

## Issues of support and stimulation of exporting enterprises and ways of their elimination

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**Abstract:** This article examines the objectives and ways of making incentives and supporting the activities of exporting enterprises.

**Keywords:** export, export potential, contributing factors, foreign trading turnover, export structure, export geography, types of export goods, the problems development of exports.

### Introduction

It is well known that many raw materials from Uzbekistan, which had been transformed into raw material base of the former Soviet Union for many years, were recycled in the center and other neighboring republics. Then it was exported abroad on behalf of the Soviet Union, and Uzbekistan was deprived of high added value (raw material) from raw materials and processing of primary products.

After gaining its independence, Uzbekistan pursued the goal of building a society based on market economy, developing cooperation with countries around the world and, first of all, by integrating foreign trade into the global market.

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

However, the presence of a number the barriers and problems in the development of foreign economic activity, improvement of export support and incentives in our country testifies to the existence of necessary work in this area.

As President noted in his speeches "We have huge reserves. Nevertheless, in the past year the projections of 1 billion 540 million USD have not been fulfilled. Of these, 570 million USD will be directed to the enterprises of the Cabinet of Ministers. Indicators of 970 million USD were not fulfilled with the economic entities in the regions. As of 2010, our number of exported countries reduced 138 out of 176."<sup>1</sup>

In order to eliminate these problems to develop foreign economic activity, to ensure the implementation of a number of export-oriented tasks, the Strategy for the five priority directions of the development of the Republic of Uzbekistan in 2017-2021 has been developed. It pays special attention to liberalization and simplification of exports, diversification of export structure and geography, expansion and mobilization of export potential of industries and regions.

Expansion of exports means strengthening of the free currency in the republic and national currency. These businesses are also the new technologies that are needed. The solution of these social issues is to raise wages, to expand the social infrastructure. This is a strong incentive for regular refurbishment. In a word, the comprehensive stimulation of export production and ensuring the stability of our national currency: "... today we cannot talk about ensuring the sustainable development of the economy without solving it."

## Analysis and results

Increasing export potential, increasing its scope, improving its structure and expanding its geography are among the most complex tasks of the ongoing economic reforms in Uzbekistan.

World experience shows that the ability to export large quantities of one type of product depends on the global market conditions of the product.

One of the main factors that adversely affect the development of exports is to increase the volume of some exported raw materials in the context of the narrow and almost volatile structure of the exporting range. As a result, that is, an increase in the supply of export to a certain commodity, there is a fall in prices and a decline in exports, which, in turn, will undermine the volume of foreign exchange earnings.

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<sup>1</sup>The lecture of Sh.M. Mirziyoyev On 14 January an extended session of the Cabinet of Ministers, dedicated to comprehensive analysis of the results of social-economic development of the country in 2016 and determining the most important directions and priorities of economic and social program of the government in 2017 was held in Tashkent.

In recent years, the consistent implementation of measures to boost competitiveness and diversification of sectors of the economy, the ongoing crisis in the global economy and the world market prices have significantly reduced the adverse impact on the country's export potential in 2016. In order to preserve the domestic market of exporters and to strengthen export potential of the country, the work has continued to increase the volume of deliveries of goods to the foreign market, diversification of geography and nomenclature of export oriented products, and attraction of new enterprises, primarily small businesses to export activities. As a result, over the past 10 years, exports of small businesses have grown more than fourfold and accounted for 28% of total exports in 2017. The main factors contributing to the country's export potential were the following:

- involvement of new enterprises in export activities. 877 new enterprises, including 140 enterprises and 737 regional sub-organizations, have been involved in exporting their products. As a result, 270 types of new products were exported;

- diversification of geography and nomenclature of export oriented products, including the expansion of geography of local products to 60 new markets. In particular, for the United Arab Emirates, Lebanon, Jordan, Iraq automobiles, for United Kingdom voltage aggregates and motor components, for Latvia wheel discs, Auto-generators for South Korea, for Turkmenistan Agricultural machinery, for Poland solid hydrocarbon compounds, Polyethylene and polypropylene for China, Turkey, South Korea and Latvia, Mineral fertilizers for Sweden, Romania, Bulgaria and Azerbaijan, Sports shoes for the Republic of Belarus and Azerbaijan, for Poland and South Korea leather goods were exported;

- reforming the system of export of fruits and vegetables.

"UzAgroExport" special foreign trade company was established. Widespread introduction of foreign partners in the production of vegetables, fruits, grapes and melons with unique consumption characteristics in Uzbekistan, establishing long-term sustainable cooperation between fruit and vegetable producers, processors and suppliers through modern market mechanisms, thereby increasing the volume of the fresh and processed fruit and vegetable products and expanding range of the exported products, every year, the International Fruit and Vegetable Fair has been launched to promote new markets.

Due to the measures taken to stimulate the export of fruits and vegetables, the direct volumes of deliveries to Russia in 2017 increased by 2.5 times, in Iran and in India - by 1.3 times, in the United Arab Emirates - by 1.9 times.

The volume of exports of polyethylene, copper, molybdenum products, trucks, fruits and vegetables, knitted fabrics, cotton fabrics and other products has increased. Due to the launch of the Ustyurt Gas Chemical Complex on the basis of the Surgil Deposit, the export of chemical and chemical products has grown significantly, mainly due to the increase in exports of plastic products.

Due to the increase in the authorized capital of the Small Business and Private Entrepreneurship Support Fund, more than 400 business entities have the opportunity to export their products, provide financial support to 70 business entities and assist in the search for foreign buyers.

Each region of the country has its own contribution to the development of the country's foreign economy. In particular, as a result of the measures taken by Namangan region to develop foreign trade, certain economic effect is being achieved. Sustainable growth rates have been ensured in all sectors of the economy by 2017, thanks to the implementation of tasks in the "Priorities of the socioeconomic development of the country in 2017 in the country" and the implementation of the parameters of the sector programs and resolutions adopted in Namangan region by the Government.

In particular, it is necessary to accelerate the process of modernization, technical and technological renewal of the economy and its leading industries, diversification of production, accelerated development of road and transport infrastructure, implementation of active investment policy and attracting foreign investments, creating necessary business environment, as a result of the measures to ensure consistent increase in the quality and level of life, the gross regional product (GRP) will grow by 4.2% oat production increased by 7.3%, agriculture 1.8%, capital qo'yilmalar3,7 %, construction 7.6 %, the volume of total retail sales increased by 3.1 % and services 5.0 % growth. In the region, following the year 2017, foreign trade amounted to 508.4 million USD, of which exports amounted to 178.1 million USD and imports - 330.3 million USD.

In 2017, 143 enterprises have been exported, of which 65 enterprises were involved in export activities and exported products worth 25.5 million USD.

The export structure is made up of chemicals, ferrous and nonferrous metals, machinery and equipment, food products, energy resources, services and others. As it is known from the table below, foreign trade turnover of Namangan region in 2017 increased by 7.4% compared with 2016. Exports of energy resources, ferrous and non-ferrous metals in the structure of exports of the region considerably increased compared to the previous year.

**Table 1****Foreign trade turnover of Namangan region**

№	Indicators names	The end of 2016, in fact	The end of 2017		Compared to 2016, %
			Predictions	In fact	
1	<b>Foreign Trade Turnover – Total, Thousand US Dollars</b>	<b>433272,7</b>	<b>420000,0</b>	<b>508402,0</b>	<b>107,4</b>
	Export	172572,5	170000,0	178094,8	103,2
	Import	260700,2	250000,0	330307,2	126,7
	Remains	-88127,8	-80000,0	-152212,4	x
2	<b>Export Structure, Thousand US Dollars</b>	<b>172572,5</b>	<b>170000,0</b>	<b>178094,8</b>	<b>103,2</b>
	- Chemical industry products	11,7	12,4	12,5	106,6
	- ferrous and nonferrous metals	365,1	405,0	407,8	111,7
	- machinery and equipment	164,6	170,9	172,1	104,6
	- food products	64783,4	68842,4	69312,8	107,0
	- energy resources	786,9	948,2	954,7	121,3
	- services	19845,6	20127,7	20265,2	102,1
	- others	86615,2	79493,4	86969,8	100,4

Source: Provided by the student on the basis of the Regional Statistical Office data

External economic relations with Far East and Baltic states in 2016 amounted to USD 150033.4 thousand, and in 2017 - 18,861,500 USD. This is 25.7% higher than in 2016. Foreign Economic Relations with the Commonwealth of Independent States (CIS) amounted to 182667.3 thousand USD by the end of 2017, which means a 78.9 percent increase from the previous 2016.

The large volume of exports of foreign trade with CIS countries also contributes to the implementation of export contracts between these countries.

According to the data, there was a significant trend in the region's external economic relations with the CIS. In 2017, more products worth 80567.5 thousand USD have been exported compared to 2016. At the same time, exports of agricultural and light industry products have increased.

Table 2

## Foreign trade structure of Namangan region

№	Indicators names	The end of 2016, in fact	The end of 2017		Compared to 2016, %
			prognosis	in fact	
<b>1</b>	<b>Foreign Economic Relations with Far Foreign and Baltic States</b>				
	<b>Total USD thousand</b>	<b>150033,4</b>	<b>176140,0</b>	<b>188621,5</b>	<b>125,7</b>
	Export	66947,1	67840,0	68303,5	102,0
	Import	83086,3	108300,0	120318,0	144,8
	Remains	-16139,2	-40460,0	-52014,5	x
<b>2.</b>	<b>Foreign economic relations with CIS countries, thousand USD</b>				
	<b>Total</b>	<b>102099,8</b>	<b>173960,0</b>	<b>182667,3</b>	<b>178,9</b>
	Export	57361,1	101760,0	102455,3	178,6
	Import	44738,7	72200,0	80212,0	179,3
	Remains	12622,4	29560,0	22243,3	x

Source: Provided by the student on the basis of the Regional Statistical Office data

Among them in order to increase export potential in the region, the projected targets are planned and implementation measures are being implemented. The economy and production management should make the best decisions and ensure their implementation, as today the level of damage from unjustified decision-making is growing more and more.

Table 3

## Expansion of new export markets and geography in Namangan region

№	Names of countries	Types of export goods
1	Germany	suits, dried fruits and vegetables
2	Malaysia	egg, mush, beans
3	Netherlands	dried grapes
4	Canada	dried melon
5	Israel	knitwear
6	Pakistan	mush, bean, dried grapes

7	Kenya	suit, jacket, shirt
8	South African Republic	suit, jacket, shirt

Source: Provided by the student on the basis of the Regional Statistical Office data

At the same time, as a result of the efforts undertaken by the regional exporting enterprises for the acquisition of new markets and expansion of export geography, exports of products to 8 new countries have been launched over the past 9 months. These are sugar beet, dried fruits and vegetables in Germany (egg, beef, bean), Netherlands (dried grapes), Canadian (gingerbread), Israel (knitted garlic), Pakistan (bean, bean, dried grape), Kenya (suits, jackets, shirts) and southern Africa (suits, jackets, shirts).

Along with the progress made in the region's economic development, obstacles and challenges are also facing exports.

Among the problematic issues faced by small businesses and entrepreneurship in the Namangan region, we can say the following:

- increased product cost and difficult to export due to the increase in the cost of exports of light industry products, in particular men's clothing, to the countries of the European Union;
- difficulties of export contracts;
- high quality requirements for exports of products to EU countries, difficulties with implementation of these requirements;
- it is economically inexpedient to meet the need for additional jobs as a result of the acquisition and modernization of new technologies in the company's business expansion. Handmade people's participation in light industry, especially sewing products, is a major part of the business process. The garment industry requires many employees to work. The increase in the number of employees is due to the fact that the enterprise has to pay off the general tax rate, deducting the status of a small enterprise or company;
- disputes with the business entity and the customs authority in the customs clearance of raw materials imported to the enterprises, etc., are the same.

Hence, the foreign economic situation and the analysis of the activities of the economy in the liberalization of the economy, as a result of the increase in the export of certain types of goods in our country, and in the region, will reduce the domestic market offer and increase the value of these products.

Today, along with our achievements in regulating and managing foreign trade operations, there are some deficiencies. That's why our goal is to be one of the developed countries, eliminating the shortcomings and achieving final results in the economy and occupying the highest peaks.

At the same time, the export nomenclature is not sufficiently comprehensive. Uzbekistan's export range includes only 300 types of goods. If we compare this figure, China will export more than 50,000 types of goods. This information shows that Uzbekistan's export patterns are extremely limited and depend heavily on raw materials markets of our national economy. Whether it is possible to rely solely on raw materials exports. Of course, it is important to admit that the country's wealth of raw materials is advantageous in its relatively easy-to-sell sales on the world markets. But the wealth of the country's raw material resources cannot be a sufficient basis for the positive development of the economy, including foreign trade, for a number of reasons:

- 1<sup>st</sup> of all, the country of exporter raw materials depends on the situation with world raw materials and prices dynamics;
- 2<sup>nd</sup> raw material exports are associated with a relatively low added value, and the cost of raw materials is based on its natural disadvantage;
- 3<sup>rd</sup> the richness of Uzbekistan's raw material can jeopardize efforts to organize the production of highly competitive products with a high spiritual value.

Summarizing the above points, it can be said that if the country's exports are largely dependent on certain types of the commodities or raw materials, a slight change in the world market environment will lead to a sharp decline in the country's export earnings. To prevent this, it is important to expand the range of exports and reduce the share of each type of raw material in the overall export, on the other hand, using the significant contribution of Uzbekistan in the international export of raw materials to the raw materials, we must learn to manage it and achieve it.

The above figures and commentaries indicate that in Uzbekistan, during independence years, exports, depending on its specific features, have increased its volume, expanded its geography and structure. At the same time, there are problems that slow down the development of exports, which are identified by the following key factors:

- insufficient development of the financial sector with financial support for enterprises operating in the market;



- keeping a monopoly on the production of many products under free conditions - allows businesses to pay any price. In such circumstances they are more interested in selling their products on the domestic market;

- the slow development of the private sector and the insignificant share of its share in exports;
- an existing freight system with a high rate of overwhelming portion of the cost of exporting goods and making them economically useless;

- the fact that most enterprises do not have an active foreign policy: this is a very weak organization of marketing research and advertising;

- lack of working capital and capital in some businesses that have good prospects for exporting goods;

- high rates of compulsory sale of foreign exchange earnings to the government, the high rates of official exchange rate of the national currency;

- physical or psychological technology of manufacturing many types of finished products. They are characterized by the density of the products produced, the demand for many materials and energy. As a result, the cost of many products is far above the cost of such products in the world, making them competitive.

- state support of exporters and insufficient improvement of the export support system.

In the regulation and elimination of the factors that adversely affect the development of exports, the main role of the state should be to accelerate the liberalization of the economy and to establish a single export-oriented state system and a clear mechanism for export promotion.

The main directions of the forthcoming strategy for the development of export potential of the Republic of Uzbekistan, support and incentives for exporting enterprises are as follows:

- 1<sup>st</sup> it is necessary to create stable macroeconomic conditions before export promotion. It means that inflation rates are stable and predictable and that the exchange rate will be the same. This situation allows exporters to obtain clear visions of foreign trade contracts, opening accreditation accounts, and confidence in free currency and their extraordinary earnings;

- 2<sup>nd</sup> microeconomic factors should also facilitate the development of export potential. Ensuring that all undertakings have equal access to imported production facilities irrespective of the form of ownership, all of them have the most important place among these factors;

- 3<sup>rd</sup> human factor development is an important component of the development of export potential. This means that it should take over the responsibility of training and retraining specialists

at various levels. For this purpose, the improvement of workers' knowledge and skills, and the training of workers should be made on the basis of modern technology;

- 4<sup>th</sup> it is necessary to use different tools to promote export potential. First of all, export subsidies should be included for a short period of time. However, such subsidies should not increase the budget expenditures for their implementation. The most favorable form of export promotion is the free economic zones,

- 5<sup>th</sup> the use of favorable climatic conditions and peoples experiences from traditional countries like traditional countries should be widely used in the development of export potential of the country.

In addition to liberalization of the foreign trade sector, the Republic of Uzbekistan should increase the export potential and ensure successful access of Uzbek enterprises to the world market. In order to support the government, we need to take a number of measures. These include:

- finding financial resources needed for the structural reorganization and technical modernization of enterprises;
- funding for issuing export insurance schemes and insurance schemes;
- opening marketing research centers in each region and city, focusing their activities on providing world-class competitive products and advertising services;
- first of all, creation of a wide network of dealers, trading houses and consignment warehouses in the CIS, where buyers have not forgotten Uzbek products yet.

The state also needs to create the necessary conditions for the economic entities to increase their interest in exporting goods and services in various forms of ownership. First of all, it is necessary to prepare and adopt new laws and regulations aimed at liberalization of foreign trade activities in the near future. The main purpose of these documents is to create guaranteed conditions for middle-income operations, ensuring foreign economic activity and providing foreign currency reserves to the country. Simple calculations show that if 100,000 entrepreneurs were involved in exporting goods and services, each year earning an average of 1,000 USD a year, the country would be worth 1.2 billion USD annually. Dollars in revenue. However, for this purpose it is necessary to liberate the whole economy and, first of all, foreign economic activity. At the same time, it is necessary to provide government support for lending to export projects, to create a system of risk-based insurance and insurance coverage associated with export-oriented production and export of its products.

Export potential development strategies, as well as extensive marketing researches in the markets of the CIS, South-East Asia, Western and Eastern European countries are required. It is particularly important to study the experience of developed countries on the expansion of exports and the use exporters. Studying this experience will allow Uzbek producers and exporters to develop key areas of entry into these markets.

In order to facilitate export-oriented economies, it is desirable to set up a National Center for the Use of Exporters and Reduction of Foreign Trade. The core objective of this center is to conduct profound marketing research on the global marketplace, provide advice on product development policies for individual manufacturers, and provide information on the scope and trends of product sales across different markets.

The National Center should also establish an Export Promotion Institution. This institute provides current and promising recommendations for the production of certain types of products, depending on the world market demand. The task of the Institute is to provide advice on attraction of foreign investments to government and business systems in order to create an export potential of Uzbekistan.

Formation and development of the export potential of the country requires the creation of scientific and technological centers for scientific research, export patents, "know-how" technical solutions through the use of foreign investments. In addition, the creation of such centers is far more beneficial than the rich scientific and intellectual potential of Uzbekistan, which is inferior to the scientific potential of India and Pakistan; to use.

One of the key components of the country's export potential development strategy is the active export policy. Not to wait for the essence of such a policy, but to concentrate on markets for Uzbek goods; to prevent others from occupying positions, to prevent our exporters from catching up in the occupied markets. To achieve this, it is necessary to deal with such issues as improving the quality of products, diversifying the range of export goods, organizing service after sale to technical products, and seeking ways to reduce costs for exporting goods. It is also important to create an effective marketing strategy for identifying and developing segments of international and regional markets.

### ***Conclusion and Recommendations***

The above-mentioned general measures for the development of export potential of Uzbekistan are becoming clear export promotion programs in certain sectors of the economy. At the same time,

the measures to be taken to create new export potential should lead to a significant increase in exports of goods and services in all areas of the Republic of Uzbekistan.

It is desirable to continue to attract foreign investments in these sectors, taking into account the fact that the largest share of exported goods meets the requirements of the “Uzbekyengilsanoat”, “Uzkimyosanoat” associations, and requirements of domestic and world markets. Analysis of the cost structure of exported products indicates that the most favorable nomenclature of exports is the processing industry and light industry products. The volume of imported spare parts does not exceed one quarter of the export price and ensures that the product is exported. It is therefore desirable to find new opportunities for increasing exports of these sectors, particularly light industry products. One of the new forms of export of light industry products can be the creation of clothing and footwear enterprises, taking into account the fact that the population has accumulated over the centuries.

Thus, in the coming years, Uzbekistan becomes one of the most dynamically developing countries in the world. This can be achieved if a set of immediate measures to liberalize the economy and foreign trade is developed and implemented. It is possible to increase export potential only through the liberalization of the economy and the mobilization of millions of ordinary workers. Therefore, the state should focus on the development of export potential by creating the necessary conditions for attracting foreign investment.

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