

GSJ: Volume 8, Issue 3, March 2020, Online: ISSN 2320-9186
www.globalscientificjournal.com

OPPORTUNITIES FOR THE APPLYING EXPORT PROMOTION EXPERIENCE OF THE PEOPLE’S REPUBLIC OF CHINA IN UZBEKISTAN

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Abstract.In this article, the author researches Chinese experience of promoting export, areas of state regulation of exports, support for local producers and export support and developed proposals for export promotion in Uzbekistan. Comparative analysis of the economic development of the People’s Republic of China, its impact on international trade and the system of state promotion for exports between Uzbekistan and China, the main problems in the development of the export support system of Uzbekistan and exports promotion in Uzbekistan by exploring the possibilities of using the Chinese experience in the development of the export promotion system.

Key words: Export, Export promotion, Chinese experience of export promotion, domestic producers, Trade houses, diplomatic missions

Introduction

In modern conditions, foreign trade is an important component of the activities and development of every country and the world economy as a whole, no state can develop without creating an effective system of trade relations with other countries in the conditions of the globalization process. According to the World Bank, the share of exports in world GDP is almost 60 percent. This, in turn, shows that the pace of development of international trade integration has not been

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extraordinary in the last two decades. It also means that developing countries are significantly interested in the development of international trade and have undergone major economic changes due to export-oriented growth.

Since the last decade of the twentieth century, trade relations between developing countries with low (middle) income countries have increased by 14% and with high-income countries by only 8%. This shows that the situation depends on the competitiveness of goods. Consequently, the formation of a competitive factor in the context of the beginning of competition to reduce production costs, improve quality, increase income has led to the complication of the global economic situation. This has placed an important strategic task on countries to maintain their position in international markets.

One of the main and priority tasks of foreign policy is the effective implementation of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021².

To achieve this goal, economic diplomacy of Uzbekistan as the following tasks:

- Assistance in increasing the volume of export of domestic products and expanding its geography;
- Active assistance in attracting foreign direct investment and advanced technologies in priority sectors of the national economy;
- Assistance in attracting foreign tourists and developing the tourism infrastructure of the republic;
- Assistance in expanding and deepening cooperation in the field of transport and transit, the development of international transport communications and logistics infrastructure;

In the last three years Uzbekistan is providing economic reforms for strengthening export as well as Uzbekistan is facing to join economic integrations within not only Central Asian but Eurasia. The main strategic economic goal of Central Asia is the formation of a single economic space, a single trade and

²Official site of Ministry of foreign affairs of Uzbekistan on FOREIGN POLICY GOALS accessed on 21.03.2020 <https://mfa.uz/ru/cooperation/>

customs zone, a single monetary union and a single economic strategy. Central Asia is a supplier of valuable goods on the world market - oil and gas, ore and agricultural raw materials. The routes of the Silk Road in the XXI century will pass oil and gas pipelines for the supply of energy, both to the West and to the East. However, for the development of transit trade, citizens of Central Asia benefit from and need a common foreign economic policy, common customs and tax control, and a common system of security³.

In the context of globalization, integration in the region will contribute to the military-political and economic independence of the Central Asian states on the world stage. For the rapprochement of the Central Asian states in the future, as peoples with a common history, culture, language, faith, and common economic, financial, educational, and environmental standards, there are stronger prerequisites for integration than European countries have at one time.

Among the advantages of the economic integration of the states of the Central Asian region are the growth of production; increase in the size of the market, which is especially important for countries with a small capacity of the national market; increased productivity due to increasing competition between countries; providing better working conditions; increased efficiency as a result of the spread of technological, marketing and managerial know-how; infrastructure improvement. All this as a result should promote economic growth and raise the standard of living of the population⁴.

So export promotion for Uzbekistan plays a main role. In this manner, researching experience of developing countries on export promotion gives opportunity for developing proposals and is a relevant theme for researchers in Uzbekistan.

Maintaining its position in international markets at a time when the world economic conjuncture is becoming more complicated is one of the important strategic tasks ahead of the countries. In particular, this issue was reflected in the

³Ilkhomjon Muminov "New horizons of integration processes in Central Asia" GSJ: Volume 8, Issue 3, March 2020, Online: ISSN 2320-9186 www.globalscientificjournal.com Page 183

⁴Ilkhomjon Muminov "New horizons of integration processes in Central Asia" GSJ: Volume 8, Issue 3, March 2020, Online: ISSN 2320-9186 www.globalscientificjournal.com Page 184

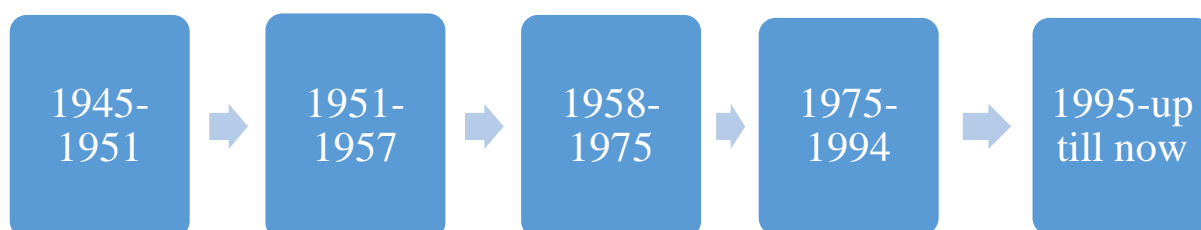
decree of the President of the Republic of Uzbekistan Shavkat Mirziyoyev “on the strategy of action for the further development of the Republic of Uzbekistan” PF-4947 on February 7, 2017. In paragraph 3.2 of the appendix for the implementation of this decree, the following tasks are up to date:

- creating an effective competitive environment for economic sectors and gradual reducing monopoly in the market of products and services;
- mastering new types of products and technologies in production, on this basis to ensure the competitiveness of national brands in domestic and foreign markets.

This is primarily due to the competitiveness of the national economy, the possibility of producing goods and providing services in conditions of free and honest competition that meet the requirements of world market⁵.

Research background

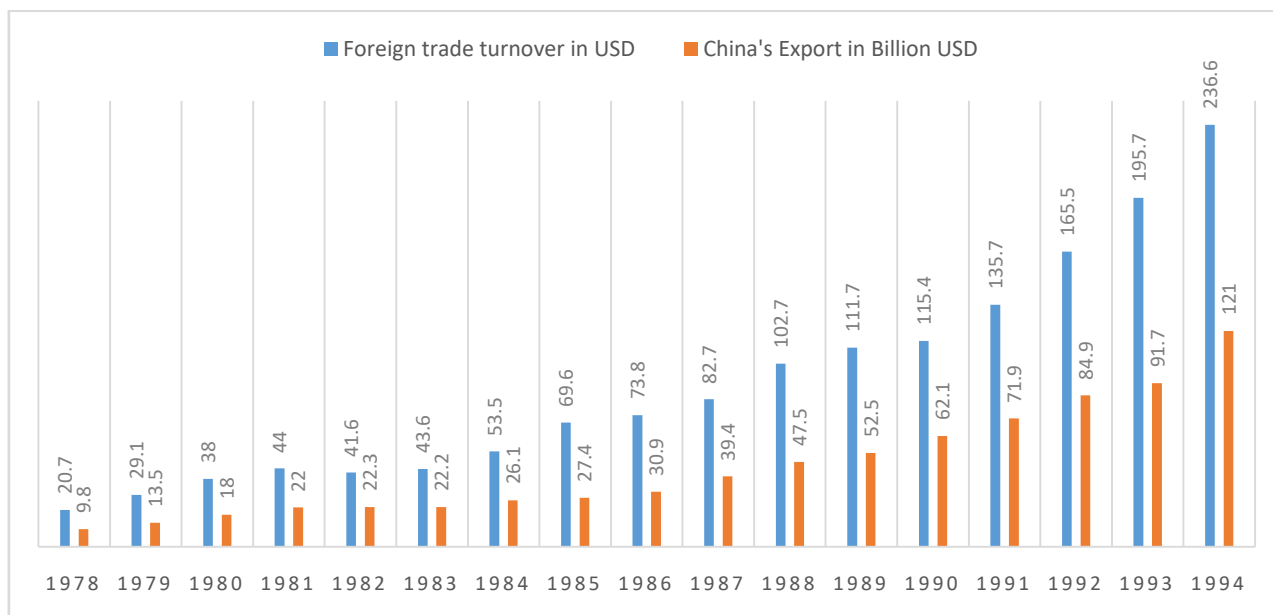
Proceeding from the means and forms of exports promotion by the state in the world economy, we can see that the promotion of exports is carried out from 1945 year (that is, from the establishment of the World Trade Organization) to the present day in five stages, namely:



At the fourth stage, that is, in 1975-1994, one of the countries that initiated a new stage of export support by the state became the People’s Republic of China. In the fourth stage, if we pay attention to the export structure of the People’s Republic of China and its state support policy, about 80 percent of China’s total foreign trade had realized itself with the top 10 trading partners. China’s major trading

⁵LazizMingishov “important factors and priority directions of increasing competitiveness of export goods of Uzbekistan” GSJ: Volume 8, Issue 3, March 2020, Online: ISSN 2320-9186
http://www.globalscientificjournal.com/journal_volume8_issue3_march_2020_edition_p5.html

partners, such as Japan, South Korea, ASEAN countries and Taiwan accounted for 42.4% of China's imports. The U.S. and European Union accounted for 38% of China's exports.



Foreign trade turnover of the People's Republic of China in 1978-1994(in the fourth stage)⁶

The table shows that China's foreign trade balance had a negative balance until the early 1990s. This is due to the fact that in the early stages of the reforms, technological imports became the only source of forming the competitive basis of the national economy.

According to Lin Ifu (林毅夫), vice president of the World Bank, a Chinese economist who developed a number of recommendations on monetary policy, the conditions for China's accession to the WTO and food, land and housing, when China started the reforms in 1978-1979, China was a very poor country. The average income of the population was \$ 132, which was three times less than the income of some African states. By 2010, that number had risen to \$ 500. Over the past 20 years, GDP growth has averaged 9 percent⁷.

⁶Сырцов Д.Н. Современная система государственной поддержки экспорта: использование международного опыта в российских условиях. Диссертация на соискание ученой степени кандидата экономических наук. Москва – 2014

⁷ЛиньИфу(林毅夫) Новая структурная экономика Пекинского университета12/01/2018
新結構經濟學 (典藏版) 北京大學出版社

In the 1980s, Chinese government established 3 economic zones to improve regional planning. These are the Eastern Region, the Central Region, and the Western Region.

The Eastern region became home to the most economically developed industries and its centers, many highways, all seaports, and the largest industrial cities along the coast.

The central region is dominated by the production of fuel and energy, chemicals, raw materials, food products.

The western region is mainly focused on the processing of mineral raw materials. One of the important features of Chinese economy is that China ranks first in the world in terms of exports and 80% of the foreign currency coming to the country falls on exports. More than 20 million people work in the export sector.

China's manufacturing sector accounts for 19.8 percent of the world. By 2010, China had overtaken the United States to become the largest producer of industrial goods.

During the years of reform, the structure of exports changed significantly. The share of raw materials and its primary processed products in exports decreased, and the share of finished industrial products increased significantly - from about 50% in 1980 to 95% in 2012⁸.

We have considered the PRC's system of state support for export promotion. But we all know that applying the economy of different countries to its achievements or economic miracles directly in the economy of another state can lead it to a state of recession rather than economic growth. This is due to the fact that the specific economic situation of all countries, geographical convenience, economic situation with neighboring countries, the resource bases of states and the influence of various other factors are very large. But the factors that stimulate exports in all countries of the world are almost the same. What elements does the export promotion itself include?

⁸Сырцов Д.Н. Современная система государственной поддержки экспорта: использование международного опыта в российских условиях. Диссертация на соискание ученой степени кандидата экономических наук. Москва – 2014

Export promotion is mainly supporting national exporting enterprises, which include:

1. Government subsidies
2. Soft loans
3. Monetary policy
4. Input and output of capital
5. Export insurance
6. Tax benefits for exporters
7. Currency policy
8. Transportation support
9. Diplomatic support for exporters
10. State policy on export base development and etc.

Research results and conclusions

Having studied the economy of the PRC, the strategy of stimulating exports, we have considered the specific system of applying export promotion for developing or underdeveloped economies and suggested following four important proposals.

First of all, introducing the service of “International Marketer” in foreign trade houses of Uzbekistan for establishing regular links between the foreign trade houses Republic of Uzbekistan and domestic producers in order to constantly study the national products that have a relative advantage in foreign markets plays an important role in support domestic producers’ export capabilities.

Secondly, in order to further diversify exports, diplomatic missions of Uzbekistan abroad constantly monitor and analyze the dynamics of development of food and non-food markets. On the basis of analysis provided weekly by diplomatic missions, they provide information to the Ministry of Foreign Affairs on market prices and demand for local products in the respective countries. Second proposal includes implementing a mechanism for the Ministry of Foreign Affairs

to collect data and send it to the Ministry of Investment and Foreign Trade for further analysis;

Thirdly, in order to support our national producers, experience of the Exim Bank of China is studied on status of crediting of foreign enterprises⁹. According to research, the representative organization will find orders from abroad and will be able to order them on credit on the basis of the requirements of the state to national manufacturers. In order to support our national producers, the experience of the Exim Bank of China in signing export credit agreements and finding orders from abroad on a contractual basis and applying the mechanism of ordering on credit to domestic producers in Uzbekistan;

Fourthly, we are proposing to establish brokerage activities for one of the special staff of export promotion agencies at the Commodity Exchange which will allow to constantly study the products that are relatively cheap on the exchanges and have a relative advantage in foreign countries and export them directly to foreign markets.

Based on the following proposals, in the first stage, the service “International Marketer” will be expanded in foreign trading houses of Uzbekistan, and the level of demand for Uzbek products abroad, the quality, price and other shortcomings of similar products abroad will be studied. In the second stage, the dynamics of food and non-food markets will be studied and it will be determined in which countries Uzbek products can be exported. In the third stage, a mechanism will be put in place to find orders from abroad and order them on credit basis to domestic producers in accordance with the requirements of that state. In the fourth stage, the export promotion agencies of the Commodity Exchange will constantly study the products of one of the special staff, which is relatively inexpensive and has a relative advantage in foreign countries, and will be able to export them directly to foreign markets.

⁹Official site of Export-import Bank of China, <http://english.eximbank.gov.cn/Business/index.html#ourBusiness-xwy-1>

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6. Official site of Export-import Bank of China,
<http://english.eximbank.gov.cn/Business/index.html#ourBusiness-xwy-1>

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