Czech University of Life Sciences Prague Faculty of Economics and Management Department of Economics and Management



Diploma Thesis

The analysis of foreign trade development in the Republic of Uzbekistan

Author: Bobir Khodjimuratov

Supervisor: Mgr. Elena Kuzmenko, Ph.D.

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DIPLOMA THESIS ASSIGNMENT

Bobir Khodjimuratov

Economics and Management

Thesis title

The analysis of foreign trade development in the Republic of Uzbekistan

Objectives of thesis

The main aim of the present Master thesis is to define the main determinants of foreign trade development in Uzbekistan. Since Uzbekistan has the fourth-largest gold deposits in the world and mines 80 tons of gold annually, being seventh in the world, it becomes interesting to investigate if the commodity structure of its foreign trade has undergone significant change over the last years or not. Another question is — what are the other factors, except natural resources, that play an important role in economic development of Uzbekistan. Facing a multitude of economic challenges upon acquiring independence, the government adopted an evolutionary reform strategy, with an emphasis on state control, reduction of imports and self-sufficiency in energy. The analysis of this strategy will be done as well.

Methodology

Regression analysis, index analysis along with comparative and description techniques will be applied in the Diploma thesis.

The proposed extent of the thesis

60-80

Keywords

Uzbekistan; Foreign trade; Economic development; Regression analysis

Recommended information sources

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The Diploma Thesis Supervisor

Mgr. Elena Kuzmenko, Ph.D.

Supervising department

Department of Economics

Electronic approval: 28. 11. 2019

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 28. 11. 2019

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 28. 11. 2019

Official document * Czech University of Life Sciences Prague * Kamýcká 129, 165 00 Praha 6 - Suchdol

Declaration
I declare that I have worked on my diploma thesis titled "The analysis of foreign
ide development in the Republic of Uzbekistan" by myself and I have used only the sources
entioned at the end of the thesis. As the author of the diploma thesis, I declare that the esis does not break copyrights of any their person.
Prague on

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Abstract

Uzbekistan was part of Soviet Union 30 years ago where the country was centralized in agrarian sector. The industry and service sector did not take an essential role in Uzbekistan's economy during the Soviet period. The country was mostly adopted to cotton plantation. Moreover, Uzbekistan was regulated by the central State where the country could not make any own economic decisions. After Soviet Union collapse there were significant changes in Uzbekistan's (country's) economy. Firstly, the government changed its strategy from agrarian country to agro-industrian which was not easy in the beginning stage of independency.

Uzbekistan is one of the developing countries in the world. It cooperates in foreign trade with various countries such as Commonwealth Independent States, China, Germany, South Korea and so on. Uzbekistan has been included in observed list of World Trade Organizations.

In this Master thesis, foreign trade development of the Republic of Uzbekistan has been analyzed. The analysis covers the period of 2000-2018. The major changes of commodity structure in foreign trade has been provided in this diploma work. Comparison of foreign trade partners has also been reviewed for respective period of time.

The analysis has been performed by regression model and Balassa index (Revealed competitive advantage). According to this analysis all dependent variables (gold, cotton, inflation, population, agreements with different countries) have strong impact in foreign trade turnover of Uzbekistan.

Key words

International trade, Uzbekistan, GDP, exports, imports, regression, Balassa index.

Abstrakt

Uzbekistán byl v součástí Sovětského svazu v průběhu 30 let, kde země byla centralizována do agrárního sektoru. Průmyslová výroba a služba nezískali zásadní roli v economice Uzbekistánu během sovětského období. Země byla většinou přijata na pěstování bavlny. Uzbekistán byl navíc regulován ústředním státem, a proto země nemohla přijímat vlastní ekonomická rozhodnutí. Po zhroucení Sovětského svazu se v uzbecké ekonomice stali významné změny. V první řadě vláda změnila svou strategii z agrární země na zemědělsko-průmyslovou, že nebylo to na začátku nezávislosti snadné.

V současnosti Uzbekistán je jednou z rozvojových zemí na světě. Spolupracuje v zahraničním obchodu s různými zeměmi, například státy nezávislé na Commonwealthu, Čína, Německo, Jižní Korea a tak dále. Uzbekistán byl zařazen do pozorovaného seznamu Světových obchodních organizací. V této diplomové práci byl analyzován vývoj zahraničního obchodu Republiky Uzbekistán.

Analýza obsahuje období z 2000 do 2018. V této diplomové práci byly provedeny hlavní změny komoditní struktury v zahraničním obchodu. Mezitím bylo také přezkoumáno srovnání zahraničních obchodních partnerů za příslušné časové období. Analýza byla provedena regresním modelem a Balassovým indexem (byla odhalená konkurenční výhoda). Podle této analýzy všechny závislé proměnné (zlato, bavlna, inflace, populace, dohody s různými zeměmi) mají silný dopad na obrat zboží Uzbekistána v zahraničním obchodu.

Klíčová slova

Mezinárodní obchod, Uzbekistán, HDP, vývoz, dovoz, analyza, Balassův index.

List of abbreviations

ADB – Asian Development Bank

AoA – Agreement on Agriculture

CIS – Commonwealth of Independent States

EBRD – European Bank for Reconstruction and Development

EC – European Comission

En – English

EU – European Union

FAO – Food and Agriculture Organization

FDI – Foreign Direct Investment

GATT – General Agreement on Tariffs and Trade

GDP – Gross Domestic Product

GNP – Gross National Product

IsDB – Islamic Development Bank

ISIC - International Standard Industrial Classification

LDCs – Least Developed Countries

RCA – Revealed Comparative Advantage

SCO – Shanghai Corporation Organization

UN – United Nations

USA – United States of America

USAID - United States Agency for International Development

UzStat – Uzbekistan Statistical Committee

WTO – World Trade Organization

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1. Introduction

The Republic of Uzbekistan was a part of the former Soviet Union since 1924. Uzbekistan became an independent country after Soviet Union collapse in 1991. During the Soviet Union Uzbekistan was fully agrarian country which was centralized mostly for cotton plantation. After the independence the country chose its way in market economy (Usmonov, 2007, p. 8).

Uzbekistan is rich with its natural resources. It is landlocked, fortunately it is strategically located in the heart of Central Asia. Due to its location Uzbekistan can be a major transit zone between Asia (Japan, South Korea, Singapore and etc.) and European Union. The population of Uzbekistan is more than 33.5 million people in 2019 according to the Uzbekistan's statistical committee records (UzStat, 2019).

The analysis of foreign trade development in the Republic of Uzbekistan is interesting for me as the country became independent only 28 years ago. The country's economy was formulated centrally by Soviet Union. Moreover, Uzbekistan was centralized to agrarian sector, especially cotton plantation. The role of service and industry did not take significant role at that time. After its independence Uzbekistan chose its way in market economy where the Uzbek government attempted to reduce share of agriculture in economy and develop other sectors respectively.

In this Master thesis foreign trade performance of Uzbekistan during 2000-2018 will be analyzed. It allows us to see how the economy changed in the past 18 period years. I believe it will also be interesting to review future opportunities in Uzbekistan's economy, especially in foreign trade.

There were tremendous changes in the Uzbek economy in the last years. Especially, due to recent governmental reforms Uzbek economy is opening its doors to the world. Because of that foreign trade trend is also changing rapidly in Uzbekistan in these years.

It is also interesting to review how commodity structure changed in Uzbekistan's economy. Besides that, it's beneficial to see the main trade partners of Uzbekistan 18 years ago and how it is changed now. In the end of this master thesis brief conclusion will be provided along with recommendation based on the analysis.

2. Objectives

International trade performance of Uzbekistan will be analyzed in this Master thesis. The main concept of this thesis is to indicate the status quo of the Republic of Uzbekistan according to the country's foreign trade development during 2000-2018. The analysis will be performed based on the statistics of Uzbekistan's import and export. This objective could be split into several sub-objectives:

- Overview of international trade;
- Investigate main export and import products of Uzbekistan during 2000-2018;
- Find out and demonstrate essential changes over the analyzed time period;
- Examine factors which might influence foreign trade provide some example based on Uzbekistan's economy
- Regression analysis of Uzbekistan's foreign trade;

As mentioned above, the main purpose of my Master thesis is to describe the main determinants of foreign trade development in Uzbekistan. The Republic of Uzbekistan has very huge gold deposits in the world (the fourth-largest) and mines 80 tons of gold annually, being seventh in the world. It becomes interesting to investigate if the commodity structure of its foreign trade has undergone significant change over the last years or not. Another question is - what are the other factors, except natural resources, play an important role in economic development of Uzbekistan. Facing a multitude of economic challenges upon acquiring independence, the government adopted an evolutionary reform strategy, with an emphasis on state control, reduction of imports and self-sufficiency in energy. The analysis of this strategy will be done as well.

3. Methodology

Several analytical tools and methods have been utilized in order to reach out the main objectives. The format of Master thesis is going to be as follows: the first part provides a brief description of literature review and recent researches on this topic. Afterwards it follows with an overview of Uzbekistan economy, trade performance of the country in the past and main trade partners in export and import. In the next part I will analyze based on the regression model of different factors which are influencing Uzbekistan's international trade. In the sequence Balassa index method will be applied in order to analyze the

Uzbekistan's foreign trade. I will conclude my thesis with current status of Uzbekistan's trade performance and future expectations based on this analysis. All data have been taken from various resources in the time period of 2000-2018.

The following variables (period of the data from 2000 to 2018) will be used in econometric modelling in order to demonstrate the econometric model:

- Foreign Trade Turnover;
- Main commodities (Gold, cotton, oil etc.);
- Inflation rate of Uzbekistan;
- Population of Uzbekistan;
- Agreements with CIS and other countries.

Several analytical tools and methods are going to be utilized in order to achieve the objectives in my Master thesis quantitative methods, comparative analysis, regression model, Balassa index will be used in this work.

Trade balance of Uzbekistan. It is going to be demonstrated by the difference of all exported and imported goods and services. It is calculated for yearly basis. I will point out when exports or imports exceeded. Moreover, to pay attention for a trade surplus and the trade balance when it is negative.

Trade balance - the difference between the values of all exported and imported goods and services. It is calculated for a quarter and for a year. If exports exceed imports, then this difference is called a trade surplus. And if more goods and services are imported than exported, then the balance is considered negative (Afontsev, 2005, p.20).

The main factors affecting the trade balance.

- The cost of production, which includes the prices of natural resources, the level of remuneration, taxes, the size of investments, etc.
- The national currency rate. The strengthening of the currency stimulates imports, the weakening stimulates exports.
- Foreign trade restrictions, including duties.
- Non-tariff restrictions, such as state standards, product safety standards, and so on.
- The ability to freely convert currencies for import.
- Domestic prices for products and services.
- The publication of trade balance data has a significant effect on exchange rates, because the balance reflects the amount of national currency bought and sold.

I would like to supply a brief overview of trade balance of Uzbekistan with this analysis within 2000-2018. In addition, it allows us to assess the reliability of debtor states, which affects the cost of borrowing in international markets, in particular, the prices of government bonds.

Regression model. Regression model has also been utilized in this thesis. In statistical modeling, regression analysis is a study used to assess the relationship between variables. This mathematical method includes many other methods for modeling and analyzing several variables, when the focus is on the relationship between the dependent variable and one or more independent ones. More specifically, regression analysis helps to understand how a typical value of a dependent variable changes if one of the independent variables changes, while the other independent variables remain fixed (Stancheva-Gigov, 2014, p.3-4).

In all cases, the target estimate is a function of independent variables and is called the regression function. In regression analysis, it is also of interest to characterize the change in the dependent variable as a function of regression, which can be described using a probability distribution.

This statistical research method is widely used for forecasting, where its use has a significant advantage, but sometimes it can lead to illusions or false relationships, therefore it is recommended to carefully use it in this issue, because, for example, correlation does not mean a causal relationship. A large number of methods have been developed for conducting regression analysis, such as linear and ordinary least squares regression, which are parametric. Their essence is that the regression function is defined in terms of a finite number of unknown parameters that are estimated from the data. Nonparametric regression allows its functions to lie in a certain set of functions, which can be infinite-dimensional. As a statistical research method, the regression analysis in practice depends on the form of the data generation process and how it relates to the regression approach. Since the true form of the data process is generating, as a rule, an unknown number, regression analysis of the data often depends to some extent on the assumptions about this process. These assumptions are sometimes verified if there is enough data available. Regression models are often useful even when assumptions are moderately violated, although they cannot work at maximum efficiency. In a narrower sense, regression may relate specifically to the assessment of continuous response variables, in contrast to the discrete response variables

used in the classification. The case of a continuous output variable is also called metric regression in order to distinguish it from related problems (Stancheva-Gigov, 2014, p.5).

$$Y_i = \beta_0 + \beta_1 X_i + \in_i \quad (1)$$

 Y_i – dependent variable;

 β_0 – intercept;

 $\beta_1 X_i$ – coefficient of independent variable

Regression Analysis. When examining the relationship between a quantitative outcome and a single quantitative explanatory variable, simple linear regression is the most commonly considered analysis method. Linear regression uses the values from an existing data set consisting of measurements of the values of two variables, X and Y, to develop a model that is useful for predicting the value of the dependent variable, Y for given values of X.

To perform a regression analysis, we should make one of the variables as an independent variable, then the manner in which this independent variable is associated with changes in the dependent variable can be estimated.

In this Master thesis, the foreign trade performance of Uzbekistan will be a dependent variable and the number of parameters that could have a significant impact on it will be chosen as independent variables.

Therefore, the analysis will be performed as follows. We will formulate several hypotheses about the relationship between value of Uzbekistan foreign trade in various goods and services (as a dependent variable) and studied independent variables and then we will construct a separate simple regression equation for each variable in order to test these hypotheses. This analysis is a time-series analysis, i.e. we investigated the relationship between the same parameters, but in process of time.

Balassa index. One of the best known method to determine the comparative advantages of countries is the Balassa index which was proposed by B. Balassa in 1965. Balassa chose the structure of export of industrial goods as an object of study, since he believed that it most closely matches the available comparative advantage in countries: its volumes are influenced by both price and non-price factors, about 75% of the global commodity turnover falls on industrial finished products, is this group of goods most traded Beralized, while trade in raw materials is largely regulated by quotas, subsidies, tariff and non-tariff restrictions, etc. (Reyes, 2014, p.3). The Balassa Index is calculated as the ratio

between the share of export of a certain product in the total volume of export of a country and the share of this product in the total volume of world export (Balassa, 1979, p.245):

$$RCA_{1} = \begin{pmatrix} \frac{X_{ij}}{\overline{X_{it}}} \\ \frac{X_{nj}}{\overline{X_{nt}}} \end{pmatrix} = \begin{pmatrix} \frac{X_{ij}}{\overline{X_{nj}}} \\ \frac{X_{it}}{\overline{X_{nt}}} \end{pmatrix}$$

where x is export, i is the country under the research, j is the product (or industry), t is the group of goods (or industries) and n is the group of countries.

The proposed index is called the Revealed Comparative Advantage (RCA) coefficient, since the calculation is based on existing data on the export of goods from a given country or group of countries (Balassa, 1965 p.100).

To clarify, the first simplest method for calculating the comparative advantage index was proposed by H. Liesner in 1958, which based on this indicator conducted empirical studies of the comparative advantages of Great Britain in trade with the Common Market countries. The index is calculated as the ratio of the export of a single product by a given country to the total export of a given product by a group of countries:

$$RCA_1 = \frac{X_{ij}}{X_{nj}}$$

where x is export, i is the country being studied, j is the product (or industry) and n is the number of countries.

The Balassa Index is now widely used in calculating the revealed comparative advantage. The country has a comparative advantage with RCA₁>1, If RCA₁<1, then it is considered that the country has "identified advantages" in a certain group of goods or industries (Zaghini, 2003, p11).

4. Theoretical part – Literature review

This chapter has begun with literature review whereas I have taken classes during my Bachelor and Master degree. I have been taught the subject which was related to my thesis such as World trade, Macroeconomic, Econometric during my studies at the Czech University of Life Sciences. In the meantime, I have read additional other books and papers in the field of my research area which were useful to write this thesis.

The subjects like World trade and Macroeconomic helped me to understand the importance of foreign trade in the economy of country. For instance, the textbook "Milliy va Jahon Iqtisodiyoti" (en. "National and World economy") by Yuldashev and Xalilova took a significantly essential role to understand the foreign trade. Yuldashev mentioned in his book that World trade is main part of globalization in the XXI century. It is important that A country imports and exports goods and services to B country in order to increase commodity turnover among countries. It is not possible to achieve successful economic growth without foreign trade. Moreover A country can be strong in producing X product while B country might be productive in supplying Y product. (Yuldashev, 2013, p.226).

In addition, I have also studied other research papers and books individually. I would like to mention Natalia Ishchukova's Phd dissertation "The Position of Russian Federation in the international market of agricultural and foodstuff products". I have learned some essential information for my diploma thesis as economy of the Republic of Uzbekistan and Russian Federation is interconnected. Moreover, Russian Federation takes significantly important role in international trade of Uzbekistan.

Along with theoretical textbooks Econometric was also helpful for my study work. I am really grateful that I had this subject in my Master degree in the Czech University of Life Sciences which helped me to build my economic model.

4.1. International trade theories

International trade theory did not exist as theory in the past. It became modern theory as international trade increased significantly in past two centuries. However foreign trade existed in the past as well as many countries tried to cooperate with each other. "Silk road" which was used to be a type of international trade in the ancient period.

Nowadays foreign trade between countries increasing substantially as many countries attempt to develop its country. Moreover, it is not possible to develop a country's economy without attending in international market. World trade is the main form of foreign economic relations. As a result of its expansion and deepening, opportunities for capital outflow have emerged and, in this connection, international financial and credit relations have developed.

The emergence of foreign trade is explained by two major objective reasons:

- First, it is the uneven distribution of natural and raw resources between countries. Even the largest or most developed countries do not have enough resources to cover themselves. They are required to export surplus resources and import deficient resources in the country.
- The second important reason that one country cannot produce the same kind of products. In other words, one product is cheaper in Japan and the second one can be produced cheaper in Uzbekistan. That is why countries specialize in the use of resources and trade.

In recent decades, significant shifts have taken place in the directions and structure of world trade, which are not always amenable to comprehensive explanation in the framework of classical theories of trade. This prompts both the further development of existing theories and the development of alternative theoretical concepts. Among such qualitative shifts, we should first of all take into account the transformation of technological progress into a dominant factor in world trade, the increasing share in trade of counter deliveries of similar industrial goods produced in countries with approximately the same supply of factors of production, and a sharp increase in the share of global commodity trade in intracompany trade.

Because of various integrations in the world international trade is growing very quickly. Especially after the World War II foreign trade started to grow. If we have a look the below Figure 1. we can see that international trade skyrocketed after 1975 and it reaches its peak in 2008 till the world economic crisis (Suranovic, 2010 p.5)

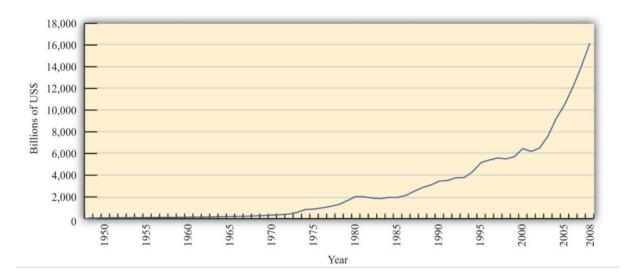


Figure 1. World Exports during 1948-2008 (in billion USD)

Source: World Trade Organization, International trade and tariff data

Nowadays if someone visits a supermarket, he/she can purchase various products from different countries: Ecuadorian Banana, Brazilian coffee, Dutch cheese and so on. It can be a simple example for foreign trade and how it looks like today. Foreign trade provides us opportunities to have several options for both services and goods which may not be available in a domestic country. Moreover, customer can buy a better product/service for valuable price (Suranovic, 2010, p.6).

Foreign trade can be expressed as exchanging goods and services among several countries where local customer will have more opportunities to purchase different kind of products and services. In addition, Adam Smith and David Ricardo also recognized the importance of foreign trade. Because of international trade consumers can always pick up the best products for themselves. For instance, they might have a chance to compare sneakers which is produced in America with the one which is made in China. Moreover, comparison can be made in value wise and quality wise.

4.2. Foreign trade turnover

Foreign trade turnover is an economic indicator, measured in monetary terms, characterizing the volume of foreign trade of a country, group of countries or administrative-territorial formation (region) for a certain period of time: month, quarter, year. It is equal to the sum of export and import costs.

The basic principles of foreign economic activity are:

- Freedom of subjects of foreign economic activity;
- economic independence;
- Equality of subjects of foreign economic activity;
- non-discrimination in trade and economic relations;
- mutual interest in foreign economic activity;
- Protection of the rights and legitimate interests of subjects of foreign economic activity by the state.

The main directions of foreign economic activity are:

- international economic and financial cooperation;
- Foreign trade activity;
- Attracting foreign investments;
- Investment activity outside the country

Foreign Trade turnover indicate aggregation of country (or region, territory)'s export and import. Foreign trade activity is business activity in the sphere of trade of international goods, works (services). Moreover, foreign trade activity is carried out by export and import of goods, works (services). Foreign trade turnover formula is as below (Nazarova, 2011, p.17):

 $Foreign\ Trade\ Turnover = Export + Import$

It should be taken into consideration that the country's foreign trade turnover is calculated in value units, since it includes heterogeneous goods that are not comparable in kind. For certain goods, export and import can be measured in physical units (pieces, tons, meters) (Nazarova, 2011, p.17).

Foreign trade balance formula is as below:

 $Foreign\ trade\ balance = Export - Import$

The balance of foreign trade can have a positive or negative value and is rarely reduced to zero. Accordingly, we can talk about the positive or negative trade balance of the country. A negative trade balance means the appearance of a passive trade balance. Conversely, a surplus characterizes the country's active trade balance.

4.3. Foreign trade and its role in a country's economy

International trade is the process of exchanging goods and services between various countries and integrations. International trade has existed since ancient times, but it became more scientific term only in the nineteenth century, when almost all developed countries began to participate in international trade (Gopinath, 2014, p.22). The Silk Road could be an example of foreign trade from the past. At that time people exported their own products to different countries, meanwhile they brought other commodities on their way back home.

The development of world trade is based on the benefits it brings to the countries participating in it. The theory of international trade gives an idea of what is the basis of this gain from foreign trade, or what determines the direction of foreign trade flows. International trade serves as a tool through which countries, developing their specialization, can increase the productivity of available resources and thus increase the volume of goods and services they produce and increase the level of well-being of the population.

International trade was dealt with by many well-known economists. The main theories of international trade are the Mercantilist theory, The theory of absolute advantages of A. Smith, The theory of comparative advantages of D. Ricardo and D. S. Mill., Heckscher-Olin theory, Leontief paradox, Product life cycle theory, M. Porter theory, Rybchinsky theorem, as well as Samuelson and Stolper Theory.

The theory of absolute advantages of Adam Smith was a complete denial of the views of the mercantilists. A. Smith believed that the country's wealth does not depend on the availability of silver and gold, but on competent participation in the international division of labor. Each country should specialize in a product in the production of which it has an absolute advantage. That is, it is advisable to import only those goods for which production costs are higher, and to export only those goods for which production costs are lower (Smith, 1776, p.419).

Nowadays international trade is characterized by such indicators as foreign trade turnover, export and import, trade balance. International trade and cooperation are the basis for many countries' high profits, for example, today developing countries export different types of goods and services to developing countries and countries in transition. (Gomes, 1987, p.39) Today, China and India are among the most developing countries, with a significant increase in their share in international trade.

Another advantage of international trade is that it has a high priority in reducing poverty in many countries. In India 60-70 years poverty is not even less than 1%, and after some time there has been a growth in education and services in globalization and integration. As international cooperation fosters better education and health systems. International trade is growing deeper today, especially in developing countries.

According to WTO foreign trade is forecasted world GDP to fall to of 2.6% in 2019 while it was 3% in previous year. Most economists believe that with the growth of foreign trade, the world economy will increase correspondingly. In 2013, exports of dollar-denominated goods increased by 2.8% to \$ 18.8 trillion; Exports of trade services increased by 5.5% during the same period and amounted to \$ 4.6 trillion. Today, there has been a significant decline in the cost of transport and communications, and geopolitics is crucial in international trade. Over the past 30 years, goods and trade services have grown by an average of 7% per year and reached their peak of \$ 18trn and \$ 4 trillion respectively. The share of world imports increased from 29% to 42%, with developing countries playing a growing role in these growth rates. Over the past few decades, world trade has doubled, as does global production, which means that international supply chains are increasing (WTO, 2019)

4.4. World Trade Structure

The global market is a system of stable trade relations between countries which are interconnected with international labor, goods and service sharing. As mentioned above international trade relations existed in the past, especially economic and political relations between the countries were formed by the emergence of national states. But many countries began to take shape only with the advent of major automotive industries in the beginning of the XX century. The transition to a large machine-building industry has expanded the borders of the national market, and foreign trade has become a prerequisite for the development of the economy as a factor complementing the internal development of a country (Gomes, 1987, p.12).

Specialization in one country, a specific product can be purchased at low cost and in good quality. It enables them to effectively use resources in the production of goods. In a country, commodities that are not easy to use or which cannot be produced are purchased from the world market. The exchange is carried out wholesale and through international exchanges. The global market consists of a combination of commodity, labor, capital and

foreign exchange markets. International trade is carried out on the world market, which represents the complex of foreign trade of all countries. It consists of world-class exports and imports, whose value-based ratio is called trade balance (Yuldashev, 2013 p.135).

The global market has its own infrastructure, including international exchanges, trading houses, banks, insurance companies. World market payments and calculations are made in stable, freely convertible currencies, such as US dollars, Japanese yen and Euro. The global market has large segments of specialized international exchanges.

Significant part of international market is governed by a special organization which is the World Trade Organization. It was founded in 1995, January 1st. It was replaced previous organization which was General Agreement on Tariffs and Trade (GATT). The main aim of WTO is to maintain global rules of international trade where to improve the welfare of the peoples of its members. According official website of WTO there are 164 member states since 29 July, 2016 (WTO, 2019). World trade has been organized in a better way because of WTO. It allows to expand share of foreign trade fairly in its member countries. Currently, 23 countries are potential candidates to join the organization who are observed by WTO. The Republic of Uzbekistan is also in the observer list.

The huge potential of the global market has a great influence on national markets, which can be positive or negative in the interest of the countries. The global market is the sum of all countries that meet the demand of the market for imports. Industrialized countries are dominated by the developed market and participate in the finished products (more than 70% of world exports), while developing countries mainly participate in exports of raw materials and labor.

According to the World Bank statistics exports of all countries participating in the world market amounted to 17.8 trillion US dollars and import was 16.1 trillion in 2017 which increased by 10 per cent from 2016 (World Bank, 2018).

Below line graph illustrates that world export reached to 25.1 trillion USD in 2018 which is the highest point during 2000-2018. It remained to raise since 2000 till 2008 where world crisis had occurred on that year. Before increasing again it dropped by 15.8 trillion USD in 2009.

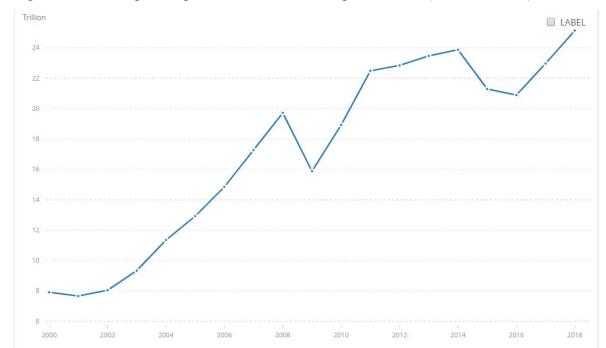


Figure 2. World export of goods and services during 2000-2018 (in trillion USD)

Source: World Bank, 2018

Uzbekistan participates in the world market with its exports of raw materials, energy, non-ferrous metals and other imports of technology, chemical products and foodstuffs. The main partners of Uzbekistan in international market are CIS countries, China, and South Korea (UzStat, 2019).

At the beginning of the 21st century, international trade has been developing at a relatively rapid pace, and its decline has also been caused by various crises. Especially after financial crisis in 2008 international trade dropped down noticeably: see below graphic #1. The World import and export were 16.1 trillion USD and 17.7 trillion USD in 2008 respectively while import decreased by 12.4 trillion USD (the difference 3.7 trillion USD) and export declined by 13.8 trillion USD (the difference 3.9 trillion USD) in the following year. After 2009 world trade started to raise slightly and it hit its upward trend in 2013 export 20.9 trillion USD and import 18.4 (World Bank, 2018)

The world import and export trend in recent decades. It was grown up and down over the period due to different reasons such as the world economic crisis, sanctions for some countries or price change in strategic products (gold, oil) and so on. Below Figure 3 illustrates the changes during the period of 2007-2017.

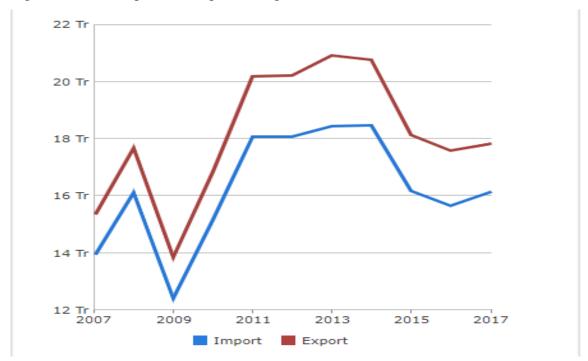


Figure 3. World Import and Export during 2007-2017

Source: World Integrated trade solution, 2018

The following line graph (Figure 3) demonstrates the world import and export status during 2007-2017. World trade fluctuated rapidly due to several reasons in the world economy. The most important reason was happened in 2008 because of the world economic crisis. Both import and export declined in 2009 by approximately 12 trillion USD and 14 trillion USD respectively. Afterwards the foreign trade started to raise again till 2015 where import reached to above 18 trillion USD and export increased to almost 21 trillion USD. Due to civil wars in some countries (Syria, Ukraine) and sanctions against Russia world trade decreased slightly during 2016 (World Bank, 2018).

Foreign trade provides a lot of opportunities to exchange goods and services from various countries. It also allows to amend a country's economic performance. The world developed countries participate in international trade actively by export and import activities. According to the world bank experts the major share of international trade has still been taken by developed countries in the upcoming years such as the USA, UK, Germany, Japan. It is also important to mention that China and India also take an essential role in world market as over two trillion population of the world lives in these countries.

Table 1. World export and import by country, in trillion USD

	2012	2014	2015	2016	2017	2010	Change between 2013 and
World export	2013	2014	2015	2016 17.6	2017 17.8	2018 19.3	2018, % -8%
Share of exports by country	20.7	20.0	10.1	17.0	17.0	17.3	-070
USA	2.5	2.6	2.5	2.4	2.5	2.5	0%
China	1.7	1.7	1.5	1.5	1.6	1.7	0%
Germany	1.1	1.1	1	1	1	1.6	45%
United Kingdom	0.7	0.7	0.6	0.6	0.6	0.5	-29%
Hong Kong	0.8	0.8	0.7	0.7	0.6	0.6	-25%
Others (234 countries)	14.1	13.8	11.8	11.4	11.5	12.4	-12%
World Import	18.4	18.5	16.2	15.7	16.1	16.7	-9%
Share of imports by country							
USA	1.5	1.6	1.4	1.4	1.3	1.6	7%
China	2.4	2.5	2.5	2.2	2.3	2.1	-12%
Germany	1.4	1.4	1.2	1.2	1.3	1.3	-7%
France	0.8	0.6	0.5	0.5	0.5	0.6	-25%
Japan	0.6	0.8	0.7	0.7	0.7	0.7	17%
Others (234 countries)	11.7	11.6	9.8	9.8	9.9	10.4	-11%

Source: World Integrated trade solution, 2018

Below table shades light upon shows that the world export was decreased by 8 per cent in 2018 than 2013. The world import was also declined almost the same percentage (-9%) in 2018 rather than 2013. This table illustrates that the main 5 countries (the USA, China, Germany, the United Kingdom and Hong Kong) took almost a third of export share (35%) in 2018. The share of import was almost the same 38% by 5 countries. There was only main difference that Japan and France were more activate in import than the United Kingdom and Hong Kong (World bank, 2018).

According to the experts, at the beginning of the 21st century, the United States and Asia are the most competitive countries in international trade. By 2030, the United States, Japan and China may be recognized as the most competitive countries. Germany, Singapore, South Korea, Malaysia and Switzerland will be in the lead in such long-term forecasts.

The analysis of the current state of the world trade shows that international trade has been intensively developing and improving over the last decades. It involves not only the developed but also developing and transitional economies; each country has its own economic benefit. However, the fact that developed countries have a strong focus on foreign trade and the high economic potential of the country is what determines the future world trade strategy.

4.5. WTO vs protectionism policy

The World Trade Organization (WTO) is an international organization created with the aim of liberalizing international trade and regulating trade and political relations of member states. The WTO is the successor to the General Agreement on Tariffs and Trade (GATT), which has been in force since 1947 (WTO, 2019)

It was established on January 1, 1995 on the basis of a system of mutual agreements (the so-called Uruguay Round) between GATT member countries. Completely replaced the GATT after an annual transition period of January 1, 1996 (WTO, 2019)

The goals of the WTO are the liberalization of world trade through its regulation mainly by tariff methods while gradually reducing the level of import duties, as well as eliminating various non-tariff barriers and quantitative restrictions.

The functions of the WTO include monitoring the implementation of trade agreements concluded between WTO members, organizing and securing trade negotiations among WTO members, monitoring trade policies of WTO members, resolving trade disputes between members of the organization.

The fundamental principles and rules of the WTO are:

- mutual provision of the most favored nation treatment in trade;
- mutual provision of the national regime of goods and services of foreign origin;
- regulation of trade mainly by tariff methods;
- refusal to use quantitative and other restrictions;
- transparency of trade policy;
- resolution of trade disputes through consultations and negotiations, etc.

The main aim of WTO's is to monitor the trade liberalization procedures among its member countries. The most essential power of WTO is its ability to adjudicate disputes among member states regarding the compliance with Agreements. The following cases can be counted as the main four steps to a WTO dispute: (Suranovic, 2010, p.49)

- Consultations
- Panel formation
- Appeals

- Resolution.

Uzbekistan has not been a member of World Trade Organization yet. However, the government already applied to be a member of WTO in 1994. Uzbekistan has been considered as a potential member for this organization.

There was always argue in the world market that "Whether a country implement free trade policy or they should use some type of protection activities for specific products?" Economists, philosophers, academics, policy makers and other scientific staffs debate this question already for several decades. The reason is both protectionism and free trade have its advantages and disadvantages. There is still no clear or perfect answer for this (Suranovic, 2010, p.615).

Protectionism is the natural reaction of many countries to the economic crisis. The desire to save jobs or product in a country. Such a policy can lead to a response from other states, lead to stagnation in the economy, increased monopoly and reduce the competitiveness of national goods (Suranovic, 2010, p.599).

Protectionism has its pros and cons. The benefits of protectionism usually include the following:

- 1) Protectionism protects the young sectors of the economy. A new industry that is developing in other countries, but already developed in others, without protection (at least temporarily). These products are often not able to compete with products from abroad, but as a lower price. A new industry needs freedom of protection. In this case, prices may be reduced.
- 2) Customs payments are an important revenue of the state budget. This income item is very important for the budget. So, in the Republic of Belarus the share of customs payments in the revenue of the republican budget in 2008 is about 30%. It should be noted that increased protectionism can lead to the opposite process.
- 3) Protectionism fights structural unemployment caused by the import of cheaper and more affordable products. As a result of job cuts, additional budgetary expenditures are required for the payment of unemployment benefits, as well as an increase in the standard of living and consumption in the country. The protectionist protection of industry will help reduce structural unemployment, at least in the near term.
- 4) Protectionism ensures national security. Many economists and politicians believe that self-reliance is necessary for national security purposes. In accordance with the

data, the argument regarding inefficient domestic industries producing strategic military materials and products should be excluded from foreign competition. There will be a rise in prices for domestic consumers.

Of course, these benefits of protectionism are far from certain. It is difficult to determine when this industry will compete with foreign enterprises.

In general, most modern economists believe that protectionism negatively affects world trade, as well as its following disadvantages (Suranovic, 2010, p.368):

- 1) Protectionism creates favorable conditions for the emergence and support of internal monopolies in trade, industry, and the financial sector, which is associated with limited competition.
- 2) Protectionism slows economic growth. Tariffs lead to a reduction in international trade, and generally negatively affect the global economy and the level of well-being of countries. Protection of domestic producers can lead to self-isolation of countries, conservation of backward costly industries. Protectionism negates the fruits of the country's specialization. All countries have all capabilities (e.g. geographic location). Protectionism prevents this, because it is necessary to redistribute resources between more and less efficient industries in order to satisfy the diverse needs of the domestic market.
- 3) Protectionism, in particular the unilateral introduction of tariffs, often leads to trade wars and the undermining of international trade. The country requires its competitors to resolve the issue of how its trading partners and something went on its main export products.
- 4) Protectionism is not a reduced price. Imported products are becoming more expensive due to tariffs. There is a general increase in prices. This can lead to lower costs, and hence cost. And finally, protectionism favors universally recognized monopolies.
- 5) Protectionism indirectly undermines the country's exports. Reducing profits

Usually most countries impalement protections for their key sector or specific products in order to prevent their economy from outside competitors. For instance, it may not be possible to use 100% free trade for agricultural products. The first reason might be food safety in a country. The second reason is to prevent employees who are busy in agricultural sphere (Golovin, 2017, p.217).

4.6. Development of International trade

One of the peculiarities of world economic development is the intensive development of international economic relations. Expansion of trade and economic relations between two countries, group of countries, individual firms and enterprises, globalization of economic life, strengthening of national economy, economic integration of countries and the beginning of regional economic relations can be seen. International trade has its own developmental stages, and each stage has its own historical features (Nazarova, 2010, p.7):

- the formation of local trade relations (VI-XIII centuries) The emergence of international trade routes from the Mediterranean to the East;
- Stage of regional foreign trade relations formation (XII-XV centuries) Concentration of foreign trade relations in the Mediterranean, Baltic and Northern seas;
- The beginning of globalization of foreign trade relations (15th-17th centuries)

 The relocation of international trade routes to the Atlantic, Indian and Pacific oceans due to the great geographical discoveries;
- the intensification of foreign trade relations industrial revolution (18th-19th centuries), industrialization of Western Europe and the USA;
- militarization of foreign trade relations (end of XIX beginning of XX century) connected with World War I and World War II;
- Stage of active influence of integration blocks and associations on foreign trade relations (middle and second part of XX century);
- formation of modern stage of globalization of foreign trade relations and formation of world market;

Modern features of international trade (Obolensky, 2006, p.77)

- Significant increase in sales of products and services under the influence of science and technology;
- The share of developing countries in international trade
- shrinkage;
- Increase in the share of products and services with high science-intensive products in the global exports as a result of the development of science and technology;
- Uneven distribution of per capita value of foreign trade turnover;

- Creation of new industries and services;
- Increased dependence on imports of certain countries;

Territorial composition of international trade is a set of commodities and relationships that determine the composition of trade, which allows to distinguish the following features and directions of development of international trade (Nazarova, 2010, p.10):

- Separate trade flows from individual countries;
- Trade flows between a group of countries
- allocation;
- separation of trade flows between regions;
- The main share of international trade flows are developed
- the grouping of countries;
- The largest trading empires in the world are the United States,
- Germany and Japan are;
- Activation of US exports;
- Growth in Japanese exports
- active development of international trade in South Asia (mainly due to Pakistan and India);
- Priority development of international trade in East Asia and part of Latin America
- (Excluding Japan)
- slow development of foreign trade of Central and Eastern European countries;

The trend of changes in the current regional structure of international trade is expressed by (Nazarova, 2010, p.20):

- Maintaining the share of developed countries with a market economy in international trade:
- Integration of the main part of international trade within the group of developed countries;
- Increasing share of developing countries;
- Increasing the volume of trade between developing and developed countries;
- Weak position of the countries with transitional economies in international trade (3.5% in the foreign trade turnover of the developed countries and 2.5% in the foreign trade turnover of the developed countries);

- Consequently, the main factors of modern international trade are as follows:
- Openness of national economies;
- Capacity building of national economies;
- Regional and commodity variation in international trade;
- Complication of international trade mechanisms;
- Services sector development;
- The materialization of intellectual and scientific and technical activities
- Development in intangible assets.

5. Practical part – The analysis of foreign trade development in the Republic of Uzbekistan

The main purpose of this chapter to provide the analysis of international trade in Uzbekistan. Moreover, to review current status of Uzbekistan how its foreign trade developed during 2000-2019. In the beginning, overview of Uzbek economy will be provided. Then it follows GDP growth of Uzbekistan during 2000-2018. GDP growth also will be demonstrated per capita as well. In the subsequence, structure of foreign trade will be given where the main import and export products of Uzbekistan can be reviewed. In the end of this chapter regression model will be made in order to analysis foreign trade development in Uzbekistan based on import and export data for 2000-2018.

5.1. Overview of Uzbek economy

Today, Uzbekistan has become a country with an independent voice in the international community and a member of authoritative international organizations. Political, diplomatic, trade, economic, and cultural ties were established with the leading industrialized countries of the world. Bilateral and multilateral mutually beneficial relations are developing.

Uzbekistan has been divided into 14 administrative management area, 12 viloyat (eng. Province/State) along with Tashkent (Capital of Uzbekistan) and Autonomic Republic of Karakalpakstan (Soliev, 2014, p.14). Uzbekistan was ranked as developing country by World bank statistics (Soliev, 2014, p.26).

Since the early 1990s, Uzbekistan has pursued a policy of gradual implementation of economic reforms. Due to a number of tariff and non-tariff barriers, the state trade regime is quite strict. Economic policy - accumulation of foreign exchange reserves, import actions, energy resources and self-sufficiency in food products are characterized by active government interference.

The drying up of the Aral Sea is a global environmental crisis that has a negative impact on the socio-economic, demographic and environmental conditions in the northwest of the country (Soliev, 2014 p.319).

Since Uzbekistan became independent country in 1991, Gross Domestic Product (GDP) of the country has increased almost 4.5 times in purchasing power parity, with

economic growth rate of at least 8% in recent years (2010-2018) according to the Uzbekistan's statistical Committee (UzStat, 2019)

Industrial production increased to 3.7 times between 1991 and 2018, and the average annual growth rate over the past 10 years has been changed by 9.4% ahead of GDP growth (UzStat, 2019).

In the meantime, the share of agriculture in GDP decreased from 30.1% to 17.6%, while remaining a high growth rate of agricultural production (approximately 6.1% annually).

After the years of independence Uzbekistan has created completely new industries such as automotive industry, petrochemicals, oil and gas engineering, modern building materials industry, railway engineering, consumer electronics, pharmaceuticals, contemporary textile industries.

From 2000 to 2018, the share of industry in GDP increased from 14.2% to 24.2%, with a significant diversification of the industry structure, which was aimed at expanding the production of finished goods in the domestic and foreign markets (<u>UzStat, 2019</u>). For instance Uzbekistan has its own car and bus manufacturing industry which is located in Asaka and Samarkand. They produce several types of car and buses with brand name "RAVON" and "ISUZU" accordingly.

Automotive industry was launched in Asaka as joint ventures company with Daewoo (Korean company) and later on General Motors. Meanwhile another project of the joined venture for producing trucks and buses has been established in 1996. From 2007 it started to operate with brand name "ISUZU" which was cooperation of Japanese company (Tuxtaliev, 2006, p.73).

The Bukhara Oil Refinery, Shurtan Gas Chemical Complex, Kungrad Soda Plant, Dehkanabad Potash Fertilizer Plant and a number of other high-tech industries were built in the oil and gas sector.

At the same time, Uzbekistan has been actively implementing program measures to modernize, technically and technologically re-equip the economy, increase production efficiency, which has increased labour productivity by 2.1 times in 2000-2013 while consumption decreased 3.2 times.

Simultaneously, modern services such as mobile communication and information, computer programming services, consulting, legal and audit services, real estate and brokerage services, private medicine, auto insurance, technological equipment maintenance

and repair, financial services. new types of services, including leasing, e-banking and others, have now reached more than 20% of the total volume of services provided (Tuxtaliev, 2006, p-102).

The Republic of Uzbekistan strives for deeper integration into the system of international economic relations and world economy after becoming independent county as globalization in the world economic relations is intensifying in these days.

Many international institutions are supporting Uzbekistan's economy to bring up the country to the next level. For instance, World Bank decided to provide 500 million USD as World Bank Loan in order to support Uzbekistan's economic growth (World Bank, 2019). These funds will be utilized under the program of Uzbek government "Uzbekistan's 2017-2021 Development Strategy". Uzbekistan's 2017-2021 Development Strategy was accepted by the Decree of Uzbekistan's President in 2017.

Meanwhile, Uzbekistan cooperates with other international institutions as well such as Asian Development Bank, European Bank for Reconstruction and Development, Islamic Development Bank, United States Agency for International Development and so on.

Uzbekistan is a member of several international organizations such as United Nations (UN), Commonwealth Independent States (CIS), Shanghai Corporation Organization (SCI). Nowadays Uzbekistan is endeavouring to be a member World Trade Organization (WTO) in order to put the next steps in international market.

Under these conditions, the country's foreign economic potential is determined by the availability of natural resources, production and scientific and technological potential, infrastructure, social services, export of goods and services to foreign and domestic organizations, enterprises and organizations, as well as joint ventures in the country.

The most important economic indicator that determines the country's foreign economic potential is the volume of GDP, including per capita, the share of exports of goods and services, as well as the total volume of exports of industrial goods in GDP.

At the end of 2017, Uzbekistan maintains trade relations with more than 160 countries of the world. In particular, the republic's foreign trade turnover in 2017 increased by \$ 26.9 billion, or 11% more than in 2016. Of this number, exports amounted to 13.9 billion US dollars (51.7%), and imports - 13.0 billion US dollars (48.3%), or 114.9% and 107.2%, respectively. compared to 2016. Externally, the trade balance amounted to 880.2 million dollars. USA, of which 729.3 million US dollars in the CIS countries and 150.9 million US dollars in other countries (UzStat, 2019)

In recent years, due to essential changes in industry, agriculture and service structures in our country in foreign trade has been eliminated through the use of raw materials. In particular, the share of cotton fiber in exports fell sharply (by 27.5% in 2000), and by the end of 2017 this figure was 3.4%. In addition, the share of other product groups in the export structure has a significant share (35.7%), while the volume of textile products in this group reached \$ 1,133.2 million and, compared to the same period last year, increased by 22, 8%, services - by 25.2%, of which 11.6% - for transport services, 11.4% - for tourism services, energy and oil products by 13.8%, food products - by 6.3%. This, in turn, reflects the development trend of the country's export potential (UzStat, 2019)

On the whole, the share of economically developed states in Uzbekistan's foreign trade is steadily increasing. Among the CIS countries - Russia, Kazakhstan, Ukraine, Kyrgyzstan and Tajikistan are Uzbekistan's main partners, their share in the total foreign trade turnover is 28.5%, other foreign partners are China, Turkey, the Republic of Korea, Germany, Afghanistan, Brazil, India, Iran, Latvia, Lithuania, France, the USA and Italy, whose share is 41.9% (UzStat, 2019).

In the below table (Table 2) has been demonstrated foreign trade activity of the Republic of Uzbekistan from 2000 to 2018. It is interesting to have a look that Uzbekistan's foreign trade exceed exponentially since 2000. Foreign trade turnover of Uzbekistan was 6212 million USD in 2000 while it was skyrocketed more than five times in 2018. More clearly it consisted 33430 million USD in 2018 (UzStat, 2019).

However, trade balance was changed slightly different in the past 18 years. Trade balance was positive in the beginning of millennium with amount of 314 million USD. Trade deficit had not been appeared in Uzbekistan's economy till 2014 while it was 434 million USD trade deficit in that year. Somehow it might be connected with sanction against Russian Federation as this country is one of the biggest trader partner of Uzbekistan. In 2014 exported products and services decreased by 6% than previous year while imported products and services remained almost the same. In addition, there was still trade deficit in Uzbekistan in the last three years. It reached its highest peak in 2018 with amount of 5449 million USD (UzStat, 2019).

The below table illustrates that the role of Commonwealth Independent States are the main trade partners of Uzbekistan as four of these countries are neighbors of Uzbekistan (Tajikistan, Turkmenistan, Kyrgyzstan and Kazakhstan). Moreover, Russian Federation and Kazakhstan are the major ones in trading with Uzbekistan. In addition, over two million

of Uzbek nationalities works in Russian labor market according to the Russian Federation statistics.

Below figure 4 sheds light upon foreign trade overview of Uzbekistan in the past 18 years. The line graph shows that Uzbekistan's trade fluctuated over the period. It went up and down due to various reasons. As per below table it is visible that foreign trade turnover raised each year till 2013. It reached the amount of 28720 million USD in 2013 while it was dropped down to 27530 million USD in 2014. Most probably it was because of the sanctions against Russian Federation. The reason was Uzbekistan's trade interconnected with Russia as this country is one of the main trade partner for Uzbekistan (UzStat, 2019).

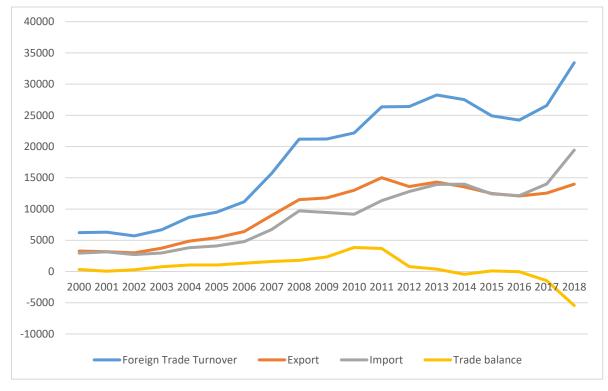


Figure 4. Foreign trade overview of Uzbekistan during 2000-2018 (in million USD)

Source: UzStat, 2019

From above line graph we can see foreign trade turnover hit upward trend in 2018 with total amount of 33430 million USD which was the highest point Uzbek economy during 2000-2018. However, trade balance of Uzbekistan was almost the same during this period. It is important to mention that it was increased up slightly until 2011 where it was reached 3677 million USD. Afterwards it was started to plunge year by year. The first time in Uzbek economy trade deficit occurred in 2014. We might still connect it with Russian economy as Russian Federation faced some troubles in its economy at that time due to

economic sanctions against the country. The highest point of trade deficit appeared in the previous year which was 5449 million USD. According to statistics of Uzbek Statistical Committee trade deficit is expected in 2019 too It is also good to mention that Uzbek economy was not influenced that much during the world economic crisis. As we can see the table above, foreign trade turnover almost remained the same during 2008 and 2010. During those years, Uzbekistan had still trade surplus which was reached 2333 million USD in 2009 (UzStat, 2019).

The highest point of export products and services were 15021 million USD in 2011 while the top of import products and services were 19439 million USD in 2018. According to the statistical Committee of Uzbekistan trade deficit is expected in the end of 2019 as well (UzStat, 2019).

14000
12000
10000
8000
4000
2000
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
-2000
-4000
With CIS countries Export Import Trade balance

Figure 5. Foreign trade of Uzbekistan with CIS countries during 2000-2018 (in million USD)

Source: UzStat, 2019

Above line graph demonstrates foreign trade partners of Uzbekistan with CIS countries which are the main trade partners for Uzbekistan. The foreign trade turnover increase from 2000 to 2012. It hit upward trend in 2012 with amount of 12732 million USD. Trade deficit occurred only in 2008 and in the past two years. The lowest trade deficit

was in 2018 which was 2138 million USD. In the meantime, the highest trade surplus appeared in 2012 with total amount of 2675 million USD. The above line graph shows that the highest export was in 2012 where it amounted 7703 million USD. In the meantime, the highest imported products and services were appeared in 2018 with amount of 7141 million USD. (UzStat, 2019).

The main partners in the export of fruits and vegetables and processed goods in foreign trade were Kazakhstan (46.4% of the total), Russia (18.0%), Afghanistan (6.6%), China (5.7%), Turkey (4.5%) and Kyrgyzstan (4.3%). Statistical analysis of Uzbekistan's Statistical Committee showed that if in 2016, 697 of Uzbekistan's exporters exported fruits and vegetables to 51 countries, then in 2017, 929 exporter exported them to 62 countries (UzStat, 2019).

Export of fruit and vegetable products is expanding from year to year. So, in 2017, for the first time, fruit, vegetables and their products were exported to countries such as Bulgaria, Sri Lanka, Indonesia, the Philippines, Greece, Qatar, Croatia and Malta.

25000

20000

15000

5000

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

-5000

With other countries Export Import Trade balance

Figure 6. Foreign Trade of Uzbekistan excluding CIS countries during 2000-2018 (in million USD)

Other countries also take significantly important role in Uzbekistan's foreign trade. The above line graph illustrates the trade performance of Uzbekistan with other countries (excluding CIS countries) during 2000-2018. Foreign Trade Turnover with other countries almost raised during those years. The other main trade partners of Uzbekistan are China, Germany, Turkey, South Korea, Afghanistan, Japan and so on. Foreign trade turnover reached its highest peak in 2018 which was 21286 million USD. Trade surplus was shown in Uzbekistan's foreign trade from 2000 to 2011. However, it started to dive down from 2012 to 2018. Trade balance has been occurring as deficit since 2018. It reached its lowest point in 2018 which was 3310 million USD. The value of imported and exported products and services were 12298 million USD and 8988 million USD respectively (UzStat, 2019).

In 2017, dried fruits were exported to Bulgaria and Sri Lanka, melons to Canada, grapes, pears and cherries to Mongolia.

As a result of Uzbekistan's consistent implementation of its own development model, Uzbekistan was able to prevent its economy from recession in the shortest time in 1996, by providing macroeconomic stability and the country could direct its economy towards right way to improve its economic strength.

Uzbekistan's economy is growing gradually with a result of 7-9% per cent each year since 2004. Moreover, Uzbekistan's economy could survive and remain its stability after global crisis in 2008. The below table demonstrates economic growth of Uzbekistan in GDP (UzStat, 2018)

Above table illustrates that high economic growth in agriculture was raised 1,9 times (during 2017-2016, average annual growth 6,5%), it was 1,7 times in industry (annual growth 5,6%), in construction 3,9 times (average 15,0%), in services 2,5 times (9,7%) (UzStat, 2018).

Share of Agriculture in GDP decreased to 17,6 per cent from 32,4 per cent during 1995-2016 after the independence of Uzbekistan because of development of services and industry in the country. It was very good achievement as Uzbekistan was fully agrarian country during post-Soviet Union period.

Table 2. GDP of Uzbekistan by sector; (Billion Uzbek som)

	2000y.	2005y.	2010y.	2016y.
I. GDP, total	3 255,6	15 923,4	62 388,3	199 325,1
Including:				
Gross Value Added (GVA)	2 848,0	14 233,3	56 671,4	182 071,9
Net taxes on products	407,6	1 690,1	5 716,9	17 253,2
II. GVA	2 848,0	14 233,3	56 671,4	182 071,9
Agriculture, Forestry and Fishery	978,5	4 192,8	11 201,0	32 048,1
Industry (including construction)	658,6	4 142,0	18 875,3	59 820,9
Industry	462,4	3 370,9	15 114,8	46 708,7
Construction	196,2	771,1	3 760,5	13 112,2
Services	1 210,9	5 898,5	26 595,1	90 202,9
Trade, accommodation and catering services	351,6	1 400,2	5 982,7	19 137,3
Transport, health and information technologies	250,6	1 676,7	7 337,7	22 745,8
other services	608,7	2 821,6	13 274,7	48 319,8

Source: UzStat, 2018

In 2018, investments became the main engine of growth, which led to the expansion of gross fixed capital formation to 18.1%, compared with 7.1% in 2017. The increase in investments in production, housing, energy and mining was fueled by 36.6% growth foreign investment and fixed capital lending. Industrial growth, excluding construction, doubled to 10.6% in 2018, and was mainly due to an increase in the share of manufacturing, mining and quarrying. Construction increased by 9.9% compared to 6% in 2017 due to an increase in the volume of housing construction and production facilities (UzStat, 2018).

Currency liberalization is also affected to improve economic stability of Uzbekistan which happened in 2017. It provided more better opportunities to local and foreign investors in order to gain more profit from the economic activity.

5.2. GDP growth of Uzbekistan within 2000-2018

According to the UzStat statistics, Uzbekistan's GDP was 50,485 million USD in 2018 which was 3 per cent higher than previous year. However, GDP per capita decreased significantly due to high birth rate in the country as it was 1,810 USD per person in 2017 when it declined by 1,513 USD in 2018. After Uzbekistan's independence average GDP growth was 4.7% (UzStat, 2019).

GDP per capita increased 3 times (1513\$) in 2018 since it was only 560\$ in 2000. In the meantime, population of Uzbekistan was also soared incredibly during this time period as it was 24.65 million people in 2000 while it increased by 33.5 million in 2018. It is very important to point out that Uzbekistan's population are increasing dramatically which has advantages and disadvantages in Uzbek economy. There are potential youth in Uzbekistan who can replace retired people. However sometimes it requires to create a new jobs in the country which is not always easy. It can cause for high rate of unemployment.

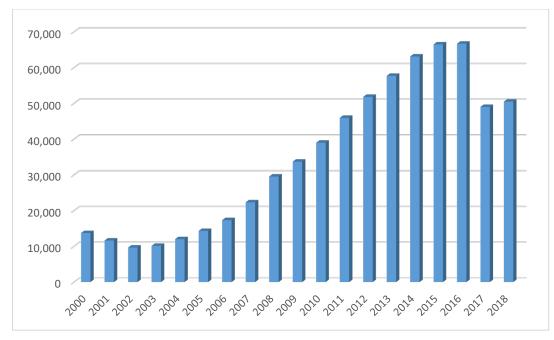


Figure 7. Annual GDP growth of Uzbekistan during 2000-2018 (in million USD)

Source: UzStat, 2018

Above table illustrates GDP growth of Uzbekistan during 2000-2018. In the beginning of 2000s Uzbekistan's GDP decreased slightly till 2002 where it was 13,717 million USD in 2000 while it plunged to 9,657 million in 2002. Fortunately, it started to grow annually from 2003 until 2016 where average GDP growth was 7%. Meanwhile, we

can see that GDP per capita was increased three times during 2018 rather than 2000 (<u>UzStat</u>, 2018).

The volume of gross domestic product (GDP) in Uzbekistan in 2018 amounted to 50,48 million USD and increased by 5.1% compared to 2017, providing the State Committee for Statistics (UzStat, 2018).

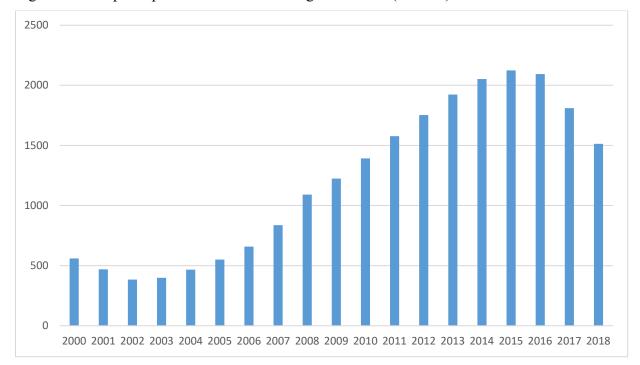


Figure 8. GDP per capita in Uzbekistan during 2000-2018 (in USD)

Source: UzStat, 2018

Above bar chart shows GDP per capita in Uzbekistan. We can see that GDP per capita started to increase from 2003 till 2015. GDP per capita was its highest point in 2015 when it started to drop down slightly since 2016.

At the end of 2018, GDP per capita amounted to 12.3 million soums, which is 3.3% more than in 2017. Gross value added (GVA), created by all general economies, amounted to 88.8% of total GDP and increased by 5.1% (contribution to GDP growth - 4.5 percentage points). Net taxes on products have 11.2% of GDP and showed growth of 5.5% (contribution to GDP growth - 0.6 percentage points). The largest contribution to GDP growth was made by industry, which grew by 10.6%. The growth of value added of the mining industry and quarrying by 28.2%, manufacturing - by 6.4% and other industries - by 4.7% is provided by the positive dynamics of the industry (UzStat, 2018).

The GDP deflator index reached 128.1% compared to 2017 prices. The highest values were noted in industry - 144.3%, agriculture, forestry and fisheries - 128.6%.

Deflator indices below the national average are noted in construction - 123.9%, trade, accommodation and food services - 117.8%, transportation and storage, information and communication - 111.0%, other services - 124.8%, as well as in net taxes on products - 124.1% (UzStat, 2018).

5.3. The regulatory and legal frameworks of trade in Uzbekistan

Legal and normative documents along with other regulatory of Uzbekistan are the main normative framework to regulate trade in the territory of Uzbekistan.

We can split the necessary date for trading activity to the following groups:

- 1) Market information it is information about customers and suppliers, which contains all detailed information including export and import activity;
- 2) Normative information The legal normative documents on water resources;
- 3) Technological information it is information about innovations, new technics and technologies;
- 4) Information about climate and natural conditions.

The following laws and by-laws regulate foreign trade in Uzbekistan:

- The Constitution of the Republic of Uzbekistan, 08.12.1998;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to further improve exchange and exhibition trade in the Republic of Uzbekistan", 06.05.1999;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to improve the efficiency of exchange and fair trade", 15.04.1999;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On the further implementation of market mechanisms for the sale of highly liquid types of products, raw materials and materials", 05.02.2004;
- Decree of the President of the Republic of Uzbekistan "On measures to further improve the wholesale and exchange trade", 27.04.2001;
- Decree of the President of the Republic of Uzbekistan "On measures to implement the Law of the Republic of Uzbekistan On public procurement" PP-3953;

- Law of the Republic of Uzbekistan "On exchanges and exchange activities", 12.09.2014;
- Law of the Republic of Uzbekistan on public procurement;
- "On Measures for Further Trade Liberalization and the Development of Competition in Commodity Markets", UP-5564;
- Decree of the President of the Republic of Uzbekistan "On measures to increase the efficiency of commodity exchanges and the further improvement of exchange trading mechanisms", 08.10.2019

Foreign trade of Uzbekistan is regulated by above mentioned laws, decrees, formal documents and other official documents. Uzbekistan strives to implement world experience in order to develop its economy in international market. Uzbekistan has a lot of opportunities to support export and import of the country. The government provides different kind of subsidies (such as law rate of custom tax) if a business exports its commodities to a foreign country. In the meantime, Uzbekistan provides various type of privileges if an import product is unique in the country. Sometimes they do not apply custom tax for specific products (example, medical equipment). To cut a long story short, Uzbek government guarantees the right of exporters and importers by the above mentioned and documents.

5.4. Structure of Foreign Trade in Uzbekistan

Uzbekistan is rich with its natural resources. The country has oil, gas, gold, uranium, different chemical products, ferrous and nonferrous metals. These natural resources take essential role in country's economy, especially in export. In the meantime, Uzbekistan also exports agricultural products such as fruits, vegetables, cotton along with ready products such as textile, cars and so on.

Uzbekistan is the largest export economy which takes place 89th in the world and 96th most complex economy according to the Economic Complexity Index (ECI). In 2018, Uzbekistan exported 14253.9 million USD products and services to various countries which means it was almost 4.4 times bigger than 2000. Total value of exported goods and services were 3264.7 million USD in the beginning of millennium (UzStat, 2018).

Below Figure 9 demonstrates distribution of exported goods and services between 2000 and 2018. It shows us how export structure has been changed during 18 years. In 2000

cotton took an essential role in export of Uzbekistan with total amount of 898 million USD while it reduced almost 4 times in 2018. The total share of cotton export was 222 million USD in 2018 ((UzStat, 2018)).

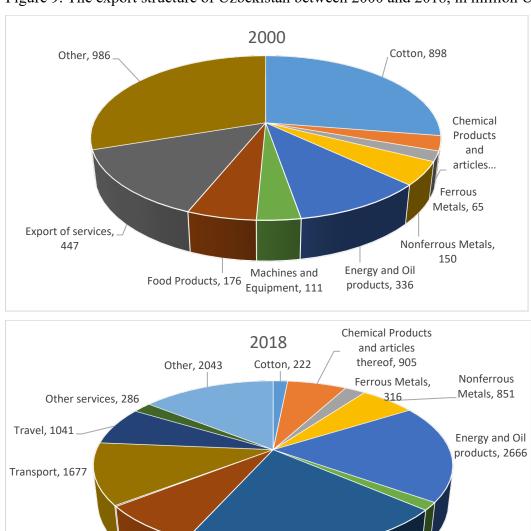


Figure 9. The export structure of Uzbekistan between 2000 and 2018, in million USD.

Source: UzStat, 2019

Construction, 26

Food Products,

After 19 years Uzbekistan exported more gold and energy resources which was almost 50 per cent of total export in 2018. In the meantime share of exported services has been increased in the past year rather than 2000 (UzStat, 2019).

Gold, 2910

Machines and

Equipment, 214

Table 3. Export products of Uzbekistan within 2000-2018 (in million USD)

Descriptor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exports of Goods and Services, commodity-wise	3265	3170	2988	3725	4853	5409	6390	8992	11493	11771	13023	15021	13600	14323	13546	12508	12095	12554	14254
Export of goods (in FOB prices)	1832	1576	1414	1777	2669	3099	4268	6285	6747	7263	11688	13249	11243	11380	10516	9446	8974	10079	11224
Cotton	898	698	669	738	878	1033	1099	1124	1069	1012	1573	1348	1260	1163	1048	736	637	477	222
Chemical Products and articles thereof	95	86	90	116	228	287	358	611	644	589	661	838	764	605	644	613	841	884	905
Ferrous Metals	65	79	66	75	146	216	256	315	287	118	225	271	246	221	194	168	155	153	316
Nonferrous Metals	150	143	126	164	272	281	569	719	517	471	670	845	809	731	784	656	553	762	851
Energy and Oil products	336	323	242	365	602	622	837	1816	2839	4026	2974	2779	4705	3435	3110	2685	1714	1608	2666
Machines and Equipment	111	124	117	220	359	454	645	935	874	341	715	999	880	823	546	159	221	355	214
Gold	162	141	154	106	129	213	165	164	339	112	2618	3187	666	1648	1240	1921	2808	3260	2910
Food Products	176	124	105	101	184	206	505	764	517	706	1261	1990	878	1480	1676	1316	695	876	1098
Export of services	447	463	475	536	573	660	773	962	1195	1036	1336	1773	2356	2943	3030	3061	3121	2475	3030
Construction	N/A	N/A	24	42	65	46	103	78	64	37	26								
Transport	N/A	N/A	847	1115	1331	1390	1489	1466	1511	1601	1677								
Travel	N/A	N/A	273	342	568	1112	1052	1188	1253	547	1041								
Other services	N/A	N/A	191	273	392	395	386	330	293	290	286								
Other	986	1132	1100	1412	1611	1650	1348	1744	3551	3473	992	991	1036	1273	1274	1192	1350	1705	2043

Source: <u>UzStat, 2019</u>

Uzbekistan's main export partners were mostly CIS countries such as Kazakhstan, Russia, Tajikistan, Kyrgyzstan along with China and Germany. In the beginning of 2000s Uzbekistan was exporting mainly agricultural products, especially cotton while share of other goods increased in recent years. For instance, export of gold took place a very essential role in 2018 when its share was 20 per cent of total export value (UzStat, 20019).

In 2017, agricultural exports amount to only 2.2 billion USD, continuing downward trend. It decreased by 10% compared to 2016 by 34 % compared to 2013. The share of agricultural goods in the export of all groups of goods also decreased and amounted to 21.2% against 26.0% in 2013 (FAO, 2018).

Uzbekistan's top exports are gold (2909.5 million USD), petroleum gas (2666.2 million USD), Cotton (222.1 million), food products (1097.8), transportation services (1677.3 million USD) in 2018 (UzStat, 2019). See above table 6.

Share of services in export increased significantly from 2000 to 2018. It was only 447.3 million USD in 2000 (14 per cent of total export) while it was jumped to 3029.9 million USD in 2018 which means 6.8 times better than 2000 (<u>UzStat, 2019</u>).

Imports of Uzbekistan consisted of 19555.2 million USD in 2018 which was increased by 28 per cent in comparison previous year. Uzbekistan's main import products and services are foods, machines and equipment, metals, chemical products and so on.

Instead of Uzbekistan has great potential in agricultural sphere, they will also import some agricultural products. The import of agricultural products to Uzbekistan amounted about 1.4 billion USD in 2017. Its share in total imports of goods increased from 11.0% in 2013 to 11.7% in 2017 (FAO, 2018).

Total import value raised 6.6 times in 2018 rather than 2000 as it was 19555.2 million USD and 2947.4 million USD accordingly. There was significant changes in import of services which increased almost 9 times than 2000 (UzStat, 2019).

Uzbekistan's main import partners are CIS countries such as Russia, Kazakhstan, Azerbaijan and China, Germany, South Korea and so on. Uzbekistan is 85th largest importer in the world according to the World Bank Statistics.

Table 4. Import products of Uzbekistan within 2000-2018 (in million USD)

Descriptor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Imports of Goods and Services	2947	3137	2712	2964	3816	4091	4782	6728	9704	9438	9176	11345	12817	13947	13984	12417	12138	14012	19555
Import of goods (in CIF prices)	2172	2400	2124	2277	2965	3138	3797	5443	8210	8155	8685	10783	12080	12997	12864	11463	11328	12035	17312
Chemical Products and articles thereof	401	398	410	379	477	556	660	881	1126	1048	1266	1422	1761	1969	2230	2108	2120	2187	2555
Ferrous Metals	165	185	149	133	279	258	225	370	553	500	654	758	794	956	973	790	814	1136	1580
Nonferrous Metals	88	126	68	74	115	164	96	135	194	94	88	105	126	134	141	129	107	139	194
Energy and Oil products	112	60	35	80	80	102	201	236	446	330	655	970	850	999	866	725	589	742	880
Machines and Equipment	1043	1292	1123	1316	1755	1772	2247	3337	5085	5333	4033	4995	5881	6095	5522	5027	5018	4997	8322
Food Products	363	339	339	294	260	286	368	484	805	849	963	1301	1394	1336	1510	1585	1440	1274	1582
Import of services	251	323	288	302	424	426	402	390	427	415	490	562	736	950	1120	954	809	1977	2243
Construction	N/A	2	1	1	3	7	22	4	103	138									
Transport	N/A	237	282	294	336	373	219	256	303	380									
Travel	N/A	76	78	124	279	287	352	345	1359	1507									
Other services	N/A	175	201	318	333	453	361	204	213	218									
Other	525	383	301	359	427	528	583	895	1067	868	1027	1234	1274	1508	1624	1098	1242	1560	2201

Source: <u>UzStat, 2019</u>

The above table demonstrates that Uzbekistan's total imported products and services have been doubled since 2010. The highest share of import were machines and equipment for 19 years. For instance, the value of imported machines and equipment was 8322 million USD in 2018 which was almost half of total import. The country endeavor to develop its industry sector. In this occasion the country purchases more equipment to open new industries. For example, Uzbekistan has implemented a project of new oil and gas mining in Kashkadarya region where a company "Epsilon" operates reproducing of gas and oil. This company has been established in 2017. In the meantime, Uzbekistan agreed to open a new factor of "Peugeot" where couple of car models are expected to produce (UzStat, 2019)

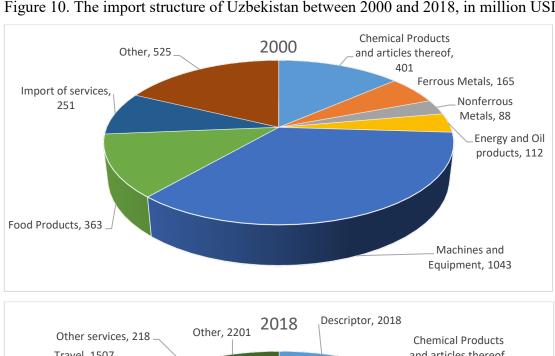
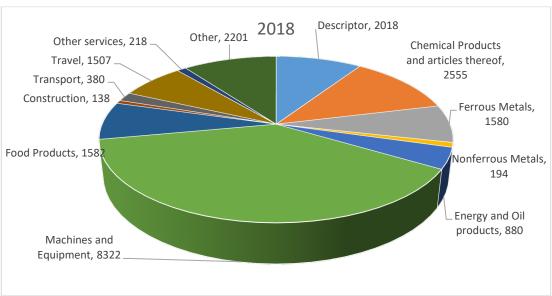


Figure 10. The import structure of Uzbekistan between 2000 and 2018, in million USD.



Source: UzStat, 2019

Above pie chart illustrates the changes of imported products and services in Uzbekistan between 2000 and 2018. The product type of import has been remained the same between 2000

and 2018 while its value increased 1043 million USD and 8322 million USD respectively. In the meantime, Uzbekistan started to import 10 times more services in 2018 rather than 2000. The share of service was negligible around 251 million USD in 2000 while it increased by 2243 million USD in 2018 (UzStat, 2019).

5.5. Main foreign trade partners of Uzbekistan

Uzbekistan cooperates with many countries in its foreign trade. The major partners are Commonwealth Independent States which has share of around 35 per cent from total foreign trade turnover. In addition, China, Germany, South Korea, Turkey are also main important partners of Uzbekistan in international trade.

The amount of Uzbekistan's total foreign trade turnover was 33429 million USD in 2018 which grew by 27.3% than previous year. The trade deficit was grown in 2018 than previous years. It happened because of high demand for imported goods or services where the government opened its border with neighbor countries. According to the Uzbekistan statistical committee the main trade partners of Uzbekistan were as following below (UzStat, 2019):

- People Republic of China 19.0%
- Russian Federation 16.9%
- Kazakhstan 8.9%
- Turkey 6.4%

In addition, the United States of America was Uzbekistan's 13th largest partner in trade. The volume of foreign trade turnover with USA almost raised two times than 2017 which reached around 410 million USD.

Uzbekistan's Foreign Trade Turnover consisted of 33429.9 million USD in 2018 while it was decreased by 2.5% in comparison of previous year. Foreign trade turnover soared 5.4 times in 2018 rather than in 2000. The main trade partners of Uzbekistan were remaining the same – Commonwealth Independent States which had share 36% of total trade.

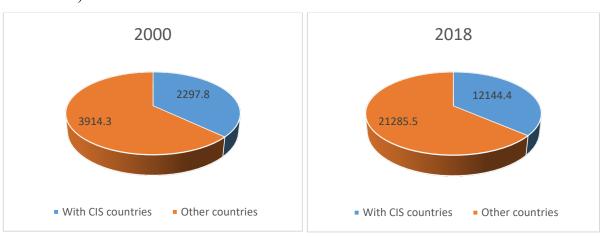
Table 5. Foreign Trade Turnover of Uzbekistan 2000-2018. (million USD).

	2000	2018	Change between 2000-2018
Foreign Trade Turnover	6212.1	33429.9	5.4 tines increase
With CIS countries	2297.8	12144.4	5.3 times increase
Other countries	3914.3	21285.5	5.4 times increase
Export	3264.7	13990.7	4.3 times increase
With CIS countries	1172.2	5003.1	4.3 times increase
Other countries	2092.5	8987.6	4.3 times increase
Import	2947.4	19439.2	6.6 times increase
With CIS countries	1125.6	7141.3	6.3 times increase
Other countries	1821.8	12297.9	6.8 times increase
Trade Balance	317.3	-5448.5	17.2 times decrease
With CIS countries	46.6	-2138.2	45.9 times decrease
Other countries	270.7	-3310.3	12.2 times decrease

Source: UzStat, 2019

According to the statistics of Uzbekistan Statistical committee trade deficit appeared in the international trade of Uzbekistan in 2018 while it was trade surplus in 2000. 36.3% of the country's exports to Russia; 11.8% to Kazakhstan; 10.3% to China; 6% to Turkey; Afghanistan accounts for 7.5%. 20.4% of the country's imports to Russia; 16.8% to Korea; 14.7% to China; 8.9% to Kazakhstan; 3% to Turkey; 6.3% to Afghanistan; Ukraine accounts for 5.5%. (UzStat, 2019).

Figure 11. The changes in foreign trade turnover of Uzbekistan between 2000 and 2018 (in million USD)



The above pie chart illustrates the changes of foreign trade turnover in Uzbekistan with CIS countries and the rest of the world between 2000 and 2018. It shows that share of Uzbekistan's main trade partners remained almost the same in 2018 as it was in 2000. Uzbekistan's import and export decreased only by 1 percent with CIS countries in 2018 than 2000. However volume of foreign trade increased in value wise. For instance, Uzbekistan's total foreign trade was 2297.8 million USD with CIS countries in 2000 while it reached to 12144.4 million USD with respective countries. In addition, Uzbekistan's trade also raised with the rest of the world: it was 3914.3 million USD in 2000 whilst it amounted 21285.5 million USD in 2018 correspondingly (UzStat, 2019). According due to the above table (5) and pie chart changes we can see that increase of export and import was because of inflation in the country. Moreover, it was more nominal change.

5.6. Balassa index – Revealed comparative advantage

Balassa index is the ratio of country's export share in comparison to the share in the world's trade. The revealed comparative advantage is used for this purpose all over the international economics for calculating the relative disadvantage or advantage in certain country with respect to services and goods as it has been evident from the trade flow. This is calculated through an index known as Balassa Index after the name of Bella Balassa who defined revealed comparative advantage of the country with respect to the export of product/commodity/good. In this master thesis revealed comparative advantage has been calculated in comparison of Uzbekistan's export to Russia in vegetables and fruits product.

Russian economy has been chosen for this analysis as Russia was one of the most important trade partner for Uzbekistan. The main focus was in agricultural products as Uzbekistan exported more fruits and vegetables to Russian. Below table also illustrates that share of Russia was essential in Uzbek economy. The analysis has been performed based on statistics of Uzbek statistical committee and World Bank for 2000-2018.

Table 6. Analysis of Balassa index (RCA)

Period	Uzbekistan's total exports to Russia (US \$)	World's total exports to Russia (US \$)	Uzbekistan's total fruit and vegetable export to Russia (US \$)	World's total fruit and vegetable exports to Russia (US \$)	RCA
2000	663,395,660	33,880,091,843	114,136,538	957,991,881	6.08
2001	584,169,421	41,865,361,958	99,030,771	887,350,596	8.00
2002	344,167,662	46,176,985,039	67,392,226	1,069,110,824	8.46
2003	485,042,509	57,345,988,014	110,358,982	1,556,226,903	8.38
2004	613,352,405	75,569,014,526	215,862,670	2,032,650,994	13.08
2005	904,022,945	98,707,255,772	316,778,814	2,857,687,169	12.10
2006	1,290,420,312	137,811,059,897	472,244,603	3,907,451,329	12.91
2007	1,459,557,046	199,725,954,506	381,795,779	5,127,321,541	10.19
2008	1,298,016,853	267,051,243,546	236,703,199	6,221,666,610	7.83
2009	846,344,209	170,826,590,309	275,076,279	6,054,128,981	9.17
2010	1,513,472,151	228,911,658,149	427,877,105	7,695,166,876	8.41
2011	1,756,215,446	306,091,490,306	348,482,725	9,244,565,266	6.57
2012	1,390,799,227	316,192,918,041	130,320,344	8,765,262,025	3.38
2013	1,256,885,427	314,945,094,987	67,998,206	9,283,685,409	1.84
2014	869,828,736	286,648,776,878	27,126,023	8,438,655,031	1.06
2015	575,837,496	182,781,964,814	33,344,147	5,835,868,677	1.81
2016	761,041,220	182,257,213,910	88,303,177	5,248,257,859	4.03
2017	1,021,516,973	228,212,749,973	118,700,662	6,488,088,038	4.09
2018	1,063,375,312	240,225,755,863	170,707,495	6,934,710,185	5.56

Source: Author's analysis based on statistics of UzStat

The above table illustrates Revealed comparative advantage of Uzbekistan in exported product of fruits and vegetables to Russian Federation from 2000 to 2018. Balassa index analysis demonstrates that RCA reached its highest peak during 2004-2007 which degree was between 10-13. Uzbekistan's fruits and vegetable had highly advantage at that period. According to this analysis, the lowest point was shown up during 2013-2015 where RCA degree dropped between 1-2. It can be connected that Russian Federation faced difficulties in its economy because of economic sanctions. Uzbek export to Russia also decreased accordingly at that time. Afterwards

RCA range started to increase since 2015 where it was 5,56 degree in 2018. Overall, Uzbekistan's export in fruits and vegetables to Russia has high advantage and it involves specialization.

5.7. Regression Model

The present data is used to understand, explore and present the foreign trade performance of Uzbekistan from 2010 till 2018 and it is evident that there is a seasonal trend in the foreign trade performance of Uzbekistan. Various analysis and graphs are used to understand the data including histograms, line graph, sequence plot, time series analysis and regression analysis. Following are the results obtained from those analysis.

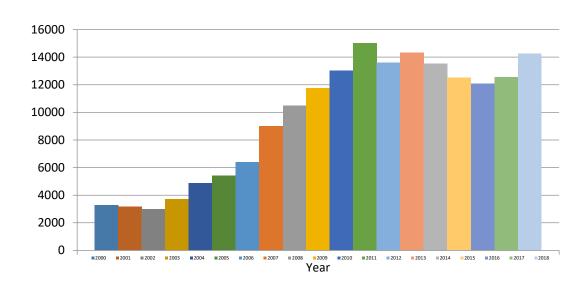


Figure 12. Export of Goods and Services in Uzbekistan 2000 - 2018 (in million USD)

Source: UzStat, 2019

The figure 12 mentioned above revealed that from 2002, the export of Uzbekistan experience significant increase for consecutive 9 years. This pattern changed from 2012 and the growth in the export of Uzbekistan was not that consistent. However, the highest export from 2011 till 2018 was experienced in 2013 and 2018.

Interestingly, Figure 13 shows the similar trend of Import as consecutive increase in the import of Uzbekistan. However, the import was significantly higher than the export in year 2018, which definitely have impact of the trade balance of 2018 and 2019.

20000 18000 14000 12000 10000 8000 6000 4000 2000

Figure 13 Import of Goods and Services in Uzbekistan 2000-2018 (in million USD)

Source: UzStat, 2019

The highest Import was experienced by Uzbekistan in December, 2018 and it is expected that the export of December 2019 will be even higher

2008 *2009 Year

■2010 ■2011 ■2012 ■2013

Figure 14. Comparison of Export and Import over past years in Uzbekistan (in million USD)

Source: UzStat, 2019

Figure 14 mentioned above shows the comparison between Export and Import of Uzbekistan over past years and it is evident that the import of Uzbekistan always remained lower than its export except for year 2018 and as its discussed above, the impact of this increased import than export will last till the end of 2018.

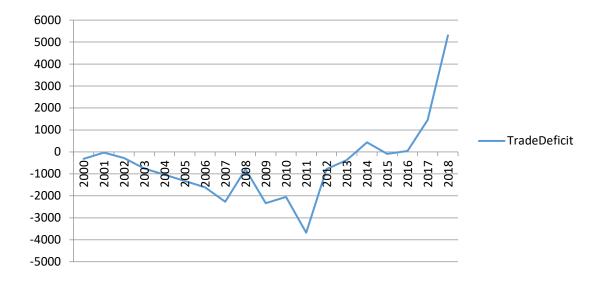
Table 7. Trade Deficit in Uzbekistan (in million USD)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Trade Deficit	19	-3676.70	5301.27	-551.01	1832.934

Table 6 shows the calculated trade deficit for the above mentioned years i.e. from 2000 till 2018. The mean trade deficit that Uzbekistan has been facing for past 18 years is -551.01 Million USD. The graph mentioned below graphically shows the trend of trade deficit. This indicate that deficit is quite low for the trade of Uzbekistan because overall export is higher than import, but this deficit might be different from 2018

Figure 15. Trade Deficit of Uzbekistan 2000 till 2018 (in million USD)

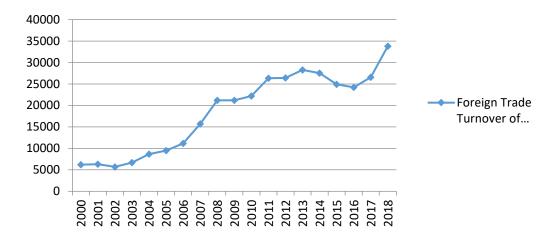


Source: UzStat, 2019

Figure 15 shows the trade deficit and it is evident that the trade deficit was below zero from 2000 till 2013 and this deficit start increasing from 2013 till 2018 except for the year 2015, the trade deficit was below zero. Highest trade deficit was observed from 2016 till 2018 (considering the low point of the line graph due to the negative values in the graph).

Sequence plots were calculated for Foreign Trade Turnover of Goods and Services, Balance of Foreign Trade in Goods and Services, Balance of Foreign Trade in Goods and Balance of Foreign Trade in Service. Following respective are Graphs given bellow.

Figure 16. Sequence plot for Foreign Trade Turnover of Goods and Services (in million USD)



Source: UzStat, 2019

Figure 16 shows the sequence plot for Foreign Trade Turnover of Goods and Services and it is evident that Foreign Trade Turnover of Goods and services increased drastically from 2000 till 2018. A little inconsistency was observed from 2013 till 2016. However, the Foreign Trade Turnover of Goods and Services restored its position in 2017 and 2018.

Below Figure 8 illustrates Balance of Foreign trade during 2000-2018. It shows that there was trade surplus which remained to raise every year until the world economic crisis in 2008. Then it have been started to fluctuate since 2008. The reason could be said that Uzbekistan especially exported raw materials or agricultural products. Service sector is not well-developed yet. However Uzbek government trying to increase the share of services in foreign trade by improving its infrastructure in information technologies.

Figure 17. Balance of Foreign Trade in Goods and Services (in million USD)



According to the figure mentioned above the Balance of Foreign Trade in Goods and Services increased from 2001 till 2011. After 2011, the Balance for foreign trade in goods and services decreased gradually and after 2017 the balance for foreign trade of goods and service dropped rapidly i.e. from 0 to -6000.00 Million USD. This rapid decrease in balance for foreign trade is might be due to the rapid increased trade deficit from 2018 till 2017.

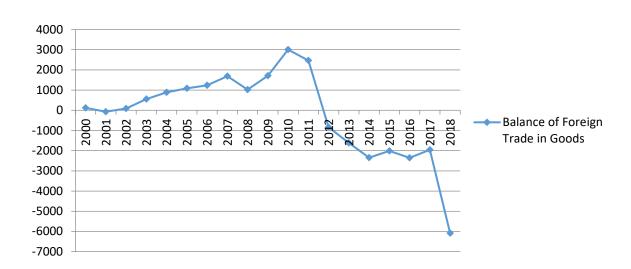


Figure 18. Balance of Foreign Trade in Goods (in million USD)

Source: UzStat, 2019

According to above line graph (figure 18), the Balance of Foreign Trade in Goods same trend was experienced as Balance of Foreign Trade in Goods and Services remained between \pm 2500 Million USD from 2000 till 2017 except for the rapid downfall in 2018 in which it went down to - 6000 Million USD.

Figure 19 shows that the Balance of Foreign Trade in Services remained between positive overall. However, it increased gradually from 2001 till 2016 and eventually dropped from 2400 Million USD to - 500 Million USD. However, this fluctuation of balance was restored in after 2017.

Above figure 19 shows that the Balance of Foreign Trade in Services remained between positive overall. However, it increased gradually from 2001 till 2016 and eventually dropped from 2400 Million USD to - 500 Million USD. However, this fluctuation of balance was restored in after 2017. Thereby, balance of foreign trade in services improved during 2018 (UzStat, 2019).

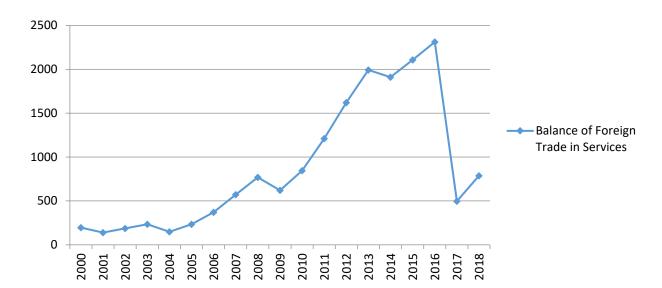


Figure 19. Balance of Foreign Trade in Services (in million USD)

Source: UzStat, 2019

In the below regression analysis of Uzbekistan's foreign trade has been provided. The foreign trade turnover has been accepted as dependent variable in our analysis along with other independent variables such as inflation rate, unemployment, main export products (gold, cotton and oil), agreements with CIS countries, liberalization of currency. To be clearer, currency exchange for physical people was restricted in 2013 which brought difficulties in foreign trade till 2017. Fortunately, currency liberalization which was happened in September, 2017 was one of the most important changes for foreign trade. The data set have been taken from 2000 till 2018 according to the statistics of Uzbekistan's statistical Committee.

Before making our model multicollinearity has been checked. According to the below table strong correlation has not been identified in our variables for the provided period.

Table 8. Multicollinearity check of variables

	Foreign	Infla-							Cur-
	trade	tion	Unem-	Popula-			Energy	Agree-	rency
	turnover	rate in	ployment	tion of	Gold	Cotton	and oil	ments	libera-
	of Uzb	Uzb	Rate in	Uzb	export	Export	export	with	lization
	(Y)	(x1)	Uzb (x2)	(x3)	(x4)	(x5)	(x6)	CIS (x7)	(x8)
Foreign									
trade									
turnover									
of Uzb									
(Y)	1								
Inflation									
rate in									
Uzb (x1)	0.1269	1							
Unem-									
ployment									
Rate in									
Uzb (x2)	-0.8236	0.1494	1						
Popula-									
tion of									
Uzb (x3)	0.9295	0.2288	-0.7324	1					
Gold									
export									
(x4)	0.7522	0.3351	-0.5121	0.8322	1				
Cotton									
Export					-				
(x5)	0.0268	-0.6248	-0.2672	-0.2297	0.1327	1			
Energy									
and oil									
export									
(x6)	0.8233	-0.1927	-0.7597	0.6130	0.3563	0.3938	1		
Agree-									
ments									
with CIS						-			
(x7)	0.3884	0.2175	-0.1498	0.4590	0.3029	0.3487	0.2137	1	
Currency									
libera-									
lization					-		-	-	
(x8)	-0.4395	0.4402	0.3198	-0.5338	0.3224	0.0571	0.2877	0.2858	1

Source: Authors analysis based on statistics of UzStat

Below table illustrates that R-squared was calculated as 98 per cent in our regression model. The larger R^2 means that the regression model fits our observations. Analysis have been performed based on observation of dependent and independent variable during 2000-2018.

Table 9. Regression Statistics of Uzbekistan's foreign trade turnover

Multiple R	0.991494
R Square	0.983059
Adjusted R	
Square	0.969507
Square Standard Error	0.969507 1618.012

Source: Authors analysis based on statistics of UzStat

Table 10. Analysis of Variance of Uzbekistan's foreign trade turnover

					Significance
	df	SS	MS	F	F
					7.48721E-
Regression	8	1519194409	189899301.1	72.53707	08
Residual	10	26179620.31	2617962.031		
Total	18	1545374029			

Source: Authors analysis based on statistics of UzStat

Table 11. Regression Analysis of Uzbekistan's foreign trade turnover

		Stan-		P-				
	Coeffi-	dard		valu	Lower	Upper	Lower	Upper
	cients	Error	t Stat	e	95%	95%	95.0%	95.0%
					-		-	
		30263.1			62867.5	71993.3	62867.5	71993.3
Intercept (a0)	4562.89	2	0.15	0.88	5	4	5	4
X1 Inflation	843.72	411.47	2.05	0.07	-73.09	1760.54	-73.09	1760.54
X2								
Unemploymen								
t	-918.91	466.23	-1.97	0.08	-1957.73	119.91	-1957.73	119.91
X3 Population	0.01	0.01	0.29	0.77	0.01	0.01	0.01	0.01
X4 Gold								
export	1.78	0.96	1.85	0.09	-0.37	3.93	-0.37	3.93
X5 Energy and								
oil export	-0.71	3.01	-0.24	0.82	-7.42	6.00	-7.42	6.00
X6 cotton								
export	3.34	0.70	4.79	0.01	1.79	4.90	1.79	4.90
X7								
agreements								
with CIS								
countries	453.22	915.59	0.50	0.63	-1586.85	2493.29	-1586.85	2493.29
X8 currency								
liberalization	-4145.49	2450.91	-1.69	0.12	-9606.47	1315.49	-9606.47	1315.49

Source: Authors analysis based on statistics of UzStat

Our model shows that inflation, gold and cotton export and currency liberalization have strong impact in foreign trade turnover of Uzbekistan. Our model can be built as follow:

Foreign trade turnover
$$(Y) = 4562.89 + 843.72x1 - 918.91x2 + 0.1x3 + 1.78x4 - 0.71x5 + 3.34x6 + 453.22x7 - 4145.45x8 + Ut$$

As per above results if inflation increases by 1 unit foreign trade turnover will increase by 843.72 million USD. In case currency liberalization has been restricted again foreign trade turnover will decrease by 4145.49 million USD.

Another regression analysis also has been implemented based on exports of Uzbekistan. In this analysis export was taken as dependent variable and the rest independent variables remained the same as previous analysis. Below table illustrates multicollinearity check of all variables for the second model:

Table 12. Regression Statistics of Uzbekistan's export

Multiple R	0.994977
R Square	0.989979
Adjusted R	
Square	0.981963
Square Standard Error	0.981963 599.6292

Source: Authors analysis based on statistics of UzStat

In this statistics \mathbb{R}^2 was even more than previous one where it calculated as almost 99 per cent.

Table 13. Analysis of Variance - Uzbekistan's export

					Significance
	df	SS	MS	F	F
Regression	8	3.55E+08	44402015	123.4915	5.52E-09
Residual	10	3595552	359555.2		
Total	18	3.59E+08			

Source: Authors analysis based on statistics of UzStat

Multicollinearity check has also been performed for regression model of Uzbekistan's export. Export of Uzbekistan has been taken as a dependent variable while we had other independent variables such as inflation, unemployment rat, gold and cotton export, currency liberalization and agreements with CIS countries.

Table 14. Multicollinearity check of variables - Uzbekistan's export

		Infla-							Cur-
	Total	tion	Unem-	Popula-			Energy	Agree-	rency
	export	rate in	ployment	tion of	Gold	Cotton	and oil	ments	libera-
	of Uzb	Uzb	Rate in	Uzb	export	Export	export	with	lization
	(Y)	(x1)	Uzb (x2)	(x3)	(x4)	(x5)	(x6)	CIS (x7)	(x8)
Total									
export of									
Uzb (Y)	1								
Inflation									
rate in									
Uzb (x1)	-0.0120	1							
Unem-									
ployment									
Rate in									
Uzb (x2)	-0.8708	0.1494	1						
Popula-									
tion of									
Uzb (x3)	0.8635	0.2288	-0.7324	1					
Gold									
export									
(x4)	0.7252	0.3351	-0.5121	0.8322	1				
Cotton									
Export									
(x5)	0.2156	-0.6248	-0.2672	-0.2297	-0.1327	1			
Energy									
and oil									
export									
(x6)	0.8743	-0.1927	-0.7597	0.6130	0.3563	0.3938	1		
Agree-									
ments									
with CIS									
(x7)	0.2976	0.2175	-0.1498	0.4590	0.3029	-0.3487	0.2137	1	
Currency									
libera-									
lization									
(x8)	-0.4144	0.4402	0.3198	-0.5338	-0.3224	0.0571	-0.2877	-0.2858	1

Source: Authors analysis based on statistics of UzStat

The number of observation were 19 and there has not been identified any multicollinearity which allowed us to make our regression model for Uzbekistan's export.

Table 15. Regression Analysis of Uzbekistan's export

		Stan-						
	Coeffi-	dard		P-	Lower	Upper	Lower	Upper
	cients	Error	t Stat	value	95%	95%	95.0%	95.0%
	CIETILS	LITOI	ι σιαι	value	33/0	3370	93.070	93.0%
		44045.4			7206.6	40770.0	7206.6	40770.0
		11215.4			7206.6	42772.3	7206.6	42772.3
Intercept	17782.87	0	1.59	0.14	1	4	1	4
X1 Inflation	251.35	152.49	1.65	0.13	-88.42	591.12	-88.42	591.12
X2					-		-	
Unemploymen					1032.1		1032.1	
t	-647.19	172.78	-3.75	0.01	7	-262.20	7	-262.20
X3 Population	0.01	0.01	-0.97	0.35	0.01	0.01	0.01	0.01
X4 Gold export	1.52	0.36	4.25	0.01	0.72	2.32	0.72	2.32
X5 Energy and								
oil export	0.17	1.12	0.15	0.88	-2.31	2.66	-2.31	2.66
X6 cotton								
export	1.80	0.26	6.97	0.01	1.23	2.38	1.23	2.38
X7 agreements								
with CIS								
countries	187.71	339.32	0.55	0.59	-568.33	943.75	-568.33	943.75
X8 currency				· · · · · · · · · · · · · · · · · · ·	-			
liberalization	-1887.08	908.30	-2.08	0.06	-3910.9	136.74	-3910.9	136.74

Source: Authors analysis based on statistics of UzStat

According to the above analysis there are more important independent variables such as inflation, unemployment, population, currency liberalization which have more impacts on export of Uzbekistan. The model shows as follows:

$$Export (Y) = 17782.87 + 251.35x1 - 647.19x2 + 0.01x3 + 1.52x4 + 0.17x5 + 1.8x6 + 187.71x7 - 1887.08x8 + Ut$$

Above model shows that if currency liberalization is restricted again export of Uzbekistan decreased by 1887.08 million USD. In the meantime, if inflation raises by 1 unit, export increased by 251.35 million USD. In the meantime, above table illustrates that agreements done with trade partners has high impact in Uzbekistan's economy.

6. Discussion of Results and Recommendations

This Master thesis shows that Uzbekistan's trade has been increasing from 2000 to 2018. However, trade balance was not stable in this period of time. Especially, trade deficit was appeared in the last years.

In the meantime, Uzbekistan more dependent in export of mineral resources and agricultural products. The share of services does not take significant role in country's economy. Meanwhile, there is a high impact of inflation and currency liberalization in Uzbekistan. Currency liberalization shown very good results in foreign trade of Uzbekistan.

In addition, share of machines and equipment in Uzbekistan's import is very high. It might be beneficial for Uzbekistan to implement new industries in order to substitute some of this.

So far, Uzbekistan's main trading partners has been Russia, China, Kazakhstan, Turkey and South Korea. It is important to note that imported goods are highly valued technologies and medicines, and by 2018 out of 10 leading trading partner Uzbekistan has a trade surplus only with Afghanistan.

With all other partners, Uzbekistan has a trade deficit. Although this phenomenon is also explained by the fact that the manufacturing industry is not completely diversified along with the inability to find the necessary alternative foreign markets for products.

In these days, the population of Uzbekistan is more than 33.5 million, of which 2.6 million work abroad. Of course, it can be noted with pleasure that the foreign trade turnover of Uzbekistan with its neighbors is growing, but we should not expect great demand for our goods and services in those countries that produce similar or interchangeable goods / services and have low purchasing power (with the exception of Kazakhstan).

The search for markets is conducted by the government and business, and these actions are already paying off. In 2017, the country's exports grew by 15% compared to the previous year. The government also adopted the Concept for the development of export growth for 2018–2022 and set a goal to double export capital in five years with a total volume of \$ 30 billion per year.

In the 21st century, international market have been become open thanks to the WTO, regional or bilateral trade agreements. If the state wants to sell its products on the market of another state, then it needs to establish legal relations with this country. And if the state has not done so, high tariffs and non-tariff barriers to its products will be expected.

Uzbekistan has concluded trade agreements with 11 CIS countries, and in accordance with them, the products of Uzbekistan can be imported into the territory of countries without import customs duties. In addition, Uzbekistan has agreed with 45 countries on the mutual provision of the most favorable trade regime. It also prevents discrimination of domestic goods and services in other countries.

The only trade agreement in the CIS in which Uzbekistan is a member is the CIS Free Trade Zone, which Uzbekistan joined in 2014. The agreement creates a good legal basis for expanding trade between the Customs Union of the Eurasian Economic Union (CU EAEU) and Uzbekistan. At the same time, the terms of the agreement are valid for Uzbekistan on several conditions. According to the agreement, until December 31, 2020 or before Uzbekistan joins the WTO, the parties are exempted from the obligation to provide a national regime to each other.

States that wish to further liberalize trade may, within the framework of the WTO, enter into deeper and broader trade agreements (deep free trade agreements) without discrimination. This may be a country that is important from an economic point of view, whose market is attractive to Uzbekistan. It is widely known that such deep-rooted agreements include not only trade, but also issues such as investment, services, competition, and labor migration. In particular, agreements concluded with the EU, USA, Canada, Japan and South Korea are a good example.

UZB-KOR is one of the first candidates. South Korea and Uzbekistan have restored some of the most important relationships over the years of independence. A free trade agreement concluded in such a situation may be an addition to the WTO.

Uzbekistan may also consider making bilateral or multilateral trade deals with neighbors from Central Asia. To date, the Central Asian Free Trade Agreement has not yet been truly implemented. An effective agreement can increase mutual trust and rapprochament of Uzbek peoples and radically increase the long-awaited regional economic integration.

This may be the positive role of the informal advisory council of the heads of state of Central Asia, which began work in 2018 on the initiative of President Shavkat Mirziyoyev, and will be held for the second time in Tashkent this year. Speaking at an international conference in Tashkent in February 2019, Foreign Minister Abdulaziz Kamilov emphasized that the two priorities of regional cooperation in Central Asia are the establishment of mutually beneficial cooperation and the strengthening of trade and economic cooperation using these platforms.

In this light, the right thing at the moment is not Uzbekistan joining the Eurasian Economic Union, led by Russia. Because membership in the EAEU CU can adapt Uzbek trade and customs policies to Russian standards, which will make it difficult to maintain a flexible and free foreign trade policy. Moreover, it is important not to exclude the benefits of deeper trade deals with Japan, the US, Turkey, India and China. However, we need to know that depending on which country Uzbekistan will conclude a more expanded agreement with, Uzbekistan's trade and industry will also be formed accordingly, that is the type, quality and volume of goods and services we offer will change.

Thus, the transition to the third stage will occur only after the conclusion of an agreement with the EU and entry into the WTO, and only after the market has been trained in completely new conditions, which will lead to some painful reforms. This period is more than 10 years.

In this case, it will be useful to conduct a comparative analysis of countries with similar features of the economy, where the main emphasis is on the influx of foreign direct investment and cheap labor. For example, when Vietnam became a WTO member in 2007, Japan quickly began expanding its trade and investment agreements with ASEAN countries, the EU and the Asia-Pacific region. Its main goal was to expand investment paths and occupy more space in the world market, competitive products of Vietnam.

Uzbekistan should also conduct an in-depth analysis of the economic and social consequences of negotiations with the EU and WTO, as well as develop a long-term "road map" and timely inform and educate the general public, in particular, Uzbek large entrepreneurs.

Uzbekistan used to have more protectionism in its economy in the past which restricted to cooperate with other countries. Fortunately, after governmental reforms in 2016 Uzbekistan became to open its doors to the world. Many trade barriers, custom duties were suspended in order to expand its foreign trade with other countries. It can be seen in our analysis as well that foreign trade turnover exceeded significantly in the past three years. It is also important to mention that liberalization of currency in 2017 helped to improve foreign in Uzbekistan which was also big restriction to exchange goods and services in the past. After these changes Uzbek government and entrepreneurs could more easily cooperate with its trade partners.

In the meantime, Uzbekistan should try to shrink the share of Agriculture in the economy in order to be in the list of developed countries. Moreover, the country should attract more high-tech machineries to the agricultural sphere in order to increase the productivity in the field. In addition, Uzbekistan should adapt to provide the world more ready products rather than raw materials. For instance, cotton takes essential role in Uzbek economy. It would bring more profit to the Uzbek economy if the country sells more ready products such as clothes rather than cotton itself.

7. Conclusion

Uzbekistan is entering a new era of international trade and investment. The February talks in 2019 with the European Union in Tashkent testify to this. The leadership of Uzbekistan is in the process of replacing the Partnership and Cooperation Agreement with the European Union, concluded in 1999, with a new agreement that meets modern conditions.

In addition, during recent visits by President Shavkat Mirziyoyev to South Korea, the United States and Western Europe, theses were voiced that Uzbekistan would soon join the World Trade Organization (WTO), and partner countries promised to help Uzbekistan in the exchange of experience and technical assistance in the process of joining WTO

In addition to these two international transactions, another phenomenon is expanding trade as a result of improved mutual trade relations with Central Asian countries and Russia. Another phenomenon is the interest of the country's leadership in participating in the initiative of the neighbor of the People's Republic of China "One belt - one way". All this suggests that one of the most important priorities of the foreign policy of the government of Uzbekistan is diversified foreign trade directions.

Uzbekistan's foreign trade changed significantly during 2000-2018. For instance, share of cotton export has been decreased while share of gold export increased in 2018. In the meantime, agreements with partner countries can positively impact Uzbekistan's foreign trade where the country can make free trade with its partner states.

According to the analysis in this Master thesis, Uzbekistan exports more mineral resources and agricultural products while they import more machines and equipment. Meanwhile, Uzbekistan's main trade partners are CIS countries which have a high impact country's economy. As Uzbekistan is seeking to join international trade agreements it might open new trade opportunities for the country.

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Appendices

GDP growth of Uzbekistan

Year	Annual GDP (million, USD)	GDP Growth (%)	GDP per capita	GDP P.C. Annual Growth
2018	50,485	5.1%	1,513\$	-19.6%
2017	49,000	-5.30%	1,810\$	-27.80%
2016	66,693	7.80%	2,094\$	-1.40%
2015	66,489	7.90%	2,124\$	3.50%
2014	63,113	8.00%	2,052\$	6.70%
2013	57,700	8.00%	1,924\$	9.70%
2012	51,824	8.20%	1,753\$	11.20%
2011	45,941	8.30%	1,577\$	13.30%
2010	38,986	8.50%	1,392\$	13.80%
2009	33,688	8.10%	1,224\$	12.20%
2008	29,532	9.00%	1,091\$	30.40%
2007	22,310	9.50%	837\$	27.10%
2006	17,326	7.50%	658\$	19.70%
2005	14,310	7.00%	550\$	17.80%
2004	12,001	7.40%	467\$	17.10%
2003	10,135	4.20%	399\$	3.70%
2002	9,657	-4.00%	384\$	-18.00%
2001	11,632	-4.20%	469\$	-16.30%
2000	13,717	-3.80%	560\$	-19.20%

Foreign Trade Turnover of Uzbekistan in million USD

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Million USD																			
Foreign Trade Turnover	6212	6307	5700	6689	8669	9500	11171	15720	21197	21210	22199	26366	26416	28270	27530	24924	24232	26566	33430
Export	3265	3170	2988	3725	4853	5409	6390	8992	11493	11771	13023	15021	13600	14323	13546	12508	12095	12554	13991
Import	2947	3137	2712	2964	3816	4091	4782	6728	9704	9438	9176	11345	12817	13947	13984	12417	12138	14012	19439
Trade balance	317	34	276	761	1037	1037	1318	1608	1789	2333	3848	3677	783	376	-439	91	-43	-1459	-5449
				In	cluding:														
With CIS countries	2298	2259	1824	2105	3003	3403	4746	7679	8660	8010	9369	11346	12732	11922	12093	9549	8388	9085	12144
Export	1172	1091	1091	969	1528	1723	2686	4273	3927	3921	5648	6720	7703	6645	6773	5230	4338	4080	5003
Import	1126	1168	1000	1136	1474	1681	2061	3406	4733	4089	3722	4626	5028	5277	5320	4319	4050	5005	7141
Trade balance	47	-78	-177	-167	54	42	625	867	-806	-168	1926	2095	2675	1368	1452	912	289	-924	-2138
With other countries	3914	4049	3877	4584	5666	6097	6425	8041	12538	13199	12830	15020	13684	16348	15437	15375	15844	17482	21286
Export	2093	2080	2165	2756	3325	3686	3704	4719	7567	7850	7376	8301	5896	7678	6773	7277	7756	8474	8988
Import	1822	1969	1712	1828	2342	2411	2721	3322	4971	5349	4545	6719	7788	8670	8664	8098	8088	9008	12298
Trade balance	271	111	453	928	983	1276	983	1397	2596	2501	1921	1582	-1892	-992	-1891	-821	-332	-534	-3310

Foreign trade turnover of Uzbekistan during 2000-2018

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Percentage of previous																		
Foreign Trade turnover	98	102	90	117	130	110	118	141	135	101	105	119	100	107	97	91	97	110	126
Export	101	97	94	125	130	112	118	141	128	102	111	115	91	105	95	92	97	104	111
Import	95	106	87	109	129	107	117	141	144	97	97	124	113	109	100	89	98	115	139
				Inc	cluding:						Including:								
With CIS countries	128	98	81	115	143	113	140	162	113	93	117	121	112	94	101	79	88	108	134
Export	119	93	76	118	158	113	156	159	92	100	144	119	115	86	102	77	83	94	123
Import	139	104	86	114	130	114	123	165	139	86	91	124	109	105	101	81	94	124	143
With other countries	86	103	96	118	124	108	105	125	156	105	97	117	91	120	94	100	103	110	122
Export	93	99	104	127	121	111	101	127	160	104	94	113	71	130	88	107	107	109	106
Import	79	108	87	107	128	103	113	122	150	108	102	123	116	111	100	94	100	111	137

Data for Regression Model

					~ 11		Energy		
	Foreign Trade	T 01	** 1		Gold	Cotton	and Oil		
**	Turnover (Y)	Inflation	Unemployement	7 0 1 1	(mln	(mln	(mln	Agreements	Currency
Year	(mln USD)	rate (%)	rate (%)	Population	USD)	USD)	USD)	with CIS	Liberalization
2000	6212.1	9.4	12.2	24,650,400	162	897.8	336.3	1	1
2001	6307.3	8.9	11	24,964,450	141	697.5	323.4	0	1
2002	5700.4	8.7	10.2	25,271,850	154	669.4	242.1	0	1
2003	6689.2	8.4	9.2	25,567,650	106	737.6	365.1	0	1
2004	8669	7.3	8	25,864,350	129	878.4	601.8	1	1
2005	9500.1	7.8	6.9	26,167,000	213	1033.1	622.0	0	1
2006	11171.4	6.8	5.8	26,488,250	165	1099.0	837.1	0	1
2007	15719.6	6.8	5	26,868,000	164	1123.9	1816.3	0	1
2008	21197.3	7	4.9	27,302,800	339	1068.9	2838.8	1	1
2009	21209.6	7.4	5	27,767,400	112	1012.3	4025.8	0	1
2010	22199.2	7.3	5.4	28,562,400	2618.1	1572.7	2973.8	0	1
2011	26365.9	7.6	5	29,339,400	3187.1	1347.9	2779	0	1
2012	26416.1	7	4.9	29,774,400	666.2	1259.7	4704.6	1	1
2013	28269.6	6.8	4.9	30,243,200	1648.2	1163.0	3435.3	1	0
2014	27530	6.1	5.1	30,757,700	1240.2	1047.7	3110.2	0	0
2015	24924.2	5.6	5.2	31,298,900	1920.6	736.1	2685.2	1	0
2016	24232.2	5.7	5.2	31,847,900	2807.6	637.3	1713.8	1	0
2017	26566.1	14.4	5	32,388,600	3260.0	477.1	1607.6	1	1
2018	33809.1	14.3	5.2	32,955,400	2909.5	222.1	2666.2	1	1