Production advantages in textile and light industry and features of effective using of them in Uzbekistan

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Abstract: The necessity of rationally using existing capacities and resources and the significance of the textile and light industry at national economy has been reviewed. Some aspects of development strategy at sphere have also been discussed. The features of advantages in foreign countries are analyzed. Institutional, production and technical capabilities for further development and the effective using of present resources and the important ways of increasing of effectiveness and stimulation of the work have been identified.

Key-Words: textile and light industry, investment, export, import, capability, management, marketing

1. Introduction
It is necessary to pay attention to increase the competitiveness of national economy of Uzbekistan and to implement their activity for getting own place and integration the world economy considering market requirements. For getting to this purpose it is necessary to obtain achievements such issues as specifying and analyzing the competition priorities of Uzbekistan, learning the activities of enterprises and organizations and adaptation them for market requirements, providing continuously and stability activities of all branches.

For this reason it is important to develop the enterprises of textile and light industry producing goods as different fabrics, clothes, carpet and carpet products, knitted products, nonwoven materials, footwear products and delivering raw materials to another industrial branches too and other spheres as agriculture, transport, public health etc.

Uzbekistan’s light industry is the most critical diversified and innovations-attractive sector of the national economy. The industry is currently represented by the Uzbekyengilsanoat SSC that integrates 270 textile, garment and knitted goods enterprises outfitted with cutting-edge equipment. The attractiveness of the sector is also epitomized by the fact that during the independence years under the leadership of President Islam Karimov, the industry has drawn in excess of 1 billion 800 million dollars of foreign investments for the implementation of projects in deep reprocessing of the domestic cotton fiber, for the establishment of new production capacities and the modernization of the existing ones. The wide-ranging prospects for investments into the industry were opened by the presidential decree signed 10 April 2012 “On Additional Measures for the Stimulation of Drawing Direct Foreign Investments” [1].

2 Problem discussions
It is possible to note that the number of enterprises of SJSK “O’zbekyengilsanoat” increased to 29 and the volume of capital
investments were $180.9 mln in 2012. 5118 workplaces have been created in that year. As a result of export the produced goods $109.5 mln have been acquired in the branch. This indicator is 45.2 percent more than previous year. In other words total $121.2 mln capital investments had spent for organizing 28 enterprises in textile and light industry in 2011. The volume of export had been $75.4 mln. In general 101 enterprises have begun their activity since 2009. In total $506.2 mln investments had spent and been acquired for organizing modern enterprises, for technical-technological modernization and changing of branch considering the market requirements during of analyzing period (table 1) [2].

Only in textile industry have been created 28 investment projects (total value $194.8 mln), which gave an opportunity of appearance of additional capacities and new productions last year. An activity of enterprise Rieter-Uzbekistan can be example for this opinion. Nowadays new machines are being produced in that enterprise and delivered to other companies of textile industry [3].

In the last years the quality of products of textile and light industry is improving and corresponding to world market requirements, so the export is increasing from year to year. If we view the structure of export, 58 % of export composed of cotton fabric, 20 % of fabric, 7 % of knitted materials (Diagram 1).

Table 1

| The data about new enterprises of SJSK “O’zbekyengilsanoat” in 2009-2012 |
|---------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Years                                      | 2009             | 2010             | 2011             | 2012             | Total             |
| Number of enterprises                      | 17               | 27               | 28               | 29               | 101               |
| Number of new workplaces                   | 3780             | 4260             | 2265             | 5118             | 15423             |
| Volume of capital investments (mln.US dol.) | 127,3            | 116,0            | 121,2            | 180,9            | 506,2             |
| Export potential (mln.US dol.)             | 82,4             | 84,1             | 75,4             | 109,5            | 351,4             |

As a result of carrying out active economic politics and suitable actions for soften the negative influence of world’s financial – economical crisis Uzbekistan has own place as the state not only supplier raw materials but can supply completed products (Nowadays export of cotton fabrics consists 9 % of all export). The development strategy of textile and light industry is directed not only to uncompleted production, but to produce the ready product.

Diagram 1. Export structure of products of textile and light industry in 2012

The enterprises of SJSC “O’zbekyengilsanoat” is participating in different fairs of products of textile and light industry, which are organized in Russian, Baltic...
Republics, Turkey and Malaysia. Certainly it is giving opportunity to enlarge markets and to compose contracts with different partners. Nowadays in countries of EU, CIS and ASIA were organized over 53 dealership organizations by large exporter companies. If we view to the geography of joint ventures, South Korea is one of the states which has the most foreign investment in Uzbekistan. The share of this state consists 38 %. In other places are countries such as Turkey, China, Germany, Great Britain etc (Diagram 2) [3].

On the diagram 3, we could see a number of indicators of growth at the SJSK “O’zbekyengilsanoat” as follow: the volume of industrial production, The volume of consumer goods, the volume of export, the volume of assimilated capital funds.

Despite of the growth of mentioned indicators the most important indicator – income declined in comparison to 2005 and amounted 81.6%. In our opinion the reason for this could not be full utilization of production capacity, the use of some enterprises obsolete equipment, delayed introduction of modern methods and mechanisms of management and marketing, etc.

2.1 The features of advantages in foreign countries
It is possible to emphasize that each branch of national economy has some production advantages. For example in the footwear industry of Australia, “leather is the most commonly used material for the Australian
manufacture of fashion shoes. Cattle, sheep and kangaroo leather is readily available to Australian footwear manufacturers from overseas suppliers as well as through domestic companies such as AusTanners and Packer Leather. The majority of leather used by manufacturers in production is imported.

Work wear boots are primarily manufactured using buffalo leather which is imported as a prepared upper for attaching and sewing.

Synthetic materials (such as polymers, leatherette, PVC, polyurethane and rubber) are primarily used by Australian manufacturers for use, most commonly, in work wear boots and casual shoes. These inputs are no longer produced domestically and are wholly imported for use in footwear production.

Labour costs were estimated to make up a large proportion of an Australian footwear manufacturer’s expenses in 2010-11 at around 17%. However, the high technological requirements for some of the industry’s products, particularly for specialised and moulded shoes, mean domestic firms are able to compete with low-cost labour countries in Asia and South America” [4].

“The Ukraine's toll manufacturing undisputable strengths and advantages comparing to other countries are as follows:
- An educated, skilled, flexible and highly qualified Ukrainian workforce is lower in cost comparing to European countries, which makes the price for finished products very competitive;
- No import taxes and duties (imported tolling raw materials and ready textiles and clothing made there from are exempt from any and all import taxes and duties);
- Ukraine benefits from cheap imported Russian gas (a discount in the amount of approx. EUR 100-130 is granted to Ukraine comparing to other European countries) as well as being a net-exporter of electricity to Eastern Europe, it takes advantage of cheap electricity, which are critical energy sources for maintaining manufacturing competitiveness;
- Innovative, competitive, cutting edge research, technologies and production process;
- Business development policies of Ukrainian government include substantial tax reductions (according to newly-adopted tax code of Ukraine, the light industry enterprises are totally exempt of corporate profit tax, which is 25%) and other incentives, which in turn make the price better for foreign clients;
- Extremely favorable and strategic geographical location (between Europe and Asia, North and South Europe) and proximity to the EU market makes Ukraine closer to the European clients, which enables substantially cut transportation and logistics costs and delivery time comparing to China and India;
- Abundant source of high-quality raw materials for uninterrupted and smooth production;
- Ukraine has extensive well-developed infrastructure (transportation, communications, storage facilities, Internet, etc);
- Possibility to process small- (typical for some exclusive fashionable collections, which are not possible in China or India, because transport expenses and slow delivery shall "eat" all the benefits), medium- and large quantity orders;
- A member of the WTO, Ukraine has a competitive, free-market economy. Today Ukraine is one of the world’s competitive & emerging markets and experts believe that in years to come its economy will be among the strongest in the whole CIS and Eastern Europe region;
- Modern and up-to-date legislation in line with the EU acquis communitaire and many other advantages.

In addition, Ukraine is the country with great number of free trade agreements. Importantly, the EU and Ukraine shall be linked by a comprehensive Free Trade Agreement (FTA) since 2011, under which all custom duties and almost all non-tariff barriers to trade shall be eliminated. This makes Ukraine even more attractive destination for apparel outsourcing and FDIs in the future” [5].

It is visible from these data and opinions that there are all bases for effective developing the textile and light industry in Uzbekistan. But
many enterprises are suffering from insufficient usage of production capacity and opportunities for entering to the world market. Also the situation of insufficient providing the competitiveness of goods is encountering. To pay attention to issues of implementing into practice the achievements of modern management and marketing in enterprises is insufficient. And this is creating difficulties in development of branch and economical potential of national economy.

For this reason we think that it is expedient to enter following production capabilities in according to features of activities enterprises of textile and light industry in Uzbekistan:

2.2 Institutional opportunities:
- assurance of convenient economical politics and providing with necessary legal documents in Uzbekistan for effective activity of the branch enterprises in external markets;
- increasing the privileges of the tax, custom, credit with the goal of improving the economical efficiency of enterprises and stimulating them;
- having been formatted of perfect competition environment for free activity of enterprises in different forms of property;
- effectively being formatted of bank-finance system in Republic, and presence of possibilities of attracting their means;
- improvement the property relations in branch with current requirements;
- smooth implementation of activity of enterprises in textile and light industry considering regional conditions and opportunities almost in all regions of republic;
- complete formation of management mechanism and existence of necessary structures in textile and light industry system (SJSC “O’zbekyengilsanoat”, JSC “O’zbekipagi”, JSC “O’zbekcharm-poyabzal” etc.);
- sufficient presence of necessary scientific, high and middle special institutions supplying with personnel for enterprises in branch;
- often organizing the different kinds of fairs and exhibitions for enlarging the selling opportunities of enterprises in various volume;
- creating the selling system of goods for local enterprises abroad and etc.

2.3 Production and technical capabilities:
- established convenient cooperation of local enterprises with external partners and possession to enough prestige;
- have exceeded the confidence to credit institutions of Uzbekistan in external environment, and the possibility of confidence will give necessary guarantee for effective foreign economic activity of enterprises on the conditions of financial-economical crisis;
- had been gathered of much experiences in production of textile and light industry and providing process the competitiveness of goods for world market and the effective usage of them present the opportunities for taking the necessary informations;
- the existence of enough goods of foreign firms and companies for internal market of textile and light industry and the creating convenience this condition to deliver the marketing investigations for local producers;
- had been organized the structures creating necessary conditions for implementation of foreign economical activity;
- abundance and cheapness of necessary raw materials and this may be main factor of increasing competitiveness of producing goods;
- the adequacy of the specialists who may work effectively;
- cheapness of labour (especially women). It's not secret that most of the employees of enterprises of the light industry are women;
- presence of opportunity is creating certain quantity of financial recourses instead of physical and spiritual obsolete machineries and looms in functionning enterprises;
— the existence of specialists with spirit characteristic suitable to the requirements of market economy.

3 Conclusions
Certainly, it is necessary to effectively use these chances. For this intention it is required to implement advanced technologies, modern management and marketing into production.

For implementing advanced technologies into production firstly, it is important to have information about technical potential of enterprise, financial condition, qualification degree of staff and specialists and etc. If the present condition of enterprise is not suitable to those requirements, the attracted investments might not give expected result. Also it is necessary to learn technical characteristics of planned tools and their profitable. In other words attracting instruments must be suitable to modern requirements.

The carrying out those internal researches also depends with the modern organization of management and marketing.

The management of enterprise must be having structure incarnated elements of modern market and provide accomplished work of each element. Besides it should turn to such kind of mechanism that attempt of its each element should continuously get to upper part of management, and oppositely each attempt or decision at upper part of management should not only adapt oneself an activity of bottom organs but it should be reflected at all elements of enterprise. For getting to that purpose necessary to automation of certain part of management. Generally speaking it is required put into practice the evident and modern management. And the marketing of enterprise is a most important key of increasing of effectiveness and stimulation of the work on the condition of market economy. In other words marketing is not only mechanism providing to be on the mutual conformal condition of internal and external environment but stabilizing the activity of enterprise and enlarging the market. Especially, this mechanism will push to coordinate internal mechanism of enterprises to market requirements and to provide the competitiveness of goods considering the condition of world's financial-economical crisis.

References: