

Textile industry of Uzbekistan: potential to rise and opportunities to invest





Today's leaders in the world textile industry are the countries where production factors allows to minimize cost price.



European countries, USA, as well as South Korea and Turkey are already facing difficulties to compete against newly growing textile producers





Cotton producers such as Uzbekistan, Brazil, India and China possess huge potential for further development of their textile industry.





Great Silk Road from Japan to Europe which passed by Uzbekistan played its important role for development cotton and silk traditions in Uzbekistan

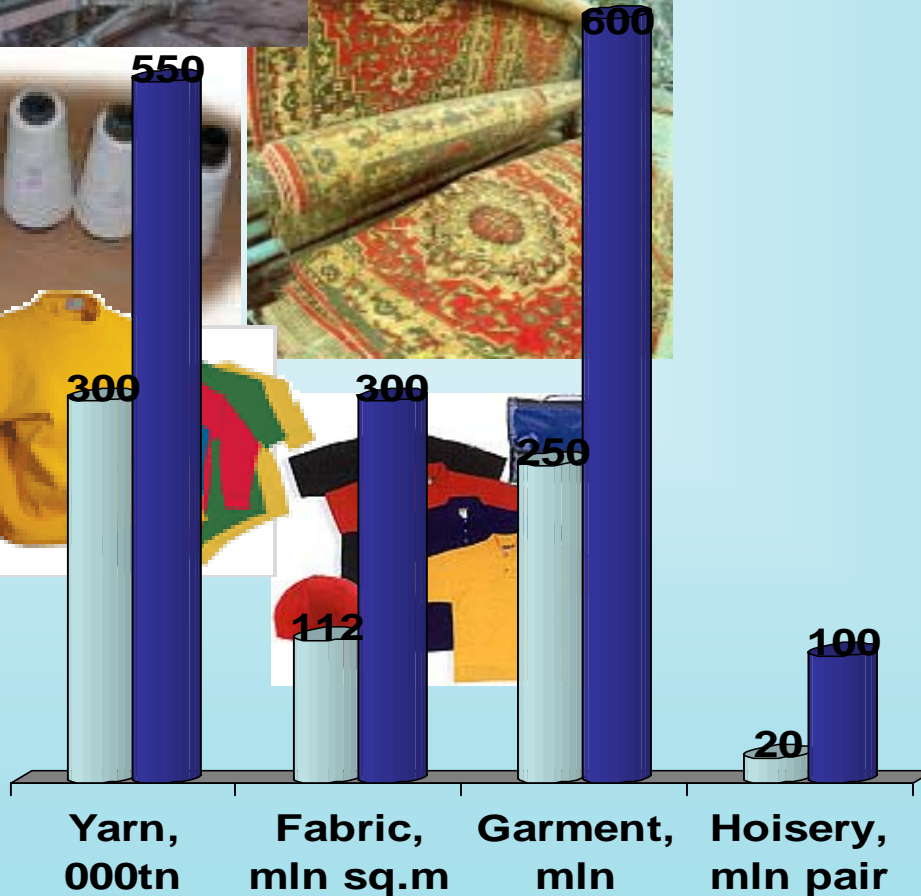
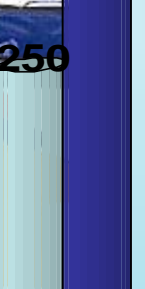
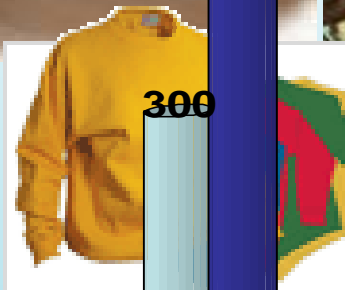
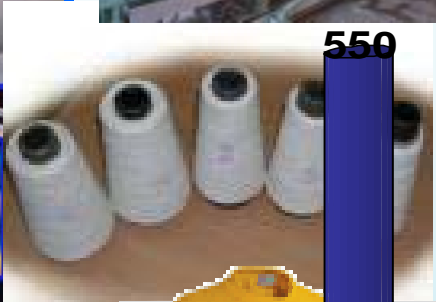
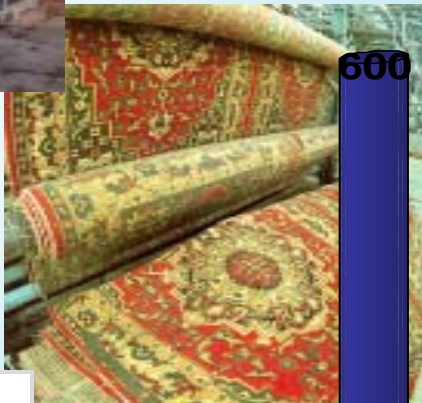


Factors of competitiveness

- Cotton fiber production - 1,0 + mln. tons
- Yarn production – 300 thousand tons
- 15% price reduction of the cotton purchase
- 20% reimbursement of VAT on the purchase price of cotton
- Low energy cost at US\$ 0,04/kVt
- Skilled labor resources at US\$ 200/month
- Domestic market of 27,+ mln. population



Uzbekistan textile industry

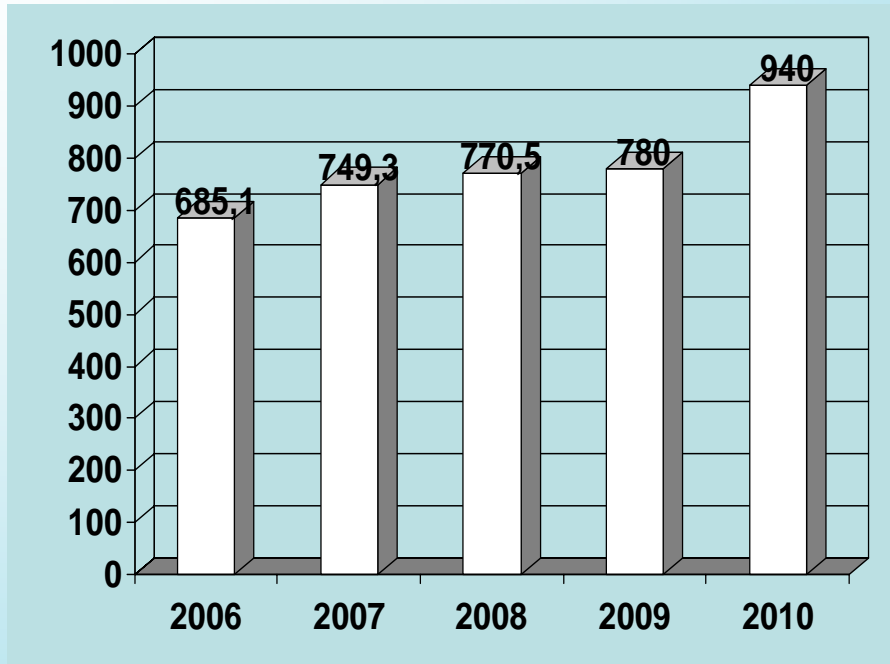


Production
 Target





Row silk production, tons





Main priorities

- Production of cotton intense (denim, terry toweling, home textiles, etc.) and labor intense products (apparel).
- Development value added areas - dying & finishing, blended and technical fabrics;
- Support on shifting to Uzbekistan production capacities from Europe and elsewhere;
- Development of «Uzbek textiles» and “Made in Uzbekistan” brands.





Tax incentives

- ✓ producers of hosiery & garment are exempted from all taxes (except VAT);
- ✓ textile exporters are exempted from property tax;
- ✓ 7 years tax holiday for foreign investors to textile industry;





Custom incentives

- ✓ 100% exemption from custom payments on technological equipment;
- ✓ 100% exemption from custom payments on raw materials not produced in Uzbekistan (synthetic fiber, fabric, etc);





Cotton price benefits

- ✓ 15% discount from world cotton price.
- ✓ Only 15% cash payment on cotton purchase, 85% payable in 90 days;
- ✓ Zero rating VAT (20%) on export.



Investment Projects support

- Loans provided by Foreign banks, International Finance Institutions;
- Co financing (to charter capital) from Uzbek Banks;
- Facilities (buildings) provided at Zero sale cost or deferred payment schedule.



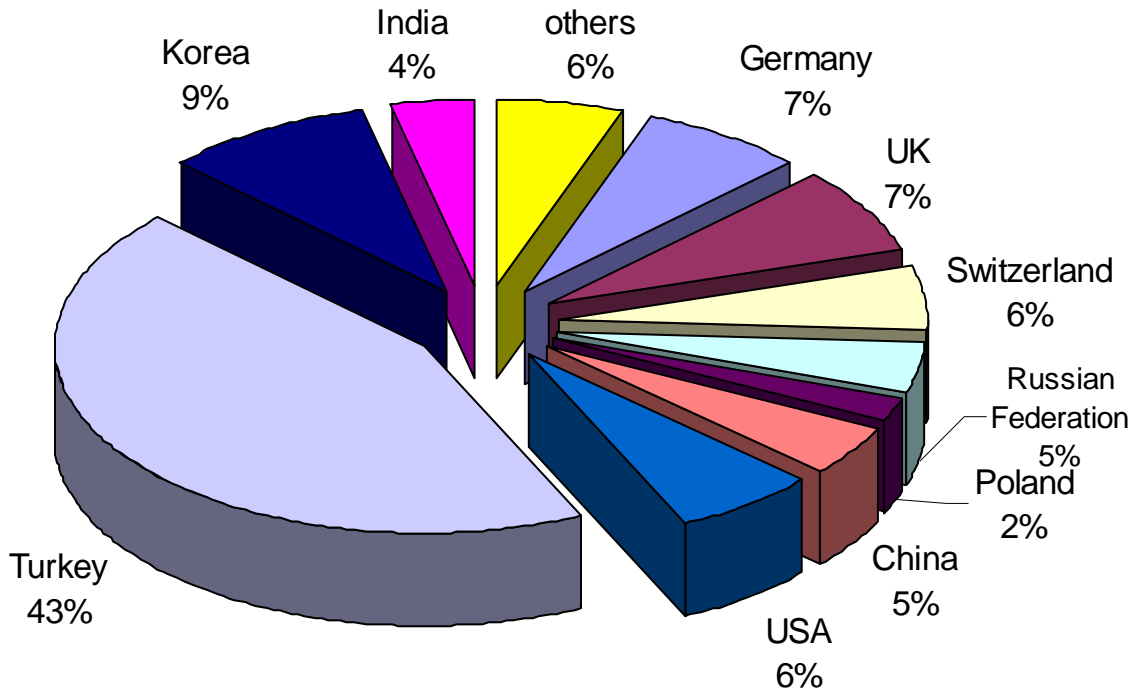


Our target investors

- Financial capital.
- Know-how (modern technologies).
- International management (Brand).
- Distributions channels and access to international markets.



Main foreign investors





Uzbekistan – Japan

- Textile machinery (technology) supply – Toyota, Murata, Kansai, etc;
- Joint investment projects in high value added areas in cotton and silk sectors (weaving, dyeing finishing, blended fabric, technical material, apparel);
- Technical assistance programs in textile technology knowledge transfer;
- Textile and apparel trade.





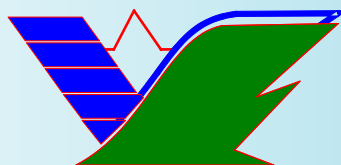
Conclusions

- World textile production will move to the regions with relatively low production costs.
- Uzbekistan offers most favorable conditions to absorb foreign investments from countries - leading textile centers.
- Proximity of a huge CIS market (abt US\$6,2 billion) - free trade zone;
- Growing local market.
- Strategy - to produce not only yarn and grey fabric, but also garment and hosiery.





Thank you
And let's make profit together!



State Joint-Stock Company
“O'zbekyengilsanoat”

45 Babur Str., Tashkent,
100100, Uzbekistan

Tel: +998 (71) 253-92-91

Fax: +998 (71) 239-17-11

<http://www.legprom.uz>

