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Import-Export Relations Country Development of Foreign Economic Relations Primary Factor

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Annotation: In this article, import-export relations are the main factors of the development of foreign economic relations of the country. It is well known that today trade surplus helps economic growth. More exports mean more output from factories and production facilities, as well as more people employed to keep those factories running. At the same time, foreign investment is also necessary for the formation of a diversified and stable economy. It is no secret that a few years ago in Uzbekistan, only a group of investorsimporters, initiators of large projects used privileges and preferences during the currency conversion process. In general, currency restrictions have a negative impact on foreign economic activity in general, including export development.

Keywords: Export, joint-stock companies, trade surplus, import, small business, private property, market economy.

Nowadays, in our country, increasing the efficiency of foreign trade relations, liberalizing foreign trade, strengthening the export potential and improving the system of releasing competitive local products to foreign markets, forming long-term stable partnership relations in the field of trade between product-producing enterprises and foreign partners is of urgent importance.

Of course, the liberalization of the economy makes it more acceptable for foreign investors, and the issue of legal regulation of import-export relations is put aside. This situation requires, on the one hand, the expansion of the country's economic development opportunities due to the introduction of foreign capital, and on the other hand, the creation of a legal framework that ensures that the economy of the respective country does not become dependent on import-export relations. In this case, national legislation in the field of import-export relations should be formed in accordance with international private legislation.

It should be noted that the development of import-export relations, which has special facilities for foreign investors, introduces a special and separate procedure consisting of a system of tax, customs, currency, benefits and guarantees for the implementation of business activities, thereby increasing the investment attractiveness of Uzbekistan.

Liberalization of the economy is one of the important conditions for the implementation of the Action Strategy on five priority areas of development of the Republic of Uzbekistan in 2017-2021. In the chapter "Priority directions of economic development and liberalization" of the strategy, protection of private property rights and guarantees, full freedom of private entrepreneurship and small business, prevention of illegal interference of state agencies in their activities, further expansion of privatization of state property, reduction of state participation in authorized funds of economic entities , special attention is paid to the issues of creating favorable conditions for the development of private entrepreneurship on the basis of privatized state-owned objects, reducing the state's participation in the country's socio-economic development processes.[1]

[1]Decree No. PF-4947 of the President of the Republic of Uzbekistan "On the Strategy of Actions for Further Development of the Republic of Uzbekistan", February 7, 2017.

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In the process of transition to a market economy and deepening of market relations in our country, liberalization, democratization of all aspects of socio-political and economic life, acceleration of structural changes in the national economy become the main driving force of macroeconomic balance. Thanks to the principles of liberalization, economic growth in our country has been stable for several years.

Liberalization of the economy in Uzbekistan is carried out through the privatization and expropriation of enterprises, the elimination of monopolies and the development of competition, and the large-scale development of small business and private entrepreneurship in all sectors of the national economy. Liberalization is a continuous, continuous process that will continue to improve. Development of small business and private entrepreneurship, family entrepreneurship, consistent implementation of the "Every family is an entrepreneur" program can be its guarantee.

At the first stage of the transition to market relations in Uzbekistan, retail and catering establishments, housing and household service facilities were sold to private hands, given preferentially and free of charge. The goal was to create and strengthen market skills in the population. In the second and third stages, medium and large enterprises were taken out of state control. As a result, joint-stock companies, state-owned companies, associations were created.

No matter how perfect the market is, it cannot solve all problems. It cannot maintain economic balance without government intervention. The lessons of the global financial and economic crisis that began in 2007-2008 clearly showed this. The market by itself cannot create the same interest rate, price and income mechanism for everyone. Maintaining the ratio between consumption and accumulation can only be ensured with state participation and control at the micro level. In these two things, there is an incomparable opportunity to increase production and income of the population.

Gradual liberalization began to produce positive results during the transition period itself. By the mid-1990s, the gross industrial product, and then the gross domestic product, recovered to pre-market reform levels. Growth in the economy continued even during the years of the global financial and economic crisis. Economic efficiency was ensured due to the deepening of reforms, structural restructuring, modernization of production, diversification, development of small business, ensuring the priority role of private property, gradually reducing the participation of the state in the economy.

A trade surplus is known to promote economic growth. More exports mean more output from factories and production facilities, as well as more people employed to keep those factories running. Export earnings also represent an inflow of funds into a country that stimulates consumer spending and promotes economic growth. Imports represent the outflow of money from a country, as these are payments made by domestic companies (importers) to foreign companies (exporters). A high level of imports indicates stable domestic demand and a growing economy. It is even better if the imports are mainly productive assets such as machinery and equipment, as they increase efficiency in the long run.[2]

If exports are growing well but imports are down significantly, this is an indication that the rest of the world is doing well relative to the domestic economy. On the contrary, if exports are sharply reduced, but imports are increasing, this indicates that the domestic economy is improving relative to foreign markets.

A country's imports and exports are complicated by the interplay between its exchange rate. The exchange rate affects the trade surplus (or deficit), which in turn affects the exchange rate, and so on.

[2] Cheffins Brian. Dividends as a Substitute for Corporate Law: The Separation of Ownership and Control in the United Kingdom. – ECGI - Law Working Paper No. 69 / 2006. – 2006..

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In general, a weak domestic currency encourages exports and makes imports more expensive. Conversely, a strong national currency makes exports more difficult and imports cheaper.[3]

More than 30,000 small business entities are established in our country every year. The share of small business in the gross domestic product was 56.9%, and in industrial production was 45%. The share of income from business activity was 52 percent. In the next two years, the state stake in 378 joint-stock companies was put up for sale. So what does it give?

First, the sale of the state-owned part of the joint-stock companies will bring a lot of money to the state treasury. Secondly, the hand of the state is somewhat freed from economic affairs. Thirdly, the business environment in the country will expand. Both the state and the owners and ordinary people will benefit from this. The main thing is that the deepening of market reforms requires this.[4]

The monopoly position of the state should be preserved in hydrocarbon raw materials, non-ferrous metals, uranium mining, railways and highways, aviation, electricity generation, electric and utility networks. Expropriation and privatization of state assets in other sectors will continue. Privatized state-owned objects are being sold to foreign investors. In particular, hundreds of property complexes were sold to new owners at zero value with the condition of investment. And they undertook to invest and create thousands of jobs.

The process of economic liberalization should not be the ultimate goal. It will be even better if the pace of liberalization, economic growth, quality indicators, and the standard of living of the population are equal. According to economic growth forecasts, Uzbekistan has been ranked among the fastest developing countries in the world. As it has achieved the Millennium Development Goals, it has also taken the lead in ensuring food security. These indicators are quite high in the current conditions. Because the global financial and economic crisis has not yet fully ended, the countries are increasingly imposing sanctions and embargoes on each other. In addition, external demand for important goods is decreasing, prices are falling, supply is greater than demand. This kind of external economic and political instability will certainly have a negative impact on the national economy.

Liberalization of currency and foreign trade market is one of the important links of economic liberalization and requires serious changes to the state monetary policy. Monetary policy is a tool used by the state or its central bank to influence the macroeconomic situation by increasing or decreasing the money supply. This policy includes interest rate and exchange rate, balance of payment, control over, control of inflation, increase of total employment, price level moderation and other measures.

In accordance with the action strategy, on September 2, 2017, the President of the Republic of Uzbekistan signed a decree on the liberalization of currency policy. Its main purpose is to create the same conditions for all market participants, and instead of different exchange rates in the market, a single official exchange rate has been set. Enterprises and residents have the opportunity to freely buy foreign currency. Now it is observed that people prefer to receive money transfers in national currency. The main thing is that the uncertainty in the foreign exchange market, the daily and hourly fluctuations of the prestigious exchange rates, the excitement among the population, that is, the noise, increased the demand. Now, under the guarantee of the President and the Central Bank, clarity and transparency have been introduced to the currency market. Today, an Uzbek tourist, businessman, student or patient can withdraw the currency of the conversion card from an ATM in the desired amount as cash.

[3] Baker M., Wurgler J. Why Are Dividends Disappearing? An Empirical Analysis. – Harvard University Working paper, 2002; Baker M. Wurgler J. A Catering Theory of Dividends. – Harvard University Working paper, 2002; Baker M., Wurgler J. Investor Sentiment. A Cross Section of Stock Returns. – Harvard University Working Paper, 2003 http://www.harvard-law.edu/

[4] Correia da Silva L., Goergen M., Renneboog L. Dividend Policy and Corporate Governance. – Oxford University Press: Oxford, 2004.

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Secondly, liberalization has a complex character in any sector of the economy and requires certain conditions. At the moment, macroeconomic stability and investment activity are preserved in the country, and the implementation of state programs for economic growth is accelerating. Tax and banking reforms are underway, and administrative barriers to doing business and exporting are being removed. All these serve to improve the monetary and credit system and liberalize the sector.

The liberalization of the foreign exchange market also has a positive effect on foreign trade. Documents on increasing competitiveness in this area, supporting export enterprises, encouraging the export activities of farms, small businesses and private enterprises, improving the system of benefits for them, simplifying customs procedures and sharply reducing the terms of foreign trade operations, reducing foreign trade tariffs transition to the electronic form of formalities and other measures are being taken.

The artificial maintenance of the official exchange rate at a high level by administrative means was one of the main obstacles to the development of the export of national goods and services. In other words, the non-liberalization of the foreign exchange market would reduce the competitiveness of national goods and services in the foreign market, leading to a high share of raw materials in exports. Now, increasing the share of raw materials in the country's exports, institutional restructuring in the sector, and finally moving from an import-substituting model to an export-oriented foreign economic model. But export-oriented production requires competitive products. This requires the introduction of machinery and equipment, new equipment and technology from abroad. According to the order of the market economy, if there is no entry from the outside, it cannot be taken out. At this point, the national economy can be likened to a two-way highway.

Liberalization of all aspects of economic life, including the currency market, is a major phenomenon related to the international image of the state. But if strict control is not established over them, as well as over the emission, withdrawals of money from abroad, it is out of the question that it will cause inflation, which always appears as a difference between the real growth of the economy and the growth rate of the amount of money in circulation. A combination of monetary policy and fiscal policy can prevent such situations.

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