

# Methodological Bases and Forms of Interrelations of Development of World Economy and Competitiveness of Regional Economy

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**Abstract---** *This article considers the internationalization of production, which is driven by the powerful incentives created by innovation processes, in turn, has an increasingly significant impact on the state and prospects of economic development of individual countries and regions. In the context of globalization, the nature of world economic relations is increasingly changing, which is in fact becoming an integral part of the national process of reproduction, largely defining the characteristics and characteristics of development. The economic dimension of globalization includes the multiplication of cross-sectoral flows of goods and services, capital, labour and information over the past decades, as well as the internationalization of production processes up to the international separation of individual technological operations. Globalization can be characterized as the growing interdependence of national economies, the mutual influence and interaction of different spheres and processes in the world economy, during which an open economy is emerging, and the concept of "open economy" changes as world economic relations develop and strengthen. The main drivers of globalization in the world economy are, above all, fundamental changes in production, which increasingly focus on the world market rather than on the national market. In the context of globalization, the system of international relations is reflected not only in the increase in world trade, but also in the need for international cooperation in all sectors of the economy. Factors such as the development of large multinational companies, the development of scientific and technological progress, the establishment of international and banking systems, the liberalization of the world economy, the progressive development of transnational companies, corporations, holdings, etc., contribute to the development of globalization.*

**Keywords---** *Region, Competitiveness of the Region, Globalization, Internationalization of Production, International Trade, Global Market, Foreign Economic Relations.*

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## I. RELEVANCE OF A RESEARCH

World experience in the development of economic systems shows that strong competitive advantages in the global economy are largely based on regional factors. Factors of geographical and spatial concentration as

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competitive advantages play a significant role in the international division of labour, which is a spatial form of organization of production and consumption of goods and services, characterized by efficient use of competitive advantages of territories. Of course, the strategy of development of foreign economic relations of an individual region should be organically integrated into the strategy of development of the country and form a whole with it.

At the same time, the problems of territorial differentiation in the context of the transformation of economic systems and the impact of this process on regional policy have not been sufficiently studied, it is necessary to deepen the analysis of the interaction of the foreign economic strategy of regional development within the framework of existing general georetical approaches.

## **II. STUDY OF DEGREE**

Theoretical and methodological aspects of the growth of competitiveness of national economies and strategies for the development of foreign economic relations are studied in the works of such foreign scientists as, Blanke J., Dornbush R., I. Dumulen, Jones R., J. Stiglitz, M.Porter, Krugman P., Ohmae K., Rodrik H., and Malrik D..

Researches of scientists from CIS countries on problems of regional development and its foreign economic aspects are considered in the works of V.I. Vidyapin, A.G Granberg, A.N Dyrdonov, V.G. Danilov-Danillyan, O.V. Kuznetsov, E.G Kovalenko, V.V. Kistanov, M.A. PotApov. The works of the above-mentioned and a number of other scientists analyzed and revealed the regularities of the formation of regional economic systems, the role of foreign economic factor in the development of the regional economy, as well as the peculiarities of the formation and implementation of regional policy in the market conditions.

In Uzbekistan, the issues of increasing the competitiveness of the national and regional economy were studied by scientists such as T.Akhmedov, A.Abdurazakov, A.Alimov, R. Alimov, I.Bukov, A.Vahabov, A.Saliev, A.Sadykov, F.Egamberdiev, S.Zh,

## **III. RESEARCH OBJECTIVE**

The aim of the research is to develop methodological approaches and scientific and practical recommendations aimed at forming a strategy for the development of foreign economic relations of the region in the conditions of growing international competition.

### ***Research tasks***

Accordingly, the objectives of the scientific article are as follows:

- To classify the factors that determine the place of the country and its regions in the international division of labour, according to general theoretic approaches;
- Assess patterns and analyse the peculiarities of the development of foreign economic relations, with the identification of regional factors for the formation of competitive advantages in the conditions of globalization;
- To identify the main signs of the country 's global competitiveness and to justify the main direction of the strategy for the development of foreign economic relations of the region in the context of growing international competition;

**Object and subject of research.** The object of the study is external economic relations of the regions of the Republic of Uzbekistan. The subject of the research is the relations that develop in the process of forming a strategy for the development of foreign economic relations of the region taking into account the growth of competition in foreign and domestic markets.

**Research methods.** Structural and comparative analysis techniques were used in the scientific study process.

*The scientific novelty of the study is*

- The various views on the definition of "competitiveness of the region" as a capacity to achieve a high standard of living for the population of the region and a higher gross regional product are systematized; Realization of the economic potential of the region and competitive advantages in certain sectors of the economy;
- The methodology of research is based on the relationship between globalization and regionalization trends, which is expressed in the enhancement of the competitiveness of the regions, the desire to maintain its uniqueness and to increase the role of the region in the national and world economy;
- The importance and impact of competition growth processes on the adaptation of the region to market conditions in which it gradually becomes an economic subject entity entering into competitive relations, both in interregional interactions and in the world market;

**Scientific and practical importance.** The results of this study can be used in the educational process in higher education institutions, as well as in the development of special courses and teaching aids on regional economic problems.

**Main part.** Competitiveness is one of the predominant economic categories in market relations, which is formed at the levels of goods, enterprises, industries, regions, countries and generally expresses the ability to withstand competition with other analogues. The competitiveness of the region plays an essential role in the conditions of increasing interdependency and interconnection of economic processes in the hierarchy of competitiveness. The reasons referred to the fact that the regions are independent subjects of market relations, where the goals and objectives of satisfaction of the socio-economic needs of the population are directly implemented in achieving their, the category of competitiveness plays a vital place as we mentioned above. In addition, all subjects of the Republic of Uzbekistan participate in the emerging market space whose interests are closely intertwined, forming a competitive environment, where the region with the most reliable competitive positions, providing favorable conditions for effective business and commercial activities of all economic entities. The competitive position of the region is understood as a set of competitive advantages determined by factors and conditions that create a favorable position for the region in the relevant competitive field (market of goods and services, capital, investment). For this reason, at present time reliable competitive positions of the regions and increasing their competitiveness become important conditions for sustainable development of the regional economy. At the same time, increasing the competitiveness of the region is considered not only as a tool for the development of its economy, but also as a major factor in improving the level and quality of life of its population. The strengthening of regional competition for investment, covering the growing level of needs of the population increased demands on the disclosure of the

essence and economic content of regional competitiveness at the present stage of economic development. Meanwhile, the competitiveness of the region as an economic process is a set of complex and contradictory actions, which are influenced by many different conditions: factor conditions of production (provision of the region with raw materials, qualified personnel, developed material and market infrastructure); general economic conditions (development of branches of material production, economic security, the degree of depreciation of fixed assets, etc.); factors of demand for the products of the basic industries of the region; social; socio-cultural; organizational and legal; political factor conditions, etc.<sup>1</sup> In the connection with the new economic trends of the XXI century, the competitiveness of the regions was considered as an independent theoretical and practical issue of regional development. However as noted economists the current works lack of generally accepted theory of inter-regional competition and competitiveness, which is one of the reasons for the diversity of trends and methodological concepts in modern regional studies<sup>2</sup>.

The problem of regional competitiveness, with great methodological importance and scientific interest in many of its issues remain unresolved today. First of all, the question of the definition of the concept of "competitiveness of the region", which is relatively new for the domestic reality, is not sufficiently worked out and its scientific understanding is carried out in the conditions of the continuing complex transformation processes. At present time, the works of domestic and foreign authors on regional competitiveness are introduced. Various interpretations of this concept are summarized in Table 1.

Table 1: Systematization of the definition of “competitiveness of the region”

Contents of the definition	Authors
1. Competitiveness of the region – productivity of the use of regional products and primarily labor and capital compared with other regions which are realized in the gross regional product (GRP) per capita, as well as its dynamics.	M.Porter
2. The competitiveness of the region is determined both by the presence of certain competitive industries or segments of the industry and the ability of regional authorities to create conditions for regional enterprises to achieve and maintain a competitive advantage in certain areas.	A.Yermishina
3. The competitiveness of the region is the ability of the region to ensure the production of competitive goods and services in the conditions of effective use of existing factors of production (economic potential), the use of existing and the creation of new competitive advantages, the preservation (improvement) of the standard of living in compliance with international economic standards.	V.Merkushov
4. Under the competitiveness of the region is understood, first of all, the presence and implementation of the competitive potential of the region. At the same time, the competitive potential is multifaceted and is formed as diverse characteristics of the region's ability to participate in competitive relations interacting with other countries of the world. Competitiveness in the above sense of the word is described by such characteristics as competitive advantages of the region in various spheres and sectors of the economy and social sphere, the conditions of existence of the region (climate, geographical location), the availability of natural resources, the intellectual level of development of the population.	V. Vidyapin M.Stepanova
5. The competitiveness of the region is the role and place of the region among other regions of Russia in relation to the ability to: ensure a high level of welfare of the population and realize the existing economic potential (in its production, financial, labor, investment, innovation, resource and other components).	A.Vorotnikov
6. The competitiveness of the region is the ability to provide a high standard of living and income to the owners of capital, as well as to effectively use the economic potential available in the region in the production of goods and services.	I. Danilov

Source: compiled by the author on scientific literary reviews

<sup>1</sup>Regionalnaya ekonomika. / Pod red. T.G. Morozovoy. M.: YuNITK. 2008.

<sup>2</sup>Granberg A.G. Osnovy regionalnoy ekonomiki. M.: GUVShE, 2004. - 495 s., Korolevskaya V.I., Xoxlov S.N. Upravlenie regionalnoy ekonomikoy v usloviyax rinka. – M.: YuNITI, 2001., Kistanov V.V. Regionalnaya ekonomika Rossii. - M.: Finansi i statistika, 2004.

The results of the comparative analysis of various definitions of the concept of "competitiveness of the region" allowed us to note that mostly authors identify in the formulations such criteria as the ability to:

- Achieving of a high standard of living for the population of the region;
- Achievements of higher gross regional product per capita;
- Realization of economic potential of the region;
- Creation of conditions for regional economic entities to retain their competitive advantages in certain areas of activity;
- Creation of investment attractiveness of the region;
- To produce goods and services that are competitive in the markets.

The analysis of the given criteria testifies to the diversity of the author's definitions of the concept under consideration. The lack of a unified approach to the definition of this complex category makes it difficult to understand its objective nature, which can lead to erroneous interpretations not only in regional legislation, but also in policy, strategy, as well as in the development of targeted programs for their implementation.

For instance, in the competition of technical systems (machines, technological equipment) are important characteristics such as the quality of the system in terms of meeting the needs, the price of acquisition and use of the system, the quality of service of the system. In order to have competitive advantages in these characteristics a production system that develops and manufactures a technical system must have external or internal competitive advantages (for example, a progressive computer-aided design system, constructive radical innovations, new progressive equipment, technologies, competitive personnel, etc.). For attainment competitive advantages of the regional socio-economic system, it must have competitive enterprises producing competitive products, and organizations with a competitive management system, as well as a competitive internal environment, etc. Realization of competitive advantage of the object, based on the essence of the value, which is the source of its production, depends on its content, dynamic manifestations and other conditions.

For a more systematic and in-depth study of the essence of the competitive advantages of objects and the development of the main directions of the search for sources of their formation, the results of the analysis of existing classifications have a great importance. Classification of competitive advantages of objects can be carried out on various classification criteria, and domestic researchers have proposed several classification schemes.

The competitive advantages of the socio-economic system are subdivided into two groups: basic and providing. The first group of advantages includes natural resources, human resources and their qualifications, scientific and managerial personnel, production base, and the second – the business climate, the quality of the administrative apparatus, the cost of labor and infrastructure. Division competitive advantages of objects on the base and ensuring the group have fundamental importance so as to objectively reflect the real functional essence.

The analyzed work is devoted to the identification of competitive advantages of regional producers, where five types of advantages are distinguished: resource, technological, innovative, global and cultural. In this case, the competitive advantage of the manufacturer is understood as an asset (in general – value) the involvement of which in the economic turnover allows you to create a consumer effect and generate income. The resource competitive

advantages of producers include not only the availability of natural resources, their cheapness and favorable conditions for their access, favorable location to transport and communication nodes, infrastructure, but also the advantages that increase the consumer effect associated with the price characteristics of products arising from the tax and bureaucratic regimes that create the government of the country, as well as low interest rates, i.e. the cheapness of borrowed capital.

Technological competitive advantages of manufacturers are due to the presence and use of resource-saving technologies by firms, mass production, providing economies of scale and increasing the consumer effect associated with the price characteristics of the products purchased by consumers.

Innovative competitive advantages of manufacturers are formed by the implementation in the production of R & D results allowing for accelerated renewal of the nomenclature and range of products and thereby increase the consumer effect associated with its quality parameters. Global advantages of producers are associated with the formation of foreign economic (environmental, social standards) of economic activity and their implementation in the policy of firms and the state. Cultural competitive advantages of producers are due to the cultural proximity (differences) of countries, allowing firms to maintain markets and resources in countries of close culture.

As evidenced by the diversity of historical experience in the development of various countries of the world, how sustainable economic growth for any state is impossible without its active inclusion in the system of world economic relations. The current level of the international division of labor has left almost no countries on the world map, whose economic life would be isolated from the world economic processes, being closed in narrow national borders.

The Republic of Uzbekistan is located in the center of the Eurasian continent, between the Amu Darya and Syr Darya rivers. It borders with Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan, Afghanistan. The territory is 447,4 thousand square km. In the structure of Uzbekistan comprise the Republic of Karakalpakstan and 12 regions: Andijan, Bukhara, Djizzak, Kashkadarya, Navoi, Namangan, Samarkand, Surkhandarya, Syrdarya, Tashkent, Fergana, Khorezm.

The steady increase in the role of foreign economic relations in the economic development of national States, especially characteristic of recent decades, in particular, has led to the fact that foreign trade traditionally considered as a relatively independent sector of the economy, the main task of which was the acquisition of those material resources and goods that were scarce for this national economy or even absent in it, has become not only an important factor of economic growth, but also an organic component of the entire system of national reproduction.

One of the crucial steps in the legal support of the true sovereignty of the Republic was the constitutional consolidation of Uzbekistan as an independent subject of international relations, defining foreign policy in its own interests having the right to join international organizations, collective security systems and international entities.

To date, 165 States have recognized Uzbekistan. Official diplomatic relations have been established with more than 120 countries. Uzbekistan is a full member of the most authoritative and influential international organizations, cooperates with the largest banking and financial bodies and non-governmental organizations. There are 88 accredited foreign missions, 24 intergovernmental organizations and 13 non-governmental organizations. The

Republic has acceded important inter-state conventions.

Establishment and development of diplomatic, political, trade-economic, cultural, humanitarian relations of the Republic of Uzbekistan with foreign countries is carried out in two main directions:

- Within the framework of bilateral and multilateral relations at the interstate, intergovernmental, inter-parliamentary and non-governmental levels;
- In the system of functioning of international organizations and structures, in particular, the UN, SCO, EU, CIS, OIC, etc.

During the years of independence the Republic of Uzbekistan has become a full member of the world community and an active participant in international relations recognized by foreign countries.

As a full subject of international treaty law Uzbekistan is a member of major international organizations. On March 2, 1992 the Republic became a member of the United Nations (UN), the Republic was admitted to the specialized agencies of the UN, such as the international labor organization (ILO), the world health organization (WHO), the United Nations educational, scientific and cultural Organization (UNESCO), etc., became an active member of the Organization for security and cooperation in Europe (OSCE).

The volume and structure of a country's foreign trade the degree of its participation in the international division of labor are significantly influenced by natural and geographical conditions, differences in the scale of production of national economies, in the levels achieved and the opportunities available for the internal division of labor. The relative narrowness of domestic markets the limited possibilities of internal division of labor, the weak diversification of natural resources, the narrowing opportunities for the development of a wide range of industries are important incentives within individual national economies for their more active participation in international trade and increase the importance of specialization of production oriented to the external market. An example of this is the economy of a number of countries with a small territory and population, such as the Netherlands, Belgium, Ireland in which the level of export quota is in the range of 50-70%. A number of small market economies that have virtually no domestic natural resources and are entirely focused on world economic relations including through re-export operations are characterized by a level of export and import quotas that make up more than 100% of the gross domestic product (Hong Kong, Singapore).

At the same time countries with a relatively large territory and population, and hence a capacious domestic market and the ability to create a more integrated structure of the national economy are less dependent on domestic markets for their economic growth. It should be noted that in these countries the role of foreign trade in economic development has increased significantly in recent decades.

It should be pointed out that the importance of foreign trade as an indirect factor of economic growth depends on the overall strategy of this growth. Thus, for example, in the context of extensive growth which is achieved with constant production efficiency and is characterized by trends towards economic isolationism the role of external factors, as a rule, is relatively small since in this case economic growth provides mainly at the expense of domestic resources while through foreign economic relations surplus products are sold and the necessary goods are purchased for one reason or another not produced in the country.

In such cases the development of foreign economic relations of the country is mainly based on import needs while exports act as a means to obtain the necessary foreign exchange resources for imports. In contrast to the extensive, intensive type of economic growth is based on an increase in output through changes in the qualitative nature of the factors of production (means and objects of labor, improving the qualification level of the labor force, improving the organizational parameters of production, etc.), which involves achieving an increase in production volumes mainly due to an increase in social productivity. Under these conditions foreign trade and foreign economic relations in general acquire a new, immeasurably greater importance for the entire process of national reproduction.

Historically, the first and most important form of international economic relations which largely determined the structure of economic interactions between individual states was foreign trade. With the growth of the world market into the global economy forms of international economic exchanges such as capital exports, labor migration, technology transfer, etc., have become increasingly important. Initially developed to a large extent to serve foreign trade these other forms of international economic relations have gradually begun to exert in turn, an increasing influence on the direction and nature of foreign trade between individual countries and the global economy as a whole. The first theoretical system which tried to comprehend the importance of foreign trade for the economy of the state was the doctrine of mercantilism, which arose at the manufacturing stage of development of capitalist production. At that time the leading role in the economy was played by trade capital, therefore, foreign trade (or rather, exports) were considered as almost the only source of wealth of the country. The mercantilist thought strict regulation of the import tool, leading to the creation of new jobs and increase national income. The mercantilist approach actually implied that the benefits of foreign trade understood as an increase in exports and a restriction on imports could only be achieved unilaterally, at the expense of other states.

Only in the era of the industrial revolution, with the advent of the era of machine production which requires for its effective functioning the full expansion of access to sources of raw materials and markets there are new theoretical constructions about the role of international trade in economic development suggesting that foreign trade free from restrictions can be beneficial for all countries involved in it. The theoretical justification of the advantages of international trade was introduced by A. Smith and then developed by D. Ricardo (table.2.)

Table 2: Classification of foreign trade theories

№	Theory	Reasons of international trade
1.	Mercantilism	Favorable conditions of trade created by the state
2	Theories of absolute and comparative advantages (A. Smith, D. Ricardo)	Resource and geographical advantages
3.	Theory of excess factors of production (Heckscher, Olin)	Production and structure of the country's resource base
4.	The Paradox Of Leontief	The quality of the factors of production
5.	Theory of life cycle stages (R. Vernon, P. Krugman)	Stage of the product life cycle in the markets of different countries
7.	Theory of international competition (M.Porter)	Efficient use of production factors

Source: compiled by the authors

In the theory of absolute advantages, A. Smith proceeded from the fact that each nation has absolute advantages over its trading partners in the production of certain goods, and to such an extent as to export a volume of commodity products equal to what must be purchased abroad, provided that foreign trade is free that is based on the

principles of a free market. At the same time the question remained open what will be the behavior in the world market of those countries that do not have any absolute advantages over others<sup>3</sup>.

Further development of the theoretical position of A. Smith received in the works of another classic of English political economy D. Ricardo who put forward the theory of "comparative advantage". D. Ricardo justified the profitability of foreign trade for any country that does not even have any absolute advantages over other countries or conversely, has advantages for all goods<sup>4</sup>.

According to the theory of D. Ricardo each country has a comparative advantage over other states only in the production of certain types of products despite the fact that it can be able to produce a wide variety of goods. Thanks to the very existence of international trade each of the individual countries is able to specialize in those industries in which it has a comparative advantage and therefore to export those products whose production costs are relatively lower than in other countries, while importing the products of those industries where production costs are relatively higher than in other states. Thus, the main factor determining the structure and scale of trade between individual countries is the difference in production costs, namely, in accordance with the theory of labor cost.

In the future, the theory of comparative advantage was significantly developed and modified in the works of a number of economists who introduced new components of production costs, or factors of production (in addition to labor), in particular, capital ( E.Heckscher, B.Olin). Thus, the relative redundancy of such factors of production as skilled labor and cultivated land in the United States and the lack of land with capital and skilled labor in Japan in many respects determined the current structure of foreign trade in these countries during this period.

Nowadays, scientists and economists continue to develop in the field of international trade theory mainly in two main directions. On the one hand, attempts are being made to improve existing theoretical positions by further disaggregating factors of production, which would allow in particular to take into account such issues as, for example, scientific and technological progress, as well as the increasing role of transnational corporations (TNCs) in the world economy and foreign economic relations. On the other hand, new theoretical constructions are put forward the most well-known of which are various theories of technological nature (for example, R. Vernon's "theory of the life cycle of goods"), as well as ideas such as the theory of "scale effect", according to which the basis of foreign trade relations between countries is the gain from specialization in industries characterized by economies of scale. It is worth mentioning the following in theoretical studies in the field of international economic relations, increasing attention is paid to issues related to the economic policy of the state and its impact on foreign trade and other forms of economic exchanges (M. Porter).

However, most experts believe that the regionalization of international economic relations at least to the extent that it stimulates economic competition within regions, is a kind of intermediate stage in the construction of a truly global economy. The consequences of the development of globalization processes in theoretical terms can be expressed as follows. As noted above, in the theory of comparative advantage and its modifications, the location of

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<sup>3</sup>Smit A. Issledovanie o prirode prichinax bogatstva narodov. M.: 1962.

<sup>4</sup>Rikardo D. Nachalo politicheskoy ekonomii nalogovogo oblojeniya. Soch. M., 1955. T. 1

production depended, firstly, on the endowment of natural resources, and secondly, on the factor proportions, namely, the comparative abundance of labor and capital.

Thus, developing under the influence of powerful incentives created by innovation processes, the internationalization of production, in turn, has an increasingly significant impact on the state and prospects of economic development of individual countries and regions. At present, the nature of world economic relations is increasingly changing, which actually turn into an integral part of the national process of reproduction, largely determining the characteristics and peculiarities of the development above mentioned.

The economic dimension of globalization includes the multiplying intersectorial flows of goods and services, capital, labor and information over the past decades, as well as the internationalization of production processes up to the international division of individual technological operations. In general, globalization can be described as the increasing interdependence of national economies, mutual influence and interweaving of different spheres and processes in the world economy. In the course of globalization, open economies are emerging and the notion of an "open economy" is changing as the world's economic ties develop and strengthen. Economic integration is the most effective and realistic way to use the direct benefits of concentration of production to obtain long-term benefits from equalization of living standards<sup>5</sup>.

Among the fundamental internal driving forces of globalization of the world economy, first of all, should be called fundamental changes in production, which is increasingly focused not on the national but on the global market.<sup>6</sup>

At the same time, the globalization of the entire system of international relations expressed not only in increasing the volume of world trade, international cooperation processes and various amounts of information but also in the need for rapid expansion of trade and economic space, in the emergence of various international organizations that affect various areas of life of individual countries, indirectly on trade and industrial organizations.<sup>7</sup>

The main factors contributing to the development of globalization are:

- The desire to create superior conditions for the development of large multinational companies through the suppression or acquisition of small and medium-sized companies which ensures the monopoly of the first non-competitive existence in international markets;
- Intensive development of scientific and technological progress (STP);
- Creation of international banking and financial systems, which leads to the concentration of capital;
- Development of processes related to the liberalization and restructuring of the world economy through the creation of a unipolar world;
- Progressive development of the black economy, expansion of its influence on various activities of both

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<sup>5</sup>Doklad o mirovom razviti 2009: Noviy vzglyad na ekonomicheskuyu geografiyu. Mirovoy Bank 2009.

<sup>6</sup>Selsovskiy V. O dinamike mirovoy trgovli yee strukturi. M.:Rossiyskiy ekonomicheskij jurnal, №1-2, 2009. s.92

<sup>7</sup>Tursunov Sh. O'zbekiston jaxon savdo tashkilotiga kirish jarayonida. T.: O'zbekiston iqtisodiy axborotnomasi, № 12, 2002y., 2 b.

states and organizations;

- The improvement of economic management systems of transnational companies, corporations, holdings and their progressive development;
- A creation of political and economic interstate unions and blocs.

Globalization of world economic relations is a multilevel phenomenon affecting individual countries, local markets, enterprises and national economies of a group of countries. A characteristic feature of this process is the growing financial and logistical interest in gradual economic cooperation among countries. A new global economic space has been emerging in the last decade. As a result, the system of market relations is developing more intensively on an international scale.

Global relations between countries at the present stage are not limited to foreign trade relations they are becoming more diverse and include: foreign trade; production cooperation; exchange of scientific and technical information and technological developments; labor migration; relations of states and many other foreign economic and political relations. Modern international economic relations are based on the global infrastructure consisting of transport, communications, telecommunications, Internet, etc. The development of various inter-state relations and mutually beneficial economic interests has led to the creation of various inter-state organizations and unions.

Globalization is a general term for the increasingly complex cross-border interactions between individuals, enterprises, institutions and markets. Globalization is also understood as the formation of a single global, internationalized commodity, financial, information space, the integration of a wide variety of actors in the global processes. Globalization is the main integral characteristic of the modern external environment of management of any organization and the most important cross-border factor that determines the prospects of management at various levels – human, enterprise, corporation, industry, region, country, association of countries.

The main manifestations of globalization are:

- Increased flows of goods, technology and finance;
- Steady growth and strengthening of the influence of international institutions;
- Growing cooperation among countries on the use of common resources (e.g. oceans, environment);
- Global activities of transnational corporations;
- Significant expansion of cross-border communication and information exchanges, especially through the Internet.

As a result of the quantitative growth of relationships and interdependencies between countries, the world economy is moving to a new quality increasingly becoming a relatively integrated economic system that determines the development of national economies and, to some extent, dictates the rules of the game. The degree of market opening, taking into account the national interests of the entire world community, is agreed through multilateral trade negotiations within the framework of specialized international organizations, primarily the WTO.<sup>8</sup>

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<sup>8</sup>Dyumulen I. Vsemirnaya trgovaya organizatsiya. M., 2000. s.4-5

Globalization has led to the need to develop and implement economic policies at the level of the republic that would maximize potential benefits and minimize emerging risks. To do this the country must be able to:

- Compete successfully in international trade and attract foreign capital;
- Respond quickly and adequately to changes in the international environment, as a state with macroeconomic and structural imbalances risks losing the confidence of domestic and foreign investors, which will cause a rapid outflow of capital and bring the country's economy out of balance;
- Actively defend their rights in the relevant bodies and mechanisms of the WTO and other international organizations.

Maximizing the benefits of changes in the world trade regime is limited by a number of factors:

- The complexity of increasing the production of goods that easily overcome trade barriers, due to the lack of readiness of producers to export;
- Insufficient competitiveness of products, requiring diversification of production;
- Weak development of exports.

The modern global market of production is the arena of sharp competition of suppliers which covered all spheres of their activity and forces to apply the various forms and methods directed on attraction of buyers and providing advantages of the sold goods before products of competitors. That is why to develop a strategy for the sale of goods, manufacturers pay great attention to improving its competitiveness, which becomes a key object of management of all economic activities of society, a powerful tool for solving its strategic tasks. In this regard in the XXI century one of the conditions for the economic development of the countries of the world was the growth of their competitiveness and ensuring a leading position in the international markets of high-tech products.

The competitiveness of countries is assessed annually by the world economic forum (WEF) on the basis of a corresponding index, which is determined on the basis of several hundred indicators.<sup>9</sup>

The problem of competitiveness of our economy became more urgent when society was convinced of the rigidity of competition in modern markets and of the critical limitations of strategies focused only on the potential of the commodity sector. Access to the world markets of finished products and services required major structural changes and the development of deep – innovative factors of competitiveness. Globalization of economic relations and a new stage of the global financial and economic crisis have actualized the problem of competitiveness at all levels of its hierarchy: products, enterprises, industries, regions and countries as a whole.

In the current conditions, the output on the trajectory of sustainable growth and competitiveness of the economy of Uzbekistan and the welfare of society is possible only on the basis of the concentration of available resources on the breakthrough areas of modernization of the most important sectors of the economy of the republic.

We consider solving the problem of competitiveness in the following areas:

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<sup>9</sup>The Global Competitiveness Report 2001-2002, Executive Summary: Competitiveness and Stages of Economic Development, Michael E. Porter, Jeffrey D. Sachs, John W. McArthur.

- Achieving and maintaining macroeconomic stability and low inflation through effective fiscal and monetary policies;
- Development of export-oriented industrialization strategy which implies acceleration and deepening of structural reforms, ensuring the growth of efficiency of use and distribution of resources in the economy;
- Rethinking and strengthening the role of the state in the economy ensuring high quality of state regulation of the economy;
- Effective functioning of natural monopolies, production and social infrastructure; maintenance of optimal macroeconomic and structural proportions, elimination of emerging imbalances;
- Increased transparency of the economy, including through accelerated implementation of international accounting and reporting standards;
- Provision of such a system of legislative regulation of the economy, which would cause full confidence of domestic and foreign entrepreneurs, would guarantee the protection of private property rights and the execution of contracts;
- Ensuring social consensus and the development of civil society institutions, cooperation and partnership between major economic groups and segments of the population.

The competitiveness of the economy is primarily the activation of exports, the development of which is becoming one of the main tasks of the state. At the same time the trends characteristic of the current stage of development of the world market and the activities of the leading suppliers of goods and products on it should be taken into account by domestic producers, for whom the issues of competitiveness of goods offered on the foreign market are no less relevant. A key factor in improving the efficiency of national industry in the post-crisis development is a large-scale participation in the international division of labor. This, in turn, necessitates a significant increase in the competitiveness of products, especially machinery, equipment, vehicles, chemical products, as well as agricultural products, etc. This implies the need to develop a strategy to increase competitiveness through the development of its foreign economic relations.

The strategy is recommended to reflect the problems and priorities of the region's development in the medium and long term. For this purpose it is necessary to conduct a comprehensive analysis of the current state of socio-economic development of the region and assess its potential, competitive advantages.

In order to prepare an information and analytical base for the formation of a regional strategy, it is necessary to carry out a number of analytical works. They include the following types:

- Analysis of the historical aspect of the region's development;
- Analysis and evaluation of the current structure of the regional economy;
- Analysis of export and import structure;
- SWOT-analysis of the specifics of the socio-economic situation, growth potential and development of the starting conditions for the development of the region's strategy;
- Evaluation of the competitive potential of the region.

The analysis of the historical aspect of the development of the region is dictated by the need to study,

systematize and analyze: the experience of economic reforms on a global, national scale in terms of the application of positive practices to solve modern problems; the most significant events (environmental, historical, social) in the history of the region, the impact of which remains today - which industries and when were born, which of them prevailed in different periods; the mentality of the population, influencing the motivation in the development and implementation of strategies.

The objectives of the analysis of the history of strategic planning in the region during the period of market reforms should be as follows:

- The cyclical nature of the development of many economic processes allows us to count on the fact that the analysis of existing developments will identify ready-made solutions and specific activities that will contribute to solving the problems of the modern stage;
- It is necessary to ensure the continuity of development.

The result of present research should be an assessment of trends in the development of foreign economic relations that can influence the future of the region in the forecast period. The following particular conclusions should be drawn from the results:

- Whether the projected growth rates of foreign economic activity of individual sectors of the economy of the region. If not for what reasons;
- Which of the analyzed industries are most important for the growth of GRP in terms of changes in their share in the structure of gross regional product;
- What industries (and individual enterprises) can become "locomotives" of the region's export growth.

At developing the strategy, special attention should be paid to assessing the possibilities of using the competitive potential of the region for its development. It is advisable to assess the competitive potential of the region on the following components: natural resource, production and technology, infrastructure, socio-demographic, financial and economic, foreign economic, organizational, innovation and investment, living standards and incomes of the population and environmental.

The development of the region's economy is determined, on the one hand, by the competitive potential, and on the other – depends on factors that can both impose certain restrictions on its use and ensure its development. It can be reduced to assessing the importance of the factor for development (high, medium, low) at different levels of its use (strong, medium, weak).

What determines the importance of the analysis for the regional development of external and internal factors. It is recommended to refer to external factors:

- Macroeconomic situation in the republic;
- Actions of the republican bodies of executive and legislative power, influencing the development of foreign economic relations of the region;
- Economic and geographical position of the region in the republic and the world;

The analysis will identify the most significant factors that should be noted special attention in the development

of the strategy, and make adjustments to the assessment of the possibilities of using the competitive potential of the region for its development.

Diagnosis of the current state and development potential of the region, identifying its strengths (properties that determine core competencies) and weaknesses (properties that determine the main contradictions in the development) are the basis for setting strategic goals for the development of foreign economic relations of the region.

SWOT - analysis of the specifics of the socio-economic situation, the potential for growth and development, and the starting conditions for the development of a strategy for the development of foreign economic relations of the region is an effective, affordable way to assess the problem and management situation in the industry, city, district, and region. It is considered as an important business technology for assessing the initial state, unused resources and threats to activities, designed to fill information gaps and complement the "traditional" analysis.

Based on the analysis of the presented characteristics, the following questions should be answered:

- What is the impact of the current structure of foreign economic relations of the region's economy on the individual components of the quality of life of the population;
- How does the current structure of foreign economic relations of the region's economy affect the environmental situation, what trends are observed in this area;
- To what extent the current structure of foreign economic relations of the economy allows to solve the main problems of regional development.

Globalization leads to the growth of regionalization trends which is expressed in increasing the competitiveness of regions, the desire to preserve its uniqueness and increase the role of the region in the national and world economy. Globalization causes the deployment of competitive processes at different levels of the world economic system – macro, meso and micro levels. As a result, the role of a particular region in the world economy is significantly changing. The region is gradually becoming an economic entity entering into competitive relations both in interregional interactions and in the world market. To strengthen the position of the region on an international scale, both the development strategy and the marketing program of the region abroad are necessary.

The formation of the region as a subject of competitive relations means the formation of new properties and quality standards of this system in the economic system called "region". This new property is competitiveness. It reflects the need to preserve and develop the region as an economic entity operating in a competitive environment. In the context of the continuing negative impact of the global financial and economic crisis, the region's foreign economic relations are becoming one of the priority factors of its social and economic development.

Foreign economic relations play a dominant role in the expanded reproduction of the regional economy. Their value is manifested in the following functions:

- Improvement of the production structure of the regional economy, acceleration of structural reforms, rational use of innovation and production potential;
- Transformation of technological infrastructure and modernization of production systems aimed at increasing

the complexity of total labor, organization of production and management, etc.;

- Saturation of the regional market with goods and services as well as expansion of export opportunities.

As a result, the regions of Uzbekistan have greater opportunities to mobilize economic resources and effectively use all natural and economic potential as a basis for sustainable growth.

Thus, the following conclusions can be drawn from the above:

- In the context of globalization, the problem of increasing the competitiveness of the region is exacerbated and takes on special relevance, becoming one of the key regional problems, the solution of which determines the dynamics of its foreign economic relations;
- Foreign economic relations of the region are due to the need to disclose the comparative and competitive advantages of farms, effective use of local resources;
- Attracting foreign investments, technologies and organizational experience in many regions of the country necessitate the participation of foreign partners in the formation of market infrastructure and market relations, determines the nature and content of the established foreign economic relations;
- Mutually beneficial development of foreign economic relations region, country and foreign partner is possible only in the presence of an effective institutional framework that balances the interests of all partners.

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