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**THE ROLE OF MARKETING OF FOREIGN ECONOMIC ACTIVITY IN  
THE DEVELOPMENT OF FOREIGN TRADE**

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**ABSTRACT**

*This scientific article covers the export potential, export structure and geography of Uzbekistan. The main means of increasing export potential is the need to conduct marketing of foreign economic activity, the need to establish trading houses abroad and study the markets.*

**KEYWORDS:** *Export, Import, Natural Resource, Raw Material, Export Structure, Export Volume, Production, Marketing, B2B, B2G.*

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**INTRODUCTION**

The richness of the country's natural resources, the availability of raw materials is a key factor in keeping it free from economic risks. The acceleration of globalization and integration processes in the world economy has become dependent not only on the country having natural resources and raw materials to have a competitive advantage, but also on being able to trade its goods in the world market. In particular, the Republic of Uzbekistan is increasing its external capacity and expanding the structure and geography of exports every year in order to gain a foothold in international trade. Today, Uzbekistan has trade relations with 171 countries, its main trading partners are the People's Republic of China (18.2%), the Russian Federation (17%), Kazakhstan (10.4%), Turkey (8.7%), The Republic of Korea (4.6%), the Kyrgyz Republic (2.4%) and Afghanistan (2.0%) [1].

**LITERATURE REVIEW**

The formation of the basic theories of foreign economic relations and the development of foreign trade dates back to the XVI-XVII centuries. As the classical foundations of foreign trade theories A. Smith, D. Ricardo [2], E. Heckscher [3], B. Olin [4] and others.

One of the mercantilists S. Mill stated the value of international trade in his "Principles of Political Economy" [5] (1848). According to Mill, the exchange price is determined by the law of supply and demand, i.e., the total exports of each country allow it to cover its total imports.

International price theory shows that there is a price to optimize the exchange of goods between countries. This market price depends on supply and demand. In a successful competitive environment, the comparative advantage stems from differences in demand that are equal to other things in the (required) environment.

In 1991, the American economist M. Porter published a book, *International Competition. Competitive Advantages of Countries*, in which he proposed a new approach to the analysis of the development of international trade [13].

In modern conditions, a significant part of world trade is not naturally related to the advantages formed in a competitive environment. As countries, not firms, compete in the global market, M. Porter shows how the firm has created and maintained a competitive advantage, and what the role of government is in the process.

M. Porter points out [6] that countries have the greatest potential for success in these areas or in their segments. Here, all four determinants of competitive advantage (called national diamonds) are the most optimal.

Thus, according to Porter's theory, competition is a dynamic, changing process based on innovative and constant updates in the global market, including [7]. Therefore, in order to explain the competitive advantages in the global market, firms and countries need to learn how to improve the quality of factors, increase the efficiency of their use, as well as create new ones.

## RESEARCH METHODOLOGY

The methodological basis of this research is the fundamental principles of foreign economic activity and marketing of foreign economic activity and the works of leading domestic and foreign economists who have conducted research on the problem under study.

The study used methods such as theoretical observation, scientific abstraction, comparative analysis, mathematical and statistical grouping.

## ANALYSIS AND RESULTS

If we analyze the volume of exports of Uzbekistan in 2016-2020, we can see that during this period, the volume of exports was lower than the volume of imports (Table 1).

**TABLE 1. EXPORTS AND IMPORTS OF UZBEKISTAN IN 2016-2020, BILLION DOLLARS [2]**

	2016	2017	2018	2019	2020
Exportvolume	12 094,6	12 553,7	13 990,7	17 458,7	15 200
Importvolume	12 137,6	14 012,4	19 439,2	24 292,3	21 100

If we look at the results of the pandemic-affected 2020, during the year, China was listed as Uzbekistan's main foreign trade partner. The volume of bilateral trade between Uzbekistan and China amounted to 6.43 billion US dollars. Of this, \$ 1.93 billion was accounted for by exports. Russia is Uzbekistan's second largest trading partner, with exports worth \$ 1.5 billion. The next places are occupied by Kazakhstan, South Korea, Turkey, Kyrgyzstan and Germany.

In terms of foreign economic activity, only 2 out of 10 major partner countries, namely Kyrgyzstan and Afghanistan, have an active foreign trade balance, and the remaining 8 countries have a passive foreign trade balance [3].

If we look at the structure of exports of Uzbekistan in 2016-2020, the main share in exports fell to gold and food products. However, the situation in the structure of exports in 2020 is different from 2016-2019.

In particular, in 2016-2019, exports of cotton fiber decreased, while by 2020 it amounted to 9.04% and increased by 7.4%. Exports of energy resources and petroleum products, by contrast, declined, reaching 5.91% in 2020. Exports of textiles and textile products also declined.

**TABLE 2. THE STRUCTURE OF UZBEKISTAN'S EXPORTS AS A PERCENTAGE FOR 2016-2020 [4]**

	2016	2017	2018	2019	2020
Cottonfiber	5,3	3,8	1,6	1,6	9,04
Foodproducts	5,7	7,0	7,8	8,8	8,8
Chemical products and articles thereof	7,0	7,0	6,5	5,0	5,4
Energy sources and petroleum products	14,2	12,8	19,1	14,5	5,91
Machinery and equipment	1,8	2,1	1,5	2,4	3,0
Textiles and textile products	7,6	9,0	9,3	9,3	3,45
Gold	23,2	26,0	20,8	28,2	38,3

In 2020, Uzbekistan will provide 1.9 billion soums worth of goods to 70 foreign countries. It exported textiles worth US \$. In accordance with the Decree of the President of the Republic of Uzbekistan "On urgent measures to support the textile and clothing industry" in order to prevent the decline in exports of textile products as a result of the pandemic, the period for final calculations will be extended from 90 to 150 days [5]. Despite measures to prevent a decline in exports of textiles and textile products, the impact of the pandemic has led to a decline in international trade processes.

The most gratifying is that in 2020, exports of machinery and equipment accounted for 3.0% of exports, an increase compared to other years (Table 2).

From the above data, it can be seen that most of the Top-10 goods exported by Uzbekistan are raw materials and semi-finished products. However, with this export structure, it will be difficult for Uzbekistan to gain a competitive advantage in the world market. For this reason, the country needs a state policy that supports the producers of finished products and its exporters. In this regard, measures have been developed in our country, and in the framework of the "Action Strategy" of the Republic of Uzbekistan for 2017-2021, "liberalization and simplification of export activities, diversification of export composition and geography, expansion and mobilization of export potential of industries and regions." As a result of this strategy, the country has developed a policy to support export activities and export-oriented enterprises, and a number of legal documents have been adopted on the basis of the "Action Strategy".

The analysis conducted by the author shows that despite the export-oriented policy in the country and the support of export-oriented enterprises, the volume of exports was lower than the volume of imports. This figure indicates, on the one hand, the liberalization of foreign trade, on the other hand, the high volume of exports and imports of finished products, the low value added of Uzbek exports compared to world goods, resulting in a negative balance between exports and imports indicates.

Today, the main task facing our country is to increase the volume of exports and expand its structure. However, the increase in exports also depends on the country's stable banking and financial system, the quality and innovation of industrial enterprises and their products, the promotion of Uzbek goods on the world market and the study of world market demand. For this reason, under the leadership of President Sh. Mirziyoyev, comprehensive measures are being

taken to develop exports in the country.

In order to accelerate the entry of domestic products into the world market, trading houses are being established in a number of countries. One such trade was opened in Latvia, where samples of Uzbek goods, mainly textiles, footwear, porcelain, furniture, medical supplies, confectionery, electrical products, construction materials, were exhibited. [3] through the house, local entrepreneurs had the opportunity to display and sell samples of textiles, canned goods, fresh and dried fruits. Similar trading houses of Uzbekistan can be seen in other European countries and CIS countries.

But to explore global market opportunities, it will be necessary to apply a modern marketing strategy. In particular, along with the digitization of the commodity market and its structures, the digitization of marketing research of the commodity market is also important at a time when the program "Sanaot-4.0" is widely implemented in the world economy. To do this, it is important to use 4 models of e-commerce. That is, G2C, B2C, B2B, G2B.

- "G2C" (government to consumers) - the relationship between the state and the consumer (possibly foreign). These are e-commerce activities, including the provision of information between the state and consumers.

- "G2B" (government to business) - communication and trade between government and business. - "G2B" (government to business) is a term that refers to the relationship between public administration organizations (entities) and enterprises. As one of the basic models of e-governance, it can be used for any relationship between a public administration entity and enterprises.

In the G2B model, the initiative comes from a government organization, and businesses are the target group.

This model involves the electronic exchange of any information between business and government, typically using the Internet, so collaboration or communication is usually more efficient than outside the Internet. G2B uses government offices and business websites, shopping malls, applications, web services.

- "B2C" (business to consumers) - communication and trade between business entities and consumers. The term "from business to consumer" (B2C) refers to the process of selling products and services directly between a business and consumers who are end users of its products or services. Many of the companies that sell directly to consumers can be called B2C companies. This includes sales through commercial sites or online stores, which are common in modern times.

- "B2B" (business to business) - communication and trade between business and business entities. The term covers all companies that create other business-oriented products and services.

Trading houses of Uzbekistan operating abroad also operate on the basis of this model.

This is in contrast to "business-to-consumer" models that are sold directly to individual customers and models that offer services to users for a business (such as customer reviews or effective marketing). B2B companies have a completely different target audience: they offer the raw materials, finished parts, services, or advice that other businesses need to operate, grow, and profit.

## **CONCLUSION AND RECOMMENDATIONS**

The fact that the country has a source of raw materials creates opportunities for economic growth and development. According to Porter's theory of "competitive rhombus", in order to be competitive in world trade, it is necessary to increase the impact of technical progress and ensure the competitiveness of enterprises. Therefore, in order to increase the volume of exports through the efficient use of raw materials, the country will need to:

- Increasing production capacity. To do this, support enterprises producing finished products;

- Encouragement of foreign investment in the textile, chemical, food, machinery and equipment, pharmaceutical industries and enterprises, rather than in the country's raw material and natural resource processing enterprises;
- Expanding the regional potential of industrial production through the creation of technological transfers between industrial enterprises;
- Establishing continuous production in order to stimulate the production and export of finished products, stimulate the activities of clusters aimed at the production of finished products.

In conclusion, it should be noted that it would be useless to export without studying the world market, its age and gender composition, purchasing power. For this reason, the application of international marketing principles and research in foreign trade practice is relevant.

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