



## ASSESSMENT OF THE IMPACT OF CHANGES IN THE CURRENCY RATE ON THE COMPETITIVENESS OF LOCAL MANUFACTURING ENTERPRISES

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**Abstract.** This annotation focuses on the impact of changes in the currency rate on the competitiveness of local manufacturing enterprises. The assessment considers various factors that affect the competitiveness of local manufacturers, including the cost of inputs, export competitiveness, import competition, and foreign investment. The analysis highlights that changes in exchange rates can have significant implications for local manufacturers, and a comprehensive assessment must take into account the interactions between various factors. This annotation provides a useful reference for policymakers, researchers, and business owners seeking to understand the impact of changes in exchange rates on the competitiveness of local manufacturing enterprises. It underscores the need for a nuanced analysis that considers the specific characteristics of the manufacturing industry, the type of inputs used, and the level of import and export, among other factors.

**Key words:** Exchange rate, competitiveness, exchange, cost, investment, account

**Аннотация.** В данной аннотации основное внимание уделяется влиянию изменения курса валюты на конкурентоспособность местных производственных предприятий. В оценке учитываются различные факторы, влияющие на конкурентоспособность местных производителей, включая стоимость вводимых ресурсов, конкурентоспособность экспорта, конкуренцию импорта и иностранные инвестиции. В анализе подчеркивается, что изменения обменных курсов могут иметь серьезные последствия для местных производителей, и всесторонняя оценка должна учитывать взаимодействие между различными факторами. Эта аннотация представляет собой полезный справочный материал для политиков, исследователей и владельцев бизнеса, стремящихся понять влияние изменений обменных курсов на конкурентоспособность местных производственных предприятий. Это подчеркивает необходимость детального анализа, учитывающего, помимо прочих факторов, специфические





характеристики обрабатывающей промышленности, тип используемых ресурсов, уровень импорта и экспорта.

**Ключевые слова:** Валютный курс, конкурентоспособность, обмен, стоимость, инвестиции, учет

**Introduction.** Exchange rate fluctuations can have significant impacts on the competitiveness of local manufacturing enterprises. These fluctuations are often caused by various factors, including changes in government policies, economic conditions, and global market forces. As such, understanding the impact of exchange rate changes on the competitiveness of local manufacturing enterprises is crucial for policymakers, business owners, and researchers alike.

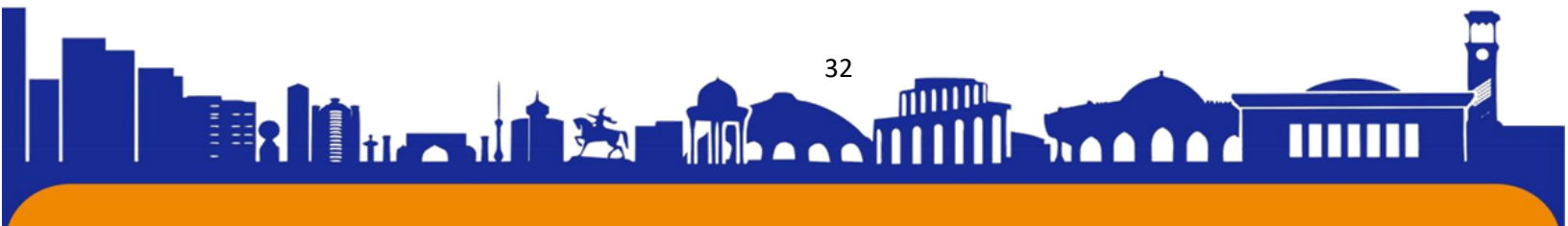
The competitiveness of local manufacturing enterprises is determined by various factors, including the cost of inputs, the quality of products, and the level of innovation. Changes in exchange rates can affect these factors and impact the ability of local manufacturers to compete with foreign manufacturers. For instance, if the local currency depreciates, the cost of imported inputs may increase, making it more expensive for local manufacturers to produce their goods. Conversely, if the local currency appreciates, the cost of imported goods may decrease, making it difficult for local manufacturers to compete with cheaper imports.

In this paper, we aim to assess the impact of changes in the exchange rate on the competitiveness of local manufacturing enterprises. We will examine the various factors that affect competitiveness, including the cost of inputs, export competitiveness, import competition, and foreign investment. By analyzing these factors, we hope to provide insights into the implications of exchange rate changes for local manufacturing enterprises and identify potential strategies to enhance their competitiveness.

Overall, this paper seeks to contribute to the existing literature on the impact of exchange rate fluctuations on local manufacturing enterprises. Our analysis will provide policymakers, business owners, and researchers with a better understanding of the factors that affect competitiveness and the potential implications of exchange rate changes.

## LITERATURE ANALYSIS AND METHODOLOGY

The impact of changes in the exchange rate on the competitiveness of local manufacturing enterprises can be significant. Here are some factors to consider when assessing this impact:





- **Cost of inputs:** Changes in exchange rates can affect the cost of inputs that manufacturing enterprises use to produce their products. If the local currency depreciates against the currency of the country where the inputs are sourced, the cost of those inputs will increase, leading to higher production costs. This could reduce the competitiveness of local manufacturers, making it difficult for them to compete with foreign manufacturers.
- **Export competitiveness:** If the local currency depreciates against foreign currencies, the price of locally manufactured goods will become relatively cheaper for foreign buyers. This could increase demand for locally manufactured goods, making local manufacturers more competitive in the export market.
- **Import competition:** On the other hand, if the local currency appreciates against foreign currencies, imported goods become relatively cheaper for local consumers. This could increase competition for locally manufactured goods, making it difficult for local manufacturers to compete with cheaper imports.
- **Foreign investment:** Changes in exchange rates can also affect the attractiveness of the local manufacturing sector for foreign investors. If the local currency depreciates, the cost of investment in the local manufacturing sector decreases, making it more attractive for foreign investors. This could lead to an influx of foreign investment, which could increase competition in the sector.

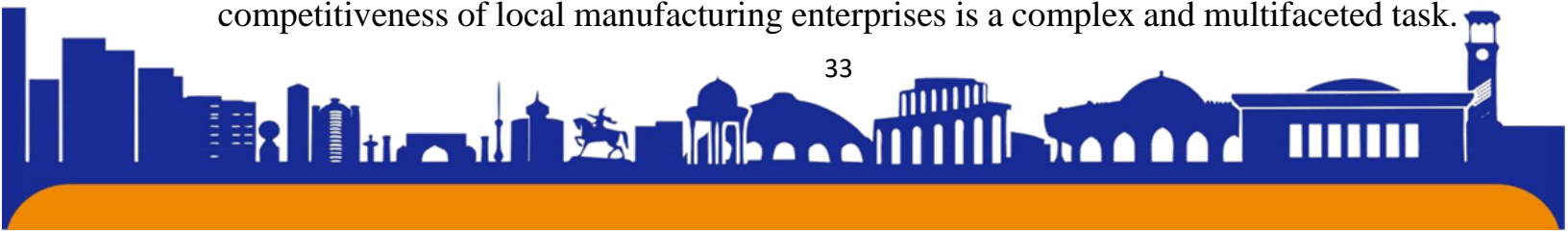
## RESULTS

However, in general, changes in currency rates can have a significant impact on the competitiveness of local manufacturing enterprises. If the local currency depreciates, it can make locally produced goods more competitive in foreign markets, as the lower exchange rate means that foreign buyers can get more for their money when purchasing from the local manufacturers. On the other hand, if the local currency appreciates, it can make locally produced goods more expensive in foreign markets, which can reduce demand and put local manufacturers at a competitive disadvantage.

Overall, the impact of changes in currency rates on the competitiveness of local manufacturing enterprises will depend on a variety of factors, including the specific industries and products involved, the degree of international competition, and the extent to which the manufacturers rely on imports for raw materials or other inputs.

## CONCLUSION

In conclusion, assessing the impact of changes in the currency rate on the competitiveness of local manufacturing enterprises is a complex and multifaceted task.





Fluctuations in the currency rate can have both positive and negative effects on these enterprises, depending on various factors such as the structure of their operations, the nature of their inputs and outputs, and the competitiveness of their industry.

However, it is generally agreed that a stable and predictable currency rate is essential for promoting the competitiveness of local manufacturing enterprises. This stability helps to reduce uncertainty and risk, allowing these enterprises to make informed investment and production decisions.

In addition, policymakers can play an important role in supporting the competitiveness of local manufacturing enterprises by implementing policies that promote a stable currency rate and reduce other barriers to trade and investment. This can include measures such as investment in infrastructure, education and training, and the provision of targeted financial incentives.

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