



UZBEKISTAN IS IN THE INTERNATIONAL ECONOMIC INTEGRATION: CURRENT SITUATION AND PROSPECTS

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Abstract

This review article analyzes the current trends of Uzbekistan's foreign economic policy and its relations with major trading partners. Here, the positive aspects of foreign trade implementation and its achievements for our country have been investigated. The article concluded that it is important to ensure diversification and competitiveness of foreign trade, not just the absolute advantage of a country in the mutual trade of countries. Based on the extensive review, recommendations have been developed on cooperation of Uzbekistan with the Eurasian Economic Union.

Keywords: Foreign trade, economic integration, Eurasian Economic Union, relative superiority, specialization

INTRODUCTION

At the 20th session of the Senate of the Oliy Majlis of the Republic of Uzbekistan, the President stated his opinion on the aspects of becoming a full member of the Eurasian Economic Union. It was argued that the optimization of trade process within the framework of the union would adversely affect the place of local commodities in the international market. Thus, the quality of exported goods should be increased urgently in order to strengthen the competitiveness in the local market. Moreover, the fact that Uzbekistan contributes 2/3 of the Union's foreign trade turnover forced our country to study and analyze its attainment to the Eurasian Economic Union.

As President of the Republic of Uzbekistan Sh. Mirziyoev (Mirziyoyev, 2020) said "80% of our goods go through the transit corridors of Kazakhstan, Kyrgyzstan and Russia. In addition, Russia, Kazakhstan and Kyrgyzstan charge 50% of our products and 80% for certain goods. Considering these factors and creating beneficial condition for our citizens to visit Russia and Kazakhstan, the issues related to Uzbekistan's cooperation with the Eurasian Economic Union are currently being studied. We rely on the will of our people in this serious matter, above all, in the interests of our people".

Currently, the region in which the Eurasian Economic Union (EAEU) is located takes first place in the world in terms of area, 8th place in terms of population and 10th in terms of GDP (Internet data). In other words, it generates 3.63% of GDP of the world (data from the International Monetary Fund). It should be highlighted that the share of the Russian Federation and Kazakhstan in the formation of this index is more than 85% and 10%, respectively. Whereas, Uzbekistan's share in world GDP is 0.19%, while Armenia, Belarus and Kyrgyzstan share is 0.18%. On the other hand, more than 80 % of Uzbekistan's exported goods are gold (31 %) and natural gas (51 %). The main importers of natural gas of Uzbekistan are Russia, China and Kazakhstan. This tendency indicates that the entry of Uzbekistan to these countries with the products of high scientific capacity is an urgent issue. It is believed that the development of our country's ability to develop additional scientific capacitance commodities would create conditions for strengthening its position in the market with a population of 220 million people.

The existence of the above trends is the subject of in-depth study of Uzbekistan's entry to the EAEU or implementation of foreign trade as a partner.

LITERATURE ANALYSIS

Although this topic has not been widely researched by scholars, Uzbek experts explained their analysis through the Internet. The fact that the study of the issue is carried out in such a way that it is divided into two poles requires the study of its positive and negative aspects.

In our opinion, along with our analysis of the EAEU membership issue, we can also evaluate an important step towards WTO membership. Because, the emergence of the opportunity to sell freely our national goods and products throughout the EAEU region and the free entry of the products of the member countries into our country will serve to increase competitiveness. It should be also noted that in the EAEU territory, a system of ethics in relation to the products (marking, quality, sanitary norms, etc.) was developed.

These and other similar requirements involve the introduction of several quality upgrades in the production process of different goods. Consequently, the existence of monopolistic companies most likely will be endangered. This will give an opportunity to Uzbekistan to totally renew the process of management and production. While developed processes will promote Uzbekistan to the WTO.

In conclusion, the enrollment of Uzbekistan to the EAUEU will strongly affect the lives of individuals. The most important matter for now is to protect the interests of our nation, ensure the welfare and peace of Uzbek people during this period.

In this regard, the president Shavkat Mirziyoyev commented on some aspects of foreign policy of the country and said: "We are joining large-scale integrations. Everyone has different opinion: we may lose independence... and it cannot be given by anyone else. The struggle that our ancestors started with is continuing now. However, the decision-making is in our own hands. We need to calculate which way is right in terms of interest in the market economy regularly.

Of course, our greatest effort is to enter into the way of the most reasonable, most accurate economic benefit. The people themselves decide whom we should go with in consultation with the deputies. A deputy means the voice of our people, the eyes of our people, the grief of our people. We will discuss this matter with our people. If we believe in the correctness of our way, we will succeed."

At the same time, international experts expressed their attitude towards Uzbekistan's entry to the WTO. Mark Linskott, who is an American consultant and has worked for many years in responsible positions at the United States mission to the World Trade Organization and US Trade Representative (USTR), said three reasons why membership in the WTO is necessary for Uzbekistan. (www.kun.uz).

Firstly, countries that did not enter the WTO in the world remained very few (it has 164 members). From Central Asia, only Turkmenistan and Uzbekistan are not members of the organization.

Without taking into account the DPR Korea, which is not interested in joining the WTO, even the countries that are recovering after the wars – Sudan, South Sudan, Iraq, etc. - are intending to join the organization.

Secondly, Uzbekistan pays great attention to attracting investment from abroad and growing trade relations outside its region. WTO membership provides guarantees and transparency to investors entering Uzbekistan and trade partners of the country.

Thirdly, membership in the WTO allows Uzbekistan to complain about the commercial decisions of other countries (for example, on the issue of boundaries and customs duties). For example, Antigua and Barbuda were opposed to US trade restrictions through WTO. On the other hand, the countries of Central America achieved the abolition of the restrictions imposed by European countries on the import of bananas. Uzbekistan as a full-fledged member of the WTO will have the opportunity to participate in the development of international trade rules. As he said, since 1995, when the World Trade Organization was founded, no member has yet quitted.

Furthermore, after entering this union, the question of Uzbekistan's membership in the World Trade Organization (WTO) will not remain. On December 21, 1994, a working group was formed to join the WTO, but by 2005, these negotiations were suspended. However, by the beginning of 2019, the work of this working group was revived and it is envisaged that Uzbekistan will sign the agreement of the "Foreign trade regime" with the WTO member states by the end of 2019. Since now, our country is concluding bilateral negotiations with a number of WTO members. In this regard, Abdulaziz Kamilov, minister of Foreign Affairs of Uzbekistan, announced the statement. (<https://kun.uz>).

In conclusion, Uzbekistan's entry into the WTO is distinguished by the fact that it allows our country to fully strengthen its position in foreign trade and to carry out cooperation aimed at bilateral benefit.

ANALYSIS AND RESULTS

The entry of Uzbekistan as a member to the EAIU can cause following difficulties:

Because of the fall in prices of imported products, it becomes difficult for local producers to maintain their market position. In particular, the role of networks with Monopoly characteristics in the market will be in danger. In addition, after the establishment of general customs tariffs within the framework of the union, there may be an increase in price of some commodities.

The departure of the labor force from the country will be further accelerated. For example, due to the significant salary difference between Uzbekistan and the major economies of the EU, the migration of the labor force will occur in our country. This will lead to an increase in the cost of labor to those who serve in the agricultural sector. Following the emergence of uniformity in the economic policy of transnational companies of these countries and Uzbekistan, the activities of transnational companies in our country can lead to the destruction. In addition,

because of the changes in the geopolitical area, the application of economic sanctions on one of the member states of the EAEU will create conditions for its impact on the economy of Uzbekistan. Under these conditions, the major economies of the Union will try to sell their products to the countries of the union through the dumping policy. As a result, the negative effects on the competitiveness of the local producers become more obvious.

Along with the difficulties that were noted at the entrance of Uzbekistan as a member of the EAEU, there may be other possible risks.

As we have already noted, the share of the Union in the world economy is more than 3 %, which means that it is approximately equal to the economy of Germany. However, it is considered the third country after China and the United States among world exporters, Germany is distinguished by the fact that it performs 9 % of world exports. It is agreed that the main trade partners of this state are the countries of the European Union, which account for 70 % of German exports. This is supported by the fact that any country is interested in establishing trade relations with those economies that are located around it and are close. World economists explain this rule that *“the share of foreign trade in a country's GDP is inversely proportional to the distance between its trading partners.”*

Although the Union's total GDP is equal to the German's, the EAEU's share in world trade is not large, that is, exports of 2.8% and imports of 1.9% can be explained by the fact that the national economies of the member states are formed as an import-substituting economy. In conclusion, Uzbekistan's entry into EEU with its products will provide non-barrier-free access to markets that already have 185 million consumers.

Whereas, the entry of Uzbekistan into the EEU has the following advantages: Light industry and textile products are the third foreign trade route after natural resources and non-ferrous metals at the Uzbek export. Therefore, the fact that the leader is not clear in this network among the member countries of this Union offers Uzbekistan a relative advantage in this regard. This leads to the need to make this direction more competitive. In other respects, the fact that there is no free trade agreement between EAEU-Turkey and the agreement is not envisaged in the future will positively affect the position of our country in the market. However, considering the existence of a free trade agreement between China and the EAEU since 2015, the need to reach additional value-added products in the light industry in Uzbekistan is aggravated.

Taking into account that 1/3 of Uzbekistan's imports consist of machinery, equipment and mechanisms, it will be known that the volume of imported products from EOII countries is not high. The fact that China is the main partner in this area, which is the main part of imports, the price of these commodities can fall and, as a result, the reduction in import costs can be achieved.

The provision of a comfortable visa regime for Uzbekistan not only makes it easier for the countries of the Union to work, but also for their accommodation.

This allows Uzbekistan, which has a relatively dense demographic location, to effectively reduce the number of its population in the countries of the Union. Moreover, Uzbek citizens will become full-fledged individuals of the country with the same rights as European citizens. This provides an opportunity to increase work skills and experience of Uzbek citizens.

Secondly, it leads to the stabilization of the balance of payments, the balance of current transfers. Thirdly, because of the conditions for Uzbek people to take their family together, the occurrence of various social disagreements is reduced.

Either as a member of EAEU or as a partner, Uzbekistan should take into consideration the following:

- coordination with Uzbekistan and foreign trade partners non-tariff regulations such as technical, sanitary, veterinary and phytosanitary standards / criteria / certificates. For example: achieving a reduction in time and cost of exports following the establishment of a single information space.
- For this purpose, the joint implementation of a single recognized system of certification/documentation with Uzbekistan and close trade partners.
- To improve the financing of research and innovation for the production of goods with high scientific capacity in Uzbekistan and significantly increase its volume.

Judging by the data of the International Monetary Fund, it can be seen that economic growth is declining in 2010-2015 years. In particular, in developing countries it decreased from 7,4 % to 4,3 %, while in developed economies it changed from 3 % to 2,2 %. Overall, this figure is explained by the fact that this indicator dropped from 5.4% in 2010 to 3.5% in 2015. Since 2015 year to the present day, the fluctuation in economic growth has fallen from 4,3 % to 3,9 % in developing economies, while in developed countries it has changed from 2,3 % to 1,7 %. On a global scale, this figure has fluctuated from 3.5 % to 3 %. It should be noted that the decrease in the level of economic growth in the countries of the world is formed with a tendency inherent in developing and developed countries.

Therefore, if we say that this economic process is a change in the economy of not only Russia, Kazakhstan, but also all the countries of the world, it will not be a mistake. Uzbekistan, as a member of the world economy with its sovereignty, is carrying out international economic relations. Therefore, the national interests of our country, whether Uzbekistan is a subject of any integration processes or a separate international economic relationship, occupy a high place. From this point of view, whether or not Uzbekistan will be a member of the Eurasian Economic Union (EAEU) has long been at the center of the discussion. It should be noted that if the

attempt of Uzbekistan from the point of view of joining the EAEU is not economically beneficial, it is necessary to analyze the specific negative features of non-movement. Many Uzbek scholars have expressed their views on joining the EAEU. Among the peculiarities of this issue, the economic interests of Uzbekistan were presented to the public on the Internet. Despite the fact that such analyzes have already been published, our young compatriot studying at the University of Tokyo could not objectively assess the conclusions of all scientists and specialists from Uzbekistan.

We do not mean to say that there is no idea as “joining the Union is not appropriate”, but not taking into account that not all conclusions are presented in this way, there is a very narrow and shallow approach to the issue. Therefore, we will try to base our conclusions on some of the opinions presented in the article.

Focusing on the fact that there are more than 220 national economies in the world, any country has not an absolute superiority in the import or export of a particular country, in particular, within the framework of the Economic Union. This article focuses on the foreign trade turnover of Russia and other EAEU countries. In particular, it is noted that Serbia's foreign trade turnover with Russia is 10 %.

According to The Observatory of Economic Complexity, imports from Russia accounted for 7 % (7 % also from China), while exports to Russia accounted for 6.2 %. If we focus on the place of these figures in foreign trade of Russia, according to data from the Federal Customs Service of Russia, Serbia's imports to Russia are 0.45 %, while exports are under 0.3 %. In conclusion, Russia is among the first 5 state lines in the foreign trade of Serbia, whereas the share of Serbia in foreign trade of Russia is formed without reaching 0,5 %. Therefore, we think that it is necessary to correctly convey the figures on this issue and take into account the fact that through these figures the price of imported goods in the country is falling. The volume of foreign trade turnover of Russia should be evaluated with an economy that is equal to 1, 6 trillion US dollar.

One of Russia's largest trading partners is China (around 16 %) and Germany (around 9 %), the measure of their economies (GDP) is harmoniously large in size. Of course, it should be said that despite the fact that the US economy is large, the distance between Russia and the US does not create sufficient conditions for trade development. Nevertheless, the US share in Russian foreign trade reaches 5%.

In general, our compatriot tries to emphasize that within the framework of the EAEU, the mutual trade turnover of the member countries does not have a high share. Even in the total volume of GDP created within the framework of this Union, Russia's share is about 85 %. This means that no matter how much trade turnover increases with member countries, Russia will

not have a large share in foreign trade. In this regard, we review the trade turnover within the framework of the European Union. For example, Germany has exports of products in accordance with the countries of France (7, 8 %), Great Britain (6, 8 %), the Netherlands (6,3 %) and Italy (5,4 %), while it has mutual exports with China and the USA 7,1 and 8.4 % respectively. Germany, which is already considered the world's largest exporter, also has a relatively higher share with the continent of Asia and America than to the countries of the European Union. The volume of exports of France to the Union countries (except from Germany) does not reach 10% (Jumaev, Rakhmonov).

It is clear that the assessment of the turnover within the framework of a certain union with a dependence on a particular state means an extremely simple economic approach to this issue. This requires an in-depth study of the approach to macroeconomic and international economic relations.

It should be noted that the level of diversification of trade turnover contributes to the prevention of the country's geopolitical dependence on one country and the strengthening of its position. Currently, Uzbekistan carries out mutual foreign trade relations with more than 170 countries. Thus, it means that Uzbekistan can not trade with only one country, neither within the framework of the union, nor in the world. For example, the fact that one state does not have a full superiority in trade relations of Uzbekistan with China (18,7 %), Russia (14,9 %), Kazakhstan (8,3 %) and South Korea (6,6 %), which are currently the major trade partners of Uzbekistan, is a positive fact.

What's more, although Uzbekistan has not a large share of trade turnover with Kyrgyzstan; a member of EAEU, trade balance of Uzbekistan has positive residual in mutual trade relations. So, although Kyrgyzstan's share is small, it is unacceptable to consider that trade with it is negative. On the contrary, increasing the competitiveness of the Kyrgyz customs territory by reducing the prices of the goods of Uzbekistan is an urgent issue. This will require customs arrangements.

Therefore, failure to take into account the level of diversification of the country's trade relations represents an extremely narrow range of conclusions. . In our opinion, it is worthwhile to take into account the following aspects in the development of international economic relations, especially trade relations for Uzbekistan:

- diversification of foreign trade turnover both geographically and in terms of goods
- not relying on the position of a particular state in the trade turnover
- achieve balance of tariff and non-tariff barriers within the framework of the union or with trade partners.

In conclusion, it is important to ensure diversification and competitiveness of foreign trade, not just the absolute advantage of a country in the mutual trade of countries.

CONCLUSION

The provision of a comfortable visa regime for Uzbekistan not only makes it easier for the countries of the Union to work, but also for their accommodation. This allows Uzbekistan, which has a relatively dense demographic location, to effectively reduce the number of its population to the countries of the Union. In addition, the citizens of Uzbekistan will become a full-fledged member of the country with the same conditions and rights as its citizens. For example, citizens of the EAEU member country have the right to work without obtaining a patent, that is, without paying the patent fee. Nonetheless, it is established that they must require registering at their temporary residence. Of course, the fact that any individual (even a tourist) should inform the relevant authorities about his place of residence is mandatory, which is inherent in all countries. The exemption from the payment of patent fees, in many respects, requires cooperation with the Union.

Firstly, this provides an opportunity to increase work skills and experience for our citizens. Secondly, it leads to the stabilization of the balance of payments, the balance of current transfers. Thirdly, because of the conditions for the Uzbek people to take their family together, the occurrence of various social disagreements is reduced.

As Uzbekistan deepens its trade relations with the EAEU, it will be necessary to promote and achieve the establishment of independent institutions of the Union. This, first, prevents the dominance of the influence of a particular country. Secondly, it provides conditions for the timely implementation of rights and obligations by the member states.

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