THE ANALYSIS OF THE FACTORS INFLUENCING THE DEVELOPMENT OF FOREIGN ECONOMIC ACTIVITY IN THE NATIONAL COMPANIES AND THE MANAGEMENT OF EXPORT-ORIENTED PRODUCTION

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Abstract

This paper investigates major points of the experience of The analysis of the factors influencing the development of foreign economic activity in the national companies and the management of export-oriented production. On this way, management of export-oriented production and reliable terms were analyzed both theoretically and practically. Moreover, investigations of the well developed countries were learned, factors influencing the development of foreign economic activity in the national companies in comparison with local establishment and implementations. Final conclusions were done in order to reach better deployment in these areas.

Keywords: Experience, competitive, foreign country, economics, the analysis, development factors, foreign economic activity, national companies, management, export-oriented production

Introduction

The issue of accelerating economic reforms in the Republic of Uzbekistan is one of the most pressing issues today. This, in turn, entails the content renewal of all the economic instruments formed in the context of the planned economy. These include economic analysis (Lal, Suleimenov, Stewart, & Hansen, 2007; Universidade Taubaté Mestrado em Gestão e Desenvolvimento Regional, Grotta, & Junior, 2010). The aim of the Economic Analysis is to make sure that all firms and businesses operating in the current environment are able to manifest their economic activities manifestly, manifest their deficiencies, and take measures that take advantage of internal opportunities. The objective of this process is to give an objective assessment of the financial stability of the object being analyzed, its competitiveness, and the use of its financial and economic potential. Under current conditions, economic analysis of economic activity will be divided into two types based on world experience. The first one is a financial analysis and the other is a management analysis. However, financial analysis of foreign companies can not be done in the same way. In our opinion this analysis should have the same
methodological basis as it is natural that any enterprise, regardless of its form of ownership, can be considered from the point of view of the state and society. Every economic process in society, material wealth, is a society, because the enterprise itself is in the same society, and its owner is a citizen of that state. The state protects the rights of its citizens, ensures inviolability of their property. Therefore, the analysis should serve to ensure the cohesion of citizens, businesses and the state.

"Navoiyazot" Joint Stock Company was established in the 60s of the last century and is a multi-profiled industrial and production complex, which currently has its own place among international partners, in the production of mineral fertilizers, chemical reagents and other low-tonnes chemical products (Aggarwal, Erel, Ferreira, & Matos, 2011; Kringos, Boerma, & Pellny, 2009; Muhammad et al., 2012).

Navoiazot JSC, which produces more than 30% of Uzbekistan's chemical products and is one of the key segments of the Uzkinmosanoat Joint Stock Company, is represented by industry, transport, agriculture, fuel and energy complex, metallurgical and mining complexes, as well as services, networks.

Theoretical background

One of the main goals of the enterprise is to meet the requirements of consumers and high quality of products, therefore, in the Republic, one of the first is to ensure compliance with technological regulations in production and to confirm the quality of products and products, and the international quality management system, which will improve international standards.

The "Navoiyazot" JV units carry out the complete cycle of production. Here new technologies are being developed, automated systems of production and management are introduced, existing ones are modernized and new production is being built.

At the moment, the company is on the verge of a new stage of development and is moving forward in the market economy. The strategic goals of the enterprise are capitalization and revenue generation through diversification of innovation technologies, diversification of activities, the acquisition of high added value products, construction of new capacities. Suitability of technological processes to ecological and industrial safety, successful solution of social issues will allow the enterprise to perform its functions. Continuous growth, sustainable development, and environmentally responsible approach will bring greater benefits to the community and will help us to make the best of our life-

The development strategy of JSC "Navoiazot" was developed on the basis of the national investment policy.

"Navoiyazot" JSC is actively implementing investment projects aimed at long-term perspective and aimed at modernization of the technology and provision of enterprise's production with new work tools in order to reduce the cost of production and to ensure the production of competitive products at the domestic and foreign markets.

**Data analyses**

But in recent years, it has been seen that the company's production figures have dropped a little. This is because we are exploiting the company for many years on the one hand, and on the other hand, it is an example of the ongoing financial and economic crisis in the world. It is evidenced by several factors that these factors are consistent with the full implementation of the enterprise.

Looking at trends in production, production and production capacities of the Navoiazot JSC, which are the main components of the enterprise for the last five years, the agrarian, mining, metallurgical, and energy industries, for many years, a tendency towards a slight decline in all products, and the Nitron synthetic fiber product, which has a positive effect on the external market and domestic market, we are convinced.
The reason for this is that on the one hand, the factories and equipments of production workshops have been overcrowded and the demand for these products has dropped, and on the other hand, the geopolitical, financial, - Economic, technological developments. Therefore, Navoiazot JSC has been pursuing a way to overcome these problems in the recent years, as a result of investing in the enterprise and introducing new technologies, as a result of which the production of new products, as well as lowering the cost of products. In particular, construction of new investment projects worth 1 million 700 thousand dollars, such as ammonia and carbamide, nitrogen oxide, polyvinylchloride, caustic soda, methanol, will be launched at the plant and will be put into operation by 2021. Before the launch of new investment projects, questions such as how to deal with their products in the domestic and foreign markets remain relevant to the enterprise.

The main products of the enterprise in the last five five years have been seen in the domestic market: the main consumers of the enterprise are the enterprises of JSC "Agricultural Chemistry", JSC "Uzkinmosanoat", "Navoi Mining and Metallurgy Combine", JSC "Almalyk Mining and Metallurgical Combinat" JSC "Navoi TPP", a large number of yarn,
fabrics and rugs, factories of paint and varnish production, furniture manufacturing enterprises.

**Table 1**

**The volume of products sold in the domestic market**

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<tbody>
<tr>
<td>Tsian salts (20 to 30% solution)</td>
<td>t</td>
<td>3 569</td>
<td>3 805</td>
<td>6 890</td>
<td>6 837</td>
<td>7 906</td>
</tr>
<tr>
<td>Polyacrylmoid</td>
<td>t</td>
<td>068</td>
<td>105</td>
<td>140</td>
<td>018</td>
<td>037</td>
</tr>
<tr>
<td>Methanol</td>
<td>t</td>
<td>867</td>
<td>495</td>
<td>498</td>
<td>291</td>
<td>454</td>
</tr>
<tr>
<td>Chloride ammonia</td>
<td>t</td>
<td>362</td>
<td>580</td>
<td>881</td>
<td>758</td>
<td>370</td>
</tr>
<tr>
<td>Nitron fiber</td>
<td>t</td>
<td>468</td>
<td>104</td>
<td>848</td>
<td>142</td>
<td>375</td>
</tr>
<tr>
<td>Acrylic emulsion</td>
<td>t</td>
<td>55</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>AFO</td>
<td>t</td>
<td>7 107</td>
<td>7 592</td>
<td>4 134</td>
<td>0 249</td>
<td>6 068</td>
</tr>
<tr>
<td>Sulfate ammonia</td>
<td>t</td>
<td>927</td>
<td>3 502</td>
<td>679</td>
<td>6 183</td>
<td>4 190</td>
</tr>
<tr>
<td>Ammonium nitrate</td>
<td>t</td>
<td>99 090</td>
<td>46 887</td>
<td>23 073</td>
<td>02 647</td>
<td>19 976</td>
</tr>
</tbody>
</table>

Indicators show that the decline in the demand for finished products produced by the domestic market is the higher the cost of some products, while some of them cannot compete with the products imported from abroad (Baxtishodovich, Suyunovich, & Kholiqulov, 2017; Falk & Dierking, 2002; Li, Qian, Howard, & Wu, 2015).

Every year at the enterprise there are at least two types of chemical products imported for the needs of our republic. Over the past eight years, the company has introduced about twenty types of imported chemicals to the localization program on the base of "Navoiazot" JSC and is currently being manufactured.

2-table

**Products localized by enterprise**
In the process of reviewing the activities of enterprises, accounting is the primary source. They are created as a result of summarizing financial information and become a tool for learning collaborators. Anyone who is interested in studying the business activity based on the report's data can be conditionally distributed directly and indirectly to those who wish. The first group includes owners, lenders, merchants, buyers, taxpayers, financiers, business managers and managers. Each student will analyze financial reports based on his / her own interests and requirements. If the owner is interested in the effective use of the investment and the amount of additional earnings, the lender will try to anticipate the possibility of recovering the proceeds. Indirect consumers include audit firms, stock exchanges, association representatives, media workers, trade unions, and so on. Although they are not related to the financial situation, they are able to learn the report data to protect the interests of the first group of applicants. It is important to give an accurate assessment of the activities of enterprises using financial information. The main objective of the financial analysis is the following:

- a thorough and comprehensive study of the financial condition of the entity, and
- a clear and honest assessment of its position;
- To check the availability of funds and resources and to determine whether they are used in the right direction;
- study of calculation of the work done in due time;
- To check the ratio between equity and borrowed funds of the enterprise and sources of turnover funds;
- Determine how much financial discipline is best applied and assess its solvency;
- Studying the value of the property and rapid turnover;
- Assessment of working capital and making proposals on improving the financial condition of the enterprise, etc.

The main purpose of the analysis is to identify the successes and failures in finance, and to strengthen the billing order by using the funds more accurately. This means that the production and sales of this product are cost effective, cost-savings, and financial and other activities. Resources that are required to perform a financial analysis include business balance, apps, and other reporting information. It should also be used widely in the synthesis and analytical bookkeeping of accounting. Because the size of the reports made in recent years has diminished and leads to limitations in the analysis (Fangel, 1984; Wttc, 2016).

In particular, information on production and sales of goods, special and tailor-made funds, reserve fund, profit and loss, various estimates, value-added paper and promissory notes. They have a direct impact on the smooth functioning of economic activity, its financial sustainability, and the improvement of solvency.

An analysis of the results of the Navoiazot’s financial and economic performance shows that the organization has lost 47 billion and 35 billion soums in the last two years, 2015 and 2016.

The company’s revenues in 2016 will amount to 222 243.3 million US dollars. soums. Compared with the previous period, ie by 2015, the figure was 138.9%. In 2016, the gross profit will be $ 62,980.7 million. This is 18,519.5 million soums compared to the previous year. sums decreased. Gross profit margin decreased by 6.3% (from 14.3% in 2015 to 7.9% in 2016).

At the level of Tannarx, by 2016, 51% growth was observed. In the reporting year, the growth rate of revenues declined by 10.3% compared to the rates of prime cost.
The effect of earnings on gross profit is given in the formulas below:

\[ 
\Delta \text{profit} = (D_1 - D_0) \times D_ad 
\]

\( \Delta \text{profit} \) – change of gross profit to income,

\( D_1, D_0 \) – and, in turn, the income of the reporting period and the baseline.

\( D_ad \) – gross income level in the base period.

The effect of the prime cost on the gross profit is determined by the following formula:

\[ 
\Delta \text{profit} = D_1 \times (TD_1 - TD_0)/100\% 
\]

\( \Delta \text{profit} \) – Change of gross profit to the cost,

\( TD_1, TD_0 \) – which is, in turn, the cost of reporting and base periods.

Using the above formulas, we estimate factors affecting gross profit (see Table 3).

### Table 3

<table>
<thead>
<tr>
<th>Factors</th>
<th>Sum, Million sums</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>20 y.</td>
</tr>
<tr>
<td>Including revenue change</td>
<td>-9</td>
</tr>
<tr>
<td>Revenue Change</td>
<td>-1</td>
</tr>
<tr>
<td>Changes in the level of tunnels</td>
<td>83</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
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</tbody>
</table>

In 2015, 9 495.2 mln. At the same time, in 2016, there were 222,243.3 mln. soums. Compared with the above figures, the gross profit is estimated to be affected by a change in earnings in 2015, from $ 1,341.4 million, while the cost effect was 834.3 mill. and, on the contrary, the gross profit will be increased by 2016, due to income change, ie 31 722.4 million US dollars in the amount of 50 241.9 mln. soms.

The objective of the Company’s activities is to obtain comparable indicators related to the sources attracted to the entity’s financial results. These key indicators are the main indicators of profitability of the total assets of the enterprise, its profitability and profitability of the aggregate assets.
State Policy of the Sector

In accordance with the Decree of the President of the Republic of Uzbekistan dated April 12, 2017 "On measures to improve the management structure of UzKimyosanoat", PQ-2884, dated April 12, 2017, in connection with the separation of "Kishlokhujalikkimyo" Joint Stock Company under UzKimyosanoat JSC in the form of a separate ministry, in the storage of mineral fertilizers all from the balance of the enterprises within the structure of the UzKimyosanoat JSC, as a result of the inventory of this newly created Ministry's balance sheet. In this process, the stock of the company's assets in 2015 amounted to 418,720,400,000 sums, and in 2016 to 229,334,400 sums. At the same time, the company's balances on the balance of the product sold at the Qishloqhujalikkimyo JV amounted to 366,453,000 soums in 2013, while in 2015 it was 470,544,000 soums and in 2016 it reached 948,653,900 soums.

Diversification of export, ie expansion of nomenclature of goods and services exported abroad, preventing the increase in the share of raw materials in separate commodities, expanding the geography of exports to our countries, stable export volume, reducing the national economy's vulnerability to negative foreign market. Significant increase in the share of one or several commodities in the structure of exports may put exporters in a severe situation when the prices for these goods have dropped or their external demand drops. As a result, a decline in exports could lead to a decline in foreign exchange earnings, deterioration in foreign trade deficits, and a financial crisis of businesses. It is also risky that the total amount of exports is linked to a few countries. Enhancing the export of finished competitive products proposed by the President of the Republic of Uzbekistan and further expanding the geographical position of the countries to which these products are supplied, will help to reduce the risk of a sharp reduction in the volume of its exports due to the stable growth of export volumes and changes in the external market. Diversification of the exported goods and the expansion of the geographical location of importing countries will allow avoiding the sharp decline in exports even in the case of problems in one or a group of countries.

From the aforementioned indicators, the main products sold by Navoiazot JSC and sold to external and internal markets are mineral fertilizers. Also various chemical reagents and salts used for mine mining are among the main products. The financial and
economic performance of this company, which produces about 1 million tons of mineral fertilizers, is largely dependent on how much mineral fertilizers are sold in the domestic and foreign markets.

From 2000 to 2010, the Navoiazot joint-stock company has been focusing on exports of nitrous fiber, ammonia, ammonium nitrate, uccus acid, methanol, nitrogen-phosphorus fertilizers, chlorine and chlorine products, Atsetaldegid, Uniflock, Polyacrylamide, Sulphate Ammonia products are exported to Italy, Russia, Turkey, UAE, Egypt, China, Azerbaijan, Kazakhstan, Iran, Pakistan, Saudi Arabia, Turkmenistan, Kyrgyzstan, Afghanistan, Tajikistan, Bulgaria, Romania, Belarus and Moldova port (see Annex 5).

Since 2011 the geography of export has sharply declined in the above mentioned products. It is also a pity that the production workshops are suspended due to the fact that some of the products have not been completely exported and that they are not even needed in the domestic market.

The financial and economic crisis that has taken place on the global stage of the venture is influenced by a number of ways, especially in the Commonwealth of Independent States (CIS) countries, the Russian Fellowships in the Asia and Southeast Europe Fertilizers Market. In Russia, there are more than ten large enterprises producing mineral fertilizers and exports only one ammonium nitrate fertilizer on the foreign market to 3.5 million tons per year. Thus, the foreign exchange policy of 2013 in this country and the devaluation of the ruble against the dollar in 2014-2015 provided for the sale of Russian fertilizers at low prices. Accordingly, the Caspian Sea began to supply mineral fertilizers at ports of the Black Sea, the Baltic seas and at the same time some of Central Asia, Europe, and some of the countries of the Middle East. This has also had a major adverse effect on the mineral fertilizer market of Uzbekistan, which is still working to reduce the price. The following table shows how much the price of Russian fertilizers has dropped to one year.
Table 4. Dynamics of Russian mineral fertilizer prices change.

<table>
<thead>
<tr>
<th>Deliver requirements</th>
<th>sq. 2015 y</th>
<th>sq. 2015 y</th>
<th>sq. 2015 y</th>
<th>sq. 2016 y</th>
<th>sq. 2016 y</th>
<th>2015 y 1sq. difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAP Russia</td>
<td>60</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>40</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,2</td>
</tr>
<tr>
<td>FOB Kora dengiz</td>
<td>90</td>
<td>15</td>
<td>05</td>
<td>10</td>
<td>03</td>
<td>40</td>
</tr>
<tr>
<td></td>
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<td>150</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>1,7</td>
</tr>
<tr>
<td>FOB baltic sea</td>
<td>90</td>
<td>15</td>
<td>05</td>
<td>10</td>
<td>03</td>
<td>43</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>147</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0,7</td>
</tr>
<tr>
<td>CFR Turkey</td>
<td>10</td>
<td>35</td>
<td>15</td>
<td>15</td>
<td>23</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>147</td>
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<td>7,4</td>
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</table>

Moreover, if we look at the geographical location of Uzbekistan, it is not possible to go directly to the seafarer in the center of central Asia. Currently, the transit of goods through the sea is a few times ten times cheaper than railroad, motor vehicle, and air vessels. In our republic, there is no such thing as the opportunity to log products through a transcontinental transit system. As a result, it is no secret that sales of the products produced on the external markets will increase by the cost of its logistics. That’s why we are facing many obstacles in supplying goods to remote countries.

Picture 4. Linkage of logistics system of Uzbekistan with other countries
In Central Asian countries, the production of large quantities of mineral fertilizers, chemical reagents, chlorine and chlorine decreased in 2011, in Kazakhstan, the capacity of production of soda ash is about 30,000 tons per year, 26,000 chlorine, 45,000 tons of chloride, "Kaustik" joint venture with a capacity of more than 6,000 tons of hypochlorite; in Turkmenistan in 2014, the capacity of ammonia production is 400,000 tons per year, and 640,000 tons of gas for the production of "Turkmankimyo" or the reduction of their imports from our country.

Extreme levels of profitability. 76% of the net product is mineral fertilizers, and their price is declared by the Ministry of Finance. The profitability rate is set at 0.03% to 0.46%. The profitability analysis of the last five years shows that the decline in mineral fertilizers has also diminished in the profitability of enterprises.

As a result, chemical companies are limited in their ability to repair, upgrade, introduce new technologies, and implement investment projects.

The share of energy and primary raw material resources in the cost price and their regular increase.

Existing technologies are in the 1980s and energy expenditures are at least 2.5 times higher than modern technology. The share of raw materials and energy resources in the cost of some products is more than 70-80%. If we look at the cost of tanning cost of the main product, JSC "Navoiazot", we can see the following structure:

Currently, 1,360 m3 of natural gas and 1,129 kWh of electricity are spent to produce 1 ton of ammonia. In modern technologies this indicator is 840 m3 (38% less) and 175.2 kWh (7.4 times less) than in the natural gas. This is the company's long years of exploitation and pants technological equipment, shops and offices of the world’s developed countries, imported technology to be exploited too much in comparison with the amount of fuel and energy resources consumption technology.

If we look at the above structure at the national level, we see that these figures are not significantly changed in the overall production of the enterprise, which means that almost all technologies of the enterprise spend large amounts of energy resources:
The cost of energy resources increases twice a year (average 12%). As a result, the measures we have taken to reduce the prime cost are ineffective.

![Graph: Growth dynamics of fuel and energy resources prices](image)

5- Picture. Growth dynamics of fuel and energy resources prices

In 2011-2015, the cost cutting was cut by 867 billion soums, while the cost of gas and electricity rose by 977 billion soums.

At the same time, the cost of energy resources and mineral fertilizers is not uniformly increased. Prices for phosphorite raw materials have increased by 2.3 times since 2011, electricity - by 1.8 times, natural gas - by 1.9 times, ammonium nitrate 1.8 times and urea 1.6 times.

Seasonal demand for mineral fertilizers in domestic and foreign markets. Nitrogenous fertilizers are mainly used in February-June, phosphorus and potash fertilizers are used in September-November and April. The demand in the foreign markets also coincides with those times, and in the remaining period mineral fertilizers are accumulated in warehouses.

In the last five years, Navoiazot has increased the volume of ferroalloy fertilizers to ammonium nitrate from 240.952 thousand tons to 26.554 thousand tons (89 percent), sulfate ammonia from 5.435 thousand tons to 0.137 tons (97.47 percent), nitrogen-phosphorus fertilizers from 9,911 to 2,981 tons (70%).
When talking about the development of foreign economic activity, marketing and related human resources cannot be overlooked, as these issues are extremely relevant in the process of exporting products to foreign countries.

Market relations and relationships are fundamentally different from normal commodity turnover. This is primarily due to the possibility and necessity of reproduction of commodity-money relations and in the conditions of commodity business. The market mechanism is a tool for managing a buyer's demand, reimbursement of production movements, ensuring the profitability of every stable enterprise, increasing productivity, increasing interest and improving product quality.

Over time, participants will try to modernize the process. In particular, vendors get a great deal of expertise in their marketing management. Marketing Management Guidance:

Marketing management is to monitor and manage activities that are effectively organized and reinforced with the buyer who serves to achieve business goals such as analysis, planning, implementation, and sales growth, as well as enhancing market profitability.

Marketing Manager often works as a specialist and attempts to find the customer as much as the customer needs to get the products he / she is producing. But this is a very narrow idea of his duties. The marketing manager should not only deal with the demand and expansion, but also the demand change behavior, and sometimes the reduction task should affect the level, timing, and nature of the demand so that the enterprise achieves its intended purpose. In short, management of marketing is a requirement to manage.

The enterprise will develop a pre-existing option for its own goods. In any case, the actual level of demand in this period may be lower, equal to or more than the business-friendly, and that's the case with marketing management. Marketing managers are business executives who analyze the marketing situation, plan, implement, or test the function. This category includes sales manager, sales manager, sales promotion specialists, marketing researchers, product managers, and tracking specialists. The main purpose of marketing management is to manage this requirement. Therefore, it is important to consider the types of demand and the manner in which marketing behaves in different situations.
There is a problem with the enterprise in this regard. Because there is a constant exchange of workers in this area, in addition to the fact that the workers who are employed in the profession are not trained and have the necessary knowledge, what kinds of products are available in the domestic and foreign markets, what prices they are selling, and inability to address the issues related to future development, preventing the development of foreign economic relations.

**Conclusion**

In sum, the enterprise should first of all develop specific measures to improve its financial position. We also stress the need to diversify the technology by reducing the production of high energy consumption and the production of energy resources, as well as the production of low cost products.

Establishment of scientific research and innovation department which meets all standards is currently required for the enterprise. Because the creation of new products and their assortment, as well as their sale in the domestic and foreign markets, can improve the company's economic status.

Another factor that is crucial for the development of foreign economic activity is the crucial change in the marketing system, improving the activities of these departments and raising the qualifications of the personnel.

**References**


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