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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: 2024 Issue: 12 Volume: 140

Published: 20.12.2024 <http://T-Science.org>

Issue

Article



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THE FATE OF LIGHT INDUSTRY IN SUCCESSFUL IMPORT SUBSTITUTION OF GOODS IS IN THE HANDS OF THE WISE BUDDHA

Abstract: In the article the authors present the results of the authors' research on the formation of competitiveness of enterprises and competitiveness of products based on the assortment policy and the creation of innovative technological processes in the production of import-substituting products for consumers in the regions of the Southern and North Caucasian Federal Districts, providing them with high technical and economic indicators. The content offered to consumers by the authors will provoke professional interest and demand among all specialists in the light industry engaged in the production of competitive and in-demand products.

Key words: competitiveness, demand, priority, entrepreneurs, products, basis of assortment policy, innovations, efficiency.

Language: English

Citation: Rumyanskaya, N.S., Prokhorova, Yu.I., Blagorodov, A.A., Prokhorov, V.T., & Volkova, G.Yu. (2024). The fate of light industry in successful import substitution of goods is in the hands of the Wise Buddha. *ISJ Theoretical & Applied Science*, 12 (140), 218-230.

Soi: <http://s-o-i.org/1.1/TAS-12-140-28> **Doi:** <https://dx.doi.org/10.15863/TAS.2024.12.140.28>

Scopus ASCC: 2000.

Introduction

UDC:338.4(677+685+687)(470.6)

The development of innovative technological processes for the production of footwear using innovative technological solutions", as well as in

accordance with the approved "Strategy for the Development of Light Industry in Russia for the Period up to 2035", including in the regions of the Southern and North Caucasian Federal Districts, allows us to consider the publication of the article relevant and significant. The validity of the main

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provisions, conclusions and recommendations formulated in the article is confirmed by the use of simulation methods and research tools corresponding to the current state of science. To achieve the stated goal, namely, ensuring the competitiveness of footwear produced in the regions of the two districts, the effectiveness of using innovative technological processes, modern technologies, mathematical models, application software packages, synergy theories, network cooperation is considered, the authors present the concept of import substitution of light industry products through the competitiveness of enterprises and through the competitiveness of products, ensuring their demand, attractiveness and pretentiousness in order to create prerequisites for sustainable demand among consumers of the regions of the Southern and North Caucasian Federal Districts. This is possible if manufacturers ensure demand for products based on an assortment policy with social protection of consumers' interests, guaranteeing them a stable financial position, a price niche and a policy of effective cash flow, creating stable technical and economic indicators for enterprises.

The authors justify their stogonaniye by their desire to draw the attention of the federal, regional and municipal branches of government to revising the concept of the roadmap and strategy for the development of light industry in Russia until 2035, approved by the government. Unfortunately, it lacks the main thing - the role and importance of participation in its implementation by authorities at all levels, without whose support both the roadmap and the strategy for the development of light industry are just intentions and nothing more. The lack of messages and those responsible deprived them of their obligation for these very branches of government, and without their interested participation it is simply impossible to achieve the declared results. Another weighty doubt is its inefficiency and failure to have a significant impact on the restoration of light industry enterprises in the regions and municipal entities as city-forming ones, in order to return social stability and security to small and medium-sized cities of Russia, that is, to restore to them the role they played for these very municipal entities, of which there are so many in Russia. The implementation of all the proposed measures presupposes the active participation of these same branches of government, but especially regional and municipal ones, in order to create new jobs in small and medium-sized cities, guarantee their population all the social conditions for a decent life, providing their financing, including the work of preschool and school organizations, medical and cultural institutions, distracting young people from the street and other undesirable phenomena. And the appearance on the markets of demand for in-demand products with a price niche acceptable to the majority of consumers in these regions will reduce the

migration of the population from these regions precisely due to the financing of all socially significant institutions.

By forming import substitution, regional and municipal authorities, supporting the heads of enterprises in the implementation of their tasks and filling the markets with popular products, especially for children and socially vulnerable groups of the population of these regions, they - these very authorities - will directly implement their promises to voters and create confidence in the population of these regions in their future, which, ultimately, will provide the population of small and medium-sized cities with a decent life. Based on the research conducted by the authors of the article, the following proposals were outlined, namely:

- a concept of assortment policy was formulated to ensure the sustainable operation of footwear enterprises in the regions of the Southern and North Caucasian Federal Districts in a competitive environment of unstable demand;

- the optimal structure of the footwear assortment was determined based on the profitability coefficient and production costs of specific models using the linear programming method for its competitiveness and demand in markets with unstable demand;

- a multi-criteria assessment of the effectiveness of the selection of innovative technological processes for the production of footwear using simulation models is presented;

- an algorithm for the economic assessment of innovative technological processes for the production of competitive and in-demand footwear in markets with unstable demand is presented;

- modern innovative technological processes based on progressive technologies, implemented through the use of universal and multifunctional technological equipment, are identified;

- software is presented for the formation of a technological process for shoe assembly and the determination of specific reduced costs, which are the sum of current costs (cost price) and capital investments, measured using a standard efficiency coefficient taking into account the production program;

- the main directions of the formation and development of a strategy for increasing the competitiveness and demand for footwear manufactured by enterprises in the regions of the Southern and North Caucasian Federal Districts based on innovative technological processes for markets with unstable demand have been identified;

- An expert system for managing a multi-product range of footwear at enterprises is shown, allowing them to determine the total quantity of footwear produced on the market of established prices

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and demand; an assessment of the costs of producing a range of products is made based on the profitability ratio and the costs of producing specific models, taking into account their demand in sales markets;

- a calculation of a complex indicator of the efficiency of innovative technological processes in footwear production is proposed;

- the structure of the technological process for the production of the entire range of footwear has been formed, taking into account the demand of consumers in the regions of the Southern and North Caucasian Federal Districts;

- A software product was analyzed that allows for the formation of a technological process for the production of footwear and the determination of the costs of its manufacture, taking into account the production program for newly formed footwear production in the regions of the Southern and North Caucasian Federal Districts in order to meet the existing demand for footwear.

The authors of this article paid attention to the solution of such a topical problem for domestic enterprises - how to prevent them from bankruptcy. This problem acquires special significance when forming new or restructuring former shoe enterprises located in the regions of the Southern and North Caucasian Federal Districts, filling them with innovative technologies.

It is assumed that the interaction of the product range policy with innovative technological processes formed on the basis of the use of universal and multifunctional equipment will allow enterprises to formulate a price niche that guarantees the substitution of imported products in the sales markets in the regions of the Southern and North Caucasian Federal Districts, and for the population – jobs and social protection from the economic crisis.

In the modern conditions of market relations in a competitive environment and with direct interaction of Russian and foreign manufacturers, the solution to the problem of combining state and market mechanisms for managing competitiveness is becoming a strategic resource for the economy of these regions. In the global economy, the place of price competitiveness has been taken by the competitiveness of quality levels, which has increased its relevance in connection with Russia's entry into the WTO. The increase in the quality factor of the results of domestic footwear production in the strategy of competitive struggle in world markets is a long-term trend.

The use of the results of the research conducted by the authors will provide technologists in the production of footwear with accessible tools for conducting multi-variant design of production flows, allow enterprises to form a competitive assortment

and predict the amount of maximum profit from shoe production with a profitability of at least 15%. The task of increasing competitiveness is especially relevant for those shoe enterprises that, due to external factors (increased competition due to globalization, the global financial crisis) and internal (ineffective management), have lost their competitive positions in the domestic and foreign markets. In response to negative processes in the external environment, the processes of regionalization and the creation of various network structures are intensifying, one of which is the union of commodity producers and the state. The economic efficiency of the introduction of innovative technological processes at shoe manufacturing enterprises will amount to 2,068,637.6 thousand rubles per year. Thus, the heads of enterprises have a weighty argument to the municipal and regional branches of government about the advisability of forming such a cluster within the regions of the Southern and North Caucasian Federal Districts in order to implement the authors' developments, provide them with a way out of the crisis, significantly improve their socio-economic situation by creating new jobs, including by creating new production facilities for the manufacture of domestic components, filling municipal and regional formations with budget funds that they so need to provide residents of these regions with decent living conditions. Of course, this cannot happen by itself, joint actions are needed, and we offer such solutions based on detailed calculations and specific proposals. But this does not mean that the article is intended only for a narrow circle of specialists, but will also be of interest to a wide range of interested parties - residents of these regions who care about the fate of their regions. We hope that this work of ours will be a small drop in stabilizing the life and prosperity of all segments of the population of the regions of the Southern and North Caucasian Federal Districts of the Russian Federation.

Main part

The Russian light industry accounts for 0.9% of GDP, which is equal to 2.4% of the total volume of industrial production. At present, 316.5 thousand people work in the light industry: 272.9 thousand people in textile and clothing production, 43.6 thousand people in leather and footwear. The average salary in textile and clothing production is 13,330.1 rubles, in leather and footwear 17,163.3 rubles. The average profitability of products in the industry does not exceed 7%.

The index of production of leather, leather goods and footwear production in 2023 compared to 2022 is presented in Table 1.

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Table 1. Production of certain types of leather, leather goods and footwear

	2023 In % to 2022		December 2023 to December 2022		In % by November 2023
Tanning and finishing of leather	107.7		81.7		97.7
hard leather goods, million dm2	2.9	44.8	0.6	172.8	in 2.1p.
yuft leather goods, million dm2	21.3	70.5	1.4	63.4	88.7
chrome leather goods, million dm2	2092	108.5	178	81.6	97.6
Shoe manufacturing	106.7		103.6		95.7
shoes, million pairs	96.3	105.4	7.7	108.7	95.4
waterproof footwear with rubber or plastic soles and leather uppers	16.6	112.9	1.5	123.7	88.7
footwear with rubber or plastic soles and leather uppers	20.3	99.5	1.4	147.6	126.7
shoes with leather uppers	22.3	108.3	1.8	101.1	97.2
footwear with textile uppers, except sports footwear	29.6	104.0	2.4	96.7	86.9
sports shoes	1.9	116.4	0.2	106.5	89.0
protective footwear and other, not included in other groups	5.5	99.7	0.5	86.7	90.7

In December 2023, compared to the previous month, the consumer price index was 100.4%, including for food products - 100.6%, non-food products - 100.3%, services - 100.3%.

The producer price index for industrial goods in December 2023 compared to the previous month, according to preliminary data, was 100.6%.

Today, the light industry has significant problems. These are:

- technical and technological backwardness of light industry compared to foreign countries, expressed in high material intensity, energy intensity and labor intensity of production;

- low level of innovation and investment activity in the industry, expressed in the weak competitiveness of domestic goods, in the low share of know-how and innovative products in the volume of sales on the market;

- the high share of imports, which has led to an increase in the state's strategic and commodity dependence on foreign countries;

- the absence of a civilized market for consumer goods, expressed in the intensification of competition in the domestic market between Russian and foreign producers;

- a social and personnel problem manifested in a shortage of highly qualified specialists, management personnel, and primary and auxiliary workers in all technological processes.

As can be seen from this list of problems, one of them is the problem of the lack of a civilized market for light industry goods.

To develop the industry, it is necessary to solve a number of problems:

- increasing the production potential of the light industry on the basis of technical re-equipment

and modernization of production, the introduction of breakthrough technologies and the creation of new high-performance industries that ensure the activation of innovative activities of enterprises, import substitution, and a reduction in the technological and commodity dependence of the industry on foreign countries;

- increasing competitiveness and increasing production volumes;

- strengthening the fight against shadow production and illegal imports in order to increase the economic and strategic security of the state;

- the formation of a civilized consumer market and market infrastructure, the development of an interregional and inter-industry commodity distribution network, commercial relations with countries of the near and far abroad;

- legislative support for the stable position of domestic producers in the domestic market, improvement of customs and credit policies, stimulation of product exports;

- strengthening customs control, introducing amendments and additions to the legislation of the Russian Federation in those of its norms that are directly aimed at the legal regulation of foreign economic transactions for the purchase and sale of goods in which the results of intellectual property rights are expressed;

- provision of additional measures to support the development of the lungindustry, which are aimed at ensuring the availability of financial resources for enterprises.

The implementation of these tasks will lead to an increase in the economic and strategic security of the state, ensuring the protection of Russian producers from imports, mainly from contraband and counterfeit

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products; an increase in sales volumes of competitive Russian light industry goods on the domestic market by at least 30%, an increase in the share of Russian producers to at least 50% by 2020; the creation of a civilized consumer market and market infrastructure, the development of a domestic interregional and inter-industry distribution network, etc.

The Strategy for the Development of Light Industry in the Russian Federation for the Period up to 2025 includes segments of textile, clothing, leather and footwear production. It also considers issues of development of related segments of related industries - production of chemical and natural fibers and threads, production of chemical materials, development of agricultural industries: livestock farming, flax production, as well as retail trade in light industry products.

The strategy reflects the results of the analysis of the state and development of the industry in the world and in the Russian Federation, defines the strategic goals and objectives of the state and business for the long term, legal regulation instruments, target indicators and a set of measures to achieve them, mechanisms for implementation and monitoring of its implementation.

The goal of the Strategy is to create a sustainable light industry in Russia, integrated into the global system of division of labor and based on the natural competitive advantages of the country. The main strategic goals are:

- increasing GDP from 0.9% to 1.5% in light industry through import substitution and development of domestic demand;
- providing strategically important industries with high-tech domestic textile products with high added value;
- maintaining and supporting employment in the industry by creating high-productivity jobs and partially shifting the workforce from low-productivity segments.

Priority areas for development are:

- building a technological chain of synthetic materials (from the production of polyester, viscose and polyamide fibers to the production of technical textiles and other synthetic fabrics);
- preservation and development of existing successful segments of the industry, as well as the development of a technological chain for the production of leather materials (from raw hides to finished leather for the clothing, footwear, and furniture industries);
- creating conditions for partial localization of production of clothing and footwear products, as well as supporting the development of domestic brands;
- minimization of “gray imports”, as well as illegal production and circulation of industrial goods on the consumer market.

In addition, given the socio-economic and

foreign economic realities, additional opportunities for import substitution in many segments of the light industry are opening up for the industry in the short term. Import substitution in Russia will be possible if the price of domestic products is competitive.

The world system of division of labor in light industry has been developing for more than 20 years and has a tendency to further increase specialization. Within the framework of this specialization, all countries can be conditionally divided into 3 groups:

a) Global suppliers. Most developing countries with low GDP per capita are actively developing textile, leather and footwear industries (China, India, Turkey, Bangladesh). In addition, the developed light industry in these countries serves as one of the drivers of economic growth in general.

b) Regional suppliers. Middle-income countries – usually partially provide themselves and the nearest regional markets with textile products (Bulgaria, Hungary, Czech Republic, Poland, Romania).

c) Importers. Developed countries have practically lost light industry (with the exception of technical textiles and other high-production industries that do not require a share of manual labor) and import consumer products (USA, Japan, France, Germany, Great Britain).

1) Providing the industry with raw materials

The global consumption of raw hides is 6,522 thousand tons per year, including the EU countries processing 750 thousand tons or 11.5%. Russia's share in the global processing volume is less than 2.0% or 120 thousand tons (with procurement, according to various estimates, of 145–155 thousand tons).

According to data on the development of world agriculture, the increase in world production of beef and veal in 2023 amounted to 10.9 million tons or 16.6%. According to the forecast, the growth of further volumes will be provided by developing countries: China - 51.7%, Brazil - 31.7%, Argentina - 21.6%. Raw materials countries introduce restrictions on the export of raw leather and semi-finished products. Developing China does not export its raw leather, but imports it from Russia and other countries. The export duty on tanned semi-finished products in India is 60%, in China - 20%, Argentina - 15%, Pakistan - 20%, Morocco has introduced import quotas, Bangladesh and Tunisia have a ban on the import of semi-finished products. Therefore, the interest of Western European producer countries – traditional importers of Russian raw leather and semi-finished products – in domestic cattle hides will not only not weaken, but will increase, as raw material countries introduce restrictions on the export of raw materials and semi-finished products from their countries. Therefore, within the framework of the implementation of the Strategy, it is necessary to provide for restrictive measures on the export of raw materials and semi-finished products from Russia.

Significant potential in the development of

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production of raw materials for the light industry consists of import substitution, since 65% of the market is imported raw materials. Due to the lack of climatic conditions for growing cotton in the Russian Federation, all cotton is imported (mainly from Uzbekistan). There is practically no potential for import substitution in cotton, because the development of cotton production on a sufficient scale in Russia is not possible.

The largest producers of PE fibers are the Belarusian Mogilev-Khimvolokno and Svetlogorsk-Khimvolokno. The largest Russian producers are Komiteks and Vladimirsky Polyether.

The existing production of PE fibers does not meet the needs of textile companies due to low quality and insufficient volume.

Here are the main strategic initiatives to enhance the development of the chemical and textile industries:

- formation of demand for modern textile materials through government orders (including in road construction, medicine, defense, agriculture).

- support for projects on production of synthetic fabrics and technical textiles.

- support for ensuring favorable access to raw materials within the framework of the development of the chemical industry.

Use of the mechanisms laid down in the state program of the Russian Federation “Development of Industry and Increasing its Competitiveness” (hereinafter referred to as the State Program), approved by the Order of the Government of the Russian Federation dated April 15, 2014 No. 328.

The volume of PE fibers produced in Russia may reach 950–970 thousand tons, or 80% of local consumption. Another 250–370 thousand tons may be exported to foreign markets, primarily to the CIS and Europe. This will provide an additional 0.08% of GDP and 8–10 billion rubles in tax revenues by 2035.

2) Development of production of leather materials, increasing the degree of processing and utilization of waste from leather production.

In 2018–2023, global production of finished cattle hides grew by an average of 1.3% per year. The share of developing countries in their volume increased from 72 to 75%, while that of developed countries decreased to 25%. The volume of light cattle hides (hereinafter referred to as cattle hides) decreased annually by 0.5% during this period. There are no official statistics on the procurement of cattle hides in the Russian Federation.

The largest importers of finished leather were China, Hong Kong, Italy, Vietnam and Germany. The leader in finished leather export in 2011–2012 was Italy.

Russian leather industry enterprises work 99% on domestic raw materials, the volumes of which have been steadily declining in recent years due to a

decrease in livestock numbers and an increase in raw leather exports. According to Rosstat, the number of cattle in farms of all categories has decreased over the past five years, and 7%. The volume of raw hide exports is constantly growing, in 2023 compared to 2022 it increased by 73%, in 2024 it is expected to increase by 60.5% and will amount to 1.5 thousand tons.

Currently, more than 50% of the production of cattle hides and about 40% of sheepskin and goat skins are used in the production of footwear, and the remaining raw leather is used to make clothing, furniture and travel accessories.

According to the Russian Union of Tanners and Shoemakers, based on the results of a survey of Russian leather industry enterprises, they processed 115 thousand tons in 2023 (11% below the 2022 level). Considering that Russian tanneries amount to 220 thousand tons, the deficit of raw leather resources is 40%. Import substitution of imported raw materials is almost impossible, since most countries actively protect the export of raw materials either by banning or by high duties. A ban on the export of raw materials and semi-finished leather products has been introduced in India, Argentina, New Zealand, Egypt, Belarus, etc. High export duties are in place in Ukraine, China, Ethiopia, and Thailand.

In August 2014, the Russian Government adopted Resolution No. 826 "On the introduction of a temporary ban on the export of semi-finished leather products from the territory of the Russian Federation". According to estimates by enterprises in the leather and footwear sub-sector, the Resolution contributed to an increase in the volume of raw materials for domestic consumption, a balanced domestic market, and an improvement in the economic situation in the industry. The strategic objective of the Ministry of Agriculture should be to increase the livestock population, structurally modernize the livestock industry, and reduce raw material losses after the sale of livestock for slaughter. The prospects for the development of this segment are, namely:

- greening of leather production and the use of chrome-free tanning methods.

- transition to a new technological base based on the development of low-waste technological processes, improvement of the organization of production and management.

- expansion of the range of leather and leather accessories for the production of leather goods and footwear.

- deepening integration and cooperation with consumer industries: including automotive, furniture, and decorative leather.

- development of Russian footwear production and deepening of localization. Main directions of footwear production and deepening of localization.

- stimulating the development of the domestic

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raw material base:

- Subsidizing the increase in livestock numbers and improving the quality of skin procurement.
- o Application of a flexible customs and tariff policy.
- stimulating an increase in the degree of localization in the production of automotive components;
- stimulation of recycling of leather production waste and introduction of new technologies to improve environmental safety of production;
- maintaining government orders for domestic footwear, strengthening work with government customers, including from the point of view of introducing new types of products and revising technical specifications;
- The development of production of leather materials and increasing the degree of their processing for light industry by the end of 2035 could create about 2 thousand new highly productive jobs and provide tax revenues in the amount of 0.8–2 billion rubles.

3) Creating favorable conditions for localizing clothing and footwear production. Asia is a region that supplies the entire world with clothing, but China also remains the largest exporter of clothing in the world, accounting for 42% of imports to the Russian Federation.

The share of imports in clothing production is about 60% in producer prices. The growing clothing market is provided, first of all, by products manufactured outside of Russia. A slight increase in the share of local production over the past 2-3 years is provided by the development of workwear production.

Employment in the industry is declining by an average of 11% per year and currently stands at around 250,000 people and continues to decline. Competitiveness in the garment industry is made up of three factors, namely:

- access to cheap and productive labor;
- access to materials;
- access to sales markets.

Even in the conditions of a slowing economy and a weakening ruble, the cost of effective labor in the Russian Federation has become equal to China, but is still incomparable with Southeast Asia. The main opportunity for competition in this segment is the development of production of products with a relatively low share of manual labor - knitwear, basic T-shirts, windbreakers, etc. By 2035, the volume of home textile production may increase by 40-50 billion rubles.

A significant limitation for the development of the Russian clothing industry is the traditional focus of the Russian light industry on natural materials, the share of which is declining. The development of the production of synthetic textile materials, envisaged

within the framework of the Strategy, will partially solve the problem of access to raw materials.

For international brands placing orders all over the world, another determining factor is compliance with international quality standards. Given the presence of its own large market and proximity to the European market, while ensuring a sufficient level of quality in the Russian Federation, the contract clothing production market in Russia by 2035 may reach 80-100 billion rubles in producer prices. The development strategy for clothing production is localization of products with a low share of manual labor from available materials. The main measures of state policy, namely:

- creation of favorable conditions for contract manufacturing of large foreign companies in the Russian Federation for the local market (creation of preferential conditions for foreign and Russian brands that have partially localized production);
- implementation of internationally recognized quality management systems;
- reorientation of sewing production to synthetic materials as the raw material base appears, modernization and development of the production base.

Thus, the total volume of domestic clothing production in the Russian Federation by 2035 will amount to 540-560 billion rubles (in producer prices), which will correspond to 50% localization. The estimated volume of required investments in the industry is 80-100 billion rubles, up to 150-170 thousand new jobs can be created. The development of the clothing industry will add 0.06% to GDP and provide 80-100 billion rubles in tax revenues. The global footwear market is estimated at \$ 260 billion, the growth rate over the past 5 years was 3.5%. China, the USA and India are the largest footwear markets. The specific consumption of footwear in Russia is much lower than the level of developed countries. China is the largest exporter of footwear and supplies all world markets. The main drivers of growth of the Russian footwear market are an increase in the specific consumption of footwear per person and an increase in the average cost of a pair. Russia lags far behind developed countries in shoe consumption (3 pairs of shoes per year in Russia versus 5-6 in Europe and 7-8 in the US). By 2035, this figure may increase to 4 pairs per person. The average price of a pair by 2035 may increase from 1,200 to 2,500 rubles in current prices. By analogy with clothing production, the main factors determining the competitive advantage of a manufacturer are access to cheap and productive labor, access to materials and functional shoe components (insoles, shoe lasts, fittings, etc.), and access to sales markets.

The share of labor costs in shoe production is slightly lower than in sewing, however, the main problem for Russian shoe manufacturers is the difficulty in accessing materials and functional

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components.

The cost of shoe production in Russia is 1.5 times higher than in China: the cost of components is 35% more expensive, as they are imported from China at inflated prices due to small order volumes. The effective cost of labor in Russia is 2 times more expensive than in China.

The possibility of reducing the effective cost price by reducing delivery times in footwear production is possible only with quick access to materials and components – the need to import them from Asia does not allow Russian manufacturers to achieve an advantage in terms of timing. One of the possible tools for solving the problem with components may also be the creation of purchasing unions – consolidation of orders for components can reduce their cost by 20%.

The Eurasian Economic Union (EAEU) is an association within the framework of international economic cooperation of several states - Russia, Kazakhstan, Kyrgyzstan, Belarus and Armenia. The EAEU includes two large districts - the Southern Federal District and the North Caucasian Federal District. Let's consider these two districts, which are in a deplorable state in terms of light industry.

The Southern Federal District (SFD) is a federal

district of the Russian Federation in the south of its European part. The federal district was formed by the decree of the President of Russia V.V. Putin dated May 13, 2000 No. 849, consisting of 13 subjects of the Russian Federation - Adygea, Dagestan, Ingushetia, Kabardino-Balkaria, Kalmykia, Krasnodar and Stavropol Krai [5].

Initially, the district was called the North Caucasian Federal District, but on June 21, 2000, by decree No. 1149, it was renamed the Southern Federal District. The reasons for the renaming were geographical.

By Decree No. 375 of the President of Russia V.V. Putin dated July 28, 2016, the Crimean Federal District was included in the Southern Federal District.

Currently, the region includes 3 republics, 3 regions, 1 territory and 1 federal city. Its area is 447,840 km². According to Rosstat, the population of the district is 16,367,949 people. This is 11.2% of the population of the Russian Federation as of January 1, 2024. The share of the urban population is 62.63%, the share of the rural population is 37.37%. The population density as of January 1, 2024 is 39.04 people / km². The subjects of the Southern Federal District are shown in Figure 1.



Figure 1 – Subjects of the Southern Federal District

The Southern Federal District includes the republics of Adygea, Kalmykia, Crimea; Krasnodar Krai; Astrakhan, Volgograd and Rostov Oblasts; and

the federal city of Sevastopol.

Table 4 shows the composition of the Southern Federal District.

Impact Factor:	ISRA (India)	= 6.317	SIS (USA)	= 0.912	ICV (Poland)	= 6.630
	ISI (Dubai, UAE)	= 1.582	ПИИИ (Russia)	= 0.191	PIF (India)	= 1.940
	GIF (Australia)	= 0.564	ESJI (KZ)	= 8.100	IBI (India)	= 4.260
	JIF	= 1.500	SJIF (Morocco)	= 7.184	OAJI (USA)	= 0.350

Table 4. Composition of the Southern Federal District

Flag	Subject of the Federation	Area (km ²)	Population (people)	Administrative center
1 	Republic of Adygea	7 792	451 480	Maykop
2 	Astrakhan region	49 024	1 018 626	Astrakhan
3 	Volgograd region	112 877	2 545 937	Volgograd
4 	Republic of Kalmykia	74 731	278 733	Elista
5 	Krasnodar region	75 485	5 513 804	Krasnodar
6 	Republic of Crimea	26 100	1 907 106	Simferopol
7 	Rostov region	100 967	4 236 000	Rostov-on-Don
8 	city of Sevastopol	864	416 263	Sevastopol
9	Southern Federal District	447 840	16 367 949	Rostov-on-Don

In the Southern Federal District, according to the results of 2023, the mortality rate exceeded the birth rate: the rate of natural population decline was 2.4 per thousand (in Russia - 1.5 per thousand).

Natural population growth among the regions of the district occurred in the Republic of Kalmykia and

the Astrakhan Region.

The number of children in the regions of the Southern Federal District with a population of more than 100 thousand people (as of 01.01.2024) is shown in Table 5.

Table 5. Number of children in the regions of the Southern Federal District (as of 01.01.2024)

Subject of the federation	Population	Children	Girls	Boys
Krasnodar region	5 513 804	1 102 761	661 657	441 104
Rostov region	4 236 000	847 200	508 320	338 880
Volgograd region	2 545 937	509 187	305 512	203 675
Republic of Crimea	1 907 106	381 421	228 853	152 568
Astrakhan region	1 018 626	203 725	122 235	81 490
Republic of Adygea	451 480	90 296	54 178	36 118
City of Sevastopol	416 263	83 253	49 952	33 301
Republic of Kalmykia	278 733	55 747	33 448	22 299
Southern Federal District	16 367 949	3 273 590	1 964 154	1 309 436

Thus, the majority of children (76%) are concentrated in three regions of the Southern Federal District out of eight – Krasnodar Krai, Rostov and Volgograd regions.

The Southern Federal District has a well-developed light industry, represented by sewing, knitwear and textile factories: OJSC Donetsk Manufacture - M (production of terry fabrics and products made from them), CJSC Elegant (production of women's outerwear), the only enterprise in Russia that manufactures special clothing for chemical, radiation and biological defense troops, the Slavic

Sewing Factory, and many others.

Kamyshin is home to one of the largest cotton fabric factories in Russia. Makhachkala and Krasnodar have carpet manufacturing plants. Leather and footwear industry in the region is also not very developed. As for children's shoes, this type of product is absent, and, therefore, all products are imported. Establishing production in our region is considered economically advantageous and expedient.

The North Caucasian Federal District (NCFD) is a federal district of the Russian Federation, separated

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JIF = 1.500

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SJIF (Morocco) = 7.184

ICV (Poland) = 6.630
PIF (India) = 1.940
IBI (India) = 4.260
OAJI (USA) = 0.350

from the Southern Federal District by the decree of President D.A. Medvedev on January 19, 2010. The district is located in the south of the European part of Russia, in the central and eastern part of the North Caucasus. The area of the district is 170,439 km²,

which is one percent of the total area of Russia.

The population of the district according to Rosstat is 9,540,758 people. The urban population is 49.19%, the share of the rural population is 50.81%. Figure 2 shows the appearance of this district.



Figure 2 – Subjects of the North Caucasian Federal District

Table 6 shows the composition of the North Caucasian Federal District.

Table 6. Composition North Caucasian Federal District

Flag	Subject of the Federation	Area (km ²)	Population (people)	Administrative center
1	Republic of Dagestan	50 270	3 015 660	Makhachkala
2	Republic of Ingushetia	3628	472 776	Magas
3	Kabardino-Balkarian Republic	12 470	862 254	Nalchik
4	Karachay-Cherkess Republic	14 277	467 797	Cherkessk
5	Republic of North Ossetia - Alania	7987	703 745	Vladikavkaz
6	Stavropol Krai	66 160	2 801 597	Stavropol
7	Chechen Republic	15 647	1 394 172	Terrible
8	North Caucasus Federal District	170439	9718001	Pyatigorsk

The number of children in the regions of the North Caucasus Federal District with a population of more than 100 thousand people (as of 01.01.2024) is

shown in Table 7.

Impact Factor:	ISRA (India)	= 6.317	SIS (USA)	= 0.912	ICV (Poland)	= 6.630
	ISI (Dubai, UAE)	= 1.582	ПИИИ (Russia)	= 0.191	PIF (India)	= 1.940
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Table 7. Number of children in the regions of the North Caucasus Federal District (as of 01.01.2024)

Subject of the federation	Population	Children	Girls	Boys
Republic of Dagestan	3 015 660	603 132	361 879	241 253
Stavropol Krai	2 801 597	560 319	336 191	224 128
Chechen Republic	1 394 172	278 834	167 300	111 534
Kabardino-Balkarian Republic	862 254	172 451	103 471	68 980
Republic of North Ossetia - Alania	703 745	140 749	84 449	56 300
Republic of Ingushetia	472 776	94 555	56 733	37 822
Karachay-Cherkessia Republic	467 797	93 559	56 135	37 424
North Caucasus Federal District	9 718 001	1 943 599	1 166 158	777 441

Conclusion

Thus, the majority of children (74%) are concentrated in three regions of the North Caucasus Federal District out of seven – the Republics of Dagestan and Chechnya and in Stavropol Krai.

Despite the large share in footwear production in the Southern Federal District, the demand for footwear is satisfied only by 14.3%, and in the North Caucasian Federal District, due to the absence of footwear enterprises, by 0.1%. It is known that most of the shoe workshops operating in the regions are not officially registered. This is also one of the many economic problems of the industry.

The problem for enterprises in the Southern and North Caucasian Federal Districts is the lack of production of competitive, high-quality products.

In order to create competitive high-quality products, shoe companies need to expand and update their product range, ensure high dynamics of model turnover, increase volumes and improve the efficiency of model and design developments, quality and satisfaction of the population with footwear. When developing or updating the product range, a shoe company must take into account not only its capabilities, but also the presence of competing firms on the market for similar-purpose footwear, as well as the preferences of buyers in individual market segments. The state of affairs of the light industry in Russia is a particularly pressing issue. Today, the total volume of the light and textile industry market ranks second after the food market. The light industry is considered an integral part of the development of the regional economy, making a significant contribution to the creation of jobs, primarily in the field of small and medium-sized businesses. Enterprises in the industry are located in 72 regions of our country. At the same time, about 70% of these enterprises are city-forming for their regions. In total, 400 thousand people work at these enterprises, respectively, 75% of them are women.

Thus, the formation of the light industry is

considered an important task, both from the economic and social points of view. The Ministry of Industry and Trade together with the Ministry of Finance, the Ministry of Economic Development of Defense and the regions of the two districts provided support in the development of the state program for the development of the light and textile industry. This primarily concerns subsidies. The amount of subsidies for the repayment of interest rates on loans for the purchase of raw materials in this industry has been almost doubled. Next year, the amount of the subsidy will be increased to 640 million rubles. The amount of subsidies for the repayment of interest rates on technical re-equipment has also been increased, the volume has been increased to 225 million rubles and for the first time 275 million rubles have been allocated for events to promote products on the market. Such work will be carried out, including within the framework of thematic collective stands at exhibitions, fairs, supported by the Ministry of Industry and Trade. It also continues to support scientific developments aimed at improving the raw material base and the production of innovative finished products through the development and implementation of new technologies. The competent and systematic use of these measures by business circles with the support of regional authorities will allow Russian producers to compete quite successfully with imported analogues.

This is confirmed by the experience accumulated by the Donetsk Manufactory. Today, the enterprise occupies 60% of the needs of the Russian market in terry products, and this is despite the fact that our market has quite serious competition from our now WTO partners - China, Turkey and a number of other countries, whose products have successfully proven themselves in this market.

The development of the industry, including its technological modernization, is the task of private business. Currently, the issue of increasing the size of subsidies for loans for technical re-equipment to 90%

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of the refinancing rate and expanding the areas of subsidies for the construction of new enterprises is being worked out. Quite a long time ago, the Ministry of Industry and Trade, together with the Ministry of Finance, were looking for a tool to help enterprises of the light and textile industries receive support from the government in order to guarantee that they can launch modern high-tech production faster. Currently, the ministries have revised their attitude to a very serious problem - counterfeiting. Today, the share of Russian enterprises in the domestic market does not exceed 25%. With all this, the share of legal imports is within 40%. There are a lot of illegally imported and illegally produced products in the territory of the Russian Federation. Therefore, ousting illegal products from the market is the main reserve for the development of the industry. When the market situation is like this, it is impossible to adequately talk about the competitiveness of a Russian manufacturer, because the conditions of competition are greatly distorted by illegal products. Well, a separate topic is the work of the industry within the framework of the Single Economic Space. The formation of the Eurasian Economic Commission provides an opportunity to take advantage of the natural advantages of each of the countries participating in this integration process.

The quality of training specialists is almost entirely determined by the perfection of the equipment used for retraining and the introduction of modern technologies.

In the training of specialists for the light industry, the leading place belongs to the basic universities of the textile and light industry. The graduation of specialists who meet the requirements of advanced production, possessing modern means and methods of design, is considered one of the main tasks of training modern highly qualified personnel.

Due to the creation of new enterprises equipped with the latest equipment and technology, the need for specialists with CAD skills is growing. Free possession of various computer tools and automated systems is a requirement of today for a graduate for any industry, including specialists for shoe and sewing enterprises. Their mastery of applied and universal systems, as well as their use in their field of knowledge is a more optimal way to achieve this goal.

This task must be solved and can give an effective result based on the use of advanced technologies and modern teaching aids, familiarization and mastering the experience of teaching similar disciplines abroad and the

development of our own teaching methods.

The reforms of the 1990s opened the floodgates for a flood of Chinese consumer goods. Purchasing power barely reached its price. Shuttle traders trodden entire avenues on the border with the eastern neighbor, and along with them and thanks to them, the cultural perception of the goods was formed. At first, people bought out of desperation, then because it was cheap. This is how they instilled a primitive taste bordering on bad taste. In modern times, it is necessary to thoroughly work on the culture of consumer demand - to educate the buyer. We have repeatedly emphasized in our publications that the understanding of the quality of natural and artificial phenomena is not identical. Consumer goods are made by man and for man. In them, the human essence is alienated, including the socio-cultural status of the individual. Consequently, the understanding of quality should include the subjective perception of the properties of the goods through feelings and reflection. The perception of quality cannot be left to chance, given over to the sensory elements or simplified thinking. It is important to learn not only the art of modern design, how to sew shoes and clothes well, but also to help the consumer understand all of this, to guide his aesthetic and hygienic ideas, to make him empathize, to feel satisfaction from the purchased goods. The wise Buddha laid four key steps in the eightfold path, namely:

- correct understanding;
- making the right decision;
- finding the right words;
- correct actions aimed at implementing correct decisions.

The fate of the light industry now depends on what this final step will be. Its implementation is the function of the Government. The political paradigm is extremely simple - we should not compete with anyone in the fight for the world market, especially with the Chinese. The Chinese rightfully want to shoe and clothe the whole world. A fifth of the world's population lives in the PRC. Our task is completely different. We need to make sure that the Chinese do not shoe and clothe us. Transfer consumer demand to our own Russian production, interest in goods made in the country. This task is quite within our capabilities, as the manufacturers say. And the Government needs to consistently and promptly do its direct work to implement the right decisions, guaranteeing its effectiveness.

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