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IMPROVING EXPORT INSURANCE MECHANISMS IN A TRANSIT ECONOMY (THE CASE OF THE REPUBLIC OF UZBEKISTAN)

Khalikov Rustam Bakhtiyorovich
Master of Economics

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Introduction

In a transit economy, export insurance is an important financial instrument that ensures the stability of foreign trade. In countries with a strategic geographical location, such as Uzbekistan, export risks are associated not only with the delivery of goods but also with delays along transit corridors, payment defaults, currency restrictions, and political risks. Therefore, improving export insurance mechanisms is essential for enhancing the country's export potential.

In a transit economy, insurance is not merely a tool for compensating losses but also a mechanism that creates confidence and stability for exporters. The lower the perceived risks in entering foreign markets, the more actively exporters participate in international trade. In this regard, export insurance serves as an important financial support mechanism for promoting exports.

Relevance of the Study

Uzbekistan is implementing comprehensive reforms aimed at increasing foreign trade turnover, entering new markets, and strengthening the competitiveness of domestic products. However, in practice, many exporters—especially small and medium-sized enterprises (SMEs)—are unable to fully benefit from export insurance services. This is mainly due to the limited range of insurance products, insufficiently developed risk assessment methods, and weak integration among financial instruments.

During the export process, delays in payments, disputes over the acceptance of goods, and logistical disruptions may occur. If these risks are not adequately covered by insurance, exporters may hesitate to enter new markets. Therefore, strengthening export insurance mechanisms is not only a financial necessity but also an institutional priority.

The Role of Export Insurance

Export insurance protects exporters against buyers' payment defaults, political instability, restrictions on currency conversion, logistical losses, and transit delays. Such protection creates a secure business environment and facilitates access to new foreign markets.

As a result, export volumes increase, international competitiveness improves, and overall economic stability is strengthened. The primary objective of export insurance is not to eliminate risks entirely but to reduce them to a manageable level. When exporters can assess potential risks in

advance, they are able to make more effective decisions regarding contract negotiations and pricing. Consequently, export insurance has strategic importance for international trade activities.

Main Challenges in Uzbekistan

The first challenge is the insufficient integration of export insurance with export financing instruments. The second is that many insurance products are primarily designed for large exporters and do not fully meet the needs of small businesses. The third challenge is the lack of standardized methods for assessing and insuring risks related to transit routes. The fourth problem is the limited availability of information and advisory services for exporters.

Furthermore, information related to export insurance is dispersed across multiple institutions. Exporters are required to interact separately with banks, insurance companies, logistics providers, and government agencies. This increases administrative burdens, transaction costs, and the time required to complete documentation.

Ways to Improve Export Insurance Mechanisms

Several measures can be proposed to improve export insurance mechanisms.

First, comprehensive financial packages combining export loans, guarantees, factoring, and insurance should be expanded.

Second, simplified and affordable insurance products should be introduced specifically for small and medium-sized enterprises.

Third, specialized insurance products covering logistics risks and payment risks for transit cargo should be developed.

Fourth, digital data exchange should be established among banks, insurance companies, and government institutions. This would accelerate insurance claim processing and improve the accuracy of risk assessment.

Fifth, reinsurance mechanisms should be utilized to distribute major export risks across international insurance markets.

In addition, clear guidelines, online insurance calculation tools, and advisory centers should be established for exporters. These measures would simplify access to insurance services and encourage greater participation by SMEs. Most importantly, export insurance policies should be designed not only for large corporations but also for newly established exporting enterprises.

Expected Results

The proposed reforms are expected to reduce exporters' financial risks, expand access to foreign markets, and ensure more efficient utilization of Uzbekistan's transit potential. At the same

time, export insurance will increase the country's investment attractiveness by creating a more reliable business environment for both foreign partners and domestic producers.

Thus, export insurance will become not only a mechanism for mitigating economic risks but also an effective instrument of national foreign trade policy.

Another significant outcome is the potential reduction of exporters' market entry costs. If the insurance system operates transparently and efficiently, the processes of contract conclusion and shipment will become considerably more effective. This, in turn, will enhance the country's overall competitiveness as a regional transit hub.

Conclusion

In conclusion, improving export insurance mechanisms in the context of Uzbekistan's transit economy is an urgent priority. Comprehensive financial products, digitalization, accurate risk assessment, and strong institutional cooperation should serve as the main pillars of this reform process.

Most importantly, it is not necessary to focus on a specific company as the central subject of the study. The topic can be comprehensively examined from the perspectives of state policy, export financing, the banking sector, the insurance market, and transit-related risks, thereby providing a solid scientific foundation for further research.

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