

THE ROLE OF JOINT VENTURES IN THE DEVELOPMENT OF INVESTMENT AND EXPORT ACTIVITIES OF UZBEKISTAN

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This thesis substantiates the role of joint ventures in the development of investment and export activities of our republic.

Direct cooperation between enterprises is considered a form of direct economic relations. Its distinctive features include: such activities are carried out between enterprises without state intervention; efficient use of resources and economic potential based on cooperation; cooperation enhances the export potential of enterprises and increases foreign currency revenues; moreover, it is evaluated not only by the delivery of finished products to consumers, but also by the supply of components at a technical level.

Economic interests form the foundation of cooperation between enterprises and organizations. As the basis of economic cooperation, direct relations involve accurately assessing economic efficiency and ensuring active and effective participation in foreign economic activity. When enterprises unite based on mutual interests, this directly affects the overall economy and the national economic system.

The purpose of establishing direct relations may also include the exchange of experience and joint development of scientific research. In joint production cooperation, economic contracts are concluded and regulated through state licensing. Prices for goods and services produced under joint cooperation are determined by mutual agreement.

At the time of signing contracts, all types of goods and services must be clearly specified. In direct relations, commodity exchange prices are set based on world market prices. Agreed prices may also be applied, calculated as the average of wholesale and retail prices for the same goods in the participating countries and world prices. These prices are determined based on the value of goods or services.

Special methods used by foreign trade enterprises are applied in determining world and agreed prices. If, at the time of contract signing, a product is found to be non-competitive, a temporary price is established instead of an agreed price.

Joint ventures must operate independently in their economic activities, ensuring stability through the participation of representatives from different countries. The state does not assume responsibility for the obligations of joint ventures. From a financial and organizational perspective, there are differences between joint associations and joint ventures.

Joint ventures may establish branches as independent legal entities. For the purpose of establishing a joint venture, Uzbek and foreign partners form an authorized capital, which is

agreed upon by the parties. The highest governing body of a joint venture should consist of 3–7 members. Separate chairpersons are appointed for each sector and responsibility area, with a chief executive overseeing the authorized capital.

All matters related to the activities of a joint venture must be specified in its charter. Serious issues are discussed at management meetings and resolved through unanimous voting. To ensure proper management and oversight, an audit commission is established. The chairman of the board or the general director may be a foreign citizen.

The main objectives of attracting a foreign partner to establish a joint venture may include: attracting advanced technologies; mobilizing foreign currency; expanding production; utilizing partner trade routes and channels; producing goods at minimal cost; exemption of products from customs duties; using low-cost labor; importing semi-finished products duty-free; utilizing affordable transportation; and improving sales markets.

In addition, political conditions, investment levels, currency policy, and guarantees for foreign partners play an important role.

The distinctive principles of establishing joint ventures include: consolidation of partners' assets and capital strengthens joint venture operations; reduces production and commercial risks; and ensures that technology remains within the enterprise.

Based on their objectives, joint ventures may take the following forms: research-oriented; production-oriented; procurement-focused, where raw materials produced are purchased by the foreign partner; and sales-oriented, aimed at selling products domestically and to third countries.

The key characteristics of joint ventures include: status as an independent legal entity; defined ownership shares for each participant; and equal management rights for all members.

The establishment and attraction of joint ventures require long-term investments.

The reasons for establishing international joint ventures include:

Internal factors: utilizing advantages of the investment climate; risk-sharing; financing firms to strengthen accounts receivable; economies of scale in production; sharing costs of research and development; learning new management methods; accelerating entry into foreign markets; expanding the use of local labor resources; combining low-value resources; and organizing employee training.

External factors: access to global markets; reduced competition due to first-mover advantages; easing political tensions; compliance with local government requirements; and fostering more effective competition.

Strategic factors: securing a stable raw material base; future business opportunities in the host country; technology transfer; and diversification of production.

To establish an international joint venture, the following steps are required: preparation of registration documents; development of control mechanisms; defining majority shares in authorized capital; access to necessary resources; staff training; communication systems; special agreements; informal mechanisms; advantages of “soft” control; allocation of control; and defining control directions.

In conclusion, the success of joint ventures largely depends on selecting the right partner for the future. Factors influencing partner selection include: difficulties arising from differing worldviews; asymmetry of ownership shares; challenges related to partners with smaller capital contributions; selecting partners genuinely interested in the success of the joint venture; and choosing partners based on trust or the potential for trust development.

This is particularly important for countries transitioning to a market economy, as cooperation with international partners enables access to global markets with domestic products.

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