

## TEXTILES AND CLOTHING SECTOR

### Overview

Textiles, clothing, and handicrafts, long a tradition in Tajikistan, were a major source of employment during the Soviet era and, despite a decline since then, this remain the case, particularly for women.

Unlike many other countries, Tajikistan covers the full value chain, starting with the production of raw materials, especially cotton, to spinning, weaving and knitting to produce fabrics, as well as garment production itself. A further step is added by traditional artisans who decorate and embellish finished products with elaborate embroidery and other specialized additions.

### Foreign investments in the sector

In recent years investments in the sector increased significantly. The amount of direct investments in 2010 come to 83 470 900 USD. In weaving – 10 209 000 USD, in the production of finished goods from textile material, including knitted and crocheted fabrics – 5 472 000 USD, manufacture of garments – 3 895 700 USD.

### Enterprises

Production includes cotton fibers, fabrics and yarns, clothing, and clothing with textile enhanced additions. Textiles and clothing, excluding cotton production, were about 9% of total industrial output in 2007, employed nearly 12,600 people. Total output in 2009, excluding cotton fiber, was valued at about \$32 million, of which \$28 million from exports.

These data do not include the work of artisans in textile crafts, if they are directly employed by clothing companies.

	2000	2004	2005	2006	2007	2008	2009
Production Value, mln USD	51,1	52,3	47,1	44,8	40,5	39,3	31,9
% of GDP	5,2	2,5	7,1	1,5	1,3	1,2	0,64
Value of Import, mln USD	45,6	37,5	38,8	40,8	37,1	31,6	28
Value of Export, mln USD	130	198,5	187,3	169,5	175	139,8	127,7

Textile and clothing enterprises, generally privately owned, include a handful of gins, around 20 textile firms and about 30 clothing companies. In addition, there are numerous, mostly smaller establishments not captured by official data.

Firms vary in size from small, family owned operations with a few dozen employees to large, integrated companies with up to 2,000-3,000 staff. Several of the larger, formerly state-owned factories have entered into joint ventures with foreign partners. However, the most dynamic elements of the industry are found among smaller enterprises recently created as green-field investments or as spin-offs from older, larger establishments.

## **Products**

About 61 gins produce roughly 100,000 tons of high quality ginned cotton, which is mostly exported to other countries. Annually, about 12,000 tons of cotton yarns are processed internally.

The clothing sector produces a wide variety of products, including uniforms, corporate wear, shirts, trousers and jeans. Nearly half of these firms also create finished products that may include handicraft enhancements such as embroidery.

Most fabrics are procured from local agents; however, a number of support materials such as metal buttons, zippers, buckles, and coloring acids are imported by textile and clothing companies from China, Switzerland, Turkey, and Russia.

## **Sector potential**

Tajikistan has a number of characteristics that will permit it to achieve future growth and development in textiles and clothing. Of particular note is the large, internal production of cotton, which provides the backbone of the textile and clothing industry and which will allow Tajikistan to tap into its own raw inputs in order to fuel sector growth. The sector also benefits from Tajikistan's strategically important position between Asia and Europe, which gives it proximity to other raw material producers as well as to the potential markets of Europe, Asia and the Middle East. Additionally, demand conditions place Tajikistan in a favorable position; demand for clothing in Eastern European markets grew at rates between 8% and 21% over the last few years, which is well above demand growth in the rest of the world. Tajikistan has the potential to harness this demand in order to increase its regional exports in the Eastern European and CIS markets. The Tajik government has included the textile and clothing sector as a priority for its economic development plans. Development goals include diversifying the base of Tajik exports and the creation of employment opportunities. The government believes that the T&C sector has the capacity to significantly contribute to this objective due to its strong growth potential. Government supported initiatives seek to contribute to the sustainable expansion and diversification of small and medium size enterprise exports by increasing the competitiveness of the textile and clothing industries in existing and new markets as well as improving quality management infrastructure.

Two notable government programs affecting the T&C industry are the Cotton Fiber Processing Program (2007 -2015) and the Tajikistan Light Industry Development Program (2006 - 2015). The first program seeks to increase the production and complete processing of cotton fiber within Tajikistan with the goal of providing input sources for light industry. By improving the growth and capacity of cotton fiber processing, this program is expected to increase investment activity and manufacturing capacity, especially in the T&C sector. The Light Industry Development Program seeks to increase the processing of raw materials and boost export capacity for light industry, especially for clothing and textiles by improving regulatory conditions, developing effective legislation, developing human resources, attracting foreign investment, modernizing production, spurring new enterprises and researching methods for innovative production.