

Foreign Trade Tendencies of Silk Products: In Case of Uzbekistan

Jumaev Olimjon Sadulloevich

Researcher, Tashkent State University of Economics,
Tashkent, Uzbekistan

Abstract. The article analyzes the foreign trade trends of silk products in the world. The export potential of the Uzbek silk industry has been identified. Marketing strategies aimed at increasing the country's share of the global silk and silk products market have been proposed.

Keywords: Marketing, export, silk, silk products, silk industry, diversification, export strategy.

I. INTRODUCTION

The industry, which includes silkworm rearing and silk processing, is a unique industry, with a high employment potential and the most profitable industry, widespread throughout the world and available in more than 60 countries. Silk is a product in high demand in the market due to its elegance, delicacy and ecological nature. The origin of these textile fibers is mainly silkworm cocoon, also known as silkworm, and it is widely used in complex fields such as textile industry, medicine and computer science. Therefore, although the demand for silk is always high in the market, the opportunities to meet the existing demand are constantly affected by various barriers in production or economic competitiveness, including the production of synthetic fibers at low prices and cheap natural fibers (e.g. cotton).

Natural silk, silkworm rearing and care is an area ranging from agro-industrial activities on mulberry plantations to complex processes such as cocoon collection, processing, spinning, weaving and finally selling finished products. This business as a light industry sector is mainly engaged by small business enterprises and is considered as the most profitable products for the population. The application of the simplest technology in this field and the fact that it does not require a lot of labor capacity, distinguishes it from other economic sectors with a high return on investment, increasing the efficiency of the value chain and the rate of return on investment. The development of silkworm breeding should be carried out in parallel with agricultural activities, providing opportunities for land reclamation and improved soil conservation. The development of silkworm breeding should be carried out in parallel with agricultural activities, providing opportunities for land reclamation and improved soil conservation.

Silk trade is a historically developing industry due to the long-term and skilled abilities of the people of Uzbekistan. The main feature of the silk industry in Uzbekistan is that it has a long history, as well as the fact that the Atlas brand has risen to the level of an international brand and is one of the leading brands in the clothing industry.

In recent years, the Uzbek silk industry has seen a decline in mulberries and insufficient formation of mulberry plantations, errors in the care of mulberries have led to a decline in production and the rise in prices for silk raw materials, which can not fully meet market demand. In addition, the supply of silkworm seeds to farmers was also very low and as a result affected the quality of the yarn produced.

Also, the privatization of regional silk structures, the results of privatization of silk receiving and processing enterprises, the lack of sufficient investment opportunities for entrepreneurs, the creation of a value chain in this sector, increasing export opportunities have become even more urgent.[1]

The negative consequences of the above-mentioned events are creating a number of problems for the global silk industry, as well as in the silk value chain of developed countries such as Europe and the United States. Imports of silk products to developed countries are mainly carried out at low prices, mainly from China and India, which creates difficulties in Uzbekistan's silk exports to the most profitable countries.

The main purpose of this article is to analyze in depth the foreign trade of the Uzbek silk industry, to focus on the balance of imports, exports and trade at the national level, to determine the gradual focus of domestic production on exported products to developed countries.

II. LITERATURE REVIEW

Amid the COVID-19 crisis, the global market for Silk estimated at US\$14.1 Billion in the year 2020, is projected to reach a revised size of US\$22.1 Billion by 2027, growing at a CAGR of 6.6% over the analysis period 2020-2027. Mulberry Silk, one of the segments analyzed in the report, is projected to record a 7.2% CAGR and reach US\$10.5 Billion by the end of the analysis period. After an early analysis of the business implications of

the pandemic and its induced economic crisis, growth in the Tussar Silk segment is readjusted to a revised 6.2% CAGR for the next 7-year period.[2] Data Bridge Market Research analyses that the silk market will witness a CAGR of 7.9% for the forecast period of 2021-2028. This when converted in terms of market value, it will rise up to USD 29.09 billion by the year 2028.[3]

Although the silk industry is well developed in Uzbekistan, researchers are less involved in its marketing. B.A. Mirzakhodjayevev and others have tried to study the markets of the world's leading countries in the silk industry. [4]

Anitha, R. conducted research on the study of problems in the Indian silk industry. [5] Research in this area has also been observed in P. Kumaresan studies. In this study, it was found that the main direction of increasing exports is to bring the quality of silk to the level of world standards. [6] To determine the competitive situation in the Chinese and Indian silk markets, the authors aim to put forward suggestions for steadily developing the production and trade of China's silk R A Fambayun et al. [7]

Proposals to develop and increase the competitiveness of China's Sichuan province's silk exports were conducted by Ruo-Tong Liana and Cheng Chenb. [8] In this study, PEST analysis method, literature research method, qualitative and quantitative method were used. Nak Gulid et al aims to study the relationship between independent variables (value, motivation, brand personality, attitude towards product and demographic factor) and dependent variables (purchasing behavior and trend to buy in the future) of Thai silk industry in Northeastern region, Thailand . [9]

Thu paper of Azimova, F. P. illustrates major points of the silk road industry development in Uzbekistan. So that, Priority directions for development of the silk industry in the Republic of Uzbekistan were discussed in the research. Finally, outcomes and shortcomings were mentioned in the points of the author with detailed recommendations. [10] The Florentine silk industry was born in the last decades of the fourteenth century, and in the fifteenth century quickly developed into a dynamic industry capable of producing large quantities of luxury fabrics for export to all the principal European markets. [11] By Asif Ishtiaque and others the reasons behind the underdevelopment of silk industry in Bangladesh, in particular, the hindrance to the development of mulberry production, and the performance of the BSB visa-vis the expectations of the silk enterprisers. [12] While research on export problems of silk products has been conducted mainly by scientists from countries such as China, India and Bangladesh, developed countries such as Europe and Japan mainly focus on problems related to silk imports. In particular, CHEN X., FANG G's research on improving the quality of silk products has made proposals for major global competition. [13] Chandan, Roy studied the development of Indian silk trade into two eras and focused on increasing export opportunities. [14] Rois Uddin suggested that the Bangladeshi silk industry use flexible strategies for the international market in the era of globalization. [15] The current paper Lucia Lelia is to assess the potential of the Romanian silk value chain trough the point of view given by the value chain analysis perspective. [16] It is clear from the results of the literature review that the research did not provide clear results on determining the participation of their countries in the global silk value chain, market share.[19]

III. RESEARCH METHODOLOGY

The study uses the data of the portal Trade statistics for international business development (www.trademap.org), which is the main statistical portal of the World Trade Organization, to determine the share of countries in the world silk market. After determining the share of Uzbekistan in world silk exports, the general dynamics of the main types of products will be studied. Including the following types of products: silkworm cocoons suitable for reeling (5001); raw silk "non-thrown"(5002); silk waste, including unsuitable cocoons for reeling, yarn waste and garneted stock(5003); silk yarn (excluding that spun from silk waste and that put up for retail sale)(5004); yarn spun from silk waste (excluding that put up for retail sale; (5005); silk yarn and yarn spun from silk waste, put up for retail sale(5006); silkworm gut and woven fabrics of silk or silk waste(5007). In the next analysis, the export geography of silk and silk products of Uzbekistan is determined. The countries with the highest income in the geography of exports are studied. The results of the analysis will help to determine the countries of the world and the types of silk products that Uzbekistan should enter.

IV. ANALYSIS AND RESULTS

Data from the World Trade Organization, the Statistics Committee of the Republic of Uzbekistan and the Uzbek Silk Industry Association are used to determine the role of Uzbekistan in the silk market and export incentives. According to international statistical classifications, the following categories of silk and silk products are analyzed: silkworm cocoons suitable for packaging (5001); raw silk (5002); silk waste, including cocoons unsuitable for wrapping, yarn waste (5003); silk yarn (excluding products spun from silk waste and put up for retail sale) (5004); yarns spun from silk waste (excluding those sold at retail; (5005); yarns spun from silk and silk waste sold at retail (5006); fabrics woven from silkworms and silk or silk waste (5007).[17]

According to Table 1, the total volume of exports of silk and silk products by the countries of the world in 2017 decreased due to the Covid-19 pandemic, including 2.1 billion in 2017 by the countries of the world. Exports of silk and silk products amounted to 1.3 billion US dollars in 2021. Exports were made in the amount of USD. The crisis situation in the silk export market is explained, first of all, by the growing domestic demand for silk products in all countries and the declining incomes of the population in the countries. However, the decline is due to restrictions imposed by countries on foreign trade with China in the context of the Covid-19 pandemic, according to the table data shows that China's exports of silk products to world countries fell by about \$ 6.1 million. In a crisis in the silk market, Uzbekistan is the country with the highest market share. The share of Uzbekistan in world exports of silk and silk products in 2017 amounted to 1.5 percent, and in 2020 increased to 6.6 percent.

Table 1: Total exports and share of silk and silk products in the world (thousand US dollars in 2017-2020)

Exporting countries	2017 year	Share in total exports,%	2020 year	Share in total exports,%	Changes in market share in 2020
World	2088233		1238263		
China	1114376	53,4	511466	41,3	-12,1
Italy	271882	13,0	194925	15,7	2,7
India	76583	3,7	81642	6,6	2,9
Uzbekistan	30934	1,5	74927	6,1	4,6
Viet Nam	92784	4,4	74508	6,0	1,6
Romania	95601	4,6	57980	4,7	0,1
France	59062	2,8	46054	3,7	0,9
Japan	53616	2,6	38586	3,1	0,5
Germany	49945	2,4	24809	2,0	-0,4
Brazil	33026	1,6	20285	1,6	0,1
United Kingdom	31322	1,5	19450	1,6	0,1
Korea, Republic of	49533	2,4	17309	1,4	-1,0
Hong Kong, China	34395	1,6	14855	1,2	-0,4
Other countries	95174,0	4,6	61467,0	5	0,4

Source: ITC calculations based on UN COMTRADE and ITC statistics.

The dynamics of Uzbekistan's exports of silk products is shown in Table 2. According to the Code of Foreign Economic Activity Commodity Nomenclature (TIFTN), the main share in Uzbekistan's exports of silk products was 72.5% in 2017, while in 2020 this figure was 23.4%. Fabrics woven from silk or silk waste accounted for about 1 percent of total exports of silk and silk products, up from 27 percent in 2020. Including silk waste. The share of these types of products (TIFTN code №5003) in exports has increased due to the low level of adoption of unfit cocoons, yarn waste production technologies in the country.

Table 2: Export dynamics of Uzbekistan by types of silk products

TIFTN code	Product types	2017	Share,%	2018	Share,%	2019	Share,%	2020	Share,%
5003	Including silk waste. unsuitable coils for spinning, yarn waste	8205	26,5	19278	38,6	27239	37,9	37020	49,4
5007	Fabrics woven from silk or silk waste	210	0,7	5997	12,0	14122	19,7	20229	27,0
5002	Raw silk	22425	72,5	24489	49,0	30433	42,4	17520	23,4
5004	Silk yarn (excluding silk spun from silk waste and sold at retail)	94	0,3	36	0,1	1	0,0	159	0,2

'5005	Yarn spun from silk waste (excluding retail)	0	0,0	131	0,3	50	0,1	0	0,0
	Total:	30934	100	49931	100	71845	100	74928	100

Source: ITC calculations based on UN COMTRADE and ITC statistics.

In 2017-2020, Uzbekistan exported silk and silk products to about 24 countries. The highest export market for silk products in Uzbekistan is China. [18]

It is noteworthy that the share of Uzbekistan in the market of its silk and silk products in developed countries is less than 1%. As of 2020, exports of silk products to the United States amounted to only \$ 4,000.

Table 3: Export geography of silk and silk products of Uzbekistan, thousand US dollars

Importing countries	2017 y.	share,%	2020 y.	share,%
Total	30934	100	74927	100
China	11606	37,52	34285	45,76
Tajikistan	12	0,04	18793	25,08
Iran, Islamic Republic of	7710	24,92	5823	7,77
Viet Nam	6597	21,33	5721	7,64
India	1796	5,81	3578	4,78
Kyrgyzstan	99	0,32	2817	3,76
United Arab Emirates	1954	6,32	1462	1,95
Afghanistan	0	0,00	1191	1,59
Korea, Republic of	446	1,44	800	1,07
бошқа мамлакатлар	714	2,3	457,0	0,6

Source: ITC calculations based on UN COMTRADE and ITC statistics.

The analysis shows that Uzbekistan is a country with a unique reputation and market share in the world for silk and silk products. The main task should be to increase the export potential of these industries and develop the production of value-added products by fully using the existing potential of the silk industry in the country and creating favorable conditions for increasing the profitability of manufacturing enterprises.

V. CONCLUSIONS

In conclusion, it is important to ensure the rapid development of silkworm breeding, the organization of deep processing of raw materials through the formation of silkworm and astrakhan clusters, government support for domestic and foreign markets, the creation of new jobs and increasing incomes. should be focused.

As a result of the analysis of exports of silk and silk products, it can be said that the export of finished products accounts for a small share of total exports. The main focus should be on the export of finished products. [17] The group of silk products imported to European countries consists of fabrics woven from silk or silk waste used in the production or intended for retail and re-export. The main partners of Uzbekistan in the silk market are China, Tajikistan and Kyrgyzstan.

The main problems in maintaining the volume of production and sales of cocoons, silk raw materials and silk products in the development of the silk industry are:

- The quality of raw materials for cocoons and silk does not meet the requirements of international standards, the domestic and foreign markets do not allow to gain a competitive advantage;
- The ineffectiveness of the negotiations between the participants of the value chain from the cultivation of silkworms to the finished product creates problems in creating value added;
- Loss of silkworm egg production and cocoon production due to diseases leads to a decrease in the motivation of producers of primary raw materials;
- Mulberry plantations are not given enough attention, despite the high costs of cultivation and use;
- Preservation of the old technological process of production and management system, as well as the lack of introduction of modern marketing approaches in production and sales reduces the chances of competition in world markets;
- There are problems in the silk industry, such as insufficient number of qualified personnel, lack of technical advice, training materials and visual aids, lack of knowledge in training and professional development, marketing research and dissemination of new information;

Given the situation on the world silk market, it is expedient to develop silk production in the following main areas:

- Export diversification should be considered as a priority. [18] According to the analysis, Uzbekistan has not yet entered the market of silk products in developed countries. The focus should be on EU markets;
- Clothes made of silk products are already known as the highest fashion in the world. Accordingly, effective collaboration with the world's leading brand campaigns is desirable to make extensive use of franchising practices;
- The diversification of products also provides access to uncompetitive markets. At present, silk products are widely used in high-tech industries. Especially in the military equipment industry. In order to enter these markets, it is expedient to create new varieties of silk.

In conclusion, the Uzbek silk industry can develop exports of finished products to foreign markets by focusing on key areas such as quality, branding and marketing.

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