

# Information necessary for the distribution of liability between partners in export cargo logistics services insurance the Republic of Uzbekistan

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**Abstract:** Insurance of contract obligations of the exporter or his bank of the Republic of Uzbekistan in cases of non-fulfillment of the contract until the export shipment is carried out or after the shipment is carried out. Uzbekistan's agriculture has a huge export potential, and it is becoming increasingly obvious that fruits, vegetables and melons grown on this sunny land can take a strong place in world markets. This can be seen in the growing demand of the countries of the world for fruits and other agricultural products grown in Uzbekistan. Given such a growing demand, the expansion of activity insurance and insurance protection of agro-industrial enterprises and their servicing enterprises in the supply of agricultural products to world markets by exporters of agricultural products is becoming one of the strategic issues that are in the focus of our government's attention.

## 1 A MAIN PART

Despite the fact that the insurance of the activities of farms, which are considered representatives of the agrarian sector who grow agricultural products, is a constant focus of the government, and favorable opportunities are created in this area, the following problems are an obstacle to the expansion of agricultural insurance:

- scientific study of the features of various natural phenomena and processes taking place in agriculture, the principles and rules of Agricultural Insurance are not sufficiently developed;
- there is a shortage of personnel in this regard due to the fact that an expert training system for agricultural insurance has not been formed;
- when insuring the activities of enterprises of the agro-industrial complex, it is not well established to take into account the natural conditions of the regions;
- most farmers and peasants still do not have the necessary economic and legal knowledge and skills about agricultural insurance and about the procedures

for its implementation, regulatory legal legislative acts and regulations in force;

- a strong competitive environment for the insurance of agricultural enterprises has not been formed, and the means created by the government that lead to the formation of such an environment are not sufficiently available, which does not ensure the interest of insurance companies in agricultural insurance, where the level of harmfulness is considered high;
- agricultural insurance is still practiced only by insurance organizations based on commerce, with relatively high tariff rates, the activities of non-profit-shaped mutual insurance societies, which are considered alternatives to insurance, are not formed.

## 2 INTRODUCTION

The fact that Uzbekistan is located in a sharply continental climate zone, citrus fruits and other fruits that are not suitable for such a climate in this country are not grown in large quantities, which creates the need to purchase such types of fruits from foreign

countries. In addition, many tree varieties are imported from foreign countries, which are not grown in large quantities in our country, but where it is possible to localize them. Such events in their place cause the need to insure these goods. Taking into account this, the decree of the president of the Republic of Uzbekistan dated August 2, 2019 "on measures to reform the insurance market of the Republic of Uzbekistan and ensure its rapid development" sets out the question of studying the prospects for the introduction of export-imported fruits and other types of seedlings, their transportation, as well as mechanisms for But to date, no measures have been taken in this matter.

In addition, as a result of the fact that Uzbekistan is a sunny country, getting enough sunlight on the grown fruits and vegetables, they have an advantage over fruits and vegetables grown in most countries of the world in their sweetness and taste, which ensures an increase in foreign buyers for these products. From January to June 2021, the total volume of exports from Uzbekistan amounted to \$ 7.1 billion, of which the export revenue in the "vegetables and fruits" category was \$ 404.1 million. That is, this indicator was equal to 5.7% of the total export volume for the same period. At the same time, in the first half of 2021, vegetables and fruits decreased in terms of export value by 5.2% compared to 2020, and by 38% compared to the first half of 2019. Such conclusions are drawn from the data published by the State Statistics Committee of Uzbekistan, as well as from the reports of the Department on foreign trade turnover in the Republic over the past years (these periods). In January-June 2021, the absolute leader in the volume of export revenues in the fruit and vegetable export segment of Uzbekistan is Cherries (\$84.6 million), followed by tomatoes (\$50.2 million), Cypress and dried grapes (\$22.3 million), onions and shallots (\$21.5 million) and cabbage (\$16.7 million). At the same time, experts draw attention to the fact that the largest share of exports in the category of "drunk and dried grapes" refers to raisins. Because during this period, sarkhil grapes are supplied from Uzbekistan to the foreign market only from warehouses – at the expense of last year's harvest and early varieties of this year. In both cases, this is a small volume. In addition, since its species is not identified in the "cabbage" category, analysts believe that this category includes head cabbage, cauliflower, Beijing cabbage and other types.

China's fruit import capabilities are increasing, and in this regard, the countries of Central Asia, including Uzbekistan, have sufficient potential to take advantage of this opportunity. The geographical

location of the region, its natural resources, opportunities to increase productivity and the creation of the necessary conditions for attracting private investment in the current period, during which effective reforms in the field of agriculture are carried out, make it possible to increase the export of fruits and vegetables to China, the largest in the world and at the same time

### **3 Materials and Methods**

The statistical and econometric analysis carried out within the framework of this study show that Uzbekistan has relative advantages in the production and export of such products. The country's favorable climatic conditions and low production costs allow it to be competitive in the Chinese market. However, in order to achieve this goal, we believe that the government of Uzbekistan should remove a number of existing restrictions and create additional conditions for fruit exporters.

### **4. RESULTS AND DISCUSSION**

The Russian Federation has become a traditional market for the wet fruits of the countries of Central Asia, including Uzbekistan, and there is no doubt that it will remain so. According to official sales statistics, from Uzbekistan in 2014 amounted to 2.8 million. in 2018, wet fruits exported from Uzbekistan amounted to 99 million dollars. it amounted to an amount close to the dollar. This amount amounted to more than 90% of the wet fruits exported by all Central Asian countries to the Russian Federation . In addition, the fruits taken unofficially through Kazakhstan also constitute a large size. Between 2014 and 2018, the fruits exported from the countries of Central Asia to the Russian Federation increased 21 times, in which the main growth fell on the contribution of Uzbekistan. The results of the analysis of export competitiveness showed that the potential of Uzbekistan in the export of fruits to China is mainly cherries, apricots (wet and dried), plums (wet), grapes (wet) and Greek nuts. The export potential of grapes, cherries and Peaches is 486 million annually. Estimated in the amount of US dollars, in addition to 115 million. There is an opportunity to supply apricots and plums in the amount of US dollars. But today about 50% of the existing potential is being implemented. Currently, the export of Uzbekistan in this regard is not diversified and is mainly limited to the countries of the Eurasian Economic Union – Kyrgyzstan,

Kazakhstan and the Russian Federation, and cherries exported to Kazakhstan are sold for an average of US \$ 1.77. The price of this cherry is sold in China for US \$ 3.07 and in Korea for US \$ 3.6. There are some difficulties with the export of wet fruits to the countries of China and Korea, such as the processing and marketing of the harvested product, the limitation of production volumes (mainly small producers in the market), that is, the difficulty of collecting the product in one place, low quality and lack of material and technical resources (lack of irrigation, seeds and seedlings, , failure to meet international sanitary and phytosanitary requirements, cases of increasing the maximum level of harmful fashions in the composition of the fruit, difficulties associated with exports, the lack of logistics systems in demand, the lack of good development of electronic sales.

An important factor in the process of implementing an export contract is the mutual distribution of responsibilities between partners, as well as the determination of financial sources of compensation for possible losses as a result of the occurrence of unforeseen circumstances (see Table 1).

**Information necessary for the distribution of liability between partners in export cargo insurance<sup>1</sup>**

Table 1

The responsible party for cargo insurance	The mutual agreement between the exporter and the importer is indicated mainly in the contract.
The party responsible for the loss, theft and damage of the cargo before the exporter	- Transport enterprise (except in cases where the transport enterprise has not been able to stop the situation of loss or damage of cargo and does not depend on it). -Transport forwarding company, which, according to the contract, takes responsibility for the storage of cargo.
De facto document confirming that the cargo is insured	Insurance policy issued by the insurance organization under an export contract.
Information provided in the application of the insurer on the conclusion of	Brand name, weight, place number, cargo packaging type. - Type of transport and method of transportation (in grain, container and other

the insurance contract	form). - Shipping time. - Transportation documents. - Insurance amount of cargo. - Insurance conditions (liability for all risks or part).
Documents provided by the insured under the insurance claim	The original of the insurance policy. - Nakladnoy or other shipping document. - Invoys (schet-invoice). - Accident Certificate, Examination Certificate or other document confirming the occurrence of an insured event.

The main system in this matter is insurance activities. The types of insurance services offered for exporters in the insurance market of Uzbekistan are as follows: export contract insurance, road freight insurance, comprehensive insurance. Export contract insurance consists in insuring the contract obligations of a foreign partner or his bank or an exporter of Uzbekistan or his bank until the export shipment is made or in cases of inability to fulfill after the shipment has been made, as a result of the occurrence of events related to political and commercial activities. Foreign trade cargo insurance provides for the compensation of damage seen as a result of its partial loss, damage or complete loss in the process of delivering this cargo from the exporter to the importer, while at the same time compensating for losses arising in the processes of its transportation, storage, increase and discharge.

Uzbekistan will have to do a lot more to take full advantage of the opening opportunity to export products to Chinese fruit markets. First, Chinese markets require stable quality and volume of supplies from exporting countries. Secondly, entering the Chinese market becomes more realistic when there are modern quality management systems, modern organized logistics schemes. Particular attention is also paid to the issue of ensuring compliance with strict requirements for the production of products and subsequent processes, and in this, following the standards adopted in China for the safety of fruits and vegetables, will prevent possible problems. Thirdly, the prevalence and competitive environment of Chinese fruit markets requires constant contact with local Chinese partners. Fourth, Chinese consumers appreciate attractive packaging and branded products.

Most fruit producers in Uzbekistan are small farmers, many of whom cannot use financial and

<sup>1</sup> The table was developed by the author based on research

educational resources. Due to this, their product size is limited and the quality is not stable. Small farmers are used to selling fruit through a traditional network of local sellers and have no experience or potential in reaching international markets. Therefore, with Chile and the United States of America, which are now the main importers of China, with a high level of development and technical capabilities, Uzbek farmers cannot compete (food safety and Quality Assurance System, customs control and inspection bodies). In addition, the fact that local farmers do not have information about China's existing import opportunities and ways to get to them does not make it possible to take full advantage of this opportunity.

4 main markets operate in China on the wholesale trade of imported fruits:

- 1) Jiangnan fruit and vegetable market in Guangzhou;
- 2) Hueichjan fruit and vegetable market in Shanghai;
- 3) Beijing-based Sinfadi market;
- 4) Dili market, which is considered a shopping center for agricultural products located in Shenyang.

Guangzhou is a major distribution center at a nationwide level. From here, products are shipped to different regions of the country, while products for final consumption also come directly to these regions from Beijing, Shenyang and Shanghai. In the retail market of imported fruits, two new trends have formed, these are: online and offline channels of retail e-commerce and the crushing of large stores. The contribution of the modern retail system is accounted for by 67.4 percent of total food production (Producer Marketing Association, 2016). But in recent years, the development of electronic trading systems in supermarkets and Hypermarkets has been decreasing the rate of growth in sales. The penetration of the internet into everyday life and the development of mobile technologies makes it possible for consumers to easily purchase imported fruits through electronic trading platforms.

## CONCLUSIONS

In ensuring the economic stability of crop growers in agriculture through the development of agro-insurance service in the Republic of Uzbekistan, it is advisable to cite the following as a recommendation:

- the study of various natural phenomena and natural disasters occurring in agriculture based on the nature of the regions and the

formation of tariffs for agricultural insurance on the basis of a territorial approach;

- as the central link of the agro-industrial complex, only insurance work is carried out by farms against various risks in the process of growing agricultural products, but the work on insurance of farmsteads is lagging behind, therefore, it is advisable to increase the focus on insurance of farm activities, develop new insurance products and corresponding insurance tariffs in this regard;

- expansion of the size of insurance contracts between agricultural enterprises and JSC "Uzagrosugurta" and the development of targeted programs for their creation "Online" in a modern way;

- increasing the economic and legal literacy of the management staff of farms on "insurance;

- it is advisable to transfer crops (grain and rice products) aimed at meeting the needs of the country's population from voluntary insurance to compulsory insurance.

- Taking into account the experience of the USA and European countries, establishing a system of payment of an average of 50% of insurance premiums at the expense of the Republican and local budget, is the most effective way to attract agricultural enterprises to insurance, and this event also serves as an important factor in ensuring the financial stability of insurance companies.

- The lack of introduction by the state of benefits and methods of material support for agricultural insurance does not increase interest in potential insurers in the insurance of risks associated with their activities. In addition, the high level of harmfulness of agricultural insurance is the reason for the lack of development of competition in agricultural insurance among insurance companies.

- The tariff rates offered by commercial-based insurance companies are relatively high, activity transparency is not ensured, and trust in insurance companies is at a low level. The organization of non-profit-shaped insurance societies among agricultural enterprises specializing in the insurance of their activities eliminates the above factors.

- A significant increase in the export of wet and dried fruits by agricultural enterprises of Uzbekistan and private household farms increases the need to provide this sector with insurance services at the level of demand. In ensuring this need, it is necessary to develop new insurance products based on public-private partnerships.

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