



African Cotton & Textile Industries Federation

ACTIF Newsletter

JUNE 2010



Sub-Saharan Africa is set to benefit from a new waiver granted by the World Trade Organisation (WTO) to the United States.

Source: General council's report of the Government of the United States for the Year 2009 under the Decision of 27 May 2009

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Time for Africa to Wake up the Sleeping Giant



Rt Hon Prime Minister of Kenya, Raila Odinga, at the official launch of ACTIF

A perspective by Mr. Jack Kipling of Jack Kipling & Associates, South Africa

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High cost of doing business in Kenya remains a key stumbling block to the cotton and textile industry, according to a key player in the cotton to clothing value chain.

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Fibre to Fashion
10 - 12 November 2010,
Mauritius

Celebrating the Spirit, Style & Innovation of modern Africa.

Details on Pg 2:



Mr. Jaswinder Bedi, ACTIF Chairman, during the official launch of ACTIF

By Mr. Jack Kipling

The recent launch of the Africa Cotton & Textile Industries Federation (ACTIF) as well as comments by the Prime Minister of Kenya, Raila Odinga, at the gala dinner have led me to believe that we may have been focusing too much on global markets (U.S. & EU) and have not concentrated enough on the potential of sub-Saharan Africa as our major market opportunity.

The Origin Africa Designer Showcase which followed the launch, presentations at the Cotton, Textile and Apparel Competitiveness Session and informal interactions with various delegates were all very enlightening.

Despite the awareness of the challenges facing the continent such as poor logistics (it is easier, cheaper and quicker to move goods from China to Nigeria than from Kenya to Nigeria) and existing tariff barriers between certain COMESA & SADC countries complicated by restrictive rules of origin, more time is still spent on AGOA and EPA than on regional integration and trade policy.

This "think piece" is not suggesting that the CTA sectors should reduce their drive to secure favourable market access to global markets and encourage exports, but rather that we should consider a two-pronged strategy, namely one focused on global markets, and one focused on the sub-Saharan African market, both with adequate resources and attention and complimenting each other.

In our own backyard, we are sitting with a potential market of over 550 million people.

Nigeria alone has 190 million people while Ethiopia, South Africa, Ghana, Mozambique and Angola have 80 million, 50 million, 24 million, 20 million and 13 million respectively.

In the presentation given by JC Mazingue on the U.S.A. market demand, what was illuminating was the percentage of demand that was made up by basic apparel such as military uniforms, work wear, industrial clothing and corporate wear, among others that are largely purchased by the State, Parastatals, financial institutions, airlines and hotels.

The Origin Africa Designer Showcase and the apparel worn by delegates at the gala dinner showed that sub-Saharan Africa has a unique style of its own, the interpretation of which is a competitive advantage that we hold. A clear objective of the Cotton, Textile & Apparel sectors in sub-Saharan Africa should therefore be to meet all the basic apparel & household textile needs of sub-Saharan Africa with products produced in sub-Saharan Africa. This will in turn create African jobs for African people.

Acknowledging, encouraging & promoting the region's unique style and designer talent on the basis that it is only original if the apparel is produced in the region, is a powerful selling point that should help secure this market.

A strategy focused on achieving the foregoing would have to address and include such issues as government & parastatal procurement practices, country-of-origin labelling, removing barriers to trade within the region, customs control, production of import and export data (both external & inter-regional), supplier data bases, interregional buyer-seller matchmaking facilities, among others. Fortunately, some of these are already being addressed.

It is not inconceivable that the apparel sector in the region could reach a collective employment level of 5 - 6 million people supporting a textile sector of 1 million players and an agricultural sector of 30 million farmers within the next decade based purely on the belief that we can out-design any foreign competitor on our unique style. We can also convince governments that it is strategically important for the region to meet its demand for basic apparel & household textiles from production facilities in the region.

Mr. Kipling is a consultant with JACK KIPLING & ASSOCIATES and also the executive Director of South Africa's Clothing Association.



Mauritius
10-12 November, 2010

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.

Featuring:

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

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

Origin Africa Designer Showcase

Featuring the talents of 20 up & 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 & apparel industry to design clothing with commercial appeal and African flair

Pan-African Graphic Design Show

This Graphic Design Show will tap into Africa's new and exciting 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 & empowerment

Incorporating: Extensive global media coverage & International designers & other celebrities

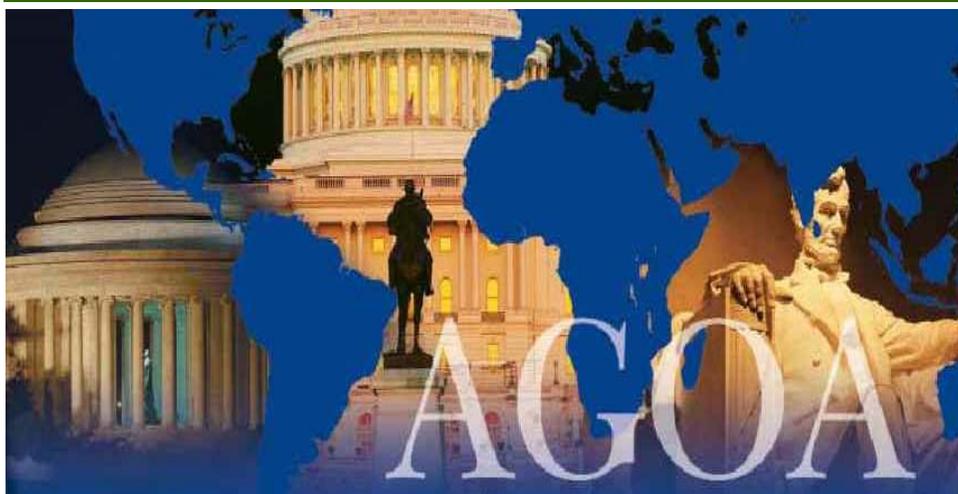
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Sub-Saharan Africa could Benefit from WTO Waiver



Sub-Saharan Africa is set to benefit from a new waiver granted by the World Trade Organisation (WTO) to the United States.

The waiver was granted on 27 May 2009 to the extent necessary to permit the United States Government to provide duty-free treatment to eligible products of certain sub-Saharan African countries as authorized by the provisions of the African Growth and Opportunity Act (AGOA). The waiver that lasts

until 30 September 2015 does not require the United States to extend the same duty-free treatment to like products of any other Member.

Under the terms of the waiver, the United States is required to submit to the General Council an annual report on the implementation of the trade-related provisions of AGOA with a view to facilitating the annual review.

As of 8 May 2010, 38 sub-Saharan African

countries were eligible for AGOA trade benefits. These countries include Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Uganda, and Zambia.

Section 112(a) of AGOA provides duty-free treatment for certain textile and apparel products from beneficiary countries that adopt certain procedures to prevent illegal transshipment. Through 30 September 2012, section 112(c) of AGOA provides duty-free treatment for apparel made in "lesser developed" beneficiary countries regardless of the source of the fabric or yarn, subject to an annual quantitative limit.

Source: *General council's report of the Government of the United States for the Year 2009 under the Decision of 27 May 2009*

Leading US Imports for Consumption under AGOA Provisions, 2007-2009

HTS number	Description	2007	2008	2009	Change
		Value (millions of dollars)			2008-2009 Per cent
Textiles and apparel (HTS chapters 50-63)					
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	254	257	191	-25.5
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	201	153	118	-22.8
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	225	162	111	-31.0
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, nesoi	80	81	70	-13.8
6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, nesoi	66	76	69	-8.3
6104.62.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	71	74	67	-9.9
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	66	46	38	-17.9
6103.43.15	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi	21	24	30	24.6
6204.63.35	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of synthetic fibers, nesoi	24	25	26	2.6
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	50	33	19	-42.3
	Total of above	1,059	931	740	-20.5
	All other	208	206	174	-15.6
	Total for textiles and apparel	1,267	1,137	914	-19.6

High Cost of Doing Business the Bane of the Cotton and Textile Sector in Kenya



Cotton to Clothing value Chain Stakeholders meeting at the Hilton Hotel, Nairobi Kenya

High cost of doing business in Kenya remains a key stumbling block to the cotton and textile industry, according to a key player in the cotton to clothing value chain.

The Chairman of the Africa Cotton & Textile Industries Federation (ACTIF), Mr. Jas Bedi, said this remained a key area of concern for players in the industry adding that the challenges affecting the sector in Kenya were similar to those of other countries in Africa. The consequence had been massive loss of revenue and jobs.

Mr. Bedi spoke at a Kenyan Cotton to Clothing stakeholders meeting in Nairobi, on 8th June 2010. The meeting was called to discuss the implementation of the Regional COMESA cotton to clothing strategy within the National strategy.

He, however, expressed optimism following recent assurances from the Kenyan Government that the sector would be receiving special attention and support in order to restore its lost glory. He further noted that Kenya and the region as a whole stood to benefit immensely if the entire value chain was developed by the

year 2012. He added that the challenges affecting the sector were widely known and documented and it was time action was taken to implement the National and Regional strategies.

Mr. Ian Sayers of the International Trade Centre (ITC) pointed out that the COMESA Regional Cotton to Clothing strategy was completed and validated by Heads of State in June 2009. He noted that the time was ripe for additional resources to be employed in order to develop the Textile and Clothing parts of the Cotton to Clothing value chain. This, he said, would include identifying the specific interventions that could be initiated in the short term as well as in the long term in order to revive the sector.

Sayers observed that the participation of all stakeholders was vital in order to develop a joint action plan, particularly at this time when a number of donor agencies are willing to support the implementation.

For his part, Mr. Richard Mubiru of the Uganda Textile and Garment Manufacturers Association said that Uganda was at an advanced stage of implementing their National strategy in line with the CO-

MESA Regional Cotton to Clothing strategy.

A key success factor for Uganda resulted from a learning process Uganda experienced after visiting the Ethiopia at the invitation of the Ethiopian Textile & Garments Manufacturers Association (ETGAMA). The visit was mooted at a forum jointly organized by COMESA and ACTIF.

Mubiru praised the Government of Uganda for being very responsive to the strategy by committing to absorb up to US\$ 25 million in plant and machinery by offering 10 years corporation tax holiday and 5 years VAT exemption on all inputs and textile sales provided the textiles were spun, woven and wet processed in Uganda.

Other incentives included the provision of a technology upgradation Fund on a revolving basis in the sums of US\$ 5 million per annum at 10% interest rate per annum; establishment of a cotton buffer stock fund of US\$ 3 Million for Textile Millers at a cost of funds 1-3% and Restructuring of Uganda's Textile Development Agency, TEXDA, into a fully fledged Garmenting, Fashion and Design vocational training institute.

The Kenyan meeting ended on a positive note with the formation of an implementation committee to be chaired by Mr. Micah Powon of the Cotton Development Authority (CODA). The committee was tasked to review the issues raised during the one day workshop and consolidate them into a proposed action list that would highlight the areas of immediate intervention. Other members of the committee include representatives from ACTIF, Ginners, Farmers, Designers, and Training Institutions & Manufacturers.

The meeting was funded by the European Union under the All ACP Agricultural Commodities Programme. Among the participants were Textile and Apparel Sector representatives, local Ginners, Fashion Designers, Textile Training Institutions, Cotton Farmers and Government Representatives.

Other key participants included ACTIF, which was represented by its Chairman, Mr. Bedi and the Executive Director Mr. Rajeev Arora; International Trade Centre (ITC) led by the sector development coordinator, Mr. Sayers; Cotton Development Authority (CODA) led by the chief executive Mr. Micah Powon and COMESA representatives.

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