

# LIGHT INDUSTRY: THE NEED FOR DEVELOPMENT, GENERAL SITUATION, AND EXPORT CHALLENGES

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**Abstract:** This article provides a detailed analysis of the significance of the light industry sector in the national economy and the necessity of its development. It examines the general state of the sector, analyzes production and export indicators, identifies existing challenges, and substantiates the impact of ongoing reforms on export performance. Additionally, the article offers recommendations and proposals to enhance export indicators.

**Keywords:** light industry, sector, product, exports,

## Introduction

Light industry is one of the key sectors that ensures the stability of the national economy and meets the essential needs of the population. At the same time, several factors justify the necessity of developing this sector:

Firstly, light industry not only produces daily essential goods but also contributes to economic diversification, making it one of the crucial drivers of economic growth.

Secondly, the sector generates numerous job opportunities. As a labor-intensive industry requiring both skilled and unskilled labor, it plays a vital role in employment generation.

Thirdly, domestic production of light industry products reduces dependence on imports, thereby helping to preserve the country's foreign currency reserves and ensuring economic stability.

Fourthly, light industry enables the efficient use of local raw materials and resources. For example, processing cotton and other agricultural products shifts the economy from a raw material-based model to finished goods production.

Fifthly, exporting light industry products, such as clothing and footwear, strengthens economic relations with other countries and expands foreign trade opportunities.

Sixthly, the development of light industry can stimulate technological advancements and innovation, improving product quality, simplifying production processes, and reducing costs.

Seventhly, the sector employs a significant number of women and young workers, contributing to social stability and addressing key social issues, particularly in local communities.

Thus, developing the light industry sector is not only essential for economic growth but also for ensuring social stability and sustainable development.

**Methods.** In this study, several research methods were employed, including:

- Statistical analysis: Examining statistical data on the export of light industry products.
- Comparative analysis: Analyzing the dynamics of changes in export volumes and shares.
- Document analysis: Reviewing decisions and decrees issued by the Government of the Republic of Uzbekistan.

## Results

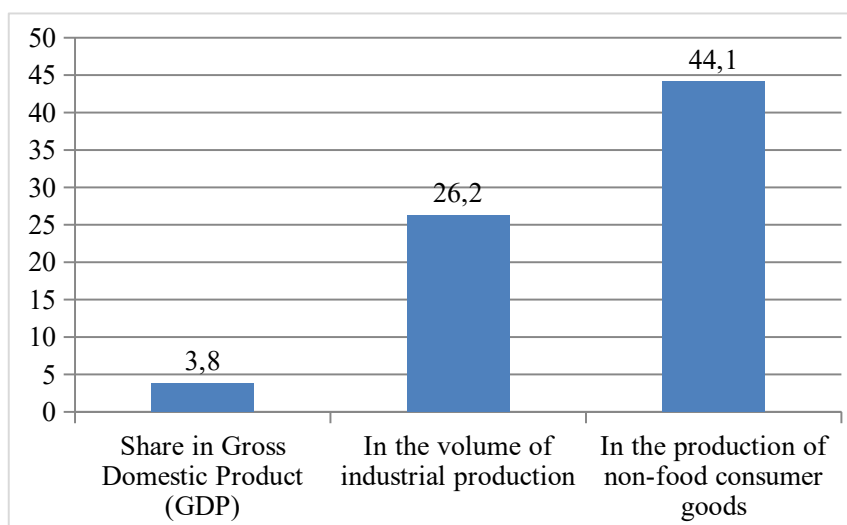
Today, Uzbekistan's light industry is one of the leading and rapidly developing sectors. Since gaining independence, the sector has secured a strong position within the country's macroeconomic framework. The following statistics highlight the crucial role of light industry in economic development:

The sector's share in GDP is 3.8%.

Its contribution to industrial production is 26.2%.

It accounts for over 44% of non-food consumer goods production<sup>1</sup>.

**Figure 1. The Role of Uzbekistan's Light Industry in the Economy.**



Uzbekistan's light industry has established a well-developed production chain, from raw cotton processing to finished textile products. The industry has expanded its capacity, modernized existing facilities, and now includes:

1,750 enterprises in textile, garment, and knitting production, including:

Textile factories (410): Focus on fabric production.

Garment/Knitwear (1,330): End-product manufacturing — key for exports.

Clusters (140): Likely vertical hubs combining cotton processing, spinning, weaving, and manufacturing.

These data identifies that the sheer number of garment/knitwear factories suggests the focus is labor-intensive, and it could mean: A growing workforce with textile skills and a focus on exports of ready-made clothing, not just fabric.

The sector has made significant progress in utilizing domestic cotton fiber, with 50% of local cotton fiber now processed within the country<sup>2</sup>. The industry has also seen remarkable growth in key product categories:

Yarn production: 426.5 thousand tons (106.7% growth)

Fabric production: 301 million square meters (109.1% growth)

Knitted fabric production: 95.8 thousand tons (111.9% growth)

Knitted products: 310 million pieces (116.8% growth)

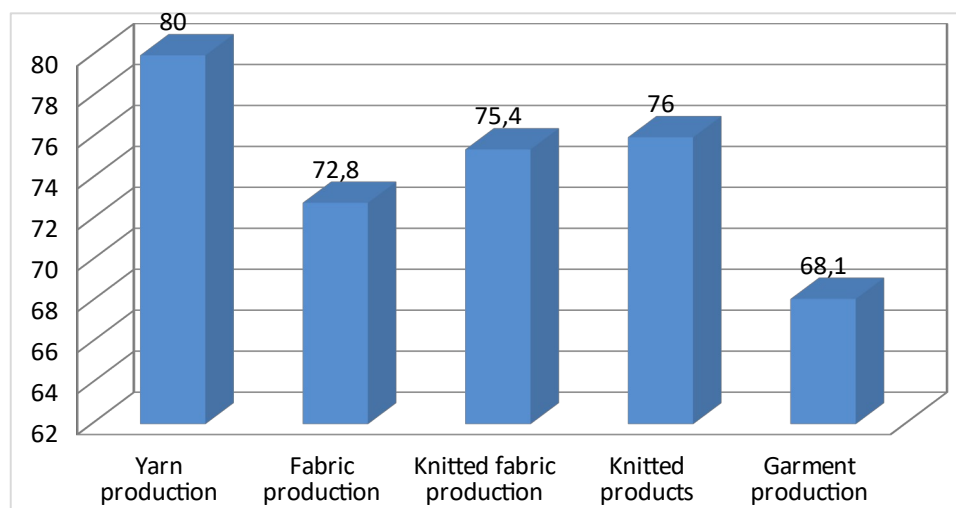
Sock production: 181.5 million pairs.

As a result of implemented measures, the average utilization rate of production capacities has significantly improved: As a result of the activities carried out, the average power utilization rate reached 80 percent in yarn production, 72.8 percent in fabric production, 75.4 knitted fabric production, 76 percent in knitted production and 68.1 percent in garment production<sup>3</sup>.

<sup>1</sup> <http://uzbekistan-geneva.ch/o-zbekiston-yengil-sanoati-mustaqillik-yillarida-mahsulotlar-eksporti.html>

<sup>2</sup> Development Strategies of the Textile Industry of Uzbekistan

<sup>3</sup> S. Umarova. O'zbekiston va GSP+ tizimi: to'qimachilik sanoatiga innovatsiyalarni jalb qilish va brend yaratish orqali eksportni oshirish. Center for progressive reforms. <https://proreforms.uz/uz/publications/ozbekiston-va-gsp-tizimi-toqimachilik-sanoatiga-innovatsiyalarni-jalb-qilish-va-brend-yaratish-orqali-eksportni-oshirish-228>



**Figure 2. Production capacity Utilization rates by stages**

### Discussion

It is worth noting that exporting products provides numerous benefits and advantages for enterprises in the light industry sector. This process contributes to the growth, efficiency, and competitiveness of enterprises. In particular, exporting goods helps companies reach new customers through access to international markets, which in turn increases their overall sales volume. Moreover, engaging in export activities boosts the company's revenues, as it allows for sales expansion not only in the domestic market but also in foreign markets. Thus, export plays a crucial role in enhancing the sustainability and profitability of enterprises within the sector.

In addition to the previously mentioned benefits, entering international markets allows enterprises to test their products against competitors from other countries and to use their existing resources more efficiently. Exporting also increases foreign exchange earnings, which supports the national economy.

Furthermore, international markets—through their specific demands and standards—encourage enterprises to adopt new technologies and innovations. This, in turn, improves product quality and production efficiency.

Access to global markets helps enterprises adapt to various economic conditions. In times of economic instability or crises, having a presence in international markets can provide a buffer and ensure sustainability. It also allows enterprises to gain valuable experience and knowledge about working in international environments, which can be instrumental in shaping a more successful business strategy in the future.

Thus, product exportation carries not only economic but also strategic importance for enterprises, as it enhances their integration into the global market and increases their competitiveness.

On January 16, 2025, President Shavkat Mirziyoyev issued a decree titled *"On Additional Measures to Develop the Processing Chain in the Textile and Garment-Knitting Industry."* According to this decree, significant growth in light industry exports is planned for the coming years. The goals include:

- Increasing export volumes to \$4 billion in 2025,
- \$5 billion in 2026, and
- \$7 billion in 2027.
- It also envisions:
- Raising the volume of ready-made garment exports to the U.S. and European markets to \$500 million,
- Increasing the share of ready-made textile and knitwear products to 70% of total exports.

However, due to fluctuations in the global market, export prices for certain products have declined: yarn prices decreased by 9%, fabric prices by 15%, ready-made products by 13%.

Despite these challenges, Uzbekistan's light industry has demonstrated strong export growth in recent years. In 2024, the country exported \$2.9 billion worth of textile products to 77 countries.

The export structure is undergoing noticeable changes:

- Yarn (41.7%) still accounts for the majority of exports, indicating a continued focus on lower value-added products.
- Ready-made garments and knitwear (40.9%) have increased in share compared to previous years.
- Knitted fabrics (9.7%), fabrics (5.4%), socks (1.4%), and carpets (0.9%) make up smaller shares, but reflect growing market diversification.

Based on the results of all the analysis, the following problems can be identified:

- High reliance on raw material exports – Yarn still dominates the export structure, limiting the industry's value-added potential.
- Insufficient competitiveness of finished products – Locally produced garments and textiles face challenges in matching international standards in terms of quality, design, and innovation.
- Underdeveloped branding and marketing strategies – The lack of strong domestic brands and limited global marketing reduce the visibility of Uzbek products in international markets.
- Technological backwardness in some enterprises – Outdated equipment and production methods hinder efficiency and product quality.
- Barriers to entering global markets – Compliance with international certification and logistical issues restrict access to the U.S. and European markets.
- Limited support for small and medium enterprises (SMEs) – Many SMEs lack access to finance and resources needed to modernize and expand their production capacity.
- Low labor productivity – Productivity remains below international benchmarks, which affects cost-effectiveness and global competitiveness.

### **Conclusion**

Based on the above considerations, the main objectives for increasing the export of products from the light industry sector include expanding exports to the U.S. and European markets, increasing the share of finished product exports to 70%, adapting to global market fluctuations, and boosting overall export volumes.

Additionally, it is essential to implement targeted measures to expand the capacity of local enterprises to produce finished goods, and to provide incentive-based subsidies and privileges for the domestic processing of raw materials.

However, there are still several challenges in increasing the export of finished goods. In particular, the competitiveness of finished products remains relatively low. Although Uzbekistan's textile and garment industry is developing, competing with international brands remains difficult.

To overcome these challenges, it is necessary to introduce modern designs and innovative technologies, strengthen marketing strategies, and promote Uzbek brands to the international level. Achieving success in these areas is crucial for ensuring sustainable growth and long-term competitiveness in the global market.

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