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INCREASING THE ECONOMIC POTENTIAL OF TEXTILE ENTERPRISES: COMPARISON OF FOREIGN EXPERIENCE AND DOMESTIC METHODS.



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Abstract: The article deals with topical issues of increasing the economic potential of textile enterprises of Uzbekistan in the conditions of increasing global competition. Foreign experience of textile industry development and domestic methods of modernisation of enterprises are compared.

Keywords: textile enterprises, economic potential, foreign experience, domestic methods, production modernisation, innovative technologies, competitiveness, industrial development, export potential, state support, strategic management.

Introduction: The textile sector occupies a strategic place in Uzbekistan's economy, contributing significantly to the country's GDP, job creation and development of export potential¹. According to the Ministry of Investment, Industry and Trade of the Republic of Uzbekistan, the textile sector accounts for about 30 per cent of total industrial production². In the context of increasing global competition, the development of the industry becomes a key factor of sustainable growth of the national economy. The economic potential of an enterprise is a set of resources and opportunities that ensure its sustainable development and competitiveness on the market³. Increasing this potential becomes especially relevant in the context of globalisation, technological change and instability of the external environment.

In today's realities, enterprises are faced with the need not only to optimise internal processes, but also to actively implement innovations, adapt to changes in demand and strengthen their role in the economy of the region and the country as a whole.

Nevertheless, Uzbekistan's textile enterprises are facing serious challenges. Among the main problems are the low level of technological equipment, insufficient diversification of the product range, limited opportunities to enter new markets, and lack of qualified personnel⁴. These barriers significantly limit the economic potential of enterprises and require finding effective solutions.

¹ Министерство экономики и финансов Республики Узбекистан. Основные показатели промышленности. – 2024.

² Министерство инвестиций, промышленности и торговли Республики Узбекистан. Аналитический отчет о состоянии текстильной отрасли. – Ташкент, 2024

³ Багиев, Г.Л., Тарасевич, В.М., Анн, Х. (2020). Маркетинг

⁴ Рахматов А.Б. Современные проблемы развития текстильной промышленности Узбекистана, Экономика и инновации. – 2023

The purpose of this study is to analyse the foreign experience of textile industry development and compare it with domestic methods aimed at increasing the economic potential of textile enterprises.

Main part: The economic potential of textile enterprises reflects their ability to effectively use available resources to achieve sustainable growth, increase profits and competitiveness in domestic and foreign markets. It includes production capacity, human resources, scientific and technical level, innovation potential, the degree of digitalisation of processes and financial stability. In a dynamic market environment, textile enterprises must flexibly adapt to changes, modernise production and actively implement advanced technologies to fully unlock their economic potential.

In recent years, the textile industry of Uzbekistan has demonstrated positive changes. Large-scale reforms aimed at developing a full production cycle - from cotton processing to finished products - are being implemented. In 2023, the textile sector accounted for about 60% of the country's non-oil and gas exports⁵.

Foreign experience was reviewed (by the example of Turkey, China, India):

-state support mechanisms: Turkey is actively developing its textile sector through state subsidies, tax incentives and exporter support. Special industrial zones and training programmes have significantly strengthened the national textile industry.

China applies comprehensive government support programmes, including R&D funding, direct investment in enterprise upgrading and export promotion measures.

India has implemented the Make in India and Scheme for Integrated Textile Parks (SITP) programmes, providing subsidies for infrastructure, equipment upgrading and brand promotion in international markets⁶.

-innovative technologies and digitalisation: Turkey is introducing factory automation systems, 3D printing of fabrics and smart factory technologies.

China is actively investing in robotisation, artificial intelligence for demand forecasting and smart supply chain management. India is developing digital platforms for textile e-commerce, which has enabled small manufacturers to enter global markets.

-developing export potential: Turkey is actively pursuing free trade agreements and promoting products through participation in international trade fairs.

China dominates the global textile market due to its wide range of products, competitive prices and aggressive foreign economic policy. India relies on high-quality natural fabrics and the development of Made in India brands.

A number of initiatives are being implemented in Uzbekistan:

- creation of textile clusters providing a full production cycle;
- programmes of state support for small and medium-sized enterprises (SMEs) in the sector;
- support for exporters through preferential loans and subsidies for transport costs;
- emphasis on attracting foreign direct investment and establishing joint ventures with leading foreign companies.

⁵ Uzbekistan Textile and Garment Industry Association. (2023). Annual Report. <https://uztextile.uz>

⁶ Ministry of Textiles, India. (2023). Annual Report 2022-2023. <https://texmin.nic.in>

Steps are also being taken to digitalise processes, develop specialised educational programmes for the textile industry and support start-ups in fashion and design.

Comparative analysis shows that Uzbekistan successfully borrows some elements of international experience - creation of clusters, stimulation of exports, attraction of investments. However, unlike Turkey and China, where special attention is paid to deep digitalisation of production and scientific research in the field of textiles, in Uzbekistan these areas are still in their infancy.

In addition, Uzbekistan places less emphasis on the development of branding of national textile products, while in India the promotion of national brands is one of the most important factors in strengthening export positions.

To further develop the industry, Uzbekistan should more actively introduce advanced technologies, strengthen government support measures for research and development (R&D), and invest in brand development and marketing strategies at the international level.

Results and discussions: Comparative analysis of foreign experience (Turkey, China, India) and practices applied in the textile industry of Uzbekistan has revealed both common features and fundamental differences.

Common features:

- active use of the cluster model of industry development.
- support of export-oriented industries through preferential lending and subsidies.
- development of measures to attract foreign investment.

The leading countries pay more attention to research and innovation (R&D), whereas in Uzbekistan R&D in the textile sector is underdeveloped. The high level of automation and digitalisation of production in China and Turkey contrasts with the predominance of traditional technologies in many Uzbek enterprises⁷. The development of brands and marketing strategies is a key policy element in India, while in Uzbekistan the focus is still mainly on export volumes rather than product recognition.

Thus, Uzbekistan has introduced the basic elements of successful foreign models, but further steps are needed to deepen the innovation component.

Based on the analysis of international experience, we can identify several tools that are effective and applicable for the development of Uzbekistan's textile industry:

-creating textile technoparks and innovation incubators: bringing together enterprises, scientific institutes and start-ups for accelerated commercialisation of new technologies⁸.

-grant programmes for digitalisation of production: support for automation projects and implementation of 'smart factories'.

-development of professional training and retraining programmes focused on modern textile production technologies.

-creating a national platform for e-commerce of textile products to enter new markets.

⁷ OECD (2022). SME and Entrepreneurship Policy in Turkey 2022. <https://www.oecd.org>

⁸ UNIDO (2023). Textile Industry and Sustainable Development. <https://www.unido.org>

These tools have already proved their effectiveness in Turkey and China and have a high potential for successful adaptation in Uzbek conditions.

The analysis allowed us to identify a number of areas where foreign experience can be adapted to the specifics of Uzbekistan:

- integration of artificial intelligence and big data to forecast market demand and optimise logistics.

- development of national brands of textile products with an emphasis on quality and environmental friendliness.

- introduction of sustainable development principles: use of organic materials, reduction of water consumption, transition to renewable energy sources.

- creation of specialised export platforms and trading houses in target regions (Europe, Asia, Middle East).

Thus, the adaptation of proven development strategies can become a catalyst for the growth of the sector in Uzbekistan.

Despite active reforms, the process of modernisation of textile enterprises faces a number of difficulties:

- lack of financial resources for technological upgrading of small and medium-sized enterprises.

- limited availability of modern technologies and the difficulty of their localisation.

- insufficient level of qualification of specialists, especially in the field of digital process management and production automation⁹.

- lack of a developed innovation ecosystem capable of supporting start-ups and small technology companies.

- problems with intellectual property protection, which reduces motivation to develop new technologies.

These barriers require an integrated approach: developing government support, creating partnerships with research and education institutions, and encouraging private investment in innovation.

Conclusion: Analysis of the state of the textile industry in Uzbekistan has shown that this industry occupies an important place in the country's economy, providing a significant part of export earnings and creating jobs. In recent years, Uzbekistan has seen a trend towards modernisation of production and improvement of product quality. The introduction of new technologies, such as digitalisation and automation of production processes, makes it possible to improve the competitiveness of domestic enterprises in international markets. However, there are a number of problems, such as dependence on raw material supplies and the need to improve the quality of management at different levels.

The application of international experience in the textile sector is an important tool for accelerated growth and improved product quality. For example, countries such as India and Turkey actively use sustainable production practices, including waste recycling and the use of environmentally friendly technologies. Uzbekistan can adopt these

⁹ World Bank (2022). Uzbekistan Economic Update: Navigating Reforms. <https://www.worldbank.org>

practices, which will not only reduce the environmental burden, but also improve economic performance, making it more attractive to foreign investors.

In addition, international examples of successful integration into global supply chains can help Uzbekistan expand its export potential. Improving logistics, enhancing customer service and adopting innovative marketing methods are important aspects. The application of advanced approaches in supply chain management, such as the use of blockchain technologies to track goods, can increase the credibility of Uzbek producers in foreign markets.¹⁰

The following recommendations have been proposed to improve strategies to increase the economic potential of textile enterprises in Uzbekistan:

- modernisation of production facilities: In order to increase the efficiency of enterprises, it is important to continue to modernise equipment and introduce new technologies. This will improve product quality and speed up production processes, which will have a positive impact on economic performance.

- sustainable production and innovation: The introduction of sustainable production practices, such as waste recycling and the use of environmentally friendly technologies, will not only contribute to improving the environmental situation, but also create new competitive advantages for Uzbek textile companies.

- development of human capital: Improving the qualifications of employees and attracting specialists in new technologies is a key factor for the successful development of the industry. It is important to implement training and retraining systems to ensure that the labour force meets the requirements of the innovation economy.

- development of export strategies: Increased focus on international logistics and better marketing of products to foreign markets can significantly expand export potential. It is important to establish new trade links and actively participate in international trade fairs and exhibitions to make a name for oneself on the global stage.¹¹

Future research should focus on the impact of digitalisation on the textile industry in Uzbekistan, as well as on the possibilities of applying smart technologies and automation at all stages of the production cycle. Research on sustainable production methods and their impact on environmental safety and economic efficiency should also be emphasised. Future research should cover both product quality improvement and opportunities to improve logistics chains and reduce transaction costs when entering international markets.

Overall, to increase the economic potential of Uzbekistan's textile enterprises, it is necessary to continue to introduce innovative technologies, focus on sustainable production and develop export potential. International experience and best practices, such as improving logistics, utilising new technologies and upgrading human resources, can play a key role in the development of the industry. Thus, a comprehensive approach and the involvement of advanced knowledge and technologies from international practices will help to significantly strengthen the position of Uzbek textiles in the global market.

¹⁰ Мустафазаде М. А. (2022). «Инновации в текстильной промышленности Узбекистана». *Журнал Экономики и Технологий*

¹¹ Абдуразакова, Н. Ю. (2023). «Экологические технологии в текстильной промышленности: мировой опыт и возможности для Узбекистана», *Устойчивое Развитие и Экология*

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6. Министерство экономики и финансов Республики Узбекистан. Основные показатели промышленности. – 2024

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