

СТОПАНСКА АКАДЕМИЯ „Д. А. ЦЕНОВ“ – СВИЩОВ  
Факултет „Производствен и търговски бизнес“  
Катедра „Аграрна икономика“

МЕЖДУНАРОДНА  
НАУЧНО-ПРАКТИЧЕСКА  
КОНФЕРЕНЦИЯ

**СЪСТОЯНИЕ И ПРОБЛЕМИ  
ПРИ УПРАВЛЕНИЕТО  
И РАЗВИТИЕТО НА  
СЕЛСКОТО СТОПАНСТВО**

Свищов, 4 октомври 2019 г.

Сборник с доклади

*Конференцията е посветена на 35 години от създаването  
на катедра „Аграрна икономика“  
и е част от научните форуми, отбелязващи  
83 годишнината на Стопанска академия „Д. А. Ценов“ –  
Свищов*

Академично издателство „Ценов“  
Свищов  
2019

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ISBN 978-954-23-1762-3

ХОЗЯЙСТВЕННА АКАДЕМИЯ  
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Кафедра „Аграрна икономика“

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В УПРАВЛЕНИЕТО  
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Сборник

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и представлява част от  
83-летие Хозяйственной

Академическо

# THE EVOLUTION OF AGRICULTURAL MARKETS OF UZBEKISTAN

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*Summary: Saturation of the domestic food market, achievement of production self-sufficiency in domestic market and food security are priority directions of development of agricultural sector, which is an important sector of Uzbekistan's economy. Effective implementation of these tasks will allow solving such pressing social issues as employment of population, their well-being, urban and rural development.*

*Keywords: Uzbekistan, agricultural markets, transition economy, private farms.*

## 1. Introduction

From the first days of independence, Uzbekistan chose its own way of development and integrated and wide-ranging reforms in all spheres, directed at building a democratic state with a rule of law and a socially oriented market economy. In this regard, one of the principal directions in the socio-economic development of the country was to address issues in food supply, accessibility of foodstuffs in accordance with rational norms of healthy nutrition, along with the achievement of high quality and security of food products consumed by the population. Thus programs were taken in the country to accelerate economic reforms in agriculture built on the priority progression of farms. The schemes taken were aimed also at improving the production relations in rural areas, at introducing an organizational structure in the management of agricultural production that corresponds to market principles, consolidating the freedom of agricultural producers and providing for their reliable legal protection.

## 2. Main

In Uzbekistan as of 2002, and annual economic growth of the country, and even in rural areas in the recent period of economic development increased from 1990 data from World Bank

Region of Central Asia more than 30% of the product of Uzbekistan (\$92.64 bln).

The agricultural sector of Uzbekistan's economy is about 28% of the GDP, critically dependent on agricultural production (which is confined mainly to oases. Only 10% of the land allows intensification of desert pastures, 10 million hectares shared between

In Uzbekistan, over the last 20 years, the population has increased from 7.8 million to

The agricultural sector of Uzbekistan. The agricultural production is distinct with

In the country, it was placed on a par with manufactured goods, the world requires

Agricultural reform, which is a concomitant of

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protection.

**2. Main part**

In Uzbekistan GDP was restored to pre-independence levels as early as 2002, and the country has since enjoyed a protracted phase of sustained annual economic growth more than 8% even during global financial-economic crisis years. Uzbekistan is currently a medium-low income country, and living conditions in the country have significantly improved, even in rural areas. Uzbekistan has medium-low income per capita, but in recent periods gradually increasing due to successful of the Uzbek model of economic development. In Uzbekistan gross national capital per capita increased from 4.590 in 2011, till 5.840 in 2014 (PPP equivalents, 2015 data from World Development Indicators).

Regional and social disparities are high. Population of Uzbekistan is more than 33 mln at the end of 2016 (www.stat.uz). Gross domestic product of Uzbekistan in same period – 2016 is 199325,1 bln UZS (\$92.64 bln).

The agricultural sector continues to play a important role in Uzbekistan's economy, representing about 17% of GDP and employing about 28% of the country's active population. Agriculture in Uzbekistan is critically dependent on water. Crop production and most of livestock production (with the exception of the karakul sheep grazing in the desert) is confined mainly to irrigated areas and occurs mainly in river valleys and oases. Only 11% of the land, mostly located in irrigated river valleys, allows intensive agriculture, while another 40% is occupied by natural desert pastures, they support only sheep. Cultivable land is 4.4 million hectares, or about 9.5% of Uzbekistan's total area, and it has to be shared between crops and cattle.

In Uzbekistan agricultural production has increased twofold in the last 20 years, while grain production has increased from 1 million tons to 7.8 million tons, turning the country into an exporter of wheat.

The agrarian complex has been dynamically advancing in Uzbekistan. Modern equipment and technologies of reprocessing agricultural products have using in the sphere. The local food products are distinct with high taste properties and quality and modern packaging.

In the course of reforming the agricultural sector, a special emphasis was placed on its equipment with state-of-the-art, highly productive, locally manufactured specialized machinery and technological hardware that meets the world requirements and standards.

Agricultural transition in Uzbekistan is driven by a process of land reform, which involves redistribution of land among producers and concomitant changes in farm structure.

In Uzbekistan after the independence in 1991 to the present days agrarian reforms were carried out in following 4 main stages:

1. Till 1997, have experimented more than 10 kinds of farms (private farms, collective farms, cooperatives, state farms, joint-stock societies, limited liability companies, partnerships). The base for the development of farms in Uzbekistan was laid by the decree of the head of our state "On Further Consolidation of Dehqan (Farmer) Enterprises and State Support for Entrepreneurship in the Republic of Uzbekistan" signed 29 November 1991.

2. But in this main moment of process of transition to a market economy Uzbekistan government choosed as effectively major 3 types, such as large-scale producers – agricultural cooperatives - shirkats, middle producers – private farms and small producers – private dehqan (means 'peasant') farms (the traditional household plots). The adopted Land Code, laws "On Farming Enterprise", "On Dehqan Enterprise" and the one "On Guarantees of Freedom of Entrepreneurship" have shaped a robust normative foundation and system of guarantees for the development of farming, economic and financial independence of farms.

Moreover, a complex of arrangements were taken to boost the economic and technical capacities of private farms, optimize the lands that helped secure a gradual growth in production volumes, effectiveness and profitability of farms. Currently, a modern production and market infrastructure has been formed and being perfected and that provides farms with a whole range of essential services.

3. In the next stage of agrarian reforms from 2003 to 2007, given priority to the development of farms and shirkats are gradually transformed to private farms by special tenders.

4. Since 2009 started stage of optimization and diversification of private farms.

A logical extension of reforming the agricultural sector of the country was the decree of President of the Republic of Uzbekistan "On arrangements to Further Refine the Arrangement of Activities and Develop Farming in Uzbekistan" signed October 22, 2012 that is dedicated to the elevation of effectiveness of farms, expansion of their rights and powers, reinforcement of the role in the rational use of land and water resources and in the creation of production capacities, the dynamic development and beautification of rural areas, provision for employment and growth in the wellbeing of the population. In accordance with this document, were established the Council of Farmers of Uzbekistan and councils of farmers in regions and districts to safeguard the rights and legitimate interests of

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In excess of currently in Uzbek more than 28 thous Thus, farmers have of all farms special directions. More th 2014, private farms dehqan farms, whic accounted for 63.5% In same period, pri farms cultivate 12 livestock: 95% of c 1% in others.

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farmers both in relations with government and management bodies, local government bodies, and with stocking, supplying and servicing organizations, as well as during cases in courts.

In excess of 73 thousand private leasehold farms are operating currently in Uzbekistan, with an average size approaching 130 hectares, more than 28 thousand of which are diversified in their form and activities. Thus, farmers have become one of the major agricultural producers. 84.5% of all farms specialize in the crop, 9.1% in livestock, and 6.4% in other directions. More than 1.5 million people are employed on these lands. In 2014, private farms accounted for 34.4% of gross agricultural products and dehqan farms, which have small allocations of up to one hectare of land, accounted for 63.5%. Moreover have functioning other few forms (2.1%). In same period, private farmers cultivate 75% of sown area, while dehqan farms cultivate 12.5%. The situation is totally different with regard to livestock: 95% of cows is in dehqan farms, 4% in peasant farms, and just 1% in others.

Private farms and dehqan farms are both private agricultural producers, but existing some differences according to local legislative acts. Dehqan farm - small-scale family farming, produce and sell agricultural products on the basis of personal labor of family members in the household plots, to the head of the family in lifetime inheritable possession.

In Uzbekistan all of types the land is state property, belongs to the state. But the types of land use right in agriculture can be a long-term lease and use for lifelong. Therefore, private farms leasing land for long period 30 to 50 years. And dehqan farms use land for lifelong.

The area of private farms land depend on the specialization: in cotton-wheat direction more than 100 hectares, vegetables or fruits direction minimum 20 hectares and in animal husbandry average 0.5 hectare per adult livestock.

But in the ongoing optimization phase is to diversify farm products. And same farm produce cotton, wheat, vegetables and livestock.

*Financial support of agricultural producers.* Government keeps a constant attention to development of agriculture. At present, formed reliable system and mechanisms for further increasing the share of agriculture in gross domestic product, material and technical provision and financing support of farms in full compliance with the principles of a market economy. Due to effective functioning of this system agricultural production is increasing every year. Farmers and dehqan farms as well as agricultural products processing enterprises expands the range of products,

increase profitability and export potential, and becoming attractive for credit institutions and investors.

Each year, the cotton and grain specializing farms in support for the timely and effective implementation of large amounts of material and resource allocations. For example, in the last nine months of this year, the most important types of agricultural production have received preferential loans in the amount of almost 2.4 trillion UZS, including 1.8 billion for cotton and grain - 543.3 billion. In processes of lending to farms with a difficult financial situation using the principle of a pledge of future crops and it get opportunity to simplify the process. In the financing of processing enterprises are widely using the mechanism of guarantee. In contracts between farms and processing enterprises, for delivering fruits, vegetable products and melons, using loans 40% of total sum and this position conducts timely implementation of necessary agro-technic decisions regarding the crops in the fields. Nowadays more than 1.5 thousand mini-banks providing quality services to farms in convenient close places.

The process of a radical diversification of agriculture into a diversified farms, are makes conditions for enlarge kind of products to farms. Their bilateral relations with preparation and service organizations will have new structure. As a result, a lot of farms growing economic independence and financial stability.

At present, bank loans and investments are intensive in all sectors of agriculture. Since the beginning of the year, commercial banks allocated credit resources in amount more than 32.6 billion UZS, for development of beekeeping apiculture and fish farming.

There are great opportunities for the development of livestock and poultry in the country. To mobilize them to this area by commercial banks focused loans for a total of 118.3 billion UZS. There are funded a lot of projects from banks' loan portfolio expected to improve quality of dairy products, poultry, livestock breeding, seed. As a result of implemented programs this year, the number of livestock and poultry increased significantly and grew up the number of processing companies and their products.

As a result of assimilation of banks loans worth 58.1 billion, for projects directed to finance increasing fruit and vegetable production, high-yielding intensive gardens have been created, and a drip irrigation system was introduced in many regions. .

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prevention of seasonal factors, which will ensure price stability. At present, in all regions of the country to speed up the process construction of new refrigerators, reconstruction and modernization of old ones, directed by the banks for the loans of about 30 billion UZS.

In recent years, there has been a remarkable increase scale of investments of banks to processing enterprises of agricultural products. During the current year amount of loans by banks to manufacturers of food products to businesses reached 1.6 trillion UZS. This means the continuation of reforms in the sphere of agriculture remains an important factor in increasing the capacity of the country.

The country's agricultural policy, in particular food program have orienting for the sustainable development of rural infrastructure, raise agricultural production capacity and efficiency, the rational use of natural resources, providing employment for the rural population and to raise their standard of living. Therefore, commercial banks' credit policy play an important role in expansion of the modern system for improve the competitiveness of agricultural products on the world market, modern logistics and delivery of products to consumers.

The further sustainable development of the agrarian sector of the economy, reforms in the field of active support of farmer and dehqans, and strengthen the material-technical and financial base, technical and technological re-equipment of modern enterprises for full processing of agricultural products, implementation of modern technologies for the production high-quality, competitive products to the domestic market, as well as projects aimed at filling local foods is constantly becoming necessary arrangements to ensure financial resources .

57 regional wholesale trade bases and enterprises operate in the wholesale system, which have storehouses and chilling chambers for the storage of potatoes, carrots, onions, fruits, melons, meats, flour, vegetable oils, sugar, canned products and other types of foodstuffs. Constant reconstruction and modernization of storehouses, construction of modern freezing chambers are in progress in the country.

The issues regularly deliberated on included the evolution of the global market of foodstuffs, cooperation with international financial institutions and investors in order to implement projects in the attraction of modern agro-technologies, the elevation of productivity of fruit and vegetable crops and grapes, the improvement of the systems of infrastructure and logistics, and other matters.

The facts has brightly demonstrated that Uzbekistan has been taking all the necessary arrangements to step up the production of foods, attract

foreign investments into the sphere, introduce high technological equipment, and boost the export potential. This allows for ensuring food security as a component part of socio-economic development, for creating all the needed conditions for a dynamic development of domestic agricultural industry complex that has an enormous production potential, and thus facilitating steadfast elevation of the wellbeing, stability and prosperity of the country.

Since 2001, when Uzbekistan joined FAO, eight national and regional projects have been implemented. Another five schemes of nationwide and regional significance are currently in the phase of realization.

Jointly with FAO, Uzbekistan has been training specialists and introducing cutting-edge technologies to save water and improve water resources management. Advanced methods are spearheaded in tillage, breeding and seed growing as well as combating desertification and soil degradation.

FAO and Uzbekistan exchanged views across a diversity of issues in food supplies, agricultural development, introduction of new drought-resistant varieties of food crops and new methodologies in farming.

Along with this, high quality structural changes in agriculture in the next four years. In particular, planned gradual reduction of the volume of production and procurement of raw cotton from 3 million 350 thousand tons to 3 million tons. This will free up about 170,500 hectares of irrigated land where cotton yield does not exceed 12-15 quintals per hectare, while yields in the country an average of 26.1 quintals per hectare. As a result, fruit and vegetables will be sown and planted on unleashed cotton fields.

As noted at the final meeting of the Cabinet of Ministers of the Republic of Uzbekistan, up to 2020 it is provided to bring the production volumes of cereal crops up to 8.5 million tons with an increase of 16.4 percent, to increase potato production by 35 percent, other vegetables - by 30 percent, fruits and grapes - by 21.5 percent, meat - by 26.2 percent, milk - by 47.3 percent, eggs - by 74.5 percent, fish - 2.5 times. At the same time significantly increase the volume of exports of these types of food.

Increase in productivity of agricultural crops puts in the forefront further industrialization of agriculture and processing of this raw material base, establishment of appropriate infrastructure to ensure preservation of quality of harvest. Thanks to the selfless work of all rural workers in 2015 built and refurbished 230 enterprises in industrial processing of agricultural products, commissioned 114 new cold stores with a capacity 77,800 tons. Thus, the total capacity of storage of fruits and vegetables increased to 832

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### Conclusions

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### LITERATURE

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thousand tons. This helps to ensure the population on a regular basis in  
agricultural products, increasing their exports and maintain price stability.

However, special attention is paid to the welfare of rural workers,  
creation of favorable living conditions that meet the modern requirements,  
improvement of quality of housing and communal services.

Implementation of these and other projects in rural area, of course,  
will enhance the welfare of population, and as a result will lead to further  
development of agriculture and growth of productivity in this area.

### Conclusions

Over the years of independence Uzbekistan's agricultural policy went  
through significant changes. State's and collective sectors' agricultural  
enterprises were abolished. Instead of them they have established farmer  
enterprises who have implemented advanced technology management. This  
allowed it to diversify the agricultural sector, to develop animal husbandry,  
poultry farming, fish farming, horticulture, gardening and beekeeping.

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