**INVESTMENT PROPOSAL**

**of the project «Establishing the production of sewing machines»**

**1. The name of the project is** «Establishing the production of sewing machines».

**2. General information about the project initiator:** The «Uzeltexsanoat» Association was formed on the basis of the «Uzeltexsanoat» Joint-Stock Company in accordance with the Resolution of the President of the Republic of Uzbekistan dated January 4, 2019, No.PR-4090 and currently unites large enterprises of the republic's electro-technical industry.

The main objectives of the «Uzeltexsanoat» Association are to develop a strategy for the sustainable development of the electro-technical industry, implement comprehensive measures to promote the development of new types of electro-technical products to saturate the domestic market and expand its export geography, as well as attract investment, primarily foreign, for the development of high-tech industries for the production of electro-technical products.

The member enterprises of the Association specialize in four main areas: production of cable and wire products, production of industrial and technical products (low and high voltage equipment such as transformers, substations, switchboards, etc.), production of household appliances and electronics (TVs, refrigerators, air conditioners, lighting, semiconductor devices, etc.) and services.

Volumes by the end of 2019:

- production and services rendered - 7.9 trillion sums (890.8 million US dollars.);

- export - 250.3 million US dollars.

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**3. Information about the** **enterprise on the basis of which it is planned to implement the project (if needed)**: This project is proposed for implementation in the territory of the Republic of Uzbekistan, including the FEZs of the republic. Search, if necessary, and identification of local partners with production experience that are part of the Uzeltexsanoat Association.

4**. Information about the project:** Production of the following is envisaged.

|  |  |  |
| --- | --- | --- |
| **№** | **Name** | **Forecasted production volume  for the first year (thousand units)** |
| 1 | Sewing machines | 50 |

**4.1. Marketing:**

The textile industry of Uzbekistan is not only one of the fastest growing segments of the economy, but also the leader in attracting foreign investment and exporting products. Today, the «Uztextilprom» Association has over 1,000 industrial enterprises in textile, apparel and knitwear industry. More than 70% of enterprises in the textile, apparel and knitwear industry of the country have implemented quality management systems and ISO, ECO certificates.

Target parameters for the production of textile and sewing-knitwear products for   
2020-2025 are shown below:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **№** | **Product Name** | **Unit** | **2019 year (estimate)** | **Forecast** | | | | | |
| **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
| 1. | Ready knitted fabric | thousand pcs | 174,8 | 227.5 | 350.0 | 406.8 | 520.0 | 540.0 | 546 |
| 2. | Sewing and knitwear | thousand pcs | 790 | 1 070.6 | 1 680 | 2 850 | 2 248.3 | 3 080.0 | 3 205.3 |

These targets confirm the steady growth in the production of textile and sewing-knitwear products, which, in turn, will lead to an increase in the republic's demand for sewing machines.

According to the analysis of the market of the Republic of Uzbekistan in 2019, the total volume of imports of sewing machines in the Republic of Uzbekistan under the HS code 8452101100, 8452101900, 8452210000 and 8452290000 compared to the previous year increased by 1.4 times and amounted to 274.3 thousand pieces, totaling 74.7 million USD.

The main consumers of sewing machines are enterprises operating in the textile industry.

The local market of Uzbekistan, as well as neighboring states of Central Asia and the CIS countries are considered as the main markets for the sale of products.

**4.2. Production:**

A process such as the manufacture of sewing machines is very technological and is carried out in several stages. Initially, it is necessary to purchase and supply materials and components. A very important point in production of sewing machines is the control of the quality control department of materials entering the enterprise’s warehouse. In this regard, for the production of sewing machines only high-quality materials are needed, which ensures the reliability of the finished product.

The sequence of work on the production of sewing machines:

1. In the manufacture of the body, the necessary workpiece is placed in the drilling machine, where the necessary holes are drilled in the body of the future machine.

2. After the electronic machine, the machine body is thoroughly tested.

3. After checking, the body is sent to the paint and drying line.

4. After drying, the casing is washed and passes to the polishing line.

5. After polishing, the body passes to the line where the assembly of the internal mechanisms takes place.

6. At the last stage of production, the manufacturer’s logo is applied and the performance of each machine is checked.

The demand for raw materials and components:

import - aluminum, steel, high-impact polystyrene (ABS) for the production of plastic parts.

local - the main component is foam filler, packaging materials, instructions, booklets and supplies.

Number of new jobs to be created (people): Administrative-25 people, Technical –100 people.

**4.3. Construction, reconstruction or modernization:** New construction;

The required land area will be determined by the selection of equipment.

Requirements for providing the facility with production infrastructure:

- the need for a railway line is required;

- water supply - required;

- power supply - required;

- gas supply - required;

- sewerage - required.

**4.4. Financing (Estimated project cost):**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **№** | **Project cost, including** | **unit** | **Cost** | **Sources of financing** | | |
| **Own funds** | **Direct investments** | **Commercial loans** |
| 1 | Construction and installation work | million  USD | 1.0 | Will be determined following negotiations with potential investors | | |
| 2 | Equipment | million  USD | 5.0 | Will be determined following negotiations with potential investors | | |
| 3 | Working Capital | million  USD | 2.0 | Will be determined following negotiations with potential investors | | |
| **Total:** | | **million**  **USD** | **8.0** | Will be determined following negotiations with potential investors | | |

The estimated construction period is from 12 to 18 months.

**5. Expected results from the project**: Volume of production and revenue:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of products** | **1 year** | | **2 year** | | **3 year** | | **4 year** | |
| **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** | **quantity (thousand pcs)** | **amount (million dollars)** |
| Sewing machines | 50 | 12 | 100 | 24 | 120 | 28.8 | 150 | 36 |

Estimated product price per unit:

Sewing machine - $240.

The project payback period is 4 years.

**6. Status of development and examination of project documentation.**

The process of development and examination of design estimates for the project will begin after negotiations with a potential investor on cooperation.