



The Experience of Developed Countries in the Development of Agro-Industry

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ABSTRACT

The global economic environment is changing rapidly. Developing countries have faced more competition in terms of their exports. In order to be more competitive, each country should develop their business strategies. Small and medium sized enterprises (SMEs) are one of the principal driving forces in economic development. SMEs constitute a major part of the Turkish economy, accounting for a large proportion of the country’s business and total employment. SMEs will be an important power to realize development goals of Turkish economy, and play an important role to take advantage of global environment. For this reason, it is important to pursue the developments of SMEs in Turkey. The purpose of this study is to present an overview of the developments in world markets, relating to SMEs, and assess the SMEs business strategies in Turkey.

This report tried to address why Ethiopia is suffered from low agricultural production blessed with high potential of irrigation water resource, irrigable land, labor and suitable climate and why Israel is very effective in irrigated agriculture by having very low arable land, water resource, and with adverse climatic condition. What lessons should Ethiopia share from Israel in irrigated agriculture to improve the economic and social development of Ethiopia? Various research papers were reviewed in this paper and it indicated that if Ethiopia want to be effective in irrigation and brings its population in to food security it could take lessons from Israel’s long-term struggle and effort on the management of its irrigation water. Ethiopia should have to develop its own solutions to serve the needs of farmers as well those of broader economic development.

Keywords:

business strategies, small and medium-sized enterprises. Irrigation practice, Water management, Reuse of wastewater, Israel, Ethiopia.

Introduction

The global economic environment has changing rapidly and globalization has led to astonishing increases in global trade. Trade currently represents 30 per cent of world gross domestic product and is expected to grow to 50 per cent of world GDP by 2020. Developing countries have increasingly faced more competition today’s business world. In order to be more competitive, each country should develop their business strategies. Small and

medium sized enterprises (SMEs) are one of the basic driving forces of business world because SMEs are flexible and can adapt quickly to changing market demand and supply situations [1]. In many countries, SMEs constitute over 95 % of market participants, and account for more than a half of employment in the national economy as well as the GDP. Small and medium-sized enterprises also constitute a major part of the Turkish economy, accounting for a large proportion of the country’s business and total

employment. SMEs will be an important power to realize development goals of Turkish economy, and play an important role to take advantage of global environment. For this reason, it is important to pursue the developments of SMEs in Turkey. The purpose of this study is to present an overview of the developments in world markets, relating to SMEs, and assess the SMEs business strategies in Turkey. The structure of this study is as follows. The next section presents new trends in the world market. Third section focuses the major characteristics of SMEs in Turkey. The fourth section includes SMEs strategies in Turkey. The last section gives general evaluation of SMEs strategies.

The total population of Ethiopia is estimated to be nearly 100 million. The annual population growth rate is 2.6 percent and the average population density is 90 population/km². Nowadays the rural-urban migration has been increased leading to a rise of urban population. The urban population is growing rapidly as a result of both populations increase and high rural-urban migration. Most of the population in Ethiopia lives in highland areas, with 85% being rural and dependent on agriculture with a low level of productivity. In Ethiopia agriculture is the leading sector accounting about 47.7 percent of the total GDP. The country has sufficient amount of surface and groundwater from the 12 river basins with 122 billion m³ of surface water and 2.6-2.65 billion m³ of groundwater. This indicated that there is about 1575 m³ of physically available water per person per year, a relatively large volume. As a result of this ample water resource potential, Ethiopia is said to be the 'water tower of Africa'.

The main characteristics of SMEs in Turkey

Turkey has adapted and implemented mixed economic industrialization policy since its establishment. The main objective of the new industrial policy is to find out competitive and sustainable rational industry based on market economy gaining its power from private sector and to increase its export capacity. In recent years, it has been seen an achievement in Turkish economy. In 2006, the GDP increased 6

% and per capita GDP exceeded \$5.000 Inflation realized at 9.65 % for the consumer price index as a result of economic policy. Unemployment stayed to continue higher and it became 9.9 % in this year. Although exports has increased by more than 200 % over the last decade years, the trade deficit realized \$52 billion dollar. Foreign direct investment exceeded \$20 billion dollars in Turkish economy and it has continuing to draw attention the interest of foreign investors. As a result of succesful competitiveness policy, it ranks 51st out in Turkey's relative position in the World Competitiveness Scoreboard. Turkey has made to begin a process of international integration geared towards global markets, it has embarked upon a variety of economic policies and medium and long term economic strategies that affects SMEs. This process began in the 1960's and was reinforced by the general opening of the Turkish economy in the 1980s. The most import step was the creation of the Customs Union with the European Union in 1996 which strongly intensified the influence of international competiton on Turkish industry. In addition, the SME Action Plan was introduced at that time, too.

Development of irrigation in Ethiopia

Irrigation is provided to supply water to crops and other cultivated plants to increase productivity during dry periods and erratic rainfall conditions to as a supplementary irrigation. Irrigation has been implemented to increase the agricultural productivity and reducing of food insecurity in the nation. Irrigation projects have been classified as small scale, medium scale and large scale based of the extent of the irrigated command area. According to Ministry of water, irrigation and electricity small scale irrigation projects cover an area less than 200 hectares, medium scale covers an area between 200 to 3000 hectares and medium scale covers an area greater than 3000 hectares. In Ethiopia such like irrigation system classification is common. Hence about 46% of irrigation development is categorized under small scale irrigation project category. Small scale irrigation projects are community based and traditional methods of irrigation. Most of the time medium scale irrigation projects are

community based or publicly sponsored, while large scale irrigation projects are commercially or publicly sponsored. Why Ethiopia is not successful in irrigation and Why Israel is successful? Opportunities: Ethiopia is endowed of natural resources, as it is known as water tower of Africa; it has great opportunity of irrigating the land resource. Currently Ethiopia plans to increase significantly irrigated land from 640,000 ha to 1.8 million ha, through small-scale, medium scale and large-scale irrigation projects. Some of the irrigation development opportunities in Ethiopia are; emphasis and priorities are given to irrigation in the growth and transformation plan of the country, indigenous knowledge and introduction of promising household water harvesting and micro-irrigation technologies, government's strong political commitment and encouragement to private sector and public enterprises involvement in irrigation development, abundant water resources, climate and land suitability, availability of inexpensive labor, availability of suitable lands for irrigation developments especially at arid areas of the country.

Conclusions

The aim of this study was to provide a general framework new trends, and assess the business strategies of SMEs in Turkey. The changes global economic environment have put the SMEs the center of the business world. They are increasingly affected by the process of globalization, the developments in international trade, and improvements in business world. In many countries, SMEs that constitute over 95 % of market participants, and account for more than a half of employment in the national economy as well as the GDP. In Turkey, SMEs constitute a major part of the Turkish economy and try to adapt new developments as other SMEs in developing countries. The accept of Action Plan is one of the main strategy about SMEs in Turkey, and many institutions support the Action Plan such as KOSGEB, TOBB, TESK. Looking for the business strategies, SMEs prefer sectoral foreign trade companies as an exports strategies. Bank credits are the most using methods to finance, and they commonly take enterprise credit. The using of leasing and

factoring aren't widespread among SMEs. In addition, SMEs prefer to manage themselves their company. The reason of this is to organize as a family company. There is an important improvement about the using ICT strategies of SMEs but it is not enough to be competitive in a global world. Turkey is a developing country and have many advantages for SMEs. For sustainable development of Turkey, the strategies for SMEs should be increased and brought more widespread.

This report shows how Ethiopia can chart a practical path of initiatives that will allow it to support the scale-up of its irrigated agricultural sector, the growth of its small holder farmers, and the transition of its pastoralist communities to food and water security. So, by taking lessons from Israel Ethiopia can provide food for the world beyond its people if experiences are well undertaken from Israel scientists' and farmers. The success stories of irrigation in Israel and unsuccessfulness of irrigation in Ethiopia is not a matter of blessing and curse. It is not also a problem of land, water, climate or capital and labor, but it is problem of awareness about the effective utilization of irrigation water. There is no lack of Natural Resource in Ethiopia but the attitude of the people and the government should be changed to technological advancements in agriculture. Ethiopia has an important opportunity in waterled development, but it needs to address critical challenges in the planning, design, delivery, and maintenance of its irrigation systems if it is to capture its full potential. Ethiopia is blessed of has huge cultivable land, water, favorable climate and young labor forces. This means that there are potential opportunities to vastly increase the amount of irrigated land. Even though Ethiopia has abundant land for irrigation only very small amount is being utilized. Given the amount of water available, it is evident that the promotion of water development technologies, especially irrigation can provide an opportunity to improve the productivity of land and labor and increase production volumes.

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