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THE TEXTILE INDUSTRY IN THE NEW REALITIES: CONSEQUENCES OF THE PANDEMIC, WORLD EXPERIENCE AND FURTHER DEVELOPMENT IN KAZAKHSTAN

At the same time, it is noted that new opportunities are opening up for textile companies that produce medical products. To mitigate the negative consequences, companies pay attention to optimizing the organization and sustainability of the production process, digitalization, and reassess existing supply chains. The press release also notes that greater efficiency in mitigating negative consequences is achieved when sellers, leading brands discuss current problems with suppliers instead of canceling orders unilaterally.

In the countries of South and South-East Asia, manufacturers cannot pay salaries to their employees, there are reductions in workers. In India, last month, exports of leather and leather products decreased by 36.8%, clothing – by 34.9%, carpets-by 34.7%. In general, the textile and clothing industry of India, which accounts for 7% of the country's industrial production, 2% of GDP, 15% of export earnings and 45 million employees, is expecting a fairly serious decline [1].

In Bangladesh, thousands of workers in the clothing manufacturing sector took to protest actions demanding payment of salaries, termination of layoffs. According to the Bangladesh Clothing Manufacturers and Exporters Association, in the first week of April, clothing exports fell by 77% to $ 129 million, compared to $ 581.9 million in the same period last year. It is expected that in the three months from March to May, Bangladesh's clothing exports will decrease by 57% [2]. The textile industry and the clothing manufacturing sector are of great importance for the economy of Bangladesh. The industry employs more than 5 million people, textiles and clothing account for 84% of the country's total exports worth $ 33 billion, of which $ 24 billion is clothing. Thus, the cancellation of orders from external customers, the suspension of production can seriously affect the social and economic stability of Bangladesh.

In the conditions of COVID-19, manufacturers of textiles, clothing, fashion brands react differently to the changing situation. There is a reorientation of production to the production of protective masks, overalls. In Europe, more than 500 companies have converted and invested in new equipment for the production of personal protective equipment (PPE) [3]. Companies are also refocusing on the production of sportswear, which is increasing demand among the population. Meanwhile, to mitigate the consequences, more and more companies are paying attention to the possibilities of online trading. Many leading companies are actively working on their digital tools, selling both products for mass consumption and production goods for light industry sectors – raw materials, equipment. Attention is paid to the multilingual nature of sites, improving the interface for greater user convenience, improving the security of transactions.

In general, there was a significant decline in the global clothing and textile market in 2020. At the same time, as the current experience of recovering China shows, a return to pre-crisis indicators is not expected in the short term. The states urgently take anti-crisis measures packages, which, basically, implies deferrals on the payment of taxes, interest on loans, a ban on the export of protective masks, overalls, exemption from customs duties when importing raw materials [4].

In developed countries, various schemes are being adopted to subsidize wage payments to employees at affected enterprises in order to prevent layoffs and maintain employment.

National associations of manufacturers of products of light industry and fashion industries are also actively asking the government for assistance, mainly to replenish working capital, pay salaries, reduce the cost of importing raw materials and prepare proposals for more targeted assistance, based on the specifics.

After the forced introduction of a package of restrictive measures in many countries and the shock suspension of production, governments are beginning to approach the imposed restrictions more specifically, gradually allowing them to return to production activities in compliance with quarantine measures.

According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms (BNS ASPR), the volume of production in the textile industry of Kazakhstan by the end of 2020 amounted to 128 billion tenge, which is 0.5% of total industrial production and 0.2% of GDP. At the end of last year, there were just over 1,000 enterprises operating in the industry, of which 43 were large and medium – sized, where 11.2 thousand people were employed (0.1% of all employed in the economy).

The special economic zone «Ontutik» created in Shymkent was focused on light industry. Investors were offered a ready-made infrastructure and exemption from a number of taxes (VAT on goods sold in the zone, CPN, land and property taxes, import customs duties – all at a rate of 0%) for the duration of the FEZ - until 2030.

As of July 2021, the accumulated investments in the FEZ «Ontustik» amounted to 33 billion tenge, the volume of production – 82 billion, and exports – 45 billion. 20 projects of 17 companies are located in the zone and 2032 jobs have been created, that is, every fifth employee of Kazakhstan's light industry.

In 2019-2020, there was a significant shift in the state support system. First, after the launch of the «Economy of Simple Things» program and changes in the rules of the DKB, under which the borrower could get a guarantee for 80% of the loan, thanks to which the access of SMEs to debt financing was expanded. Secondly, in the conditions of the pandemic, some enterprises were loaded with sewing personal protective equipment, access to state orders was simplified. It is noteworthy that out of 20 projects of the FEZ "Ontustik", seven were launched in 2020.

In January–December 2020, in the volume of production of light industry – textile production of the Republic of Kazakhstan occupied the main share - 55% or 71 billion tenge, which is 18 higher than the same period last year%.

The growth in the textile production sector was due to an increase in the volume of cotton fiber by 18%, cotton fabrics by 59%, fabrics made of synthetic and artificial yarns by 85%.

Shymkent (25% or 17.7 billion tenge) and Turkestan region (31% or 31 billion tenge) occupy the main share in textile production.

Traditionally, cotton cultivation is carried out in the Turkestan region, as a result, the main cotton processing enterprises are concentrated in this region. In addition, among natural textile fibers, cotton fiber makes up the largest group by volume of production in the country.

According to operational data, in 2020, the production of cotton fiber increased by 18% and amounted to 74,626 tons, domestic enterprises processed about 10 thousand tons.

Exports for 11 months of 2020 amounted to 51,893 tons or 68.5 million US dollars. The main countries of supply of products are Latvia, Turkey and China.

According to the information of domestic enterprises that process cotton fiber, it is planned to process about 14-15 thousand tons of cotton fiber in 2021.

The state supports textile industry enterprises within the framework of systematic measures aimed at the manufacturing industry, such as promoting the export of products, stimulating labor productivity, promoting goods on the domestic market, implementing the Unified Business Support and Development Program «Business Roadmap 2020». Also, within the framework of the development of the «Economy of Simple Things», preferential lending is provided (no more than 6%).

Conclusion. In the coming years, the development of Kazakhstan's light industry will be influenced by the same factors as in the previous 10-15 years: the exchange rate of tenge against foreign currencies, access to finance, as well as the ability of companies to form strong brands, automate production and integrate into international value chains. If the first two factors are beyond the control of manufacturers, then brand creation, automation and the search for large customers are the exclusive responsibility of the business.

Another Shymkent company, AGF Group, shows an example of how integration into international supply chains changes business prospects. The company, based in the FEZ «Ontustik», has been a supplier of bed linen for IKEA since 2016. According to the company, the export of the company's products under this contract is about 2 million products per year.

To be included in the IKEA supply chain, AGF Group carried out partial automation of the production line, and also passed certification in international laboratories, implemented several stages of quality control and an ISO 9001 quality management system. Judging by the data on tax revenues, the company's export turnover has been steadily growing over the past five years and continues to grow in 2021. The company also focuses on export of its two brands of home textiles-Arua and Suave.

The focus in state support on export-oriented manufacturers may stimulate the emergence of 5-10 leading companies in the next decade, which will be able to build a cluster around themselves, including the production of certain types of raw materials and accessories, as well as modernize the personnel training system.

E-commerce is another promising direction for Kazakhstani manufacturers. However, in order to conclude contracts with regional online stores like Wildberries, Yandex. Market, Ozon, it is necessary not only to be branded (register a trademark), but also to ensure sufficiently large volumes of shipments to warehouses (and this is additional logistics costs), the goods must be labeled, and supplier firms should also take into account large commissions of marketplaces [5]. Taking into account these features of the changing landscape of the industry, further state support for domestic light industry enterprises may include compensation to local manufacturers for online store commissions [6].

Today, there is no doubt about the importance of the development of the national textile industry and the great risks associated with dependence on imports.

Despite the competition in all markets and in all industries, it is necessary to use the few advantages that we have.

Firstly, the textile industry of Kazakhstan has a huge growth potential, which is determined by the capacity of the domestic market of light industry products. It consists of the consumer goods market (with an average annual expenditure of 350 thousand tenge per person and a population of 18.3 million people, the market capacity is 6.4 trillion tenge). At the same time, there is a huge market for products purchased with budget funds.

Secondly, diversification, which we have been talking about so much in recent years, is becoming an inevitable reality. There is no alternative to the development of manufacturing industries for Kazakhstan.

This also applies to the textile industry. The later we start actively investing in the industry, the more difficult it will be to catch up later.

Third, the textile industry generates a long-term and well-predicted demand for labor resources. In addition, from the point of view of increasing employment, its development gives an additional multiplier effect in a number of related industries. This is especially true for women's and youth employment.

Fourth, there are conditions in Kazakhstan for the advanced development of the domestic raw material base based on the agricultural complex.

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