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THE IMPACT OF EXTERNAL TRADE PRICES OF THE WORLD MARKET ON FOREIGN TRADE PRICES OF UZBEKISTAN

Abstract: *This article studies the influence of external trade prices on the world market prices of Uzbekistan's foreign trade. It also considers the various factors influencing the formation of world prices, the state regulation of prices, the method of price regulation and the gold standard system.*

Key words: *economic growth, world prices, the growth of exports of goods and services, inflation, prices and tariffs, the gold standard.*

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Introduction

In the conditions of modern economic relations, sustainable economic growth is gradually being formed and approved from year to year, and to date, the reforms introduced in our republic cannot be called ineffective.

Even in developed countries, sustained economic growth cannot show all the important sectors of the economy. In Uzbekistan the development model has been of strategic importance since the first days of independence, the “Uzbek model” developed by the Head of our republic has five tactical directions for its implementation.

Already 25 years later, fulfilling the set goals, the republic, being a state which development depended on the agricultural sector, has turned from an ordinary supplier of raw materials to an industrial state. It should be emphasized that the “Uzbek model” in turn created the conditions for the sufficient use of reserves and necessary resources for the possibility of successful and uninterrupted development of enterprises in the economic real sector, as well as the implementation of a rational policy of external public debt, a stable policy of external salary arrears, population incomes, to prevent uncontrollable growth of consumer price index in the market factors, introducing the consistent implementation of measures on preventing significant impact of the global financial and economic crisis.

Prices set on world markets in relation to our manufactured goods can be determined by expressing the value of the currency. The product can be compared with world prices if it meets international requirements:

1. Major contracts are always consistent with international trade;
2. The agreements must be commercial;
3. Agreements should be made in freely convertible currency;
4. Deal with export or import
5. All operations on the market must be carried out in free order. [1, p.304]

In practice, any changes in the dynamics of the price level and, in particular, production, distribution, exchange and consumption of certain types of goods will be affected by the changes. World prices are formed under the influence of various the most important factors such as:

- the impact of value and consumption;
- the ratio of supply and demand;
- the impact of the exchange rate (nominal and real);

- the influence of large enterprises and government agencies;

- specific aspects in the preparation of given conditions of agreements.

The ratio of supply and demand. Increased competition between suppliers of products increases the need for supply, which leads to lower product costs. Price reduction, in turn, leads to increase in demand that influences supply and demand. As a result, competition among buyers intensifies, prices begin to rise. This, in turn, leads to lower consumption. Supply starts to exceed the demand. Through effective evaluation, the lower production boundary determines the cost per unit of output; The upper limit of active producers - the unit value. This defines the "principle of oscillation". [2, p.191]

Characteristics of price fluctuations cause the changes in raw material prices in a range higher than the range of price changes in the manufacturing sector.

The effect of the exchange rate. The growth of exports of goods and services in some countries abroad, at the same time, increases the demand for the national currency, that contributes to the supply of foreign currency in the country. The growth of imports of goods and services in a particular country with existing need for foreign currency contributes to the demand for the national currency in other countries.

Factors contributing to the emergence of inflation. Rising prices on the world market in the second half of the 20th century are associated with the so-called “supply inflation”. In this case, the general increase in prices is associated with an increase in prices for natural resources: the rising costs of extracting oil and other energy sources, as well as in connection with the use of more expensive energy sources, exceeded their cost.

According to the classical theory, inflation is manifested as a result of the state budget deficit, and has less impact on world market prices in dollars. [3, p.560]

The factor holding back inflation – is increase in production efficiency. “Supply inflation” is fluctuating due to reduction in the volume of materials production and energy consumption. Classical inflation due to a reduction in labor and capital costs.

The influence of large business entities and government agencies. The international community is interested in stable prices in the global market, which is characterized as follows:

- Stable prices contribute to the formation, balancing and rapid (intensive care unit) development of the global economy and give opportunities for creating and maintaining favorable inflationary conditions;

- A sharp change in prices transforms the social relations of producers and buyers.

Prices for goods and services produced in the world are regulated nationally and internationally. Prices will be sorted by economic and administrative methods.

State regulation of prices means that prices are regulated taking into account the development of the entire system: legislative, administrative and financial, and budget. The price will have various forms of state regulation of prices and is carried out in the following ways:

Production and trade in the country with the direct participation of the state;

- Impact on the balance of supply and demand in the market;

- With the help of antitrust laws;

- Introduction of income policy;

- Settlement of market conditions through money circulation;

- Taking into account the state of money circulation through combination of these methods;

- Regulation of prices by direct and indirect methods.

Direct regulatory control of public service sectors is used in the following areas (energy, transport, communications, water supply, etc.).

Prices and tariffs in accordance with antitrust rules must comply with the established standards of normal income of the population and income from sales.

As a method of direct regulation of prices (USA, France, Belgium, the Netherlands and other countries), the method of setting administrative expenses is used.

This method of price regulation is very attractive for large monopolies; they buy goods and services at a lower price, receiving great benefits.

With an indirect method of price regulation, the influence of factors determining the values is taken into account. First of all, the regulation of supply and demand for fiscal and monetary policy is provided. This should stimulate production and employment, as well as regulation of the consumer market. In addition, public investment, depreciation, rents, wage policies and price control should be shared indirectly.

State regulation of prices is especially widely used in the production and sale of agricultural products. The regulation of product prices by the state contributes to the preservation of certain level of income, which provides cost savings. This, in turn, will ensure the production process. Thus, when the market value of the guaranteed level of agricultural prices in the United States falls, the government provides farmers with subsidies from the federal budget.

State or large enterprises can affect global prices through dumping. It was aimed at selling a product or a certain group of goods cheaper compared to prices in the domestic market and, thus, covering the foreign market. These losses can be recovered by higher prices of foreign markets.

The above analyzes factors affecting prices in the world market and can be considered by the example of the dynamics of changes in gold prices in the world market.

The international monetary system is a dynamically developing system of the global economy. The system in its evolutionary development undergoes constant changes and development. Its evolutionary development took place at four stages in the development of the international monetary system known as the gold standard in the international monetary system. The first uncontrolled system formed at the end of the nineteenth century. The currencies of a number of states in their domestic market were equated to gold.

The gold standard system was distinguished by the following requirements:

- the monetary unit is valued by a certain amount of gold;
- convertibility of currency into gold is feasible both inside and outside the country;
- gold can be freely replaced with currencies, possibility of free export and import of gold, sale of gold on the international market;
- a strong ratio of the national gold reserve and the domestic situation of money;

Gold shows the rate based on the international standard of the mechanism. Gold coins, gold bars, the golden motto are the gold standards. The transition from one Gold Standard to another took place during the evolutionary development of the international capitalist system. The increasing complication of capitalist economic activity contributed to the expansion and deepening of world economic relations, in fact, crises of economic regulation that occur from time to time. Government intervention has become a necessity in strengthening the management of economic processes. The increase in government intervention in the economy contributed to the development of competitive capitalism.

The second system, the David Gold Standard (1922), emerged as a result of the decisions of the Genoese Conference. [5] Later it was recognized by most capitalist countries, then banknotes were not exchanged for gold, but for other state mottos (banknote, banknote, check), which could be replaced with gold. Dollar and pound sterling were chosen as the currency of choice. The system of Davis-currencies has become a transitional stage to the system of the gold exchange standard. The gold and currency standard system was formed in the 30s and fully formed in the late 50s. With this system, already paper money stopped changing to gold. In 1944, in Bretton Woods (USA), in an international conference acquired international legal status. The Bretton Woods currency system has the following advantages:

- Gold retained its interstate final settlement function;
- Along with gold, the US dollar has become a reserve currency, as a means of payment of international loans;
- The dollar was exchanged in governments and central banks of other countries, for 1 troy ounce of gold (31.1 g), which at that time in 1944 was $ 35. In addition, local authorities and individuals could buy gold in the private market. Gold did not undergo significant changes until 1968;
- Each currency pair, their mutual exchange is carried out on the basis of the official parity of the exchange rate of gold and the dollar;
- Each country had to keep a stable exchange rate of its currency relative to other currencies.

Exchange rates on the market should not have changed by more than 1% with respect to the parity of gold or the dollar. A change in parity was permitted when the balance of payments was constantly deteriorated.

At an IMF meeting in 1976 in Kingston (Jamaica), the fundamentals of interstate currency systems were introduced. [4, p.12] As a result of the meeting in Jamaica, mechanisms were introduced to create interstate currencies:

1. The starting point function for calculating the measure of exchange rates and value is canceled. Gold has become a free trade tool. In other words, gold can be sold, but if necessary, can be used in exchange of payment.
2. Due to the establishment of the main reserve currency and in order to reduce the roles of other reserve currencies, a new SDR standard has emerged - a special right to occupy a place.
3. States were given the right to choose the exchange rate regime. The relations between the currencies of the two countries agree on principles based on a floating rate. Changes in international financial law courses are determined by two main factors:

a) the ratio of the real values of currencies in the domestic markets of countries;

b) the demand and supply of national currency in international markets

Studying the dynamics of growth and decline in gold prices, when and to which investor to put the money, all this is taken into account aimed to obtain greater benefits. Gold is a commodity directly influencing the global economy and its market movement attracts attention.

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