

## **Developing A Model On The Basis Of A System Of Indicators Determining The Efficiency Of Foreign Trade Activities**

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### **Abstract**

According to the Resolution of the President of the Republic of Uzbekistan Sh. Mirziyoyev dated October 6, 2020 No PP-4851 "On measures to further improve the education system in the field of information technology, development of research and their integration with the IT industry" the focus is on providing the labor market with qualified IT professionals. Within the framework of the Concept "Digital Uzbekistan 2030", this issue requires specialists in all fields to work with IT professionals in their areas.

**Key words:** integration, IT, model, foreign trade, efficiency ratio, alternative efficiency ratio, influencing factors, evaluation index, volume index.

### **Introduction**

In the era of the coronavirus pandemic, stimulating economic growth and investment, restoring production, increasing employment, increasing incomes and supporting businesses, developing the digital economy, providing the labor market with qualified IT professionals and organizing their effective work with the economy are among the most pressing issues. . This is due to the fact that through the effective cooperation of the industry with IT specialists, the stability of macroeconomic indicators and the growth of living standards will be achieved. This, in turn, requires IT professionals to understand economic processes and find partners through published articles. In particular, the effective management decisions of an entity in relation to its foreign trade activities depend directly on the system of indicators used to evaluate the process and the conclusions drawn from its financial analysis. It is also important to determine the unity and general indicators of foreign trade activities and to conduct a factor analysis.

Uzbekistan's economic development strategy is aimed at creating a diversified and competitive economy, maximizing the use of national resources through the use of innovative technologies and new market management methods. The country's foreign economic activity, especially in the field of foreign trade, has a direct impact on the living standards of the population as a result of reforms.

At the end of January-December 2020, the country's foreign trade turnover amounted to 36,299.3 million US dollars, which is 5,451.7 million US dollars or 13.1% less than in 2019. In foreign trade turnover, exports amounted to 15,127.7 million US dollars (a decrease of 13.4%) and

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imports to 21,171.5 million US dollars (a decrease of 12.8%). During the reporting period, the passive foreign trade balance amounted to 6,043.8 million US dollars.

Quarantine restrictions imposed during the pandemic have also affected the service sector. In particular, as a result of restrictions on the transit of international transport by countries near and far abroad, imports of transport services decreased by 2.6 times and amounted to 160.0 million US dollars. At the same time, compared to 2019, there was an increase in imports of some services. In particular, imports of construction services amounted to 108.3 million US dollars (an increase of 4 times), maintenance and repair services - 41.9 million US dollars (an increase of 2.5 times), telecommunications, computer and information services grew 1.8 times to \$ 130.0 million.

### Materials and Methods

In our opinion, it is expedient to evaluate the foreign trade activity of the business entity in the following sequence and develop a model:

1. Evaluation of the efficiency of export activities of the business entity:

1.1. Basic export efficiency ratio ( $K_{bce}$ );

$$K_{bce} = \frac{T_e}{X_e} = \frac{T_e}{X_1 + X_2 + \dots + X_3}; \quad (1.1.)$$

In this case,  $T_e$  - income from exports of goods (works, services);

$X_e$  - exported product (work, service) costs (cost of goods  $X_1$ , transport ( $X_2$ ) and other ( $X_3$ ) costs).

$K_{bce}$  - a coefficient greater than  $> 1$  indicates that the export activity of the business entity is effective.

1.2. Alternative coefficient of export efficiency ( $K_{mce}$ ).

$$K_{mce} = \frac{T_e - X_e}{I_e - X_1}; \quad (1.2.)$$

At the same time,  $I_e$  is the income from the sale of export-oriented products (works, services) in the domestic market.

$K_{mce}$  - defined coefficient greater than  $> 1$  indicates that the export activity of the business entity is efficient. Because the business entity earns income by selling saturated products (works, services) in the domestic market abroad<sup>2</sup>.

According to the results of the analysis:

1.  $K_{bce} > 0$  and  $K_{mce} > 0$  efficiency of export activity of the business entity;

2.  $K_{bce} < 0$  and  $K_{mce} < 0$ , as well as,  $K_{bce} > 0$  ва  $K_{mce} < 0$  means the inefficiency of the export activity of the business entity.

2. Evaluation of the efficiency of import activities of the business entity.

2.1. Basic import efficiency ratio ( $K_{bci}$ );

$$K_{bci} = \frac{T_i}{X_i} = \frac{T_i}{X_1 + X_2 + \dots + X_3}; \quad (2.1.)$$

In this case, the income from the sale of  $T_i$  - imported products (works, services) in the domestic market;

$X_i$  - costs of imported goods (works, services) (cost of goods  $X_1$ , transport ( $X_2$ ) and other ( $X_3$ ) costs).

2.2. Alternative coefficient of import efficiency ( $K_{mci}$ ).

$$K_{mci} = \frac{T_i - X_i}{T_i - B_u}; \quad (1.2.)$$

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<sup>2</sup> G'.Ibragimov, U.Yakubov Analysis of foreign economic activity. Textbook. Tashkent "IQTISOD-MOLIYA" 2014.

In this case,  $B_u$  is the price of goods that replace imported goods (works, services).

$K_{bci}$  and  $K_{mci}$  coefficient greater than  $> 1$  indicates that the import activity of the business entity is efficient.

2.3. Basic coefficient of efficiency of imported products (works, services) for their own purposes ( $K_{bcu}$ ).

$$K_{bcu} = \frac{T_f}{X_b + X_{im}}; \quad (2.3.)$$

In this case,  $T_f$ -income from the sale of goods produced using imported products (works, services);

$X_b$  -costs of manufactured goods (works, services) (except for inventories of imported goods for their own purposes);

$X_{im}$ -Costs of inventories of imported goods for their own purposes (cost of goods  $X_1$ , transport ( $X_2$ ) and other ( $X_3$ ) costs).

2.4. Alternative coefficient of efficiency of imported products (works, services) for their own purposes ( $K_{mci}$ ).

$$K_{mci} = \frac{T_f - (X_b + X_{im})}{T_f - (B_u + X_{im})}; \quad (2.4.)$$

Imported goods (works, services) purchased for their own needs are considered effective only if the coefficients  $K_{bcu}$  and  $K_{mci}$  are greater than 1.0 units.

3. Analysis of the efficiency of foreign trade activities of the business entity.

It should be noted that if a business entity is engaged in export-import activities at the same time, then the foreign trade activity is assessed on the basis of the calculation of integral indicators.

3.1. Efficiency of foreign trade activity of the business entity in the conditions of import of goods for own needs and export of manufactured goods (works, services) ( $TCF_c$ );

$$TCF_{ci} = \frac{T_e + T_f}{X_e + X_b + X_{im}}; \quad (3.1.)$$

3.2. Efficiency of foreign trade activities of the business entity for the sale of imported goods and export of products ( $TCF_{ce}$ ).

$$TCF_{ce} = \frac{T_e + T_i}{X_e + X_b + X_{im}}; \quad (3.2.)$$

4. Factor analysis of foreign trade activity of the business entity.

4.1. Influence of factors on imports:

4.1.1. Due to price changes ( $\Delta R_i$ ).

$$\Delta R_i = I_1 - \frac{I_1}{\Delta B_{i1}}; \quad (4.1.1.)$$

In this case,  $I_{i1}$ - volume of imported goods (works, services) during the reporting period;

$\Delta B_{i1}$  is the average price change index for the reporting period.

4.1.2. Due to the change in volume ( $\Delta M_i$ ).

$$\Delta M_i = I_0 \times \Delta B_{i0} - I_0; \quad (4.1.2.)$$

In this case,  $I_0$  is the volume of products (works, services) imported in the previous year;

$\Delta B_{i0}$  is the average price change index for the previous year.

4.2. Influence of factors on exports:

4.2.1. Due to price changes ( $\Delta R_e$ ).

$$\Delta R_e = R_1 - \frac{E}{\Delta B_{e1}}; \quad (4.2.1.)$$

In this case,  $I_1$  - the volume of imported goods (works, services) in the reporting period;

$\Delta B_{e1}$  is the average price change index for the reporting period.

4.2.2. Due to the change in volume ( $\Delta M_e$ ).

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$$\Delta M_e = I_0 \times \Delta B_{e0} - I_0; \quad (4.1.2.)$$

In this case,  $I_0$  is the volume of products (works, services) imported in the previous year;  $\Delta B_{e0}$  is the average price change index for the previous year.

In our opinion, on the basis of this sequence, it is possible to obtain a sufficient conclusion and proposal by assessing the effectiveness of the foreign trade activities of the business entity.

### Results

The efficiency of foreign trade activities is a complex process. In the process of studying the sources, foreign trade activities were studied at the macro and microeconomic levels. Performance appraisals were conducted at both the macro and microeconomic levels, and a number of indicators were used. For this reason, the system of indicators used in foreign trade activities has not yet achieved a uniform approach to financial analysis methods.

According to the analysis, based on the level of interest of objects in foreign economic activity, it is advisable to form a system of indicators at the macro and microeconomic levels. This is because it is important for the business entity to compare its income and expenses in foreign trade activities with how much it has increased its capital. As a result, there is no need to use all of the macro and microeconomic indicators used in the process.

The necessary resource base has been created in the country to ensure the stable and uninterrupted operation of sectors and enterprises of the real sector of the economy. Significant changes in the structure of exports have been achieved through the production of import-substituting products and the diversification of industrial production. It can also be seen that great work is being done to strengthen relations with neighboring countries, to develop socio-economic, trade-industrial and cultural ties between the two countries. The foreign trade turnover has changed significantly in recent years. For example, in the last three years, the foreign trade turnover with Afghanistan, the Kyrgyz Republic, Tajikistan and Iran has increased. With other countries (excluding neighboring countries), the largest share in foreign trade turnover was with the People's Republic of China, the Russian Federation, the Republic of Korea and Turkey.

### Discussion

Financial analysis of foreign trade activities is directly related to the export and import of the business entity, in the process - the comparison of income and expenses, the growth of invested capital, the level of competitiveness of products (works, services). However, the problem is which system of indicators is used to evaluate the process, and to date there is no single system for evaluating the foreign trade activities of the business entity.<sup>3</sup>

In particular, E. Golova also touched upon the macro-scale analysis of the process when developing an algorithm for assessing the effectiveness of foreign trade activities of the business entity. However, it should be noted that the income from the process and the costs incurred in it are an important issue in the foreign economic activity of the business entity. Indicators at the macroeconomic level, in particular, the region's total exports and imports, gross domestic product, etc., are not given high attention.

One of the main directions to stimulate export development is financial support. Financial support includes insurance, financing, guarantees, settlement / currency. Another area is non-

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<sup>3</sup> Yo.Ilxamova, U.Yakubov, L.Mirzayeva, M.Kulmetov. ADVANTAGES OF INTERNATIONAL ECONOMY. International Journal of Advanced Science and Technology. 10.06.2020

financial support. It includes the Information and Education Department, partner search, research, Expert support (customs, logistics, adaptation).

If we focus on insurance, which is one of the financial instruments of financial support for exports, it includes several types: Supplier credit insurance, Export-oriented development issue credit insurance, Foreign investment in Uzbekistan hand insurance, Buyer credit insurance, Approved letter of credit (SR) insurance, Export factor insurance, Exporter turnover to replenish funds loan insurance, Warranty insurance, Supplier fees insurance, Approved letter of credit insurance (multiple), Leasing facilities risk of irreversibility insurance, Risk of non-return of goods insurance, Guarantor insurance (counterfeit), Depending on the foreign customer non-credit insurance. The components of supporting through the financing are: Under the export contract cost financing, Export delivery current expenses financing, Exporter's business loan financing, Trade with foreign buyers turnover financing, Direct lending to a foreign buyer, through a certified letter of credit financing, Loan to a foreign buyer's bank give, Exporter's business loan financing, Factor financing, Exporters' debt investments in tools estimate, For local development investment loans. By Guarantees we mean the Tender guarantee, Advance refund guarantee, Under an export contract in accordance with the obligations guarantee of fulfillment, Payment guarantee, Other warranties, Issuance of debt instruments warranty. By settlement/currency we mean currency risk insurance.

In his Address to the Oliy Majlis on December 29, 2020, President Sh. Mirziyoyev stated that one of the priorities and urgent tasks of the Ministry of Foreign Affairs is to further improve the "Concept of Foreign Policy Activity" and develop a new edition. Taking into account the emerging opportunities, the main goals and objectives of the new version of the "Concept of Foreign Policy" are as follows:

- promotion of national interests of the Republic of Uzbekistan in foreign policy, foreign economic spheres in modern international conditions;
- Ensuring the effective implementation of the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021;
- strengthening the national security, sovereignty and territorial integrity of our country;
- The priority of the foreign policy of the Republic of Uzbekistan is to ensure lasting peace, stability and security in Central Asia, strengthen good neighborly relations with the countries of the region, a constructive approach to all regional and bilateral issues, mutual respect and mutual benefit. ensuring joint settlement on the basis of responsibility;
- Establishing a stable system of strategic cooperation and friendly relations with all countries and influential international organizations aimed at strengthening the image, place and prestige of the Republic of Uzbekistan in the international arena.

At the same time, the new version of the Concept expands the hierarchy of foreign policy and foreign economic tasks, focusing on a number of issues:

- Ensuring the cultural, civilizational and humanitarian part of world politics, the religious factor, human rights and freedoms;
- Ensuring the protection of the rights and interests of citizens of Uzbekistan abroad, the development of dialogue and cooperation with compatriots living abroad;
- Strengthening the importance of new important international trends, including economic, natural, technological and information factors.

## **Conclusion**

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The Minister of Investment and Foreign Trade S. Umurzakov and the heads of a number of relevant organizations discussed the results of the ministry's activities in 2020 and identified strategic goals and priorities for attracting investment and increasing exports by 2021. With a 40% decrease in foreign direct investment and a 25% decrease in world trade in 2020, the volume of foreign investment in Uzbekistan will increase compared to the previous year, reaching \$ 6.6 billion and exports will increase. The figure is projected at \$ 15.1 billion. These indicators include the implementation of major investment projects in the production of building materials, information and communication, electricity, chemical and light industries, as well as the export of goods and services in the textile, agriculture, mining and transport sectors. achieved by increasing. According to the analysis, in 2021, foreign direct investment is expected to reach \$ 7.5 billion and exports \$ 17 billion. In carrying out these tasks, special attention was paid to the work of diplomatic missions abroad, they were instructed to attract foreign investment and provide effective assistance to local exporters, to place and register domestic goods on international e-commerce sites.

In conclusion, it should be noted that the new version of the Concept of Foreign Policy is aimed at:

- Systematically promote the national interests of the Republic of Uzbekistan abroad;
- continuous and consistent development of friendly, equal relations and mutually beneficial cooperation with foreign countries;
- to create favorable external conditions for the deep integration of the Republic of Uzbekistan into the system of international economic relations and the development of an internationally competitive national economy;
- strengthening regional security and stability, forming an effective system of regional cooperation in Central Asia;
- radically improve the protection of the legitimate rights and interests of citizens and legal entities of the Republic of Uzbekistan abroad;
- Further strengthening the international image and prestige of the Republic of Uzbekistan.

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