



UZBEKISTAN TEXTILE AND
GARMENT INDUSTRY ASSOCIATION

Uzbekistan's textile industry overview

2023





Uzbekistan builds upon a long and rich history of cotton processing

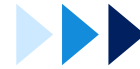


2000 BC	1926	1932	1968	2017	2021	2022
Cotton processing introduced by Chinese	First textile factory established in Fergana	Textile Institute welcomed first students	Dedicated textile ministry established	First textile clusters introduced	GSP+ status granted	Cotton boycott lifted, textile export reached \$ 3bn



Uzbekistan is a new global textile player with diversified exports

Diversified and growing textile exports...



...supported by fundamental drivers



6th

largest cotton producer

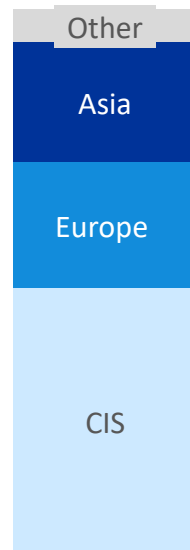
~3.5 m metric tons in 2022

Source: IMF, WorldBank

2^x export growth over 5 years (\$ 3bn+ in 2022)

Diversified exports portfolio with emerging focus on EMESA markets, supported by trade agreements (e.g., GSP+ with EU)

Structure of textile exports



2%

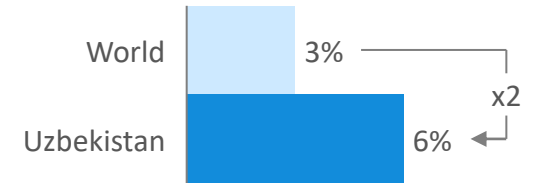
annual growth of 36 m population



29 y.o.

Average age: young and growing labor force

Rapid growth of local economy



Average GDP growth, 2015-22E

Stable and predictable political establishment as key prerequisite for growth and partnerships



Uzbekistan is in full compliance with international labor standards

Uzbekistan is confirmed as sustainable textile producer

32

legal acts adopted, international conventions and protocols ratified to reform the industry

In 2022, Uzbekistan's textile industry confirmed **free of any form of unsustainable work practice**



...with wide recognition among foreign organizations



"99% of labor is volunteered"



"The government passed legislation... [in] **full compliance with international standards**"



...as well as international media



For the gradual industry of Uzbekistan, recent years have been marked by radical changes, including a natural revolution in the cotton and textile industry.

Uzbek Cotton Industry Greets End of 13-Year Global Boycott
Navbahor Imamova · May 12, 2022 3:47 AM

ECOTEXTILE NEWS



Uzbekistan – which is the world's sixth largest cotton producer – was last year praised for eradicating long-standing systemic child and forced labour issues from its cotton industry by the International Labour Organization (ILO).



Uzbekistan leverages strong competitive advantages



Proprietary resource base

Vertically integrated clusters ensure efficient and trustworthy sourcing with locally harvested and processed cotton



Proximity to key markets

Uzbekistan's location helps reliably and quickly ship to Europe (in 14 days) and other geographies



Competitive pricing

Lower cost drivers (including labor, utilities) enable competitive quotations



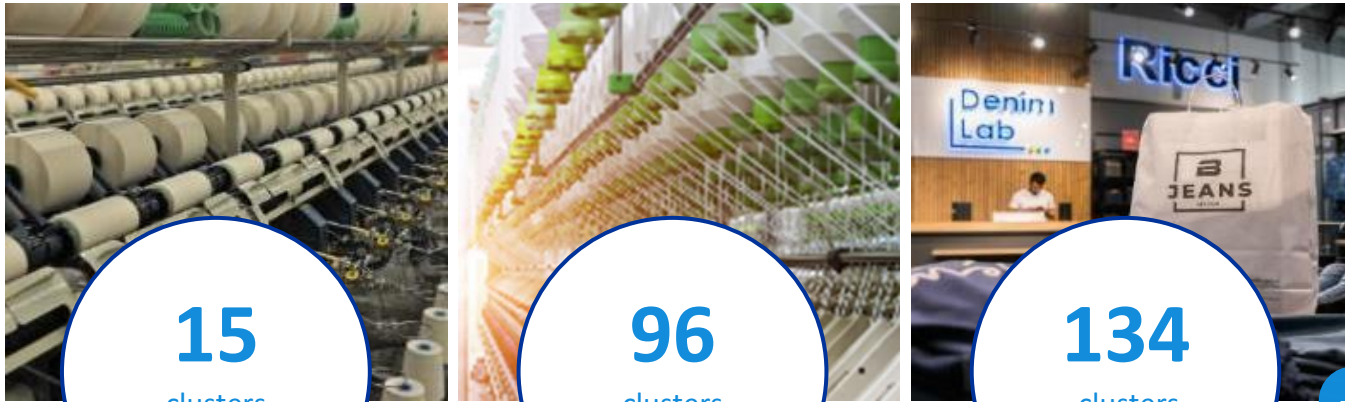
Responsible production

Strong regulatory focus on sustainability and work conditions

Increasing focus on organic cotton



We enhance competitiveness through vertically integrated clusters



15
clusters
in 2018

96
clusters
in 2020

134
clusters
in 2022



 **1 032 ha**
area under cotton

 **3.5 m tons**
cotton harvest

 **1,1 m tons**
cotton fiber

 **200 ths ha**
under drip irrigation

 **~3.4 tons**
of cotton harvest/ha

 **9**
clusters
implemented Better
Cotton standards

 **510 000+**
people employed

 **\$3.3 bn**
Investments
(over last 5 years)

Cluster system gives strong competitive advantages:



Shorter lead times: proprietary raw material supply



Economy of scale



Traceability of organic raw materials



Uzbekistan exports with competitive delivery terms

70+ countries

2022 exports

CIS	52%
South & East Asia	23%
EU & Turkiye	21%
The Middle East & Africa	3%
Other countries	1%





Uzbekistan provides competitive quotations with lower cost drivers

Delivery to EU, days

14

7

30-40

Cost, \$/pc



T-shirt

2.0

7.1

4.1



Terry towel

10.2

11.3

8.6



Jeans

7.5

10.9

5.3



Uzbekistan vs Turkiye
x2 slower, but
up to x3.5 cheaper

Uzbekistan vs Bangladesh
x2,5 faster, but
up to 40% more expensive

Key cost drivers

Average wage, \$/month

150-250

350-450

95-115

Electricity cost, \$/kW

0.05

0.18

0.09

T-shirt delivery cost to Europe, \$/pc

0.1

0.3

0.5





Sustainability and Quality: a winning combination for Uzbekistan's textile manufacturers (1/2)



1

We strive for **internationally approved quality and control**

2

...and push for **organic production**

We work closely with international advisors and development organizations, including



Our producers are accredited by leading international certification bodies, including



Growing number of exporters are certified for organic products



...and comply with Better Cotton standards





Sustainability and Quality: a winning combination for Uzbekistan's textile manufacturers (2/2)



3

We prioritize **employees' well-being & sustainability**



Stringent employment regulation, with state bodies ensuring key labor rights



Wide rollout of talent well-being initiatives (free lunches, factory nurseries, medical centers, etc.)



Trainings and upskilling (external trainings, study abroad programs, etc.)

4

...while pushing for the **greener economy**



National **Strategy-2030** with focus on improvement of country's **environmental impact**



A national roadmap targeting **renewables' share in electricity generation of 30%**



Wide proliferation of **waste and water treatment facilities** across textile industry



Modern equipment with 10-20% energy savings, compared to older generations of machinery



We have strong state support

Subsidies

70% reimbursement of delivery cost to Europe

0% import duty for equipment, synthetics

Subsidized financing for **CAPEX, working capital**

Economic zones

0% income tax

0% property tax

6% personal income tax for foreigners

Trade agreements

GSP+ status with EU







GSP status with UK

CIS Free Trade Zone membership



Uzbekistan's textile industry is rapidly evolving

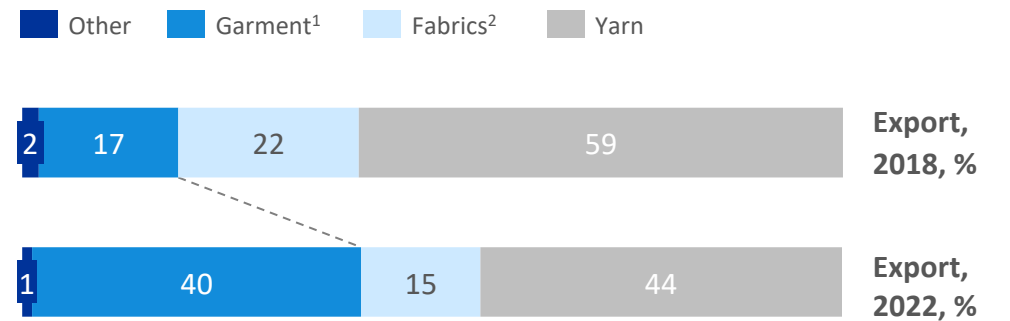
In 2022 we reached new milestones

 <p>\$ 7.1bn Production Share in GDP: 9%</p>	 <p>134 Clusters Cotton fields: 1.03 m ha Harvest: 3.5 m tons</p>	 <p>~100% Cotton processed into yarn</p>
 <p>510 000+ People employed</p>	 <p>\$ 3.3bn Investments over last 5 years</p>	 <p>\$ 3.2bn Export</p>






Note: 1. Garment and Hosiery

2. Fabric and Knitted Fabric

... and increased share of garments in exports



Range of products

 <p>Blended yarn, dyed yarn</p>	 <p>Home textiles, terry cloth</p>	 <p>Outerwear, denim, men and women cloth</p>
 <p>Linen, jersey, knit</p>	 <p>Hosiery</p>	 <p>Basics: T-shirts, sweatshirts, pants</p>

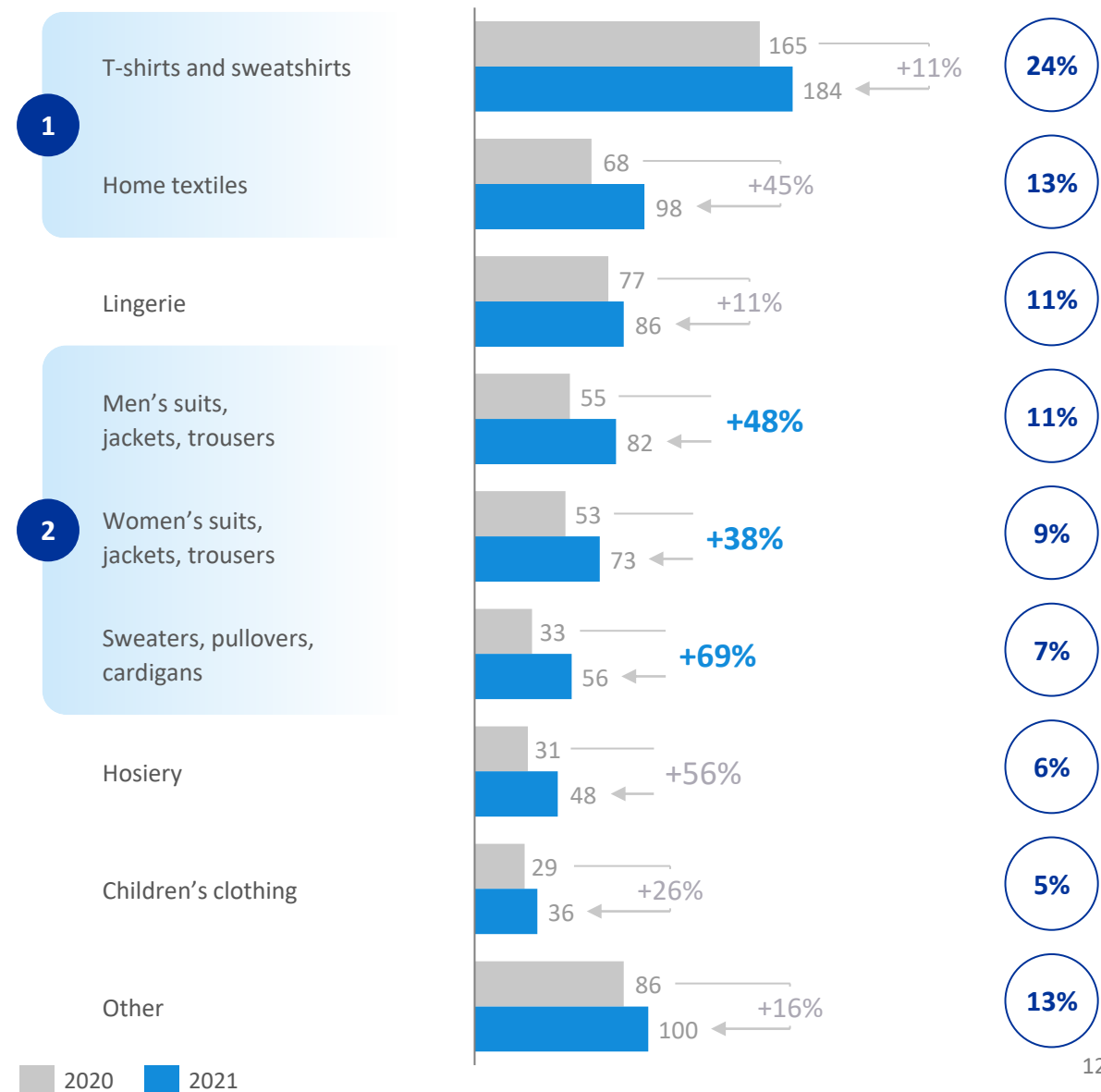


We are building a diverse portfolio of ready-mades

- 1** Strong basics & home textiles
- 2** Growing expertise in adult garments
- Our capabilities**

Ready-mades export structure, \$ m

...and share





We invest in modern machinery and our talents

Uzbekistan leverages **modern machinery** across all steps of production value chain

We have built **comprehensive education system** to grow productivity and enable new technologies



Investment in Spinning

Rotors shipments (2010-2022): **+238 952**
% of the installed rotors < 10 years: **90%**
Spindle* shipments (2010-2022): **+3 853 992**
% of the installed spindles < 10 years: **92%**



Investment in Weaving

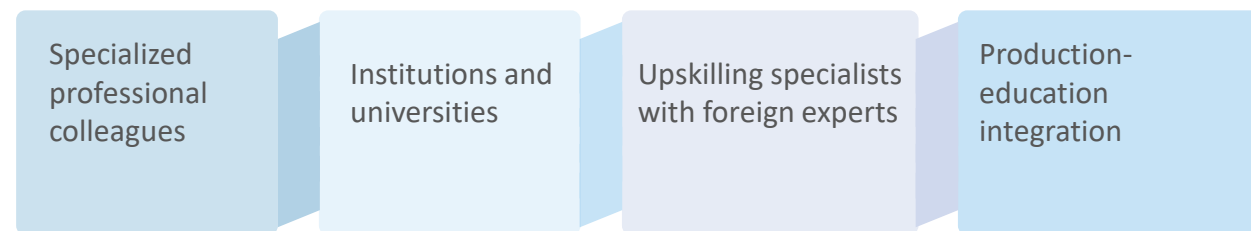
Shuttleless loom shipments (2010-2022): **+10 441**
% of the installed looms < 10 years: **87%**



Investment in Knitting

Circular knitting mcs shipment (2010-2022): **+2 500**
Flat knitting mcs shipment (2010-2022): **+2 200**

4-level education and training system



Our training partners

- KITECH
- JIKA
- AICP
- DONGHUA
- ACADEMY OF REITER
- TEXTILE TECHNO-PARK
- MOBILE EDUCATION CENTERS



- 1** Qualified specialists
- 2** Enablement of customized non-cotton production and IT implementation
- 3** International scientific cooperation

We are proud
of our local brands
development

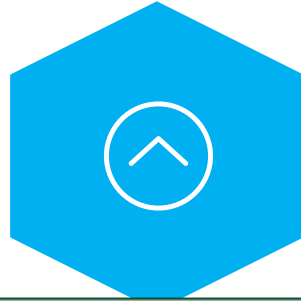
25+ strong and prospective clothing
brands in our portfolio





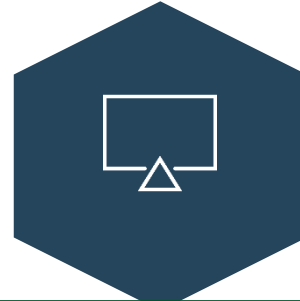
Investment cooperation

2 project with German investments



Financial cooperation

attracted more than **\$ 300.0** million credit, last 3 years



Institutional cooperation

10 memorandums of cooperation with German organizations



Mutual projects

“GIZ” - “Sustainable Development Cotton Industry”
“Support of the Reform and Modernization Process in the Vocational Education System”



Technological cooperation

imported equipment **\$600 million**, last 5 years

SUCCESS STORIES



FASHION INCUBATOR TASHKENT

PROMOTING FASHION START-UPS IN UZBEKISTAN



GUZ Partners German-Uzbek Textile Partners

PROMOTION OF UZBEK TEXTILE IN GERMANY

INDEPENDENT REFERENCE REPORT

INDEPENDENT RESEARCH BY GIZ/ Gherzi

EXPECTED FINANCE BY GERMAN GOVERNMENT

CENTRASTEX

TRADE HOUSE OF UZBEK TEXTILE COMPANIES

Sustainable Cotton Association

UZTEXTILEPROM BRANCH IN STUTT GART





We set ambitious targets for 2026

Our ambition



Our priorities



Production

\$ 13bn Production

\$ 2.8bn Investments

350+ Investment projects

\$ 8bn Exports

70%+ Garment share

90+ Countries

570 000 Employees



Exports



Talent

1

Production and exports

Maximize benefits of GSP+
Boost share of ready-made garments
Increase cost competitive via clusters and scale

2

Technology & innovation

Attract foreign investments
Invest in innovation, including in Tech Parks
Significantly grow share of certified producers

3

Quality control & Sustainability

Digitize assets management and operations
Invest in trainings and upskilling

4

Brand & networking

Build strong national brand, recognized globally
Partner with major sourcing companies & brands

We are open for partnership



Ilkhom KHAYDAROV

Chairman of Uztextilprom
Association

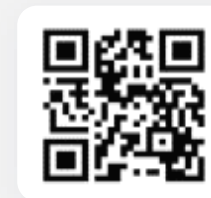
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