

## **UZBEKISTAN INVESTS USD 115 MILLION IN THE SHOE AND LEATHER INDUSTRY INDUSTRY ASSOCIATION IS SEARCHING FOR BUSINESS PARTNERS**



Tashkent (GTAI) - The Central Asian Republic of Uzbekistan is launching a new initiative for the modernization and expansion of its shoe and leather industry. Until 2020 numerous projects are planned to open foreign offering parties sales opportunities. In addition to machinery and equipment various supplies such as shoe parts, materials and chemicals are required. The majority of the sector companies concentrated in the industrial association O'zbekchampionabzali.

The shoe and leather industry of Uzbekistan is facing a new wave of investment. In the years 2016-2020 the implementation of 82 projects for the establishment of new or for the expansion and modernization of existing capacities is planned. The commissioning of 48 new production facilities and the technical renewal or extension of 34 factories is provided. The for the projects necessary investments are estimated at USD 115 million.



### **Numerous business opportunities for foreign companies**

The expansion and modernization projects offer a range of business opportunities to foreign companies. This applies to the supply of shoe parts, auxiliaries and additives, accessories and chemicals (tannins, fat accumulating and degreasing agents, aniline and pigments) as well as machinery and equipment, including used technology. In the tanneries and shoe factories mainly following types of equipment are required

- Vacuum dryer
- Spiral blade for excarnation and planers

- Electronic instruments for measuring the leather surface
- Slotting machines and squeezing machines
- Sewing machines for shoe production
- Hydraulic cutting machines
- Splitting machines for shell elements
- Equipment for shoe assembly

In addition, some companies strive for the establishment of joint ventures with foreign capital participation.

### **Industry association O'zbekcharm-poyabzali coordinates investment projects**

Behind the expansion and modernization program of the sector stands the Uzbek Association of Leather and Shoes O'zbekcharm-poyabzali. The majority of the companies of the industry are concentrated under its umbrella. The association today includes more than 80 manufacturers of raw material leather / finished leather (production of hard leather / foot and insole leather and soft leather / upper leather, including mainly chrome leather goods and Russia leather / fine calf leather for shoes), women, men, and children's footwear and gallantry leather accessories.

The in 2010 founded industry part-association is the central buying organization of raw-material leather and coordinates investments in the shoe and leather industry of the country. The association takes similarly care as its sister organization, the state joint stock company for the textile and clothing industry O'zbekyengilsanoat, which is comparable in the area of responsibility with as a small specialized ministry.

A special professional association, which mainly



would take care of the interests of private independent leather and shoe manufacturers, is not available in the country. Shoe producers, which are operating outside of the industry organization, represent about one third of the shoe production in Uzbekistan.

**Annual production is expected to increase to USD 0.5 billion until 2020**

The production of goods of the O'zbekcharm-poyabzali enterprises is expected to reach a volume of USD 140 million in 2016. In comparison to 2010 that would be a tenfold. In 2016 8.7 million pair of shoes are expected to be produced (2010: 3.1 million pairs). The expectation for 2020 is a production of goods in an amount of USD 476 million. Exports are assumed to rise from USD 191 (forecast for 2016) to USD 301 million in 2020. Shoes and other leather goods are currently being exported to the PR of China, to Pakistan, Turkey, India, Kazakhstan, Korea (Rep.), Italy, Spain and the United Kingdom.



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But - the new industry program remains far behind the original goals. The investment program for the period 2011 to 2015 provided an increase of shoe production by 120% to 14.2 million pair in comparison to 2011. The production of leather should rise by 90% (to 468 million qdm), of leather clothes by 720% as well as leather accessories by 40%.

From 2008/09 the industry showed a clear up-trend. However, the situation in the industry began to worsen again in 2012/13. As the main

reasons for this market experts identified this mainly with liquidity problems of the companies, major difficulties in currency conversion and associated restrictions on the procurement of supplies from abroad and a general deterioration of the business climate in the country.

The production of leather, footwear and leather goods accounts now for only a fraction of the production of the late 1980s and early 1990s. In 1990 the companies still produced about 50 million pairs of shoes per year.

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