

UDC: 338.45:677

**THEORETICAL BASIS FOR INCREASING PRODUCTION
COMPETITIVENESS IN THE TEXTILE INDUSTRY****Xushvaqtoy Shuhrat Abduraufovich**

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Abstract. This thesis examines the theoretical and practical basis for increasing production competitiveness in the textile industry. The study argues that competitiveness in textile production should be evaluated not only through production costs, but also through quality, technological modernization, labor productivity, innovation, export structure and integration into global value chains. The relevance of the topic is supported by official data: in January-May 2024, Uzbekistan exported textile products worth about USD 1.3 billion to 55 countries; textile products accounted for 11.8% of total exports, while yarn represented 46.8% and finished textile products 37.6% of textile exports.¹ In January-June 2025, textile exports amounted to USD 1,268.9 million; the share of finished textiles rose to 47.8%, while the share of yarn decreased to 32.2%.² These indicators show that Uzbekistan has a strong textile export base, but long-term competitiveness depends on increasing higher value-added finished products and strengthening market-oriented production.

Keywords: textile industry, production competitiveness, export potential, value added, modernization, innovation, productivity, quality management, Uzbekistan, global value chains.

The textile industry is one of the strategic sectors of industrial development for countries with a strong raw material base, labor potential and export orientation. In Uzbekistan, this sector is closely connected with cotton processing, employment, industrial diversification and the creation of goods with higher added value. Therefore,

1 Statistics Agency under the President of the Republic of Uzbekistan, 10 July 2024: January-May 2024 textile exports were about USD 1.3 billion; share in total exports - 11.8%; yarn - 46.8%; finished textiles - 37.6%.

2 National Statistics Committee of the Republic of Uzbekistan, January-June 2025 press release: textile exports amounted to USD 1,268.9 million; finished textiles - 47.8%; yarn - 32.2%.

increasing the production competitiveness of textile enterprises is not only a managerial issue at the enterprise level, but also an important direction of national industrial policy.

Official data demonstrate both the potential and the structural challenges of the sector. In January-May 2024, Uzbekistan exported 496 types of textile products to 55 countries; the value of these exports reached about USD 1.3 billion, or 11.8% of total exports.³ The export structure shows that yarn still had the largest share, which means that part of the value-added chain may be realized outside the country. By January-June 2025, the structure improved: finished textiles accounted for 47.8%, while yarn accounted for 32.2%.⁴ This shift indicates progress toward deeper processing, but it also confirms that competitiveness should be assessed through the quality of export structure, not only through export volume.

Table 1. Official indicators reflecting the export structure of Uzbekistan's textile industry

Period	Export value	Share in total exports	Main structure	Source
Jan.-May 2024	About USD 1.3 billion	11.8%	Yarn - 46.8%; finished textiles - 37.6%; 496 product types exported to 55 countries	Statistics Agency, 2024
Jan.-June 2025	USD 1,268.9 million	7.5%	Finished textiles - 47.8%; yarn - 32.2%; compared with Jan.-June	National Statistics Committee, 2025

³ Statistics Agency under the President of the Republic of Uzbekistan, 10 July 2024: 496 types of textile products were exported to 55 countries; export value was about USD 1.3 billion.

⁴ National Statistics Committee of the Republic of Uzbekistan, January-June 2025 press release: textile exports amounted to USD 1,268.9 million, or 7.5% of total exports, and decreased by 17.0% compared with the same period of 2024.

			2024, export value decreased by 17.0%	
2026 target	USD 4.0 billion	Not specified	USD 700 million planned through e-commerce platforms; overall growth target - 152%	Presidential Decree No. PF-4 / gov.uz, 2026

The theoretical basis of production competitiveness is closely related to M. Porter's concept of competitive advantage. According to this approach, enterprises may strengthen their market position through cost leadership, differentiation, or a combination of both.⁵ In the textile industry, cost leadership is achieved through efficient use of raw materials, energy saving, lower defect rates and modern equipment. Differentiation is achieved through product quality, design, certification, ecological standards, branding and stable supply. Therefore, textile competitiveness should not be understood only as cheap production; it is the ability to produce reliable, certified, higher value-added and market-oriented goods.

The global context also confirms the importance of value chains. According to the WTO Global Value Chains Sectoral Profile, textiles and clothing represented 3.7% of world merchandise exports in 2022, while Asia accounted for 70.6% of world exports in the sector.⁶ The same profile shows that services, agriculture, chemicals and logistics form an important part of value added in textile and clothing exports. This means that modern competitiveness depends not only on manufacturing operations, but also on design, distribution, transport, marketing, finance and technological services.

For Uzbekistan, this conclusion is especially important. The country has a strong raw material base and growing export geography, but stronger competitiveness requires

⁵ Porter, M. E. (1985). Competitive Advantage: Creating and Sustaining Superior Performance; Porter, M. E. (1990). The Competitive Advantage of Nations.

⁶ World Trade Organization. (2024). Global Value Chains Sectoral Profiles: Textiles and Clothing Industry. Textiles and clothing represented 3.7% of world merchandise exports in 2022; Asia accounted for 70.6% of world exports in the sector.

deeper processing and movement toward the stages where value added is higher. The relatively high share of yarn exports in 2024 indicates that the transition from semi-finished products to finished textile goods remains one of the key directions of industrial upgrading. The increase in the share of finished textiles in 2025 can be considered a positive structural signal, but it should be supported by quality management, modern design, international certification and stable buyer relations.

The competitiveness of textile production can be grouped into seven interrelated factors. First, technological factors include modern spinning, weaving, dyeing, finishing and sewing equipment, automation and digital planning systems. Second, economic factors include production cost, investment, resource efficiency and pricing strategy. Third, quality-related factors include standardization, certification, raw material quality and product testing. Fourth, human capital factors include skilled technologists, designers, machine operators, quality controllers and managers. Fifth, innovation factors include eco-friendly materials, functional textiles, digital design and flexible production. Sixth, market factors include export geography, branding, customer relations and market research. Seventh, sustainability factors include water saving, energy efficiency, waste reduction and responsible labor practices.

Uzbek researchers also emphasize the importance of strategic management, modernization, investment activity and product quality in the development of textile enterprises. For example, Sh. R. Abduraxmanova analyzes competitiveness strategies in textile enterprises and notes the importance of studying regulatory documents, statistics and existing sectoral problems.⁷ B. A. Urishev links textile enterprise strategy with investment activity, innovation and productivity growth.⁸ E. X. Jumamuratov, in turn, studies the prospects of innovative development in Uzbekistan's textile sector and connects export potential with innovation-oriented modernization.⁹ These approaches are consistent with the international theory of competitive advantage and value chain development.

7 Abduraxmanova, Sh. R. (2023). O'zbekistonda to'qimachilik sanoati raqobatbardoshligini oshirish strategiyalari. T. 3, No. 3, p. 31.

8 Urishev, B. A. (2024). To'qimachilik korxonalari raqobat strategiyasi. Science and Education, 5(6), 338-342.

9 Jumamuratov, E. X. (2023). O'zbekistonda to'qimachilik sohasini innovatsion rivojlantirish istiqbollari. Journal of Universal Science Research, 1(8), 349-353. DOI: 10.5281/zenodo.8386058.

Table 2. Author's practical model for increasing production competitiveness in textile enterprises

Direction	Practical content	Expected competitive effect
Technological modernization	Renewal of equipment, automation, digital production planning	Higher productivity, lower defects and shorter production cycle
Quality management	Raw material control, certification, international standards, product testing	Stronger buyer trust and wider export access
Value-added upgrading	Expansion of finished textile products, design, packaging and branding	Higher export income and reduced dependence on semi-finished goods
Human capital	Training of technologists, designers, managers and operators	Better use of equipment and stable product quality
Market diversification	New export markets, e-commerce, buyer relations and logistics improvement	Lower market risk and stronger international position

Based on the above, increasing production competitiveness in the textile industry requires an integrated model. This model should include technological modernization, cost optimization, quality management, innovation, human capital development, export diversification and sustainability. If these factors are implemented separately, their effect may be limited. For example, modernization without skilled labor may not increase productivity; cost reduction without quality control may weaken customer trust; export expansion without branding may keep enterprises dependent on low-margin markets.

The practical importance of this issue is reflected in recent policy measures. In accordance with Presidential Decree No. PF-4 dated January 12, 2026, Uzbekistan plans to increase textile exports in 2026 to USD 4.0 billion, including USD 700 million through e-commerce platforms.¹⁰ This target shows that state policy is focused not only on export volume, but also on integration into international supply chains and modern

¹⁰ Ministry of Justice of the Republic of Uzbekistan, 2026: according to Presidential Decree No. PF-4 dated 12 January 2026, textile exports are planned to reach USD 4.0 billion in 2026, including USD 700 million through e-commerce platforms.

trade channels. Therefore, the competitiveness of textile enterprises should be measured through a system of indicators: production cost, labor productivity, product quality, export structure, technological renewal, certification and the share of finished goods in total exports.

Conclusion. In conclusion, the textile industry has strong potential for increasing production competitiveness, especially in Uzbekistan, where the sector is connected with raw material processing, employment, exports and industrial modernization. However, long-term competitiveness cannot be achieved only through low production costs or raw material advantages. It requires modernization, productivity growth, quality management, innovation, human capital development and integration into global value chains.

The analysis of official data shows that Uzbekistan's textile exports are substantial, but the structure of exports remains a key issue. The transition from yarn and semi-finished goods to finished, certified and higher value-added textile products should be considered a central direction for strengthening competitiveness. The main scientific-practical conclusion of this thesis is that textile competitiveness must be managed as a complex system combining efficiency, quality, innovation, value-added upgrading and market diversification.

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