

## Financial Mechanisms of Export Promotion in the Republic of Uzbekistan

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**Abstract:** This article explores the financial mechanisms of export promotion in the Republic of Uzbekistan. It provides an in-depth analysis of the current policies, programs, and financial instruments used by the government to support local businesses in expanding their products and services to international markets. Key financial tools such as export credit guarantees, tax incentives, and subsidies are examined, along with their impact on the national economy and export growth. The paper also highlights the role of financial institutions and the effectiveness of international partnerships in enhancing the export potential of the country. Recommendations for improving the financial infrastructure for export promotion are provided based on a comparative analysis of global practices.

**Keywords:** Export promotion, financial mechanisms, Uzbekistan, export credit guarantees, subsidies, tax incentives, financial institutions, international trade, export growth, government policies.

It is known that in recent years, economic reforms aimed at developing foreign economic activity in our country, strengthening trade and economic relations with foreign countries, as well as taking a strong place in the world markets based on the production of high-quality competitive products and thereby increasing the export potential of the national economy is actively being implemented. The strong position of our country in the world markets and the development of foreign economic relations depend to a large extent on attracting foreign investments to ensure the stability of the national economy, further increasing the export potential of the national economy, and effective use of existing opportunities. In Uzbekistan's reforms to expand mutually beneficial cooperation with foreign countries, further strengthening trade and economic relations, activating the attraction of foreign investments, developing new markets by increasing the competitiveness of products and services at the international level, and developing relations in the cultural-humanitarian and scientific-technical fields. directions such as strengthening, integration into the transport-logistics system at the regional and international levels are given priority.

In the conditions of modernization and diversification of the economy, more complete and effective use of the export potential of our country, increasing the volume and types of export of competitive new and processed products that are popular in foreign markets, based on a deep research of world markets in terms of marketing, as well as sales in accordance with the modern requirements of exporting products - in the rapid development of the logistics infrastructure, it is important to encourage exporting enterprises through taxes.

In recent years, economic reforms aimed at developing foreign trade relations, strengthening trade and economic relations with foreign countries, as well as taking a strong position in the

world markets based on the production of high-quality competitive products and thereby increasing the export potential of the national economy have been actively implemented in our country. . The strong position of our country in the world markets and the increase of its foreign economic potential depend to a large extent on the export potential of the national economy. At the same time, in recent years, special attention has been paid to the role of foreign trade for the development of our country's economy, especially to increase its export potential.

The order of the President of the Republic of Uzbekistan dated November 29, 2018 "Measures to further stimulate the export potential of local manufacturers" adopted in order to expand the export potential of our country, support the exporting organizations by the state, and also encourage the increase in the production of competitive export products. Decree No. PF-5587 has become of special importance.

According to the decree, starting from January 1, 2019, the taxable base of legal entities with an export share of more than 15 percent in the total revenue from the sale of goods (works, services), including through a commission agent (trusted representative):

- on the profit tax collected from legal entities on the part of the profit corresponding to the volume of sales of goods (works, services) for export;
- reduce the amount of goods (works, services) according to the single tax payment on the part corresponding to the volume of export sales.

As a result of these given benefits and preferences, despite significant changes in the world market situation, we can see that the export of products in our country has increased in recent years, diversification of its structure has been ensured, and the share of finished products in the total export volume is increasing.

To create conditions for their rapid development based on increasing the effectiveness of the management system of the leather-footwear and fur industries, deepening the processing of raw materials, introducing advanced technologies, diversifying the types of manufactured products and expanding the exported goods, as well as in 2017-2021 In order to consistently implement the tasks defined in the five priority directions of the development of the Republic of Uzbekistan, the President of the Republic of Uzbekistan "On measures to further stimulate the development and export potential of the leather-footwear and fur industries" adopted on May 3, 2018. Decision No. 3693 stands out for its significant aspects today.

According to this Decision, the following tax and customs benefits and preferences were granted to the members of the "Uzcharmsanoat" association - organizations until January 1, 2023:

- exempted from payment of profit tax and property tax, single tax payment for micro-firms and small enterprises;
- equipment, components, imported according to the lists approved in the prescribed manner, used by the Union members - organizations in their production, produced in the republic
- exempted from customs fees (except customs clearance fees) for non-extractable raw materials, materials and fittings;
- to delay the payment of customs fees (except for customs clearance fees) for up to 60 days from the date of acceptance of the customs declaration for the import of equipment, components, raw materials, materials and fittings necessary for its production, which are not included in the above approved lists permission granted.

The Decree of the President of the Republic of Uzbekistan dated December 20, 2018 "On Measures to Support Export and Strengthen Its Promotion" adopted in order to radically increase the volume of exports of goods and services, expand the nomenclature of exportable products, ensure the balance of foreign trade and increase foreign exchange earnings. According to the Decision No. PQ-4069, all-round assistance to business entities was established in the following:

- to increase the production of export-competitive products with high added value, to increase the volume of export of services (tourist, medical, education, transport, construction, etc.) and to rapidly establish the relevant infrastructure for their provision;
- search for partners in the supply of self-produced products and conclude contracts with organizations and enterprises. Also, in the financial support of export activities, providing exporting enterprises with financial resources, helping to increase the volume of export of raw materials, the number of national exporters and the number of countries that buy their products; provide targeted financial support to exporting enterprises in order to cover the costs related to the introduction of international systems of standardization and certification of national products by foreign competent authorities, both in the republic and abroad; taking into account the experience of foreign countries that have successfully used modern mechanisms of financial support and national export insurance, including international financial institutions involved export and export financing, introduction of export credit and risk insurance mechanisms and other important tasks were determined.

At the current stage of the socio-economic development of our country, in order to ensure macroeconomic stability by increasing export volumes, and to provide additional financial and organizational incentives to suppliers of finished products, on October 21, 2020, the President of the Republic of Uzbekistan "Financial support for export activities" Decree No. PF-6091 "On measures to further expand support" was adopted. In accordance with this decree, in order to increase the country's export potential, a number of preferential procedures aimed at financial support of exporters were introduced. In particular, until January 1, 2024, the State Fund for the Support of Entrepreneurial Activities will provide exporters, including exporters whose main activity is trade mediation:

- a) regardless of the loan interest rate and amount set by the commercial bank for pre-export financing, including loans for working capital:
  - up to 50% of the interest expenses on loans in national currency, but not more than 10%;
  - provides compensation in the amount of up to 50% of the interest expenses on loans in foreign currency, but not more than 5%;
- b) guarantees up to 50% of the loan amount, but not more than 8 billion soums, for loans of commercial banks for pre-export financing, including working capital;
- c) if he has a positive credit history, regardless of his previous debts, compensation for additional loans for export financing, including working capital, in the amounts and conditions specified in this paragraph and (or) provides guarantees;
- d) collects the commission fees for the provided guarantees in the amount reduced by half.

The agency provides one-time financial resources to commercial banks for export-related trade operations and pre-export financing loans in an amount not exceeding the equivalent of 1 million US dollars (in the equivalent of up to 5 million US dollars for exporting enterprises with an annual export volume exceeding 20 million US dollars) and for a period of up to one year. will be done. It is not allowed to allocate such financial resources to the exporter who has not fully repaid the loan given at the expense of the financial resources allocated by the agency. When trade operations related to export and pre-export financing loans to commercial banks are financed from the financial resources allocated by the Agency, compensations are not provided by the State Fund for the Support of Entrepreneurial Activities.

The state business support fund provides loans to exporters, pre-export financing, including loans in national and foreign currency, regardless of the interest rate and amount set by the commercial bank. providing compensations for interest expenses and providing guarantees for loans allocated in this direction play an important role in expanding financial opportunities for increasing export potential.

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