

# **OPPORTUNITIES AND PERSPECTIVES OF CONSTRUCTION OF COTTON-TEXTILE CLUSTERS IN THE REPUBLIC OF TAJIKISTAN**

(draft)

## **CLUSTER №3**

**Khatlon Region**

Qubadiyan, Shahritus, N Khusrav districts



# CONTENT

Summary

Condition and possibilities of cotton production

Khatlon region and districts

Textile cluster development scheme

Products

Economic effect

Investment size



## SUMMARY:

1. The land fund of the republic for sowing cotton is more than **180 thousand hectares**
2. Considering the technological heritage of the Soviet period, Tajikistan annually grows **up to 430 thousand** tons of raw cotton
3. Experience of the large modern cluster “Zhongtai (Danghara) Sin Silu Textile” shows that if know-how and modern technologies are applied in the cotton cultivation, the yield will increase significantly. Indicators of raw cotton harvesting is around **45-60 centners/ha** at this company.
4. Tajik Cotton is mainly exported in the form of cotton fiber without deep processing. In 2021, the export of cotton fiber was **111 thousand tons**.
5. The following factors make the transition to cluster production attractive:
  - Introduction of the cotton fiber export ban
  - International demand for cotton apparel is constantly growing. Over the past few years it increased from 8% to 21%
  - Transfer of industrial production to developing countries, due to rising of living standards in developed countries
  - Favorable ecological environment and processing of raw cotton based on cheap green energy
  - Obtaining the GSP+ status of the European Union and UK by Tajikistan
  - Full Government support, low cost labor, geographical location, favorable climate and other factors make establishing of textile clusters attractive.
6. With the current scenario, it is possible to establish **6 textile clusters** in the country
7. It is also possible to establish textile clusters based on the existing capacities of the spinning enterprises of «Olim-Textile» company, LLC «Khima-Textile» and LLC «Evraz-Danghara».



# CONDITION AND POSSIBILITIES OF COTTON PRODUCTION

## Local prospects for the development of cluster industries

- Significant investment potential and a system of state support for investment activities
- New taxation rules encouraging investment in industry:

When investing, investors are exempt for a certain period

Income tax

Land tax

Property tax **if the investment amount is**

200-500 thous. USD, for 2 year term

500 thous. – 2 million USD for 3 year term

2 -5 million USD for 4 year term

More than 5 million USD for 5 years.

## Besides:

VAT from 1 of January, 2022 y. reduced from 18% to 15%

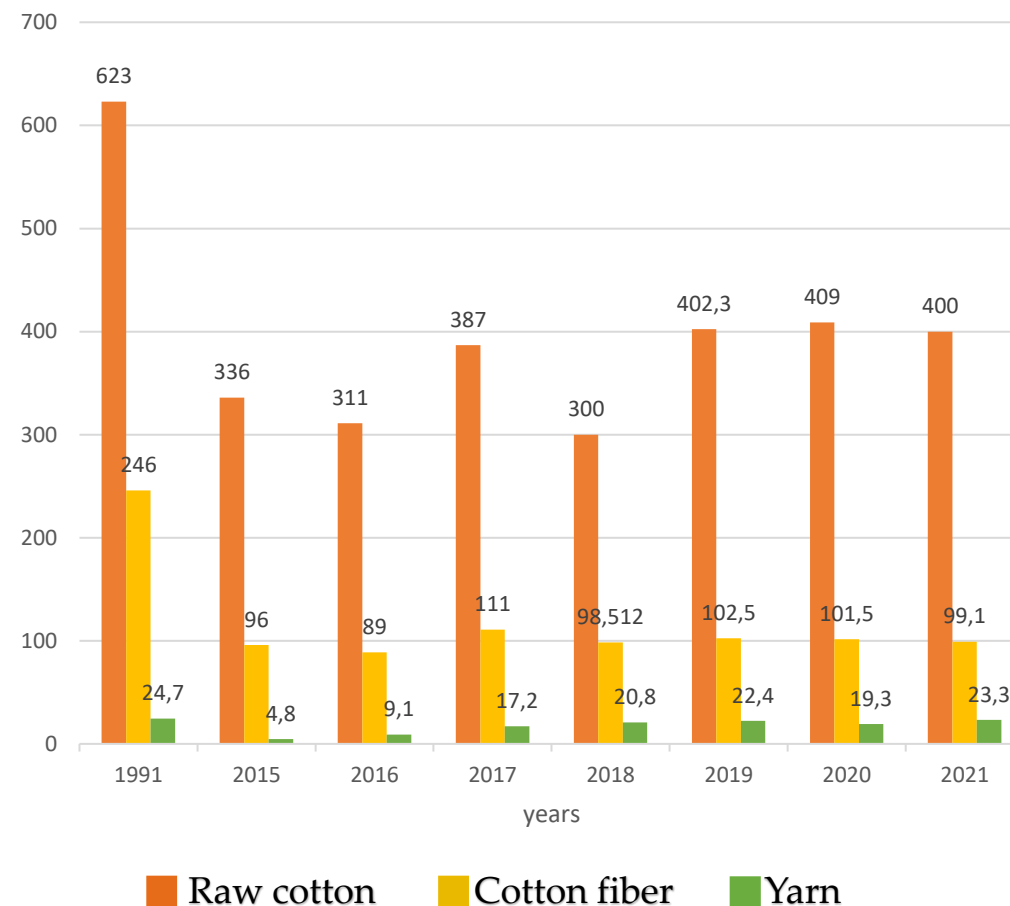
From 1 of January, 2023 y. will be reduced form 15% to 14%

From 1 of January, 2027 y. will be reduced from 14% to 13%

There is a successful experience in the complete processing of raw cotton at the [Zhongtai \(Danghara\) Sin Silu Textile](#) cluster enterprise with an investment of 200 USD.

Low production costs due to cheap labor, electricity, government support and tax preferences;

## Production and processing of cotton in country, thousand tons



## CONDITION AND POSSIBILITIES OF COTTON PRODUCTION

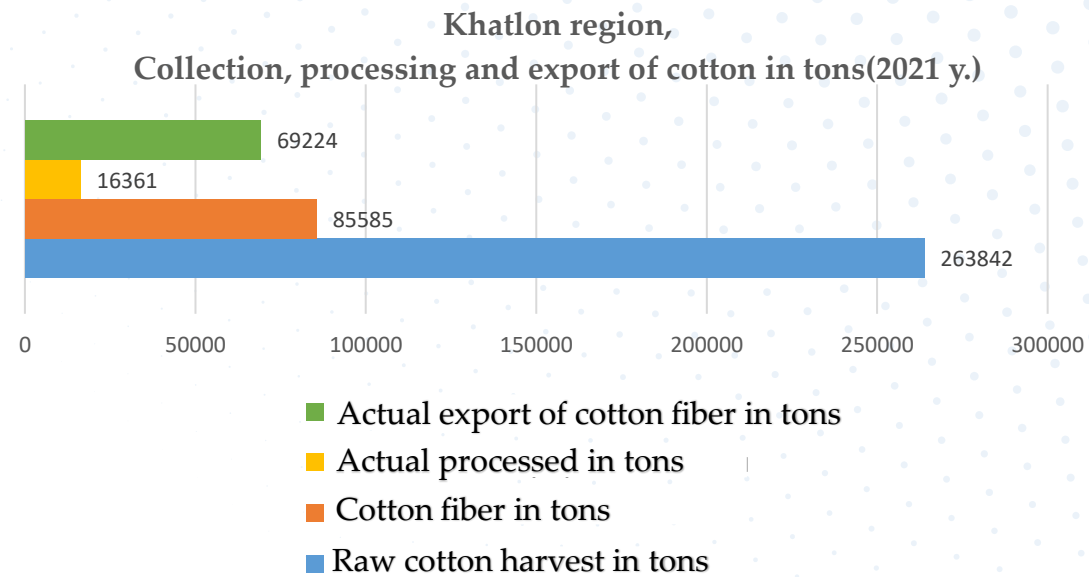
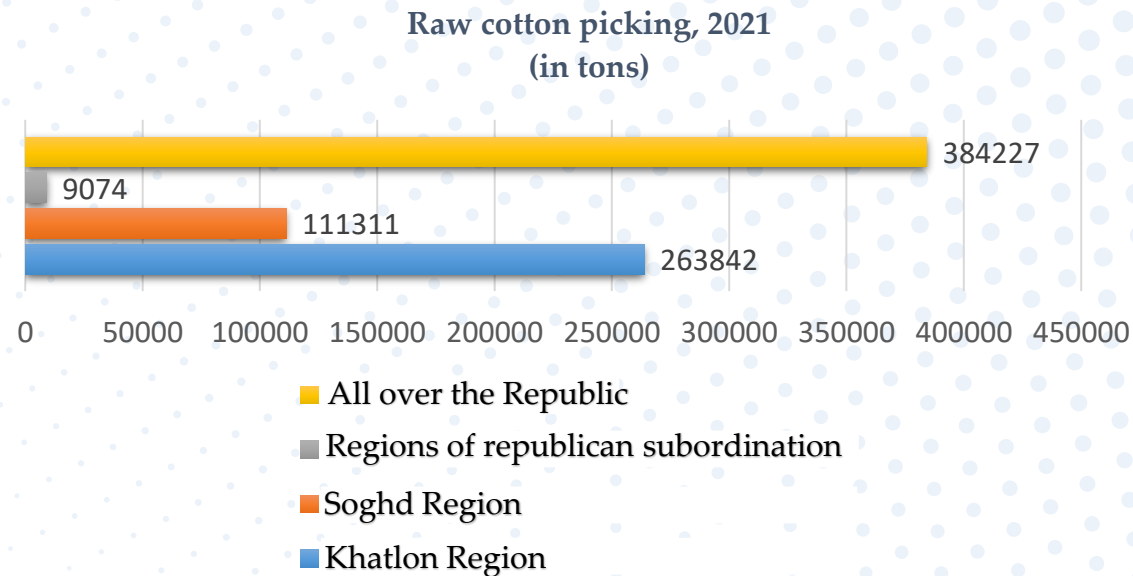
The annual raw cotton picking in the Republic of Tajikistan varies from 380 thousand tons to 400 thousand tons of raw cotton and 85,585 tons of cotton fiber production, taking into account Soviet technological equipment and traditional methods of growing and producing cotton

In 2021 year, 234,2 thousand tons of raw cotton were picked in the country

Only in Khatlon region were picked 263842 tons of raw cotton.

Exported 69224 tons of cotton fiber

The processed volume of cotton fiber in the country is 16361 tons.



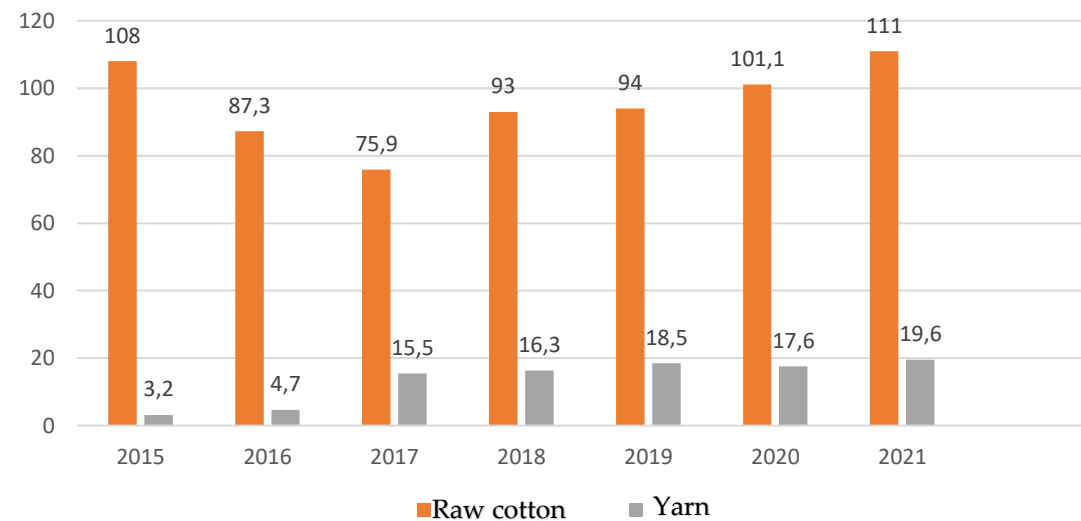
# CONDITION AND POSSIBILITIES OF COTTON PRODUCTION

High share of cotton fiber and yarn exports

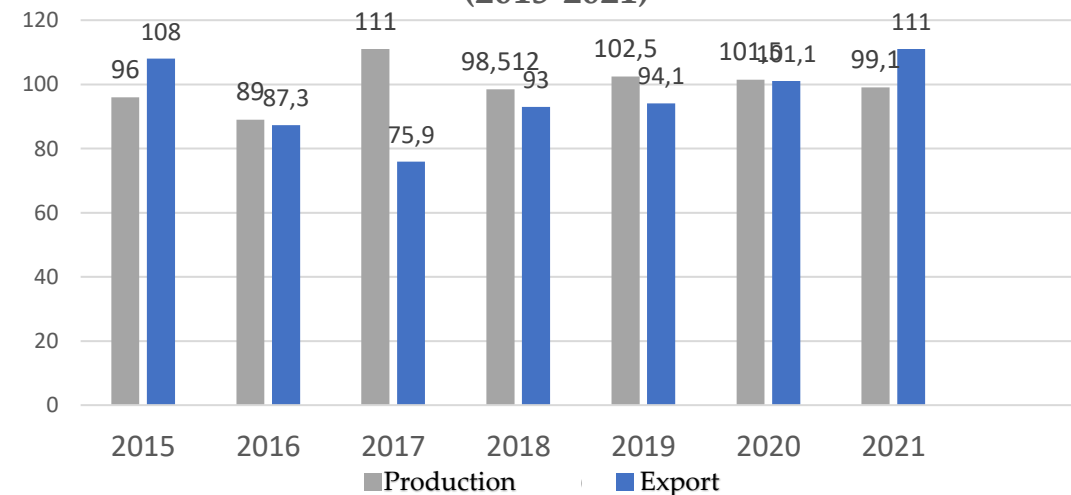
High share of imports of finished textile products from abroad

Not full use of existing production capacity

Export of raw cotton and yarn, thous. tons in the country



Production and export of cotton fiber, thous. tons (2015-2021)



# CONDITION AND POSSIBILITIES OF COTTON PRODUCTION

Fig. 1 shows that over the last 50 years there were dynamic changes in the production of raw cotton in Tajikistan.

By 1980, Tajikistan reached its peak of the gross collection and productivity of cotton - **1 million tons of raw cotton with 250 thousand hectares** of sown area, which is **40 centners/ha**

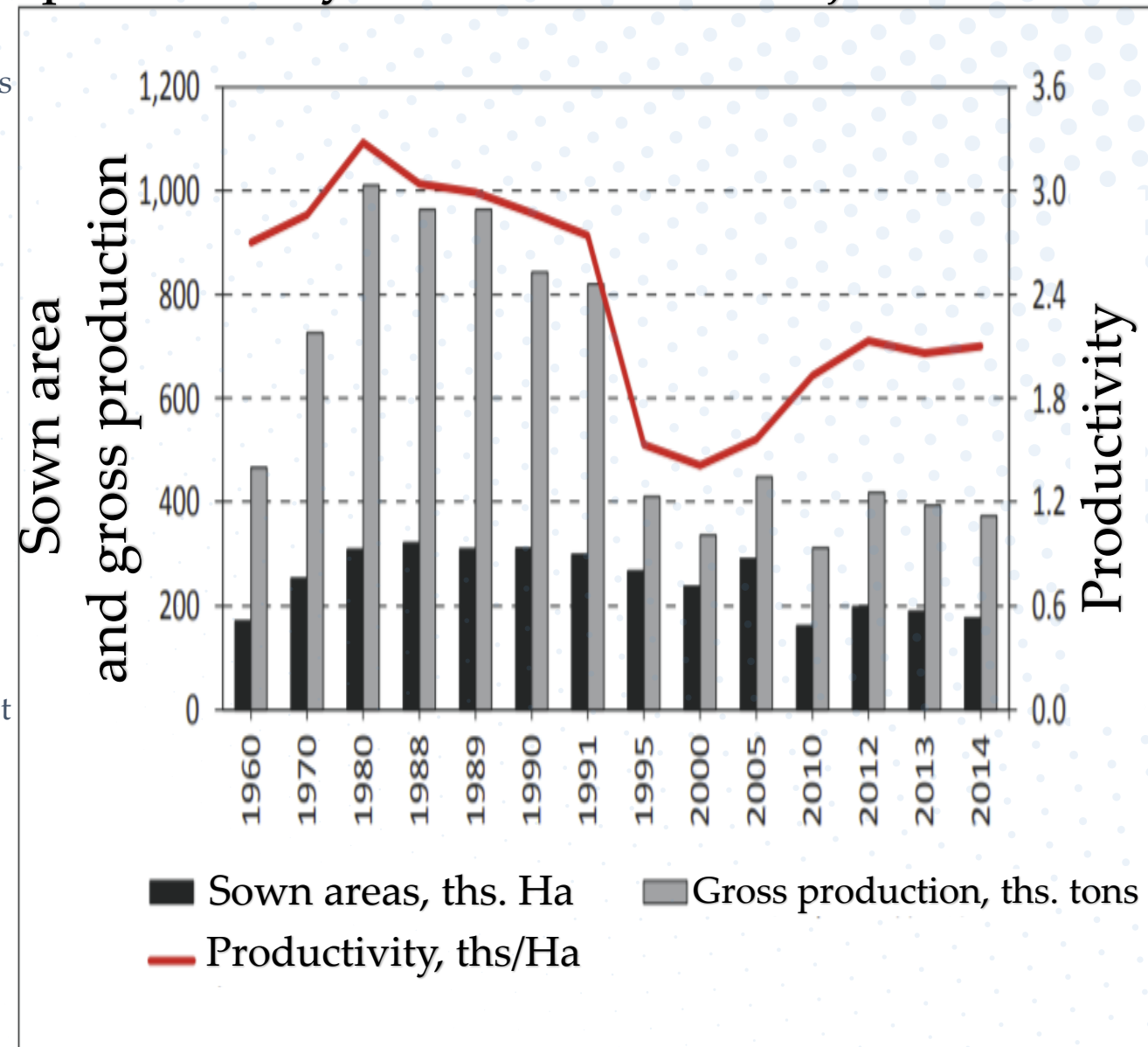
1980-1990 characterized by a slight decrease in the main indicators of the production of raw cotton

Then there was a sharp drop of all raw cotton production indicators, due to the followings:

- (i) In 1990s, the cultivation of cotton for rural producers **lost all meaning due to the lack of incentives;**
- (ii) Shortcomings of mineral fertilizers, agricultural machinery, that **decreased the volume of organic fertilizers used for soil**
- (iii) **Outflow** of highly qualified labour force from rural areas

**TECHNOLOGICAL PROGRESS IN GROWING RAW COTTON BY THE TAJIK-CHINESE JV "ZHONGTAI DANGARA SIN SILU TEXTILE" ALLOWS UP TO 60 CENTNERS/HA OF RAW COTTON PICKING**

Fig. 1. Sown areas, gross production and productivity of raw cotton in Tajikistan



# KHATLON REGION

ADMINISTRATIVE CENTRE: Kurgan-Tyube city

Population: **3 123 000 people**

Including:

- Urban: **562 000**

- Rural: **2 561 000**

Transport infrastructure:

Highways: **5347 км**

Rails: **423 км**

International airport in Kurgan-Tyube

Climate:

**Subtropical, continental**

RIVERS: **Vanj, Panj, Qizilsu, Yakhse**

WATER RESERVOIR: Muminabad and Selbur, **(used as for irrigation, as for recreation areas).**

Distance from the Capital: **100 km**



- Khatlon region is one of the three regions of the Republic of Tajikistan.
- Region occupied 24,6 ths. sq.km (17% from all the Tajikistan area)
- Located in the southern hills of Hissar-Alay has 4 cities, 21 administrative districts, 133 villages and 21 urban settlements
- From the western southern part it borders with Afghanistan, from the North with regions of republican subordination, from East with GBAR and from West with Uzbekistan



# CONDITION AND POSSIBILITIES OF COTTON PRODUCTION IN 4 DISTRICTS

DISTRICTS	POPULATION (thous. people)	ACTUAL SOWING LAND, (Ha)	AVAILABLE ADDITIONAL LANDS FOR CULTIVATION OF COTTON (Ha):	ACTUAL SIZE OF RAW COTTON IN 2020 Y, (tons)	MEDIUM COTTON yield, (cwt/Ha):
QUBODIYON	190	7574	3258	17320	23
SHAHRITUS	126	5380	2317	12282	22,9
N. KHUSRAV	40	3224	3117	7500	23,3
<b>TOTAL</b>	<b>356</b>	<b>16178</b>	<b>8692</b>	<b>37102</b>	<b>23</b>

Rail road map of Khatlon region



Raw cotton cultivation of sowing and perspective lands in 35000 Ha for 4 regions makes it perspective construction of Textile Cluster

Climatic conditions and convenient geographical location can significantly reduce factory costs.

Logistics opportunities - international highways and Kulob and Qurghan-Tyube railway stations make the project perspective

Both by car and by rail it's possible to get to Tajikistan through neighboring countries.

The country also has road link from North with Kyrgyzstan, from east with China and from South with Afghanistan.





# TEXTILE CLUSTER DEVELOPMENT SCHEME



COTTON SOWING ON  
16178 Ha OF LAND

STORAGE AND  
PRIMARY PROCESSING  
OF RAW COTTON

PRODUCTION  
COMPLEX

SUBSIDIARY FARM

1

2

3

4

5

6

7

ACQUISITION OF  
AGROTECHNICS (TRACTORS,  
COTTON-PICKING MACHINES,  
ETC)



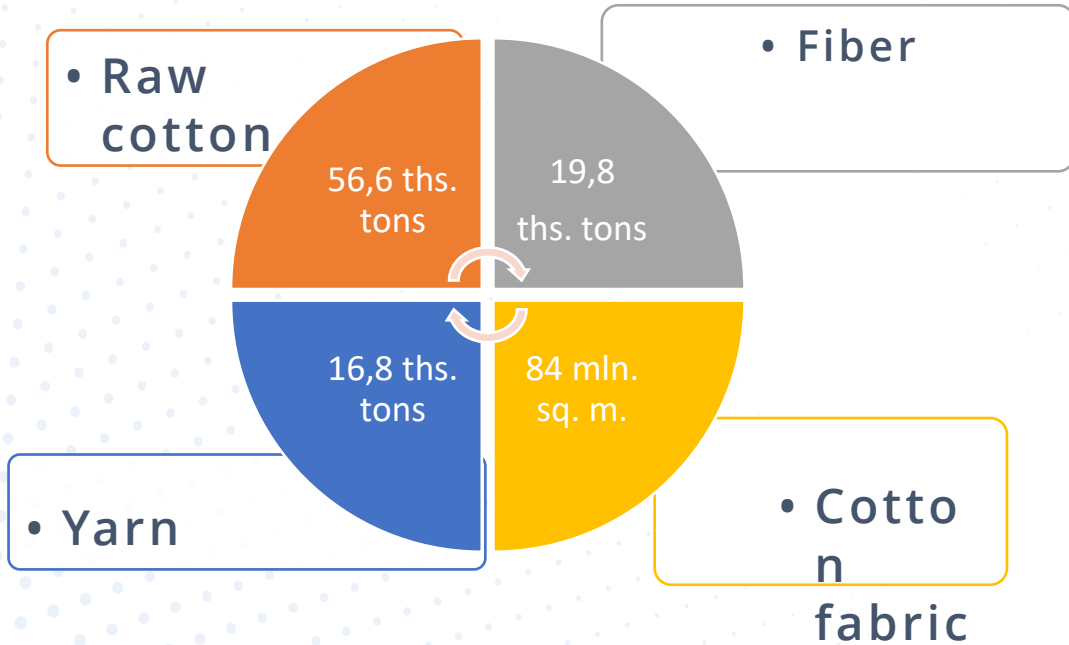
DEEP  
PROCCESING OF  
COTTON FIBER



OIL  
PRODUCTION  
FACTORY



**POSSIBLE VOLUME OF PRODUCTION of CLUSTER 2 in 31,5 ths. Ha**  
Khatlon Region (Balkhi> Dusti, Jayhun, Panj)



Planned sown areas and cotton production volumes (2022)

(ths. tons)

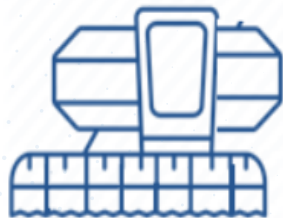
Districts	Area (Ha)	Version 1		Version 2		Version 3	
		Raw cotton harvest 25 C/Ha		Raw cotton harvest 35 C/Ha		Raw cotton Harvest 40 C/Ha	
		Raw cotton	Cotton fiber	Raw cotton	Cotton fiber	Raw cotton	Cotton fiber
Qubodiyon	7574	18,9	6,6	26,5	9,3	30,3	10,6
Shahritus	5380	13,5	4,7	18,8	6,6	21,5	7,5
N. Khusrav	3224	8,06	2,8	11,3	3,9	12,9	4,5
<b>Total</b>	<b>16178</b>	<b>40,4</b>	<b>14,1</b>	<b>56,6</b>	<b>19,8</b>	<b>64,7</b>	<b>22,6</b>

# AGROTECHNICAL SERVICES



## Tractors

JOHN DEERE (США)  
CASE IH (США)  
NEW HOLLAND



## Combine-harvesters

JOHN DEERE (США)  
CASE IH (США)



## Sowing equipment

ORTHMAN (Германия)  
SFOGGIA (Италия)  
NARDI (Италия)



## Sprayers

NARDI (Италия)  
CASE IH (США)



## Tillers

JOHN DEERE (США)  
ORTHMAN (Германия)  
SURE FIRE (Германия)



## Trailers Storage containers

TINAZ (Турция)  
DOGUMAK (Турция)



## Car park

IVECO (Китай)  
AGROS (Турция)

According to preliminary estimates, the number of agricultural machinery is **498** tractors, **2340** units, **68** cotton pickers, and the total purchase amount is about **39.47** million USD.

\*final number of vehicles and prices will be specified after the approval of the feasibility study report of the project



# TECHNOLOGICAL EQUIPMENT



## Ginning production

LUMMUS (USA)  
CONTINENTAL EAGLE  
(USA)



## Spinning production

RIETER (Switzerland)  
MURATA  
MACHINERY (Japan)  
SIEGER (India)  
SAVIO SIRIUS  
(Italy)



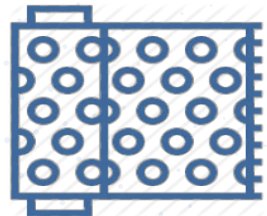
## Weaving production

KARL MAYER  
(Germany) STAUBLI  
(Switzerland) PICANOL  
(Belgium) DEMSAN  
(Turkey)



## Circular knitting production

TERROT GmbH (Germany)  
GÜVEN CELİK (Turkey)  
Pailung Machinery Mill  
Co., Ltd. (Taiwan)



## Dyeing and finishing production

OSTHOFF (Germany) ERBATECH  
(Belgium) HAS GROUP (Turkey)  
ELTEKSMAK (Turkey)  
ZIMMER (Austria) KUSTERS  
(Germany) DEMSAN (Turkey)



## Sewing production

SERKON (Turkey)  
BROTHER (China)  
JUKI (Taiwan)  
KANSAY (Japan)  
OZER MAKINA TEKSTİL  
MALKAN (Turkey)  
TEXPA (Germany)



# RAW COTTON POINTS OF RECEPTION (7 PCS.)



**Stationary scales  
(2 units for each item)**

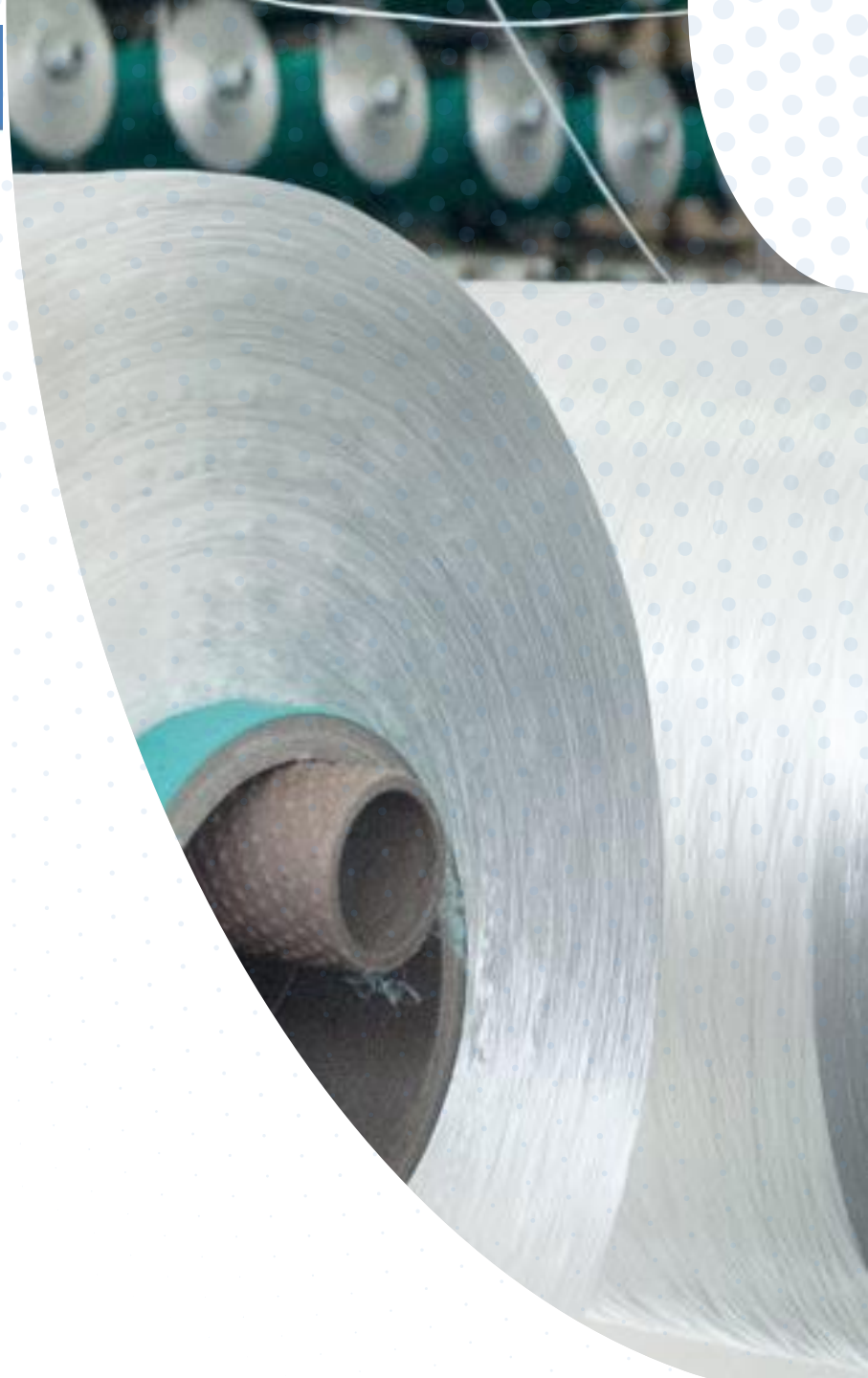
"NAIS" Plant of weighing  
equipment "NAIS"  
(Russia)

Vesy Rostov LLC  
(Russia)

**Conveyer belt  
(8 units for each item)**

FLIESSBAND GmbH  
(Germany)

Company group  
"Baltresino-technics"  
(Russia)



# COTTON CLEANER PRODUCTION



Productive capacity  
- 75 tons of cotton fiber per day



Energy consumption:  
Electricity – 750 000 kW  
Natural gas – 60 000 m<sup>3</sup>



New workspaces – 31 units  
with employment – 124 people

**Cotton fiber**  
- 19800 tons

Cotton Yarn -  
**85%**  
- 16800 tons

Waste –  
8%  
- 1584 tons

Moisture loss – **7%** - 1386  
tons





# TEXTILE PRODUCTION



Production capacity of factory – 60 000 kg/day, 20 000 000 kg/year



Creating workplaces 225 units  
with employment about 1016 people



Required total area - 25 Ha of land with total production  
area 22 500 sq. m.

# WEAVING PRODUCTION

## Textile technology

Discover textile technologies designed to promote innovative solutions



10 mln. r.m finished fabric; 3,4 ths. tons ready knitted fabrics



Creation of workspaces 58 units with employment of more than 145 people.



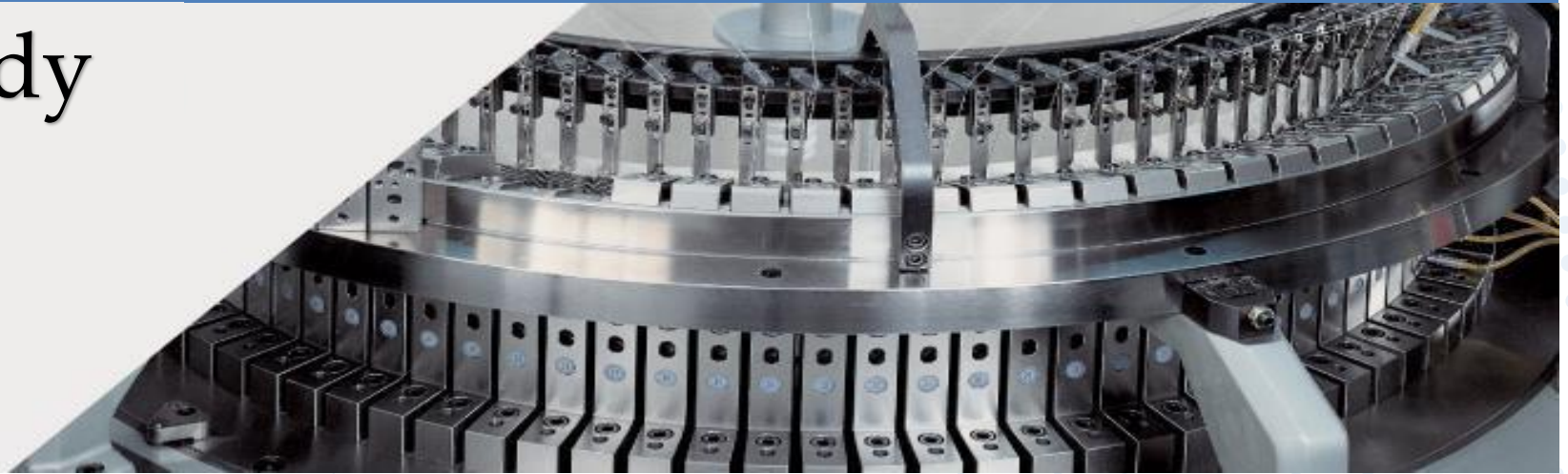
Required total area - 4 Ha of land area with total production area 2 600 sq. m.

# ROUND KNITTING PRODUCTION

Created for embody  
creative ideas

**Knitel**

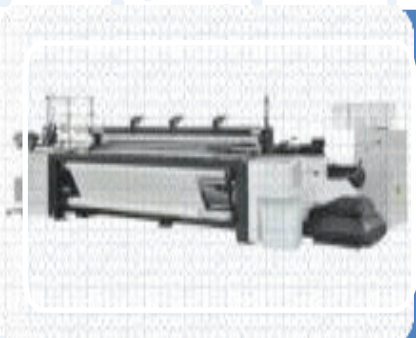
Round knitting machines



Production capacity 11 mln. r.m austere knitted cloth



Creation of 48 units with employment more than 144 people.



Required total area 2 Ha of land area with total production area 1100 sq. m.

# PRODUCTION OF TERRY TOWELS



Production capacity – 5,2 mln. Pieces of ready products.



Created workplaces - 43 units with employments of over 118 people.



Required total area – 2,2 Ha of land area with total production area 1500 sq. m.

# DYEING AND FINISHING PRODUCTION



Readiness  
for any application

dyeing and finishing equipment

**Dyeing and Finishing**



Production capacity 11,5 ths. Tons dyed knitted cloth/fabric



Creation workplaces - 36 units with employment of more than 110 people.



Required total area is 2,4 Ha of land area with total production area of 1300 sq. m.

# SEWING PRODUCTION

Quality step forward

**Sewing Machines**

швейные машины



Production capacity 20 mln. units of ready products



Created workplaces – 720 units: with employment of more than 1 450 people



Required total area 3,0 Ha land area with total production area 2 100 sq. m.

# BED LINEN PRODUCTION



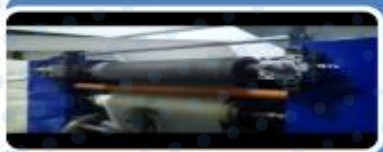
**Bed Linen**  
постельное бельё



Production capacity 3,4 mln. Units of ready product



Created workplaces 122 units  
with employment of more than 380 people



Required total area 2,1 Ha of land area with total  
production area 1,600 sq. m

# OIL EXTRACTION PRODUCTION



**Production capacity 7,0 mln. units of ready products**



**Created workplaces of 52 units  
with employment of more than 158 people**



**Required total area is 2,5 Ha of land area with total production  
area 1 780 sq. m**



# SUBSIDIARY FARM

SIMMENTAL PUR

*Beste Fleischqualität aus der Region*



Number of cattle 2000 units



Created workplaces 152 units  
with employment more than 344 people



Required total area is 30 Ha with total construction area 5 780  
sq. m. and pastures 800 Ha

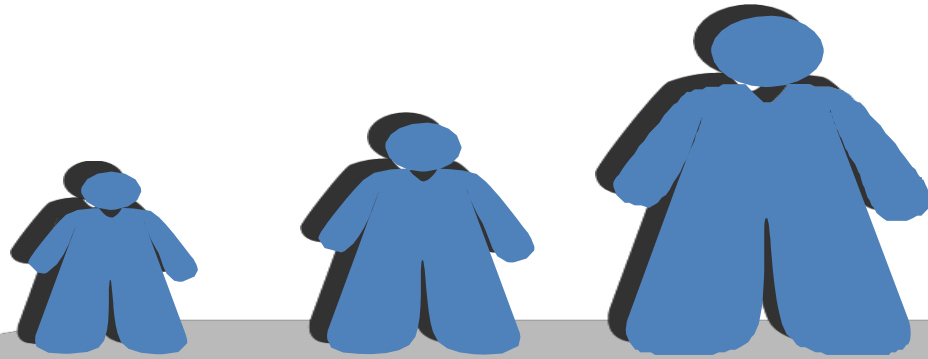
*The most part of feed for cattle will be provided from its own production*

# SOCIAL EFFECT

> Personnel training and retraining system

> New workplaces

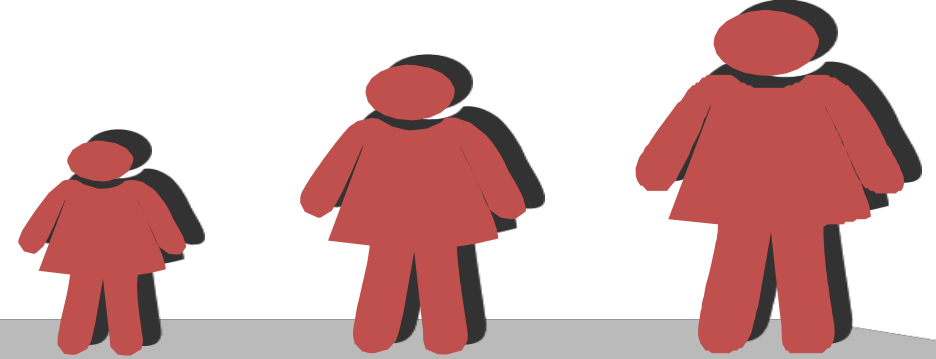
> Increased employment in the region;



Working conditions

Prestige

Social effect



Salary

Payments of socially related  
TAXes

Economic effect

## VOLUME OF INVESTMENT (MLN. \$)

№	ACTIVITY	Created workplaces	Equipment cost	Construction and installation works' cost
1	Set of activities on sewing of cotton	2 648	24,9	0
2	Agro-service	1 132	39,8	0
*	Seasonal work force	20 000	3,4	0
3	Raw cotton harvest points (3 units)	196	6,7	1,8
4	Cotton ginning	124	3,4	1,2
5	Spinning production	1 016	38,3	9,4
6	Weaving production	145	4,3	1,8
7	Circular – knitting production	144	2,8	1,1
8	Dyeing and finishing production	110	4,4	0,7
9	Sewing production	1 580	1,6	0,5
10	Terry towels production	118	1,8	0,6
11	Oil extraction production	67	3,4	1,2
12	Subsidiary farm	344	7,8	2,6
<b>Total:</b>		27 624	142,6	20,9
			<b>163,5</b>	