



**African Cotton & Textile Industries Federation**

# ACTIF Newsletter

## COMESA Business Council in landmark agreement on tripartite rules of origin



THE COMESA BUSINESS COUNCIL TRI - PARTITE PRIVATE SECTOR CONSULTATIVE WORKSHOP ON THE RULES OF ORIGIN. 19th-20th JULY 2010 PROTEA HOTEL KAMPALA

The COMESA Business Council has reached a landmark agreement on the originating criteria for the tripartite rules of origin.

At its regional private sector meeting held last month in Kampala, Uganda, from 20 July to 21 July 2010 the Council agreed that the maximum c.i.f. value of non originating materials should not exceed 60% of total cost of all materials used in production and that minimum value addition should not be less than 35% of the ex-factory

cost of the goods. However, representatives of Federation of Egyptian Industries made a reservation that Egypt would like to see the "value addition" at no less than 45% to encourage regional integration and investments.

The Council also agreed on harmonisation of the criteria on change in tariff between EAC, COMESA and SADC and a proposal that the secretariats of the three RECS come up with a proposal for private sector validation.

Others included identification of limited specific sector rules of origin by member States and advise to COMESA Secretariat and Business Council as soon as possible as well as an agreement that there was no problem on wholly produced criteria as it is in COMESA.

The workshop observed that proposed build-down method based on value of non-

originating materials and build-up method based on value of originating materials are complicated methods with which businesses in the region are not familiar.

On issuance of certificates and simplification of documents, the private sector observed that the current procedures used by COMESA Trade Protocol to settle disputes regarding certificate of origin are good for both importers and exporters but that there was need to enhance online communication, online issuance of certificates of origin and the need to increase capacity for issuing authorities and organisations.

The meeting further observed that the value of goods that is subjected to Simple Trade Regime (STR) of US\$ 500.00 is too low and recommended that it be increased to US\$ 1000. However, the Council was of the view that the list of products under COMESA STR was generally acceptable but that it needed to be expanded at a bilateral level between member States.

Finally, the Council members agreed that the tripartite free trade area should consider introducing the approved exporter and invoice declaration facility as proposed in the annex.

## ACTIF in ACP-EU Intermediary Organisations Partnership for Development Meeting

The African Cotton and Textile Industries Federation (ACTIF) used a meeting hosted by the Centre for the Development of Enterprise and ProInvest to build useful partnerships as it seeks to play an even greater role in global trade. The meeting which took place on 12-13 July 2010 in Brussels was held in the framework of the Belgian Presidency of European Union.

The main purpose of the Conference was to introduce the CDE and ProInvest and to advice participants on how to apply for assistance. The application would be pre-evaluated by the regional office in 14 working days. The ProInvest program, it was advised, would end by December 2010 and any funding remaining in the program would then be handed to CDE.

ACTIF Executive Director, Mr. Rajeev Arora, attended the meeting and several B2B meetings with among

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## Cotton industry players in value chain transparency training

Cotton industry players from East and Southern Africa underwent an intensive training aimed at developing their respective cotton sectors and promoting cotton lint exports to Thailand.



The training program held at the Amari Watergate Hotel, Bangkok, Thailand July 19 -23 2010 enabled representatives of cotton producers from the East & Southern Africa to interact with players in the Thailand textile industry to understand the needs and requirements for development of trade.

The objectives of the training were five-fold: (1) understand the needs and requirements of the Thailand market for cotton; (2) encourage the participants to develop a

marketing plan based on the needs; (3) facilitate South to South trade by developing linkages; (4) promote agricultural inputs and other support services from Thailand, and; (5) understand the success factors of the Thailand Textile & Clothing Industry.

This was the second such training following a similar one by a delegation from West Africa two years earlier. The training includes site visits to various textile institutions in Thailand. This year had 19 private sector and 9 public sector participants from Kenya, Malawi, Mozambique, Tanzania, Uganda, and Zambia as well as regional bodies ACTIF and COMESA. Mr. Joseph Nyagari, Information Systems Manager, represented ACTIF. Others in attendance were representatives from the Thailand Textile Industry.

The training was made possible by International Trade Centre (ITC), The European Union (EU), Thailand Textile Manufacturing Association (TTMA), Department of Export Promotion (DEP), Thailand and the Public Warehouse Organisation (PWO), Thailand.

Mr. Matthias Knappe, the Programme Manager for ITC, Cotton, Clothing & Textile Division, underscored the importance of the training noting that 80% of the world's cotton was consumed in Asia with Thailand

ranked as the 5<sup>th</sup> largest consumer (as of 2009 statistics), with a consumption of 1.9 Million bales per year.

Thailand once consumed 20% of cotton from Africa but was currently consuming less than 10% of their requirements from Africa. A great opportunity therefore existed considering that Thailand imported 98% of its cotton while only producing 2% domestically.

Mr. Phongsak Assakul, the President of Thailand Textile Manufacturing Association noted that the Textile Industry in Thailand was very important to the country's economy as it contributed up to 60% of the GDP while employing close to 1 million people directly.

He said the quality of African cotton was among the best in the world, but with a major concern for contamination. Thailand, he observed, was ready to consume Africa's cotton if only issues of contamination as well as speeding the market and adherence to international trade regulations were addressed. East and Southern Africa were strategically placed geographically and it would be of great mutual benefit to the region if cotton trade was enhanced.

Mr. Pisith Chooyong, an ITC consultant, noted

*(Continued on page 3)*

## Study on BT cotton farming revolutionizes women's employment in India



One of the first genetically modified crops, BT cotton, has been the source of increasing employment for Indian women, says a new study. Research at the UK's University of Warwick, and the University of Goettingen in Germany, has found that the use of a particular GM crop in India produced massive benefits in the earnings and employment opportunities for rural Indian women.

The research led by Dr. Arjunan Subramanian of WMG (Warwick Manufacturing Group) in the University of Warwick found that the use of GM insect-resistant *Bacillus thuringiensis* toxin (BT) cotton generated not only higher income

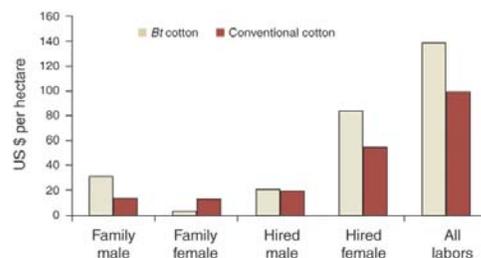
for rural workers but also more employment, especially for hired female labour.

Since its commercialisation in India in the year 2002, the area in which BT cotton is cultivated increased to 7.6 million hectares in 2008. Several studies show sizable direct benefits of the technology but no study so far has analyzed the gender aspect of this technology.

The researchers found that compared with conventional cotton, the BT cotton generated additional employment, raising the total wage income by 40 US dollars per hectare. The largest increase is for hired females with a gain of 55% in average income. This translates to about 424 million additional days of employment for female earners for the total BT cotton area in India.

The researchers found that the Increase in returns to hired female labour is mostly related to higher yields in BT cotton leading to additional labour being employed to pick the increased production of cotton. Harvesting of cotton is primarily a female activity in India.

*Graph below shows returns to labour from BT cotton and conventional cotton in rural India.*



"We also found that the use of BT cotton also improved female working conditions as the reduction in the amount of family male labour involved in scouting and spraying for pests meant that that labour was reallocated to other household economic activities, previously carried out by female family members, increasing the returns to this labour category. Overall, therefore, Bt cotton enhances the quality of life of women through increasing income and reducing 'femaneal' work," said Dr. Subramanian.

Editor's note: This research was first published in Nature Biotechnology.

By Dr. Arjunan Subramanian  
Research Fellow at the University's Warwick Manufacturing Group

## Cotton industry players in value chain transparency training

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that the 3 main contaminants accounting for 80% of the total contamination included strings of woven bag, Jute, and loose threads from clothes and rags. One major solution would be proper packaging of the cotton at farm level as well as after the ginning process. Other contaminants included polythene paper, hair, cloth bits and feather. The effects of these contaminations include increased labour costs at the spinning companies, increased costs from installing contamination detection machines, defective yarns, and defective fabrics. His key recommendations on how to tackle the contamination included the need for immediate action, quality control and active involvement of top leadership along with the producers.



Mr. Joseph Nyagari of ACTIF (Extreme Right) along with the delegates from Kenya

Mr. Fred Kong'ong'o, the senior focal point coordinator for COMESA's EU AAACP Programme underscored what Africa had to offer Thailand and also outlined some of the efforts being undertaken to address contamination concerns. These include payment of farmers based on the quality of cotton and level of contamination in the seed cotton, marketing of cotton with a detailed certificate of origin and classification, encouragement of handpicking of cotton from the farms and increasing awareness and support services to address contamination concerns. Zambia, he noted, was currently ahead of the pack in addressing contamination concerns and the other African countries were learning from their experience.

It was further noted that a great potential for cooperation existed in cotton production through irrigation, cotton trade, cotton processing, value addition and spinning, technology transfer and capacity building and provision of farm inputs. Efforts of Tanzania's CRDB bank, which was currently supporting the development of the cotton industry in Tanzania, were

lauded, with hopes that other local financial institutions could offer their support to the sector.

According to Mr. D. Devadas, the COO and Group President of Lucky Spinners Ltd, Thailand needed more than 500,000 tons of cotton each year yet the local production was only 10,000 tons or 2% of the local demand, meaning that Thailand has to import cotton worth USD 648 Million every year in order to satisfy the demand. The Thai spinners were very willing to purchase African cotton if only they could deal with the primary issue of contamination. He also encouraged the ginners and farmers to forge good partnerships with the banks as it was one of the success factors of the Textile industry in Thailand. Most of the cotton they purchased from Africa was done through merchants but they would be happy to deal with the producers directly if they could put their systems together.

Test results of the African cotton samples that had been collected on the first day of the training showed that one of the Kenyan samples from Makueni Gineries was of extraordinary quality. Other than for some contamination by leaf grade, all other tests were very good. Uganda and Tanzania samples also received good ratings. Mr. Devadas noted that his company was willing to purchase up to 300 tons of cotton from the three countries of the qualities identified provided a minimum order of 200 tons was placed. In addition, Mr. Devadas noted that Lucky spinning usually purchased about 30,000 tons per season. Out of that they would be happy to purchase up to 10,000 tons each season from Africa if such quality was available. This was a major pronouncement by the president of lucky spinning group and the African delegation requested for more time to return home and consider the offer against the existing production capacities. Mr. Devadas gave them up to 3 months to respond to the offer.



A group picture of the African delegation at EDI, a diesel engine company in Thailand

### PICTORIAL: SOUTH TO SOUTH TRAINING IN BANGKOK



Some of the African delegates on a visit to Lucky Spinners LTD



Ugandan delegates, displaying their cotton samples



Delegates from Mozambique discussing with Mr Devadas COO & Group President of Lucky Spinners Group



Kenyan delegates, displaying their cotton samples



## 3<sup>rd</sup> COMESA INVESTMENT FORUM

SHARM EL SHEIKH, EGYPT 12-13 APRIL 2010  
CONNECTING AFRICA TO THE WORLD



**27-29<sup>th</sup> Aug 2010:**

COMESA Business Forum - Manzini, Swaziland

**2-4<sup>th</sup> Sept 2010:**

African Green Revolution Forum - Accra, Ghana

**20-25<sup>th</sup> Sept 2010:**

69th Plenary Meeting of ICAC - Texas, USA

**17-19<sup>th</sup> Oct 2010:**

ITMF Annual Conference - Sao Paulo, Brazil

**4-6<sup>th</sup> Nov 2010:**

Third Swahili Fashion Week - Dar es Salaam, Tanzania

**10-12<sup>th</sup> Nov 2010:**

Origin Africa: Fibre to Fashion event - Mauritius

minent. They also discussed the opportunities in the COMESA region and Africa at large. However, they emphasised the efforts which need to be undertaken to create a favourable business climate, such as greater cooperation and complete regional integration, as well as a comprehensive set of regulatory reforms.

The Forum was organised by IC Events on behalf of the Egyptian Ministry of Investment, in collaboration with COMESA RIA, under the auspices of H.E. President Mohamed Hosny Mubarak-the President of the Arab Republic of Egypt.

COMESA is Africa's largest economic community, with 19 Member States and 45% of Africa's population. With its strategic location, economic and geographic diversity, it offers unparalleled opportunities. Following the recent financial crisis and shifts in global economic power, COMESA in particular and Africa as a whole, finds itself in a stronger position as an attractive destination for investment, especially as the economies keep growing and diversifying. COMESA's Member States include: Burundi, Comoros, DR Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

The 3rd Common Market for Eastern and Southern African States (COMESA) Investment Forum held in Cairo, Egypt sought to promote dialogue between business leaders and policy makers and identify frameworks needed to enable growth in the COMESA region and Africa.

Held under the theme, "Connecting Africa with the World", the 800 delegates from 65 countries reflected on the active role COMESA and its Member States are playing in providing a bridge for investors into the con-

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### ACP-EU Intermediary Organisations Partnership for Development Meeting

From Pg 1 others the **European Business Council for the African and Mediterranean**, **Spanish Foreign Trade Institute**, **Foundation Adwuropa** and **Empretec Mauritius**.

Mr. Sanjay G. Mungur, CEO of Empretec Mauritius, advised that his organisation together with Textile Mada Antananarivo, Madagascar were planning to carry out a project on Strengthening the Textile & Garment Supply Chain through value addition, capacity building, productivity improvement, quality enhancement & regional integration in Mauritius, Madagascar, Ethiopia and Ghana. During the discussion, Mr. Arora, emphasised the need for ACTIF, with the support of ProInvest, to partici-

pate actively in the project as all these countries BMOs are ACTIF members.

The discussions with the **European Business Council for the African and Mediterranean** centred on how ACTIF can help to develop trade and promote investments for the cotton value chain in SSA, as well as ACTIF's participation in the designer showcase event, being organised by USAID-COMPETE together with ACTIF and Enterprise Mauritius/MEXA.

**On their part, the Spanish Foreign Trade Institute**, an organisation with members mainly from the private sector keen on trade with Africa, said they would advice the Fashion Department of Spain to establish how the two can work together for mutual benefit.

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