

CREDIT IN FOREIGN ECONOMIC RELATIONS,  
ITS FUNCTIONS AND TYPES

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**Annotation:** Uzbekistan has become a member of various international and regional financial, currency and credit organizations and is cooperating with them. Expansion of foreign economic relations is also observed on the world scale.

**Keywords:** Investment , modernization , international currency, technology, project, national economy, Central, Europe, Andijan, Switzerland, Japan.

In the statement on the independence of the Republic of Uzbekistan adopted by the Oliy Kengash on August 31, 1991- “The Republic of Uzbekistan is an equal member of the international community” , in international relations , it is said to be a sovereign state, a subject of international law. After gaining independence , the Republic of Uzbekistan became a subject of international relations. In a short time, Uzbekistan became a member of various international and regional financial , currency organizations and is implementing cooperation relations. Expansion of foreign economic relations is also observed on the world scale. In particular , according to world statistics, in 1990-2003 , the world gross domestic product (at current prices) was 22,6 billion. The total export volume of the country increased from 4,3 billion to 9,2 billion US dollars or 2,2 times , while it increased by 36,1 billion US dollars or 1,6 times. Direct investments increased from 209 billion to 560 billion US dollars or 2,7 times. A certain part of international relations corresponds to international credit relations.

International credit has the following features:

- The state , organizations and institutions , legal entities ( banks, companies), international currency credit organizations participate as borrowers and lenders.
- The borrowed funds are used as income generating capital by the borrowing country.
- The source of the loan fund paid to the lending country is the national income generated by the population of the borrowing country.

International credit can be in thw form of money ( currency) in relations involving the state and international institutions , and in thw form of goods in foreign trede. International credit performs the following functions within the framework of international economic relations :

- Ensures redistribution of capital between countries .

- Creates conditions for the centralization of capital and accelerates this process.
- Reduces transaction costs when maintaining international accounts in different currencies.

International and regional financial , currency and credit organizations were created according to the interstate agreement in order to control currency- credit and financial relations. Such organizations include the International Monetary Fund, the International Bank for Reconstruction and Development, the World Bank , and the International Development Association, International finance corporation, European bank for reconstruction and development, Asian Development bank, Islamic Development bank , African Development bank , European investment bank , International account – book bank , International investment guarantee agency , International development association, including the international Center for Investment Disputes and others.

XVF-a currency with the status of a specialized agency of the United Nations – as a credit organization , to regulate exchange rates and establish standards for monitoring compliance with them , as well as by providing foreign currency resources to their owners in case of currency difficulties due to the instability of the balance payments helps to promote international trade and commercial cooperation. XVF-It was established in 1944 at the Brutton Woods International Monetary and Financial Conference of the USA and began to operate in 1947. XVF – management is made up of five departments ( Africa, Europe , Asia, Middle East and West). XVF-its capital is formed to contributions paid according to the quota of its customers. Quota Latin Quota-part , indicating the contribution , it is according to international agreements a quota is established for some or a group of goods, according to which a country or a group of countries only has a specified amount can produce and export goods. The purpose of setting quotas is to change the price in the market in the market in the direction of a certain goal, because the quota limits the supply of goods, thereby affecting price and thus profitability. Quota is determined depending on the level of economic development of the countries , their place in the world economy and international trade. In 1947 , 49 countries became members of the International Monetary Fund , and their quotas totaled 7.7 billion US dollars. By the middle of 1991, the International Monetary Fund had 155 members and its capital reached 90 billion dollars. Two-thirds of which are in industrialized countries. The current numbers of members of the International Monetary Fund is more than 181 . Votes are distributed among countries depending on the size of the quotas for the governing bodies of the International Monetary Fund. 46 percent of all votes belong to the USA and European Union countries , the remaining votes belong to developing countries. International Monetary Fund is the governing body and is the board of directors. It gathers together with the representative of participating countries once a year. The executive body of

the International Monetary Fund is the Directorate , which consists of 6 members, that is, members of countries with more quotas. It also includes six members selected according to geographic location. The governing body of the IMF is a branch committee, which includes finance ministers of 22 countries.

**IMF loans are divided into:**

1. A loan to countries at the limit of the IMF's reserve position. To cover the balance of payments deficit, countries can borrow from the foreign exchange fund. This loan is obtained by exchanging national currency for foreign currency for a period of 3-5 years. Repayment of the loan is the opposite. National currency is purchased is freely convertible currency. Around the 25% quota , the country can receive credit without restrictions. Also , the gold fund can take a loan in foreign currency in the amount of the loan specified in the norm. This loan weight should not exceed 200 percent of the quota.

2. A loan to a higher reserve ratio. Such loans are granted after studying the economic situation of the country's currency and fulfilling the requirements of the IMF's stabilization measures .The stabilization program of the IMF solves issues such as the limitation of domestic loans and budget expenditures. However, receiving a loan from the IMF allows countries to settle loans from international banks. The IMF occupies a key position in the management of interstate currency-credit relations. According to the Brutton Woods afreement , the fund is tasked with managing and supporting the currency parities of the members countries , and managing exchange rates. In 1996-1997, Uzbekistan received \$259 million in aid from the IMF under the macroeconomic stabilization program, which was used was used to support the currency. Uzbekistan has been a member of the IMF since September 1992. The World Bank is the world's largest foreign exchange lending organization. Its president , James Wolfensohn , will step down from his position in May 2005 after 10 years of service , and on June 1, 2005, US Deputy Secretary of Defence Paul Ffovis will be elected in his place. The World Bank consists of 43 major financial institutions , the main of which are:

1. International bank for reconstruction and development.
2. International Development Association
3. International finance corporation
4. International investment guarantee agency
5. Center for Coordination of Investment Disputes

Only countries that are members of the IMF have the right to become members of the WTO. The ICRC is an international investment institution , aspecial institution of the UN. The International Monetary Fund was established by the decision of the Brutton Woods Conference and under the auspices of the IMF . Its charter officially entered into force in 1945 and started working in 1946. It is located in Washington . Its

main purpose is to provide long-term loans and loans to the economy of the member states, guaranteeing private investments. Loans are granted by XKTTB under a time guarantee. XKTTB also provides guarantees for long-term loans from other banks. The bank covers 30% of the value of the object with its loan.

The European Bank for Reconstruction and Development (EBRD) was established in Paris on May 25, 1990 at the initiative of the President of France. The bank started its activity on March 28, 1991.

The first meeting of bank managers was held in London on April 15-17(1991) with the participation of representatives of 41 participating countries, and the first and directorate were elected. It was from April 15, 1991 that the bank operations were officially started, and the first project was approved in June. Jacques Attali was the first President of the bank from April 1991 to June 1993,

Jacques de Lsrosier was in charge from September 1993 to January 1998, Horst Keller from January 1998, and Horst Keler from July to the present. Uzbekistan has been a member of the CSTO since April 30, 1992. In 1994, the bank's representative office was opened in Tashkent under the leadership of Kenji Nakazova. Currently, the bank has 62 shareholders from 60 countries. The total capital of the bank is 194 48.8 million euros. Of which Uzbekistan's contribution is 42 million euros (0.21%). The share of the USA is 10.32%. France, Germany, Italy, Japan, Great Britain make 4.13%. The main goal of the bank is to transition former socialist countries from a planned economy to a market economy development of private entrepreneurship, implementation of structural and sectoral reforms, support for their integration into the world community. The scale of the movement is from Central Europe to Central Asia countries in the transition economy. Uzbekistan's first 60 million dollar loan with the bank was signed during the official visit of the President of our Republic to Great Britain of our Republic to Great Britain in 1993, during his stay at the YETTB, during his stay at the YETTB headquarters for small business development, the second credit line signed by Uzbekistan with the bank in 1996 was for the development of the open economy in the amount of 120 million dollars, of which 60 million dollars were provided by the National Bank of Uzbekistan, 30 million dollars by Asaka Bank, 15 million dollars by the Industrial Construction Bank and another 15 million dollars were used through the Cotton Bank. The third credit line was in the amount of 100 million dollars through commercial banks in the following years, and even now the relations between the bank and our Republic (1.4 billion dollars in the next 10 years, 10 projects) are developing further. The company "Uzbeklizing Interneishni AV" was established through loans received from the bank. With his participation, Uz DEU bank began to operate, Zarafshan –Nyumen joint venture Uzbekneftgaz" was used to purchase 12 electric locomotives from China, reconstruction of Tashkent locomotive depot, etc. In 2002, the bank granted a total of 102 projects in the amount of 3,9 billion euros and

achieved a record result in its history. 1.29 billion (33%) of it went to Russia , 1.27 billion to countries in transition ( Central European and Baltic republics -32%), 1.35 billion (35%) to Central Asia (6%), South and Eastern Europe (22%) and Caucasian countries(7%). The following three agreements were signed at the twelve year meeting of bank managers held in Tashkent on May 3-5, 2003.

1. Between Russia and Switzerland . Based on it, Switzerland allocated 4.3million dollars for the reconstruction of the heating system of Andijan . For this purpose , Japan also allocated 1.5 thousand dollars in addition , Switzerland allocated a loan of 3 million euros to Uzbekistan and Kazakhstan for consulting services.

2. A credit line in the amount of 15 million dollars was agreed for the development of small and medium entrepreneurship through Asakabank.

3. YoQTTB-Asia Investment Bank and commercial banks of the Republic of Uzbekistan agreed to allocate a loan in the amount of one million dollar credit allocation is planned.

Currently , obtaining microloans through YoQTTB is established through Cotton Bank , Ipoteka Bank, Silk Road Bank and Hamkor bank.

The Asian Development Bank was established in Manila, Philippines in 1966 to reduce poverty in Asia and the Pacific region . The bank provides loans to government and private enterprises . the loan is granted at a maximum of 25% of the project cost or 75 million US dollars . A deposit is required for each project . In 1995, Uzbekistan was the 15 th in Central Asia and the 22<sup>nd</sup> among the member countries of the ADB. ADB is an international financial institution and currently has 63 members. Today , 33,6% of the investments of foreign and foreign financial organizations are in the form of loans in our republic belong to ADB . Funds of the bank are given mainly in two directions-through a special fund and through a regular fund. Special fund are directed to providing preferential loans and technical assistance to less developed member countries , ordinary fund funds are granted commercial loans with a high interest rate for 10-15 years.

#### **List of used literature:**

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