

# Features of the Development of the Sale of Walnuts and Walnut Products in Uzbekistan

**Dr. Barno Raxmonova**

Andijan Institute of Agriculture and Agrotechnologies; [baxtdilel@gmail.com](mailto:baxtdilel@gmail.com)

**Resume.** The article discusses the best practices of foreign countries in the field of walnut growing, which is currently considered one of the main areas of horticulture, the introduction of modern intensive and innovative technologies into practice, the results of systematic increase in the yield of walnuts. As a result of the analysis, a comparative analysis was carried out based on the fact that the presence of unofficial intermediaries in the formation of prices for walnuts in the markets, mainly between producers and buyers, leads to an increase in prices for walnuts by an average of 25-30% at each stage.

**Key words:** walnut production, vending, economic efficiency, price, profit, profitability.

**Introduction.** Currently considered one of the important areas of horticulture, the advanced experience of foreign countries in the field of walnut production in the implementation of modern intensive and innovative technologies in practice is becoming increasingly important in the regular increase in walnut yield. Another important aspect is that the creation of intensive technology-based Walnut orchards is seen as one of the most important strategic areas of modern gardening to improve the food supply for the population.

Over the past five years, the demand of farmers and farmers and residents of our country for intensive horticultural products and intensive tree seedlings has been increasing day by day. Therefore, great attention is paid to the development of intensive planting of semi-ferns and ferns, including the organization of walnut plantations in the pre-mountain regions. Today, a number of positive indicators are achieved in the field as a result of comprehensive measures carried out in Uzbekistan to increase the production of walnuts, unabi, pistachios and other fruits, which are considered in demand on the world market. In particular, a seedling delivery system is being developed based on the seeds of walnuts and unabi brought from foreign countries.

**Literature analysis and methodology.** Foreign agro-economic scientists such as H.Adem & Peter H.Jerie, Larry Harper, Dr. William Kurtz, as well as Russian economist scientists – Nazranov H.M., Chemazokova Z.Z., Salvaridze L.X., Nakonechnaya O.A., Hashir A.A., M.Baxshinejad have conducted research on the development of walnut production in agriculture, increasing the yield of walnuts and the development of horticulture in mountain regions.

Scientific and theoretical solutions aimed at improving the economic foundations of development, cooperation relations, intensive production in the field of horticulture are reflected in the research works of scientists of Uzbekistan O'.Umurzakov, N.Xushmatov, O.Jumaev, X.Xushvaqtova, Ch.Murodov, S.Eshmatov, O.Sattorov, N.Ashurmetova, O.Norbekov, F.Polvonov

**Results.** The decision of our President of Uzbekistan Shavkat Mirziyoev of “On the formation of the Association of walnut producers and exporters and its activities” by June 1, 2017 aimed at increasing the volume of walnut production in the domestic and foreign market through the effective use of unirrigated lands in agriculture, the establishment of intensive walnut gardens, as an important document, has contributed significantly to the development of this sphere. In accordance with the document, the “Union of walnut producers and exporters” was established, the tasks of which were clearly defined.

The mountain regions of Uzbekistan are favorable places for the growth and high yield of tree seedlings such as walnuts, almonds, pistachios. In particular, today in the Andijan, Jizzakh, Namangan, Samarkand, Navoi, Kashkadarya, Surkhandarya, Fergana, Tashkent regions, a good harvest of walnut trees can be obtained .

**Discussion.** As you know, several factors directly affect the formation of the price of walnuts in the markets.

First, the cost of production as well as the existing market capacity, that is, an increase in supply by manufacturers or a rapidly influencing factor in the market price.

Secondly, consumers behavior, buyers want to buy at the time of purchase, a product that the consumer prefers from within the same type of product to another. As a result of this, the consumer price of the same product in a particular market is formed and changes based on demand. Therefore, both the creation of new varieties of walnuts and the quality, environmentally friendly products obtained from them, in turn, are considered one of the factors affecting the formation and increase in their price.

Thirdly, consumer income, as well as how much of their income they spend on foods, in particular on the purchase of walnuts, also have an impact on market estimates.

Fourth, in conditions of strong competition, the fact that the buyer of the product is more focused on his appearance, the color of the maggot and the technology of preservation also affects the formation of the price. In general, all these noted and other factors are reflected in the relationship that arises directly within the framework of the marketing system.

However, it should be noted that on the basis of the prices offered by consumers for the purchase of walnut products, the costs associated with the storage, transportation and sale of goods also lie. Therefore, it is not advisable to draw conclusions on the formation of a market price for walnuts only with a focus on production costs. Already, free market prices are formed as a result of the mutual balance of supply and demand, but no manufacturer sells at losses, that is, at prices where production costs are not fully covered. Most manufacturers prefer to sell their products at wholesale prices at the time of walnut ripening. However, the interest of manufacturers from seasonal changes in prices for walnuts is not at a high level. As a result, on average, only 50-60 percent of the prices paid by the consumer remain with producers, and the rest with intermediaries.

These cases are usually valid for walnut plantations, walnut-growing farms on an intensive basis. At the same time, it gives the impression that the costs in the cultivation of walnuts in household farms do not exist at all. That is, it is offered to the market by harvesting the fruit of a growing walnut, which was planted 15-20 years ago. In such conditions, it is considered a natural state that the market price is determined by supply and demand, and elements such as costs and profits are ignored.

But, theoretically, the area of land occupied by a walnut tree, as well as the value of the product that can be obtained from it at the market price, can be considered as a cost, or lost funds. At the same time, the costs of harvesting the fruit, the costs of storage and sale should also be taken into account.

In practice, due to the large number of small households and the relatively high proportion of them in the total volume of production, a large proportion of the products grown in them are supplied to the willing through intermediaries. The following factors are more likely to influence the formation of intermediaries connecting consumers and peasant farms:

- the absence of real-time information such as demand and supply, valuation in small farms in the production of products for the free market;
- high cost of selling small-scale (on average 100-200 kg) products in retail markets;
- the fact that farmers who do not have legal status have limited access to bank loans, they prefer to receive the initial investment from intermediaries;

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- the fact that the sale of a small volume of products for cash in relation to the sale by contract is considered beneficial for peasant farms;
  - the large amount of time and labor required to assemble the grown products limits the possibility of their delivery directly to consumers.

In fact, it is advisable to create a holistic system that coordinates the movement of products and the flow of information about the volume of production of all participating entities in the market, their geography, as well as their sales channels and their capacity. According to the results of the monographic observation, the rapid development of the number and activity of “intermediaries” in the markets of agricultural products in most cases is also caused by the absence of direct communication and information with consumers precisely in producers.

Consequently, it is important to create a system to provide producers with information that depends on factors such as the balance of supply and demand in markets, price levels, number of intermediaries, identity, solvency, period of activity and efficiency. It is permissible to recognize that the current existing system serves more in the interests of intermediaries than manufacturers. For example, wholesale intermediaries bring to markets the type of products to consumer channels at an acceptable price and term for themselves. Unfortunately, the share of the manufacturer in the marginal profit obtained in this process is not taken into account. Because, they do not know exactly in which market and at what prices their product was sold.

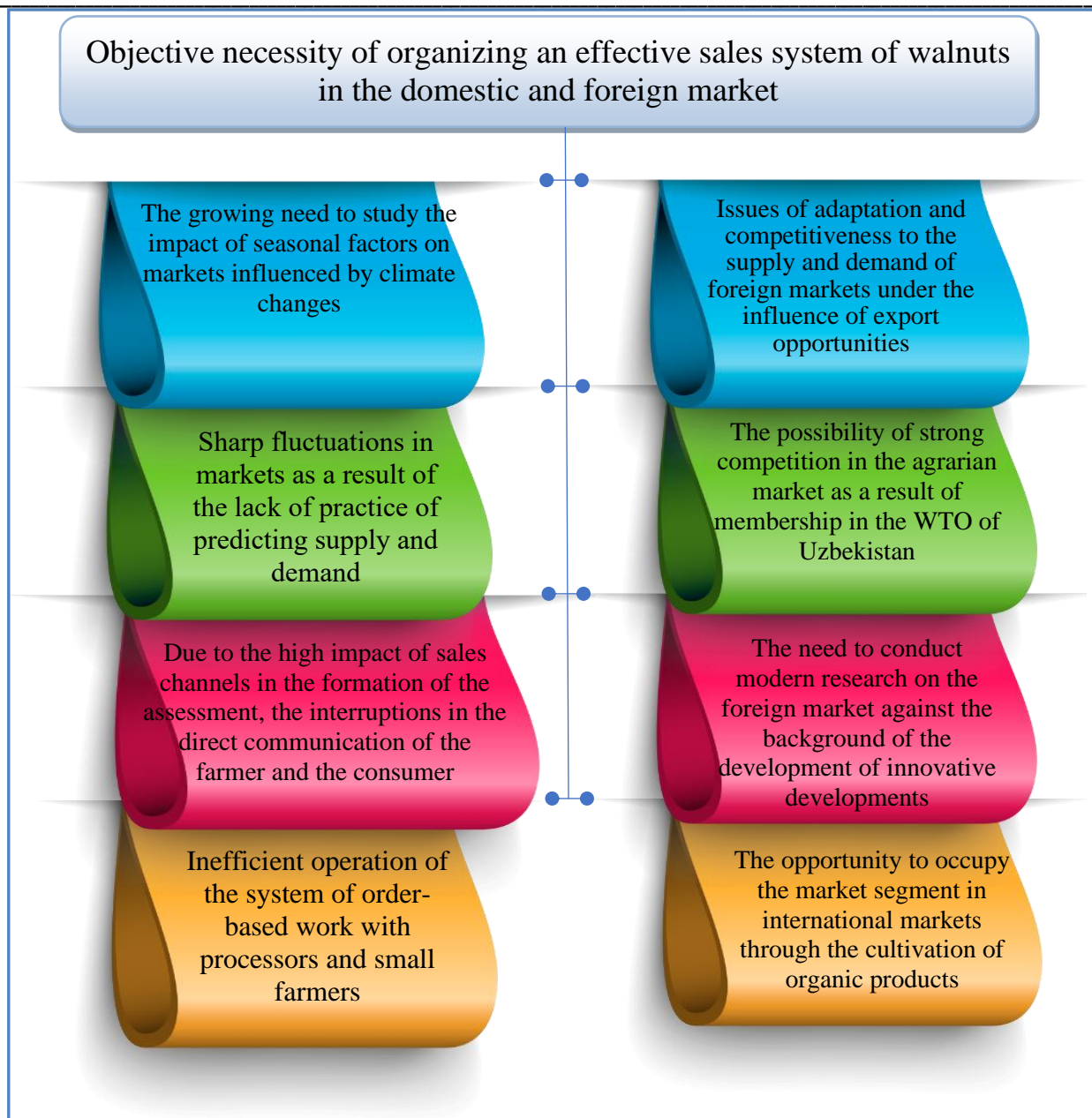


Figure 1. Circumstances that provoke the objective need to organize an effective sales system of walnuts in the domestic and foreign markets<sup>1</sup>

As a result of the development of market relations, the implementation of new management and production systems and the improvement of industry-related science and science based on innovative technologies, the improvement of the production of walnuts in the domestic and foreign market and the organization of an effective sales system are becoming one of the urgent tasks.

Focusing on the theoretical foundations and cause-and-effect relationships of this issue, in recent years, as a result of a number of reforms, the objective need for the organization of an effective sales system in the domestic and foreign markets has increased (Figure 1). Including:

- increased need to study the impact of seasonal factors on markets under the influence of climate changes. It is known that the impact of global climate change has a high negative impact on horticulture, in particular, walnut production, which increases from the long-term average of precipitation during the flowering and pollination season, while the observation of anomalous cold temperatures in the spring season

<sup>1</sup>Compiled on the basis of the author's research.

requires special approaches to the field; monitoring of sharp fluctuations in markets as a result of the high share of small household farms in the cultivation of walnuts, the small size of products produced by them and the lack of mutual coordination, the absence of the practice of predicting demand and supply in the industry;

- the presence of interruptions in the direct communication of the farmer and the consumer, due to the high influence of sales channels in the formation of an assessment. That is, small farms usually prefer to sell at wholesale prices to intermediary buyers, since the volume of production is small. This leads to an interruption of interaction with the final consumers and has a lasting effect on their adaptation to modern market methods;

- inefficient operation of the system of order-based work with processors and farmers. In Uzbekistan, the steady development of such industries as confectionery, medicine, forms the demand for walnuts and its kernels. However, the form of agricultural management of peasant farms, the volume of production and the scattered location create difficulties in the contract with processing industrial enterprises, on the basis of order;

- the issues of adaptation and competitiveness to the supply and demand of foreign markets under the influence of export opportunities necessitate the renewal of production activities in the modern field of walnuts;

- the possibility of strong competition in the agrarian market as a result of our country's participation in the WTO, the implementation of Modern marketing Research in the development of the industry;

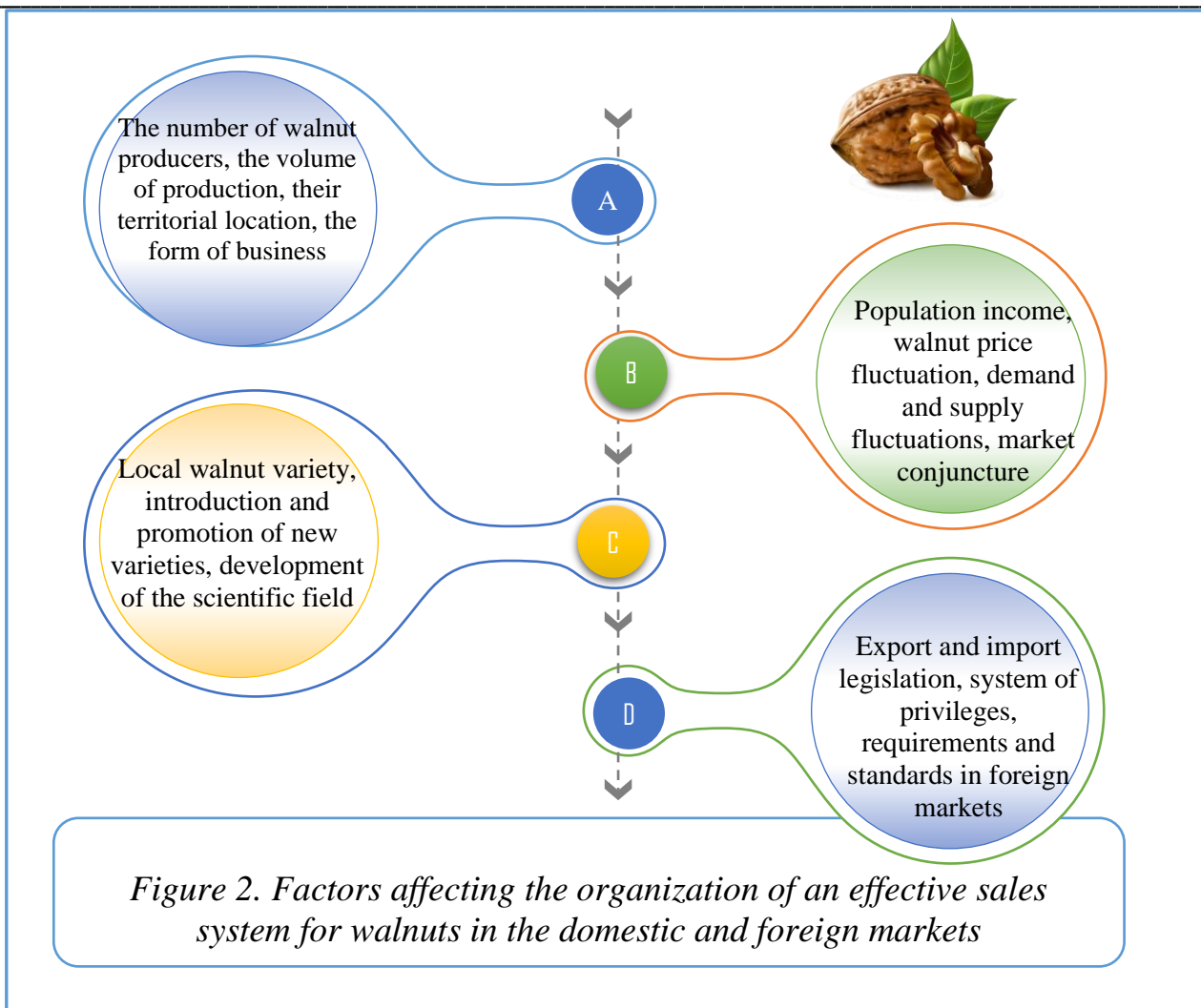
- the development of new sales channels, digital platforms, mobile stores will become a necessity to conduct modern research on the foreign market against the background of the development of innovative developments, etc.

However, a number of factors influence the organization of an effective sales system for walnuts in the domestic and foreign market, the state of which is manifested in the development of the walnut market. In particular, the number of walnut producers, the volume of production, their territorial location, the form of economic management are considered the main factors affecting the walnut market (Figure 2).

Also, from an economic point of view, population income, fluctuations in the price of walnuts, changes in supply and demand, market structure are also factors with a significant sphere of influence in the development of the industry.

In addition, the domestic walnut variety, the introduction and promotion of new varieties, the development of the scientific field and the legislation of exports and imports, the system of preferences, requirements and standards in foreign markets also affect the organization of an effective system of sale of walnuts in the domestic and foreign markets.

As can be seen from the above, the scientific basis for the organization of an effective sales system of walnuts and walnuts in the domestic and foreign market is rapidly changing in the context of globalization, and adaptation to it creates the need to organize the production of all participants in the market segment on a scientific basis.



However, the uniform, systematized nature of the subjects involved in the Coordination of the activities of producers and information on them, ensuring the outcome of the activities carried out is relevant in today's conditions of development of the digital economy, in which it is important to systematize the activities of state and non-state management structures, executive bodies

**Conclusion.** The initial period of post-independence economic reform regarding the development of the field covers the years 1990-2002, the second phase 2003-2016, and the years after 2017 as Phase 3. At the stage of this last third period, rapid changes and reforms were carried out in the field, and the volume of production of walnuts with the help of modern resource-efficient technologies and intensive methods is increasing.

As a result of the development of high-demand products in Uzbekistan such as walnuts, funduk, almonds, pistachios, a number of consumers are buying walnuts at low prices, nisba-tan, due to the savings in transportation costs. In general, the organization of walnut production in our country in a cluster method expands the possibility of ensuring the processing industry's need for raw materials.

The presence of informal intermediaries, mainly between manufacturers and buyers, in the formation of the price of walnuts in the markets in the regions where the study was conducted sets the stage for the price of walnuts to increase by 25-30 percent at each stage in the middle.

It is purposeful organization of sales of walnut and walnut products on the basis of a vending system; direct delivery of walnuts and walnuts to retail outlets; organization of "portable sales" of walnut and walnut



products; organization of sales of walnut and walnut products on the basis of the organization of cooperatives “manufacturers - sellers-consumers”; organization of sales using the services of logistic centers.

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