

## Ensuring The Well-Being of The Population Through Sustainable Economic Growth

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**Abstract:** *This article analyzes the main economic factor affecting the country's competitiveness - foreign trade. The main goal of the article is to explain the effect of trade liberalization and increasing the competitiveness of national production on increasing the competitiveness of the economy, strengthening the position of Uzbekistan in foreign trade, as well as the promotion of economic growth, the provision of further improvement of the welfare of the people, and the origin of international competitiveness, the connection between international trade and the competitiveness of the economy.*

**Keywords:** *Competitive economy, national economy, foreign trade, trade liberalization, economic growth.*

### Introduction

The exchange of goods between people is one of the first trade activities of human. Humanity has felt the need to trade and exchange products and services with each other since the dawn of time. The competitiveness index of our country in foreign economic activity is increasing. Due to the increasing globalization and internationalization in the world economic system, foreign economic relations are becoming an integral part of national economies. Our country is ensuring economic growth with the help of an open economy and achieving macroeconomic stability through trade liberalization.

**The main part.** The dynamics of economic growth of most countries of the world largely depends on foreign trade, 75-80 percent of the total volume of international economic relations in the world economy corresponds to the share of foreign trade. The role of foreign trade for any country in the world is great. Due to international trade, unlimited needs are satisfied, the level of welfare of the population increases. In the words of M. Porter, "international trade is the guarantee of countries' comparative advantage". One of the most important priorities in the process of structural change and diversification of the economy of our country is further increasing the variety of goods and services, modernizing the production process, acquiring technical and technological achievements as well as making full and effective use of the export competitiveness of our country in the process of forming a modern market infrastructure, increasing the share and variety of export of competitive, fresh and processed products to world markets, developing the trade and logistics infrastructure in accordance with modern requirements for the export of goods and services.

The competitiveness of the country can be defined as the ability of the country to produce goods and provide services that meet the demands of the world market under conditions of free and fair competition.

The competitiveness of the national economy is a comparative description that includes a gross assessment of the important indicators of the economy in relation to external factors, so the competitiveness of the national economy is manifested in international competition.

Historically, the concept of competitiveness of countries is based on the theory of the international division of labor of the national economy and the comparative advantages (cheap labor, rich natural resources, favorable geography, climate, infrastructure factors, etc.) that justify the role of each country in international trade.

Currently, the indicators of competitiveness in our country are determined as follows:

- budget for human development% of GDP (education, healthcare, social sphere);
- GDP per capita;
- average length of life;
- export of knowledge-intensive products, % of GDP;
- resource reserves per capita.

From the above indicators, we can say that one of the most important factors that ensure the stable growth of the country's economy and its penetration into the international market is the increase of export potential in the country. Because of this, every developing and developed country tries to increase its export competitiveness and volume in order to increase its income and increase currency relations. Of course, in order to achieve this result, countries try to increase the amount of production of goods and services and the total supply to the market. Globalization of the world economy will help to increase the amount of exports in a stable manner towards a positive indicator. As a result of the reforms implemented to further increase the export competitiveness of the state, state support, and further expand the nomenclature of export goods, the number of exporters who buy our export products reached 6,136 in 2023, and they received 10,797.1 million US dollars (9.2% increase compared to the corresponding periods of 2022) was ensured. Economic growth is greatly affected not only by trade policy itself, but also by trade policy uncertainty. Development of local industry is one of the important elements of economic development. In order to protect domestic enterprises, the state applies the policy of protectionism (import substitution). Proponents of protectionism temporarily protect domestic enterprises from foreign competition. If we look at the experience of many countries that have used protectionism, we can see that such a policy of protecting local enterprises has not worked. A country's closed borders make it less connected to the outside world, it is likely less to trade with other countries because the higher a country's import tariffs. But this opinion shows the opposite in some cases.

At this point, we would like to dwell on the negative consequences of import restriction, tariff and notary management of foreign trade according to foreign practice.

First, restriction of import and organization of tariff and notarial control of trade helps to create favorable conditions for the emergence and support of internal monopolies in ordinary trade, industry and finance.

Second, this process slows down economic growth. The reason is that high tariffs lead to a decrease in foreign trade, which negatively affects the global economy and the prosperity of the country. Also, the protection of domestic producers leads to the isolation of the country itself, the preservation of outdated, expensive production. It has a negative impact on the formation of the country's specialization in various fields.

Free trade - each country has the opportunity to isolate and develop the lowest cost and most competitive industry, fully realizing its different potentials (for example, geographical). Import restrictions and tariff and notarial management of foreign trade prevent this, meaning that resources need to be redistributed between efficient and inefficient sectors to meet the diverse needs of the domestic market.

Thirdly, import restrictions and tariff and notary management of foreign trade do not help to lower prices. Imported products become more expensive due to high tariffs. It leads to a general, mass increase in prices. High tariffs cause consumers to buy domestic products at higher prices, because

import restrictions do not reduce costs. Ultimately, national monopolies interested in raising prices are supported.

Fourthly, import restriction and tariff and notary management of foreign trade - directly and indirectly reduce the country's export potential. Exported goods, in turn, contain imported components, and higher tariffs lead to higher production costs. This leads to an increase in prices and a decrease in the competitiveness of national goods.

Fifth, unilateral introduction of tariffs often leads to trade wars and a decrease in international trade in international practice. A country that unilaterally imposes import tariffs to protect domestic producers from the influx of cheap products from competitors risks retaliation by its trading partners and the introduction of taxes on key export products.

In turn, in order to strengthen the national economy, it is possible to support local producers and develop the national economy, not by restricting imports, managing foreign trade through tariffs and notaries, but by using modern economic methods.

**Table 1**

**Statistical indicators of the USA and Uzbekistan in 2023**

№	States	GDP	Import	Import tariff level	Share in GDP
1	USA	24.3 trillion	3.2 trillion	3%	13%
2	Uzbekistan	90.8 billion	38.1 billion	20%	42%

Liberalization of foreign trade plays one of the main roles in strengthening the competition in the domestic market, as a result, country can achieve the competitiveness of production. As evidence, the average US import tariff is currently around 3%. Total import volume will be about 13% of GDP in 2023 (import volume \$3.2 trillion, GDP \$24.2 trillion). In Uzbekistan, the average import tariff level is about 20%. The total import volume will be 42% of GDP in 2023 (import volume is 38.1 billion dollars GDP volume is 90.8 billion dollars) (Table 1). Despite the fact that the level of import tariffs in Uzbekistan is about 7 times higher than in the United States, 42% of the goods and services created and consumed during a year are satisfied at the expense of imports. And in the USA, this figure is only 13%. From the above example, we can conclude that no matter how high the import tariffs are, it does not mean that the country's import level will be lower compared to the country (with a lower level of border barriers). Therefore, import tariffs, whose main function is to reduce external dependence (or the volume of imports), cannot perform their task well (that is, the dependence of countries with a low import tariff on the external world, and a high level of import tariff) Another conclusion: if there is a crisis in China, which is the largest trading partner for the two countries in the above example, the direct impact of this crisis is on Uzbekistan compared to the economy of the USA will be higher. Treating the foreign trade deficit as a major problem and restricting imports to reduce it is tantamount to creating a non-existent problem for the economy. Because the existence of a deficit does not affect the standard of living of members of society, but the restriction of imports directly reduces the standard of living.

**Summary.** In conclusion, we can say that the country's economy can determine its competitiveness by increasing its participation in the world market and evaluate its economic growth, determine its position in the world market through evaluation, increase the volume of product sales by creating new opportunities, and motivate the implementation of promising production. It is possible to attract funds from investors due to this promising work. The presence of competition in the economy is one of the factors that ensure its development.

It has been proven in practice that the growth of export of products and services, in case of effective use of market mechanisms, has a positive effect on the supply of import-substituting products in the domestic market. During these processes, it effectively affects the level of competitiveness of goods and services and creates an opportunity to increase the volume of supply by stimulating the export of products. This situation, in turn, motivates the subjects of export activity to effectively use the export potential, which leads to an increase in the country's exports as well as an improvement in its quality level.

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