



# ACTIF Newsletter

AFRICAN COTTON & TEXTILE INDUSTRIES FEDERATION

DECEMBER 09'

## ACTIF'S PARTICIPATION IN THE ANNUAL ITMF SEMINAR

By Mr. Rajeev Arora, ED, ACTIF

The ITMF 2009 Annual Conference was held on 23<sup>rd</sup> - 25<sup>th</sup> October 2009 in Shanghai China and brought together over 100 delegates from 24 Countries. ACTIF participated in the landmark conference represented by the Chairman Mr. Jaswinder Bedi and the Executive Director Mr. Rajeev Arora and one of the directors Mr. Barry Fisher. A wide range of issues were covered under the theme of 'Structural Adjustments in the World Textile Industry'. A host of renowned speakers graced the event and to share their experiences and opinions on the global factors and events that are shaping the Textile Industry.

The Key note speaker was Mr. Gerhard Schröder, the former Chancellor of Germany (1998 - 2005) and had been specially invited by the Turkish Textile Employers' Association. Some of the other speakers included: Terry Townsend, Executive Director, The International Cotton Advisory Committee

(ICAC); Fang Gao, Secretary General, China Cotton Association (CCA); Karen Jones, Service Leader, Fibers & Feedstocks, Market Advisory Service (CMAI); Kuangdi Xu, President, Chinese Academy of Engineering; Han Zheng, Mayor, Shanghai; Halit Narin, President, ITMF; Stephen Green, Head of Research, China, Standard Chartered Bank, Shanghai, China; David Yuen-Hoi Lee, Industrial Development Officer, Textiles & Leather Unit, Agri-Business Development Branch, United Nations Industrial Development Organization (UNIDO), Vienna, Austria; Giuliano Noci, Department of Management, Economics and Industrial Engineering, Politecnico di Milano, Milan, Italy; Chieh Chen, Fabric Director, Walmart, Global Procurement, Softline Team, Shenzhen, China; Arvind Singhal, Chairman, Technopak, Gurgaon, India; Peter Kreitals, Managing Director, Kreitals Consulting Group, Balwyn VIC, Australia; Thomas Fischer et al. Professor and Director, Center for Management Research, German Institutes for Textile and Fibre Research (DITF), Denckendorf, Ger-

many and Allan Williams, Technical-Environmental Coordinator, Better Cotton Initiative (BCI), Narrabri NSW, Australia;



Mr. Rajeev with Mr. Yang Deputy Sec General of CNTAC

During the China trip, ACTIFs Executive Director, Mr. Rajeev Arora met with the Deputy Secretary General of Chinas Cotton, Textile and Clothing body CNTAC, Mr. Yang Jun and one of their Directors at

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## EASTERN AFRICA CAPACITY BUILDING WORKSHOP - ADDIS ABABA, ETHIOPIA

18<sup>th</sup> and 19<sup>th</sup> November 2009 were two significant days that brought together Textile and Apparel stakeholders in the East African region for a capacity building workshop. The objectives of the workshop were to build the capacity of manufacturers and exporters in Merchandising, quality assurance and compliance and to create opportunities for regional

cotton to clothing value chain stakeholders to share experiences and develop synergies to take advantage of trade opportunities within and outside the region. This workshop was made possible courtesy of Africa Cotton and Textile Industries Federation (ACTIF), the Ethiopian Textile and Garment Manufacturers' Association (ETGAMA) and USAID COMPETE.

The Workshop was officially opened by Ethiopia's Minister of Trade and Industry, His Excellency Mr. Tadesse Haile. Others who contributed to the opening session included: Mr. Endalkachew Sime, the Secretary General of ETGAMA; Mr. Kassaye Mekuria, President of ETGAMA; Mr. Rajeev Arora, Executive Director of ACTIF; Mr. Stephen Walls, Chief of Party, USAID COMPETE Program.

The key presentation was on Merchandizing delivered by J.C. Mazingue, the Apparel Trade Advisor at COMPETE. He noted that Merchandisers played a key role of ensuring that products are made according to specifications at the appropriate time and in the correct quantities. The Merchandiser is the buyer champion at the organization hence the more



Participants at the ETHIOPIA Workshop

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SPECIAL REPORT: ITMF 2009 ANNUAL CONFERENCE, SHANGHAI, CHINA

Extracted from the ITMF presentation by Director General of ITMF - Christian P. Schindler

The International Textile Manufacturers Federation (ITMF) is an international Association for the world's textile industries, dedicated to keeping its world-wide membership constantly informed through surveys, studies

and publications and through the organization of annual conferences, participating in the evolution of the industry's value chain and publishing considered opinions on future trends and international developments.

PICTORIAL



Participants at the ITMF annual seminar



Prof Edmund Phelps, Columbia University, USA, Nobel Prize in Economics (2006) & Yuzhou Du President, CNTAC

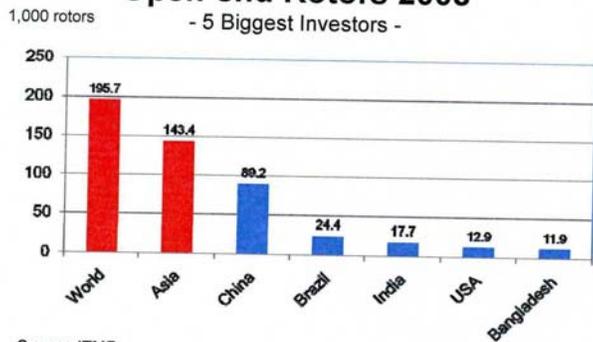


Participants at the Ethiopia Workshop



One of the speakers from COMPETE during the Ethiopia Workshop

Investments in Open-end Rotors 2008 - 5 Biggest Investors -



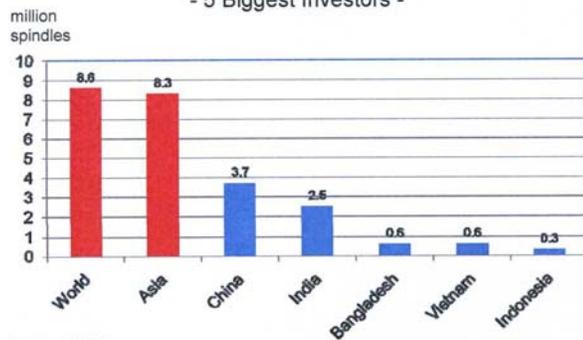
Source: ITMF



The highlight of the ITMF Annual conference was a presentation on the World Textile Machinery Market by the Director General of ITMF Christian P. Schindler.

He noted that the World textile Industry had seen fundamental changes in the past decades which are mainly associated with two major developments. The first one is the integration of the textile sector into the general framework of the WTO in 1994 after more than 40 years initiated the termination of the traditional quota regime by the end of 2008. The second one is the gradual opening up of the Chinese economy since the early 80's and at a later stage the formal integration of China into the framework of the WTO at the end of 2001 accelerated the globalization process. Both developments have led to an ever more integrated world economy and have certainly contributed to increase in global trade, soaring between 1997 and 2007 by almost 300% to 9,500 billion USD. In the same time the global trade in textiles jumped by 128% to 238 Billion USD. The global clothing trade alone surged by 219% to 345 billion USD.

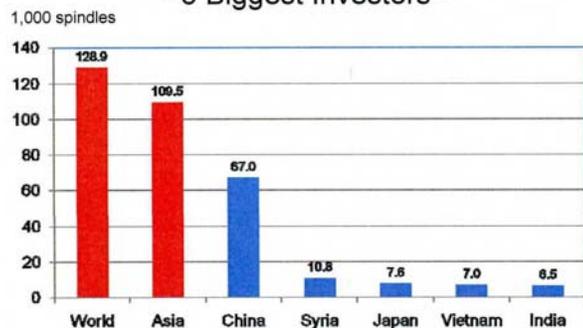
Investments in Short-staple Spindles 2008 - 5 Biggest Investors -



Source: ITMF



Investments in Texturing Spindles 2008 - 5 Biggest Investors -



Source: ITMF



A couple of structural changes were experienced in the year 2008. First and foremost, the world was facing the end of a long and strong investment boom cycle. Second, the end was accelerated and intensified by the world financial crisis which led to a strong decline in demand and investment which





SPECIAL REPORT: ITMF 2009 ANNUAL CONFERENCE, SHANGHAI, CHINA

Extracted from the ITMF presentation by Director General of ITMF - Christian P. Schindler

result in shrinking GDPs, lower trade, higher unemployment levels and saving rates and finally into a recession.

During the global financial and economic crisis, demand for textiles and clothing dropped considerably especially in the USA, Europe and Japan due to falling consumer confidence and rising unemployment figures. In the US, for example, the total textile and clothing imports from China between January and July 2009 fell by -5%. US imports from Pakistan were down -6% during the same period. US imports from Canada, Mexico and Honduras dropped by 16, 22 & 25% respectively. The picture was no different for the European Union: Imports from China fell by -2%, from Turkey by -13% and Tunisia and Morocco by -17% each.

Despite the downward trend, it is encouraging to note that some significant investments in new textile machines have been made since the start of the new millennium. From 2000 to 2002, for example, shipments of short staple spindles reached between 3.5 and 4.0 million annually. In the following years, this number jumped to 8.1 million in 2003 to 12.8 million in 2007, representing an increment of 260%. It is worthy of noting that China was by far the single biggest investor in short-staples spindles in this decade. Its share of global investments ranged between 40 and 70%. India, Bangladesh, Vietnam and Indonesia follow as distant 2nd, 3rd 4th and 5th respectively.

More recently, however, the global imports of textile machinery fell on a monthly basis by -15% in 2008 as compared to 2007. This downward trend intensified during the year thereby registering a drop of approximately -48% in the first

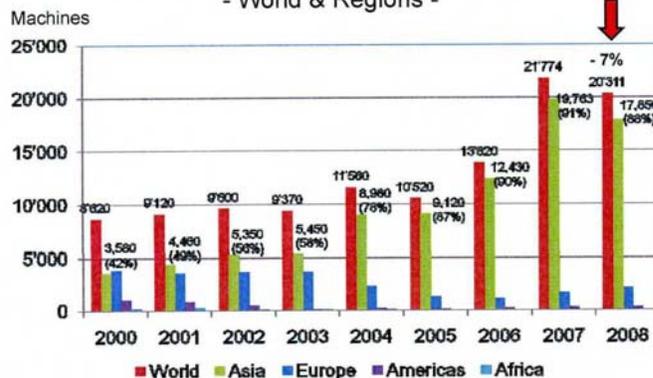
six months of 2009. Nevertheless, the available data for 2009 suggest that in most countries the bottom has been reached and imports are now rising modestly from a low level. There is also no doubt that investments in the textile machinery and the increase in capabilities will eventually lead to higher production as well as higher exports.

On a global scale, Asia in general and China in particular have been by far the world's dominant investors in Textile Machinery in the past 6 - 8 years. In 2008, China was absorbing between 50 and 90% of all shipped textile machinery, depending on the machinery segment. A large bulk of these investments in Asia is dedicated for domestic consumption which is still growing strongly, especially in China and India. Outside Asia there are still capabilities installed for the production of textiles in Africa, the Americas and Europe. In high labor cost countries like EU, Japan or the US the production of textiles is focused on high-end niche products and including non-wovens in industrialized countries - especially China - have increased considerably during this decade.

Article extracted from the presentation by the Director General of ITMF Mr. Christian P. Schindler during the annual ITMF Conference in Shanghai China on 23rd - 25th October 2009

Shipped electr. Flat Knitting Machines 2000 - 2008

- World & Regions -

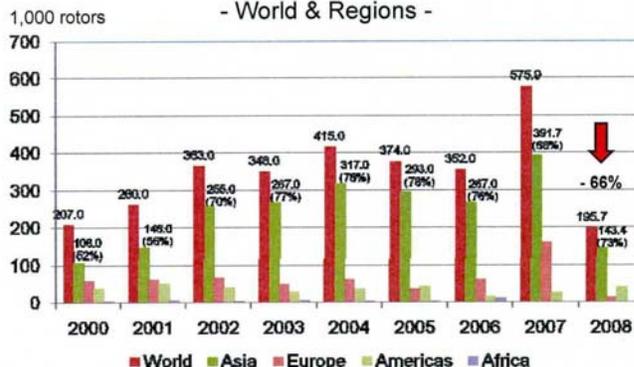


Source: ITMF

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Shipped Open-end Rotors 2000 - 2008

- World & Regions -

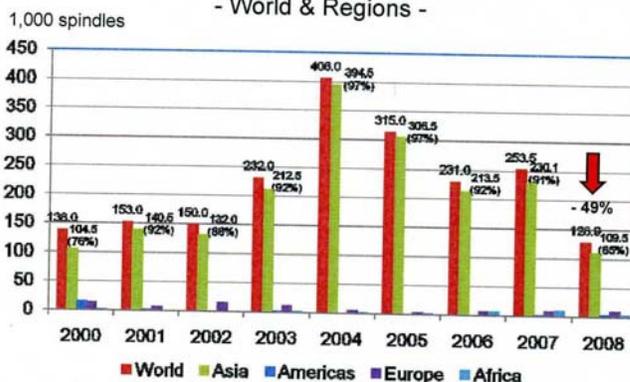


Source: ITMF

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Shipped Texturing Spindles 2000 - 2008

- World & Regions -



Source: ITMF

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ACTIF'S PARTICIPATION AT THE ANNUAL ITMF SEMINAR

....From Pg 1 their Shanghai Office. The meeting touched on the possibility of building a relationship to promote trade between China & Africa. Mr. Rajeev highlighted the role that ACTIF could play in providing CNTAC member's vital linkages to export duty-free to US and EU markets and regional markets under COMESA rules of origin. He also noted that China was in a position of taking advantage of the Africa development fund to establish mills and manufacturing facilities in Africa. It is hoped that the initiative will develop into a future partnership and enhance trade between China and Africa.

Happy Holidays & Prosperous New Year From ACTIF

UPCOMING EVENTS:

CAPACITY BUILDING WORKSHOPS FOR THE REGIONAL TRADE ASSOCIATION MEMBERS:

(Specific dates to be confirmed later):

Table with 2 columns: MEMBER, MONTH. Rows include Mozambique (January 2010), Swaziland (February 2010), Egypt (February 2010), Ghana (February 2010), Nigeria (February 2010), South Africa (March 2010).

Technical Committee Meeting in Zimbabwe planned for March 2010.

ACTIF Annual General Meeting and official launch of ACTIF planned for April 2010

EASTERN AFRICA CAPACITY BUILDING WORKSHOP IN ETHIOPIA

..From Pg 1 he knew about his client the more empower he / she would be empowered to achieve results. Mr. Mazingue offered a few tips on how to make new clients including: Making a habit to reply on the same day by COB with quotes and delivery dates; Keeping the buyers informed even when some answers are unavailable; establishing a personal relationship with the buyers; Being straightforward in all dealings and ensuring that planning, production and logistics are committed.

The Director for East & Central Africa (ECA) Trade Hub, Mr. Finn Holm-Olsen, highlighted the ECA goal of increasing regional private sector capacity to Export. Their core program areas include AGOA competitiveness strategies, Training, Market linkages and Firm level technical assistance. Among the upcoming events that EAC is targeting in the coming year include a commercial crafts / home decor capacity building and product development and a US Apparel buyer mission to region.

Ugandas report was presented by Ms. Ruth Sebagereka Nabagereka, a Manager of TEMAU who noted that Uganda were faced with a 90/10 situation. On one hand 90% of cotton lint is exported while 10% of found a domestic market. On the other hand 10% of the domestic market for garments is supplied locally while 90% of the market is made up of imports. The Ugandan sector was targeting a domestic/ regional market as well organic export to USA and Europe. Ms. Sebagereka also noted that the Uganda's Textile Policy included maintaining a strong Domestic Market Development; Strengthen Textile Sector Institutions; Strengthen linkages between stakeholders in the textile sector; Regional

Strategy Development; Improving the Business Environment; Increasing the Raw Material base and Enhancing Human Resources Development. In order to promote regional synergies, she proposed that a uniform textile value chain analysis sheets be developed for benchmarking purposes as well as a collective database showing the regional stakeholders and facilitate trade, lobbying, human resource and technical development.

The Ethiopian report was presented by Mr. Endalkachew Sime who is the Secretary General of ETGAMA. He noted that the first Integrated Textile mill was established in 1939 and by 2007, the export value of the textile garment sector had reached 14.6 Million USD, which represented 1.1% of the national GDP. Europe and USA were its key markets for textile and Garment recording a share of 53.9% and 28.4% respectively in the year 2008. Turkey was also a key market recording a share of 13.8% in the same period while the rest of Africa only recording a paltry 2.7%. On the farming level, 40,000 ha is on large scale plantation while 44,000 ha is on small scale A total of 9 Gineries are in operation with an average annual capacity of 42,000 tns. When it comes to spinning, 8 vertically integrated companies are in operation including one spinning plant. Mr. Sime, however, highlighted that the average quality level of Ethiopian cotton was a bottle neck in the value chain.

Mr. Thomas Puthoor, the Vice Chair of KAMEA, presented the Kenyan report. He noted that the Kenyan government was exploring ways to offer incentives to farmers and the garment Industry as was the case in other leading countries and also

offer export credit guarantee scheme to cushion risks and to provide export finance facilities. On the export figures for Yarn, Kenya projects an increase from 3,710 tons in 2008 to 3800 tons in 2009 with an approximate value of USD 14 Million. On target market, Kenya currently exports 95% to USA (AGOA), 3% to COMESA, 1% to EAC and 1% to Europe. Mr.Puthoor highlighted that high cost of doing business was a serious challenge to local competitiveness. Kenya's potential remains high and there are ongoing efforts to address the challenges.

Tanzania also recorded significant progress as per the report presented by Eng. Deodatus Ndunguru from the Ministry of Trade and Industry. He noted that 60% of Tanzania's economy depends on Agricultural products with cotton lint recording a yearly production of 90,000 - 100,000 tns. Employment in the Textile Industry has reached 25,000 people in both Public & Private sector while Cotton Lint consumption through our integrated Textile Mills was estimated to have reach 18,000 TONS annually (or 100,000/Bales annually). Production of Fabric mainly khanga, Kitenge and Bedsheet produced by the sector has reached appr 250 Mill mts annually. It is also important to note that the Textile sector made a remarkable 7.5% to 10% to contribution to the Tanzanian the economy.

African Cotton & Textile Industries Federation
Hevea Park, Office Block C1, Lower Kabete Road
P.O Box 1249-00606, Sarit Centre Nairobi, Kenya
Tel: +254 20 3748211
Fax: +254 20 3748411
Email: info@cottonafrica.com
Website: www.actifafrica.com www.cottonafrica.com

