

TAKING THE MONETARY POLICY AND TRADE SYSTEM TO A NEW LEVEL IN CENTRAL ASIA

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Annotation: The proposal outlines a gradual introduction of a single currency system for Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan, and Turkmenistan, with the aim of simplifying mutual import and export operations between these countries. This strategy is also expected to prevent the prices of imported products from other states exceeding those in domestic markets, leading to a reduction in inflation.

Keywords: cultural-humanitarian, single currency system, Trade, Economic Development, commodity raw materials exchange

Аннотация: В предложении предусмотрено постепенное введение единой валютной системы для Узбекистана, Таджикистана, Казахстана, Кыргызстана и Туркменистана с целью упрощения взаимных импортно-экспортных операций между этими странами. Ожидается, что эта стратегия также предотвратит превышение цен на импортную продукцию из других государств над ценами на внутренних рынках, что приведет к снижению инфляции.

Ключевые слова: культурно-гуманитарная, единая валютная система, торговля, экономическое развитие, товарно-сырьевой обмен.

In recent quarters there has been a sustained high rate of economic growth. In the context of relatively moderate investment activity, the growth of aggregate consumption has been one of the main demand drivers. At the end of 2022 GDP growth corresponded the October forecast of the Central Bank, amounting to 5.7 percent. Despite the expected relative stabilization of fiscal stimulus this year, lagged effects of the fiscal deficits, accumulated during the last 3 years, on aggregate demand persist. Stable labor market, rising wages and cross-border remittances boost the demand on durable goods and real estate, exerting price pressure in these markets. The extent to which the current positive trends will stay in place

depends on the stability of the supply factors, in the coming quarters. Meanwhile, some short-term supplyside risks have arisen because of abnormal weather conditions, which may affect the production and supply of certain goods. Over 2022, the economy adjusted to changes in external conditions. The impact of external economic conditions was relatively short-lived and less pronounced compared to initial projections. This resulted in increased foreign exchange inflows from exports and cross-border remittances.

Alongside with expectations on more favorable prices on world markets, there are risks and uncertainties associated with lower global growth prospects and the prospects on key trading partners. In 2022, there was a price increase over a wide range of goods, which has resulted in acceleration of annual headline inflation to 12.3 percent. The core inflation also had a sustained growth path, having reached 13.8 percent, over the last six months of the year. This, together with relatively higher producer prices, is an indicator of rising inflationary pressures. Inflation expectations also show a moderate growth, in the last three months. Their direction raises the probability of upward shifts on inflation risks. As the global economy adjusted to the ongoing changes and central banks tight their monetary policies, global inflationary trends and rise in on basic food prices gradually subside. Together with stable exchange rate, this may curb the inflationary processes in the economy. Since the second half of the year, the growth of loans to the economy has slightly accelerated due to lending in domestic currency. Considerable growth is observed in retail lending. Due to positive real interest rates, deposits, including those of households, increased rapidly. Overall, since the second half of 2022, there were structural changes in the methods of financing the local economy. The transition of banks to internal sources of financing has accelerated. This, together with the effective accumulation of available financial resources, has contributed to the reduction of dollarisation in the economy. This expected to be continued in 2023.

The proposal outlines a gradual introduction of a single currency system for Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan, and

Turkmenistan, with the aim of simplifying mutual import and export operations between these countries. This strategy is also expected to prevent the prices of imported products from other states exceeding those in domestic markets, leading to a reduction in inflation.

In the initial stage, the use of a single currency for inter-country trade is suggested. Subsequently, this currency's full implementation within the territories of Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan, and Turkmenistan is proposed, which is anticipated to strengthen and develop cultural and humanitarian relations among these nations.

Additionally, the idea of establishing a single commodity raw material exchange for these countries is put forth. Such an exchange would promote healthy competition among business entities operating in these regions, resulting in the availability of quality and affordable products for the local residents. Utilizing the proposed single currency on this exchange could help prevent price fluctuations due to foreign currency conversion, thus mitigating inflationary pressures.

I recommend developing a strategic plan with multiple stages for the introduction of the single currency system and the single commodity raw material exchange within Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan, and Turkmenistan. By systematically implementing these stages, the proposal aims to elevate economic, social, and cultural integration in Central Asia to a new level. Ultimately, this initiative seeks to improve the economic conditions of the region's population and bolster the economic landscape.

List of used literature:

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