of foreign trade. In particular, over the next few years, the trend of stable growth of the weight of competitive finished products in the structure of exports and the decrease of the share of the products

of the industries supplying raw materials are clearly visible. It should be noted that the geography of our foreign trade relations is changing qualitatively, first of all, due to the growth of trade turnover with the developing markets of the Asian continent.

All these indicators, first of all, the consistent increase in the share of competitive finished products with high added value in the composition of exports, first of all, indicate the growing potential and opportunities of our economy. At the same time, this situation serves as an important direction in reducing the dependence of our exports on the influence of the world market, where the prices of raw materials change frequently.

Such a change is especially important in the current conditions of the ongoing global economic crisis. Why? Today, exports mainly consist of the supply of raw materials, and the fact that they are overly dependent on price games in the world market is becoming a serious factor that reduces foreign exchange earnings in some countries, leads to the deterioration of financial stability, and derails the economy.

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The achievements in the field of export in recent years are, first of all, fundamental structural change and diversification of our country's economy, establishment of completely new industries that will act as a locomotive in the short term, modernization of production, implementation of technical and technological renewal programs, modern market. It is the result of timely, well-thought-out and long-term work on the formation of infrastructure.

Such an increase in the volume of exports is not due to the supply of cotton fiber, precious metals and various raw materials, which are traditional resources for us, but mainly cars, petrochemical and metal products, mineral fertilizers, yarn and gauze, knitted goods, wire and cable products, construction materials and many other similar export goods were provided in return for increasing the volume and types.

Today, export development is an integral part of the general economic policy of the state, which is aimed at ensuring macroeconomic stability, development of production, and stimulation of investment activities.

Increasing the export potential, increasing its size, improving its composition, and expanding its

geography is one of the most important and urgent tasks, and at the same time it is one of the most complex tasks of the economic reforms being implemented in Uzbekistan.

The development of foreign trade policy, taking into account the growing demands in the world, allows Uzbekistan to participate in international organizations and take into account the requirements of the World Trade Organization in the trade policy. For example, China's experience shows that the accession of Uzbekistan to the World Trade Organization requires the implementation of serious institutional reforms. The accession process is accompanied by the reduction of tariff barriers and the gradual elimination of notary barriers.

Currently, the main direction of improving the foreign trade policy of the Republic of Uzbekistan is to adapt the existing trade regime to the requirements of the World Trade Organization. Liberalization of foreign trade in accordance with the requirements of the World Trade Organization makes it possible to increase the openness of the national economy, create a competitive environment, correct price imbalances, more effectively distribute and use resources, more fully use the advantages of international division of labor, and improve the well-being of the population. The strategy of development of export potential, in addition to these, large-scale marketing research on the markets of the CIS, Southeast Asia, Western and

Eastern European countries is required. Studying the experience of developed countries in expanding exports and using exporters deserves special attention. Studying this experience allows Uzbek producers and exporters to develop the main directions for entering the markets of these countries.

It is known that increasing the efficiency of the export potential of the regions is in many ways integrally dependent on the supply and demand processes in the world market of raw materials. The analysis of the demands and needs observed in the world market shows that the development of the export potential of the regions of Uzbekistan in the near future depends on the sharp increase in the export volume of chemical, non-ferrous metallurgical industrial products, as well as machinery and equipment and deeply processed agricultural products. remains. Because during the last decades, there is a stable price and constant demand for these products in the world market. This allows for the production of deeply processed, competitive products due to the rational use of natural, economic and production potential in the regions and leads to a sharp increase in the type of exportable products. The fuel and energy complex opens great prospects for the expansion of the export potential of the regions.

There are favorable opportunities for the development of the non-ferrous metallurgical industry in the regions. This opens great prospects for attracting foreign investments. In particular, there are very rich reserves

of tungsten raw materials in Samarkand (Ingichka, Koytash, Yakhton), Jizzakh (Ugat) and Navoi (Sariktog, Sautbas) regions. Also, there is a possibility to double the production of lead and zinc ore in Uchkuloch and Khavdiza mines in Jizzakh and Surkhandarya regions. One of the main problems in increasing the export potential of the non-ferrous metallurgical industry is importing modern equipment for the use of mineral raw material reserves. Especially in Tashkent and Navoi regions, there is an opportunity to release competitive products to the world market based on the repair and technical re-equipment of the existing branch enterprises. Copper ore reserves in Almalyk and Kyzylkum provide opportunities for the production of various products on the basis of raw materials, which will provide an opportunity to increase the export of this product in the future. In increasing the export potential of the regions in the chemical industry, the main attention is paid to the repair of the existing chemical processing enterprises. Especially favorable conditions exist in Navoi, Fergana, Kashkadarya, Namangan, Tashkent, Samarkand regions, Republic of Karakalpakstan and Tashkent city. Currently, 70-80% of the caprolactam produced in our country is used in the operation of processing equipment. In the near future, it is expected to build factories producing kapron threads. Also, in many regions, it is planned to build light industrial enterprises specializing in the production of products for local needs and export.

In the development of foreign economic activity, great importance is attached to the creation of favorable conditions for the attraction of foreign investments, as well as the creation of the necessary infrastructures. Among these, we can include the Ministry of Foreign Economic Relations, Investments and Trade, the National Bank of Foreign Economic Activities, the Agency for Foreign Investments, the Export-Import National Insurance Company "Uzbekinvest". These organizations and institutions are of incomparable importance in accelerating the inflow of foreign investments into our republic, in determining priority directions, insuring them, and providing banking and consulting services.

Making investment decisions is a very difficult task for any investor or business entity, and the main criterion is to increase the wealth of the investor and increase the value of the enterprise. Its factors are the growth of the company's income, the reduction of financial risk or production costs, and the improvement of the efficiency of the company's work.

Taking into account the experience of foreign countries, as well as the recommendations of the United Nations Industrial Development Organization, the evaluation of the effectiveness of investment projects is carried out on the basis of two criteria, that is, through financial and economic evaluation. Both of these criteria for evaluating the effectiveness of an investment project complement each other. Financial

evaluation is used in the analysis of liquidity during the implementation of the investment project. In other words, the task of financial assessment is to determine whether the enterprise will have sufficient financial resources to fulfill its total financial obligations in order to implement the project within the specified time. Economic evaluation is used to determine the potential ability of an investment project, to maintain the value of the funds invested in this project and to create a sufficient level of their growth rate.

In world practice, several methods for assessing the economic efficiency of investment projects have been developed, and they can be conditionally divided into two large groups:

- Simple (or statistical) assessment methods;
- valuation methods based on discounting.

The first group includes:

- investment payback period (Payback Period, PP);
- coefficient of investment efficiency (Accounting Rate of Return, ARR).

The second group includes:

- the method of determining the net present value (Net Present Value, NPV);
- the method of calculating the internal rate of return (Internal Rate of Return, IRR);

- method of calculating profitability of investments (Profitability Index, PI);
- method of calculating the discount payback period (Discount Payback Period, DPP).

The economy's demand for investment, the lack of investment funds, requires the effective use of investment resources. Because it is possible to get more profit as a result of effective use of invested capital.

To show the economic effect of international capital movement, it is necessary to proceed from the assumption that the profit from capital investments is different in different countries. Let's assume that there are two countries in the world. Country I has capital in the amount AK, country II in the amount AK'. The total capital of both countries is KK'. The straight lines S1 and S2 reflect the increase in output depending on the amount of capital invested in countries I and II. If it is assumed that there is no international movement of capital, then countries I and II earn income by spending their capital funds within the country (country I in the amount of KS, country II in the amount of K'D). The output of country I using its own capital is equal to the sum of its segments, of which the profit of the owners of capital is equal to the profit of the owners of other factors of production, such as land and labor. The production volume of country II is equal to, from which the profit of the owners of capital, and the rest is the

profit of the owners of other factors of production. The fact that $KC < K'D$ means that the profit from investing capital in country I is less than that of country II.

If both countries remove restrictions on the international movement of capital, some of the capital (AV) in country I will move to country II, because the returns from investment are different in the two countries. After that, the profit from the investment will be balanced at the level of BR. As a result, the production volume with the help of the equity capital of country I is equal to the sum of the segments, and the products are taken into account at the expense of domestic investments, and foreign investments made in country II are taken into account. At the expense of investing a part of the capital in country II, the gross production (with the volume of gross capital not changing) will grow to a certain size (the size of segment h). In this case, the income from capital also increases from KS to KE. The income of the owners of capital will grow to the size, and the income of the owners of other factors of production will be only in the size of the C segment.

On the other hand, the flow of capital from country I to country II causes the profit from capital to decrease from K'D to K'F. At the same time, as a result of attracting from country I and using its domestic capital, production in country II expands to . Of course, segments are produced at the expense of foreign capital, and in the end, it is necessary to give them to

the investors of country I as a profit. Thus, the net growth of domestic production in country II will be equal to g segment. In country II, as a result of the decrease in profits from capital investment, the income of the owners of capital decreases from volume to volume k, and the income of owners of other factors of production increases from volume i to volume.

As a result of the flow of capital from one country to another in the world economy, gross output grows from volume to volume, that is, to volume. In this case, h occurs as a result of more efficient use of the capital of country I by investing in country II, and g belongs to country II and arises as a result of an increase in the amount of capital invested in this country.

Thus, the international movement of capital (as well as the international movement of goods) leads to an increase in gross world production due to a more efficient redistribution and use of the factors of production. In this case, the income of the owners of capital in the capital-exporting country increases, and the income of the owners of other factors (especially labor and land) decreases. The incomes of the owners of capital in the capital-importing country will decrease and the incomes of the owners of other factors of production will increase.

The participation of countries in international capital migration (ICM) processes is shown by a number of indicators. These include the volume of capital export

(import), the capital export-import balance, the number of enterprises with foreign capital in the country, the number of people employed in them, etc. Based on the balance, the countries of the world economy can be grouped as follows:

- capital exporting countries (Japan, Switzerland);
- capital importing countries (USA, Great Britain);
- countries in approximate balance (Germany, France).

Economic efficiency is the profit obtained from the use of the capital invested for investment, and if the income is understood, then the socio-economic effect, in addition to the profit obtained from the use of the investment, is also understood as the improvement of people's lives, the preservation of nature, and the development of scientific and technical progress.

When evaluating the economic efficiency of investments, it is necessary to pay attention to the terms "economic efficiency" and "economic efficiency".

Economic efficiency is the result of investment of invested capital, and economic efficiency refers to the relationship between the economic efficiency or profit obtained as a result of investment and the amount of investment.

The economic effect is calculated by subtracting the amount of capital invested from the income received

on account of this investment and is calculated as follows:

$$E = D - K \quad (1)$$

Here, E-economic efficiency

D-income from invested capital

K-invested capital amount

Economic efficiency is found by dividing the profit from the investment by the amount of invested capital:

Here, E1 is economic efficiency (2)

Profit from if-investment

K-invested capital

The indicator of economic efficiency of investment at the level of the country's economy is found by dividing the amount of gross national product created in the country by the amount of investment made at the level of the country.

Bu yerda,

YAMM – gross national income

K- The amount of capital invested to create YAMM.

Economic efficiency is calculated as a function of time, and at the beginning it is negative, because the invested capital has not yet earned a profit. As the return on capital increases over time, the return is positive, meaning that the return on invested capital exceeds the amount of invested capital over time.

The return on invested capital equals the invested capital over time. This period is called the payback

$$E = \frac{YAMM}{K} \quad (3)$$

period. This indicator shows the efficiency of capital investment in the production sector of the economy.

The investment payback period lasts 2-3 years in the small business sector, and 10-15 years for long-term investments. There is a concept of capital investment payback period norms, which is understood as the average amount of capital investment payback period in economic sectors. In the economy, the average investment recovery period is 6-8 years.

Investment contribution to national income is called investment rate. This is calculated based on the following formula;

$$YAIN = \frac{Y AIS}{Y AMM} \times 100 \quad (4)$$

here,

YAIN - gross investment norm

Y AIS - gross investment amount

Y AMM - gross national income.

During the process of project investment, the company's assets, that is, its own funds, are formed. At the same time, contracts for the supply of products are concluded with other enterprises, and the process of hiring employees is started.

In the process of using the investment, the effectiveness of the investment in the project is determined.

In this process, the following actions are performed:

- certification of manufactured products;
- organization of broker and dealer relations;
- monitoring of economic indicators of the project.

Designing any investment requires a certain level of knowledge and skills. At this point, it is worth saying that in order to determine the effectiveness of any investment project, it is necessary to pay attention to the basis of which the project was created, its duration, the amount of investment, and the level of inflation.

With this, we will prevent several problems encountered in the investment process.

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