

Impact Factor:

ISRA (India) = 3.117	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHII (Russia) = 0.156	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

SOI: [1.1/TAS](#) DOI: [10.15863/TAS](#)

International Scientific Journal Theoretical & Applied Science

p-ISSN: 2308-4944 (print) e-ISSN: 2409-0085 (online)

Year: 2019 Issue: 03 Volume: 71

Published: 30.03.2019 <http://T-Science.org>

QR – Issue



QR – Article



Saidvali Shukrullaevich Yusupov

Ph.D, docent,

Customs Institute of the State Customs Committee of
the Republic of Uzbekistan

**SECTION 31. Economic research, finance,
innovation, risk management.**

STRATEGIC OF DEVELOPMENT OF EXPORT POTENTIAL FOR ENGINEERING INDUSTRY OF UZBEKISTAN

Abstract: The article discusses the development of the textile industry of the Republic of Uzbekistan, as well as its role in ensuring economic growth. The export potential of the country's textile industry has been analyzed, and directions for increasing the country's export potential have been proposed.

Key words: light industry, investment, export, export potential, textiles, cotton fiber, yarn.

Language: English

Citation: Yusupov, S. S. (2019). Strategic of development of export potential for engineering industry of Uzbekistan. *ISJ Theoretical & Applied Science*, 03 (71), 584-588.

Soi: <http://s-o-i.org/1.1/TAS-03-71-59> **Doi:** <https://dx.doi.org/10.15863/TAS.2019.03.71.59>

Introduction

Given the growing demand for natural fibers in the world market today, it should be noted that Uzbekistan has wide opportunities to be recognized not only as raw cotton, but also as an exporter of finished textile and light industry products.

Due to the production of consumer goods in the textile industry, it stands at the central place in the production of industrial products, which, in turn, is a major part of the market. In addition, the network provides a large number of jobs for the country, including the employment of women in the industry, which helps maintain the demographic balance in the industrial regions. One of the most important issues is the growth of export potential.

One of the major problems facing the light industry today is the fact that the product is exported rather than ready, but in semi-ready mode. As noted by President Islam Karimov, "Currently 40% of cotton fiber grown in our country is processed and the rest is naturally exported. The calculations show that if we export yarn, not raw materials, we export more than 1.4 times more fiber than fiber. If we sell cotton as a finished product, the volume of exports will increase by 6 times".

Literature review

Researches in field of development and modernisation of economy were investigated by scientists as well as: Astapenko N.V., Akhunova G., Akhmadeev M., Abdurakhmanov K.Kh., Asaul A.N.,

Allaeva G.Zh., Boev A.N., Bodrikova OA, Zharikov AV, Shiryaeva Yu.S., Bakhur A. B., Bendikov M. A., Beregovoy V.A., Bekmurodov A.Sh., E. Balakireva, Babintsev B. C., Blinov V. M., Vagizov V.I., and others. [1-12]

Analysis and results

As of 01.01.2018, Uztashafilishanoat Association has 410 enterprises, 5 joint-stock companies, 66 joint ventures, 72 foreign companies, 235 limited liability companies and 22 other organizational-legal entities and organizations. is increasing. It should be noted that the products manufactured by joint ventures make up about 30% of the industrial production and 88.1% of their products are exported. Nowadays, light industry accounts for 1/3 of the total labor force, while the share of light industry products is 13.4% of total industrial output and 55% of consumer goods.

Light industry of the Republic is developing at high rates. If in 1991 7% of the cotton fiber produced in the country was processed, today light industry enterprises process 45% raw cotton. According to the Decree of the President of the Republic of Uzbekistan dated 21.12.2016, No. 2687, the processing of cotton fiber in 2019 will reach 76%. 100% of raw cotton grown in our country is defined by the principle of self-reprocessing, exporting of products by 2.5 times and production capacity by 3 times. [13]

At present, the capacity of cotton fiber processing enterprises in the field is more than 522

Impact Factor:

ISRA (India) = 3.117	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.156	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

thousand tons of cotton, fabric and silk fabrics, with a capacity of 276.0 mill. 101,0 thousand tons of knitted fabrics, annual capacity of sewing and knitting products - 270,5 million tons. and the strength of stock

and hosiery - 45.0 mill. the pair.

The textile and light industry of the Republic is developing at high rates (Table 1).

Table 1. Dynamics of production volumes in 2014-2017 by "Uztakkimilshank" association

Products	Unit	2014y.	2015 y.	2016 y.	2017 y.
Cotton patchwork	Thous.ton	257,8	307,2	348,6	385,2
Ready-made cotton fabric	Million m ²	154,9	182,9	198,7	238,4
Silk thread fiber	Ton	1016,4	1077,7	1230,1	1291,5
Knitted fabric	Ton	47700	53400	62800	69900
Knitwear items	Million pieces	166,3	184,7	219,4	274,3
Socks Products	Million pairs	29200	38900	46100	49300
Sewing products at wholesale prices	Million sums	28700	30800	37900	49300
Export	Million dollars	865,1	1050,1	1170,0	1350,0

Source: author's calculation.

Enterprises of the Uztoqishmashsanoat Association have the tendency to increase the volumes of raw cotton processing in 2014-2017. In 2014, 285 thousand tons of raw cotton was processed, in 2015 it was 260 thousand tons, in 2016 - 420 thousand tons, and in 2017 the volume of raw cotton processing reached 642 thousand tons, 2017 growth rates were 152,98 %.

At present, the textile industry plays an important strategic and reputational role in the economy of the Republic of Uzbekistan, and its interest in it is increasing day by day and at the same time, 20% of the industry's products are directly marketed with consumer goods, high employment and export potential This branch of the industry should play an important role in the growth of the economy and production potential of the republic. [14]

During the years of independence, the industry has invested 2.5 billion soums. more than \$ 1 billion of foreign investments were attracted and more than 200 companies with the participation of investors from Germany, Switzerland, South Korea, Turkey, Japan, Singapore, the USA and India were commissioned. In particular, investment projects for the production of more than 100 finished goods (upper

and underwear, sportswear, clothes for adults and children, etc.) were implemented.

The main directions of the development strategy of textile and light industry in Uzbekistan:

- Re-equipment and modernization of operating enterprises;
- Creation of new high-tech enterprises;
- Expansion of deep processing of cotton fiber;
- consumer goods production;
- replenishment of the domestic market;
- treatment of export;
- creation of new jobs;
- training and retraining of personnel;
- restoration of textile machinery.

The industry has launched modern spinning machines, textile, silk fibers, paints, weaving, finishing and sewing equipment manufacturers of the world's leading machineries. Exports of goods of the enterprises of the community have exceeded \$ 1 billion (Table 2).

It is exported to more than 50 countries. He is a member of the International Textile Federation of Uzbekistan and has also signed cooperation agreements with textile associations in more than 30 countries.[15]

Table 2. Enterprises of "Uztokimachilikanoat" Association export dynamics, mln. In US dollars

Product Types	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Yarn of yarn	202,1	249,2	318,5	475,7	561,3	617,4	673,0	733,5	799,6	871,5
Ribbon fabric	35,9	55,8	56,7	65,2	83,5	103,5	112,8	123,0	134,0	146,1
Silk fabrics	0	0,04	0,06	0,5	0,7	1,1	1,2	2,3	2,8	3,3
Raw silk	10,8	11,4	12,1	12,8	13,5	14,0	13,0	15,8	13,1	11,2
Socks Products	1,1	2,2	2,7	2,9	3,3	3,4	6,0	6,2	3,2	0,6
Knitted fabric	8,0	34,2	40,4	50,6	63,2	79,0	86,1	93,9	102,3	111,5

Source: author's calculation.

Impact Factor:

ISRA (India) = 3.117	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.156	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

The volume of goods produced by the enterprises of the Uztishkimilanoat Association in 2017 will reach 3714.5 billion soums. The amount of annual exports amounted to 1170.0 mill. US dollars. Import-substituting raw materials, materials and consumer goods in 2016 increased by 118%, or by 473.0 mill. Over USD. Exports of light industry products increased by 25 times in comparison with 1994. Export volumes accounted for 70.2% of the total output.

Since the 2000s, a new era has been launched in exports of textile, knitwear and silk products. It should be noted that in the light industry of Uzbekistan in the

1990s only cotton has been exported, Uzbekistan has wide opportunities to be recognized not only as raw cotton, but also as exporter of finished textile and light industry products.

As can be seen in Table 2, the volume of exports of textile products for 2014-2017 is 865.1 mln. 1350,0 mln. or by 1.6 times the export volume. In 2017, the growth rates of exports amounted to 115.5%.

If we analyze the structure of exports, we can see that the share of cotton yarn in the total textile industry decreased, and the share of cotton yarn and knitted garments increased (Table 3).

Table 3. The structure of the association "Uztokimachilikanoat" in 2010-2017

Export of light industry products, %	cotton yarn	Knitted and crocheted appare	Yarn	Raw knitted fabric	Silk thread
2010 й.	58,0	25,0	7,0	5,2	2,8
2014 й.	44,2	33,8	16,6	4,4	1,0
2017 й.	38,5	35,2	19,6	5,5	1,2

Source: author's calculation.

If the share of cotton yarn in 2010 was 58%, in 2017 it would be 38.5%, while the share of export of finished knitted and crocheted goods from 25% to 33.2%, and cotton fiber exports - 7% from 19.6% to 19.6%. However, despite the fact that Uzbekistan still holds the leading position in exports, exports of cotton fiber are still in place. However, it is well known now that the country can benefit from the export of textile products and, moreover, finished goods.

The following table shows that if the finished products are exported instead of 1 ton of cotton fiber in our republic, the rate of foreign exchange inflow to the republic will be more than \$ 3,200. At the same time, additional jobs will be created at enterprises established for the production of finished goods. This, in turn, will help to reduce unemployment among the population.

Table 4. Increase in added value of textile products

Product type	Volume	Additional product	Price
Cotton fiber	1 кг		1,04 \$
Knit	0,88 кг	1,4 \$	2,44 \$
Tissue	0,77 кг	0,2 \$	2,64 \$
Ready product	3 дона	1,6 \$	4,24 \$

Source: author's calculation.

The development of the garment industry in this area plays an important role. This is due to the fact that the share of knitwear enterprises in various sectors of the light industry is 45.1%. If, as of January 1, 2018, , 410 of which are enterprises of the Uztishmashafanoat Association, of which 138 are knitwear enterprises.

The company's geography of exports is expanding year by year. By 2016, the products produced by the company's products were exported to

58 countries, EU and CIS countries, as well as to China, South Korea, Turkey, India, UAE and other countries. In particular, exports to Turkey increased by 8.3%, EU countries - 12.6%, South Korea - 14.1%, China - 5.4%, CIS - 61.0%, 3.6% % i was sent to others. The Association of textile products and marketing has been established within the Association of Textile Products, which examines the conjuncture of world textile industry products, analyzes the

Impact Factor:

ISRA (India) = 3.117	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.156	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

situation on the demand, develops proposals for the implementation of the price policy by the enterprises, the direction of exports. It also helps our domestic producers to communicate with foreign consumers, to create mutually beneficial agreements.

The company pays great attention to the issues of import substituting products, and the structure of

imports on its enterprises is thoroughly studied. In particular, in January-December of the year 2017, Imported products worth US \$ 99.4 million were imported. The share of equipment and spare parts of the US dollar accounted for 67% of the total volume of imported goods.

Table 5. Export geography of textile products in 2017

Importing countries	Export volume. USD	Share, %
CIS	823560	61,0
South Korea	189013	14,1
European countries	170112	12,6
Turkey	112057	8,3
Chinese	72905	5,4
Other countries	48604	3,6
Total:	1 350100	100

Source: author`s calculation.

If we analyze the geography of textile products exported by enterprises of the Uztashakimilanoat Association in 2018, we can see that the products are mainly exported to Europe, Asia, Africa and North America. [13]

In Europe, except for Russia, Ukraine and Belarus, mainly yarn and cotton yarn have been exported to all countries. It should be noted that 100% stockings are exported to Russia. Most of the non-

woven fabrics and knitted fabrics are exported to Russia, with 89-90%. The Russian state takes the leading role in the export of the textile industry of our republic. [14]

Important role in the development of the textile and light industry of the Republic, as well as the modern machinery and equipment, as well as the furnishings and auxiliary materials, in the quality of manufactured products.

Table 6. Import of raw materials and materials required for production of textile products in the system of "UztakkimilSanoat", mln. in US dollars

Type of imported goods	2014 y.	2015 y.	2016 y.	2017 y.
Devices and parts	55,1	96,4	107,3	122,1
Raw materials and auxiliary materials	37,7	44,4	131	135,6
Total import volume	92,8	106,2	238,3	253,7

Source: author`s calculation.

Table 7 shows that in 2014-2017 imports of equipment and accessories, as well as furnishing and auxiliary materials to the enterprises of Uztashakimilanoat Association. Imported machinery and equipment are imported in the structure of imports. It is worth mentioning that Riter, one of the world's leading machine-building firms, has been investing in the production of textile machinery manufactured by Rither in the Republic of Uzbekistan at Riter Machine Plant. [15]

The enterprises of the Uztakimachilik Industry Association are also working to meet the demand for quality materials and supplies, and a number of enterprises are being created to produce furnishings for the development of light industry. [16]

Conclusions

We can conclude that it is expedient to work in the development of the textile and light industry of the Republic of Uzbekistan, as well as to increase its export potential, to produce high quality finished

Impact Factor:

ISRA (India) = 3.117	SIS (USA) = 0.912	ICV (Poland) = 6.630
ISI (Dubai, UAE) = 0.829	PIHHI (Russia) = 0.156	PIF (India) = 1.940
GIF (Australia) = 0.564	ESJI (KZ) = 8.716	IBI (India) = 4.260
JIF = 1.500	SJIF (Morocco) = 5.667	OAJI (USA) = 0.350

textile and light industry products and to increase their export potential with high added value.

In the near future it is proposed to implement the following tasks for the development of export potential of our country:

- Sustainable industrialization;
- Increase in domestic investment aimed at financing of technical facilities modernization and renovation;
- Forming competitive corporations in domestic, foreign and domestic markets;

- Interdisciplinarity of economics;
 - optimization of the banking system, optimization of the national currency exchange rate, and the lowering of inflation as low as possible;
 - direct involvement of foreign investments, attraction of new advanced technologies and creation of joint ventures for expansion of export potential;
- Creation of an organizational-legal basis for the formation of the export-oriented structure of the economy.

References:

1. Abryutin, M. S. (2004). *Enterprise Economics: Training*. Deloiservice. (pp.35-36).
2. Bendikov, M. A., & Frolov, I. E. (2008). The role of the innovation potential in the modernization of the economy: domestic and foreign experience. *Management in Russia and abroad*, № 1, 36–38.
3. Doeringer Dickerson, C. G. (2004). *Textiles and apparel in the global economy*. 3rd ed. (pp.125-127). NJ: M&P–Hall.; Nordas H. K.
4. Gretchenko, A. A. (2009). The Foreign Experience in the Formation of Innovation Policy. *Innovations and Investments*, No. 3, 45-51.
5. Forster, E., & Ryants, B. (1983). *Methods of correlation and regression analysis*. A guide for economists. (p.304).
6. Forza, C., & Salvador, F. (2001). Information flow for high-performance manufacturing. *International Journal of Production Economics* 70, Elsevier Press, 21-36.
7. Tursunov, B. O. (2017). *Metody otsenki ekonomicheskoy nadezhnosti tekstil'nogo predpriyatiya v usloviyakh rynochnoy ekonomiki*. V sbornike: Teoriya i praktika organizatsii promyshlennogo proizvodstva. Effektivnost' organizatsii i upravleniya promyshlennymi predpriyatiyami: problemy i puti resheniya Materialy Mezhdunarodnoy nauchno-prakticheskoy konferentsii. (p.139-144). Voronezhskiy gosudarstvennyy tekhnicheskoy universitet.
8. Tursunov, B. O. (2017). Perspektivy razvitiya tekstil'noy promyshlennosti v Uzbekistane. *Menedzhment v Rossii i za rubezhom*, № 4, 78-84.
9. Tursunov, B. O. (2017). Strategiya razvitiya legkoy promyshlennosti respubliki Uzbekistan. *Vestnik Instituta ekonomiki Rossiyskoy akademii nauk*, № 5, 146-155.
10. Tursunov, B. O. (2017). Teoreticheskie aspekty proizvodstvennoy moshchnosti tekstil'nykh predpriyatiy v sovremennykh usloviyakh. *Nauchno-analiticheskoy zhurnal Nauka i praktika Rossiyskogo ekonomicheskogo universiteta im. G.V. Plekhanova*, № 4 (28), 57-68.
11. Tursunov, B. O. (2017). Principles and functions of management of production capacity. *Voprosy upravleniya*, № 3 (46), 174-178.
12. Tursunov, B. O. (2017). Upravlenie proizvodstvennymi zapasami v tekstil'nykh predpriyatiyakh. *Nauchnaya mysl'*, T. 1, № 3 (25), 117-125.
13. Tursunov, B. (2017). Features of the method of calculation of production capacities of the textile enterprises. *Byulleten' nauki i praktiki*, № 10 (23), 213-222.
14. Tursunov, B. (2017). Ways of increasing the efficiency of usage the production capacity of textile enterprises. *Byulleten' nauki i praktiki*, № 8 (21), 232-242.
15. Tursunov, B. O. (2017). *metody otsenki ekonomicheskoy nadezhnosti tekstil'nogo predpriyatiya v usloviyakh rynochnoy ekonomiki*. V sbornike: Teoriya i praktika organizatsii promyshlennogo proizvodstva. Effektivnost' organizatsii i upravleniya promyshlennymi predpriyatiyami: problemy i puti resheniya Materialy Mezhdunarodnoy nauchno-prakticheskoy konferentsii. (pp.139-144). Voronezhskiy gosudarstvennyy tekhnicheskoy universitet.
16. Ubatdullaev, S. N. (2007). Economic institutes: creation and development. (p.152). Tashkent: Istiqlol.