



Ways Of Government Regulation Of The Food Market

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ANNOTATION

This article analyzes the significant measures of state regulation of the food market to ensure political and socio-economic stability, to use consistent incentive mechanisms for increasing production volume. A scientific conclusion and practical recommendations aimed at the implementation of comprehensive measures by the state in the food market have been developed.

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Introduction

Economic and administrative methods play a key role in the state regulation of the food market. The use of these methods requires the development of regulatory legal documents in each country. The

implementation of procedures and standards set by the state can be mandatory or recommended depending on the socio-economic situation. Because the market mechanism of self-regulation in agriculture cannot ensure the balance of demand and supply, even at parity prices and incomes with industry.

Therefore, a public policy aimed at expanding demand and balancing it with growing supply is necessary.

The need to regulate the food market by the state can be explained by the following: firstly, the price elasticity is relatively low due to the fact that food products are part of the primary needs of the population and the daily rate of consumption; secondly, the shortage of food products causes social, political and economic crises in the country; thirdly, countries dependent on food imports are exposed to the political influence of exporting countries; fourthly, the composition and quality of nutrition in many ways ensure the health and work capacity of the nation; fifth, that food products are directly related to natural-climate and biological reproduction processes¹; sixth, the formation of a competitive environment at different levels under the influence of the state's food safety policy; seventh, differences in natural and climatic conditions, agro-resource potential and economic development of regions, as well as national traditions of food consumption; eighthly, regional differences in the income level of the population, etc. In such conditions, the state's refusal to manage and support the food market, leaving the formation of the food fund to the discretion of private organizations, brings the country into a state of crisis. This requires the development of directions for the regulation of the food market by the state and constant control.

Representatives of the monetarist school (M. Friedman, F. Hayek, F. Knight, G. Simons, etc.) believe that the systematic intervention of the state in market relations has a negative effect on economic development [1]. According to them, the role of the state in the regulation of market relations should be reflected in the policies related to maintaining sufficient amounts of money in circulation, carrying out crediting measures for sectors and industries of strategic importance for the country's economy, and limiting social expenses. According to R. Heilbroner and L. Turow, representatives of the school of institutionalism, the levers of the state to regulate the economy should be strengthened. This is explained by the imperfection of the market mechanism and at the same time its inability to solve problems in the development of society [2, 13].

Different approaches are also observed in studies aimed at regulating the food market by the state. In particular, in the opinion of R. Heilbroner and L. Turow, the points and stages where it is possible to control food safety by the state are determined by researching the food market [3]. A. N. Magomedov studied the experiences of developed countries, and in Japan, the state regulates 20 percent of the consumer price of rice, wheat, meat and dairy products. In France, 20 percent of the price is regulated by the state. In the USA, an indirect system of regulation is used [4, 12]. G. V. Bepakhotniy and I. G. Ushachev analyzed the share of state subsidies in the production of food products. In particular, state subsidies are 30% in the USA, 59% in Sweden, 41% in Canada, 68% in Japan, 52% in Austria, 77% in Norway, 80% in Switzerland and 67% in Finland [5, 17]. According to the researches of I.A. Minakov, a mechanism for protecting the national food market was created in the USA and Western Europe due to the establishment of customs and compensation payments. These measures are

aimed at compensating the difference between national and world prices and increasing the profitability of agriculture [6, 15]. D.R. Rahmonov and I.M. Taniev studied the issues of formation of state grain reserves and changing the distribution procedure in Uzbekistan [7, 14]. According to Ch.Murodov and Kh.Ya.Saatova, it is necessary to develop specific measures of agrarian protectionism that meet the conditions of the market economy and ensure the necessary level of food security [8, 11].

In our opinion, it is appropriate to regulate the food market by the state based on the changes related to the need to effectively use the economic and demographic potential of the countries. First of all, it is important to assess the demographic structure and production potential of a particular region in state programs aimed at developing the national market as a whole. Secondly, it should be recognized that the level of food safety is not sufficient for modern requirements. This requires the formation of food reserves and the development of special programs by the regions based on the rules set by the government. Thirdly, the import of food products, on the one hand, is related to the elimination of the shortage of food products, and on the other hand, it is related to the rational solution of the issue of protecting the interests of local producers.

Research methodology

In the study, the general and specific aspects of the state regulation of the food market were identified through the method of comparative simulation. Using the method of abstraction, generalized results of various opinions were formed, which made it possible to observe the interrelated phenomena of the regulation of the food market by the state and to divide them into certain groups. The importance of the regulation of the food market by the state was substantiated through logical methods of the research.

Analysis and results

In the context of globalization, each country develops a system of measures to ensure food safety. This system creates political, social, legal and economic conditions aimed at protecting the internal market. The level of protection associated with economic development is of particular importance. For example, many countries have implemented government programs aimed at preventing the negative impact of external factors on agricultural production and food trade. However, these strategic measures have shown negative consequences along with their positive results, including [9]:

first, the "Green Revolution" program was aimed at increasing crop productivity in Mexican agriculture (1943). The Mexican experience and new varieties of seeds were widely used in Colombia, India, Pakistan, Sri Lanka and the Philippines. By 1990, it covered 50% of the total cultivated area in Africa and 70% in Latin America and Asia. As a result, wheat production increased. In the world, during the years 1960-2000, the yield of wheat increased by 208 percent. However, it has led to the deterioration of the environment and soil, excessive use of chemical fertilizers and pesticides, and a decrease in the diversity of agricultural production. An increase in the production of the same type of product has led to a fall in prices and a crisis for farmers. In general, the "Green Revolution" program demonstrated the need for a comprehensive approach to the problem of hunger and poverty. It was recognized that food security cannot be ensured by increasing productivity in the agricultural sector alone. This led to deepening socio-economic reforms and focusing on the importance of foreign trade;

secondly, the policy of foreign trade liberalization made it possible to determine the price of

products in the world market with the lowest output. It led to increased production and rational allocation of resources. This caused a sharp fluctuation of prices in the world market, and many countries developed measures aimed at protecting against unfavorable market conditions, that is, compensation payments were introduced to protect producers, aid money was given to prevent excessive shortages;

thirdly, foreign trade restriction policy. Many countries have imposed restrictions on imports to ensure food safety. Foreign trade restrictions resulted in 90% of food being consumed in national markets. Also, restrictions on food exports were intended to stabilize the national market and create economic opportunities for the population. Export and import restrictions, along with their positive results, have created favorable conditions for lawlessness, corruption and illegal trade in all countries. Because there was a high difference between the prices in the domestic and foreign markets. In this case, domestic purchase prices lagged behind inflation and these prices became unprofitable for producers. These conditions led to an increase in the amount of state subsidies that cover production costs;

fourthly, consumption support policies targeted food assistance programs for the total population or its special groups. In the 1960s, subsidies were allocated to the processing industries in order to increase the consumption of livestock products in the countries of the former Union. The countries of Central and Eastern Europe, following the example of the former USSR, started subsidizing the production of livestock products. As a result, the consumption index of livestock products increased. In the United States, a food stamp program was implemented. In addition, universal food assistance programs were in place, providing a nationwide subsidy to guarantee a minimum consumption level for the total population. However, in many countries, consumer subsidies were abandoned because they were less effective compared to economic output and led to an increase in imports;

fifth, the micronutrient supply program aims to enrich food with vitamins and minerals in many countries. This is considered as the most cost-effective way to ensure public health and prevent diseases. For example, the annual cost of salt enrichment with iodine in the world is 0.02-0.06 dollars per capita. However, today the population of 118 countries in the world suffers from iodine deficiency and is at risk of micronutrient deficiency.

The state programs implemented above and the issues of solving the food problem in the directions defined in it were directly connected with the processes of globalization. During this period, it was recognized that food security could only be achieved at the individual country level. Accordingly, the principle of "global thinking - local action" is being introduced at international summits and forums.

At the same time, a new direction has appeared, such as increasing the income of the population and ensuring the financial stability of farmers by forming a demand capable of paying. In this direction, increasing the income level of the population and improving the quality of nutrition through genetic resources. As a result, countries have reduced subsidies and compensations for food production and consumption. However, this direction also has its negative consequences. The problem of overweight and obesity has arisen in Far East and European countries. The highest rate was observed in Belgium (13.7 percent of the population) and Sweden [10]. This disease is leading to the prevalence of short stature among children under five years of age and restricted physical activity among the middle-aged

population.

It should be noted that in international economic relations, food supply is a lever of political and economic pressure. The rapid growth of food prices in the world market is also the result of joint and long-term effects of exporting countries. Until 2000, world prices fell due to high yields and food stocks. At the same time, the volume of state and private investments in agriculture decreased. As a result of low prices on the world market, farmers in some countries suffered losses and land resources were withdrawn from the agricultural cycle. Since 2004, world food prices have increased significantly. In 2006, world grain production decreased by 2.1 percent, and the price index was 118.9 percent (Table 1).

Table 1

World food price index (base 2002-2004, in percent) [11]

Years	Food price index	Meat	Milk	Falla	Plant or manure	Sugar
2000	91.1	96.5	95.3	85.8	69.5	116.1
2001	94.6	100.1	105.5	86.8	67.2	122.6
2002	89.6	89.9	80.9	93.7	87.4	97.8
2003	97.7	95.9	95.6	99.2	100.6	100.6
2004	112.7	114.2	123.5	107.1	111.9	101.7
2005	118.0	123.7	135.2	101.3	102.7	140.3
2006	127.2	120.9	129.7	118.9	112.7	209.6
2007	161.4	130.8	219.1	163.4	172.0	143.0
2008	201.4	160.7	223.1	232.1	227.1	181.6
2009	160.3	141.3	148.6	170.2	152.8	257.3
2010	188.0	158.3	206.6	179.2	197.4	302.0
2011	229.9	183.3	229.5	240.9	254.5	368.9
2012	213.3	182.0	193.6	236.1	223.9	305.7
2013	209.8	184.1	242.7	219.3	193.0	251.0
2014	201.8	198.3	224.1	191.9	181.1	241.2
2015	164.0	168.1	160.3	162.4	147.0	190.7
2016	161.5	156.2	153.8	146.9	163.8	256.0
2017	174.6	170.1	202.2	151.6	168.8	227.3
2018	168.4	166.3	192.9	165.3	144.0	177.5
2019	171.4	175.7	198.7	164.3	135.2	180.3
2020	170.0	148.1	163.0	162.8	194.9	222.9

The analysis of the data in this table shows that in 2007 the price index of food products was 161.4 percent. The main reason for this is that since 2007 there has been a sharp increase in the price of oil. This created conditions not only for increasing the cost of mineral fertilizers and food products, but also for increasing the production of biofuels at the expense of grain and oil crops. The continuation of this trend caused the food price index to increase by more than 200 percent in 2011-2014. The price

index is 164.0 percent in 2015 and 170.0 percent in 2020, even in the conditions of increasing the volume of production and developing international relations.

In such a situation, countries are imposing restrictions on food exports, and major importing countries are buying food regardless of prices in order to ensure the necessary level of domestic food reserves.

In general, taking into account the current and expected trends in the formation of world food reserves and its complexity, the country's food security is ensured both today and in the future at the expense of domestic production. Self-sufficiency at the expense of domestic production does not mean that the state will wrap itself in its shell, on the contrary, there is talk of increasing the volume of production for export and improving the composition of imports. This will help the country's food independence, along with taking advantage of the advantages of international division of labor and the favorable conditions of the world market.

Conclusions and suggestions

In our opinion, the directions of state regulation of the food market are based on the following measures:

first of all, it is necessary to pay close attention to the characteristics of the regions in the state regulation of the food market. It is appropriate to assess the demographic structure and production potential of a particular region in state programs aimed at developing the national market as a whole. Local authorities should carry out reforms based on the rules set at the government level and develop an optimal strategy;

secondly, it is necessary to support agriculture by the state, providing priority conditions for sustainable development of the food market. The goal of this policy is to achieve the income of agricultural producers at the level of the national economy;

thirdly, while assessing the level of food safety in recent years, it should be recognized that although its limit is much higher than the strict level, it is still insufficient for modern requirements. This requires effective regulatory measures by the state as the main source of food fund formation;

fourthly, the issue of regulating the import of food products is relatively complicated. On the one hand, this is related to the elimination of the shortage of food products, and on the other hand, it is related to the rational solution of the issue of protecting the interests of local producers;

fifth, it is necessary to avoid the attempts of food supplying countries to pass their judgment. These countries act according to a certain scenario, especially in developing countries.

First, humanitarian aid is provided, then the national agriculture is destroyed by supplying the product at low prices on a commercial basis. After that, the exporting country begins to pass its judgment. In order not to be condemned to such a future, it is necessary to support agriculture by the state, to maintain the stability of basic products in the volume of national production, and to improve the structure of export and import.

The directions of state regulation of the food market mentioned above are, first of all, to ensure the proportionality of regions in the development of the national market as a whole, and to provide continuous support to producers from the point of view of food safety. At the same time, it is considered as the first task to feed all layers of the country's population in accordance with medical

standards.

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