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STATE SUPPORT FOR EXPORT ACTIVITIES SMALL AND MEDIUM BUSINESSES: WORLD PRACTICE

Abstract: *In this article, the value of the author's research is to identify the main features of existing systems of state financial support for export of small and medium enterprises (SMEs), to determine the degree of effectiveness of state financial support for export activities of SMEs in foreign countries and Russia, as well as to develop proposals to improve the efficiency of state financial support for the export of national enterprises of small and medium enterprises.*

Key words: *small and medium-sized enterprises, export, import, half-savo savdo, integration, half-and-tisodius Munosbital, financial support.*

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Introduction

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State regulation of small business is a relatively broad process, regulating its participation in foreign trade activities, ie export-import operations. Accordingly, it is important to study theoretical issues in this area and to develop scientifically grounded proposals. The participation of small businesses in foreign trade is significantly more limited than in large enterprises. This is due to the positive effect of the large exported goods produced, the constant cost per unit, and the relatively low cost of transactional costs, reducing the cost of the products of large enterprises and increasing the competitiveness of small businesses on equal terms. The issue of developing small business exports in the Republic of Uzbekistan is an area of constant reform.

The Strategy of Action for the Development of the Republic of Uzbekistan for 2017-2021 states that "if the people are rich, the state is rich and wealthy, providing reliable protection of rights and guarantees of private property, eliminating all barriers and restrictions for the development of private entrepreneurship and small business." Implementation

of the principle "will be stronger." [1] has been identified as one of the key areas. Pursuing these objectives is a key area of ongoing reforms in Uzbekistan to develop proposals to simplify and stimulate small businesses' export practices.

Crisis phenomena observed in the global economy over the past few years have had an impact on international trade in goods. They contributed to changing state development priorities and increasing attention to the export activities of national enterprises. The state system to support the foreign economic activity of national enterprises, including small and medium enterprises (SMEs), began to form in different countries as early as the middle of the 20th century, but was fully developed in the 1990s. Today, this system continues to play a significant role in enterprises entering foreign markets.

The issue of state financial support for SMEs deserves special attention. The activities of SMEs are an important component of the economic and social development of most developed and developing countries. In the context of globalization and growing competition, the entry of SMEs into foreign markets is one of the key elements in the development of not

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only the enterprises themselves, but also the entire national economy.

In our opinion, one of the problems is the fact that, at the state level, a number of countries still do not assess the degree of effectiveness of financial support to SMEs. This is especially true for developing countries, including Russia. Despite the fact that in the 2000s. the Russian state began to pay some attention to the problem of financing exporters of the SME category, the effectiveness of the use of these funds remains in question. To obtain a holistic view of the reasons for the current situation in the field of evaluating the effectiveness of financial support for exports in Russia, it is necessary to identify possible barriers to such an assessment.

Recently, government support for export activities has become especially significant for the SME segment. It is this business segment that creates the maximum number of jobs in many countries of the world. In the context of globalization, the strong position of national SME exporters in the global market is a definite indicator of the development of the national economy. And in the coming years, as world trade develops, the importance of this support will only grow.

II. Literature review

State support for exports has long been used by many countries to promote small and medium-sized businesses. Institutions and the export promotion tools they use have been widely developed in OECD countries. The organization developed the General Agreement on General Requirements for State Support for Export Credit (OECD, Arrangement on officially-supported export credits), which became mandatory for OECD member states.

A study conducted by the OECD in conjunction with APEC suggests that countries have a fairly wide range of export support programs. [2] According to the classification used in this study, all export support programs for SMEs are divided into several categories depending on the direction of services provided by the state.

General questions of the theory of state export support, including determining the degree of effectiveness of financial support, were developed in the works of many scientists, such as T. Singer, M. [3], Kotabe [4], A. Panagaria [5] and others.

In the European Union, guarantee schemes are the most common type of financial support, and the main addressee of guarantee schemes is mainly SMEs. In the European Union, the services provided by guarantee institutions are most in demand by those SMEs that were recently formed and are going to enter foreign markets with their products for the first time. [6]

Given the fact that small and medium-sized enterprises bring significant benefits to the country's economy, the state can develop support programs, in particular, by providing tax breaks that will help start-up exporting companies cope with the accompanying difficulties in entering foreign markets. [7]

There are various classifications of export promotion programs. For example, Singer identifies programs of an informational nature (providing informational assistance to beginning exporters, conducting training seminars) and practical ones (searching for foreign buyers, organizing trade missions and exhibitions abroad, researching foreign markets). [8] Cotabe and Zincota highlight export service programs and market development programs. [9] Naidu and his research colleagues divide these programs into four categories: export information (information and consulting services); production planning; marketing support (providing information on foreign markets, searching for foreign buyers, agents or distributors, representing enterprises' products at trade fairs and exhibitions, assisting in negotiations); financing and guarantees (provision of export credit guarantees, subsidies, export credit insurance, tax benefits).

Domestic literature also pays a lot of attention to export promotion programs. In particular, Mamasoatov D.R. [10] considers support for the export of small businesses and private entrepreneurship through information and communication technologies, further expanding export potential, increasing the production of competitive products in modern foreign markets and determining export efficiency through information and communication technologies.

To increase the regional level of small business and undertakings`export potential in country, attracting foreign investors and solving the existing problems in regional system, to determine problems in terms of supporting the small businesses in external economic relations and analyzing the main reasons which are causing to development of it and giving the proved suggestion is the goal of this article.

By Rustamov M. small businesses and private entrepreneurship, which began their activities in the process of lending by banks, are invited to provide unsecured loans on the basis of a "permissive" method was proposed. [11]

The problem is that there are not so many studies of this kind, and they cover data for one enterprise or for a group of enterprises. There are very few such studies at the country level. In Russia, the existing studies dealt only with the relevance and importance of implementing state financial support for exports. No studies have been identified to determine the relationship between government spending on export support and export sales by applying an econometric analysis.

In our opinion, Uzbekistan does not pay enough attention to existing problems and barriers that prevent SMEs from exporting. The export performance of

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Russian SMEs is low (the share of SME exports in total exports), and in order to eliminate the shortcomings of the existing system of state financial support for exports in Russia and increase the effectiveness of this support, it is necessary to clearly understand the existing difficulties of SMEs and further develop a set of measures to address them .

III. Analysis and results

There are two points of view in the economic literature regarding the relationship between government spending on export support and export sales of SMEs. The first is that countries with large exports make significant investments in export support. The second is that these countries, on the contrary, spend little on export support because it is already quite developed. The first point of view is quite direct and logical. According to her, state authorities in countries with developed exports recognize the need for trade development measures, and as a result, allocate significant funds to support exports. The second point of view, despite a certain ambiguity, also has a right to exist.

In their study, Wilkinson, Keyllor, and Damiko identify the relationship between changes in export sales and government spending to support US exports. [12] They argue that countries with developed exports spend relatively less on supporting export activities than countries that are at the stage of developing their export potential. It is for such countries that identifying the effectiveness of the state export support system is fundamental to its further development. In order to take into account macroeconomic characteristics, two variables were also used in the model: a state gross product or a gross regional product (GRP) and state unemployment rate. GSP determines the size of the state economy and is a general indicator of its state.

According to the authors, states with higher unemployment will spend more on promoting trade. In mathematical form, the regression dependence is as follows:

$EX96-94 = f(GSP, UN, AP94)$,

here $EX96-94$ - export sales for the period from 1994 to 1996;

GSP - gross regional product;

UN - unemployment rate;

AP94 - Export Support Costs Made in 1994

The model showed that GSP is a significant variable, while the unemployment rate was not statistically significant. As for the costs of export support, they turned out to be the most significant variable, which allowed the authors to conclude that the costs of export support have a positive effect on the subsequent increase in export sales.

Another study by Coughlin and Cartwright also presented a model describing the impact of government spending on export support on state-level export sales. [12]

Finally, export support costs are the fourth independent variable. Under expenditures are raised the costs of promoting the export of industrial and agricultural goods. This variable is of greatest interest to the authors in their study, and, in their opinion, the costs of export support have a positive effect on state-level export sales. In mathematical form, the considered regression dependence is presented as follows:

$EX = f(K, H, L, PROM, u)$, где EX - export sales;

K is physical capital;

H is human capital;

L is labor;

PROM - export support costs;

and - random error.

The results of the model showed that physical capital turned out to be a statistically significant factor that has a positive effect on state exports. Therefore, the authors of the model came to the conclusion that the increase in physical capital has a stimulating effect on the competitiveness and foreign economic activity of the state. Human capital also turned out to be a statistically significant factor, therefore, it can also be concluded that an increase in human capital contributes to the growth of export sales. As for the labor factor, it turned out to be statistically insignificant.

In this study, the relationship between export support costs and export sales will also be determined using linear regression, but in this case, one independent variable will be used in the regression. This variable is fundamental, which is confirmed by the results of the two models described above. The relationship between the above variables will be analyzed based on their dynamics over a time period of 15 years. The effectiveness of the costs of export support in this case will be determined at the state level as a whole by the example of three countries. The use of one independent variable in the model is associated with the difficulty of collecting additional data in the context of the states under consideration, taking into account the fifteen-year time series.

IV. Conclusions

Based on the results of the study, the following conclusions can be formulated:

1. An analysis of world experience in the field of state financial support for SME export indicates the importance of state participation in the system of stimulating the foreign economic activity of national enterprises. The experience of most countries clearly demonstrates the decisive role of state export support for SMEs, especially for the group of enterprises that is only embarking on foreign economic activity. The accelerated development of exports is facilitated by the formation of an appropriate regulatory and legal

field by the state and the provision of comfortable conditions for SMEs. This allows them to conduct their foreign economic activity along with large business. Instruments of state influence on the export activities of enterprises should be aimed at increasing the number of exporting SMEs and strengthening their positions abroad.

2. The considered experience of the state financial system for SME export support in leading developed countries allows us to distinguish two models of organizing national export support systems for small and medium enterprises. The first model is based on the preservation of a certain degree of freedom of management and foreign economic activity (USA, UK). Under this model, government efforts are aimed at using indirect support measures both at the pre-export and export stages. In this case, information and consultation support measures are implied. However, direct financial support is also provided, including export lending, insurance insurance, and others. The second model (Germany, France) is characterized by government involvement of agents and banks. The main difference from the first model is the priority of the innovative component in the activities of enterprises and, thus, the stimulation of their technological development. The experience of government financial support for SME exports in developed countries is diverse. State support in these countries is a serious support for small and medium-sized enterprises in matters of entering foreign markets, finding new partners and developing economic cooperation.

3. The practice of government stimulation of export activities of SMEs in developing countries reveals differences in the effectiveness of existing support systems in these countries. For example, in China, most export support measures were formal and in practice did not facilitate the process of entering foreign markets by Chinese SMEs. Another situation has developed in India. The Indian system of export support for SMEs is characterized by more intensive work with SMEs in potential sales markets and all kinds of government assistance in finding foreign partners. An assessment of the degree of effectiveness of state financial support for SME exports was carried out using econometric analysis. The calculations show the effectiveness of this support. An analysis of the foreign experience of state financial support for the export of SMEs in developing countries revealed the difficulties encountered by enterprises of the SME category in countries with an imperfect support

system, and also identified the measures that need to be taken to improve it.

4. The role of export credit agencies (ECA) as key participants in the system of financing international trade and investment is highlighted. Especially in demand are the services provided by ECA, small and medium-sized enterprises. It is for this category of enterprises that the role of ECA in the system of state export support is paramount. An analysis of international experience confirms this conclusion, since it is SMEs that, as a less protected category of business and at greater risk, need the support of an ECA.

5. The role of state financial support for stimulating the export activities of enterprises is justified. Based on a study of existing studies in the field of state export support, a positive relationship was found in most cases between the costs of export support programs and export sales. In this paper, in order to assess the degree of effectiveness of state financial support for exports, an econometric analysis is carried out for the countries under consideration. The results of the analysis allow us to conclude that, on average, government support for export support has a positive effect on export sales, stimulating their growth. Moreover, it is obvious that government spending on export support is far from the only factor that ultimately affects export sales. On the whole, it cannot be unequivocally asserted that an increase in the volume of state financial support always leads to an increase in export sales, since its effectiveness depends on many factors, primarily on the organization of the system of this support at different levels and on the situation in foreign markets.

6. The state should encourage and create conditions for small and medium enterprises to establish trade relations and production chains with large foreign enterprises and trade alliances. This will allow in the long term to attract foreign investment in export-oriented sectors of the state economy.

In order to increase the effectiveness of state financial support for SME exports to Uzbekistan, the state needs to help increase the competitiveness of Russian enterprises exporting SMEs abroad through improving existing mechanisms of state support. In particular, it is necessary to involve the state and provide support to SMEs at the stage of production (especially with a long reproduction cycle). A major contribution to export promotion is made by government assistance in the development of export infrastructure.

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