

Textile and Clothing sector of Tajikistan

Review of production, export potential, investment attractiveness



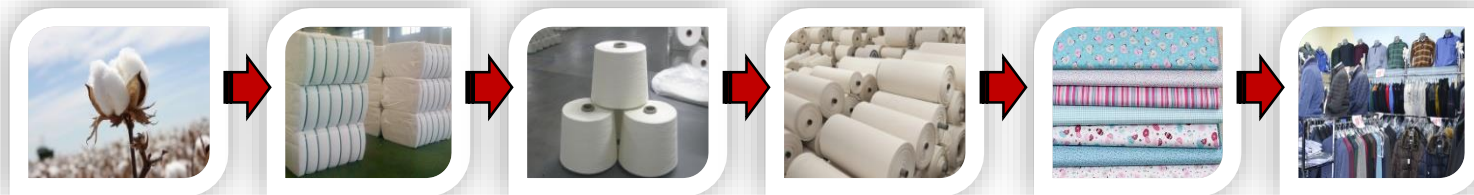
23.02.2022

Republic of Tajikistan

- Independence day: **09.09.1991r.**
- Population: **9,6 mln. (2021)**
- Area: **141,400 sq.m.**
(93% mountainous area)
- Capital : **Dushanbe city**
- Official language: **Tajik**
- National currency: **Somoni (TJS)**
- Exchange rate: **1 USD = 11,3 TJS**
- GDP: **Bln. 8,2 USD (2021)**
- GPD per capita: **868 USD**
- Shares of sectors in GDP:
 - **Agriculture (22,3%),**
 - **Industry (17,8%),**
 - **Services (15,9%)**



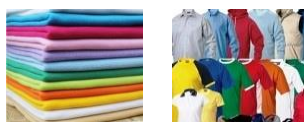
Textile and Clothing enterprises of Tajikistan (2021)



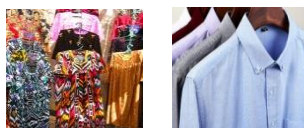
Vertically integrated textile enterprises – 6
(Full processing of cotton fiber from cotton yarn to ready garments)



Spinning factories – 12



Knitwear and socks & hosiery factories – 5



Garment producing enterprises – 95

Item	2015	2016	20 17	2018	2019	2020	2021
Average annual number of industrial-production personnel (worker, specialists , engineers and technicians etc.)	15670	15130	15400	15300	15310	15380	15970

Existing capacities in the industry (2021)



Production of cotton – **395 000 tons**

Production of cotton fiber – **98 000 tons**



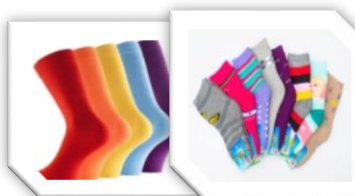
122 cotton ginning factories with the production capacity of **700 ths. tons of cotton fiber**



6 vertically-integrated companies on full processing of cotton + **12** spinning companies with the production capacity of **85 000 tons of cotton yarn**



6 vertically-integrated companies on full processing of cotton + **4** small and medium weaving factories with the production capacity of **110 mln.sq.m. of cotton fabric**



5 modern socks and hosiery factories with the production capacity of **100 mln.pairs of socks**



65 garment producing companies (small, medium and large) with the production capacity of more than **2 mln. sets of school uniform**

Production of the Textile and Clothing sector of Tajikistan

#	Product	Unit	Years						
			2015	2016	2017	2018	2019	2020	2021
1	Cotton (raw)	Thousand tons	270,0	284,7	385,5	324,7	391	401	408
2	Cotton fiber	Thousand tons	98,4	88,9	112,3	98,5	102,5	101,5	99,7
3	Cotton yarn	Tons	4943	9055	17211	20 739	22 356	19 287	23 338
4	Cotton fabrics	Thousand sq.m.	8353	2536	3358	9 876	12 722	13 705	15 642
5	Socks and hosiery products	Thousand pairs	1674	2829	3752	4106	4 125	7 807	15 408
6	Garments	Mln. somoni (TJS)	121,2	142,8	231,1	269,4	251	346	365
7	Knitwear	Thousand somoni (TJS)	44,3	487,4	950	1006	1 054	2 859	2541

Export of the textile and clothing production from Tajikistan

Item	Unit	Years						
		2015	2016	2017	2018	2019	2020	2021
Textile and clothing products (<i>cotton yarn, cotton fabric, garments, dyed cotton yarn, socks and knitwear</i>)	mln. USD	26,5	30,5	57	58,5	58,3	58,8	74
From total national export volume	%	3	3,5	4,8	5,45	5,3	4,3	3,44

Main export markets

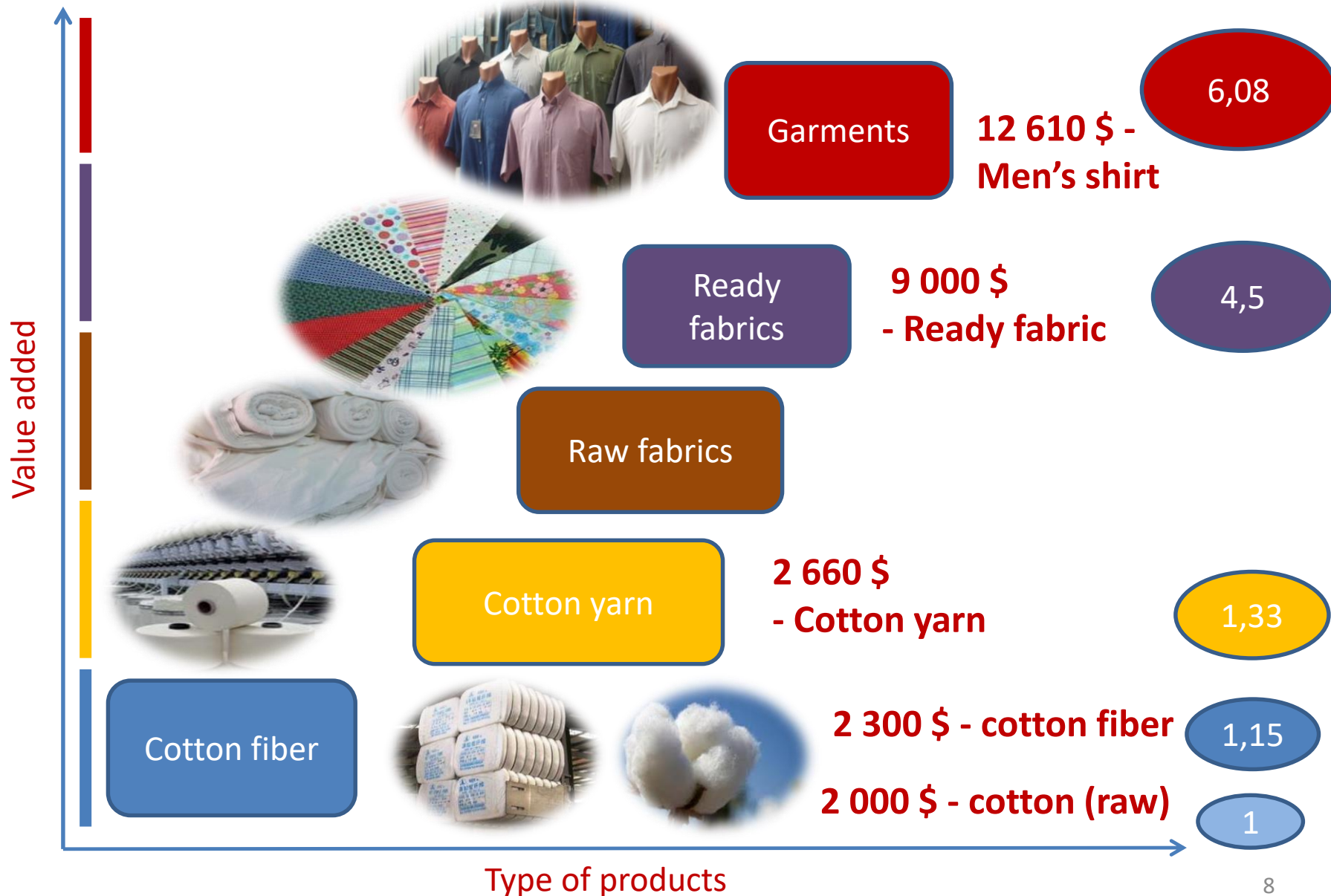
- **Cotton yarn:** Turkey, China, Russian Federation, Moldova, Iran, Germany, Belarus, Ukraine
- **Cotton fabric:** Italy, Lithuania, Poland, Romania, UAE
- **Ready garment** (men's trousers and shorts, trousers for girls, skirts, blouses, shirts, men's jackets, socks, etc.): Italy, Russian Federation, Kazakhstan

Forecast of output increase of the textile and clothing production in the National Strategy of Light industry Development till 2030

#	Product	Unit	Years		
			2020	2030	In % compared to 2018
1	Cotton yarn	Tons	21257	34383	166,6
2	Cotton fabrics	Mln.sq.m.	40	100	25 times
3	Socks and hosiery products	Thousand USD	30 600	82 400	3,2 times
4	Garments	Thousand pairs	4141	16 026	484,0
5	Knitwear	Thousand USD	171,2	388,6	307

Source: MINT, «National Strategy of Light industry Development till 2030»

The final product (value added) in the cotton value chain



Investment attractiveness of the T&C industry of Tajikistan: local opportunities and incentives

1. Availability of free and relatively cheap labor
2. Tradition in the textile and apparel industry
3. Many enterprises of the textile and clothing industry located in Dushanbe, Khujand, Bokhtar and Kulyab have vacant production areas with the appropriate infrastructure for the creation of joint ventures
4. Availability of free economic zones (FEZ) in Khujand, Dangara, Pyanj, Ishkashim and Kulyab districts
5. An investor investing in the territory of the Republic of Tajikistan is exempt from paying income tax:
 - *for 2 years - with an investment of \$ 200,000 to \$ 500,000 within 12 months after registration*
 - *for 3 years - with an investment of \$ 500,000 to \$ 2,000,000 within 12 months after registration*
 - *for 4 years - with an investment from 2,000,000 to 5,000,000 US dollars within 12 months after registration*
 - *for 5 years - with an investment of 5,000,000 and more US dollars within 12 months after registration*
7. The import of new equipment and technology for creation of manufacturing enterprises in the textile and clothing industry of the Republic of Tajikistan is exempt from VAT and customs duties
8. The imported raw materials not produced in the Republic of Tajikistan, but necessary for production of the final product, are exempt from VAT and customs duties
9. Newly established enterprises of full cycle of cotton processing are exempt from income tax, land tax and property tax for a period of 12 years, if they according to the plan, step by step create the full cycle of cotton processing company
10. Availability of sectoral universities, secondary and primary educational institutions for training specialists and workers
11. Availability of sales markets both within the republic and abroad

Investment attractiveness of the T&C industry of Tajikistan: Advantages of international and regional cooperation

- **Advantages for Tajik producers/exporter from membership of Tajikistan in WTO**
 - ✓ Diversification of export markets and more favorable access to export markets, possible investments in the country's economy, the dispute settlement mechanism, etc.
- **Advantages of EU global system of preferences «GSP» and «GSP+»**
 - ✓ Low rate of import duties or zero rate when exporting to the EU market certain products (including textiles and garment items). The accession of Tajikistan to GSP+ is under progress
- **Advantages of CIS agreements, Customs Union, etc.:**
 - ✓ More favorable access to the markets of Russia and CIS (Uzbekistan, Kazakhstan, Turkmenistan, Belarus, etc.) “0” VAT
 - ✓ Re-export of certain types of textile and garment products from Tajikistan to CIS and Customs Union

Priority directions of investments to the T&C industry of Tajikistan

Creation of new and joint ventures:

- on production of knitted fabric and knitwear
- on production of ready cotton fabric
- on production of mixed dyed yarn (cotton + elastane, cotton + polyamide, cotton + viscose, cotton + polyester, cotton + wool, etc.), for the needs of weaving, knitting and hosiery
- on production of fabrics for tailoring of costumes, school uniforms and children's clothing
- on production of socks and hosiery
- on production of sewing threads
- on production of silk yarn and silk fabrics
- on production of accessories for garment production
- on production of school uniform, sportswear, women national dresses, suits, home textile etc.
- on the basis of the existing 12 spinning mills, establishing of a full cotton processing mills , from cotton fiber to finished garment or knitwear

**WE HOPE FOR THE MUTUAL COOPERATION
BETWEEN TAJIK AND TURKISH TEXTILE AND CLOTHING COMPANIES**

THANK YOU FOR YOUR ATTENTION!

