



African Cotton & Textile
Industries Federation

ACTIF Newsletter

March 2010



ACTIF Executive Director, Mr. Rajeev Arora, with members of Nigerian Textile Manufacturers Association (NTMA)

Nigeria Now Joins Continental Cotton Federation

Nigeria has become the 18th member of the Africa Cotton & Textile Industries Federation (ACTIF), a continental trade body whose headquarters is in Nairobi, Kenya.

ACTIF was formed in June 2005 by the cotton, textile and apparel sectors from across sub-Saharan Africa to create a unified and recognised voice in both regional and global trade affairs.

ACTIF Executive Director, Mr. Rajeev Arora, said in statement that Nigerian Textile Manufacturers Association (NTMA) and Nigerian Textile Garment and Tailoring Employers Association (NTGTEA) as well as the National Cotton Association of Nigeria (NACOTON) are the two new member federations in West Africa.

"We are happy and excited to announce our 18th member country in ACTIF- Nigeria," said Mr. Arora in the statement.

Both Mr. Arora and ACTIF Chairman, Mr. Jaswinder Bedi, participated in the negotiations in three Nigerian cities that brought the most populous African nation on board the federation.

Member Associations welcomed the new development describing it as a vital step towards creating a powerful

lobbying and trade voice for the African cotton, textile and apparel sectors.

"This is a vital step for ACTIF in its journey towards being a continental for the sector," said Endalkachew Sime of Ethiopian Textile and Garment Manufacturers Association (ETGAMA).

The presence in Nairobi of a strong trade and advocacy body for the cotton industry has revived the hopes of Kenyan cotton farmers who have been out of business for nearly two decades. The Kenyan cotton and textile industry collapsed in the 1990s due to mismanagement, inability to access key markets, obsolete technology and flooding of the market with cheap second hand clothes.

Recently, the Cotton Board of Kenya announced an ambitious plan to revive cotton farming in Coast Province, which is believed to have a great potential.

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ACTIF Holds Stakeholders Meeting in Nigeria

African Cotton and Textile Industries Federation (ACTIF) held cotton to apparel stakeholders meeting Hamdala Hotel, Kaduna on February 24, 2010



Members of the Nigerian Textile Manufacturing association pose for a photograph with the chairman of ACTIF, Mr Jaswinder Bedi, (centre, in suit) and ACTIF Executive Director, Mr Rajeev Arora, (2nd right) following stakeholders workshop in Kaduna, Nigeria.

The round table meeting was held in conjunction with various trade organisations involved in cotton, textile and apparels in Nigeria. Issues discussed included how to engage with stakeholders in developing synergies to take advantage of trade opportunities within and outside the region.

ACTIF Chairman, Mr. Jaswinder Bedi, who was present at the meeting, said the main Cotton, Textile and Apparel sector stakeholders were represented along with the respective federations and various support trade organisations. 15 stakeholders from the private sector and 16 from the public sector attended the forum.

Mr. Bedi said the meeting was designed to help participants understand the present situation of the Cotton, Textile and Apparel industry, factors that have led to a decline of the industry's fortunes and the need for developing a common front in national, regional and international trade negotiations.

"The key issues for the industry in Nigeria is the urgent need to create opportunities for regional cotton to clothing value chain developing synergies to take advantage of trade opportunities within and outside the region," observed Bedi.

Bedi noted that the challenges faced by the Nigerian Cotton, Textile and Apparel sector were not unique to them as they were shared across the continent. He stressed the need to exploit the full Textile Industry value Chain, especially the spinning and weaving sectors that he said need urgent attention.

The Chairman regretted that though Africa accounts for 12 % of the world production of Cotton it exports 90% or more in lint form and only 10% was being utilised by the mills to develop fabrics and other products.

ACTIF, he said, provides a good opportunity for the stakeholders to benefit from a variety of services including representation at regional and international fora; participation in trade events to promote members products; provision of export development services and capacity building of member associations.

"The market potential for Africa is massive and there is also a good opportunity for Africa to speak with one voice through ACTIF and eventually be able to brand Africa."

Speaking at the forum, ACTIF Executive Director, Mr. Rajeev Arora, emphasized ACTIF's mandate to bring the disparate needs of the cotton, textile and apparel sectors

into a cohesive and consensus driven positions at the regional and international trade and development fora.

He said ACTIF made a successful contribution to the AGOA ACT 2006, signed an MOU with COMESA to provide private sector input and engaged in EPA-ESA negotiations. He highlighted other achievements as the successful regional capacity building workshops that have been used to inform member countries of current and future opportunities and also seek common positions from them.

"To further develop synergies and enhance the regional value chain, we are currently engaging regional blocks such as EAC, SADC, ECOWAS and COMESA for the benefit our members, said Arora.

Making a presentation on the status of the cotton and textile industry in Nigeria, Mr. Misbahu Z. Mahoud said the discovery of crude oil in the country led to a general decline of the agricultural sector, including cotton production leading to a drop in output from 220,000 mt in 1975/76 to 28,000 mt in 1985/86.

In 1986, however, the price liberation introduced through structural adjustment programme was singularly responsible for restoring Nigeria's prime position on cotton production leading to an increase in growth from 28,000mt in 1976 to 70,000 mt in 1996 as well the setting up of numerous cotton ginneries. Since then, the national average output has been maintained between 150,000 mt and 300,000 mt. However, the cotton ginning capacity of Nigeria is 650,000 mt, much higher than the current production.

Mr. Mahoud listed key challenges affecting the sector as increased cost of production due to the high cost of inputs and labour, shortage of working capital, non availability and/or high cost of credit; irregular and expensive power supply and high cost of alternative power. Others are fall in local demand for cotton lint due to continued scaling down or closure of textile mills, over-dependence on export even when international prices are low and un-economical, high commodity levies charged by all the states through which cotton moves, high statutory inspection charges, lack of sufficient incentives to cotton farmers, ginners and exporters and a lack of legislation to regulate cotton marketing, distribution and marketing as well as quality management challenges.

Nigeria has close to 200,000 hectares of arable land under cotton cultivation with a potential of employing up to 2 million people within the related activities of planting,

weeding, harvesting and transportation. Reports indicate that the area under cotton plantation can be increased with a little incentive to farmers. Nigeria's growing population also provides ready demand of edible oil thereby impacting cotton production. The cotton sector has tremendous potential to generate export revenue as the world's fibre consumption increases;

1. Status of the Nigerian Textile and Garment Industry by Mr. J. P. Olarewaju

PART I: TEXTILE SECTOR

Highlights:

	In the Mid 80's	Current Situation
No of Mills	175 Units	30 units
No of direct employees	250,000	24,000
Utilization Capacity	75% - 85%	28%
Export share in the West African Market	30%	5%

Critical Challenges:

- Influx of counterfeit & smuggled textiles mainly from China leading to closure of a number of textile mills
- Scarcity and high cost of black oil that is needed for the processing of fabrics
- Escalating cost of gas that is crucial for the running of the boilers in most of the textile companies
- Lack of affordable credit that is stalling investment activities
- Costly and poorly distributed power supply with a devastating effect on the existing machinery
- Expensive alternative sources of power
- Limited market access for the Nigerian fabrics
- Inconsistent government policies
- High cost of water, steam and labour

Raw materials supply

The production level of raw cotton, mainly short staple fibre, has been dwindling with time owing to the limited consumption levels. Alternative fibres, such as polyester chips were initially being imported and converted to fibre in Nigeria. Currently, however, all the companies that convert chips to fibre have since closed. This means that both fibre and yarn have to be imported as well as polyester fibre, acrylic, viscose fibres, filament yarn and other alternative fibres all have to be imported.

Opportunities

A textile revival fund of approximately 100 Billion Naira that had been muted in 2006 is currently being implemented. This could have a very positive effect of reviving the old players as well as giving way to new ones; the industry could easily bounce back if importation of fabrics is reduced by even 20% owing to the large local market.

GARMENT SECTOR

There is currently no organized garment industry in Nigeria. A few companies, associated with Nigeria Textile Manufacturing Association NTMA, have some level of integration as they are involved knitting, processing and

Chairman of ACTIF, Mr. Jaswinder Bedi, addressing the media after a successful meeting in Nigeria.



Competitiveness Survey to Identify Constraints in Textile Sector

A major Competitiveness Survey in the Cotton and Textile Apparel sectors in the region has been commissioned by USAID COMPETE in collaboration with the African Cotton and Textile Industries Federation (ACTIF).

The survey is being administered by Synovate Pan Africa, an independent market research organization.

The purpose is to understand the performance and overall competitiveness of the Cotton, Textiles and Apparel sectors in five ACTIF member countries namely: Kenya, Uganda, Tanzania, Ethiopia and Zimbabwe.

By evaluating both sector and firm-level performance across a number of metrics central to competitiveness, USAID COMPETE will be able to identify the constraints faced in the industry and design project interventions and policy/strategy recommendations in a manner that will help address the key challenges. The outcome of this survey will also help the ACTIF secretariat to understand its members and kick off discussions for the regional Cotton Textile & Apparel sectors competitiveness group meeting on 27th April 2010 in Nairobi, Kenya.

Among the issues to be captured in the survey are:

- The impact of tariff and non tariff barriers
- Efficiency levels of the custom procedures
- Sophistication levels of the financial markets
- Extent of collaboration among firms, suppliers, partners, and associated institutions
- Nature of competitive advantages of the specific sectors in the international markets
- Sophistication levels of the production processes
- Percentage of sales domestically, regionally and internationally and the top competitors of the specific countries

UPCOMING ACTIF EVENTS

ACTIF ANNUAL GENERAL MEETING AND OFFICIAL LAUNCH ON 27TH AND 28TH APRIL 2010, NAIROBI, KENYA

COTTON TO CLOTHING VALUE CHAIN STAKEHOLDERS WORKSHOPS

VENUE/COUNTRY:	DATE:
Blantyre, Malawi	21-23 April 2010
Ghana	October 2010

OTHER REGIONAL AND INTERNATIONAL MEETINGS

- African Union Meeting on establishment of a Task Force on Commodities, 20 - 21 April 2010, Addis Ababa, Ethiopia

EITGES:

Ethiopia-International Textile and Garment Exhibition and Symposium, Nov 24th – 28th, 2010 Courtesy of:

ETGAMA: Ethiopian Textile & Garment Manufacturers Association

E-TEA: Ethiopian Textile Engineers Association,

ATIS: Afro Textile Industrial Solution / ATIS/

Visit www.eitges.com for more information and registration



The Nairobi-based African Cotton and Textile Industries Federation (ACTIF) is set to be launched on April 28, the committee charged with planning the event has announced.

ACTIF Executive Director, Rajeev Arora, said the launch is designed to showcase ACTIF's role in the cotton and textile value chain and to emphasise the importance of speaking with one voice as continent.

"African countries grow 12 per cent of world cotton demand and export 90 per cent of raw cotton," said Mr. Arora. He added that AGOA textile and apparel market share is only 0.04 per cent of the US textile and apparel market.

The launch activities will kick off with a competitiveness strategy meeting that will bring together top industry leaders from within and outside the region to discuss how to make locally produced competitive on the international stage. The strategy meeting is supported by the USAID-COMPETE programme.

In addition, a regional supply and international market demand study report will be presented to highlight the demand and supply within the region.

The ACTIF website, www.cottonafrica.com, is set to be re-launched during the event to highlight improved features aimed and promoting trade. The website has been a key platform for market linkages and information dissemination making it a leading resource in the Cotton, Textile and Apparel sector. The website continues to receive high ratings and it is hoped that the re-launch will make it an even more powerful tool.

Mr. Arora said the launch will be preceded by the Annual General meeting on April 27. The AGM will bring together representatives from all the 24 member associations drawn from 18 countries. The main features of the AGM will be presentation of the annual report and election of new officials.

"Future plans for ACTIF will be discussed with the aim of moving the Federation to the next level.

One of the highlights of the launch will be a fashion show which has been organized as a trade, capacity building and entertainment event. The fashion show is aimed at identifying and promoting innovative and high quality African designs in the regional and international

market. ACTIF in partnership with USAID-COMPETE's ECA HUB in collaboration with regional stakeholders are organising the show.

The show is also aimed at bringing the manufacturing, industry associations, public and private sectors together to develop synergies to strengthen, promote and support upcoming African designers to commercialize their designs.

It is envisioned that the event will enhance the designers' capacity to explore and take advantage of the opportunities in the regional and international market. It is expected that the success of the workshop will sensitize the public, designers and the private sector to come up with a formalized skill-up gradation training scheme. The funding of such a scheme could initially be taken up by the government, private sector and NGOs with the assistance of development partners.

As part of ACTIF's goal of branding African products to improve competitiveness, the fashion show will be used to promote local/regional original conventional and ethnic designs combined with the creation of market linkages and exposure within and outside the region. Africa is suited to tap into the enormous potential that exists in various cultures, the production and manufacturing of organic cotton products using local/regional and western designs and it is hoped that it could become an annual event.

The strategy workshop will also focus on how to develop and commercialize designs in order for them to make economic sense and meet the demand of the targeted market without losing the artistic creativity. Good design capabilities can add high value to the locally produced fabric through small and medium manufacturing units. Such practices have been successfully implemented in countries like China, Turkey, India, South Africa, and Mauritius that have invested heavily in the fashion design capacity development.

The overall vision is to build the capacity of young and upcoming fashion designers, connect them to the regional fabric manufacturers and link them to the opportunities that exist in the regional and international market for Fashion designers underlying stories of the African designs resulting in sustainable, economic development in the local and regional cotton textile and apparel sectors.

ACTIF Holds Stakeholders Meeting in Nigeria

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garmenting. This includes Cotsyn (Sunflag group), Femro group 3 Nig. Ltd., West African Thread Co. Ltd, Adhama Textile & Garment Ind. Ltd., Rosies Textile Mills Ltd. There are also others that are involved in CMT operations i.e. procuring fabrics, cutting and sewing such as Sam and Sara, Ruff n Tumble, Viratex. Another group of companies are involved in fashion designing and tailoring of outfits which cater for the populace who sew for individuals on sew on made to measure basis.

Challenges:

Illegally imported garments as well as the second hand clothing sector; the strong culture of the populace which makes them prefer traditional dressing habits; break down of infrastructure which has contributed to a high cost of production; existing delays in processing export incentives.

Opportunities:

Growing urbanization which is influencing the dressing habits; Increasing demand owing to expansion of schools and factory activities which call for more schools wear and work wear respectively; expansion of the hospitality industry which demands for more made up articles such as towels, bed sheets, pillow cases, mattresses ticking etc; Possibility of exporting through the AGOA framework

Conclusion

At the end of the workshop, ACTIF recorded an additional milestone by welcoming new members from Nigeria. These are: NTMA & NTGTEA: Nigerian Textile Manufacturers Association & Nigerian Textile Garment Tailoring Employers Association & NACOTON: National Cotton Association of Nigeria.



ACTIF Executive Director, Mr Rajeev Arora, during a media luncheon

Cotton-to-Clothing Value Chain Stakeholders Capacity Building Workshop in Mozambique

African Cotton and Textile Industries Federation (ACTIF) held a cotton-to-clothing value chain stakeholders capacity building workshop in Maputo, Mozambique on January 28, 2010.

17 industry players drawn from the private and public sectors attended the workshop, whose theme was developing synergies to enhance trade through Regional Economic Integration, Investment & Value Addition.

The workshop's Objectives were:

1. To review the status of Mozambique Cotton Value Chain
2. To review the national Strategy for the Textile and Clothing Industry for Mozambique
3. To review ACTIF's potential to expand trade

This was the first time ACTIF was engaging the Mozambican Cotton to clothing value chain stakeholders meeting. The organization of the meeting was done in collaboration with the Mozambique Ginners Association (AAM).

Status of Mozambique Cotton Value Chain

The country has a lint production of 30,000 MT annually and the marketing and sale period is July to November every year. Most of the gins used are Saw Gin that produces cotton lint with a staple Length of 1¹/₈ and micronaire of 3, 5 to 4, 5. There is one intergraded textile firm and about two apparel factories

National Director of Ministry of Industry, Mr Sidónio dos Santos, made a presentation on the national Strategy for the Textile and Clothing Industry for Mozambique.

According to him, a strategy to develop the Mozambican textile and garment sector was approved in October 2008. It sets out an action plan to attract investment in all vertical areas (cotton, textile and garments).

The Government has also introduced fiscal incentives to attract investment in the textile and garment sector, which include an exemption of corporate tax for the first 10 years of operation and a 50% reduction for the following 5 years when set up within an industrial free zone.

The objectives of the strategy are: to increase cotton production; to establish a competitive textile industry; to establish an export orientated garment industry; to promote traditional textile products for the local market and to improve the competitiveness of existing companies.

The proposed action plan will involve: reducing custom procedures and ensure reliable shipping times; liberalization of customs and freight handling services; Adapting flexible labour laws within the sector which are comparable to regional competitors; building of factory shells in industrial parks to reduce sunk costs for potential investors;

Cotton Sub-sector Action Plan: Identify regions and localities with high cotton growing potential; improve the cotton quality and grading; conduct an organic cotton

feasibility study in order to potentially exploit a market niche.

Textile Sub-sector Action Plan: conduct a feasibility study to identify the top locations in the country for textile investment; design an active investment promotion programme with information about opportunities and incentives; target producers with vertical integration experience; develop niche markets such as organic cotton products, African design products, traditional fabrics and high count yarn products.

Apparel Sub-sector Action Plan: design an active investment promotion programme with information about opportunities and incentives; Increase local demand by promoting the made in Mozambique brand and standardizing school uniform; Offer an aggressive investment promotion package for first entrants; offer factory shells in the industrial parks.

ACTIF program Manager, Mr. Fred Kong'ong'o introduced ACTIF along with its membership structure and services offered. He said ACTIF's objectives were to increase market access for cotton, textiles & apparel; to establish an integrated intra-regional value chain for the cotton textile & apparel industries; and to promote trade in African cotton, textiles & apparel.

The presentation also touched on the efforts by ACTIF to promote market access within the region. These include: Working through the AGOA framework to promote a unified Africa position; exploring ways of reaching out to the EU market; ACP Cotonou / EPA negotiations; EPA for ESA - Private Sector input; developing a regional strategy for implementation in order to facilitate trade linkages; explore partnership opportunities in agribusiness development.

The significance of advocacy was also highlighted as a useful tool to push for strong and effective private – public partnerships.

Conclusion:

This was a very successful round table meeting that will strengthen the collaboration and coordination with stakeholders in Mozambique to boost the ACTIF promotion of the regional supply chain.

The ACTIF team held a meeting with the Mozambique Cotton Institute and the director of the institute welcomed the Pan-Africa ACTIF initiative. He stated that he would like ACTIF to assist the Institute organize a cotton-to-clothing investor conference through its contacts. The Ministry of Industry also requested ACTIF to provide input to the Textile sector strategy preparation.

All in all it was a rare meeting where the few textile and apparel companies in the country had an opportunity to meet with their well organized counterparts in the cotton sector who are well organized thus improving collaboration between them thus strengthening their position in negotiating with the government. ACTIF achieved one of its goals which are to get national level organisations to build cooperation, interaction, and linkages within the region.



ACTIF Staff during a team building activity

Nigeria Now Joins Continental Cotton Federation

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ACTIF's formation reflects a general consensus by individual African countries that they can no longer act in isolation or remain fragmented in the face of current and future challenges to the cotton and textile industry. ACTIF member countries recognise the need for regional integration that would in turn lead to market discovery, increased business linkages, trade and investment.

African countries grow 12 per cent of world cotton demand and export 90 per cent of raw cotton. But AGOA textile and apparel market share is only 0.04 per cent of the US textile and apparel market.

ACTIF believes there is a huge potential in securing a greater share of the US market with a competitive advantage ranging between 16% and 32% under duty market access.

To achieve this, however, an enabling environment for trade including infrastructure development, research and training and policies to encourage private sector input, must be created by both governments and trading blocs.

The present provision under AGOA provides for Third country fabric provision until 2012 but AGOA is valid until 2015.

ACTIF's mandates is to bring the disparate needs of the cotton, textile and apparel sectors into a cohesive and consensus driven positions at the regional and international trade and development forums.

Current membership includes National Associations from 18 countries (Botswana, Egypt, Ethiopia, Kenya, Lesotho, Madagascar, Mauritius, Malawi, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe, Sudan, Namibia, Mozambique and Nigeria.



A group photo taken during the Mozambique Cotton to Clothing Meeting