

FACTORS INFLUENCING EXPORT FORMATION IN THE TEXTILE INDUSTRY AND THEIR ECONOMIC SIGNIFICANCE

Umarkulov Kodirjon Maxamadaminovich

PhD in Economics, Associate Professor.

Department of Finance, University of Business and Science, Uzbekistan

E-mail: kodirjon_umarkulov@mail.ru

Abstract - This article analyzes the characteristics of export formation and the structural composition of textile product exports in Uzbekistan. The study employs systemic and logical analysis, comparison, grouping, and economic-statistical methods. The findings indicate that cotton yarn and finished textile products occupy a leading position in the export structure, confirming the growing share of high value-added products in the light industry. At the same time, the relatively low share of certain product groups highlights the need for further export diversification. The results substantiate that the formation of textile exports is closely linked to the depth of the production chain, the level of technological development, and institutional support, and they can be used in making scientific and practical decisions aimed at export development.

Keywords: textile industry, export structure, export formation, high value added, export diversification.

INTRODUCTION

In the context of ongoing globalization and economic transformation, export activity is considered one of the key factors ensuring the sustainable development of the national economy. In particular, the textile industry plays a significant role due to its export orientation, its capacity to generate high value added, and its contribution to employment. This sector represents one of the strategic directions for enhancing industrial potential and strengthening competitiveness in foreign markets.

In recent years, Uzbekistan has implemented large-scale reforms aimed at developing the textile and garment industry and increasing its export potential. In particular, the Resolution of the President of the Republic of Uzbekistan No. PQ-4949 dated January 14, 2021, has served as an important regulatory and legal framework for realizing the country's export potential and accelerating the transition from raw material exports to the export of finished and high value-added products.

These reforms have been consistently continued through the Presidential Decree No. PF-71 dated May 1, 2024, entitled "On Measures to Elevate the Development of the Textile and Garment Industry to a New Stage," which identified the modernization of the sector, deepening of production chains, expansion of export-oriented product assortments, and development of industrial clusters as priority objectives. This decree strengthened a systematic approach focused on technological upgrading and the creation of high value added within the textile industry.

Furthermore, the Presidential Decree No. PF-6 dated January 16, 2025, entitled "On Additional Measures to Develop the Processing Chain in the Textile and Garment Industry," represents a key policy document aimed at deepening raw material processing, increasing the share of finished products, and diversifying the export structure. This decree once again confirms the decisive role of production chain depth and institutional support in the formation of textile exports.

As a result, the transition from raw material exports to finished product exports in the textile

industry has accelerated in recent years. However, the factors influencing export formation have often been examined in isolation, while their interrelationships and the mechanisms of their combined impact have not been sufficiently analyzed in a systematic manner.

The purpose of this study is to identify and classify the factors influencing export formation in the textile industry and to substantiate their economic significance in export development. Within the scope of the research, the key economic, technological, and institutional factors affecting export formation are examined using a systematic approach.

METHODS

In this study, general and specific methods of scientific inquiry were applied. In particular, systemic and logical analysis was used to identify the factors influencing export formation, while grouping and comparative methods were employed to classify these factors.

In addition, scientific literature, regulatory and legal documents, and openly available statistical data were analyzed. The applied research methodology made it possible to comprehensively assess the mechanism of export formation in the textile industry.

RESULTS AND DISCUSSION

The research results made it possible to empirically assess the volume, structure, and formation characteristics of textile product exports in Uzbekistan. According to official data, the total value of Uzbekistan's textile exports amounted to USD 2,867.4 million in 2024. This indicator confirms the significant role of the light industry in the country's overall export structure.

An analysis of the export structure indicates that cotton yarn occupies a leading position among textile products, accounting for 43.2% of total exports (USD 1,237.3 million). This suggests that exports of raw materials and semi-finished products remain relatively high in the light industry. At the same time, the substantial share of finished textile products in the export structure (39.2%, or USD 1,124.5 million) reflects the practical outcomes of recent policies aimed at deep processing and the production of high value-added goods.



Source: State Statistics Committee of the Republic of Uzbekistan

Within the export structure, knitted fabric products account for a relatively significant share of 10.2% (USD 292.1 million), while cotton fabric exports amount to 5.1% (USD 145.9 million). Hosiery products represent the smallest share, at 1.5% (USD 42.6 million), indicating that production and export potential in this segment has not yet been fully utilized.

The obtained results indicate that, alongside raw materials and semi-finished products, the share of finished products in Uzbekistan's textile export structure has been increasing. This trend confirms the growing influence of factors such as production modernization, technological upgrading, and institutional support in the formation of exports. At the same time, the existing export

structure highlights the need to further deepen diversification processes within the light industry.

This situation suggests that although the increasing share of finished products represents a positive trend, the still relatively high proportion of raw materials and semi-finished goods may constrain export stability and adaptability to external market demand. This is because exports of raw materials and semi-finished products are highly dependent on international price fluctuations and are therefore more vulnerable to external shocks. Consequently, achieving a more balanced export structure and increasing the share of finished products is of critical importance for ensuring the long-term stability of textile exports.

Moreover, the low share of certain product groups in the export structure points to technological imbalances within the production chain. In particular, the limited export volumes of finished garments, hosiery, and design-based products may be attributed to insufficient development of marketing, branding, and international certification systems. This demonstrates that export formation depends not only on production capacity but also on the effectiveness of market infrastructure and institutional mechanisms.

From this perspective, the formation of textile exports is closely linked not only to the efficient utilization of the domestic raw material base, but also to the deepening of production chains, the development of innovative products, and the expansion of export-oriented industrial clusters. These processes contribute to increased value added in the light industry, qualitative improvements in export structure, and the strengthening of competitiveness in international markets.

The research findings demonstrate that the formation of textile product exports in Uzbekistan is a complex and multifactorial process shaped by the interaction of economic, technological, and institutional factors. The presence of a substantial share of finished textile products alongside raw materials and semi-finished goods in the export structure indicates that the value-added chain within the light industry is gradually deepening. This trend reflects tangible outcomes of state policies aimed at industrial modernization, the expansion of processing capacities, and the promotion of export-oriented production. In this context, the observed export structure can be interpreted as evidence of a transition from a raw-material-based export model toward a more diversified and value-added-oriented development trajectory.

At the same time, the persistently high share of cotton yarn in the export structure suggests that the production chain has not yet been fully oriented toward final products. While cotton yarn exports contribute significantly to foreign exchange earnings, excessive reliance on raw materials and semi-finished goods increases vulnerability to fluctuations in international commodity prices and external market conditions. Such dependence may constrain export stability and limit the capacity of the textile industry to respond flexibly to changes in global demand. This finding reinforces the argument that diversification of exports and a further increase in the share of finished products are essential for ensuring the long-term sustainability of light industry exports.

From a comparative perspective, the results indicate that Uzbekistan's textile industry is currently at a transitional stage of development. In countries with well-established textile export sectors—such as Turkey, Vietnam, or Bangladesh—finished products account for the dominant share of total textile exports, while raw material exports play a relatively minor role. These countries have successfully integrated technological upgrading, design innovation, and branding into their production systems, thereby capturing higher value-added segments of global value chains. The contrast between these experiences and the current structure of Uzbekistan's textile exports highlights the need to accelerate technological modernization, invest in design capabilities, and promote national brands in international markets.

Furthermore, the low export shares of certain product groups point to structural imbalances in production and market infrastructure. In particular, the limited export volumes of finished garments and hosiery products suggest that existing production capacities are not fully aligned with international market requirements. Constraints related to logistics efficiency, marketing expertise, and compliance with international certification and quality standards may hinder the expansion of these segments. This observation underscores that export formation depends not only on production

capacity, but also on the availability of supportive market infrastructure and effective institutional mechanisms.

Institutional and organizational factors therefore play a critical role in shaping export outcomes. The effectiveness of export promotion agencies, access to export financing, and the availability of trade facilitation services directly influence firms' ability to enter and compete in foreign markets. In this regard, recent policy initiatives aimed at strengthening industrial clusters, improving logistics infrastructure, and supporting export-oriented enterprises represent important steps toward addressing existing bottlenecks. However, the findings suggest that these measures need to be complemented by targeted support for small and medium-sized enterprises, which often face greater barriers in accessing international markets.

Taken together, the findings indicate that export formation in the light industry is determined not only by production volume, but also by product composition, the depth of processing, and the degree of market diversification. A narrow focus on increasing export volumes without addressing structural and qualitative aspects may yield short-term gains but fail to ensure long-term competitiveness. Consequently, a comprehensive approach to export development policy is required—one that integrates industrial upgrading, institutional support, and market diversification strategies.

Overall, the discussion highlights that the transformation of Uzbekistan's textile export structure requires coordinated efforts across multiple dimensions, including technology, institutions, and market access. By deepening production chains, fostering innovation, and strengthening export-support mechanisms, the textile industry can enhance its contribution to economic growth and employment. At the same time, these measures provide a solid foundation for future empirical and comparative research aimed at assessing the effectiveness of export-oriented industrial policies and identifying best practices for sustainable export development.

CONCLUSION

The results of this study demonstrate that the formation of textile product exports in Uzbekistan represents a multifactorial and systematic process shaped by the interaction of production capacity, technological development, and institutional support mechanisms. The analysis based on annual statistical data confirms that, alongside raw materials and semi-finished products, finished goods occupy an increasingly important position in the structure of textile exports. This trend indicates a gradual deepening of value-added creation within the light industry and reflects the ongoing transformation of the export model.

At the same time, the persistently high share of cotton yarn in the export structure highlights that the production chain has not yet been fully oriented toward final products. While cotton yarn exports contribute significantly to overall export revenues, excessive dependence on raw and semi-finished goods may limit export stability and increase vulnerability to external market fluctuations. Therefore, further deepening of production chains and a consistent increase in the share of finished products remain key priorities for strengthening the resilience and sustainability of textile exports.

The findings also suggest that diversification of exports, expansion of product assortment, and promotion of high value-added production should be regarded as strategic directions for export development in the light industry. In this regard, policies aimed at technological modernization, innovation, and the development of design- and brand-oriented products play a crucial role in enhancing international competitiveness. Moreover, improvements in logistics infrastructure, export certification systems, and branding practices are essential for facilitating access to foreign markets and meeting international quality standards.

Overall, the study confirms that successful export development in the light industry cannot be achieved solely through increasing production volumes. Instead, it requires a comprehensive and integrated approach that combines industrial upgrading, institutional strengthening, and market diversification. The findings of this research may serve as a solid scientific and practical basis for strategic decision-making in the field of light industry export development, as well as for conducting

more in-depth empirical and comparative studies aimed at evaluating the effectiveness of export-oriented industrial policies in the future.

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