

## ASSESSMENT OF THE COUNTRY'S EXPORT POTENTIAL

Sherzod Ismoilivich Khudoynazarov

Denov Institute of entrepreneurship and pedagogy. Uzbekistan

**Abstract.** In this paper, it is proposed to use an approach based on the methodology of the World Trade Organization's World Trade Center and UNCTAD (ITC), based on the assumption that trade between the two countries has a positive relationship with the level of supply and demand for goods and a negative one with trade obstacles in its implementation in the form of customs duties and geographical distance

**Keywords:** export of goods, export potential, regional integration associations.

### Introduction.

In the context of expanding foreign trade relations and strengthening competition in international markets, the effective use of export potential is one of the strategic directions of the country's activities. At the same time, determining the potential of the state to sell competitive products to the foreign market today requires new methodological approaches, including quantitative assessment of export potential.

In this paper, it is proposed to use an approach based on the methodology of the World Trade Organization's World Trade Center and UNCTAD (ITC), based on the assumption that trade between the two countries has a positive relationship with the level of supply and demand for goods and a negative one with trade obstacles in its implementation in the form of customs duties and geographical distance [1]. Then there is a direct dependence of the volume of potential exports of goods on the supply of this product, demand for it and favorable trading conditions.

As a result, in order to quantify the export potential of a country in trade with

regional integration associations, an economic model is being built, which is an appropriate three-component decomposition of the traditional export flows of the country under study to RIO, according to which the exporting country has already proved its competitiveness in the world market and is striving to further increase the volume of supplies.

The potential volume of exports of country  $i$  of goods  $k$  to country  $j$  of the RIO under consideration can be formally represented in the following multiplicative form:

$$PExp_{ijk} = Supply_{ik} * Demand_{jk} * T_{ij},$$

where  $PExp_{ijk}$  is the potential volume of exports of country  $i$  to country  $j$  of goods  $k$ ;  $Supply_{ik}$  is the supply of country  $i$  for the export of goods  $k$ ;  $Demand_{jk}$  is the demand of country  $j$  of this RIO for goods  $k$  exported by country  $i$ ;  $T_{ij}$  is the favorability of conducting trade of country  $i$  with country  $j$  of this RIO.

Let's look at each of these three components in more detail.

The first component is the product offer by the exporting country

□ Its calculation is based on the existing export volumes of country  $i$  of product  $k$ , adjusted for factors such as:

□ forecast of the supply of country  $I$  for the export of goods  $k$ , taking into account the expected economic growth of country  $i$  for the next five-year period (ProjectedSik);

□ exclusion of re-export, as it is not related to the country's ability to produce this product (TBik);

□ tariff advantages compared to other exporters of this product: if the tariffs applied in the trade of product  $k$  to country  $i$  are on average lower than the tariffs

applied to other suppliers of product k on the world market, country i benefits from a tariff advantage in the market, which will lead to a higher potential for exporting product k for countries I (GTA<sub>ik</sub>).

Based on this, the proposal of country I for the export of goods k (Supply<sub>ik</sub>) can be presented in the following form:

$$Supply_{ik} = ProjectedS_{ik} * TB_{ik} * GTA_{ik}, \quad (2)$$

Here,

$$ProjectedS_{ik} = \frac{exp_{ik} * \Delta GDP_i}{\sum_i (exp_{ik} * \Delta GDP_i)};$$

$$TB_{ik} = \min \left( 1, \frac{exp_{ik}}{imp_{ik}} \right);$$

$$GTA_{ik} = \left( \frac{1 + avtariff_k}{1 + avtariff_{ik}} \right)^{\sigma_k},$$

where imp<sub>jk</sub> is the average value of the value volume of imports of country j of a given RIO commodity k for the last five-year reporting period;  $\Delta GDP_j$  is the difference between the forecast value of the GDP growth rate of country j of this RIO and the GDP growth rate of country j of this RIO for the last reporting year;  $\Delta Pop_j$  is the difference between the forecast and real values of the population growth rate of country j for last reporting year;

eimpGDP<sub>j</sub> – elasticity of demand for imports of country j of the RIO in question by GDP per capita; avtariff<sub>jk</sub> – weighted average import tariff applied by country j of this RIO in trade in goods k; avtariff<sub>ijk</sub> – with a red weighted import tariff applied to country i by country j in trade in goods k; dist<sub>ij</sub> – distance from

exporting country  $i$  to the target market – countries  $j$ ;  $avdist_{jk}$  – the average distance over which country  $j$  imports goods  $k$ .

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