

# The Role of the Textile Industry in the Economy of Uzbekistan

Kazakov Olimjon Sobirovich

Ph.D, Associate Professor at Namangan Engineering Technological Institute,  
Namangan Town,  
Republic of Uzbekistan

**Abstract-** In the article were discussed role of textile industry in economy of Uzbekistan. Also, were analyzed dynamics of production volume at the enterprises of the Association "Uztextilprom" in 2014-2017 years?

**Keywords:** Textile industry, economy, Uzbekistan

## I. INTRODUCTION

The light industry of Uzbekistan has a long history of cotton processing. The Silk Road passed through Uzbekistan.

Given the growing demand for natural fibers in the global market today, it is important to note that Uzbekistan has a great opportunity to be recognized as an exporter of textile and light industry products not only in the world market.

## II. LITERATURE REVIEW

Issues of assortment planning for vertically differentiated products were investigated by F. Robert Jacobs [1], Mboya J. [2], Cline W. [3], Doeringer P., Crean, S. [4], Dickerson K.G. [5], Verma S. [6], Juyoung Lee [7], Xiajun A, Dorothe´e H [8] and others.

## III. ANALYSIS AND RESULTS

In the textile industry, industrial production is central to the production of consumer goods, which in turn is saturating a large part of our markets. In addition, the network provides a large number of jobs in the country, including the employment of women in this network, which helps maintain the demographic balance in industrial areas. One of the most important and important factors is the growth of export potential. The growth of export potential is in direct proportion with the growth of the economic potential and living standards of the country.

As of 01.11.2018, the Uztokkimantanoatoat Association has 1436 enterprises, 5 joint-stock companies, 74 joint ventures, 109 foreign companies, 1056 limited liability companies, and 192 other legal entities and enterprises. It should be noted that the joint venture's products account for 30% of industrial output and 88.1% of their products are exported. Currently, the light industry of the republic employs about 1/3 of total industry employees, the share of light industry products is 13.4% of total industrial production, and 55% of consumer goods.

The light industry of our country is developing at high rates. If in 1991 only 7% of the cotton fiber produced in the Republic was processed, now the light industry enterprises process 45%. In accordance with the Resolution of the President of the Republic of Uzbekistan No. 2687, the cotton processing in 2019 will be increased to 76%. The priority directions of domestic processing of 100% of the raw cotton grown in the country, export of products by 2.5 times and increase of production volumes by 3 times are defined.

Table 1. Dynamics of production volume at the enterprises of the Association "Uztextilprom" in 2014-2017

Types of products	Unit of measurement	2014 y.	2015 y.	2016 y.	2017 y.	2017 year to 2016 year (%)
Cotton yarn	thousand tons	257,8	307,2	348,6	385,2	110,5
Ready yarn	million m2	154,9	182,9	198,7	238,4	120,0
Silk thread	tons	1016,4	1077,7	1230,1	1291,5	105,0
Knitwear	tons	47700	53400	62800	69900	111,3
Knitwear	million pieces	166,3	184,7	219,4	274,3	125,0
Socks	thousand pairs	29200	38900	46100	49300	106,9
Sewing products are wholesale	million soum	28700	30800	37900	49300	130,0

Export	million USD	865,1	1050,1	1170,0	1350,0	115,4
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*Author's development on the basis of data from the Association "Uztextilprom"*

In 2014-2017, the enterprises of the Association "Uztextilprom" had a tendency to increase in the volume of cotton processing. 285,000 tonnes were processed in 2014, 260,000 tonnes in 2015, 420,000 tonnes in 2016, and in 2017 the volume of cotton was 642,000 tonnes. The 2017 growth rate was 152.98% compared to 2016.

According to the types of products produced by the Association "Uztextilprom", the volume of cotton yarn production in 2014 was 257.8 thousand tons, in 2015 - 307.2 thousand tons, and in 2016 - 348.6 thousand tons. (Table). At the same time, it should be noted that the production capacities of spinning enterprises are not fully used. During the period under review by the Association "Uztextilprom", the ratio was 66.1%, 73.1% and 75.8%, respectively. In 2017, the production of cotton yarn was increased to 385.2 thousand tons, and the utilization capacity was increased to 81%. Production of cotton yarn in 2017 was 110.5% compared to 2016, and the utilization rate was 107%.

According to the analysis of the volume of cotton fabrics produced by the textile enterprises of the Association "Uztextilprom", 165 million m<sup>2</sup> in 2014, 182.9 mln. made of yarn. Growth rate of output was 110.8% compared to 2014 and 103.4% compared to 2016. 238.4 million sq.m. made of yarn. This is 120% compared to 2016. At the same time, the capacities of the textile enterprises of the Association "Uzkimyosanoat" are not sufficiently used. Sectors of the industry have internal opportunities to increase production through full utilization of existing capacities (Table 2).

Table 2. Use of production capacities in textile industries dynamics, %

Textile industries	2014 y.	2015 y.	2016 y.	2017 y.	2017 year to 2016 year (%)
Cotton Fiber	50,7	76,1	77,3	80,0	103,5
Production of yarn	66,1	73,1	75,8	81,0	106,9
Production of raw silp	64,5	75,6	78,0	80,0	103,0
Production of finished fabrics	64,2	77,5	80,1	83,0	103,8
Production of nonwovens	63,7	74,3	77,8	80,0	102,8
Production of knitted fabrics	64,6	73,5	78,0	89,0	114,1
Production of knitwear	63,4	69,1	80,4	90,0	119,4

*Source: The author's work on the basis of data from the Association "Uztekstilprom"*

Analysis of knitwear industry activity shows that in 2015 knitted fabric production was 49.4 thousand tons, in 2016 production reached 53.4 thousand tons, growth rate was 108%. In 2017, knitwear production increased by 69.9 thousand tons and growth rates by 131%. Currently, knitting companies use about 78% of their production capacity, which means that the industry has an internal capacity to increase production by fully utilizing its existing capacities.

Particular attention is paid to the increase in the production of knitwear, especially in the industry. If 2015 is \$ 191.2 million. knitwear and sewing products, in 2016 - 209.9 million. The growth rate was 110%. Production of knitwear products in 2017 amounted to 274.3 million while growth rates increased by 131%. At present, knitting and sewing factories use 89% of the production capacity.

Socks play a great role in meeting the needs of our people in finished knitwear. In 2015, the industry received 32.4 mln. pair, \$ 38.9 million in 2016 Production of double socks made up 120%. 2017. 57.6 million. of hosiery, with a growth rate of 148%.

Taking into account the emerging market conditions, the production of goods at the enterprises of the Association " Uzteksilprom" is annually increasing by 18-20% on average. It will help saturate the domestic market with our own textile, knitwear and apparel products, as well as meet the population's demand for low-quality and high-quality products. Expansion of the range of cotton products creates stable competition with the imported products in the domestic market.

In 2016, the volume of goods produced by the enterprises of the Association " Uzteksilprom" was 3714.5 billion soums, of which the annual export amounted to 1170.0 mln. US dollars. In 2016, imports of raw materials, supplies and consumer goods increased by 118% compared to the same period of the previous year, or by US \$ 473.0 million. More than USD. Exports of light industry products increased by 25 times compared to 1994. Exports accounted for 70.2% of total output (Table 3).

Table 3. Dynamics of Exports of the Association "Uzteksilprom" in 2014-2017

Indicators	2014 y.	2015 y.	2016 y.	2017 y.
Export volume, mln USD	865,1	1050,1	1170,0	1350,0
upgrading, %	100	121,4	111,4	115,5

Source: The author's work on the basis of data from the Association "Uzteksilprom"

Since 2000, a new era has begun in the export of textiles, knitwear and silk products. It should be noted that in the 1990s Uzbekistan's light industry exported only raw cotton, and Uzbekistan has a great opportunity to be recognized not only in the world market, but also as an exporter of finished textile and light industry products.

Table 2.3 shows that in 2014-2017 the volume of exports of textile industry products was \$ 865.1 million. USD 1350.0 mln. dollars, or in other words, exports increased by 1.6 times. In 2017, export growth rate was 115.5%.

Analyzing the export structure of the products, we can see that the share of cotton yarn in the total exports of textile industry has declined, and the share of cotton fabrics and ready-made garments (Table 4) has increased.

Table.4. Export structure of the Association "Uztektilprom" in 2014-2017

Export of light industry products,%	2014 y.	2015 y.	2016 y.	2017 y.	2017 year to 2016 year (%)
Cotton yarn	58	50,4	44,2	38,5	87,1
Ready knitwear and sewing products	25	28,1	33,8	35,2	104,1
Threads	7	9,5	15,5	19,6	125,6
Knitwear	5,2	5,6	4,2	5,5	130,9
Silk thread	2,8	1,9	1,0	1,2	120,0

Source: The author's work on the basis of data from the Association "Uzteksilprom"

If in 2014 the share of cotton yarn in the volume of exports of light industry products was 58%, in 2017 this figure was 38.5%, while the share of ready-knitted garments was 25% to 35.2%, and cotton yarn exports and increased from 7% to 19.6%. However, cotton fiber is still the leader in Uzbekistan's exports. However, it is now known that the Republic can benefit from export of textile products, and even more, of the finished products.

From this table it can be seen that if the Republic of Uzbekistan exports finished goods in exchange for 1 ton of cotton fiber, the foreign exchange revenues of the republic will be more than \$ 3200. At the same time, additional jobs will be created at the enterprises for the production of finished goods. This, in turn, will help reduce unemployment among the population.

Development of the garment industry is of great importance in this area. The share of knitwear and sewing enterprises in the light industry is 45.1%.

Table 5. Dynamics of textile industry exports in 2014-2017

Indicators	2014 y.	2015 y.	2016 y.	2017 y.	2017 year to 2016 year (%)
Type of products to be exported	22	24	27	32	118,5
Number of countries where the product is exported	50	55	58	63	108,6
Number of exporters	250	255	260	264	101,5

Source: The author's work on the basis of data from the Association "Uzteksilprom"

The geography of society's exports is expanding every year. In 2017, products produced by companies that were part of the company were exported to 63 countries, the EU and CIS, as well as to China, South Korea, Turkey, India, UAE and other countries. In particular, exports to Turkey - 8.3%, EU - 12.6%, South Korea - 14.1%, China - 5.4%, CIS - 61.0%, 3.6%. and i was sent to others. The Agency for Advertising and Marketing of Textile Products has been established under the Association "Uztektilprom", which examines the world market of textile products, analyzes the current situation, develops proposals on export directions, implementation of pricing policies by enterprises. It will also assist domestic producers in establishing contacts with foreign customers and concluding mutually beneficial contracts. Great attention is paid to the production of import-substituting products and a thorough study of the structure of imports by subordinate enterprises. In particular, in January-December

2017, 237.2 mln. US \$ 99.4 million worth of goods were imported. USD, which accounted for 67% of total imports.

The association pays great attention to the production of import-substituting products, and the import structure of its subordinate enterprises is carefully studied. Particularly, in January-December 2017 it was invested 165.6 million. US \$ 99.4 million worth of goods were imported. USD, which accounted for 60% of the total volume of imported products.

The Association created 12536 new jobs in 2017 alone, including 1,265 new jobs through home-based work. Measures have been developed to reduce product costs in accordance with established target parameters (ie 6.3%) through the rational use of raw materials and energy resources, ensuring the efficiency of existing production facilities, increasing labor and equipment productivity, and reducing non-production costs. In 2017, as a result of these measures, the cost of production at the Association's enterprises amounted to \$ 17.1 billion. soums.

At present time, the Uztextilprom Association carries out some work to improve labor productivity, saturate the domestic market with high-quality products, increase export potential and create additional jobs. At the same time, production of products that can compete on the world market through the expansion of the range of products, introduction of new equipment and technology is also an urgent issue.

Textile and light industry are among the most labor intensive sectors. Increasing the volume of production at the enterprises of the sector, the creation of new enterprises will provide employment and increase their living standards by creating many new jobs. In 2018, it is planned to create more than 12500 new jobs in the industry through modernization of the enterprises and creation of new production facilities. This will allow our population to better meet the demand for quality textile and light industry products, provide new jobs and improve their quality of life.

Implementation of the State Investment Program plays an important role in the development of the textile industry. \$ 179.4 mln. US Dollar US \$ 101.5 million were attracted to the project. In 2016, foreign direct investment amounted to US \$ 117 million. US Dollar Investments were attracted. In 2017, it raised \$ 117 million. US Dollar of direct foreign investments.

Analyzing the dynamics of investment utilization by the enterprises of the Association "Uztextilprom" in 2015, the amount of US \$ 173.8 million was raised. US Dollar US \$ 183.8 million in 2016. US Dollar The volume of investments has been assimilated. In 2017, it is expected to raise \$ 209 million. US Dollar The volume of investments has been assimilated.

#### **IV. CONCLUSIONS AND RECOMMENDATIONS**

The textile industry sectors differ from each other not only by their products, but also by the technology and technology, raw materials, costs and other technical and economic indicators used in the industry.

But in spite of these differences they have in common:

- high turnover rate, which ensures the efficiency of investments in the sector;
- the major part of the products is released directly into the consumer market, and only a few of these products are raw materials for the consumer goods production;
- capital accumulated in the textile industry in a relatively short period can serve as a basis for the development of other sectors of the economy;
- Women make up the bulk of the workforce in these industries, which helps maintain the demographic balance in industrial areas;
- For textile industry, the products of the processing industry are mainly used as raw materials;
- Most of the enterprises in the sector are of small and medium size enterprises (in terms of the number of employees);
- imports, such as means of production, complex raw materials.

The textile industry as one of the most promising sectors of the economy of the country includes several industries that produce finished goods, and at the same time a large part of the employed population, which is the basis for employment. At the same time, the inadequate structure of the textile industry, low production efficiency and product quality, imbalances in the economic and social development of the sector require a comprehensive approach to changes and innovations. Enterprises of this sector not only have high labor costs, but also freely work in almost all regions of the country in terms of production, opening branches and small businesses.

Factors that slow down the development of the textile industry include poor labor productivity, inefficient use of available machinery and technology, lack of skilled workers and staff, and low levels of existing skills. In addition, the faster growth of prices for raw materials and materials delivered to enterprises than the prices of finished products has a negative impact on industry development.

Therefore, the development of all textile industries of the textile industry and, consequently, not only being limited to the national scale, but also ensuring a stable place in the export structure of these products and the growth of its exports will have a significant impact not only on the industry. Because this sector, ie the textile

industry, produces more than 20% of the country's national income, employs about 1/3 of the employed population, and in different years, the textile industry generates between 25% and 28% of the state budget revenues. and It is obvious that the development of the textile industry and its industries, increase of its export potential, competitiveness and specialization in import-substituting products directly influence the growth of national income.

From the foregoing, we can conclude that the textile industry is now the most important strategic and notable place in the economy of the Republic of Uzbekistan, with its growing interest in the textile industry. As a sector with high employment and export potential, this sector should play an important role in the growth of the economy and production capacity of the country.

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