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Economic Analysis of Agricultural Reforms in Khorezm Region (Uzbekistan)

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Abstract

Since 1991, there have been various reforms implemented in agricultural sector of Uzbekistan to achieve gradual transition from socialistic to market-oriented economy. These reforms have included market liberalisation, reformation of land relations, structural changes, and creation of supporting market infrastructure. At the same time, the state policy on agricultural sector development has emphasised cotton production as an element of stable export revenues and agricultural revenues as subject to redistribution to industrialisation. According to market liberalisation programme and implementation of the state policy on agricultural development, agricultural product markets were liberalised. However, production and input use decisions have been dominated by administrative methods of economic regulation such as state procurement quota and price control.

Within the framework of agricultural reforms, the farm restructuring and land reform have been implemented. The government originally intended a change in the farming institution from collective to private farm-based system. Nevertheless, shift in farming system has been achieved without introduction of the concept of land property, remaining land under the state ownership. Moreover, the transition to market-oriented economy includes transformation of agricultural subsidisation policy to the extent that it does not degrade producer incentives. The focus of the economic analysis is on the agricultural reforms in Uzbekistan such as market liberalisation, land and water reforms. The analysis relies on a partial equilibrium model developed for the agricultural sector of Khorezm region of Uzbekistan to assess the effects of these reforms on the regional crop and livestock production. The model includes different farm subaggregates with various production technologies and resource endowments distributed through number of production districts. The comparison of single scenarios and their combinations is given to determine the changes in production through the gradual application of the reforms. This study revealed that the highest level of welfare is possible in application of complete package of reforms, which would include water pricing, state order abolishment, completion of decollectivisation process.

Keywords: Khorezm region, land reform, regional modelling, state order, water pricing