



**African Cotton & Textile
Industries Federation**

ACTIF Newsletter

Technology, Innovation and Talent at Origin Africa Fiber to Fashion Event

APRIL 2011

The outlook remains bright for Africa's cotton, textile and apparel sector. That was the conclusion of the Origin Africa Fiber to Fashion 2011 Symposium and Designer Showcase held in Mauritius, March 16-18 2011.

The event was sponsored by USAID East Africa's Competitiveness and Trade Expansion (COMPETE) program and other partners including the Mauritius Export Association, Enterprise Mauritius, and the African Cotton & Textile Industries Federation (ACTIF).

The positive outlook has been fuelled by the increasing global demand for cotton, diversification of apparel sourcing to Africa and the growing African middle class.

The two-day symposium brought together designers, manufacturers and buyers who learned about eco-friendly manufacturing practices, new cotton product development and innovations and integrating design and marketing.

Africa Program Director for Cotton Incorporated, U.S.A., introduced the importance of education and training for moving design into the market place, and how to tailor products to buyers and markets. The introduction of new financial products to support trade such as such as purchase order finance and export credit risk insurance indicate more confidence in doing business in Africa.

A buyers/sellers platform provided insights about what is needed by U.S. companies doing business with Africa and highlighted the need for African factories to adapt to the market. The presence of U.S. buyers (PPR/Redcats Group and the Orvis Group) provided a reality check for African manufacturers about doing business with U.S. companies. Many U.S. firms have made

technology, innovation and talent together. A full moon was shining on the historic Balaclava Fort Ruins and the atmosphere was electric as student and professional designers representing 12 countries from Sub-Saharan Africa and the Indian Ocean Islands presented their collections to a panel of international judges.



The winning designer in the professional category: Fikirte Addis of Ethiopia, posing with Barry Fisher (USAID-COMPETE) on the left and Kassaye Mekuria Chairman of ETGAMA on the right

The judges evaluated the collections based on commercial appeal, innovative fabric use and other technical and style criteria.

Nima Rawah, a textile and fashion design student at the University of Mauritius, won in the student category for her tropical, exotic bridal collection.

In the professional designer category, the judges selected Fikirte Addis of Ethiopia. Fikirte believes, "It is important for me not to lose the connection I have to my culture, just giving it a modern twist and bringing it to the international fashion arena." Fikirte emphasizes handmade cotton and designs that allow for comfort with style. As the winner of the Designer Showcase, Fikirte will attend Africa Fashion Week New York in July.

USAID COMPETE's Origin Africa global awareness campaign is changing perceptions about doing business in Africa. Feedback from participants shows that Origin Africa is doing just that.

Accessories designer Doreen Mashika of Tanzania writes, "As much as it was important to meet the buyers, the topics covered during the conference were very much an eye opener and extremely important in determining the direction of the Doreen Mashika brand."

U.S. Buyer Nick Moreno of the PPR/Redcats Group, the third largest e-retailer in the world, said, "I look forward to working with all of you in the future. We are definitely going to place business in Mauritius and Africa."



A group picture of the models that participated in the designer showcase at Origin Africa Mauritius 2011

The conference culminated in a buyer/sellers platform led by USAID COMPETE's Friends of Africa Apparel Advisory Board, comprised of business leaders in the U.S. apparel sector who are committed to increasing trade with Africa.

Peter Ton, a Dutch market research analyst in the cotton/textile/apparel sector, summed up the feelings of many by saying "...It was a great opportunity to update on the situation of the textile industry in East and Southern Africa, about the opportunities and for the networking the event provided."

The cross-cutting themes of the event were innovation, technology developments, marketing strategies and how to do business in Africa. Experts like Marsha Powell, the Turkey and

a conscious decision to look at Africa as a new sourcing origin and see Africa as the potential 'new frontier'.

The Pan-Africa Graphic Design Show tapped into Africa's new and exciting design talent. Designers created compelling designs for the Africa of yesterday, today and tomorrow. Kewin Kotadoo of Mauritius won the competition. His "Joy in My Soul" design shows a blind woman who can see the future of Africa. Africa has tears of joy in its soul for its eco-friendly future. As with the Designer Showcase, the Graphic Design competition shined the spotlight on African talent and linked talent with African producers and U.S. brands sourcing from Africa.

The Origin Africa Designer Showcase brought

Article by Barry Fisher, USAID - COMPETE

The first ever regional cotton, textile and apparel sectors supply side analysis kicked off in four countries in the Eastern African region, namely Kenya, Uganda, Tanzania and Ethiopia.

The €80,000 study is being conducted by ACTIF with the support of the Center for Development of Enterprise (CDE).

The results of the study are expected to provide a crucial source of information for buyer/seller matchmaking to grow exports and encourage regional integration. It will also help in the monitoring of export and employment trends, identifying regional strengths and weaknesses as well as gaps in institutional structures and communication channels.

ing firm to conduct the study. Intertek Mauritius emerged the winner after going through a lengthy and competitive bidding process conducted by ACTIF along the guidelines of CDE. The contract between the two organisations was officially signed on March 18, 2011 in Mauritius during the Origin Africa Trade show event.

Speaking after the signing ceremony, the Regional Director of Intertek CG Africa & Middle East, Mr. Amrut Desai, stated that Intertek was proud to be associated with ACTIF in carrying out the supply side analysis and underlined Intertek's commitment to deliver on the contracted services.

Intertek will be working with their exter-

With the United States and the European Union reviewing their business relationship with the Chinese amid concerns of increasing cost of raw materials and labor and the Chinese currency appreciating against the US Dollar, Africa has an opportunity to create a production source for major Western buyers.

But the cost of doing business in Africa is still very high. African governments need to remodel their strategy to reduce the cost of finance and utilities create better infrastructure to ensure quick movement of goods from inland production sources to port.

Chinese exporters are debating between increasing their prices and losing business or keeping them at current levels and losing their margins. Most Chinese exporters would have to increase prices or risk going out of business.

China remains the world's biggest supplier and no single country can take its place but whether it will continue to be a low cost source remains to be seen?

Global Cotton prices have been on a downward trend over the last decade following the removal of quotas and import restrictions.

The EU had a price fall of over 26.9% from Euro 18.26 per kg to Euro 13.48 per kg during the period while the US dropped 17.1% from \$3.97 square meter equivalent (SME) to \$2.91 SME.

The consequence was that retailers were buying more than they wanted and thus dumping away clothing in charity which in turn affected the manufacturing sector in African markets where over 70% of the textile and garment industry closed or went into liquidation due to second hand clothing. The effect was disastrous and millions of jobs were lost due to decreased demand for cotton.

Low prices also led to the supply of high quality fashion items for low prices and thus the so called high fashion became available to mass markets significantly impacting the designers' businesses. Many designers closed shop and went for the high volume low market consumer fashion.

Meanwhile, outsourcing has made a big impact on price reduction and speed to market. Other factors that have impacted prices include good production planning, investment in infrastructure and latest technology. The retailers have also moved to display their merchandise 8-12 seasons a year from the traditional 3- 4 seasons by having a new product range every 4 to 6 weeks as a way of motivating the retail customers.

E-marketing has also helped in lowering prices thus reducing the cost of marketing and retaining. Designer and fashion channels have helped retailers to select the fashion display on the cat walk and buy similar merchandise over the internet.

Although Western countries are experiencing double digit recession characterized by slow economic growth and high rate of unemployment, ...CTD in Pg.3



Kick off meeting for the supply side analysis at the Laico regency, Nairobi

A meeting held to launch the study on April 29, 2011 at Laico Regency Hotel in Nairobi, Kenya was told that the results of the study would provide a base for encouraging optimum use of existing R&D and training facilities within the region and gauging the status and potential for each country to explore niche segments in the EU market through Fair-trade and bio (organic) cotton or equitable cotton production.

"The primary objective of this study is to profile the cotton, textile and apparel sectors of the Eastern Africa region," said ACTIF Executive Director, Mr. Rajeev Arora at the meeting.

Others present at the meeting were Mr. Rooben Mooteeveeren, Program Manager, CDE, Mr. Jaswinder Bedi, Chairman, ACTIF, Mr. Prashant Agarwal, Jt. Managing Director, Wazir Advisors (the external consultants of INTERTEK) and Dr. Isabella Wandaka, Head of Textile Department at Kenyatta University, among others.

Earlier, ACTIF announced the appointment of Intertek Mauritius as the lead consult-

nal consultants, Wazir Advisors, a management consulting firm based out of India that advises clients globally on business strategies, mergers and acquisitions, joint ventures, funding and investments. They are expected to complete the study within four months

Among the differentiators offered by Intertek Mauritius is its commitment to provide additional value by delivering strategic inputs from a fact based analysis in addition to presenting the current industry analysis.

The information is expected to offer vital input for ACTIF and its members for enhancing the sector's competitiveness as well as formulating the necessary strategies for increasing CTA sector exports into the EU market. Currently the Eastern Africa region's share of CTA exports into the EU market is negligible against a total share of over 75 billion Euros.

ACTIF has also submitted proposals to CDE and other funding partners with the intention of conducting similar studies in all its member countries across the continent.

From Pg 2... prices have been largely driven by higher production costs mainly sustained by strong consumer demand in China and India.

Cotton prices have more than tripled in the last 18 months. The polyester prices have also been rising as textile mills look for alternative fibers. The average growth in polyester fiber is 34% in China.

As demand picks up, workers in China who had lost jobs during the economic meltdown and moved back to their villages in the interior of China are unwilling to go back to work leading to a rise in wages in China, Bangladesh, Vietnam and Cambodia.

Manufacturers trying to move to interior china to escape labor shortages have been hindered by poor infrastructure and although there are noticeable improvements, it is taking time to improve transportation from eastern to southern ports.

Source: Textile Outlook International

Business and market analysis for the global textile and apparel industries, Issue No 147

African Cotton and Textile Industries Federation (ACTIF), plans to launch an authoritative trade and policy magazine with the inaugural edition expected off the press in July 2011.

Cotton Africa, the first publication of its kind on the continent, will act as the meeting point for all stakeholders across the Cotton, Textile & Apparel value chain; providing a platform for sharing ideas and information about opportunities available in the CTA sector.

The magazine will cover a broad range of trade, policy, technology and environmental issues from farm to fashion.

ACTIF is committed to making Cotton Africa one of the most important tools to promote CTA investment in Africa and influence national governments to support compatible policy formulation for investments and technological up gradation.

It is hoped that members will find this a useful avenue to share statistics on growth, production, potential as well as for benchmarking Africa with other markets.

A central theme of ACTIF which Cotton Africa is also expected to promote is the enhancement

of linkages among local and international CTA stakeholders and promotion of Origin Africa, an initiative designed to market African fiber to fashion and Brand Africa as a destination to source end products.

ACTIF believes the magazine will help develop policy among its 20 member countries and open up new markets within Africa and the rest of the world through the contribution of its members and other stakeholders.

Expert opinions from regional and international CTA specialists will be featured in the magazine as will profiles of leading figures in the African and international CTA sector.

The magazine primarily target national apex organization of farmers, ginners, textile and apparel manufacturers, fashion designers and traders across the CTA value chain, suppliers, ACTIF national associations across Africa, policy and decision makers, national and international trade bodies, donors and national and international media.

The magazine will be distributed free in both electronic and print format to all ACTIF members, the international audience and other players across the CTA value chain in order to ensure extensive coverage and readership.

International Cotton Conference to be Held in Mombasa

An international conference to discuss the challenges faced by the Cotton, Textile and Apparel sectors in Africa is to be held in Mombasa, Kenya later this year.

In a statement, African Cotton & textile Industries Federation (ACTIF), which is organising the conference alongside Kenyatta University and the Kenya Association of Manufacturers (KAM), Kenya Apparel Manufacturers and Exporters association (KAMEA) and other stakeholders, announced that the conference, to be held between November 1 and 4 will also explore opportunities for trade, capacity building and investment.

The meeting is expected to bring together stakeholders in Cotton, Textile & Apparel sectors from Africa, India and other continents, to share experiences and benchmark Africa's competitiveness to the rest of the World. Participants will assess the existing policies related to trade in Cotton, Textile & Apparel as well as institutional gaps in skills development and enhancement in Africa vis-a-vis international standards.

Other areas that are expected to dominate debate are the Multi Fiber Arrangement (MFA), the African Growth and Opportunity Act (AGOA), European Partnership Agreements (EPA) and other trade provisions that impact the Cotton, Textile & Apparel sectors.

According to the organizers, the conference has been structured around three thematic

areas: The first theme, Cotton Production & Ginning, with a sub theme of 'Developing the Cotton sector in Africa', targets cotton farmer cooperatives, ginning associations, cotton development bodies; research institutions & Universities. The second theme shall focus on Textiles, Apparel & Fashion Design with a sub theme of 'Enhancing quality, production and designs to promote Trade in the Textiles, Apparel & Fashion Design sectors. The target group here includes textile and apparel Associations; fashion institutions; universities and vocational training institutions; and major retail stores. The third theme is on support institutions with a sub theme of 'to build competitiveness and brand Africa'. This theme targets banks, development partners, government institutions, accrediting agencies and trade hubs

The conference is expected to come up with a competitive assessment of African Cotton, Textile & Apparel sectors and a strategic paper outlining the existing gaps in Africa's Cotton, Textile & Apparel sectors in relation to the global standards. Organizers hope this can help in developing linkages for promoting trade and investment in Cotton, Textile & Apparel sectors in Africa and in identifying areas of collaboration between African Educational institutions and related International institutions for capacity building programs.

PICTORIAL



Kick Off meeting to launch the CTA supply side analysis funded by CDE. The meeting was held at Laico Regency, Hotel, Nairobi Kenya



Group picture with representatives of cotton development authority (Kenya), Cotton Growers association (Kenya), Cotton Ginners association (Kenya) at ACTIF offices.

ACTIF Members in Capacity Building Training

ACTIF members drawn largely from Mauritius, Ethiopia, Ghana and Madagascar underwent a quality and productivity enhancement training organised by Empretec Mauritius with funding from Pro Invest

Empretec is an integrated capacity-building programme, operating with the guidance of UNCTAD, to promote the creation of sustainable support structures that help promising entrepreneurs build innovative and internationally competitive small and medium sized enterprises (SMEs), thereby contributing to the development of a dynamic private sector.

The training held between 26th and 29th April 2011 in Mauritius, was part of a wider regional textile project initiated by Empretec Mauritius with the aim of strengthening the Textile & Garment Supply Chain, through value addition, capacity building, productivity improvement, quality enhancement and regional integration.

The training included visits to three factories of the CIEL Group. At Floreal Knitwear, the participants witnessed the manufacturing of knitwear from flat knitting machines mainly exported to European countries and South Africa. The set up was impressive and they were able to achieve production from less modern machines due to skill and efficiency of the production staff.

The second factory was Aquarelle Clothing Ltd, which like Floreal, did not have very modern technology but rode on organisation and strict maintenance and management of the plant. Aquarelle makes shirts for export to Europe and South Africa.

"Efficiency once again proved to be very vital as far as sustainability of the sector is concerned," noted Parmar.

The final visit was to Consolidated Fabrics Ltd, which produces fabrics for their sister concerns like Aquarelle and others



Following ACTIF's request, Empretec Mauritius was allowed to nominate 5 participants from Kenya and Uganda to participate in the training that was targeting management and senior production staff of textile factories.

The participants reported a fulfilling experience noting the unique way of teaching accompanied by practical examples. The training was highly personalized and instructors had a wealth of experience in the field of textiles and mainly dealt with the buyers in European countries.

"The method of application was relevant to our part of the world, but still there was a significant difference especially on speed, efficiency and support from stakeholders," said Uganda's Anant Parmar, who attended the training.

which consume almost 40% of their production.

About 60% of the production is exported to buyers in Europe, China, South Africa, among others. The fabrics are made from fine count, combed and mercerized yarns that are imported. The company has 120 looms of almost 4 different manufacturers, which though not very modern are well maintained and have a production efficiency of 85%.

Article extracted from a report by Anant Parmar, of Sigma Knitting Industries Ltd, Uganda, one of the participants in the training in Mauritius

UPCOMING EVENTS

14th–17th June 2011:

15th International Exhibition on Textile Industry, Shanghai, China

5 - 9 June 2011:

Cotton Price Risk Management Training (World Bank and ICAC) - Mombasa, Kenya

7 - 8 June 2011:

AGO Forum, Lusaka, Zambia

27th - 29th June 2011.:

Pan African Cotton meeting, Cotonou, Benin

18 - 25 August 2011:

Training Seminar on Value Chain and Market Transparency, Vietnam

4-9 September 2011 :

ICAC Conference - Buenos Aires, Argentina

19-21 September 2011:

ITMF Annual Conference - Barcelona, Spain

22-29 September 2011:

ITMA 2011 Exhibition - Barcelona, Spain

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