

# UZBEKISTAN: REALITY AND NEW OPPORTUNITIES IN LEATHER & FOOTWEAR INDUSTRY



**“UZCHARMSANOAT” ASSOCIATION**

# General information about Uzbekistan

Uzbekistan is located in the middle of the Central Asian region, in a beautiful attractive oasis



Area: 447.4 thousand sq.km.



Population: More than 35 million people



Climate: sharply-continental



Annual GDP Growth Rate: 1.6%



Capital city: Tashkent



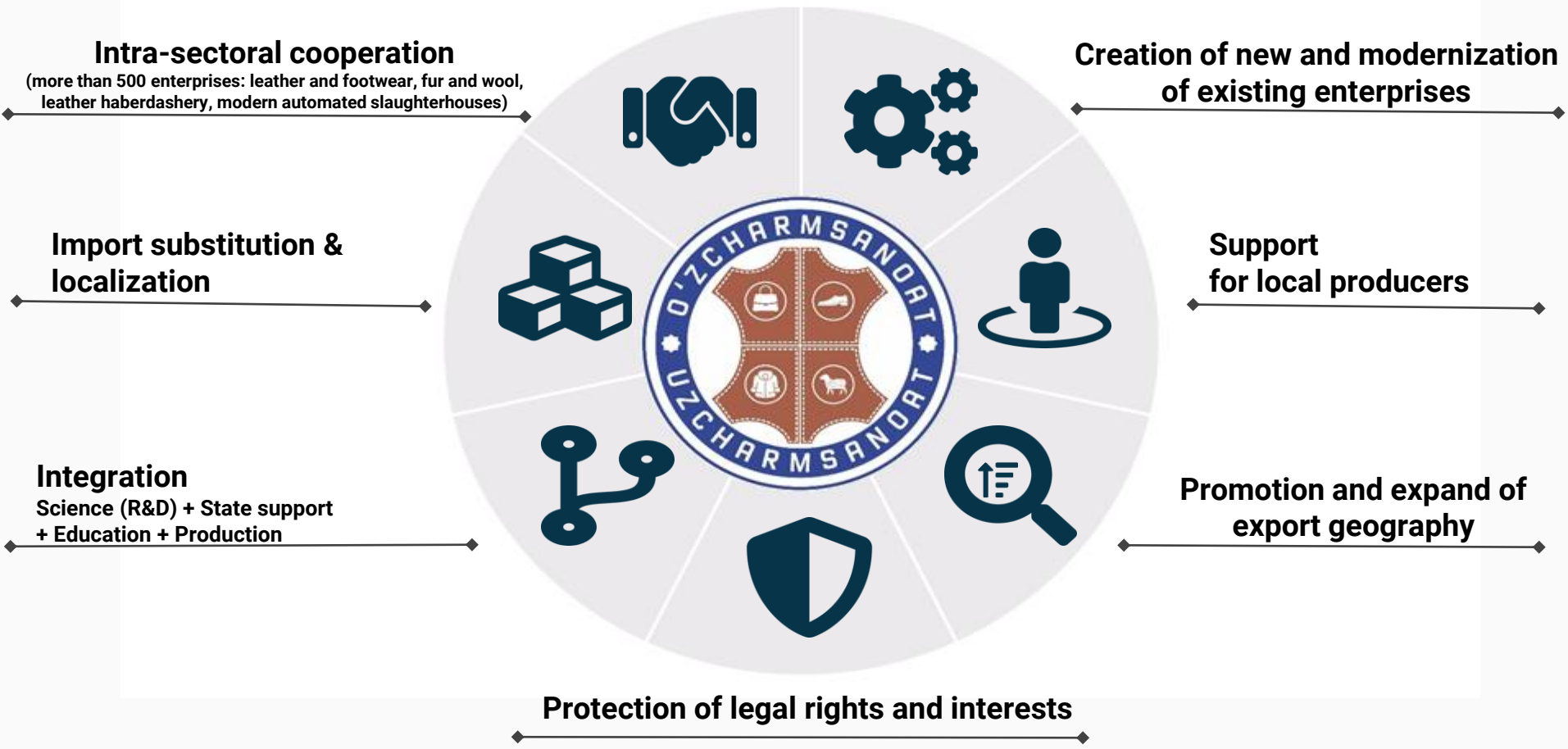
Big cities: Tashkent, Samarkand, Bukhara, Fergana, Andijan, Namangan, Nukus





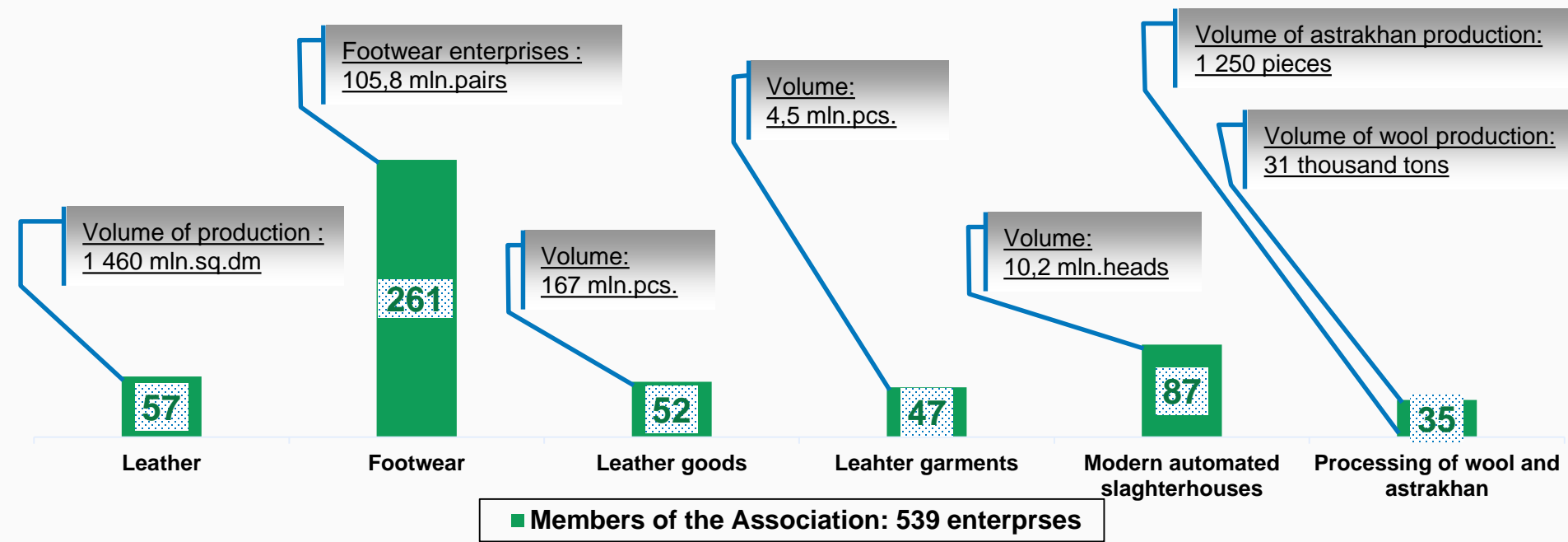
# MAIN GOALS AND OBJECTIVES OF THE ASSOCIATION

(539 enterprises)





## INFORMATION ABOUT MEMBERS OF THE ASSOCIATION BY THEIR MANUFACTURED PRODUCTS







# CUSTOMS DUTIES AND TAX EXEMPTIONS



**RP-3693 dated 03.05.2018**

## TAX EXEMPTIONS

At a profit

- ❖ On property
- ❖ On profit
- ❖ Turnover tax - for microforms and small enterprises, as well as mandatory contributions to state trust funds;

## CUSTOMS PREFERENCES

**All members of the Association are exempt from customs duties on import:**

- ❖ imported equipment
- ❖ parts and components
- ❖ raw materials, supplies and fittings (not produced in Uzbekistan)

**Postponement of customs payments for up to 60 days upon import:**

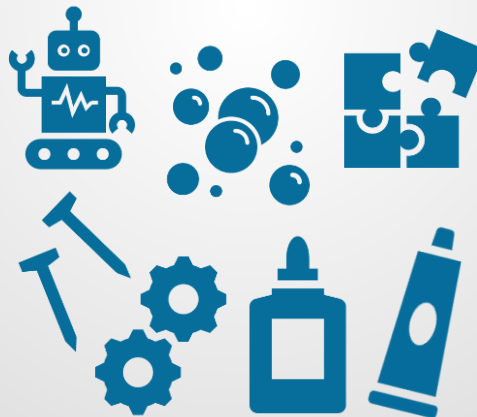
- ❖ equipment
- ❖ parts and components
- ❖ raw materials, supplies and accessories (not produced in Uzbekistan)
- ❖ other industrial goods

**RP-5350 dated 08.08.2018**

## CUSTOMS EXEMPTIONS

The list of imported equipment, components, raw materials, supplies and accessories that are not produced in the republic, imported by enterprises of the Uzcharmsanoat association for production needs with exemption from customs payments (except for customs clearance fees) up to January 1, 2023

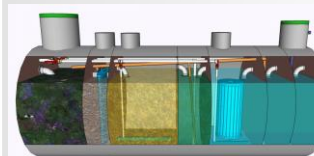
**227 products**



**RP-4453 dated  
16.09.2019**

**till 01.01.2023**

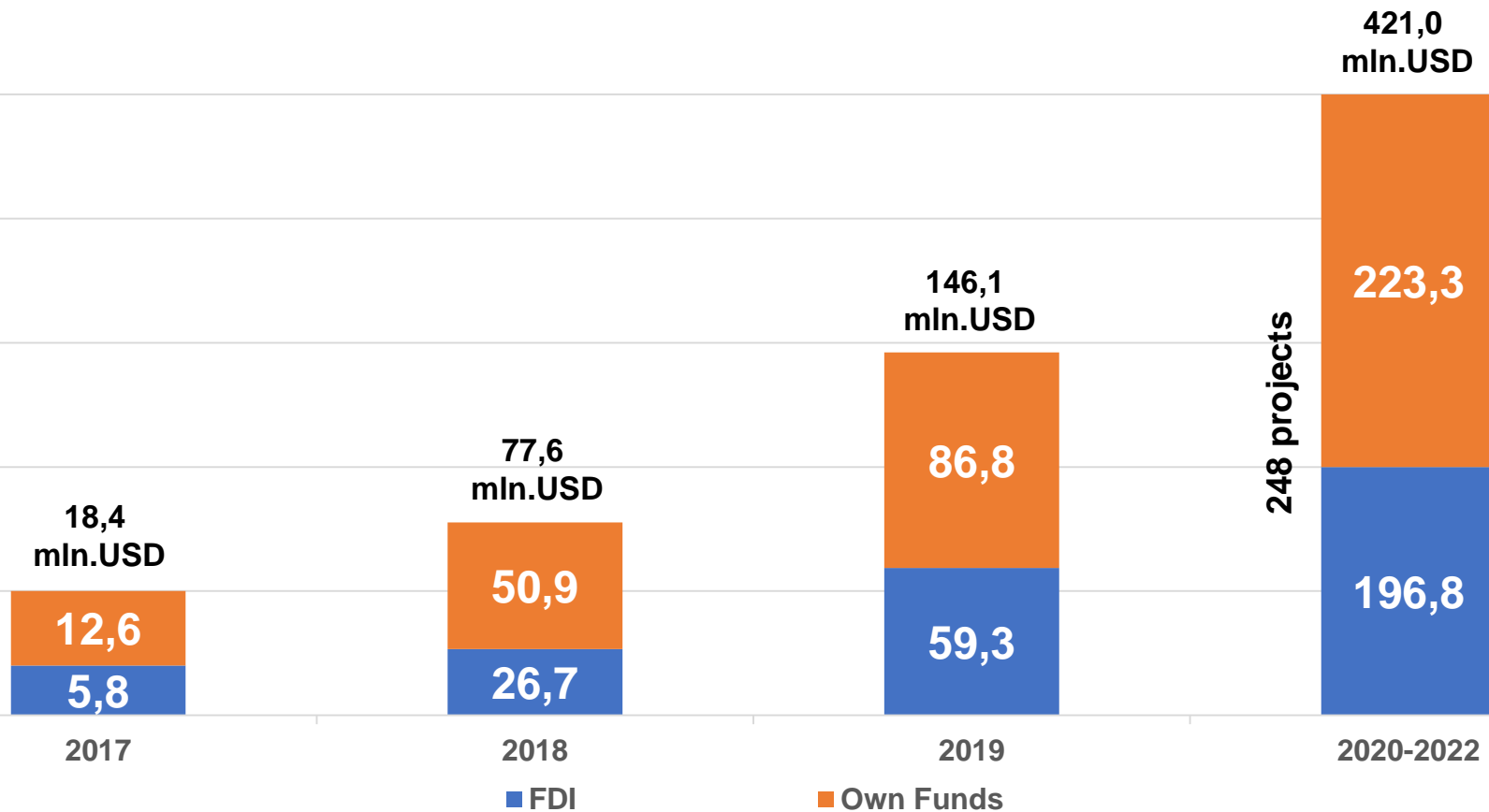
Organizations commissioning modern automated slaughtering complexes, leather processing enterprises are **exempt from land tax**



The taxable base for income tax of enterprises of the leather and footwear and fur industries is reduced over the course of **seven years** in equal shares by the amount of the cost of building **modern sewage treatment plants and sewers.**



## INFORMATION ABOUT THE RESULTS OF THE INVESTMENT SECTOR IN 2017-2022





# INVESTMENT PROGRAMS IN 2021-2022



**16**

enterprises for the production of genuine and artificial leather

Amount: 107,1 mln. USD  
Capacity: 6 070 mln.sq.m.



**63**

footwear manufacturers

Amount: 192,2 mln. USD  
Capacity: 67 mln. pairs



**26**

organizations for import substituting materials and goods

Amount: 45,2 mln. USD



**44**

enterprises for the production of leather goods and leather apparels

Amount: 33,4 mln. USD  
Capacity: 5,3 mln.pcs.



**15**

enterprises for the production of astrakhan, wool and wool products

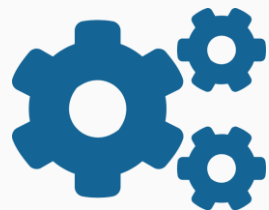
Amount: 22,2 mln. USD  
Capacity: 2,7 thousand tons of fur  
865 thousand pieces of astrakhan



**84**

enterprises for the production of new types of products: gelatin, lanolin, etc.

Amount: 38,7 mln.USD  
Capacity: -



**115**

Enterprises to be modernized



**248**

PROJECTS



421,0  
mln.USD

21 034  
Jobs

**133**

New enterprises to be established



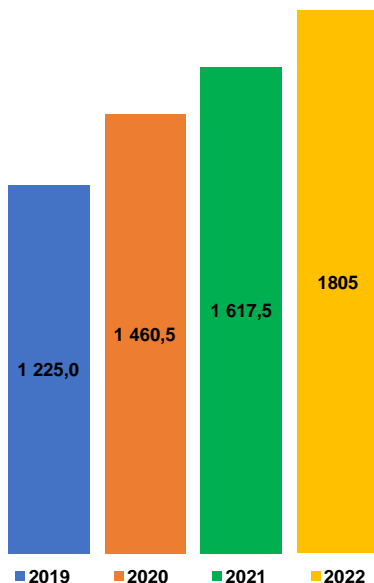


# EXPECTED INDICATORS OF PRODUCTION OF PRODUCTS AFTER IMPLEMENTATION OF INVESTMENT PROJECTS



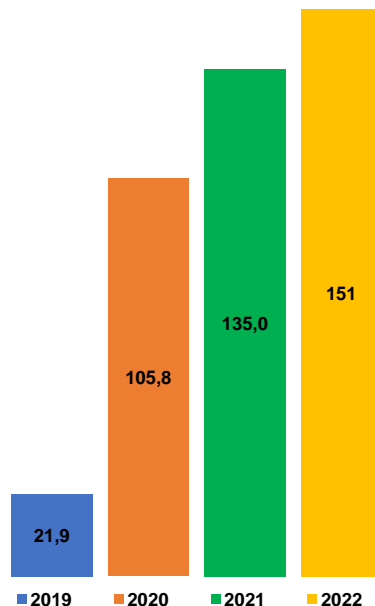
**Leather**  
(mln.sq.dm.)

**Growth:**  
**1,5 times**



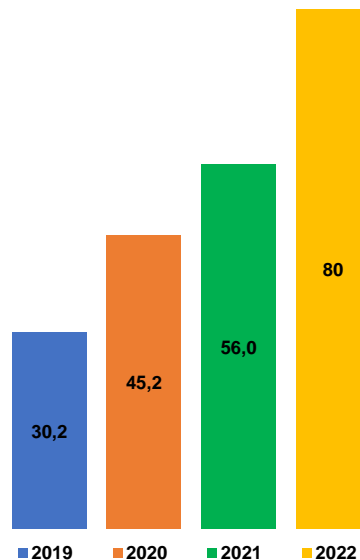
**Footwear**  
(mln.pairs)

**Growth:**  
**6,9 times**



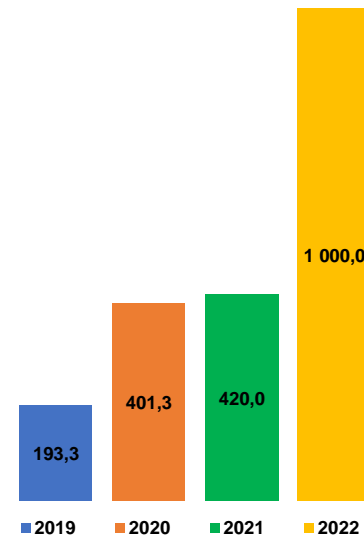
**Leather goods**  
(mln.pcs)

**Growth:**  
**2,6 times**



(млн.долл.)

**Growth:**  
**5,1 times**
















# Indicators of import-substituting investment projects launched in 2020



Name of import substituting companies		Number of pages	Created capacities	Import in 2019
	Sole	42	\$ 3.4 million (109 %) 1 560,0 thousand pairs (1 pair for 2.2 \$))	\$ 3,1 millions
	Artificial leather	3	\$ 49.4 million (3,3 times) 247 million square inches (1 sq. DM. – 0,2 \$)	\$ 15,0 millions
	Furnitures	1	\$ 3.1 million (103 %) 4 000,0 thousand pieces (1 piece – 0,7 \$)	\$ 3,0 millions
	Polyurethane	1	\$ 32.0 million (2.1 times) 20.0 thousand tons (1 kg – 1.6 \$)	\$ 15,0 millions
	Block	4	\$ 12.6 million (100 %) 1 200.0 thousand pairs (1 pair-10.5 \$))	\$ 12,5 millions
	Artificial fur	1	\$ 0.7 million (43 %) 700,0 thousand sq. m. (1 sq. m. – 1 \$)	\$ 1,6 millions
	PVC polyvinyl chloride	2	\$ 10.0 million (117 %) 5.0 thousand tons (1 kg – 2 \$)	\$ 8,5 millions
	Shoe nails	1	\$ 5.0 million (125 %) 2.5 thousand tons (1 kg – 2 \$)	\$ 4,0 millions
	Gelatin	1	\$ 10.5 million (5 times) 1.5 thousand n. (1 kg – 7 \$)	\$ 2,1 millions

The entire enterprise

**56** units



Power

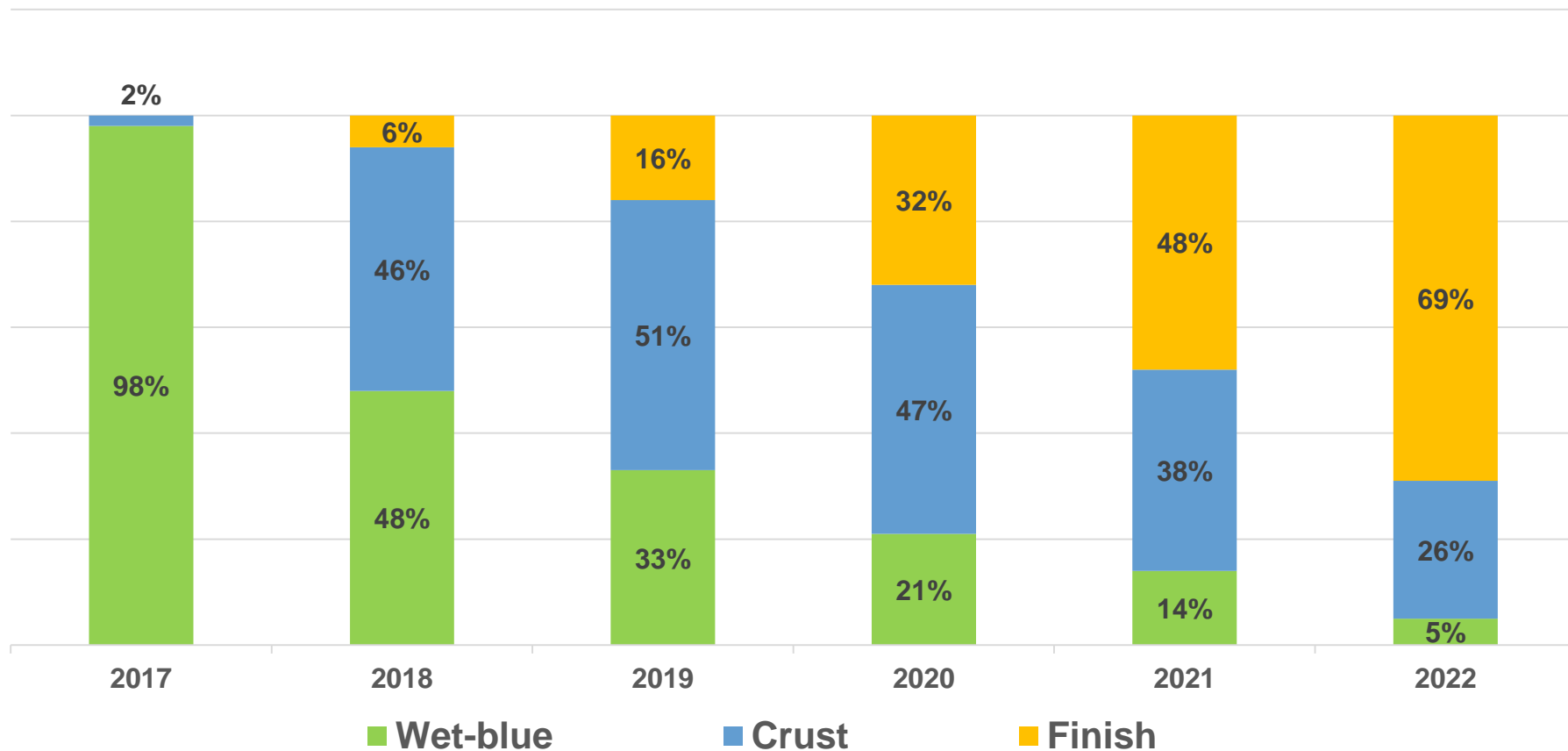
**126.7** million dollars.

All import:

**64,8** million dollars.



## EXPORT INDICATORS OF LEATHER IN TERMS OF PRODUCTS IN 2017-2022





# EXPORT GEOGRAPHY



The total amount of export comprised:  
**401,3 million USD** in 2020



Ўзбекистон

Italy:  
2,0%

Latvia:  
0,4%

Poland:  
0,6%

Portugal:  
0,58%

Czech Republic :  
0,03%

Estonia:  
1,0%

Litva  
0,5%

Belarus:  
0,2%

Ukraine:  
0,1%

Turkmenistan:  
0,18%



USA:  
0,01%



UAE:  
0,02%



Moldova:  
0,04%



Egypt:  
0,14%



Kuwait:  
0,01%



China:  
54,3%

Turkey:  
21,4%

India:  
1,2%

Pakistan:  
0,7%

Russia:  
10,6%

Tajikistan:  
1,2%

Kazakhstan:  
3,1%

Afghanistan:  
0,7%

Kyrgyzstan:  
1,8%

Azerbaijan:  
0,8%



# INVESTMENT ENVIRONMENT

Why should you invest in the leather, footwear and fur industry in Uzbekistan  
**RIGHT NOW?**



**A sufficient amount of local raw materials and of neighboring countries**

Sheep skins: 31,8 mln.pcs  
Cattle hides: 17,3 mln.pcs

**Vast and growing market**

Population:

- Russia 146,2 mln.
- Afghanistan 39,6 mln.
- Kazakhstan 18,8 mln.
- Tajikistan 9,6 mln.
- Kyrgyzstan 6,5 mln.
- Turkmenistan 6 mln.

**Government support:**

- DP-3594 dated 11.04.2005
- RP-2718 dated 06.01.2017
- RP-3693 dated 03.05.2018
- RP-5350 dated 08.08.2018
- RP-4453 dated 16.09.2019
- RP-4982 dated 09.02.2021

**100% protection of legal rights and interests of foreign investors**

Law of the Republic of Uzbekistan No. LRU-598 dated 25.12.2019

**Continuous communication flow of utilities:**

- ❖ Electricity
  - ❖ Gas
  - ❖ Water
  - ❖ Others
- by comparison below government prices

Logistics: convenient transport infrastructure provides access to the largest and fastest growing markets in the world

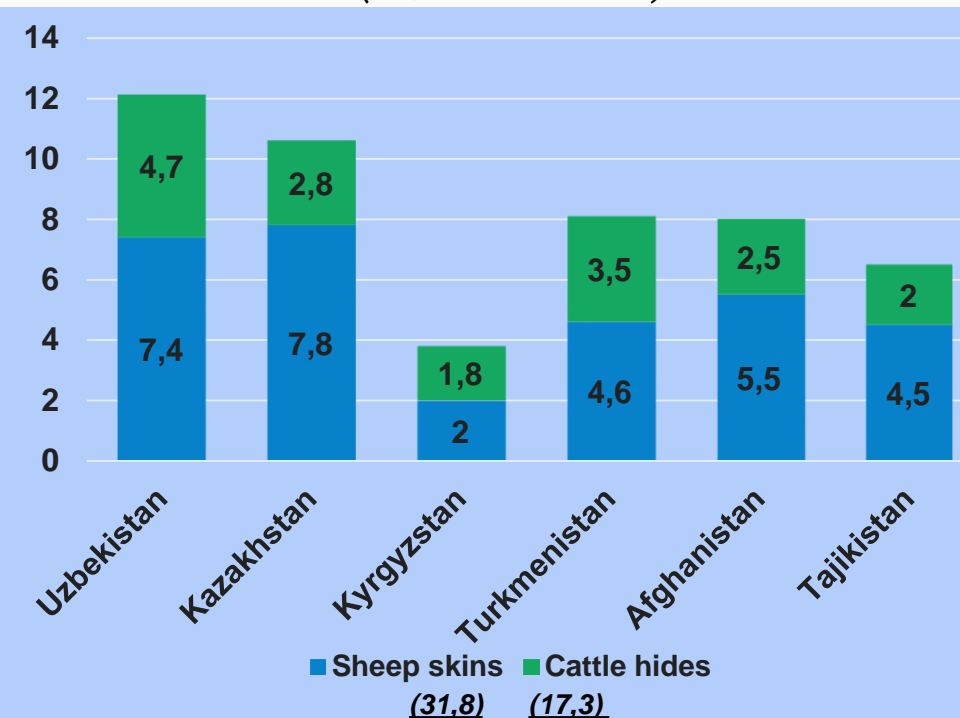
**H Low cost of labor**

**The average salary in the industry is \$200**

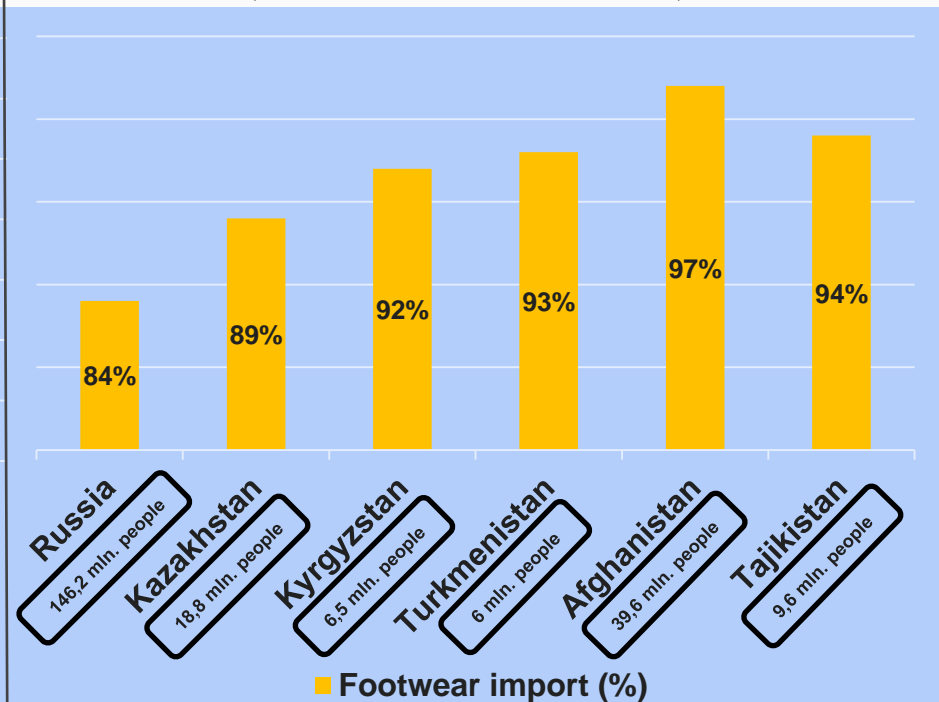


# RAW MATERIAL BASE OF THE SKIN IN CENTRAL ASIA AND THE NEED FOR IMPORT OF FINISHED PRODUCTS IN THE CIS COUNTRIES

**Raw material base in 2020**  
(49,1 million units)



**The demand of footwear import in the CIS countries**  
(Population - 220,5 million)



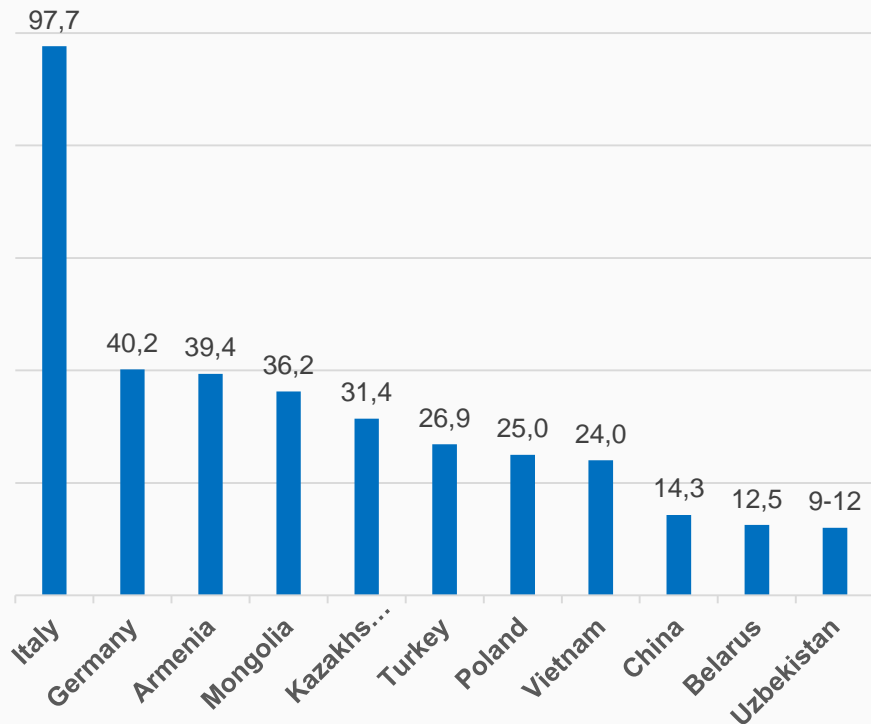




# Competitiveness of footwear products and their import in the world



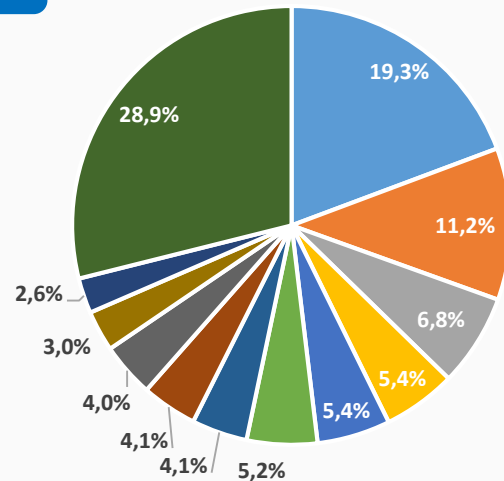
## The cost of 1 pair of shoes (EQ. - USD)



## The world's largest Footwear importers

**Total: 111,3 billion USD**

- USA - 19,3% (21,5 billion USD)
- Germany - 11,2% (12,5 billion USD)
- France - 6,8% (7,6 billion USD)
- Italy - 5,4% (6,0 billion USD)
- China - 5,4% (6,0 billion USD)
- Great Britain - 5,2% (5,8 billion USD)
- Belgium - 4,1% (4,5 billion USD)
- Netherlands - 4,1% (4,6 billion USD)
- Japan - 4,0% (4,4 billion USD)
- Spain - 3,0% (3,3 billion USD)
- Russia - 2,6% (2,9 billion USD)
- Other countries - 28,9% (32,2 billion USD)



### Import level footwear in the neighbor countries

- Kazakhstan – 89%
- Kyrgyzstan – 92%
- Tajikistan – 94%
- Turkmenistan – 93%
- Afghanistan – 97%



# ORGANIZATION OF CLUSTERS FOR THE PRODUCTION OF LEATHER AND FOOTWEAR PRODUCTS ON THE BASIS OF "PREMIUM LEATHER" LLC and "ORIENT TECHNOLOGY" JV LLC



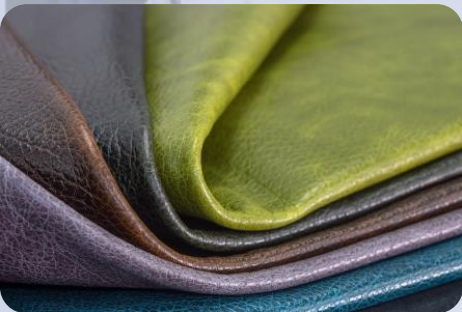


# TANNERIES

## Genuine Leather

About 70 enterprises

## Artificial leather



Grand Art Class UE

Sanfa Leather LTD

Vyniltec LTD

Sam Suniy Deri LTD JV



LLC  
GOLDLEATHER  
EXPORT & IMPORT

Nafis Charm LTD

Peng Sheng Charm LTD JV

Lux Leather LTD

China Sanay Story LTD

Hamkor Nur Savdo LTD

Angren Charm Invest LTD

Grand Business Solutions LTD

Premium Leather LTD

Orient Technology LTD





MADE IN  
UZBEKISTAN



# EDUCATION AND QUALIFICATION



## Secondary vocational education



REGIONAL SPECIALIZED COLLEGES

Practical training at enterprises for  
processing shoes, leather and astrakhan.

## Higher professional education

Tashkent  
Institute  
of Textile and  
Light Industry

Namangan  
Engineering and  
Technology  
Institute

Bukhara  
Engineering and  
Technology  
Institute

### New educational programs

"Design" (design of shoes and leather goods);  
"Technology of leather products" (shoes, leather goods);  
"Design of leather products: shoes, leather goods"  
"Technology of leather, fur, astrakhan and wool"  
"Design and technology of leather, fur and astrakhan"

## Training and requalification

Tashkent Institute  
of Textile and Light  
Industry



UZCHARMSANOAT

TRAINING CENTER



University of Northampton



EGE  
University



Vitebsk State  
Technological University



РГУ им. А.Н. Косыгина  
ТЕХНОЛОГИИ. ДИЗАЙН. ИСКУССТВО  
Russian State University  
of art, design and technology  
named by A.N. Kosygin

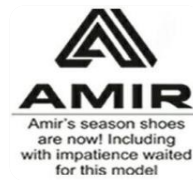


Saint Petersburg State University  
of industrial design and technology





# FOOTWEAR ENTERPRISES





# MANUFACTURERS OF PROTECTIVE FOOTWEAR AND WORK CLOTHES



Kosonsoy Al-Aziz



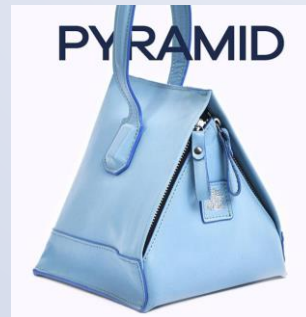


# ENTERPRISES FOR THE PRODUCTION OF LEATHER GOODS





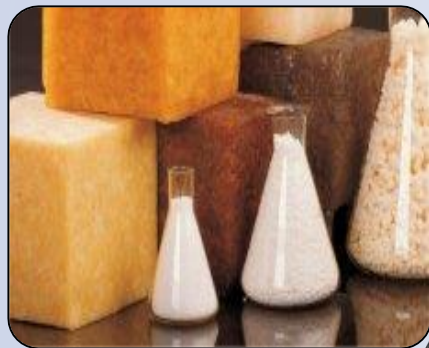
# ENTERPRISES FOR THE PRODUCTION OF LEATHER GOODS







# MANUFACTURE OF COMPONENTS & ACCESSORIES FOR FOOTWEAR







# ENTERPRISES FOR THE PRODUCTION OF ASTRAKHAN SKIN



**ASIAN FURS®**  
ТРАДИЦИИ МЕХОВОГО  
ИСКУССТВА



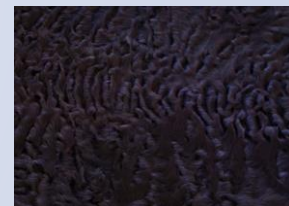
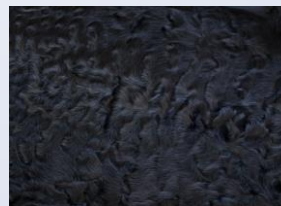
**ИЗДЕЛИЯ ИЗ КАРАКУЛЯ**  
Шубы – сшитые с любовью!  
Фабрика "Каракуль Лидер"



**WOOL TEX LTD**



ООО  
"Mehovaya  
Moda"





ASIAN FURS®  
ТРАДИЦИИ МЕХОВОГО  
ИСКУССТВА



# Thanks for attention



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