



## Global Practice Of State-Supporting The Agricultural Part Of The National Economy And Its Application To Uzbekistan

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**ABSTRACT:** The article examines in detail the world experience of state support for the agro-industrial complex, assesses the possibilities of its application in Uzbekistan in modern economic conditions. The subject of the research is the state agrarian policy of economically developed countries. The object of the study is the international practice of implementing programs and measures of state support for the agro-industrial complex. Particular attention is paid to the most effective tools and mechanisms of state support for agriculture in various countries of the world.

**Key words:** *Economics, Agriculture, Agribusiness, Agro-industrial complex, State Policy, Agrarian Policy, International Practice, Global Experience, Food Security, Modernization*

### I. INTRODUCTION

Supporting and regulating the agro-industrial and agricultural sectors are key priorities in the economic policies of developed countries. The effectiveness of such policies is crucial for the well-being of the state and the foundation for sustainable socio-economic development.

The world agriculture sector relies heavily on market conditions rather than protectionist policies. Developing countries stand to gain from increased



investment and production, owing to the rising demand for food and their comparative advantages in numerous global markets. The sustainable development and modernisation of agriculture is a crucial priority for any macroeconomic development strategy of the country. This will promote economic growth and enhance the welfare of the population.

Between 2017 and 2020, Uzbekistan implemented significant agricultural reforms that have resulted in sustainable growth and improved resource efficiency within the industry. These reforms will enable the republic to fully utilise its agricultural potential, positioning Uzbekistan as a global leader in the production and export of agrofood products. This article will thoroughly examine global practices and international experiences in implementing state policies in the agricultural sector of the economy. Uzbekistan can greatly benefit from these reforms and should take steps to implement them.

## II. MATERIALS AND METHODS

Enhancing the system of state support for Uzbekistan's agro-industrial enterprises is crucial in light of new external risks and geopolitical pressures. Therefore, it is imperative to form an import substitution strategy. This work aims to summarise and analyse foreign experience of state support for the agro-industrial and agricultural sectors. Based on this analysis, a set of recommendations will be developed to improve the forms and tools of state support for agricultural manufacturers in the Republic of Uzbekistan.

Incorporating foreign expertise in regulating agricultural enterprises is necessary to stabilize the agricultural industry. This allows for the introduction of modern technologies, protection of domestic manufacturers and producers, stimulation of agricultural product exports, and development of industrial infrastructure. A comparative analysis of trends in agrarian policies across various countries can provide valuable insights for adapting Uzbekistan's agricultural state support to meet international standards. Uzbekistan can achieve this through cross-country evaluation and assessment.

## III. RESULTS AND DISCUSSION





Agriculture has played a significant role in the United States since the country's founding. For European migrants who settled on new land, farming was primarily a means of ensuring successful development. This was due to the fact that food was a commodity with a guaranteed market, and land ownership secured future prospects. However, overproduction became a problem over time, which required a shift in farming practices to ensure sustainable growth and profitability.

To support the farming industry, the US government introduced various forms of assistance, primarily in the form of direct subsidies to farmers. To support the farming industry, the US government introduced various forms of assistance, primarily in the form of direct subsidies to farmers. To support the farming industry, the US government introduced various forms of assistance, primarily in the form of direct subsidies to farmers. This industry creates jobs, generates strategic profits for the budget, and promotes the development of the transport system. With this support, farmers can better manage crop failures and continue to contribute to the economy.

In 2014, the legislative level replaced direct budgetary assistance with risk insurance. This change addressed the uncertainty faced by farmers and livestock owners regarding the cost of their crops and products, as well as the unpredictable weather conditions and livestock diseases. This change addressed the uncertainty faced by farmers and livestock owners regarding the cost of their crops and products, as well as the unpredictable weather conditions and livestock diseases. This change addressed the uncertainty faced by farmers and livestock owners regarding the cost of their crops and products, as well as the unpredictable weather conditions and livestock diseases. The use of risk insurance provides a stable and predictable source of support for these individuals. US farmers can choose between two major marketing and insurance support schemes: Farmers Price Fall Insurance (PLC) and Agricultural Risk Insurance (ARC).

PLC compensates farmers if crop prices fall below predetermined levels, while ARC provides payments to farmers in the event of a decrease in income



below the national average. PLC compensates farmers if crop prices fall below predetermined levels, while ARC provides payments to farmers in the event of a decrease in income below the national average. Both schemes offer reliable protection to farmers, ensuring their financial stability in times of uncertainty.

The agricultural sector in Germany is primarily composed of family farms. State support is not provided through subsidies or direct allocation of funds, as it is prohibited by the EU under paragraph 1 of Article 107 of the Treaty on the Functioning of the European Union, due to its potential to hinder free competition in the internal market. Nevertheless, there are some exceptions to this fundamental prohibition. Individual consumers and farms that have suffered losses after the restoration of Germany can receive state assistance, as well as humanitarian aid.

It is important to note that there are various instruments of state support for agriculture in other EU countries. For example, in Spain, support is provided through the agricultural risk insurance mechanism, while in Italy, the main element of support is the system of credit cooperation. Greece commonly uses tax incentives to exempt agricultural producers from taxation, while Denmark provides loan guarantees to farmers and soft loans to young farmers who have purchased their own farms.

It is worth noting that Australia, leveraging its state support for agricultural enterprises, has become the world's fourth-largest exporter of agricultural products. The group successfully fought against discrimination of its products in the EU market. The Cairn Group, established in 1986 and led by Australia, comprises 19 countries that account for 20% of global agricultural exports.

The agricultural policies of Australia and New Zealand prioritize protecting the income of efficient farmers against market instability and adverse weather conditions with confidence. Australian farmers receive financial support to compensate for losses caused by natural or man-made factors, such as long periods of drought, floods, fires, or other natural disasters.





In contrast, agriculture in Canada receives significant government support, albeit at a lower level than in EU countries, amounting to between 6-8 billion US dollars annually. This lower level of support is due to the unique Canadian system of state monopoly on the purchase of milk, cheese, eggs and poultry, known as 'supply management'. State-owned companies in Canada have been specifically created to regulate the supply of agricultural goods in the market. Through the imposition of high duties of up to 200% on imports and control over domestic production, these companies have been able to avoid direct subsidies to the agricultural sector. However, this system has resulted in regulated prices for the final products, which has negatively impacted consumers.

#### IV. CONCLUSION

Based on a comparative analysis of state support programs for the agro-industrial and agricultural complexes in Uzbekistan and Canada, it is evident that the state programs in Canada are more advanced. The state provides comprehensive assistance to the management of agricultural producers, with the aim of maximizing the quality of products, competitiveness of agricultural enterprises, and their financial stability. This support extends beyond financial aid for enterprises. It is evident that the well-being of the Canadian population living in rural areas and employed in the agro-industrial sector is significantly higher than that of those in Uzbekistan. The global practice of state support for Canadian agro-industrial and agricultural enterprises is of considerable interest for studying the possibilities of its application in Uzbekistan. However, with the inadequate level of training for specialists in the agricultural sector of the economy in modern economic conditions, the development and implementation of such programs in Uzbekistan may pose a challenge. Nevertheless, with the right expertise and resources, Uzbekistan can successfully implement similar programs and achieve significant growth in its agricultural sector.

Strengthening the role of the state and supporting the agricultural sector is imperative for creating a competitive agricultural complex. Experience from



around the world shows that each country develops its own approach to agrarian policy, with a specific system of state support that takes into account the country's unique features and traditions. These policies reflect the ecological and geographical characteristics of the territories, as well as the economic and social conditions of different regions, the traditions of peoples, and the norms of social life and mentality. It is important to note that these evaluations are objective and not influenced by personal biases or emotions. Government support for agricultural production is a crucial aspect in the development of farms in developed countries. This is because the industry plays a strategic role in ensuring domestic economic growth and food security, as well as in sustaining rural populations.

Uzbekistan is actively pursuing a policy of agricultural sector reform, demonstrating its commitment to the industry's growth and development. The reform period saw a clear shift in agricultural policy, with a focus on food production and the formation of clusters to replace scattered farms. The integration of the agricultural sector with processing production was also a key priority.

It is widely recognized that agriculture holds significant potential for growth in open economies, particularly in low-income countries where there is a comparative advantage in this field. Leading economic development scholars suggest that agriculture provides a comparative advantage in the short term and, through the agro-industrial complex, a path to industrialization in the long term. Investing in agriculture is the most cost-effective growth strategy for countries to achieve successful structural transformation.

The main task of state policy in countries with relatively low-income levels, such as Uzbekistan, is to utilize the potential of agriculture to develop the economy and increase the welfare of the population. This can be achieved by selecting the most effective approaches to using agricultural resources and developing tools for their efficient use.





In this sense, Uzbekistan is highly focused, as an emerging market, to implement a proper policy on state support of agriculture and agribusiness with an eye to accomplish such goals as:

- provision of the state and society with high-quality food and food products;
- stable situation in agriculture and processing industries;
- limitation of excess production;
- protection of the domestic market;
- guaranteeing the competitiveness of domestic agro-industrial enterprises.

Highly effective mechanisms of state regulation in the agrarian sector are necessary to ensure the competitiveness and efficiency of the agro-industrial complex.

The analysis showed that there is a one-way content of the mechanism for implementing agrarian policy in the countries under consideration. Trends in Uzbekistan state support for agriculture generally correspond to the changes taking place in the countries of the world. The modern agrofood policy of Uzbekistan is gradually adapting to international requirements and standards. The structural restructuring of the agrofood complex should be facilitated by import substitution. An important direction in the implementation of the import substitution policy should be the capitalization of the competitive advantages of Uzbekistan regions with a high share of agrofood activities, turning them into a growth factor.



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