

Issues Of Improving The Legal Regulation Of The Agrarian Sector

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Abstract. This article provides a scientific analysis of the issues related to the legal regulation of the agricultural sector. In particular, it examines the system of legal relations between farms and agricultural clusters, which are considered the main entities of the sector, their rights and obligations, legal status, and liability, as well as the scientific-theoretical views expressed by legal scholars on these matters. Furthermore, the article analyzes the norms of both European Union and national legislation concerning the agricultural sector. Opinions were expressed about the fact that the legal nature and specific features of the relations between farms and clusters have not been researched in the national legal doctrine, the presence of illegal interference by state bodies and other bodies in the activities of these entities, especially the lack of uniform approaches to the legal status of agricultural clusters, the need to create effective legal mechanisms aimed at strengthening the legal protection of farms and guaranteeing the inviolability of their property. Improvement of the civil-legal basis of regulation of relations between agricultural clusters and farms, including the adoption of the Law "On Clusters and Cluster Activities" and in this law, the concept of cluster, the procedures for organizing and implementing its activities, legal status, rights and obligations, property, responsibility, as well as the procedure for the organization of cluster management bodies and the implementation of their activities, the structure of cluster founders and the relations between them are regulated. Conclusions were drawn up on the reorganization and termination of cluster activities.

Keywords: agricultural sector, agricultural subject, agricultural cluster, farm, business entities, state bodies, legal status, legal regulation.

1 Introduction

The agricultural sector is one of the key branches in the development of the economy, playing a crucial role in supplying the population with food products and ensuring their processing. According to the Food and Agriculture Organization of the United Nations (FAO), farms, particularly family farms as agricultural entities, must be at the center of efforts aimed at transforming agricultural food systems if we are to achieve genuine success in eradicating hunger. In both developed and developing countries, family farming, as the primary form of agriculture, produces around 80 percent of the world's food products in terms of value [2]. Considering that the world's population is increasing by three people every second and is expected to reach nearly 10 billion by 2050, providing the population with safe food products is directly dependent on the development of the agricultural sector [10].

Uzbekistan's economic potential also largely depends on the level of development and efficiency of the agricultural sector, and its place in the country's economy is determined by its contribution to ensuring the country's food security and stabilizing the country's economy by satisfying the industry's needs for raw materials through the development of a number of sectors, such as cotton farming, livestock farming, and horticulture. Therefore, in recent years, a number of reforms have been implemented in the agricultural sector of our country, and the main goal of these reforms is to form a class of real property owners in the countryside, implement modern production based on free market relations, and ensure its effective functioning. Because Uzbekistan's agrarian policy is aimed at providing the country's population with quality food products at economically justified prices, increasing the contribution of agriculture to the creation of total national income, and solving problems related to environmental protection. In particular, along with the current global environmental problems, the country's population is growing year by year and the growing need for food increases the need to implement not only economic reforms in the agricultural sector, but also legal reforms.

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Because, through the creation of effective mechanisms of legal regulation of the agricultural sector, it is possible to strengthen the legal basis of relations between subjects on the cultivation, processing and sale of agricultural products. This creates opportunities to attract more foreign investments to the agricultural sector, to use land and water resources rationally, and to increase land productivity and productivity.

Today, the success of the economic reforms being carried out in the Republic of Uzbekistan largely depends on the development of the agricultural sector, particularly farms. In recent years, farms, which have become the main and most active entities of the agricultural sector, have accounted for 29.8 percent of the country's total agricultural production [8]. As entities of the agricultural sector, farms perform such functions as forming the national food fund, ensuring food security, supplying raw materials for the agricultural processing industry, and providing employment opportunities for the population. For the purposes of ensuring the sustainable development of the national economy, it is envisaged that by 2030 the production of food industry products will increase from 6 billion USD to 12 billion USD, the volume of agricultural product processing will rise from 8 percent to 25 percent, and the share of processed products in total exports will grow from 494 million USD (31%) to 1 billion USD (40%) [3]. However, today there are risks that are becoming an obstacle to the development of the agricultural sector, which are manifested in cases of imbalances in the development of this sector, shortages of Water Resources, inefficient chains of value-added creation, interruptions in the logistics system and illegal interference of government bodies and agricultural clusters in the activities of farms. Such cases entail the creation of effective legal mechanisms aimed at further strengthening the legal protection of farms, especially guaranteeing the inviolability of their property.

The above indicates the relevance of scientific, theoretical and practical problems related to the legal regulation of the agricultural sector and the need to develop scientific proposals and recommendations aimed at solving them.

2 Materials and Methods

In the national legal doctrine of our country, the specific features and legal nature of the relations between farms and agricultural clusters have not been studied, nor have unified views and approaches regarding the legal status of agricultural clusters been developed. In our opinion, the achievement of the country's sustainable development goals in the near future largely depends on the effectiveness of the legal regulation mechanisms of the agricultural sector. The election of Uzbekistan on July 4, 2025, to the membership of the FAO Council for the period 2028–2029 not only provides opportunities for shaping global agricultural and food policy but also creates broad prospects for the development of scientifically grounded normative legal documents and standards [7].

In the process of implementing this research, some problems related to the effective legal regulation of the agricultural sector were scientifically and theoretically investigated, including the introduction of the cluster model of production as one of the economic, organizational and legal mechanisms that meets all requirements, based on the establishment of economic relations through the production of finished products based on the processing of existing raw materials, which is one of the main directions of economic development, and the formation of its organizational and legal mechanisms. In particular, the experience of foreign countries on the essence, emergence and development of the cluster model, that is, clusters, unlike other economic entities, organize their activities in a certain direction of production in a continuous chain of processes, from the production of raw materials to their sale as finished products, on the basis of mutual equality and cooperation, on issues related to the widespread introduction of digital and information and communication technologies that save available resources, and on issues related to increasing labor productivity by reducing unnecessary costs, were analyzed. In this regard, based on the rules of the European Union, the introduction of model conditions for contracts concluded between the cluster and the farm was logically analyzed, as well as issues related to the introduction of cluster monitoring procedures in Uzbekistan, aimed at reducing possible obstacles to the export of finished products.

In our country, the importance of the cluster model of production in solving issues such as increasing the efficiency of business activity, introducing new management principles, innovative ideas and technologies to production, deepening structural economic reforms, improving investment attractiveness, using effective

methods of production, especially creating a chain of deep processing of agricultural products was scientifically and theoretically analyzed. The conceptual basis of the organization and development of specialized clusters in the field of agriculture, including the basis of the cluster approach to determining competitiveness, was studied. In particular, the "top-down" and "bottom-up" approaches to the origin of state cluster policy were analyzed, that is, when the initiative to implement cluster activities is taken by republican or local government bodies, its compliance with the "top-down" type, usually this policy is implemented in relation to a group of enterprises forming industry clusters that participate in the value-added chain of formation of various products and services at the state level, as well as when business entities or other entities take the initiative in implementing cluster policy, its compliance with the "bottom-up" type of cluster policy was analyzed. At the same time, the experience of developed countries in ensuring sustainable socio-economic development and increasing investment activity was studied, and the role and importance of their clusters, such as international logistics centers and free economic zones, in the production of competitive goods was taken into account.

The system of legal relations between farms and agricultural clusters as the main subject of the agricultural sector, scientific and theoretical views on the rights and obligations, legal status and responsibility of these subjects, in particular, the works of research scientists such as R.Vignola, S.Harvey, M.Porter, N.Larionova, O.Okyulov, S.Kholbaev, as well as on the field of agriculture European Union and national legislation norms were used, and comparative-legal, logical-legal analysis, synthesis, and generalization methods were used.

3 Results and Discussion

According to the Law of the Republic of Uzbekistan "On Farms," a farm is an entrepreneurial entity engaged in agricultural production on leased land plots, as well as in activities not prohibited by law. As a multi-profile farm, in addition to producing agricultural products, it may also engage in processing, storage, and sale of agricultural products, industrial production, performance of works, provision of services, and other types of activities not prohibited by legislation [6]. A farm, on the allocated land plot, has the right to independently organize its production activities in accordance with the specialization stipulated in its charter and the lease agreement; independently determine the placement of agricultural crops, taking into account its specialization and based on concluded contractual agreements; freely select enterprises engaged in processing products as well as its consumers; conclude futures contracts with advance payment for the purchased products; dispose of its produced goods at its own discretion, including selling them to consumers; and determine the prices of its products. At the same time, farms bear obligations to ensure the effective and rational use of the allocated land plot in accordance with the conditions established by law and the lease agreement, in line with the main type of permitted use; comply with environmental requirements and other rules on environmental protection; improve the reclamation condition of the land; implement measures to maintain and increase its fertility; and timely pay taxes and other mandatory payments as prescribed by law.

A farm independently determines the directions of its activities, production structure, and volumes in accordance with the specialization stipulated in its charter and land lease agreement. It is entitled to engage in any type of agricultural production, as well as the processing, storage, and sale of agricultural products, industrial production, performance of works, provision of services, and other activities not prohibited by law. Interference in its economic activities by state bodies, other organizations, and their officials is not permitted. Losses, including lost profits, caused to a farm as a result of unlawful decisions by state bodies and other organizations, as well as unlawful actions of their officials or individuals, are subject to compensation in accordance with the procedure established by law. At the same time, it is stipulated that a farm is liable for all of its obligations with its property.

It is evident that, from a normative-legal perspective, the activities of farms represent entrepreneurial activity carried out by business entities in accordance with the law, consisting of initiative-based actions aimed at generating income (profit) at their own risk and under their property liability. From an institutional perspective, farms constitute contractual relations between two or more individuals concerning the production, processing, and storage of agricultural products or raw materials. This means that farms simultaneously serve

both as the primary link in the agricultural value chain and as independent entities within the agricultural sector.

In European countries and the United States, the concept of “farming” has a different institutional interpretation. Typically, farm activity is understood as a small or medium-sized family business engaged in crop production or animal husbandry, which simultaneously serves as a source of income for the family and its hired workers, is limited to a specific local area, and functions as a means of ensuring food security. According to R. Vignola, S. Harvey, and other researchers, small and medium-sized farms account for nearly 85 percent of the global farming market and produce about 80 percent of all food products in developing countries [11]. As a new form of economic management in the agricultural sector, farms that emerged in our country in the late 20th century are based on the principles of personal interest, initiative, and property liability, while ensuring the equal rights of different forms of ownership and development on the basis of fair competition. Indeed, farms fully align with the principles of a market economy, as they retain ownership of the products they produce, independently dispose of their property, financial, and material resources, and manage their allocated land with a full sense of ownership. In our view, at a time when ensuring global food security has become one of the most pressing issues worldwide, it is appropriate to further develop farms as the main entities engaged in agricultural production.

It should be emphasized that the cluster model plays an important role as a modern method of production in addressing issues such as improving the efficiency of farm activities, introducing new management principles, innovative ideas and technologies into production, deepening structural reforms, enhancing investment attractiveness, applying efficient methods of production, and, in particular, creating a chain for the deep processing of agricultural products. At present, the cluster model has long been applied in various production sectors in several foreign countries, notably Italy, Germany, and Austria, and has proven itself in practice as one of the most effective methods. For this reason, cluster policy in the European Union has been recognized as one of the most important directions of member states’ policies, and a number of strategic programs have been adopted for its development. In particular, the European Regional Charter, adopted in 1965, is considered the initial legal foundation of the EU cluster policy. Later, in 1968, the Directorate for Regional Policy of the European Commission was established, and on its basis, the first general Statute of the European cluster policy was adopted in the 1990s [4]. Therefore, it is advisable to analyze, from a scientific-theoretical perspective, what kind of method of production or organizational-legal form of economic management the cluster model represents, and, in particular, what its legal status should be.

Since the theory of “clusters” is multifaceted, various scientific approaches have been developed toward it. The term “cluster” is derived from the English word *cluster*, meaning “accumulation” or “group,” that is, the unification or grouping of several elements of the same type, possessing certain characteristics and capable of being considered as an independent unit, for the achievement of a common purpose [12]. According to the American economist Michael Porter, “a cluster is a group of interrelated companies (manufacturers, raw material suppliers, service providers) geographically concentrated in one place, along with organizations connected to their activities (research institutions, technology parks, industry associations). They constitute integrative structures that form a single technological chain of closely interconnected industries, simultaneously functioning in cooperation and, to some extent, in competition with one another” [9]. N.A. Larionova, from the perspective of a systemic approach, defines a cluster as “an association of business entities from various interrelated sectors, united into a single organizational structure with elements based on interconnection and interdependence, working together toward a specific goal” [5]. As O. Okyulov and S. Kholbaev emphasize, “since the target activity of clusters includes complex processes consisting of several stages related to the production of a certain product, in order to coordinate cooperation between business entities (participants) engaged in activities at these stages and other relevant organizations, in our opinion, the organizational and legal form of clusters should in most cases be an association, that is, an organization with the status of a legal entity, consisting of an association of participants who are considered independent legal entities” [1]. In agreement with these views, it should be emphasized that, in our opinion, the interdependence of participants in areas such as production, sales, service provision, and supply of raw materials is not, by itself, sufficient to organize them into a single cluster for certain objectives. Rather, they must also possess a strong inclination toward mutual integration.

Based on the above, the term “agricultural cluster” is understood as a system founded on various forms of ownership and economic management, which integrates activities ranging from sowing seeds in the soil to producing high-value and value-added products, and ultimately directing finished goods to both domestic and export markets. At present, this system serves as a means of achieving high economic efficiency in many developed countries around the world. This demonstrates that the system of producing, processing, storing, and selling products in domestic and foreign markets, based on cooperation and cluster organization, has been successfully established in many countries. Therefore, the creation of a cluster system based on the principles of a market economy in our country is one of the key factors for the development of the agricultural sector. However, to date, the legal status of agricultural clusters has not been defined, their relations with state bodies, farms, and other entities have not been adequately regulated by law, and unified approaches to the organization and implementation of cluster activities have not been developed. Naturally, such problems not only hinder the rapid development of market relations and the creation of conditions for fair competition in our country but also lead to the violation of the rights and legitimate interests of entities operating within the agricultural cluster system—particularly farms—resulting in material and moral harm to them.

4 Conclusions

Despite the fact that clusters operate as independent entities in the agricultural sector, the absence of procedures for organizing and implementing their activities, the lack of a defined legal status, and, in particular, the gross violation of civil law principles—such as legal equality, inviolability of property, freedom of contract, and the prohibition of abuse of rights—in the regulation of property relations arising between agricultural clusters and farms, lead to the following conclusions:

First, a clear definition of the concept of “cluster” should be developed, in particular, defined as: “a cluster is a voluntary association of several independent legal entities, established on the basis of freedom and equality, interconnected through a production chain and complementing one another step by step, as well as jointly operating in a specific sector or direction.”

Second, a Law “On Clusters and Cluster Activities” should be adopted, which defines the concept of a cluster, the procedures for organizing and implementing cluster activities, its legal status, rights and obligations, property, liability, cluster governing bodies and the procedure for their formation, the admission and exclusion of founders, as well as the legal norms governing the reorganization and termination of cluster activities.

Thirdly, the introduction of a legal norm on the “Cluster” as a separate organizational and legal form of a commercial organization into Chapter 4 of the Civil Code of the Republic of Uzbekistan, entitled “Legal Entities”;

Fourthly, state control over the activities of clusters and farms should be carried out based on the principle of “minimum intervention - maximum support”.

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