

OF GLOBAL RISK AND HAZARDS ON AGRICULTURE AND FOOD SECTOR INTERNATIONAL EXPERIENCE

Z. S. Shokhuzhaeva

Senior Researcher, International Center for Strategic
Development and Research in Food and Agriculture, Uzbekistan
shoxujaeva@mail.ru

S. N. Mikhridinov

Chief specialist of the Food Industry Development Department of the
Ministry of Agriculture of the Republic of Uzbekistan, Uzbekistan

Abstract

This article examines the experience of foreign countries in studying the impact of global risks on agriculture and food. The figures for 2023 are compared with those of previous years. The reforms carried out in our country and the problems in foreign countries in providing the population with sufficient and high-quality food products were also studied, conclusions and proposals were drawn up.

Keywords. Food products, water shortages, food security, exports, imports, adverse weather conditions, reduction in acreage, decreased yields, food prices, damage to port infrastructure, wheat exports, Ukrainian conflict.

Introduction

The issues of further improving the welfare of our people, providing the population with sufficient and high-quality food products are the basis of ensuring food security.

Therefore, production of food products and provision of food to the population in the conditions of world conflicts, Ukraine conflict, global climate change, logistical problems, and water scarcity are of urgent importance today.

It is known that the domestic demand for basic food products (potatoes, onions, carrots, flour, rice, vegetable oil, meat, poultry, eggs, milk) in Uzbekistan is met mainly at the expense of domestically grown products. At the same time, domestic production of potatoes, sugar, vegetable oil and wheat products in our republic is insufficient compared to the current demand.

In 2023, food imports amounted to 3.49 billion dollars (about 11% of total imports), of which 3/1 part was grain products (mainly wheat) - 4.04 million dollars. 1.12 billion tons. to the dollar (from Kazakhstan), vegetable oil - 435 thousand tons for 355 million dollars (from Russia - 66.1%, Kazakhstan - 25.3%, Ukraine -2.55%), sugar - 129 thousand tons for 558 million dollars (Brazil, Russia, Azerbaijan), potatoes - 516 thousand tons worth 49.6 million dollars (from Pakistan, Kazakhstan, Kyrgyzstan, Russia).

It should be noted that the volume of food imports in Uzbekistan is increasing year by year. If in 2010 the import of food products amounted to 979.5 million dollars, by 2022 this figure will increase to 4 billion dollars. amounted to 114.6 million dollars (an increase of 320

percent). In this regard, monitoring the dynamics of food production and prices in the world and taking appropriate measures in time is one of the important factors of ensuring food safety in our republic.

In 2000-2021, the production of the main types of agricultural products increased by 54% in the world. Equal half of this total amount is accounted for by four products: sugar cane, corn, wheat and rice are America and Europe, and the largest importer is Asia.

The next row after grain products is sugar raw material plants (22 percent), vegetables and oil crops (12 percent each).

In 2021, 27 percent of the world's total workforce (873 million people) were employed in the agricultural sector, compared to 2000 - 1 billion. 27 million people, or 40 percent, were equal. According to FAO, the 2023-2024 (July/June) agricultural season is coming to an end. In this season, the production of grain products reached a record level of 2 billion 847 million tons. This is 1.2 percent more than the same period last year. First of all, world corn production increased, but wheat production decreased. In particular, forecasts for global wheat production have been lowered due to unfavorable weather conditions in the Black Sea region and other risks.

Australia, the world's mature grain-growing country, may reduce wheat exports in the future due to low harvests and dwindling stocks in Western Australia. This complicates the situation in the world wheat market. According to statistics agency ABARES, Australia is forecast to export 20.8 million tons of wheat in 2024-2025. This is less than a third of the 31.8 million tons delivered in 2022-2023 . A drought in Western Australia, which produces 40 percent of the country's wheat, has delayed the planting season .

In 2024 , the harvest of grain products in Russia may decrease to 127.4 million tons compared to 144.9 million tons in 2023, according to the statement of the "SovEkon" analytical center. This means the gross could be the lowest since the 2021/22 season. Analysts say that the decrease in grain production can be attributed to the unfavorable weather conditions and the decrease in the harvest as a result of the reduction of cultivated areas . The frosts in May in Russia had a negative impact on the agriculture of this country and frost affected the crops on nearly 1 million hectares of land. The harvest of wheat was 80.7 million tons, a decrease of 13% compared to 2023, barley was 18.6 million tons, a decrease of 12% compared to 2023, and corn was 14.6 million tons , a decrease of 12% compared to 2023 . Due to unfavorable weather conditions in recent months, yields of the three main cereal crops mentioned above are expected to be lower than last year. In the central and southern regions of Russia, precipitation has fallen only 60-80 percent of the normal amount in the last three months. In May, frosts were observed in these regions, during which the air temperature dropped to -6°C. Dry weather is expected in the southern part of Central Russia and along the Volga. Given the peculiarities of the Russian market, a significant decrease in production increases the risk of introducing additional restrictions on exports in the new season.

There have also been changes in the formation of food prices in the world . In particular, according to FAO experts, the increase in food prices in the world is mainly due to the increase in production and transportation costs. At the moment, the main factor for the

increase in production and transport costs is the increase in the price of mineral fertilizers and electricity.

According to the analysis, the level of inflation of food products in Uzbekistan is affected by the seasonal reduction in the supply of certain foods, the decrease (increase) in the price of imported goods due to the stability or depreciation of the national currency exchange rate, as well as disruptions in supply chains under the influence of the external geopolitical situation and other factors. In the context of the aggravation of the external situation, mainly related to the Russia-Ukraine war, there is a shortage of basic types of consumer goods in the world markets, and price growth has recorded the highest indicators in recent years.

The introduction of bans on import and export by many countries has severely affected the logistics and delivery system, causing the price of energy resources and mineral fertilizers necessary for agriculture and food products to grow at a high rate on a global scale.

The influence of the external geopolitical situation on the prices of grain products, including wheat and flour, is significant, and the tariff and notary policy used by the main exporting countries - Russia and Kazakhstan on wheat exports, the growth of logistics costs, and the presence of competing importers such as China and Afghanistan affect the prices of wheat imports in Uzbekistan. (+ -) remain factors.

In turn, the changes in the prices of flour, pasta, wheat and fodder are reflected in the production of cheese, butter, margarine products obtained from dairy products and their processing, and the costs of raising poultry meat.

In addition, the increase in the price of sugar and flour causes an increase in the price of confectionery products and soft drinks made from these products.

The price dynamics of fruits and vegetables depends on the export of products to neighboring countries and seasonality as well as weather (climate) changes.

For example, factors related to climate change, such as the lengthening of winter (cool spring), delay the vegetative period of new crops of spring (early) vegetables for a certain period. This situation affects the market conditions by reducing the supply of fruits and vegetables.

At the same time, the increase in meat imports from foreign countries (for example, Kazakhstan, Belarus) also affects the decrease of prices in the domestic market in our republic.

Let's analyze the situation in foreign trade partner countries - for example, Russia - in the field of food imports.

According to the analysis, there is no hope for a further slowdown in price growth in Russia in the coming months. And there are objective reasons for this: the deterioration of the harvest prospects in Russia, as well as the change in the global food price trend towards growth. For the first time since the start of a special military operation in Ukraine, food prices in the world are increasing instead of falling. In Russia, rye and wheat bread have risen in price by 22-28% on average in recent weeks. Foreign experts are also lowering forecasts for Russian wheat harvest and exports. According to the analysis, on average, in the near future, food in Russia will not become cheaper, but will become more expensive. This, in turn, affects the price of products that our republic imports from Russia.

It is worth noting that since March 2022, the prices of the main types of food - grain, sugar, meat or milk - have been constantly decreasing in the world. But this downtrend has reversed today and prices are rising.

At the end of May 2024, the Food Organization of the United Nations (FAO) confirmed that the increase in the prices of food products in the world continued for the third month in a row. At the same time, according to FAO experts, the price of wheat has also increased significantly. The sharp increase in grain prices recorded in May is mainly due to the expectation of unfavorable conditions for the development of crops for the 2024 harvest.

Due to these adverse conditions, harvests are forecast to decline in some key production areas, including Europe, North America, and the Black Sea region. In addition, the damage caused to the port infrastructure of the Black Sea region also affects the increase in prices.

In the review of the US Department of Agriculture in June, the forecast of the wheat harvest in Russia was reduced from 88 million tons to 83 million tons (excluding Crimea and the new territories of the Russian Federation). SovEkon analytical center estimates the volume of wheat cultivation in Russia at 80.7 million tons.

Today, the forecast of the world wheat harvest by the US Department of Agriculture is expected to exceed 790 million tons .

Also, the volume of global wheat exports is currently estimated at 213 million tons. Americans estimate that Russia can deliver 54 million tons of wheat to the world market this season. Russia's closest competitor is the EU countries with an export potential of 37 million tons.

In conclusion, US agriculture analysts acknowledge that Russia's dominant position in world wheat production and trade means that fluctuations in grain supply will have a significant impact on the global wheat market. According to them, the situation with the supply of wheat from Russia in the new season is a serious concern: frosts, then hot and dry weather will have a negative impact on the autumn wheat harvest. According to U.S. analysts, a lower-than-targeted harvest and reduced stocks will limit the supply of wheat to the foreign market.

The expected cut in Russia's harvest coincides with a drop in Ukraine's wheat exports (13 million tonnes compared to 18.1 million tonnes in the 2023/24 season), below the five-year average.

Thus, the expected decrease in wheat exports from Russia and Ukraine is expected to lead to an increase in world wheat prices.

References

1. <https://eldala.kz/novosti/mir/19401-snizhenie-mirovogo-proizvodstva-pshenicy-prognoziruuet-fao> .
2. <https://ru.euronews.com/business/2024/03/27/climate-change-is-driving-up-inflation-ru>
3. <https://news.un.org/ru/story/2023/11/1446547>
4. <https://www.agroxxi.ru/mirovye-agronovosti/turcija-perehodit-na-planovoe-i-vodosberegayuschee-selskoe-hozjaistvo-po-prichine-zasuh.html>
5. <https://www.profinance.ru/news2/2024/06/07/cch8-australiya-mozhet-sokratit-eksport-pshenitsy-iz-za-zasushlivoj-pogody.html>

6. <https://east-fruit.com/novosti/polskie-fermery-za-6-let-sokratili-proizvodstvo-morkovina-30/>
7. <https://east-fruit.com/novosti/iz-za-nedostupnosti-vodnykh-resursov-dekhkane-tadzhikistana-brosayut-svoi-khozyaystva/>
8. Voyna iz-za vody v Tsentralnoy Azii. How much is real? Mnenie (kaktus.media)
9. <https://podrobno.uz/cat/obchestvo/bukharskaya-oblast-podverglas-nashestviyu-saranchi-video-/> Zebo Safoevna Shokhuzhaeva. Zarubezhnyy opyt v selskom hozyaystve po spolzovaniyu vodnykh resursov. J.: Economics. 2020. No. 1(44). Str. 19-22.
10. ZS Shokhojaeva. Actual issues of effective use of water resources in Kashkadarya region. J.: Irrigation and Reclamation. 2018. No. 3. Str. 82-88.
11. Shokhojaeva Zebo Safoevna, Murodova Nargiza Utkirovna. Organizational and economic basis for the development of cotton and textile clusters. ACADEMICIA: An International Multidisciplinary Research Journal. 2021. No. 2, pp. 1289-1296.
12. ZS Shokhojaeva, ShYa Akbarova. Investment efficiency and economy of Kashkadarin region. 2020. Str. 203-208.