

**TEXTILE INDUSTRY IN UZBEKISTAN**

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### Main regulatory acts

The textile industry in the Republic of Uzbekistan is regulated by the following acts provided in hierarchal order:

- Law of the Republic of Uzbekistan on Technical Regulation dated 27.02.2023 No.819;
- Resolution of the Cabinet of Ministers of RUz dated 11.05.2016 No.148 on Approval of the General Technical Regulations on the Safety of Textile Industry Products;
- Resolution of the Cabinet of Ministers of RUz dated 30.01.2021 No.43 on Approval of the Lists of Conformity Assessment Objects Subject to Mandatory Confirmation of Conformity in the Republic of Uzbekistan;
- Resolution of the Cabinet of Ministers of RUzdated 06.07.2004 No.318 on Additional Measures to Simplify the Product Certification Procedure;
- Resolution of the Cabinet of Ministers of RUzdated 05.01.2017 No.5 on the Approval of the General Technical Regulations on the Safety of Leather and Footwear Products;
- Decree of the President of RUzdated 01.05.2024 No.71 on Measures to Bring the Textile and Sewing and Knitwear Industry to a New Stage of Development;
- Order of the Director General of the Uzbek Agency for Standardization, Metrology and Certification "Uzstandard" on Approval of the Certification Rules for Certain Types of Products Subject to Mandatory Certification dated 28.09.2005 reg.No.1513;
- Order of The Director General of the Uzbek Agency for Standardization, Metrology and Certification "Uzstandard" on Approval of the Regulations on the Procedure for Declaring Conformity of Products to Safety Requirements dated 06.04.2005 reg.No.1465;

### 1. Market entry

The market is devoid of natural monopolies and entities with a dominant market position.

To undertake a business in textile industry, the investor shall set up a company. The most common and favorable form of undertaking is a limited liability company (LLC) or a joint stock company (JSC). For a more detailed explanation refer to the General Memorandum – Section I.

After registration of a legal entity as an enterprise specializing in the textile industry, there is a requirement of membership in the Association “Uztekstilprom”. The membership is established through the payment of a membership fee, the amount and process of which are determined by legislation.

### 2. Customs regulation

The import or export of textile products may be subject to the following customs payment:

- customs fee (calculated according to the Resolution of Cabinet of Ministers No.700 dated 09.11.2020);
- customs duty(calculated according to the Resolution of Cabinet of Ministers No.4470 dated 02.10.2019);
- value added tax (calculated according to the Code of Customs of Uzbekistan);
- excise tax.

The exact fee amount depends on the type and quantity of the product. The Integrated Tariff Interactive Service <https://tarif.customs.uz> enables one to calculate the approximate fees based on the TN VED code of goods (textile products).

For example, the import of raw silk (untwisted), TN VED code 3901101000, is subject to the following customs charges:

No.	Type of fee	Rate
1.	Customs fees	<i>From 1.0 to 75.0 equivalents of the BCV, depending on the product value</i>
2.	Customs duty	<i>Not charged (till 1<sup>st</sup> January 2027)</i>
3.	Value added tax	<i>12%</i>
4.	Excise tax	<i>Depends on goods</i>

### 3. Licensing, Permits and Notifications

The Law No.701 “On Licensing, Permitting, and Notification Procedures” stipulates the types of activities that require licensing, permitting, and notification. The textile industry is not directly subject to any specific administrative regulation in this regard.

However, the legislation of Uzbekistan establishes specific industrial safety requirements for hazardous production facilities. The exploitation of hazardous production facilities under certain circumstances may require a license. For instance, a license is required for the use of high-risk objects and potentially dangerous production processes. The license is issued by the Ministry of Construction and Housing and Communal Services for an unlimited period pursuant to the procedure prescribed in the Resolution of Cabinet of Ministers No.80 (Annex 20) dated 01.03.2022.

The determination of whether a production facility is classified as hazardous is made through an expert assessment based on the criteria outlined in Article 4 of the Law on Industrial Safety of Hazardous Production Facilities and the Resolution of Cabinet of Ministers No.271 dated 10.12.2008. If a production facility is identified as hazardous, it will entail the following consequences:

- Mandatory registration in the state register of hazardous production facilities;
- Examination of industrial safety at the facility by an accredited expert organization;
- Compliance by organizations with the requirements for the exploitation of hazardous production facilities specified in the Law on Industrial Safety of Hazardous Production Facilities;
- Compliance by employees with the requirements for the exploitation of hazardous production facilities specified in the Law on Industrial Safety of Hazardous Production Facilities;
- Industrial control and declaration of industrial safety;
- Mandatory insurance by employers for damage in the event of an accident at a hazardous production facility.

### 4. Certification and standardization

Further, to pass the subject of compliance with standards, the manufacturer of textile products must have either a certificate of quality conformity or a declaration of quality conformity, depending on the products being manufactured.

The main law in this area is the Law on Technical Regulation. This law defines conformity assessment as the process of evaluating whether products, production processes, services, management systems, and personnel meet the standards set by regulatory documents related to technical regulation. The subjects of this assessment include products, production processes, services, management systems and personnel. All textile products released into circulation in the territory of the Republic of Uzbekistan are subject to mandatory confirmation of their quality.

Mandatory confirmation of quality is carried out by issuing the following documents:

- 1) Declaration of conformity (declaration);
- 2) Certificate of conformity (certificate).

The declaration and the certificate have an equal legal force and are valid throughout the territory of the Republic of Uzbekistan with respect to products released into circulation during their validity term.

#### 4.1. Procedure of certification and declaration

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.148 dated 11.05.2016 "On approval of the General Technical Regulation on the safety of textile industry products" (hereinafter referred to as the General Technical Regulation) establishes requirements for certification and declaration procedure of textile products.

This technical regulation is of a generally binding nature. The General Technical Regulation applies to the following types of production materials:

- raw silk;
- silk wool;
- yarn (cotton, mixed, wool, silk);
- woven, knitted and non-woven fabrics (underwear, clothing, toweling, decorative, furniture, pile);
- garments made of textile materials;
- hosiery;
- carpets and carpet products made of textile, non-woven materials, and felt;
- headwear (knitted, woven and made of artificial fur);
- textile haberdashery.

Other textile industry products subject to mandatory certification or declaration is established by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 43 dated 30.01.2021 "On approval of the lists of conformity assessment objects subject to mandatory confirmation of conformity in the Republic of Uzbekistan". The following list of goods is subject to mandatory certification or declaration: Look further.

#### 4.2. Special requirements

According to the Order of UzStandart, registration number 1513 dated 28.09.2005, the safety testing of textile products involves evaluating several key indicators. These include organoleptic properties; tear strength, color fastness to washing, sweat, and friction. Additionally, for children's products, the materials used in their manufacture are assessed. The testing also examines strength, rigidity, load resistance, and physical and mechanical properties. Furthermore, it ensures compliance with mandatory requirements, including labeling and packaging standards, as specified in the relevant regulatory documents for each type of certified textile product.

### **5. Environmental safety regulations**

In addition to certification and declaration, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 43 dated 30.01.2021 No. 43 establishes requirements for waste disposal. List of objects subject to mandatory environmental certification according to the Basel Convention of 1989: Look further.

The regulation sets limits on the release of harmful chemicals from textile industry products, specifically focusing on the emissions of volatile harmful substances from textiles and clothing, including both first and second layer products that have been treated with textile additives.

#### 5.1. Liability for non-compliance

In the event of non-compliance with the mandatory requirements set for textile products, there are financial sanctions established by law:

If the violation is committed for the first time, the manufacturer can be fined up to 50% of the value of the released non-compliant products;

If the same violation is committed again within one year from the date of previous violation, the fine increases to up to 100% of the value of the RELEASED non-compliant products.

## 6. Special economic zones and tax incentives

According to the Decree of President of the Republic of Uzbekistan No. 71 dated 01.05.2024 (Appendix 2), the following small industrial zones specialize in the textile industry:

- Andijan region;
- Kashkadarya region;
- Namangan region;
- Tashkent region.

In those small industrial zones the following support mechanisms were established:

Until January 1, 2026, the directorates of textile industrial zones and the enterprises established in them are exempt from paying property tax, land tax and tax for the use of water resources.

Until January 1, 2027, imported raw materials and other materials, components and spare parts necessary for the production of textile products and not produced in the Republic of Uzbekistan are exempt from customs duties ([List](#)).

It has also been established that, starting from May 1, 2024, for business entities specializing in textile industry of category "A", refund of the amount of value added tax is carried out within one day without audits.

## 7. Voluntary liquidation of a company

In Uzbekistan, voluntary liquidation is carried out in 13 steps provided as follows:

**Step 1:** Decision of shareholder (-s) on voluntary liquidation.

**Step 2:** Appointment of a liquidator.

**Step 3:** Transfer of documentation, seals, stamps, and other property to the liquidator.

**Step 4:** Submission of a copy of the liquidation decision to the CPS.

**Step 5:** Provision of required documents to banks.

**Step 6:** Termination of employment relationships with the company's employees.

**Step 7:** Inventory taking and settlement of all tax obligations.

**Step 8:** Approval of the interim liquidation balance sheet.

**Step 9:** Notification of creditors and settlement of debts.

**Step 10:** Preparation of the final liquidation balance sheet.

**Step 11:** Closure of the main bank account.

**Step 12:** Submission of documents to the state archive.

**Step 13:** Submission of documents (bank certificates confirming account closures, stamps, archive submission certificates) to the CPS.

For more details refer to the General Memorandum – Section VIII.