LIGHT INDUSTRY OF UZBEKISTAN – PERSPECTIVE BRANCH OF ECONOMY FOR INVESTMENT

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Abstract: Light industry is one of leading branches of Uzbekistan and has centuries-old traditions on processing of cotton fiber, silk, wool, skin. The share of this sector accounts for about 14 % of produced in the Republic of industrial products, therefore the development of this sector of economy is of great importance for the General welfare of the country. In the present article questions of reforming of branches of light industry by control system modernization are taken up; the base, allowing adjusting mechanisms of corporate governance is presented legislative-normative base, some data on functioning opened joint-stock companies and the State joint stock company "Uzyengilsanoat" are provided. Emphasized the need for good corporate governance in joint stock companies by attracting foreign investment, and in this regard the conditions, which can serve as attractive factors for foreign investments in the light industry. Among them are the state support of the industry, the benefits provided to develop the industry, the availability of a wealth of raw materials resources, development of market infrastructure and etc.

Keywords: centuries-old traditions, development of market infrastructure, foreign investment, legislative-normative base, light industry, raw materials resources.

In Uzbekistan during the years of independent development the great work on reformation of the economy of the country and for the country and for this purpose we have taken the necessary legislative acts, including the laws on corporations and the system of their management. Laws adopted in the country «On foreign investments in the Republic of Uzbekistan» (1991), «On ownership» (1990), «On destatization and privatization of» (1991), «On securities and the stock exchange»(1993), laid down the fundamental principle for the formation of legal relations emerging in the process of activity of joint-stock companies. Further, emerging market conditions in the Republic of predetermined the development and adoption Laws «On joint-stock companies and protection of shareholders right» (1996), «About societies with limited liability and additional liability» (2003), and «On the securities market» (2001) and other. Adopted legislative acts gave a powerful impetus to the reform of the industry, agriculture and other sectors of the economy, deepening the processes of denationalization and privatization. Began to actively develop the markets for securities and real estate, as well as their infrastructure.

A carefully conceived and state regulated the process of corporatization of the enterprises, to attract foreign investment, we soon began to produce results. Practically in all leading sectors of the economy have been created joint-stock companies, in which the subjects of management were also shareholders. This, in turn, led to accelerate the establishment of new manufactures on release of products with high competitiveness on the world market. Thereby created favourable legal and organizational conditions provided for the effective development of the joint-stock enterprises. With the main objective was to competent management of joint-stock companies and questions of introduction of effective mechanisms of corporate governance.

A significant step in this direction was the adoption of new wording of the Law of the Republic of Uzbekistan «On joint-stock companies and protection of shareholders rights», providing for the regulation of all the major legal institutions activity of joint-stock companies. The adoption of such detailed developed taking into account the experience of foreign countries of the rights of shareholders had a positive impact on the development of market relations in the country and inflow of foreign capital. Especially this has brought positive results in the sectors of industry, in particular in the sphere of light industry, where the participation of the state in the management of enterprises brought to the minimum.

In Uzbekistan today, there are more than 1200 public joint stock companies established as a result of denationalization and privatization of state-owned enterprises. Since 1994, due to merges, reorganizations in private enterprises, the elimination of the number of open joint-stock companies has decreased by more than 80%.
Light industry is one of the leading sectors of Uzbekistan and has centuries-old traditions in processing cotton fibre, silk, wool and leather. Today, it possesses a huge resource potential of the industries producing products of light industry. The state joint-stock company «Uzbekyengilsanoat» is a structure, carrying out managerial functions, and coordinating the development of the branches of the light industry.

In the branches of the light industry there are about 30 open joint-stock companies, of which 5 with state share in authorized funds. It should be emphasized that the share of this sector accounts for about 14% of the Republics industrial production, the industry concentration of 8.5% of the industrial Fund of entire industry of the country. The enterprises of the industry work more than 114 thousand people or 18.5% of the total number of employed in the industry of the Republic.

As a result of a deepening in the fields of light industry market-oriented reforms, the creation of enterprises of private property, modernization of technical and technological re-equipment of production, the production at the enterprises of this sphere in the year of 2009 has increased in comparison with 1995 by 2.6 times, in 2010 by 3.1 times, in 2011 by 3.6 times.

Modernization of the system of corporate governance in joint-stock enterprises, significantly improved the investment climate in the industry. With the increase of the volume of attracted in the sector of investments has increased its production capacity. If in 1995 the volume of attracted to the sector of foreign direct investment was 119.2 mln USD, at the end of 2011 this indicator amounted to 1438.8 million USD, that is during this period the volume of investments increased by 8.3 times. Due to this, at the enterprises of light industry are implemented over 76 investment business-projects. Created with participation of the representatives of Germany, Switzerland, South Korea, Turkey, USA, India, Singapore and other countries more than 100 joint enterprises.

As a result of all this only in the system of state joint-stock company «Uzbekyengilsanoat» increased volumes of processing of cotton fibre and production of the main kinds of products. This allowed not only expanding the geography of export cotton products, but also significantly increasing their volumes. The share of exports of cotton fibre in the foreign countries for the 2008-2010 year increased from 13.6 to 19%, and in CIS countries from 1.1 to 2.1%.

The world experience shows that the textile industry can have a significant growth of added value, allows increasing the incomes of the population, enterprises and the state, as well as ensuring high rates of growth of export and reduction of import of ready-made garments. Therefore, not by chance the government of Uzbekistan has set the task of bringing in the coming years cotton fibre processing inside the country up to 50% of the volume of production.

It should be noted that the light industry of Uzbekistan has a wide spectrum of the nomenclature of exported goods from yarn to finished garments and knitwear. According to forecasts of the enterprise of the state joint-stock company «Uzbekyengilsanoat» during till 2015 can increase export of cotton yarn by 1.8 times, in comparison with 2010, ready fabrics-2.8 times, a knitted fibre-2.5 of time, sewing products-21.3 of time, knitted products more than 3 times. For realization in practice of such possibilities it is required major efforts of manufactures and investment resources, as internal and external investors. In system of state joint-stock company Uzbelyengilsanoat for this purpose conditions on granting to investors of marketing and other information, as well as services on support of the foreign companies in cooperation with the enterprises of light industry are created all. At the same time, the basic reserve of progress of light industry and factors of appeal to attraction in it of foreign investments is the following: 1) constant state support of progress of light industry, as key economic branch of a national economy; 2) benefits, the industries provided on progress, including benefits concerning taxes and spurs in foreign investors; 3) availability of a rich raw resource, especially high quality cotton fibre; 4) low cost of power resources and availability of the qualified labour; 5) the developed market infrastructure, transport communications and communication networks; 6) appropriate system of corporate governance in the joint-stock enterprises.

References