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## ACTION STRATEGY: SUSTAINABLE DEVELOPMENT GOALS AND PARADIGM OF FOREIGN ECONOMIC POLICY

**Abstract:** *Uzbekistan is a country that literally builds its bright future. The action strategy serves as a practical software tool for raising Uzbekistan to the level of the rapidly developing countries of the world. Action Strategy defined the conceptual issues of the complex development of the country and reflected the priorities of further deepening democratic reforms in accordance with modern requirements. External economic strategy is recognized as an important factor in achieving sustainable development. Accordingly, the essence, goals, and objectives of the foreign economic strategy have been carefully analyzed by the author in the study. The development of conclusions and recommendations for presenting the perspectives of Uzbekistan's foreign economic strategy, in turn, determines the expediency and relevance of the idea put forward in this article.*

**Key words:** *democratic reforms, priority directions, structural changes, economic liberalization, foreign economic strategy, sustainable development.*

**Language:** English

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### Introduction.

**The relevance of the topic:** The goal of the strategy, designed for 2017–2021, is to radically increase the effectiveness of the reforms, create conditions for ensuring the comprehensive and accelerated development of the state and society, implement priority directions for modernizing the country and liberalizing all spheres of life.

The Strategic Action Plan includes and clearly defines five key priorities for sustainable socio-economic development in Uzbekistan for the next 5 years [2], [3], [4]: Pic.1.

The strategy of action was not only a clear expression of the aspiration of the leadership of the Republic of Uzbekistan to accelerate the development and modernization of the country, but also to bring Uzbekistan to the top of the list of countries with high per capita income by 2030 by deeper reforming of all spheres of life. was an important step.

The strategy of action is distinguished by its purpose and objectives, timeliness and viability. According to experts, "the main objective of the strategy of action is to ensure the interests of the people".

International experts point out that the principles set out in the Action Strategy are in line with the United Nations Global Development Goals (Sustainable Development Goals) until 2030 and the Priorities for Development Assistance Framework for 2016-2020.

The adoption of this document based on public discussion has made it possible for the civil society institutions, intellectuals, scholars and public to publicize the "action strategy" and bring the country's development to the modern stage. In our view, this is a sign that sustainable development goals are in line with advanced ideas and human interests.

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## The Development Strategy for 2017–2021 (adopted in Feb '17) gave start of 5 priority reforms, including one for investors

It is envisaged that a separate state program for the implementation of initiatives in 5 reform areas will be approved yearly



Pic.1.

Source: <http://www.strategy.gov.uz/en>

Taking into account the urgency of the administrative and legal, socio-economic reforms identified in the strategy of action in Uzbekistan:

- 2017 "The year of Dialogue with the People and Human Interests";
- 2018 - "The year of supporting the active entrepreneurship, innovative ideas and technologies";
- 2019 has been declared as "The year of Active Investments and Social Development".

During 2017-2019, state programs were developed to meet the requirements of time.

**Analysis and results:** The third direction of the strategy of action is the definition of urgent tasks of the "fast development and liberalization of the national economy", which plays an important role in the process of deepening democratic reforms and modernization of the country [2], [3], [4], [6], [7].

Its main objective is to further improve macroeconomic stability in the republic and to improve the competitiveness of the economy through maintaining high economic growth rates, deepening structural transformations, modernization and diversification of key sectors.

Strategic projects and projects aimed at enhancing the competitiveness of the national economy are aimed at the implementation of investment projects based on innovation

achievements and modern technologies in leading sectors of the economy.

In particular, the Program of Complex Measures in the Program envisages increasing profitability and competitiveness of more than 4,400 enterprises [4] in key sectors of the economy, focusing on the following priorities:

- renewing and modernizing of spiritually and physically obsolete equipment, increasing energy efficiency in production, optimizing technological processes;
- creating an effective competitive environment for sectors of the economy and gradual reduction of monopoly on the market of products and services.

In today's world market conditions are sharply changed, in a complicated situation in the conditions of globalization, it is necessary to create a completely new approach and the development of the principles for the development of the foreign economic cooperation at a steady and rapid pace.

In December 2016, the Committee on Foreign Affairs, Committee on Foreign Relations and Foreign Investments and Tourism of the Senate of the Oliy Majlis of the Republic of Uzbekistan was established on the basis of the Committee on Foreign Affairs. The main objective of the Senate was to address the following strategic objectives:

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- strengthening the role and control of the parliament in the implementation of foreign policy activities on the protection and promotion of national interests around the world;

- expansion of international economic cooperation, attraction of foreign investment and modern technologies into the country's regions;

- further expansion of its structure and scope of activities for the purpose of tourism development, further enhancement of the authority of the state in the world arena.

The United Nations International Legal Framework was a programmatic tool for determining the direction of the foreign policy vector based on neighborhood, friendship and interethnic tolerance in the strategy of action. Accordingly, the necessary recommendations on identifying the current and perspective directions of international legal cooperation have been developed.

Integration of Uzbekistan into the international economic system and the modernization of the economy in the context of globalization, its international competitiveness through the implementation of structural changes and increasing the national export potential are becoming more and more urgent.

Consequently, in the context of Uzbekistan, effective implementation of the Concept of Export

Activity Development for 2018-2021 is regarded as an acute issue at the national and government levels.

It is known that the abolition of the administrative and command-oriented management system has ended the monopoly of the Union in the implementation of the foreign economic policy of the republic. The following principles are prioritized in the implementation of foreign economic policy:

- eliminating the external scarcity of the economy and forming an open economy based on market relations;

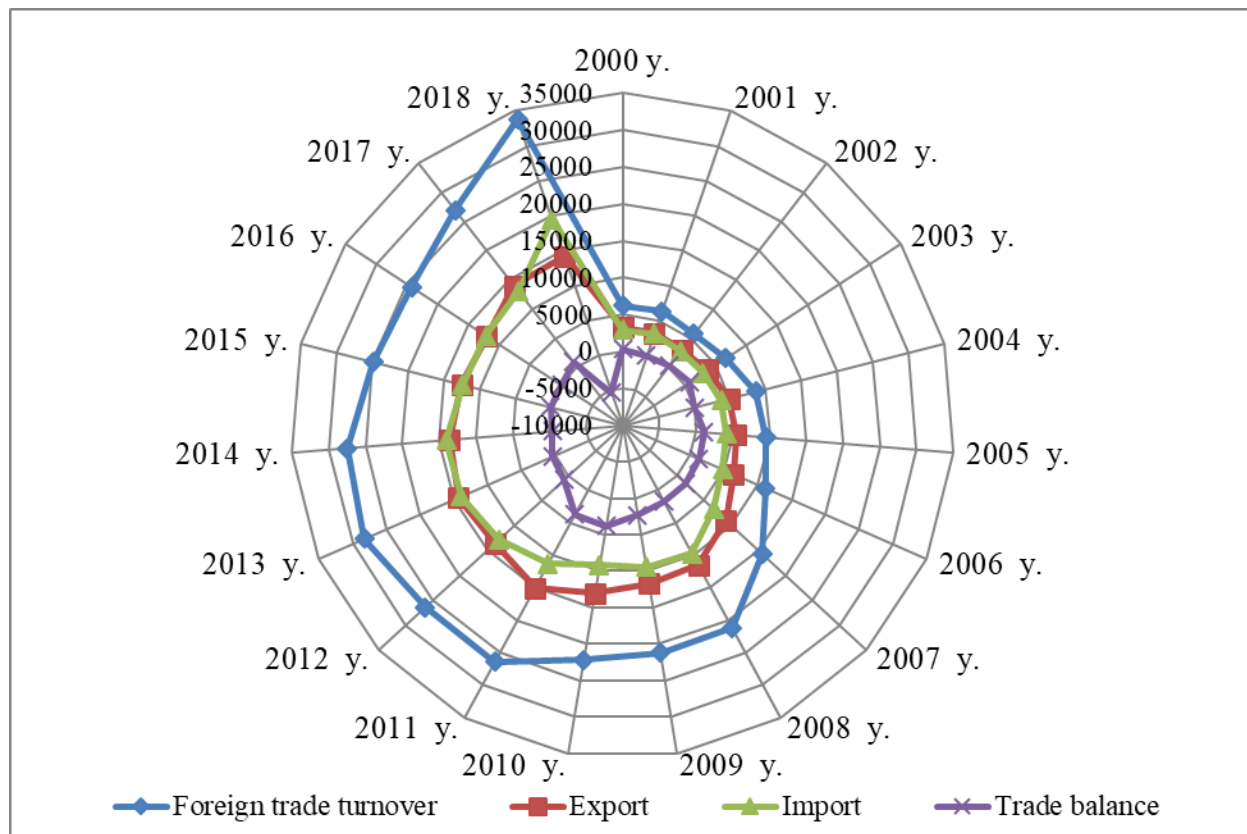
- liberalization of foreign economic activity and formation of a unique system of management of foreign economic relations of the republic;

- Implementation of an equitable foreign policy aimed at ensuring the independent entry of the republic into the world community;

- promoting mutually advantageous economic cooperation on the basis of bilateral and multilateral agreements with countries of the world;

- orientation of foreign economic relations to the formation of a socially oriented market economy in the republic;

- renewing and expansion of the structure of export and import of the republic, export priority of imports.



**Figure 1. Dynamics of Foreign Trade of the Republic of Uzbekistan (in mln. dollars)**

Source: Designed by the author on the basis of the State Committee data of the Republic of Uzbekistan on Statistics

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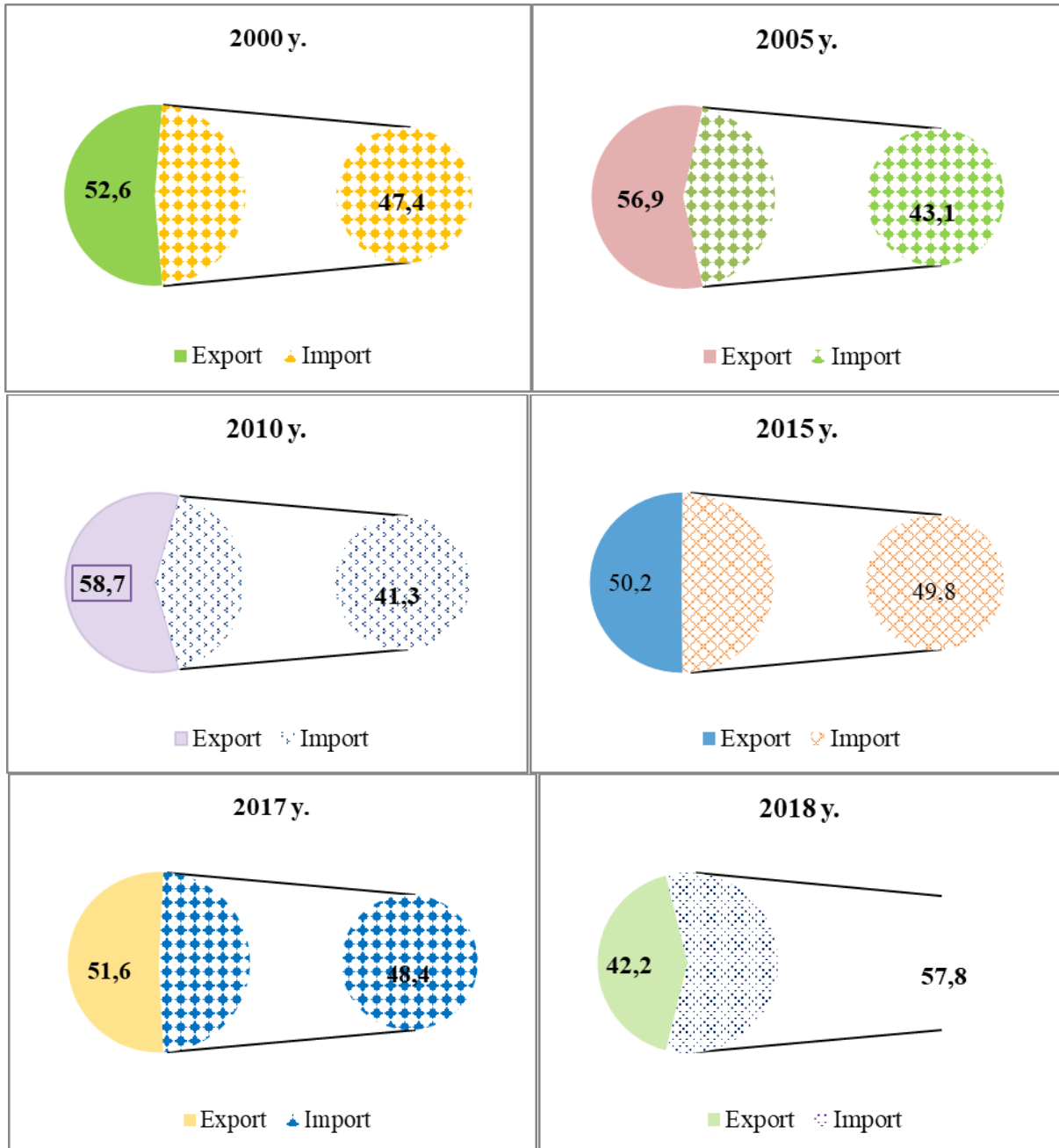
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As a result of these principles, a number of positive results have been achieved in the foreign economic policy of the republic.

In the last decades, as a result of the revival of international trade and, accordingly, diversification of the country's exports, a positive balance was observed in the foreign trade turnover in 2000. The impact of the favorable prices on the global marketplace has also been instrumental in the growth in the volumes of basic export goods. Stage-by-stage liberalization of

foreign economic activity has stimulated positive trends in foreign trade development in 2003-2004.

As a result, foreign trade turnover (in comparison with 2000) increased by 52.9% in 2005 and amounted to 9.5 bn. More than USD. The positive balance in foreign trade - 1.3 billion soums. US Dollars. 56.9% of foreign trade volume in 2005 was export operations, 43.1% - import operations.



**Figure 2. Structure of foreign trade of the Republic of Uzbekistan (in percentages)**

Source: Designed by the author on the basis of the State Committee data of the Republic of Uzbekistan on Statistics

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Foreign trade turnover in 2015 (in comparison with 2000) almost doubled and amounted to 24.9 billion US dollars. More than USD. 50.2% of them were export operations, and 49.8% - import transactions. In 2017, the foreign trade turnover (in comparison with 2000) has grown by almost 4.3 times. Export operations accounted for 51.6%, import transactions - 49.8%.

According to the analysis of the results of 2018, the foreign trade turnover of the country increased by 27.3% compared to the previous year and reached 33 815.3 mln. US dollars. At the same time, the volume of export made USD 14 257.9 million. (13.6% growth) and the volume of imports amounted to 19,557.4 mln. (39.6% growth). Significant changes have been made in the structure of export, thanks to further diversification of the structure of industry and foreign trade, export support, further increase of import-substituting goods and products. It should be noted that the volume of exported goods and services in 2018 will reach \$ 330.1 million compared to 2017. The volume of imports reached US \$ 6 502.0 million. More than USD. By the end of 2018, exports were dominated by energy and oil products, and vice versa, cotton fiber exports decreased by 41.5%. This testifies to the fact that in recent years raw cotton has been oriented towards the production and export of textile products with higher added value.

Nevertheless, according to the results of 2018, the foreign trade balance was minus 5 299.5 mill. The negative balance of the US dollar.

In our opinion, for the further growth of foreign trade in the republic, it is desirable to focus on the further improvement of normative legal acts in the following areas and development of medium and long-term state programs in the field:

Firstly, elaborating and approving programs for the development of promising sectors of the economy focused on the high level of localization and competitiveness of exports;

Second, to diversify the existing foreign trade routes and to integrate with their international infrastructure and, first and foremost, take into account national interests of domestic exporters.

At the same time, the issue of further stimulation and improvement of foreign economic activity of business entities, improvement of export-import operations regulation, increase of competitiveness of domestic producers, increase of exports and expansion of geography remains topical.

In the context of the economy, the issue of stimulating the creation of competitive companies through the expansion of small businesses and private entrepreneurship, and increasing the investment attractiveness, as well as improving the position of the World Bank in the international rating Doing Business remains objective.

For this purpose, it is desirable to continue the institutional and structural reforms aimed at reducing

state participation in the economy, furthering the protection of private property rights and their priorities, and encouraging the development of small business and private entrepreneurship.

It is necessary to increase the efficiency of the initiated reforms to create a representative for the protection of the rights and legitimate interests of business entities (business ombudsman) under the President of the Republic of Uzbekistan.

It is also desirable to elaborate a set of comprehensive action plans for a comprehensive and balanced socio-economic development of the provinces, towns and cities, their effective and efficient use.

In our opinion, to increase the innovative potential and competitiveness of regions with high unemployment, one needs to focus on their weaknesses:

- expansion of participation of commercial banks and foreign financial-industrial groups in the implementation of new investment projects related to the creation of small industrial zones in the regions;
- creation of small business innovation technoparks;
- organize rationalization of entrepreneurial subjects in the small industrial zones, their specialization, resource potential, and improve accessibility of participants to the necessary engineering and communication networks;
- effective networking of investment projects and systematic monitoring of the implementation of commitments.

The challenge of maintaining macroeconomic stability and maintaining high economic growth rates in the country is identified as one of the priorities in the strategy of action.

However, the main macroeconomic indicators reflecting the level of socio-economic development of the country, particularly the systematic monitoring of the situation with the foreign exchange market, and, if necessary, should further increase the adequacy of analytical data reflecting the stability of the national currency and the domestic market. In particular, it is necessary to improve the methodology of monitoring the changes in the prices of goods and services (tariffs) for the inflation level.

## CONCLUSION AND RECOMMENDATIONS

Deeper analysis of the essence, objectives and tasks of the Action Strategy, proposed by the conceptual issues of socio-political, economic, cultural and humanitarian development of the country, allowed to propose the following conclusions regarding the prospects of its development:

1. The implementation of the five-stage strategy of action and, accordingly, the development of State programs every year plays an important role in raising the effectiveness of its implementation.

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2. Increasing the efficiency of the investment climate and creating favorable conditions for the investment program in the State Program on the Year of Active Investments and Social Development - is an important criterion for increasing investment attractiveness in the country. In our opinion, the active involvement of domestic and foreign investments into the leading sectors of the economy plays an important role in the growth and development of the country's international competitiveness.

3. The third direction of the action strategy, devoted to the priorities of economic development and liberalization, is to be of the utmost importance to strengthening the macroeconomic stability and maintaining high economic growth:

3.1. Macroeconomic indicators, in particular the systematic monitoring of the situation on the currency market, and, where necessary, to ensure stability in the national currency and domestic markets, maintain macroeconomic balance and, ultimately, to improve the legislation on economic growth.

3.2. The step-by-step introduction and effective implementation of advanced market mechanisms aimed at regulating currency, further improving the monetary policy instruments and increasing their effectiveness, as well as improving the mechanisms of cash money circulation.

3.3. Creation of conveniences for entrepreneurs through the introduction of modern electronic payment systems in the economy through the introduction of the latest principles and mechanisms

of banking and financial system regulation in the Republic.

3.4. Modernization of the region's economy, further strengthening of their competitiveness and export potential, and the achievement of mass support for efforts to create a sustainable future.

3.5. Improving the effectiveness of tax administration in order to further the development of entrepreneurship and improving the taxation framework to ensure compliance with the market economy principles and improving the legal framework for the elimination of fiscal incentives.

4. Further development of international economic cooperation in the field of deeply thought-out, mutually advantageous and practical foreign policy pursuant to the fifth priority direction of the strategy of action, as well as the expansion of relations with leading international and foreign financial institutions should be focused on the following important aspects:

4.1. Active involvement of grants from foreign governments (European Commission of Cooperation, etc.) and preferential loans of international financial institutions in the implementation of priority socio-economic and infrastructure projects.

4.2. Further strengthening of consultative cooperation with leading international rating agencies and insurance agencies (S & P, FITCN, MOODY'S, etc.) in order to reduce the costs of foreign investment projects financed by international and foreign sources, as well as their timely implementation.

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