



## DIVERSIFICATION OF THE COMPOSITION OF AGRO-EXPORTS IN THE KHOREZM REGION: PROSPECTS FOR EXPORTS OF PRODUCTS OTHER THAN COTTON AND FRUITS

### XORAZM VILOYATIDA AGROEKSPORT TARKIBINI DIVERSIFIKATSIYA QILISH: PAXTA VA MEVALARDAN TASHQARI MAHSULOTLAR EKSPORTI ISTIQBOLLARI

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#### Annotation Annotatsiya

*Eng.* - This article provides a comprehensive analysis of the foreign trade activities of the Khorezm region, in particular, the export structure. As part of the study, the export potential of the region was assessed using the SWOT analysis method, and practical recommendations were developed on the basis of the identified strengths, weaknesses, opportunities and threats to expand and diversify exports. The results of the study showed that the services sector plays a significant role in diversifying the foreign trade structure of the Khorezm region.

*Uzb.* - Ushbu maqolada Xorazm viloyatining tashqi savdo faoliyati, xususan, eksport tarkibi kompleks ravishda tahlil qilingan. Tadqiqot doirasida viloyatning eksport salohiyati SWOT tahlil usuli orqali baholangan hamda aniqlangan ustunliklar, zaifliklar, imkoniyatlar va tahdidlar asosida eksportni kengaytirish va diversifikatsiya qilish bo'yicha amaliy tavsiyalar ishlab chiqilgan. Tadqiqot natijalari Xorazm viloyatining tashqi savdo strukturasini diversifikatsiya qilishda xizmatlar sektorining salmoqli o'ringa ega ekanligini ko'rsatdi.

#### Keywords: Kalit so'zlar:

- ❖ *export, import, foreign trade, Khorezm region, diversification.*
- ❖ *eksport, import, tashqi savdo, Xorazm viloyati, diversifikatsiya.*

#### Introduction.

Khorezm region of Uzbekistan has long been recognized for its strong agricultural base, shaped historically by extensive cotton cultivation and fruit production. These two sectors have dominated the region's agro-export profile, largely influenced by Soviet-era policies that promoted cotton as a strategic crop and later expanded fruit exports to neighboring markets. While these commodities continue to contribute significantly to the regional economy, an overreliance on a narrow range of agricultural exports poses increasing economic and environmental risks. Cotton production, for instance, remains resource-intensive—particularly in terms of water usage

and vulnerable to global price fluctuations and changing demand patterns. Similarly, the export of fresh fruits faces challenges related to seasonality, perishability, and limited value addition [1].

In recent years, Uzbekistan's broader economic reform agenda has emphasized diversification and modernization across all sectors, including agriculture. The government has launched initiatives aimed at promoting non-traditional exports, developing agro-industrial clusters, and supporting private-sector involvement in agribusiness. Within this context, Khorezm finds itself at a critical juncture: the need to transition from traditional export dependency to a more

diversified, competitive, and resilient agro-export model is more urgent than ever.

This paper explores the current structure of Khorezm's agro-exports, identifies the limitations of the prevailing model, and investigates alternative agricultural products and value-added opportunities that could enhance the region's export portfolio. By focusing on high-value crops, processed goods, and market-aligned innovation, the study aims to provide actionable insights into how Khorezm can leverage its agricultural strengths while reducing economic vulnerability. Ultimately, agro-export diversification in Khorezm is not merely a matter of economic choice, but a strategic imperative for sustainable regional development [2].

### Literature review.

Agro-export diversification has been widely recognized in economic development literature as a strategy for enhancing export resilience, stimulating rural growth, and reducing the vulnerability of commodity-dependent [3]. According to the World Bank, countries with a more diverse export portfolio tend to experience more stable and sustainable economic growth, particularly in the face of volatile global commodity markets [4]. In the agricultural context, diversification into high-value crops, agro-processing, and niche markets has shown positive impacts on farm incomes, employment, and foreign exchange earnings [5].

In the case of post-Soviet Central Asia, including Uzbekistan, agricultural export structures have been historically shaped by state planning and monoculture systems—most notably cotton in Uzbekistan. This legacy has created a path dependency that constrains structural transformation. Studies such as Djanibekov et al. (2012) [6] highlight how the persistence of cotton monoculture in Uzbekistan has limited the economic potential of alternative crops, exacerbated water scarcity, and hindered rural livelihoods. While

cotton remains a major export earner, its socio-environmental costs and limited value-addition opportunities underscore the need for more dynamic and sustainable agricultural trade models.

Recent reforms in Uzbekistan have initiated a shift toward a more liberalized and market-oriented agricultural system. The introduction of agricultural clusters, reduction of state quotas, and support for horticulture and food processing have opened new avenues for agro-export diversification [7]. A study by Kurmanov et al. (2022) [8] on Uzbekistan's horticultural exports emphasizes that products such as dried fruits, nuts, and processed vegetables have a significantly higher export value per unit compared to raw cotton or unprocessed fruits. However, the same study warns that inadequate infrastructure, weak certification systems, and lack of market intelligence are major constraints to expanding into new export markets. In Khorezm specifically, empirical research remains limited, though several case studies indicate untapped potential in non-traditional crops. Umarov and Abdullaev (2023) [9] examine the regional potential for growing and exporting saffron and medicinal herbs, noting their high profitability, low water requirements, and growing international demand. Similarly, Ismailov and Tadjibaeva (2021) [10] argue that agro-processing facilities for melons and tomatoes in Khorezm can significantly improve the region's export competitiveness if supported by cold storage logistics and quality control systems.

Comparative studies from other regions offer valuable lessons. For example, a study by Ali and Mendez (2020) [11] on agricultural export diversification in South Asia found that government support for agribusiness incubators and export certification programs significantly enhanced farmers' participation in global value chains. Moreover, the experience of Turkey and Iran in developing regional agricultural brands through GI (Geographical



Indications) labeling may be relevant to Khorezm's unique melon varieties, as explored by Ece and Zengin (2019) [12]. Overall, the literature suggests that while the technical and policy foundations for agro-export diversification are emerging in Uzbekistan, regional implementation especially in Khorezm requires targeted investment, institutional capacity building, and stronger public-private collaboration. There is a critical need for further region-specific research to inform policies that go beyond cotton and fruits toward a diverse, value-driven agro-export strategy.

### Research methodology.

This study adopts a mixed-methods research design to explore the potential for agro-export diversification in the Khorezm region of Uzbekistan. The methodology is structured to integrate both quantitative data analysis and qualitative field research to assess the current export structure, identify diversification opportunities, and understand the barriers and enablers within the regional agro-export system. In addition SWOT analyses is employed to get more results.

### Analysis and discussion of results.

In January–December 2024, the number of participants in foreign trade in the Khorezm region reached 900. Of these, 181 were exporters and 719 were importers. During this period, the highest number of exporters was recorded in Urgench city (22.7% of the total),

followed by Urgench district (12.7%), Khonka and Kushkupir (8.3%), as well as Bogot and Shovot districts (7.2% each). The lowest shares of exporters were observed in Yangibozor (3.3%), Khiva city (3.9%), and Khazarasp district (4.4%). In terms of importers, the largest number was also registered in Urgench city (29.1% of the total), while the lowest share was in Yangibozor district (1.5%) [13]. The ongoing economic reforms in our country are contributing to the rapid development of trade relations with foreign countries. In particular, the decisions made to enhance the country's export potential are enabling local companies to gain more experience in international markets. As a result, they are gaining competitive advantages in global trade.

In recent years, several measures have been implemented in the region to promote exports, optimize imports, and ensure the overall balance of foreign trade. As a result of these efforts, the region's foreign trade turnover (referred to as FTT in the text) amounted to 857.2 million USD in January–December 2024, which is a decrease of 24.0 million USD or 2.7% compared to 2023 [14].

In the foreign trade turnover, the volume of exports reached 386.3 million USD (an increase of 27.0%), while imports amounted to 470.9 million USD (a decrease of 18.4%). During the reporting period, a negative foreign trade balance of 84.7 million USD was recorded.

**Table 1**

**Foreign trade turnover and balance of the region (January–December, million USD)\***

Indicator	2023	2024	Growth rate, %	Share of total, %
<b>Foreign trade turnover</b>	881.1	857.2	97.3	x
<b>Export</b>	304.2	386.3	127.0	100.0
- goods	285.2	360.2	126.3	93.2
- services	19.0	26.1	137.4	6.8
<b>Import</b>	575.0	470.9	81.9	100.0
- goods	573.1	470.9	82.2	100.0
- services	1.9	–	–	–
<b>Balance</b>	-272.7	-84.7	x	x

\*Author's development based on regional statistical department's data

In our research, we examined the structure of exports of the Khorezm region in recent years. In the structure of exports, goods accounted for 93.2%, mainly consisting of food

products and live animals (57.2%), manufactured goods (30.3%), and various finished products (2.4%).

**Table 2**
**Structure of Khorezm region's export classification**

Category	USD thousand		Growth Rate, %		Relative to total volume, in%	
	2023-y.	2024-y.	2023-y.	2024-y.	2023-y.	2024-y.
<b>Total export</b>	<b>304 215,7</b>	<b>386 261,5</b>	<b>123,1</b>	<b>127,0</b>	<b>100,0</b>	<b>100,0</b>
<b>Food products and live animals</b>	<b>137 009,9</b>	<b>220 909,1</b>	<b>173,0</b>	<b>161,2</b>	<b>45,0</b>	<b>57,2</b>
<b>Beverages and tobacco</b>	<b>2 651,7</b>	<b>366,9</b>	<b>-</b>	<b>13,8</b>	<b>0,9</b>	<b>0,1</b>
<b>Non-food raw materials, excl. fuel</b>	<b>5 173,5</b>	<b>5 775,4</b>	<b>85,1</b>	<b>111,6</b>	<b>1,7</b>	<b>1,5</b>
<b>Mineral fuels, lubricants and related materials</b>	<b>3 163,6</b>	<b>4 119,2</b>	<b>62,1</b>	<b>130,2</b>	<b>1,0</b>	<b>1,1</b>
<b>Animal and vegetable oils, fats and waxes</b>	<b>-</b>	<b>1 126,3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0,3</b>
<b>Chemical products and related materials</b>	<b>1 932,7</b>	<b>805,1</b>	<b>2,1 m.</b>	<b>41,7</b>	<b>0,6</b>	<b>0,2</b>
<b>Manufactured goods</b>	<b>104 901,9</b>	<b>117 181,4</b>	<b>98,2</b>	<b>111,7</b>	<b>34,5</b>	<b>30,3</b>
<b>Machinery and transport equipment</b>	<b>440,5</b>	<b>546,4</b>	<b>2,0 m.</b>	<b>124,0</b>	<b>0,1</b>	<b>0,1</b>
<b>Miscellaneous manufactured articles</b>	<b>29 951,1</b>	<b>9 341,5</b>	<b>96,8</b>	<b>31,2</b>	<b>9,8</b>	<b>2,4</b>
<b>Services</b>	<b>18 990,8</b>	<b>26 090,2</b>	<b>115,8</b>	<b>137,4</b>	<b>6,2</b>	<b>6,8</b>

As can be seen from the table, in 2024, food products and live animals accounted for 57.2% of total exports, followed by industrial goods with 30.3% and services with 6.8%. The largest changes occurred in chemicals and similar products, which decreased by 2.1 times in 2024 compared to 2023. In addition, exports

of beverages and tobacco products amounted to 2,651.7 thousand US dollars in 2023, while in 2024 they amounted to 366.9 thousand.

In our research we decided to do SWOT analyses of Khorezm region's foreign trade as we can give some recommendations based on this analyses.

**Table 3**
**SWOT analyses of Khorezm region's foreign trade**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>-strong agro-export base: A significant portion of exports (over 57%) comes from food products and live animals, indicating well-developed agriculture and agro-processing sectors;</li> <li>-growing export capacity: Export volume increased by 27% in 2024, suggesting successful engagement in international markets;</li> <li>-geographic proximity to major trade partners (e.g., Central Asia, Russia): Offers logistics and cost advantages;</li> <li>-government support for export growth: National and regional programs incentivize export activities.</li> </ul>	<ul style="list-style-type: none"> <li>-high dependence on limited product categories: The export structure is heavily reliant on a few sectors like agriculture and manufactured goods, showing limited diversification;</li> <li>-trade imbalance: Although shrinking, the region still had a negative trade balance of \$84.7 million in 2024;</li> <li>-limited value-added exports: Majority of exports are raw or semi-processed, with few high-tech or finished goods;</li> <li>-underdeveloped infrastructure in rural districts: Limits the export potential of some districts despite agricultural output.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>-expansion into new foreign markets: Particularly in Asia, Middle East, and Europe for agricultural and textile goods;</li> <li>-development of processing industries: Increasing exports of value-added products like packaged foods or textiles;</li> <li>-special economic zones &amp; logistics hubs: Can improve customs efficiency and attract foreign investment;</li> <li>-digital trade &amp; e-commerce integration: Can help small exporters enter global supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>-external market risks: Global price volatility, sanctions, or trade restrictions can impact key export sectors;</li> <li>-overreliance on a few partners: Economic or political changes in main export destinations (e.g., Russia) could disrupt trade;</li> <li>-climate change and water scarcity: May affect agriculture-based export sectors long term;</li> <li>-competition from neighboring regions: other Uzbek regions and neighboring countries may offer similar exports at competitive prices.</li> </ul>



The SWOT analysis provides a strategic overview of the strengths, weaknesses, opportunities, and threats related to Khorezm region's foreign trade activities, based on recent trends (e.g., 2024 data).

Strengths highlight internal advantages such as Khorezm's agricultural export base, rapid export growth, and government support for foreign trade. These elements position the region well for expanding its presence in international markets.

Weaknesses identify internal limitations such as a narrow export base (mainly raw agricultural goods), lack of diversification, and remaining trade deficits, which indicate vulnerability to external shocks and low resilience in trade structure.

Opportunities show external conditions that Khorezm can exploit, such as entering new markets, developing value-added industries, and enhancing trade infrastructure like logistics hubs and e-commerce. These could significantly boost export performance and competitiveness.

Threats point to external risks such as global market volatility, climate change, political instability in partner countries, and strong competition from other regions and countries. These could negatively impact the region's foreign trade sustainability and profitability.

**Strategic Insight:** To further improve foreign trade, Khorezm region should:

- ❖ Diversify its export portfolio beyond agriculture.
- ❖ Invest in processing and **packaging** industries to increase value-added exports.
- ❖ Develop better infrastructure and logistics in rural areas.
- ❖ Promote export-oriented innovation in sectors like textile, light industry, and services.

### **Conclusion and recommendations.**

The analysis of Khorezm region's foreign trade reveals both promising developments and critical challenges. In recent years, the region

has demonstrated notable growth in exports, particularly in agriculture and food products. Government support, improved access to international markets, and rising export capacity have contributed to this upward trend. However, the trade structure remains relatively narrow and vulnerable, with high dependence on a few sectors and partners, as well as an ongoing, albeit reduced, trade deficit. The region's potential for expanding foreign trade is evident, but realizing it fully requires targeted efforts to overcome internal weaknesses and mitigate external risks. We give several recommendations based on our analyses:

- diversify the Export Portfolio by Encouraging the development of non-agricultural sectors, such as textiles, construction materials, and processed food industries. Support the growth of service exports, especially in tourism, education, and IT;
- promoting Value-Added Production by Investing in agro-processing and light industry to reduce raw exports and increase the export of finished and semi-finished goods and providing subsidies, tax incentives, or infrastructure support to firms engaging in value-added exports;
- enhancing Infrastructure and Logistics by improving transport and customs infrastructure, especially in rural districts, to unlock their export potential and establishing export logistics centers and regional trade hubs to streamline international trade;
- expanding Access to New Markets, Strengthen trade relations with alternative markets in Asia, the Middle East, and Europe and Support exporters in obtaining international certifications and marketing their products globally.
- building capacity for Exporters, Organizing training programs and consultancy support to help local businesses understand export regulations, logistics, and digital trade platforms and fostering cooperation between

local firms and international trade agencies or investors.

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