

**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 ZRU-No. 819;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Approval of the General Technical Regulations on the Safety of Textile Industry Products dated 11.05.2016 No. 148;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Approval of the Lists of Conformity Assessment Objects Subject to Mandatory Confirmation of Conformity in the Republic of Uzbekistan dated 30.01.2021 No. 43;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on Additional Measures to Simplify the Product Certification Procedure dated 06.07.2004 No. 318;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan on the Approval of the General Technical Regulations on the Safety of Leather and Footwear Products dated 05.01.2017 No. 5;
- Decree of the President of the Republic of Uzbekistan on Measures to Bring the Textile and Sewing and Knitwear Industry to a New Stage of Development dated 01.05.2024 No. 71;
- 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 a undertaking is a limited liability company (LLC).

*1.1. Preliminary actions of the investor prior to the registration of the LLC*

- 1) Identify a director. Draw up an employment contract with a director. A sample of the employment contract with a director of the LLC in Uzbek can be found [here](#).
- 2) Identify an accountant. Draw up an employment contract with an accountant. A sample of an employment contract with an accountant of an LLC in Uzbek can be found [here](#).
- 3) Determine the location of the LLC. Draw up a lease agreement for non-residential premises. You can find a sample lease agreement for non-residential premises [here](#).
- 4) Determine the types of economic activities of the LLC. In the case hand, it would be 35119 - *power generation by other type of power stations*.
- 5) Decide on the name of the LLC.
- 6) Prepare sketches of corporate stamps.
- 7) Select the LLC' s servicing bank.
- 8) Issue a power of attorney to the authorized representative of the founder. You can find a sample power of attorney [here](#).
- 9) Prepare articles of association and other documents for submission to the registration authority.

*1.2. Procedure for state registration of the LCC*

The representative for the registration of the LLC in an appearance order can apply to any registration authority, namely, the Center for Public Services (CPS), regardless of the postal address of the LLC.

To register the LLC with a sole founder in an appearance order, the following documents are required:

- Decision of the sole founder approving the charter of the LLC. You can download a sample of such a Decision [here](#).
- Charter of the LLC. You can find a sample of the charter [here](#).
- Document certifying the identity of the representative (passport, military ID card, driver's license, other document certifying the identity and place of residence in the Republic of Uzbekistan) and PINI (personal identification number of individual) issued in Uzbekistan;
- Document confirming the authority of the representative, (power of attorney, contract, decision of the founder, etc. in accordance with the law). You can download a sample power of attorney [here](#).
- Reserved firm name;
- Cadastre number of the leased or owned premises;
- PINI of the founder (if it is an individual) and of the director;
- Information on the payment of the state fee or a copy of payment order confirming payment of the prescribed fees;

The representative may pay a state fee in the register of the CPS, where he/she will be given a document with information about payment of state fee. The amount of the state fee for the registration of LLC is 1 BCV (basic calculated value) which is roughly 29 USD.

Upon submission of the necessary documents listed above, the CPS employee will register the Company in the form of LLC within 30 minutes.

In order to enter the market as an enterprise specializing in the textile industry, a legal entity must be a member of the Association "Uztekstilprom" (regulator). Membership to this association requires the payment of a membership fee, the amount and process of which are determined by legislation.

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.

## **2. 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.

### **3. Special requirements**

According to the Order of UzStandart, registration number 1513, dated September 28, 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.

### **4. Environmental safety regulation**

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 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 light 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. 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 without audits within one day.

## **7. Voluntary liquidation**

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.