

## FORMATION OF CONDITIONS FOR DEVELOPMENT OF ENTERPRISES IN TEXTILE AND LIGHT INDUSTRIES ON THE EXAMPLE OF THE RUSSIAN FEDERATION AND THE CZECH REPUBLIC

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*The paper provides a statistical analysis of development of enterprises of textile and light industries in the Russian Federation and the Czech Republic. Factors that have a negative impact on development of enterprises in the industry are re-searched. Restructuring and modernization of textile manufacture with orientation on creating innovative products with high added value are substantiated.*

**Keywords:** investments, innovative products, competitiveness, moderniza-tion, a sector, an enterprise, textile.

Due to influence of globalization processes and formation of new geopolitical conditions, governments of industrial countries have to place a particular emphasis on development of textile and light industries, create favorable conditions and support activities of enterprises within these industries by significant investments. In the modern world the government is focusing its activities on strengthening positions of this line of business in the national economy, because textile and light industries play significant roles in ensuring of the state's economic and strategic security, employment of able-bodied citizens and increasing its standards of life. It is necessary to consider and apply experience of activity of different countries in development and realization of sector's strategic plans, regional development, solving systems problems of textile and light industries that are present, for instance, in the Russian Federation and the Czech Republic.

In the Czech Republic the textile industry is one of the oldest sectors of industry, and it should be observed that it had been the pivot of the Czech economy until the November of 1989. However, the textile industry in the Czech Republic is at the moment in a difficult situation as in the whole EU. Its productivity and employment have decreased by 50%, compared to 1989. Main reasons are: opening of the domestic market for import without tar-

iffs and low duties on textile goods import. Other factors that exert negative influence on development on the textile industry in the Czech Republic are:

- low investment activity of foreign investors, resulting from small investment attractiveness of this business development in the country;
- low investment activity of Czech investors for the reason that opportunities for forming one's own internal assets are limited and financial resources are expensive at the market of capitals;
- increase in costs of wages and shortage of competent personnel at the labor market;
- prolonged strengthening of the Czech koruna rate to convertible world currency such as US dollar and euro during the last decade;
- constantly rising prices for resources – electricity, gas and water;
- high production price and low productivity of labor;
- unsolved property questions of owners;
- the current financial crisis, influencing decrease in orders on output of products.

The above mentioned factors are similar to both Russia and Eastern Europe by their economic nature. They play a significant role in formation of competitiveness and economic development of the industry and also in securing employment of able-bodied citizens.

Thus, textile and light industries require restructuring and modernization of production with focusing on manufacturing goods with high added value. This means that, first of all, transition to innovative technology and production of special textile products, manufactured on the basis of nano-, micro- and biotechnology, is absolutely necessary. Enterprises of the industry must be oriented towards production of textile for special purposes (Teflon fabrics, nanofibre-based fabrics) and technical textile (geotextile, grass-tex). These materials are mainly used in construction, agriculture, public health, motor industry.

In modern conditions enterprises of textile and light industries need rapid transition from the strategy of mass production of textile goods to the concept of production of goods in a new industrial sphere. Such approach will be characterized by continually growing customer demand on high-quality innovative goods. In order to solve this task not only significant investments into the industry are required, but also creating by the government favorable conditions for economy growth of textile and light industries, stimulating innovative, social and regional development. The realization of these areas are expounded in the EU programs “The European Technology Platform for the Future of Textiles and Clothing” [6], which determines a long-run concept of industry development by 2020, and “Lead Market Initiative for Europe” [7].

In the Czech Republic the process of mutual integration of manufacturers and research-and-development centers, universities, networks of suppliers and consumers with respective industries and trade networks is realized by means of creating a commonwealth. A cluster for creating and manufacturing technical textile CLUTEX was organized in the northeastern region of the Czech Republic. Its aim is focusing firm-members of the commonwealth on producing innovative products with high added value on the basis of cutting-edge research.

At the moment, both in Russia and the Czech Republic consumer market growth and satisfaction of society demands in textile products is met mostly by import. Nowadays

the government of the Russian Federation regards the textile industry as a priority economic sector of the country. Thus, tasks of creating favorable conditions for growth of economical activity of textile and light industries enterprises, in increasing competitiveness and image of the Russian industry in the world textile production are being solved in order to develop the industry. Such conditions are formed on the basis of decisions, made as a result of a panel meeting of the State Council of the Russian Federation “On modernization of the textile industry and measures on increase in standards of living and social protectability of its workers” that took part on the 20<sup>th</sup> of June in the city of Ivanovo with the participation of president of the Russian Federation D.A. Medvedev. During this meeting it was noted that strategic priorities of industry development would be creation of industrial clusters, qualitative modernization, stimulation of innovations, “breakthrough” innovations, including nanotechnology [4]. The developed Strategy of development of the Russian light industry by 2020 includes solving these issues with immediate participation of the government on the basis of realization of measures on protecting Russian manufacturers, combating counterfeit and smuggled goods, using subsidies, leasing schemes, investment funds, development of the private-state partnership.

The key task for enterprises in textile and light industries is rapid modernization of the sector and infrastructures that support it by means of clusters approaches, wide application of the best world and domestic achievements in the field of technical equipment and technology of textile production, including nanotechnology and nanoproducts. Increase in competitiveness of Russian enterprises and sustainable long-run development of the sector required from the government making decisions of systems character. Thus, the Ministry of Industry and Trade of the Russian Federation approved the concept of development of the sector in 2009 – “The Strategy of development of the Russian light industry by 2020”. Realization of this concept will enable to increase a competitive level of material and technical

basis of the sector due to technical re-equipment and modernization of the sector. Solve the problem of technological and commodity dependence of the sector from foreign countries, increase competitiveness and output of science-intensive goods. Strengthen combating unauthorized import and shadow production. Increase the share of Russian goods on the domestic market up to 50% minimally by 2020, ensure export growth and reproduction of manpower resources of the sector by 2020 [1].

Realization of the Strategy in Russia gives first positive changes, for example, in the textile industry of Ivanovo region the government program on creating a textile cluster (a pilot project on domestic textile industry modernization) is being realized. Governing body of Ivanovo region has developed a phased plan of textile industry modernization. It contemplates technical re-equipment of present industrial facilities and building new textile enterprises and also constructing objects related to development of the textile industry, such industries as mechanical engineering, chemical industry, construction of modern logistics hubs and objects of infrastructure.

Creation of the innovative and production industrial park on the basis of the regional trade complex TextileProfi – Ivanovo will become the center of commercialization of science-intensive technology. Such centralization will enable to ensure organizational and technical and legal implementation of technological innovations. The industrial park will contribute to forming conditions for competing with foreign textile manufacturers by expansion of the range of goods, adoption of mixing groups, produced on the basis of oil refinery products, equipping enterprises of the sector with modern high-technology equipment which allows to quickly respond to changes in consumer demand.

Thus, in conditions of transition to innovative economy in Ivanovo region opportunities for economic environment development and increase in efficiency of activities of enterprises that can become competitive participants on the world textile market may be formed. A clusters approach

and modernization of the textile industry will be key factors for increasing competitiveness of the region.

Problems of enterprises of the sector in the Czech Republic are similar to those that Russian textile producers face. And solutions lie in the same field. So, the process of mutual integration of manufacturers with research-and-development centers, universities, networks of suppliers and consumers is realized in the Czech Republic by means of creating commonwealths. Their aim is to create a competitive product with orientation on production: from processing raw materials to developing new materials with use of recent science achievements. Pilot projects on creating textile clusters are Russian analogues of such commonwealths. However, the main advantage of Russian textile enterprises is in state support of the following areas: increasing investment attractiveness of the sector; creating conditions that contribute to improving supply of the sector with primary goods; protecting the domestic market from illicit commodity turnover; stimulating export; developing manpower resources of the sector.

In the Czech Republic modernization of the textile industry is carried out only in the field of technical textile and materials for special purposes due to lack of state support. The government of the Czech Republic seeks to pay more attention to development of textile and clothing industries, because this business area is a considerable source of employment. However, despite this fact, disproportions in development of former traditional textile regions, e.g. in Liberec Region (the northern part of the Czech Republic), are emerging. These disproportions reveal themselves in unemployment growth, specialized personnel release and surplus of human resources on the labor market. The foreground task of textile and light industries in Russia, compared to the Czech Republic, is in maintaining and accumulating potential of the sector in general on all the produce markets and also in phased realization of the Strategic programme of the industry development.

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