



UZBEKISTAN'S AGRICULTURAL REFORMS TO INCREASE EXPORT POTENTIAL

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Abstract

This article underscores the persistent and sustained initiatives undertaken by the government of the Republic of Uzbekistan to augment the export of agricultural products. Positioned as the primary architects of policies, state organizations play an exclusive role in formulating strategies that not only analyze global trends but also consider market dynamics. This comprehensive approach is geared toward adapting and implementing both new and existing policy reforms in the agricultural market and production sector. The emphasis on continuous analysis of market dynamics reflects a commitment to staying abreast of changes in global demand, supply, and trade patterns. This ongoing assessment enables timely adjustments to policies, ensuring they remain responsive to the evolving landscape of the international agricultural market. The article suggests that the Republic of Uzbekistan recognizes the pivotal role of the agricultural sector in its economic growth and is actively working through its state organizations to position itself strategically in the global market. By adopting adaptive policies and reforms, the government aims to enhance the competitiveness of its agricultural products and foster sustained growth in agricultural exports.

Keywords: Agriculture, policy reforms, import of products, export of agricultural products, Uzbekistan, market share, global trends, state policy, income growth, agricultural economics, strategy for development, legislative acts, competition, regional expansion.



INTRODUCTION

A significant proportion of Uzbekistan's population lives in rural areas, and more than half of the country's population depends on the effective development of the agricultural sector for employment and income growth. Consequently, agricultural production is receiving special attention in the nation's current economic policy [1-4]. One of the main goals outlined in the “Strategy of actions for further development of the Republic of Uzbekistan”, ratified in early 2017, is to modernize and intensify agricultural practices [5]. On October 23, 2019, the Presidential Decree approved the "Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020-2030", which encompasses nine strategic priorities, with the primary focus being on securing the population's food supply [6]. The past three years have seen an unparalleled period of comprehensive agricultural reforms, such as the implementation of market mechanisms and advanced agricultural technologies, along with a shift towards a cluster system of production. The growth of agricultural production has now taken on a strategic significance [7-9].

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MATERIALS AND METHODS

Over the past two decades, the global consumption of fruits and vegetables has increased at an average annual rate of 5-7%. Uzbekistan has significant potential in this sector, meeting the needs of its citizens and exporting agricultural products [10]. Annually, Uzbekistan produces over 19 million tonnes of fruit and vegetable products, with about 700 000 tonnes exported. Presently, more than 160 000 farms operate in the republic, supplying quality fruits and vegetables to the domestic and foreign markets. The republic's storage facilities have a total volume of 975 000 tonnes of products, inclusive of modern refrigerated chambers for 502 000 tonnes. This work facilitates the continuous provision of essential agricultural goods to the population and the expansion of their exportation. The



transport infrastructure is undergoing dynamic developments, and efforts are underway to establish interconnected logistic networks. The expansion of foreign trade ties ensures growth in the sector's export potential [11-13].

RESULTS AND DISCUSSION

Implementation of measures outlined in Uzbekistan's "Strategy for Agricultural Development for 2020-2030" and other agricultural measures will increase Uzbekistan's food security and self-sufficiency in key food commodities, as well as significantly boost exports of these commodities in demand on foreign markets. The primary issue with horticultural exports at present is their lack of diversification, as they are currently limited to a narrow list of importing countries and an entrenched structure. This presents a variety of challenges. Firstly, a deteriorating economic situation and reduced demand for horticultural products in the main importing countries could potentially result in major difficulties for the industry as a whole. Secondly, buyers of Uzbek products may dictate prices due to the monopsony power of importing countries. The markets of developed countries - such as the EU, Japan, Korea, and China - are potentially lucrative targets for suppliers of quality goods that comply with local standards. These markets offer greater purchasing power, particularly in the event of diversification. Uzbek producers have the potential to expand their export destinations for fruit and vegetables, and it is recommended to increase the volume of supplies to the EU, East Asia (China, Japan, Korea) and other provinces of the world, while diversifying the commodity structure of fruit and vegetables.

However, the implementation of these guidelines requires focused efforts to improve the institutional and regulatory framework for the production, procurement, storage and export of horticultural products.

Agriculture is a pivotal sector of our nation's economy. Favourable natural and climatic conditions, together with hard-working citizens and well-thought-out government strategies, have contributed significantly to the dynamic growth of the agricultural sector in Uzbekistan, which produces exquisite, delicious and environmentally clean products that are in high demand on the world market.



The significant changes and improvements in the agro-industrial sector undertaken during Uzbekistan's years of independence, together with the well-balanced policy on optimizing sown areas and zoning of agricultural crops, have increased yields and significantly raised the living standards of the population.

Diversification of the sector has been a key aspect of agricultural reform. Cotton used to be the main crop, but now potatoes, vineyards, beekeeping, poultry, fish and other forms of farming are viable options. The state has created favourable conditions to support farms and dekhkan farms through preferential credit systems, technical services, and provisions of necessary material and technical resources such as fuel, lubricants, chemical fertilizers, biological and chemical plant protection, and seeds. In addition, the construction of large terminals has been a guarantee that the products will be safe. In this sense, the diversification of agricultural market and export will significantly help to reassure food security and increase the economic welfare.

In the current phase of implementing a unified plan for the advancement of the agricultural industry within the nation, the primary goals are to reinforce food security through the self sufficient production of nutritional resources, as well as to enhance the capability of agriculture by utilizing water and land resources in a productive manner. The implementation of such a program has a social impact, resulting in increased employment opportunities, an increase in the income of rural residents and an improvement in the overall quality of food products consumed throughout the country. However, there are currently a number of factors that negatively affect the development of the horticultural sector and its export potential. With limited land and water resources and a rapidly growing population, there is a need for innovative farming techniques to complement traditional ones. Accelerated development of horticulture and viticulture requires new approaches, changes in the structure of agricultural production, and resource-saving technologies.

Given the objective constraints on land and water resources, improving the layout and structure of cropland based on the score of soils and selecting the most productive and market-demanding crops for sowing can significantly increase the efficiency of land and water resources, thereby increasing the production volume of other agricultural crops.



In addition to optimizing sown areas, it is crucial to hasten the implementation of contemporary technologies and farming innovations for the cultivation of fruit, vegetables and vines. The establishment of new high-density orchards and vineyards, the advancement of water-conserving techniques, and cultivation of vegetable crops that are resistant to salt and biological pests are also imperative. Cultivation of horticultural produce, melons, and legumes occurs predominantly on small and disperse territories, yielding a variety of horticultural and legume produce of distinct breeds, kinds, and types. This is a challenge for export as these products do not meet the standards of foreign consumers in terms of variety, size and presentation.

Currently, Uzbekistan cultivates over 40 types of vegetables, melon crops, and potatoes, as well as more than 325 000 varieties of fruit and 955 varieties of grapes. At the same time, more than 100 tons of different types of vegetable seeds are imported annually. For example, more than 179 tons of seeds worth \$4.9 million were imported in 2015.

The goal of modern breeding is to develop environmentally friendly varieties that can adapt to adverse growing conditions. To meet this objective, breeding work on vegetable crops is essential in developing productive varieties for tables, processing and exporting purposes. Each variety group should have a particular set of traits and properties along with high yield to ensure superior quality. As a result, the republic's potential in the production of export-oriented fruit products is not fully utilized. Exports of horticultural products have significant potential for growth through extensive processing, range expansion, and increased production volumes. The expansion of the fruit and vegetable export sector should be founded on three key elements:

- speedy expansion of the raw material supply;
- the construction of novel and modernization of current production facilities with foreign investment to conduct in-depth processing of agricultural materials;
- the establishment of new, advanced trade and logistic centres and refrigeration units.



An integral part of the agro-industrial complex is the procurement system for agricultural products, which aims to receive, store and deliver these products to consumers promptly. Despite its significance, the procurement system is imperfect, resulting in significant amounts of fruit and vegetable products annually failing to reach consumers.

The banks are not promptly granting preferential loans for the purchase of fruit and vegetable products to meet the government's needs, despite the government's decision to finance the purchase and storage of fruit and vegetable products from the working capital of the harvesting companies and preferential loans from commercial banks at rates not exceeding the Central Bank's refinancing rate. It is necessary to allocate the funds for technical re-equipment and modernization immediately, as these funds are specifically earmarked as a result of tax incentives granted by the local tax authorities. However, since the adoption of the resolution, the release of funds for modernization has been insufficient. Consequently, the tax authorities have no choice but to return the released funds to the budget as they were not used for modernization purposes over the past year.

Uzbekistan exports approximately 700,000 tons of fresh and dried fruit and vegetable products each year. The value of this indicator varies depending on the conjuncture of the main markets. Kazakhstan and Afghanistan are listed amongst the major importers of Uzbek products, not because of their geographical proximity, but due to their competitive advantages and preferences when it comes to trading with third countries. It is worth noting that Kazakhstan is part of the Eurasian Economic Union, which permits it to re-export Uzbek products to Russia and Belarus. Afghanistan benefits from free trade agreements with India and Pakistan, along with the advantage of possessing the shortest transit route to these nations.

Annually, Uzbekistan produces over 19 million tonnes of horticultural products, yet only 5% are exported. Since the era of the former Soviet Union, Russia has traditionally been the biggest purchaser of Uzbek products. Supplies to Russia are made both directly and indirectly, mainly through Kazakhstan and Kyrgyzstan.

The analysis indicates that the major issue concerning horticultural exports today is their narrow focus, primarily targeting the Russian Federation, resulting in a



lack of diversification and limited product structure. Consequently, this situation poses several challenges. Firstly, the economic downturn and decreased demand for horticultural products in the primary importing countries could result in significant problems for the entire industry. Secondly, importing countries' monopsony power may lead to buyers-importers dictating prices for Uzbek products. Thirdly, the supply of high-quality products that meet the standards of developed countries (EU, Japan, Korea, China) may lead to greater purchasing power compared to the Russian market. Additionally, there is a growing global effective demand for natural fruit and vegetable products.

CONCLUSIONS

The development of the fruit and vegetable sector, increasing production of vegetables and fruits, and ensuring a significant increase in exports of these products, diversified in terms of geography and assortment, are important components of Uzbekistan's export-oriented development policy. Uzbek producers should expand the export geography of their fruit and vegetable products. This can be achieved by increasing the volume of supplies to the EU, East Asia (China, Japan, Korea), and other provinces of the world. Additionally, it is important to diversify the commodity structure of these products. To enhance efficiency in fruit and vegetable production, several measures need implementation. Firstly, zoning and developing seed production is crucial. This involves designating 3-4 districts in each oblast to exclusively produce a single type and variety of horticultural products that are in high demand in domestic and foreign markets, thereby increasing export volumes. This will enable an increase in the export volumes of fruit and vegetable products.

Moreover, it will also allow for the supply of quality fruit and vegetable products of a consistent type, variety and taste that meet the requirements of foreign buyers. Additionally, it aims to reduce water usage. To promote the wider use of drip irrigation systems and facilitate the development of intensive horticulture while increasing opportunities for fruit and vegetable storage, farms should be allowed to construct swimming pools and large water storage tanks directly on agricultural production sites.



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