Cluster Policy in Textile: In the Case of Uzbekistan

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Abstract. **An analysis of studies on the development of the cluster approach in Uzbekistan indicates that this problem has recently received considerable attention. Thus, there are proposals for the organization of textile clusters that combine the processes of production of yarn, fabrics, and finished garments and knitwear; in some studies, the cotton complex is proposed as the basis for the formation of clusters.**

Keywords: Innovation, region, cluster, organizational model, cross-sector cluster, innovation.

I. INTRODUCTION

The draft Decree of the President of the Republic of Uzbekistan "On the Development Strategy of the New Uzbekistan for 2022-2026" is being actively discussed by our compatriots today, and many proposals are being made. Therefore, this policy document contains priorities for the next five years, which will bring the country to a new stage of development. In particular, it is planned to increase the volume of industrial production by 1.4 times, continuing the policy aimed at ensuring the stability of the national economy and increasing the share of industry in GDP.

So how is such a high-achieving finish achieved? What projects will be implemented in the industry for this purpose?

It is no exaggeration to say that 122 cotton and textile clusters operating in the country will act as a locomotive in increasing the industrial potential, in particular, in the growth of the cotton and textile industry. After all, the cluster method, established at the initiative of the head of our state, has fully justified itself in the example of cotton growing. As a result, today the participants of this new system have become a major force in everything from the cultivation of raw cotton to its deep processing. Therefore, serious attention is paid to the development of the cluster system.

In fact, Shavkat Mirziyoyev, in his speech at the joint session of the Oliy Majlis on the occasion of the inauguration of the President, stressed the need to develop a cluster system based on the principle of "from raw materials to finished products" to achieve our goals of raising incomes. It is crucial to radically increase and diversify the efficiency of agriculture, which is a sector. In particular, the development of the agricultural sector, the processing of agricultural products on a cluster basis, and ensuring food security will remain an urgent task.

In this sense, the cluster system will be further developed within the framework of the New Uzbekistan Development Strategy, which is a logical continuation of the Action Strategy. Therefore, the third development strategy is to develop the national economy, increase its textile production by 2 times ($ 13 billion) and increase labor productivity by 3 times ($ 20,000) to ensure its growth at the level of modern requirements. This places an additional responsibility on clusters that have become a leading force in the cotton and textile industry. Therefore, the cluster method has become increasingly popular, and today there are almost no socio-economic sectors that it has not penetrated. As a result, this innovative system plays a key role in ensuring employment in rural areas, improving living standards and quality of life by increasing incomes, and increasing efficiency in the field.

II. ANALYSIS AND RESULTS

In the modern world, the most competitive companies are usually not randomly scattered across different countries and regions but tend to be concentrated in one place. [4] This is due to the fact that one or more firms, achieving competitiveness, extend its positive influence to the immediate environment: suppliers, consumers, and competitors. As a result, a "cluster" is formed - a community of firms, and closely related industries that contribute to the growth of each other's competitiveness. A cluster is a large number of enterprises involved in the production and sale of final products, conducting their activities in a coordinated manner, and implementing joint projects.[3]

Combining enterprises into clusters allows you to simultaneously use several important factors of competitiveness:[1]

deep specialization of companies included in clusters (each participant is professionally engaged in one or a small number of activities, which allows improving in a narrow direction and increasing productivity);

economies of scale, achieved through large volumes of production (which allows you to reduce costs per unit of production), provided by large volumes of sales of final products;

reducing costs per unit of production and improving its quality due to the synergy effect achieved through the

exchange of experience, direct interaction, involvement in clusters of the scientific community, unification of approaches in matters of quality, logistics, engineering, information technology, etc.

Studies show that clusters stimulate a significant increase in productivity, innovation, and market promotion of the final product.[2]

According to the data, in 2017, clusters accounted for only 0.9% of the total cotton harvest in the country. This figure was 15.1 percent in 2018, 68 percent in 2019, and 91 percent in 2020. As of 2021, 100% of raw cotton has been grown by cotton-textile clusters.

Indeed, while the clusters cultivated more than 1 million hectares of cotton in 2021, they managed to harvest the cotton crop earlier than ever. This is one side of the issue. On the other hand, 422 thousand tons more than in 2020, a total of more than 3.4 million tons of raw cotton was grown, and the yield increased by an average of 6.3 quintals.

There is a third side to the issue, which is related to the increasing material interest of landowners, including farmers. If five years ago many farms dreamed of making a profit from cotton, after the private sector was given ample opportunities in cotton growing, a farmer who cooperated with clusters on a cooperative basis began to reap huge profits. According to the final estimates, the fact that farms managed to earn a net profit of 7.9 trillion soums last season is a confirmation of our opinion. This shows that the introduction of a cluster system in the cotton industry is the correct implementation of economic reforms in the country, and this innovative structure is becoming a key factor in increasing the incomes and welfare of the population.

After the transition to the full cluster method in cotton growing, radical changes took place not only in the cultivation of raw materials but also in their deep processing. [5] The fact is that in the first years of independence, about 7% of raw cotton grown in our country was processed in our country, and in 2016 this figure reached a total of 37%. At present, Uzbekistan has the capacity to process 100% of its cotton fiber. In return, the export of raw materials was completely stopped. Instead, it began to be processed and exported as a value-added product.

In other words, the volume of deep processing of fiber has increased, spinning has doubled, and the production of finished products has tripled. In turn, exports are expected to grow steadily to $ 3 billion by 2021. It is gratifying that all this is explained by the grace of clustering.

Indeed, the cluster has undergone qualitative changes in the sector due to the integration of agriculture and industry. After all, in this method, from planting the seed to the ground, growing cotton, picking it, primary and deep processing, and turning it into a finished product with added value - all this is done by the participants of the cluster. That is, a complete five-stage industrial chain will be created on the basis of the principle "from raw materials to finished products." BCT Cluster, a cotton-textile cluster in our country, was the first to do so.

Analyzes show that the existing clusters

17 of them covered five stages of cotton processing, 22 - four stages, 30 - three stages, 36 - 2 stages, and 16 - one stage. But according to the priority plan, in the near future, all clusters will be fully transferred to a five-stage deep processing system.

It should be noted that due to the intensive and innovative agro-technologies applied by the clusters in practice, unprecedented results are achieved in cotton growing. For example, in 2016, the average yield of cotton in the country was 26.4 quintals per hectare, in 2020 this figure increased by 3.6 quintals to 30 quintals. In 2021, productivity will increase, and in most clusters, up to 35-40 quintals of industrial raw materials will be harvested.

In Namangan, for example, before the introduction of the cluster system, cotton yields were only 24 quintals. As the cluster enters the network, average yields have risen to 11 quintals in the last season

Delivered to 35 quintals. As a result, 60,000 tons of additional industrial raw materials were harvested. The main reason for this is explained by interest. This is because the clusters themselves are both the customer of the raw cotton and the grower and processor. In this sense, clusters are primarily interested in growing abundant and quality raw materials!

There is another factor behind these achievements. It is also the fact that agriculture is being technically and technologically modernized. As a result, the clusters brought more than 5,200 resource-saving and high-performance equipment worth 2.5 trillion soums.

At the same time, water-saving technologies have been introduced on 126,000 hectares. 143,000 hectares of arable land have been re-used.

These results are not yet the limit. The head of state has set a task for the clusters to increase productivity by at least two times in the near future, deep processing of raw materials, increase exports to $ 7 billion, further increase employment and incomes in rural areas.

It is important that along with the establishment of clusters in our country, industry is entering the remote villages, the production potential of the regions is growing, and export opportunities are expanding. In the past

$ 1.8 billion has been invested and 297 cluster deep processing projects have been launched.

The fact that 152,000 jobs have been created is proof of that.

In particular, in 2018-2021, only cotton and textile clusters attracted investments totaling $ 1 billion 411 million. As a result, $ 115 million was allocated for 27 projects in the primary processing of cotton, $ 831 million for 41 yarn production projects, $ 231 million for 34 fabric production and dyeing projects, and $ 234 million for 23 knitwear (sewing) projects.

Naturally, the increase in incomes of workers in this cluster is an important factor in increasing revenues to local budgets. Today, the income of agricultural workers has doubled compared to 2017, and the monthly salary of each worker

2.4 times, tax and budget revenues in the districts

An increase of 5-6 times compared to 2017 can be a reason to say so.

Now the main issue is the volume of industrial production

Briefly about the 1.4-fold increase.

At present, each cluster in the system of the Association of Cotton and Textile Clusters of Uzbekistan implements specific investment projects, taking into account the requirements of foreign and domestic markets. This is due to the favorable agribusiness environment created in our country, the favorable conditions created for investors, tax and customs benefits that make the cotton and textile industry an attractive investment sector. As a result, foreign and domestic investments are being attracted and promising projects are being launched.

Take, for example, the TCT Cluster agro-industrial cluster in the Lower Chirchik district. An investment project on the production of finished textiles and garments is being implemented here.

According to preliminary calculations, the total cost of the project 140 million euros. The complex, which combines spinning, dyeing, textile, decoration and sewing factories, produces 20.6 thousand tons of fabrics and 65.0 million pieces of finished textiles and garments a year. Eighty percent of the products are exported to CIS and European countries. In particular, within the first stage, 33.16 thousand tons of high-quality yarn will be produced annually, and products worth 70 million euros will be sold abroad.

In general, the opportunities available by the clusters to achieve the set target are fully utilized. [6]

In 2022, more than 357 projects will be implemented. As a result, clusters in the system of the Association of Cotton and Textile Clusters of Uzbekistan will invest $ 1.36 billion and put into operation more than 200 new facilities. Due to this, the volume of deep processing of fiber will increase by 130%, more than 100.4 thousand new jobs will be created. Exports will increase 1.5 times.

III. CONCLUSIONS

In conclusion, within the framework of the development strategy of New Uzbekistan, the cluster system will become a real "growth point" in the development of industry. At the initiative of the head of our state, the removal of all obstacles to the development of the industry, the introduction of a new system of financing will ensure their competitiveness in foreign markets and increase our economic strength.

Uzbekistan plans to create six chemical technology clusters by 2026. The $400 million project is expected to increase the production capacity of polyvinyl chloride from 100,000 to 220,000 tons per year, and caustic soda from 75,000 to 165,000 tons.

On the basis of this enterprise, it is planned to create the first integrated chemical-technological cluster based on Navoiazot and the Electrochemical Plant. This cluster will be the first of six planned.

The second cluster will be located in the Bukhara region, where the production of polyethylene terephthalate (PET), polyvinyl acetate (PVA), polypropylene and other polymers from natural gas will be launched.

The third cluster will be built on the basis of the Shurtan gas chemical complex and the Dekhkanabad potash fertilizer plant in the Kashkadarya region. It will produce the main components of detergents and household chemicals, bimodal polyethylene and other products.

The fourth cluster on the basis of Ferganaazot will produce varnishes, melamine for furniture and synthetic fibers for the textile industry.

The fifth cluster will be located in Karakalpakstan, in Ustyurt. It organizes the production of soda ash, polyvinyl chloride, polyethylene and polypropylene.

The sixth cluster in the Tashkent region will produce monoammonium phosphate, sulfuric urea, other phosphorus and nitrogen mineral fertilizers, protein, detergents.

As a result of the implementation of these projects, by 2026 the volume of production of chemical products will increase by 3 times compared to the current year and in 2030 will be 7% of GDP.

By 2030, it is planned to build solar and wind power plants with a total capacity of 8,000 MW, which will save 5 billion cubic meters of natural gas per year. This gas will go to the production of high-value-added products.

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