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WAYS TO IMPROVE THE METHODOLOGY FOR FINANCING IMPORT AND EXPORT OPERATIONS OF ECONOMIC ENTITIES

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ABSTRACT

The article examines the theoretical and methodological foundations of financing import–export operations of business entities. Particular attention is paid to the analysis of existing forms and instruments of foreign trade financing, the identification of their limitations, and the development of directions for improving financing methodologies in the context of the economic transformation of the Republic of Uzbekistan. The study substantiates the necessity of transitioning from the fragmented use of financial instruments to a comprehensive, risk-oriented, and institutionally coordinated model of financing foreign economic activity. Practical recommendations are proposed to enhance access to financial resources, reduce foreign trade risks, and strengthen the export potential of national enterprises.

Keywords: Foreign economic activity, import, export, financing, methodology, bank lending, export financing, Uzbekistan.

INTRODUCTION

Import and export operations are a key component of Uzbekistan's economic growth, influencing the formation of foreign exchange earnings, the development of manufacturing industries, and integration into the global economy. However, the dynamics of foreign trade reveal structural imbalances and the need to improve methodological approaches to financing. In the context of globalization and deepening international economic ties, import and export operations are becoming one of the key factors in the sustainable development of the national economy. For economic entities, foreign economic activity (FEA) is a source of market expansion, income diversification and increased competitiveness. However, the effectiveness of enterprises' participation in foreign trade is largely determined by the level of development and quality of the methodology for financing import and export operations.

For the Republic of Uzbekistan, which is implementing an export-oriented growth strategy, the task of improving the mechanisms for financing foreign economic activity is becoming increasingly urgent. Despite the expansion of export support instruments and the liberalization of currency regulation, problems remain with limited access for enterprises to long-term and inexpensive financial resources, high dependence on bank lending and insufficient development of alternative forms of financing. In this regard, scientific justification of ways to improve the methodology for financing import and export operations is of particular importance.

LITERATURE REVIEW

Scientific research on the financing of import and export operations of economic entities is dominated by an approach that views foreign economic activity as a system of financial, institutional and risk-oriented relations between enterprises, banks and the state. Classic works in the field of international finance emphasize that trade finance is an integral element of world trade and serves to reduce settlement risks, ensure liquidity and accelerate capital turnover (Madura, 2019; Krugman, Obstfeld, Melitz, 2018).

Research analyzing the role of bank lending in the export activity of enterprises has made a significant contribution to the development of methodological approaches to financing foreign economic activity. Paravisini, Rappoport and Schnabl (2015) empirically prove that banks have a comparative advantage in financing exporters focused on specific markets, and that bank specialization by export country strengthens the link between lending volumes and export flows. These conclusions are of important methodological significance, as they indicate the need to take into account not only the cost of credit resources, but also the institutional characteristics of banks when developing models for financing import and export operations.

In the national context of the Republic of Uzbekistan, research has mainly focused on analyzing foreign trade policy and institutional mechanisms for supporting exports. The works of Uzbek economists emphasize that the growth of the country's export potential is accompanied by an increase in the need for accessible and diversified sources of financing, and the dominance of bank lending limits the opportunities of economic entities (Akhmedov, 2018; Nazarova, 2019). At the same time, they note the need to develop factoring, export insurance and state guarantees as elements of a modern methodology for financing foreign economic activity.

Official statistical and analytical materials indicate steady growth in Uzbekistan's foreign trade turnover in 2020–2024, which reinforces the importance of a methodological rationale for the financial support of import and export operations (State Statistics Committee of the Republic of Uzbekistan, 2024; Ministry of Finance of Uzbekistan, 2023). In the context of growing exports and expanding trade geography, a risk-oriented approach to financing foreign economic activity, including the assessment of currency, credit and country risks, is becoming particularly relevant.

Recent studies (2022–2025) show a growing interest in improving the methodology for financing import and export operations in the context of the post-pandemic transformation of the global economy, increasing geopolitical risks and tightening global financial conditions. Contemporary works emphasize that traditional models of bank lending for foreign trade need to be revised and supplemented with more flexible and risk-oriented instruments (International Chamber of Commerce, 2022; World Bank, 2023).

A number of studies focus on the resilience of trade finance in the face of global shocks. Analytical reports by the International Chamber of Commerce note that after 2020, the structure of demand for trade finance shifted in favour of documentary operations, export risk insurance and supply chain finance, which should be reflected in the updated methodology for financing foreign economic activity (ICC, 2022; ICC, 2024). The authors emphasize that it is the complexity of instruments, rather than their isolated use, that determines the sustainability of enterprises' foreign trade operations.

Works published under the auspices of the World Bank examine the relationship between access to trade finance and the participation of enterprises in international trade. Research shows that limited access to financial resources remains one of the key barriers to exports, especially for small and medium-sized enterprises in developing economies, which is also relevant for Uzbekistan (World Bank, 2022; World Bank, 2024). The authors emphasize the need to integrate the assessment of financial constraints into the methodology for financing import and export operations.

Contemporary empirical studies also focus on the digitalization of trade finance. Duval and Meng (2023) emphasize that the introduction of electronic letters of credit, digital trading platforms and automated compliance reduces transaction costs and documentary risks, thereby increasing the efficiency of foreign trade financing. These findings strengthen the argument for including digital parameters in the methodology for assessing the value and risks of trade finance.

In the period 2023–2025, research on supply chain finance as a key element of modern foreign trade financing methodology is actively developing. The authors show that SCF allows for the redistribution of the financial burden among supply chain participants, improves the liquidity of exporters, and reduces systemic risks, especially in countries with limited access to long-term bank credit (Gelsomino et al., 2023; Hofmann, Kotzab, 2024). These approaches are of particular interest to emerging markets, including Uzbekistan.

Research on sustainable and green trade finance deserves special attention. Recent studies emphasize that environmental and social criteria are increasingly being taken into account when providing export financing, and that the integration of ESG factors into trade finance methodology helps to attract international financial resources (OECD, 2023; Asian Development Bank, 2024). For Uzbekistan, these approaches are relevant in the context of developing green exports and attracting international investment.

At the national level, in studies conducted between 2022 and 2024, Uzbek authors analyze the reform of foreign trade and currency policy, the expansion of export support and the development of non-bank financial instruments. It is noted that the growth of foreign trade turnover and changes in the structure of exports require improving the methodology for financing foreign economic activity with a focus on risk management, calculating the total cost of financing, and diversifying sources of capital (Akhmedov, 2022; Tursunov, 2023; Nazarova, 2024). At the same time, the insufficient development of comprehensive models for financing foreign trade operations at the enterprise level is emphasized.

Thus, an analysis of the literature from 2022 to 2025 shows that the current stage of trade finance development is characterized by a transition from fragmented financial solutions to a comprehensive methodology that combines the calculation of financing needs, the assessment of the total cost of resources, risk management and institutional coordination. At the same time, the specifics of Uzbekistan's economy and the dynamics of its foreign trade remain insufficiently reflected in international studies, which confirms the scientific and practical significance of developing an adapted methodology for financing the import and export operations of economic entities.

RESEARCH METHODOLOGY

The study uses general scientific and special methods of economic analysis. General scientific methods include analysis and synthesis, induction and deduction, logical and structural-functional analysis, which reveal the essence and evolution of methodological approaches to financing import-export operations.

The empirical basis of the study was official statistical data on the foreign trade of the Republic of Uzbekistan for 2023–2024, including indicators of exports, imports, foreign trade turnover and trade balance, as well as analytical materials from international organizations and national regulators. To identify dynamics and structural changes, the time series method was used, which made it possible to assess the growth rates of export and import operations and their impact on the financial resource needs of economic entities.

The research methodology pays particular attention to calculating the financing needs of enterprises for import and export operations. To this end, a phased approach is used, based on an analysis of the foreign trade cycle, including contract conclusion, settlements with counterparties, logistics, customs clearance and collection of export proceeds. Financing needs are determined as the amount of funds temporarily tied up in advance payments, inventories and accounts receivable, taking into account commercial credit and payment deferrals.

ANALYSES AND RESULTS

Theoretical foundations and key concepts of foreign trade financing. The methodology for financing import and export operations includes a system of instruments that ensure:

- increased liquidity for enterprises;
- reduction of financial and currency risks;
- acceleration of settlements with foreign partners;
- insurance protection and contract performance guarantees.

Key instruments include: letters of credit; bank guarantees; forfeiting and factoring; export credit; export credit insurance (ECI); currency hedging instruments (forwards, swaps).

However, the effective use of these instruments requires a developed financial market, a stable exchange rate and high-quality statistical information.

Uzbekistan managed to maintain high economic growth rates in 2024: GDP grew to 1,454.6 trillion soums (US$115 billion), representing an increase of 6.5% in real terms. The main contribution to GDP growth came from the services sector (3.3%), with the remainder coming from manufacturing (1.7%), construction (0.6%), agriculture (0.6%) and net taxes on products (0.3%). Uzbekistan's national currency, the sum, depreciated by 4.5% against the US dollar. The country's international reserves increased by US$6.6 billion to US$41.2 billion. External debt rose by US$10.8 billion to US$64.1 billion: private (corporate) debt increased by US$6.6 billion to US$30.2 billion, and public debt by US$4.2 billion to US$33.9 billion. Inflation, as measured by the consumer price index (CPI), was 9.8% in 2024. On 20 March 2025, the Central Bank raised its key interest rate from 13.5% to 14% and did not rule out further increases.

Money transfers to Uzbekistan grew by 30%, reaching $14.8 billion in 2024, with 77% of them coming from Russia.

Table 1: Key economic indicators

	2023	2024
Nominal GDP (billion US dollars)	102.6	115
Consumer price inflation (per cent)	8.8	9.8
Foreign direct investment (billion US dollars)	7.8	11.9
Current account balance (billion US dollars)	-7.8	-5.7
Exports (billion US dollars)	24.9	26.9
Imports (billion US dollars)	38.7	39
External public debt (billion US dollars)	53.3	64.1
Gross international reserves (billion US dollars)	34.6	41.2

Source: State Statistical Committee, Central Bank.

Uzbekistan's trade turnover showed moderate growth of 3.8%, reaching US$65.9 billion, with exports amounting to US$26.9 billion and imports to US$39 billion. Imports grew slightly, by 0.8%, while exports grew by 8.4%. Gold (US$7.5 billion), services (US$7.2 billion) and industrial goods (US$4.2 billion) accounted for 70% of exports in 2024. The structure of Uzbekistan's imports reflects its industrialisation and modernisation policy: machinery and transport equipment (34.6%), industrial goods (15.5%), chemicals and similar goods (12%) [6].

Foreign trade turnover and balance

Formula (1):

$$T_t = X_t + M_t$$

where, X_t — exports, M_t — imports.

Formula (2):

$$TB_t = X_t - M_t$$

Example (2024): $X_{2024} = 26.9$ billion dollars $M_{2024} = 39.0$ billion dollars

$$T_{2024} = 26.9 + 39.0 = 65.9 \text{ billion dollars.}$$

$$TB_{2024} = 26.9 - 39.0 = -12.1 \text{ billion dollars.}$$

Ratio of exports to imports

This indicator is important for assessing the "tension" in the foreign trade financing system.

Formula (3): $C_t = \frac{X_t}{M_t}$

Example (2024): $C_{2024} = \frac{26.9}{39.0} = 0.6897 \approx 0.69$

Interpretation: exports cover about 69% of imports, which increases the need for foreign currency resources and import financing instruments.

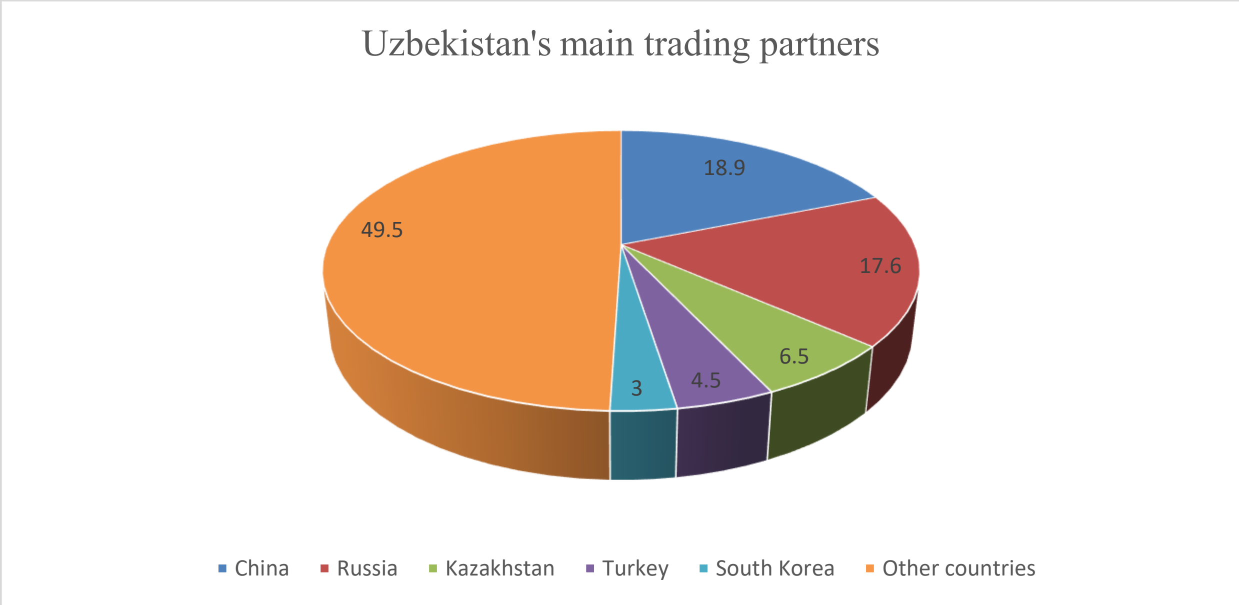

Figure 1: Uzbekistan's main trading partners

(official statistics, 2024):

In 2024, Uzbekistan's trade turnover with the United States grew by 15% to $881.7 million, making the US Uzbekistan's eleventh largest trading partner. Large capital investments, such as the purchase of American-made aircraft for its fleet by Uzbekistan Airways, can cause significant fluctuations in bilateral trade from year to year.

Uzbekistan has signed bilateral agreements with 55 countries on the avoidance of double taxation. The US Internal Revenue Service considers Uzbekistan to be one of the former Soviet republics currently covered by the tax agreement with the Commonwealth of Independent States (CIS). In 2015, Uzbekistan and the United States signed an intergovernmental agreement to improve international tax compliance with regard to US information reporting provisions, commonly known as the Foreign Account Tax Compliance Act (FATCA). The FATCA agreement entered into force in July 2017. On 9 June 2023, Uzbekistan joined the OECD/G-20 Inclusive Framework (OECD/G-20 - Organization for Economic Co-operation and Development / "G20") to combat base erosion and profit shifting (BEPS).

Uzbekistan, with a population of about 38 million, aspires to become a regional economic power. In March 2022, the Cotton Campaign human rights coalition ended its 13-year boycott of Uzbek cotton, stating that there was no systematic or systematic forced labour by the government during the 2021 cotton harvest. The government's stated economic policy prioritizes attracting private investment by improving Uzbekistan's business climate, privatization and liberalizing foreign trade. As a landlocked country, Uzbekistan has traditionally been heavily dependent on transport corridors through Russia. Although Russia remains Uzbekistan's largest economic partner, the war in Ukraine has prompted the Uzbek government and local businesses to explore new markets and develop transport routes that bypass sanctioned jurisdictions. The Trans-Caspian International Transport Route, connecting China and the European Union via Central Asia, the South Caucasus, Turkey and Eastern Europe, has become increasingly important.

In September 2022, Uzbekistan, Kyrgyzstan and China signed an agreement to conduct a feasibility study for the $4.7 billion China-Kyrgyzstan-Uzbekistan railway project, which had been under discussion for 20 years. The study was completed in the first half of 2023, and construction of the railway began at the end of 2024. China, Kyrgyzstan and Uzbekistan have set up a joint venture in which China owns 51% and Kyrgyzstan and Uzbekistan each own 24.5%. Half of this amount, $2.35 billion, will be transferred by China as a loan to the joint venture's account. The remaining amount will be provided by the three countries in accordance with their share in the joint venture. The length of the railway line will be approximately 486 kilometers, of which 311.75 kilometers will pass through the territory of Kyrgyzstan, and the volume of cargo transportation is projected at 12-15 million tonnes per year. This corridor will undoubtedly affect Uzbekistan's foreign trade relations and, of course, the import and export operations of economic entities.

In 2025, Fitch Ratings upgraded Uzbekistan's credit rating from BB- to BB with a stable outlook, while Moody's and S&P maintained their ratings of Ba3 and BB- respectively, but both revised their outlook for Uzbekistan from stable to positive. In 2023, President Mirziyoyev announced a goal of increasing Uzbekistan's GDP to $160 billion (from $80 billion) by 2030. In October 2024, the target was raised to $200 billion by 2030. In January 2024, the State Statistics Committee revised the GDP figure for 2023 and added $10.7 billion to account for the shadow economy. This revaluation was carried out in collaboration with an IMF technical assistance mission and increased GDP for 2023 to $101.6 billion.

The negative balance of goods and services creates a need for more active use of export credit, insurance instruments and mechanisms to increase product competitiveness. The sum/dollar exchange rate during the period under review was influenced by domestic liquidity and foreign trade demand. At the end of 2024 , the trading volume on the Uzbek Republican Currency Exchange (UZRCE) increased by 19.84% and reached 1,197.79 trillion sums, with the currency market accounting for 38.96% of the total trading volume (about 466.6 trillion soums), which is equivalent to approximately USD 37-40 billion at the average exchange rate for 2024 [4]. High volumes of foreign exchange transactions indicate market flexibility, but exchange rate fluctuations create risks for companies importing raw materials and equipment.

Financial account and investment attraction. This creates favourable conditions for the development of export potential, but requires a correct methodology for the distribution of funds and control of investment flows. Lending to economic entities. The volume of loans aimed at financing entrepreneurial activity in April 2025 amounted to 3,010 billion soums, including loans for the development of services, production projects and support for women entrepreneurs. The share of loans directed to export-oriented industries remains limited.

However, there are problems with financing foreign economic activity. Let us consider the main problems with the financing methodology. Based on an analysis of statistical data and foreign trade practices, the following problems can be identified:

1) insufficient diversification of financial instruments (low use of forfaiting and factoring; limited use of commodity and export credits);

2) high currency risks (dependence on the US dollar, lack of widespread use of hedging);

3) limited availability of long-term financing (SME loans are predominantly short-term, as can be seen from the dynamics of monthly loan volumes);

4) insufficient integration of banks with foreign trade platforms (weak digitalization of foreign trade settlements);

5) lack of a centralized statistical system for industry-specific exporters (although the statistical bulletin includes data on foreign trade, there is no breakdown by enterprise).

Improving the methodology for financing the import and export operations of economic entities involves a transition from the fragmented use of individual financial instruments to the formation of a comprehensive, risk-oriented and institutionally coordinated system of foreign trade financing. Such a methodology should take into account macroeconomic conditions, currency and financial risks, and the strategic priorities of export-oriented development.

A key area is the development of export credit mechanisms, including institutional strengthening of state support for exports, interest rate subsidies and expanding exporters' access to long-term credit resources. This will increase investment activity in export-oriented industries and reduce the dependence of enterprises on short-term bank financing.

In the context of a continuing current account deficit and growing foreign trade risks, the introduction of export risk insurance systems is of great importance. The integration of insurance mechanisms into the financing methodology minimizes the risks of non-payment and logistical disruptions, and also increases the creditworthiness of exporters when attracting financial resources.

An essential element of the updated methodology should be the expansion of currency risk management tools. The use of forward contracts, currency swaps and currency position insurance mechanisms help to reduce the negative impact of exchange rate fluctuations on the financial results of import and export operations and increases the stability of enterprises' cash flows.

The final area of focus is the digitalization of foreign trade financing and encouraging banks to actively participate in supporting export-oriented projects. The introduction of digital letters of credit, electronic transaction support platforms and the development of export credit refinancing programmes will reduce transaction costs, increase the transparency of financial flows and ensure the sustainable development of foreign economic activity.

CONCLUSIONS AND RECOMMENDATIONS

The study confirms that financing the import and export operations of economic entities in the Republic of Uzbekistan is a key factor in the sustainable development of foreign economic activity and requires further methodological improvement. An analysis of foreign trade dynamics for 2020–2024 revealed steady growth in exports while maintaining a negative trade balance, which creates an increased need for foreign currency resources and effective foreign trade financing instruments.

It has been established that the current methodology for financing import and export operations is characterized by a high dependence on bank lending and limited use of alternative trade finance instruments. Insufficient diversification of financing sources, high borrowing costs amid rising inflation and key interest rates, as well as exchange rate volatility increase the financial risks of economic entities, especially small and medium-sized businesses.

The study showed that the macroeconomic and institutional changes of 2024–2025, including the growth of external debt, the intensification of infrastructure projects and the diversification of trade and logistics routes, require the adaptation of financing methodologies to long-term and capital-intensive foreign trade operations. At the same time, the lack of a detailed statistical database on the sectoral structure of exporters and the financial instruments used limits the possibilities for a comprehensive assessment of the effectiveness of foreign trade financing.

In general, it is concluded that the existing methodology for financing import and export operations is fragmentary and does not fully take into account the combination of financial, currency, institutional and risk factors, which reduces its adaptability to the current conditions of Uzbekistan's economic development.

In order to develop a modern methodology for financing import and export operations of economic entities in the Republic of Uzbekistan, it is proposed to implement the following measures.

It is advisable to ensure the transition from a credit-oriented model to a comprehensive trade finance system that provides for the expanded use of factoring, forfeiting and documentary instruments, which will reduce the dependence of enterprises on short-term bank loans.

It is recommended to strengthen export lending institutionally by developing mechanisms for state guarantees, interest rate subsidies and export risk insurance, which will increase the availability of long-term financing for export-oriented industries.

The methodology for financing import and export operations should be supplemented with a formalized risk-oriented approach that includes an assessment of currency, credit, country and documentary risks using integrated indicators, which will improve the soundness of financial decisions.

It is necessary to activate currency risk management tools and accelerate the digitalization of foreign trade financing through the introduction of electronic letters of credit, digital transaction support platforms and the integration of banking, customs and logistics systems.

The implementation of these proposals will make it possible to develop a sustainable methodology for financing import and export operations that is adapted to national conditions, increase the competitiveness of economic entities and ensure the long-term strengthening of the Republic of Uzbekistan's position in the system of international economic relations.

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