

## Foreign Experience in the Development of Light Industry in Uzbekistan (On the Example of China)

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**Abstract:** This article discusses the development processes of China's light industry, its advantages, development trends in the clothing and textile industry, increasing capital potential and the beginning of market consolidation, increasing automation and production efficiency, and increasing competition. From international markets, which also influence the nature and structural structure of interactions in the network, its changes suitable for Uzbekistan have been studied and justified.

**Key words:** China's light industry, export volume, large, medium and small enterprises, production, supply and demand, economy, clothing, textiles, improvement, development.

### Introduction.

Despite the fact that in the years of independence, light industry has made unparalleled achievements in its development and received a new impulse, in the following years it is freeing up its position to other sectors of the economy, to some extent. While the contribution of light industry in the structural structure of industrial production was equal to 39.8% in 1991, its rate was 20.0% in 2001 and 15.0% in 2014, or a decrease of almost 2.0 times and 25.0% in 2014 compared to those years, respectively. On top of that, at a time when the average profitability of industrial enterprises in the period 2001-2014 was 37.2%, the level of this indicator is equal to 13.4% in light industrial enterprises. Network Enterprises had 334.6 thousand people in 1991, while the level of this indicator is equal to 164.4 thousand people in 2000, 126.6 thousand people in 2005, 113.3 thousand people in 2010, and over the past few years its level is equal to 140-145.0 thousand people. In the years of independence, the contribution of light industry in the total number of people employed in the industry decreased by almost 35.0%. Also, during this period, the production of cotton materials was increased by almost 3.0 times (mln. KV.m.da), silk materials-43.4 times (mln. KV.m.da), chulki-Noski-2.9 times (mln. in pairs), cotton fiber – for 1.4 times (in Thousand Tons), silk thread-raw materials – for 2.1 times (in tons) and shoes – for 8.7 times (mln. in pairs) contracted. Given the large role of light industry in ensuring economic and strategic security, employment of the working-age population and increasing its standard of living, in the new geopolitical context, the leading countries of the world pay special attention to the development of the network and provide significant investment support to it.

In China, Turkey, India and other developing countries, light industry has been declared as a priority sector for the development of the national economy. Almost all of them have developed and adopted a program to support the light industry sector. This program covered measures that included state support from light industry manufacturers<sup>1</sup>.

Currently, the problems of the Uzbek light industry, which are concentrated and remain in the relevant circles, are actively discussed. The network attracts the attention of experts,

<sup>1</sup> Енгил саноат тараққитининг туркия тажрибаси ва ундан ўзбекистонда фойдаланиш имкониятлари Феруза Жуманиязова "INTERNATIONAL SCHOOL OF FINANCE TECHNOLOGY AND SCIENCE" доценти, PhD. email: [feruzalisher@gmail.com](mailto:feruzalisher@gmail.com)

representatives of power, practicing specialists, economic scientists. The problems of the light industry of our country are technical and technological dependence, physical and moral obsolescence of existing technological equipment and machine tools, insufficient competition of Uzbek light industrial enterprises, rapid growth in dependence on the import of finished products, insufficient export activity and its complete absence in some places, insufficient development of trade cultural formats, excessive number of competitive nonlinear forms, etc. are marked with Lar.

The transformation of China into one of the largest “players” in the world light industry is the result of economic reforms aimed at active staining of the world economic system and began in the late 1970s. For more than 30 years, the export of Chinese textile and clothing goods has grown at a high pace. For example, in 1980, when world textile exports accounted for 4.62% of Chinese goods and 4.0% of global exports of clothing, by 2004 their levels reached, respectively, 17.2 and 23.9%<sup>2</sup>.

Based on the above points, we have identified the development of the Chinese light industry as the goal of this article, the growth of export yield and the consideration of specific characteristics of Uzbekistan-specific specifications.

### Literature review

The development of light industry in China has been an important factor in its economic transformation in the last few decades. This review examines the strategies and experiences of China's light industry and explores how they can be applied to Uzbekistan, which seeks to increase industrial capacity. The review synthesizes feedback from eight scientific papers to provide a comprehensive overview of relevant practices and their potential adaptation.

The light industry of China developed significantly after the economic reforms that began at the end of the 20th century. According to Li and Fung (2016), these reforms include support for policies such as tax breaks, favorable trade policies, and investments in infrastructure, which collectively promote growth in light manufacturing sectors (Li & Fung, 2016). The focus on technological innovation has been decisive in the development of China's light industry. Gao (2018) argues that investing in research and development and mastering advanced technology increases productivity and product quality, making the Chinese light industry globally competitive (Gao, 2018). Direct investments played a decisive role in the development of China's light industry. Zhang and Song (2015) argue that the flow of direct investments not only provided capital, but also facilitated the renewal of the industry by introducing advanced management practices and technologies. (Huang & Wangr, 2017).

Efficient supply chain management and integration were also key factors. Liu and Tang (2019) note that China's ability to develop efficient supply chains has reduced costs and increased competitiveness in light industry (Liu & Tang, 2019). Uzbekistan can learn from China's policy framework by developing similar economic reforms. Karimov and Sattarov (2020) propose that the introduction of tax incentives and the establishment of EEZs can attract investments in the Light Industry of Uzbekistan and stimulate growth (Karimov and Sattarov, 2020). It may be beneficial for Uzbekistan to accept China's attention to technological progress. Aslamov (2021) emphasizes the importance of investing in R & D and modern technologies to improve the efficiency and quality of light industrial products in Uzbekistan (Aslamov, 2021). Attracting direct investments can greatly benefit the Light Industry of Uzbekistan. Beknazarov (2019) believes that creating a favorable investment climate through political reforms and infrastructure development will allow attracting foreign investors, attracting capital and experience (Beknazarov, 2019). Uzbekistan can adopt an export-oriented growth strategy like China. Mahmudov (2018) argues that the promotion of exports through incentives and the development of trade agreements can open up new markets for the products of the Uzbek light industry (Makhmudov, 2018). The

<sup>2</sup>Song H. Global Quota System and China's Textile and Clothing Industry // China & World Economy. 2006. Vol. 14 (5). P. 78–92.

development of effective supply chains is decisive for the Light Industry of Uzbekistan. Rahimov (2020) suggests that improving logistics and supply chain management practices can increase the competitiveness of Uzbekistan's light industrial products in the world market (Rahimov, 2020).

China's experience in the development of light industry provides valuable points for Uzbekistan. By adopting strategies such as policy reform, technological progress, promotion of foreign direct investment, export promotion and improvement of supply chain management, Uzbekistan can potentially increase its light industry sector. In order to effectively adapt these strategies to the context of Uzbekistan, it is necessary to carry out further research and adapted policies.

### Research methodology

The transformation of China into one of the largest "players" in the world light industry is the result of economic reforms aimed at active staining of the world economic system and began in the late 1970s. For more than 30 years, the export of Chinese textile and clothing goods has grown at a high pace. For example, in 1980, when world textile exports accounted for 4.62% of Chinese goods and 4.0% of global exports of clothing, by 2004 their levels reached, respectively, 17.2 and 23.9%<sup>3</sup>.

In terms of achieving world leadership, the country's path can be divided into 5 main stages. In each of them, the dynamics of the development of the network was greatly influenced by various bilateral and multilateral agreements and regulatory instruments. In addition, the exceptional influence of regional groups such as the North American Free Trade Area and the European Union and the free trade agreements between Turkey had a significant impact on the process.

Stage one – the end of the 1970s-1983. Post-reform development. The rapid result of reforms initiated in the late 1970s to open the Chinese economy to foreign investment was the intensive infiltration of Chinese goods into world markets and, above all, into the Japanese and Hong Kong markets. The next step was towards the US and EU countries, which was done with the help of intermediary companies from Japan and Hong Kong. They helped build the goods supply chain and overcome the initial distrust of Chinese manufacturers. As a result, the growth rate of the annual value of textile and clothing exports from 1976 to 1980 was equal to 123.4% in EU. However, annual growth rates dropped dramatically to 10.5% in 1981-1983 with the launch of China's bilateral agreements between the United States and the EU<sup>4</sup>.

Stage two – 1984-1994. Multilateral quotation of trade. In 1984, China joined the textile trade agreement (Multi-Fiber Agreement — MFA)<sup>5</sup>. Thanks to this, growth rates increased to 16.2% per year<sup>6</sup>. The implementation of MFA rules and procedures in relation to Chinese exports became the basis for the revision of the bilateral agreements of China with the United States, Canada, Norway, Finland and Austria, which were in effect at the time. Thanks to this, the stability and transparency of the market for Chinese manufacturers was ensured, opportunities for further development expanded.

Stage three – 1995-2001. From regulation to Liberal-esque. In the third phase, production growth rates again shrunk to 6.2% per year. This was followed by the formation of the WTO at the GATT base from 1 January 1995. Under the WTO, the MFA vacated its place in the textile and clothing agreement (Agreement on Textiles and Clothing-ATC). It was aimed at regulating the 10-year (1995-2005) period from the quota system of textile and clothing trade to free international trade. China was deprived of the benefits of ATS for not being a member of the WTO. Member countries, on the other hand, used it to maximize the impact of foreign trade protection measures. Entry into the market of partner countries began to be carried out for China again through bilateral agreements

<sup>3</sup>Song H. Global Quota System and China's Textile and Clothing Industry // China & World Economy. 2006. Vol. 14 (5). P. 78–92.

<sup>4</sup>Ibid.

<sup>5</sup>Тўқимачилик савдоси бўйича Битим (Multi-Fiber Agreement—MFA) 1974-2004 йилларда амал қилган. У дастлаб, пахта савдосини чеклаган. Ундан сўнг эса толанинг барча турлари – табиий ва сунъий – бўйича савдода ҳам квота ўрнатган.

<sup>6</sup>Song H. Global Quota System and China's Textile and Clothing Industry // China & World Economy. 2006. Vol. 14 (5). P. 78–92.

between countries. This increased the cost of their compilation, required a long period of customizing the rules, and as a result, led to a decrease in growth rates and an increase in infections.

Stage four – 2002-2004. Membership in the WTO (World Trade Organization). In connection with China's accession to the WTO in the fourth stage, the average annual growth rate of textile and clothing exports grew by another 20.9%<sup>7</sup>. This was due to the acquisition of opportunities to use ATIS. In addition, China has been able to use the WTO-backed dispute regulation system. This curtailed possible infections within the framework of bilateral relations with partner countries and strengthened China's position in negotiations<sup>8</sup>.

From 2005, stage 5 of the development of the network begins. It took place in conjunction with the full liberalization-revival of the international trade in textiles and clothing, marking the end of a 10-year period in which the transition from the quota system to free trade continued. WTO member countries have the opportunity to take advantage of the additional conditions of China's accession to the WTO. In accordance with it, if the Chinese expansion is a threat to the national market, they can apply restrictions and protective measures in relation to Chinese textile and clothing manufacturers<sup>9</sup>.

The global financial and economic crisis that began in 2008 did not fail to affect the Chinese light industry either. At the heart of this, above all, conjunctions began to wobble in all world markets. There has been a threat of contagion to China's important role in the market associated with the supply of large amounts of cheap labor. The recession in the world economy caused unemployment and the growth of population migration to the inner districts of the country. As a result of the slow recovery of the economy, the demand for labor is again increasing. However, workers' re-migration is not stimulated by this. As a result, there is an increase in wages and an increase in labor deficits in industrial concentrated districts. For example, in 2012, the growth rates of labor costs in China reached 15-20% per annum<sup>10</sup>. In some provinces, however, the average monthly expenditure on labor increased by 140-220% during the period 2006-2010<sup>11</sup>.

It should be noted that during the analyzed period, fluctuations in the world supply markets were somewhat relaxed by the growth of demand by the domestic market. For example, in the last 20 years, per capita consumption in China has grown 10 times, including textiles consumed by urban residents, which has grown 10 times, and by rural residents 5 times. The development of the domestic market began with the opening of the Chinese economy for investment and gave the network additional stability.

Since 2000, domestic consumption of textiles and clothing products in China has been growing at a high rate. For example, the consumption of fiber per capita reached 20.3 kg in 2008 instead of 4.1 kg in 2000<sup>12</sup>. A sharp increase in domestic demand is attracting foreign "players". They agree with China not only in order to cut production costs and then export them to other countries, but also in order to realize their products here. The higher segments of the chain are dominated by European producers such as Giorgio Armani, Cerruti 1881, Hugo Boss, Dunhill, Chanel, Dior, Ermenegildo Zegna, Salvatore Ferragamo. The middle and lower segments, on the other hand, are mainly occupied by foreign and national brands produced in China. The production of a minor contribution is made up of "players" based in developing and less developed countries. Among them are Nike, Adidas, Tommy Hilfiker, Zara and H&M. These manufacturers import products from Bangladesh, Egypt, Morocco, Vietnam, Cambodia, Turkey, India, Spain and Portugal to

<sup>7</sup>Song H. Global Quota System and China's Textile and Clothing Industry // China & World Economy. 2006. Vol. 14 (5). P. 78–92.

<sup>8</sup>Yeung G., Mok V. Does WTO Accession Matter for the Chinese Textile and Clothing Industry? // Cambridge Journal of Economics. 2004. Vol. 28. P. 937–954.

<sup>9</sup>§242 Working Party Report to China's Protocol of Accession to the WTO.

<sup>10</sup>Data Monitor Marketline, 2013.

<sup>11</sup>Anson R. Editorial: End of the Line for Cheap Clothing // Textile Outlook International. 2010. Vol. 147 (October). P. 4–10.

<sup>12</sup>The Chinese Market for Clothing. International Trade Center. Geneva: ITC, 2012. P. 1.



China. Among the major world retailers with a niche in the market are Wal-Mart and Carrefours<sup>13</sup>.

The comparison of the dynamics of export volumes of production, sales of light industrial products has led to an increase in the consumption of products of the sector under consideration. However, it seems to us that internal consumption can be an additional stimulus for network development. Because its growth rates were rapidly higher than the rates of domestic demand expansion, and this led to the development of export activities of companies. There is no doubt that the growth of the domestic market cannot become the main locomotive in the high-speed inflow of Chinese products into the world market. International Trade Capital played a decisive role here.

One of the main reasons for economic success was the openness of the Chinese economy to foreign investments, as a result of which production in China grew in mass, and a large part of it fell under the ownership of foreign companies. These companies (mainly from Japan and Southeast Asian countries) are local producers and global companies-retail networks (primarily, it is considered a large company Wal-Mart<sup>14</sup>) – and took the field as intermediaries between those who held world brands, and they served the transition of production to China in the 1990s. External factors (flow of foreign capital and access to the global chain of goods supply, etc.) not only did China contribute to the formation of strong export potential, but they also developed the domestic market, creating an additional important base for the industry and strengthening its independence from external conjunctural fluctuations. In addition to investments in production, it was followed by major retail chains (including those similar to Wal-Mart) in China. Therefore, in our opinion, uncertainty is currently allowed when it comes to the "Chinese expansion" and the "capture" of world markets by Chinese manufacturers: such an "expansion" is actually organized by global companies operating outside the territory of China and successfully using the opportunities that have arisen.

China's presence in the world market was achieved through the continuous strengthening of diversification of development routes. In 1996, Chinese clothing exports (25.0 crore. US dollar) 60% in the Japanese and Hong Kong markets, 22.6% in the US and EU - 15 markets, while by 2008 their exports from China had increased almost 5 times to 120.0 billion. Reached US dollars. In this, the contribution of the United States and EU-15 was 39.3%, while that of Japan and Hong Kong was 21.1%. Thus, the contribution of 4 countries with large consumers of clothing nightshades made in China is almost 60%, which indicates a decrease in the level of dependence on traditional partner countries at the expense of the expansion of Russia and the former USSR to other countries. For example, in 1996, Chinese exports accounted for 2.5% of Russia's share (635 mln. US dollar), which grew to 4.7% in 2008 (5,640 Mt. US dollar).<sup>15</sup>

The Chinese light industry is considered a highly developing sector of the national economy, which plays a large role in the development of the country. In 2005, about 15% of all jobs in China were concentrated in the textile industry. Textiles and clothing account for 16.4% of Chinese exports<sup>16</sup>.

The textile industry is one of the first of the Chinese industries, where private firms are rapidly developing. It is characterized by the most intensive level of competition with the participation of private equity with the highest contribution in 2010. This sector is mainly made up of smaller companies. In the structural structure of large companies, state-owned enterprises make up 2/3. The main stages of production chains of Chinese firms are concentrated inside the country. This is due, on the one hand, to the lack of experience and qualifications necessary for the development and implementation of a strategy for the internationalization of production, and, on the other hand,

<sup>13</sup>The Chinese Market for Clothing. International Trade Center. Geneva: ITC, 2012. P. 2.

<sup>14</sup>Gereffi G., Christian M. The Impacts of Wal-Mart: The Rise and Consequences of the World's Dominant Retailer // Annual Review of Sociology. 2009. Vol. 35. P. 573–591.

<sup>15</sup>Gereffi G., Frederick S. The Global Apparel Value Chain, Trade and the Crisis. Challenges and Opportunities for Developing Countries. Policy Research Working Paper 5218. The World Bank, 2010. April.

<sup>16</sup>Zhang Y., Wang T. Profitability and Productivity of the Chinese Textile Industry // China & World Economy. 2010. Vol. 18 (5). P. 1–21.

to the high level of risks expected from investments in a country with a relatively low level of development. Domestic demand is crucial in the textile manufacturing sector. In 2006, 75% of the product was realised in the national market and 25% was export-oriented. In the structural structure of assessments, 79.9% – material, 6.8% – labor, 4.2% – capital costs<sup>17</sup>. The utility level is very low – 4.1%. Prices have not changed much (around 6%), and under the circumstances of the crisis in the world economy and the growing dynamics of the demand for materials by the rapidly developing Chinese industry, the estimates of production factors, on the contrary, have changed dramatically (up to 138% on wages, up to 11% on raw materials and materials, etc.) under the circumstances, sales did not grow much. Nevertheless, the efficiency of production in the network in subsequent years has grown sharply. In Real terms, production in the sector grew by an average of 17.5% per year. In this case, the increase in material capacity per year – 17.6%, the increase in capital capacity – 7-8%, and the increase in labor capacity – 3%. Respectively, the productivity rate of capital, taking into account the growth rates of production, grew on average by 10.5% per year, and labor's by 14.8%. Production factors were estimated at an average annual rate of 2.6% of total productivity growth (TFP — total factor productivity). Such a presence of recorded Dynamics is associated with an increase in the technological level of production. It is worth noting that the increase in productivity in this place was observed by the deterioration of the market conjuncture (the stable level of the price of finished products was ensured in the conditions of an increase in wages and material prices, which, in turn, again had its own negative impact on the level of low utility).

The clothing manufacturing sector is considered highly export-oriented: half and more of the production is sold in world markets. The lack of availability of their own brands and, on the contrary, the presence of production capacities makes this sector attractive for foreign manufacturers who build global production chains.

In conditions of relative stability of the price of finished products and materials in case of a sharp increase in wages, an increase in production can also indicate an increase in productivity. In the structure of the assessment, costs for materials – 72.4%, 11.2% - labor costs and 2.8% - capital costs. When the volume of material use increased by an average of 13.6%, production increased by an average of 16.4% in Real expression. Estimates show that the average annual growth of TFP (total factor productivity) was 2.8%. Similar to the textile manufacturing sector, here, Market conjuncture had a negative impact on usefulness, while its slight increase was mainly ensured at the expense of an increase in production efficiency. The production sector of chemical fibers was formed directly (directly) at the expense of foreign investments (including at the expense of the provision of a guarantee for their return) and in exchange for state-directed stimulation. "Old" China did not have a modern chemical industry. Therefore, starting from the first five years (1949-1954), its development was among the priorities. The jump-and-jump growth of castings into the production of chemical fibers coincided with the beginning of the XXI century<sup>18</sup>.

Currently, China has the largest chemical fiber production capacity in the world. But the contribution of exported products is not so great – no more than 8%. In the structural structure of the assessment, material costs account for 86.4%, labor costs for 3.1% and capital costs for 5.2%. Utility is around 2%. With an increase in the index of material valuation in the sector, there is an increase in material capacity. This is evidenced by the diversification of the network, which requires an expansion of the spectrum of the applied structural elements. The effect of growth in productivity and unfavorable changes in grades was the most powerful. The annual average production growth was 15.7%, while the growth of TFP (total factor productivity) was 6.2%. Such a

<sup>17</sup>Бу ўринда Ўзбекистон тўқимачилик корхоналари маҳсулотларининг таннархи Хитой ишлаб чиқарувчиларининг таннархидан юқори эканлигини қайд этиб ўтишимиз керак.

<sup>18</sup>McCann J. China's textile and apparel industry and the global market: five competitive forces // SAM Advanced Management Journal. 2011. Vol. 76 (1). Winter.

sharp increase in TFP goes back to indicators of labor efficiency: labor productivity grew by 16.6% per year.

The fact that utility is at a low level once again suggests that the cost-wise visibility of competition in the network is decisive. The source of pressure on a decrease in price in the context of an increase in the capacity of the domestic market is not only to resist foreign manufacturers, but also the need for mutual domestic competition between Chinese companies. Maintaining a stable low level of company utility is becoming the result of this.

The development of light industry in China is associated with active support from the state, which is characterized by the current socioeconomic model of the country. The open economy and reforms beginning in the late 1970s are inextricably linked with stimulating national policies. The light industry, on the one hand, was able to take advantage of the advantages of general macroeconomic policies (for example, low retention of the yuan course), and on the other hand, it became the subject of long-standing negotiations at the international level, aimed at removing obstacles for its development (LTA, MFA, quota system and bilateral agreements). The network had also become the object of various state economic programs.

In 1997-2000, on the eve of the country's accession to the WTO and the abolition of the international trade quotation system, a large-scale restructuring of the network took place. During this period, obsolete machine tools and tools were released from the production process, a large part of state-owned enterprises were transferred from the procedure of cassock or involved in the processes of attachment, "swallowing". As a result of this, 1.4 million were received. the man lost his job or had to change it. In 1997-1998, a number of public companies received \$ 1.6 and \$ 1.5 billion, respectively, in the form of subsidies and tax breaks. they received support in the amount of yuan. 30 crore. More than US dollars were spent on importing modern machine tools for the development of the industry<sup>19</sup>.

In 2001-2005, a large amount of money was spent on the modernization of the network's production base. China received Rs 18.9 crore. The US imported dollar machines. This accounted for 50% of investments in major funds during the same period. However, the measures taken were not enough to radically modernize the national network. Because China had not invested in scientific research and design work, considering the high level of dependence of enterprises, machines and technologies on imports. The industry remained fragmentary, in the structural structure of which small enterprises were decisive, competing among themselves in labor-intensive and low-tech segments or trying to fulfill orders from international companies under the OEM program<sup>20</sup>.

To solve the problems mentioned above, in 2006, the 11th five-year adoption was designed to develop light industry, mainly its textile network. Among the areas of support provided by the plan, the following can be indicated:

- targeted subsidization and provision of tax incentives for the development of technologies and modernization of machines;
- creating national brands, R & D, logistics and distribution centers, moving certain stages of production abroad, international certification and stimulating the development and adaptation of current procedures for recording trademarks;
- Support for the creation and use of machine tools created and manufactured in China<sup>21</sup>.

<sup>19</sup>StewartT.China'sSupportProgramsforSelectedIndustries:TextileandApparel.TradeLawyersAdvisoryGroupLLC. 2007. June.

<sup>20</sup>Ibid.

<sup>21</sup>StewartT.China'sSupportProgramsforSelectedIndustries:TextileandApparel.Trade Lawyers Advisory Group LLC. 2007. June.

State support was carried out along the following main lines:

1. Subsidies;

a) special fund for the support of restructuring the textile industry and the internationalization of Chinese companies (R \$ 1.36 billion). yuan, including 560 million. yuan is responsible for the development and restructuring of technology, as well as 800 million. to internationalize yuan – compa-Nias). The fund provides for the creation of technoparks and DISTRI-management channels, the introduction of new technologies, support for brand management, marketing, protection of intellectual property owners in the form of targeted subsidies. Separate companies and separately received provinces of the country were able to request funds.

b) foundation for the support of commercial operas in agriculture, light industry and textile industry. The activities of the foundation are aimed at providing subsidies for the implementation of research and design work, international and national exhibitions, seminars and retraining programs.

c) Special Fund to support the development of brands. The funds of the fund are aimed at supporting the activities of companies and provinces in the creation and strengthening of national brands.

2. Tax benefits.

a) tax exemption or taxation at preferential rates.

As of 2006, up to 8% of sales income of companies employed in the clothing manufacturing sector is taken into account when calculating income tax (payments are reduced to the amount of expenses incurred). If the costs are more than 8%, the amount of payments, respectively, can be reduced next year. In a similar procedure, the costs of research, development of new products and technologies are also taken into account. If the costs of research and design work exceed the volume of investments by 10% or even higher compared to last year, the company may be able to reduce tax payments by another 50% from all costs of research and development work. A similar procedure for retraining personnel and depreciation of R & D workshops / harakhats.

Businesses employed in high-tech sectors pay income tax at a preferential rate (15% instead of 25%).

b) return value added tax and duty-tariff fees. Companies engaged in the production of complex textile machines have the right to return duty-on-tariff fees for the import of components and materials that are not produced in the country.

The VAT refund system has been used as an Export Stimulation instrument since 1985 . Such benefits apply to both Chinese and foreign companies with export rights. In China, the VAT refund rate fluctuates from 0 to 17% on different groups of goods. The return of VAT (in full or in part according to the category of goods) is carried out depending on whether it was paid in the first place. In some provinces of China, the system of savings return applies, according to which the amount of tax paid is returned after a year after the start of export activities.

3. Support for individual projects. In 2006, China allocated state funds for the development of the textile industry to Hangzhou, one of the leading regions. In addition to state support at the national level, large-scale work on the stimulation of the textile network is also carried out in the regions. Key instruments in this include cash prizes and awards, subsidies and tax breaks.

In 2009-2011, the China 10 industrial sector development program was implemented. It was intended to stimulate national consumption, accelerate technical progress, introduce energy-efficient and environmentally efficient other technologies, increase product quality, support foreign trade activities by stimulating decentralization, create its own brands, improve infrastructure, develop special economic zones, strengthen financial and tax support up to the provision of benefits.



After the completion of the plan, the textile and sewing-sewing sectors of the light industry did not fall into the group of government stimulants of the high-tech sectors. However, the global crisis of 2008 led to a decrease in the growth rate of export volumes and the closure of a number of enterprises in the southern provinces of the country, which necessitated the additional support of manufacturers of clothing and textiles. This is due not only to the export character of the network, but also to its great socio-political importance as a large employer for low-skilled labor.

For example, in response to revaluation of the national currency, fluctuations in prices for energy resources and materials, narrowing of domestic and world demand, from August 2008 the state began to gradually increase the VAT refund rate of exported goods. An "optimization and support program" for textile exports began. On January 1, 2009, the turnover taxation system was reformed. In accordance with it, the tax levied on the purchase of investment goods was reduced in order to make investments cheaper. The turnover tax was also lowered for small-scale industries, with special subsidies provided for a number of projects.

Since January 2012, China has embarked on the implementation of the 12th five-year plan for the development of the textile industry<sup>22</sup>. According to it, the annual growth in the volume of activities of enterprises should be 8%, and the total export of the industry should be 7.5%. According to the plan, the following 4 main areas of network development were established: the production of new materials, the expansion of production facilities based on the application of complex machines, technical textiles and the support of certain traditional sectors.

The government is looking to be more actively involved in the production of the domestic and western regions of the country, hoping for programs that are expected to support the network at the regional level. For example, in the province of Fuzhian, when the government makes certain progress in the development and development of the retail network (opening shopping centers with no less than 30 stands, or with an annual turnover of 100 million. open electronic stores no less than yuan, and b.) 1 million. it is stimulating the innovation-marketing activities of companies by providing special subsidies in the amount of yuan.

A foundation has been established in the Sintzyan-Uyghur Autonomous District (northwestern China) to support the development of the textile industry with an annual endowment of Rs. can provide subsidies up to Yuan. Financial support is being provided to enterprises that carry out technological modernization in an intensive way. In addition, since 2011, companies of the textile industry have been paying local income tax for 5 years, larger companies (annual income of 20 million. yuan), and was exempted for 5 years from paying property taxes and the use of urban land tax. For enterprises located in economically depressive districts, it is envisaged to be exempted from paying income tax for 2 years after receiving positive profits in the first year, and to cut payments by 50% for another 3 years.

In April 2012, the Chinese government presented a textile industry development plan for 2011-2020. It defines the following 5 main areas of support<sup>23</sup>:

1. Strengthening (stabilizing) the country's position in world markets by expanding national consumption and diversifying the export structure;
2. Development of technological innovation and brand management by providing government subsidies;
3. Reduce outdated production capacity, increase energy efficiency and productivity;
4. Stimulating the relocation of production capacity to the central and western parts of the country;

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<sup>22</sup>ChinaTextileIndustry.TUSIADChina.ChinaBusinessInside. 2012. October.

<sup>23</sup>China Textile Industry.TUSIAD China.China Business Inside. 2012. October.

5. Raising the value-added tax refund rate from 14 to 15% and stimulating financial institutions in providing credit guarantees and financial support to small and medium-sized enterprises of the payment industry.

Thus, the state support of the network is aimed at the development and implementation of long-term programs in conjunction with the introduction of short-term instruments and procedures for the purpose of operational intervention for the elimination of the production crisis. In addition, by participating in bilateral and multilateral agreements, the state actively protects the interests of the network in the international arena.

The global financial and economic crisis, the increase in costs, the strengthening of the yuan, the decrease in the growth rate of internal and external demand in connection with the increase in the cost of materials and wages negatively affect the pace of development of the network. Despite widespread state support, the prospect of network development is unclear. Of course, the high socio-economic importance of the industry makes it a priority in the system of anti-crisis measures. However, the increase in government spending on support is not enough for the sustainable development of the network. The current state of the network is fraught with certain risks, among which the following can be noted:

1. An increase in wages that increases the costs of producers and violates the foundations of the country's comparative advantage. In cost competition, decentralization brings companies to the zone of confrontation with Asian countries in the "second echelon". Working in this segment of the market suspends the motivations of companies when moving around the production chain to its higher stages associated with the creation of its own brands and designs. This can play a negative role in the long-term future of network development by weakening the "players" in the small and medium segment and creating conditions for foreign capital expansion to the national market. In addition, the lack of quality orientation can also reduce the market position of bora-bora Chinese goods;

2. Relatively low level of utility on international measurements. This sharply stops investments in production. In the structural structure of the grades, material costs occupy the main swing. And the cost of production factors does not exceed 10%. As a result, companies are deprived of the opportunity to exercise control over costs, due to the strong dependence on the conjuncture in the raw materials markets. And the increase in the value of Labor can cause an increase in the price of manufactured goods and a weakening of the country's competitive position in the world market of clothing. In such a situation, it is necessary to intensively master the segments of the average grade.

**Conclusion.** China is a major producer of Textiles in the world, demonstrating the intense expansion of the network to the markets of developed countries at a time when the growth of the industry in the high Sucres and the openness of the economy at the end of the 1970s was ensured. As a major "player", China's content has been hampered by various two-sided and multi-sided deals, which are Gatt(General Agreement on Tariffs and Trade.General agreement on tariff and trade) and the WTO (Jaxon Trade Organization WTO) are defined by the special role of the textile industry, which has long been left out of the field of instrument regulation. In addition, the delay in the country's accession processes to major agreements, including those of the textile trade (MFA) and the WTO, also played a role in this. Very many of the restrictions applied to China are aimed at protecting the national producers of Europe, the United States, Mexico and other countries, and if so-D.

The Global financial and economic crisis adversely affected the development of the network, risking Chinese leadership based primarily on low (low) costs and high rates of development. In addition, the country's position is becoming less stable, depending on the national market structure, which consists of large public companies and a large number of small and large private "players". This is characteristic of the absence of strong brands for the market and intensive competition in conditions of low (low) utility, which limits the possibilities for investments.

Large-scale foreign investments, together with the target policy of the state, also created conditions for the development of its own producers. Until now, the effects of intensive competition and the negative dynamics of assessments have been compounded at the expense of the increase in productivity of production factors. However, in conditions of low (low) profits, such a situation is unstable: if large public companies can increase their technological level even at a low (low) profit level, private companies, mainly their medium and small, may not be able to resist the observed trends. In this case, the growth of national exporter support programs can be expected, which creates complications with the need to comply with WTO regulations and assumes a large increase in government spending, or this situation leads to a wave of losses and network restructuring. Multinational building their own global production chains.

Negative factors affecting the Chinese light industry can create favorable conditions for the growth of countries with low (low) incomes and for the new restructuring of the world market.

Important aspects of Uzbekistan. For almost 10 years, the Chinese model of the introduction of textiles and clothing into the world market has shown high positive dynamics and can be seen as a universal recipe for success in the market for developing countries and new countries. However, current modern trends have brought several factors to the surface that can have a negative impact on the medium and long-term development of the network. Among them, first of all, one can single out the concentration-tiering of the competitive struggle in the lower segments of the production chain in a network the absence of innovations as well as large investments in infrastructures. It should be noted the instability of competitive advantage based on the low value of labor resources in the attempts of Uzbek companies to enter the world markets. On top of that, the low value of labor resources here compared to European templates should not be overlooked. Such a model assumes that production will depend on market conjuncture fluctuations and the instability of leadership positions. In addition, low (low) utility can cause "porochny" to circulate and "clog" at the bottom of the production chain. The active position of the state in protecting the interests of the network in the world arena can be noted as a positive lesson of China in the implementation of certain instruments of support of national producers at the Federal and regional levels (for example, tax reform, VAT refund system, exemption from duty-tariff fees, subsidies) and the protection of network interests in the world arena.

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