



African Cotton & Textile Industries Federation

A proposal on:

"INDOAFRICA SYNERGY ALONG THE COTTON VALUE CHAIN"

Prepared by

Mr. Rajeev Arora – Executive Director, ACTIF
Joseph Nyagari – Trade Policy & ICT Manager, ACTIF

Prepared on:

4th February 2011

African Cotton & Textile Industries Federation (ACTIF)

The African Cotton and Textile Industries Federation (ACTIF) is a not for profit regional industry/trade body formed in June 2005 by the Cotton, Textile and Apparel sectors from Eastern and Southern Africa covering the COMESA, SADC and the EAC trading blocks, and currently includes members of National Associations from 19 countries (Botswana, Egypt, Ethiopia, Kenya, Lesotho, Ghana, Madagascar, Mozambique, Namibia, Nigeria, Sudan, Mauritius, Malawi, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe).



ACTIF's mandate is to bring the disparate needs of the cotton, textile and apparel sectors into a cohesive and consensus driven positions at the regional and international trade and development forums; to be dedicated to the specific concerns of the industry; and to promote improved competitiveness in both the regional and global market place.

International Trade Center (ITC)



The International Trade Center (ITC) works in partnership with the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), supporting their regulatory, research and policy strategies and helping to turn them into practical projects.

Their main goal is to help developing countries to achieve sustainable development through exports; activating, supporting and delivering projects with an emphasis on competitiveness. To achieve their mandate, they work with national, regional and international bodies. They also interact directly with business people and policymakers.

ITC remains the only international organization focused solely on trade development for developing and transition economies.



World Trade Organization (WTO)



United Nations Conference on Trade and Development (UNCTAD)

SOUTH SOUTH COOPERATION ALONG THE COTTON VALUE CHAIN

ACTIF, recently participated in a South – South cooperation program along the cotton value chain in India, which involved a two-week intensive capacity building activities within the framework of the All ACP Agricultural Commodity programme financed by the EC & the International Trade Centre, in cooperation with the confederation of the Indian Textile Industry (CTCI), held between 14th November and 27th November 2010.

The following countries participated in the training: Ethiopia, Kenya, Malawi, Mozambique, Tanzania, Uganda, Zambia & Zimbabwe. The participants were drawn from various sections of the cotton value chain in Africa including: farmers, ginners, government agencies, financial institutions & trade bodies. All the participants were identified and invited directly by ITC, the primary sponsor of the program. There were also a few members who were either partially or fully self sponsored to participate in the program.

ACTIF secretariat was represented by Rajeev Arora, Executive Director, Joseph Nyagari, and Trade Policy & ICT Manager. ACTIF members who participated in the program include Joseph Nkole (Cotton Board of Zambia), Marko Mtunga (Tanzania Cotton Board), Jolly Sabune (Cotton Development Organization, Uganda), Maxwell Mudzuka (National Cotton Council of Zimbabwe) & representatives from Mozambique Institute for Cotton.

The visit proved to be an eye opener on the massive impact that the Cotton value has had in India and including the importance and support that Indian Government provides to the industry. ACTIF was also able to engage with a wide range of stakeholders who expressed an interest in Africa and follow ups are currently being made to promote cooperation along the cotton value chain for the benefit of our members.

KOTAK & CO. LTD

KOTAK & CO. LTD is an Indian company with a global presence in trading of Cotton and goods procurement, supply and linkages for the Cotton production and various other services. The company is a major player in the Indian Cotton, textile & Apparel sectors and is heavily involved in a broad spectrum of activities from textile raw materials to finished products along with sister companies with investments in diverse fields like banking, turnkey projects and trading. Kodak & Co is mainly involved in: ginning seed cotton, marketing & trading in raw cotton, cotton waste, linters, cotton and synthetic yarns and fibers, textiles (incl. Technical Textiles), readymade garments, made-ups among others.

Mr. Suresh Kotak, who is the chairman of Kotak & Co Ltd, was a key facilitator during the South South Cooperation visit and he has continued to show his keen interest in linking up India and Africa along the cotton value chain. Mr. Kotak was among the observers who attended the official launch of ACTIF secretariat in April 2010 in Nairobi, Kenya and he was personally involved with the African delegation in several activities during the South South visit in India.

ACTIF would be working in collaboration with Kotak & Co. in developing numerous activities on behalf of its members together with the representatives of intermediary organizations representing the cotton value chain in India.

Summary of ACTIF report on training visit to India under South South cooperation sponsored by ITC

The South – South Training programme in India was a two-week intensive capacity building activity in India that was organized within the framework of the All ACP Agricultural Commodity programme financed by the EC & the International Trade Centre, in cooperation with the Confederation of the Indian Textile Industry (CTCI). The programme took place between 14th and 27th November 2010 under the theme South –South Cooperation along the cotton value chain in India.

The programme brought together participants from Ethiopia, Kenya, Malawi, Mozambique, Tanzania, Uganda, Zambia & Zimbabwe. The participants were drawn from the cotton industry and related sectors including farmers, ginners, government agencies, financial institutions & trade bodies. All the participants were identified and invited directly by ITC, the primary sponsor of the program.

The African Cotton and Textile Industries Federation (ACTIF) secretariat was represented by Executive Director, Rajeev Arora and Trade Policy & ICT Manager, Joseph Nyagari. ACTIF members at the event were Joseph Nkole – Cotton Board of Zambia; Marko Mtunga – Tanzania Cotton Board and Jolly Sabune - Cotton Development Organization, Uganda. Zimbabwe and Mozambique were also represented.

ACTIF was able to introduce itself to some of the major support institutions in India including Bajaj Steel Ltd (Manufacturers of ginning machines), CIRCOT (The leading cotton research center in India), CIT (Confederation of Indian Textile Federation), an umbrella body for the textile industries in India, Gujarat State Cooperative cotton Federation (GUJCOT) and the Ministry of Agriculture, state of Gujarat.

It also participated in various networking sessions, meeting potential input suppliers who are keen to support the African cotton sector and various accrediting agencies who expressed their willingness to work with the African industries to attain international standards for export.

ACTIF received considerable interest for Associate membership from various industries and organizations including GUJCOT, Bajaj Steel (already paid), Arvind Mills (a fully integrated textile mill and a leading denim manufacturer in India and in the World), Alok Industries (one of the leading industrial groups in textiles, which are already investing in Burkina Faso) among others. Some potential corporate members that were part of the African delegation also expressed interest in joining ACTIF. These include Malawi Cotton Trust and the Ethiopian Cotton Producers, Ginners & Exporters Association.

The overall objective of the south-South cooperation activity was to build capacity and develop linkages, enhance trade and build corporate and associate membership. Others were to review progress of cotton value chain research and development in India, understand how the government supports the farming sector, how cooperative farming is structured, the potential to source agricultural inputs, market prospects for lint exports to India and how to develop cooperation for building the cotton value chain in Africa with the support of public private partnership (PPP) from India.

Key lessons learnt

India has a well developed cotton, textile and apparel sector. It is ranked 2nd globally in cotton production and is a leading contributor to the nation's economy. The success can be attributed to cotton technology, Mini Missions, a strategy that connects all the players across the value chain in the development of the cotton sector as well as intensive research on cotton varieties and adoption of latest technology.

Information flow is well coordinated across the cotton value chain right from the farm level, upwards and each player is informed about the cotton varieties, prices and the world situation. The government, through the minimum support price, is able to regulate prices and protect farmers from being exploited. BT cotton, genetically engineered to control tobacco budworms, bollworms, and pink bollworms, has been heavily adopted in India and occupies over 90% of the cotton growing areas.

Despite these advancements, the handloom sector is still vibrant in many parts of India for empowering the rural populations to make a living from local production. The government supports the sector by being a major buyer of the handloom fabrics and garments.

The government also assists farmers to access credit through public sector banks at concessionary rates, by setting aside a percentage of total lending of the banks to the industry and also providing discounted packages for insuring the produce.

A key observation by ACTIF and the entire African delegation was the impact of India's Technology Mission on Cotton (TMC) that appeared to be a unifying factor and strategy behind the development of the entire cotton, textile & apparel value chain in India. Driven by the need to improve the quality of cotton, increase per hectare productivity and income of cotton growers by lowering the cost of cultivation and improving the processing facilities, the Government of India launched **TECHNOLOGY MISSION ON COTTON** in February 2000 with Four Mini Missions for achieving the above objectives.

The broad objectives of the four Mini Missions are as highlighted below:

A. Mini Mission I

With the Indian Council of Agricultural Research (ICAR) as the Nodal Agency, this Mini Mission has the objective of development of short duration, high yielding, disease and pest resistant varieties/hybrids with appropriate fibre parameters to meet the need of the textile industry. It also aims at the development of integrated water and nutrient management practices for cotton and cotton based cropping system and the development and validation of Integrated Pest Management Technology for different cotton growing areas of India to improve yield and reduce the cost of cultivation to ensure better net return to the cotton growers.

Organizations operating under mini Mission I include the Central Institute for Cotton Research (CICR), Nagpur, Central Institute for Research on Cotton Technology (CIRCOT), Mumbai, National Bureau of Soil Survey and Land Use Planning, Nagpur and other ICAR Research Institutes, as well as research centres of State Agricultural Universities under All India Coordinated Cotton Improvement Project (AICCIP).

B. Mini Mission II

With the Ministry of Agriculture and Co-operation as the Nodal Agency, this Mini Mission oversees technology transfer through demonstration and training, supplies de-linted certified seed by setting up of de-linting units, accelerates Integrated Pest Management activities and provides adequate and timely information to farmers.

Implementing institutions include the Department of Agriculture & Cooperation and Ministry of Agriculture through State Agriculture Department of cotton growing States in the country under Intensive Cotton Development Programme (ICDP) under the overall supervision of Secretary, Department of Agriculture & Cooperation.

C. Mini Mission III

The Ministry of Textiles is the Nodal Agency for this Mini Mission, with the objective of improving the marketing infrastructure through setting up of new market yards and activation/improvement of existing market yards.

Implementing agencies include the Ministry of Textiles, Government of India through the Cotton Corporation of India Ltd. The help of other field agencies is also sought whenever required.

D. Mini Mission IV

The Ministry of Textiles is also the Nodal Agency for this Mini Mission with the objective of Modernization and technological up-gradation of existing ginning and pressing factories so as to improve the processing of cotton.

Implementing institutions include the Ministry of Textiles, Government of India through the Cotton Corporation of India Ltd. The help of other field agencies is also sought whenever required.

All in all, this was a very good experience for ACTIF and for all participants that were present in the training. ACTIF is grateful to ITC for inviting and sponsoring two participants to be part of the South – South training program. The experiences and lessons will be shared with all the members that were not able to participate in the program. ACTIF will also continue to pursue the contacts that were established along with trade interests that could be of benefit to its members.

PROPOSED FUTURE COLLABORATIONS BETWEEN AFRICA AND INDIA UNDER THE SOUTH SOUTH COOPERATION

1. ACTIF, CAI, ITC & AAACP

Cotton Association of India (CAI) is an organization that provides a wide range of services to the entire cotton value chain in India. Their services covers all segments of cotton trade and textile industry including Mill buyers, growers and Growers cooperatives, Ginners, brokers, merchants, importers and exporters etc.

EU-All African Caribbean Pacific Agricultural Commodities Programme (EU-AAACP) is an initiative of the European Commission and the ACP Secretariat with an overall objective of improving incomes and livelihoods for ACP producers of traditional and other agricultural commodities, and to reduce income vulnerability at both producer and macro levels.

ACTIF proposed to engage further with CAI in partnership with ITC & EU-AAACP as follows:

- i. **Transfer of technology:** ACTIF will be happy to facilitate transfer of technologies relevant to the African CTA sector through linkages of the Indian institutions and targeting specific sectors along the CTA value chain within our member countries
- ii. **Capacity building activities:** ACTIF will be happy to facilitate capacity building activities at regional level or in any of our individual member countries with the objectives of enhancing quality and productivity.
- iii. **Quality control and accreditation procedures:** ACTIF will be happy to facilitate direct exchanges of students and scientists within the cotton value chain research and training institutions between CAI and our individual member countries organizations representing the farmers and ginners, to build capacity in setting up procedures for quality control and accreditations.

2. ACTIF, ITC, INDIAN MERCHANTS CHAMBER, UNCTAD, DFID & KOTAK & CO.

ACTIF and the African delegation in general were quite impressed with the efforts put in place to sustain and develop the handloom sector in India. We further make reference to the task force report titled '*the handloom project: Looking ahead*' that was prepared under chairmanship of Mr. Suresh Kotak, detailing the initiatives that were successfully implemented in India to promote the handloom sector.

ACTIF proposed to engage further with stakeholders and partners listed above in the following areas:

- i. **Transfer of technology:** ACTIF will be happy to facilitate introduction of the handloom concept to African rural population within our member countries to promote employment and wealth

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creation.

- ii. **Investment promotion:** To facilitate investment within the handloom sector within any of our member countries.
- iii. **Capacity building:** ACTIF will be happy to facilitate capacity building workshops at rural level to facilitate transfer of skills
- iv. **Develop exports into regional and international markets with joint collaborations.**

3. ACTIF, ITC, GUJCOT & KOTAK & CO.

Gujarat State Co-operative Cotton Federation Ltd (GUJCOT) is a nodal arm of the state government and has been very successful in empowering farmers and the cotton production sector in the state of Gujarat, which is also referred to as the cotton capital of India. ACTIF was privileged to visit some of the farmer cooperatives in India and also interacted with the Government officials in the state of Gujarat with the Ministry of Agriculture.

ACTIF proposes to engage further with GUJCOT in partnership with ITC and Kotak & Co. Ltd in the following areas:

- i. **Market Access:** ACTIF will be happy to facilitate market access activities aimed at linking Gujarat suppliers of seeds, pesticides and other inputs at a regional level or targeting any of our individual member countries.
- ii. **Investment in Cotton Production:** ACTIF will be happy to facilitate investment exploration activities in any of our member countries aimed at boosting cotton production to meet local and international demand.
- iii. **Capacity building of farmers Cooperatives:** ACTIF will be happy to facilitate any capacity building activities aimed at building the capacity the local cotton cooperatives within on a regional level or at our individual member countries.
- iv. **Direct exchange programs:** ACTIF will work to develop facilitation of exchange programs for farmers , research scientist, ginners, and any related programs under cotton value chain with various institution in Gujarat for our member countries in collaboration with our individual member associations

4. ACTIF, ITC & Fibre to Fashion

Fibre2Fashion is a premier Marketplace for World Textile, Apparel & Fashion Industry, Best B2B Textile Portal, B2B Trade & Business portal. Fibre2Fashion was among the keys hosts for the South South visit in India, during the African delegation's visit to the state of Gujarat.

ACTIF proposes to engage further with fibre2fashion in partnership with ITC and Kotak & Co. Ltd in the following areas:

- I. Developing synergy between ACTIF and F2 F for developing Trade between India and Africa
- II. Exchange membership information between the two institutions and become members of each others' organizations
- III. Utilize Fibre2Fashion as a window to Africa for Indian investors
- IV. Sell country reports and other reports develop through ACTIF with assistance of Fibre to fashion website.
- V. Promote new developments and information to members via Fibre2Fashion reports, magazines and reports to members other interested parties.

5. Capacity building workshop for African Cotton, Textile & Apparel sectors

(ACTIF, ITC, KOTAK & Co., CIRCOT, DKTE, CICR, SITRA, CSIR, USAID COMPETE, African Textile Universities and vocational training institutions & other stakeholders)

CSIR: The Council for Scientific and Industrial Research (CSIR) in South Africa is one of the leading scientific and technology research, development and implementation organizations in Africa. It undertakes directed research and development for socio-economic growth.

DKTE: This is a leading Textile & Engineering Institute in India that has shown a keen interest in collaborating with African Textile Institutions

SITRA: South India Textile Research Association

Joint venture between government and business, dedicated to applied research on textile processes, consulting, materials testing and training.

CIRCOT: Central Institute for Research on cotton technology (CIRCOT) is a the leading cotton research center in India.

USAID COMPETE - Competitiveness and Trade Expansion Program takes a holistic approach to addressing the constraints and promoting the opportunities available to African companies to increase their competitiveness and trade with the United States and global markets, with the objectives of: Reduce barriers to trade; Increase competitiveness and market access in selected value chains including staple foods, and; Increase trade and investment between the U.S. and Eastern and Central Africa (ECA) via the ECA Trade Hub.

The need for a capacity building workshop bringing together Indian CTA stakeholders and African CTA

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stakeholders along the cotton value chain was identified as a key necessity in order to share experiences with the African sector and further promote the Indo African cooperation.

ACTIF would like to engage with the proposed partners above and work with a local University in Kenya to host a two day Indo African conference along the cotton value chain and also involve some international players. The overall objectives of the workshop will be to:

1. To bring together Textiles and Apparel stakeholders from Kenya, Africa, India and the world to share experiences.
2. To create a forum that can bring Policy makers to sit with stakeholders and hear firsthand the challenges facing the Textiles and Apparel sector, and hopefully change the attitude of Business as usual.
3. Create a forum where the impact of trade arrangements such as Africa Growth & Opportunity Act (AGOA) & European Partnership Agreement (EPA) and the effects of the lifting of the Multi-Fibre Arrangement (MFA) ban can be discussed in the presence of all stakeholders.

Conclusion:

This proposal represents an initial follow up by ACTIF for cooperation activities between India and Africa along the cotton value chain. ACTIF will also make individual follow ups with companies and institutions that expressed direct interest to partner or collaborate with any of our individual members. ACTIF will also continue to engage with the International Trade Center (ITC) and other partners who may wish to support further cooperation between India and Africa along the cotton value chain.