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## DEVELOPMENT AND REFORM OF AGRICULTURE IN UZBEKISTAN

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### KEYWORDS

Agriculture, export, trade liberalization, processing, crop production, added value, reform, innovation

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### ABSTRACT

This article examines the agriculture of Uzbekistan and its development. In recent years, some work has been carried out to reform the country's agriculture, in particular, to improve the public administration system, widely introduce market relations, strengthen the legal framework for relationships between entities producing, processing and selling agricultural products, attracting investments into the industry, and introducing resource-saving technologies, as well as providing agricultural producers with modern equipment.

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**Introduction.** Agriculture of the Republic of Uzbekistan is one of the leading sectors of the economy, to a certain extent dependent on agricultural production on irrigated lands and the industry processing agricultural products. Most other industrial sectors are also focused on agriculture (for example, the production of cotton harvesting and other agricultural machinery, cotton ginning and textile equipment, the production of chemical fertilizers, etc.). The potential of agriculture and related industries has not been fully realized, production capacity is not fully utilized, and the country continues to depend on commodity exports to maintain foreign exchange earnings. At the same time, as the experience of many developing countries shows, dependence on the export of raw materials and agricultural products exposes the country to the risk of financial crisis caused by unstable demand and prices in the world market, and that the continuation of such an export structure can become an obstacle to sustainable, large-scale and environmentally sustainable development.

**Methodology.** In the study of this topic, the authors used methods such as analysis, observation, statistics, comparison, and economic review.

**Discussion.** Exporting more value-added processed agricultural products will help open up opportunities for geographically decentralized development, inclusive of all segments of the population. Based on this, the government of Uzbekistan placed a major emphasis on agricultural development and initiated large-scale reforms, including privatization, trade liberalization, development of agricultural support services and development of the processing sector.

The presence of negative phenomena in the development of agriculture, such as the consequences of climate change, instability in the global political and economic spheres, while at the same time its strategic importance for the country's economy, determines the relevance of budget financing of the industry. The need for state support for agriculture is also due to the fact that the innovation process in this industry is manifested to a much lesser extent than in industries where labor productivity is growing at a faster pace.

Reforms carried out in recent years to ensure food security in the region led to a significant reduction in cotton fields and, instead, the share of fields for wheat production increased sharply. The fields for the production of fruits and vegetables have also expanded significantly. In addition, the ongoing reforms include: deepening structural reforms, optimizing areas for potatoes and other crops, creating intensive gardens by reducing land occupied by cotton and grains; improvement of reclamation of irrigated lands; expansion of research on the creation and introduction of new varieties of agricultural crops ; construction of new and reconstruction of existing processing enterprises for the production of highly processed food products; development of diversified farms; expansion of the infrastructure for storage, transportation and sales of products; taking action to mitigate global climate change. <sup>2</sup>Source: [www.lex.uz](http://www.lex.uz).

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Uzbekistan is a country with favorable natural and climatic conditions for the production of a wide variety of agricultural products. In 2017-2022, as a result of the intensive development of agriculture in the republic and the introduction of market mechanisms, a stable increase in production volumes was achieved for all types of agricultural activities and dynamic growth rates of production indicators for all types of agricultural products were ensured.

In the field of crop production, in 2022, 8 million tons of grain crops were grown (an increase of 10% compared to 2017), 11.2 million tons of vegetables (9%), 3.4 million tons of potatoes (23%), 3.0 million tons of fruits and berries (14%), 1.8 million tons of grapes (8%), 2.4 million tons of rice crops (19%) and 3.5 million tons of raw cotton (29%).

In the field of livestock farming, in 2022, 2.7 million tons of meat were produced (growth by 2017 - 19%), 11.6 million tons of milk (16%), 8.1 billion eggs (28%), 14.7 thousand tons honey (25%). At the same time, in 2022, the number of cattle amounted to 13.9 million heads (an increase compared to 2017 - 11%), cows - 5.0 million heads (15%), sheep and goats - 23.6 million heads (14%), poultry - 97.3 million heads (30%).

The indicators of agricultural production achieved in recent years make it possible to ensure food security of the population, supply a sufficient amount of raw materials for local industry and increase the volume of agricultural exports, expanding its geography.

The introduction of a cluster system for agricultural production in the country has created the basis for significant positive changes in this area in a short period of time. In 2017, 2 agricultural clusters operated in Uzbekistan, and in 2022 their number reached 633. Today, the country has 134 cotton-textile, 200 grain, 249 fruit and vegetable, 42 rice, 8 pharmaceutical clusters.

Over the past six years, the value added per agricultural worker (labor productivity) increased by 23% and reached 60.8 million soums . In 2017-2022, the yield per 1 hectare of grain crops increased from 43 to 50 centners, raw cotton from 23 to 34 tons, grapes from 124 to 132 tons, potatoes from 330 tons to 349 tons, and an increase in productivity indicators for multi-colored crops from 345 to 359 units.

In recent years, some work has been carried out to reform the country's agriculture, in particular , to improve the public administration system, widely introduce market relations, strengthen the legal framework for relationships between entities producing, processing and selling agricultural products, attracting investments into the industry, and introducing resource-saving technologies , as well as providing agricultural producers with modern equipment.

At the same time, the lack of a long-term strategy for the development of agriculture hinders the efficient use of land and water resources, the widespread attraction of investments into the industry, the receipt of high incomes by producers and the increase in the competitiveness of products.

In order to diversify production, improve land and water relations, create a favorable agribusiness climate and high added value chain, support the development of cooperative

relations, widespread introduction of market mechanisms and information and communication technologies into the industry, as well as the effective use of scientific achievements and increasing human resources potential, and also in accordance with the Decree of the President of the Republic of Uzbekistan dated October 23, 2019 No. UP-5853 “ On approval of the agricultural development strategy of the Republic of Uzbekistan for 2020 - 2030 ” (hereinafter referred to as the Strategy), developed with the participation of international organizations and experts.

The main goal of this Strategy is to radically improve public policy aimed at deepening ongoing reforms aimed at increasing the competitiveness of the agri-food sector, and it also defines the following strategic priorities:

- ensuring food security of the population;
- creating a favorable agribusiness climate and value chains;
- reducing the role of the state in managing the sphere and increasing investment attractiveness;
- ensuring rational use of natural resources and environmental protection;
- development of modern public administration systems;
- gradual diversification of government spending to support the sector;
- development of science, education, systems of information and consulting services in agriculture;
- rural development;
- development of a transparent system of industry statistics.

To date, as part of the implementation of the tasks set by the Strategy, two laws of the Republic of Uzbekistan, one decree and 13 resolutions of the President of the Republic of Uzbekistan and 10 resolutions of the Cabinet of Ministers of the Republic of Uzbekistan have been adopted.

41 grain and 103 fruit and vegetable clusters were launched in the first half of this year

Today there are 134 cotton textile farms, 198 grain farms, 249 fruit and vegetable farms, 43 rice farms, 9 medicinal plant growing clusters<sup>3</sup>.

**Conclusions.** The organization of agricultural economic activity in general, and agricultural production in particular, is due to the fact that costs are converted into products with a significant time lag, and the results of production and sales can be very uncertain due to changes in the nature or fees on commodity markets. In such an environment, the ability of agricultural enterprises to make long-term investments, take calculated risks and create sustainable consumption flows is limited. Often the range of financial instruments and policies available in a country to provide incentives to agricultural producers is insufficient.

On the other hand, financial innovation can have serious consequences for the ownership and management of agricultural producers and social institutions. Financing options can influence decisions such as the physical location and size of agricultural

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<sup>3</sup> <https://lex.uz/ru/docs/6151810>

operations, the choice of crops, and the decision to invest in risky but rewarding new technologies or infrastructure.

One of the external sources of financing for the agricultural sector is budget financing on a repayable or non-repayable basis. Access to finance is critical for the development of the agricultural sector. The transition from subsistence farming to commercial agricultural production requires significant financial investment. Agriculture includes a wide range of activities from small scale to infrastructure projects for research and development of new technologies. As a result, financing planning should be aimed at meeting the needs of: (1) farmers and entrepreneurs; (2) transactions between value chain entities; (3) infrastructure; (4) knowledge creation to support the sector. Within each of the four groups, financial instruments will depend on the level of complexity of each country's financial system and the willingness of financiers to take on the associated risks.

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