Investment and export potential of Uzbek textile industry

I. Khaydarov – Chairman
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About us

TEXTILE SECTOR
COTTON YARN // COTTON FABRICS

KNITTING & SEWING SECTOR
APPAREL // GARMENTS // HOSIERY // ACCESSORIES

1231 associated members

Employees – 150,000
Foreign Investments – US$ 2.8 bln.

Marketing & Advertising Agency
Design Center “Sharq Liboslari”
Trade Company “Uztextile Export”
Exchange Company “Uztextile Brok”

“Yengilsanoatqurilish” Construction Company
Textile Universities in Tashkent, Namangan and Bukhara
Kor-Uz Textile Technopark
Production capacity

Cotton yarn - 695 ths. tons

Fabrics - 425 mln. sq. m.

Knitted fabric – 141 ths. tons

Apparels - 660 mln. pcs.

Hosiery - 132 mln. pairs
Export of textile products

- **Fabrics** (woven, non-woven & knitted) 7%
- **Garment & Hosiery** (inc. carpet, terry products, etc.) 48%
- **Yarn** (inc. cotton, blended, synthetic) 45%

- 2011: $660 mln.
- 2013: $825 mln.
- 2017: $1,2 bln.
- 2018: $1,6 bln. (exp.)
Technology share in textile sector

Europe = 71%

Japanese = 24%

Others = 5%

* factory of Rieter-Uzbekistan in Tashkent
** training & service center
The new steps achieved

Cluster

15 Cotton - textile Clusters
20 on the way

New markets

NEW markets Access, international transit railway corridor to Europe & China

Quality improvement

Standardization-Certification (Oeko-Tex, GOTS, Naturtextile, ISO, TUV)

Education & Innovation

Kor-Uz Textile Technopark, Rieter, Trutzchsler Dilmener, Picanol training centers

Investment environment

Liberalization of the currency regulation, entry visa for investors (Turkey, Republic of Korea and others)
Measures to increase the development of textile industry of Uzbekistan

Full coverage of farm expenditures and increased financial interest

Introduction of efficient management, innovations, advanced technologies, modern scientific achievements in the field of growing crops, soil cultivation, fertilizers and pest control

Attraction of highly qualified specialists in the agrarian field (agronomist, foreman, etc.) and introduction of modern forms and control mechanisms

Mechanization with modern agricultural machinery and technology.

<table>
<thead>
<tr>
<th>№</th>
<th>Regions</th>
<th>Quantity</th>
<th>Land plots, thousand hectares</th>
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<tbody>
<tr>
<td>1</td>
<td>Republic of Karakalpakstan</td>
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<td>11,7</td>
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<tr>
<td>2</td>
<td>Andijan region</td>
<td>2</td>
<td>19,6</td>
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<td>3</td>
<td>Bukhara region</td>
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<td>Jizzakh region</td>
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<td>3,5</td>
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<td>Kashkadarya region</td>
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<td>6</td>
<td>Navoi region</td>
<td>2</td>
<td>33,8</td>
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<tr>
<td>7</td>
<td>Namangan region</td>
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<td>9,8</td>
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<td>Samarkand region</td>
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<td>Syrdarya region</td>
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<td>Surkhandarya region</td>
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<td>Tashkent region</td>
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<td>Fergana region</td>
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<tr>
<td>13</td>
<td>Khorezm region</td>
<td>1</td>
<td>9,6</td>
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</tbody>
</table>

Total: 15 166,8
Cooperation with EU

Import of Equipment in 2018 (expected)

more than $200 mln.

Export of Textile in 2018 (expected)

$150 mln. difference

$50 mln.

MOU with HOHENSTEIN GROUP

20 Uzbek Textile enterprises have Oeko-Tex certificate and 700 enterprises have ISO 9001
Cooperation and Partnership Agreement (CPA)

**Provided to Uzbekistan:**

- **July 1, 2017, the "Textile Protocol"** to the Agreement on Partnership and Cooperation between Uzbekistan and the European Union
- **The reduction of import duties** and customs payments on products of domestic enterprises from **12% to 6%**
- to increase production and export supplies to EU countries.

**Next stage:**

- **The accession of Uzbekistan to the European Union GSP+** (privileges and preferences for developing countries, in the form of a reduction in the rates of customs **payments to 0%**).
- Cooperation with European finance institutions (EBRD, EIB)
- **Trade Policy Assistance and Capacity Building Programs**
## Success stories

### Rieter-Uzbekistan
*manufacturing / assembly of textile machinery in Tashkent*

- **Total investment**: $12,0 mln.
- **Range of products**: carding, draw frame & ring spinning machines
- **Export**: $0,2 mln.

Training center launched 11/2016

### UZTEX Group jointly with Swiss Capital International Group AG
*(vertical integrated complex)*

- **Total investment**: $150 mln.
- **Capacity**: 21,0 ths. tn of compact yarn, 4,0 ths. tn of dyed yarn, 7,0 ths. tn of dyed stockinet, 13,0 mln. pcs of garments
- **Export**: $40 mln.
- **Employees**: 1,500

### Osborn Textile
*the vertical integrated complex*

- **Total investment**: $50,0 mln.
- **Capacity**: 5,2 ths. tn of yarn, 4,3 ths. tn. of dyed yarn, 0,2 ths. tn of bamboo yarn, 2,2 mln. sq. m. of fabrics, 3,2 ths. tn of stockinet, 1,5 mln. pcs. of ready-made products
- **Export**: $21 mln.
- **Employees**: 850

### Creation of Korean-Uzbek Training and Research Center
*innovative textile technologies in Tashkent ($15,0 mln.)*

- **Office, Lab., Business Support Institution**
- **Test, Certificate Equipment Room, Class Room, Conference room, Meeting room, Exhibition Room**
- **Pilot Plant Facilities for Pilot Products**
- **Joint R&D Lab., Business Support Department**
- **Pilot Products Analysis/Evaluation**

### LT Textile International
*Organization of textile complex in Karshi (Kashkadarya region)*

- **Total investment**: $105 mln. – “LT Textile Cooperatief U.A.” (Netherlands)
- **Capacity**: 22 ths. tn of blended yarn, 50 mln. sq. m. of fabrics (two phases)
- **Created job places**: 800
- **Export**: $60 mln.
- **Launched in July 2017**

### Indorama Kokand Textile
*4th phase*

- **Total investment**: $164 mln.
- **Capacity**: 153,800 spindles
- **Employees**: 1,050
- **Export**: $100 mln.
Main directions of Textile Industry Development Program for 2018-2021

<table>
<thead>
<tr>
<th>Number of projects</th>
<th>143</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inc.: - new projects - modernization and expansion</td>
<td>121 22</td>
</tr>
<tr>
<td>The total cost of the projects</td>
<td>2.4 bln. USD</td>
</tr>
<tr>
<td>Annual exports</td>
<td>2.5 bln. USD</td>
</tr>
<tr>
<td>Created job places</td>
<td>more than 30 600</td>
</tr>
</tbody>
</table>
Economic potential of UZB

- Producers of hosiery & garment are exempted from all taxes (except VAT).
- 100% exemption from custom payments on raw materials and accessories not produced in Uzbekistan.
- 10 years tax holiday for foreign investments.
- Textile exporters are exempted from property tax.
- 100% exemption from custom payments on technological equipment.
There are a lot of types of yarn available in the domestic market at competitive prices.

*) The payback period depends on the capacity utilization.

**) Profitability improved in the implementation of branded products.

***) The parameters of the projects would be specified by the Investor.
Industry Structure

- More than 7000 textile manufacturers
- Contracts of cotton buy-sell operations straight with farmers (Cluster system)
- Members of the Association are exempted from payment of customs duties (100% exemption)
- Export with a single Uztextile brand
- Developing a system of certification of textile products according to world standards
- Visa support