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The governmental support of the light industry in modern integration condition

Light industry is associated with many related industries and serves the entire national economic complex. The main feature of the light industry is a fairly quick return of funds invested in production and a quick change in the range of products that are produced, with «minimal» costs. Light industry as a branch of the economy is directly involved in the formation of state budgets. It combines a large number of industries, among the main ones are clothing, footwear, textile, leather, and fur. The largest share in the structure of light industry is occupied by the products of the clothing and textile industries. The support of small and medium businesses by the state remains an important and necessary tool that directly affects the growth of the economy and the welfare of the population. Foreign experience shows that the development of the light industry sector involves active government support, expressed in preferential taxation, attracting investment, stimulating the export of finished products, etc. This paper presents the author's presentation on global trends in the development of markets and light industry enterprises. Moreover, the individual trends of the global textile market at the present stage has been analyzed. The world experience of state support of light industry is summarized.

Keywords: globalization, integration, light industry, government support, world experience, sewing and textile industry.

In the context of globalization and integration of the world economy, light industry (especially in developing countries) plays a significant role in ensuring:

1) economic and strategic security of accelerated capitalization of the national economy (due to the high degree of capital turnover);

2) relieving social tensions (due to high rates of urbanization, employment and higher living standards for the poorest segments of the population).

Production of textiles and clothing is an important source of income and employment in many countries, including developing ones. The industry is characterized by constant growth due to the growth of the Earth's population and an increase in its well-being. Light industry is a part of the world's leading industries. It accounts for 5.7 % of world industrial production, more than 14 % of those are employed. Thus, over the past 15 years, consumption of fabrics and clothing has increased in the EU countries by 90.5 %, in the USA — by 99.3 %, and in Japan — by 220 %.

Therefore, the governments of many countries are implementing special government programs to ensure:

– free development of small and medium enterprises in the textile and light industry, international and domestic trade in consumer goods;

– public private partnership in the field of large business;

– formation of a developed infrastructure of sectoral development, primarily in a cluster format.

The development of light industry in most countries is associated with active government intervention. The developed programs include direct government support for the industry, preferential tax policies, customs regulation, support for enterprises operating for export, creation and improvement of the production infrastructure, promotion of technological modernization, creation of an integrated industry chain with a closed production cycle from the receipt of raw materials to the production and sale of finished products.

In developing countries (China, Turkey, India and others), light industry is declared as a priority for the development of the national economy.

The main global manufacturers of light industry products are developing countries such as China, Turkey and India.

China accounts for 40 % of world cotton production, 64 % of threads, 41 % of fabrics and 50 % of clothes [1].

In China, Turkey and India, governmental programs have been developed to support light industries, including measures of state support for manufacturers [2]:

1) *Direct state support of enterprises-exporters*. In Turkey, exporters are granted targeted concessional loans, a full or partial refund of taxes included in the cost of export products, partial reimbursement of expenses for scientific research (research) to improve the quality of export products, insurance of export operations, and so on;

2) *The creation of business infrastructure.* In this respect, Chinese provinces and cities specialize in the production of certain types of products (fabrics, knitwear, hosiery, women's clothing, etc.). To support and improve the competitiveness of products, create an innovative basis for the development of the industry, provincial authorities are promoting the formation of business infrastructure in their territories — technology parks, including quality control centers, service, training, information, logistics centers and computer-aided design centers, research institutes for the study of tissue properties;

3) *Tax and customs regulation.* For example, in China, manufacturers of products of light industry are given a preferential tax regime [1]. In Turkey, imported equipment for the industry is not subject to duties and VAT. In the special economic zone «Ontustik» in the Republic of Kazakhstan, it is proposed to completely exempt from the corporate income tax the organization of the textile and clothing industries as part of investment projects to create new industries [3];

4) *Upgrading equipment and technology.* India has a Technology Update Program for the textile and jute industries. A feature of the scheme is a 5 percent compensation of the credit institution that issued funds to companies for technology upgrades. Interest on the purchase of machines made at a low technological level is not reimbursed. Concession loans for upgrading equipment and technology are highlighted.

Government support for the industry has allowed developing countries to:

– occupy leading positions in the global export of light industry products. The leading global textile manufacturers are China (10 % of world textile exports), Hong Kong, Germany and Italy (8 % each); sewing products — China (17 %), Hong Kong (12 %), Italy (7 %), Turkey, Mexico, USA and Germany (7 % each);

– update the main equipment in a short time. Over the past 10 years, China and Turkey have completely updated the existing fleet of weaving machines, in Russia the rate of renewal was 1.5 %;

– improve the quality of products.

The rapid development of light industry in developing countries with significant government support influenced the redistribution of the productive forces of the industry. The production center shifted from Western Europe and the United States to countries with lower labor costs: Southeast and Central Asia, South America. The production of highly developed countries focused on the production of technically complex and special textiles (including the latest developments in this area — smart textiles), dyeing and final finishing of fabrics produced in other countries, and the production of high-end fashionable products.

Among other trends in the development of the global light industry:

– the increase and expansion of the use of chemical fibers and threads in consumer goods, primarily synthetic polyester fibers. Currently, the share of consumer goods using chemical fibers in the world is 60 % of total consumption. According to forecasts, by 2020 it will increase to 80 %;

– increasing the role and share of knitwear and nonwovens;

– the transition from narrow weaving to wide one (up to 2–3 meters) and the constant increase of this trend;

– universalization of textile factories by product, which allows them to successfully adapt to the trends of demand and fashion;

– blurring the boundaries between production and type of fibers (cotton, silk, linen, wool);

– creation of state-of-the-art fabrics and knitted fabrics with predetermined properties due to the use of fibers of small linear density;

– downsizing of enterprises and the predominance in the production structure of small enterprises with up to 300 people capable of quickly responding to market demands;

– unification of industry enterprises into holdings with a closed production cycle, associations and unions that develop uniform approaches in solving industry problems;

– orientation of the clothing industry to the tastes and needs of specific segments of the population, age of consumers, climatic conditions, etc.;

– development of providing industries producing high-quality dyes, textile auxiliaries and technological equipment.

Light industry in Kazakhstan has a small share in the manufacturing industry — no more than 1.2 %. The industry carries out both the primary processing of raw materials and the production of finished products. This is a complex industry that includes more than 20 sub-sectors, which can be grouped into three main groups: textile; sewing; leather, fur, shoe. The largest share in the structure of light industry is the production of clothing and textile subsectors.

The number of operating enterprises of light industry as of July 1, 2017 was 933, the main share (58 % or 538 enterprises) of which sewing enterprises occupy, since creating and organizing the production of clothing requires less investment than creating textile and leather and footwear industries.

31 % or 289 enterprises are occupied by enterprises for the production of textiles and 11 % or 106 enterprises by the production of leather and related products. A rather large number of small enterprises operate in the light industry — 95 % or 872 of the total number of enterprises. 99.66 % of the total amount of ownership are private enterprises. Half of the large enterprises of light industry are located in the South Kazakhstan region. This is primarily due to the proximity of raw materials markets and the availability of labor resources. In 2017, in the regional context, the main producers of light industry were the following enterprises:

1) South Kazakhstan region — 35 %, where the main enterprises of the region can be singled out: «Melanzh» JSC, «Uteks» JSC, «Azala Textile» LLP, «Zhanatalap-MT» LLP, «Khlopkoprom-Cellulose» LLP, «Bal Tekstil LLP»;

2) Almaty — 14 % with the main enterprises — «Kazlegprom-Almaty» LLP, «KazSPO-N» LLP, «Kazakhstan Texti-Line» PKF — «Mimioriki»;

3) Almaty region — 12 % — «Mediateks-N» LLP, «Glasman» LLP, «Universal» LLP.

At the end of 2017, the domestic market for consumption of light industry products amounted to $1.5 billion, of which domestic production accounted for 7.6 %, for imported products 92.4 %.

One of the reasons for the predominance of imports over exports is that exports are mainly represented by low-value commodities, while imports mainly consist of finished products with high added value. Significant volumes of imports of light industry products create competition for domestic goods. Nevertheless, positive changes are observed in the industry.

Created by the Union of Producers of Light Industry of the Republic of Kazakhstan, in order to increase the share of Kazakhstani content in the production of military uniforms and other workwear, they merged into the Consortium of Raw Materials Enterprises and Manufacturers of Finished Products of Light Industry.

A program designed for five years has also been developed, by the end of which it is planned to reach 100 % of the Kazakhstan content in raw materials. The consortium made a commitment within five years to provide all military units with uniforms.

If earlier in Kazakhstan, in the performance of the state defense order, domestic raw materials were almost never used in production, then this year military uniforms consist of Kazakhstani raw materials by 30 %.

Kazakhstan has illustrative examples of doing business, which include Kazakhstan Textile line with a children's clothing brand «Mimioriki», «Kaz SPO-N» — which dresses foreign athletes, ZIBROO sports suits are exported to the EEU and EU countries, and «Semiramide» — produces top clothes with the brand «SMD», «Glasman» — opened a number of boutiques in the Republic of Kazakhstan and supplies its products to selected countries of the EAEU and the CIS (men's suits and school uniforms), etc.

Kazakhstan designers Aida Kaumenova, Aigul Kasymova, Kamila Kurbani and others also do not stand aside, developing the domestic light industry.

Successful companies are: «AZALA Textile» LLP, which currently manufactures textiles, and the Ball Textile factory, which produces carpets, began to cooperate with the world-renowned IKEA company.

It is necessary to overcome the following major problems faced by the light industry of Kazakhstan. This is the lack of qualified personnel that meet modern requirements, not only workers, seamstresses, tailors, but also technical workers of the highest and middle level; tax burden — the need to declare the raw materials imported for the production of invoices, paying customs duties, as well as VAT, customs fees; not enough deep processing and lack of quality raw materials.

According to statistics, about 90 % of raw materials (in the form of raw cotton, raw leather, unwashed wool) are exported abroad. The clothing industry has to use imported fabrics, yarn, threads, and accessories, which are practically not produced in Kazakhstan. Consequently, a high cost of products is formed and, accordingly, their inability to compete in price with imported products.

It is worth noting that the state provides support to domestic enterprises in the industry. Thus, the Ministry of Investment and Development approved the Comprehensive Plan for the Development of

Light Industry for 2015–2019 [4]. The main goal of the Comprehensive Plan is to increase the competitiveness of products of light industry with an increase in its social efficiency.

Among the main areas of work for the development of light industry in Kazakhstan, the plan provides for the following activities:

– implementation of systematic measures of economic policy, including in the field of public procurement and increasing the share of local content;

– modernization of light industry production;

– providing industry with qualified human resources;

– the development of science and innovation;

– measures of post-crisis recovery and financial recovery of enterprises in the industry.

In addition, there are other business support tools, including for enterprises of light industry — the Program «Roadmap for the development of light industry for 2017–2021», «Business Road Map 2020», «Productivity 2020», «Export 2020» [5–7].

One of the main directions of the document should be the development of the domestic raw material base. The Union of Producers of Light Industry of Kazakhstan, together with the consortium «Zhasampaz», which initiated the roadmap, are planning to launch production of natural cotton, wool and blended fabrics, as well as knitwear and leather by 2021. Moreover, it is expected to hold the technological modernization of the sector, which means that the opening of new, expansion of old, and the resuscitation of the country's idle plants in the conditions of self-financing and public-private partnerships.

Another program operator is NPP «Atameken». The first contract between «PIK Astana Yutariya» ltd and the turkish company «Guzelche Makina» was signed at the site of the Chamber of Entepreneurs, which in the near future undertakes to install high-tech sewing equipment at the factory of the Kazakh company, introduce new technologies and organize the workflow in accordance with all European Standards. Recruitment and training of specialists, including people with disabilities, will be carried out by the company «Yutaryia» ltd.

Turkish company plans to bring a factory production capacity of 100000 suits per year by ensuring the work of 125 thousand people. According to provided data, this will entail an increase in the deduction of taxes and obligatory payments to the budget of Kazakhstan by 35–40 %. In 2019, according to Ahmet Guzelche, the general director of «Guzelche Makin», the factory will enter the markets of Russia and Europe. This project is more social than commercial, its cost was 500 million tenge, and it opens up new prospects for the domestic light industry.

The factory will be designed by a textile design engineer, who today sews collections of Hugo Boss, Zara, Roy Robson, Carl Gross, Massimo Dutti, Sesi Ibroshka. According to him, this is 12th factory that is going to be designed by him.

China is showing great interest in the Kazakhstan market, which today is more a raw material appendage for Kazakhstan. Chinese light industry is considered one of the leaders in the world market, producing 40 % of cotton, 64 % of threads, 41 % of fabrics and 50 % of clothing of all world production. According to the Kazakhstan-China Association for the Promotion of Trade, at the end of 2016, China's investment in Kazakhstan exceeded $ 36 billion, the value of contracts for contract work reached $ 22.8 billion, and the size of transactions exceeded 17 billion.

In the framework of the program The Belt and Road Initiative (BRI), also known as the One Belt One Road (OBOR) or the Silk Road Economic Belt and the 21st-century Maritime Silk Road, increasing number of Chinese manufacturers of light industry are entering the market of Kazakhstan, while Kazakhstani manufacturers, on the contrary, are entering Chinese.

A consulting center for trade and investment, a law and policy center, a legal support center, and a department for building relations with the authorities and the government have been established under the Kazakhstan-China Association for the promotion of trade. All this service is provided for Kazakhstani enterprises in China, which is ready to assist Kazakhstani enterprises in any matters related to China.

At the end of 2017, the domestic market for consumption of light industry products amounted to 1.6 billion dollars, of which only 7.3 % accounted for domestic production, 92.7 % for imported products. In January-June 2018, there was a gradual decrease in imports, it amounted to 441.2 million dollars, and exports — 149.2 million dollars.

One reason for the prevalence of imports over exports is that exports are mainly represented in commodities with low value, while — imports mainly of finished products with high added value. Significant volumes of imports of light industry products create competition for domestic goods. Nevertheless, positive changes are observed in the industry, and the development of high value-added production is one of the most important tasks of the new «road map».

Kazakhstani prospects depend largely on the degree of its successful integration into the world economy. At the same time, the country faces the task not to integrate into the world economy at any price, but to take a place in it that is adequate to its economic potential. To resolve this problem, first of all, one needs to be known what resources our country has today for full-fledged integration, and what needs to be done in order to use these resources and, if possible, to increase the existing economic potential. The purpose of the «road map» is to prepare proposals for the development of light industry in Kazakhstan, which will promote the development of domestic production and the discovery of new competitive enterprises able to penetrate foreign markets.

The roadmap program is divided into two phases. In the first one, from 2017 to 2018, it was necessary to increase the proportion of Kazakhstani content in some types of products to 40 %, develop two non-governmental standards, create an additional 861 jobs, and implement six investment projects for the construction and support of textile factories fabrics, suits, yarn, men's shirts, as well as a garment factory.

At the second stage, it is assumed that the share of light industry in GDP will be more than 1 %, the share of Kazakhstani content in some types of products will be increased to 60 %, the number of jobs will increase to a thousand, Kazakhstani schoolchildren will be provided with a form of domestic producers by 80 %, and annual tax Revenues to the national budget from domestic manufacturers of light industry products will increase by 30 %.

The «roadmap» also addresses the issue of training for the industry, where it is noted that it is necessary to restore the tradition of targeted training from enterprises. It is necessary to tackle issues of providing light industry with workers, as is done today in many leading countries, at the university base together with the business. Small businesses need a multidisciplinary, versatile specialist, not only with the specific knowledge of their industry, specialist must also be a marketer, an economist, and know foreign languages. Such a model of a graduate could be prepared by Kazakhstani universities for enterprises of light industry, especially when the state education standard today allows to independently set an educational trajectory.

If we take the experience of Italy 50 years ago, survived, thanks to the development of light industry after crisis. Moreover, Italians were given the task of raising the image and economy of the country through design, to develop and promote the brand «Made in Italy». Therefore, the next aim of Kazakhstan is to make the brand «Made in KZ» demanded in the world in next 10–15 years.

Total implementation of «the Roadmap for the development of light industry for the years 2017–2021» through its own 21.451 billion tenge of investments are provided. But the amount of funding will be revised when new investment projects appear.

Kazakhstan has all the prerequisites for the development of light industry — government support, basic production, and human resources. However, our entrepreneurs are not interested in working in this sector (to grow cotton, make leather and furs, model and sew clothes and shoes), since there is no one-time profit here, for example, in trade and services.

Today, the production capacity of textile production has been modernized and has the ability to produce high quality textile products. Kazakhstan's textile products comply with the necessary requirements of generally accepted international standards and regulations, which makes it possible to trade in foreign markets.

Thus, taking into account the historical and current dynamics of the development of light industry, existing and planned measures of state support for the industry, existing integration (EAEU, WTO), as well as increased innovation activity of enterprises, we can expect an increase in the competitiveness of products and development of the industry as a whole.

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Қазіргі заманғы интеграция жағдайында жеңіл өнеркәсіп кәсіпорындарын мемлекеттік қолдау

Жеңіл өнеркәсіп салалары көптеген салалармен байланысты және бүкіл ұлттық экономикалық кешенге қызмет етеді. Жеңіл өнеркәсіптің басты ерекшелігі — өндіріске салынған қаражаттың өте жылдам қайтарылуы және «ең төменгі» шығындармен өндірілетін өнім түрлерінің жылдам өзгеруі. Жеңіл өнеркәсіп экономика саласы ретінде мемлекеттік бюджетті қалыптастыруға тікелей қатысады. Ол киім, аяқ киім, тоқыма, былғары және жұмыртқа секілді негізгі салалар арасында көптеген салаларды біріктіреді. Жеңіл өнеркәсіп құрылымында киім және тоқыма өнеркәсібінің өнімдері басым. Шағын және орта бизнесті мемлекеттік қолдау экономиканың және халықтың әл-ауқатының өсуіне тікелей әсер ететін маңызды және қажетті құрал болып қала береді. Шетелдік тәжірибе көрсеткендей, жеңіл өнеркәсіп саласының дамуы жеңілдетілген салық салуда, инвестицияларды тартуда, дайын өнімдердің экспортын ынталандыруда белсенді мемлекеттік қолдауды және т.б. қамтиды. Бұл мақалада нарықтар мен жеңіл өнеркәсіп кәсіпорындарының дамуындағы жаһандық үрдістер туралы авторлық көзқарастар келтірілген. Қазіргі кезеңдегі әлемдік тоқыма нарығының жекелеген үрдістері талданған. Сонымен қатар жеңіл өнеркәсіпті мемлекеттік қолдаудың әлемдік тәжірибесі баяндалған.

Кілт сөздер: жаһандану, интеграция, жеңіл өнеркәсіп, мемлекеттік қолдау, әлемдік тәжірибе, тігін және тоқыма өнеркәсібі.

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Государственная поддержка предприятий легкой промышленности в условиях современной интеграции

Легкая промышленность связана со многими смежными отраслями и обслуживает весь народнохозяйственный комплекс. Главной особенностью легкой промышленности является довольно быстрый возврат средств, вложенных в производство, и быстрое изменение ассортимента продукции, которая выпускается с «минимальными» затратами. Легкая промышленность как отрасль экономики принимает непосредственное участие в формировании государственных бюджетов. Она объединяет большое количество отраслей, среди основных можно выделить, такие как швейная, обувная, текстильная, кожевенная, меховая. Наибольший удельный вес в структуре легкой промышленности занимает продукция швейной и текстильной отрасли. Поддержка малого и среднего бизнеса со стороны государства остается важным и необходимым инструментом, который напрямую влияет на рост экономики и благосостояние населения. Зарубежный опыт показывает, что развитие отрасли легкой промышленности предполагает активную государственную поддержку, выраженную в льготном налогообложении, привлечении инвестиций, стимулировании экспорта готовой продукции и др. В данной работе изложены авторские представления по вопросам мировых тенденций развития рынков и предприятий легкой промышленности. Проанализированы отдельные тенденции глобального рынка текстиля на современном этапе. Обобщен мировой опыт государственной поддержки легкой промышленности.

Ключевые слова: глобализация, интеграция, легкая промышленность, государственная поддержка, мировой опыт, швейная и текстильная отрасль.

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