

Strategic Development in the Textile Industry

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Abstract. In the present article it is analysed the strategy of the development of textile industry. Dynamics of investments, the export potential, degree of competitiveness and the system of a cluster in development of the industry are studied and also offers and recommendations about development of the industry are brought as examples.

Key words: Textile industry, investments, foreign investments, the management of investments, investment projects, investment process, export potential, export value, export dynamics, export geography, export parameter, competitiveness, degree of competitiveness, cluster, modernization, diversification. Attracting Foreign Direct Investments in Textile and Light Industry.

I. INTRODUCTION

Our state’s systematic industrial policy is aimed to implement diversification and modernization of the national economy, also to increase its competitiveness, to support the development of leading industries, to accelerate the attraction of direct foreign investments, including increasing export potential through immersed processing of local raw materials. On this issue, President Sh. M. Mirziyoyev said in his speech: “We will only accelerate the development of our economy through the active attraction of investments and the launch of new production facilities. Positive results in the economy allow for a systematic solution of the problems accumulated in the social sphere” [1].

More than \$ 3.1 billion foreign investments have been attracted to the sector since 1995. Only in recent years, more than 200 projects have been implemented with the participation of foreign investors from the UK, Germany, Switzerland, Italy, the Republic of Korea, Japan, Singapore, Turkey, India and other countries [12].

If in 1994-1996 only unbleached calico and cotton yarn were exported, in 2003 the assortment was supplemented with new types of products, namely: linen towels, knitwear; by 2010, the export nomenclature was refilled by carpets and rugs, clothing and knitwear. Exports in 2016 exceeded \$ 1100 million, and in 2017 reached \$ 1,200 million. Exports in 2017 increased to reach \$ 1 billion. (In 1994 this figure was only \$ 7 million), more than 260 companies supplied goods abroad. At the end of 2017, the added share of high value goods in export increased by more than 40 % and has been steadily growing [3].

II. LITERATURE REVIEW

The issues of financial condition of the enterprise and tools of of strategic financial management are presented in the works of such domestic and foreign economists as: Zarubinskiy V.M. Demyanov N.I., Semerenko I.V., Peter T. Waterman R. Captain M.E., Bailey J.V., Shoiko S., Yandiyev M., Dickerson K.G. [5], Verma S.[6] and others.

In others side, issues of usage of artificial intelligence methods in operational planning of textile production were researched by Yuldoshev N.K. [7], problems of efficiency of usage the production capacity of textile enterprises were investigated by Tursunov B.O. [8,9,10], Nabokov, V., Nekrasov, K. [11].

All above mentioned literature examines diagnostics of the financial condition of the enterprise –as a functional element of strategic financial management are not sufficiently developed.

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.

From 2014 to the beginning of 2017 were created 12800 new workplaces [4]. During the 28 years of independence the role of light industry in the economy of Uzbekistan has grown significantly, its share in GDP was 3.8 %, in industrial output - 26.2 %, in the production of non-food products - more than 44 %. The total volume of production with high added value was 45 %. At the beginning of 2017, total investments in the light industry reached \$ 2.5 billion dollars. In 2017, 28 large projects were implemented that significantly increased the capacity of enterprises. In 2017, according to the data of Association "Uztukimachilikanoat" 28 new technological enterprises were launched for the production of ready materials as: 560 thousand tons of fiber, 101 thousand tons of knitwear, 85 thousand tons of hosiery goods, 410 thousand tons of finished fabrics [3].

Table 1. The main directions of the system development program for 2017-2021

Number of projects	Total number	140
Including:		
- new projects	total number	123
- modernization and expansion		17
Total cost of projects	mln. USD	2287,2
Export Potential	mln. USD	1514,4
Creation Workplace	total number	27545

Source: table is based on statistics of the Association "Uztukimachilikanoat".

The total cost of these projects is \$ 2.2 billion USD. The export potential was \$ 1.4 billion USD. Due to the product ionize of new capacities, 1,200 new jobs were created at these facilities. According to the future Program of Cotton Industry Modernization, the volume of domestic cotton processing will increase from current period result 44 % to 70 % by 2020, in connection with this export of textile products expected to increase by \$ 800 million to \$ 1.5 billion USD. It is important to note that local textile and sewing products are delivered to over 55 countries [3].

Table 2. Dynamics of Exports volume of enterprises of the Association "Uztukimachilikanoat" in 2012-2017

Indicators	2012 y.	2013 y.	2014 y.	2015 y.	2016 y.	2017 y.	Prediction 2020 y.
Export volume, mln.	705,3	825,0	861,9	1013,4	1200,0	1400,0	1500,0
Growth rate, %	106,8	116,9	104,5	117,6	118,4	116,7	107,1

Source: table is based on statistics of the Association "Uztukimachilikanoat".

From the analysis of Table 2, we see rapid growth of exports in recent years: \$ 705.3 million USD in 2012, \$ 825 million USD in 2013, in 2014 - \$ 861.9 million USD, \$ 1013.4 million USD in 2015, \$ 1,200 million USD in 2016, and \$ 1,400 million USD in 2017, that is more 2 times than in 2012.

At the end of 2017, the production of garments made over 190.8 billion sums, this is 12.2 % more than in 2016. The choice of the textile industry as a strategic direction of economic policy can be explained by the following key factors: At the end of 2016, the textile industry accounted for 3.8 % of GDP [3]. The one-third of the country's industry total workers is working in the branch (Table 3).

Table 3. Program of industrial development priorities of the Republic of Uzbekistan in 2017

Industry sectors	Cost of projects (USD)	Structure
Total:	47261,5	100,0
Oil and gas	28562,1	60,4
Transport and Infrastructure	577,4	1,2

Energy	5470,6	11,6
Chemistry	2867,1	6,1
Metallurgy	3065,7	6,5
Textile industry	1186,2	3,8
Machine-building	1458,6	3,1
Building Materials Industry	534,8	1,1
Other industries	3539	6,2

Source: table is based on data from the State Committee on Statistics of the Republic of Uzbekistan.

The textile industry, in contrast to high capital-intensive industries, requires significant contributions in labor resources [2].

Russia and the states of CIS are the largest importers of Uzbek textile companies. Their share accounts for more than 51 % of exports, 21 % is exported to South Asia, more than 12 % is exported to Europe, 8 % to the Middle East and Africa. In 2016, exports of textile and apparel products increased to \$ 1.2 billion USD. Attracting foreign investment to the textile sector of Uzbekistan equaled 575.3 mln. USD over last 3 years [3].

More than 80 % of foreign investments were attracted are from South Korea, Switzerland, Singapore, Great Britain, Germany, India and Turkey. If in 2011 the production of fabrics was \$ 85.63 million sq. meters, by 2020 this figure will reach 459.2 million sq. meters. It can be predicted that the increase will be 5.4 times [3].

IV. CONCLUSIONS

In summary, the main direction of attracting foreign investments should be the principle direction of activity of the Association "Uztukimachilik sanoat" on stimulation and improvement of investment activity and creation of the sample and favorable investment climate of the sector. It should be noted that the Association carries out the following set of measures to implement its activities in the following areas:

- formulating the basic principles of foreign direct investment policy;
- Development of principles and approaches to encourage investors;
- Creation of an investment risk insurance system;
- Legislative support of attraction of foreign direct investments;
- Determination of tax and customs privileges for investors;
- providing guarantees to foreign investors;
- providing information messages on investment activities.

During formation of special investment incentives, it is important for investors to consider a number of conditions and restrictions such as export, import, employment and ownership. An important aspect is the integration of the incentive mechanisms into a single package in accordance with the priorities of the development of individual sectors of the national economy. According to our opinion, the use of the above-mentioned instruments is aimed not only at creating a favorable investment climate, but also in search for more efficient sources of financing, also the supporting of the textile and light industry enterprises and their production referring natural and scientific potential maximal use of investment activity of "Uztukimachilik sanoat" Association which promotes the improvement of key areas of activity.

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