

## Some Issues About Logistics Services in the Development of the Economy of Uzbekistan

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**Abstract:** The purpose of logistics is to understand all the ways of globalization, the movement of goods, services, raw materials and finished goods, which cover a wide range of human activities. This article discusses some issues concerning logistics and its vitality in the economic development of the country.

**Keywords:** logistic services, transport infrastructure, raw materials, finished products, outsourcing, transporting goods, trade corridor.

The logistics system, which is new developing trend in Uzbekistan is very important as well in the development of every country's economy.

By optimizing the movement of finished products and raw materials in the domestic market, an effective logistics system ensures the delivery of goods and services in convenient conditions and at low prices for customers, and stimulates competition in the market. In world practice, there is a market of logistics operators - PL-providers. Increasingly, organizations outsource logistics operations to logistics operators. There are operators on the market that provide several types of services at the same time, for example, transport and warehouse operators, there are enterprises that provide a whole range of logistics services, to which some or all non-production logistics functions are transferred (outsourcing). Outsourcing allows the company to concentrate on the core business.

At present, not only in Uzbekistan, but also in many countries, logistics is perceived as a certain set of functions related only to the transportation of goods. Meanwhile, the practice of doing business in developed countries shows that logistics plays a strategically important role in organizing trade flows. Logistics has many forms and directions - these are industrial logistics, trade logistics, information logistics, transport logistics, management logistics, warehouse logistics and others.

In the foreign market, it increases the country's economic competitiveness and accelerates the process of integration into the world economy. It is very important to organize an effective logistics system for our developing country. Logistics is one of the most developing activities in many different developed countries. European, American and Asian countries are spending large sums to introduce the principles of logistics into production processes.

Logistics activities are an integral part of production and include an intermediate range of products (services). Logistics in macro resources reflects the joint work of integrating business through the

integration of various organizations. All activities and operations related to logistics must be planned, managed and coordinated .

The purpose of logistics is to understand all the ways of globalization, the movement of goods, services, raw materials and materials, which cover a wide range of human activities.

Today, elements of logistical support for trade and transportation of goods are just developing in Uzbekistan. Measures are being taken to establish a mechanism for the effective use of information technology, transportation and transport infrastructure. a well-placed network of logistics centers is essential in advancing trade and economic improvement of Uzbekistan. These centers should be able to facilitate export and import, consolidation and distribution, as well as the quality of domestic market. Notwithstanding the fact that, Uzbekistan`s logistics sector encompasses various group of freight forwarders and logistics companies, including local firms as well as those from CIS countries, as well as Russian Federation, Afghanistan, Iran, Turkey, and the Republic of Korea, these firms and companies are mainly based on traditional method of delivering and warehousing. In other words, supply chain management and third party logistics are still at an embryonic stage of development process in the country. To illustrate, international companies in Uzbekistan like using local third-party logistics services and partners as a way to enter the Uzbek domestic market, they have to constantly face issues in finding a good and credible distributor or agent to help them reach their business goals. Given that, Uzbekistan undergoes a number of challenges associating with geographical inaccessibility, transport communications, trade and finance, border control, inadequacy of free economic zones, underdeveloped IT infrastructure, and finally lack of logistics Institutions and professionals that have to be addressed to realize the full potential of trade logistics sector. Those challenges which Uzbekistan logistics industry currently face can be considered as the primary causes of any obstacles in a way of achieving competitive logistics sphere in this country.

Developing Uzbekistan`s industrial and commercial sectors may lead to greater demand for logistics services, as increased economic activity generates immense traffic in goods and people. Nevertheless, taking not full advantage of its geographical position can be a big deal for this country to utilize its all optimal strengths in logistics sphere. In other words, the main difficulty for land-locked countries like Uzbekistan has always been their lack of direct access to major international transport lines due to the necessity to pass through a third country before connecting with world markets. As a result, this tends to drive trade costs up and simultaneously reduce supply chain reliability. Since, goods must cross border a number of times before arriving at their final destination. Therefore, they are more subject than coastal countries to exports delays in customs. Furthermore, it is sometimes necessary to unload and reload goods traveling by road owing to restrictive nationality regulations or differences in load limits. All these factors contribute to additional time, cost and uncertainty for logistics companies. Uzbekistan`s customs and border control practices are causing to enhance the operational costs of many logistics companies servicing the region. Although Uzbekistan`s customs procedures are currently being modernized, delays are still common. These have largely been attributed to a number of inefficient manual customs processes, including cargo inspections that have been responsible for lacking in both transparency and consistency. The creation of a single transport market of the Republic of Uzbekistan is one of the main tasks of the transport strategy. The geographic location of a country's transit routes is a key driver of the logistics management approach to ensure the intensive development of the national transport infrastructure.

The importance of the transport system necessitates the implementation of a targeted program of economic development, the implementation of a comprehensive program aimed at the development of various modes of transport. Modern transport problems are based on a systematic approach and

require special software development. Modernization of the national economy of Uzbekistan objectively required the introduction and development of logistics methods for managing commodity flows. Significant transformations have taken place in the sphere of commodity circulation, new methods and technologies of goods delivery based on the logistics concept have been used, new forms and methods of organizing logistics flows have appeared. This is due to the fact that more than 70% of the cost of the product is logistics costs, i.e. transportation, storage, packaging, etc. In industrially developed countries, logistics has long been put at the service of improving the efficiency of managing the movement of material flows. The high rates of development of market relations in Uzbekistan, as well as the possibility of using advanced foreign technologies in relation to the organization of commodity flows, make it possible to give greater dynamism to the processes of development of integration interaction. This requires an adequate development of the theory of commodity movement, the study of integration processes, the essence and patterns of the formation of logistics centres in the domestic economy.

The Government of Uzbekistan attaches great importance to the development of international corridors passing through the territory of the republic, the renewal of transport routes, as well as the improvement of the transport infrastructure of Uzbekistan. For a comprehensive solution to the issues of increasing the volume of international transportation of goods, and attracting transit traffic through the territory of the republic, it is already necessary to begin active work on improving the quality of services provided by transport and logistics companies of the republic today. In this regard, one of the priorities of the economic development of the republic was the introduction of quality management systems at the enterprises of Uzbekistan that meet international standards.

The place of logistics productivity of Uzbekistan (LPI) in the world “In the logistics efficiency report” published by the World Bank in 2018, Uzbekistan ranked 99th among 160 countries. In the development of the report, criteria such as customs efficiency, quality of transport infrastructure, ease of organization of international transport, knowledge and potential of industry experts, ability to track cargo and level of timely delivery of cargo were taken into account.

Currently, Uzbekistan has a huge transport potential and unique opportunities to meet the needs of the country in the movement of both cargo and passengers in all directions and by all possible modes of transport.

According to the last reports, Uzbekistan's foreign trade turnover reached \$36.3 billion, which is \$5.4 billion (13.1%) lower than last year. Of the total WTO volume, exports amounted to 15,127.7 million US dollars (by January-December 2019, a decrease of 13.4% was noted), and imports – 21,171.5 million US dollars (a decrease of 12.8%). As a result, the balance of foreign trade turnover amounted to a passive balance in the amount of \$6,043.8 million.

The foreign trade turnover of the Republic of Uzbekistan with the CIS countries amounted to 11,830.0 million US dollars. Of these, the volume of exports amounted to 4,098.3 million US dollars, and the volume of imports – 7,731.7 million US dollars.

A strong logistics industry is extremely crucial for supporting economic growth in Uzbekistan. Thus, on the way of establishing and developing this competitive sphere, Uzbekistan should investigate every tiny factors and causes of challenge. This would involve so many specific approaches including analyzing major obstacles affecting to the improvement of marketing, defining the way of cooperation and integration between government and private agencies, simplifying transit processes, increasing coordination among Uzbek and foreign logistics companies, developing the quality of

customs administration, attracting investors to private sectors, reconstructing the infrastructure of roads and highways and finally reducing the power of monopoly in transportation.

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