



African Cotton & Textile
Industries Federation

ACTIF Newsletter

OCTOBER 2010

Ghana could join ACTIF

Ghana could be the 19th member of ACTIF following a successful meeting between ACTIF Executive Director, Rajeev Arora, and Ghana's Minister for Trade and Industry, Ms. Hannah Tetteh.

The two met on the sidelines of the African Green Revolution Forum held in Accra, Ghana, from 2-4 September 2010. Ms. Tetteh was pleased to hear about ACTIF and expressed hope that ACTIF could discuss with the private sector in Ghana issues related to cotton, textile and apparel (CTA) sector, and if possible, assist in developing a strategic plan for the sector. She expressed her desire to join ACTIF, which she commended for its commitment to fuel the public-private sector partnerships that are essential to changing the fortunes of millions of African farmers.

The forum came up with a number of recommendations to be adopted among others, in developing concrete outcomes for transforming African agriculture. Key among the recommendations is the need to strengthen farmer based organisations (FBOs) through better management practices, investment in new technologies, support for research and development and bringing out support framework for best practices.

The second aspect revolves financing including insurance provision to recover loss under force majeure, access to affordable and specialized credit and capacity building to facilitate access, management and repayment of credit.

The third critical aspect to transforming

African agriculture concerns shipping and logistics with specific focus on cooperative warehousing for effective transportation cost management, better monitoring mechanism to track the status of all exported products, investment in security procedures and mechanized handling systems to avoid mishandling and delay.

The forum also recommended the need to maintain the highest quality standards through practical training, provision of quality testing facilities and information centres and soil and crop management for better quality. Farmers also needed to be equipped with proper handling and packaging procedures to reduce contamination.

The communiqué released at the end of the conference called for the following:

- ♦ Resource pooling to scale up breadbasket investment plans across African countries, consistent with investment blueprints for the agricultural corridors, and the country compacts of the Comprehensive African Agricultural Development Program of the African Union - NEPAD.
- ♦ Women empowerment throughout the agricultural value chain by accelerating access to improved technology, finance, markets - and more importantly - strongly engaging their participation in the policy formulation process.
- ♦ Implementing the Impact Investment Fund for African Agriculture in order to scale up access to finance by farmers and agri-businesses.

- ♦ Increase investment in science, technology and research for food and nutrition security. This must be done on a sustained basis, and in cooperation with the farmers.
- ♦ Accelerate access to improved seed by promoting the entire value chain, including support for plant breeding, seed companies and seed distribution systems.
- ♦ Improve fertiliser supply systems and encourage more efficient fertilizer value chains, and scaling up agro dealers to improve access for farmers.

Source: AGRF UPDATE September 2010



AGRA Chair Kofi Annan with a host of eminent panelists



ACTIF's ED, Rajeev (center) during the AGRA forum

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

Origin Africa is a USAID Competitiveness and Trade Expansion Program (COMPETE) brand in partnership with African Cotton & Textile Industries Federation (ACTIF) with an aim to capture the spirit, style and innovation of modern Africa. One way of doing this is to raise awareness of Africa as a sourcing destination and viable resource market. The Mauritius Fibre to Fashion 2010 is an Origin Africa event that will highlight the creativity and innovation of the African cotton, textile products and fabric for international buyers.

The event will bring together business leaders and decision makers from 20 countries across Africa, and will also involve African designers as well as a large group of international buyers from USA and EU. The event aims to raise awareness about Africa as a sourcing destination and to enhance the opportunities of developing business linkages and trade while providing opportunities for international buyers to establish contacts with African designers and industry, and to do business. We expect the Event to live up to the objective of

being a Pan African event of global appeal.

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NCTO & Brazilian Textile Industry Discuss China, Trade Strategies

National Council of Textile Organizations (NCTO) President Cass Johnson last month met with members of the Brazilian Textile Trade Association (ABIT), the Brazilian government and the US Commerce Department to review and discuss issues of mutual interest regarding trade policies. During the discussions, ABIT highlighted the strong growth of the Brazilian economy, including an analysis that Brazilian per capita fibre consumption would increase 50 percent by 2016. NCTO and ABIT both presented concerns regarding China and discussed possible WTO options and other areas of collaboration.

--Cass Johnson: *NCTO News - Volume 7, Number 7 September 30, 2010*

EU Approves Trade Concessions for Pakistan

There is a divergent understanding in the government and textile industry of Pakistan regarding 'Unilateral' trade concessions that were recently approved, by the European leaders at a European Council Summit, after a Pakistani delegation's week-long efforts.

The deal would take effect from this December. Mr. Zafar Mahmood, Commerce Secretary and a member of the Pakistani delegation stated that speculations would be of no use till the agreement is effective. Tariff lines, list of items and period of trade concessions are not finalized yet, informed Mr. Mahmood, advising caution.

EU has followed the most 'immediate and time-limited reduction' of the world, on account of which the whole process may get final shape within weeks, instead of months, clarified the Commerce Secretary.

The agreement also comprises GSP Plus, commencing from the year 2014, as all 27 international conventions have already been ratified by Pakistan. Two of which relating to good governance and human rights have been ratified recently.

Fibre2fashion (Pakistan), September 27, 2010

Economic Partnership Agreements could create opportunities for some ACP

With the end of the Cotonou Agreement and its replacement by the still incomplete EPAs, the rules of origin provisions applicable to exports from different ACP countries became ever more complex, but also less restrictive in some cases according to a report, *Rules of Origin in EU-ACP Economic Partnership Agreements*, written by Eckart Naumann.

For the ACP countries that were able to initial an Interim EPA, market access to the EU is provided for by an EU Council Regulation that guarantees the continuation of non-reciprocal preferences until the EPAs are implemented; this includes some specific rules of origin as well. For ACP countries that did not sign an Interim EPA, preferential market access to the EU falls within the provisions of the EU's Generalised System of Preferences (GSP) or the 'Everything but Arms Initiative' (EAI), with their corresponding, different rules of origin.

Source: International Centre for Trade and Sustainable Development

Made in China: The fashion line Bono and his wife founded to help African farmers

By **Daniel Bates**

He has set himself up as a champion of the poor and dispossessed in the developing world.

But U2 singer Bono has now raised eyebrows after him and his wife's ethical fashion house moved production to an undisclosed location in China.

About 15 per cent of Edun's clothes will be made in the communist country after African orders proved to be of poor quality.

But by doing so Edun, which is the brainchild of Bono's wife Ali Hewson and had financial backing from the U2 front man, appeared to be going back on its own mission statement to 'encourage trade with Africa and celebrate the possibilities and the people of the continent'.

Factory owners in China are notorious for paying workers low wages and forcing them to work long hours in sweatshop conditions.

Bono and Miss Hewson launched Edun in 2005 to 'put our money where our mouths were' to improve the lives of those in developing nations and make clothing manufacturing more sustainable.

Alongside Sir Bob Geldof, Bono, 50, is the

most high-profile musician-turned-advocate for developing countries and has lobbied world leaders at G8 summits to axe Third World debt. Miss Hewson, 49, became Edun's public face and driving force, with Bono taking on a more advisory role.

The company made much of its agreements with farmers in Northern Uganda and production bases in Tunisia, Tanzania, and Kenya as a sign it was committed to Africa. But it soon ran into problems with sourcing and delivery: shipments arrived late and retailers complained about the fit and design.

Edun also felt the pinch of the recession and, from a peak of hundreds of stores in 2006, its shirts, jackets, bags and T-shirts were sold at just 67 shops around the world last year.

Miss Hewson considered closing but worked out a deal with a Chinese manufacturer and sold a 49 per cent stake last year to luxury goods maker LVMH Moët Hennessy Louis Vuitton for about \$7.8 million.

According to US reports, almost all the items at Edun's New York Fashion Week

show were made in China, not Africa.

Miss Hewson admitted she had been naive about what it would take to succeed in fashion and that quality now took priority.

'We focused too much on the mission in the beginning,' she said in an interview. 'It's the clothes, it's the product. It's a fashion company. That needs to be first and foremost.' Janice Sullivan, Edun's chief executive, said in a statement the company was 'committed to doing business in Africa' and had begun a new enterprise to support 3,000 cotton farmers in Uganda. She added: 'Edun requires all our factories to be audited by a third party on an annual basis to ensure they follow our code of conduct.'

Source: <http://www.dailymail.co.uk/>



Champion Africa: One of Edun's production bases. The company had sites in Tunisia, Tanzania, and Kenya as a sign it was committed to Africa

Fair trade is growing but Africans lag behind

Despite its minuscule share of world trade, fair trade is a booming business, importing certified foodstuffs and products from all over the world to Northern supermarkets. But there is increasing concern that this growth is yet to benefit poor countries in Africa.

The movement to ensure decent prices and working conditions for producers in the developing world represents less than one percent of global commercial exchanges. But, according to the Fairtrade Labelling Organisations, one of its main promoters, the tiny sector's sales still notched 3.6

billion Euros in 2009. That same year, despite the global financial and economic crisis, fair trade sales in France alone increased by 10 percent. But fair trade's expansion is much slower in poor countries in Africa.

"It is obvious that fair trade does not focus enough on least developed countries," says Christophe Eberhart, of Ethiquable, a cooperative that imports fair trade foodstuffs to France from African least developed countries (LDCs). Fair trade is increasingly popular with European consumers. In France, the Platform for Fair Trade ("Plate-

Forme pour le Commerce Équitable" in French) polled consumers and found that 95 percent of them have heard of fair trade. But most fair trade success stories hailing from the South are from South America and Asia, rather than Africa. The Fairtrade Labelling Organisations' 2009 report lists a growing number of consumer prizes awarded to fair trade products. Among an estimated 6,000 products, Bolivian vodka, Ecuadorian spicy banana chips and other niche delicacies were endorsed. But no African goods made the list.

Source: Inter Press News Service Agency

Ways and Means Passes China Currency Reform Bill

The House Ways and Means Committee has passed H.R. 2378, the Currency Reform for Fair Trade Act, following the adoption of an Amendment in the Nature of a Substitute offered by Ways and Means Chairman Sander Levin, D-Mich., to make the bill consistent with US obligations under World Trade Organization (WTO) criteria. The bill, which addresses China's undervaluation of its currency and the impact of that valuation on US-China trade, now goes to the full House for a vote, possibly as early as this week. (The U.S. House of Representatives on September 29 passed the proposed Currency Reform for Fair Trade Act, to allow the United States to seek trade sanctions against its trade partners for allegedly manipulating their currency, a new move of the nation's rising trade protectionism. The measure now heads to the Senate for approval being signed into law by President Barack Obama).

"Today's passage signals an important advance in US trade policy," Levin stated. "By taking a stand today, this Committee takes the lead in standing up for American workers and business, and holding China accountable for the manipulation of its currency. The measures included in this bill provide the Administration with additional tools for enforcing the rules of trade and are consistent with our WTO obligations. It will also bolster the Administration's efforts to bring about a multilateral framework for addressing this global issue."

According to Ways and Means' prepared summary, the amended bill allows the Department of Commerce to impose countervailing duties on foreign exports to the United States only if: "(1) the foreign government's interventions in the currency markets result in a 'financial contribution'; (2) a 'benefit' is thereby conferred; and (3) the resulting subsidy is 'contingent on export'." The summary notes that the bill's

primary component -- "indicating to Commerce that it may no longer dismiss a claim based on the single fact that a subsidy is available in circumstances in addition to export" -- is consistent with WTO rules. In addition, the amended bill does not contain previously included controversial language to the effect that the bill "legislatively 'deems' that a finding of fundamental currency undervaluation satisfies the requirement of export contingency."

The Fair Currency Coalition (FCC), the National Council of Textile Organizations (NCTO) and the National Textile Association (NTA), long champions of the legislation, all hailed its passage by Ways and Means and urged a floor vote in the House this week before the pre-election recess."

Ways and Means reported a strong bipartisan bill that will help deter foreign currency cheats from stealing American jobs and discouraging investment in the United States," said Fair Currency Coalition (FCC) Executive Director Charles Blum, singling out Levin; Ways and Means Ranking Member David Camp, R-Mich.; and bill sponsors Tim Ryan, D-Ohio, and Tim Murphy, R-Pa., for their efforts to move the bill forward.

NCTO President Cass Johnson noted potential benefits to the US textile industry if the bill becomes law, saying: "For the first time in a decade, US textile mills are adding jobs and re-opening plants. If China were to allow its currency to rise to market levels, we believe the textile industry in the United States would add thousands of additional new jobs and build or re-open dozens of plants. This legislation is an essential step forward to revitalizing the US textile industry and the US manufacturing base."

On the other side of the issue, the National Retail Federation (NRF), in voicing "concern" about the bill, disagreed with the points made by the bill's supporters, arguing that the legislation would not comply with

WTO rules, would invite retaliation against US exports, and would be ineffective in persuading China to allow its currency to float more freely."

Using the trade remedies law -- a microeconomic mechanism designed to raise prices on a few targeted imports under a process lasting only a year -- is simply the wrong tool to address a large macroeconomic issue such as currency policy in a trading relationship worth hundreds of billions of dollars," said Eric Autor, NRF vice president and international trade counsel. "It is simply impossible to see how this legislation would in any way be an effective solution to the currency issue let alone have any significant positive impact on either the trade deficit or American jobs." He added that the actual benefit that exports might gain under a currency policy would be viewed differently under WTO rules than would the export subsidy that is the focus of the legislation. He also noted that because exporting is only one of many types of transactions in which currency conversion is a factor, one could not conclude therefore that Chinese currency policy comprises in itself a prohibited export subsidy. NRF supports the use of "multilateral and diplomatic channels" to bring about currency reform.

NCTO's Textiles in the News - October 4, 2010

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Innovative Solutions: Why they should be part of your warehousing and distribution

For 27 years, they have built a family owned business in the food service industry by thinking creatively, being committed to the highest standards of quality and providing unmatched customer service. The business and technical services have expanded to help clients design and implement supply chain management plan.

The company intends to be a leader in an industry that will grow dramatically and change significantly.

That's the Paris Brothers, Inc. way. And it's the only way they know how to do business. Their key strengths lie in:

- ◆ **Comprehensive:** offers complete supply chain management, including design and implementation.
- ◆ **United:** partnership to address client needs.
- ◆ **Secure:** Products are protected 24/7 in its climate controlled warehouses.
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- ◆ **Simple:** offers a complete solution with warehouse, IT, and freight services under one roof.

- ◆ **Effective:** Benefit from less waste through total inventory control.

Paris Brothers, Inc. is so much more than a broker. They distribute and sell more than 3,500 specialty items to grocery stores, restaurants and national grocery food service distributors in the Midwest. They also manufacture, market and distribute several private label brands built and developed by Paris Brothers, Inc. Product development, distribution and sales are part of the package of services they offer their customers.

Their Midwest location and warehouse space make it fast, easy and cost effective to warehouse client products. They are confident that they are perfectly positioned to execute customers' strategies and help them stay ahead of the competition. They could help develop a total solution to make your business even more successful.

At Paris Brothers, Inc., a wide variety of innovative services and solutions are on offer to their many customers. Learn more about them by clicking on the following links: [Distribution Solutions/Warehouse Solutions/IT Solutions/Business Solutions](#)

Other links include: [Parisi Artisan Roasted Coffee/GFE/Paris Brothers Specialty](#)

Foods/Eportal Catalogue of Products For further information, use the following contacts:

PARIS BROTHERS INC., 8800 N.E. Underground Drive | Kansas City, MO 64161 | Phone: 816-455-4188 | Fax: 816-455-6538



[Visit to the Paris Brothers Warehouse in Kansas City,](#)



[Discussions with the Paris Brothers in Kansas City, during AGOA Business Forum](#)

Wal-Mart in Talks to Buy South Africa's Massmart

Wal-Mart, the world's largest retailer, is planning a major move into the fast-expanding African market, announcing today that it is in talks to buy South Africa's third-largest retailer, Massmart.

The move, which would be worth \$4.2bn (£2.65bn), will be overseen by Asda's chairman, Andy Bond, who is responsible for operations in Africa. Wal-Mart is offering 148 rand (£13.40) a share for Massmart, which is nearly 10% higher than its last closing price.

The acquisition would be Africa's biggest deal in more than a decade, and Wal-Mart's largest since it bought the UK supermarket chain Asda in 1999. In May, it agreed to acquire 194 stores in the UK from the Danish discount chain Netto for nearly £800m, although competition regulators are forcing it to sell 25% of the shops.

Bond said: "South Africa presents a compelling growth opportunity for Wal-Mart and offers a platform for growth and expansion in other African countries. South Africa possesses attractive market dynamics, favourable demographic trends and a growing economy."

He said Wal-Mart supported Massmart's black economic empowerment programme and would aim to be a "corporate and retail role model".

Massmart, headquartered in Johannesburg, runs 290 shops, mostly in South Africa, with 24 stores in 12 other African countries including Botswana, Zimbabwe, Tanzania, Nigeria and Ghana. It manages eight wholesale and retail chains under various brand names. The group reported sales of \$6.1bn last year.

Syd Vianello, an analyst at Nedcor Securities, said: "It's a big vote of confidence for the South African retail economy and for South Africa."

Wal-Mart is expanding into emerging markets to make up for a slowdown in the US, where like-for-like sales have fallen for five quarters in a row. It had been expected to make a move into Africa, with Massmart and its bigger South African rival Shoprite seen as potential targets.

Wal-Mart International's chief executive, Doug McMillon, said: "This potential combination with a market leader will enable us to add value to an already successful business through investments in people and technology." He said Wal-Mart would honour pre-

existing union relationships.

The company, which has more than 8,500 stores under 55 different names in 15 countries, including 4,000 in the US, reported a record net profit of \$3.32bn in the first quarter of this year, driven by strong sales in China, Brazil and Mexico.

Guardian, Julia Kollewe, September 27, 2010

Upcoming events

4-6 November 2010:

Third Swahili Fashion Week - Dar es Salaam, Tanzania

31 March-1st April 2011:

Prime Source Forum 2011 - Hong Kong

22-29 September 2011:

ITMA 2011 Exhibition - Barcelona, Spain

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