

INCREASING THE EXPORT POTENTIAL OF THE REGIONS: SITUATIONAL ASSESSMENT AND NEW OPPORTUNITIES

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Annotation: This scientific article talks about increasing the export potential of regions, determining their place in the process of economic transformation. Along with this, we are talking about expanding the export potential of the regions and ensuring the country's competitiveness on the world market, expanding the export opportunities of the regions. Including the assessment of the peculiarities of increasing the export potential of the regions

Keywords: economy, export, world market, competitiveness, potential of Regions.

Introduction

Most countries striving for sustainable economic development, including Uzbekistan, strive to form a system of social relations based on the principles of solidarity, freedom, transparency, and openness. In this regard, it is necessary to review and analyze the priority directions of the development of the national economy based on the assessment of the constant influence of internal and external factors. It is urgent to increase the export potential by supporting local producers, ensuring high-speed growth of the national economy and ensuring its competitiveness in the processes of globalization. In order to increase the volume of trade, improve the quality of production and service, it is necessary to move forward with important strategic goals aimed at increasing the role of the digital economy. In particular, investment-innovation cooperation in increasing the volume of exports can be achieved by integrating macro (state) and micro level (enterprises) and public relations.

In the context of the globalization of the world, one of the most important areas of economic reforms in Uzbekistan is increasing the export potential, enhancing the role of territories in the process of integrating Uzbekistan into world economic relations. World experience shows that the export-oriented model of economic growth has a positive impact on sustainable development, strengthening the competitive advantages of the country and its regions. In this regard, today it becomes relevant to identify the features of the export potential of the regions of Uzbekistan, to identify ways and opportunities to enter new international markets.

Literature review

The theory of international trade suggests that an increase in export potential has a positive effect on economic growth and income (FranklandRomer, 1999), is reflected in the reduction of poverty (IMF, World Bank and WTO, 2017, Council of EconomicAdvisers, 2015). At the same time, the diversification of exports of goods and services is considered as a transformation of the economy. The results show that growth rates are higher in countries that have a more diversified export structure (Lederman and Maloney, 2003, Henn, Papageorgiou, and Spatafora, 2015, DidierandPinat, 2017); countries with diversified exports tend to be more resilient to internal and external risks (ImbsandWarcziag, 2003; Cadotetal., 2011; BaharandSantos, 2016).

The formulation of the research topic under study is due to the need to prevent possible risks and threats of a decrease in exports, to identify ways and opportunities for integrating regions into the outside world. In this regard, the Institute for Forecasting and Macroeconomic Research (IPMI) conducted a study aimed at assessing the features of Uzbekistan's integration into world economic relations, identifying competitive advantages, factors of concentration and diversification of exports of goods and services from Uzbekistan's regions to Russia.

Research methods

The assessment of the features of increasing the export potential of the regions was carried out taking into account the following spatial factors:

1. Competitive advantages (CAR). The Revealed Comparative Advantage (RCA) index was used to evaluate (CAR) the competitive advantages of regions in terms of exports of goods and services, which gives an idea of the trade advantages of regions in the export of goods and services. At the same time, $CAR \geq 1,000$ - the presence of competitive advantages of the region in the export of a particular product.

2. Concentration of exports of goods and services (ECI). To assess the ECI (export concentration index) for the main exported goods, the Herfindahl-Hirschman index was used, taking into account the territorial structure, which characterizes the degree of distribution of exports by regions of the country.

Thehigherthe ECI value, the higher the level of export concentration in a certain region – them is match of the territorial structure; approximation of theindexvaluetozero - theidentityoftheterritorialstructure (deconcentration).

ECI has a value in the range from 0 to 1 and is interpreted as follows:

$0.0 \leq ECI \leq 0.300$ – even distribution of exports across regions;

$0.300 < ECI \leq 0.650$ – average distribution of exports by regions;

$0.650 < ECI \leq 1.000$ - uneven distribution of exports across regions.

2. Diversification of exports of goods and services (EDI). To assess the EDI (export diversification index) for the main exported goods, the Herfindahl-Hirschman index was used, taking into account the export basket of regions, which characterizes the degree of distribution of goods and services in the export of regions.

The higher the EDI value, the higher the level of export diversification in a certain region - the identity of the commodity structure; approximation of the index value to zero - mismatch of the commodity structure of the region;

EDI has a value in the range from 0 to 1 and is interpreted as follows:

$0.800 \leq EDI \leq 1.000$ - optimal diversification;

$0.500 < EDI \leq 0.800$ – average level of diversification;

$0.000 < EDI \leq 0.500$ – low level of diversification.

For calculations, the data of the State Committee of the Republic of Uzbekistan on statistics for 2021 were used, taking into account the volume of exports of the Republic of Karakalpakstan, regions and the city of Tashkent to the Russian Federation, for 59 types of goods and services.

Analysis and results

The republic's foreign trade turnover in Uzbekistan in January-September 2021 amounted to 28,216.0 million US dollars, which increased by 680.4 million US dollars (2.5%) compared to the same period of 2020. In the total volume of the World Trade Organization, exports amounted to 10,329.2 million US dollars (a decrease of 17.2% from January to September 2020), and imports amounted to 17,886.8 million US dollars (an increase of 18.7%). As a result, the passive balance of foreign trade turnover amounted to 7557.6 million dollars*.

The economic reforms carried out in Uzbekistan in the period 2017-2021 ensured an increase in the role and importance of the country's foreign trade activities. As a result of the expansion of production capacities focused on foreign markets, the strengthening of international mutually beneficial relations in the ranking of 217 countries of the world, Uzbekistan is characterized by an improvement in its positions in foreign trade turnover (from 88th place in 2018 to 76th place in 2020), as well as the export of goods and services (from 93rd place in 2018 to 80th place in 2020).

Over the past 4 years, the foreign trade turnover of Uzbekistan has increased by 1.3 times with an average annual increase of 13.5% and in 2021 amounted to 42071.6 million US dollars. By expanding the export of textile yarn, copper products, automobiles, household and electronic equipment, as well as establishing the export of a number of new types of products (zinc alloy, polypropylene products and threads, veterinary vaccines and supplies, medical instruments, fruits and vegetables, etc.), the volume of exports goods and services increased by 1.2 times and in 2021 amounted to 16610.6 million US dollars (39.5% of the country's trade turnover).

The main trading partners of Uzbekistan are still Korea, Russia, Turkey, Kazakhstan, Turkmenistan. An assessment of exports with countries of the world revealed that about 60% of exports of goods and services of Uzbekistan fall on 10 importing countries of Uzbek products (China - 15.2%, Russia - 12.4%, Turkey - 10.2%, Kazakhstan - 7, 1%, Kyrgyzstan - 4.8%, Afghanistan - 3.9%, Tajikistan - 3.0%, Ukraine - 1.4%, Canada - 1.2%, Turkmenistan - 1.2%). The most demanded goods in the markets of these countries were manufactured goods, mineral fuels, chemicals, machinery and transport equipment, non-food raw materials, food products and services. It should be noted that the positive trend of increasing the contribution of 10 importing countries in the export of goods and services of

*<https://www.agro.uz/statistika-malumotlari-2/>

Uzbekistan (from 50.6% in 2020 to 60.2% in 2021) indicates the strengthening of mutually beneficial partnerships between our country and foreign the world (table 1).

Table 1

Countries - leading trading partners of Uzbekistan (on export of goods and services)[†]

No n/p	The name of the country	The country's share in Uzbekistan's exports, %		Main product groups
		2020	2021	
1.	China	12,8	15,2	manufactured goods, mineral fuels, services
2.	RF	9,7	12,4	manufactured goods, food products, services
3.	Turkey	6,7	10,2	industrial goods, chemicals, non-food raw materials
4.	Kazakhstan	6,0	7,1	machinery and transport equipment, foodstuffs, manufactured goods
5.	Kyrgyzstan	5,0	4,8	manufactured goods, food
6.	Afghanistan	5,1	3,9	food and live animals,
7.	Tajikistan	2,7	3,0	industrial goods, chemical substances, food
8.	Ukraine	0,8	1,4	chemicals, manufactured goods, machinery and transport equipment
9.	Canada	0,9	1,2	chemicals, manufactured goods, services
10.	Turkmenistan	0,8	1,2	chemical substances,
Total		50,6	60,2	

At the same time, due to the deep processing of local raw materials, the development of new types of products that are in demand in the domestic and foreign markets, the creation of favorable business conditions, the stimulation of the export activities of entrepreneurs, the search for new niches in the world market, geographic diversification of exports has been ensured in recent years. So, for 2018-2021. Uzbekistan has established supplies of local products to Gibraltar, Papua New Guinea, Tuvalu and other countries.

In general, as part of the implementation of measures to increase the export potential of Uzbekistan for 2021, the following results were achieved:

- restoring of growth in exports of goods and services in the post-pandemic period (from 86.6% in 2020 to 110% in 2021);
- increasing the export orientation of local goods to China, Russia, Turkey (from 29.2% in 2020 to 37.7% in 2021);
- expanding the geography of export (from 136 countries in 2020 to 150 countries in 2021).

Competitive advantages of the regions of Uzbekistan in the export of goods and services to the Russian Federation

[†]Prepared by the author based on data from the State Statistics Committee of Uzbekistan

The maximum use of the natural and economic potential, local resources and opportunities, along with the implementation of measures to comprehensively support and stimulate the export of commodity producers, makes it possible to strengthen the competitive advantages of the country and its regions in the world market. As an example, IPMI conducted an assessment to identify the competitive advantages of the regions of Uzbekistan in exports to Russia.

An assessment of the commodity structure of exports made it possible to identify the most exported goods and the competitive advantages of the country's regions. At the end of 2021, the regions of Uzbekistan are characterized by the following features of exports of goods and services to Russia (table 2):

Table2**TOP-8 goods exported from Uzbekistan to Russia in 2021[‡]**

Name of product	The contribution of the commodity to the republic export, %	Regions - exporters (RCA ≥ 1,000)
Textile yarn, fabrics	26,8	Andijan (1,212), Bukhara (2,039), Jizzakh (1,971), Kashkadarya (1,582), Namangan (2,099), Surkhandarya (1,214), Fergana (1,099), Khorezm (2,048)
Clothes and clothing accessories	17,8	Andijan (2,318), Jizzakh (1,930), Navoi (1,086), Namangan (1,489), Samarkand (1,216), Syrdarya (2,140), Tashkent (1,965)
Services	17,1	Bukhara (1,243), Tashkent city (2,696)
Fruits and vegetables	14,9	Kashkadarya (2,056), Samarkand (2,621), Surkhandarya (3,636), Tashkent (1,196), Fergana (3,294), Khorezm (1,913)
Plastics in a primary form	4,5	Republic of Karakalpakstan (19,326), Kashkadarya (1,681), Samarkand (2,041)
Non-ferrous metals	4,4	Navoi (1,054), Tashkent (3,733), Tashkent city (1,303)
Electrical machines, apparatus and devices	2,6	Andijan (1,947), Jizzakh (1,814), Namangan (1,479), Tashkent (1,349), Tashkent city (1,791)
Textile fibers and their waste	1,8	Samarkand (3,562), Syrdarya (7,492), Tashkent city (1,810)

✓ Namangan, Fergana, Tashkent regions and the city of Tashkent have the largest export ties with Russia (66.2% of total exports to Russia). At the same time, the advantage of these regions in the export of fruits and vegetables (Tashkent and Fergana

[‡]Prepared by the author based on data from the State Statistics Committee of Uzbekistan

regions), textile yarn, fabrics, clothing (Namangan, Fergana, Tashkent regions), chemical products and plastics (Fergana region, Tashkent), iron, steel, metal products (Tashkent region, Tashkent) is reflected in the high dependence of their economy on low- and medium-tech production.

✓ Despite the fact that Uzbekistan has established the export of such high-tech goods as pharmaceutical and medical products (Syrdarya region), power generating equipment (Syrdarya region), cars (Andijan, Samarkand regions), control devices and devices (Andijan, Tashkent regions), it is noted their high concentration in 4 regions of the country (more than 80% of the total republican volume).

✓ The presence of local natural resources (minerals, cotton) led to the formation of competitive advantages in the export of textile fiber (Samarkand, Syrdarya regions), non-ferrous metals (Navoi, Tashkent regions, Tashkent), metal ore (Navoi, Ferghana regions).

Concentration and diversification of exports of the regions of Uzbekistan to the Russian Federation

The conditions of increasing competition in world markets necessitate further expansion of the export potential of the regions, taking into account the factors of concentration and diversification. In this regard, for Uzbekistan there is a question of choosing a path based on the diversification of exports of goods and services. What is the positive side of diversification? As world and domestic practice shows, with diversified exports, the economy of the country and its regions is more resistant to internal and external factors.

For the most visual display of the features of the export of the regions of Uzbekistan, an assessment of the concentration (Table 3) and diversification of exports of goods and services was carried out:

- deconcentration takes place in the export of textile yarn, fabrics, finished products; oilseeds and fruits; clothes; oil products; special-purpose machines for specific industries; vegetables and fruits (ECI=0.128-0.374), i.e. mainly agricultural products and processing of local raw materials. Relative territorial diversification (deconcentration) is accompanied by the presence of competitive advantages in the export of these types of products in most regions of the country.

- most locally produced goods are characterized by an average level of export concentration. Among them are leather goods; electrical apparatus; cars; Construction Materials; inorganic chemicals; rubber products; shoes; non-ferrous metals; metal ores and scrap; cast iron and steel (ECI=0.404-0.605).

- high concentration (ECI=0.702-1.000) is noted in the export of plastics (Republic of Karakalpakstan, Kashkadarya region); chemical materials (Fergana region); control devices and devices (Andijan and Tashkent regions); power generating machines and equipment (Syrdarya region); medical and pharmaceutical products (Syrdarya region); equipment and telecommunication equipment (Tashkent); natural rubber (Fergana region), which indicates an insufficient level of export diversification, especially of medium-high and high-tech types of goods.

An assessment of the commodity structure of Uzbekistan's exports to Russia for 2021 indicates an insufficient level of export diversification in the whole country

(EDI=0.682). This situation is due to the advantage of textile yarn and fabrics (26.8% in total exports), clothing (17.8%), fruits and vegetables (14.9%), i.e. low-tech products.

Table 3

Rating of goods in terms of territorial concentration of exports of Uzbekistan to Russia for 2021

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Type of economic activity	ECI	Regions with competitive advantages (RCA \geq 1,000)
Deconcentration of exports of goods		
Textile yarns, fabrics, finished products	0,128	Jizzakh, Bukhara, Andijan, Kashkadarya, Namangan, Surkhandarya, Fergana, Khorezm regions
Oilseeds and fruits	0,211	Namangan, Samarkand, Surkhandarya, Fergana regions
Clothing	0,212	Andijan, Navoi, Jizzakh, Namangan, Samarkand, Syrdarya, Tashkent regions
Vegetables and fruits	0,261	Samarkand, Kashkadarya, Surkhandarya, Tashkent, Fergana, Fergana, Khorezm regions
Oil and oil products	0,353	Bukhara, Kashkadarya, Navoi, Khorezm regions, Tashkent city.
Special purpose machines for specific industries	0,367	Andijan, Bukhara, Kashkadarya, Samarkand, Fergana regions, Tashkent city.
Coffee, tea, spices and their products	0,374	Andijan, Samarkand, Surkhandarya, Fergana regions, Tashkent city.
Moderate concentration of merchandise exports		
Leather products	0,404	Tashkent, Navoi, Bukhara regions, Tashkent city
Textile fibers	0,430	Samarkand, Syrdarya regions, Tashkent city
Electrical machines and apparatus	0,437	Andijan, Jizzakh, Namangan, Tashkent regions, Tashkent city
Cars	0,456	Andijan, Samarkand region
Construction Materials	0,504	Jizzakh, Samarkand region
Mineral raw materials	0,564	Republic of Karakalpakstan, Tashkent

^{iv}Prepared by the author based on data from the State Statistics Committee of Uzbekistan

Raw materials of animal and vegetable origin	0,574	Republic of Karakalpakstan, Andijan, Tashkent regions
Inorganic chemicals	0,578	Tashkent regions, Tashkent city
Metal ores and scrap	0,582	Navoi, Fergana region
Beverages	0,592	Samarkand region, Tashkent city
Rubber products	0,592	Andijan, Tashkent region, Tashkent city
Shoes	0,593	Andijan, Fergana region
Non-ferrous metals	0,594	Navoi, Tashkent region, Tashkent city
Cast iron and steel	0,605	Andijan, Samarkand region, Tashkent city
Export concentration of goods		
Plastics	0,702	Republic of Karakalpakstan, Kashkadarya region
Cereal products	0,704	Tashkent region
Chemical materials and products	0,778	Fergana region
Control devices and devices	0,804	Andijan, Tashkent region
Power generating machines and equipment	0,909	Syrdarya region
Medical and pharmaceutical products	0,963	Bukhara, Syrdarya region
Telecommunication apparatus and equipment	0,999	Tashkent city

The territorial features of commodity diversification of exports are as follows:

✓ The commodity structure of exports of Andijan, Kashkadarya, Navoi, Samarkand, Syrdarya, Tashkent regions and Tashkent city is characterized by an average level of diversification ($EDI=0.516-0.602$). In this group of regions, the main part of exports falls on fruits and vegetables, textile yarn, fabrics and clothing (as well as metal ores in the Navoi region), whose share in the total export volume of the region is about 10-40%.

✓ The export basket of the Republic of Karakalpakstan, Bukhara, Jizzakh, Namangan, Surkhandarya, Fergana, Khorezm regions is poorly diversified in exports ($EDI=0.145-0.479$). This situation is due to the concentration of a certain type of product (about 45-55% of the region's exports account for one product), as well as the predominant export of raw materials and low-tech goods (textile yarn and fabrics, vegetables and fruits, as well as plastic in primary form in the Republic of Karakalpakstan).

Thus, the assessment of factors of concentration and diversification of exports revealed the need to address issues of product and geographic diversification, development of production and export of high-tech products, and search for access to new markets for the sale of local products.

In developed countries, trading platforms are established on online platforms for export-import operations. Through these trading platforms, today, various trade operations, counterparty contracts are implemented on the basis of the blockchain model. This makes it possible to save financial costs to the third party state, banking sector, or intermediaries

in favor of entrepreneurs. The trading platform is a business model of financial supermarkets that include a wide range of banking services or are focused on providing non-banking financial services (stock transactions, insurance, etc.). In addition, bank-to-client, sms-banking, internet-banking and other remote banking services are provided to customers by commercial banks developed on the basis of Fintech technologies in the implementation of export operations. Including, service through mobile applications serves to increase the volume and quality of exports. It is highly effective to use digital technologies in commerce, including e-commerce entrepreneurs to pay for goods and services through QR code payment technology and NFS technologies. It creates an opportunity to reduce administrative and operational costs by accepting payments through mobile devices in modern and convenient remote methods.

Conclusions and offers

In the context of the development of the world economy for the regions of Uzbekistan, a promising direction is to deepen the diversification of the export basket, taking into account the development of the production of expo-oriented finished goods of medium technology and high technology class.

In this regard, in the regions it is advisable to use the following opportunities to expand domestic production and enter new world markets:

- taking into account the advantages in the production of fruits and vegetables in Namangan, Fergana, Tashkent, Surkhandayo, Jizzakh regions, it is necessary to take measures to find new alternative markets for local products - fresh and dried fruits, vegetables, nuts;

- taking into account the advantages in the production and export of textile products in all regions of the country, it is necessary to establish the production of finished industrial goods with high added value, which are in demand both in the domestic market and abroad. In this regard, cotton-textile clusters, which have been developed in every region of the country, should consider creating a single value chain (starting from the purchase of varietal cotton seeds, cultivation and deep processing of raw cotton, leading to the production of ready-made goods that are in great demand;

- in the Republic of Karakalpakstan, Jizzakh, Navoi, Tashkent, Fergana regions, which have resource capabilities, it is advisable to work out the issues of finding potential investors, developing public-private partnerships in diversifying the metallurgical and chemical, pharmaceutical industries based on the deep processing of local raw materials.

In general, commodity and geographic diversification of exports will contribute to economic growth and sustainable development of the regions. To maintain export growth with the current export basket, it is necessary to search for new partners and markets. At the same time, it is necessary to speed up the process of diversification of goods through deep processing of resources, expansion of import substitution of auxiliary materials and goods. For the regions, it is expedient to stimulate the attraction of foreign investment in promising medium- and high-tech industries with high added value, including IT technologies, microbiology, breeding, etc.

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