

Further Deepen the Reform of the Textile and Garment Industry and Increase Its Export Potential

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Annotation: The article discusses current reforms and structural changes in the textile and clothing industry, as well as issues of increasing the country's export potential through the efficient use of production capacities in the textile and clothing industry.

Key words: textile and clothing industry, production capacity, competitiveness, investment, export, export potential, textile products.

Introduction

In the context of globalization of world economic relations, Uzbekistan's entry into the global economic environment requires, first of all, the internationalization of national economy, deepening international division of labor and adaptation to transcontinental competition in the market of raw materials and finished products. percent of textile products ”¹.

Today, there are a number of problems at the macro and microeconomic levels in the export activities of the textile and clothing industry. Solving these problems requires integration into the world community, in particular, the formation of a concept of economic development of modern textile and garment production in the country and the development of a set of theoretical and methodological recommendations and practical proposals for building a marketing strategy for export opportunities.

“By 2025, the export of textiles will reach 7 billion soums due to the processing of the entire volume of cotton yarn produced in the country. Delivery to the US dollar ”²important tasks have been identified. Therefore, the scientific study of the factors that actively affect the efficiency of export activities of textile and knitwear enterprises of the Republic in international markets is very important.

Literature Review

Many scientists on the development of the marketing concept of production development, A. Abramishivili, B. Berman, T. Danko, E. Dixtel, P. ; Druker, P. Zavyalova, F. Kotler, G. Krylov, J. Lamben, T. Levitt, S. Madjaro, K. McNamara, F. ; Rodgers, W. ; Simon, M. Sokolov, A. Feliton, Dj. Shonesi, Dj. Evans, P Cherington, X. Hörshgen et al.

On the development of export-oriented production in Uzbekistan Alimov, A. Bekmuradov, J. Jalolov, I. Iyatov, M. Nasritdinova, M. Qosimova, A. Rasulev, A. Soliev, D. Muhitdinov, S. Salimov, S. In their research, Gulyamov and other economists have focused on the fact that the marketing system is an advanced way to strengthen the export potential of enterprises. Problems of increasing production efficiency in the textile industry, one of the leading export-oriented sectors of the national economy I. Iskandarov, M. Kattaxo'jaev, N. Mahmudov, A. Ortiqov, S. Saidmurodov, M. This is reflected in the research of Sharifkhodjaev and other scientists.

¹ WTO. International Statistics. 2019. ULR: <http://www.wto.org>

²Resolution of the President of the Republic of Uzbekistan No. PQ4186 of 2019 "On measures to further deepen the reform of the textile and clothing industry and expand its export potential." // www.lex.uz

At the same time, despite the accumulation of experience in this field, the issues affecting the economic development of the industry, the development strategy of the textile and garment industry, the assessment of export potential of the textile and garment industry and the calculation of the competitiveness of the textile industry are effective. not illuminated.

Research methodology

Our research was conducted in order to improve the textile and clothing industry and effectively use the production potential, and identified tasks to increase the export potential of the country. The methods of comparison, grouping, economic statistics were widely used in the research process. The results of the study proposed a methodological approach to the implementation of a form of management that allows textile enterprises to use their production capacity in accordance with market demand.

Analysis and results

Export potential is a complex indicator that reflects the list of requirements for a potential sales market based on its nature (features, characteristics, peculiarities), taking into account the characteristics and characteristics of the enterprise, as well as the characteristics of the markets in which its products can be sold. Commodity is the basis of total export activity. If a product cannot meet the needs of foreign buyers, no effort and no additional cost can improve the position of such a product in a foreign market. The product intended for the domestic consumer may not meet the needs of the foreign buyer.

Analysis of the production capacity of the enterprise allows to determine the strategy and tactics of its production and sales activities. The range of goods, production capacity, scientific and technical potential of the logistics and sales system, the structure of managers and workers and staff, financial capabilities are also analyzed.

The following should be taken into account in the analysis of export potential:

- assessment of the financial and economic condition of the enterprise;
- analysis of product competitiveness;
- assessment of the material and technical base of the enterprise;
- assessment of scientific and technical potential of the enterprise;
- assessment of the effective use of the production potential of the enterprise;
- assessment of the composition and qualifications of management staff and workforce;
- assessment of the level of the information system;

An enterprise should evaluate its export potential before deciding to enter a particular market. Export marketing functions of textile and garment enterprises should be placed in the following order:

- assessment of the export potential of the enterprise;
- research and forecasting of the textile and knitwear market;
- expression of short-term and long-term export goals;
- development of export strategy for textiles and garments;
- development of export tactics;
- demand formation and sales promotion;
- analysis and control.

Ensuring high and stable growth rates in the textile and clothing industry, attracting and attracting foreign direct investment, production and export of competitive products, creation of new high-tech jobs through the implementation of strategically important projects of modernization, technical and technological Systematic work is underway to further deepen the structural restructuring aimed at modernization and introduction of an advanced “cluster model”.

In the process of increasing the capacity of export-oriented industries in our country, the textile and garment industry plays an important role.

The availability of raw materials and labor resources creates real conditions for the development of the textile and clothing industry. The main indicators of economic stability of the

industry are characterized by an increase in production, growth in exports, increased foreign investment, increased production of import-substituting products.

The dynamics of foreign investment in light industry enterprises of the Republic of Uzbekistan can be seen in the following figures. (Figure 1).

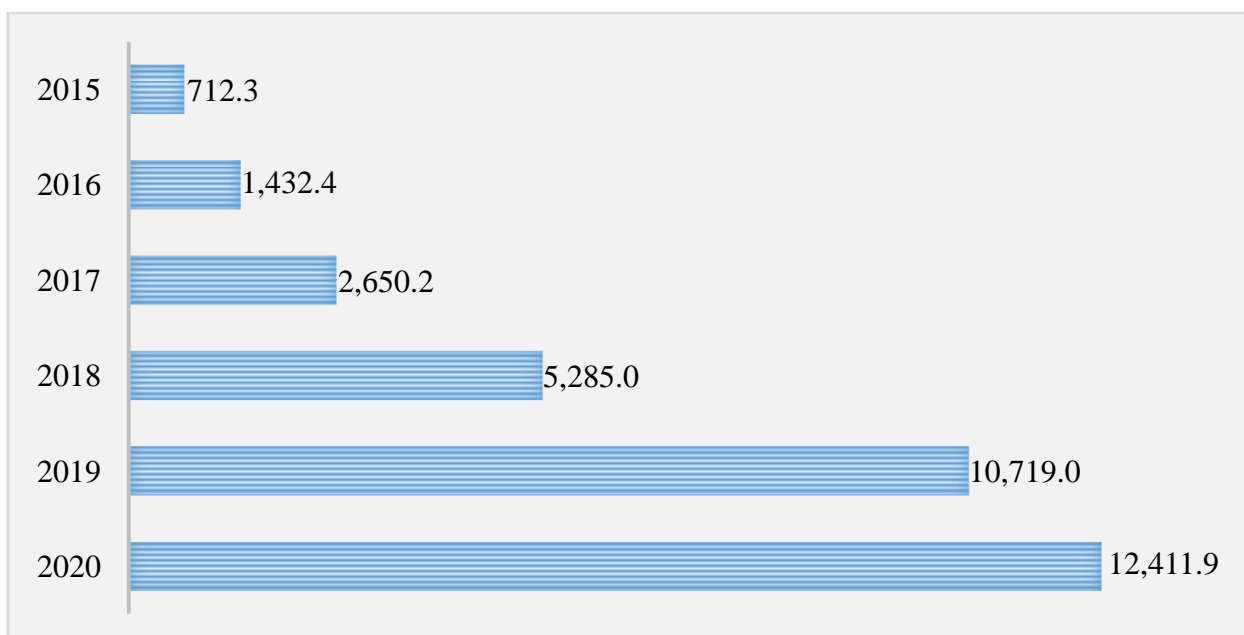


Fig. 1 Investments in fixed assets from all sources of financing in the textile and clothing industry (billion soums)³

As a result of ongoing economic reforms, the volume of investments in light industry in 2015 amounted to 712.3 billion soums. In 2020, this figure will reach 12,411.9 billion soums. UZS were attracted, the main part of which was directed to the development of the textile and clothing industry.

As a result, today the share of the textile and clothing industry in the production of industrial products by type of economic activity is 11.9% (Table 1).

Table 1
Production of industrial products by type of economic activity (in percent)⁴

Types of activities	2015	2016	2017	2018	2019	2020
Total:	100	100	100	100	100	100
including						
mining industry and open pit mining	9,7	8,1	10,3	12,3	13,5	9,0
processing industry	80,4	81,8	81,1	80,6	79,1	83,0
of which:						
manufacture of textiles, clothing and leather products	16,0	16,7	16,3	14,5	11,8	11,9
electricity, gas, steam supply and air conditioning	9,2	9,4	7,8	6,2	6,8	7,4

³Prepared by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan

⁴Prepared by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan

water supply, sewerage system, waste collection and disposal	0,7	0,7	0,8	0,9	0,7	0,6
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Today, a textile industry with high production potential has been formed in the country, where about 7,000 enterprises operate. Production capacity of 1.4 million tons of cotton fiber has been created, of which about 60% is used to meet the needs of local textile enterprises.

First of all, the existence of systemic problems related to the organization of production of finished products, organization of network management, distribution of resources and production capacity, low qualification of personnel, low profitability of cotton production and its processing, production and export of finished products. leads to the fact that

The Decree of the President of the Republic of Uzbekistan "On measures to accelerate the development of the textile and clothing industry" identified a set of measures to address existing problems, as well as to expand the production of high quality textiles and knitwear and promote it on world markets.

This document identified the following important areas for further reform of the textile and clothing industry, in particular:

increase the share of the textile and garment industry in the economy, increase the volume and quality of textile and garment products produced in the country;

radical revision of the management system of the textile and clothing industry;

further improvement of the system of standardization and certification in the textile and clothing industry;

wide introduction of advanced information and communication technologies in the network;

implementation of a cluster model of textile industry development;

ensuring the balance between the distribution of interconnected raw material resources and the location of enterprises in the established network with the development of logistics and engineering infrastructure;

widespread introduction of advanced innovative technologies, know-how, design work into the production process, localization of production of modern models of fittings and accessories;

radical improvement of the system of training, retraining and advanced training of personnel for the textile and clothing industry.

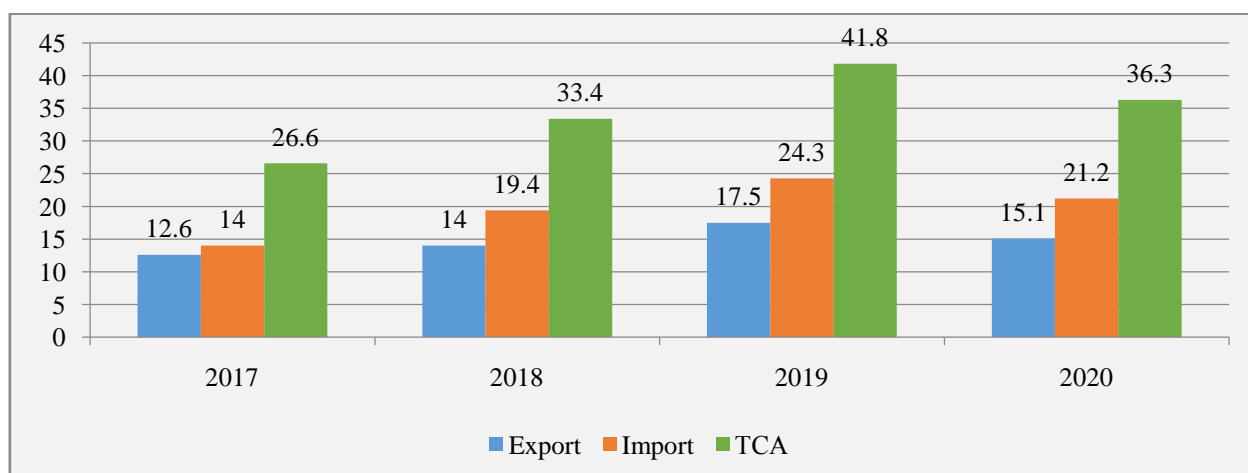


Fig. 2 Dynamics of foreign trade turnover of the Republic of Uzbekistan (billion USD)⁵

⁵Prepared by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan

The strategy of economic development of Uzbekistan is aimed at creating a diversified and competitive economy, maximum use of national resources through the use of innovative technologies and new methods of market management. The country's foreign economic activity, especially in the field of foreign trade, has a direct impact on the living standards of the population.

At the end of January-December 2020, the foreign trade turnover of the republic amounted to 36299.3 million. USD, which is 5451.7 mln. USD or 13.1%.

Exports in TSA amounted to 15127.7 mln. USD (decreased by 13.4%) and the volume of imports amounted to 21171.5 mln. USD (decreased by 12.8%). During the reporting period - 6043.8 mln. The passive foreign trade balance was recorded in US dollars (Figure 2).

Table 2
The structure of exports of the Republic of Uzbekistan according to WHO *
(January-December, over the years)⁶

WHO structure	Mln. U.S. dollars		Growth rate, in%		In relation to the total volume. % yes	
	2019	2020	2019	2020	2019	2020
total Export	17 458,7	15 127,7	124,8	86,6	100,0	100,0
including:						
Food and live animals	1 436,4	1 336,3	139,5	93,0	8,2	8,8
Drinks and tobacco	29,8	27,1	133,7	91,0	0,2	0,2
Non-food raw materials, except fuel	591,2	461,3	138,3	78,0	3,4	3,0
Mineral fuels, lubricating oils and similar materials	2 528,9	659,0	94,8	26,1	14,5	4,4
Animal and vegetable oils (fats), oils and waxes	12,4	26,9	190,5 6.	2,2 6.	0,1	0,2
Chemicals and similar products not included in other categories	836,5	820,6	94,9	98,1	4,8	5,4
Industrial goods	2 752,9	2 903,6	114,1	105,5	15,8	19,2
Machinery and transport equipment	421,8	458,6	2,1 6.	108,7	2,4	3,0
Various finished products	435,7	617,4	128,9	141,7	2,5	4,1
Other goods	4 978,2	5 813,1	169,4	116,8	28,5	38,4
including: gold	4 918,3	5 804,4	169,0	118,0	28,2	38,3
Services	3 434,8	2 003,9	111,9	58,3	19,7	13,2

* *International Standardized Trade Classifier*

At the end of January-December 2019, the export volume of the republic amounted to 17458.7 million. USD, an increase of 124.8% compared to the previous 2018. This year, exports of food products and live animals amounted to 1436.4 million. USD, an increase of 139.5% over the previous period, accounting for 8.2% of total exports. In addition, in 2019, the volume of

⁶Compiled by the author on the basis of data of the Statistics Committee of the Republic of Uzbekistan

exports of industrial goods will reach 2752.9 million. USD, an increase of 114.1% over the previous year and amounted to 15.8% of the total.

At the end of January-December 2020, the country's exports amounted to 15,127.7 million. USD, a decrease of 13.4% compared to the previous 2019. This year, exports of food products and live animals amounted to 1336.3 million. USD, a decrease of 7.0% compared to the previous period, accounting for 8.8% of total exports. In addition, in 2020, the volume of exports of industrial goods will reach 2903.6 million. USD, an increase of 105.5% over the previous year and amounted to 19.2% of the total.

Table 3
Dynamics of textile exports
(million US dollars)⁷

Brand name	2017	2018	2019	2020
	1133,6	1300,3	1626,9	1922,2
Cotton yarn	631,3	726,6	926,1	940,7
Ready-made clothes and sewing clothes	268,7	289,6	354,8	506,5
Knitted fabrics	50,4	65,5	84,8	144,5
Silk and silk products	30,9	49,9	71,8	74,9
Cotton fabrics	53,8	65,7	69,2	96,8
Other textile products	31,7	36,1	51,9	88,8
Carpets	34,4	31,0	32,0	29,2
Cotton products	24,7	26,8	27,4	30,9
Others	7,7	9,0	8,8	9,7

It can be seen that the increase in the volume of exports of textile products is directly the result of reforms aimed at the production of finished products and the creation of added value instead of raw cotton. In particular, in 2020, 1922.2 mln. U.S. dollar-denominated textile exports accounted for 12.7% of total exports, an increase of 18.1% over the previous year.

The main share in the structure of exported textile products was cotton yarn (48.9%), ready-made knitwear and garments (26.4%). Since the beginning of the year, 498 types of textile products have been exported to 70 countries (Table 3).

Table 3
Dynamics of textile exports by countries
(million US dollars)⁸

States	2018	2019	2020
Russian Federation	542,8	592,3	655,5
People's Republic of China	326,7	437,6	438,2
Kyrgyz Republic	70,2	96,6	283,9
Turkey	119,8	196,7	206,1

⁷Prepared by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan

⁸Prepared by the author on the basis of data of the State Statistics Committee of the Republic of Uzbekistan

Poland	22,3	25,3	43,4
Kazakhstan	39,2	39,7	42,3
Tajikistan	8,7	13,7	34,7
Ukraine	18,8	29,5	33,1
Eron	25,3	55,2	26,4
Egypt	3,2	12,1	18,2
Republic of Belarus	23,3	24,1	17,2
Pakistan	5,5	10,4	16,5
Azerbaijan	5,9	10,9	12,5
Bangladesh	19,2	12,3	10,7
Other countries	69,2	70,5	83,5

The largest share of textile products is in the Russian Federation (655.5 million US dollars - 34.1%), the People's Republic of China (438.2 million US dollars - 22.8%) and the Kyrgyz Republic (283.9 million US dollars - 14.8%) (Table 3).

Conclusion/Recommendations

Based on the results of the above analysis, we can make the following proposals and conclusions on further deepening the reform of the textile and clothing industry in the country and increasing its export potential:

increase the share of the textile and clothing industry in the economy, increase the volume and quality of textile and clothing products produced in the country;

radical revision of the management system of the textile and clothing industry;

widespread introduction of advanced innovative technologies, know-how, design work into the production process, localization of production of modern models of fittings and accessories;

radical improvement of the system of training, retraining and advanced training of personnel for the textile and clothing industry.

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