



ACTIF REPORT ON THE SOUTHERN AFRICAN REGIONAL COTTON, TEXTILE & APPAREL STAKEHOLDERS MEETING HELD

PARTNERS:

1. African Cotton & Textile Industries Federation
2. Cos Coton through EU-All Agricultural Commodities Programme
3. COMESA
4. Zimbabwe Clothing Manufacturers Association

DATE: 5TH JULY 2011

VENUE: MIEKLES HOTEL, HARARE, ZIMBABWE

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EXECUTIVE SUMMARY

The South African regional stakeholders meeting for the cotton, textile and apparel stakeholders provided ACTIF and its members a great platform to meet and interact as part of the efforts of developing and enhancing a regional value chain. Zimbabwe has not been in focus within the past decade and was an excellent choice to host the land mark meeting considering that it was once among the few countries in Africa with a strong cotton, textile and apparel value chain, as they were the leading exporters of apparels and fabrics in regional and international markets before the mid 90's. Since that period, the industry experienced significant decline leading to massive lost of income, employment and investment mainly due to the government policies and international sanctions. The positive news, however, is that the government of Zimbabwe has now decided to prioritize the revival of the sector and the private sector is aggressively engaging the government, regional and international partners to advocate for better policies, to synergize with the region and to attract investment in order to develop the value chain.

The meeting therefore came at the ideal period as the regional stakeholders had the opportunity to share information on best practices and also develop linkages for strengthening the regional value chain, considering that most of the countries had common issues and challenges. The role of ACTIF and COMESA was also emphasized and the stakeholders promised to support the regional efforts in order to build competitiveness and enhance intra regional trade. ACTIF would like to sincerely thank the government of Zimbabwe, COMESA through the Cos Coton supported by EU-All Agricultural Commodities Programme for partnering with ACTIF to fund the meeting, and would also to thank in particular Zimbabwe Clothing Manufacturers Association for partnering with ACTIF for all the local planning and mobilizing national associations, and finally we thank all the participants for their valuable input to the meeting. ACTIF hopes that all stakeholders will continue to work together in the development of the CTA value chain across the region.

PROGRAMME

Time	Event		Speaker / Presenter
7.00 – 9.30 am	REGISTRATION		ACTIF
9.00 – 10.00 am	FIRST SESSION		
	Welcoming remarks		Mr. Jeremy Youmans Zimbabwe clothing Manufacturers Association
	ACTIF introduction		Mr. Rajeev Arora, Executive Director, ACTIF
	EU-Africa Cotton Partnership		Mr. Fred Kong'ong'o, COMESA/AAACP
	Remarks by COMESA		Ms. Angela Mulenga, COMESA
	Key Address and Official Opening		Representative, Government of Zimbabwe
10.00 – 10.30 am	PHOTO SESSION TEA / COFFEE BREAK		
10.30 – 11.15 pm	SECOND SESSION		
	ACTIF Presentation		Mr. Joseph Nyagari Trade Policy & ICT Manager, ACTIF
	COMESA-EU-AAACP South –South training outcome presentations		Mr. Fred Kong'ong'o COMESA/AAACP
	Discussions		
11.15 am – 1.pm	COUNTRY PRESENTATIONS		MODERATOR – Mr. Rob Jarvis National Cotton Council of Zimbabwe
	Zimbabwe	Mozambique	
	Zambia	Mauritius	
	Swaziland	Malawi	
	South Africa	Lesotho	
	DISCUSSIONS		
1.00 – 2.00 pm	LUNCH BREAK		
2.00 – 4.00 pm	INTERACTIVE SESSION		Mr. Fred Kong'ong'o, COMESA/AAACP
	'Enhancing the regional value chain at National & regional level'		
4.00 – 4.15 pm	TEA / COFFEE BREAK		
4.15 – 5.15 pm	WAY FORWARD		MODERATOR – Ms Lilowtee Rajmun Mauritius Export Association
5.15 – 5.30 pm	Vote of thanks		MODERATOR – Mr. Rob Jarvis National Cotton Council of Zimbabwe

ATTENDANCE REPORT

Key institutions represented:

1. African Cotton & Textile Industries Federation (ACTIF)
2. Common Markets for Eastern and Southern Africa (COMESA)
3. Zimbabwe Manufacturers Association
4. Ministry of Industry and Commerce, Zimbabwe
5. Mozambique Cotton Institute
6. Mauritius Export Association
7. Cotton Association of Zambia
8. LESOTHO TEXTILE EXPORTERS ASSOCIATION
9. EXPORT COUNCIL FOR CLOTHING INDUSTRY
10. CottonSA
11. TEXTFED SA
12. COTTON DEVELOPMENT TRUST
13. Spintex Swaziland
14. FM Denim, Mauritius
15. Farmers Association (ZNFU)
16. Zimbabwe Textile Manufacturers Assn.
17. Zimbabwe Cotton Ginners Association
18. Oil Expressers Association, Zimbabwe
19. Seed Houses, Zimbabwe
20. Seedco, Zimbabwe
21. Agricultural Marketing Authority, Zimbabwe

ANALYSIS

Total Participants: 33 (*Detailed attendance list attached*)

Government:	6	Male:	25
Private Sector:	27	Female:	8

Representations:

COMESA (Regional):	2
ACTIF (Regional):	2
EU (Brussels):	1

Zimbabwe (Local Participants):	18	South Africa:	2
Mauritius:	2	Malawi:	1
Zambia:	1		
Swaziland:	2		
Mozambique:	1		

GENERAL CONCEPT

Introduction

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. Membership is not restrictive in terms of geographical coverage and it subscribes to an "Africa wide" view. Its goals are to:

- a. Build cooperation, interaction, and linkages within the region & with foreign markets
- b. Promote inter-regional trade; addresses key policy issues and post MFA challenges
- c. Create a unified and recognized voice in both regional and global trade affairs that provide effective regional representation at international fora

To successfully achieve the above goals, ACTIF has planned a series of National and regional level meetings across the region to better understand its constituents to promote regional integration.

ACTIF as a member of Cos Coton would like to cooperate with COMESA Focal Point to create awareness of the European Africa Cotton Partnership in the Eastern and Southern Africa region through stakeholder's consultative/capacity meetings/ Workshop. This will be one of the first of a series of meetings that will be organized in collaboration with the COMESA EU-AAACP Focal Point in Eastern and Southern Africa region to strengthen the EU-Africa Cotton partnership in the Region

Scope of the Meeting

This was an important meeting between ACTIF secretariat and cotton, textile and garment stakeholders in Southern African region (including Zimbabwe, Zambia, Malawi, Mozambique, Mauritius and South Africa); the meeting was an opportunity to share/discuss regional trade development and how to develop synergies in program/activities to build a strong base for co-operation and collaboration.

Specific Objectives

1. Share the outcome of the South-South training programs organised by ITC under the EU-AAACP program with stakeholders
2. To discuss and understand the needs at national level for developing trade within the regional and foreign markets.
3. To promote ACTIF members services and enhance engagement with the National Associations representatives
4. To understand issues that affects the industry at National level, to discuss possible areas of National level intervention activities by ACTIF and prioritised them for action in the year 2011/12.
5. To promote the alignment of the national Cotton to clothing strategies with the Regional COMESA CtC strategy to provide input into the National Industrial policies

Key discussions:

Country Presentations:

Zimbabwe, being the host country made a presentation of their entire cotton, textile & apparel value chain. The primary objective was to project the status of their industry and highlight potential areas of linkages. Below is a summary of the presentations:

a. Government:

Mr. S. D. Mangoma from the ministry of Industry and Commerce officially opened the conference. He welcomed the participants to Zimbabwe and noted that the Government of Zimbabwe had prioritized the development of the CTA sector that had a lot of potential despite the challenges faced in the past. He was hopeful that the discussions would provide useful input to the government as it continues to engage with the private sector in the Zimbabwe and also explore synergies with the region.

b. ACTIF

Two presentations were made by ACTIF. The first one was by Mr. Rajeev Arora, the Executive Director of ACTIF, who introduced ACTIF to the stakeholders and highlighted its objective of promoting trade in the cotton, textile & apparel sectors in Africa. He also highlighted that despite the existing challenges, there were massive opportunities that Africa was currently faced with and advocated for a strong regional value chain across the region. Other key recommendations include: Adoption of new technologies including Bt Cotton for increased production/yield; Promotion extension services for innovative farming; Reduce the impact of middlemen in the cotton trade; Promote and develop cooperative farming for small farm holders for reducing costs and increasing yields; Branding African cotton for value

The Second ACTIF presentation was made by Joseph Nyagari, the Trade Policy & ICT Manager. He highlighted the services offered by ACTIF to its members including: Maintaining an online trade link on cottonafrica.com; Maintaining a trade directory of the regional stakeholders to be available to members on the website; Publishing and dissemination of trade and market news to members via a newsletter, e-flashes and on the website; Organizing trade delegations to attend international events; e.g. ICAC, ITMF, AGOA, CCA & others; Participating in the resolution of trade barriers among member countries that will result in increased trade; Capacity building of member Associations in-collaboration with partners & Organizing trade events aimed at promoting members products and attracting investments into the region.

c. COMESA

Ms Angela Mulenga made some remarks on behalf COMESA. She emphasized the role of COMESA in the development of the Cotton, Textile & Apparel value chain, including facilitation of development of the cotton to clothing strategy by the regional stakeholders. The process was made possible by EU funding through the EU-All ACP Agricultural and the Technical support from ITC and USAID funded Regional Agricultural Trade Support (RATES). She also noted the continued

partnership with ACTIF partnership in promoting a regional value chain for the cotton, textile & apparel sectors.

d. COMESA-EU-AAACP South –South training outcome presentations

Fred Kong'ong'o, the senior coordinator, EU-AAACP, COMESA, made a presentation on the South South training programmes organized by the International Trade Center under sponsorship of EU-AAACP program among other partners. The key outcomes include: Capacity building at ACA & AProCA on market & Value Chain understanding; Value addition by farmers in Zambia taking up ginning; Transparency in ginner-farmer relationships; Direct sales to Bangladesh, China and Thailand: over 10 million US\$; Increase of sales into target markets (e.g. Thailand & VIE); More healthy relationships with traders; Multiple direct sales offers; Increased understanding on contamination issue for increase cotton quality; Operational improvements: e.g. CMDT's savings in transportation costs; Cooperation with spinners from BGD & VIE on contamination reduction within the framework of cooperation with CFC; Willingness of spinners to pay a premium & Long-term commercial cooperation offers from Asian spinners.

e. Country Presentations:

Zimbabwe:

- i) **Seed Producer:** Ms Petronillah represented Outon Seeds Ltd, the only cotton seed producing company in Zimbabwe. It is a 100% subsidiary of SeedCo group. It is currently working with the cotton company of Zimbabwe on the multiplication of seeds in collaboration with small holder farmers. A lot of emphasis is made on contamination in order to protect the purity of the seed. Its overall objective is to ensure that Zimbabwe cotton is grown with certified seeds.
- ii) **Farmer representative:** Mr. Berean Mukwende, represented the cotton farmers union. He noted that transparency was a key issue of concern as most farmers were not satisfied with the value they receive from cotton farming. The farmers also needed to be empowered as they were currently heavily dependent on ginners for short term financing. The cotton farmers association needed to be strengthened. Other key concerns included, poor rural infrastructure, lack of information on Bt technology and reliance on a single company for certified seed.
- iii) **Zimbabwe Ginning Sector:** The presentation was made by Mr. Godfrey Buka, the director general of the Cotton Ginners Association. He noted that cotton was a major cash crop for smallholder farmers, commercially grown for more than 60 years - 250 000 households actively involved in production; it is also responsible for direct employment of over 35 000 people in ginning, spinning, weaving, oil expressing & stock feed manufacturing; it is also a direct source of revenue for about 4 million people or 25% of rural population; The ginners provide 100% lint for locally spun yarn and cotton blend yarns. Ginners also provide raw materials to the local oil expressing industry;

80 – 90% of the lint is exported to the key markets highlighted below:

- 50% to the Far East: Bangladesh, China, India, Japan, Indonesia, Korea, Malaysia, Pakistan Taiwan & Thailand
- 30 % to Europe: Belgium, Germany, Great Britain, Italy, Portugal, Russia, & Switzerland
- 10% to Americas: Colombia, USA
- 10% to Africa: South Africa & Lesotho

Key Challenges include: Global decline in mill use- weaker market demanding high quality - competition from synthetic fibres; Producers pricing is affected by International market; Production cost & Quality of produce; Low capacity utilisation: current ginning capacity is over 750 000m/t against ten year average prod 250,000 m/t

- iv) **Zimbabwe Textiles Manufacturers Association (ZTMA):** The chairman of ZTMA, Mr. Tararama Gutu noted that the textile Industry in Zimbabwe was over 50 years old. The association represented the entire textile industry in Zimbabwe was recognized by the government. It has however been facing a lot of challenges following a steep decline in the sector leading to loss of membership. Inflation was a key factor in the decline as it led to high cost of borrowing. The country was currently a net importer of textile products. The capacity of the association needs to be strengthened in order to effectively service its members. ZTMA is currently actively engaging the government and other partners as part of the revival efforts.
- v) **Zimbabwe Clothing Manufacturers Association (ZCMA):** The presentation was made by Mr. Jeremy Youmans, the chairman of ZCMA. He noted that the association represented the last link in the manufacturing value chain. Zimbabwe once boasted of a strong value chain but has since declined significantly: Overall employment has declined from a previous estimate of over 35,000 people to the current 7,000; Number of companies has dropped from about 500 to about 195; The agricultural sector use to involve 60% to the national economy, and the clothing industry was included in this, but has since declined considerably.

Key challenges include: decline in cotton production; inflation in Zimbabwe; prohibitive bank policies to businesses and investors & high cost of labour. He however highlighted that Zimbabwe had very good labour practises as compared to regional and international standards despite the negative impression created in the global media. Efforts are also on going to engage with all key stakeholders in the development of the sector.

- vi) **Oil Expressers Association:** The presentation was made by the Chairperson: Maurice Chinyani. He noted that the industry had a total capacity of processing 275,000 tonnes of cotton seed per annum. However the current utilization was 155,000 tonnes of cotton seed as recorded in the year 2010/11. To fully utilise existing plant capacity the national seed cotton target is 500,000 tonnes.

He noted that the value addition industry was very lucrative. With an input of 155,000t of cotton seed, (With a value of US\$31million), the output was: Cooking oil 26,350t (US\$32million); 85,250t of meal(US\$26million);32,550t of Hulls (US\$ 5million) 10,850t of Linters

(US\$12million). Overall, value addition industry results in an additional value of US\$ 44 million which is about 142% extra value from the value of the cotton seed.

There were currently new investments of a delinting line with projected output of 14,000t of linters and a new margarine plant to produce 15,000t p.a. The current market for cooking oil was domestic considering that Zimbabwe had Cooking oil requirements of 47million litres against the current domestic production 28million litres. As for cotton seed meal, SADC market requires 800,000t against current production of 85,000t. More investment is therefore needed especially in seed cotton growing to fully utilise the processing capacity. The value addition industry is also critical as it plays an important role in food security, employment (2,500 formal jobs), exports and regional trade of raw material and value added products.

Zambia

The presentation was made by Mr. Joseph Nkole, the secretary general of Cotton Association of Zambia. The cotton production in Zimbabwe was mainly on a contract an out growers policy. The potential for rain fed cotton production is 2 million MT but the current average is 650,000 MT. The average acreage is ½ an acre. The highest recorded production was in 2005 while the lowest was in 2010. The government has allowed trials to commence on Bt cotton. The marketing season starts in May and ends in August. The country has established a system for negotiating the cotton prices between the farmer's and the ginners for increased transparency. The textile industry has almost fully collapsed mainly due to the cost of doing business in Zambia. The government has however established cotton triangles with special provisions to attract investment in cotton production, ginning and textiles. DKTE of India is also planning to establish textile schools in Zambia. Zambia is also actively involved in MoZaZima, a cooperation between Mozambique, Zambia and Zimbabwe to boost cotton production in the region.

Swaziland

A presentation was made by Paul Storah, a Mill Manger at Spintex, a dedicated yarn mill in Swaziland that supplies high quality niche markets in the sewing thread industry with polyester core /ELS cotton cover and polyester core /polyester cover yarns in Southern Africa and other export markets. He highlighted that procuring of raw cotton was a key challenge that they were facing, despite the fact that the company has been purchasing all the cotton produced in Swaziland for the last 3 years. He was hoping to establish linkages with other producers for the region in order to satisfy their demand.

South Africa

A presentation was made by Mr. Hennie Bruwer, the CEO of Cotton SA. He noted that production of cotton lint by South African ginners totalled 8 664 tons for the past marketing year which ended in March. Over the past few seasons, cotton production in South Africa has gradually declined to reach the lowest level in more than 45 years in the past season. The surge in international cotton prices gave rise to the first increase in local cotton production in 7 years. Key challenges include: low international cotton prices over the past few years; competition from summer crops; the high cost of mechanization and the relative high input cost.

Consumption of cotton lint over the past 10 years has decreased by 65%. This was mainly due to the continued imports of low-priced textiles and apparel from Asia and also because of the relative stronger

Rand against the US dollar, all of which impact negatively on local demand as well as on textile and clothing exports. This in turn led to the closing down of 8 local cotton spinning mills over the past decade. SA's largest spinning mill which was responsible for about 40% of local cotton consumption closed down in 2009 and had a huge impact on the local cotton sector.

As for cotton trade, due to the small crop in relation to local demand, as well as exports, about 78% of local spinners' cotton requirements had to be imported during the past marketing season (The imports amounted to 17 881 tons, from Zimbabwe and Zambia, Malawi and Mozambique. About 96% of all cotton lint imports originated from countries within the Southern African Development Community (SADC) as there is no import duty applicable on cotton lint imports from these countries in terms of a free trade agreement.

Ms Helena of South Africa's Textile Federation (TEXFED), made a presentation on the textile situation in South Africa. She noted that it was faced with declining manufacturing; Increased import activity; Fewer vertical operations & Wool fibres was now the main export commodity. The total turnover in the textile industry had declined to US\$ 1.6 Billion down in 2010 from US\$ 2.0 Billion in 2008. During the same period, total imports declined from US\$ 1.1 billion while exports declined from US\$ 0.5 to US \$ 0.4 Billion. Total employment had declined from 1.4 million to 1.18 million during the same period. Current export markets for the textile products were SADC (15%); EU (36%); USA (4%); China (18%) and India (6%). Key challenges faced included: CUSTOMS FRAUD and UNDER-INVOICING especially for Acrylic fibres.

MALAWI

A presentation was made by Mr. Patrick Khembo, of Malawi Cotton Trust. He noted that almost all the cotton was grown by smallholder farmers, with about 200,000 farming families and with an average area 0.4 ha. All cotton is rain-fed. Highest production in 2008/09 (about 78000 MT), lowest production in 2009/10 with 15,000 MT. High production variability was mainly due to weather and responses to prices. Key challenges: Weak regulatory framework; Unattractive Investment climate for value chain players; Low productivity 700-800kg/ha; Production by small scale disorganized farmers Limited Home market; Limited value addition activities & Weak support Services e.g. research, extension, Finance

Value addition included Spinning and Weaving with Mapeto as the sole spinner in Malawi, which utilizes less than 5% of the lint. The industry also comprises of Textiles & Garment Manufacturing mainly targeting the AGOA preferential trade agreement. A few garment manufacturers have since closed down due to: second hand clothing influx; relatively high cost of production; high cost of borrowing & high cost of freight. Oil Crushing is Viable but face stiff competition from imported Soya sunflower and palm oil Seed cake, Limited livestock industry and the need for specialized equipment to access poultry industry.

A recent development in Malawi is the formation of Malawi cotton development trust that comprises of farmers, farmer organizations, input suppliers, ginners, spinners, textile manufacturers, garment manufacturers, seed crushers, financial institutions & Government departments. The main objective of CDT is to create a competitive & sustainable integrated cotton sector contributing to national economic growth that benefits all stakeholders, supplying increased volumes of high quality cotton and related value added products to domestic and international markets through collaborative efforts of all players in the value chain.

LESOTHO

The presentation on Lesotho was made by Nkopane Monyane, the Vice Chairman of Lesotho Textile exporters Association. He noted that Lesotho has benefited a lot from AGOA framework and they recorded

total exports into USA worth Usd 280,754,000 in 2010. They currently have 19 garment exporting factories; 5 CMT factories; 1 denim and ring spun yarn mill and 10 South African market factories all with a total workforce of over 35000.

However, the industry has been facing declining orders and work force mainly owing to rising operational costs in the country. The Government offers Tax incentives; provision of factory shells & has also set up Inter-ministerial task team. Various donors are involved in the sector including Alafa (Apparel Lesotho Alliance to fight aids) and Better work. New investments in the sector include South African manufacturers who are currently moving to Lesotho.

Key issues for developing trade include: How to cut production costs to compete globally; Need to build Linkages for trade and development; Need for product and market diversification; Need to develop regional trade and synergies and how to be sustainable beyond the current model.

MOZAMBIQUE

Gabriel Paposseco, the deputy director of Mozambique institute for cotton made a presentation on the Mozambique cotton value chain. He noted that the cotton sector is favoured with the soil and climatic conditions but the ginning capacity remains under used. The cotton sector currently provides income for 250,000 families (more than 1,500,000 inhabitants), accounts for 20% of agricultural sales and is the 3rd agricultural export commodity after tobacco, sugar and 7th export product in general. The cotton sector therefore plays a crucial role in socio-economic stabilization of the rural areas.

The planted area in 2010/11 season: 130.000 ha, with the highest record being in 2005/06 (200.000 ha). Seed cotton production in 2010/11: 70.000 tons, with recent record was in 2005/06 (122.000 tons). There are only 10 ginneries operating (out of 20 existing) with 100% of lint exported, mainly by international traders.

There is no textile industry working, collapsed since 1999. The government is currently supporting a progressive adjustment of the legal and institutional framework for the development of the sector under a Ministerial Diploma Nr. 91/94, which regulates the cotton value chain. In this model, the government may sign with a given company, a Promotion and Rural Extension Contract for Cotton, defining the terms for rendering mandatory services to cotton farmers including: Input supply, on credit, Extension training, Purchase of seed cotton (with privilege of exclusivity).

The key objectives of the government revival program include; Increase production, productivity and quality of Mozambican cotton; Improving trade and marketing of Mozambican cotton and its sub-products; Contribute to local industrialization of cotton products and sub-products; & Continuously adjust the policy and institutional framework / capacity as to respond to a growing sector and regional integration.

New investments in the sector include: 2 large commercial companies are investing from the season 2011/12 – allowing aggregated impact, By product services and inputs supply to the smallholders; 2 new gins are been installed in the central of Mozambique, with high capacity; Commercial farmers are emerging to take opportunity to the good price in the international market, this group is expected to attain 30% share of the country production by 3 years; within the context of MOZAZIMA, the new investment in Mozambique

shall benefit from access to raw material in this region, namely Mozambique, Zambia, Zimbabwe and Malawi market

The donor programmes that are currently ongoing include: European Union (EU) –Crop Diversification Program in Cotton Areas in the Central and North of Mozambique (currently closing phase); Common Fund of Commodities (CFC) -4 programs are implemented under AAL ACP, namely 1) Improvement of Small Scale Farmers Production System, 2) Improvement of Cotton Lint Classification System, 3) Concept of Micro insurance System in Cotton , and 4) Establishment of the Risk Management in Cotton Sector: Islamic Bank of Development (IBD) for formulation of a Comprehensive Study of the Cotton Value Chain Revival Program in Mozambique.

MAURITIUS

Mr. Cheekooree Beas, from FM Denim, a denim manufacturer from Mauritius made a presentation on behalf of Mauritius Export Association. He noted that the start of operations of the first Textile and Apparel Company dated back to 1976. Investment in the Textile and Apparel Sector was boosted since 1984 following 2 consecutive depreciation of the rupee and the high unemployment rate in the country at the time. Between 1980-2010, the T&A sector was successful in terms of: Income generation, Employment creation & Capacity building for entrepreneurs. Since its inception in 1970's the T&A sector has created a lot of employment and it is among the leading providers of employment. As of 2010, Direct Jobs created was 55,828 (Males: 17,415 & Females: 24,785). Expatriates were 13,628 and Indirect Jobs: 167,484. Also in the same period, The Export Turnover is Rs 26,429 million which amounts to a contribution of 6.86% to the GDP. The total Investment is worth Rs 472 million

Today the Textile & Clothing Companies have regrouped themselves into a matured vertically integrated and product diversified sector. To meet their requirements, they are importing about 50,000 tons of raw cotton per year mainly from (Tanzania, Uganda, S- Africa, Zambia, Madagascar, Mali & Ivory Coast. They also import Cotton Yarn with a value of US\$ 18,893,000 (USD) from China, Indonesia, Pakistan as well as export Exports yarn with a value of 4,969,000 (USD) to S-Africa, China, Madagascar, Korea. In addition, they also import Woolen Yarn with a value of US\$ 5,605,000 (USD) from S-Africa, China, Germany, Singapore and also imports Synthetic Yarn with a value of US\$ 12,066,000 (USD) from Pakistan, China, France & Singapore. As for fabrics, they import wooven fabrics worth 45,167,000 (USD) from China, Pakistan, Thailand, Madagascar, Italy and locally produce 33.6 millions metres/year. They also export woven fabrics worth 20,557,000 (USD) to Turkey, Belgium, S-Africa, Italy, Madagascar, France, and others. With 30 knitting mills, they Import knitted fabrics worth 4,328,000 (USD) from China, Germany, France, South-Africa while also locally producing 60 millions metres/year. They also export knitted fabrics worth 14,566,000 (USD) to Madagascar, South-Africa, Thailand, Netherlands. On the garment side, Mauritius exports Total usd \$ 704,071,428 mainly to United Kingdom, France, S-Africa, Belgium, Germany.

Mauritius enjoys various trade preferences including Multilateral (AGOA, Interim EPA), Regional (COMESA, SADC, IOC) and Bilateral (Pakistan (concluded)), India (still under negotiation) and Turkey (still under negotiation).

A key success factor for the Mauritius industry has been the Government facilities offered to the industry. The EPZ Status was phased out in 2007 but the industry as a whole benefits from generic facilities provided including: No Duty on Imports; No VAT on main inputs (yarn, fabrics, gold, fish,.); Industrial tariffs on utilities (Water, electricity, connectivity, waste water); 15% Corporate Tax with a mandatory 2% CSR contribution of

the profits; Employment expatriate Ratio of 1 foreigner to 2 Mauritians and Labour cost in Mauritius of (min): \$ 150 /per month.

The Key concerns for the Mauritius industry include; Availability of raw material; Unpredictability of price; Transit from ginnery to harbour; Warehousing costs at port of loading; Vessel availability; Transit time from shipment to arrival port & Trade Agreements between competing blocs.

COPIES OF ALL THE COUNTRY PRESENTATIONS CAN BE DOWNLOADED FROM THE LINK BELOW:

<http://cottonafrica.com/ctazimbabwe.php>

KEY OUTCOMES

Following an interactive session during the stakeholders meeting, it was noted as follows:

1. There were common challenges facing the stakeholders across the region
2. There is a strong need to promote synergy and cooperation among the stakeholders
3. There is potential for intra regional trade
4. There is a need to identify key areas for collaboration in the cotton clothing sector, beginning with forming linkages among the stakeholders at the meeting.
5. Government policies are key factors of success
6. There is an urgent need to enhance the entire value chain of Africa and make it a success. India is a good model to learn from.
7. There is an urgent need for a strong clothing industry in Africa that should maximize on the African market. (700 million people in SSA alone)

Key recommendations:

1. Marketing: Access to market information is key. ACTIF has been playing an important role but needs to be supported by all stakeholders. ACTIF should also spearhead the consolidation of a strong regional database, from production right up to retailers and institutional consumers.
2. There is a need for more B2B activities within the region perhaps on an annual basis. ACTIF should link up with SATH to promote this across the region, with an intra regional focus.
3. There is need for strong advocacy by all stakeholders to push for friendly government policies and assistance to promote trade within the cotton supply chain to boost employment (SA, Lesotho, Mauritius are good examples of where government has played a key role in the development)
4. There is a need for a common regional policy for all cotton producing countries
5. ACTIF, COMESA and SADC should lead the advocacy efforts at regional level and national level.
6. Trade agreements: need for flexible RoO, elimination of trade barriers, harmonization of tariffs, strengthen our customs unions
7. There is a need to attract investment and also sustain it (protect the investment)
8. ACTIF should play a lead role as a facilitator in the field of training in quality and productivity enhancement
9. There is need to strengthen research and promote textile training institutions
10. There is also a need to sensitize all stakeholders across the cotton value chain (including Trade unions)
11. There is also a need to profile existing training and research institutions in the CTA sectors across the region and identify areas of synergy and standardization
12. There is a need to promote harmonization of standards within the region and sensitize all stakeholders

ADDITIONAL MEETINGS BETWEEN ACTIF'S ED RAJEEV AND KEY CTA STAKEHOLDERS ON 6TH JULY 2011

1. Meeting with Mr. S.D Mangoma, Ministry of Industry and Commerce at 9.30 am.

Rajeev was accompanied by Mr. Jeremy Youmans of ZTMA and the key issues discussed were:

- The government of Zimbabwe is keen to develop the Cotton Textile & Apparel value chain to restore the status of the industry to the level it was just a decade before. ACTIF will also be happy to support in the development.

It was agreed that ACTIF will include information related to promoting investment in Zimbabwe in its publications and also carry the information to develop interest within the region and globally mainly in Asia and China through using its existing linkages.

Mr. Mangoma advised that several positive changes have been experienced in Zimbabwe within the last 2 years especially regarding the investment policy. This included the issue of indigenous investment shareholding being limited to over 50% by local investors. However, the restriction on indigenous investment does not apply to any investment under USD 500,000 as the investment can be fully foreign owned.

- Mr. Mangoma promised the full support of the government for developing investment and to fast track all processes for putting up a company.

2. Visit to Zimbabwe Investment Authority at 11.00 am

- Rajeev was also able to visit the Zimbabwe Investment Authority which is a one stop shop where they assist the investors establish a company and obtain all the relevant licensing for establishing the industry. He was given a brochure and a CD containing information on the investment policy. Rajeev promised to upload the information on ACTIF's website and also distribute to its members and interested investors.

3. Meeting with Mr. Jeremy Youmans Chairman ZCMA and CEO Paramount Garments Zimbabwe

Several development issues were discussed. Two key issues that resulted include:

- There is a need for ACTIF to assist in developing more visibility for Zimbabwe in order to correct the negative publicity that has been generated over the years thus affecting potential investors. Rajeev noted that ACTIF newsletter and magazine can be used as some of the mediums to portray the positive information to attract investment into Zimbabwe. It was agreed that there is a great need and opportunity for investors in order to develop the spinning and textile industry considering that Zimbabwe has a large supply of raw cotton and the infrastructure of land for building and manpower is readily available.

- The other issue that was agreed was the need to assist his company to develop regional linkages in order to develop markets in Eastern Africa.

4. Meeting with Mr. Varun Mahajan, Country Head for OLAM, Zimbabwe & Zambia 12.30 pm

The key issues discussed were:

- Olam agreed to work with ACTIF to assist in developing production and quality of ginners
- Olam also suggested that ACTIF should link up with the African Continent Manager, as they have offices in most of the countries which are growing cotton. They could also participate in ACTIF workshops and meetings.
- Olam gave an over view of the cotton producing areas and Zimbabwe and Zambia and advised how they were assisting the ginners and farmers in increasing production /yield and also the quality for the cotton.

5. Meeting with Mr. Godfrey Buka, the Director General of Zimbabwe Cotton Ginners Association at 3 pm

The meeting focused on the status of the ginning industry and the present membership. Mr. Buka provided with the list of members and noted that most of them had saw Gins with high production capacity.

The areas of possible collaboration with ACTIF were identified as follows:

- Developing a training program for TOT for better production for the ginneries.
- Developing programs to assist in developing structured finance for enhancing liquidity of the ginners.
- The ginning association could also help other ACTIF members to build capacity in the region as they were more advanced.

6. Meeting with Mr. Rob Jarvis Chair for CotCo Zimbabwe and Country Manager of Seedco at 4 pm

- Mr. Jarvis being Director of ACTIF board was updated on the last board meeting that he was unable to attend due to travel commitments.
- Mr. Jarvis was informed of the key areas that he needed to assist as part of the outcome of the board meeting.

7. Meeting with Mr. Tararama Gutu Chairman, Zimbabwe Textile Manufacturers Association at 4.30 pm

The meeting was cancelled at the as Mr. Gutu was out of town but it was agreed that the discussion could be held during the Nairobi strategy meeting.

ATTENDANCE LIST

Southern African Regional Cotton Textile & Apparel Stakeholders meeting
5th July 2011, Miekles Hotel, Harare

Attendance List

No	Name of Participant	Company & Activities	Contacts (Tel/Fax/Cell #)	Email address
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