

CURRENT STATE AND FEATURES OF AGRIBUSINESS DEVELOPMENT IN UZBEKISTAN

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Abstract

The agribusiness sector in Uzbekistan has been experiencing significant transformation and development in recent years. This change is driven by the government's efforts to modernize agriculture, attract foreign investment, and improve food security. Key features of agribusiness development in Uzbekistan include the diversification of crops, introduction of advanced technologies, and enhancement of supply chain management. This article explores the current state of agribusiness in Uzbekistan, highlighting its features, challenges, and opportunities for further advancement.

Keywords: Agribusiness, Agricultural modernization, Foreign investment, Food security, Crop diversification, Advanced technologies, Supply chain management, Precision farming, Organic agriculture.

Introduction

Uzbekistan, a landlocked country in Central Asia, has a rich historical background in agriculture, traditionally relying on cotton and grain production. In recent years, the country has recognized the importance of agribusiness as a key driver for economic growth and sustainable development. Agribusiness is one of the forms of agriculture, which includes not only the process of producing agricultural products, but also its processing, storage and transportation, production of machinery and fertilizers for agriculture. Agribusiness is an important element of any country's economic system.

Uzbekistan's agriculture sector has embraced diversification, unlocking new markets for its goods. But challenges to stronger agricultural market systems remain, including inconsistency in post-production, insufficient adoption of innovative business management methods to improve the competitiveness and profitability of agribusiness, underdeveloped training and certification services for agribusiness enterprises according to the quality standards needed to enter new markets, and limited investment in new technologies to help agribusinesses produce high-value-added products. The government's agribusiness development activities aim to address these challenges in order to stimulate private sector-led growth in Uzbekistan's agriculture. These activities increase the production of value-added agricultural products and contribute to the creation of an enabling environment for agribusiness in Uzbekistan through the development of effective agricultural policies and support for extension services. [2]



Methods

The work is based on research materials of foreign and domestic authors, the regulatory framework, statistical data on agriculture in Uzbekistan. The work provides a description of objective restrictions and recent improvements in the agricultural sector of the economy. The main research methods were analytical, comparative, tabular with subsequent generalization of data.

Results and Discussion

Agriculture is one of the leading sectors of the Uzbek economy. Uzbekistan has a diverse agricultural sector, producing cotton, fruits, vegetables, grains, and livestock. The government is working to diversify production to reduce reliance on cotton and enhance food security. The quality of life of the population directly depends on the efficiency of agricultural producers. According to the results of January-December 2023 in the structure of gross domestic product (GDP) (gross value added (GVA)) the share of agriculture, forestry and fisheries was 24.3 %. The volume of agricultural production in 2023 amounted to 404 648.6 billion soums, or 103.9% compared to the corresponding period of 2022, including crop production reached 202 679.1 billion soums, livestock products – 201 969.5 billion soums. So, 50.1% of the value of agricultural products in 2023 was accounted for crop production, 49.9% - for livestock (Figure 1).

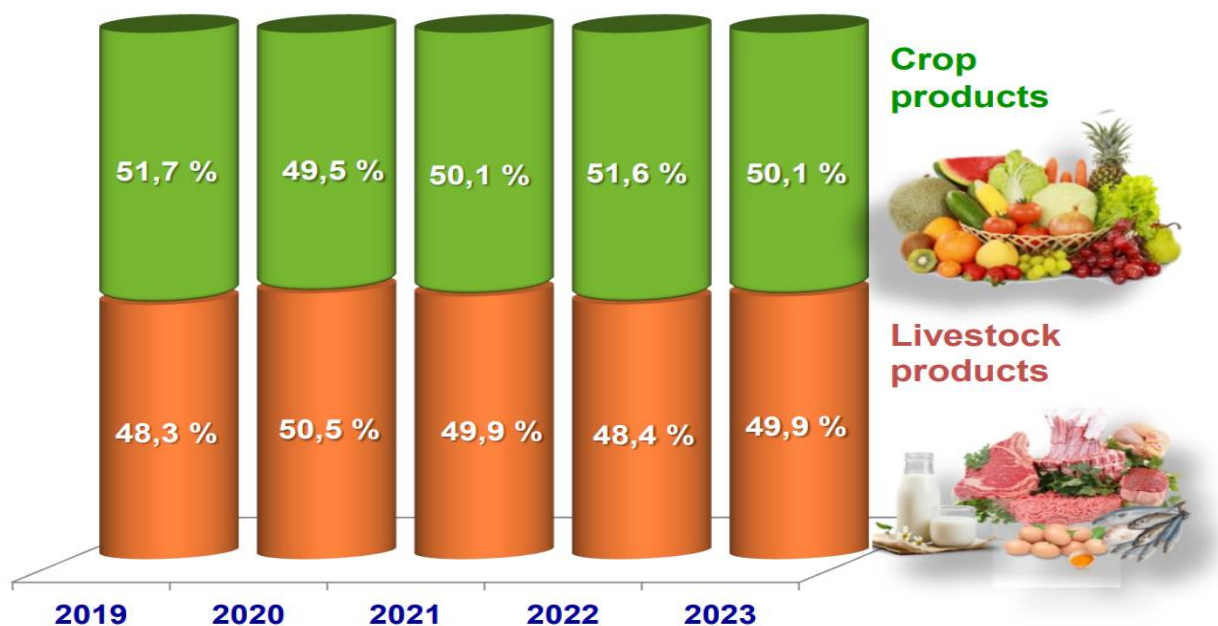


Figure 1. The share of crop and livestock production in the total volume of agricultural production [6]

In 2023 Total Local Production was 20,500 million USD, Total Exports -2,000 million USD, Total Imports - 4,000 million USD, Total Market Size - 22,500 million USD (Figure 2).

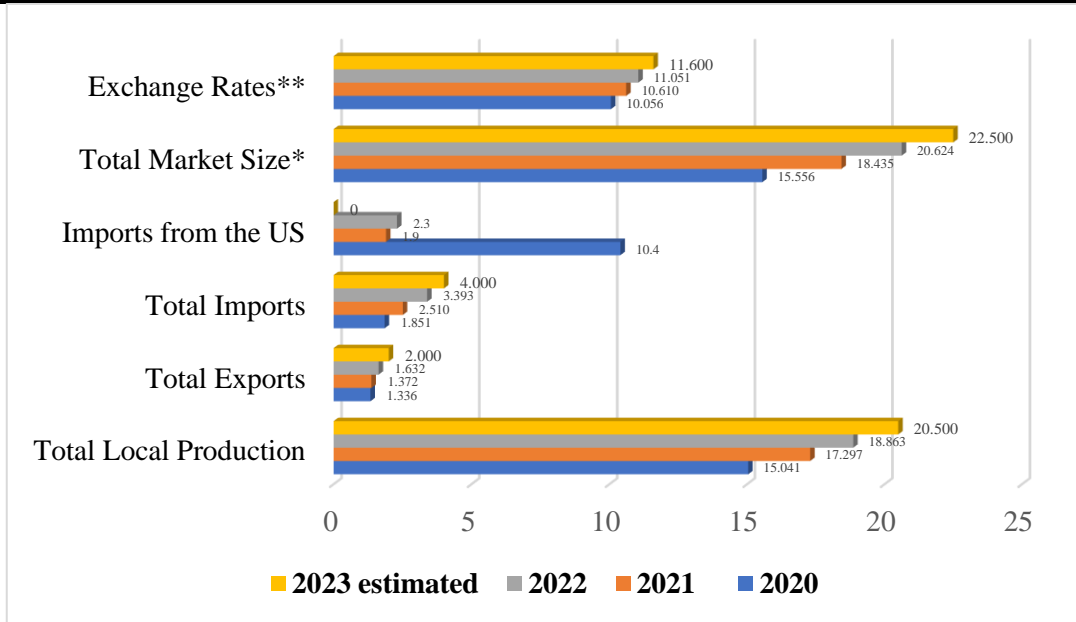


Figure 1. Agriculture Market Size, million USD [6]

*Total market size = (total local production + imports) – exports

** Exchange Rates = Uzbek soums per \$1.

Units: \$ millions

The sector plays a crucial role in the national economy, contributing significantly to GDP, employment, and rural development. The government has prioritized the modernization of agribusiness as part of its broader economic reforms. There has been a significant push towards modernization, with investments in technology, equipment, and infrastructure to increase productivity and efficiency in agriculture.

The country aims to boost productivity through the use of innovative practices such as precision farming and organic agriculture. Additionally, policies focused on rural development and support for smallholder farmers are crucial for sustainable growth in this sector. As Uzbekistan continues to leverage its agricultural potential, it faces challenges such as climate change, water scarcity, and the need for infrastructure improvements.

The Uzbek government has implemented numerous reforms aimed at reviving and modernizing the agribusiness sector. These reforms include land privatization, the introduction of market mechanisms, and support for private entrepreneurship (Table 1).

Table 1. Recent Reforms and Policy Changes

Main directions of reforms	Implemented reforms	Challenges	Opportunities for Growth	Role of Sustainable Practices
Diversity of Production: - Cotton - Fruits - Vegetables - Grains - Livestock Investment in Modernization: - Technology - Equipment - Infrastructure	-Land Reform -Land Privatization -Empowerments of Farmers -Financial Support & Incentives - Access to Credit - Subsidies for Crops	-Water Management Issues - Water Scarcity -Mismanagement -Market Access -Inadequate Infrastructure - Dominance of Middlemen - Technological Gap - Low Adoption of Modern Technologies	-Export Potential - Fruits & Vegetables -Investment in Agritech - Startups & Innovations -Public-Private Partnerships -Collaboration for Investment	-Organic Farming -Growing Markets -Water-Saving Technologies -Drip Irrigation



The dismantling of the state order system is part of the priorities set out in the state program - Strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030 [1], within which measures have already been taken to reduce the importance of state orders, for example, by reducing the share of final products that must be sold to the state. In December 2023, the President approved the reform of the cotton procurement system. Starting with the 2024 harvest, farmers must enter into futures contracts with the cluster of their region that offered the highest price. Contracts are executed through a special section of the Uzbek Republican Commodity Exchange (UzRTSB). The starting price was to be based on the average price of cotton fiber on the New York Stock Exchange over the past 12 months.

Land Reform:

- The government has initiated land reforms to improve land tenure systems and empower farmers. Land previously owned by the state is being redistributed to private farmers, providing them with more control over their production decisions.

Financial Support and Incentives:

Financial support frameworks have been established to provide farmers with access to credit, enabling them to invest in modern agricultural practices. Subsidies for specific crops and production technologies are also offered to encourage diversification. [4]

Challenges Facing Agribusiness Development

Despite the progress made in agribusiness development, several challenges persist that hinder the sector's overall performance. [3]

Water Management Issues:

- Uzbekistan faces significant water scarcity and mismanagement issues, particularly concerning irrigation. The country heavily relies on the Amu Darya and Syr Darya rivers, which have seen declining water levels due to over-extraction and climate change.

Market Access:

- Farmers often lack access to markets due to inadequate infrastructure, transportation challenges, and the dominance of middlemen in the supply chain. This limits their ability to obtain fair prices for their products.

Technological Gap:

- The adoption of modern agricultural technologies remains low among many farmers. There is a need for technical training and support to enhance productivity and sustainability in agricultural practices.

Opportunities for Growth

Uzbekistan's agribusiness sector presents numerous opportunities for growth and development, particularly as the country seeks to integrate into global agricultural markets.

Export Potential:

- With its favorable climate and diverse agricultural products, Uzbekistan has significant export potential, particularly for fruits and vegetables. The government is actively promoting export-oriented agricultural production.

Investment in Agritech:

- The growing startup ecosystem in Uzbekistan has led to an increase in agritech innovations. Investments in technological solutions can lead to improved farming practices, better crop management, and increased yields.

Public-Private Partnerships:

- Collaboration between the government and private sector can drive investment in agribusiness. Public-private partnerships can lead to improved infrastructure, research and development, and access to new markets.

The Role of Sustainable Practices

Sustainability has emerged as a guiding principle in the development of agribusiness in Uzbekistan. As the government aims to enhance the sustainability of agricultural practices, there is a growing emphasis on environmentally friendly farming techniques. [5]

Organic Farming:

- The movement towards organic farming is gaining traction in Uzbekistan, attracting both domestic and international interest. Increased awareness of health and environmental issues drives demand for organic products.

Water-Saving Technologies:

- The adoption of water-saving technologies, such as drip irrigation, is becoming increasingly important to address water scarcity challenges. Educating farmers on these technologies can enhance water efficiency in agriculture.

Conclusion

The agribusiness sector in Uzbekistan is undergoing significant transformation, driven by government reforms and a commitment to modernization and sustainability. While challenges remain, such as water management and market access, there are ample opportunities for growth, particularly in export markets and technological innovation. By focusing on sustainable practices and fostering public-private partnerships, Uzbekistan can enhance the resilience and competitiveness of its agribusiness sector, contributing to broader economic development and food security. As the country continues to evolve, the potential for a thriving and diverse agribusiness landscape is within reach, ensuring a sustainable future for the agricultural sector and the Uzbek economy as a whole.

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