OPPORTUNITIES FOR EXPANDING FOOD EXPORT POTENTIAL IN UZBEKISTAN

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Abstract: *The article analyzes the opportunities for exporting food products in the Republic of Uzbekistan and the factors affecting it. In particular, the production of competitive export-oriented products, finding new international markets for them, the features of choosing convenient transport corridors and modes of transport for export, as well as their advantages and disadvantages are highlighted.*

Keywords: *foreign trade; export; transport corridors; transit; modes of transport; railway transport; road transport; air transport; corridor distance length; cargo capacity; cargo price.*

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INTRODUCTION

Increasing the export potential of the real sector and strengthening the foreign trade balance of Uzbekistan are of great importance for the sustainable development of the economy of the republic. Increasing the export potential of economic entities by increasing the competitiveness of products is one of the priority areas of reforms being implemented in the economic sphere. Currently, the quantitative and qualitative growth of foreign economic relations places even higher demands on a comprehensive and in-depth study of these processes.

The "Development Strategy of New Uzbekistan for 2022-2026", adopted by the Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022, sets the task of implementing the food industry development program; increasing the republic's export potential by bringing the republic's export volumes to 30 billion US dollars in 2026 [1].

Increasing competition in world markets poses a challenge to national producers of goods to organize the export of high-quality and comprehensively competitive products that are in high demand in foreign markets. One of our domestic opportunities for increasing the export potential of our country, which has not yet been fully utilized, is the development of fruit and vegetable exports. The "strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030", approved by the decree of the president of the Republic of Uzbekistan no. pf-5853 dated october 23, 2019, sets the tasks of increasing the export potential of the agricultural sector, increasing the volume of value-added products, and increasing the export of agricultural products from 2.3 billion us dollars in 2018 to 20 billion us dollars by 2030 [2]. based on these tasks, comprehensively increasing the export potential of our country, diversifying the commodity composition and geography of exports are important strategic goals.

LITERATURE ANALYSIS

A number of foreign and domestic scientists and specialists have conducted scientific research on the issues of foreign trade and export. In particular, Russian economists Ye.V. Vavilova and L.P. Borodulina defined: "Export is understood as the export of goods and services across the national border of a country for sale in foreign markets. The objects of export are goods (services) produced in the country and goods imported from abroad, processed and intended for sale abroad." [3].

According to the definition of our country's economists A. Olmasov and A. Vakhobov, "export is the sale of goods outside the country" [4].

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Another source states: “Export is the sale of goods to foreign buyers, in which the manufactured goods are exported outside the country. The economic efficiency of exports is determined by the fact that the country exports products whose national production costs are lower than world costs. In this case, the amount of profit from exports depends on the ratio of national and world prices for this commodity, as well as on the labor productivity of the countries participating in the international turnover of this commodity.” [5].

Experts note that "the Republic of Uzbekistan's growing closer to the world community, cooperation with distant and near countries in the world economy, attracting foreign investors from developed countries to various sectors of our national economy, and conducting foreign economic relations are of great importance. At the same time, the development of our country's cooperative relations with foreign countries in the international arena contributes to the further development of various sectors of our economy." [6].

Entering and gaining a strong position in world food markets largely depends on the correct definition of an export strategy. Based on the study of scientific literature, it can be concluded that an export strategy is a complex system of measures that includes the goals of an exporting company to import and sell its products to world markets, the means and terms of their implementation. [7].

RESEARCH METHODOLOGY

The theoretical and methodological basis of this study is the scientific work of foreign scientists who have conducted research on foreign trade and export issues. The research used methods such as abstract and analytical observation, normative and positive analysis, comparative and factor analysis.

ANALYSIS AND RESULTS

Increasing the export potential of the real sector is of great importance for the sustainable development of the economy of our republic. As the President of the Republic of Uzbekistan Sh.M. Mirziyoyev noted, “the most

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important guarantee of sustainable economic growth is the production of competitive products, finding new international markets for them and increasing exports, and full use of transit potential"[1].

The results of the study show that exporting food products to foreign markets has the following advantages for the country and national producers:

- selling the excess of products over domestic consumption on world markets allows the country to earn foreign exchange, increase foreign exchange reserves, and strengthen the balance of payments;

- for food producers, exporting their products opens up additional opportunities for earning foreign exchange, increasing sales revenue and profits;

- in world markets, especially in developed countries such as the European Union, the technical, pharmacological, sanitary, veterinary, phytosanitary and ecological standards and requirements for the consumption, quality and environmental safety of food products are very high, which forces national producers to constantly improve the consumer properties, quality and environmental safety of their products;

- in conditions of saturation of the domestic market, exporting excess food products allows to increase sales volumes and profits by capturing part of world markets, to reduce the cost of products due to the "economies of scale" provided by increasing production volumes, and to protect against losses from the loss of unsold products;

- operating in markets in different regions of the world opens up the possibility of constantly diversifying product types and production, depending on the diversity of climate and seasonality;

[1] O'zbekiston Respublikasi Prezidenti Shavkat Mirziyoevning Oliy Majlisga Murojaatnomasi. 2019 yil 24 yanvar. www.prezident.uz.

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- commodity producers who can sell their products in the domestic market during a certain season of the year can achieve year-round sales in world markets due to the diversity of climate;
- international trade opens up the possibility of optimal allocation of production resources, expands the scale of production and increases production efficiency;
- the presence of a strong competitive environment in world markets leads to an improvement in the assortment and quality of goods, the development of additional services;
- the expansion of international trade and economic relations, in turn, leads to the development of infrastructure and communication networks;
- opens up the possibility of mutual exchange of experience between national and foreign commodity producers, the acquisition of new knowledge and skills, and the joint use of advanced technologies and innovative ideas.

The measures taken over the past years to encourage and comprehensively support exports have led to an increase in the export potential of our economy, a steady increase in the volume of foreign trade, and changes in its structure..

From the data presented in Table 1 it is clear that in recent years the foreign trade turnover of our republic has been showing a steady growth trend. In particular, this indicator increased from 36.3 billion to 67.2 billion US dollars in 2020-2024, or by 85.1%, and the volume of exports increased from 15.1 billion to 27.3 billion US dollars, or by 80.8%. In our country, there have been significant changes in the commodity composition of exports during 2020-2024. In particular, it should be noted that, despite the fact that food products have decreased from 9.6 to 9.3% (–0.3 p.p.) during these years, they are still significant, and in 2023 this indicator will be almost 10% (Table 1).

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Table 1

Commodity composition of foreign trade turnover and exports of the Republic of Uzbekistan in 2020-2024

Indicators	**2020**	**2021**	**2022**	**2023**	**2024**	**2024 y. to 2020 y., in %**
Foreign trade turnover, total, million US dollars.	36,3	42,2	50,5	63,5	67,2	185,1
In foreign trade turnover:						
Export share, %	41,7	39,5	38,5	39,1	40,6	– 1,1 f.p.
Import share, %	58,3	60,5	61,5	60,9	59,4	+ 1,1 f.p.
Export structure by product type, % of total						
Total	**100**	**100**	**100**	**100**	**100**	
Food products	9,6	8,8	9,5	9,3	8,9	–0,7 f.p.
Of which: fruits and vegetables	6,7	5,7	5,9	5,7	5,7	–1,0 f.p.
Chemical products and articles thereof	5,8	7,4	7,4	7,5	6,7	+0,9 f.p.
Energy sources and petroleum products	4,4	5,5	6,3	6,1	4,8	+0,4 f.p.
Ferrous and non-ferrous metals	8,2	9,9	8,6	8,6	6,0	–2,2 f.p.
Machinery and equipment	2,9	4,2	5,1	5,2	4,5	+1,6 f.p.

Textile products	12,7	17,6	16,5	16,4	10,4	–2,3 f.p.
Gold	38,4	24,7	21,3	21,7	27,4	–11,0 f.p.
Services	13,3	15,5	20,8	20,7	27,8	+14,5 f.p.
Others	4,7	6,4	4,5	4,5	3,5	–1,2 f.p.

Source: Trade in Uzbekistan. Compiled on the basis of statistical collections of the National Statistics Committee of the Republic of Uzbekistan for the relevant years.

A significant part of food exports falls on fruits and vegetables. In particular, in 2020-2024 this indicator was around 5.7-6.9%. In the analyzed years 2020-2024, food imports occupied a significant place in the total imports of our country, increasing from 10.2 to 10.8%, or by 0.6 percentage points.

Fruit and vegetable growing is an important sub-sector of Uzbekistan's agriculture. This sector, in addition to satisfying the demand of the country's population for food products and the processing industry for raw materials, allows us to ensure foreign exchange earnings by exporting various fruits and vegetables to world markets. One of the internal opportunities of our country that has not yet been fully utilized in increasing its export potential is the development of fruit and vegetable exports. The agro-industrial complex of Uzbekistan has a huge export potential, and fruits, vegetables and melon products grown in this sunny land, as well as food products obtained as a result of fruit and vegetable processing, can occupy a strong place in world markets. The natural and climatic conditions of our country allow us to grow fruits and vegetables that are competitive in world markets [2].

[2] “O‘zbekistonda oziq-ovqat dasturini amalga oshirishning muhim zaxiralari” mavzusidagi xalqaro konferensiya materiallari to‘plami. 2014-yil 7-iyun.

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"The strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030", approved by the decree of the President of the Republic of Uzbekistan no. pf-5853 dated october 23, 2019, sets the tasks of increasing the export potential of the agricultural sector, increasing the volume of value-added products, and widely introducing a product certification system based on international standards, thereby increasing the export of agricultural products from 2.3 billion us dollars in 2018 to 20 billion us dollars by 2030.

The fruit and vegetable sub-sector of Uzbekistan has a large export potential, and the natural and climatic conditions of this sunny land allow for the cultivation of fruits and vegetables that are competitive in world markets. In recent years, as a result of the implementation of important measures aimed at radically modernizing the fruit and vegetable sector in our republic and developing export-oriented production, the export potential of the sector has increased significantly (Table 2).

Table 2

Dynamics of fruit and vegetable export volumes from Uzbekistan in 2020-2024, in million US dollars

Product name	2020	2021	2022	2023	2024	2024 y. to 2020, in %
Fruits and berries	353,9	280,6	291,6	353,9	473,0	133,6
Vegetables	400,0	422,0	489,0	563,6	694,3	173,6
Grapes	188,3	208,5	280,1	155,1	265,6	141,0
Peanut	16,5	23,5	26,2	68,6	91,6	555,1
Melons and watermelons	35,6	22,7	37,2	40,0	37,1	104.2
Total	**994,3**	**957,3**	**1 124,1**	**1 181,2**	**1 561,6**	**157,0**

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Source: Agriculture of Uzbekistan. Compiled on the basis of statistical collections of the National Statistics Committee of the Republic of Uzbekistan for the relevant years.

According to the data in Table 2, in 2020-2024, exports of fruits and berries increased from 353.9 million to 473.0 million dollars or 33.6%, exports of vegetables from 400.0 million to 694.3 million dollars or 73.6%, exports of grapes from 188.3 million to 265.6 million dollars or 41.0%, exports of peanuts from 16.5 million to 91.6 million dollars or 455.1%, exports of melons and watermelons from 35.6 million to 37.1 million dollars or 4.2%, a total of 994.3 million to 1,561.6 million dollars or 57.0%.

Each country or exporting firm seeks to make the most of its competitive advantage in world food markets. Competitive advantage determines the superior position of its products over the products of other competitors in world food markets under the influence of natural, organizational-economic, technical-technological and other conditions of a country or firm. This, in turn, provides the opportunity to win and achieve success in conditions of strong competition.

The opportunities for exporting fruits and vegetables grown in Uzbekistan's agricultural sector to world markets are formed under the influence of the following factors:

- the convenience of Uzbekistan's natural and climatic conditions for growing fruits and vegetables that are competitive in world markets;

- the country's surplus of fruits and vegetables over domestic consumption and the availability of opportunities to export them to world markets;

- the fact that warm days last from early spring to December in our country makes it possible to become a reliable partner for uninterrupted supply of fruits and vegetables to world markets throughout the year;

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- the availability of sufficient land in the mountainous and foothill regions of our republic for the establishment of additional orchards and vineyards;

- the competitiveness of Uzbek fruits and vegetables in world markets due to their pleasant taste, richness in vitamins and microelements, healing properties and beautiful appearance;

- the presence of the rich knowledge, experience, qualifications and skills of the population of our republic in the cultivation of agricultural products, accumulated over centuries;

- the high demand for Uzbek fruits and vegetables in the markets of the CIS (especially Russia) and other countries and the large capacity of these markets;

- the presence of untapped potential in our republic for the cultivation of wet and dried fruits and vegetables, their processing, etc..

CONCLUSION AND RECOMMENDATIONS

In order to enter foreign markets, it is advisable to adapt products to the regulatory and legislative requirements of foreign countries, taking into account their quality standards, technical norms, geographical, demographic, territorial, economic, cultural and household and other characteristics. Although fruits, vegetables and other food products grown in our republic have a competitive advantage in world food markets due to their consumer properties, medicinal and other beneficial properties, their release to world markets in the same way as they are sold in the domestic market may not yield the expected results. In foreign countries, fruits and vegetables are sold in specially equipped departments of large supermarkets and hypermarkets or in specialized food stores. Farmers' markets like those in our republic are rare in Europe and other developed countries. The uniqueness of their food trade is that products, including fruits and vegetables, are sold in beautiful and different weight packages and packaging. This is reflected in the desire to save consumers' time,

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comply with hygiene and sanitation rules, attract their attention through beautiful design, and deliver goods that meet their tastes and needs.

Along with ensuring product quality, it is also advisable to effectively use organizational and economic tools such as labeling, advertising and branding, which make them marketable and popular. Especially, effective use of branding is important in ensuring the unique image and reputation of Uzbek fruits and vegetables in domestic and foreign markets, in their recognition as a famous quality and trademark.

Fruit and vegetable products can also be delivered to buyers by road over short distances, for example, to neighboring countries such as Kazakhstan, Kyrgyzstan, Turkmenistan. However, the fact that some entrepreneurs are trying to export fruit and vegetable products from our republic without insuring the cargo, bypassing customs posts, leads to increased regulation of these matters.

For the export of industrially processed food products over short distances, road transport can be used. However, for the export of fresh fruits and vegetables, melons and grapes, it is necessary to use rail or air transport. Although air transport has a high potential for fast and high-quality delivery of goods over long distances, its high freight rates can limit its capabilities. In some cases, even with high quality and low cost of goods, high transport rates can lead to increased costs and a serious negative impact on profit margins. However, it is important to note that the geographical location of Uzbekistan's trade routes and remoteness from sea routes, as well as the need to transit through the borders of several neighboring countries, lead to increased transport costs.

The following measures are of great importance in ensuring the competitiveness of exporting enterprises, farmers and dehkan farms in world markets:

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- reducing transportation costs by developing transport and communication systems and opening new transport corridors;

- further developing mechanisms for state regulation and support of foreign economic activity;

- assisting exporting enterprises in reducing the costs of manufacturing and selling products;

- familiarizing them with the results of research on changes in the foreign market situation, promising markets, and competitors;

- introducing international standards aimed at the production of competitive and innovative products in all sectors of the economy;

- introducing quality control in accordance with the requirements of international standards;

- reducing the costs of transporting export goods through the development of international transport communications.

In our opinion, without a thorough study and analysis of the above mechanisms, it is impossible to formulate a strategy that ensures success in world markets. It should not be forgotten that the mechanisms for regulating foreign trade in countries can differ significantly from each other, and this is one of the important factors that must be taken into account in the export process.

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