



UZBEKISTAN: CURRENT STATE AND MAIN TRENDS OF EXPORT DIVERSIFICATION

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Abstract:

The article examines the current state and major trends in the export diversification of the Republic of Uzbekistan. It analyzes changes in the structure of exports, the expansion of foreign trade geography, and the role of industry and the agricultural sector in shaping the country's export potential. Particular attention is paid to state policies aimed at supporting export-oriented sectors of the economy. Existing challenges and prospects for the further development of Uzbekistan's foreign economic activity are also considered.

Keywords: Export, export diversification, foreign trade, Republic of Uzbekistan, export potential, industry, competitiveness, economic growth, international trade.

Introduction

Under modern conditions of the global economy, foreign trade serves as one of the most important factors of economic growth. For developing countries, export diversification is of particular importance, as it helps reduce dependence on a limited range of goods and ensures the resilience of the national economy to external shocks. In recent years, the Republic of Uzbekistan has been implementing large-scale economic reforms aimed at modernizing the economy, increasing the competitiveness of domestic products, and expanding export potential. Therefore, the study of the current state and major trends in export diversification is of considerable scientific and practical importance. In the context of globalization and increasing international competition, export diversification has become one of the key directions of state economic policy. This process is regarded as an effective instrument for ensuring sustainable economic growth, enhancing national competitiveness, and reducing dependence on a limited range of exported goods and foreign markets.

In economic literature, export diversification is understood as the expansion of the structure of exported products, the development of new product categories, and the entry into new international markets. The main objective of diversification is to





reduce risks associated with fluctuations in world prices, changes in external market conditions, and excessive dependence on certain commodities or trading partners.

The theoretical foundations of export diversification are based on the concepts of international trade and the theory of comparative advantage. According to the theory developed by David Ricardo, countries specialize in producing goods that involve the lowest opportunity costs. However, modern economic conditions require not only specialization but also the gradual expansion of the production structure, which contributes to the long-term sustainability of the national economy. A significant contribution to the theory of international competitiveness was made by Michael Porter. According to his concept of competitive advantage, economic growth depends on the ability of national companies to produce goods that meet the requirements of global markets. In this regard, export diversification involves not only increasing foreign trade volumes but also shifting toward the production of goods with high added value, introducing innovations, and improving product quality.

Depending on the direction of development, product and geographical diversification are distinguished. Product diversification implies expanding the range of exported products and increasing the share of manufactured goods, while geographical diversification involves entering new markets and reducing dependence on a limited number of trading partners.

In modern conditions, vertical diversification is of particular importance. It implies a transition from exporting raw materials to producing and exporting finished products with high added value. This approach contributes to industrial development, job creation, increased foreign exchange earnings, and technological progress.

International experience shows that countries that have successfully implemented export diversification policies achieve higher rates of economic growth and sustainable development. South Korea, Singapore, and China are vivid examples of countries that have managed to shift from raw material exports to high-tech production and strengthen their positions in the world market.

Thus, export diversification is one of the most important factors in improving the efficiency of the national economy and ensuring its sustainable development. Expanding the export structure, entering new markets, and developing industries with high added value contribute to strengthening the country's competitive advantages and increasing its role in international trade.

In recent years, the Republic of Uzbekistan has demonstrated stable positive dynamics in the development of foreign economic activity. Large-scale economic reforms, trade liberalization, the attraction of foreign investment, and the expansion



of production capacity have contributed to a significant increase in export volumes and changes in their structure.

For a long time, Uzbekistan's exports were characterized by a high dependence on raw materials. The main export commodities included gold, natural gas, cotton fiber, and non-ferrous metals. Such a structure created certain risks associated with fluctuations in world prices and changes in external market conditions. Therefore, one of the priorities of state economic policy has been the formation of a more diversified export model. As a result of ongoing reforms, the share of manufactured products and goods with high added value has gradually increased. Textile products, food products, chemical products, construction materials, electrical equipment, automobiles, and engineering products occupy an increasingly important place in the country's export structure. At the same time, exports of precious metals and mineral resources continue to play a significant role.

One of the main features of the current stage of foreign trade development is the gradual decline in the role of raw material exports and the growing share of finished products. The textile industry, agriculture, chemical production, and the service sector make a significant contribution to export revenues. This process indicates the transition of the economy to a higher level of processing and value creation.

Agricultural products occupy an important place in the export structure. Uzbekistan is one of the largest producers of fruit and vegetable products in Central Asia. Favorable climatic conditions and the development of agricultural logistics infrastructure enable the country to export fresh fruits, vegetables, dried fruits, and processed food products successfully. The textile industry also plays an important role in the development of foreign trade. The establishment of cotton-textile clusters has made it possible to organize a complete production cycle, from cotton cultivation to the manufacture of finished products. As a result, the production of fabrics, knitwear, and garments has increased significantly, contributing to higher export revenues and greater competitiveness in international markets.

The geographical structure of exports has also undergone considerable changes. China, Russia, Kazakhstan, Turkey, and South Korea remain Uzbekistan's traditional trading partners. At the same time, economic relations with the countries of the European Union, the Middle East, and South Asia have expanded significantly. The diversification of export destinations helps reduce dependence on individual markets and enhances the resilience of the national economy. Particular attention is paid to the development of non-commodity exports. Programs aimed at supporting export-oriented enterprises, improving transport and logistics infrastructure, creating free economic zones, and introducing modern mechanisms for stimulating foreign





economic activity are being implemented. Compliance with international quality standards and the digitalization of export operations have become important factors in increasing competitiveness.

Despite the achievements, Uzbekistan still faces several challenges, including the relatively low share of high-tech products, dependence on world commodity prices, the need for modernization of production capacities, and insufficient innovation activity. Therefore, the further development of the country's export potential requires deeper structural reforms and stronger government support.

In general, the current state of Uzbekistan's exports is characterized by positive dynamics, a gradual transition from a raw-material model to exports with high added value, and the expansion of foreign economic relations. The ongoing reforms create favorable conditions for further export diversification and strengthening the country's position in the global trading system.

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