



African Cotton & Textile Industries Federation

ACTIF Newsletter

Stronger ties with the US government crucial to AGOA success, says ACTIF

DECEMBER 2010

The African Cotton and Textile Industries Federation has emphasised the need to secure a stronger trade arrangement with the United States for increased trade and investment in Cotton, Textile and Apparel sectors in Sub Saharan Africa.

by allowing the least developed country (LDC) beneficiaries to utilize yarns and fabrics from any origin (the so-called "third-country fabric" provision), coupled with a large TRQ, which has never been filled.

gration could only be achieved with unwavering political will across the region. The former Minister urged the private sector to utilize all available avenues to engage with governments for better success.

The meeting organised under the auspices of the Trade Policy Training Centre in Africa (TRAPCA), was designed to take stock of the progress made within the integration framework of the East African Community and to enable participants to better understand the issues and challenges facing public-private sector cooperation in the East African Community.

The meeting's organisers also hoped to create, promote and consolidate opportunities for both the public and private sector to enhance their respective efficiencies and effectiveness as development partners and address critical issues affecting trade in the EAC.

Dr. Chungu Mwila, the Director of Investment Promotion and Private Sector Development at the COMESA Secretariat emphasized the role of public-private sector partnership in small and medium enterprises development and in driving the agenda of regional integration within the East African Community. SMEs comprise between 50% and 90% of the economies of the region.

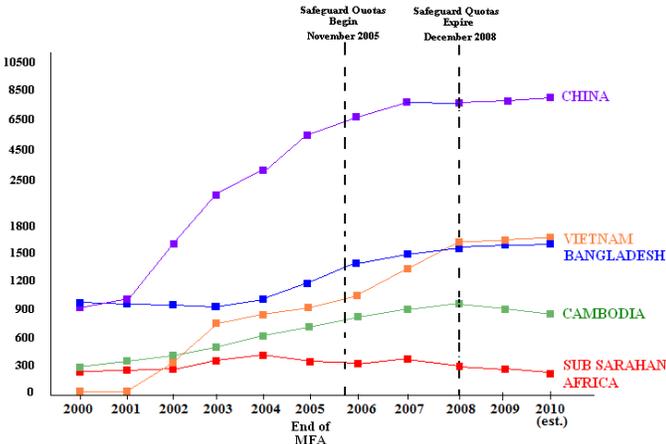
Dr. Mwila noted that SMEs across the region faced an uncertain regulatory environment, a lack of adequate skills base and poor access to credit largely due to lack of collateral.

Speaking on the role of the private sector in trade facilitation, the Executive Director of the East African Business Council, Ms. Agatha Nderitu, reminded the private sector of the need for participation in

The initial results were impressive. Between 2000 and 2004, African apparel exports to the United States more than doubled. Significant export-oriented apparel manufacturing developed (or expanded in those instances where it predated AGOA) in 15 African countries: Botswana, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South

Africa, Swaziland, Tanzania, Uganda, and Zambia. Six of these beneficiaries accounted for the lion's share of African

Turn to pg 2



Apparel exports to USA., extracted from US - Africa Trade report

Towards this end, ACTIF has continued to monitor developments within the US government in relation to the proposed amendments and expansion of the existing AGOA framework.

With the support of the Business Advocacy fund (BAF), ACTIF was able to engage the services of a reputable Washington D.C.-based law firm of Ryberg and Smith, L.L.C. who facilitated a series of meetings between ACTIF representatives and key US Government representatives in July and August 2010. ACTIF Chairman Jas Bedi and Executive Director Rajeev Arora attended the high level meetings. Since then, ACTIF has kept in touch with the law firm on the follow up dialogue related to the efforts of securing a better and stronger relationship with the US government under AGOA.

Enacted in May 2000, AGOA has been the cornerstone of U.S. trade and economic policy toward Africa for the past decade. AGOA was intended to spur investment, economic growth, and job creation in Africa through duty-free/quota-free (DFQF) trade preferences for almost all products exported from Africa, including apparel. Although DFQF treatment for apparel has been included in all U.S. trade preference programs, most have been subject to a "yarn-forward" rule of origin and strict tariff rate quota (TRQ) limits. AGOA extended a more generous package of benefits

Lack of political will an obstacle to EAC Common Market

Lack of political will has been identified as a major obstacle in the realisation of the East African Community Common Market.



Public and Private sector participants who took part in the EAC meeting in Arusha, Tanzania

Dr. Mukhisa Kituyi, a former Minister for Trade and Industry in Kenya told an integration meeting in the Tanzanian town of Arusha that changes in governments across the region was partly responsible for the long time taken to get to the current state of integration. He noted that the full benefit of the EAC inte-

the formulation of the various trade facilitation instruments, extending their participation in policy formulation to regional, international and multilateral levels and compliance with trade procedures.

"It is imperative to understand the contribution to the overall cost of a product by the various administrative and legislative requirements such as customs

Drive to strengthen Kenyan textile and garment value chain

A major project aimed at strengthening the Kenyan textile and garment value chain is in the offing. The project's aim is to address the existing bottlenecks and establish missing links in order to pave the way for long-term partnerships between a broad range of Danish and Kenyan garment and textile companies.

The organisations behind the project are the Danish Fashion and Textile (DFT) and the African Cotton and Textile Industries Federation (ACTIF) in collaboration with the Danish Federation of SME's (DFSME) and Thygesen Fabrics (TF).



The Danish Ambassador to Kenya, H.E. Geert Andersen (Fourth from right) posing with the Danish team and ACTIF representatives following the briefing session at the Embassy

The team of Danish consultants visited Kenya between October 25th and October 29th 2010 for an intensive feasibility study. During their weeklong study that was facilitated by ACTIF, the Danish team was involved in various activities. These included a series of meetings with several key stakeholders including ACTIF's national member - the Kenya Association of Manufacturers (KAM), representatives of Textile training institutions in Kenya, government representatives drawn



The Danish team in a meeting with Mrs. Betty Maina (fourth from left), the CEO of the Kenya Association of Manufacturers and Mr. Rajeev Arora (third from left), Executive Director, ACTIF

from the Ministries of Trade, Industry, Labour, Environment and the Kenya Investment Authority. The team also toured the University of Nairobi's Fashion and Textile department, spinning and textile companies, garment factories at the Export processing zones and had a meeting on raw materials availability with Kenya's Cotton Development Authority and a consultant from Tanzania's cotton board.

The delegation from the Danish fashion and textile industry concluded their visit by meeting with the Danish Ambassador to Kenya, H.E. Geert Andersen, during which they briefed embassy officials on their mission and initial

findings. The Ambassador was happy with the initial assessment and offered his support to the project. Overall, the Danish team felt that there existed a great opportunity for creating sustainable and long-lasting partnerships in Africa that could lead to investment and exports into the EU market. Their objective is to initiate a project in Kenya, and later on, undertake similar interventions in other ACTIF member countries.

Progress on AGOA

From pg 1 apparel export growth: Kenya, Lesotho, Madagascar, Mauritius, Swaziland, and South Africa. An estimated 300,000 direct jobs were created in the apparel sector in Africa, plus an even greater number of indirect jobs. By some estimates, well over one million jobs were created in Africa in response to AGOA in the apparel sector alone.

Since the end of the Multifibre Agreement (MFA), U.S. apparel imports from Africa have fallen by one-half (48% through 2009), while imports from the Asian apparel giants have skyrocketed: China up 23%, Bangladesh up 71%, Cambodia up 31%, and Vietnam up 98%. It is estimated that through 2009 roughly one-half of the African apparel sector jobs that had been created by AGOA had been lost. Moreover, the trend line was continuing in a downward direction.

At the time the ACTIF delegation was in Washington, and the ensuing period, the staff of both the House Ways and Means Committee and the Senate Finance Committee were engaged in policy consultations with USTR on both the preference reform legislation and the proposed AGOA amendments. However, the attention soon turned to the mid-year polls that resulted in significant changes in the key committees related to the trade policy discussions.

Republican candidates in the November 2, 2010 mid-term Congressional elections scored a major victory, capturing control of the House of Representatives. The Republicans will now hold a majority in the House in the 112th Congress, which will convene in January 2011. The Democrats retained control of the Senate, but just barely.

Republican leaders have declared that their top priority in the 112th Congress will be to repeal certain high-profile measures enacted earlier this year, especially the landmark health care reform bill. If they follow through on this challenge, it is likely that the 112th Congress will be characterized by heightened partisanship and rancour, which could easily lead to legislative gridlock.

Against that background, the outlook for trade-related legislation in the 112th Congress is not yet clear. It seems likely, however, that the three stalled U.S. FTAs with Colombia, Panama and South Korea could be slated for quick approval early next year. All three FTAs had been held up by House Democrats, who were demanding changes to labour, environmental and other provisions. With the Republicans now in control of the House, it is likely that they will move quickly to approve the three FTAs with less ambitious revisions.

Rep. David Camp (R-MI) is expected to become the new Chairman of the House Ways and Means Committee. Rep. Camp has made approval of the pending FTAs a

Turn to pg 3

Progress on AGOA

From pg 2 priority. He has also been a strong supporter of AGOA in the past, and he seems likely to continue to do so as Committee Chairman.

The future of preference reform legislation also could be in question. The preference reform initiative has been driven in the House by the Democrats. Republicans have seemed relatively uninterested in preference reform in 2010. It is unclear whether preference reform will move up on the Republican list of priorities in 2011. While preference reform has represented a threat to the AGOA apparel preferences, it has also been seen as the most likely vehicle for enactment of amendments to extend both the AGOA third-country fabric provision and the overall authorization of AGOA. It is unclear how AGOA amendments would move forward in the 112th Congress if preference reform becomes stalled.

In the Senate, preference reform has been approached on a bi-partisan basis within the Finance Committee. Although Senator Max Baucus (D-MT) remains as Chairman of the Finance Committee, Ranking Minority Member Charles Grassley (R-IA) will rotate off the Committee next year. Senator Grassley had been the real moving force behind preference reform in the Senate. Senator Orin Hatch (R-UT) is considered the likely candidate to become the Ranking Member in the 112th Congress, but in the past, he has been much less interested in preference reform than Senator Grassley. There is a good chance, therefore, that the preference reform initiative could lose steam in both the Senate and the House next year.

One other major change in the Senate is the defeat of Senator Russell Feingold (D-WI), who has been the Chairman of the Africa Subcommittee of the Committee on Foreign Affairs. Senator Feingold has not been a strong supporter of AGOA. Senator Ben Cardin (D-MD) is next in line to assume the Chair of the Africa Subcommittee, if normal seniority is followed. Senator Cardin has been a much more reliable supporter of AGOA in the past.

In these circumstances, it is critical that all AGOA stakeholders, including ACTIF, should continue to be actively engaged next year in the legislative process to ensure that their views continue to be before the key Congressional and Administration officials and are incorporated in the legislation as it is introduced and moves forward through the legislative process. ACTIF is already in discussions with the Business Advocacy Fund in order to renew its efforts in the coming year in partnership with the Washington law firm in order to enhance the chances of success.

Report compiled with the help of reports and updates prepared by Mr. Paul Ryberg of Ryberg and Smith, L.L.C.

Sourcing USA Summit Keynote Speaker Offers Glimpse of Future

Although one of the primary purposes of the Sourcing USA Summit is to allow cotton buyers and sellers to interact, network and conduct business face-to-face, the event's keynote speaker on Nov. 10 encouraged attendees to focus on the future. Noted author and futurist Jack Uldrich,



Jack Uldrich

president of the NanoVeritas Group, touched on many topics, including the cotton customer of the future.

"One of the biggest changes coming to all industries, including cotton, is the way individuals process data," he said. "Technology will allow customers to pick up a product and know almost everything about it: exactly where the cotton was grown, whom it was grown by, whether it was genetically modified, and if it was grown using good sustainability practices."

Uldrich also warned attendees not to get complacent, even though demand for cotton remains strong and steady. "Everyone is going to have to become more comfortable with taking risks," he said. "People think they're playing it safe by doing things the way they've always done them, but that's the biggest risk there is."

"It's very rare and difficult to decide to make changes when you're on top of your game because change usually involves a learning curve, which might negatively affect performance in the short term. But being able and willing to change is the key to reaching the next level of performance", he said.

The Sourcing USA Summit is held every other year; this year's is being held Nov. 9-12 in Rancho Palos Verdes, CA. Nearly 500 attendees, representing 24 countries, are in attendance at the Summit, which is sponsored by the Cotton Council Inc., Cotton Incorporated and the U.S. Department of Agriculture. According to an survey conducted during the opening remarks from Summit Moderator Dr. Michael T. Fralix (president and CEO of [TC]2), 61 percent of the audience identified themselves as cotton sellers, 26 percent as cotton buyers and 12 percent as "other."

The need for the Sourcing USA Summit is clear, based on the ominous results from one of the attendee survey questions. When asked why they decided to attend the event, 46 percent replied "networking", but no less than 20 percent replied, "To learn how to survive another year".

*Source: www.cotton247.com
November 10, 2010*

Bangladesh: Garment Worker Wage Rise Comes into Force

A new government-backed pay deal agreed for the Bangladesh garment industry came into force this week, with workers expecting their earnings to increase by up to 75% when they are paid in December.

Even though labour rights groups claim the new pay deal falls short of covering basic living costs, they do believe it is an important step towards achieving a living wage for the country's garment workers.

Even the Bangladesh Garment Manufacturers Exporters Association (BGMEA), an association of factory owners that says it cannot afford the new salary structure, is to begin paying workers the new national minimum wage.

The changes were approved by the government at the end of July.

Under the new deal, beginning in December a garment helper, the lowest paid worker in a garment factory, will be paid BDT3,000 (US\$43) a month. These workers currently earn a monthly wage of BDT1,662 (\$24). The wage hike will mark the first pay rise for garment workers in over four years.

However, with the Eid holiday only weeks away, the National Garment Workers' Federation (NGWF) is now calling for a festival bonus, calculated based on the new wage levels.

Although the factories are bound by the law to use the new salary structure to determine the Eid bonus, some government officials and the owners' association have been arguing that the previous year's wage should be used.

However, the Minister of Labour has announced that the Eid festival bonus will be calculated in line with the new wage level.

NGWF and other labour groups say they will be monitoring the situation in the coming weeks to ensure that all Bangladeshi garment workers receive the new wage in December. The trade union will continue to campaign for a living wage, which is estimated at BDT5,000 (\$72).

Changes to the garment workers' pay were negotiated after months of violent protests earlier this year, with up to 350 factories forced to close and shipments disrupted as rioting workers blocked main roads.

Local news reports suggest hundreds of garment workers have protested again near Dhaka claiming factories - including the AmanTex complex which supplies Swedish retail giant H&M - have ignored the pay hike.

Just-Style, November 3, 2010

From Page 1 costs, which are usually taken by management as costs of doing business and to lobby for improvements in trade facilitation in line with international best practices, said Ms. Nderitu.

Participants stressed the need to speed up the clearance period at the major border posts within the East African region. It was noted that while the common customs union protocol had become a reality, some borders were still struggling with implementation thereby resulting in unnecessary delays and losses. Another issue of concern was the need for harmonization of standards across the region to avoid the current situation where some goods are approved in one country while found to be sub-standard in another within the East African region. While the EAC was trying to address these issues, it was clear that much more needs to be done and at a much faster pace.

The meeting was attended by public and private sector players drawn from various industries within the East African Community. ACTIF was represented by the Executive Director, Mr. Rajeev Arora and the Trade Policy Manager, Mr. Joseph Nyagari.

Season's message

"On behalf of the chairman and the staff at the ACTIF secretariat, I would like to sincerely wish everyone happy holidays and a prosperous new year of 2011"

Mr. Rajeev Arora,
Executive Director, ACTIF

Upcoming Events

16-18 March 2011: Origin Africa: Fibre to Fashion event - Mauritius

31 March-1st April 2011: Prime Source Forum - Hong Kong

04-09 September 2011: ICAC Conference - Buenos Aires, Argentina

19-21 September 2011: ITMF Annual Conference - Barcelona, Spain

22-29 September 2011: ITMA 2011 Exhibition - Barcelona, Spain

www.cottonafrica.com

African Cotton & Textile Industries Federation
Hevea Park, Office Block D
Lower Kabete Road
P.O Box 1249-00606, Sarit Centre
Nairobi, Kenya
Tel: +254 20 3748211

The impact of the Republican takeover in the House on the prospects for China-focused currency legislation or other get-tough trade measures targeting China remains unclear in light of the strong bipartisan vote at the end of the last session in favour of the Currency Reform for Fair Trade Act (H.R. 2378).

With majorities of both caucuses having backed H.R. 2378, the uncertain trade stances of the first-time Republican members-elect would appear to be the only variable that could undercut continued legislative efforts to impact trade relations with China.

However, in the absence of a strong push-back from those new members, it appears likely that House lawmakers' focus on China will remain strong. This is due not only to the bipartisan worry evidenced by passage of H.R. 2378, but also because of a growing mainstream policy consensus that China has not lived up to its World Trade Organization commitments and is increasingly pursuing policies that discriminate against foreign firms and imports, and because the high US unemployment rate and sluggish American economy will make legislation touted as preserving US jobs a priority despite the shift in power in the House.

The likely incoming chairperson of the House Ways and Means Committee, Rep. Dave Camp (R-IL) voted for H.R. 2378, which he acknowledged "on its face" was consistent with US World Trade Organization obligations. However, he also complained loudly at hearings on the bill about the intense focus that outgoing chairperson Sander Levin (D-MI) placed on the currency issue to the exclusion of other trade initiatives such as free-trade agreements.

This has led to speculation among some trade observers that Camp might insist on the consideration of pending FTAs by the House or some other pro-trade initiative as a price for taking up another currency bill in the new Congress, should the Senate not successfully approve H.R. 2378 in its mid-November lame duck session and get the measure signed into law by President Obama.

Rep. Kevin Brady (R-TX), who led the opposition to H.R. 2378 on the Republican side and is a strong proponent of FTAs, is expected to become the new chairperson of Ways and Means trade subcommittee.

Inside US Trade, November 5, 2010

Celebrating the spirit, style & innovation of modern Africa

The concept behind Origin Africa is to capture the spirit, style and innovation of modern Africa. It will raise awareness about Africa as a sourcing destination and change perceptions about doing business in Africa, targeting a global audience of buyers, business leaders, and designers. *Fibre to Fashion 2010* will highlight the creativity and innovation of the African cotton, textile and clothing industries, and raise the profile of the continent as a source of supply of cotton, textile products, fabrics, and clothing. This world class event will bring together business leaders and decision makers from 20 countries across Africa, providing opportunities for international buyers to establish contacts with African designers and industry, and to do business.

Featuring

A Platform for Business: Promoting trade opportunities from fibre to fabric, from corporate wear to fashion, from clothing manufacturers to accessories; US & EU buyers to market their business and requirements to Africa; Sellers to market & profile their businesses and products to the region, and globally

Inspiration, Innovation & Technology - Symposium Program will include: New product development, new cotton fabric and fibre technologies; Innovations along the Cotton/Textile/Apparel Value Chain, application and design; Trend exhibits and a display of unique accessories, only found in Africa; Green/Eco manufacturing facilities

Pan-African Graphic Design Show. This Graphic Design Show will tap into Africa's new and exciting design talent. A competition that is open to all, reaching out to Africans from slums to studios, unlocking a world of ideas through graphic design - promoting freedom of expression and empowerment

Origin Africa Designer Showcase. Featuring the talents of 20 up and coming designers from across Africa, who will create and innovate using cotton and other raw materials and accessories from the continent. The designers will work alongside leaders in the African textile and apparel industry to design clothing with commercial appeal and African flair

Incorporating extensive global media coverage International designers and other celebrities

Partners: USAID COMPETE, EDUN, Mauritius Export Association, Ministry of Industry & Commerce/Enterprise Mauritius, Mauritius Tourist Promotion Authority, Air Mauritius, African Cotton & Textile Industries Federation (ACTIF)

For more information, please contact: Barry Fisher, COMPETE, (Email:

bfisher@competeafrica.org Ms Lilowtee Rajmun, Mauritius Export Association (Email: Lilowtee@mexa.mu)