

**METHODOLOGICAL ASPECTS OF DETERMINING AND ASSESSING
THE ECONOMIC EFFICIENCY OF FOREIGN TRADE**

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***Abstract.** The formation and development of the national economy in the conditions of a market economy is closely connected with the system of foreign economic relations. The article explores the effectiveness of foreign trade and economic relations and methodological issues in its assessment.*

***Key words.** Foreign trade, economic integration, foreign economic relations.*

The modern level of development of the world economy system, the rapid development of economic integration along the rising line have a strong impact on the study of international economic relations. Multifaceted practical activity requires a careful and creative approach to these or other considerations proposed by existing economic theories. In other words, studying foreign economic relations as isolated from other economic processes will not yield any results, or rather, the result obtained will not be correct and durable.

As an inevitable result of expansion of international economic integration, the strengthening of the degree of economic openness of the countries is increased. The economic ties of each country with other countries, that is, the world around them, influence their economic efficiency. This leads to the economic benefit of the countries in the benefits of the international division of labor. Naturally, both aspects have interaction. At the same time, the effectiveness of economic relations as a more universal indicator covers the main points of the second aspect. In this regard, this

issue has been studied in more detail in classical economic literature. Taking into account the purpose and intention of the article, it was decided that it was necessary to have a more detailed approach on the study of this problem. The problem of economic efficiency is one of the most “ancient” important problems in economic science [1]. However, mainly because of the many aspects of the problem, the scientific literature has not given the correct definition and interpretation to be accepted by all in this economic category. Efficiency as an economic category has always been explained and justified in the direction of serving the purpose of the study and the desires of the customers.

Like all economic processes, the abovementioned applies to foreign economic relations as well. As is known, foreign economic relations as a whole, including foreign trade relations, which make up the absolute majority of these relations, are a means of reintegration of the international labour division. Considering that the direct economic result of the international labor division is an increase in the social productivity of labor, we recognize that the main sources that can create the efficiency of foreign economic relations are related to labor productivity in a broad sense.

By showing the activity of the law of saving time for public work in the context of international labor division, David Ricardo proved in his famous “principle of comparative costs of production” on the basis of the theory of labor that mutually advantageous trade between the countries participating in this division is always possible by principle [2].

However, since the criterion of convenience of mutual trade carries a relative character, it is expressed in practice through various indicators. The choice of these indicators is characterized by the purpose and capabilities of the study as we mentioned. For example, in scientific literature, it is used such concepts and indicators as “economic efficiency of foreign trade”, “profitability of foreign trade”, “profitability in a broad and narrow sense”, “economic profitability”, “currency efficiency”, “budget efficiency of foreign trade”, etc.

Many economists, including V.V.Novojimov, Q.L.Shagalov and others

perceive economic efficiency as the ratio of public labor consumption and the result it brings. Obviously, this can only be a measure of efficiency, that is, the essence of the concept of efficiency is not revealed here. Some economists consider the economic efficiency of foreign trade as the economic expediency of meeting the demand of society through “production of products and its subsequent exchange abroad to other products”. Supporters of this idea explain the economic efficiency of relations only by the economic efficiency or expediency of the country's participation in the international labor division. But a number of authors, including G.M.Tuchkin show that such an explanation does not fully reveal the essence of economic efficiency. In his view, it is more correct to perceive efficiency as the achievement of any social results, either as a result of public work or as a result of certain public labor costs. Namely, such rapprochement also gave grounds to the claim that the role of foreign trade in the growth of the productivity of social work depends on the historical and socio-economic conditions. Even when proving the "class limit" of Ricardo's theory, K.Marks recommended that foreign trade consider the possibility of saving labor in the context of existing production relations [3].

As is known, when joining the international division of labor, the manufacturer tries to reduce its costs. In the conditions of free competition and market-driven regulation of supply and demand, cost reductions are characterized by deepening of specialization and increase in production. As a result of international specialization in the production of any product, the technical economic indicators of production improve: cost decreases, capital investment per unit of production decreases, labor productivity increases. That is, the public labor savings obtained as a result of the development of foreign trade are directly generated in production. It is also known that trade, including foreign trade, is to some extent a continuation of production, although it belongs to the circle of circulation. A number of features of trade, including the process of storing, sorting, packing and transporting products, give grounds to say that the production process continues there and thus this process also has a role to play in increasing the productivity of public labor. But the main function of foreign trade is not the continuation of

production, but the exchange of products of specialized manufacturers. However, the exchange of goods, as is known, does not create value, but realises advantages gained in production. Such bonds are expressed in a favorable ratio of national and international value or prices.

The savings of public labor arising from the direct exchange of products through foreign trade are called economic benefits directly in foreign trade [4]. The dimensions of such efficiency depend on the ratio of national and international values of imported and exported products.

The criteria for determining the direct economic effect have been determined unequivocally.

Thus, in international trade, the exchange of goods with an equivalent price on the world market takes place. And the price of goods exchanged at national prices can be different. The greater part of the national price of imported goods than the value of the goods being sold represents the savings of national labor and is called the direct effect of foreign trade. In practice, this more measurable excess part of export volume than the volume of import is replaced by an indicator of the balance of foreign trade relations [5].

However, the effectiveness of foreign trade does not end there. Because foreign trade has a complex impact on production and creates additional savings of public labor. Such additional savings are called indirect economic benefits. It is important to note that foreign trade affects all phases of recycling: production, distribution, exchange and consumption. However, it is important to study the impact of foreign trade on production, as a determining role in recycling belongs to production.

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