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## **ISTORY OF DEVELOPMENT AND THE CURRENT STATE OF FOREIGN TRADE BETWEEN THE REPUBLIC OF KOREA AND UZBEKISTAN**

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**Abstract:** The Republic of Uzbekistan and the Republic of Korea are bound by traditional relations of friendship and cooperation based on universally recognized principles and norms of international law. Both countries pay great attention to issues of bilateral cooperation in the political, economic, cultural and other fields. The article is dedicated to the successful development of bilateral relations in all areas, which is facilitated by the absence of any political problems between the countries and a solid legal base.

**Keywords:** cooperation, economic, Republic of Uzbekistan, Republic of Korea, foreign trade turnover, export, import.

### **Introduction**

Uzbekistan is one of the few countries with which Korea signed “Mutual Declaration of strategic partnership”. Such a status of state-to-state relations exhibits a high level of multifaceted cooperation between our countries and laid down their mutual obligations accordingly, based on wide area of complementary national interests.

The Republic of Korea and the Republic of Uzbekistan are considered to be reliable strategic partners many years. In the period of Uzbekistan’s establishment, in the process of realization of national programs on economic and social development as well as step-by-step integration in world community, Korea supported Uzbekistan a lot. In the difficult years of development, South Korea became a priority partner possessing advanced technologies, capital, technical resources and vast experience in the creation of infrastructure, construction of roads and railways.

The basement for development of bilateral relations between two countries was laid on the 30<sup>th</sup> of December, 1991 when the Republic of Korea recognized the independence of Uzbekistan. Since that moment an active political dialog is held between the Republic of Korea and the Republic of Uzbekistan, which evidence are summit meetings held within this period[1].

The period 1991-2006 can be divided into 3 stages. During the *first stage* (1991-1993) Korea and Uzbekistan considered each other as friendly countries. In the *second stage* (1994-1999), relations of constructive partnership formed between the Republic of Korea and Uzbekistan. The

*third stage*(1999-2006) was characterized by establishment of the strategic partnership [2].Following the principle and spirit of the strategic partnership stimulated the development of bilateral relations in many fields.Uzbekistan carrying out modernization and diversification of the industry with use of rich energy and mineral resources, showed great interest in the development of rural regions, the creation of small and medium enterprises, infrastructure development, and it expressed hope for active participation of Korea in solution of these problems.

In May 2009 Tashkent hosted the Uzbek-South Korean summit, the results of which was adoption of a joint declaration consisting of 12 points, identifying new areas of cooperation as well as there were signed 16 protocols of intent and intergovernmental agreements.Seven agreements and memorandums of understanding out of sixteen signed in Tashkent and touch the fields of energy sector and development of natural resources, three – production and financing, six – transport and logistics. Detail plans were developed inmining operations and construction of industrial enterprises. In particular, the memorandum of understanding on reconnaissance of oil reserves in Namangan region, signed between Korean national oil corporation and Uzbekneftegas is of high importance. Owing to this agreement, South Korean company will be the first which realizes the energy project in Central Asia and which owns 100% of shares. The Republic of Korea will obtain all the necessary energy resources, and Uzbekistan will obtain modern technologies and support in economic development.

Analyses of scientific literature show a dark area in problems of development of trade economic relationships between the Republic of Korea and the Republic of Uzbekistan. Available publications both Uzbek and foreign researchers are attempting a systematic coverage of international activities in Uzbekistan under new conditions and its entry into the world community and consider mainly the various aspects of foreign economic activity of Uzbekistan. .

Certain contribution to the development of some issues of trade - economic relations development between the Republic of Korea and the Republic of Uzbekistan was made by a Korean scholar Kim Kyong Ho. Also thesis work of the researcher Oh Se Quang was considered to be the role of information - communication technologies in the economy of the Republic of Korea and Uzbekistan. The study S.A. Zakirova "Diversification and increase of efficiency of economic cooperation between Uzbekistan and the Republic of Korea" analyzed the practical experience and related topical issues of bilateral Uzbek-South Korean economic cooperation.

Great value for the study of this issue are of the works of South Korean specialists among which they mark the works of scholars such as Ko Jae Nam, Lee Dong-Hyun, Kang Won Sik, Kim Myong Ho, Lee Hyun-Up. .

Also in scientific studies there are highlighted some aspects of cooperation of the Republic of Korea and the Republic of Uzbekistan, which mainly affect economic relations. S. Zakirova, B. Li, S. Csepel, Marzalieva S., W. Feng, J. Eltazarov. Some of aspects of economic cooperation are disclosed in the studies of A. Abduganiev, A. Isazhonov, F.Maksudov, Nazarova, B.Hodzhaev, R.Shadiev, N.Tuhlieva and other economists of Uzbekistan. In the K. S. Asirbabaeva "Republic of Uzbekistan and the Republic of Korea: the processes of modernization and cooperation prospects", highlight the RK modernization issues and its impact on the social economic processes.

#### **Analysis of thematic literature.**

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efforts in making the relations between Seoul and Tashkent as strategic partnership.

The main reason of active development of relations between the Republic of Korea and region's leading countries as Kazakhstan and Uzbekistan is the favorable economic model of cooperation. Further if it will be possible to unite experience of economic development, technologies and capital of the Republic of Korea with rich natural and human resources of the region, the cooperation potential can be realized with maximum effectiveness [8].

A demonstrative example of the productive cooperation between the parties can be signing of a bilateral investment agreement in February 2010 on the construction of a chemical plant and the joint development of gas fields Surgil in western Uzbekistan. Within the framework of the projected amounting to 4 billion US Dollars, there was built a large gas-chemical complex. The arrangement was reached during South Korean-Uzbek summit held in Seoul, where the two Presidents Lee MyungBak and Islam Karimov expressed satisfaction with the achieved level of bilateral economic and political cooperation, they agreed to make further efforts to move the relations between Seoul and Tashkent on the level of strategic [9].

At the present time, 439 enterprises with the participation of Korean investments operate in the country; 75 of them hold one hundred percent of Korean capital; 72 representations of South Korean companies are accredited. They operate in such areas as trade, textile, light industry, mining and metallurgy, chemical and food industries, machine building, metalworking, tourism, health and transport services[10]. Nearly 80 representations of South Korean companies were established in Uzbekistan.

The scope of cooperation in the field of education is significantly expanding. Realization of the project of opening Tashkent the training center "Uzbekistan - South Korea" in Tashkent should be included to the number of the important achievements in the field of education.

At the present time in modern society, the growth of the objects of cooperation between the two countries is not the only thing to be interested in but they also pay attention to cooperation's improvement and deepening.

Cooperation between the Republic of Korea and Uzbekistan is of large potential in banking and financial fields. Korea's bank business has been represented in Uzbekistan since the middle of 1990s where there had been opened joint Uzbek-Korean bank UzDaewoo Bank. It was founded in 1997 in a form of joint-stock company of closed type for servicing the branches of Daewoo Co. and other Korean companies working in Uzbekistan. Further this organization was reorganized to representation of Korean Development Bank (KDB).

On February 2006 KDB entered the shareholders of Uzbek-Korean UzDaewoo Bank having bought the shares of Korean Daewoo Securities amounting to 61%. In connection with entering of the new shareholder, the name of the bank was renamed to UzKDB Bank.

The special role in development of mutually beneficial relations between two countries played the visit of the President of the Republic of Korea Lee MyonBak in August 2011 within the framework of which there were signed important documents: the loan agreement between Uzbekistan and Korean Eximbank which allowed to obtain concessional loan amounting to 10 million US Dollars from the Development fund of economic cooperation for the project on "Equipping of the Center of concessional loan in the name of V. Vahidov with modern medical equipment", etc.

A number of strategic projects in various sectors of the economy with active participation of Korean business are being realized in Uzbekistan. One of them is the recently completed construction of Ustyurt Gas Chemical Complex at Surgil deposit amounting about to \$ 4 billion, carried out jointly with a consortium of leading Korean companies - Korea Gas Corporation (KOGAS) and "Lotte Chemical". Large projects with South-Korean investors are realized in FIEZ Navoi including joint operation of this city's airport together with Korean Air. At the present time they are working on the second stage of construction of the Navoi airport with increasing freight traffic several times.

Talking about trade and economic cooperation, it is necessary to note that works in such areas as politics, economy, culture, education are carried out. Scientists of Korea assign an important role to solution of environmental problems. Thus, in the arid climate of Central Asia where water resources are a key factor in maintaining a sustainable ecological balance of natural ecosystems and social economic development, it was decided to develop technologies for reducing the salinity of drainage water. In addition, South Korean Economic Development Cooperation Fund (EDCF) has provided to Uzbek government with a loan of 80 million US Dollars to improve drinking water supply in three regions of the country.

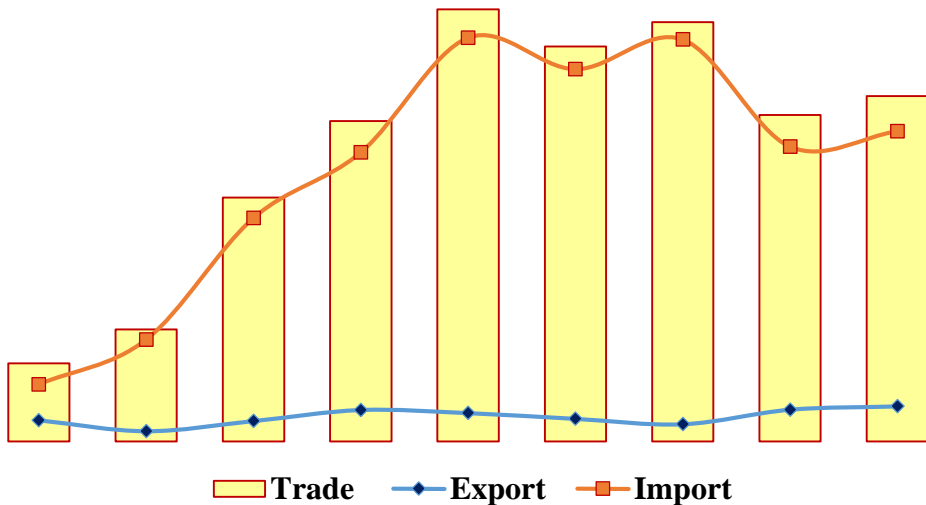
The main reason of active relations development between these two countries is favorable economic model of interaction. If it is possible to consolidate further the experience of economic development, technologies and capital of the Republic of Korea with the rich natural and human resources of Uzbekistan, the cooperation potential of the two countries can be realized maximum efficiently [11].

#### **Foreign trade tendency between the Republic of Korea and Uzbekistan**

Analysis of details and main tendency of import and export development in the Republic of Uzbekistan showed the following.

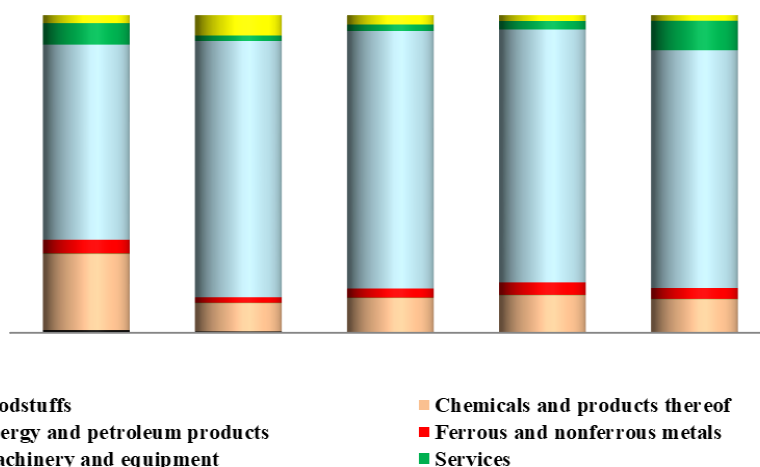
There has been favorable treatment in trade between the Republic of Korea and Uzbekistan since 1992. The trade turnover between the Republic of Korea and Uzbekistan began to grow steadily since the establishment in 1992 of diplomatic relations. Since 2008, the trade turnover exceeds 1 billion US Dollars. In 2019, it amounted to more than 2 billion US Dollars (Figure 1.1.).

*Figure 1.1. Foreign trade turnover of the Republic of Korea and Uzbekistan for 2000-2019 (million US Dollars)*



Author's calculations on the data of State committee of the Republic of Uzbekistan according to the statistics of 2000-2019. The list of major goods being exported from the Republic of Korea to Uzbekistan, includes: parts for motor-cars, engines, passenger cars, plastic materials, fabric, computers, furniture, molded steel, different plastic and metal profile products, engineering equipment, scrap tires, etc. (Figure 1.2.)

Motor cars are the following item in the list of exporting goods from the Republic of Korea to Uzbekistan. GM-Uz produced 224 thousand motor cars and exported 103 thousand ones, the rest volume is directed to the repletion of wants of domestic market. In near future it is planned to increase export by 70%.



**Figure 1.2. Import of Uzbekistan from South Korea (in %)**

Author's calculations on the data of State committee of the Republic of Uzbekistan according to the statistics of 2000-2019.

Special significance of Korea as the trade partner of Uzbekistan is stipulated by the fact that the Republic obtains primarily high-technology products from this country. In such a way, there are created conditions for process acceleration of modernization of national economy, output of the new competitive product.

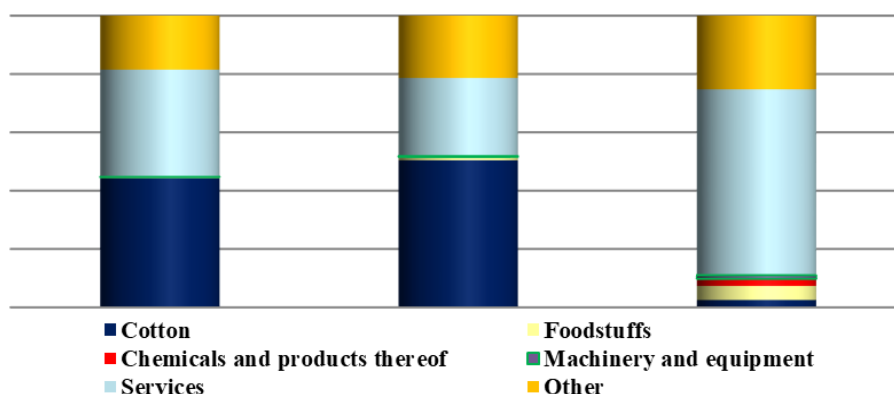
The base of Korean export to Uzbekistan is manufacturing industry products including investment goods, components for motor-car industry, home electronics, telecommunications equipment, and sewing products. Analysis of dynamic of trade structure of Korean export to Uzbekistan proves that for the last years there have dominated the products of motor-car and equipment sectors which ratio in total volume of Korean export to Uzbekistan grew for approximately from 62% in 2000 to 75% in 2019.

From the view point of stable balanced economics development, the unfavorable factor is high import ratio as well which contradicts to the principle of independence. The higher is the value of this indicator, the more dependent is the country on foreign trade. But in whole, such high rate of export operation is possible for Uzbekistan's economics; even more, they are necessary for successful integration of national economy to world economy. In this situation, it is important to consider that the main indicator, thanks to which the import from the Republic of Korea has increased, is machines and equipment – up to 80%, which allows Uzbekistan to increase its industry potential.

South Korea is a reliable strategic partner of Uzbekistan. Both countries have a great economic potential and opportunities, their relations are in the most favorable condition. There were signed agreements on cooperation in such fields as trade, investment, oil and gas, mechanical engineering, mining,

textile, chemical industry, logistics, construction, information and communication technologies, education, public health.

Uzbekistan exports to South Korea food products, chemical products, machinery and equipment, mineral fertilizers, provides for transport, communication and tourism services. From South Korea to Uzbekistan there are imported vehicles, mechanical and electronic equipment, plastic materials and their products. In 2019, the trade turnover amounted to more than 2.1 billion US dollars.



**Figure 1.3. Exports of Uzbekistan to South Korea (in %)**

Author's calculations on the data of State committee of the Republic of Uzbekistan according to the statistics of 2000-2019.

The structure of Uzbek products export to Korea is similar to the typical structure of products export of developing countries to the developed one. Its base is services import (logistics, communication, tourism – 63%), agricultural products including ginned cotton, food products, etc. For the last years, the large value is obtained by the import of some kinds of chemical industry as well as raw materials for pharmaceutical products[12]. Uzbekistan cuts the export of ginned cotton systematically by means of increasing the volumes of domestic processing. In spite of reducing the export of the cotton, the main purchaser of the Uzbek cotton is Bangladesh (29%), China (26%), South Korea (7%) and Iran (5) as before. It was mentioned several times in bilateral and multilateral visits of heads and government delegations of our countries that the Republic of Korea was considered to be one of the largest economic partners of Uzbekistan [13]. There have been concluded a lot of trade-economic agreements for the years of independence, which refer to the development of cooperation in such areas as finance, trade and investment, industry, oil & gas, energy power. For the purpose of regular discussion of current issues referring to trade economic relations, there were created Uzbek-Korean and Korean-Uzbek committees on economic cooperation and trade.



Humanitarian cooperation is also developing gradually. The Korean education center is functioning in Tashkent. The centers of Korean language and culture are opened in the Uzbek State World Languages University and the Samarqand State Foreign languages Institute, and the center of information technologies is opened in the Tashkent university of information technologies. The realization of the project of foundation of the center of professional training "Uzbekistan-Korea" in Tashkent became another achievement in the education field. Every year 360 boys and girls study here on such programs as computers, graphic arts, electrical technologies, repair of agricultural equipment and cars' service maintenance.

It is very important that reforms pursued in Uzbekistan are based on real possibilities, step-by-step strategy and potential of our countries. This is the key term of effectiveness. Achieved agreements and signed documents meet fully the interests of the nations of our countries and they will be contribution to successful realization of the present potential of the cooperation. Uzbekistan and South Korea continue to demonstrate their readiness for strategic partnership activation, political dialogue widening and deepening of relations in all the fields on the basis of mutual benefit.

Uzbekistan in cooperation with South Korea mastered complex production of high technology where finished products are distinguished by high value added. Korean scientists have made their large contribution to development of agriculture, medicine, pharmaceuticals, and environment and information technologies of Uzbekistan for the period of joint cooperation.

Having been in the past the country supplier of agricultural raw materials, it became the country preparing finished food products and light industry products which are in demand in world market. To develop the field in practice, they use achievements of national and foreign scientists which helps to integrate in world science.

Thus, in the arid climate of Central Asia where water resources are a key factor in maintaining a sustainable ecological balance of natural ecosystems and social economic development, it was decided to develop technologies for reducing the salinity of drainage water. Realization of the project from the side of Korean specialists provides for the delivery of equipment and materials for project realization; the visit of Korean experts of technical training and consultations on equipment operation; project supervision and joint laboratory research on technologies of lowering the salinity of drainage water for reuse. South Korean Economic Development Cooperation Fund (EDCF) has provided to Uzbek government with a loan of 80 million US Dollars to improve drinking water supply in three regions of the country.

It is still very important to create new joint productions in the regions purely developed. The most important impulse for successful operation of

enterprise with foreign investments is the condition of market infrastructure as investors attach much importance to the region's infrastructure, and they usually prefer those regions where it is developed properly. All abovementioned proves the further development and strengthening of the mutually beneficial bilateral cooperation between our countries.

### **Conclusions and Suggestions.**

The constructive spirit in mutual relations of Korea and Uzbekistan is supported by intensive dialogue on different levels, a constant exchange of official visits, delegations, close contacts of states, ministries, departments, business circles, scientific, artistic, creative and sports community and youth groups.

Trust partnership is established in many areas of political, economic, social and spiritual development of the two countries with a long-term perspective. It goes without saying that the coincidence of strategic guidance stems is originated from the equal and mutually beneficial cooperation, and by itself excludes the dominance of one partner over the other.

The practical significance of the study lies in the fact that offered approaches, theoretical and practical conclusions allows a deeper understanding of the nature of international relations of Uzbekistan and the Republic of Korea as a whole, their political content, to identify their general patterns and features. Materials research can serve as a basis for further study of the theoretical and practical problems of international relations between the Republic of Korea and Uzbekistan

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### **STRATEGIC DECISION MAKING**

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**Abstract:** In the article, the authors analyze matrix models when strategic decisions making in the economy. The main factors, opportunities and problems in applying matrix models are considered and analyzed.

**Keywords:** matrix models, management, management strategy, factors, methods of influence

### **Introduction**

In industrial sphere problems of development of the proved strategy in relation to paid products and services will be actualized. For the decision of this class of problems - so-called models widely approved in foreign practice portfolio analysis which it is especially successful, apply in conditions mass and a batch production.

Generally speaking, this class to become especially perspective, for the enterprises which leave in Internet with the offer of production and services - cardinally expands its market space and makes tempting a problem of a conclusion to the market of such new products and services which would have the mass consumer.

This circumstance defines interest to possible appendices of models of classical management and the marketing, successfully used by the western industrial firms, for development of the proved strategic decisions both concerning information bodies as a whole, and concerning separate information products or categories of consumers of information services [1-3].

Now besides traditionally represented services of information search in a databank multiplying, educational, it is possible to observe and services which were unusual for the enterprises, such as intermediary, consulting, advertising, telecommunication earlier, rent, polygraphic, expert, search,