



## Foreign Experience in Developing Export Activities of the Cotton-Textile Cluster

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**Abstract:** This article analyzes factors associated with the formation of processes associated with the clustering of industrial sectors in developed countries, indicators of competitiveness of production and products, and export potential.

**Key words:** Finished products, textile clusters, export potential, raw materials, competition, brand, textile industry, industrial products, export volume, benefits, industrial area, customs duty, technological equipment, GSP+, infrastructure, product range.

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### The Introduction

Today, the industrial enterprises of the developed and developing countries are promoting the integrated methods of the system, creating a value added chain, producing competitive products and ensuring their delivery to the world markets. This method is a method of clustering, in which competitive products developed as a result of the merger of activities of other enterprises in the same direction are supplied to domestic and foreign markets. Clustering of enterprises together with the development of competitive indicators of products affects the efficiency of external activity of finished products and its diversification indicators. Experiences on the use of clusters in the management of the innovative economy have been gathered in developed countries.

Movements related to clustering of industrial sectors have developed in Austria, China, USA, Denmark, France, Italy, Finland, India and other countries. Studies show that during the last 15-20 years, a lot of work has been done on the organization of clusters.

### Analysis of literature on the topic.

Several proposals of scientists have been put forward to increase the economic and export potential

of textile clusters. Local scientists A. Soliev and Z. Khakimov's articles "Cluster theory and the possibilities of using the experience of countries applying it in practice in Namangan region" are presented. [1] The reason for the selection of these scientists in this area is the high volume of production of ready-made products of the region. A.Sh. Bekmurodov and Yang Song Be in their monograph entitled "Cluster approach in the development of the strategy of the textile industry of Uzbekistan" [2], the essence of clusters and their competitiveness, the results achieved in the field of foreign countries, companies and products are shown through examples.

American scientists M. Porter "Theory of competitive style" [3], M. Enright, S. Resenfeld, P. Maskell and M. Lorentsen "the concept of regional clusters" [4], A. Marshall "Theory of industrial zones" [5], P. Becatin put forward "Theories of Italian industrial enterprises". [6] According to T. Kono, if the type of products produced by the enterprise is limited to only one type of product, then such an enterprise is limited to the production of other types of products, so it is classified as a single specialized enterprise. On the contrary, if different types of products are produced, such an enterprise is considered a diversified enterprise. Depending on the formation of market relations, the enterprise is limited to diversification or production of one type of product.[7] R. Pitts and H. Hopkins, following a slightly different aspect, define diversification as conducting several types of business at the same time. [8] In the above-mentioned theories of foreign scientists, it is emphasized that clusters are a system that combines the activities of educational, scientific, technological, economic and other service entities, which are considered highly effective in realizing competitive advantage.

Russian scientists Yu.S. Artomonova, B.B. Khurstalev [9] studied the processes related to clusters and the development of regions.

### Research methodology

Economic, statistical, comparative analysis, and chronological observation methods were used during the research. Also, published scientific works of local and foreign scientists were used.

### Analysis and results

Based on the data of the World Trade Organization, the total export volume of textile products in 2021 was 548.8 billion dollars, and compared to 2020, the growth figure was 21.9%. [10] China, the European Union, India, Turkey, Vietnam, the USA and other countries took the leading places in it. Clusters are operating in most of these countries and have a positive impact on the growth dynamics of the country's economy and foreign economic activity. In this regard, most countries require the implementation of a new cluster-based textile industry system of management. In this regard, the competitiveness of finished products developed in them leads to the creation of value-added products and the growth of GDP per capita.

In this regard, in order to expand the volume and geography of exports in our country's industries, improving the development of the textile industry, the production volume of the unified chain, as defined in the priority areas III and VII of the decree of the President of the Republic of Uzbekistan dated January 28, 2022 "On the development strategy of the new Uzbekistan for 2022-2026" No. PF-60 to increase the export volume to 5 billion dollars in 2026 by increasing it by 2 times, reducing the export of raw materials and attracting national and foreign brands in the share of finished products. [11]

**Table 1**

**Processes related to clustering of industrial enterprises in foreign countries. [12]**

№	Countries	Clusters are organized networks
		<ol style="list-style-type: none"> <li>1. Aerospace production.</li> <li>2. Aircraft construction.</li> </ol>

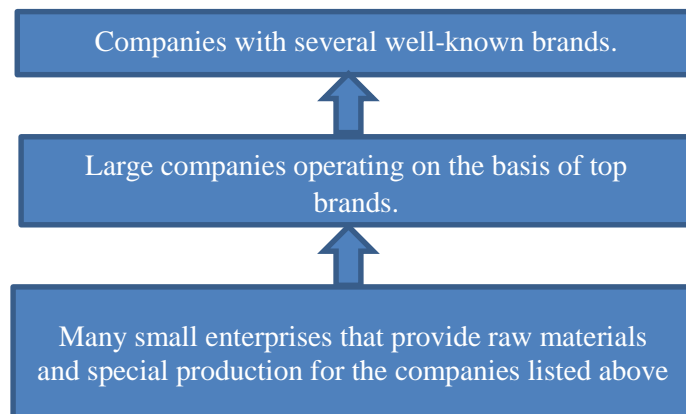
1.	<b>USA</b>	<ul style="list-style-type: none"> <li>3. Energy.</li> <li>4. Automotive industry</li> <li>5. Electrical engineering.</li> <li>6. Biotechnology</li> </ul>
2.	<b>Finland</b>	<ul style="list-style-type: none"> <li>1. Electrical engineering.</li> <li>2. Agro-industry.</li> <li>3. Construction.</li> <li>4. Tree processing.</li> </ul>
3.	<b>Denmark</b>	<ul style="list-style-type: none"> <li>1. Pharmaceuticals.</li> <li>2. Health care.</li> <li>3. Energy.</li> </ul>
4.	<b>Great Britain</b>	<ul style="list-style-type: none"> <li>1. Biotechnology.</li> <li>2. Chemical means.</li> </ul>
5.	<b>Germany</b>	<ul style="list-style-type: none"> <li>1. Automotive industry.</li> <li>2. Biotechnology.</li> <li>3. Oil and gas complex.</li> <li>4. Energy.</li> </ul>
6.	<b>China</b>	<ul style="list-style-type: none"> <li>1. Microelectronics.</li> <li>2. Aerospace production.</li> <li>3. Biotechnology.</li> <li>4. Automotive industry.</li> <li>5. Energy.</li> </ul>
7.	<b>Canada</b>	<ul style="list-style-type: none"> <li>1. Biotechnology.</li> <li>2. Telecommunications.</li> <li>3. Health care.</li> </ul>
8.	<b>Japan</b>	<ul style="list-style-type: none"> <li>1. Robotics.</li> <li>2. Microelectronics.</li> <li>3. Energy.</li> <li>4. Automotive industry.</li> </ul>

In the table, we can observe the clustering system of different industries. A system based on clusters has been operating in 6 directions in the USA, 4 in Finland, 3 in Denmark, 2 in Great Britain, 4 in Germany, 5 in China, 3 in Canada, and 4 in Japan. If we look at the world experience, mature countries in the fields of technology, healthcare, and automobiles are operating in a cluster system. Now let's talk about the experience of developed countries regarding the production and export potential of the textile industry.

In Italy, clusters are based on the successful experience of district development. There are a total of 200 industrial zones in Italy, which have created 600,000 jobs as a result of the integration of

60,000 enterprises. As a result of the cooperation of industrial zones, more than 1 million small and medium-sized enterprises are operating, and the level of employment is 4-6 million people. [13] The share of the textile industry in the development of the Italian economy is important.

Italy ranks among the top 5 countries in the world in terms of export of specialized high-efficiency textile equipment. One of the successes of the Italian textile industry are world-famous brands. 26 of the world's 100 brands correspond to Italy's contribution. In Italy, textile clusters operate in the textile industrial districts of Biella and Prato. These are clusters specializing in the production of textile equipment and clothing products.



**Figure 1. The structure of the Italian textile industry.<sup>1</sup>**

Italian textile industrial clusters have a cluster-style management consisting of three stages. (Figure 1) Here, leading firms are paid by many small firms to ensure timely delivery of raw materials and other products. After that, in the next step, raw materials are processed into finished products. Finished products are designed in accordance with global requirements, undergo quality control, and are exported to global markets under the name of a major brand. One of the main tasks of the Italian state is to implement management aimed at helping the sector. They reduce customs duties with foreign countries in the export system, create a favorable investment environment, and provide consulting services to small business representatives.

In India, clusters provide more than 60 percent of the country's exports, and some large clusters produce 90 percent of India's textile and leather products. In developing India's high-tech industries and services, clusters' approaches to promoting export opportunities are effective. India is one of the largest producers of textile equipment and finished goods in the world. India has a 23 percent share of the world's cotton production. One of the advantages of the country's textile industry is the presence of a value chain in deep processing and cheap labor. The main focus of the Indian textile industry is on the sewing and knitting sector. Textile cluster monitoring has been supported by the Ministry of Light Industries of India.

The number of people working in the textile industry in the USA is more than 501 thousand people. It is the third largest exporter of textile products in the world. In 2022, exports of textiles and finished products amounted to 65.8 billion dollars. [14] In America, clusters have their place in the development of the textile industry, among other industries. One of them is the "Clothing Cluster of New York City". The cluster produces 95 percent of the country's clothing products. The cluster focuses on fashion-design aspects in training and production situations. The cluster includes more than 900 companies in the New York City area.

A textile cluster specializing in the production of sports products operates in the American state of Oregon. This cluster focuses on the design and technology of ready-to-wear apparel, leather-

<sup>1</sup> Compiled by the author.  
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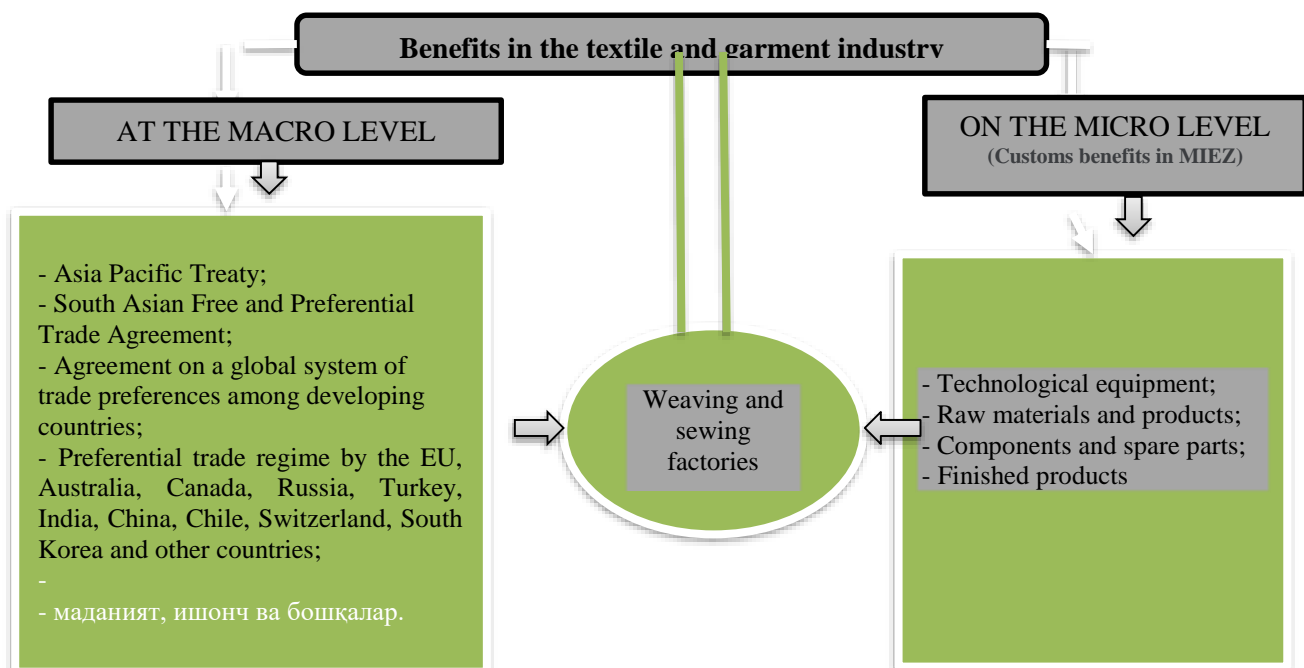
footwear and sports goods, and includes 800 companies. In the 1990s, companies such as Adidas, Columbia Sportswear, Merrill, Icebreaker, Keen&Showers, Montbell and Mizuno were able to open their offices and headquarters in this cluster. The main principle of the cluster is to increase the product range and competitiveness through value chain management, marketing and new technological developments.

China is one of the world's largest producers and exporters of textiles and finished products. In the 1990s, the Government carried out reforms to develop brands by involving enterprises in innovation activities and increasing the share of finished products, along with the restructuring of inefficient state-owned enterprises in the textile industry and the renewal of outdated equipment. The main reasons for China's success in the textile sector in achieving high economic indicators are the availability of cheap labor, the possession of large raw material bases, a favorable investment environment, state support in granting privileges and preferences to small and medium-sized businesses, as well as compliance with the WTO in the implementation of export volume. related factors are calculated.

East Asian countries also have their own style of development in the textile sector. In this regard, the finished products produced by small and medium-sized textile enterprises in Vietnam are known for their purchase in international markets. Due to the shortage of raw materials in the country, 80% of yarn and 90% of yarn are imported from foreign countries. However, the industry strategy is focused on the production and export of finished products. According to the data, in 2022, Vietnam will export 45 billion dollars worth of finished products. [15] The advantage of the industry, along with the stability of cotton and labor prices, is the country's accession to the "Pacific Partnership Agreement" on January 14, 2019. Therefore, Vietnam provides an opportunity to reduce transportation costs by allowing countries such as Canada, Mexico, New Zealand, Australia to increase the volume of exports through water transport.

Bangladesh's experience is second in the world in terms of exports of finished products. Bangladesh Textile Mills Corporation (BTMC) was founded as a state organization in the development of the textile industry in Bangladesh and many textile enterprises became members. Bangladesh does not have raw cotton resources.

The strategy for the development of the country's textile industry is focused on the volume of exports of finished products. "Special production-export zones" operate to increase the economic efficiency of factories. In general, the prevailing incentives in the textile and garment industry of Bangladesh can be divided into internal and external factors.



### Figure 2. Advantages of Bangladesh textile and garment industry factories in domestic and foreign operations. [16]

In conclusion, the experience of Bangladesh is to provide continuous electricity supply for the stable operation of Uzbekistan's cotton-textile clusters, to provide practical assistance in obtaining certificates for finished products in accordance with the requirements of the free trade agreement with EU countries (GSP+), and to remove customs duties for export; reform of personnel qualifications, in which the formation of their theoretical and practical knowledge skills is proposed as a solution to the priority tasks in the field.

Turkey is one of the largest producers and exporters of textiles and finished goods. The success of the country's textile industry is attributed to low labor costs, skilled personnel, cheap raw materials, a liberalized economic environment, and an export-oriented policy. In the 1940s and 1950s, government support for industry shifted to the private sector. In the development of the sector, encouraging methods were developed, such as the abolition of the production tax, the removal of import duties on textile equipment, and the foundation of the "Turkish Industrial Development Bank" organization. Most of the country's largest companies in the textile industry are combined into holdings, which allows to keep prices low, resulting in the competitiveness of the developed products in the global environment. The management method of Turkish factories is based on advanced management principles and is equipped with high-tech equipment.

The Turkish textile industry export development program is based on three pillars.

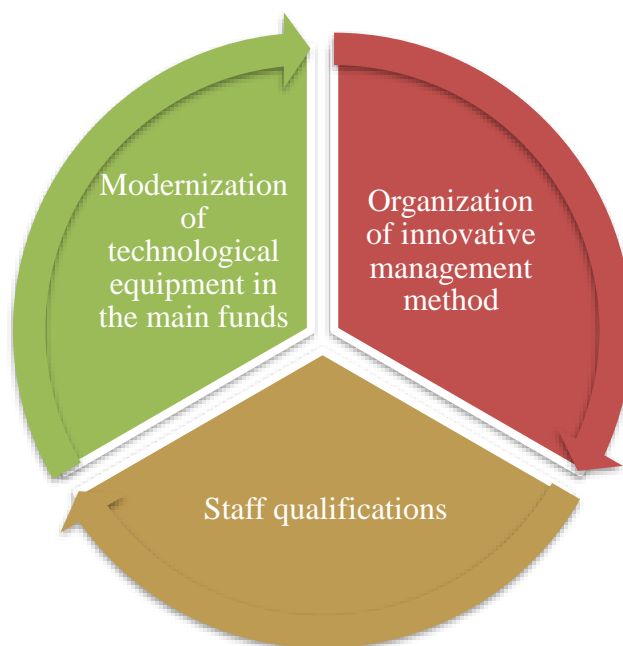


Figure 3. Turkish textile industry export activity development program.<sup>2</sup>

#### Conclusion and suggestions

It is known that in an innovative way, it relies on clusters for deep cotton processing and value chain creation. In general, cotton-textile clusters can be described as a process consisting of a three-stage mechanism. These are cotton cultivation with participation of farms, factories for processing cotton raw materials and enterprises specializing in the production of textiles and finished products. Today, in order to prevent conflicts between farmers and clusters in the delivery and settlement of cotton,

<sup>2</sup> Prepared by the author.  
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a new mechanism for settlement of cotton raw materials grown by farmers based on the world market price between farmers and clusters on the basis of free market principles is in place. done.

The implementation of processes related to transformation and clustering of the textile industry will allow the following to be implemented.

First of all, the mechanism of management in an integrated system is formed. This leads to an increase in product productivity in the production processes of each chain. At the same time, various economic and social problems that may arise at each stage of the system are prevented.

Secondly, intensive methods of production are transferred. As a result of the introduction of innovative technologies, new types of products are developed, scientific research, experimental design developments are put into practice.

Third, production volume and export performance will improve. In this case, the volume of products with added value will increase and the costs will decrease. As a result, the production efficiency will increase, creating opportunities to export three to four times more than existing textile enterprises. These create pure competition in foreign markets.

Fourthly, HR capacity transformation processes will be improved. In this case, rotation work is carried out in each structure of the cluster, and the knowledge, skills and experience of the management system and employees are formed.

Fifthly, the industry of the Republic is among the developed countries. In addition, the infrastructure of the republic's regions will improve, and the employment indicators and incomes of the population in remote areas will increase.

Within 15-20 years, clustering activities are becoming more active in developed and developing countries. Analyzing cluster initiatives, their high competitiveness relies on the strong positions of individual groups to manage the economy. In this regard, it is important to study the experiences of countries such as Bangladesh, Vietnam, Turkey, and China regarding the successes achieved in the textile industry and export trends, and to implement the experiences of these countries in accordance with the legislation of our country and based on their capabilities.

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