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PROBLEMS OF ENSURING SOVEREIGNTY IN THE MODERN STATE

Abstract: The author presents in this article the ensuring the sovereignty of Uzbekistan, and analyzes the significance of the action strategy in five priority areas of the development of the Republic of Uzbekistan in 2017 - 2021, the creation of legal basis for economic integration with the countries of Central Asia and measures to control the growth of external debt.

Key words: sovereignty, state sovereignty, state power, integration, foreign policy, foreign debt, globalization.

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Introduction

Uzbekistan's Five-Area Development Strategy for 2017-2021. The "Strategy of Action", which received great interest and attention of the world community, was important for Uzbekistan over the next five years, as it determines the conceptual basis for the next stage of development. In the fifth priority area: "Priority areas in the field of security, inter-ethnic harmony and religious tolerance, and implementation of balanced, mutually beneficial and constructive foreign policy", has been strengthened the formation of state independence and sovereignty, improving the role of the country as an equal subject of international relations, and joining to the top ranked of developed democratic states, creating an atmosphere of security, stability and good neighborliness among neighboring countries of Uzbekistan.

In our opinion, this historical document requires the pursuit of foreign policy in the following areas in order to develop our country, strengthening the sovereignty of Uzbekistan, and maintaining its place on the world map.

Creation of a legal framework for economic integration with Central Asian countries. Today's globalization shows that integration around the world, including Central Asia, must be in a new form. This will be especially important for the countries of Central Asia for sustainable development,

diversification of access to world markets and modernization of the national economy. According to Porter, it is impossible to imagine the development of any country in the world separately from the international community, and the country's life depends not only on the state's internal policy [1]. According to F. Tolipov, "the interests of many super and regional powers intersect in Central Asia, which helps to prevent any of them from gaining full control over the region. Accordingly, Central Asia can play an active role in the global geopolitical transformation that is likely to happen in the 21st century" [2].

The countries of Central Asia need to realize the fact that without integration and without the organization of a supranational structure in any form that would regulate all differences within the country and throughout the region, there will be no development: neither economic, nor cultural, nor human, but on the contrary, the region is in danger of becoming a continuation of Afghanistan with all its "charms", especially after the withdrawal of the NATO troops [3. P. 31-32].

The first President of the Republic of Kazakhstan, Nazarbayev N., initiated such initiatives with the initiative to create the Union of Central Asian States [4].

Are Central Asian countries ready for integration? What values should be the primary focus of countries' integration? In our opinion, the countries

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of Central Asia, which have been building independently the mechanisms of market economy for a quarter of a century and have more or less experienced human resources, are ready for integration, at least in economic integration. It is impossible to ignore the fact that some factors are positive and some factors are negatively affecting the integration of states. Most of the peoples of the countries believe in Islam alone, the closeness of language and mental values, and the fact that since ancient times, economic and social development has come under the single system, we can say that cooperation is still preserved.

At the same time, the region of Central Asia, where Russia, China and the United States face geopolitical interests, isolation of societies in public life as a result of the efforts of the republics to create national statehood after the collapse of the former Soviet Union, the ongoing civil war in Afghanistan, inequality in the distribution of natural resources, demographic inequality, it is fact that the basis of the economy and the variety of ways of economic development have a negative impact on integration.

According to Suyunbaev M., the prospects of economic development in the Central Asian region now require integration. First of all, integration did not exist in the Soviet period (this integration was with Moscow, not among states), the second, in some of the presidential republics, delegating some powers to integration structures is more difficult than in parliamentary republics. Finally, the formation of statehood in the countries of the region coincided with the intensification of globalization processes, which led to the sovereignty of the countries. Ultimately, this led to the destruction of identity and was the main reason for the fragmentation of the existing integration system in the region [5].

To what extent does the integration of Central Asian states affect the preservation of national statehood, sovereignty and independence for Uzbekistan?

For instance, Article 17 of the Constitution of the Republic of Uzbekistan and the Concept of Foreign Policy Activity of the Republic of Uzbekistan do not legally exclude such cooperation. But this is partly a political limitation of state sovereignty and independence. We should be interested in building integration in the region with Central Asian countries. Then we will minimize the threat to state sovereignty and independence.

According to researcher Omarov, Central Asian countries should use the Russian-sponsored Customs Union as an opportunity to unite Central Asia on the basis of regional identity and regional interests [3. P. 32]. Central Asian countries, including Uzbekistan, have the opportunity to participate in projects under the auspices of the Customs Union initiated by the Russian Federation, or "Silk Road Economic Route" initiated by the Chairman of the People's Republic of

China Xi Jinping. National interests of Uzbekistan and priority areas of economic cooperation require, first of all, economic integration with neighboring countries - Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan and Afghanistan (based on the Foreign Policy Concept of the Republic of Uzbekistan). At the same time, it is very important for us to maintain the core of the system that determines integration relations in the Central Asian region itself. If the root (core) of integration of Central Asian countries belongs to Russia or China, this undermines the stability of our economy and neighboring countries. However, we do not think that Uzbekistan should not participate in the two above projects. Uzbekistan must choose the best path for itself.

The initiative of the People's Republic of China "One Belt, One Road" is important because of its priority and long-term economic benefits for countries of the region, including Uzbekistan than within the Customs Union project initiated by Russia. Because of the limited maritime capabilities of Uzbekistan, "One Belt, One Road" project of the People's Republic of China is the priority of the land initiative, which influence the strengthening of economic ties between Europe and Southeast Asia.

The mechanisms of the Treaty on the Eurasian Economic Union, initiated by Russia, are based on a unilateral approach to the fate of deeply integrated economic relations [6].

"Our country has been at the crossroads of the Great Silk Road since the beginning, it was a crossroads of many trade routes and cultural exchanges. In ancient Chinese sources, Tashkent, Samarkand, Bukhara and Khiva are mentioned as cities that made a significant contribution to world civilization. That is why Uzbekistan supported the initiative of the President of the People's Republic of China Xi Jinping to establish the economic route of the Great Silk Road. This is an integral part of the concept of "One Belt, One Road". At the international forum held in Beijing, the head of our state, Shavkat Mirziyoyev, outlined Uzbekistan's position on further improvement and development of the project. Undoubtedly, our country is interested in the implementation of large projects in the transport, energy, trade, investment and high technologies in the Central Asian region. Consequently, the region is rich in natural, productive and human resources. The "One Way, One Way" Initiative provides a framework for participating States to fully realize their potential, complement each other's economies, and encourage trade and investment. Taking into account the enormous financial and economic potential of the Silk Road Economic Route, it is imperative that the cooperation be focused, first of all, on projects aimed at infrastructure development and the creation of new industrial capacities" [7].

Based on the foregoing, supporting the initiative of the People's Republic of China to create the

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“Economic Road of the Great Silk Road”, Uzbekistan will initiate the creation of the Central Asian Economic Union and the development of the International Program for the creation of the Economic Union of the Central Asian Economic Union in order to maximize the economic benefits of the project.

Take measures to control the growth of external debt. The global financial and economic crisis of 2008 not only increased the debt of developing countries, but also forced the global economy to raise the debt burden to a new global level. The threat of external debt has already become an urgent problem not only in developing, but also in developed countries.

“In the first half of the 1980s, the global debt crisis of developing countries showed that sovereignty, such as currency, banking, and stock exchanges, could be sovereign. This is happening all over the world and requires a radical review of the global monetary system. In the period 2000-2010, it was found that developed countries are prone to crises not only at the sovereign level, but also at the level of a group of financially integrated countries. The most acute problem of the debt crisis is in the EU countries” [8.P.105].

A sound foreign economic policy for Uzbekistan also provides the basis for maintaining its economic independence.

Miklashevskaya believes that an increase in public debt creates a number of risks:

First, like any loan, the external debt of the state is interest and repayment of the main debt, that is, timely servicing of external debt;

Secondly, servicing external debt is associated with the allocation of a significant part of the resources of the real sector of the economy, which reduces the flow of investments, reduces production efficiency and can have a negative impact on future GDP growth;

Thirdly, external debt affects the country's monetary system, the volume of gold and foreign exchange reserves, interest rate policies, the choice of the exchange rate regime and the state budget;

Fourth, excessive external debt can pose a threat to the economic security of the state, making it vulnerable to external shocks, which can lead to a significant outflow of capital from the country and reduce its financial capabilities [9].

After the end of World War II, before the global financial crisis of 2008, only 150 foreign countries had defaulted external debt. Given the recent past, between 1960 and 2011, 80 cases of default were recorded [10]. If you look at countries by default, most of them are developing countries. For example, in

1990, President of Argentina Carlos Menem, together with his American experts, introduced an experimental currency control system that will help stabilize the Argentine peso for some time and restore growth, but the huge debt that began in 1998 led to a four-year recession. The economy shrank by almost 30% over the period when the country defaulted in \$ 82 billion in 2002 (at that time it was a record default on sovereign debt) [11].

Currently, it is widespread in the world practice of legal restrictions on foreign borrowing by some countries and economic integration in order to avoid the negative consequences of external debt, create financial independence and ensure sustainable economic development. For example, in accordance with the Maastricht Agreement in the European Union, this limit is set to no more than 60 percent of GDP for each member state of the Union [8.P.109]. In the Kyrgyz Republic, there is a practice of diversification of external debt, which is enshrined in law, in relation to one state or financial institution, where external debt does not exceed 50% of the total debt.

Article 115 of the German Constitution provides that government borrowing limits the flow of funds to the state budget [12]. The amount of loans attracted by the state in a financial year cannot exceed the budgeted investment costs. The only exception is the prevention of macroeconomic imbalances.

According to industry experts, emerging economies now have a 50 percent share of GDP, which is the beginning of a risky situation, and when debt reaches 80 percent of GDP, it will have negative consequences for the economy.

The Central Bank of Uzbekistan has announced the balance of payments, international investment position and external debt of Uzbekistan for the first quarter of 2019 [13]. According to the report, Uzbekistan's external debt exceeds \$19 Billion; \$11.7 billion of total debt is public debt and \$7.3 Billion of private debt. External public debt consists of debt attracted by the state and debt secured by the state.

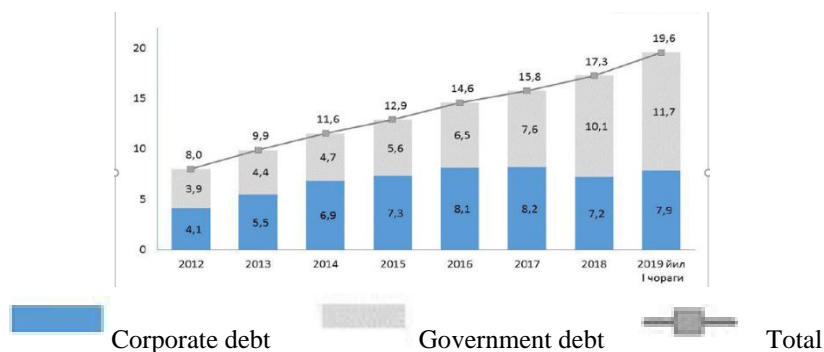
Private external debt consists of external debt of economic entities, including state enterprises, which is not guaranteed by the state. According to an official source from the National Agency, an analysis of total external debt shows that net external debt has doubled by 2017, or \$ 2.1 billion in US dollars [14]. At the same time, external borrowing was mainly carried out by the public sector. Private sector debt repayment exceeded repayment of new borrowings.

During 2012-2015 debt growth was observed in both the public and private sectors (see. Figure).

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Dynamics of the total external debt of the Republic of Uzbekistan (Billions of U.S. dollars)



The methodology for calculating external debt was revised at the beginning of 2018, and the accrued but unpaid interest is also taken into account when calculating the balance of debt on external debt from 2018.

However, since 2016, private sector debt repayment has exceeded their participation, and it is estimated that this trend will continue until the end of 2019. In 2018, the growth rate of the external debt of the public sector increased compared to the previous year, and it is expected that the current growth trend will continue next year. This can be explained by new debt arising in connection with the financing of state development programs.

For the sustainable development and attractiveness of the Uzbek economy, the optimal rate is to set the external debt at 40% of GDP. It is

proposed to amend the Law of the Republic of Uzbekistan “On Foreign Economic Activity of the Republic of Uzbekistan” in order not to undermine the economic potential of the Republic of Uzbekistan, to prevent threats to state sovereignty through its economic power. Accordingly, in order to protect economic interests of the Republic of Uzbekistan, Article 23 of the Law proposes to add the norm “the total foreign debt of the Republic of Uzbekistan shall not exceed 40% of the gross domestic product of Uzbekistan”.

In conclusion, mutually beneficial and practical foreign policy in securing the state sovereignty of the Republic of Uzbekistan today allows the states to retain their place on the world map, to respond to threats to national statehood on the international arena, and to ensure state sovereignty.

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