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**SECTION 31. Economic research, finance,
innovation, risk management**

INCREASE COMPETITIVENESS OF ENTERPRISES FOR THE ACCOUNT OF REDUCING LOGISTIC COSTS

Abstract: This article discusses the issue of increasing the competitiveness of enterprises by reducing logistics costs. A detailed analysis of the development of the logistical structure of the Republic of Uzbekistan is made. In the article, the author offers a number of recommendations for reducing logistics costs based on studying foreign experience.

Key words: logistics, costs, transport, system, efficiency, capital

Language: English

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Introduction

To date, in a competitive environment, it has become necessary to continuously improve business processes, optimize costs and especially pay attention to reducing logistics costs. Consideration of logistics as a factor of increasing competitiveness assumes that the consequences of decisions in this area should be measurable by measuring their impact on the functional costs and revenues from the sale of goods. As it turned out, it is very difficult to determine the quantitative parameters of the consequences of logistics solutions. This can be done only if the following methodological and technical conditions are observed:

- the availability of a well-established accounting and information system;
- conducting a comprehensive analysis of the costs and incomes of structural divisions of firms and all participants in the logistics chain, based on the application of the principle of "missions" and a unified methodology for calculating costs;
- determining the share of profits from logistics activities in the total profits of firms. The effect of logistics on the costs associated with the sale of goods is obvious. As part of the logistics approach to these costs are the costs of fulfilling orders, including the costs for their processing, transportation and storage of goods, inventory management, packaging and supporting activities (providing spare parts, after-sales service). Equally obvious is the impact of logistics on the improvement of the position of firms

on the market, which is usually assessed as an increase in their share on it and largely depends on the effective supply of firms with a competitive level of customer service

The lease of warehouses, vehicles and other elements of the logistics system is a current expense for the lessee. The replacement of fixed capital by current expenses is mainly achieved through the involvement of third parties in the performance of storage and transportation operations, instead of acquiring own funds for their implementation. Such changes significantly affect the balance between debt obligations and equity, and, consequently, on the ratio of the latter to the profit, as well as on the cash flow in terms of both interest payments and debt repayments. Logistics affects almost every aspect of the company's profit and loss account, so the corresponding changes in the logistics strategy affect the financial performance of firms and contribute to their long-term viability. Firms that have adopted a logistics strategy, constantly analyze it. Profit and invested capital are also carefully analyzed to ensure maximum efficiency in the use of resources. For the most part of food products, logistics as an active marketing tool does not play a significant role. The exception is the shipment of perishable goods, when the dominant factor is the time of shipment and the speed of transportation.



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Literature review

The functioning of logistics systems requires considerable resources: labor, material, energy, and information. In this connection, logistical costs make up a significant proportion of the total costs of production and circulation. By now, logistics covers a wide range of problems. Foreign scientists have made a significant contribution to the development of the theory and practice of logistics, domestic scientists: Krampe H., Lücke H. [7], Niskanen P [8], Chevalier J., Van T. [9], Albekov A.U. [10], Lavrova O.V. [11], A.M. Gadzhinskiy, E.A. Golikov, M.P. Gordon, M.E. Zalmanova, K.V. Inyutina, A.I. Semenenko, V.I. Sergeev, A.A.Smehov, B.V.Shcherbakov and others. They develop theoretical positions and improve logistics tools, convincingly show that the introduction of logistics principles and methods in the management of material resources will increase the efficiency of production, supply and marketing, improve the service of enterprises and consumers. To some extent, the aspects of logistical costs were also touched upon in the works of the listed scientists, however, the problem of identification and management of logistical costs was not specifically considered, and therefore at the moment remains poorly understood. Insufficient attention to the problem of logistics costs leads to unnecessary costs, meanwhile, a targeted impact on the factors affecting their level, will reduce the overall costs of production and commercial activities. Also outside the field of special research was such an important component of logistics activities, such as transactions and associated transaction costs.

Analysis of results

In the market of investment goods, the reliability of shipment is an important competitive factor. It is essential for obtaining repeated orders from the consumer or for receiving orders from new customers on the recommendation of the previous customer. Importance of shipment reliability is due to the fact that it must fit into the activities taking place at the consumer, including, often, construction, staffing, training. Consumers and marketers often easily agree with a certain degree of unreliability or uncertainty in shipments without changing the supplier or brand. Under such conditions, logistics is mainly a factor in reducing costs, rather than marketing tools.

When in many commodity markets the probability of product differentiation by its properties or quality decreases, and the corporate image or strategy of firms is difficult to change in the short term, logistics becomes an increasingly important competitive factor. In such conditions, a competitive advantage can arise from the ability of the firm, through its logistic activities, to achieve differences in market segmentation, changes in the economic

environment and market requirements, and changes in one's own and others' tactical maneuvers. The policy of firms aimed at obtaining revenues from logistics activities, as a rule, leads to an increase in profits. Studies of foreign experts show that the contribution of logistics to the profit of companies depends on the level of service. At the same time, it was noted that when reaching a level of 90% or more, logistical costs begin to outstrip the growth of revenues from this type of activity. Starting from 95%, the effect becomes negative, therefore, increasing the competitiveness of firms due to logistics is a continuous and dynamic process. The flow of material flows through many different divisions, but traditional accounting methods perform costing for individual functional areas, that is, only in that the implementation of a function is bypassed.

This does not allow to allocate costs for individual logistical processes, to generate information about the most significant costs and the nature of their interaction with each other. The costs associated with the process of fulfilling an order are made up of a multitude of logistics costs that arise in different spheres, and it is difficult to integrate them into a single item of expenditure in the framework of functional accounting. In addition, logistical costs are traditionally combined into large aggregates, which makes it impossible to carry out a detailed analysis of the different costs of origin, to take into account in detail all the consequences of the management decisions taken. As a result, decisions made in one functional area can lead to unforeseen results in other areas adjacent to it. In contrast to the traditional approach to accounting logistics costs, logistics involves the introduction of an operational account of logistics costs along the entire flow of material flows. In logistics, the key event, the object of analysis, is the customer's order and the actions to fulfill this order. Calculation of logistics costs should provide an opportunity to determine whether a particular order brings profit and how to reduce the logistics costs for its implementation. Accounting for the logistics costs of processes provides a clear picture of how the costs associated with servicing the customer are formed, what is the share of each of the units in them. Summarizing all costs horizontally, you can determine the costs associated with a particular process, order, service, product, etc.. The focus should be on reducing logistics costs, which occupy the largest shares in the sum of all logistics costs. As practice shows, the main components of logistics costs are transportation and procurement costs (up to 60%) and costs for maintaining stocks (up to 35%). Thus, the specificity of accounting logistics costs in logistics is: firstly, the need to identify all costs associated with specific logistics processes (the principle of total costs); secondly, in the grouping of costs not around the units of the enterprise, but



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around the work and operations that absorb resources. In the conditions of growing competition in the market, when it is increasingly difficult for companies to profit from increased production volumes or by improving methods of promoting goods, management of logistics costs becomes one of the main tools for gaining competitive advantages. On average, the logistics costs in the company are from 10 to 17% of the total income, and in some industries, these costs reach 40-45%.

Currently, not only in Uzbekistan, but also in many CIS countries, logistics is perceived as a certain set of functions related only to the transportation of goods. Meanwhile, the practice of doing business in developed countries shows that logistics has a strategically important role in organizing trade flows. Logistics has many forms and directions - it is industrial logistics, trade logistics, information logistics, transport logistics, management logistics, warehouse logistics and others.

Today, in Uzbekistan, only elements of logistics support of trade and transport of goods are beginning to appear. Measures are being taken to establish a mechanism for the effective use of information technology, transport and transport infrastructure. However, the pace of implementation of modern methods and technical means of logistics in the practice of organizing and managing freight flows is still insufficient. Unfortunately, in Uzbekistan there are no examples of operating universal logistics centers providing a full range of logistics services for the transportation, processing, storage and provision of pre-sale services for retail trade. One of the reasons for this is the lack of a strategy for the development of trade and transport logistics in Uzbekistan.

If more recently, it was enough for Uzbek entrepreneurs to organize only the delivery of goods from the supplier to the recipient, now there has been a steady demand for an increase in the range of services for organizing the transport of goods: the organization of intermodal transport, door-to-door delivery, customs clearance, packaging, storage, goods, etc. In this regard, there was a need for institutional development of the logistics industry in Uzbekistan, improving the quality of services provided in the field of industrial, trade, information, transport, warehousing, management and other types of logistics. In this connection, one more question arises, which is connected with the availability of qualified personnel in the field of logistics. Today, the development of logistics services is impossible without training and improving the professional knowledge of entrepreneurs of the republic, as well as teachers of higher educational institutions.

The Government of Uzbekistan attaches great importance to the development of international corridors passing through the territory of the

republic, the renovation of transport routes, and the improvement of the transport infrastructure of Uzbekistan. For the complex solution of the issues of increasing the volumes of international cargo transportation and attracting transit traffic through the territory of the republic, it is already necessary to begin active work on improving the quality of services provided by transport and logistics companies of the republic. In this regard, one of the priorities of the country's economic development was the introduction of quality management systems in Uzbekistan enterprises that meet international standards.

Currently, national transport and logistics companies that do not have ISO 9001: 2008 certification are becoming uncompetitive to foreign companies in supplying transport and logistics services.

Taking into account the increasing competition in the international market of transport and logistics services, for transport companies engaged in international transport of goods, ISO 9001: 2008 certification must be compulsorily carried out, since compliance with this standard determines the rationality and efficiency of the system and organization of management.

In order to achieve sustainable development of the quality management system on motor transport, it is necessary to organize training and training of national personnel in the Quality Management System (ISO9001: 2008). It is also necessary to organize the training of trainers for training and advanced training of specialists in the field of transport and warehouse logistics.

Analysis of the structure of Uzbekistan's economic development shows that in connection with the improvement and development of transport infrastructure, an increase in transit volumes and regional trade, the market for logistics services in the country will grow at an accelerated pace in the coming years. Today, national transport and logistics companies want to take advantage of this opportunity and develop their business, improve the level of provided logistics services to the level of international standards.

Railway communication system and railway transportation

The railways in Uzbekistan are in good condition and are suitable for the operation of freight trains at a speed of 100 km / h, and some road sections reconstructed within the framework of the ADB's rehabilitation program for railways in Uzbekistan allow speeds of up to 160 km / h. The railway infrastructure of Uzbekistan was built with observance of high standards for bulk cargo and its capacity is calculated for much more significant traffic volumes.

In accordance with the development plans of Uzbekistan Temir Yullari, until 2015 such sections

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of roads with high traffic density will be electrified, such as Samarkand-Karshi-Tashguzar-Baysun-Kumkurgan, Samarkand-Navoi-Uchkuduk-Urgench-Nukus, Navoi-Bukhara. Today, special attention is paid to the further development of railway communications, the implementation of electrification projects for the railway sections of Marakand-Karshi and Karshi-Termez.

In order to avoid downtime at the border and customs control in Turkmenistan, the Nukus-Misken-Uchkuduk-Bukhara railway line was built in Uzbekistan.

In 2011, rail transport transported 59.6 million tons of cargo, which is 104.8% more than in the previous year, the freight turnover amounted to 22533.2 million tons-km. or 101.1%.

With the attainment of independence, the government of Uzbekistan has determined modernization of railways as one of the main priorities. Realizing that the main part of transportation in the country is rail transport, ADB assisted in the implementation of two projects, thanks to which 660 km of railways were renovated in a key transport direction. Within the framework of these projects, the latest methods of laying ways have been applied and modern equipment, fiber-optic telecommunication networks and computerized accounting systems have been delivered.

In the course of work on the ADB grant for Afghanistan, the State Joint Stock Railway "Uzbekistonetmirlyullari" built a 75-kilometer section of the line in Afghanistan, expanding the railway network in the north of the neighboring country. To finance the electrification of 140 km of the road between Marakand in the Samarkand region and the city of Karshi in Kashkadarya region, a loan of \$ 100 million has been allocated. This direction is part of the sixth corridor of the Central Asia Regional Economic Cooperation (CAREC) program.

Along with the ongoing work on the renovation and reconstruction of the railway tracks, it is necessary to take measures to optimize the entire chain of freight transportation. Many experts note that the solutions to this issue may be the widespread use of containers, as well as the modernization of infrastructure facilities, the locomotive fleet and the rolling stock of Uzbekistan Temir Yullari.

Automobile and road communication system

It is extremely important for the Government of Uzbekistan to accelerate the implementation of projects on the construction and reconstruction of roads that are part of the Uzbek national highway, which reliably connects all regions of the republic, providing access to regional and world markets. To this end, in 2012, construction and reconstruction of 517 km of highways, 2 major traffic interchanges, 544 linear meters of bridges and overpasses with the allocation of funds from the Republican Road Fund

in the amount equivalent to over 360 million US dollars, which is 12.5 percent more than in 2011.

Highly appreciating the strategic importance of modernizing highways not only for Uzbekistan, but for the entire Central Asian region, international financial structures - the Asian Development Bank, the Islamic Development Bank, members of the Arab Coordination Group, provided Uzbekistan with concessional loans of about 1.4 billion dollars for the construction and reconstruction of 742 km of highways, acquisition of modern road construction equipment. Only in 2012, 109 million US dollars were mastered for this purpose with the commissioning of 165 km of cement-concrete roads, including the reconstruction of the road through the Kamchik Pass.

The poor condition of roads usually increases the total transportation costs by 20-30%. Therefore, the restoration of the national road network has become one of the main priorities of Uzbekistan.

Insufficient maintenance and operation of highways in the past, led to a deterioration in their condition. The following main factors can be attributed to the existing problems: 1) maintenance of the road network is based on the standards of the former USSR and does not correspond to the existing level of transportation; 2) insignificant use of new technologies and methods of construction and maintenance that could lead to a significant reduction in costs.

As a result, the following measures are proposed by many international experts for the further development of the road sector:

1. Introduction of modern road management systems and methods for achieving efficiency and effectiveness in the use of limited resources.

2. Improvement

Motor transportation

Currently in the transport industry of Uzbekistan there are about 400 trucking enterprises engaged in freight traffic. With the development of market relations, the number of small and medium-sized motor transport enterprises with a small number of cars increased. The average age of vehicles is 12 years, 60% of the fleet is operated for more than 15 years, all of them are completely worn out and are subject to cancellation. Moreover, most vehicles do not meet the Euro-4 international standards associated with the permissible axle load and environmental restrictions and, as a result, are not allowed to operate in Europe. All of them are used, mainly, for cargo transportation to Russia and other CIS countries. The vast majority of trucks are privately owned. Objectively, currently existing vehicles in Uzbekistan are not able to compete in the international market and its operators can not compete with operators from Iran, Turkey, Kazakhstan and Russia. As a result, most of Uzbek



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cars are used for the transport of goods (for example, cotton, construction materials, consumer goods and agricultural products) within the country.

Despite these difficulties, official statistics show an increase in the volume of trucking. By road, in 2011, 1149.4 million tons of cargo were transported, which is 8.8 percent more than in January-December 2010. Freight turnover in 2011 increased by 7.0 percent and amounted to 26.1 billion tons-km.

The share of cargo carriers entering into a category of small and average business in total volume of a goods turnover of motor transport in 2011 has made 73,7 percent, against 72,6 percent in January-December 2010.

In January-December 2011, all types of transport carried 1269.0 million tons. cargo, which is 108.7 percent to the level of January-December 2010. At the same time, the freight turnover amounted to 80.9 billion tons-km and exceeded the level of January-December 2010 by 6.8 percent.

The role of road transport will increase over time, as they are faster and more reliable, as well as associated with a lower risk of loss or damage to goods. Along with this, for a number of perishable products and urgent goods, road transport is the only real mode of transportation. Because of this, road transport is the preferred means of transportation of agricultural products, textiles and other non-primary commodities exported from Uzbekistan.

The current fiscal regime does not stimulate investment in the development of the freight transport sector. In view of high import customs duties and excise taxes, the cost of purchasing a foreign-produced truck in Uzbekistan costs about EUR 150,000 per unit. Banks and other financial institutions offer high interest rates with short maturity of loans. Few Uzbek companies can afford to invest large amounts in the motor transport business. For this reason, the freight industry in Uzbekistan is at a low stage of development.

The Association of International Road Carriers (AIRCUZ) operates in Uzbekistan, which unites more than 130 trucking companies that provide services for international road transport.

The Association assumes guarantees covering the responsibility for transport operations carried out in accordance with the Customs Convention on the International Transport of Goods under the TIR Carnet (1975), thus participating in an effective public-private partnership at the international level.

In 2009, the national carriers used 5,972 TIR Carnets and transported 102,452 tons of goods, in 2010, 8,616 TIR Carnets were dispatched and about 150,000 tons of cargo were transported, and in 2011, 12632 TIR Carnets were issued. With the use of TIR Carnets in 2011, cargo was transported in the volume of 280,000 tons of cargo.

The Association is a full member of the International Road Transport Union (IRU) and the

Federation of Freight Forwarders and Carriers Associations of the Central Asian Regional Economic Cooperation (CFCFA).

Air Freight

Since Uzbekistan is a landlocked country, air traffic plays a particularly important role in air cargo transportation, the share of which in international transportation is 4%.

With the launch of the international airport in Navoi (aviation hub), this airport has become the largest air freight center offering integrated logistics services for air, road and rail freight.

An international multimodal logistics center has been established on the basis of the airport in Navoi, which unites cargo transportation to Europe, India, China and South-East Asia. In 2011, about 60 thousand tons of cargo were transported from this airport via international routes, which allowed to integrate it into the global logistics network. The cargo transportation through the Navoi airport is performed in such cities of Europe and Asia as: Brussels, Saragossa, Milan, Shanghai, Vienna, Frankfurt, Bangkok, Delhi, Mumbai, Dhaka, Istanbul, Doha and Dubai. At the stage of elaboration are the directions in Almaty, Moscow, Riga and Hanoi.

To further develop the international hub at the airport in Navoi, work was carried out on the reconstruction and expansion of the passenger terminal, which allowed increasing the airport's capacity to 400 passengers per hour.

During the years of independence, the fleet of the national airplanes of the Uzbekistonkhavoullary Airlines has been completely renovated. Today it has modern airliners Boeing-757 and Boeing-767, A320 and A310, Rj-85, as well as domestic aircrafts Il-114-100. The fleet is being replenished with a new generation of aircraft, in particular three Boeing 767s and two Boeing 787 Dreamliners. A new training complex NAK "Uzbekistonkhavoullary" equipped with modern equipment was put into operation.

In 2011, 24437 flights were carried out by the aircrafts of the NJSC "Uzbekistonkhavoullary", which is 889 more than in 2010. Transported 2 million 322 thousand passengers - by 155.8 thousand more than in 2010. Increased and freight transportation. Transported 48.2 thousand tons, which is 5.1 percent, or 2.3 thousand tons more.

The shipment of goods by air transport amounted to 30.6 thousand tons, which is higher than the level of January-December 2010. by 3.8 percent.

Participation of international organizations in the development of transport logistics in Uzbekistan

The rapid development of the economies of the countries of South-East Asia and the People's Republic of China, respectively, the increase in

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freight flows towards Asia-Europe-Asia has become a major factor in the activation of international organizations aimed at facilitating trade and transport in the countries of the Central Asian region and creating transnational corridors.

Through the Special Program for the Economics of Central Asia (SPECA) and the program of action to develop access to world markets for landlocked and transit countries, and through its regional commissions of ECE and ESCAP, over the past years, the UN has been making significant efforts to develop Euro-Asian transport corridors.

The Organization for Security in Europe (OSCE) has focused its efforts on the dissemination of experience in managing border crossing and combating corruption. The OSCE promotes good governance at border crossings, improves the safety of land transport and facilitates international transport in the OSCE region. Over the past several years, in Uzbekistan, the OSCE has been implementing the project "Assistance in the development of the transport sector in Uzbekistan".

The European Union has been actively supporting the program for the development of a transport corridor for the transport of goods in the direction of Europe-Caucasus-Asia TRACECA since 1993.

The Asian Development Bank (ADB) is implementing the Central Asia Regional Economic Cooperation (CAREC) program, within the framework of which the CAREC international corridor monitoring project is being implemented.

The International Road Transport Union (IRU), starting in 2008, has launched the New Eurasian Road Transport Initiative (NELTI), which aims to launch regular commercial road transport of goods between Europe and China.

The Society for International Cooperation (GIZ-Germany), since 2010, through the program "Regional Economic Development in Central Asia" provides training and advanced training of specialists in Uzbekistan in the field of transport and logistics.

The German Foundation for Economic Development and Vocational Training (SEQUA GmbH) - through the project on upgrading the skills of transport and logistics companies - "LogTrain - Logistics Training in Uzbekistan".

Conclusion and recommendations

When analyzing logistics costs, it is necessary to consider logistics processes comprehensively. The costs in logistics can be constant and variable, direct and indirect, manageable and unmanaged, actual and planned. But in any case, these costs must be managed, managed skillfully and with skill. Effective logistics management occurs when an optimal balance between reducing logistics costs, increasing profits and improving the quality of customer service is established. The main areas for revealing hidden costs are: warehouse costs, inventory costs, transport costs, costs of foreign economic activity, logistics logistics costs, structural logistics costs.

Rules for analyzing logistics costs:

- clearly identify and justify specific types of logistics costs that should be included in the analysis scheme;

- to determine the centers of concentration of logistics costs, that is, functional areas of business

- exclusion of those activities that do not create added value;

- assisting suppliers and buyers in achieving a lower level of costs;

- ensuring control over total costs; - search for cheaper resources;

- increase the productivity of employees;

- updating of the most costly links of the supply chain when investing in business. Thus, in many cases, the improvement of the logistics system allows to reduce or eliminate the need for expensive warehouse equipment without losing the level of efficiency. Transport parks can be reduced through improved scheduling and effective management.

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