

## Issues of Competitiveness and Results of Clustering of Activities of Entities in The Cotton Sector of Uzbekistan

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**Abstract:** *The article examines theoretical issues and principles of formation of agroclusters and development trends of this system in the cotton-textile industry of the Republic of Uzbekistan, its features and advantages. Effective application and existence of business clusters is considered on the platform of categorical-system methodology within the framework of such aspects as structural, functional, target, evolutionary.*

**Keywords:** *market economy, competitiveness, economic relations, material interest, cluster, agrocluster, theory and principles of clustering.*

### Introduction

Recently, the concept of business clusters has become the most commonly used term in economic and legal practice. The emergence of the need for business clusters in the post-Soviet space is mainly associated with the action of ineffective market relations between sectors of the economy. For the effective application and existence of business clusters, it is necessary to consider them on the platform of categorical-systemic methodology within the framework of such aspects as structural, functional, target, evolutionary. Here, the main issue is the disclosure of the essence of clusters of economic nature, their clarification as a category and definition, generalization of features in comparison with other forms of integration associations of economic entities. From the point of view of substantiating the effectiveness of their formation and existence, the study of the component-element composition of business clusters, their structure, mechanisms of goal-setting and functioning, and evolutionary aspects are the most pressing problems.

In the conditions of a market economy, globalization and the development of competition between market entities, the need to increase the competitiveness of the country, individual regions, as well as enterprises and organizations that are included in the goals and objectives of one industry-economic complex, which are interconnected along a technological and economic chain, is increasing.

**Purpose of the study.** The aim of the work is to study the theoretical and methodological foundations and develop practical recommendations for increasing the competitiveness of the textile industry of Uzbekistan based on clustering.

The implementation of the set goal predetermined the need to solve the following tasks:

- generalize and systematize existing theoretical and empirical studies of industrial clusters;

- substantiation, based on the study of foreign experience, of the possibility of using the theoretical and methodological tools of the cluster approach as a condition for the formation of the competitiveness of the textile industry;
- identification of modern financial and economic trends in the functioning of the textile industry;
- determination of competitive positions and main competitors of the textile industry of the republic in the world textile market;
- assessment of the level of inter-industry links as the basis for the formation of a textile cluster;
- justification of the medium- and long-term strategy for the development of the textile industry in Uzbekistan based on clustering;
- determination of trends in external and internal demand for textile products;
- development of a development model, as well as specific measures to stimulate and support the development of a textile cluster in Uzbekistan in the context of economic modernization.

**The object of the study** is the textile industry of the Republic of Uzbekistan.

**The subject of the study** is the set of inter-industry links that arise in the process of clustering the textile industry.

**Research methods.** In the course of studying the aspects of economic security and sustainability of industrial clusters, methods such as observation, induction and deduction, time series, analysis and synthesis, monographic studies, systematic analysis, comparison, methods of economic and comparative analysis, as well as expert assessments of specialists and managers of textile enterprises of the republic and light industry of Uzbekistan SJSC "Uzbekyengilsanoat" and other methods were used.

#### **Main part.**

Currently, cluster development is a recognized tool that accompanies sustainable innovative development and increased competitiveness of regional agriculture and the agro-industrial complex as a whole. The use of the cluster form of organizing agricultural activities is provided for in a number of legislative, regulatory and program documents, the most significant of which are: "Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020-2030", where one of the strategic priorities is the creation of a favorable agribusiness climate and value chains.

The cluster has effects that are not inherent in other forms of spatial organization of production, including the synergistic effect, social capital, public-private partnership, etc., which together give it additional competitiveness. The cluster approach is an integral part of the theory of spatial organization of production. The cluster phenomenon is becoming a key component of the economic development of countries and regions. In the USA, Great Britain, France, Germany and other developed countries, more than half of the volume of industrial products is produced and exported through clusters.

#### **Analysis of research results.**

As part of the implementation of the cluster form of organization of cotton and textile production in 2018, water-saving technologies were applied on 3,163 hectares of cotton land by irrigating fields with flexible plastic pipelines, drainage systems and reservoirs were built, 225

pumping units were installed in areas with difficult access to irrigation sources, 1,285 units of various agricultural machinery were purchased, highly qualified foreign agricultural specialists (agronomists, specialists in modern equipment and technology, specialists from scientific institutes) were attracted, the successful experience of cotton growing in Turkey, Israel, Brazil and the USA was studied with trips abroad, over 4.3 thousand new jobs were created.

In the message of the President of the Republic of Uzbekistan to the Parliament, the task was set to create 48 cotton-textile clusters in cotton growing alone in 2019 and increase the share of raw cotton grown in clustered areas to 52.0%.

According to the results of 2019, cotton-textile clusters accounted for 73% of the raw cotton harvest, where higher yields and product quality indicators were achieved, which in practice proves the relative effectiveness of this system. Therefore, in Uzbekistan, from 2020, the task has been set to completely switch to the cluster method of cotton cultivation.

The formulation of such a task follows from the fact that, firstly, due to shortcomings in market mechanisms in the cotton complex, in most farms specializing in cotton, the industry becomes an unprofitable sphere, and secondly, economists have proven that when switching to a complete processing technology in the cotton complex, the cost of products obtained from one kilogram of cotton fiber can be increased to 16-20 US dollars, while 1.5-1.7 US dollars come from the export of cotton fiber.

In addition, it must be recognized that the cluster is intended to become a local growth point, a center for the implementation of innovations and stimulation of economic development.

In recent years, in the practice of many states, including especially in the post-Soviet states at the regional level, one of the main reserves for the growth of competitiveness is considered to be the creation of clusters, linked by close economic relationships and complementing each other. In the process of placing production and developing the regional economy, various forms of territorial organization have developed. Traditionally, free-economic industrial regions, agglomerations, territorial-production complexes are distinguished. Clusters are a modern, rapidly spreading form of territorial organization of the regional economy. Taking into account their local advantages and features, the problems of cluster formation and the implementation of regional competitive advantages are usually considered at the regional level.

In some cases, a cluster is considered as a management body or a superstructure over the entities included in the cluster for economic reasons. Western practice proves the opposite, that is, a cluster represents a set of cooperating, but at the same time competing enterprises, connected by horizontal and vertical connections, formed on the basis of an institutional factor and jointly using economic institutions through contractual mechanisms. In the cluster, the focus of the search for competitive advantages is shifted to external factors at the institutional level, such as public-private partnership, social capital, synergy effect, cooperation between the state, business, science and education, which determines an additional competitive effect.

The study of approaches and views of scientists shows the presence of different approaches to the problems of clustering. The author understands a regional cluster as a group of interconnected companies and organizations localized in a region, interacting with each other in the process of production and sale of goods and services within a single value chain to achieve a specific economic effect and implement the competitive advantages of a given territory. Unlike other forms of territorial organization of the economy, a cluster is distinguished by market

interaction between participants in a cluster association based on competition and cooperation, the ability to adapt to changing environmental conditions. Clusters are formed in the conditions of a market economy, when enterprises are interested in strengthening their competitive advantages and in obtaining greater profits from joint activities in a certain territory. At the same time, a regional cluster as a form of territorial organization of the economy is developing not only in industry, but also in the service sector. The cluster approach to the territorial organization of the regional economy is aimed at studying the conditions of operation of specific enterprises and organizations.

An analysis of cluster theories has shown that the identified principles of cluster formation (geographical, qualitative, horizontal, vertical, focal and lateral) do not always sufficiently reflect modern requirements for the organization of cluster associations. The principles of organization and functioning of regional clusters include territorial peculiarity, zonal specialization, territorial localization, intra-cluster competition and cooperation, interdependence, innovation, dynamism, multiplicity of participants, commonality of joint activities of companies, unity of information space, commonality of corporate culture, structuring of the regional cluster.

The study of existing approaches to the classification of clusters allows us to conclude that currently in science and in practice there is no generally accepted ordered system of criteria and indicators for the classification of clusters. The development of a methodology for the classification and assessment of the effectiveness of clustering activities makes it possible, without any hesitation, to develop a scheme for the formation and functioning of regional industry clusters, which will ultimately allow us to move away from the unprofitability of agricultural sectors and agricultural market entities, as well as significantly increase the export potential of the country and regions.

### **Conclusion:**

The concept of a cluster refers to geographically bounded concentrations of interconnected firms and can be used as a key word for older concepts such as industrial districts, specialized industrial agglomerations, and local production systems.

Despite the large number of definitions of the concept of "cluster", it is possible to identify a number of common features, the mention of which allows us to isolate this economic phenomenon:

- geographical localization of enterprises;
- interdependence of market entities in terms of final products;
- failure to achieve ideal or expected production, social and economic results without clustering;
- objective need for close economic ties between enterprises;
- availability of common institutional and market infrastructure.

Successful implementation of these principles is observed in agroclusters created on the basis of territorial concentration of specialized suppliers and producers linked by a common technological chain using economic methods without administrative intervention of government agencies.

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