

THE IMPACT OF THE EXPORT POTENTIAL OF THE FRUIT AND VEGETABLE INDUSTRY ON THE ECONOMIC GROWTH OF THE REPUBLIC OF UZBEKISTAN.

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Abstract

This article addresses a critical issue in the economy of the Republic of Uzbekistan - the influence of the export potential of the fruit and vegetable industry on its economic growth. The fruit and vegetable sector plays a significant role in Uzbekistan's economy, and its ability to supply its products to the global market has the potential to stimulate GDP growth and improve the country's prosperity. The article examines the volume of fruit and vegetable exports, the share of this production in total exports, the export structure by partner countries, the volume of fruit and vegetable production, the share of agriculture in GDP, the number of jobs created in agriculture through exports, the trade balance, and the government measures taken to support and develop exports. Analyzing these factors will provide a better understanding of the relationship between the fruit and vegetable industry and Uzbekistan's economic growth and identify opportunities for sector development.

Keywords

export, fruit and vegetable production, economic growth, Uzbekistan, agriculture.

Introduction:

Uzbekistan is one of the key economic forces in Central Asia, and its economy largely depends on agriculture. Due to its natural conditions and product quality, Uzbekistan is a major producer and exporter of fruit and vegetable products. The export of these products plays an important role in the country's economic development, contributing to the creation of new jobs and improving the trade balance.

The favourable climate in Uzbekistan allows for the cultivation of a diverse range of fruits and vegetables all year long. As a result, the country can export its produce to different parts of the world throughout the year, leading to an increase in exports.

Analysis of thematic literature:

There is a group of economists, including T. Mann, A. Moncretien, A. Serra, G. Scaruffi and W. Stafford, who support the idea that exports are a key factor for

national wealth and economic growth. They believe that the increase in exports and the application of protectionist import policies play an important role in stimulating growth⁸.

At the same time, Adam Smith, David Ricardo and John St. Mill argue that international trade contributes to improving the welfare of the country and improving the quality of its products. It is especially important to have a high demand for your products within the country and be able to meet it without having to import goods.

Economists E. Heckscher and B. Olin explain that international trade stimulates economic growth by allowing owners of excess production resources to export them and increase their income¹.

Further, we can highlight other points of view:

V. Stolper points to the ambiguous impact of exports on economic growth, talking about the increase in the price of excess production resources and a decrease in the price of the missing ones, which may lead to a change in the incomes of the owners of these resources.

T. Rybchinsky warns that the use of relatively excess production resources for export may lead to a shortage in other industries, which may affect economic growth.

R. Johnson suggests that exports contribute to the development of export-oriented industries and may slow down the development of import-substituting industries.

The researchers highlighted the following aspects:

- The country's export orientation may cause a shortage of excess resources in other sectors.

- Changes in resource prices can affect the country's income.

- Exports can affect the development of certain industries.

Researchers with a radical left point of view, such as A. Emmanuel, S. Amin and I. Wallerstein, talk about the unfair exchange between developed and developing countries, that world capital is concentrated in developed countries and this is the result of world history¹.

We analyzed the opinions of different authors and identified the main ideas. The impact of the export potential of the fruit and vegetable industry on its economic growth has its advantages, such as increasing national welfare and

⁸ Stepanov, E.A. The Impact of Foreign Trade on the Economic Growth of the National Economy. - Bulletin of ChelSU, 2013. URL: <https://cyberleninka.ru/article/n/vliyanie-vneshney-torgovlina-ekonomicheskoy-rost-natsionalnoy-ekonomiki> (Date of access: 27.09.2023)

improving the quality of the national product. Additionally, it is important to take into account the benefits that were not previously considered.

- The possibility of creating new technologies.
- Improvement of enterprises.
- Strengthening of the national currency.
- Accumulation of the country's foreign exchange reserves.
- Strengthening of political ties.
- Increase in tax collections.
- More efficient production due to scale⁹.

The positive effects of the impact of the export potential of the fruit and vegetable industry on its economic growth can be represented using a logical chain.

The opening of borders to international trade leads to the expansion of new markets, an increase in production volumes, and a decrease in the cost of manufactured goods as well as an increase in the purchasing power of consumers, which, in turn, increases demand.

However, as already discussed earlier, it cannot be interpreted that the influence of the export potential of the fruit and vegetable industry on its economic growth does not always have a positive effect on all countries at all stages of their economic development. As S.Y. Glazyev emphasizes, "export liberalization is not necessarily accompanied by economic growth"¹.

Among the disadvantages of the impact of the export potential of the fruit and vegetable industry on its economic growth are the following:

- A decrease in national production, which may lead to an increase in unemployment.
- Bankruptcy of national enterprises.
- Global trade conflicts arise from difficulties in ensuring mutually beneficial trade².

The purpose of this study is to determine the impact of the export potential of the fruit and vegetable industry on its economic growth using data analysis. We can reach it by analysing the volume of exports of fruits and vegetables, as well as the GDP per capita from 2016 to 2022. In addition, the study will examine Uzbekistan's foreign trade during the same period to clarify the country's trade balance.

Research methodology:

⁹Sonina, T.A. International Trade / Sonina T.A. / Economics and Public Administration, 2019. URL: (elibrary.ru) (Date of access: 27.09.2023)

To study the impact of fruit and vegetable exports on the economic growth of Uzbekistan, the method of statistical data analysis, as well as the method of literary review and comparative analysis will be used.

Analysis and results:

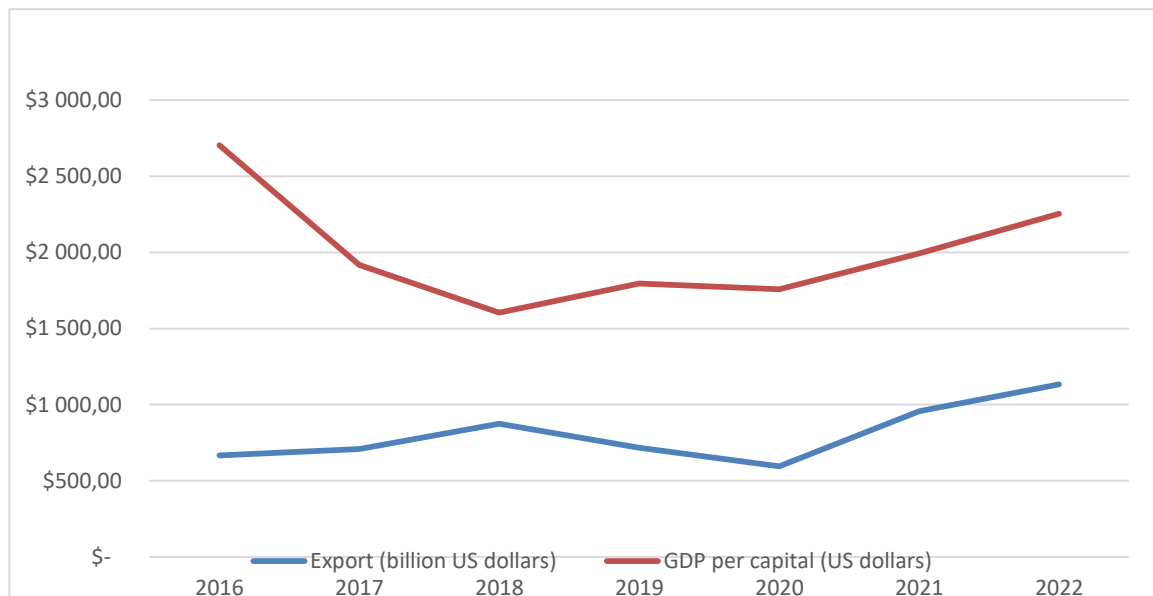


Fig. 1. Dynamics of fruit and vegetable exports and GDP per capita in Uzbekistan^{10,11}.

The volume of exports of fruit and vegetable products of Uzbekistan for 2016-2022 ranges from \$595.6 million in 2020 to \$1,134.3 million in 2022. This indicates a gradual increase in the export of fruit and vegetable products in the country.

The share of fruit and vegetable exports in Uzbekistan's total exports has also increased in recent years. In 2016, it was 5.5%, and in 2022, it is projected at 7.8%. This indicates a significant contribution of fruit and vegetable products to the country's economy.

Uzbekistan's fruit and vegetable exports have seen a positive trend in their distribution among partner countries. The major export partners include Russia, Kazakhstan, and Tajikistan, accounting for over 70% of the total exports.

The volume of fruit and vegetable production in Uzbekistan is also increasing. According to the strategy for the development of agriculture until 2030, the Government of the country plans to increase production to 12 million tons by 2030.

¹⁰ Uzbekistan - Food Processing // International Trade Administration URL: <https://www.trade.gov/country-commercial-guides/uzbekistan-food-processing> (Date of access: 28.09.2023).

¹¹Uzbekistan GDP Per Capita 1990-2023 // Macrotrends URL: <https://www.macrotrends.net/countries/UZB/uzbekistan/gdp-per-capita> (Date of access: 29/09/2023).

This will not only satisfy domestic demand but also increase the export share of fruit and vegetable products¹².

Between 2018 and 2022, the proportion of exports from Uzbekistan as a percentage of GDP decreased from 27.1% to 24.0% (30.7% in 2019, 25.0% in 2020, 24.0% in 2021). The reduction was primarily due to the introduction of measures that restricted the activities of economic entities in the country as a response to the spread of the COVID-19 pandemic in 2020. The agricultural sector represents approximately 15% of Uzbekistan's GDP, indicating its significant contribution to the nation's economy. The agriculture industry created over 200,000 jobs in 2020 through fruit and vegetable exports, according to the Ministry of Agriculture.

Uzbekistan is gradually improving its industrial and export potential, with both the number and share of high-value-added products in total exports increasing. This strategic shift seeks to reduce reliance on energy and cotton exports. A noticeable shift occurred in the structure of industrial exports, which contributed to the expansion of the finished product trade. However, the prospect of increased production and export of high-value finished products remains untapped.

Table 1 -Foreign trade of the Republic of Uzbekistan (million US dollars) ¹³

Indicators	2017	2018	2019	2020	2021	2022
Foreign trade in goods and services turnover	26566,1	33429,9	41751,0	36256,1	42170,5	50061,5
Trade Balance	-1458,7	-5448,5	6833,6	-6051,5	-8844,9	11474,0
Export	12553,7	13990,7	17458,7	15102,3	16662,8	19293,7
Import	14012,4	19439,2	24292,3	21153,8	25507,7	30767,8

In Table 1, we can see the steady growth of foreign trade turnover in Uzbekistan. According to the Agency on Statistics of the Republic of Uzbekistan, the foreign trade turnover in 2022 rose to \$50.01 billion, which is 18.6% higher than the previous year, with an increase of \$7.84 billion. Over five years, the country's exports have grown by 54%, from \$12,553.7 million to \$19,293.7 million. This upward trend indicates that Uzbekistan is expanding its presence in the

¹² "Strategy for the Development of Agriculture in Uzbekistan until 2030" - Ministry of Agriculture of Uzbekistan, 2019.

¹³ Agency of Statistics under the President of the Republic of Uzbekistan [Electronic resource].URL: <https://stat.uz/ru/ofitsialnaya-statistika/merchandise-trade3>.

international market. In 2022, imports also increased by 20.4% to reach \$30.67 billion. However, there was a trade deficit of -11,474.0 million US dollars in 2022, which is 28.7% higher than in 2021 when it was -8.85 billion dollars. Despite this deficit, the share of exports in Uzbekistan's GDP has consistently increased from 20.7% in 2017 to 27.3% in 2022.

The Uzbekistan government is taking steps to improve trade relations and attract foreign investment, which has led to significant export growth. The Government of Uzbekistan is taking several measures to support and develop the export of fruit and vegetable products. In Uzbekistan, much attention is paid to the issues of supporting the export of fruit and vegetable products. Thus, by the Decree of the President of the Republic of Uzbekistan dated October 21, 2020, UP-6091 "On measures to further expand financial support for export activities", it is planned to allocate \$100 million from the export support fund for exporting organizations for the purchase of raw materials and the production of export-oriented products¹⁴.

Uzbekistan's export of fruit and vegetable products has been a significant contributor to the country's economic growth. It has brought in additional revenue, diversified sources of income, created new job opportunities, improved the balance of trade, and enhanced the country's presence in international markets. The agricultural sector, which plays a key role in these exports, has been instrumental in employing the population. The government's efforts to support and promote this sector underscore its importance in driving economic growth. All in all, the continued growth of fruit and vegetable exports and the government's commitment to its development provide a promising outlook for the future of Uzbekistan's economy.

Conclusions:

The fruit and vegetable industry has played a crucial role in Uzbekistan's economic development by diversifying its export portfolio and reducing its dependence on traditional commodities. In 2019, it contributed over 16% to the country's total exports, generating employment and improving living standards. The industry has also attracted foreign investment and modernization, benefiting other sectors of the economy and stimulating growth. The export potential of this industry is a key factor influencing the economic growth of the Republic of Uzbekistan.

To support the growth of the industry, the government has implemented various measures such as providing subsidies for modernization and expansion of

¹⁴ Presidential Decree of the Republic of Uzbekistan dated October 21, 2020, No. UP-6091 "On Measures to Further Expand Financial Support for Export Activities". URL: <https://lex.uz/ru/docs/5060654>. (Date of access: 28.09.2023 r.)

production, improving infrastructure and logistics, and promoting investment in the sector. These efforts have yielded positive results, with the export of fruits and vegetables increasing by 33% in 2019 compared to the previous year. In the Message of the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, to the Oliy Majlis and the people of Uzbekistan, it is emphasized that the main task in 2023 will be to increase exports of finished products by \$4 billion¹⁵.

The increase in the export of fruit and vegetable products and the development of international cooperation have contributed to the country's economic growth and opened up new prospects for the industry's development. To increase the export potential, it is necessary to focus on improving productivity in agriculture and the quality of products. Effective export promotion measures, such as infrastructure development, improving the quality of goods, and increasing their competitiveness on the world market should be actively developed and implemented.

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