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DEVELOPMENT OF UZBEKISTAN'S TEXTILE INDUSTRY IN THE CONTEXT OF THE COVID-19 PANDEMIC

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Abstract: The article highlights the features of the textile industry of Uzbekistan in the context of the Covid-19 pandemic and the reforms carried out in this area. Changes and statistical indicators in the textile industry were also analyzed, forecast indicators of production and export of textile products for 2021-2025 were determined, systemic problems hindering development were identified, and directions that need to be solved in the textile industry in connection with emerging disruptions caused by the epidemic were developed.
Keywords: covid-19, pandemic, industry, textile, product, export, forecast.

INTRODUCTION

The Republic is implementing a set of measures aimed at organizing the production of a wide range of high-quality textile products, deepening the localization of its production, as well as increasing the export potential of domestic producers. Nevertheless, due to the Covid-19 pandemic, various industrial enterprises of Uzbekistan, including textile industry enterprises, were forced to partially suspend their activities for some time. However, thanks to the measures taken in Uzbekistan and the relaxation of quarantine rules, the activities of enterprises began to gradually recover. The production and export of products were established.

MATERIALS AND METHODS

The purpose of this study is to develop a scientific approach to the peculiarities, factors of the development of the textile industry of Uzbekistan in the context of the pandemic and measures taken in this direction.

Based on the purpose, this study analyzed and evaluated the state of textile production in Uzbekistan, the impact of the industry on the national economy, changes in economic indicators in the context of a pandemic. At the same time, data from the State Committee of the Republic of Uzbekistan on Statistics, various regulatory legal acts and scientific views of individual scientists were used. Proposals were developed to solve existing problems in the industry.

RESULTS

The Covid-19 pandemic has had a significant impact on the economy of the whole world. In particular, due to the strong impact of the COVID-19 pandemic in 2020, Vietnam's textile and clothing industry has faced many problems, including disruptions in the supply chain of raw materials. The supply chain, in terms of human resources, has also suffered greatly. The volume of orders decreased significantly when the social distancing procedure was introduced in Vietnam. By the end of

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2020, the entire textile and clothing industry of Vietnam amounted to 35.29 billion US dollars, which is 10.91% less than in 2019 [8].

In order to mitigate the negative impact of the pandemic on the textile industry, to prevent its consequences and financially support enterprises and preserve jobs, the decrees and resolutions of the President of the Republic of Uzbekistan, the resolutions of the Cabinet of Ministers of the Republic of Uzbekistan have been prepared and put into effect [1,2,3,4,5].

As a result, in 2020 Uzbekistan exported textile products worth US $1.9 bn to 70 foreign countries which is by $295.3 mil. more than that in year 2019.

Uzbekistan's textile exports mainly exported to Russia ($655.5 mil), China ($438.2 mil), the Kyrgyz Republic ($283.9 mil), Turkey ($206.1 mil), Poland ($43.4 mil), Kazakhstan ($42.3 mil), Tajikistan ($34.7 mil), Ukraine ($33.1 mil) and Iran ($26.4 mil) [6].

In Uzbekistan, due attention has not been paid to the agricultural sector, including cotton growing for many years. There have been no market economy, no appropriate attitude to land, and no interest in this area. Investment funds and scientific innovations were not attracted. As a result, the level of land fertility has decreased. The system for processing products and obtaining added value was not created, the sphere turned out to be in an even more deplorable state, needing reforms. In order to introduce new technologies and innovations into the industry, the first cotton textile cluster was introduced in our country in an experimental form in 2017.

If we analyze the past period, the volume of production of the cotton textile enterprise “Bakht Textile” LLC, established in 2017, amounted to only 0.9 % of the total volume of cotton raw materials grown in Uzbekistan, in 2018 out of 15 cotton clusters the share of cotton raw materials grown was 15.1 %, by 2019, the number of clusters reached 74 and their share was 68 %, in 2020 out of 15 the number of textile clusters is 97, among them the share of cotton grown in the republic, is 91 %. Finally, from 2021 on, all cotton acreage will be 100 % fully occupied by cotton industries and cluster organizations [9].

From 2016 to 2020, 288 projects totaling $2,263.1 mil. were implemented in the textile industry in the regions and products worth $993.7 mil. were exported [6].

Today, there are more than 7 thousand enterprises operating in the industry. The volume of production of industry enterprises in 2016 amounted to 12.6 trillion soums. By the end of 2020, the volume of production would have increased 3.4 times to 44 trn soums [6]. Even in the EU, under the influence of the pandemic, the volume of production in 2020 decreased by 10% compared to 2019.[7]

If in 2016 the revenue from the sale of yarn was 52% of the total revenue of the industry, then in 2020 it was 38%, during these years yarn production continued to increase, and sales revenue doubled. At the same time, the share of fourth redistribution products in the total income of the industry increased from 32% in 2016 to 42% in 2020. The share of third products of redistribution increased from the same 16.5% to 19.4%. All this indicates that the industry is abandoning the

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production of more raw materials and semi-finished products and refocusing on the production of products intended for the end consumer.

Picture 1

Source: Data of the State Statistics Department of the Republic of Uzbekistan

It is known that the issue of employment of the population is acute in Uzbekistan. Despite the progressive growth, the economy still cannot meet the needs of the rapidly growing population in the required number of jobs. The textile and clothing industry, as a labor-intensive industry, has a great ability to create jobs.

The development of industries in 2016-2020 led to more than a threefold increase in the number of jobs: from 100.5 in 2016 to 315 K people in 2020. In 2020, the largest increase in jobs compared to 2016 was recorded in the manufacture of knitwear - by 3.3 times. If in 2020 the share of people employed in the sewing and knitting industry, that is, in the production of finished products, was 70% of the total number of people employed in the industry, then in 2016 it was 61%.

Another important effect is an increase in revenues to the state budget. Annual budget revenues from textile and sewing and knitting enterprises have increased fourfold - from 309 to 1227 billion soums. However, it should be noted that as a result of the pandemic and measures aimed at supporting enterprises, the volume of revenues to the state budget in 2020 from textile and clothing enterprises is 4 times as much as in 2016 (Figure 1).

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As a result of the impact on the results achieved in the industry and changes in factors such as the number of employees, the activity of clusters, the following forecast for the production and export of textile products has been developed. Accordingly, it is expected that the volume of textile production will reach $15.0 bn, and the volume of exports - $7.1 bn (Table 1).

Table 1

Forecast of textile production and export for 2021-2025

№	Product Name	Unit of measurement	2021	2022	2023	2024	2025
I.	The volume of textile production	$M	8 058,2	11 319,3	12 514,1	13 764,6	15 028,5
1.	Yarn	ths tons	921,4	930,2	974,3	990,3	1 032,5
2.	Finished yarn	million sq.m.	1 061,9	1 237,9	1 253,4	1 364,2	1 425,9
3.	Ready-made knitted fabric	ths tons	350,0	406,8	520,0	540,0	546
4.	Sewing and knitting products	million pieces	1 680	2 850	2 248,3	3 080,0	3 205,3
5.	Textile haberdashery	Bn soums	156,8	191,6	221,3	278,1	360,5
6.	Hosiery	million pairs	325,9	409,3	415,1	421,8	427
II.	Export volume of textile products	$M	3 130	3 908,3	4 760,00	5 731,9	7 075,00

Source: https://lex.uz/ru/docs/-4516526

To achieve such results, of course, it is necessary to expand the local raw material base for the textile industry, optimize imports and increase export potential, modernize production facilities and conduct in-depth marketing research, introduce innovations and international standards in the production of textile and clothing and knitwear products, provide enterprises with energy. Uninterrupted supply of energy resources is achieved through the introduction of modern resource-saving technologies into the production process, further development of scientific research, improvement of the system of training, retraining and advanced training of specialists.

DISCUSSION

Our research has revealed the following systemic problems that hinder the sustainable development of the textile industry in the country:

first, the lack of a coherent technological chain in the production of finished products with high added value, despite the sufficient potential of the industry;

second, the management system of the textile industry does not correspond to current trends in the development of the industry, which leads to the accumulation of unresolved problems and prevents its rapid modernization;

third, the unsatisfactory work of laboratories on the harmonization of national standards and testing of textile products with international standards and requirements, as well as the low level of implementation of modern quality management systems for exporting domestic products to major foreign markets, increase export potential and product quality and hinder confidence in safety;

fourth, the level of introduction of modern information and communication technologies in the network does not create conditions for a systematic analysis of existing problems and identification of promising areas for the development of the textile industry;

fifth, the irrational distribution of raw materials and production resources, shortcomings in the organization of logistics and engineering infrastructure lead to stagnation of a significant part of production capacity, economic losses and, as a result, an increase in the cost of production, as well as a decrease in profitability;

sixth, the stable dominance of the production and export of textile semi-finished products, insufficient production of finished textile products with high added value and the formation of national brands capable of competing in world markets do not allow to grow in volume;

seventh, the training system does not meet the real needs of the textile industry, there is no international cooperation to introduce innovative areas of training and deepen research on topical issues of network development.

CONCLUSION

Due to the disruptions caused by COVID-19, representatives of the textile industry need to pay attention to a number of key areas:

- accomplish preventive measures to protect the health of workers currently employed in the industry;
- the pandemic can have a negative impact on the competitive environment. To date, the exporting company is a buyer in foreign markets and is in danger of losing its market positions;
- every business should be able to predict the future of its products (for example, when consumers are confused about buying some goods in a warehouse, one can observe a sharp increase or sudden decrease in demand for other goods);
- any costs associated with the pandemic at the enterprise should be included in the overall cost estimate, and not in individual firms. This is because the company is able to properly monitor and analyze production costs at lower levels;
- The organization and its managers need to think about how to provide financial protection in such situations that may arise in the future (it is necessary to focus on developing strategies to ensure the expected risks and business continuity).

In developing countries, textiles are destroyed early in the supply chain. This is due to the management process during harvesting, storage and delivery, as well as the lack of equipment. Here, the state seeks to reduce losses through direct support of clusters by providing domestic investments, subsidies, anti-crisis funds, tax and credit benefits for the expansion and development of infrastructure, transport, processing industry, packaging industry. Analyses and observations show that there

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is a discrepancy between the participants in the supply chain. Thus, the efficient use of available resources will be ensured if the continuity of the exchange of information on textile products between industries, retail stores and consumers is ensured.

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