



## PRACTICAL SIGNIFICANCE OF DAVID RICARDO'S THEORY OF COMPARATIVE ADVANTAGE IN THE PROCESS OF DIVERSIFICATION OF THE UZBEKISTAN ECONOMY

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### Abstract :

This article analyzes the practical significance of David Ricardo's theory of comparative advantage in the process of diversifying the economy of Uzbekistan. The idea of comparative advantage is the theoretical foundation of the modern international trade system, emphasizing the increase in economic efficiency when countries specialize in products that they can produce at lower costs. The article examines the economic reforms carried out by Uzbekistan in recent years, in particular, the process of transition of the economy from reliance on raw material exports to the development of sectors with high added value, in connection with Ricardo's theories. It also analyzes the possibilities of using comparative advantages in the fields of agriculture, energy, textiles, chemical industry and services. The results of the study show that the practical significance of Ricardo's theory in the strategy of Uzbekistan's integration with global markets and expansion of the export structure is high, and it serves as an important theoretical basis for ensuring economic growth, production of competitive products and formation of sustainable diversification.

**Keywords:** David Ricardo, theory of comparative advantage, international trade, specialization, economic efficiency, economy of Uzbekistan, diversification, export potential, competitiveness, global market, economic reforms, development of industries, added value, international division of labor, sustainable growth .

In today's globalization process, the integration of national economies with international markets, expansion of export potential and increase in the share of competitive products are important factors in the development of countries. In particular, in the process of diversifying the economy of Uzbekistan, the development of high value-added sectors, modernization of production and expansion of the export structure are among the priority tasks. In such conditions, historical economic teachings, in particular, David Ricardo's theory of comparative advantage, serve as a theoretical basis for the formation of the country's foreign economic strategy.

The principle of comparative advantage in the world economy emphasizes the increase in overall economic efficiency as a result of the specialization of countries in products with low relative costs. This approach is also an important strategic direction for expanding the economic potential of Uzbekistan, abandoning its reliance on raw material exports and increasing the share of high-tech and processed products. The economic reforms implemented

in the country in recent years, attracting investment, and expanding international trade relations also make it possible to ensure economic growth through the practical application of Ricardo's theory.

Therefore, this article deeply analyzes the practical significance of David Ricardo's theory of comparative advantage in the process of diversifying the economy of Uzbekistan, highlights the existing opportunities, sectoral advantages and the role of this theory in the country's economic policy. The results of the study demonstrate the scientific and practical significance of this theory in improving Uzbekistan's export structure and securing a stable position in global competition.

The theory of comparative advantage, developed by David Ricardo, is one of the most important principles of international trade, emphasizing the increase in overall welfare when countries specialize in products that have the lowest opportunity costs relative to them. In Ricardo's approach, countries do not need to have an absolute advantage for trade to be mutually beneficial; the most important aspect is relative efficiency. This principle also serves as the main theoretical foundation for the formation of foreign trade policies of countries in today's global economy.

The importance of the concept of comparative advantage is especially high for developing countries, providing them with opportunities to redistribute resources, organize production efficiently, and adapt to the international market.

After independence, Uzbekistan's economy has developed largely on the basis of raw materials - cotton, gold, natural gas, etc. However, in recent years, changing global economic conditions, fluctuating commodity prices, and increased competition in the international division of labor have sharply increased the need to diversify the economy.

Diversification main directions the following own inside takes :

- export the composition expansion and raw material share reduce ,
- again work industry development ,
- new technologies based on networks to form ,
- international to the market suitable competitive products working release ,
- service show field expansion .

This of the process scientific from the basics one as Ricardo's comparative advantage theory Uzbekistan economic in politics important place occupy started .

Uzbekistan resource potential , geographical location , work market features and there is industry infrastructure some on the networks relative to the advantages has to be opportunity gives . These of the following consists of :

1. Village farm and food industry of Uzbekistan weather conditions , fertile land resources and water supply some village farm crops according to natural comparative advantage creates . In particular :

- fruits and vegetables cultivation ,
- viticulture and gardening ,
- cotton raw material deep again work according to of the country competition advantage

If this is available in the fields deep again work level If increased , from export removable added value sharp increases .

2. Textiles and light industry . Cotton raw material in the country existence textile industry to develop basis creates . Ricardo theory according to raw material export from doing according to him deep again work economic fruit increases . Therefore for In Uzbekistan :

- yarn ,
- gauze ,
- ready clothes working to release expansion comparative from advantage effective use is considered .

3. Chemistry and gas chemistry industry . Natural gas reserves Uzbekistan this in the field big to the opportunity has that shows . But the gas raw material as sell instead of from it :

- polymers ,
- plastic products ,
- chemical fertilizers working release Uzbekistan international to the market added value high product with to the exit opportunity creates .

4. Transport and logistics and service show sectors of Uzbekistan Central In Asia geographical location international transport corridors , transit services , tourism and logistics according to comparative advantage creates . Services export development diversification priority from directions is one .

Last in years Uzbekistan external trade policy liberalized , export geography and product types expanded . Comparative advantage principle following in directions in practice is being used :

- for export directed enterprises support ,
- industry networks modernization to do ,
- export duty and procedures simplify ,
- international to standards suitable products working to release encouragement . These changes Ricardo's to their ideas based without Uzbekistan's global trade in the system integration is accelerating .

According to the Statistics Agency of the Republic of Uzbekistan in 2024 According to , Uzbekistan will become the world's largest textile producer by 2024 products from exports - about 2.9 billion US dollars income took . All of this exports in the content share — 10.6 % right arrived . Export in the composition the most big share — yarn ( yarn ) is category 1.237 billion dollar organization done . Ready textile products export and €1.124 billion dollar organization from this except for the first of 2025 textile industry in the second quarter ( January -March) and textile sector export active be — for example , export made textile products in the composition thread main occupied a share ( $\approx 46.8\%$ ) .

This information shows that textile and again worked textile products Uzbekistan in export is an important segment , which and David Ricardo's comparative advantage to the theory suitable coming practical is an example — that is , the country to oneself relatively resources and to the possibilities suitable in the fields work through additional value is creating .

Also , in the period January -May 2025 fruits and vegetables exports are also significant increased : this goods export value 619.6 million dollar organization reached and previous per year 47.9% increase compared to record done .

This situation Uzbekistan for diversification on the way very important — that is , raw materials and to a single network not , maybe many to directions solid basis create

Uzbekistan diversification policy successful past for following factors important :

Industry modernization to do and technological update

– competitive product of creation main condition .

Labor fertility increase

– comparative from advantage maximum use opportunity gives .

For export related obstacles reduce

– external to the market to enter makes it easier .

Scientific and innovative development support

– new networks to the formation service does .

Transport and logistics infrastructure improve

– cheap and fast delivery to give opportunity creates .

Uzbekistan economy diversification to do in the process David Ricardo's comparative advantage theory important theoretical-practical importance has is the country's external trade policy , export the composition optimization and new industry networks in development main direction become service is doing . Comparative advantage idea from that evidence states to themselves relatively the most effective working release possible was products according to only when specialized stable economic growth and international to the market successful integration to achieve possible .

Last years statistic information In Uzbekistan again work industry , especially textile , food , chemistry and village farm products export according to noticeable to the results achieved In particular , during the years 2024–2025 high additional valuable goods export growth in the country diversification processes right on the road from being placed evidence This gives Ricardo's theoretical views in practice own confirmation finding shows .

With this together , comparative from the advantages complete use for technological modernization , labor fertility increase , logistics system improvement , international to standards suitable product working release such as factors important importance profession This directions consistent development Uzbekistan's global markets with integration further accelerate , economic safety , stable growth and national competitiveness strengthens .

In general when you get it , David Ricardo's comparative advantage theory Uzbekistan economic policy for not only theoretical basis become service is doing , maybe in practice , the economy modernization to do , to repeat work industry expansion and export diversification in doing main strategic from directions to one Therefore , this theory today's even in the day relevance save remains and of the country far term economic in progress incomparable importance profession will reach

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