

THE EXPERIENCE OF DEVELOPED COUNTRIES IN ENTERING THE FIELD OF FOREIGN ECONOMIC ACTIVITY

Nabiev Bobur Muxammadkosim o'g'li

Assistant teacher at

Namangan engineering-consturction institute

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Annotation: the current thesis describes why the Foreign economic activity plays an important role in the economic development of each country. Organizing and carrying out foreign economic activity is an area of major importance in the creation of a new economic mechanism by which the country is classified is performed in the global economy. World experience confirms that many countries have achieved a significant increase of socio-economic development, because of their open “economy”, which involves relatively free movement of goods, capital, technology, labor and knowledge.

Key words: Foreign economic activity, external market, export, import, alliance, aquisition.

Introduction

Foreign economic activity is considered today as an important sector of the national economy has a significant impact on the economic development of the country. Currently, there is virtually no industry, which directly or indirectly would not have contacts with external markets. Quickly develop direct links and joint ventures established, a growing number of barter transactions. In these conditions the issues of efficiency of foreign economic activity are becoming increasingly important.

Corresponding to the study of business activity, the foreign economic activity is based on the following principles:

1. Incentives and mutual benefit;
2. Free enterprise;
3. Legal equality of all the subjects of the foreign economic activity, regardless of ownership;

4. Defending the interests of the subjects of the foreign economic activity;
5. preventing the illegal limit of the rights of the subjects of the foreign economic activity.

The modalities of carrying out the foreign economic activity are:

- Direct - this method involves organizing and running the export and import of goods, work performance services rendering by manufacturing units on their own account and risk.
- Indirect envisages organizing and conducting import and export foreign trade through the units of foreign trade.

According to the legislation, the content of external business includes import and export of goods, works, services in accordance with the nomenclature and the way prescribed by the Government.

Main part

Business development does not stand still, and companies from the very beginning of their existence create a department for international relations. This is due to both the expansion of production and the need to discover new market segments. At a basic level, relying on a domestic market can be problematic. Because of the many factors enhancing globalization, companies of all sizes and types want to take advantage of global markets to expand and achieve sustainable competitive advantage.

As companies look for growth in new areas of the world, they typically prioritize which countries to enter. Because many markets look appealing due to their market size or low-cost production, it is important for firms to prioritize which countries to enter first and to evaluate each country's relative merits. For example, some markets may be smaller in size, but their strategic complexity is lower, which may make them easier to enter and easier from an operations point of view. Sometimes there are even substantial regional differences within a given

country, so careful investigation, research, and planning are important to do before entry.

Beyond importing, international expansion is achieved through exporting, licensing arrangements, partnering and strategic alliances, acquisitions, and establishing new, wholly owned subsidiaries, also known as greenfield ventures. These modes of entering international markets and their characteristics are shown in table 1.1. Each mode of market entry has advantages and disadvantages. Firms need to evaluate their options to choose the entry mode that best suits their strategy and goals.¹

Table-1
International-Expansion Entry Modes

Type of Entry	Advantages	Disadvantages
Porting	Fast entry, low risk	Low control, low local knowledge, potential negative environmental impact of transportation
Licensing and Franchising	Fast entry, low cost, low risk	Less control, licensee may become a competitor, legal and regulatory environment (IP and contract law) must be sound
Partnering and Strategic Alliance	Shared costs reduce investment needed, reduced risk, seen as local entity	Higher cost than exporting, licensing, or franchising; integration

¹Shaker A. Zahra, R. Duane Ireland, and Michael A. Hitt, "International Expansion by New Venture Firms: International Diversity, Mode of Market Entry, Technological Learning, and Performance," *Academy of Management Journal* 43, no. 5 (October 2000): 925–50

		problems between two corporate cultures
Acquisition	Fast entry; known, established operations	High cost, integration issues with home office
Greenfield Venture (Launch of a new, wholly owned subsidiary)	Gain local market knowledge; can be seen as insider who employs locals; maximum control	High cost, high risk due to unknowns, slow entry due to setup time

If we analyze the statistical data in the field of foreign economic activity in the Republic of Uzbekistan, in January-December of this year, the number of exporters of the country was 6,547, and they made 12,500.8 mln. The export of goods and services worth US dollars (except for gold) (increased by 34.4% compared to the corresponding period of 2020) was ensured. The share of goods in exports is 84.7%, and they are industrial goods (26.1%), food products and live animals (8.3%), chemicals and similar products not included in other categories (6.8%).). Also, the share of gold in the export was 38.4% in the corresponding period of last year, and in January-December of this year it was 24.7%. The share of services in the total volume of exports increased by 2.0% compared to the corresponding period of 2020 and amounted to 15.3%.

At the end of January-December 2021, the PRC, Russian Federation, Turkey, Kazakhstan, Kyrgyzstan, Afghanistan, and Tajikistan were the leading export partner countries. The share of these seven major countries in the total export was 56.5%.²

² According to the data of statistics committee of the Republic of Uzbekistan

Table-2

Export composition of the Republic of Uzbekistan according to the international standardized trade classification (January-December, year-round)

IST classification	Million USD		Growth rate %		General relative to volume. in %	
Total	15 102,3	16 610,6	86,5	110,0	100,0	100,0
Food products and living animals	1 336,2	1 371,8	93,0	102,7	8,8	8,3
Beverages and tobacco	27,1	36,0	91,0	132,7	0,2	0,2
Non-food raw materials, except fuel	456,1	513,8	77,1	112,7	3,0	3,1
Mineral fuels, lubricating oils and similar materials	659,0	889,9	26,1	135,0	4,4	5,4
Animal and vegetable oils (fats), oils and waxes	26,8	1,5	2,2	5,7	0,2	0,01

Chemicals and similar products not elsewhere classified	820,9	1 131,2	98,1	137,8	5,4	6,8
Industrial goods	2 906,4	4 334,9	105,6	149,1	19,2	26,1
Machines and transport equipment	434,4	693,8	103,0	159,7	2,9	4,2
Various finished products	617,3	785,2	141,7	127,2	4,1	4,7
Other goods	5 813,1	4 304,9	116,8	74,1	38,5	25,9
including: gold	5 804,4	4 109,8	118,0	70,8	38,4	24,7
Services	2 005,0	2 547,4	58,4	127,1	13,3	15,3

The task of improving the structural structure of the economy is always in the center of our attention during the implementation of economic reforms, and it is an important factor of our achievements in terms of economic development. The complex processes taking place in the world economy have strengthened the need for continuous improvement of its structural structure in order to sustainably develop the economy and increase its competitiveness. The competitiveness of the country is primarily expressed through the competitiveness of its economy. This directly depends on policy instruments in the field of foreign economic activity.

Conclusion

Based on research, it is difficult to say that a particular system or model of expanding to global markets has absolute advantages. Foreign economic activity is realized both at the level of the state and at the level of individual economic entities. In the first case, foreign economic activity is aimed at establishing interstate bases for cooperation, creating legal, trade and political mechanisms that stimulate the development and enhancement of the effectiveness of foreign economic relations. The enterprise is an economic entity that, on the basis of the use of economic resources, produces and sells goods, performs work, provides services. The external economic activity of the enterprise is the sphere of economic activity connected with international production integration and cooperation, export and import of goods and services, access to the foreign market. The main forms of foreign economic activity of enterprises are foreign trade activities and international cooperation of production. An important role is played by the state regulation of foreign economic activity. State regulation of foreign economic activity is the regulation of foreign trade, investment and other activities in the field of international exchange of goods, information, works, services, results of intellectual activity.

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