



Interreg  Co-funded by the European Union

Central Baltic Programme

LEF network Azerbaijan

Textile industry in Azerbaijan



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This market research has been made as a part of the LEF network Azerbaijan project.

The project LEF network Azerbaijan's vision is to increase innovations and the bio-economy of the region by exporting services, know-how and goods to Azerbaijan. As a result, the Central Baltic region will be more sustainable and competitive. The joint challenge is that Azerbaijan is specific due to market needs, language and business culture. For enterprises market entry individually is much harder than cooperating jointly with other enterprises and business support organisations. As a result export to the 3rd countries will be achieved faster and more effectively.

The project LEF network Azerbaijan aims to achieve 10 sales agreements during 36 months between Finland's, Estonia's and Latvia's mature SMEs and Azerbaijan. Based on small research matching demand and offers are the ICT sector, Green technologies, education - higher and lifelong, interior design as a service and interior design products.

Project period: 01.03.2023. - 28.02.2026.

Project partners:

- Latvian Chamber of Commerce and Industry (Latvia)
- Estonian Chamber of Commerce and Industry (Estonia)
- Satakunta University of Applied Science (Finland)
- Caspian Energy Club (Azerbaijan)

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This market research does not present any official EU opinion.



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1. Textile industry in Azerbaijan

Azerbaijan has a long tradition in the production of yarn, clothes, carpets, leather, and shoes. The processing of silk and wool has become intrinsically linked to society and certain items have now become intangible cultural heritages. This is the case of the traditional art and symbolism of Kelaghayi (the creation of women's silk headscarves) and the traditional carpet weaving which are now part of the UNESCO list for intangible heritages.

Presently, the country invests in modernizing its garment production, with initiatives such as the "State Program for the Development of Cotton Growing in the period 2017 to 2022" aiming to guide industries further. In 2019, the retail value of yarn items, apparel, and footwear reached over 1.5 billion EUR, with Baku Textiles LLC being one of the biggest names in Azerbaijan's textile industry (with a production of over 5,000 different varieties of textile products). In the same year, the country exported textile fabrics worth 2.2 million EUR into the European Union, out of which most have been worn clothing (79%), followed by articles of apparel and clothing accessories (not knitted and crocheted) (10%), cotton (6%), and carpets and coverings (1%). Most Azerbaijani manufacturers are represented by Small and Medium-sized Enterprises (SMEs), located around Baku and in other major cities. This is also the case of three Azerbaijani textile manufacturers which have joined the UNIDO Resource Efficient and Cleaner Production (RECP) Demonstration Project under the EU4Environment Action.

Historically, due to its geographical location and raw material resources, Azerbaijan has had a high potential for the creation and development of many sectors of the textile industry. When the textile industry in Azerbaijan began to experience the period of independence, it became one of the sectors that experienced a serious decline. However, at the end of the 19th century, the largest cotton fabric factory in Transcaucasia and the first sewing factory in Azerbaijan were established in Baku. In 1913, 300 tons of raw silk, 22 thousand tons of cotton wool, and 4 thousand tons of wool were produced in Azerbaijan, which was equal to 79 percent, 10 percent, and 2 percent of all Russian production, respectively.

During the Soviet period, this sector was also developed significantly. In 1925, the broadcloth factory was commissioned in Ganja. Thanks to the establishment of mulberry orchards and the development of silkworm breeding, the silk industry was formed in Azerbaijan, and Sheki city was



chosen as the center of sericulture due to climatic conditions. In 1931, a silk factory began to operate here.

Later, enterprises like "Sumgayit Weaver", textile sewing plant named after H.Z.Taghiyev, "Mingachevir Weaver", "Ganja Weaver", "Sheki-sewing", "Baku weaving haberdashery", "Sumgayit pile yarn", "Putas-spinner", "Sheki Weaver", "Baku Weaver", "Baku textile factory", "Baku sewing House", "Baku Weaver-sewing", "Bakikhanov knitwear" were established.

After the independence of the Republic of Azerbaijan, the textile industry has become more developed. Since 2015, a number of steps have been taken to develop the textile industry in Azerbaijan. Thus, as a result of large-scale measures to increase the production of cotton, which is the natural raw material base of the textile industry, the development of this sector has accelerated even more. In 2018, about 230 thousand tons of cotton were harvested from the fields. Although cotton varieties are mainly cultivated in Azerbaijan, which are distinguished by their high quality, the productivity in this area is quite low. Last year, the average yield per hectare was 17 centner, which is two times lower than the world average. The Ministry of Agriculture is planning numerous measures to increase productivity on a scientific basis.

Corporate clothes make up a large part of the textile market in Azerbaijan. Corporate clothing consists in sewing products from ready-made fabric and applying logos on finished products. Areas with demand for these products include the service sector (restaurants, hotels, etc.), banking, insurance, etc., except for back office employees, other sectors, military field, electronics stores, medical field, etc. There are many large and small enterprises carrying out this activity in Azerbaijan. However, due to the constant growth and renewal of the market, this area has a high potential.

Baku and Sumgayit are considered the most favorable zones for the textile sector. In particular, there are enough areas for the construction of such enterprises in Sumgayit. In addition, land prices are cheaper. There are also large areas in villages in Baku. For the convenience of commuting employees, as well as for the transportation of products, areas close to the center or comfortable areas should be selected.

Many companies have a significant impact on the acceleration of the development of the textile sector in Azerbaijan and its worldwide recognition. One of such enterprises is "Gilan" textile park, which operates in the territory of Sumgayit city. The Park is one of the companies known in the



world market and promoting Azerbaijan and is developing at a great pace. The company has been operating in Sumgayit since 2012.

GILTEX has a 65-70 percent market share in the production of home textile in the country - bedding, hand and body towels, etc. The fabrics produced by GILTEX are sold to many companies, including BTE (Baku Sewing House), to produce ready-to-wear garments. The yarn produced by GILTEX is exported to Turkey, dyed and printed fabrics to Russia and Ukraine.

Certain needs began to emerge in accordance with the needs of the time. In order to fight the COVID-19 pandemic, the production of medical masks was organized at the enterprise.

Yarn factory. The production of 100 percent cotton and mixed fabric and carded and compact combed cotton yarn is carried out by the ring spinning method in the spinning factory. Azerbaijani raw cotton is used as the main raw material. The factory meets the latest technological standards, is equipped with the equipment of world-famous manufacturers like Rieter (Switzerland), Muratec (Japan), Electo-Jet (Spain), CHORELLA (Switzerland), etc. The equipment and inspection methods of USTER (Switzerland) company are used in the laboratory operating under the factory. The monthly production capacity of the yarn factory is 330 tons of yarn.

Weaving factory. Here, production equipped with Germany-made Karl Mayer brand weft and knitting machines, Belgian Picanol cloth weaving machines, German Mayer&Cie weaving machines, Italian Itema brand towel weaving machines, monthly production of 1,400,000 running meters of raw woven fabric, 135 tons of woven fabric, 80 tons towel producing capacity has been established. These machines have a wide range and high-quality weaving characteristics. The products produced mainly contain 100 percent cotton content. Raw woven fabrics can be woven from 90 cm to 340 cm wide and include cretonne, ranforcy, satin, gabardine, ripstop and other types of fabrics. The factory produces interlock, lacost, supram, two-layer, rib and camis mesh fabrics, plain and jacquard pile towels. The total production area is close to 20,000 m². The monthly production capacity of the dye factories is 1,400,000 running meters of woven fabric, 135 tons of woven fabric, 80 tons of towels, 53.5 tons of yarn, the total production area is 13,000 m². The factories are equipped with equipment from manufacturers recognized as the best in the world.

In existing factories, the dyeing process takes place in 4 forms:

1. Reactive paint and printing
2. Pigment printing



3. Disperse paint

4. Indanthrene paint

There are two laboratories within the factories that carry out color studies and other industrial tests. One of the main features of the paint factories and the entire textile park "Gilan" is the design studio of the enterprise. The company's designers follow world textile trends, and sometimes get ahead of them, giving the enterprise and its customers an additional advantage.

Sewing factory. Mainly workers' uniforms and special uniforms for the military are sewn at the sewing factory. Bed linen and towels are produced in the home textile branch of the factory. The monthly production capacity allows to sew 91,000 pieces of conventional shirts, 70 tons of towels, 22,000 sets of bed linen, 18,000 pieces of blankets, 30,000 pillows. The sewing factory is equipped with Germany's Bullmer automatic cutting equipment, Japan's Juki sewing machines, Germany's Veit press and ironing equipment, USA's Barudan and Japan's Tajima sewing pattern and Turkey's Sulfet printing pattern looms. The factory uses Canadian Automatex equipment, which performs automatic sewing of towels, German Texpa equipment, which automatically sews bedding, and Spanish Masias looms, which provide the production of blankets and pillows.

Medical mask factory. In order to contribute to the fight against the COVID-19 pandemic, the production of medical masks was organized under the textile park "Gilan". Unlike other factories, the raw materials of this factory are not the products produced by another factory under the enterprise, but are completely purchased from abroad and are non-woven fabric. The daily production capacity is 300,000 pieces of medical masks. The masks are triple and consist of a non-woven fabric that serves as a medium solid filter.

The establishment and development of competitive production facilities eliminates the dependence of the country's economy on the oil industry. The establishment of such enterprises has a positive and significant impact on the employment of people. Proper and modern development of enterprises leads to the production of competitive products. It also ensures access to the world market.

Azerbaijan has a long tradition in the production of yarn, clothes, carpets, leather, and shoes. The processing of silk and wool has become intrinsically linked to society and certain items have now become intangible cultural heritages. This is the case of the traditional art and symbolism of



Kelaghayi (the creation of women’s silk headscarves) and the traditional carpet weaving which are now part of the UNESCO list for intangible heritages.

Presently, the country invests in modernizing its garment production, with initiatives such as the “State Program for the Development of Cotton Growing in the period 2017 to 2022” aiming to guide industries further. In 2019, the retail value of yarn items, apparel, and footwear reached over 1.5 billion EUR, with Baku Textiles LLC being one of the biggest names in Azerbaijan’s textile industry (with a production of over 5,000 different varieties of textile products). In the same year, the country exported textile fabrics worth 2.2 million EUR into the European Union, out of which most have been worn clothing (79%), followed by articles of apparel and clothing accessories (not knitted and crocheted) (10%), cotton (6%), and carpets and coverings (1%). Most Azerbaijani manufacturers are represented by Small and Medium-sized Enterprises (SMEs), located around Baku and in other major cities. This is also the case of three Azerbaijani textile manufacturers which have joined the UNIDO Resource Efficient and Cleaner Production (RECP) Demonstration Project under the EU4Environment Action.

Azerbaijan Textile Business Statistics For All Country Import And Export Data

- Azerbaijan Textile And Apparel Sector Exports Contribution : USD \$ 135.1 M (in Million)

Top 10 Textile and Clothing Export Countries By Azerbaijan

Azerbaijan's Top 10 Textiles Exports By Countries			
Sr No	Country Name	Export Value (in Million \$)	Exporter Share Percentage (%)
1	Turkey	78.41	58.03
2	Russian Federation	31.92	23.63
3	Iran, Islamic Rep.	7.92	5.86
4	Ukraine	3.9	2.89
5	Belarus	2.95	2.18
6	Georgia	2.52	1.86
7	Kazakhstan	2.1	1.55
8	Czech Republic	1.25	0.92
9	Sweden	0.77	0.57
10	Latvia	0.75	0.55

• Azerbaijan export list of all country wise in the world

Total Textile Export Market Size of Azerbaijan : USD \$ 0.14 (in Billion)



Azerbaijan Textile Market Sector Exports Products To Majorly In Turkey With USD \$ 78.41 M (In Million) Estimate Export Market Share (58.03%), Russian Federation USD \$ 78.41 M (In Million)

Exports Sector Contribution (58.03%), Iran, Islamic Rep. USD \$ 7.92 M (In Million) Exports Share (5.86%), Ukraine USD \$ 3.9 M (In Million) Exports Market Percentage (2.89%), Belarus USD \$ 2.95 M (In Million) Exports Contribution (2.18%).

- Azerbaijan Textile And Clothing Sector Import Contribution : USD \$ 431.04 M (in Million)

Azerbaijan's Top 10 Textile and Garment Imports From Countries

Azerbaijan's Top 10 Textiles Imports By Countries			
Sr No	Country Name	Import Value (in Million \$)	Import Share Percentage (%)
1	Turkey	183.7	42.62
2	China	123.25	28.59
3	Iran, Islamic Rep.	18.77	4.35
4	Italy	18.73	4.35
5	Bangladesh	11.61	2.69
6	Uzbekistan	6.68	1.55
7	Pakistan	5.38	1.25
8	United Kingdom	5.22	1.21
9	Russian Federation	4.84	1.12
10	India	4.16	0.97

• Azerbaijan import list of all country wise in the world

Total Textile Import Market Size of Azerbaijan : USD \$ 0.43 (in Billion)

Azerbaijan Imports Textile Clothing Products Worldwide Are As Follow Turkey Around USD \$ 183.7 M (In Million) With Import Share (42.62%), China Around USD \$ 123.25 M (In Million) With Import Share (28.59%), Iran, Islamic Rep. Around USD \$ 18.77 M (In Million) With Import Share (4.35%), Italy Around USD \$ 18.73 M (In Million) With Import Share (4.35%), Bangladesh Around USD \$ 11.61 M (In Million) With Import Share (2.69%).

2. Top Textile Companies in Azerbaijan

As a location for manufacturing in the textile and silk industries as well as the apparel sector, Azerbaijan has several benefits. These include low wage costs, tax and other preferences in



industrial districts, an adequately available educated labor force, and favorable conditions for the sale of the items.

The country's wealth in cotton production is also helping the textile industry grow. Products from the textile market in Azerbaijan are mostly exported to Turkey, Russia, Iran, Ukraine, and Belarus.

Some well-known Azerbaijani businesses are producing high-quality products for export destinations. In this report will introduce the top 6 textile companies in Azerbaijan.

Baku Textile Factory



The Baku Textile Factory (BTF) established in 1939 was the first textile mill in the entire Caucasus region at the time. School uniforms, medical uniforms, workwear, sportswear, underwear, and socks, are among the products produced by the Baku Textile Factory (BTF).



These products are produced using high-quality, dependable materials under safe working conditions, meeting international and European standards. BTF keeps innovating and advancing its operational procedures. In order to establish itself as a market leader both domestically and internationally, it seeks sustainable growth. Supporting innovation processes and pursuing excellence via dedication, integrity, honesty, and teamwork increases its presence in both internal and external markets.

Alyans Textile LLC



Located in Sumgayit city, “Alliance Textile” LLC is a producer of workwear and special wear (overalls, suits, jackets, etc.), as well as a wholesaler of safety footwear and all kind of Personal Protective Equipment (PPE): respirators, helmets, gloves, ear plugs, and many more. With 134 employees, Alyans handles everything from textile design all the way to shelf-ready products. During the RECP monitoring visits, the interest of the company has been to identify ways to improve its overall production (including in terms of energy efficiency and waste management).

BETEX Textile LLC

BETEX Textile LLC is a textile manufacturer operating in Sumgayit Chemical Industrial Park. Established in December 2020, it works with modern equipment and facilities. The company specialises in the production of trousers, shirts, robes, and other clothing items. With 18 employees, the company handles both domestic and international orders (mainly from Turkey). Depending on the volume of the orders, workers from Baku Textile LLC come to BETEX Textile to collaborate on the production line. In the past, the company also produced medical masks. Currently, it aims to take advantage of the RECP Demonstration Project to reduce waste, improve energy savings, and boost energy production from renewable sources through the installation of solar panels.

Motivated to improve their production and take an active lead in promoting circular economy practices in the context of the textile value chain, Alyans Textile LLC, Baku Textile LLC, and BETEX Textile LLC have all joined the UNIDO RECP Project under EU4Environment as Demonstration Companies. During several visits performed in 2021 and 2022 by the RECP project team, existing gaps and opportunities to improve resource usage and minimise waste have been identified. These were based on data analysis and calculations to assess ongoing inefficiencies. Once the RECP team finalises the resource efficiency reports for each company, the findings will help these textile producers reduce their negative environmental impact and improve their efficiency and competitive edge, all while taking an active role in promoting a circular and sustainable means of production in the textile industry.

Gilan Textile Park



GILAN TEXTILE PARK, one of the largest processing enterprises in Azerbaijan, is located in Sumgayit. The park is home to spinning, weaving, dyeing and sewing factories. The products of these facilities are manufactured using Azerbaijani cotton. These products are exported to Russia, Ukraine and Belarus.

GILAN TEXTILE PARK has a total production area of 50 thousand m² and includes two spinning factories, a dyeing factory and two weaving factories. The enterprise produces different types of fabrics such as blankets, towels, bed linen and uniforms. These are produced in accordance with European standards and use high-quality Azerbaijani cotton.

In Azerbaijan as well as the entire South Caucasus, Gilan Textile Park is the sole business created using the vertical integration approach. A spinning factory, two weaving factories, two dyeing factories, a garment factory, and a factory that makes medical masks make up the company.

Today, the Gilan Textile Park manufactures yarn, woven and knitted fabrics, bed linen, towels, bathrobes, blankets, pillows, as well as specialized apparel that is fireproof and waterproof, uniforms for various uses, clothing for the military and hospitals, etc. Moreover, the company has begun producing medical masks as a way to aid in the fight against the COVID-19 epidemic.



Gilan Textile Park is able to produce textiles that satisfy the highest standards of quality thanks to the coexistence of rich traditions and cutting-edge technology. As a result, the goods are used to



embellish a large portion of Azerbaijani homes and to comfort travelers staying in hotels there and nearby nations.

More than half of the Gilan Textile Park's goods are exported, proudly displaying the "Made in Azerbaijan" label. The Gilan Textile Park's goods have been awarded a Conformity Certificate under the AZS National Certification System. Additionally, the company was awarded Oeko-TEX® Standard 100 accreditation for its compliance with environmental standards for locally made woven and knitted fabrics, bed linen, and clothing.

The company has signed several successful textile export contracts. Currently, the largest importer of Gilan Textile Park products is Russia. It plans to expand its exports to other countries in the CIS.

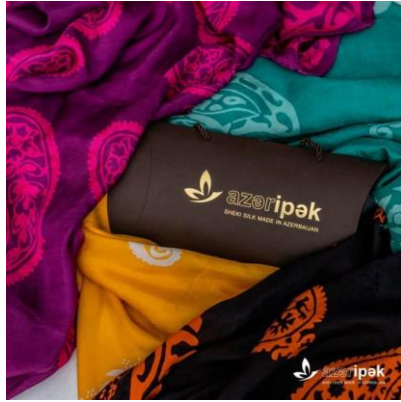
The main aim of Azerbaijan's state program is to increase non-oil exports. The country has a rich cotton production and low wage costs. This allows it to compete with other textile producers in the international market. Currently, the products are mostly sold to Turkey, Russia and Ukraine.

As a result of the decline in the textile industry, several initiatives have been initiated to help the industry re-establish itself. One of these is the establishment of a polymer plant, which is considered to be the flagship of the Azerbaijani industry.

Another initiative that has been initiated is the creation of special design studios in Azerbaijan. According to the head of the Textile Producers and Exporters Association, Mehriban Akhundova, the creation of such studios is an important step in the development of the Azerbaijani textile industry.

The GILAN TEXTILE PARK company is also working on establishing trade and business relations with Europe. Azerbaijani manufacturers are seeking to enter the European market and benefit from no import duties.

Azeripek



By order of Kamran Nabizade, General Director of “Azerbaijan Industrial Corporation” Open Joint Stock Company, “Azeripek” was established in 2018.

The company’s activities include cocoon production, weaving, dyeing, and cotton spinning. Currently, Azeripek produces high-quality 100% natural raw silk, scarves, and other silk goods. The company’s products are shipped to Turkey, India, the Islamic Republic of Iran, the Russian Federation, Ukraine, and other foreign countries.

Mingachevir Textile

A reputable Azerbaijani manufacturer of premium cotton and cotton-polyester yarn is Mingachevir Textile. Mingachevir Textile pursues making goods following international standards, constantly delivering flawless goods on time to clients, and achieving customer pleasure solely by its own quality.





In order to accomplish this goal, highly qualified specialists are involved in the process, sophisticated technologies are applied to the production step, and systematic management and innovations are utilized. To become a world-class manufacturer, the company selects suppliers and partners who adhere to international standards. One of the key objectives of the company is to keep up production without endangering the environment or nature. All required steps are taken to prevent environmental pollution throughout the production process.

Azerkhalcha



Among the top garment manufacturing companies in Azerbaijan, “Azerkhalcha” is a leading manufacturer of hand-woven carpets. The company plans to invest USD 22 million in 2018 and 2019 and launch 30 more branches in the country. It also plans to export handmade carpets to Japan.

Azerkhalcha has a 25000 square meter factory with a capacity of producing a wide range of production. The factory’s products include traditional Azerbaijani carpets, as well as various creative variations.

Most of the factory’s production is sold abroad. The company is planning to open more branches in the Tovuz region and has launched its first branch in the Horadiz settlement.



In January 2017, the company’s first 100 carpets were exhibited at the Hanover trade show. The production of Azerkhalcha will also be exported to other countries, including Russia and Turkey. In addition, the company’s goods have been awarded the Oeko-TEX Standard 100 accreditation.



Azerkhalcha's main purpose is to produce export-quality carpets. In order to improve the quality of its production, the company has been investing in the development of new technologies. Moreover, the government has encouraged the company to develop a national brand for its products. It has also initiated a massive propaganda campaign to promote the carpet weaving industry.

Azerkhalcha has set ambitious goals to increase its production of hand-woven carpets by thirty percent by 2020. It is planning to employ 5,000 workers and launch ten more carpet weaving factories in Azerbaijan next year.

Azerkhalcha's products are already sold in markets around the world. In order to attract more foreign buyers, the company has signed a free trade agreement with Turkey. Its goods will be labeled with the Azerbaijan Carpet label.

3. International cooperation and projects

Azerbaijani firms start exporting cotton fibre to Turkmenistan

Azerbaijani companies like MKT IK, Azerpambig and P-Agro have started exporting cotton fibre to Turkmenistan in 2023 to start, according to the former's Economic Zone Development Agency (EZDA). Initially, 30,000 tonnes of cotton fibre will be sent to Turkmenistan by ships from Baku International Sea Trade Port.

Climate-smart agriculture helps double Azerbaijan's cotton production

Climate-smart agricultural (CSA) practices based on nuclear and related techniques have enabled farmers and researchers in Azerbaijan to more than double cotton production in a project supported by the International Atomic Energy Agency (IAEA) in partnership with the Food and Agriculture Organisation (FAO) of the United Nations. The new variety called 'cotton super' combined with CSA practices has helped increase the country's average of three tonnes per hectare to eight tonnes per hectare.



Implemented in 2021, the pilot, part of an IAEA technical cooperation project, focused on developing CSA guidelines for cotton production, training Azerbaijani researchers and progressive farmers in CSA practices and designing on-farm demonstration trials.

“Considering the total cotton growing areas of 105,000 hectares in Azerbaijan, a 10 per cent adoption of the IAEA CSA practices would produce 84,000 tonnes of cotton compared to 31,500 tonnes, representing a 166 per cent increase over conventional cotton farming practices,” added Zaman. “Seeing the extraordinary success in applying CSA practices in this project, provides an exciting indication and tremendous promise on how it can help Azerbaijan to increase their cotton production significantly and thus, greatly impact Azerbaijani economy.”

India & Azerbaijan explore potential for cooperation in textile sector

The Embassy of India organised in January 2023 a textile business meet in Azerbaijan. Representatives from both nations participated in the meet physically and virtually to explore the potential for business cooperation in the textile sector. Trade data suggests that India's apparel exports to Azerbaijan has remained negligible and declined after 2017.