

## THEORETICAL BASIS OF EXPORT DIVERSIFICATION

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**Annotation:** *This article discusses some issues such as enhancing the theoretical foundations of export diversification in the region, its components, the formation of diversification and the main factors of exports.*

**Keywords:** *Export, diversification, innovation, market economy, National economy, modernization, foreign trade, unemployment, economic growth, manufacturing, stocks, stock markets, financial structures, crisis.*

In the development of the national economy, as market participants organize their business activities, they pay special attention to the issues of diversification. Because diversification in the changing processes of a market economy is one of the priority strategies in determining the market position of any enterprise. Diversification is a process that enables enterprises to grow more widely.

In any business, even the most successful business cannot function without change for a long time. In other words, if an enterprise can run a successful business, it will constantly change, expand, and embrace more and more opportunities. At the same time, diversification is essential to increase the sustainability of a growing business and significantly reduce the risk of significant losses under the influence of changing circumstances.

As you know, due to the variability of the external environment, the resilience of any business is always checked. Because the business is always aware of the news, the issues of maximizing profits based on flexibility in the business environment are among the priorities.

Diversification is a multifaceted, complex, and controversial process. The methods, mechanisms, goals and objectives of its implementation are different, which makes it difficult to give a single definition that fully reflects its economic content. However, the essence of all diversification processes is the same. The sharp change in the socio-economic and scientific-technical conditions of industrial enterprises has led to a change in the demand for management to adapt to the external environment, the situation.

Diversification -

- 1) the type of product strategy, based on which the company expands the number of products;
- 2) simultaneous expansion and development of two or more unrelated types of production in order to capture new markets and generate additional profits.

"Diversification" is a new Latin word that means diversificatio, meaning change. The Latin diversus means "to diversify" and facere to "diversify". In other sources, it means "change, diversity, multi-faceted, combined, multi-sectoral approach to something" Due to diversification, the market is saturated with different goods and services. A large assortment of goods enters the market.

Hence, diversification is used to expand the range of products and redirect trade markets, to develop new types of production in order to increase production efficiency, to generate economic benefits, and to prevent bankruptcy.



The term "diversification" has been widely defined by Western scholars. Their definitions have been improved by changes in production conditions and the development of productive forces. In short, the definitions of diversification are as follows:

1. The principle of multifaceted ownership (private, public and state property).
2. The principle of economic freedom within the established spiritual and moral territory.
3. The principle of social justice.

Thus, the diversification of production means the simultaneous development of many unrelated types of production, the expansion of the range of products produced within a single enterprise, that is, the creation of large enterprises in the form of concerns.

In the scientific literature, the word diversification has been interpreted differently by many economists. For example, V. Konoplitsky and A. Filina described "Diversification is a new marketing strategy in which the firm pursues a new type of activity in addition to its core business." According to these economists, diversification in the management of firms includes activities that take into account changes in the market: changes in market conditions, the introduction of new techniques and technologies, scientific advances.

U.S. economist F.S. Mishkin briefly described it as "diversification is the acquisition of more than one asset." Although this definition is more original in nature than the opinions of other authors, it is one-sided, limiting the content of its content. In the specialized literature, the word diversification means a step-by-step, break-down analysis of activities to reduce risk. In this regard, the definition given by Professor L. Lopatnikov is aimed at broadening the concept of diversification. According to him, diversification is a strategy to reduce the risk of the enterprise by allocating investment and other resources to the production of different goods and services.

The description given by the economist MV Mishkevich in revealing the essence of diversification does not correspond to the opinion of L. Lopatnikov. According to him, diversification is defined as the re-specialization of an enterprise, its adaptation to production.

Among the modern definitions of the diversification process, as defined by the British economists Bennock, Baxter and Davis, "diversification is the expansion of the range of goods and services in a firm or geographical area." This shows that diversification is seen in this definition as a process, with a focus on its outcome. According to them, the need for diversification is associated with a decrease in the level of profitability of enterprises and firms in traditional markets, the availability of excess capital or management resources, economic risk and reducing the dependence of enterprises on cyclical processes.

The following definition is more precise and broad, in which diversification is interpreted as a process and an activity carried out by certain entities: "Diversification is an increase in the type of goods and services produced by a particular enterprise or conglomerate or economy. Diversification is a natural process in the economy. In some cases, it is done by business owners or the government to reduce the risk of becoming dependent on a narrow range of products (especially when demand for them is changing). " This definition is also noteworthy because it covers the micro and macro levels of diversification. However, it does not fully address the reasons for diversification.

This is because diversification is not just about eliminating dependence on a narrow range of products.

It can also be done to conquer new markets, increase the share of traditional markets, look for new areas for capital, retain the workforce, and more.



The term was defined by the country's economic reformers as follows: "Diversification is the process of increasing and expanding the range of products and services that provide high value-added growth dynamics. The process of diversification is directly linked to the ongoing modernization and structural changes in various sectors of the economy. "

To think and express the word diversification only in relation to the activities of enterprises and firms shows that there are certain limitations in the disclosure of the meaning of this word, - say our economists. According to economists of the country, the method of diversification can be used not only in the activities of firms, but in all sectors of the economy, in all legal entities and individuals, as a way to reduce the risks involved in their activities and ensure certain efficiency and high returns.\

Many economists have commented on the application of diversification to exports in economic sources. Export diversification is the diversification of exports, which is defined in various economic scientific sources.

In particular, electronic sources on the Internet state that "export diversification - an increase in the types and names of products and services for export", "export diversification creates conditions for economic maneuverability, eliminating the negative impact of adverse economic conditions on the economy expands its capabilities. "

According to Russian economist IS Gladkov, "Export diversification is an increase in the number and types of commercial products and services for sale abroad. In modern international trade, this process is associated with the constant updating of the range in the context of ITT. According to IS Gladkov, if the continuity of scientific and technological progress is ensured, the opportunities for diversification of exports will expand. Economist AS Zakharov said that "the prospects for diversification of exports from the CIS countries are mainly related to the development of mutual trade, the growing role of intra-sectoral exchange and the development of cooperation between enterprises." At the same time, Zakharov noted that due to the diversification of exports, the role of national currencies in mutual settlements will increase.

Specialization and diversification, which are asymmetrical forms of organization of production, have been used in production at different stages of development of society in different proportions. Diversification processes have been accelerating, especially since the mid-1950s. One of the main reasons for this is that the acceleration of scientific and technological progress during this period has led to competition between enterprises and firms. As a result, the profit margins of enterprises have become relatively equal, and the sources of specialization based on increasing production efficiency have relatively exhausted their potential. In this regard, the need for diversification was initially expressed at the level of micro-enterprises, firms and companies.

It was from this period that the economic content and essence of diversification, the goals and directions of which began to be studied in the economic literature. However, no single theory of diversification processes has been developed at this time, and scholars have used this category in different directions and in different contexts. In general, diversification is applied at a more micro level, and the expansion of enterprises and firms is understood to mean an increase in the range of goods and services.

Any business will thrive through diversification of production and product types. This requires a well-chosen production strategy in the management of the enterprise. At the same time, diversification can serve a number of purposes. The first is the formation of subsidiaries and the establishment of a network of branches in order to maximize the coverage of the existing market. The

second is to connect with a wide network of suppliers and consumers who can compensate for each other in the event of a temporary or complete termination of the partnership. This is because diversification of exports requires the company to use all its capabilities to ensure a continuous process.

To measure export diversification, the share of exports in large trade partnerships is a common indicator. If we look at the export share of the ten markets, there has been a significant change in diversification from 1970 to the present. Until 1970, the share of ten countries was 90%, but since then it has gradually decreased and in 2010 it reached 60%. The main reason for this was the expansion of new markets over time. By 1990, the U.S. and Japan formed two major markets. The two countries accounted for more than 50 percent of total exports. This situation has been changing rapidly since the early 1990s due to exports to China. Since the early 2000s, China has been the largest market for Korean manufacturers.

In particular, if we look at the current exports in the country, in January-December 2021, the number of exporters in the country amounted to 6,547, which amounted to 12,500.8 million. Exports of goods and services in US dollars (excluding gold) (increased by 34.4% compared to the corresponding period of 2020) were provided.

At the end of January-December 2021, the main export partners were the People's Republic of China, the Russian Federation, Turkey, Kazakhstan, Kyrgyzstan, Afghanistan and Tajikistan. The share of these seven major countries in total exports amounted to 56.5%.




Countries	Mln. US dollar		Growth rate in %		Rank	
	2020- y.	2021- y.	2020- y.	2021- y.	2020- y.	2021- y.
China	1 937,1	2 518,8	76,6	130,0	1	1
Russian Federation	1 485,8	2 058,9	58,7	138,6	2	2
Turkey	1 019,0	1 690,1	83,7	165,9	3	3
Kazakhstan	908,4	1 172,1	65,2	129,0	4	4
Kyrgyz Republic	760,5	791,1	113,6	104,0	6	5
Afghanistan	776,7	649,4	125,9	83,6	5	6
Tajikistan	405,1	500,9	123,7	123,6	7	7
Canada	142,3	199,8	21,9 m.	140,4	8	9
Ukraine	123,9	231,6	103,7	187,0	11	8
Turkmenistan	126,1	191,3	87,3	151,7	10	10
Iran	141,8	176,8	64,5	124,7	9	11
Pakistan	98,6	130,0	100,6	131,9	13	12
Singapore	58,0	102,3	169,4	176,5	16	13
Poland	57,4	87,9	138,4	153,2	17	14
Netherlands	24,8	67,9	126,2	2,7 m.	26	18
Azerbaijan	54,2	75,9	104,0	139,9	18	15
United Kingdom	34,2	75,5	32,4	2,2 m.	23	16
Lithuania	36,2	65,4	143,3	180,7	22	19
Germany	67,6	70,4	108,6	104,1	15	17
USA	28,5	59,3	77,8	2,1 m.	25	20

And if we take these shares in the regions of our country:

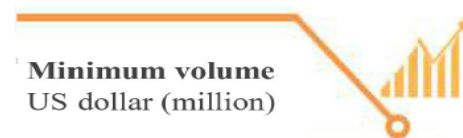
The city of Tashkent has the highest share in the country's exports with a share of 22.9% to 3,799.1 million. The lowest share was in Khorezm region with a share of 1.4% to 230.8 million US dollars. USD.

The highest growth rates of exports compared to the same period in 2020 were in Andijan (167.7%), Samarkand (158.3%), Jizzakh (158.3%), Fergana (144.0%) and Kashkadarya regions. (138.4%) were recorded. We can see that the lowest growth rate was in Surkhandarya region (110.2%).

	US Dollar (million)	Growth rate
<b>The Republic of Uzbekistan</b>	<b>16610,6</b>	<b>110,0</b>
Republic of Karakalpakstan	418,6	115,4
Regions:		
Andijon	979,5	167,7
Bukhoro	311,3	134,7
Jizzakh	196,5	158,3
Kashkadaryo	270,5	138,4
Navai	508,5	119,2
Namangan	494,6	130,0
Samarkand	530,6	158,3
Surkhandaryo	235,3	110,2
Sirdaryo	235,3	130,9
Tashkent	2011,4	112,6
Fergana	800,7	144,0
Khorazm	230,8	136,1
Tashkent city.	3799,1	130,0



- 1** Tashkent city – 3799,1
- 2** Tashkent – 2011,4
- 3** Andijan – 979,5



- 1** Surkhandaryo – 235,3
- 2** Sirdaryo – 235,3
- 3** Khorazm – 230,8

The forms, scope and methods of diversification, especially in 2005-2009, became widespread and became a general, investment concept of development. Therefore, the First President of the Republic Islam Karimov said that one of the most important priorities in overcoming the consequences of the global financial and economic crisis in Uzbekistan is to continue to diversify production and combine it with modernization, technical and technological renewal. they repeatedly emphasized.

Thus, diversification is not a pre-determined goal, but a mandatory measure that occurs as a result of an objective process. Summarizing the above definitions, we have defined the diversification of industrial production as follows: diversification of industrial production is to reduce dependence on the production of any product, to ensure the rational allocation of capital resources, to create new jobs, is a set of measures aimed at expanding the scale of industrial production in order to capture new markets and strengthen its position in traditional markets to achieve scale and synergistic efficiency.

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