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SOI: [1.1/TAS](https://doi.org/10.15863/TAS) DOI: [10.15863/TAS](https://doi.org/10.15863/TAS)
 International Scientific Journal
Theoretical & Applied Science
 p-ISSN: 2308-4944 (print) e-ISSN: 2409-0085 (online)
 Year: 2020 Issue: 12 Volume: 92
 Published: 28.12.2020 <http://T-Science.org>

QR – Issue



QR – Article



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AGRICULTURAL SECTOR OF UZBEKISTAN: FEATURES, PROBLEMS AND WAYS TO SOLVE THEM

Abstract: Based on the analysis of the main economic indicators of the agricultural sector of Uzbekistan, the article identifies current problems and prospects for the development of agriculture. Certain successes achieved in raising the standard of living of the population are shown.

Key words: Uzbekistan, agriculture, economic growth, productivity, dehkan and farming, employment, elasticity of demand, investment, diversification of production, tax benefits.

Language: English

Citation: Absamatov, A. E. (2020). Agricultural sector of Uzbekistan: features, problems and ways to solve them. *ISJ Theoretical & Applied Science*, 12 (92), 367-372.

Soi: <http://s-o-i.org/1.1/TAS-12-92-72> **Doi:**  <https://dx.doi.org/10.15863/TAS.2020.12.92.72>

Scopus ASCC: 1101.

Introduction

In 2018 year 53,2% of agricultural products fell to plant science, 46,8% to livestock. In 2017, 3,7

million people (27,2% of total employment) worked in the agricultural sector. Almost half of the country's population lives in rural areas.

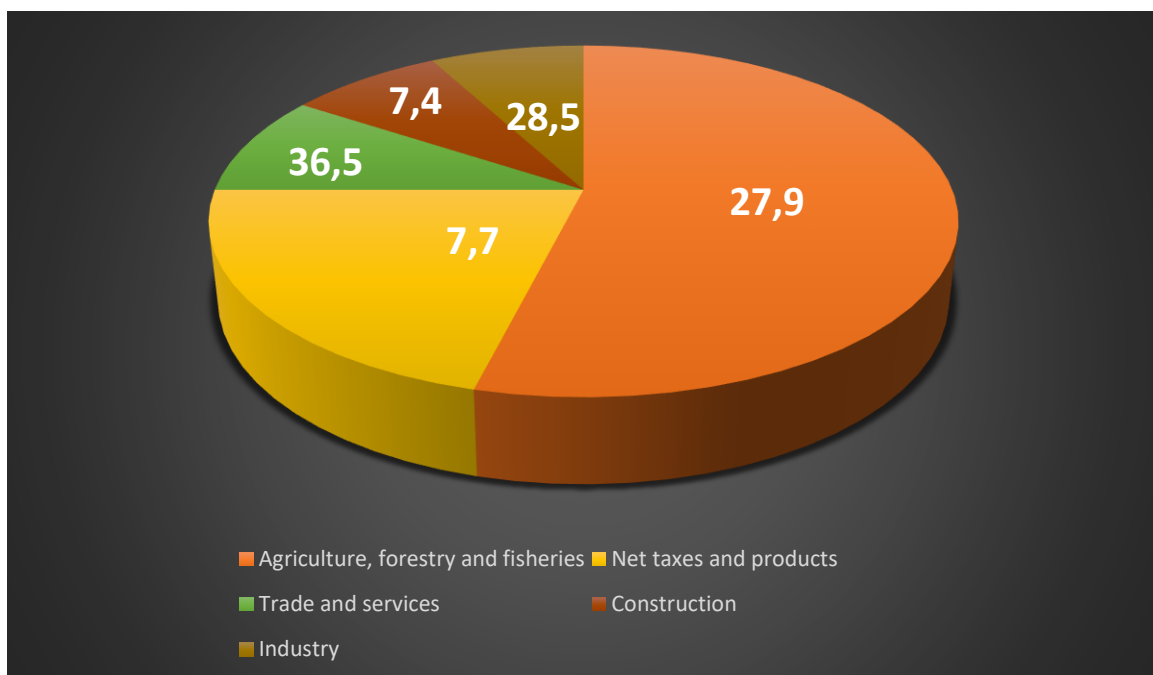


Figure 1. Sectoral structure of Uzbekistan's GDP in 2020 (January-September), in %.

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At the same time, agriculture is one of the sectors of the economy regulated by the state. The property rights of the main large agricultural producers, farmers are very poorly protected, the methods for regulating their activities are taken from the Soviet past, markets for many types of agricultural products and production resources and services are not developed. The agricultural sector needs reform. Although Uzbekistan has been undergoing systemic economic reforms for two years, there are practically no changes in agriculture. Agriculture for Uzbekistan is one of the most important areas that ensure the growth of the economy, employment and income of the population. In recent years, the industry has shown a steady growth rate of 5-6%, and agriculture provides 27% of the employed in the economy as a whole. Agricultural land occupies 45 % of the territory of the Republic, about 50% of the total population belongs to the rural population.

The development of the agricultural sector in the Republic takes place in parallel with significant organizational and economic transformations, which create favorable conditions for the development of new types of agricultural production and agribusiness, as well as the widespread use of innovative technologies.

The need to implement innovation processes in the agricultural sector is primarily related to the main problem of the economy – the rational use of limited (especially freshwater) resources to meet the growing needs of society. At the same time, an equally important prerequisite for innovative development of the agrarian sector is that today, in the context of globalization and fundamental changes in world market conditions, increased competition, and

innovations are the most effective means of competition, so as reduce the cost of production, increasing the volume and efficiency of agricultural production. [1].

Recognizing the importance of agriculture for the economy of Uzbekistan, it is possible to note the increasing relevance of the issues of studying the current state of this industry and the formation of strategic priorities for the development of agriculture, providing for the transition to a digital agri - food system.

Research methods. In the course of the research and writing of the article, such methods as economic and statistical analysis, observation, the method of expert assessments, monographic, etc. were used.

Analysis and results of the study. Today, as a result of the implementation of those priority tasks that were determined by the government of the Republic of Uzbekistan, the country has ensured sustainable effective development of almost all sectors of the economy. In particular, the implementation of program measures for the reform and development of agriculture, aimed at ensuring food security, improving the quality of agricultural products and the export potential of the industry, was a solid basis for achieving high indicators of agricultural development. So, in 2018 the share of agriculture in the GDP of Uzbekistan was 32.4%, the total volume of products (services) of agriculture, forestry and fisheries amounted to 199,537. 4 billion. sum, or 100.3% by 2017, including in crop and livestock production, hunting and provision of services in these areas - 193,703. 3 billion rubles. sum (100.2%), forestry – 4,757. 5 billion. sum (103.1%), fisheries – 1 076.6 billion. sum (113.8%).

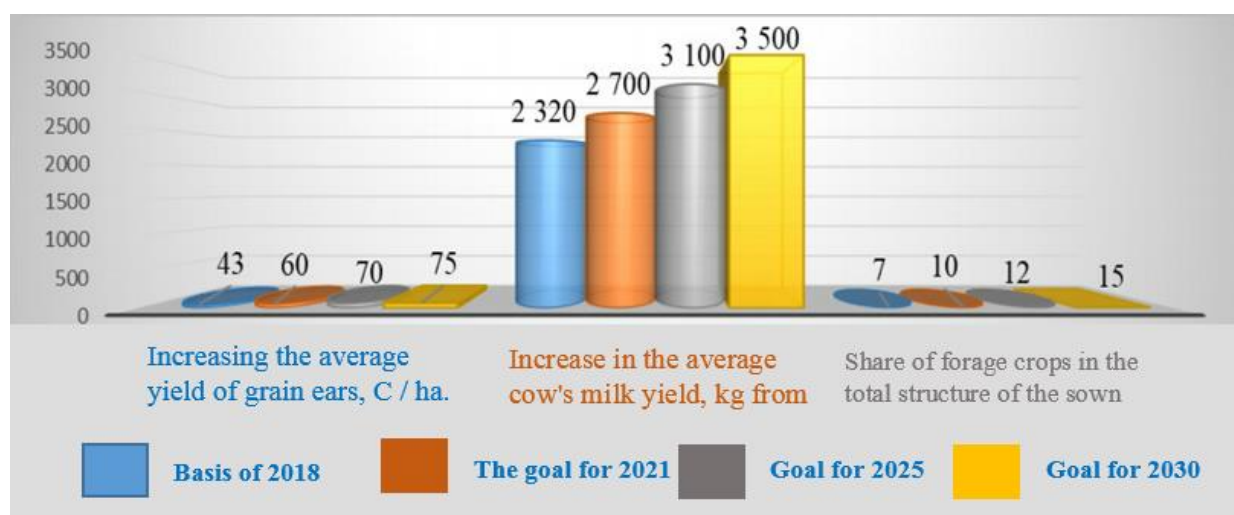


Figure 2. Achieved indicators based on the results of the implementation of the priority “Ensuring food security of the population”

Uzbekistan has a significant export potential, the export of agricultural products brings about 20-25% of total export revenues. In 2018, fruit and vegetable

products were exported to more than 80 countries in the amount of 1230.6 thousand tons in the amount of 874.5 million us dollars. It should also be noted that

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the share of exports of processed products with higher added value has increased. Thus, in 2018, the volume of exports of textile products amounted to 1.6 billion US dollars and increased by 41.4% compared to 2017. Exports of cotton fiber amounted to us \$ 222.1 million.

Structural changes in agriculture are primarily associated with the diversification of agricultural production, the expansion of sown land for growing food crops by optimizing cotton crops and increasing the area for grain crops, horticulture, horticulture and viticulture.

In January – June 2020, the growth rate of products (services) of agriculture, forestry and fisheries, compared to the corresponding period last year, amounted to 102.8 % (in January-June 2019, compared to the same period in 2018, – 102.4 %), including in crop and livestock production, hunting and providing services in these areas - 102.7 % (102.4 %), forestry – 102.0 % (102.1 %), fisheries – 116.7 % (102.0 %).

According to the results of January-June 2020, 96.6 % of the total volume of products (services) of agriculture, forestry and fisheries accounted for crop and livestock production, hunting and services provided in these areas, 2.9 % – forestry, 0.5 % – fisheries.[13]

In January-June 2020, in the context of regions, significant volumes of products (services) of agriculture, forestry and fisheries were recorded in the Samarkand region (10,901 billion rubles). sum), Tashkent (10,751 billion. sum) and Andijan (10,075 billion). sum) regions, while in the Republic of Karakalpakstan (2,797 billion rubles). sum), Syrdarya (3,008 billion rubles). sum) and Navoi (4,534 billion rubles). low volumes were observed in the regions.

Tabelini the situation on the world food markets. Along with such strategically important agricultural crops as cotton and grain (in 2018 – 6,375,4 thousand tons of grain and more than 2293,0 thousand tons of raw cotton), production volumes in the fields of fruit and vegetable growing, animal husbandry, poultry and fish farming have significantly increased. In particular, in 2018, potatoes were grown in the amount of 2,750. 1 thousand tons (98.4%), vegetables – 9,635. 1 thousand tons (94.3%), melon food products – 1,904. 9 thousand tons (93.8%), fruits and berries – 2,589. 7 thousand tons (99.0%), grapes – 1,564. 5 thousand tons. tons (96.2%). All categories of farms produced 2,417. 4 thousand tons of meat in live weight (by 5.7% more than in January-December 2017), 10,480. 7 thousand tons of milk (by 4.3%), 7,360. 5 million eggs (by 16.2%), 1 082.6 thousand pieces of Karakul (by 0.7%)

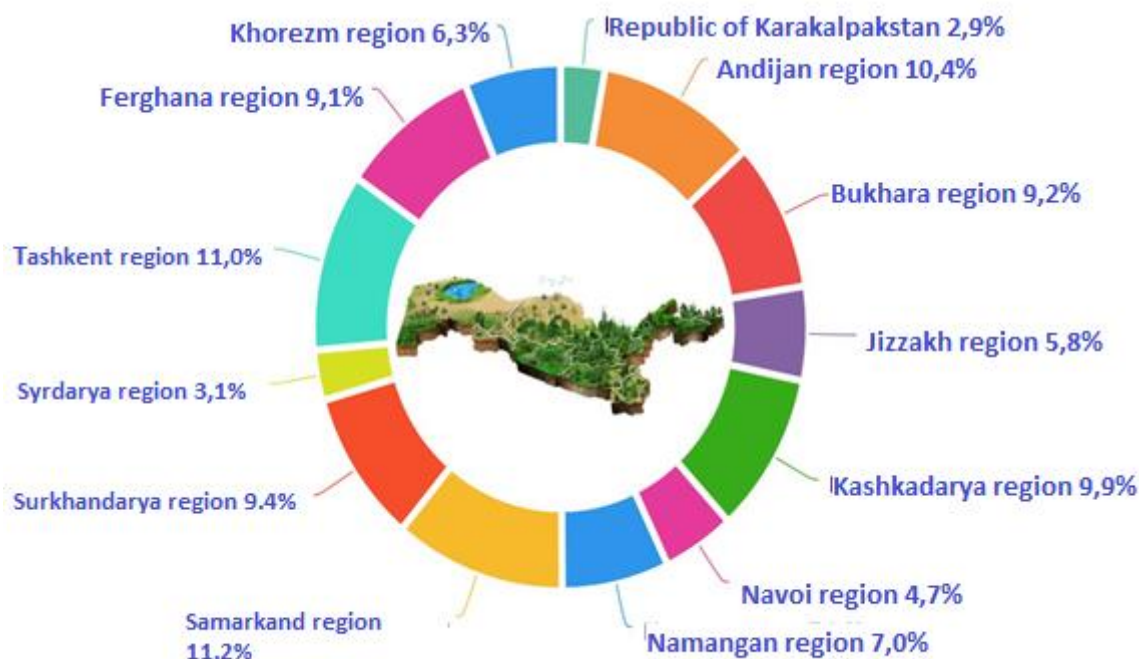


Figure 2. Distribution of total output (services) of agriculture, forestry and fisheries by region, %

The growth of indicators in recent years (with the exception of indicators for crop production in 2018, which is associated with adverse weather conditions) indicates a deep structural transformation and progressive development of our country. As the

President of the Republic of Uzbekistan noted, "measures are being implemented in agriculture to increase the interest of farmers and dehkans, introduce advanced technologies and switch to a cluster production system" [1].

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However, "the existing growth rates in the sphere do not satisfy us at all" [1], which makes it necessary to develop this sector on the basis of a strategic approach. According to the Decree of the President of the Republic of Uzbekistan dated 23.10.2019 N UP-5853 "on approval Of the strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030", 9 strategic priorities for the development of agriculture have been defined, providing for the transition to a digital agri-food system. The strategy covers the following strategic

priorities: Ensuring food security of the population is one of the key points of the national development plan, as it affects a wide range of socio-economic, demographic and environmental factors. As part of the implementation of the strategy, factors that hinder food security will be identified and eliminated, including: reduced physical access to food; rising prices for certain agricultural products that reduce their economic accessibility for households; the decline in the quality of the diet, as well as sharp fluctuations in prices and volumes of available food.

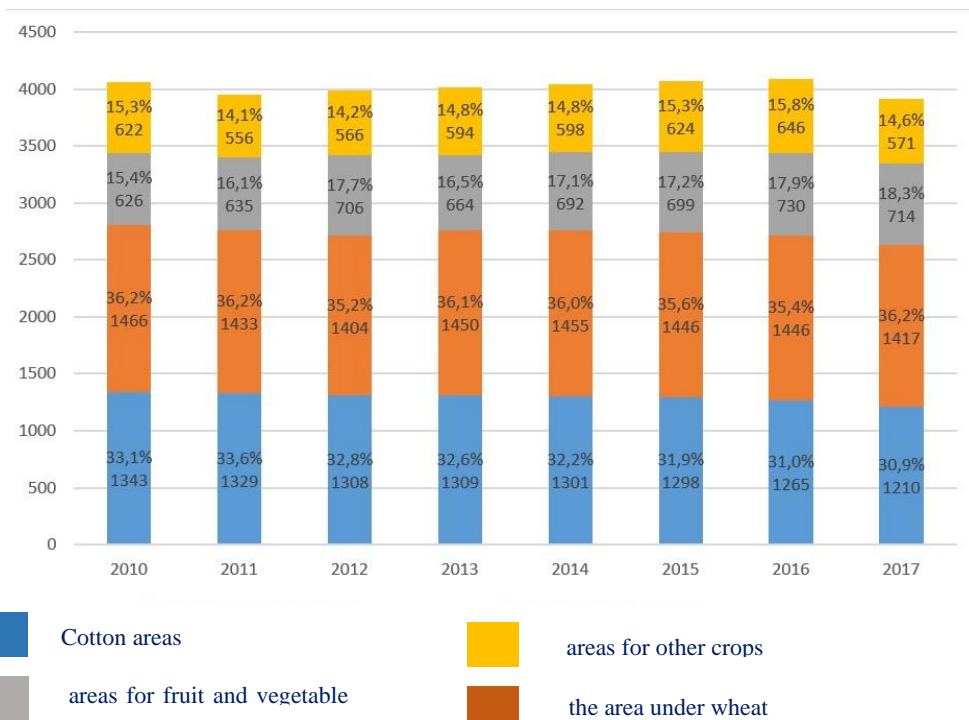


Figure 3. Distribution of agricultural land allocated for acreage, orchards and vineyards, in thousand hectares and in %.

The existing mechanisms of forming the state order and the pricing system make the cultivation of cotton and wheat not profitable for most farmers [4]. An example is the difference between public procurement and domestic market prices for wheat in 2007-2020 (see table 2). In some years, this difference exceeded 3 times.

In addition, the existing system of land quotas for mandatory crops for farmers does not allow them to optimize the structure of production, taking into account the characteristics of soil and climate, water availability, staff qualifications, etc. Often, it is more productive to grow other crops on the land allocated for cotton and wheat. But the farmer cannot optimize the structure of the products produced, since the land allocated for cotton and wheat is forbidden to be used for other purposes.

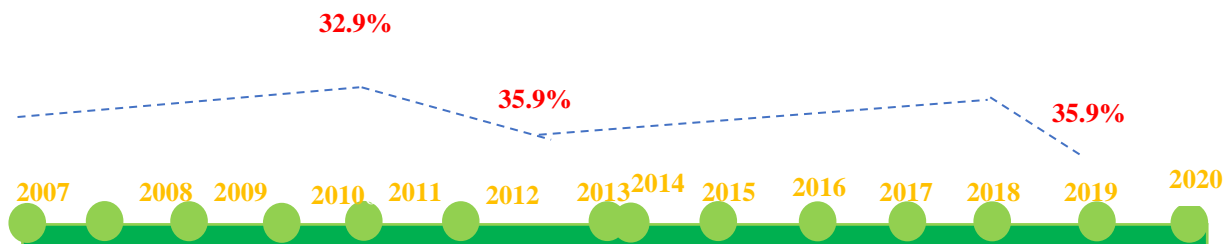


Figure 4.

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For example, in the country, due to natural and climatic conditions, it is difficult to grow food wheat that meets the needs of bakery production. The state is trying to solve this problem by investing heavily in the selection of new varieties adapted to the soil and climatic conditions of the country and even each individual region, but this is a long and expensive process. Meanwhile, it would be much more profitable for many farms to specialize not in wheat cultivation, but in the production of fruit and vegetable products, where Uzbekistan has much greater natural, historical, technological and qualification advantages than in the grain sector [6].

The achievement of these goals will be facilitated by the creation of a well - established mechanism for financing domestic innovative development, in which, as the experience of developed countries shows, not only the state should participate, but also the industries themselves, enterprises, and representatives of the business environment. In the implementation of tasks of innovative development of the agrarian sector the role of Bank, financial institutions, tax structures, remain actual issues of improving the system of transport and communications, ICT, formation of modern research, educational and consultancy services and further improve the quality of training, there are problems of balanced development of rural areas.

The solution of these issues is envisaged in such areas of the Strategy as " Development of modern public administration systems", " Diversification of public spending in support of the sector", " Development of science, education, information and consulting services in agriculture", " development of rural areas", "Development of a transparent system of industry statistics".

As a result of the implementation of the tasks outlined in these areas of the Strategy, it is planned to achieve the following goals: - gradual change in the role of public authorities in the direction of promoting the development of the private sector, gradually reducing public management and ownership of non-strategic services and assets. In strategically important areas where regulatory functions are required, a clear

separation will be established between the functions of state regulation and the provision of services; - improving the efficiency of government spending on agriculture through the gradual reallocation of public financial resources aimed at providing key public services and implementing structural change programmes; - strengthening the institutional capacity of public administration bodies to improve the efficiency and effectiveness of public financial management in the agri-food sector; - improving the relationship between the financing of research with the priorities and needs of the real sector and effective mechanisms for the dissemination of knowledge; - development of a modern education system aimed at improving the competitiveness of agricultural products and agribusiness; - creation of a regional information and Advisory network for the dissemination of knowledge through the development of public-private partnerships, service delivery systems, -the government's efforts to meet the needs of the sector in all regions of the country; - promoting rural development through the formation of the necessary institutional, regulatory and legal framework for the development of agriculture and rural areas; a framework pilot investment program to support non-agricultural enterprises in targeted rural areas; a framework investment program to promote the organization and mobilization of resources of local rural communities and the development of partnerships between rural communities, agricultural enterprises, civil society and local authorities; - improving systems for the collection, comparison and dissemination of reliable statistics and evidence-based market information, monitoring progress and increasing transparency in the sector; - promoting the introduction of smart technologies and systems in agriculture through the development of appropriate government structures, services and support systems.

As a conclusion, we can say that each of the strategic priorities is important and necessary, but only their simultaneous formation will create the same innovative environment in the agricultural sector of the Republic, which will contribute to reaching a new level of development.

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