

USING ECONOMIC MECHANISMS TO INCREASE THE COMPETITIVENESS OF TEXTILE INDUSTRY ENTERPRISES

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Abstract. The competitiveness of textile industry enterprises depends not only on production volume, labor cost, or access to raw materials, but also on the quality of economic mechanisms that regulate costs, investment, innovation, market positioning, and value-chain integration. In modern textile markets, enterprises operate under the pressure of global competition, technological modernization, sustainability standards, and changing consumer demand. Therefore, competitiveness must be understood as a systemic economic category that combines productivity, financial stability, product differentiation, export capacity, technological renewal, and responsible supply-chain governance.

Keywords: textile industry, competitiveness, economic mechanisms, value chain, industrial policy, innovation, export potential.

INTRODUCTION

The textile industry remains one of the most important sectors of manufacturing because it connects agriculture, raw-material processing, industrial production, logistics, design, retail, and international trade within a single value chain. According to the WTO sectoral profile, textiles and clothing accounted for 3.7 percent of world merchandise exports in 2022, while the sector's value added was formed not only by textile producers themselves, but also by services, agriculture, chemicals, transport, finance, and other related branches [2]. This evidence confirms that textile competitiveness is no longer determined by sewing capacity alone; it depends on the ability of enterprises to coordinate production, supply, design, branding, logistics, and market access within an integrated economic system.

The relevance of economic mechanisms in textile competitiveness is explained by the structural transformation of global apparel and textile markets. Low-cost labor, once regarded as the principal advantage of developing textile producers, has gradually lost its decisive role. Buyers increasingly require stable quality, short delivery cycles, traceability, ecological standards, social responsibility, digital communication, and flexible production.

MATERIALS AND METHODS

The first major economic mechanism for increasing competitiveness is cost-management and productivity improvement. Textile production is sensitive to the cost of raw materials, energy, labor, machinery maintenance, logistics, and financial resources. Enterprises that lack cost-accounting systems often make decisions based on approximate expenditure rather than precise economic analysis. A modern textile firm must introduce activity-based costing, standard-cost control, lean production principles, and regular productivity measurement. Such mechanisms allow management to identify hidden losses in production downtime, excessive inventory, defective output, inefficient cutting, repeated dyeing, and poor warehouse organization. Cost reduction, however, should not be confused with primitive economy or wage compression. Sustainable competitiveness requires reducing non-productive losses while increasing labor productivity, technological accuracy, and product value. The second mechanism is investment modernization. Textile enterprises cannot remain competitive if they depend on obsolete machinery, high energy consumption, unstable quality, and manual control of processes that can be automated. Investment mechanisms may include preferential credit, leasing of technological equipment, depreciation incentives, reinvestment of profit, public-private partnership in industrial zones, and targeted support for small and medium-sized manufacturers. UNIDO's Industrial Development Report 2024 stresses the role of modern industrial policy in supporting growth, innovation, employment, and sustainable development [4]. In the textile industry, such policy has practical significance when it directs resources toward spinning, weaving, dyeing, finishing, technical textiles, laboratory certification, and digital production planning rather than only expanding basic garment assembly. Innovation is another decisive mechanism. In many textile enterprises, innovation is narrowly understood as the purchase of new machines. In reality, innovation includes product design, fabric composition, technical textiles, smart textiles, ecological dyeing, digital pattern development, automated cutting, enterprise-resource planning, e-commerce integration, and the use of data in demand forecasting. The WTO profile notes that finance and business services connected with technology-intensive solutions, including robotics, 3D printing, and computer-aided design, contribute to efficiency in textile and clothing value chains [2]. Therefore, innovation mechanisms should cover both technological and organizational renewal. Enterprises that introduce only equipment without redesigning management, marketing, quality control, and personnel training usually receive limited economic effect.

RESULTS AND DISCUSSION

A separate role belongs to cluster-based mechanisms. Textile clusters increase competitiveness because they reduce transaction costs, improve access to suppliers,

create specialized labor markets, facilitate technological learning, and support cooperation between enterprises, universities, logistics firms, banks, certification bodies, and export agencies. A cluster is economically effective when it does not become a formal administrative grouping, but functions as a network of complementary enterprises. For instance, cotton processing, yarn production, fabric manufacturing, dyeing, garment design, packaging, logistics, and retail can be placed within a coordinated regional production system. Such integration increases domestic value added and reduces dependence on imported intermediate goods. The WTO data show that countries with strong domestic supply-chain capacity, such as China and India, retain a high share of domestic value added in textile and clothing exports [2]. This means that cluster development is not merely a territorial policy; it is a mechanism for capturing a larger part of value inside the national economy.

Export-support mechanisms also have strategic importance. Textile enterprises operating only in the domestic market often face limited demand, weak economies of scale, and unstable profitability. Export orientation encourages enterprises to improve quality, certification, packaging, delivery discipline, and brand positioning. However, export competitiveness cannot be achieved only through customs privileges or short-term subsidies. A rational export mechanism must include market research, participation in international exhibitions, export credit insurance, support for certification under international standards, logistics infrastructure, digital trade platforms, and assistance in negotiating with foreign buyers. The World Bank's analysis of apparel value chains indicates that heightened competition among developing countries and changes in global demand create both risks and new opportunities for textile exporters [5]. Enterprises able to adapt product lines to emerging markets, fast fashion, sustainable fashion, and specialized industrial textiles are more likely to maintain export stability.

Financial mechanisms must be differentiated according to the technological and market position of enterprises. Large vertically integrated textile companies require long-term investment loans, export financing, hedging instruments, and infrastructure support. Small and medium-sized enterprises need accessible working capital, leasing, digital accounting, micro-credit adapted to production cycles, and cooperative purchasing of raw materials. A common problem in textile production is the mismatch between the timing of expenditure and revenue. Enterprises purchase raw materials, pay workers, and finance production before receiving payment from buyers.

CONCLUSION

The competitiveness of textile industry enterprises is formed through a complex interaction of cost efficiency, investment modernization, innovation, cluster

cooperation, export capacity, financial stability, quality management, sustainability, digitalization, and human capital. Price advantage alone is no longer sufficient in the global textile market because buyers increasingly evaluate quality, delivery reliability, traceability, ecological standards, and institutional trust. Therefore, textile enterprises must move from extensive growth based on production volume toward intensive growth based on productivity, value added, technological renewal, and market differentiation.

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