

Current state and development of agricultural products exports of the Republic of Uzbekistan

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ABSTRACT--*In recent years, in Uzbekistan, there was carried out major reforms in all areas, and there have been major changes in the field of agriculture. This article is about the role of agriculture in the economy and development of the country. The indicators of export of agricultural products of the Republic of Uzbekistan are analyzed. The experience of the USA, Canada and several European countries, as well as the experience of the main countries exporting agricultural products, shows that all of them are developing new markets for their products and national producers will ensure production growth based on export support programs. The program's activities are aimed at improving the competitiveness of domestic agricultural products in foreign markets, developing new markets for domestic agricultural raw materials and processed products, as well as ensuring the availability of financial instruments for national exporters.*

Keywords-- *agro-industrial complex, food security, cluster system, export support programs, agricultural products*

I. INTRODUCTION

Agriculture is one of the key sectors of the economy of the Republic of Uzbekistan. Land used for agricultural production occupies 45% of the country's territory. Together with water and forestry, the industry provides employment for 3.6 million people or 27% of the employed in the economy and 18% of GDP. Export of agricultural products brings about 20-25% of total export income to the Republic.

Over 20 years, the volume of agricultural production has increased 3 times, amounting to 24 million tons of fruit and vegetable crops, including 11.3 million tons of vegetables, 3.1 million tons of fruit, 1.7 million tons of grapes and 2.1 million tons of melons. In addition, the Republic has more than 12 million heads of cattle, more than 20 million heads of small-horned cattle, about 72 million birds, produces more than 2.4 million tons of meat, more than 10 million tons of milk, 37 thousand tons of wool and more than 7 billion eggs.

Investments in agriculture solve a number of key tasks for the development of the country's economy, such as stimulating general economic growth, ensuring the welfare and health of the population, and maintaining food security.

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On the part of the Ministry of Agriculture, investment is attracted in three directions: attracting investments under the government guarantee, foreign direct investment, and attracting funds for gratuitous technical assistance (grants).

To date, the following 6 projects under government guarantee amounting to \$1.2 billion: with the participation of the World Bank project “The development of the horticulture sector in Uzbekistan” with the additional funding, the total amount of which amounted to \$ 500 million, and “The Development of the livestock sector in Uzbekistan” with the total amount of \$150 million.

With the International Fund for agricultural development implemented 2 projects: support to the “Development of the produce sector in the Republic of Uzbekistan” with a total amount of \$28.24 million, and “Development of value-added chains in the dairy sector of Uzbekistan” at the amount of \$40,57 million.

The Asian Development Bank is also actively involved in increasing food production in the framework of the project “Development of the value chain in the fruit and vegetable sector”, where the amount of the project with additional funding was \$197 million.

Uzbekistan has developed a draft National strategy for agricultural development for 2019-2030, which defines strategic priorities for agricultural development and the main indicators for achieving the strategy’s goals, as well as the implementation mechanism. The document contains 53 main targets and indicators.

The goal of the strategy is to develop a competitive, domestic and foreign-oriented agri-food sector that will increase the income of agricultural producers, create new jobs, increase food security and ensure the sustainable use of natural resources.

It is expected that the implementation of the Strategy will achieve several common targets in 2018-2030. In particular, the annual growth of value-added in agriculture (including forestry and fish farming) is in the range of 3-5 percent, while the share of agriculture in total GDP will decrease from 32 to 20 percent. The number of jobs in the food industry should grow by 3-5 percent annually, and in the textile industry by 3-4 percent annually.

Average labor productivity in agriculture will increase by more than 2 times. There will be no people experiencing food shortages (according to the Food and agriculture Federation of the United Nations (FAO), in 2018, there was 6.3 percent of the population). Greenhouse gas emissions will be reduced by 50 percent compared to 2016.

In 2018, the share of agriculture in Uzbekistan’s GDP was 32.4 percent. The industry shows a steady growth rate of 6-7 percent per year (until 2016). These indicators make Uzbekistan one of the leading countries in the CIS in the production of fruits and vegetables, fruits, grapes, since the country’s soil and climate conditions allow growing almost all types of agricultural crops. Since 1991, the volume of agricultural production has increased more than twice, which allowed Uzbekistan to get into the top 50 exporting countries in the field of agriculture. Today, more than 80 countries are importers of Uzbek agricultural products. 90 percent of all agricultural production is accounted for by the non-state sector - there are about 80.1 thousand farms in the country, which are assigned more than 3.8 million hectares of land.

Over the past 10 years, the volume of processing of fruit and vegetable products and grapes has increased 3.5 times, including the volume of production of canned fruit and vegetables has increased 2.5 times, dried fruits - 4 times, natural juices - 7 times. The share of processing exceeds 20 percent of the total production of fruit and

vegetable products. Uzbekistan has become a major exporter of more than 150 types of fresh and processed fruit and vegetable products. The export potential is estimated at more than 5 billion dollars.

In 2017, the Republic introduced year-round sowing of various agricultural crops for the first time in its practice. Another solution aimed at increasing the production of fresh vegetables and fruits in the country is to grow them using hydroponics. The relevant technologies will be imported from South Korea, Iran, Japan and European countries. This will allow increasing the production of fruit and vegetable products to 20 million tons by the end of 2020. Uzbekistan has launched a new unified commodity brand UzAgro for the export of fruit and vegetable products.

II. AGRICULTURAL ENGINEERING

In the market of Uzbekistan, there are eight leading enterprises of agricultural engineering: JSC “Tashkent plant of agricultural machinery”, JSC “Chirchik agricultural machinery plant”, JSC “Aggregate plant”, JSC “Technolog”, JSC “Urgencormmash”, JSC “BMKB-Agromash”, UzClassAgro and LemkenChirchiq LLCs.

They produce tractors, trailers, cotton and grain harvesters, various types of tillage, sowing and forage equipment, sprayers for agriculture. Uzbekistan’s enterprises are expanding their product line. Since 2014, JSC “Tashkent plant of agricultural machinery” produces MX-1.8 cotton harvesters. With the help of the Korean company LSMtron, large-node Assembly of six modifications of tractors was mastered. Agregat-Agrotech LLC (the founder of Aggregate plant JSC) is working together with Kuhn (France), Fede (Spain), Rauch (Germany), and Grimme (Germany) to assemble various types of agricultural machinery.

III. PROGRAM 2020

According to the program for the development of the industry until 2020, food crops will be placed on 285.5 thousand hectares of cotton and 50 thousand hectares of grain areas during 2016-2020. The program provides for expanding the area of vegetable and potato crops by 1.5 times, orchards and vineyards by 7 percent compared to 2015. Thus, the share of land for fruit and vegetable crops will be more than 30 percent. The program measures will allow increasing the production of potatoes by 20 percent, fruits by 23.8 percent, grapes by 17.6 percent, and vegetables by 15 percent by the end of 2020.

In 2019-2021, it is planned to create 37 trade and logistics centers in the regions for processing, storage, packaging and export of fruit and vegetable products. When organizing them, attention is paid to the availability of appropriate infrastructure that ensures high-quality transportation, storage, sorting, calibration, packaging, certification, and export.

Serious attention is paid to the transition to a cluster system in the field of agriculture in our country, the development of their activities. Today, as a result of the reforms implemented in this area, only 47 clusters have been organized in the Republic, specialized in fruit and vegetables, and 14.4 thousand hectares of land has been allocated to them. The clusters have refrigerating rooms with a capacity of 16.6 thousand tons, sorting rooms - 7.81 thousand tons, calibration rooms - 800 tons, four modern laboratories, sorting and packaging shops for 24.7 thousand tons of fruits and vegetables. 1150 permanent and 1085 seasonal jobs were created. Clusters are scheduled

to export products worth 128.4 million dollars this year, of which the volume of exports until August 1 was 7.62 million dollars.

By 2030, it is planned to develop more than 30 legal documents on nine sustainable areas defined in the draft "road map" for the implementation of the strategy. In particular, it is planned to create a legal framework on such topical issues as the development of a system of correct agricultural and environmental practices (GAEP) for the implementation of minimum environmental standards and requirements, simplification of the mechanism for allocating land for agriculture, protection of lease rights in relation to land and improving the procedure for using it as collateral, the introduction of a secondary lease mechanism, improving the procedure for financing the cultivation of products for public procurement and the introduction of market mechanisms in the price-setting system, the use of state interventions in the food market, and others.

To create a modern state institution in Uzbekistan to promote Uzbek agri-food products on international markets and develop national export support programs, it is necessary to study the world experience and assess the possibility of its application, taking into account national characteristics and obligations under the WTO. The use of foreign experience in Uzbekistan should be based on a balanced approach, taking into account the analysis of the effectiveness of that experience in other developing countries.

For example, the United States, which successfully applies the achievements of scientific and technological progress in agricultural production and has achieved a high level of production of many types of products, has created the most developed system to support its exports.

On the other hand, Canada and the EU countries also have very developed agriculture, and therefore their experience may be more interesting for us than the experience of other countries and international organizations.

IV. THE U.S. EXPERIENCE

In the United States, the export of agricultural and food products is provided by the Foreign Agricultural Service (FAS), which is subordinate to the US Department of agriculture. Since 1930, FAS has accumulated considerable experience in export support and is one of the world's leading agencies in this field, with offices in 72 countries.

This organization decides on the allocation of funds for export support programs. The programs implemented by FAS to support, develop or expand agricultural exports involve active interaction with representatives of the business community. These are usually agricultural industry associations at the Federal or regional level.

The FAS service implements 21 subroutines that are focused on the following areas:

- 1) scientific exchange and training programs (8 sub-programs);
- 2) export support programs (7 sub-programs);
- 3) program of regulation of access to the US market (2 subprogrammes);
- 4) humanitarian programmes (4 sub-programmes).

V. SCIENTIFIC EXCHANGE AND TRAINING PROGRAMS

Scientific exchange and training programs provide an opportunity for foreign scientists and specialists, usually from developing countries, to spend some time in the United States for the purpose of conducting research,

exchanging experience, or training. This, according to the American side, has a significant indirect effect on the promotion of American exports and technologies by forming a network of professional contacts, teaching English, and peculiarities of doing business and business turnover in the United States.

The program of study for foreign graduates, under which the US Government provides training in English and funding for studies at American universities for students from developing countries.

The Borlaug scientific exchange sub-programme offers scientific guidance and training for researchers and specialists from developing countries involved in shaping public policies to ensure food security and economic growth.

The Cochrane scientific exchange sub-programme provides short-term training for agricultural professionals from developing and middle-income countries.

The science exchange subroutine supports collaboration between research teams and technical experts from the United States and China.

The U.S. Embassy science exchange subroutine allows American scientists to be placed in U.S. embassies abroad to conduct research on issues in the fields of environment, science, technology, and health.

Sub-programme cooperation in scientific research supports joint research and educational projects between American and foreign specialists in the agricultural sector.

The teacher exchange subroutine provides training opportunities for University teachers from developing countries during the semester.

The visiting researcher's subroutine provides opportunities for foreign researchers to interact with scientists from FAS and other USDA agencies.

VI. THE PROGRAM OF SUPPORT OF EXPORT

The United States has one of the most comprehensive agricultural export support programs in the world, which includes such aspects as export credit guarantees, financial assistance in entering new markets, technical assistance to overcome sanitary and phytosanitary barriers, marketing information, and many other information services.

The market access subroutine addresses funding issues for the introduction and promotion of U.S. agricultural and food products to global markets.

The quality samples subroutine allows U.S. organizations to provide small samples of their agricultural products to potential customers abroad.

The emerging markets subroutine provides technical assistance funding to promote US agricultural products to new markets around the world.

The export credit guarantee subroutine guarantees payments if us banks provide loans to foreign banks to finance the purchase of US agricultural products.

The export sales monitoring subroutine allows you to monitor US agricultural exports to ensure broad access to up-to-date marketing information.

The technical assistance sub-program for special crops provides funding to deal with sanitary, phytosanitary, and technical barriers that restrict or threaten exports from the United States of special crops established by WTO rules.

The foreign markets development subroutine provides co-financing for partner organizations to implement projects that create demand for US agricultural products in the world.

VII. THE PROGRAM REGULATES ACCESS TO THE US MARKET

Imports of a number of goods to the United States are carried out under the system of tariff quotas, which include dairy products and sugar.

The dairy import licensing subroutine is one of the tools used to administer the tariff quota system for importing dairy products to the United States.

The sugar import subroutine in the United States is implemented under a system of tariff quotas, with an annual level set by the US Department of agriculture.

VIII. THE HUMANITARIAN PROGRAMME

An important area of US government policy is the provision of humanitarian assistance to foreign countries, which is provided, for example, in emergency situations by providing food to fight hunger. One of the programs links the provision of aid programs and the development of free trade in the agricultural sector.

The Bill Emerson Humanitarian Fund provides a financial reserve to guarantee US assistance to other countries in the world in the event of food emergencies.

The local and regional public procurement development project is a pilot sub-program that aims to evaluate the effectiveness of local food aid procurement in place of U.S. supplies.

The McGovern-Dole Food for learning sub-program supports projects around the world aimed at reducing hunger and improving literacy and primary education levels.

The food for progress sub-program provides opportunities for donating American basic goods to developing countries that are committed to expanding free enterprise in the agricultural sector.

To stimulate exports, the state offers a set of programs and participation formats, as well as co-financing in the amount of up to 50% or up to 85% of costs. The initiative for projects comes from the business itself, which, acting on foreign markets, responsible for generating projects, a real need to promote national products. A flexible system of criteria allows us to compare the actual goals and the degree of their achievement in the actual implementation of projects when making decisions on the allocation of funding from the state.

The US experience shows that the proposed programs are in demand from the main us industry associations (producers of meat, dairy products, grain, soy, etc.), which regularly submit their programs to the FAS for review.

Analysis of ongoing programs to support the export of us agri-food products has shown that, as a rule, the FAS allows all products to participate in support programs. In some cases, exceptions may be made for certain products (such as tobacco) to participate in these programs. However, the General approach is to encourage manufacturers of the entire product range to participate in support programs. When selecting projects, FAS takes into account, first of all, the quality of the project itself and the possibility of its effective implementation, rather than product specifics.

Export support programs are reviewed at intervals of 4-6 years, which creates conditions for the promotion of both General American products (generic promotion) and specific brands (brand promotion) (MAP). The created

mechanisms allow us to work both in established markets and to enter new markets in terms of expanding geography and commodity products (MAP, FMD, QSP). The US government also supports the development of infrastructure in foreign markets necessary for the export of American products (FMD).

US agriculture is a leader in implementing innovations and developing new crops. Specifically, to support such projects, FAS implements a technical assistance program for special crops. In addition, American exporters can use financial instruments to support exports through the export credit guarantee program.

It seems that this kind of systematic approach and programs can be demanded by domestic exporters and their industry unions and associations.

IX. CANADIAN EXPERIENCE

In Canada, the main areas of support for agricultural exports include the following programs and areas of work.

Support for trade in agri-food products (the Agri-Food Trade Service)

The purpose of this program is to collect and disseminate information necessary to support companies involved in agro-industrial exports. The program provides exporters, buyers, and investors with centralized access to market information, trade advice, and assistance with export support activities. The program is implemented through the regional offices Of the Department of agriculture and food and the overseas offices of the Department of Foreign Affairs and international trade of Canada.

In Canada, the Institute of agricultural and food trade Commissioners has been established as part of the agricultural and food trade Service. Canada funds 33 commissioners in 20 markets; trade commissioners help ensure access to foreign markets for Canadian agricultural products by fostering a positive attitude towards Canadian products.

Trade commissioners provide four types of services to Canadian exporters:

- 1) preparing for international markets;
- 2) assessment of market potential;
- 3) search for qualified contacts;
- 4) problem resolution.

The international program “Brand Canada” (the Canada Brand International Program, hereinafter referred to as “Brand Canada”) has been operating since 2006 and aims to create a unified strategy to increase the attractiveness of Canadian food and agricultural products under a single brand, which, according to the idea of the program developers, should be associated with the quality and excellence of products. The formation of a stable international image should contribute to the growth of sales and demand for Canadian products.

In order to implement the Canadian Food eatCanadian program, the Department of agriculture and food of Canada prepares information materials and develops attitudes to Canadian food in international markets. In particular, Canadian products are positioned as healthy and high-quality, grown on fertile soils using innovative technologies, in compliance with environmental regulations and safety standards.

The AgriMarketing program is designed to expand market opportunities and increase the competitiveness of Canadian agriculture and fisheries. This program helps industry unions identify key priorities and provide them with the necessary resources to succeed in global markets. The program provides funding for the development and

implementation of long-term international strategies of Canadian exporters and supports projects in the following areas:

- market development (Market development stream);
- the insurance system (Assurance Systems stream);
- reduction of trade barriers;
- development of market success.

To expand the export potential in Canada, there is an export credit agency (Export Development Canada, hereinafter – EDC, Agency) that provides support and export credit to Canadian companies. This organization provides insurance services, financial guarantees, and business solutions to Canadian exporters, investors, and consumers of Canadian products.

EDC provides the following financial services:

- loans to foreign companies to purchase goods and services from Canada;
- working capital loans for Canadian companies with export contracts;
- loans and insurance for Canadian companies investing abroad;
- bank guarantee;
- insurance of Canadian companies against various risks, including the risk of non-payment.

An important area of export support in Canada is the organization of various types of training and training events for exporters. You can select the following programs:

- 1) training for Canadian businesses in the field of international trade;
- 2) trainings “international trade Forum” (FITT);
- 3) business development for Canadian exporters in the US.

The Canadian experience of export support shows that the Department of agriculture and food of Canada supports the implementation of projects, usually up to 50 % of the total costs. However, in cases where project activities may lead to a significant number of new markets, the level of funding may be increased.

Applicants for support programs are usually non-profit organizations at the Federal or regional level. In some programs, applicants may be commercial companies. For example, small and medium-sized enterprises in the market development program. The applicant can also request co-financing for the implementation of projects from various government sources, but there is a rule that the level of state participation should not exceed 85% of the total project funding.

Similar to export support programs in the United States, Canadian programs also apply to all agricultural products and food. The selection for project financing is based on the characteristics of the project itself, and not on the principle of priority of goods for export. For example, when implementing market development projects, the presence of a long-term market development strategy, the presence of components related to advertising and exhibition activities, and other factors are taken into account.

X. THE EXPERIENCE OF EUROPE

In the European Union, the programs implemented to support exporters generally correspond to the models adopted in the United States and Canada.

In Germany, the Federal Ministry of Food, agriculture and consumer protection is implementing a program to support the German agri-food sector in order to increase the number of export-oriented enterprises and increase their competitiveness in foreign markets.

The program includes the following areas:

- training courses and seminars, training and training of specific employees of enterprises;
- providing market research;
- assistance in finding the necessary contacts and sources of information;
- organization of business trips;
- organization and participation in foreign fairs, cooperation with German embassies in exporting countries;
- assistance in preparing printed materials and online presentations.

Besides, the program offers funding at the level of 50 % of costs for similar purposes.

Export credit programs are also implemented at the level of individual States. In France, several private companies provide export credit and export credit insurance. One of them, COFACE, whose majority owner is “Natexis Banques Populaires” (formerly “Banque Française du Commerce Extérieur” / “French Bank for foreign trade”), manages the export guarantee program on behalf of the government. Natexis Banques Populaires is used by the government to provide subsidies at the minimum export credit rates approved by the OECD.

COFACE offers short-term credit insurance worldwide and has branches in many countries. The French office is responsible for managing the export insurance system. Each year, the French Ministry of economy, Finance and industry sets limits on guarantees for export operations.

The export guarantee program is aimed at stimulating international trade operations involving French companies, in particular with a focus on developing country markets that are considered too risky for private investors. The programs implemented by COFACE are aimed at supporting exports from various industries and are not specific to agriculture.

In Germany, Hermes Kreditversicherungs AG – a consortium of private insurance companies and quasi-state companies, also provides an official state export credit insurance program and participates in the German government’s trade operations. In addition, Hermes also provides short-term export insurance at its own expense, in accordance with its own development strategies.

The experience of the world’s leading agricultural and food exporting countries shows that they all implement export support programs to achieve their goals in a highly competitive global market.

We are convinced that for the sustainable development of the agricultural sector between Uzbekistan and foreign countries, it is important to work not only on expanding mutual trade, but also to implement joint investment projects, in particular on the construction of wholesale and distribution and trade and logistics centers.

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