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WAYS TO OPTIMISE FOREIGN TRADE

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Abstract: This study analyzes the foreign trade activities of the Republic of Uzbekistan. The dynamics of foreign trade turnover, the composition of exports and imports, and the main trends in the foreign trade balance are examined based on statistical data. Additionally, the role of customs authorities in optimizing imports, the importance of customs control, and the digitalization processes are scientifically assessed. Based on the research findings, concrete recommendations are proposed to improve the efficiency of foreign trade and to optimize the structure of imports.

Keywords: foreign trade, export, import, customs policy, foreign trade balance, economic reforms, customs control, digital economy

Introduction

In recent years, the economy of Uzbekistan has demonstrated a rather strong growth in Gross Domestic Product (GDP) and other key indicators. According to data from the Statistics Agency under the President of the Republic of Uzbekistan, Uzbekistan's gross domestic product (GDP) in 2025 amounted to nearly 1.85 quadrillion soums (approximately $152.5 billion), which is 7.7% higher than the previous year. The country is rapidly liberalizing its economy and foreign trade, becoming part of the global economy. The country is also actively attracting foreign investment, which helps modernize production and increase the competitiveness of its export goods. Reforms aimed at liberalizing foreign trade, simplifying customs procedures, and creating a favorable investment environment contribute to the development of trade relations. Uzbekistan is actively participating in integration processes by concluding free trade agreements with various countries and regional organizations. The physical and value volume of foreign trade is growing.

Dynamics of Uzbekistan's foreign trade turnover[1]

Year	Foreign trade turnover (billion USD)	Export	Import
2021	42	16,6	25,4
2022	50	19,3	30,7
2023	62,6	24,4	38,2
2024	65,9	26,9	39
2025	81,2	33,8	47,4

[1] Source: National statistical data

According to the analysis results, the foreign trade turnover is growing year-over-year. This indicates that the country's economy is becoming more integrated into foreign markets.

Analyzing the composition of exports and imports is crucial for effectively managing foreign trade.

The export composition in foreign trade turnover (FCT) is the volume of exports

of foreign trade turnover (FTA) is the export share, which reached 33,812.3 million USD (an increase of 24.0% compared to 2023), and the import share reached 47,354.5 million USD (an increase of 18.5%). During the reporting period, the foreign trade balance formed a negative balance of 13,542.2 million USD.

Dynamics of the Republic of Uzbekistan's foreign trade turnover with major partner countries:

	2023-y.	**2024-y.**	**2025-y.**
China	13 825,7	12 673,5	17 226,7
Russian Federation	10 156,3	11 974,1	12 985,7
Kazakhstan	4 485,6	4 462,1	4 969,6
Turkey	3 161,1	3 037,6	3 024,5
Republic of Korea	2 368,0	2 021,2	1 737,8
Afghanistan	867,5	1 138,0	1 678,5
Germany	1 072,3	1 253,4	1 427,7

Uzbekistan's exports consist mainly of the following products: gold, industrial products, services, food products, and chemical products. Uzbekistan maintains trade relations with 210 countries worldwide. A large share of Uzbekistan's foreign trade turnover was accounted for by China (21.2%), Russia (16.0%), Kazakhstan (6.1%), Turkey (3.7%), and the Republic of Korea (2.1%).

The share of goods in the export structure was 71.1%, including industrial goods (11.8%), food products and live animals (8.7%), chemicals and similar products (6.3%), and miscellaneous manufactured articles (5.0%).

Export Composition:

Product Type Share of Total	**Exports (%)**
Gold	27–28
Services	26
Industrial Products	16
Food Products	8
Chemical products	6

Despite efforts to diversify exports, Uzbekistan remains heavily dependent on raw material exports, which makes its economy vulnerable to fluctuations in world prices. The bulk of exports consists of low value-added products, which limits opportunities for high incomes and economic growth.

An analysis of the conditions and reasons for increasing Uzbekistan's export potential shows that there are a number of objective and subjective factors in this area. These include the following. Uzbekistan faces high competition in global markets, especially from industrialized countries with low production costs. The infrastructure is not sufficiently developed. The insufficient development of transport and logistics infrastructure limits the development of foreign trade and increases exporters' costs. To solve the existing problems and further develop foreign trade, Uzbekistan must continue to diversify its exports.

Import indicators: by this period, the volume of imports reached 47,354.5 million US dollars, an increase of 18.5% compared to 2024. The largest share of imports was accounted for by machinery and transport equipment (33.8%), industrial goods (15.3%), and chemical products and similar products (11.8%). According to the analysis of the dynamics of goods imports, the volume of goods imported in January–December 2025, compared to 2024, amounted to 6,794.2 million US dollars.

The following products make up the main share of imports:

Product Type	**Share of Total Imports (%)**
Machinery and equipment	33,8
Industrial products	15,3
Chemical products	11,8
Food products	9,6
Mineral fuels, lubricants and similar materials	8,4
Services	11,1

This situation indicates that modernization processes are being implemented in the country's economy.

Economic significance of optimizing foreign trade

Optimizing foreign trade is of great importance for the development of the national economy, and its main objectives are:

to develop national production;

to ensure economic security;

to stabilize the foreign trade balance;

ensuring the effective use of foreign exchange, and others.

An analysis of the composition of exports and imports is important for determining a country's economic policy.

The following proposals were made for optimizing foreign trade:

strengthening export diversification;

developing the production of high value-added products;

expanding the production of import-substituting products;

developing logistics infrastructure;

further improving the digitization of the customs system.

However, due to certain factors and circumstances, the external trade deficit is growing rapidly. All of this necessitates changes to the government's foreign economic policy. In the medium term,

the continuation or prolongation of the current situation could lead to numerous negative consequences for Uzbekistan's socio-economic development. The persistence of a raw material orientation in exports and the dominance of low-value goods reduce the effectiveness of the measures taken by the Government of Uzbekistan to support exports. On the other hand, the high share of machinery and equipment indicates foreign suppliers.

To effectively organize the Republic of Uzbekistan's foreign trade and bring the volume of imports to an economically viable level, it is advisable to implement the following proposals.

1. Development of import substitution production

One of the most important directions for optimizing imports is the development of domestic production. In particular, the volume of imports can be reduced by expanding domestic production of industrial products, food products, and chemical industry products. This serves to ensure the country's economic independence.

2. Improving Tariff Policy

Customs tariffs are an important economic instrument for regulating the composition of imports. Therefore, it is advisable to set customs duties at an optimal level for products that can be produced domestically, while providing preferential treatment for technologies and equipment of strategic importance.

3. Review of Preferences on Customs Duties

Preferences granted to participants in foreign economic activity (FEA) on customs duties account for 40-50% of the total calculated payments. When analyzed by the type of documents granting these preferences, the largest share is found in technological

40-50% of the total calculated payments are accounted for by “Euro-5” vehicles, medicines and medical supplies, and food products, in this area, Customs benefits account for 40-50% of the total calculated payments. When analyzed by the type of documents that serve as the basis for granting benefits, the largest share of benefits is for technological equipment, new construction, and special equipment, They are granted for Euro-5 vehicles, medicines and medical supplies, and food products, based on paragraph 6 of Article 246 of the Tax Code and paragraph 13 of Article 297 of the Customs Code.

Taking into account the practice in developed countries of setting lower customs duty rates instead of granting exemptions, and in order to establish lower rates within the framework of WTO norms and to ensure the targeted use of preferences, It is appropriate to include in Law No. 604-IV a provision stating that raw materials imported on a condition of export are to be cleared under the “customs processing in the customs territory” regime.

4. Digitization and Automation of Customs Control

The digitization of customs processes serves to increase the transparency and speed of import operations. It is possible to reduce instances of illegal imports and smuggling by effectively utilizing the capabilities of the customs audit institution established in customs authorities, and by further developing electronic declaration, risk management systems, and automated control mechanisms.

5. Implement an Import Commodity Monitoring System

Regularly analyzing the composition of imports and implementing a monitoring system for strategic commodities is of great importance. This allows for the identification of products that are non-essential or over-imported for the economy and the implementation of measures to reduce them.

6. Development of Logistics and Transport Infrastructure

The development of logistics infrastructure increases the efficiency of foreign trade operations. Developing transport corridors, establishing modern logistics centers, and modernizing customs terminals helps optimize import processes.

7. Creating favorable conditions for foreign trade participants

Simplifying customs clearance procedures and reducing administrative barriers for business entities increases the efficiency of foreign trade activities. Additionally, improving information exchange between customs authorities and entrepreneurs helps to organize import processes more efficiently.

Conclusion

The Republic of Uzbekistan's foreign trade has shown a steady growth trend in recent years. However, the high volume of imports is causing the foreign trade balance to be negative.

Optimizing imports is crucial for ensuring the country's economic stability.

Despite the achievements, the country faces a number of challenges that require a comprehensive approach to resolve. Implementing the planned reforms will allow Uzbekistan to increase its competitiveness in global markets and ensure sustainable economic growth. In a context of growing instability due to turmoil in global markets, as well as local conflicts in various regions of the world, only further optimizing Uzbekistan's foreign trade can bring a certain stability to the country's foreign economic activity.

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