

THE ROLE OF COMPETITION IN EXPORTABLE AGRICULTURE PRODUCTION

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Abstract: The article analyzes the role of competition in the production and export of high-quality products in the agricultural sector of Uzbekistan and the prospects for the effective use of existing opportunities for further growth.

Key words: competition, competitiveness, dispersion analysis, quality, consumption characteristics, agriculture, agricultural products, exports, market.

Introduction

Further enhancement of agricultural production capacity in the Republic of Uzbekistan is a must of the present time, and now there is an opportunity to further strengthen the export potential of the country by increasing the competitiveness of agriculture, in particular, horticulture and viticulture. In particular, horticulture and viticulture are one of the main sectors of the country's agriculture. This sector will not only satisfy the population's demand for food products but also provide secondary industry with raw materials, thereby increasing the export potential of the country and inflow of foreign currency.

However, it is not enough to say that agricultural exports are in satisfactory condition, at a video conference held by President of the Republic of Uzbekistan Shavkat Mirziyoev on November 5, 2019, devoted to the issues of further development and increase of exports of fruit and vegetable industries, ensuring efficient use of gardens. In this meeting to ensure efficient use of the household plots the president pointed out that the production of cherries, apricots, plums, pomegranates, grapes, almonds, citrus fruits are profitable since these products are in demand in the global market and these products are the main part of export revenues. Certainly, for the development of horticulture, first of all, it is necessary to plant seedlings, so it is possible to establish and export 20 million seedlings annually, considering countries agriculture potential. To meet the population's demand for food and increase exports, it is necessary to increase fruit and vegetable production by 8-10% per year

and produce more than 1 million tons. Therefore, the Ministry of Agriculture, regional and district governors have been tasked with ensuring the planting of vegetables on the 77,000 hectares of land to be given to use in 2020, and the cultivation of vegetables on the 200,000 hectares for future crop. (The people's word, 2019).

Domestic agriculture sector produces over 21 million tons of fruits and vegetables every year. However, only 1.5 million tons are exported. There are 31 agro logistical centers on selection, packaging, processing and export of products. However, due to lack of working capital and lack of permanent products, most of them are seasonal and use only 10-15% of their existing capacity.

Uzbekistan is one of the leading countries in the world in terms of agricultural exports. As part of the priority tasks established by the state, measures are being taken to increase the volume and range of exports of fresh and processed fruits and vegetables, to develop new markets for their sale. In order to deepen the reforms, increase the volume and range of exports under the modernization of the economic sectors, encourage highly competitive, export-oriented enterprises, through assisting them in introduction to new global and regional markets. Development of intensive orchards and horticultures are on special attention due to high world demand.

Literature review

In accordance with the Resolution of the President of the Republic of Uzbekistan dated November 6, 2017 - PQ-3377 "On additional measures to support local exporters of fruits and vegetables" study of the international standards for storage, transportation and sale of fruit and vegetable products in the potential importing foreign countries, as well as the potential importer of local fruit and vegetable products, and identification of new promising areas for export of fruit and vegetable products has been resolved (Resolution, 2017).

Furthermore, the Decree of the President of the Republic of Uzbekistan dated October 17, 2018 No PP-3978 "On Additional Measures to Increase the Effectiveness of fruit and vegetable Production" set a number of tasks to improve the export system and introduce quality standards, such as, to coordinate activities in the field of export of fruits and vegetables; to assist potential exporters of fruit and vegetables by searching for potential

partners, to create opportunities for entry into the traditional and new markets, as well as methodological support for the implementation of the export contract (Resolution 2018).

Analysis and results

Nowadays, identifying and enhancing the volume of agricultural production in Uzbekistan is an important task, but the results obtained so far need to be analyzed and assessed.

Table 1 presents agriculture production growth over 2008-2018. It can be seen that the growth rate in 2008 was 103.3% and in 2015 it was 95.8%, and it is advisable to analyze the growth rates of key sectors in agriculture during these years.

Table 1

Growth rates of agricultural production¹

	the number of all enterprises	Number Farmers	Private subsidiary farmers	Enterprises engaged in agricultural activities
2008	103,3	99,3	109,8	78,2
2009	104,1	111,9	94,3	111,2
2010	105,9	104,7	108,1	101,6
2011	104,9	102,9	107,9	105,0
2012	107,1	106,0	108,4	113,7
2013	106,1	104,2	108,9	101,5
2014	105,9	102,8	109,4	118,4
2015	105,5	103,3	108,2	103,6
2016	105,7	102,3	110,2	90,8
2017	98,2	92,2	104,6	110,2
2018	95,8	90,5	99,8	135,5

¹Data retrieved from www.stat.uz

As a function of increasing agricultural production in the country, the rates of growth of one of the main branches of agriculture, farmers, private subsidiary farmers and agricultural organizations are taken. For this, the correlation coefficient of the variables was calculated and its matrix was as follows.

Since agricultural growth represents relative economic development in the sector, we have included it in the econometric model and labeled with “Y”. As independent variables we employed the following factors. X_1 denotes number of farmers, X_2 represents private subsidiary farmers, and X_3 stands for other agriculture enterprises.

From these data, we can see that R-squared is a correlation coefficient, indicates the density of interactions between the dependent and independent variables. That is, the proportion of the variance for a dependent variable that's explained by the growth of farms, private subsidiaries and agricultural organizations, at ceteris paribus, is 0.999342.

This indicator indicates a significant relationship between these factors. The correlation-regression model is developed through the results of the dispersion analysis (Table 2).

Table 2

Correlation matrix and Regression results

	The number of all enterprises	Number Farmers	Private subsidiary farmers	Enterprises engaged in agricultural activities		
Y	1					
X1	0,834747	1				
X2	0,516212	-0,03438	1			
X3	-0,46628	-0,27099	-0,52992	1		
<i>Regression statistics</i>						
R					0,999342	
R-squared					0,998684	
adjusted R-squared					0,99812	
F-statistics					0,155296	
The number of observations					11	
Dispersion analysis						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	3	128,1139	42,70465	1770,745	1,92E-10	
Standard error	7	0,168817	0,024117			
Sum	10	128,2828				
	<i>coefficients</i>	<i>Std. Err.</i>	<i>T</i>	<i>P-value</i>	<i>95% Conf. Interval</i>	
Y intercept	3,308635	1,993991	1,659303	0,141016	-1,4064	8,02367475
X1	0,520711	0,008654	60,16684	9,2E-11	0,500246	0,54117551
X2	0,426432	0,011943	35,70565	3,51E-09	0,398191	0,45467248
X3	0,020679	0,004178	4,950012	0,001656	0,010801	0,03055765

We obtain the following regression equation using the defined econometric model.

$$Y=3,308635+0,520711X_1+0,426432X_2+0,020679X_3$$

$$R^2 = 0,998684$$

Based on the calculations, if the number farmers grow by 1%, agriculture would increase by 0.520711%, and by 1% increase in private subsidiary farms, bring 0.426432% increase in agriculture production. The growth of agricultural enterprises by 1% leads to the growth of agriculture by 0.020684%.

If we look at the data on export of agricultural in particular, horticulture and viticulture products in the country for 2017-2018 (Figure 1).

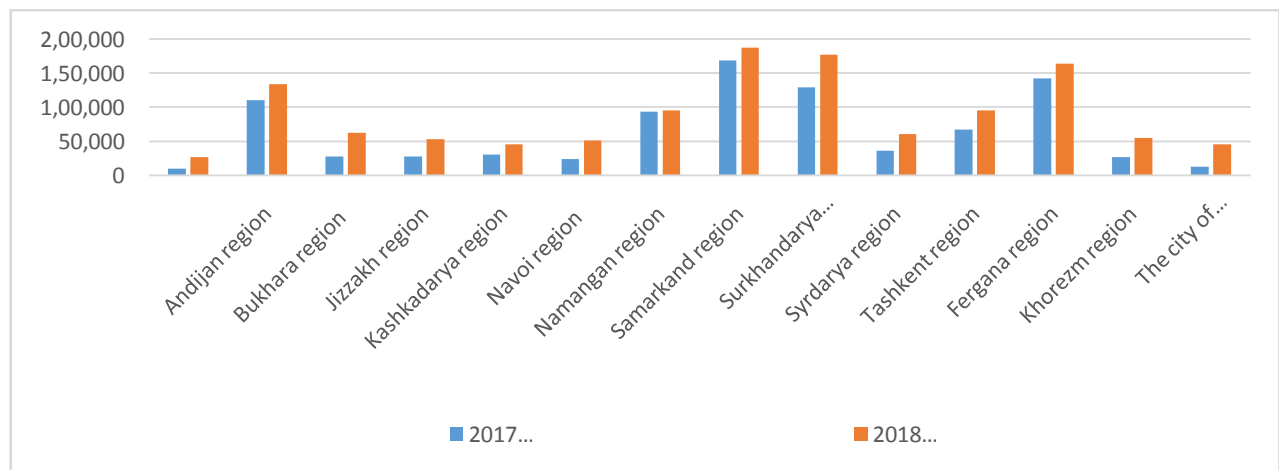


Figure 1. Information on export of fruits and vegetables for 2017-2018

In 2017, in Samarkand region 168,946 tons agriculture products produced, in Fergana region 142 486 tons, in Surkhandarya region 128,921 tons. The share of exports by regions in Samarkand region amounted to 130,627 thousand dollars, Ferghana region - 110 523 thousand dollars, Surkhandarya region - 91 672 thousand dollars. In 2018, 1251,732 tonnes of agricultural products were exported across the country, 347,610 tonnes more compared to the previous year, 1.4 times higher than in 2017. More than 80 types of agricultural products are produced and exported to 66 countries of the world.

Income from horticulture and viticulture exports in Uzbekistan in 2008 was 20 44439 US dollars. The largest volume was in 2011 at \$ 1099411.6, which is 5 times more

than in 2008. Exports of horticulture and viticulture exports in 2018 was 517 756.4 which is twice as much as in 2008 (Figure 1)².

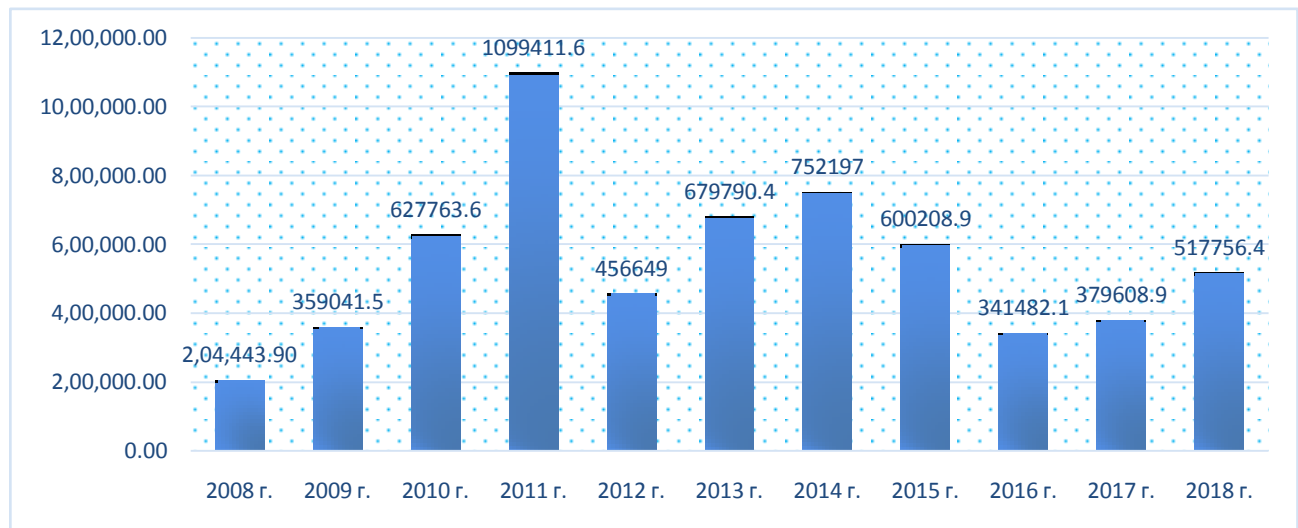


Figure 1. Income from horticulture and viticulture exports (in US dollars)

Of course, on the one hand, this figure is high, but it is possible to increase agricultural exports by several times. The strength of exporters' positions in international markets is measured by the competitiveness of their products and their ability to compete.

One of the major challenges facing agriculture exporters is to assess and accurately determine the competitiveness of their products. Determining the competitiveness of food can be done in the following steps:

- study of market situation (supply and demand indicators, market balance, prices, market capacity, commodity and geographic structure of the market, sales channels, advertising),
- Systematic indicator analysis of product competitiveness (profitability, quality, design, packaging, pre- and post-sale service) and economic (commodity cost,

² Data retrieved from www.stat.uz

material capacity, labor capacity, energy intensity, stock return, stock capacity, profitability, etc.),

- assessment of competitors' strengths and weaknesses by studying competitors and comparative advantage;
- it is necessary to calculate integral indicators of competitiveness.

Improvements in the sales system of fruit and grapes play an important role in making payments efficiently for the producer. Currently, processing and trading companies often fail to make final calculations for their products, which has a negative impact on the economic and financial condition of producers.

It should be noted that the current situation in the domestic and foreign markets of agricultural products shows that current measures are inadequate. Therefore, in order to increase the competitiveness of the domestic market for fruit and grapes prices, it is necessary to introduce export subsidies for exporters. In addition, due to the increased costs of transporting fruit and grapes, it is advisable to introduce preferential tariffs on the transportation of fruits and grapes, to compensate the losses incurred by transport enterprises through tax incentives or direct government subsidies.

For each type of product to be transported in a modern way, it is also important to place or pack it in a special container. This allows the product to maintain its quality and appearance for a long time. Therefore, instead of the traditional wooden boxes used in our conditions, it is necessary to move to the use of special containers made of plastic or hard paper. For this purpose it is advisable to create the necessary privileges for those wishing to start production of such products.

In developed countries, fruits, vegetables and grapes are stored in special premises for one day before being loaded into refrigerated special machines. This building is called pack house. During storage at pack house, the temperature of the products will be cooled down. Instantaneous packing of cold-packed products in refrigerator can disrupt the operation of the refrigerator, and, secondly, some of the product transported by the refrigerator will freeze and some will rot until it reaches its destination. As a result, there is significant economic damage.

Such incidents have been repeated many times in the practice of long-distance fruit entrepreneurs.

Taking into account the above, it is necessary to establish "pack houses" in the horticulture and viticulture, taking into account the existing production and export opportunities in the fruit and viticulture areas. As mentioned above, it is necessary to create the necessary conditions for the creation of large farms or several farmers. At the same time, it is vital for "pack houses" to be a complex with the shops for sorting and packaging, which creates great convenience for farmers, business intermediaries in the preparation and shipment of products, and prevents excessive destruction of products.

Policy implementations

The strength of exporters' positions in international markets is measured by the competitiveness of their products and their ability to compete. One of the major challenges facing commodity exporters currently exporting their products to the global food markets is to assess and accurately determine the competitiveness of their products. Determining the competitiveness of agricultural products can be made in the following steps:

- market research,
- Systematic analysis of competitiveness of consumer products,
- Assess competitors' strengths and weaknesses based on a comparative advantage analysis,
- calculation of integral indicators of competitiveness;
- Creation of effective system of production and export of fruits and grapes
- development of farms specializing in cooperation between agricultural enterprises and foreign importers;

It is necessary to establish trade centers abroad to expand the export of agricultural products.

Existing opportunities for horticulture and grape production will not only meet the domestic demand, but will also significantly increase the volume of exports, not only in neighboring countries, but also in several European countries.

In summary, the approach to the sale of horticulture and viticulture as a whole system, and a comprehensive arrangement of all processes, ensuring their consistency,

ensures the products to reach their customers without losing their quality and provide high returns to the producer, manufacturer and intermediary.

Literature

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