

Analysis of the Role and Current State of the Textile Industry in the Economy of Uzbekistan

Madrakhimova Gulasal Ruzimboy Qizi

Abstract--- *This article provides an analysis of the role and current state of the textile industry in the economy of Uzbekistan. Indeed, the processing industry in the world is seen as a major industrial sector that is important and vital to the development of a country's economy. The strong processing sector of the industry represents the technological power of the country. Its decline or contraction is seen as a sign of economic decline. This, in turn, indicates that the processing industry is an important sector. So, this paper analyzes the current situation of textile industry in the economy of Uzbekistan and gives prediction for future.*

Keywords--- *Textile Industry, Industrial Sector, GDP in Uzbekistan, "Uztextile".*

I. INTRODUCTION

Further development of production in the textile industry of Uzbekistan, deep processing of cotton fiber, increasing the volume and variety of export-oriented products are among the current issues. Given the growing demand for natural fiber products in the world market, it should be noted that Uzbekistan has great potential for the export of not only raw cotton but also ready textiles to the world market. According to the State Statistics Committee, in 2019, the textile industry will account for 13.4% of total industrial (processing) industrial products and 2.1% of GDP in Uzbekistan [1].

At a meeting of President Shavkat Mirziyayev Miromonovich on October 12, 2019 to discuss macroeconomic indicators, fiscal policy, the expected execution of the state budget this year and the parameters for 2020, a comprehensive action plan to significantly increase the volume of ready products in 2020 gave assignments [2].

Indeed, the processing industry in the world is seen as a major industrial sector that is important and vital to the development of a country's economy. The strong processing sector of the industry represents the technological power of the country. Its decline or contraction is seen as a sign of economic decline. This, in turn, indicates that the processing industry is an important sector.

Comprehensive and targeted program measures are being taken to accelerate the qualitative development of the textile industry as an important sector of the country's economy. In this regard, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 includes "increasing the share of industry in the national economy, modernization and diversification of industry through a qualitatively new stage aimed at accelerated development of high-tech processing industries" [3]. Effective implementation of these tasks requires the improvement of the organizational and economic mechanism for increasing resource savings in textile enterprises in our country.

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II. ANALYSIS OF THE RELEVANT LITERATURE

In the analysis of the role and current state of the textile industry in the economy of Uzbekistan, a number of scientists have studied and expressed different views on improving the activities of this sector.

Problems of development of textile industry enterprises and increase of economic potential Local economists partially investigated by–I.I. Iskandarov, S.S. Gulomov, M.L.Tursunkhodjaev, A.S.Bekmurodov, M.R. Boltaboev, B.T. Salimov, N.M. Mahmudov, A.M.Qodirov, M.Q.Pardaev, R.I.Nurimbetov, A.U.Burkhanov, A.A.Tillyakhodjaev and G.G.Umarova.

In particular, O.A. Davranov in his dissertation “The main directions of increasing the economic potential of enterprises of the textile industry of Uzbekistan” (PhD) focused on the issues of increasing the economic potential of industrial enterprises in the textile industry.

According to M.R. Khudoykulov, the management mechanism in the development of the textile industry in joint-stock companies should be improved on the basis of the formation of a modern corporate governance structure, development of internal and external control mechanisms of corporate governance, internal documents of effective corporate governance, in particular the Corporate Code and as a result, it is possible to develop this network.

III. ANALYSIS AND RESULTS

Uzbekistan has great potential for the production and export of textiles. The export of ready textile products in this industry can bring 4-5 times more profit than the export of raw materials. If 1 kg of cotton (world market price from \$ 1.1 to \$ 1.3 [4]) is produced from cotton yarn, the cost of which is \$ 2.44 at world market prices, the same amount of ready-made knitted yarn from cotton yarn. the cost of the garments is \$ 4.24. In addition, the organization of garment production will increase the opportunities to create new jobs, increase employment and living standards.

Product value added growth (Table 1) [5]

	Size	Addedvalue	Evaluation
Cottonfiber	1 kg	-	1,04 \$
thread	0,88 kg	1,4 \$	2,44 \$
Tissue	0,77kg	0,2 \$	2,64 \$
Readyproduct	3 pieces	1,6 \$	4,24 \$

According to researchers, if the country exports ready products instead of 1 ton of cotton fiber, the country's foreign exchange earnings will be more than 3,200 US dollars (Table 1). At the same time, additional jobs will be created in enterprises built for the production of ready products. This, in turn, will reduce unemployment among the population.

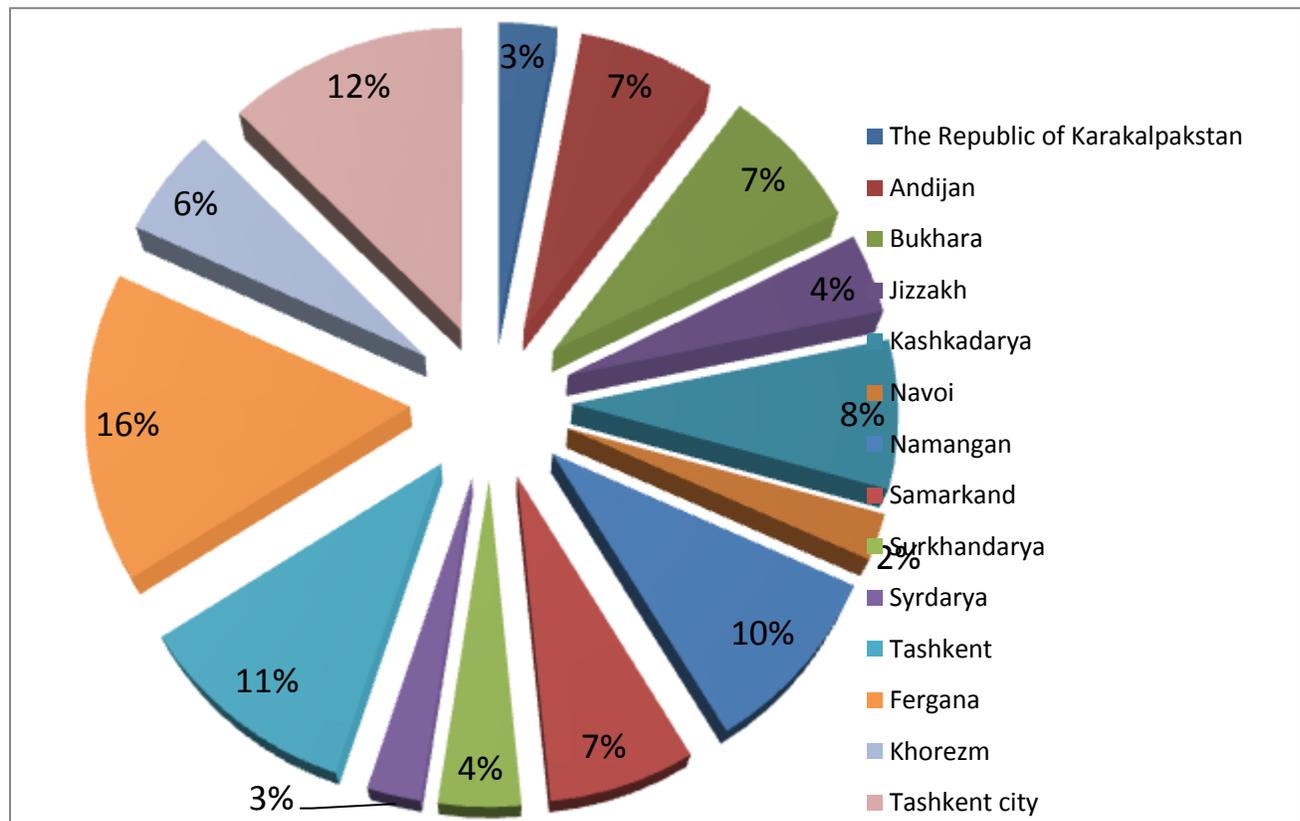
The role of the textile industry of Uzbekistan in the country's economy [6] (Table 2)

Indicators	2000 y.	2005 y.	2010 y.	2015 y.	2018 y.	2019 y	2000-2019 yy difference +-
The share of light industry in GDP	2,5	3,0	2,3	2,7	2,9	2,9	+0.4
The share of the textile industry in GDP	2,3	2,9	1,9	2,2	2,0	2,1	-0.2
The share of the textile industry in the industry	17,7	15,7	15,7	15,2	11	9,6	-8.1
The share of the textile industry in the light industry	92,3	94,3	88,1	85,0	72,6	74,4	-17,9

Indicators of the role and importance of the textile industry in the economy of the country include: the share of the textile industry in GDP, the volume of production and exports of textiles, the volume of textile production by region, investment in the sector, textile exports and its composition.

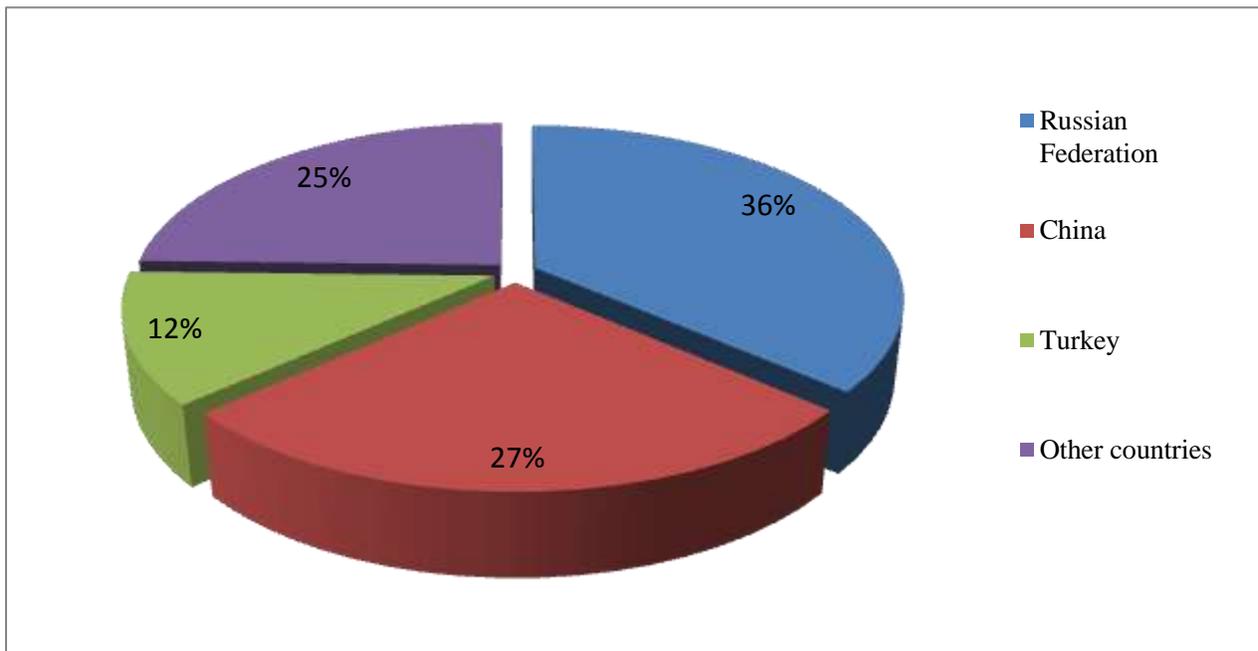
- The analysis shows that in 2019, the share of light industry in GDP will be 2.9%, respectively, the textile sector - 2.1% and its share in total industrial production - 9.6% and the share of light industry - 74.4 % (Table 2). The decline in the share of the light industry and textile industry in GDP can be explained mainly by the existence of problems in this area that need to be addressed. These include:
- Insufficient production capacity to ensure full and deep processing of the volume of cotton fiber produced;
- Insufficient number of modern textile and dyeing and decoration facilities due to the relatively low profitability of textiles and the duration of turnover (more than 4 months);
- Improving the system of training qualified personnel for industry, low level of qualification of managers and employees, lack of incentives for workers, the decline in the reputation of workers and engineers.
- The regions that make a significant contribution to the production of textile products in the country are Fergana region (16% of the total), Tashkent (12.4% of the total), Tashkent region (10.9%) and Namangan region (9.6%). . The regions with the lowest share are Navoi region (2.4%), Syrdarya (2.6%), and the Republic of Karakalpakstan (3.0%).

The share of textile production in the total production in 2019 by regions, as a percentage (Figure 1) [7]



At the end of 2019, in the structure of total exports, textile products accounted for 9.1% (1686.2 million US dollars). Of this, 50.1% (\$ 815.1 million) was exported to CIS countries and 49.1% (\$ 811.5 million) to other countries. The largest share in the structure of textile exports is accounted for by 36.4% of the total exports of the Russian Federation (USD 592.3 million), China by 26.9% (USD 437.6 million) and Turkey by 12.1% (USD 196.7 million). dollars). These three countries account for more than 75% of Uzbekistan's textile exports. (Figure 2)

Exports of textile products by countries, 2019, in percent (Figure 2) [8]



Based on the above data, it can be said that China and Turkey (which are the leading countries in the production and export of textiles and account for more than 10% of GDP in this sector) buy semi-ready products from us and turn them into ready products. will have much more benefits than our state.

In accordance with the Resolution of the President of the Republic of Uzbekistan dated September 16, 2019 No PP-4453 “On measures to further develop the light industry and stimulate the production of ready products” comprehensive measures to expand the range and range of ready products, as well as comprehensive support for investment and export activities of enterprises in the sector is being promoted.

The measures taken have created the capacity to process more than 80% of cotton fiber and more than 45% of yarn produced in the country, as well as to increase the volume of exports of ready products in 2018 to \$ 1.6 billion [9].

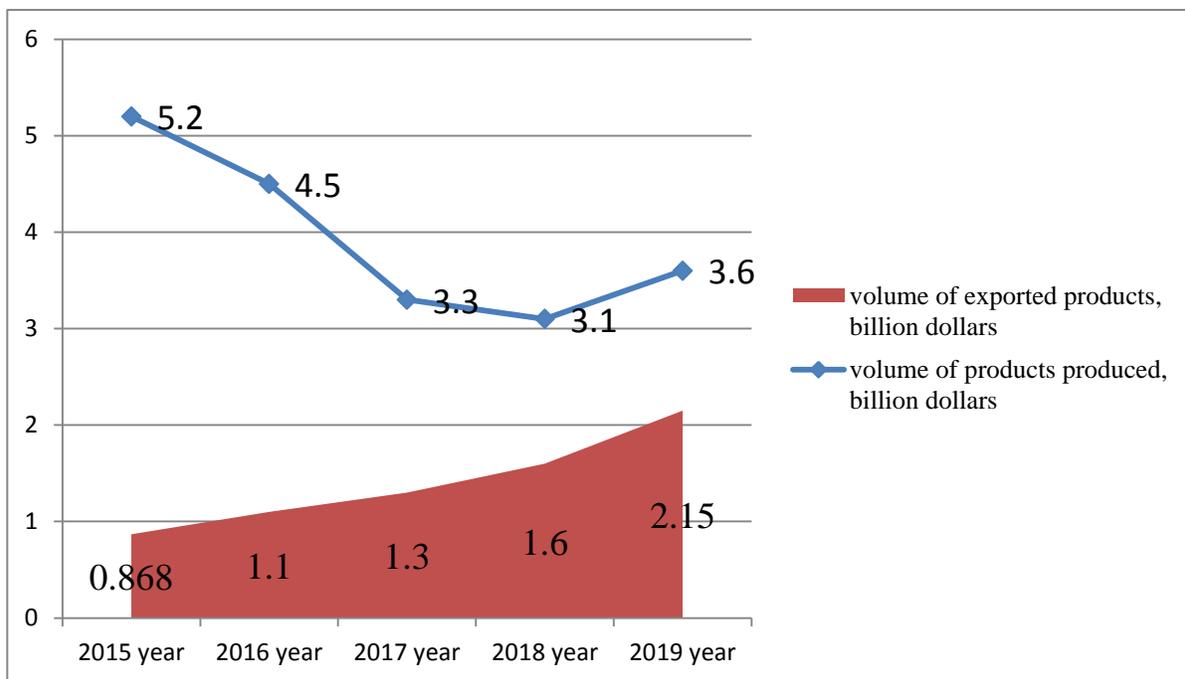
Indeed, the ongoing reforms in this area in our country allow us to implement promising plans for the annual increase in textile production. In particular, according to the target forecast for the development of the textile and light industry in 2020-2025, the volume of production will reach 15,028.5 million dollars by 2025, while the volume of yarn will increase by 2.7 times, fabrics by 3 times, garments and knitwear. 4.1 times, knitted fabrics - 3.1 times.

As can be seen from Figure 3 below, the volume of textile production in the Republic of Uzbekistan is volatile, ie in 2015 the export volume of goods worth \$ 5.2 billion amounted to 868 billion dollars. By 2018, the value of textile production in dollars will decrease to \$ 3.1 billion, but exports will increase to \$ 1.6 billion (in September 2017, due to the free conversion of the dollar, the soum depreciated against the dollar). By 2019, the volume of textile production increased to \$ 3.6 billion, while exports increased to \$ 2.15 billion, respectively. This is definitely a good indicator. According to the forecast for 2025, the goal is to increase production to \$ 15 billion and increase exports to \$ 7 billion [10].

The production of finished textile products with high added value in the textile industry is growing rapidly, but cotton fiber exports are still the leading export item. As the republic can benefit more from the export of textile products, and even more so from ready products.

Therefore, many measures are being taken by the state to import and export textile products not as raw materials or semi-ready products, but as ready products.

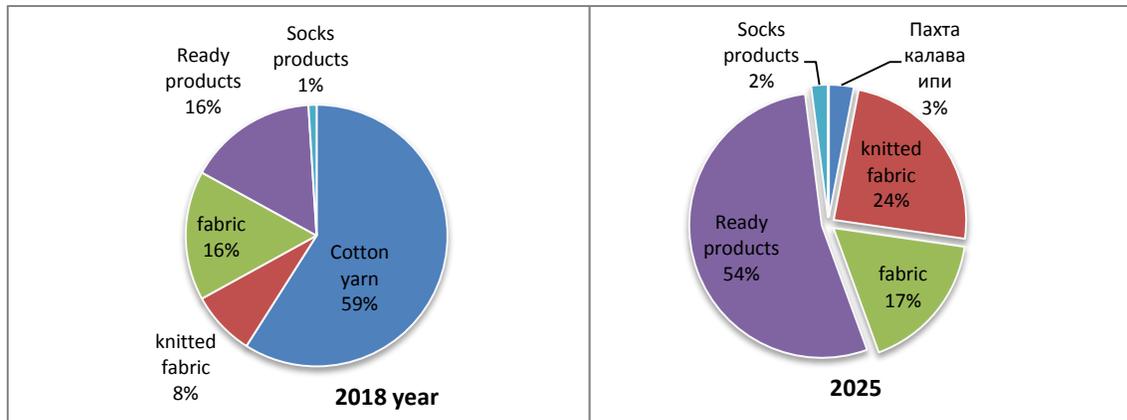
Volume of production and export of textile products in the Republic of Uzbekistan in 2015-2019 billion dollars (Figure 3) [11]



We examine the structure of exports in accordance with these forecast indicators. The analysis shows that in 2018, the largest share in exports was cotton yarn - 59% (\$ 944 million), fabric - 16% (\$ 256 million), knitted fabric - 8% (\$ 128 million), ready products, including socks. 17 percent (\$ 272 million). According to the analysis of forecast indicators for 2025, the largest share of exports is expected to be ready products - 54% (about \$ 3.8 billion), knitted fabrics - 24% (about \$ 1.58 billion), fabrics - 17% (about \$ 1.19 billion).), cotton yarn is planned to be reduced by 3% (about \$ 0.21 billion) (Figure 2.1.4).

The structure of exports of textile products of the Republic of Uzbekistan in 2018, the forecast for 2025, in percent

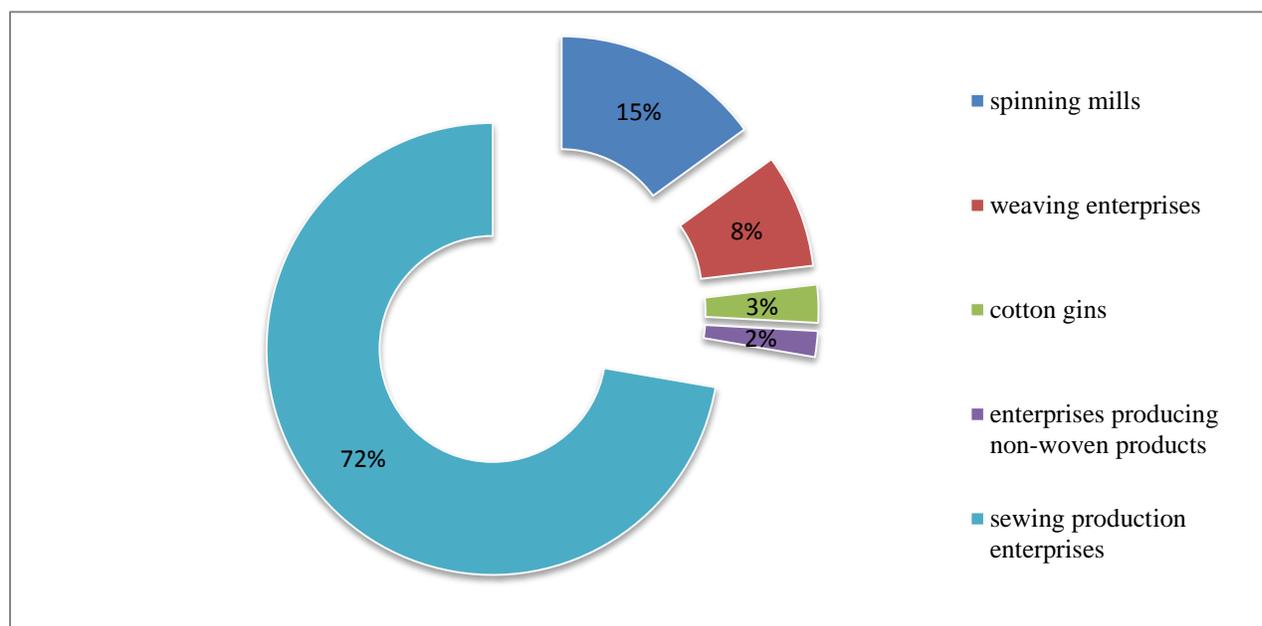
(Figure 4) [12]



Organization of the Association “Uztextile Industry” in accordance with the Decree of the President of the Republic of Uzbekistan dated December 14, 2017 No PF-5285 “On measures to accelerate the development of the textile and clothing industry”. This association is an association of textile and garment enterprises of Uzbekistan.

The enterprises of the Association operate as a single complex for processing raw cotton, production and export of high value-added ready products. The object of the study was the Association of Textile Industry, which was analyzed on the example of enterprises that are members of this association. As of January 2020, the Uztextile Industry Association has a total of 1,830 enterprises, including 15% of spinning enterprises (274 enterprises), 8% of weaving enterprises (146 enterprises), 3% of ginning enterprises (55 enterprises), non-wovens. manufacturing enterprises accounted for 2% (37 enterprises), garment enterprises accounted for 72% (1318 enterprises) (Figure 5).

Composition of enterprises of the Association of Textile Industry, in percent [13] (Figure 5)



The textile industry is divided into the production and spinning of separate textile fibers, the textile industry, the decoration of textile products and the production of other textile products, and the main types of products are as follows:

- yarn and thread,
- Finished yarn, total:
- ready-made knitted fabric
- sewing and knitting products
- Textile haberdashery
- hosiery products.

Based on the above, we analyze the dynamics of production at the enterprises of the Association “Uztextile Industry” in 2010-2019.

The analysis shows that the production of semi-finished textile products - cotton, cotton and silk fabrics - is declining. In particular, in 2019, compared to 2010, the production of cotton yarn increased from 201.3 thousand tons, respectively - to 495 thousand tons. ready yarn fabric 107.5 mln. square meters to 268.3 square meters, and knitted fabrics - from 23,915 thousand tons to 111.2 thousand tons, ready products - 94.3 million. 332.4 mln. increased to one. (Table 3). The main reason for this is that today the pace of production of finished textile products (clothing) with high added value is growing rapidly.

The volume of production, the amount of investment in the industry and the dynamics of exports in 2010-2019 at the enterprises of the Association “Uztextile Industry” [14] (Table 3)

Naming of indicators	Ўлчов библиги	2010 y.	2011 y.	2012 y.	2013 y.	2014 y.	2015 y.	2016 y.	2017 y.	2018 y.	2019 y.	Growth in 2019 compared to 2010		
												(+;-)	%	
Volume of branded products at comparable prices	billions of units	1169,5	1445,8	1734,9	2319,3	2592	3164,3	8806,2	10568	12744,2	17248,8	16079,3	1	475
Consumer goods	billions of units	250,9	418,2	607,2	857,3	1141,1	1329,1	1680,6	5439,8	7090,3	10349,3	10098,4	4	125
Cotton yarn	thousand tons	201,3	146,8	174,3	218,3	257,8	307,2	302,4	354,1	410,4	495,2	293,9		246
Ready yarn fabric	mln. m ²	107,5	85,3	107,2	120	154,9	182,9	179,1	196,1	235,5	268,3	160,8		250
Non-woven fabric	mln. m ²	23	21,3	25,1	25,5	32,5	37	18,3	26,2	30,3	40,8	17,8		177
Fluffy	thousand tons	9,2	10,2	10,8	13,1	25,4	27,5	12,3	13,4	40,6	67,6	58,4		735
knitted fabric	thousand tons	23,915	25,001	32,8	40,6	47,4	53,4	62,1	65,9	75,6	111,2	87,285		465
Ready products	mln. pieces	94,3	99	110,2	143,6	152,6	184,3	133	178,1	280,3	332,4	238,1		352
Socks products	mln. couple	15,2	24	22,5	25,5	29,2	38,9	25,2	27,6	68,9	197,3	182,1	1	298
Export	million US dollars	619,1	660,5	705,3	827,3	861,9	868,2	1150,1	1160,6	1607,9	2156,4	1537,3		348
Investment	million US dollars	119,4	149,8	180,9	160,4	173	187,2	190,2	250,5	548,1	832,3	712,9		697

Due to the abundance of raw materials in the textile industry of Uzbekistan, low labor costs, the speed of modernization of production equipment and other opportunities, it is expedient to increase the volume of ready products due to the great attention paid to the industry. To do this, you need to do the following:

- a) ensuring balance in the territorial distribution of light industry production;
- b) improving the level and quality of international fairs for the development of exports of industry products;
- c) introduction of a cluster system with wide potential in the production of light industry products.

It has developed continuously as an important sector of the economy due to its export-oriented and localized production capacity. The products of the industry, in addition to meeting the basic needs of the population, are distinguished by a wealth of aesthetic features. This places special demands on increasing their range. They require the following:

- Formation of new demand for textile products, thus gaining an advantage in a competitive environment in the selected market segment;
- Creating conditions for the production of new products, increasing the demand for quality;
- Enrichment of the domestic market with textile products;
- Increase the number of buyers of these products and meet their needs.

Research shows that the market situation forces enterprises to develop an assortment system. At the same time, each business entity considers the expansion of the range of goods to attract competing customers, the promotion of new products as an important component of marketing strategy.

In the textile industry, natural cotton, silk, hemp, linen, wool fibers are used as raw materials for the production of products. In addition, chemical fibers also serve as an important raw material in the manufacturing process.

Fabrics, which are the main products of the textile industry, are made from natural and chemical fibers on the basis of spinning yarns of different sizes using various machines. Shirts, suits, coats, technical clothes, children's clothes are made of them. Fabrics are also used as additional raw materials in the manufacture of knitwear, haberdashery, sewing thread, shoe fabrics.

IV. CONCLUSIONS AND SUGGESTIONS

In short, it is necessary to improve production at the enterprises of the Association "Uztextile Industry", to increase the share of ready products in the total output of the industry and to minimize the cost of ready products. Effective use of levers serves to increase the resource savings of the enterprise. It should be noted that despite the importance of measures to save technical and technological resources, the activation of its organizational and economic components is becoming increasingly important in a market economy. The experience of foreign countries shows that the implementation of organizational and economic factors of austerity reduces the stock of materials by 40-60%, accelerates the turnover of working capital by 20-40%, reduces transportation costs by 7-20%, loading and unloading and storage of material resources. It is possible to reduce it by 30%. Only then can we increase the

volume of products that can meet competitive, international standards and achieve the target strategic forecast for the industry.

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