

# ACTIF Newsletter



## AFRICAN COTTON & TEXTILE INDUSTRIES FEDERATION

OCTOBER 09'



### ABOUT COMPETE

Competitiveness and Trade Expansion Program [COMPETE] is a regional program that is working to improve trade in East and Central Africa by harmonizing regional trade and transit policies and procedures, developing financial markets, supporting private sector trade associations, developing value chains in staple foods, cotton/textiles, and coffee and building capacity of regional businesses to take advantage of preferential trade opportunities. COMPETE is funded by the US Agency for International Development under the East Africa region.

### COMPETE AND ACTIF

ACTIF is a regional trade body formed in June 2005 by the cotton, textile and apparel sectors from across sub-Saharan Africa, to create a unified and recognized voice in both regional and global trade affairs. ACTIF is funded by COMPETE and they also collaborate on various activities aimed at promoting trade in cotton, textile and apparel sectors within the region.



**Mr. Jaswinder (Jas) Bedi, Chairman, ACTIF:**

Mr. Jaswinder Bedi graduated with a textile technologist degree from UK in 1985 and has 25 years of experience in Textiles value chain (CTA). He has attended several executive business seminars organized by Harvard Business School, IMD, and IIM. He is also member of The Young Presidents Organization (YPO). Mr. Bedi is the Managing Director of Bedi Investments Ltd and Executive Director of Fine Spinners Ltd.

His other responsibilities include: Chairman of the KAMEA (Kenya Apparel Manufacturers Exporters Association); Board Director Kenya Association of Manufacturers (KAM); Chairman of the Textile Sector subcommittee KAM; Vice Chairman of the Trade Promotion Committee; Chairman of the New markets committee.

Mr. Bedi has been tirelessly involved in developing export market opportunities, particularly in trading blocks such as COMESA, the USA and the European Union. He is actively promoting the textile and apparel value chain in Kenya where he is currently the Co-Chair of the World Bank Cotton to garment apex committee. He is also actively involved in private sector initiatives to improve the trade provisions under AGOA.



**Mr. Barry Fisher** is the immediate past Executive Director for ACTIF. He was very instrumental in the set up of ACTIF owing to

his extensive experience in the Cotton and Textile Industry. He has since joined COMPETE and taken up greater responsibilities as the Cotton / Textile Specialist. He continues to work closely with ACTIF. The management and staff at ACTIF would like to wish him all the best in his new venture.

### Statement from the New Executive Director for ACTIF:



**Mr. Rajeev Arora** My vision for ACTIF is to rejuvenate the Cotton and Textile Apparel Sector for Africa by creating a unified voice to collectively bargain in an

effective manner for Cotton Textile and Apparel (CTA) Africa wide. Create an enabling environment to expand trade and market access in CTA. Build a platform for down stream and up stream synergies and linkages inter or intra Africa with Local or Global buyers. Work on a strategic plan which provides the institutional framework needed for implementing the program activities and for steering the growth and development of the CTA industry in Africa.

**Mr. Rajeev Arora, the Executive Director for ACTIF, has a working experience in 11 countries globally for 32 years of which 7 are in Africa with a 22 years working in Africa to develop the Textile and Apparel Sector as an international compliant facility for manufacturing and exports for regional and international buyers. He has also worked as an associate consultant with a US based consultancy firm for a period of 5 years.**

### THE SITUATION BEFORE ACTIF

- Lack of market data/intelligence
- Lack of information exchange
- Lack of interaction

- No common strategies
- No common & cohesive voice
- No regional vision
- Limited investment
- Policy constraints

### PRINCIPLES GOVERNING ACTIF:

- ⇒ "Africa-Wide" view, not geographically restrictive
- ⇒ Emphasis on private sector "ownership" & strong allegiance of nationally based trade institutions
- ⇒ Endorses Public/Private sector partnerships
- ⇒ Builds cooperation, interaction, partnerships, alliances, networks and market linkages
- ⇒ Collects market data, generates information exchange, shares regional expertise
- ⇒ Addresses trade challenges in the global post-quota environment
- ⇒ Maintains focus on National regional and global trade issues, promotes investment
- ⇒ Encourages diverse international/regional participation & alliances

### IMMENSE OPPORTUNITIES

- ◆ AGOA textile and apparel market share is 0.04% to the US textile & apparel market
- ◆ African countries grow 12% of the world cotton demand BUT export 90% of their cotton production
- ◆ Huge potential to add value on regionally grown cotton
- ◆ Regional Integration opens up a huge

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potential of securing a greater share of the US, EU & other markets.

- ◆ Competitive advantage ranges between 16% - 32% AND 5% - 8% under duty free market access for USA & EU respectively.

### WHAT CAN WE DO?

#### WORK WITH COMESA & EAC

- ◆ Get private sector input
- ◆ Strategy implementation
- ◆ Facilitate infrastructure development
- ◆ Invest in research & training
- ◆ Create enabling environment for trade

### THE ROLE OF ACTIF

- ◆ Diversify products
- ◆ Invest in original design
- ◆ Build trust, develop reliability
- ◆ Invest in HR development
- ◆ Invest in quality assurance & logistics
- ◆ Promote regional value chain -BRAND AFRICA!
- ◆ Develop regional supply chain



ACTIF Members and Partners



## ACTIF MEMBERS

Exporters Association of Botswana	Botswana
Alexandria Cotton Exporters Association	Egypt
Textile & Garment Manufacturing Association	Ethiopia
Kenya Apparel Manufactures and Exporters Association (KAMEA)	Kenya
Kenya Association of Manufacturers (KAM)	Kenya
Lesotho Textile & Clothing Industries (LTCI)	Lesotho
Groupement des Entreprises Franches et Partenaires(G.E.F.P)	Madagascar
Mozambique Cotton Association (AAM)	Mozambique
Garment and Textile Manufacturers Association	Malawi
Mauritius Export Processing Zone Association (MEPZA)	Mauritius
Namibian Manufacturers Association (NMA)	Namibia
South African Textile Federation (TEXFED)	South Africa
Cotton South Africa	South Africa
Export Council for the Clothing Industry	South Africa
Sudan Cotton Company	Sudan
Swaziland Cotton Board	Swaziland
Tanzania Cotton Association (TCA)	Tanzania
Tanzania Cotton Board (TCB)	Tanzania
Uganda Ginners and Exporters Association	Uganda
Cotton Development Organization (CDO)	Uganda
Uganda Textiles and Garment Manufacturers Association	Uganda
Zambia Textile Manufactures Association	Zambia
National Cotton Council	Zimbabwe

### UPCOMING EVENTS:

#### 2. CTA Tanzania Sector Meeting

Date: 13th October 2009  
Venue: Dar es salaam, Tanzania

#### 2. International Textile Manufactures Federation (ITMF) Seminar

Date: 23 - 25 Oct 2009  
Venue: Shanghai

#### 3. Capacity Building for National Associations of Textile & Apparels

Date: 18th - 19th November 2009  
Venue: Addis Ababa, Ethiopia

## ACTIF Newsletter



## The Role of Cotton in Economic Development and Ensuring Food Security During a Period of global Economic Crisis.

ACTIF'S Report on the International Cotton Advisory Committee (ICAC) 68th Plenary meeting held on 7 - 11th Sep 2009 in Cape town,. South Africa

The ICAC meeting provided an opportunity for discussion of problems confronting policy makers and businesses on the role of cotton in the current economic situation and how cotton contributes towards food security.

Three hundred sixty-three people attended the meeting, including representatives from 39 governments and 10 international organizations. ACTIF was represented by Mr. Rajeev Arora, the Executive Director and Mrs. Harriet K'odoul, the Administrative Assistant. Among the sessions that were covered include:

- Policies to enhance food security
- Facilitating small holder cotton production
- Cotton By - Products and value addition
- Outlook for supply, demand and prices for cotton
- Technical seminar: bio safety regulations, implementation and consumer acceptance
- The impact of social and environmental standards on demand for cotton and textiles
- The role of organizations in the cotton economy
- Progress towards harmonization of trade rules
- Enhancing demand for cotton products
- The impact of carbon trading on the cotton industry
- Best practices in cotton ginning
- Best practices in instrumental testing

### PICTORIAL



L to R: Mr. Barry Fisher, COMPETE, Mr. Terry Townsend, ED ICAC, Mr. Jaswinder Bedi, Chairman ACTIF, Kenneth Kambona, USAID, East Africa.



Introducing the ED of ACTIF to the ED of ICAC: L to R: Mr. Rajeev Arora, ED, ACTIF, Mr. Terry Townsend, ED ICAC, Mr. Jaswinder Bedi, Chairman ACTIF, Kenneth Kambona, USAID Secretariat, East Africa.



Left to right: Mr. Powon Micah, MD, Cotton Development Authority, Mr. Terry Townsend, ED, ICAC and Mr. Jaswinder Bedi, Chairman, ACTIF.

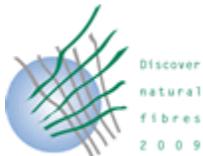


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*"The IYNF was declared by the United Nations General Assembly recognizing the contributions of natural fiber industries to the economies of almost all countries, the role of natural fibers in supporting the incomes of hundreds of millions of people, and the benefits of natural fibers to consumers and the environment."*



## ACTIF Newsletter



### Highlights of the Final Statement of the 68th ICAC Plenary Meeting

1. The Committee Celebrated 2009 as the International Year of Natural Fibres (IYNF). The IYNF was declared by the United Nations General Assembly recognizing the contributions of natural fiber industries to the economies of almost all countries, the role of natural fibers in supporting the incomes of hundreds of millions of people, and the benefits of natural fibers to consumers and the environment.

2. **Modest Increase in Cotton Consumption Forecast:** The Committee received a report from the Secretariat that world cotton consumption fell 12% in the season ended July 31, 2009, the largest year-to-year percentage decline since at least the 1920s. The decline was considered a direct result of the global financial crisis.

3. The Committee noted that the cotton industry is becoming increasingly resource-constrained. The Committee encourages research and the adoption of new practices that promote productivity.

4. **Cotton Production Enhances Food Security:** Farmer representatives informed the Committee that food security begins with income security. The Committee noted that cash income earned from cotton production allows farmer households, especially those in arid and semi-arid areas where food crops are difficult to produce, to pay for food, health care, school fees and other necessities that would not otherwise be available.

5. **Facilitating Smallholder Cotton Production:** The Committee was informed that disruptions in the supply of inputs, low levels of technology adoption, and weak marketing systems result in lower returns to growers, which together with delayed payments are the major impediments to smallholder cotton production.

6. **Cotton By-Products and**

**Value Addition:** The Committee was informed that cottonseed and stalks, by-products of cotton production, had traditionally received limited attention because of low values relative to lint. However, with the increase in prices of oilseeds since 2006, by-products now deserve greater attention.

7. **Support for a Conclusion of the Doha Round:** The Committee reaffirmed the urgent necessity for an ambitious and balanced conclusion to the Doha Round with development as its centerpiece. It welcomed the recent impetus to the Doha Round resulting from the initiative by the Government of India to convene a WTO Mini-Ministerial. The Committee urged WTO Members, particularly the Senior Officials and the Chief Negotiators, as they re-start negotiations in Geneva on 14 September, to establish "a process of engagement" and an "overall agenda of action", as agreed at New Delhi, so as to conclude the Doha Round in 2010.

7.1 The Secretariat reported that more than 80% of world cotton production had received support from Governments in 2008/09. The aggregate value of support more than doubled to approximately US\$6 billion. The Secretariat in its report to the Committee noted that these subsidies distort the world cotton economy, and many countries urged immediate elimination.

7.2 The Committee welcomed contributions by the EC and the US and other traditional donors on the development assistance aspects of cotton. The valuable contributions by Brazil, China (Mainland) and India on the platform of South-South Cooperation were acknowledged.

7.3 The Committee reaffirmed its support for the position that cotton was a test of the development dimension of the Doha Round. There will be no conclu-

sion to the Doha Round without a resolution of the cotton question, and a satisfactory conclusion of the cotton dossier depends on the conclusion of the Doha Round.

8. **Appreciation of South African Hospitality:** The Committee thanked the people, the Government, and the cotton industry of South Africa for their hospitality, generosity and excellent organization in serving as host of the 68th Plenary Meeting. South Africa was the first African country to adopt biotech cotton, and while South Africa is a small cotton producing and consuming country, it is a country with a large heart and great concern for the welfare of smallholders.

9. **Future Plenary Meetings:** The Committee was disappointed to learn that the Government of Uzbekistan will not be able to host the 69th Plenary Meeting in 2010 because of overlapping international meetings in Tashkent, but an offer by Uzbekistan to host the ICAC at another time was welcomed. The Secretariat informed the Committee that other countries have expressed an interest in hosting the 69th Plenary Meeting. The Committee noted with appreciation the invitation from the Government of Argentina to host the 70th Plenary Meeting in 2011.

*An Extract from the final report of the ICAC 68th Plenary Meeting held on September 7—11th 2009 in Cape town South Africa. Source: www.icac.org*

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## HIGHLIGHTS OF THE COMMITTEES REPORT ON COTTON PRODUCTION RESEARCH

1. It is estimated that more than half of world cotton area was planted to biotech varieties in 2008/09. No new trait has been commercialized since the adoption of herbicide tolerant and insect resistant cotton almost 15 years ago.

2. Biosafety regulations must be in place to introduce, test and commercialize biotech cotton crops.

Nine countries (Algeria, Burkina Faso, Egypt, Kenya, Mauritius, Malawi, South Africa, Tunisia and Zimbabwe) in Africa have well developed national biosafety frameworks, while many other countries are at various stages of formulating protocols/laws to adopt biotech cotton.

3. Over 10 million tons of cottonseed meal is produced every year, and almost 3/4 comes from biotech seed. There is no discrimination against biotech cottonseed oil or meal at any stage of the marketing chain.

4. Research in Argentina showed that biotech seed fed to livestock does not affect

either production of milk or its chemical composition.

5. Laws in Australia, European Union and New Zealand require that food containing over 1% of material from biotech produce must bear a label with that information. Japan has a limit of 5%, while no labeling is required in most other countries.

6. Countries that have commercialized crops must have systems to conduct science-based, case-by-case assessments of the potential risks to humans or the environment and the long term sustainability of the technology.

7. In spite of economic, social and environmental benefits of biotechnology applications, skepticism about biotech products has not disappeared. Socio-economic considerations also continue to limit the spread of biotechnology.

8. Biotechnology is expected to play a dominant role in the development of new varieties to control insects and use inputs efficiently.

9. The Committee on Cotton

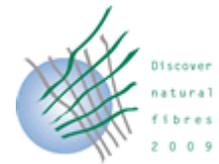
Production Research received a visionary paper from the "ICAC Cotton Researcher of the Year", Dr. Keshav Kranthi of India. He emphasized the need for molecular marker assisted breeding, contamination free cotton, testing all cotton on high volume instruments, reducing the cost of cotton production and the establishment of an international cotton research institute.

10. The Committee on Cotton Production Research of the ICAC decided to hold the 2010 Technical Seminar on the topic "How to lower the cost of cotton production". The Committee also recommended that a Breakout Session on Cost Reduction in the Value Chain be conducted.

*An Extract from the final report of the ICAC 68th Plenary Meeting held on September 7-11th 2009 in Cape town South Africa. Source: www.icac.org*



**African Cotton & Textile Industries Federation**



*"Biotechnology is expected to play a dominant role in the development of new varieties to control insects and use inputs efficiently."*

## ACTIF SECRETARIAT



*Mr. Fred Kong'ong'o is the on going Program Manager & was very instrumental in the formation of ACTIF. He holds a Bachelor of Technology Degree in Textile Engineering, an Advance Diploma in Business Administration and several management and leadership certificates. He has several years experience in the national and regional cotton -textile and apparel value chain that includes; manufacturing, industrial engineering, Merchandising, buyer representative, product safety, environmental and Quality Audit. Fred is a talented technical management professional with practical experience in program management, strategy & institutional development, leadership, trade facilitation, linkage and promotion.*



*Mrs. Claire Momoh Program Coordinator. Claire has extensive experience in Administration & Management having worked for the Kenyan Government and for an International NGO.*



*Mrs. Reginah Ndunge Accounts Manager. Regina is a CPA K and has over four years experience in financial management working for an NGO.*



*Mr. Joseph Nyagari Information Systems Manager. Joseph, A BSc in Computer Science, has over 5 years experience in ICT services, Research & management of community projects.*

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