

*Jumaboev Bekhzod**jumaboevbehzod@gmail.com***SYSTEMATIC ANALYSIS OF THE CURRENT STATE OF LOCAL PRODUCTS TRADE IN UZBEKISTAN**

**Abstract :**Uzbekistan has significantly boosted its agricultural production, achieving 23 million tons of crops and over \$1.7 billion in food exports. Despite these gains, challenges remain, particularly in dairy productivity, which lags behind that of developed nations. The Logistics Performance Index ranks Uzbekistan 88th out of 140 countries, highlighting weaknesses in infrastructure and monitoring. Government initiatives aim to foster competition by reducing state-controlled pricing and enhancing regulatory frameworks. Continued improvements in infrastructure and production efficiency are essential for the country's further advancement in these sectors.

**Keywords:** Export, Logistics, Agricultural production, Infrastructure, Efficiency, Pricing, Logistics Performance Index (LPI), Transport-logistics, Supply chain, Regulatory framework, Price control, Competitive environment, Transportation, Government support, Market stability.

**Introduction**

Uzbekistan's agricultural sector has experienced notable growth, supplying both domestic and global markets with a diverse range of fruits and vegetables. Despite these advancements, the sector faces challenges such as declining productivity and the need for better integration of agricultural and industrial policies. Recent government initiatives aim to stabilize the market and enhance production efficiency, while ongoing issues in logistics and distribution highlight the importance of improving infrastructure to support the country's economic competitiveness.

**Domestic product supply and production in Uzbekistan**

The fruits and vegetables produced in our country are now supplying both domestic and global markets. Last year, 23 million tons of crops, including melons and vegetables, were harvested, leading to the production of goods worth 86 trillion soums. Food exports exceeded \$1.7 billion. In the past five years, food production has grown by an average of 18% annually.

According to the President of Uzbekistan's decrees, import tariffs on key food products have been set at zero until the end of 2024. From January to April 2024, imports of essential food products totaled \$670.6 million, reflecting a 20% drop, or \$169.1 million, compared to the same period in 2023. Notably, imports of blended vegetable oil fell by \$4.2 million, wheat by \$74.1 million, sunflower seeds by \$8 million, raw sugar by \$53.9 million, rice by \$1.9 million, margarine by \$8.6 million, pasta by \$2.5 million, and sunflower oil by \$20.8 million. On the other hand, imports of certain goods saw an increase, such as meat products, which surged by \$122.5 million, or 35%. A significant challenge that remains is the integration of industrial and agricultural development programs, along with establishing a comprehensive system for government support and financial incentives for agricultural production and processing. These actions help prevent a sudden surge in the prices of certain food items, which in turn reduces the risk of market panic and social unrest among lower-income groups. A key issue in the sector is improving production efficiency. For instance, from 2016 to 2022, milk production grew by almost 20%, while the number of cows increased by 17.7%. However, productivity rose by only about 1% during this time. As a result, the average milk yield per cow in Uzbekistan is 2,310 kg annually. In comparison, this figure is 5,017 kg in Russia (2.2 times higher), 5,367 kg in Belarus (2.3 times higher), 7,275 kg in Austria (3.1 times higher), 9,149 kg in the Netherlands (nearly 4 times higher), and 12,736 kg in Israel (5.5 times higher).

Country	Average Milk Production per Cow (kg)	Comparison to Uzbekistan
Uzbekistan	2,310	-
Russia	5,017	2.2 times more
Belarus	5,367	2.3 times more
Austria	7,275	3.1 times more
Netherlands	9,149	Nearly 4 times more
Israel	12,736	5.5 times more

**Table 1**

In Uzbekistan, there are 140 cows per 1,000 people, whereas the U.S. has only 40, the UK has 44, and EU countries have between 45 and 48 cows per 1,000 people. Experts and researchers indicate that the state of pasturelands is worsening, with the number of plant species in grazing and hayfields declining by nearly 20%. This trend could potentially halve future productivity. Almost all countries provide state support for agricultural and food industry enterprises. For instance, France has enacted a law to combat food waste that requires supermarkets to donate unsold food to charities or for recycling. This, along with subsidies and tax breaks for local producers, has led to approximately 95% of French consumers preferring local products. In Brazil, the government launched a "Purchase from Family Farmers" program, which compels state agencies to buy a specific percentage of their products from local farmers. This initiative has resulted in a 2% increase in agriculture's contribution to GDP. Under the program, farmers have received preferential loans and technical assistance. In 2020, the income of participating farmers rose by 22%, and over 50% of food supplies in state institutions come from local farmers. Belarus's State Program for "Rural Development and Enhancing the Efficiency of the Agro-Industrial Complex" mandates government agencies to purchase products from local producers. It also includes the construction and modernization of agricultural facilities, the provision of preferential loans and subsidies, and financial support with tax incentives for exporters. As a result, since 2015, agricultural labor productivity has increased by 15%, agricultural product exports have grown by 20%, while dairy imports have decreased by 25% and meat imports by 30%.

### Pricing policy and competition

On December 29, 2023, the Cabinet of Ministers approved Decision No. 722, which focuses on improving the establishment and application of prices (tariffs) for goods requiring state regulation. Efforts are being made in our country to create a competitive environment in both the goods and financial markets. This involves a significant reduction in the number of socially significant goods (services) and their strategic types subject to state price control, as well as regulating the operations of dominant economic entities and natural monopolies through price mechanisms. As a result, there is a need to align legislative documents in sectors where prices (tariffs) are controlled by the state. Specifically, this decision was developed in line with the Law on "Competition" and Presidential Decree No. PF-108, dated July 6, 2023, aimed at enhancing the formation and implementation of prices (tariffs) for goods that require government oversight. The decision includes the following key provisions:

It establishes a system for the formation, declaration (approval), and regulation of prices (tariffs) for goods (works, services) and outlines the state's monitoring of their application. It also specifies procedures for determining monopolistic high and low prices in the goods and financial markets.

The regulations clarify:

The definitions of "consumer" and "final consumer":

Consumer: An individual or legal entity that purchases goods from a business, places an order, or intends to obtain goods.

Final Consumer: An individual or legal entity that buys goods for needs unrelated to profit from those goods.

The method for dominant economic entities and natural monopolies to set prices (tariffs) for their goods (works, services):

Prices (tariffs) are based on production costs, periodic expenses, taxes, other payments, and net profit.

The collection and analysis of data by the antimonopoly authority to determine monopolistic high and low prices:

Any changes to current prices (tariffs) must be announced at least fifteen days in advance.

Definitions of monopolistic high prices (price increases, maintenance, or failure to decrease, significantly higher prices for similar goods, market manipulation) and monopolistic low prices (price decreases, maintenance, or failure to increase):

Measures will be implemented against the abuse of dominant positions and unjustified price hikes.

The list of socially significant goods (services) and their strategic types subject to state regulation has been reapproved.

The decision renders three previous government resolutions and 16 associated amendments void.

This decision took effect on April 4, 2024.

### **Logistics and distribution system**

The Logistics Performance Index (LPI) is an index established by the World Bank since 2007, based on a global survey of logistics operators. It assesses the efficiency of logistics within a country's supply chain and provides a comparative analysis of logistics systems around the world. The index is derived from six logistics-related indicators:

The efficiency of customs control processes by border authorities.

The quality of trade and transportation infrastructure.

The ease of organizing deliveries at competitive prices.

The quality of logistics services offered in the country.

The ability to track shipments.

The capacity for timely delivery of goods.

The ability to deliver goods on time is crucial. In his address to the Oliy Majlis, President Sh.M. Mirziyoyev specifically highlighted this issue: "Improving the transport-logistics system is currently one of the most pressing matters. Due to our limited access to the sea, we face many challenges in exporting products."

Enhancing the country's transport capacity and expanding export opportunities, given its geographic location, is crucial for increasing the competitiveness of the national economy by developing a modern road network. In recent years, numerous steps have been taken to improve road and transport infrastructure to meet international standards, including building modern highways and enhancing road safety and convenience. New approaches in transport management demand the use of modern methods that allow for efficient resource use while fully meeting the needs of consumers. However, experts point out that several challenges are preventing the development of Uzbekistan's transport logistics to the level seen in more advanced countries. The insufficient development of the country's

transport infrastructure is one of the primary and pressing issues. For instance, based on international LPI data, when we examine Uzbekistan's international logistics performance index, we find that the lowest scores are associated with the infrastructure indicator (2.4 points) and the monitoring and control indicator (2.4 points).

As of 2023, Uzbekistan holds the 88th position out of 140 countries in the Logistics Performance Index, with a score of 2.6.

Economy	LPI				Customs		Infrastructure		International shipments		Logistics competence and equality		Timeliness		Tracking and tracing	
	Grouped rank	Score	Lower bound	Upper bound	Score	Grouped rank	Score	Grouped rank	Score	Grouped rank	Score	Grouped rank	Score	Grouped rank	Score	Grouped rank
Singapore	1	4.3	4.2	4.4	4.2	1	4.6	1	4.0	2	4.4	1	4.3	1	4.4	1
Finland	2	4.2	4.0	4.4	4.0	4	4.2	5	4.1	1	4.2	3	4.3	1	4.2	3
Denmark	3	4.1	4.0	4.2	4.1	2	4.1	9	3.6	14	4.1	9	4.1	10	4.3	2
Germany	3	4.1	4.0	4.2	3.9	7	4.3	3	3.7	8	4.2	3	4.1	10	4.2	3
Netherlands	3	4.1	4.0	4.2	3.9	7	4.2	5	3.7	8	4.2	3	4.0	17	4.2	3
Switzerland	3	4.1	4.0	4.2	4.1	2	4.4	2	3.6	14	4.3	2	4.2	4	4.2	3
Austria	7	4.0	3.8	4.2	3.7	14	3.9	16	3.8	4	4.0	11	4.3	1	4.2	3
Belgium	7	4.0	3.9	4.1	3.9	7	4.1	9	3.8	4	4.2	3	4.2	4	4.0	16
Canada	7	4.0	3.9	4.1	4.0	4	4.3	3	3.6	14	4.2	3	4.1	10	4.1	11
Hong Kong SAR, China	7	4.0	3.9	4.1	3.8	12	4.0	14	4.0	2	4.0	11	4.1	10	4.2	3
Sweden	7	4.0	3.8	4.2	4.0	4	4.2	5	3.4	26	4.2	3	4.2	4	4.1	11
United Arab Emirates	7	4.0	3.9	4.1	3.7	14	4.1	9	3.8	4	4.0	11	4.2	4	4.1	11
France	13	3.9	3.8	4.0	3.7	14	3.8	19	3.7	8	3.8	20	4.1	10	4.0	16
Japan	13	3.9	3.8	4.0	3.9	7	4.2	5	3.3	38	4.1	9	4.0	17	4.0	16
Spain	13	3.9	3.8	4.0	3.6	20	3.8	19	3.7	8	3.9	14	4.2	4	4.1	11
Taiwan, China	13	3.9	3.7	4.1	3.5	22	3.8	19	3.7	8	3.9	14	4.2	4	4.2	3
Korea, Rep.	17	3.8	3.7	3.9	3.9	7	4.1	9	3.4	26	3.8	20	3.8	25	3.8	23
United States	17	3.8	3.7	3.9	3.7	14	3.9	16	3.4	26	3.9	14	3.8	25	4.2	3
Australia	19	3.7	3.5	3.9	3.7	14	4.1	9	3.1	47	3.9	14	3.6	35	4.1	11
China	19	3.7	3.6	3.8	3.3	31	4.0	14	3.6	14	3.8	20	3.7	30	3.8	23
Russian Federation	88	2.6	2.5	2.7	2.4	90	2.7	68	2.3	121	2.6	92	2.9	93	2.5	98
Uzbekistan	88	2.6	2.1	3.1	2.6	74	2.4	89	2.6	91	2.6	92	2.8	101	2.4	105

**Table 2**

The top ranks are occupied by Singapore (4.3 – 1st), Finland (4.2 – 2nd), and Denmark, Germany, the Netherlands, and Switzerland (4.1 – 3rd). In Central Asia, Uzbekistan ranks below Kazakhstan (2.7 – 79th) but above Tajikistan (2.5 – 97th) and Kyrgyzstan (2.3 – 123rd) (Turkmenistan is not included). Russia also shares the 88th position with a score of 2.6. Afghanistan and Libya are at the bottom of the rankings, each with a score of 1.9.

Uzbekistan's ranking has improved over the years: it was 129th in 2014, 118th in 2016, 99th in 2018, and now stands at 88th in 2023. This prompts the question: which areas should be focused on for the country to reach the level of leading nations?

To shed light on this, let's look at Uzbekistan's rankings in specific categories: it ranks 105th in monitoring and control (only higher than 35 other countries), 101st in timely delivery, 92nd in logistics quality and competence, 91st in international transport, 89th in infrastructure, and 74th in customs. While Uzbekistan has shown annual improvements in scores for international transport and logistics quality and competence, the scores for other indicators have fluctuated inconsistently.

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