

Increasing the Export Potential of Agricultural Products in the Digital Economy

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Abstract: *Improving the practice of financing the export of agricultural products in the digital economy is one of the necessary conditions for increasing the export potential of the agricultural sector. The article identifies the problems associated with improving the practice of financing the export of agricultural products in the digital economy of the Republic of Uzbekistan and develops scientific proposals to address them.*

Keywords: *digital economy, agriculture, export, letter of credit, guarantee, insurance, state budget, subsidy, credit, commercial bank.*

Introduction

In the words of the President of the Republic of Uzbekistan, “Of course, we know very well that the formation of a digital economy requires the necessary infrastructure, a lot of money and manpower. But no matter how hard it is, if we don’t start this work today, when will we start?! It will be too late tomorrow. Therefore, the active transition to the digital economy will be one of our priorities for the next five years.”

Improving the practice of financing the export of agricultural products in the digital economy is one of the necessary conditions for increasing the export potential of the agricultural sector. According to the International Trade Organization, despite the decline in international trade due to the coronavirus pandemic, the volume of agricultural exports in the first half of 2020 increased by 2.5% compared to the same period last year. This is primarily due to the fact that the agricultural sector is financially supported by the state. In 2020 alone, the U.S. will provide an additional \$ 19 billion to farmers. dollars in subsidies. The amount of funds allocated by the state to promote the sale of agricultural products in Russia in foreign markets in 2019 increased by 52.4% compared to 2018. The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 recognizes the liberalization and simplification of export activities, diversification of export composition and geography, expansion and mobilization of export potential of sectors and regions as one of the prerequisites for sustainable economic

development. This, in turn, creates the need to improve the practice of financing the export of agricultural products. Exports of agricultural products are an important component of the country's exports and play an important role in increasing the country's export potential. In 2017-2019, the volume of exports of the Republic of Uzbekistan had a growing trend. However, the volume of agricultural exports was volatile. In 2018, the volume of agricultural exports decreased significantly compared to 2017.

Main part

In the digital economy, digital data is a key element of production in all socio-economic sectors, and the gradual transition to such an economic system will increase the country's global competitiveness, improve the quality of life of citizens, create new jobs, become one of the pillars of rapid economic growth. also provides independence. From the point of view of the digital economy, it is necessary to clarify the definition of terms on this topic with a brief explanation. From the end of the twentieth century to the present, many terms related to the concept of "digital" have emerged: digital revolution, digital transformation, digitization, digital inequality, digital technology, digital sovereignty, digital economy. The history of digitalization, current trends in the digital economy, the study of the fundamental features of the data presented in digital format, provides an opportunity for effective forecasting for the future development of the industry.

It should be noted that one of the main forms of financial support for agriculture is the attraction of international loans to finance exporters of agricultural products under the guarantee of the Cabinet of Ministers of the Republic of Uzbekistan. Exports of agricultural products are negatively affected by the increase in the real exchange rate of the national currency, the soum, against the national currencies of Uzbekistan's main foreign trade partners. This is due to the fact that as a result of the increase in the real exchange rate of the national currency, agricultural products exported from Uzbekistan to these countries will become more expensive. An important form of state financial support for agricultural exports is the allocation of subsidies to agriculture from the state budget. In addition, the amount of subsidies provided in 2018 had a higher growth rate than in 2014. However, the deficit of the state budget limits the state's ability to allocate subsidies to exporting enterprises. In the practice of financing the export of agricultural products in the Republic of Uzbekistan, the main role is played by loans from commercial banks. In 2015-2019, loans to finance the export of agricultural products accounted for a very small share in the loan portfolio of Agrobank. Moreover, this figure decreased in 2019 compared to 2015. These cases are a negative situation in terms of improving the practice of financing the export of agricultural products. Agrobank makes extensive use of exported documentary letters of credit and letters of credit opened by exporters on import payments to finance the export of agricultural products. The amount of documented letters of credit opened by Agrobank to agricultural exporters in 2015-2017 had an upward trend. While the amount of these documented letters of credit decreased significantly in 2018 compared to 2017, it increased sharply in 2019 compared to 2018. This is a positive development in terms of improving the practice of financing the export of agricultural products. The amount of guarantees issued by Agrobank to agricultural exporters has been growing in 2015-2017.

While the amount of these guarantees decreased significantly in 2018 compared to 2017, in 2019 it increased sharply compared to 2018. This is a positive development in terms of improving the practice of financing the export of agricultural products. In our opinion, the current problems related to the financing of agricultural exports in the country are:

Failure of commercial banks of the Republic of Uzbekistan to open documented letters of credit and issue guarantees on export operations of agricultural producers and enterprises in 2015-2019.

The deepening liquidity problem in Agrobank. The occurrence of this problem can be explained by two reasons. The first reason is the large amount of overdue debt on soft loans provided to farms by Agrobank. As of January 1, 2019, the amount of overdue debt on soft loans issued by Agrobank to farms amounted to 334 billion soums. Therefore, 177 bln. sum is the debt of liquidated farms. The second reason for the liquidity problem in Agrobank is the deepening of transformation risk.

Underdevelopment of agricultural insurance. The underdevelopment of agricultural insurance, in our opinion, is explained by high insurance rates and low profitability in agriculture. The experience of developed countries shows that financial support of the agricultural insurance process by the state is one of the main instruments of state regulation of agriculture. In order to solve the above-mentioned problems, in our opinion, the following measures should be taken:

In order to expand the scope of financing of these exports by increasing the volume of documented letters of credit opened by commercial banks for the export of agricultural products, first, these letters of credit should be opened to exporters who have a documented letter of credit of a foreign bank; secondly, these letters of credit should finance current costs and transportation costs associated with the production of exported goods; thirdly, the current liquidity of exporters using these letters of credit should not be lower than the normative requirement (2.0) generally accepted in international practice.

Conclusions

In order to improve the insurance of agricultural exports in the digital economy:

first, it is necessary to expand the use of mutual insurance instruments. This is because this instrument reduces the costs associated with insuring agricultural products;

secondly, given the low level of profitability of farms, part of the costs associated with the export of their products should be paid from the state budget;

thirdly, when exporting agricultural products, it is necessary to use the conditions of supply of goods, which allow to impose insurance costs on the importer.

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