Development Of Export Potential Of Textile Enterprises In Uzbekistan

Ahmadjon Soliev, Qodirov Humoyun

Abstract: The article presents: the results of the analysis of the export of garments and knitwear; the process of developing brands of leading actors applying innovation; scientific and methodological basis for assessing the export potential of modern enterprises.

Index Terms: Export potential, brand, innovation, innovative means, innovative factors, high value-added brands, business environment.

1. INTRODUCTION
The Decree of the President of the Republic of Uzbekistan on September 21, 2018 “On Approval of the Strategy for Innovative Development of the Republic of Uzbekistan for 2019-2021”[1] set the main goal:
- the entry of the Republic of Uzbekistan by 2030 into the top 50 countries according to the Global Innovation Index;
- improving the quality and coverage of education at all levels, developing the system of continuous education, ensuring the flexibility of the training system, based on the needs of the economy;

The basis for the implementation of this direction in the field of the textile industry is the Resolution of the Cabinet of Ministers No. 744 (September 2018) “On additional measures for the further development of cotton-textile production” [2] and Decree No. 4069 on December 20, 2018 “On measures to enhance the promotion and stimulation of export”, [3] which aims to provide comprehensive assistance to business entities:
- production of competitive export-oriented products with high added value, a drastic increase in the volume of export services (tourist, medical, educational, transport, construction, etc.), accelerated creation of related infrastructure for their provision;
- in the search for partners and the conclusion of contracts with organizations and enterprises for the supply of products of own production;
- implementation of information and consulting support to exporters and their foreign counterparts on marketing, pricing, transport logistics, certification, standardization and quality control, tax and customs administration, including abroad, the conditions for access to foreign markets on the principle of “one window”;
- assistance in finding a foreign buyer and support of the negotiation process until the conclusion of the export contract, including its preparation;
- ensuring systemic interaction with ministries and departments of the republic, khokimiyats of oblasts and districts to promote national export products abroad, access of exporters to information on export support measures, available benefits and preferences, tasks and functions of authorized government bodies;
- creation of a network of information and consulting centers in the regions;
- support of the electronic foreign trade platform with the maintenance of a database of domestic exporters, products and services, assistance to business entities engaged in production and export activities in accessing the leading international e-commerce sites;
- organizing and conducting educational seminars and trainings for beginning exporters, trade missions for entrepreneurs in foreign countries on foreign trade issues;

2 THE AIM OF THE RESEARCH
The aim of the research is to analyze the structure of textile exports in Uzbekistan, identify positive changes in its structure, study the brands of high value-added products and the experience of new exporters, and develop a scientific and methodological basis for assessing their export potential.

3 THE OBJECT OF THE RESEARCH
The object of the research is enterprises producing garment and knitwear products operating in the regions of the Fergana Valley of Uzbekistan.

4 LITERATURE REVIEW ON THE RESEARCH TOPIC.
The essence of the "export potential of the enterprise" is largely investigated by many scientists. For example, A.N. Nevskaya[4] characterizes the concept of "export potential of an industrial enterprise" as "competitive products produced by market entities in accordance with the demand for them in foreign markets". This assessment reflects the only final indicator of the export potential of the enterprise. At the same time, A.N. Nevskaya came to the conclusion that the export potential of an enterprise consists of production and market potential, they are influenced by external conditions. In our opinion, in the structure of factors determining the export potential of an enterprise, the first line is occupied by the volume and structure of market segments for its products, as well as the competitive environment.A. A. Frolov[5] believes that there are two directions for the study of export potential as an object. On the one hand, it is considered as a set of resources of an economic entity (resource direction). In this case, the assessment of export potential comes down to determining the value of available export resources (assets). On the other hand, the export potential is the ability of an economic entity to produce the necessary quantity of competitive goods to meet the needs of the external market (effective direction). M. Sychev[6] believes that the "potential" is divided into internal and external. "The domestic export potential of an enterprise includes the totality of resources..."
necessary for the production of products for export. These include natural, labor, material, financial and information resources. The external export potential of the enterprise is associated with the sale of competitive products and is provided by the marketing, logistics and service activities of the enterprise. K.S. Kukanina[7] proposed the following definition of an “export-oriented enterprise”, as a business entity producing competitive goods, having a clearly formulated export strategy, with sufficient potential for stable work in the international market and supplying the external market with more than 30% of its products. In his work N. V. Dodeltseva[8] clarified the wording of the term “export capabilities of the enterprise” as follows – "different from the well-known fact that it boils down to the interpretation of export opportunities as a set of forms, methods and methods of activity of the enterprise aimed at creating competitive products and promoted foreign markets, in order to minimize losses and reduce lost profits, as well as maintaining the production and economic potential of the enterprise.”In the studies reviewed above, “the notion of the export potential of an enterprise” is characterized in most cases as “an indicator of the competitiveness of their products”. However, they do not take into account the main factors that form a competitive product at the enterprise itself, especially the deep innovation processes that are currently taking place in the areas of production and trade, which are becoming the defining direction for achieving the best results in conditions of increased competition in world markets. In this regard, we decided to deeply investigate the factors that form the "export potential of the enterprise" and determine the methodological basis for assessing their influence.

5 THE RESEARCH METHODOLOGY INCLUDES:

a systematic approach, statistical analysis, expert assessment, monitoring, econometric methods.

6 ANALYSIS AND DISCUSSION OF THE RESULTS OF ANALYTICAL INFORMATION

According to Table 1, Russia holds the largest share in the export of textile products, with exports doubled in 2014–2018 to this country. The main reason for the decline in the share of China and South Korea in the export of textile products from Uzbekistan is associated with an increase in the consumption of cotton yarn and fiber in the republic itself and the high rate of production of ready-made clothing. China and the Republic of Korea do not import ready-made clothing from Uzbekistan. In recent years, Uzbekistan has been developing the export of ready-made clothes to European countries: Germany, Ukraine, Poland, Belarus and Turkey.

Analysis of table 2 shows that the export of textile products in Uzbekistan has increased by almost 7.3 times over the past 20 years, while the production of knitwear has increased by 327.5 times, cotton yarn - by 8.9 times. At the same time, there is a sharp decrease in the rate of export of cotton fiber and yarn every year.
Sewing and knitting enterprises operating in the regions of the Fergana Valley of the Republic of Uzbekistan mainly export goods to the Russian markets: Andijan and Fergana more than 80%, and Namangan about 50%. At the same time, Namangan region exported 44.5% of its products to the countries of Central Asia. Namangan region in Uzbekistan was the first to export goods for 72.8 thousand dollars to Germany, 228.2 thousand dollars to the Czech Republic, 14.8 thousand dollars to the United States, 3.7 thousand dollars to Kenya and 8.4 thousand dollars to Slovenia. In order to identify the factors determining the export potential of garment and knitwear enterprises, from the above analyzed enterprises of Namangan and Andijan regions, we have selected 15 leading companies with the best indicators for the production of high value-added goods and their export, not only to the Russian, but also to the European market. To assess the factors that form the “export potential of the enterprise”, we have created a special expert group of leading specialists (marketing specialists, designers, technologists, etc.). Together with the members of the expert group, after repeated discussion of each resource indicator of the enterprise, the following factors were chosen that characterize the “export potential of the enterprise” and were evaluated using a standardized system based on a specially developed questionnaire (chart1): To assess the level of influence of factors forming the export potential of sewing and knitting enterprises, the mathematical model is presented as follows:

\[ y = a_0 + a_1 x_1 + a_2 x_2 + a_3 x_3 + a_4 x_4 + a_5 x_5 + a_6 x_6 + a_7 x_7. \]

Here \( y \) is the final indicator of export potential - the volume of exports (thousand US dollars);

\[ x_1 \] - creation of business environment by the state;
\[ x_2 \] - market research and definition of its segment;
\[ x_3 \] - availability of qualified personnel (marketing specialist, designer, engineer – technologist);
\[ x_4 \] - modern IT technology;
\[ x_5 \] - quality raw materials and accessories;
\[ x_6 \] - implementation of the management system of ISO-9001 and the brand;
\[ x_7 \] - efficient logistics and sales methods;

\( a_0, a_1, ..., a_7 \) are constant numbers;
\( a_0, a_1, ..., a_7 \) – to determine the coefficient we use the smallest method of mathematical statistics. As a result, we form following mathematical model:

\[ y = -1,28400000 + 198,68x_1 + 799,55 x_2 + 490,149x_3 + 79,178 x_4 + 26,945 x_5 + 223,541 x_6 + 496,218 x_7 \]

We estimate by the coefficients of the mathematical model by criteria of Fisher. The actual value of the Fisher criteria is greater than the tabular. \( \alpha = 0.05, k = 7 \).

\[ k_2 = 10 - 7 - 1 = 2; \] \( F_{0.05; 2|7} = 19.33 \)

\[ F_{\text{actual}} = 56.47 > F_{0.05; 2|7} = 19.33 \] The analysis of the mathematical model shows that the environments of the studied factors determining the “export potential of an enterprise” to the first plans are: research of the future market and determination of own segment; availability of qualified personnel; implementation of ISO-9001 and brand management systems, etc.

7 CONCLUSIONS AND RECOMMENDATIONS.

Based on the above stated research results, we came to the conclusion that “the export potential of a textile enterprise” is characterized by the provision of highly qualified specialists (marketing specialists, designers and engineers), modern IT technology, high-quality raw materials and accessories, the ability to manage brands and introduce more and more new methods of services in selected markets (segments), as well as reaching the required volume of production of competitive goods and its export under the conditions of the business environment provided by government. Based on our approach, a conceptual model of increasing the “export potential of sewing and knitting enterprises” has been developed (Fig. 1). The model we have developed to increase the “export potential of garment and knitwear enterprises” can serve as the basis for their future marketing program, which is reflected in the four above described blocks:

- the constant strengthening of the attention of the management of the enterprise to further training of workers and specialists;
- conducting systematic marketing research on markets – segments;
- implementation of ISO 9001 and brand management;
- adoption of measures for the development and diversification of production activities in accordance with changes occurring in the situation on international markets, as well as ensuring the fulfillment of business plan indicators, etc.
REFERENCES
[3] Resolution of the Cabinet of Ministers No. 4069 dated December 20, 2018 “On measures to strengthen the promotion and promotion of exports)
[4] N.A.Nevskaya. “The formation and implementation of the export potential of industrial enterprises (for example, the Khabarovsk Territory).” Author's abstract diss. on the competition academic degree econ Sciences, Khabarovsk - 2005. pp. 9-11
APPENDIX

Figure 1. Conceptual model of increasing the “export potential of sewing and knitting enterprises”