

A VISION FOR THE
UZBEK TEXTILE INDUSTRY



**GET A GLIMPSE
OF THE UZBEK
TEXTILE
INDUSTRY**



UZTEXTILEPROM

YOUR PARTNER IN SOURCING

It is my pleasure to welcome you to Uzbekistan. You might remember Uzbekistan as having a long history in weaving artisanal textiles, or you might know our country as one that produces cotton but I would like in the coming pages to introduce you to a modern Uzbekistan, with a state-of-the-art textile industry and a value chain that runs from the production of the fiber to manufacturing of the finished product. An industry that has grown several folds in the past few years to reach by the end of 2021 US\$ 2,8 Billion in exports with a fully transparent manufacturing chain capable of converting 100% of our local production of fiber.

In the coming pages, you will see how we are building up our industry to become a solution provider for European brands and retailers offering short lead times, innovative products, competitive costs and modern manufacturing know-how. Through our

cooperation with GIZ (hope all knows this abbreviation or we could open it) and Gherzi Textile Organization we are reaching out to European buyers to offer them the opportunity to visit Uzbekistan and gain access to one of the world's most competitive textile and apparel industries. In short our strength is globally combining both quick access to market and low manufacturing costs.

I look forward to seeing you in Uzbekistan and providing you with all the support you need to make this your new and preferred sourcing destination. Uztextileprom and myself stand as your partners to make your business more successful.

Sincerely,
Ilkhom KHAYDAROV
Chairman Uzbekistan
Textile and Garment
industry association

UZBEKISTAN

~100%

of cotton converted into
yarn in the country

GSP+

Regime since April
10th 2021

14

Days to EU
by truck

Cost of electricity
(EUR/kWh)

0.035

UZBEKISTAN

3,800

new shuttleless looms installed
in less than 120 days

Textile and clothing
export in 2020

~US\$ 2 bn

Export growth
performance from
2016 to 2020
(value-wise)

X 2.7



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Big changes
underway

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chain

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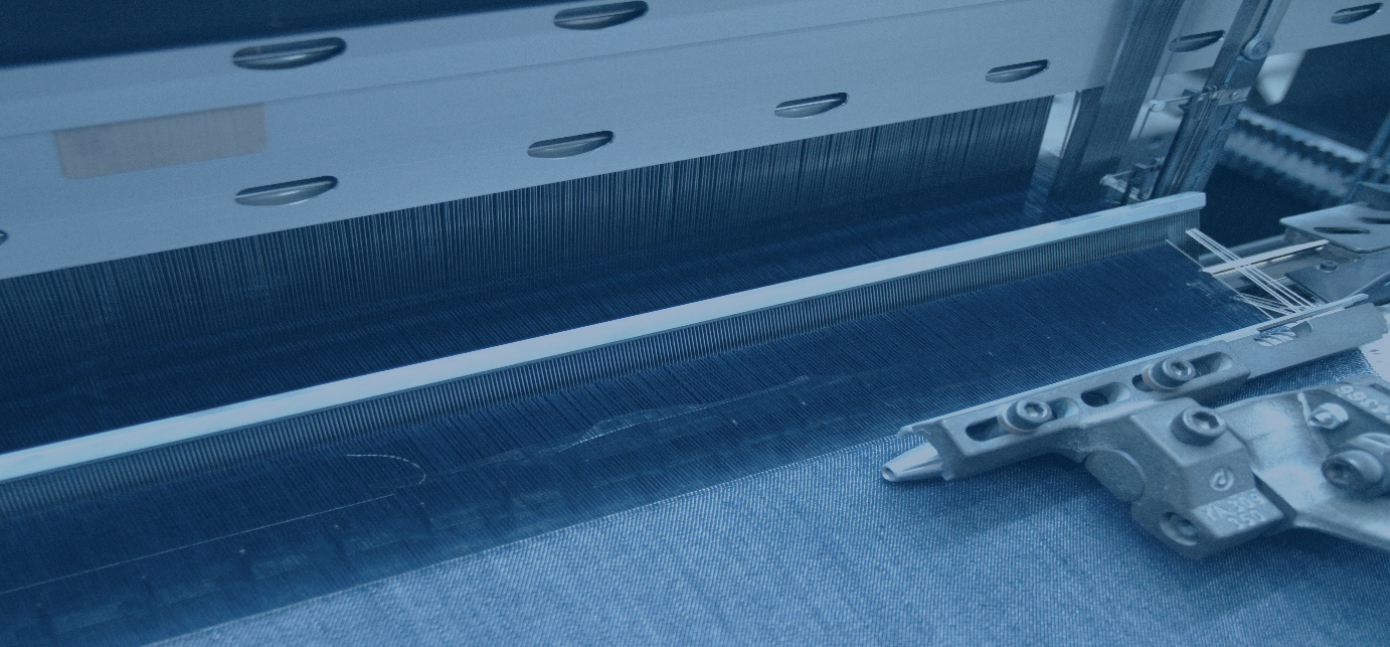
State-of-the-art
textile machine
park

3

Regional and EU
privileged market
access

6

Booming
export



BIG CHANGES **UNDERWAY**



KEY FACTS

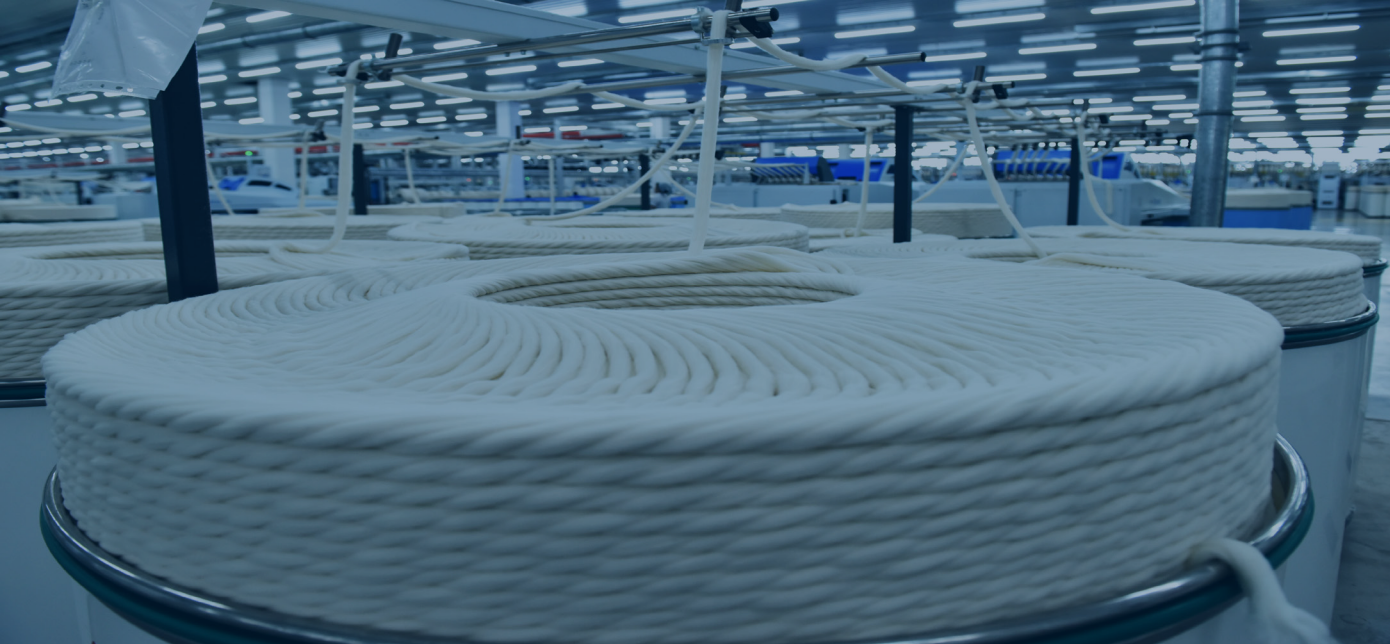
Uzbekistan is changing massively. Since 2017, the administration of President Shavkat Mirziyoyev has undertaken an ambitious set of reforms designed to replace the heavily regulated economic and social system that existed in the past.

A key goal of this massive transformation is the evolution of a heavily planned economic system into a modern market-based economy.

Until 2016 the government was strongly integrated into the economy and largely controlled economic production while playing a broad role in social and environmental issues.

The reforms underway in Uzbekistan are designed to change this and transform the nation into an economically and socially modern state.

Capital	Tashkent
Area, km ²	448'978
Population, million	34,7
Government type	Presidential Republic
Official language	Uzbek
GDP per capital at PPP, US\$	7'378
Economic growth in 2020, %	1,9
GDP growth in 2021, % (expected)	4,8-5,2
Inflation (Consumer price index) in 2020, %	11,1
Personal income tax, %	12
Corporate income tax, %	15
Property tax, %	2
Value added tax, %	15
Time zone	GMT+5
Currency	Uzbekistani Som (UZS)
US\$ / UZS, 08.07.2021	10'625,04
EUR / UZS, 08.07.2021	12'568,4



TEXTILE **VALUE CHAIN**

A BOOMING VERTICALLY INTEGRATED TEXTILE
INDUSTRY FROM FIBER TO END-PRODUCTS

GARMENTS MADE-UPS

- 1,520 million pieces of garment produced in 2020 and 310 million pairs of hosiery
- Growing production capacities in terry towels, bedlinen, jeans, knitted goods, etc.
- Modern CMT operations

WEAVING & KNITTING PROCESSING

- Production of 705 million m2 of woven fabrics and 160 k tons of knitted fabrics in 2020
- >70% of production exported
- Capability to manufacture a range of fabrics from sportswear, knits, bedlinen, etc.

SPINNING

- Production of 778 k of yarns in 2020
- Massive investments in state-of-the-art technologies, including compact

FIBRE

- Production of 1016 k tons of cotton in 2020
- Increasing penetration of BCI cotton
- Yield level improvement with the introduction of new technologies (drip irrigation, seed varieties, new fertilization methods, etc.)
- 3rd largest silk producer in the World



WHY DO WE BELIEVE **WE ARE GOING TO GET THERE?**

TRADE AGREEMENTS

Uzbekistan has signed trade agreements with all CIS countries and benefit from the GSP+ regime with the EU since April 10th 2021.

As a beneficiary of GSP+, Uzbekistan will enjoy further economic benefits compared to the current Standard GSP arrangement.

The removal of tariffs on two thirds of the product lines covered by GSP will create opportunities for export growth and attract further investment in the country. The sustainable development commitments under GSP+ will further contribute to Uzbekistan's position as a reliable, forward-looking economic partner.

Federation of Russia	Signed and in effect
CIS Countries	Signed and in effect (Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan and Ukraine)
Economic Cooperation Organization Trade Agreement (ECOTA)	Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan
EU (GSP+)	Special Incentive Arrangement for Sustainable Development and Good Governance, approved in 2021

COMPETITIVE **FACTOR COSTS**

MONTHLY NET WAGE
(EUR)

225

SEWERAGE
(EUR/M³)

0.12

MINUTE PRODUCTION COST
(EUR)

1.2

GAS
(EUR/M³)

0.08

ELECTRICITY
(EUR/KWH)

0.035

FUEL
(EUR/LITER)

0.45

WATER
(EUR/M³)

0.2

INDUSTRIAL SPACE RENTAL
(EUR/M²)

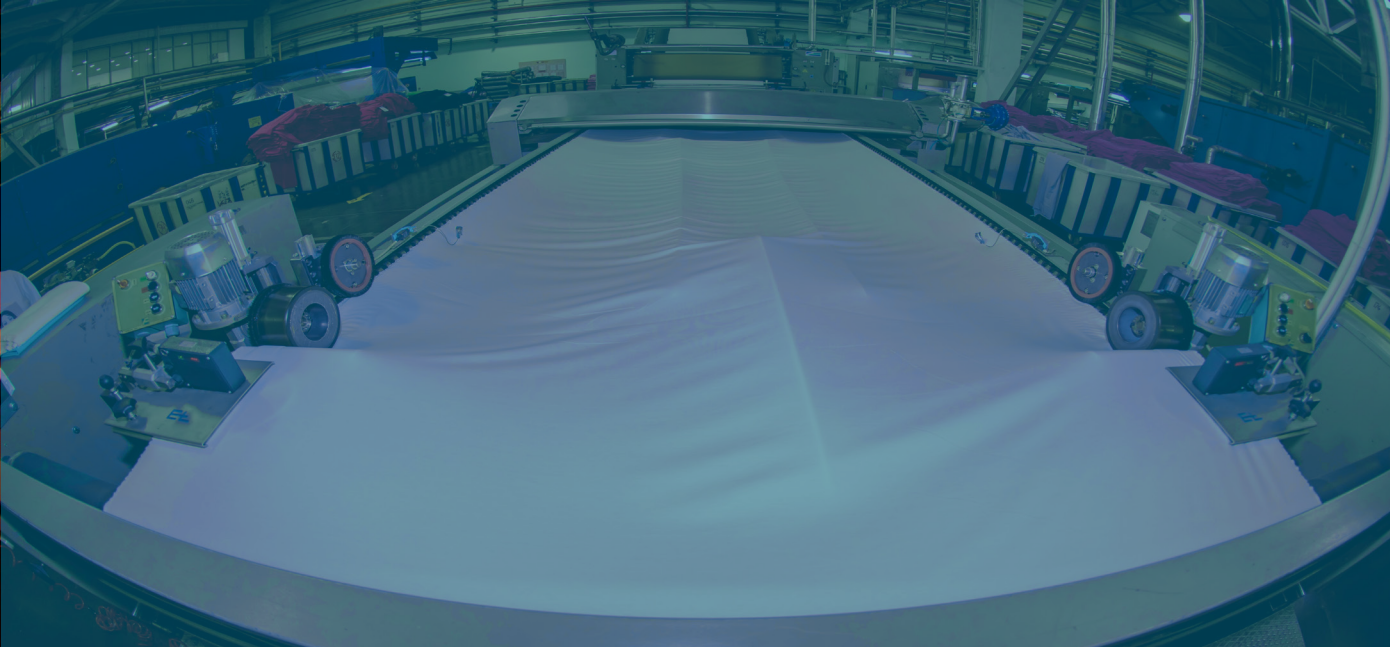
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UZBEKISTAN-GERMANY
(EUR/40' CONTAINER) - # DAYS

2'230 - 14

UZBEKISTAN-TURKEY
(EUR/40' CONTAINER) - # DAYS

1'770 - 14



STATE-OF-THE-ART TEXTILE MACHINE PARK

The cluster strategy implemented in Uzbekistan has spearheaded the rapid development of the textile industry in the country leading to massive investments in state-of-the-art technologies.

In 2021, Uzbekistan benefits from a modern textile machine parks in all steps of the value-added chain.

INVESTMENT IN SPINNING

Rotors shipments (2010-2019): **+154,000**

% of the installed rotors < 10 years: **70%**

Spindle* shipments (2010-2019): **+2,530,000**

% of the installed spindles < 10 years: **71%**

INVESTMENT IN WEAVING

Shuttleless loom shipments (2010-2019): **+3,800**

% of the installed looms < 10 years: **100%**

INVESTMENT IN KNITTING

Circular knitting mcs shipment (2010-2019): **+2,500**

Flat knitting mcs shipment (2010-2019): **+2,200**

BOOMING **EXPORT**

Uzbekistan has registered impressive export growth rates in all categories to reach nearly 2 billion US\$ in 2020.

Main export categories include cotton yarn and knitted garments.

Category (EUR)	Export in 2020 (million US\$)	Performance (growth 2016-2020)	Export in 7 months 2021 (million US\$)
Cotton yarn	941	X 2.3	905
Ready-made knitwear	507	X 3.5	740
Knitted fabrics	140	X 2.7	81
Cotton fabrics	104	X 3.3	80
Made up textiles, rags	86	X 4.1	
Cotton wool, felt and nonwovens	31	X 2.7	
Carpets	29	X 1.5	17



UZBEKISTAN TEXTILE AND
GARMENT INDUSTRY ASSOCIATION



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