

ENSURING THE SUSTAINABILITY OF PRODUCT PRODUCTION IN THE CONTEXT OF GLOBAL CLIMATE CHANGE

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Abstract: *The agro-industrial complex is an important sector of the economy as many products are grown and exported to foreign countries. Increasing the competitiveness of agricultural products in the domestic and foreign markets ensures food security and increases the level of well-being of the people. Export is a source of effective development of New Uzbekistan. The production and sale of competitive goods and services to other countries is an important step in the further development of the country and the growth of the population's lifestyle.*

Keywords: *transition economy, agro-industrial complex, export potential, competitiveness, agricultural strategy.*

Providing competitiveness of economic entities of the agro-industrial complex in the markets is a pressing, complex and strategically important task due to the specifics of agricultural products, associated with the heterogeneity of the territories of Uzbekistan, as well as the peculiarities of the existence and principles of development of the agro-industrial complex.

The Agricultural Development Strategy of Uzbekistan for 2020–2030 “Strategy for the development of agriculture of the Republic of Uzbekistan for 2020-2030” contains important priorities for the development of the agricultural sector for the coming years, including, among other things, strengthening the role of market mechanisms in management and increasing the investment attractiveness of the sector. As the President of the Republic of Uzbekistan noted, “The priority tasks are to strengthen the integration of the national economy into world economic relations and support exports.” Qualitative development of agriculture, taking into account the characteristics of agriculture of the Republic of Karakalpakstan, on a modern basis including:

- continuous provision of the population with high-quality food products;
- effective organization of comprehensive program measures to ensure food security and export of products;
- increasing production of agricultural products;



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- introducing effective organizational and economic management mechanisms taking into account the characteristics of the region.

According to American importers, the consumer basket of the US population, taking into account the high level of income, makes it possible to sell domestic goods among a wide segment of the population. However, for this it is necessary to revise the pricing policy, as well as improve the quality of goods to obtain permission from the standardization bodies of quarantine departments.

The United States of America is the second largest importer of consumer goods in the world. In 2022, 27 percent of all U.S. imports were food products. American consumers are looking for safe, varied and plentiful food products that are simultaneously available throughout the year. To meet these consumer demands, the United States imports about 15 percent of its total food supply. Today, more than 200 countries, 125,000 food service establishments and farms supply approximately 32 percent of the fresh vegetables, 55 percent of the fresh fruits and 94 percent of the seafood Americans consume each year. According to the US Department of Agriculture (USDA), food imports amounted to almost \$200 billion in 2022, an increase of 15% compared to 2021¹.

An important factor in ensuring the competitiveness of agriculture is the development of value chains. High costs of collection, transportation, storage, processing, packaging and certification when delivering products from the field to final consumers reduce the profits received by agricultural producers. The low level of development of the food industry limits the possibilities for increasing the volume of production of products with high added value. In order to attract investment in infrastructure development, it is required

- developed financial markets,
- favorable business climate,
- taking measures to support producers and promote the development of value chains.

Opportunities in processing and packaging of products on dekhkan farms, which produce the bulk of exported fruits and vegetables, leads to significant losses. At the same time, seasonal price fluctuations and unstable market conditions also negatively affect their activities. In recent years, small producers have been actively investing in modern storage facilities and processing equipment through various sources of financing, including credit lines from international financial institutions. Despite this, they remain largely isolated from processing industries and exporting organizations. It is necessary to ensure the safety and quality of agricultural and food products by bringing the national legal framework for sanitary and phytosanitary control into compliance with the requirements of the World Trade Organization and the standards of target international markets.

The experience of foreign countries shows that the digital economy is developing in a wide range of areas and cannot be built by a limited number of companies. Therefore, the main role in the digital economy should be played by

- private business with a strong entrepreneurial and innovative approach,
- the state must create infrastructure and conditions for private initiative.

¹ Chamber of commerce and industry (USDA)



When revealing the essence of this issue, it is necessary to consider the comparative analysis of exports of goods of the Republic of Karakalpakstan for 2022-2023 (January-August months)

Table1

Product name	2022 year (thousand dollars)	Share (%)	2023 year (thousand dollars)	Share (%)	Difference	
					(+/-)	%
Total	239 617,6	100,0%	191 983,2	100,0%	-47 634,4	-19,9%
Plastic (plastic products)	175 054,6	73,1%	131 017,7	68,2%	-44 036,9	-25,2%
Yarn	21 803,4	9,1%	20 980,3	10,9%	-823,0	-3,8%
Pharmaceuticals	13 381,8	5,6%	12 009,8	6,3%	-1 372,0	-10,3%
Fruits and vegetables	5 071,7	2,1%	8 400,0	4,4%	3 328,4	65,6%
Animals	4 497,9	1,9%	4 266,9	2,2%	-231,1	-5,1%
Textiles	3 347,9	1,4%	4 543,8	2,4%	1 195,9	35,7%
Wood and wood products	21,6	0,0%	4 646,7	2,4%	4 625,1	
Agricultural products	4 005,7	1,7%	2 864,0	1,5%	-1 141,7	-28,5%
Food products	3 788,6	1,6%	1 322,8	0,7%	-2 465,8	-65,1%
Natural excavations	570,2	0,2%	703,6	0,4%	133,5	23,4%
Glass and glassware	1 070,6	0,4%	514,4	0,3%	-556,2	-52,0%
Chemical products	247,2	0,1%	385,5	0,2%	138,4	56,0%
Hygiene products	125,9	0,1%	99,9	0,1%	-26,0	-20,7%
Stone, gypsum, cement products	38,4	0,0%	90,4	0,0%	52,0	135,5%
Musical instruments	40,2	0,0%	37,3	0,0%	-2,9	-7,1%
Household utilities	51,1	0,0%	11,0	0,0%	-40,0	-78,4%
Technological tools and equipment	1 619,9	0,7%	3,3	0,0%	-1 616,6	-99,8%
Wool, fur, leather and products made from them	12,7	0,0%	5,9	0,0%	-6,8	100,0%
Trees, plants	3,3	0,0%	0,5	0,0%	-2,8	-83,7%

(Compiled by the author based on data from the State Customs Committee of the Republic of Uzbekistan)

In this table you can consider the composition of exports of the Republic of Karakalpakstan and the change in its share compared to the previous year. The exports of the Republic of Karakalpakstan mainly consist of industrial and agricultural products. In 2022, plastic and plastic products and films were exported for \$175,054.6 thousand, but in 2023 the volume of exports of plastic products decreased by 25.2%. In 2023, silk products amounted to \$20,980.3 thousand and accounted for 10.9% of export volumes. In total, in August 2023, products worth 191,983.2 thousand dollars were exported. In 2023, exports of goods decreased compared to the previous year, except for products such as fruits and vegetables, textiles, timber, natural excavations and chemical products. Total exports were down almost 20 percent compared to 2022. The problem of the drying up of the Aral Sea is an environmental problem for Uzbekistan, the region and the international level. As a result



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of the drying up of the waters of the Aral Sea, the ecological environment and natural balance are disrupted, and the climate is changing in a negative direction. At the moment, the economic efficiency of these indicators corresponds to the contribution of small enterprises. The main types of food products produced by food industry enterprises of the republic differ

- ecological purity (no GMOs)
- low price
- high quality

However, there are still unresolved problems in the food industry of the republic, since products are sold in food markets and exported to foreign countries. Currently, about one hundred percent of agricultural products and retail trade turnover are entirely accounted for by small enterprises. However, the level of development in the field of reproduction of industrial products in the food industry does not fully satisfy demand.

Export goods in the main enterprises section (January-August 2022-2023) thousand dollars							
№	Name of enterprises	2022 year	Share (%)	2023 year	Share (%)	thousand dollars	
						Difference	
						(+/-)	%
TOTAL		239 617,6	100,0%	191 983,2	100,0%	-47 634,4	-19,9%
1	LLC JV "UZ-KOR GAS CHEMICAL"	175 052,4	73,1%	131 063,8	68,3%	-43 988,6	-25,1%
2	LLC "KANTEKS INVEST"	7 349,5	3,1%	7 741,7	4,0%	392,2	5,3%
3	LLC JV "AMUDARYOTEX"	3 259,9	1,4%	5 711,6	3,0%	2 451,6	75,2%
4	LLC "BIRCH-PRODUCT"	0,0	0,0%	4 646,7	2,4%	4 646,7	100,0%
5	LLC "LANEXTRAKT"	3 236,0	1,4%	4 167,1	2,2%	931,2	28,8%
6	LLC "BERUNIY TEXTILE INVEST"	7 050,9	2,9%	2 749,5	1,4%	-4 301,5	-61,0%
7	LLC "SHOMANAY ECO TEKS"	692,1	0,3%	2 541,5	1,3%	1 849,4	267,2%
8	LLC "LANKO MIYA"	2 981,5	1,2%	2 688,6	1,4%	-292,9	-9,8%
9	LLC "EXPO OHAN"	0,0	0,0%	1 883,2	1,0%	1 883,2	100,0%
10	LLC "BO`STON CLUSTER"	1 831,8	0,8%	1 518,0	0,8%	-313,8	-17,1%

(Compiled by the author based on data from the State Customs Committee of the Republic of Uzbekistan)

This table lists 10 successful exporting companies. A successful exporting company is UZ-KOR GAZ CHEMICAL LLC (68.3% in 2023), followed by KANTEX INVEST LLC (4%). In 2023, the new BEREZKA-PRODUCT LLC and EXPO OHAN LLC exported their products. In the Republic



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of Karakalpakstan, each region exports products, that is, each region has its own economic drivers. The drivers of the Konlikol region are cotton yarn, agricultural products, textile products, and pharmaceutical products. The Kungrad district mainly specializes in chemical products, wood and boards and products made from them. Chimbay district mainly exports pharmaceutical products and fruits and vegetables. The Moinak area specializes in live animals and their parts. The city of Nukus exports plastic and products made from it, film. In the Republic of Karakalpakstan, cities and regions are unevenly developed. The 17 districts of the republic are divided into different categories. In order to reduce the imbalance between territories and develop entrepreneurship, the President of the Republic of Uzbekistan signed Decree No. UP-287 on December 30, 2022, which defines tax incentives and subsidies, measures to support them, taking into account the category of districts and cities. From January 1, 2023 to January 1, 2026, the following differentiated taxation procedure will be introduced at the expense of the Fund for Attracting the Population to Entrepreneurship.

An important factor in ensuring the competitiveness of agriculture is the creation of an effective system for promoting the attraction of private investment for the modernization, diversification and sustainable development of the agri-food sector.

For the sustainable development of the agro-industrial complex, the following proposals are listed, including:

- introduction of the “warehouse receipts” mechanism for lending to agricultural producers;
- expansion of the activities of the Uzbek Republican Commodity and Raw Materials Exchange in terms of trade in agricultural products;
- development of transparent partnership mechanisms by introducing additional mechanisms and financial instruments, as well as ensuring equal access for market participants;
- increasing competition in the market for resources and services through the privatization of non-strategic state-owned enterprises in the supply of resources and services;
- abolition of the practice of providing resources and provision of services at the expense of concessional loans;
- assistance and encouragement of work based on futures contracts between subjects of the agro-industrial complex;
- improving the mechanism for using land use rights as collateral by revising the procedure for market determination of the value of the right to lease land plots;
- development of an investment program to ensure targeted attraction of credit lines from international financial institutions;

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