

Table Of Content

| | |
|---------------------------------------|---|
| Journal Cover | 2 |
| Author[s] Statement | 3 |
| Editorial Team | 4 |
| Article information | 5 |
| Check this article update (crossmark) | 5 |
| Check this article impact | 5 |
| Cite this article | 5 |
| Title page | 6 |
| Article Title | 6 |
| Author information | 6 |
| Abstract | 6 |
| Article content | 7 |

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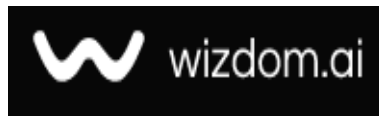
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Export Opportunities and Competitiveness of Textile Products

Makhmudova Dilfuza Marlenovna, mrbobursobirov@gmail.com, (1)

Tashkent Institute of Textile and Light Industry, Uzbekistan

⁽¹⁾ Corresponding author

Abstract

This paper makes analyses the export opportunities and competitiveness of textile products. In this case, research has been making quotations on different points. Methodological and theoretical background was stated in the research analyses of the author. Conclusion fo the competitiveness index in the textile industry was stated to make further development as the whole.

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Introduction

With the transition of the Republic of Uzbekistan to a free market economy, much attention was paid to the competitiveness of both the enterprise and its products. Today, the main producers of competitive products and non-food consumer goods (fabrics, shoes, leather goods, knitwear and clothing) is light industry. It occupies one of the leading places in the structure of the country's economy. Light industry has features that distinguish it from other industries:

- the main products have direct access to the consumer market, and only a small part is raw material for enterprises producing consumer goods;
- a high level of reproduction ensures the efficiency of capital investment;
- accumulated capital in a relatively short period of time can become the basis for the development of industries.

This is due to the fact that, in essence, today we are creating a new economy based on the laws of the market, when products should be manufactured taking into account existing demand and supply, keeping in mind that they must be competitive and meet generally accepted standards. When entering the market with goods of a certain level of quality, the exporter takes all measures to sell it on favorable terms. Uncompetitive goods from the point of view of the exporter lose their value, and it is not possible to determine the level of their quality as export.

Undoubtedly, quality is the most significant component of competitiveness, but at the same time, the possibility of selling products, in addition to quality, is also determined by the conditions of the country's market, in particular, the features of its state regulation. Among the most important means of state regulation are the national, tax system, tariff and non-tariff restrictions applied in foreign trade. These factors often become decisive in the possibility of selling products in a given market.

Main part

The Irish Export Administration, having become interested in the competitiveness problem, conducted an analysis of the results of negotiations between Irish exporting firms and their foreign clients. The table below shows how many times buyers from different countries called this or that factor determining when choosing a supplier.

Table 1 Factors affecting the choice of a supplier by a buyer

| № | Name of factors | Number of positive answers |
|---|---|----------------------------|
| 1 | quality | 40 |
| 2 | price | 35 |
| 3 | product uniqueness | 22 |
| 4 | design | 13 |
| 5 | security of supply | 12 |
| 6 | communication with exporter | 31 |
| 7 | after-sales service | 11 |
| 8 | other considerations related to the goods | 24 |
| 9 | Other considerations | 25 |

Table 1.

As follows from the above data, the greatest influence on the decision-making on the choice of supplier has the quality of the goods. In addition, it is known that the price of a product is inextricably linked to its quality.

The level of relations between the buyer and the exporter is also largely determined by the extent to which the quality of the products offered meets the specific needs of the end user. It follows that the competitiveness of a product can only be determined by an objective comparison of the main factors determining it with similar factors of a product taken as a base.

However, today, Uzbekistan is a full member of the global economic community. The credibility of our country is reinforced by the presence of great industrial potential, highly qualified labor resources that allow us to produce high-tech products: for example, equipment for the cotton industry, the manufacture of which is only possible for developed countries, and most importantly, personnel capable of quickly and skillfully mastering any complex production. The Republic has a stable positive balance of foreign trade; the share of complex science-intensive

products and gradually finished products in the export structure is constantly increasing.

Despite all the advantages of the textile industry in Uzbekistan, nevertheless, due to the fact that fierce competition prevails on the foreign market, it is very difficult for national manufacturers to win positions and take one of the most important and leading places in the world textile market. We have to compete with highly developed countries. Uzbekistan's prospect of joining a number of textile leaders has many barriers and limitations due to extremely high competition, especially with countries in East and South Asia. World-famous producers of cotton fiber are such world leaders as India, Egypt, China, Syria, Nigeria, Pakistan, Turkey, Uzbekistan. In this regard, it is necessary to develop and implement a comprehensive development strategy for the domestic export-oriented textile industry. After all, it is known that the Republic has everything in order to produce competitive goods, both in the domestic and world markets. It has a number of significant advantages:

1. firstly, a favorable geopolitical location;
2. secondly, favorable climatic conditions, which ensures stability in the raw material base;
3. thirdly, the low cost of energy;
4. fourthly, one of the countries with the most inexpensive highly qualified labor force;
5. fifthly, a developed network of communications, banking and legal services;
6. sixthly, a significant market for finished products.

Chart number 1

Comparative table of the cost of electricity by country (USD / kW)

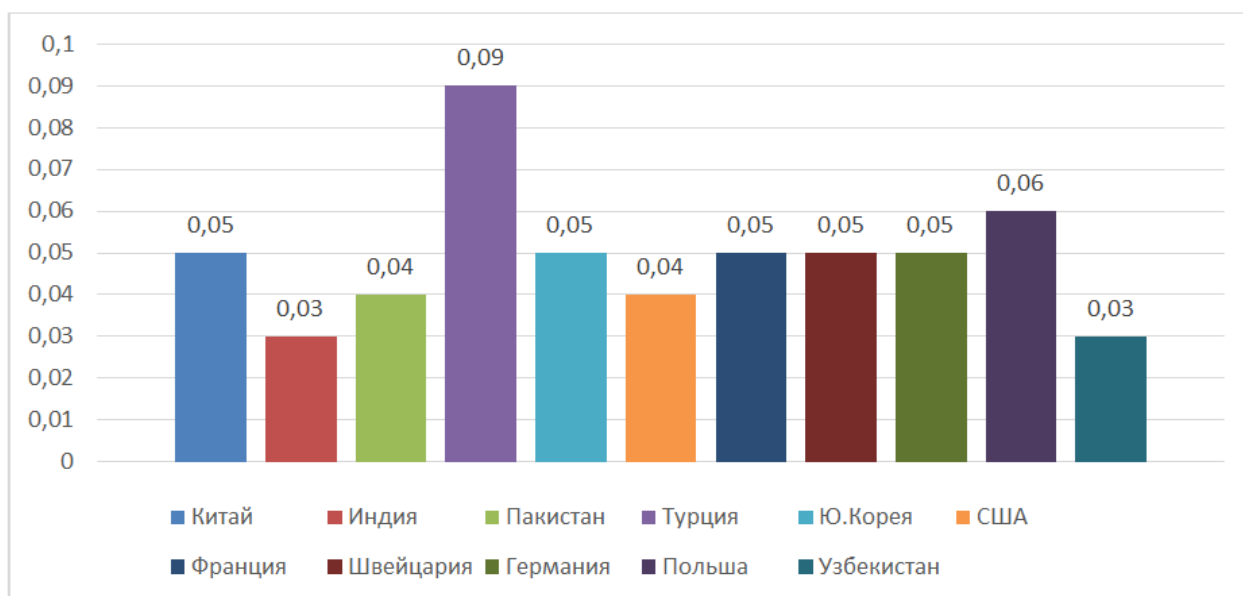


Figure 1.

Chart number 2

Comparison table of labor costs in the textile industry by country (USD / hour)

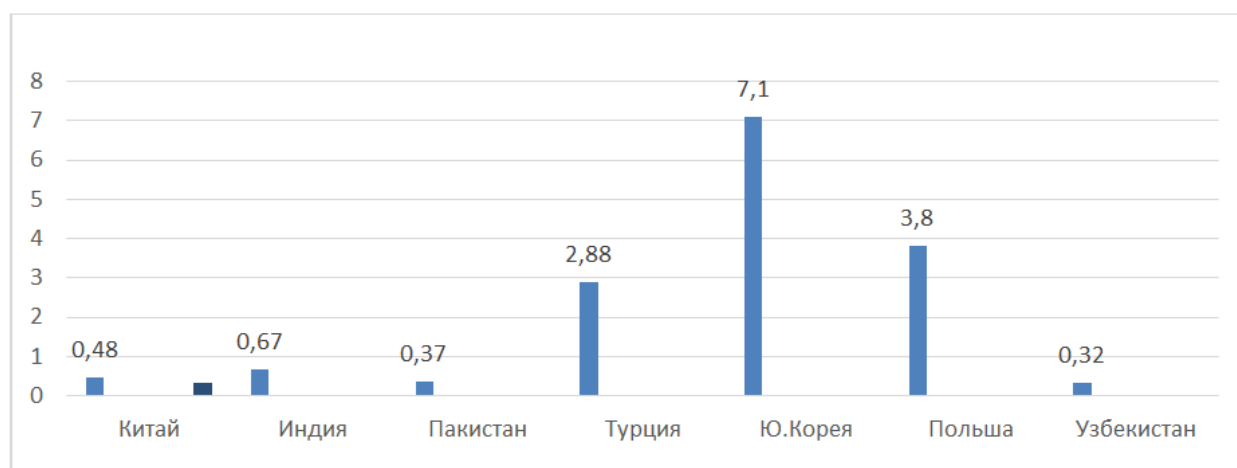


Figure 2.

The most obvious indicators of the competitiveness of textile products or the entire economy as a whole is its export volume and its structure. Saying what should be the export of the textile sector it is necessary to consider the level of processing of raw materials.

After all, it is known that the textile industry today provides a fifth of GDP. A third of industrial workers in the republic are concentrated in it. The revenue part of the state budget in different years is 25-28%. The export item is the main one for the country's textile industry. In 1994, the first export deliveries began to operate, the volume of which at that time was no more than \$ 7 million.

Until 1996, Uzbekistan exported only raw cotton and cloth from coarse material. In the absence of sufficient production capabilities, the factories could not carry out three- or four-stage processing of cotton fiber, while losing up to 80% of the added value from the export of processed textile products. The huge planned work on the reorientation of exports from raw materials to finished products allowed the textile industry of Uzbekistan to begin the phased development of the industry.

Table 2 . Change in prices for products made from 1 ton of cotton fiber

| Indicators | Product type | | | |
|---|--------------|-------------|----------------|----------|
| | Cotton fiber | Cotton yarn | Textile fabric | Knitwear |
| number | 1 ton | 750 kg | 34.5 m | 3750 pcs |
| Price in USD | 1450 | 2665 | 2950 | 4500 |
| The ratio of the cost of a ton of cotton and products produced from it, % | 100 | 165 | 181 | 310 |

Table 2.

An analysis of this table clearly shows the fact that the deeper the level of processing of raw materials, the higher the price of products manufactured from it, i.e. value added by processing is added to the price. To put it more simply, we can give an example: "A kilogram of yarn costs \$ 2.5, five men's shirts are obtained from a kilogram of yarn, and forty abroad costs \$ 40. This shows that it is certainly more profitable to export shirts. " The above calculations show that Uzbekistan will greatly benefit if it creates a vertically integrated cluster in the textile and light industries. This cluster will maximize economic and social benefits from the sale of finished products. A deeper processing of cotton raw materials within the country is capable of creating added value exceeding the cost of raw materials by at least four times, which is associated, to a large extent, with labor costs, and therefore can significantly increase employment. This is very beneficial for Uzbekistan with its excessive labor resources. Experts estimate that 1 million US dollars attracted to the investment industry creates 45-50 jobs, which is 3-4 times more than in mechanical engineering, 5-6 times more than in the fuel and energy sector.

In this regard, during the years of independence significant results have been achieved and necessary measures have been taken to expand the presence of textile products of Uzbekistan in the global textile market, and light industry has become one of the leaders in the export of high value-added products.

The policy of developing the export potential of the industry today gives its results. To date, the number of

technically equipped enterprises has increased, which are not inferior to foreign competitors in terms of profitability and quality of products.

The industry's first export deliveries began in 1994. Then the export volume of textile and sewing-knitwear products amounted to only about 7 million dollars. It can be noted that while in 1994-1996 only harsh fabrics and cotton yarn were exported, in 2003 the assortment was replenished with new types of products, such as terry towels, knitted fabrics, and by 2010, carpets and rugs were added to the export nomenclature products, sewing and knitwear.

A deliberate and consistent policy of increasing the export potential of light industry has yielded tangible results: the number of technically equipped enterprises in the industry has increased in terms of productivity, profitability, quality of products and the breadth of its range. By 2006, export figures exceeded \$ 300 million, and by 2018 reached \$ 930 million.

Today, the industry is represented by a wide export assortment - from yarn to finished sewing and knitwear, and industry enterprises continue to actively increase their presence in foreign markets. This is confirmed by the growth in export indicators for 2017, which exceeded \$ 1 billion, and deliveries abroad were carried out by more than 260 enterprises. The structure of their export included new types of textile products: bamboo, modal and blended yarns, jacquard and ring-shaped fabric, ready-made sewing and knitwear of new types, patterns, patterns and weaves. Last year, the share of goods with high added value in total exports exceeded 40 percent and continues to grow steadily. Export indicators are also growing dynamically in 2018. By the end of the year, total exports of textile and garment and knitwear in the amount of more than \$ 1.4 billion are expected.

The increase in export supplies is also facilitated by the work on expanding direct contacts with consumers in different countries. So, today around the world there are about 40 trading houses of textile enterprises in Uzbekistan. This allows Uzbek producers to pursue an effective policy in finding foreign partners and increasing export volumes. Due to the opening of an additional number of trading textile houses in a number of countries, it is planned to ensure accelerated growth in external deliveries not only of raw materials and semi-finished products, but also of finished products with high added value.

Currently, products with the brand name "Made in Uzbekistan" are exported to more than 50 countries, including the EU, CIS and Latin America, the Republic of Korea, China, Singapore, Iran, Israel, the USA and others.

Over the past year, new sales markets have been developed - Pakistan, Georgia, Croatia, Nigeria and several others. In order to diversify them, expand the range of export products, enterprises of the Uztexstilprom association actively participate in international exhibitions and fairs in Germany, the Republic of Korea, China, Russia, Belarus, Latvia and other countries.

Chart number 3

The volume of foreign investment in the textile industry

for the period 2017 - 2019 (%)

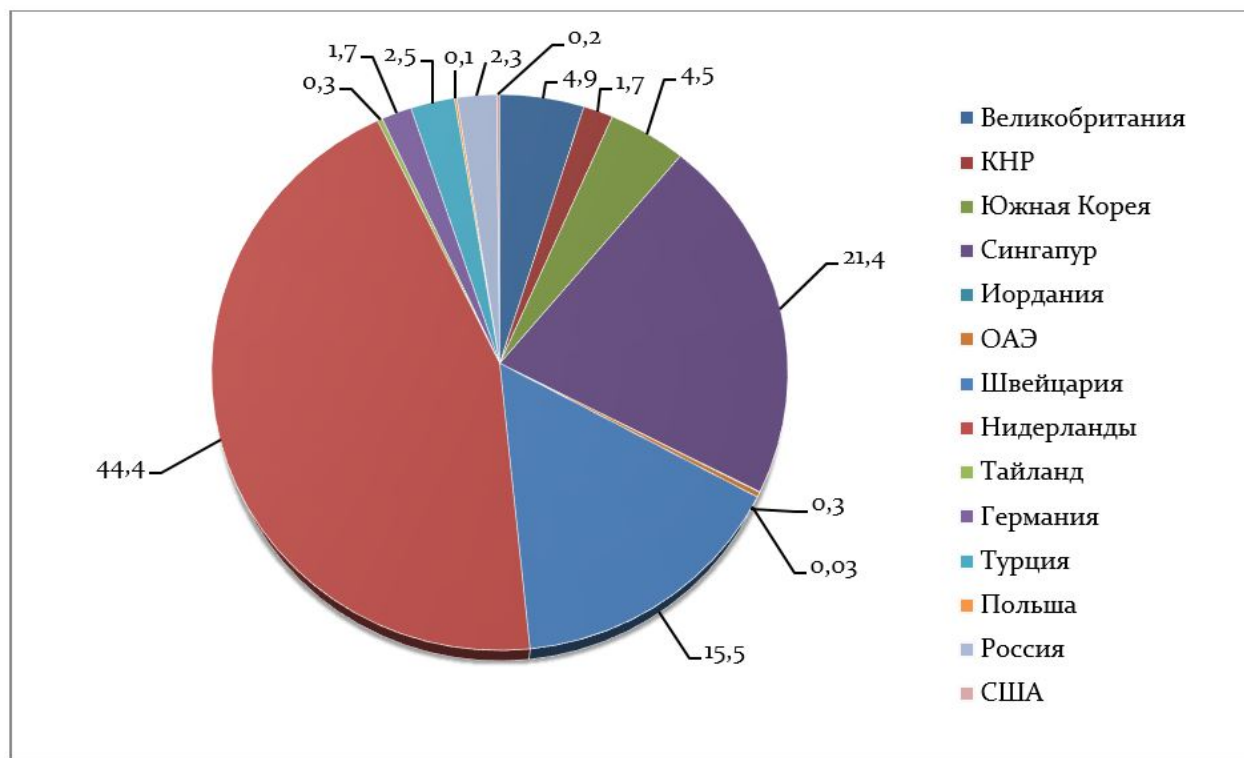


Figure 3.

The main investors, accounting for 44.4% of the total volume of investments for the period 2017 - 2019, are the Netherlands with a total volume of \$ 305 million, Singapore (21.4%) with a gross investment of \$ 147.1 million . and Switzerland (15.5%) with a total investment of 106.5 million dollars USA. The technological environment in the textile industry has a strong impact on the formation and implementation of the financial sustainability strategy of enterprises, the impact on the strategic development of which is manifested in the form of innovations, new financial instruments and technologies, in this regard for the period 2017 - 2019. It is planned to modernize 10 textile enterprises for a total of \$ 58.3 million, of which \$ 8.4 million. make up own funds, 34.5 million US dollars - loans from commercial banks and 15.4 million US dollars - foreign investments.

Over 25 years, the amount of attracted investments amounted to about \$ 3.7 billion. More than 230 investment projects were implemented. For all the time of independence, new textile enterprises were actively built and developed. The indicators for the development of technical equipment of production facilities have increased. More than 2.2 million spinning spindles and 140 thousand chambers were commissioned, which amounted to 89.3% of the existing technological equipment fleet.

Analyses

At the end of 2018, the total amount of attracted investments amounted to \$ 187.3 million, which is almost 3.5% more than in 2017. New textile enterprises were created. According to macroeconomic indicators of socio-economic development, textile production for the first half of 2017 amounted to 8.92 trillion. soums. This is 116.6% more compared to the previous year.

Therefore, both its creators, manufacturers and consumers are interested in increasing the level of export potential and the competitiveness of products. In addition, it is known that at the stage of manufacturing products, the company strives to ensure that the products are economical in production. And it depends, first of all, on the organization of production, reduction of losses from marriage, alterations, complaints and so on. However, it can be seen that the predominance of commodity exports makes Uzbekistan's foreign trade vulnerable to world market conditions. However, to achieve this goal, it is considered necessary to consider issues such as:

- firstly, to comprehend the contours of the theory of competitiveness of the economy in the framework of the new world economic order;
- secondly, to identify the distinctive features and characteristics of the process of institutional transformation;
- thirdly, to characterize the comparative macroeconomic parameters of the level of competitiveness of the

economy of Uzbekistan. Moreover, the criterion of comparative comparability of the level of competitiveness is considered taking into account the stimulation of investment activity;

- fourthly, to study the model of export-oriented economic development in the context of the conceptual problems of economic liberalization;

- fifth, to study the processes of labor export and its impact on quality indicators in the context of increasing the competitiveness of the economically active population;

- sixth, to identify priority areas for increasing the level of competitiveness of the economy of Uzbekistan, primarily in the framework of structural and infrastructural modernization, strengthening regional economic ties;

- seventh, to substantiate a set of measures of state regulation of the mechanisms of competitiveness of the national economy, including a system of stimulation and diversification of competitive production, improvement of management.

Further development of foreign economic activity in Uzbekistan should, of course, lead not only to improving the export structure, changing the situation when we mainly export raw materials. The main thing that needs to be solved through the development of foreign economic relations is the acceleration of the development of innovative processes in the country. It can be achieved not only through the purchase of imported high-performance equipment, licenses, but, probably, the involvement of domestic enterprises in the competition in the global market is even more significant. Domestic manufacturers should actively improve their products and increase their competitiveness, which naturally will contribute to improving the quality of products of enterprises in general.

In addition, numerous studies by national and international experts point to the insufficient quality of local products and the lack of modern equipment at enterprises. At the same time, it is especially recommended to carry out investment measures for their technical re-equipment, which in most cases are impossible without foreign currency loans. However, enterprises taking foreign loans face a number of problems:

- high requirements of banks and financial organizations to the amount of equity;
- with the need to provide guarantees, which often must comprise more than 100% of credit resources.

Dussions

But, despite this, Uzbekistan has an opportunity to enter the world market and take a place among exporters of high-quality products. This will be achieved if a sufficient amount of investments will be attracted to this area, several dozen existing textile enterprises will be re-equipped, and the construction of those already begun will be completed. In the next 5 years, Uzbekistan will achieve a level of textile enterprises capacity at which 80% of the cotton fiber produced will be processed domestically.

Of course, all these tasks are complex, since more active involvement of enterprises in foreign economic activity requires the solution of many other issues. During the analysis, several of them were identified, these are:

- issues of staffing of industrial enterprises, providing them with specialists in the field of foreign economic activity;
- providing enterprises with necessary information;
- a comprehensive study of the state of the market and the prospects for its further development;
- the existing and potential demand of buyers for goods and services;
- organization of research, development and production activities for the production and improvement of goods that satisfy consumer needs,
- ensuring high competitiveness of products, both in foreign and domestic markets;
- improvement of traditional and search for new forms and channels of marketing and sales of products.

Conclusion

Thus, the stably positive dynamics of the main macroeconomic parameters characterizing the external sector of the economy in particular has been observed for a number of years, which should confirm the idea that the textile enterprises of the Republic of Uzbekistan solving these problems, and there are all the prerequisites for this, can in the near future to occupy the corresponding segment both in the external and in the domestic market.

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