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EXPORT POTENTIAL OF BRANDED TEXTILE ENTERPRISES IN UZBEKISTAN ON THE GLOBAL MARKET

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ABSTRACT

The article examines the export potential of branded textile enterprises in Uzbekistan on the global market, highlighting the significance of the textile industry as a key sector of the country's economy. The introduction outlines the historical context, from the Silk Road to modern reforms initiated by President Shavkat Mirziyoyev, aimed at modernizing and diversifying the economy. The focus is on the role of government reforms, such as programs for deep processing of cotton and the establishment of special economic zones, which contribute to export growth. The article also analyzes contemporary Uzbek brands, such as Art Soft Holding, Osborn Textile, BCT Denim, and Bahmal Group, and their presence in international markets. It discusses the main export markets, including CIS countries, Europe, Asia, and the Middle East, and the competitive advantages of Uzbek textiles, such as high-quality cotton and low production costs.

Despite its successes, the textile industry faces challenges, including insufficient brand recognition and sustainability requirements. The article concludes with an overview of the sector's development prospects, emphasizing the need for enhanced marketing efforts and the adoption of new technologies to increase competitiveness in the global market.

KEYWORDS

Cotton production, textile production, Uzbek textile brands, Uzbek textile exports.

INTRODUCTION

Uzbekistan, with its rich history in the textile industry, is strengthening its position in the global textile market year by year. The country's export potential is growing, and branded textile enterprises play a significant role in this development. The textile sector, as one of the key areas of Uzbekistan's economy, contributes to export growth and attracts international investments. Modern reforms initiated by the government and President Shavkat Mirziyoyev have acted as a catalyst for the development of this sector, allowing Uzbekistan to become a major player in the global textile market.

Uzbekistan has a long history of textile production, dating back to the times of the Silk Road. However, modern development of the textile industry began during the Soviet period, when the foundations for large industrial enterprises specializing in cotton and textile production were established. With the collapse of the USSR and gaining independence in 1991, Uzbekistan faced the need to diversify its economy, and the textile industry became a crucial element of this strategy. Since 2016, after the rise of Shavkat Mirziyoyev to power, the textile sector has received special attention in the context of the modernization of the country's economy. Thanks to policies of liberalization, privatization, and the attraction of foreign investment, the textile sector has begun to

develop actively. Particular emphasis has been placed on creating high-tech production facilities and brands that can compete globally.

The textile industry plays a crucial role in Uzbekistan's economy, ranking fifth in GDP contribution and employing a third of industrial workers [1]. Despite its strategic importance, the sector faces challenges such as outdated technology, high-priced imported raw materials, and low worker education levels [2, 3]. To address these issues, researchers recommend prioritizing weakness and opportunity (WO) strategies, including upgrading technology, developing personnel training systems, and promoting joint ventures with foreign companies [2,3]. Recent efforts have led to increased localization of production, resulting in the manufacture of over 250 product types and a 93% decrease in imports [3]. The industry's future development is crucial for Uzbekistan's economic growth, with experts emphasizing the need to shift from raw cotton exports to finished textile products with higher added value [2, 4].

METHODS

One of the key reforms aimed at developing the textile sector is the program for deep processing of cotton raw materials within the country. In the past, Uzbekistan was known as one of the largest producers

and exporters of cotton. However, in recent years, the government has focused on local cotton processing, enabling the production of textile products with added value.

To support local producers and stimulate exports, several legislative initiatives have been adopted. These include the elimination of export duties on textile products and the establishment of special economic zones (SEZs) that provide tax and customs incentives for enterprises. These measures contribute not only to production growth but also to increased export volumes, enhancing the competitiveness of Uzbek brands in the international arena. Additionally, the creation of the “Uztextilprom” Association has been an important step, actively promoting Uzbekistan’s textile products in foreign markets and organizing participation in international exhibitions and fairs.

Modern Uzbek Brands and Their Presence in the Global Market

In recent years, several textile brands have emerged in Uzbekistan that are in demand in both domestic and international markets. Among them are brands like «Art Soft Holding», «Osborn Textile», «BCT Denim», and «Bahmal Group». These companies are focused on exporting their products and continuously modernizing their production capacities to meet international quality standards. «Art Soft Holding» is one of the leading textile producers in Uzbekistan. The company’s main focus is on manufacturing high-quality cotton fabrics and garments for export. The company

actively collaborates with international partners, and its products are supplied to countries in Europe and Asia. «Osborn Textile» specializes in denim fabric production and is a major supplier of jeans to international markets. By employing advanced technologies and modern production methods, the company ensures high product quality, allowing it to successfully compete with global brands. «BCT Denim» is known for its innovative approaches to denim fabric production. The company’s products are exported to countries such as Italy, Germany, and France. With high production standards and quality fabrics, the company has built a reputation as a reliable partner for international retailers. «Bahmal Group» is one of the oldest and most recognizable textile brands in Uzbekistan. The company specializes in producing fabrics with traditional Uzbek motifs and exports its products to Russia, Kazakhstan, Turkey, and other countries. Special attention is given to preserving cultural traditions and implementing modern technologies.

Export Markets and Their Specificities

The main export markets for Uzbek textile products include CIS countries, Europe, Asia, and the Middle East. Each of these markets has its own characteristics and requirements, prompting Uzbek companies to adapt to various quality standards and consumer preferences.

Traditionally, Uzbekistan exports the majority of its textile products to CIS countries, including Russia,

Kazakhstan, and Belarus. These markets exhibit a high demand for affordable and quality textile products, and Uzbek brands have already secured strong positions in this segment.

Entering the European market requires Uzbek companies to comply with strict environmental and ethical standards. In recent years, Uzbekistan has actively developed “green” production and aims to minimize the use of child and forced labor in the textile industry, opening doors for exports to EU countries. Germany, Italy, and France, in particular, are key buyers of Uzbek textiles.

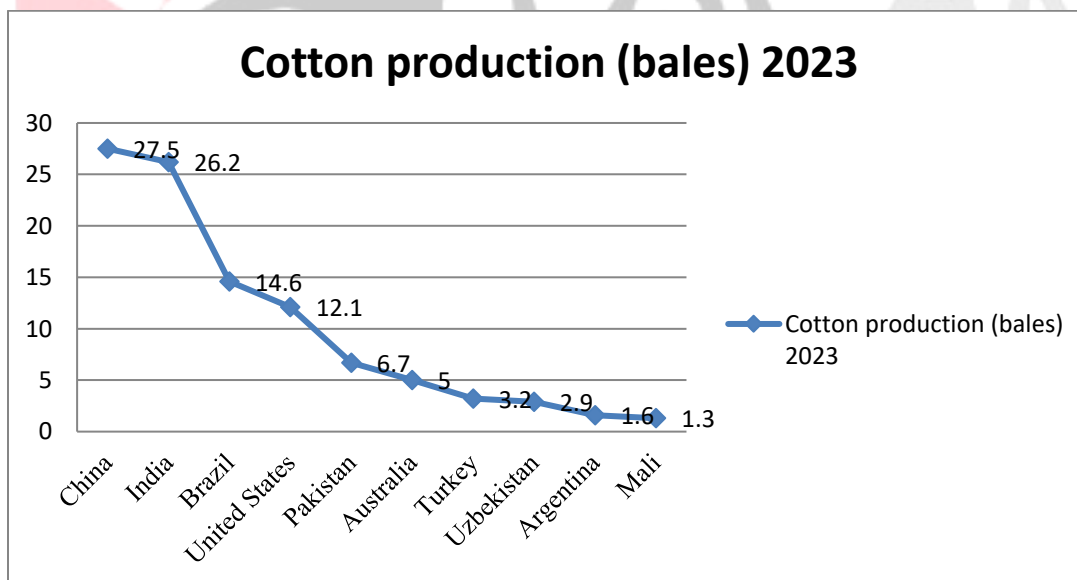
The markets of Asia and the Middle East also present significant opportunities for Uzbek producers. Countries such as China, Turkey, and the United Arab

Emirates are showing increasing interest in high-quality textile products from Uzbekistan. Special focus is placed on developing unique designs and adapting products to local consumer tastes.

RESULTS

As of 2023, Uzbekistan ranks 8th in the world in terms of raw cotton production (more than 2.5 million tons of raw cotton and, accordingly, about 900 thousand tons of cotton fiber).[5] In addition, the republic produces about 533 million square meters of fabric, 60 tons of knitwear, 319 million garments, 117 million pairs of hosiery, and 583 thousand tons of yarn.

The line graph below illustrates the cotton production (bales) of eight different countries, with China and India being the biggest producers in 2023.



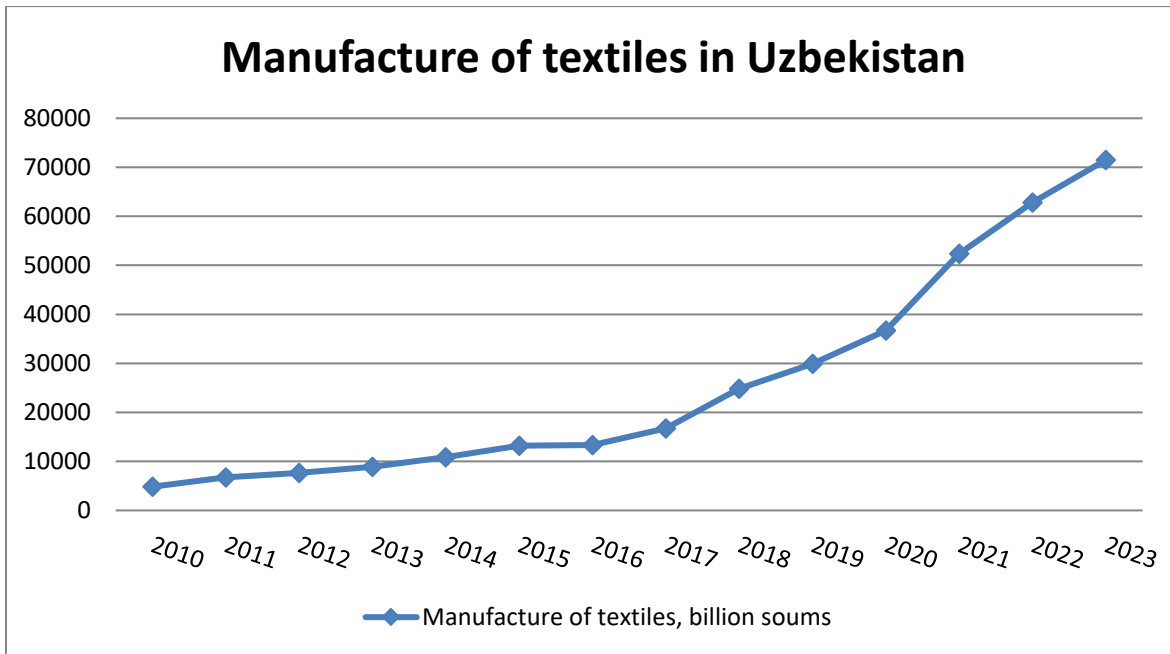
The table below shows the growth of the textile industry in Uzbekistan from 2010 to 2023, including production value (in billion soums) and physical volume index (in percent) year.



Year	Manufacture of textiles, billion soums	Physical volume index of textile production, %
2010	4845,5	113
2011	6736,9	101,3
2012	7672,9	107,6
2013	8898,3	113,2
2014	10839,5	107,2
2015	13241,7	110,5
2016	13335,3	109
2017	16763,3	100,5
2018	24835,2	107,4
2019	29946,6	105,3
2020	36713,9	117,4
2021	52372,3	119,5
2022	62850,7	109,9
2023	71509,8	106,4

The textile manufacturing value consistently increased from 4,845.5 billion soums in 2010 to 71,509.8 billion soums in 2023. This indicates a substantial expansion in the sector, possibly due to government reforms, increased investment, and rising export demand. Key years showing substantial jumps in production include 2018 (24,835.2 billion soums) and 2021 (52,372.3 billion soums). This period marks rapid industrial development and modernization efforts. The physical volume index fluctuated over the years, reflecting variations in production volume. For example, there was a notable peak in 2013 at 113.2%, indicating a period of strong production growth, and another significant peak in 2021 at 119.5%. In some years, such as 2017

(100.5%) and 2019 (105.3%), the growth rate slowed down, indicating stable or slightly decreased production volume. These years may reflect market adjustments or responses to external factors, such as demand shifts or challenges in production. The years 2020 and 2021 saw high growth rates in the physical volume index at 117.4% and 119.5%, respectively. This period likely benefited from new investments, advancements in production technologies, and a rebound effect after any disruptions in previous years. The line graph below shows the figures of manufacture of textiles in billion soums between 2010 and 2023 in Uzbekistan.



The data shows a general trend where both the production value and volume index increased in tandem. However, the value growth was sometimes faster than volume growth, likely due to increased product prices, higher value-added products, or improvements in production efficiency. For instance, even as the physical volume index showed moderate increases from 2022 to 2023 (109.9% to 106.4%), the value of textile manufacturing continued to rise significantly, from 62,850.7 billion soums to 71,509.8 billion soums. This could indicate enhanced productivity, higher quality output, or successful entry into more lucrative markets.

DISCUSSION

Advantages of Uzbek Textiles in the Global Market

Uzbek textile products have several competitive advantages that make them attractive in the global market:

1. High-quality cotton. Uzbekistan is one of the largest cotton producers in the world, and its cotton is known for its high quality and purity. This makes Uzbek textile products sought after in international markets.
2. Low production costs. Due to inexpensive resources and labor, Uzbek producers can offer competitive prices for their products, making them attractive to international buyers.
3. Government support. Government programs supporting exports and providing favorable conditions for textile enterprises contribute to the expansion of the country's export potential.
4. Innovation and technology. Uzbek companies are actively implementing new technologies in production,

which enhances product quality and increases production capacity.

Challenges and Issues

Despite successes, the Uzbek textile sector faces several challenges that could hinder its further growth in the global market:

1. Insufficient brand recognition. On the global market, Uzbek textile brands do not yet have the same recognition as brands from China or India. This necessitates active efforts to promote products and strengthen the brand image.
2. Sustainability requirements. An increasing number of international buyers demand compliance with sustainability standards, which include minimizing environmental impact and improving labor conditions. Uzbek companies need to continue addressing these aspects.
3. Competition from Asian countries. China, India, Pakistan, and Bangladesh remain major competitors for Uzbekistan in the global textile market, offering similar products at comparable prices.

Development Prospects

Despite existing challenges, the export potential of branded textile enterprises in Uzbekistan continues to grow. In the context of globalization and intensified international competition, Uzbekistan can leverage its advantages, such as high-quality cotton, low production costs, and government support to increase its share in the global market. An important step for further development will be the activation of

marketing efforts aimed at enhancing the recognition of Uzbek brands abroad, as well as investing in innovations and environmentally friendly technologies. Uzbek companies must also continue to work on complying with international quality and sustainability standards to remain competitive in the global market.

CONCLUSION

Uzbekistan's textile industry possesses immense export potential. Thanks to government reforms, the introduction of new technologies, and the emergence of competitive brands, Uzbekistan is poised to strengthen its position in the global textile market.

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