



## DEVELOPMENT OF AGRICULTURAL EXPORT IN UZBEKISTAN

Nowadays, it is widely accepted that agriculture and food industry have a strategic importance for every country. The agricultural sector is of great importance because it provides millions of jobs and billions of dollars in income for many countries. In countries with agrarian economy, agriculture constitutes a significant part of the Gross Domestic Product (GDP) as one of the main sources of economic growth. The agricultural sector, which consists of two main branches: crop and livestock, is the oldest sector of the world economy and an ever-growing sector in terms of economic performance. However, the agricultural sector has a number of problems that need to be addressed both at the state and small entrepreneurship level. Although the current industrial development of agriculture is significantly different from previous periods, the sustainability and increasing productivity of agriculture and ensuring food and livelihood security continue to be important for every country.

As it is known, the economic structure of Uzbekistan is mainly agriculture, and the agricultural sector creates the most jobs in the country. In this regard, agriculture continues to be one of the most important export income sources of the country. In recent years, the agricultural sector, which experienced rapid changes due to many reforms initiated during the presidency of Uzbekistan's President, Shavkat Mirziyoyev, has been on the agenda frequently. According to the forecasts of international financial institutions, in the next 10 years, Uzbekistan will become one of the fastest growing countries in the world. Having a young workforce and being rich natural resources, Uzbekistan's GDP has attracted attention with its growth rates ranging between 5% and 8% in the last 10 years. Only 10% of Uzbekistan's land is suitable for agriculture, 46% of it consisting of plateaus and steppes, 41% of deserts and similar lands, and 3% of forests and woodlands. Approximately 95% of the arable land can be irrigated. With this feature, Uzbekistan is the most productive country for irrigated agriculture among the Central Asian states. The fact that the country has a successful agrarian sector, despite the climatic conditions of the country not being suitable for the development of the agricultural sector, has made Uzbekistan an important agricultural country in the region for a long time. Especially during the Soviet Union period, the agricultural sector was the main center of the Uzbekistan's economy for many years. Therefore, Uzbekistan's post-independence economic policies have significantly focused on the agricultural industry.

While the Tashkent administration is dealing with the difficulties of its one-sided economic structure, which is mainly agricultural, it also seeks to develop the export of industrial products by creating new production areas. For this reason, efforts for economic transformation and improvement were implemented gradually, taking into account the basic economic structure of the country. However, all this has been carried out in an extremely difficult, unstable economic environment. First of all, it should be noted that the fruits of the reforms aimed at ensuring financial and macroeconomic stability in the country are felt in Uzbekistan's gradually improving macroeconomic climate. As a result of these reforms, important

changes were made to the structure of land use in the country, the economic nature of agricultural assets, the reorganization of relations between agricultural producers and the state. At the same time, agricultural areas were redistributed according to their categories. Large-scale transformations and qualitative changes in agriculture and the agricultural industry in Uzbekistan for many years, optimization of cultivated areas and comprehensive and balanced policies regarding the zoning of agricultural crops have not only increased agricultural productivity, but also contributed to a significant increase in the living standard of the society.

It should be noted that the structure of the population of Uzbekistan, which is the most densely populated country in Central Asia, provides a great opportunity for the development of the agricultural sector. For instance, as of July 2020, 50.5% of Uzbekistan's population, which is 34,036,800 people, live in urban settlements and 49.5% live in rural areas. In Uzbekistan, almost a quarter of the working age population is employed by the agricultural sector. According to the data for 2020, while a total of 3.7 million people work in the agricultural sector, this number corresponds to 27.2% of the total number of employed people in the country.

In addition to being one of the most irrigated countries in Central Asia, Uzbekistan is also involved in the cotton and wheat cultivation, fruit and vegetable production and sericulture. In Uzbekistan, where most of the agricultural production is obtained from plant production, more than 40% of these products consists of cotton production. Despite the many negative effects reflected today, due to the experience of the Soviet agricultural policy and the climatic conditions of the country, there is a significant specialization in Uzbekistan, especially in the cotton sector. Being one of the largest cotton producer and exporter countries in the world, the Tashkent administration produces an average of 3 million tons of cotton annually and exports more than half of it. In the production period of 2017-2018, the share of Uzbekistan in cotton production, consisting of an area of 1.208 million hectares, worldwide is 3.8%.

However, in recent years, Uzbekistan has tried to reduce its cotton exports by focusing on domestic cotton processing and exporting high value-added textile products. Therefore, in recent years, Uzbekistan's raw cotton exports have been decreasing, while the export of processed cotton or textile products has been gradually increasing. For instance, the country exported 257.196 million dollars' worth of raw cotton in 2016, while the numbers decreased to 219.026 million dollars in 2017 and 137.493 million dollars in 2018. On the other hand, Uzbekistan earned 477.297 million dollars from cotton yarn exports in 2016 and the numbers increased to 608.534 million dollars in 2017 and 711.521 million dollars in 2018. Uzbekistan exported textile products worth a total of 1.5 billion dollars in 2018. Another development in Uzbekistan's agricultural sector is that the country's exports of agricultural products other than cotton have increased significantly in recent years. As a result, Uzbekistan's exports of fresh fruit such as apricots, cherries, peaches, plums and jacked plums were 122.949

million dollars in 2016 and 126.763 million dollars in 2017, reached 238.017 million dollars in 2018.

It can be stated that the aforementioned developments in Uzbekistan's agricultural product exports are the result of the new socio-economic policies of Uzbekistan's President, Shavkat Mirziyoyev, who came to power in 2016. Especially, the commercial and economic reforms of the Mirziyoyev administration in recent years, including agriculture, which are aimed at the economic growth of Uzbekistan and creation of additional opportunities for the citizens of the country, have made the country's economy achieve impressive developments. As a reflection of this, the contribution of the agricultural sector to Uzbekistan's GDP was 28.8% in 2018. In 2018, 53.2% of the agricultural products in the country were plant products and 46.8% were animal products. In this context, it should be noted that the optimization of the agricultural lands and the development of irrigation systems in the country have significantly contributed to the developments in agriculture. The agricultural reform, which removes the restrictions imposed by the public on farmers and reorganizes farmers' right to own land, enables the development and diversification of the agricultural sector. In addition to this, the government of Uzbekistan is adopting new decrees regulating the development of agriculture, the sale of agricultural products and raw materials, and the functioning of food markets, as part of the new state program for the period of 2019-2022. With these measures, Uzbekistan aims to significantly increase the average productivity of agricultural food production and the income of agricultural food producers by 2030. On the other hand, in addition to a gradual reduction in the planting of low-income crops (especially cotton and wheat) in low-yielding soils, allocation of the new agricultural lands for vegetable and perennial planting is planned. While it is planned to gradually replace the existing old fruit plantations and vineyards with new ones, it is also envisaged to plant fresh fruit and vegetable crops on the soils reclaimed using high technology and agro-technical methods.

In summary, since its independence, Uzbekistan has made significant progress in the agricultural sector implementing various reforms. The stable development of the economy and the increase in employment in Uzbekistan, whose economic structure mainly consists of agriculture, largely depends on the achievements of the agricultural sector. It can be predicted that the policies implemented by Uzbekistan in recent years, which are aimed at increasing the export volume of agricultural products, ensuring stability in the domestic agricultural market and the multi-directional development of rural areas, will accelerate the development of agriculture and agricultural industry in the country in the near future. However, it should be noted that the realization of this expectation is closely related to the improvement of the property rights of producers and farmers working in the agricultural sector, revision of production techniques and, finally, bringing agricultural product markets to certain standards.

## Politics, Foreign Affairs, and Security

- Kyrgyzstan held a referendum on the form of government, which was recognized as valid. According to the preliminary data, more than 81% of citizens voted in support of the presidential form of government. The rate of support for the parliamentary form slightly increased 10%, while almost 4.4% of citizens voted against both options. The Central Election Commission of Kyrgyzstan will announce the final results of the referendum no later than February 14, 2021 (24.kg, 10.01.2021).
- On January 10, 2021, Kazakhstan held elections to the lower chamber of the country's Parliament Majilis. Five political parties, including the National and Democratic Party «Auy», the ruling Nur Otan Party, the ADAL political party, the Democratic Party of Kazakhstan «Ak zhol» and the People's Party of Kazakhstan participated in the elections. The total number of candidates nominated by the parties equaled 312. The Central Election Commission reported that the number of polling stations across Kazakhstan amounted to 10.060 (Kazinform, 10.01.2021).
- The President of Russia Vladimir Putin had a phone conversation with his French counterpart, Emmanuel Macron. The parties discussed the upcoming trilateral meeting of leaders of Russia, Azerbaijan and Armenia, which will be held on Monday, January 11, in Moscow at the initiative of Vladimir Putin. President Macron supported Russia's efforts in facilitating settlement in Nagorno-Karabakh and emphasized the importance of humanitarian aid to residents affected by military clashes. The Presidents agreed to continue contacts at various levels (TASS, 10.01.2021).
- The Special envoy of China to Afghanistan, Liu Jian, met with the Chairman of the Supreme Council for National Reconciliation of Afghanistan, Abdullah Abdullah, in Kabul. During the meeting, the parties exchanged views on the peace process and the start of the second round of peace talks in Doha. Liu Jian reaffirmed China's full support for the inter-Afghan peace process and emphasized its importance for the stability in the region (Kabar.kg, 06.01.2021).
- Turkmenistan and Afghanistan held the sixth meeting of the Joint Turkmen-Afghan Commission on Security Cooperation and political consultations between the Ministries of Foreign Affairs of the two countries in Kabul. The parties noted the effectiveness of the dialogue between the heads of state of Turkmenistan and Afghanistan and expressed their willingness to strengthen cross-border cooperation to ensure regional security. Following the consultations, the sides signed the Program of Cooperation between the Ministries of Foreign Affairs of Turkmenistan and Afghanistan for 2021-2022 (Kazakhstan.tmembassy.gov.tm, 06.01.2021).
- The Head of the UN Regional Center for Preventive Diplomacy for Central Asia, Natalia Gherman held a press conference in Ashgabat. The event was attended by representatives of local media as well as foreign press via online conference. Natalia Gherman highly praised the steps taken by the Turkmen government in maintaining peace in the region and appreciated the level of cooperation between the countries of Central Asia in the political, trade, economic, cultural and humanitarian fields (Mfa.gov.tm, 09.01.2021).

## Economy, Finance, and Energy

- The Asian Development Bank continues to provide financial assistance to Tajikistan. Recently, the bank and the country's government signed four grant agreements totaling \$237.5 million. The government of Tajikistan will spend \$105 million to accelerate energy sector reforms, while \$67.5 million will be directed to rehabilitation of road networks. Projects on water resource management will obtain \$15 million. In order to improve fiscal management, the government will allocate \$50 million (Kabar, 06.01.2021).
- Recently, the National Bank of Kyrgyzstan published a report on the stability of the country's financial sector. According to data from the report, the financial sector of Kyrgyzstan experiences a positive trend in bank cards penetration. During six months of 2020, the total number of payment cards in circulation increased by 12.5% compared to the same period of 2019 and exceeded 3 million units. The total number of ATMs and POS-terminals increased by 9.3% and 6%, respectively (Kabar, 04.01.2021).
- Recently, Kazakh Energy Minister, Nurlan Nogayev, participated in the Organization of Petroleum Exporting Countries ministerial meeting, which resulted in positive news for the country's energy sector. In particular, Kazakhstan will increase oil production by 10 thousand barrels a day in February and March. The country's expected output will exceed 1.4 million barrels per day. It should be noted that the majority of participants of the OPEC agreement will keep their oil output unchanged (The Astana Times, 06.01.2021).
- According to the Chief Executive Officer of Gazprom Aleksei Miller, the company increased utilization of the TurkStream gas pipeline by 2.2 times since its commissioning, while for the European customers it grew by 2.5 times. The annual capacity of the pipeline is 31.5 billion cubic meters of gas. It safely transports the Russian gas via the Black Sea to Turkey and six European states. In 2020, Russia's gas supply to Turkey, Greece and North Macedonia increased substantially (TASS, 08.01.2021).
- According to data from the National Bank of Belarus, the country's gold and foreign currency reserves equaled \$7.5 billion as of January 1, 2021, while their expected value was \$7.3 billion. However, in 2020, the international reserves of Belarus decreased by \$1.9 billion or by 20.5%. Planned repayment of the country's debt caused the reported decline. In 2021, the authorities expect further decrease in reserves, which by January 2022 will amount to \$6 billion (BelTA, 06.01.2021).
- Investment partnership between the United States and the countries of Central Asia is deepening. Recently, the U.S. International Development Finance Corporation, Kazakhstan's Astana International Financial Centre and the Ministry of Investments and Foreign Trade of Uzbekistan announced about the launch of the Central Asia Investment Partnership. The participants aim to raise at least \$1 billion over five years to support projects to improve the region's private sector and increase its economic connectivity (UzDaily, 07.01.2021).

## Society and Culture

- The Deputy Minister of Education of the Russian Federation Dmitry Glushko and the Deputy Minister of Education and Science of Mongolia, Ganbold Ganbayar signed a Memorandum on cooperation in secondary education between the two countries. According to the document, Russia and Mongolia will cooperate in improving the secondary education through exchange programs, sharing experiences and introducing advanced technologies. The sides also agreed to put emphasis on the professional development and upskilling of Russian language teachers in Mongolia (Montsame.mn, 04.01.2021).
- A delegation of the Turkic Council led by the Deputy Secretary General, Mirvokhid Azimov, held a meeting with the Deputy Minister of Foreign Affairs of Kyrgyzstan, Azizbek Madmarov, during their visit to Bishkek. The parties discussed the current state of cooperation between the Turkic Council and Kyrgyzstan as well upcoming major mutual activities. Mirvokhid Azimov reassured that the Turkic Council will continue to support Kyrgyzstan in its socio-economic development and enhancing trade and transport potential of the country (Turkcon.org 06.01.2021).
- TURKSOY hosted a ceremony, during which individuals and organizations were awarded with Medals of Abai for their contribution to the promotion of the famous Kazakh poet and scholar Abai. The ceremony was held at the Headquarters of TURKSOY in Ankara and was attended by high ranking officials and diplomats of Kazakhstan and Turkey. The recipients of award were also given an art album published by TURKSOY on the occasion of the 175th anniversary of Abai, featuring paintings of artists of the Turkic World inspired by Abai's works, along with maxims of Abai (Turksoy.org, 06.01.2021).
- Dushanbe was declared the cultural capital of the Commonwealth of Independent States (CIS) in 2021 and a tourist city by the Economic Cooperation Organization (ECO). The capital of Tajikistan officially took over this status from the Kazakh city of Shymkent, which was the cultural capital of the CIS in 2020. Dushanbe will host a number of cultural events in 2021 (Kabar.kg, 06.01.2021).
- The French newspaper Le Figaro included Kazakhstan in the list of 21 recommended destinations around the world in 2021. Other tourist destinations in the list included Costa Rica, Greece, Malta, Palau, Singapore, Spitsbergen (Norway), Swiss Alps, Zambia and other countries. The main recommended feature of tourism in Kazakhstan is its ecotourism, which offers to learn more about the country's culture, history, cuisine, music and festive traditions (Astanatimes.com, 08.01.2021).
- The Turkic Academy held a conference titled "The Turkic World: Historical and Cultural heritage" marking the beginning of a series of events celebrating the 30th anniversary of the Independence of the Turkic States. The event was held at the National Academic Library of the Republic of Kazakhstan in Nur-Sultan and was attended by Secretaries of various Turkic Organizations, high ranking officials and diplomats of Turkic states, as well as scholars and experts from more than 20 countries of the world. During the conference, the Turkic Academy presented its recent scientific project, "The Turkic World: Historical and Cultural Atlas" (08.01.2021).