

THE PRACTICE OF PLACING SOVEREIGN INTERNATIONAL BONDS OF THE REPUBLIC OF UZBEKISTAN IN NATIONAL CURRENCY ON INTERNATIONAL FINANCIAL MARKETS

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ABSTRACT

The article analyzes the effective use of funds from the placement of international bonds of the Republic of Uzbekistan, including the analysis of sovereign bonds, the correct assessment of their profitability, and provides relevant conclusions.

Keywords: State budget, Ministry of Finance, public debt, sovereign international bonds, financial market, bond, currency exchange.

Currently, the bond market is developing dynamically in the International Financial Market. In particular, it is appropriate to note that the sovereign bond market is also expanding as a component of it. The weight of sovereign bonds issued by States in the international bond market is increasing, especially during a period of rapid improvement in the stock market.

When issuing sovereign bonds, countries, first of all, set themselves a number of goals. In particular, if countries issue short-term sovereign bonds in order to cover the budget deficit, we can observe the issuance of long-term sovereign bonds in order to implement promising and strategic projects.

Also, during the implementation of this financial transaction, sovereign bonds are issued for such purposes as obtaining their international sovereign credit rating by countries and improving it, forming a positive image of the country on the international financial market, as well as creating conditions for further attracting investors to the local financial market and developing the local bond market. The above aspects reflect the relevance of studying sovereign bonds.

Today, the purpose of issuing sovereign bonds is not only to support the socio-economic sphere, but also to increase the accessibility of the country's corporate structures to foreign capital and promote the growth of the bond market.

For this reason, the governments of many developing countries are trying to attract investors' attention to the local financial market, primarily in exchange for improving the international image in the sovereign bond market.

In recent years, the country has been implementing measures to effectively attract external sources of financing, creating favorable conditions for foreign investors in the local financial market.

In particular, on July 21, 2018, the Decree of the President of the Republic of Uzbekistan No. PP-3877 "on additional measures to diversify external sources of financing" was adopted. According to him, the Ministry of Finance, the State Investment Committee, the Ministry of Economy and the Central Bank of the Republic of Uzbekistan as a financial consultant to obtain the sovereign credit rating of the Republic of Uzbekistan this year, issue sovereign bonds " J.P. Appoint a consortium of banks led by Morgan Chase and take other measures necessary to organize this process.

In order to ensure the implementation of this decision, improve the image of our country in the international financial market, and develop the local financial market, in February 2019, for the first time in the history of Uzbekistan, the total volume of investments amounted to \$ 1 billion. Sovereign international bonds were issued with maturities of 5 and 10 years (4.75% and 5.375%, respectively) in US dollars.

Of strategic importance for the country is the placement by the Republic of Uzbekistan of its sovereign international bonds on the international financial markets, especially in the national currency.

In February 2019, in accordance with the Decree of the President of the Republic of Uzbekistan dated July 21, 2018 No. PP-3877 "on additional measures to diversify external sources of financing", sovereign international bonds of the Republic of Uzbekistan for 5 and 10 years with a total volume of US\$ 1 billion were placed on the world financial markets for the first time (followed by international bonds of the Republic Uzbekistan). bonds) are placed.

In particular, as a result of ensuring transparency of financial statements of state-owned enterprises and banks based on international norms and requirements, obtaining an international credit rating with the establishment of cooperation with international rating agencies Fitch, S&P and Moody's in 2019-2021, ATB Uz sanoatkurilishbank, JSC National Bank, Mortgage Bank ATIB, JSC "UzAvto Motors " and JSC "Uzneftegaz" for a total amount of about \$ 2 billion.

US dollar funds were attracted from the world market through the issuance of international bonds (Table 1).

Table 1
State-owned enterprises and banknotes for trade turnover financing location of the corporate ring bonds¹

№	Issuer	Quantity	Duration	Coupon percentage	Date of placement
1	JSCB «Uzpromstroybank»	300 million dollars	5 years	5,75%	02.12.2019
2	JSC «NBU»	300 million dollars	5 years	4,85%	14.10.2020
3	«Ipoteka-Bank» JSCMB	300 million dollars	5 years	5,50%	19.11.2020
4	JSCMB «Ipoteka-Bank»	75 million dollars	3 years	16,00%	16.04.2021
5	JSC «UzAvto Motors»	300 million dollars	5 years	4,85%	04.05.2021
6	JSC «Uzbekneftgaz»	700 million dollars	7 years	4,75%	16.11.2021

A draft law of the Republic of Uzbekistan "On the State debt" has been developed. The bill basically provides for:

- mechanisms for maintaining and effectively managing public debt at a safe level;
- the basic principles, objectives of public debt management and the authorized body for public debt management;
- openness of information about the audit and results of projects financed by public debt and public debt.

In order to diversify the public debt portfolio and reduce currency risks, the practice of issuing international bonds in national currency was introduced to gradually reduce the share of public debt in foreign currency.

In particular, 4.5 trillion rubles will be placed in the national currency in 2020-2021. When placing sovereign international bonds on the London Stock Exchange in the amount of 2022-2023, an increase in the share of the national currency in sovereign international bonds was established, depending on market conditions.

As a result of the ongoing work on the development of the domestic financial market, the volume of government securities placement increased from 597 billion

¹ Information of the Ministry of Finance of the Republic of Uzbekistan

soums in 2018 to 4.9 trillion soum in 2021. the term of circulation of government securities has been extended to 10 years.

In order to automate accounting and reporting on public debt, as well as to increase the transparency of debt statistics, the following works are being carried out:

- automated information on public external debt in the public debt management and financial analysis system (DMFAS-6 software package);

- a quarterly review of the state and dynamics of public debt (in the state and English languages) and a special monthly newsletter for foreign investors (in English) are published on the official website of the Ministry of Finance and sent to foreign investors.

Of strategic importance for the country is the placement by the Republic of Uzbekistan of its sovereign international bonds on the international financial markets, especially in the national currency.

At the same time, the placement of sovereign international bonds of the Republic of Uzbekistan on international financial markets, especially sovereign international bonds in national currency, serves:

- by demonstrating in detail the economic potential of our country to international investors, it gives foreign investors the opportunity to correctly assess the sovereign risk when investing in our republic;

- quotations of sovereign international bonds on the secondary market serve as a barometer for conducting a sustainable economic policy;

- serves to diversify external sources of financing;

- served as a "benchmark" for commercial banks and organizations of the republic and allows them to finance large investment projects and develop entrepreneurship.

The main purpose of developing a bond program for Sustainable Development Goals is to create a basis for issuing BRM bonds in the current and future years, as well as to increase transparency, accountability in the use of borrowed funds and assess their impact on progress in combination with ensuring that Uzbekistan achieves the "Sustainable Development Goals" by 2030.

The issue of international bonds in national currency, while simultaneously serving to reduce currency risks and ensure the possibility of placing international bonds for domestic issuers, including commercial banks, creates a basis in the future for attracting international investors to the domestic financial market, including the government securities market.

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