



Assessment of the Impact of Foreign Trade Relations on the Financial Security of Uzbekistan

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ANNOTATION.

The article presents a comprehensive analysis of the impact of foreign trade relations on the level of financial security of the Republic of Uzbekistan. The relevance of the study is due to the need to assess the degree of dependence of the country's economic well-being on the dynamics and structure of international trade. The study is based on statistical data on the trade balance, changes in tariffs and quotas, as well as an analysis of strategic documents regulating foreign economic activity.

Keywords: financial security, export, import, trade balance, foreign economic activity.

Intricate webs of international commerce are fundamental scaffolds underpinning a nation's economic ascent, yet they are also fraught with implications for the financial bulwarks safeguarding a nation's prosperity. An era marked by rampant globalization and burgeoning cross-border trade streams confers both expansive prospects for economic advancement and heightened susceptibility to global shocks, market volatilities, and extrinsic fiscal hazards. A methodical dissection of the nexus between economic expansion and financial robustness is essential for sculpting robust economic policies that buttress the resiliency and equilibrium of the national economy.

Financial resilience within this context is epitomized by a country's prowess in circumventing and resisting both domestic and transnational perturbations, sustaining the momentum of economic progression, upholding the local currency's steadiness, and ensuring lasting stability across its financial sectors. The import of foreign trade associations in this financial domain is multi-faceted.

At the forefront, a nation's export-generated income constitutes a pivotal influx of international currency, bolstering the nation's liquidity and facilitating the accrual of substantial fiscal reserves. These reserves act as a strategic buffer against monetary turbulence and speculative upheaval, uphold the nation's international credit standing, and offer leverage in modulating the domestic currency's exchange rate.

Conversely, an overreliance on the exportation of a narrow array of commodities—particularly primary resources—erects potential perilous scenarios for financial constancy. The whims of global commodity markets spawn unpredictable revenue streams, rendering fiscal forecasting a Herculean task that, when mismanaged, can precipitate budgetary deficits. It is against this backdrop that the diversification of exports emerges as an urgent strategic objective for states keen on curating a financially sound future.

Moreover, financial security encompasses a delicate equilibrium between consistent import levels and keeping external indebtedness within the confines of controllability. While tapping into international capital markets may infuse capital and engender economic expansion, such leverage can simultaneously incubate financial liabilities and breed a dependency on external creditors that may undermine a nation's fiscal autonomy.

A penetrating and original analysis of these dynamics is instrumental in charting out a path towards cultivating a fortified economic landscape—one that can confidently navigate the tempestuous seas of global trade while anchoring itself firmly against the storms of economic adversity.

Fortifying a nation's financial bulwarks in an age of interlinked global economies commands a sophisticated, multifaceted strategy. Such a blueprint must encapsulate the following:

- Crafting a dexterous blend of trade policies - both assertive and receptive in nature - to vigilantly safeguard a nation's economic frontiers.
- Formulating robust contingency plans to counteract the ramifications of trade embargoes and fiscal constraints imposed from beyond national borders.
- Instituting an efficient surveillance framework tailored to incessantly scrutinize and decrypt the complexities of global market trends, thereby empowering timely and informed foreign economic policymaking.
- Investing in the surge of indigenous high-technology sectors coupled with a strategic emphasis on amplifying the proportion of exports rich in value addition.

By embracing a doctrine centered on harmonizing international trade currents and catalyzing brisk economic growth, a nation can anchor its financial security - a core pillar of its sovereign mantle.

Within the matrix of this grand economic narrative, Uzbekistan's economy burgeons, carving out its niche in the global market. A closer analysis, as illustrated by table 1, divulges an upward trajectory in both export and import vectors. Uzbekistan's export basket spontaneously overflows with an eclectic mix of commodities, including but not limited to, bountiful natural resources, diverse agricultural yield, and skillfully crafted textiles. Simultaneously, the country exhibits a tactical import pattern featuring essential development linchpins - raw materials, state-of-the-art machinery, and nourishment provisions.

Table 1 – Trade balance of Uzbekistan, billion US dollars (2002-2022)

| Year | Export | | Import | | Trade balance |
|------|----------------------------------|-------------|----------------------------------|-------------|---------------|
| | Volume in billions of US dollars | Change in % | Volume in billions of US dollars | Change in % | |
| 2002 | 2,99 | - | 2,71 | - | 0,28 |
| 2003 | 3,73 | 24,65 | 2,96 | 9,30 | 0,76 |
| 2004 | 4,85 | 30,28 | 3,82 | 28,74 | 1,04 |
| 2005 | 5,41 | 11,45 | 4,09 | 7,21 | 1,32 |
| 2006 | 2,02 | -62,69 | 1,21 | -70,49 | 0,81 |
| 2007 | 2,79 | 38,44 | 1,34 | 10,63 | 1,46 |
| 2008 | 1,48 | -47,19 | 1,87 | 39,97 | -0,39 |
| 2009 | 2,60 | 76,05 | 2,60 | 38,99 | 0,00 |
| 2010 | 3,48 | 33,91 | 2,86 | 10,01 | 0,62 |
| 2011 | 3,68 | 5,66 | 2,99 | 4,51 | 0,69 |
| 2012 | 3,59 | -2,22 | 3,32 | 11,09 | 0,28 |
| 2013 | 14,32 | 298,54 | 13,95 | 320,26 | 0,38 |
| 2014 | 12,97 | -9,44 | 16,42 | 17,73 | -3,45 |
| 2015 | 11,87 | -8,48 | 14,64 | -10,84 | -2,77 |
| 2016 | 10,62 | -10,53 | 14,52 | -0,82 | -3,90 |
| 2017 | 12,88 | 21,28 | 16,78 | 15,56 | -3,90 |
| 2018 | 14,19 | 10,17 | 23,46 | 39,81 | -9,27 |
| 2019 | 17,03 | 20,01 | 26,62 | 13,47 | -9,59 |
| 2020 | 14,55 | -14,56 | 22,60 | -15,10 | -8,05 |
| 2021 | 16,44 | 12,99 | 27,79 | 22,96 | -11,35 |
| 2022 | 19,31 | 17,46 | 30,67 | 10,36 | -11,36 |

For visual viewing, and for convenient comparison and to determine the difference between exports and imports, you can see graphically in figure 1.

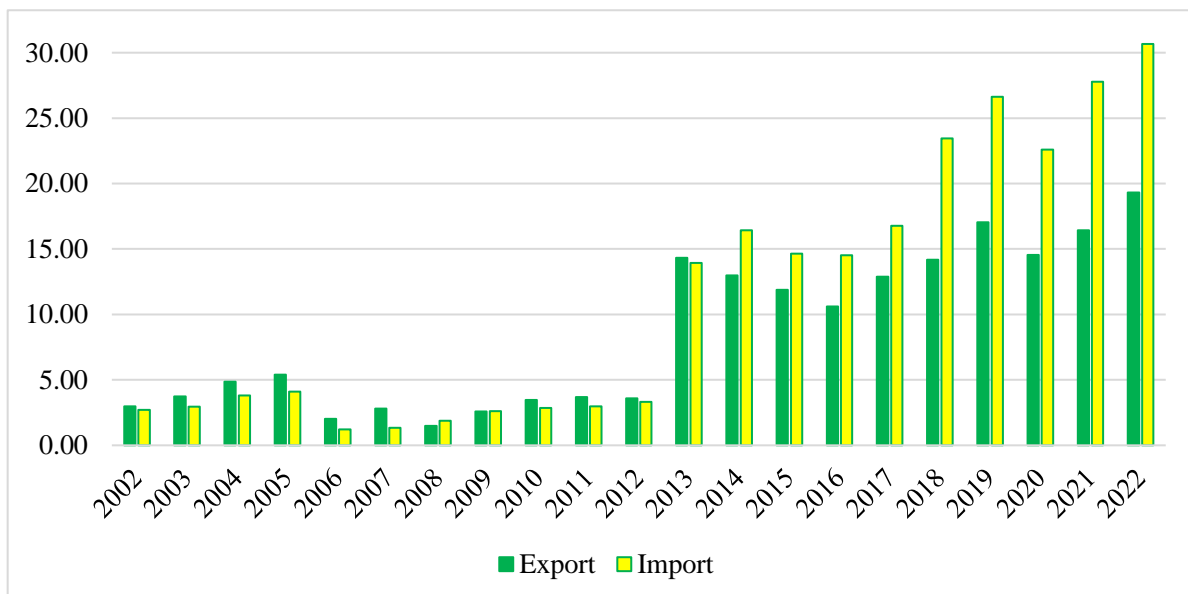


Figure 1 – Dynamics of the volume of exports and imports of the Republic of Uzbekistan (2002-2022)

In 2022, goods worth \$19.31 billion were exported from Uzbekistan. The main part (17%) of exports of goods from Uzbekistan this year was sent to Russia – \$ 3.28 billion. Other important areas of export of goods from Uzbekistan in 2022 were: China – 11.4% (2.2 billion), Turkey – 9.53% (1.84 billion), Kazakhstan – 8.18% (1.58 billion), Kyrgyzstan – 6.06% (1.17 billion), Afghanistan – 3.43% (662.33 million), Tajikistan – 2.56% (494.34 million), Turkmenistan – 0.866% (167.22 Poland – 0.834% (161.04 million), Azerbaijan – 0.829% (160.08 million).

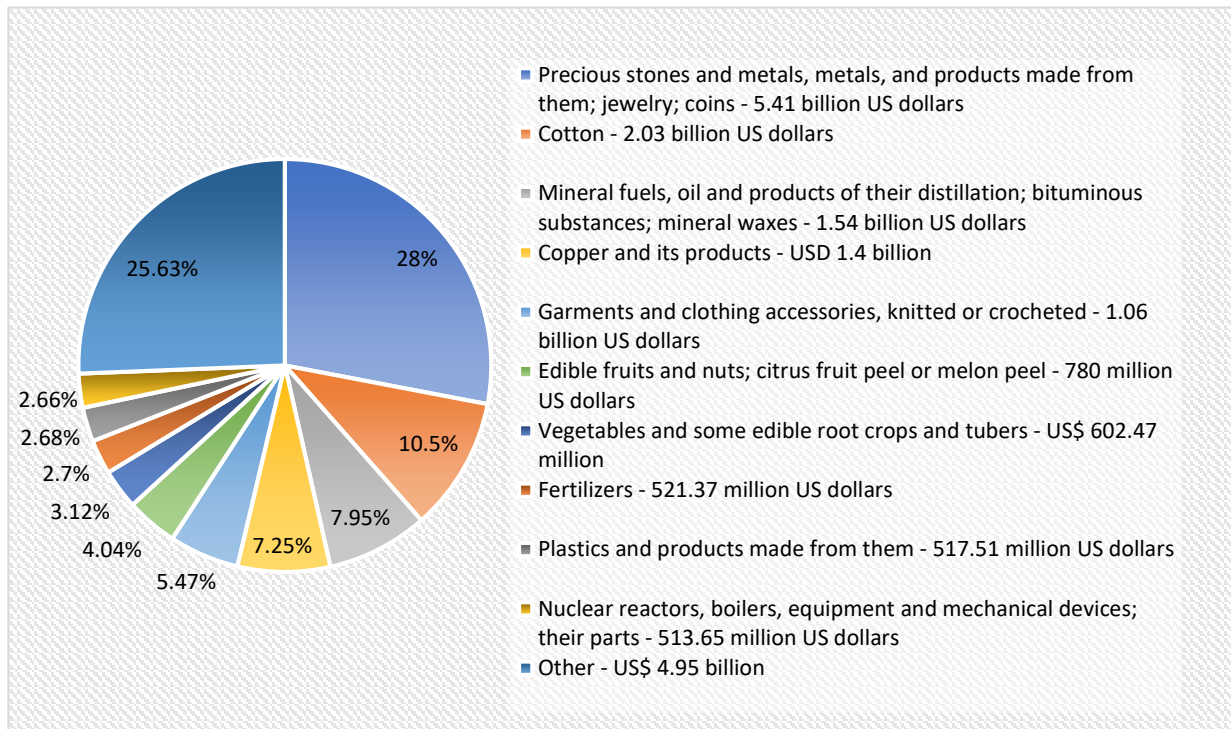


Figure 2 – Structure of export commodity groups of the Republic of Uzbekistan for 2022

The main commodity groups of the components of the export of the Republic of Uzbekistan are shown in Figure 2.

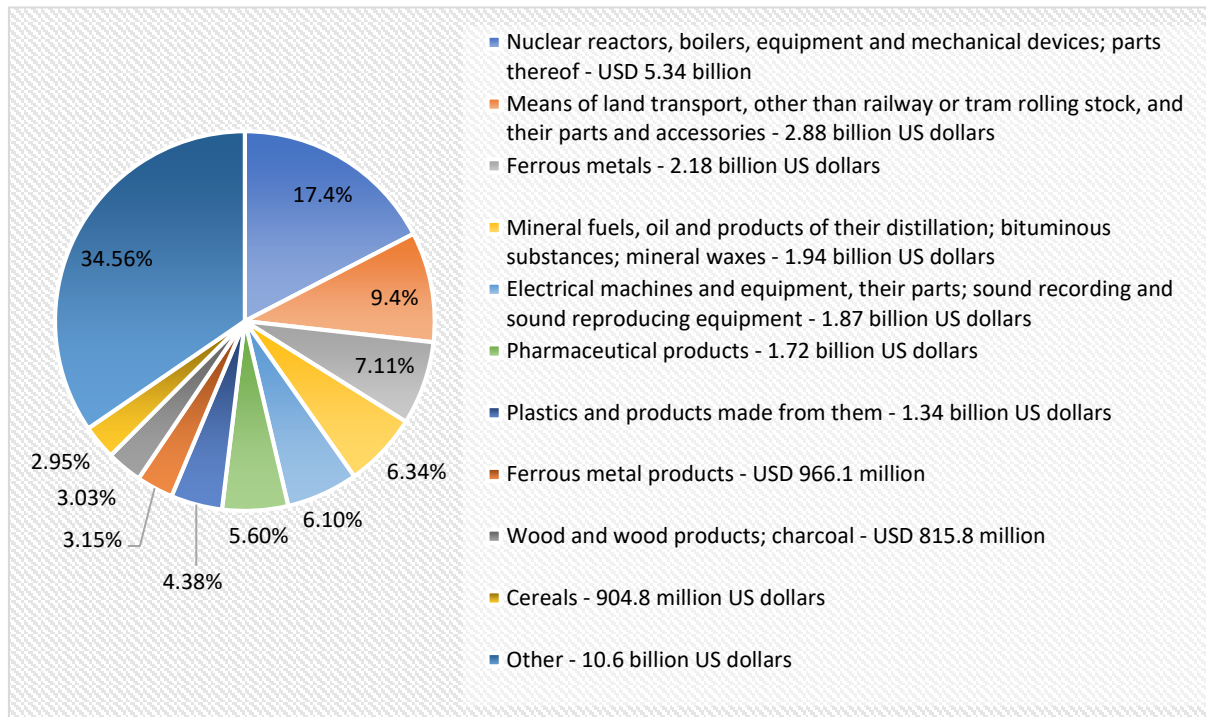


Figure 3 – Structure of import commodity groups of the Republic of Uzbekistan for 2022

In 2022, goods worth 30.67 billion US dollars were imported to Uzbekistan. The main commodity groups of the components of the import of the Republic of Uzbekistan are shown in Figure 3.

The largest trading partners in the import of goods to Uzbekistan in 2022 were China with a share of 22% (6.75 billion US dollars), Russia with a share of 21% (6.44 billion US dollars), Kazakhstan with a share of 11.4% (3.37 billion US dollars), South Korea with a share of 7.68% (2.35 billion Turkey with a share of 5.92% (1.82 billion US dollars), Germany with a share of 3.57% (1.09 billion US dollars), Turkmenistan with a share of 2.56% (785 million US dollars), India with a share of 2.3% (705 million US dollars), Brazil with a share 1.95% (598 million US dollars), Belarus with a share of 1.43% (438 million US dollars).

Uzbekistan's foreign trade dynamic, characterized by fluctuating export-import proportions, is heavily influenced by internal economic shifts and the pulsating rhythm of worldwide market forces. The government's strategic objective emphasizes escalating the nation's export-GDP percentage while concurrently curbing import reliance. This calculus serves to minimize the trade deficit and fortify Uzbekistan's economic fabric.

Amidst these endeavors, Uzbekistan's economic tapestry witnesses a continual expansion of both exports and imports – a strategic move designed to foster enduring growth and progress. Government authorities are pressing forward with reformative actions and bolstering initiatives targeted at pivotal trade sectors. These endeavors are undertaken with the ambition of uplifting the nation's trade competitiveness on the global stage.

Current global conditions underscore the critical role foreign trade performs in Uzbekistan's economic evolution. However, this interface inherently bears risks and challenges to fiscal defense mechanisms. The resilience and security of Uzbekistan's international trade ties are contingent upon the nation's agile response to global economic fluctuations, and its competency in crafting responsive economic policies and regulatory landscapes.

Uzbekistan grapples with a pronounced reliance on a narrow selection of exported commodities, predominantly raw materials, leaving its economy susceptible to the whims of international price volatility and jeopardizing consistent foreign exchange proceeds. Additionally, geopolitical dynamics, including international discord, punitive trade sanctions, and certain nations' isolationist policies, loom as potential barriers in Uzbekistan's quest to penetrate international markets.

Navigating the tempestuous seas of the global economy, Uzbekistan is compelled to conceive and adopt strategic approaches to bolster financial resilience in foreign commerce. Crucial initiatives include:

- Economic Diversification: Enriching the spectrum of exportable goods and services to curtail reliance on select staples.
- Domestic Production Fortification: Investing in the rejuvenation and technological advancement of local manufacturing bases, coupled with human resource development, to elevate homegrown product's global standing.
- Trade Equilibrium: Steering the trade balance with a strategy that energizes exports and judiciously manages imports in alignment with the nation's sovereign aspirations.
- Foreign Reserve Stability: Stockpiling and sustaining adequate foreign currency reserves to cushion external economic tremors and stabilize the domestic currency.
- Diplomatic and Economic Linkages: Advancing regional economic integration and crafting conducive terms for bilateral commerce agreements to diversify external economic alliances.
- Foreign Trade Policy Regulation: Successful international commerce relies on legislatively backed safeguards, including anti-dumping protocols and both tariff and non-tariff measures to shield domestic industries.
- Financial System Refinement: A robust banking architecture, augmented export risk insurance, and refined payment mechanisms are pivotal in mitigating financial perils.

The diligent execution of such strategies promises not only the safekeeping of Uzbekistan's economic sovereignty amidst global flux but also solidifies a higher echelon of financial security within the expansive tapestry of international trade.

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