

## **FOOD MARKET OF NAMANGAN REGION AND IMPROVEMENT OF MECHANISM OF ITS FUNCTIONING**

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### **ABSTRACT**

The socio-economic development of a certain region and determination of regional problems can be gained through the detailed analysis of food market. The problems such as determination of the capacity of food demand, creation of conditions for realization of food products, improvement of the system of circulation of goods, are the issues of importance for Namangan region, together with other regions of Uzbekistan. In 2016 total agricultural production value in Namangan region provided 6,9% growth. However, despite the convenient agro climatic conditions and water resources, the use of existing potential is not satisfactory. Not enough quality of selection in agriculture, low attention to scientific researches in fruit and vegetable production, low attention to preparation of specialists in the sector, and not developed infrastructure of the sector (refrigerators, storages, reprocessing lines) can be set as the main problems in this area. Another issue, there can be observed several problems related with the change of prices for food products at regional consumer markets. Retail prices at the markets depend on the seasons, demand and supply, state policy towards import and export, the income of the population and their will for consumption. And the above mentioned factors may bring to sharp changes in prices of some products. Furthermore, created big opportunities in exporting food products of the region also adversely affected the prices in domestic market.

**Keywords:** Food market; agriculture; food safety; domestic market; demand and supply.

### **INTRODUCTION, LITERATURE REVIEW AND DISCUSSION**

In all steps of socio-economic developmentformation and development of food market present as the constant problem. Strict system of providing food security does not exist. Therefore, due to natural, socio-economic, demographic and other several reasons there are always repeating changes in the food industry and its import. The all listed above are the risks for food security of the country and become the objective problem of food market.

As it was stated by the first president of Uzbekistan Islam Karimov, “I believe there is little need to assert today that the major reason behind the tension gaining strength from one year to another in addressing the food program is the gap between the advanced growth rates of the population on the Earth and the limited capacities in the growth of production volumes of foodstuffs (Islam Karimov, 2014).” Moreover, “...productions must be set up in every province, district and village. We must clearly understand that this is not only about the new volumes of production and growth of GDP but this is, above all, the growth of the food production which always enjoys a sustainable demand and this demand, I am confident, will rise in the future (Islam Karimov, 2009).”

As it clear from the above, the food market is considered as the inseparable part of national security and has the same importance in both vertical and horizontal structures of a country.

This is, it should be taken into consideration in the demographic, economic (income, prices, export and import, fiscal and monetary, agricultural, industrial and etc.), regional development policies of a state.

The socio-economic development of a certain region and determination of regional problems can be gained through the detailed analysis of food market. The problems such as determination of the capacity of food demand, creation of conditions for realization of food products, improvement of the system of circulation of goods, are the issues of importance for Namangan region, together with other regions of Uzbekistan. This sets the field specialization of the regions in the national economy and provides regional-economic unity of the country.

Namangan region is one of the most densely populated regions (8,2 % of total population) in the country and covers 1,6 % of the territory of Uzbekistan. For 2016, Namangan has 4,4 % share in national GDP, 3,1% in industrial production, 7,5% in agricultural production and 4,2% in national services market. Uzbekistan GDP Per Capita is 6258,6 thousands sums, GDP Per Capita in Namangan region 3374,2 thousands sums.<sup>1</sup> These figures are related with sectoral structure and specialization of regional economy, natural conditions and resources, production enterprises and social infrastructure, demographic situation and labor potential.

In 2016 total agricultural production value in Namangan region was 3,6 billons sums and this provided 6,9% growth. However, despite the convenient agroclimatic conditions and water resources, the use of existing potential is not satisfactory. Not enough quality of selection in agriculture, low attention to scientific researches in fruit and vegetable production, low attention to preparation of specialists in the sector, and not developed infrastructure of the sector (refrigerators, storages, reprocessing lines) can be set as the main problems in this area.

The regional structure of agricultural production in the region is as following: the leading districts in vegetable production are Yangikurgon, Namangan, Chortok, Uchkurgon; in fruit production Yangikurgon, Chust, Chortok; in meat production Namangan town, Yangikurgon and Namangan districts; in egg production Namangan and Kosonsoy; in honey production Pop and Namangan; in fishpond production Pop and Mingbulok. (Table 1)

**Table 1: The statistics of regional structure of some agricultural products (for 2016, in percentages)<sup>2</sup>**

Districts and towns	Vegetables	Fruits	Meat	Milk	Egg	Honey	Fishpond
<b>Total for the region</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
Namangan town	3,2	1,5	22,8	9,4	8,8	2,4	0,8
Mingbulok	2,6	2,4	5,0	6,0	3,7	1,2	28,0
Kosonsoy	4,8	4,8	4,9	7,1	14,3	6,6	1,8
Namangan district	15,8	8,8	7,9	8,1	16,0	20,7	2,1
Norin	5,9	3,2	6,4	8,5	4,4	7,2	3,1
Pop	4,8	7,3	6,8	7,2	8,2	21,1	47,0
Turakurgon	7,1	7,0	6,9	8,2	8,5	6,7	3,4

<sup>1</sup> <https://stat.uz/uz/432-analiticheskie-materialy-uz/2023-makroiqtisodiy-ko-rsatkichlari-tahlili>

<sup>2</sup> According to the statistics of the Department of Statistics of Namangan region

Uychi	10,0	6,4	5,3	5,4	7,0	8,8	2,8
Uchkurgon	10,5	5,0	7,6	8,6	5,6	4,5	2,8
Chortok	10,5	13,0	7,4	7,9	7,7	8,8	2,0
Chust	8,4	14,6	7,7	12,1	6,0	5,6	4,8
Yangikurgon	16,4	26,0	11,3	11,5	9,8	6,4	1,4

The above information on the shares of administrative units in food production of the region leads to several following conclusions, such as:

- The distribution of production in the region shows firstly, its direct proportion to the agroclimatic resources potential of the districts and secondly food production in some districts is very effective due to close location to big consuming area like Namangan town;
- The big ratio difference in fruit and vegetable production of districts (in fruit production up to 2,6 times and in vegetable production up to 4,3 times) shows that the units do not fully the use of existing potential. This can be clearly seen in Mingbulok and Norin districts;
- The close ratio in meat, milk and egg production shows that the share of households in production of such products is very high;
- If to exclude fishpond production, in other areas of production Uychi, Turakurgon and Uchkurgon districts have very close ratio of share;
- The low shares of Mingbulok district in fruit and vegetable, meat, egg, and honey production, of Norin district in fruit and vegetable, egg, and fishpond production show that these districts do not have effective approaches to food production, especially in Mingbulok one sided approach dominates in food production;
- The big share of Namangan town in meat production can be characterized with location of many slaughterhouses in the town, in other words, process of sending meat to consumers.

Namangan region is considered as one of the territorial units of Uzbekistan of high food industry potential. In 2016 total food industry production in the region amounted to 967,2 billions sums and this is equal to 28,4 % of total industry production. From this angle, food industry is the second biggest in the region after light industry. During the analyzed period there is a 11,2 % decline in value of food production.

Here it should be emphasized that the growth in food industry production is 1,6 times bigger than the growth in agricultural production and production of raw materials. This can explained firstly with big process of diversification in industrial sector of the region, and secondly with increase of level of capitalization of laboring agriculture through reprocessing lines.

91 out of 295 production enterprises (30,8 %) established or modernized in the region in 2016 are food production enterprises. Despite the increase of number of entities specialized in food production, the share of households and sole proprietorships in total food production is very high. They produce 57,2% of total food products produced in the region (Table 2).

**Table 2: Shares of business entities in food production on Namangan region according to types<sup>3</sup>**

Business entities	Food products, million sums			
	2015	2016	Growth, %	Share in total, %
<b>Total in the region</b>	<b>967,6</b>	<b>1101,2</b>	<b>113,8</b>	<b>100,0</b>
Big enterprises	294,8	236,8	80,3	21,5
Micro firms and small enterprises	170,0	202,1	118,9	18,3
Subsidiaryfarms	28,8	32,6	113,4	3,0
Soleproprietorships	231,7	294,7	127,2	26,8
Households	242,3	335,0	138,3	30,4

However, it should be underlined that due to decrease of capacity of production of big enterprises and their shares in total production there may occur the following two negative moments:

1. Decrease of production capacity may lead to:

- reduction of workplaces;
- problems with financial stability;
- threats from big enterprises for stable functioning of small enterprises, microfirms, sole proprietorships (covering raw materials supply, storage, several market and social infrastructural services);
- decrease in efficiency of using production technologies;
- decrease of opportunities in participation big sector investment projects in regional, national and international levels;
- increase of share of constant expenses of the enterprises in their total expenses;
- decrease of tax payments related with value and movement of circulating capital;
- decrease production of secondary products in big enterprises (important for husbandry, in the example of food industry enterprises - mixed fodder, husks, waste from processing of vegetables and fruits);
- decrease of production quality (as it known, level of obeying the rules of standardization in big enterprises is considerably higher)

2. The decrease of shares of big enterprises in food production of a region may bring to:

- imbalance of regional industrial sector structure which than may cause loss of crisis persistence, competitiveness and economic independence of the region in general and the sector in particular;
- instability in such issues as atmosphere of competitiveness, wholesale and retail prices and to deficit of food products that may threat provision of stability of optimal capacity of food products for consumer markets and export.

According to the analysis of the dynamics of main products of Namangan regional food production industry in 2014-2016, it can be noticed that there is growth in production of 6 out of 8 chosen products. Here growth in mineral water production –25,3 %, in dairy products

<sup>3</sup> According to the statistics of the Department of Statistics of Namangan region

production – 14,7%, in butter production – 11,8%, in bakery products production – 7,3%, in flour production – 3,3%, and in vegetable oil production – 1,1 %. At the same time, it can be observed that there is a big decrease in pasta production, which is of high importance in domestic market – 26,8%. Also there is decrease in production of vodka and liqueur products (38,2%) and wines (52,5 %) that have big export potential. This may be explained with strict control of the government towards alcohol drinks and decrease of wine type grapes in vineyards. (Table 3).

**Table 3: Average growth rate of food industry production in Namangan region in 2014-2016<sup>4</sup>**

<b>№</b>	<b>Food industry production</b>	<b>Average growth rate in 2014-2016, in percentages</b>
1	Mineral water	125,3
2	Dairy products	114,7
3	Butter	111,8
4	Bakery products	107,3
5	Flour	103,3
6	Vegetable oil	101,0
7	Pasta products	73,2
8	Vodka and liqueur products	61,8
9	Wines	47,5

Another issue, there can be observed several problems related with the change of prices for food products at regional consumer markets. Retail prices at the markets depend on the seasons, demand and supply, state policy towards import and export, the income of the population and their will for consumption. And the above mentioned factors may bring to sharp changes in prices of some products. And such sharp price changes may happen not only with food products, but industrial products as well. Sugar deficit in May and June, the months considered as the first phase of food preservation period, or increase of prices of oil products in autumn and winter due to high consumption prove the point above.

Furthermore, created big opportunities in exporting food products of the region also adversely affected the prices in domestic market. This is very clearly seen in the prices of fruits and vegetables. Today there are high results of process of diversification of food production in the region (citrus fruits, cheese production, fruit juices etc.) but this diversification mainly aims to import replacement. For solution of the mentioned problems there have been taken several measures:

- The policy of the state government on stabilization of food production prices in 2017 is playing key role in providing stability of prices of food products;
- Stimulation of export of agricultural products for increase of production of such products in households plays key role for the rural population as the extra income from households lead to their demand of different consumer products.

Based on points previously mentioned, the followings are important issues for improvement mechanism of food market of Namangan region:

<sup>4</sup> According to the statistics of the Department of Statistics of Namangan region

- There should be adopted special investment programs designed to increase number of wholesale and reprocessing specialized enterprises serving peasantries and farms specialized on vegetable and fruit production, husbandry. With this, there will be created a reliable system for farms to sell their products.
- The farmland distribution under vegetables and other crops should be conducted for 5 years beforehand considering the natural conditions of the region, agroclimatic properties of the lands. This, firstly serves to evaluate close- and medium-term forecast figures of vegetable and husbandry products, to develop retail and reprocessing enterprises. Secondly, there will be created a base for mid-term and long-term forecast figures of food supply of population of the region.
- There should be taken new measures to implement new types of fruit and vegetable products and husbandry products to the system of food production. In this case there appears the necessity of scientific research units specialized in fruit and vegetable growing and husbandry.
- The number of food industry production enterprises in the region should be increased. This requires, from one side, reconsideration of specializations of existing enterprises, and from the other side diversification of sector production.

## REFERENCES

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