

# The Link

A Value Chain Approach to Doing Business in Africa



**USAID**  
FROM THE AMERICAN PEOPLE

**COMPETE**  
The Competitiveness and Trade Expansion Program

The Newsletter of the USAID Competitiveness and Trade Expansion Program (COMPETE)

## AGOA Forum 2009—The View From COMPETE

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Kenyan Prime Minister Raila Odinga, officially opened the civil-society and private-sector sessions of the Eighth AGOA Forum on August 4th at the Kenyatta International Conference Centre in Nairobi. In his opening remarks Mr. Odinga reiterated the need for African countries to focus on investment as the key to economic growth.

"We must trade our way out of the economic crisis, and make inter-African trade a priority within AGOA, if we have to realise full benefits." Mr. Odinga further noted, "We need to urgently increase the quality, quantity and competitiveness of our export products, to make maximum use of AGOA opportunities. Only then can we become significant

global actors economically and politically."

Transit, transport and logistics constraints were seen as among the major challenges affecting the competitiveness of African exports to the US market under AGOA and was an issue that resonated with delegates throughout the private sector sessions.

The opening plenary and the agri-business panel discussed these issues and called for a number of interventions including streamlining transit logistics so that they operate seamlessly to reduce the cost of doing business and enhance the competitiveness of African exports; creating more direct air cargo links between the east African region and the US and using Nairobi as a consolidation



point for east African exports; and developing more innovative warehousing, cargo consolidation, cold chain and logistics solutions. As an example, the Tanzania Horticultural Association has set up a subsidiary arm that deals with cargo logistics management for Tanzania horticultural exports and this has helped to reduce costs and speed up processing of shipments. The panel participants also sought better understanding of the re-



## It's All About Links . . .

Welcome to the second COMPETE newsletter. I am happy to report that the program is in full swing and we now have a full team on board. The team has identified a number of exciting activities that we hope to highlight soon in future editions of The Link. For this edition, we're focusing the entire issue on AGOA and our support to African firms under the East

and Central African Trade Hub, which is now an integrated component under COMPETE.

COMPETE is continuing the good work begun under the previous ECA Hub that ended in 2008. Our aim is to provide technical assistance and support to firms seeking to capitalize on opportunities to export to the US under this initiative.

Finn Holm-Olsen is leading our effort as the Hub director and is supported by Robert Karanja who is serving as the AGOA support/liaison advisor. We look forward to hearing from you all and appreciate comments and suggestions for future issues of The Link.

Stephen Walls  
Chief of Party, COMPETE

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## AGOA Forum 2009—Private Sector Day

quirements of entry into the US market by African exporters and collaboration between the US and the region to facilitate pre-clearance of goods so that consignments are not rejected when they have already entered the US market.

COMPETE's Finance Advisor Matt Troniak, moderated a session on "Making Trade Instruments Work Better" with a distinguished panel of speakers from the banking and insurance industry. The session reviewed the various mechanisms in finance and insurance available to the business community to finance trade and investment in important sectors such as agriculture and make recommendations for improvement in the enabling environment where needed.

ECA Trade Hub director Finn Holm-Olsen moderated the "AGOA Nuts &

currently exporting or considering exporting to the U.S. under AGOA.

Representatives from the regional USAID trade hubs shared information on their programs and assistance facilities. Panel members Jim Thaller Managing Director of Talier Trading Group that sources African specialty food products and Mike King'ori, Marketing Director of K-Net Flowers, a firm that has successfully penetrated the U.S. market provided the real life experience of under AGOA. The main take away from this session is that there is a need to constantly educate U.S. buyers and consumers about Africa and African products. The Trade Hubs spoke about their coordinated efforts in this area, via MAGIC and other trade shows where Africa is effectively branded. The private sector presenters spoke about their own initiatives



*Jim Thaller of Talier Trading Group at the Private Sector Day.*

U.S. Secretary of State Hillary Clinton opened the formal ministerial session of the AGOA Forum on August 5th. She stated that the top priorities for her visit were trade, development good governance, and women. On trade, Secretary Clinton said, "As Africa's largest trading partner, we are committed to trade policies that promote prosperity and

***"The ingredients are all here for an extraordinary explosion of growth, prosperity, and progress."***

*U.S. Secretary of State, Hillary Clinton*

Bolts Toolkit" session, which offered practical knowledge about the African Growth and Opportunity Act and the rules and requirements for exporting to the U.S. market. The session focused on companies that are



*COMPETE's Fredah Muguru Mputhia welcomes Kenya's Deputy Prime Minister, Uhuru Kenyatta, to the ECA Hub booth at the AGOA Forum.*

in this area, in specialty foods and cut flowers, respectively. Coupled with this is the need for capacity building to enable African producers to take full advantage of AGOA.

The three keys to success here are access to markets/meeting buyers; capacity to deliver in proper quantities; and the ability to meet price, quality, and labelling/packaging requirements to succeed in the U.S. market. Africans are well informed about AGOA; it is taking advantage of the preferences offered under AGOA that is critical. Through targeted technical assistance and capacity building and establishing linkages with buyers, COMPETE is working to do just that.

stability." She also called on African countries to make trade a greater priority in their development strategy and further open up and streamline regional trade. Later in the day, Secretary Clinton and the government of Mauritius announced that they will begin formal negotiations toward a bilateral investment treaty (BIT) to strengthen investor protections in Mauritius and encourage the continuation of market-oriented economic reforms. U.S. Trade Representative, Ron Kirk, remarked that Mauritius is one of Africa's "strongest reformers on trade and investment liberalization," and said it is "a positive model of how trade and investment can fuel economic development."

## Rejuvenating the Supply Chain in Cotton, Textiles and Apparel

This was the theme of one of the most talked about issues during the AGOA forum, how to revitalize the cotton/textiles/apparel supply chain to increase competitiveness. COMPETE's own cotton/textiles/apparel specialist, Barry Fisher, put together a top notch panel to look at the issue from all points along the supply chain from cotton growers, spinners and weavers, garment manufacturers and sourcing agents. Jack Kipling, Executive Director of the Clothing Trade Council of South Africa ably served as moderator to a packed house.

The name of the game in the apparel industry is speed to market. Simply put this is how quickly can a company source fabric, manufacture garments, ship goods, clear customs, deliver goods to a distribution center and from there to the store in the least amount of time. Currently an



African company may import fabric from Asia, which may take 30 days, customs clearance and shipping to the factory another 10 days, meaning the African company has lost 40 days just waiting for materials while competitors have had ample time to process an order and ship to the buyer.

What interventions need to take place in the supply chain to make it more efficient? Africa produces some raw cotton and has established capacity in cutting and sewing garments. The weak links are in the middle of the supply chain, spinning the cotton fibre and weaving cloth. As panellist Christian Kemp-Griffin of



Edun Apparel, Ltd. pointed out, companies like Edun Live, are working to fill in the gaps. The company was founded in 2005 by Alison Hewson and Bono. Edun fosters sustainable employment in Africa by working with farmers to grow the cotton, process it and then produce high-quality T-shirts. Edun is also helping farmers transition from conventional cotton farming to organic farming through its Conservation Cotton Initiative. Developing a fully integrated supply chain will help Africa become a more competitive supplier. Jean Claude Mazingue, a U.S. sourcing agent who sources only from African companies, said that the global financial crisis had reshaped the way U.S. consumers buy and that African countries must adapt and seize the opportunities that these changes will bring.

"US citizens will change their ways of buying, living and consuming. We must know who are the buyers of tomorrow - what they are doing and in what way their buying habits will change," he said. "To do so, businesses must review their marketing strategies and focus their attention on the fact that U.S. consumers will buy less, but will buy products of better quality."

Overall, the panel concluded that the high cost of doing business in Africa (electricity, transit times, etc.) hurts their bottom line, that the weak links in the supply chain particularly in

spinning and weaving hurt capacity, that these gaps have negatively affected Africa's competitiveness in responding to global market demands, and that to encourage long term investment and capacity, the AGOA preferences should be made permanent. But what is Africa's competitive advantage? First, Africa produces good quality cotton, second Africa can take advantage of the increasing demand for eco-friendly and organic products, and third the swell of support behind trade not aid means that a number of companies are looking to do business in Africa and African firms should not let this opportunity pass them by.



One of the biggest hurdles to overcome about accessing the U.S. market under AGOA is educating buyers and sourcing agents. Panellist Trevor Robertson, Vice President and Managing Director of Polo Ralph Lauren Sourcing came to the AGOA Forum via Hong Kong. He noted that before coming to AGOA Forum he was not aware of all the sourcing opportunities available in Africa, but now that he has more information, he is thinking why not source in Africa, and is giving some thought to producing some products on the continent.

## ECA Trade Hub Gears Up for MAGIC Show



*The Africa Pavilion at the 2007 MAGIC Fashion and Apparel Trade Show in Las Vegas. The ECA Hub provided sponsorship to promising African apparel manufacturers to participate in this semi-annual event.*

MAGIC is the largest, most comprehensive apparel and accessory trade event in the U.S., bringing together retail buyers from around the world. The Source Africa Pavilion is a collaborative effort from the USAID-funded ECA Trade Hub, Southern Africa Trade Hub and West Africa Trade Hub.

IRIS Madagascar, one of the participating East African companies, received ECA Hub in-field technical assistance and sponsorship to attend the MAGIC show in August 2007. As a result, interest from U.S.

buyers rocketed and the company reported exports valued at nearly \$600,000 in 2007. Prior to the ECA Hub's intervention the company had never exported to the U.S. Having established solid business relationships with a handful of U.S. buyers, the company expects exports to the U.S. to rise to over \$900,000 in 2008 and to approach the \$1 million mark by 2009. The next MAGIC show takes place at the end of August and the Source Africa Pavilion will be bigger than ever bringing together firms from Mauritius, Ethiopia, Kenya, Madagascar and Rwanda.

## Regional Blocs to Help States Export to the U.S.

African nations doing business with the U.S. under AGOA have resolved to take a new approach on regional trading blocs in their quest for a bigger share of the American market.

This has come even as passionate calls are being made for African countries to increase trade among themselves. At the 8th AGOA Forum in Nairobi last week, Kenya's Prime Minister Raila Odinga said Africa must "focus strongly on building regional trade", which he said remains so pitifully small.

"We must re-orient our export strategies to focus strongly on inter-African trade; that is where there is immediate growth," he said, adding: "Before we even think of AGOA, it is possible to trade with ourselves."

And at a roundtable during the forum, trade ministers from the 38 African countries mandated their regional economic communities to coordinate AGOA-related activities to boost exports to the US. This is

aimed at helping countries deal with issues that have prevented them from taking full advantage of the trade agreement. The East African Community (EAC) is expected to help its five member states Kenya, Uganda, Tanzania, Rwanda and Burundi all of which are beneficiaries under AGOA, like other regional economic bodies such as Comesa, SADC (Southern Africa) and Ecowas (West Africa) have done.

"Many countries that qualify for AGOA have not been able to fully exploit the opportunities the preferential trade arrangement offers," said Peter Kiguta, EAC Customs and Trade Director-General. "Regional economic organisations are therefore going to be increasingly involved to help deal with this challenge."

According to Mr. Kiguta, the economic blocs will coordinate various AGOA-related activities by member countries as well as monitor and

evaluate their export performance under the program. They will also help member states mobilize financial resources required to "break new ground" under AGOA. In the EAC, such financial mobilisation will be done under the Trade Investment Framework Agreement, a platform for the region to engage with the US on trade and investment-related matters. They will also help member states meet the stringent US market requirements as well as help them build enough capacity to meet the "huge American demand under AGOA."

"We will ask the states to give us the targets that they want to achieve under AGOA, then help them work out plans to realise the goals," Mr. Kiguta said.

If implemented, this will be the first time regional economic organisations are directly involved in AGOA.

## Opportunities Bloom for African Growers at SuperFloral Show in Atlanta

COMPETE's East and Central Africa (ECA) Trade Hub component organized an Africa Pavilion at the SuperFloral Show (which took place from June 10-12 in Atlanta, Georgia). SuperFloral is the largest trade show for volume buyers of cut flowers in North America and attracts participants from all over the world. Under the banner, "Grown Under the Sun: Africa Flowers", the show was attended by 14 companies from the region including 3 from Ethiopia, 8 from Kenya, 1 from Mauritius and 2 from Tanzania. Heads of each country's horticultural association representing a wide variety of cut flower exporters also attended.

Several U.S. buyers commented on the outstanding floral displays and high degree of professionalism in marketing and logistics from all of the Africa Pavilion participants. Buyers were enthusiastic about the variety and quality of flowers on display. A number of varieties of flowers drew keen interest including colored lilies from Kenya and tropical anthurium from Mauritius. East African flowers, particularly roses, have established a favourable niche in the market. The highlight of SuperFloral was Africa Night which brought together participants from the Africa Pavilion and select buyers. Kenyan ambassador to the United States, Peter Ogego, opened the event and warmly thanked USAID COMPETE for organizing and bringing together companies from throughout the region under an "Africa" umbrella. Other speakers, including COMPETE's ECA Trade Hub Advi-



sor, Finn Holm-Olsen noted that given the complexity and challenges of the U.S. flower market, regional cooperation as represented in the Africa Pavilion is the key to success for all.

Results from the SuperFloral show have been extremely positive. Exhibitors from the Africa Pavilion made tangible contacts with U.S. buyers and are currently following up on business leads. K-Net Flowers from Kenya is responding to buyer requests for sample product which will likely result in new business. Another exhibitor, Peeush Mahajan,

CEO of East African Growers wrote, "We enjoyed the show thoroughly and have made contacts which will definitely generate business." SuperFloral delivered benefits for the show organizers and buyers too as Leslie Rosa organizer of SuperFloral commented, "The African Pavilion was an excellent addition to the show floor, and proved to be a stand-out with the product and companies in representation." Building upon the East and Central Africa Trade Hub's previous three-year effort at the World Floral Expo in Miami, COMPETE's Africa Pavilion at Super Floral emphatically stated that African flowers in the U.S. are here to stay. The COMPETE project aims to increase the volume and value of flower exports by at least 30% over the next four years. To capitalize on the momentum generated at SuperFloral, COMPETE is working with growers and horticulture associations in the region to focus marketing their efforts on the "Africa flower" brand. Challenges, chiefly in transportation logistics and costs, still re-

*"The African Pavilion was an excellent addition to the show floor, and proved to be a stand-out with the product and companies in representation."*

(Continued on page 7)

## Transit Workshop: Partners in the Transit Logistics

*The COMPETE Transit team organized a work planning meeting in Mombasa, Kenya, the gateway of East African trade, on July 15-16 2009. The meeting brought together a wide variety of stakeholders involved in the transit chain. COMPETE's Transit Advisor Shemmy Simuyemba shares his observations about the challenges and opportunities facing the transit sector.*

### Bringing Key Players Along Logistics Chain Together

While there have been gatherings to address issues of transit efficiency along transportation corridors in the past, this gathering was unique in that for the first time, it brought together key players along the entire Transport Logistics Chain from the port in Mombasa, Kenya to the point of final destination in countries like Rwanda and Uganda. Participants included, Kenya Ports Authority (KPA); Customs Administrations of Kenya and Uganda; Freight Forwarders; Transporters; Shippers represented by the Kenya Shipper's Council (KSC); Kenya Association of Manufacturers (KAM); and the Uganda Export Promotion Board (UEPB). Apart from the private sector, other key players included public and inter-governmental institutions such as COMESA; EAC; the Transit Transport Coordination Authority of the Northern Corridor (TTCA-NC); the Transit Transport Agency of the Central Corridor - from the port of Dar-Es-Salaam (TTA-CC); the Port Management Association for Eastern and Southern Africa (PMEASA) an association that brings together port au-

thorities on the east coast of Africa all the way from Sudan to South Africa; Inter-governmental Standing Committee on Shipping (ISCOS) and others, thus ensuring a good mix of private and public sector participation and views which helped to enrich both the content and outcome of the meeting.

### Private Sector Buy-in

There was buy-in from key private sector players among them, Kenya Transporters Association (KTA); Federation of Eastern African Freight Forwarders (FEAFFA); Federation of Eastern and Southern African Road Transport Associations (FESARTA), a group encompassing truckers from east Africa all the way to South Africa; KIFWA; East Africa Business Council (EABC); including key shippers of value chains such as coffee represented by among others, Ugacof, Kyaglanyi, Harvest

and Hellman. These key private sector players who actually move commodities on the ground have not often been consulted to provide their views and inputs into shaping approaches to addressing transit constraints along the Northern Corridor. This "reality check" was critical to ensuring that interventions that are planned by COMPETE not only have the buy-in of key players on the ground, but also address key issues that impact on the efficiency of the transportation corridors and therefore cost of doing business and overall competitiveness of east African economies.

### Building the Capacity of the Private Sector through the Partnership Fund

The private sector also welcomed COMPETE's Partnership Fund intended to strengthen the capacity of private sector institutions to position them to play a pro-active role



## Chain Work Together to Improve Transit Efficiency



*Mr. Peter Hurst of Hellman Worldwide discusses supply chain management.*

in policy advocacy and change to help address inefficiencies that lead to the high cost of doing business. This partnership with the private sector is a major plus for USAID and COMPETE because it represents a streamlined approach to funding innovative activities that will lead the way in addressing key challenges in the transit sector.

### **Adopting a New Approach**

The strength and efficiency of the transit and transportation value

chain depends on its weakest link. The workshop agreed on the need to adopt an Integrated Transit Corridor Management (ITCM) approach in dealing with transit issues in East Africa. This looks at the whole transit logistics chain from point of origin (i.e. the port), to final destination (i.e., the hinterland of Uganda, Rwanda, eastern DRC, Northern Tanzania and Southern Sudan). This integrated approach also looks at all the components not just transport and logistics but also issues related to road blocks and police checks; corruption; HIV/AIDS; inspections along the route and at borders related to plant and animal health; customs documentation and procedures; and other requirements all of which not only add to time but also to the cost of shipments. Thus, it is not enough to address one issue. What is needed, which is the COMPETE approach, is to adopt a holistic ITCM approach working with key institutions and players in the public and private sector.

### **Accelerating the Pace of Implementation**

The Work Planning meeting agreed on the need to accelerate the implementation of measures that have been agreed upon at regional level both within EAC and COMESA in the form of Transit Facilitation Instruments (TFIs) such as Common Carriers Licence; Harmonized Transit Charges; Harmonized Axle Loads and Vehicle Dimensions; Road Customs Transit Guarantee (RCTG); and One Stop Border Posts among others. These TFIs are intended to replace national practices with regionally harmonized systems. Despite agreement at the policy and political level at EAC and COMESA, the problem has often been inability to "domesticate" these instruments into national laws and procedures. In the coming months, COMPETE will actively engage in making the Integrated Corridor Management Approach a reality in the region.

## SuperFloral continued

main. COMPETE is also educating individual companies about the intricacies of the U.S. flower market so that they can join future trade shows. Fostering regional cooperation and developing the Africa brand will help give African flower growers an edge in competing in the global marketplace and increase sales.



*Horticulture Association Representatives at the SuperFloral Show. From left to right, Raifa Bundhun (Secretary General, Mauritian Horticulture Exporters Association, APEXHOM), Finn Holm-Olsen (ECA Trade Hub Advisor, USAID COMPETE), Jane Ngige (CEO, Kenya Flower Council, KFC), Stephen Mbithi (CEO, Fresh Produce Exporters Association of Kenya, FPEAK), and Solomon Sebhatu (Vice Chairperson, Ethiopian Horticulture Exporters Association, EPHEA), and Jacqueline Mkindi, (CEO, Tanzania Horticultural Association, TAHA.)*

## ONE Campus Challenge Winners Visit ECA Hub Partners

The ONE Campus Challenge seeks out U.S. college students who are passionate raising awareness about the global crises of extreme poverty and preventable disease. Ten Campus Challenge winners spent a week in Kenya visiting a variety of development projects dealing with healthcare, HIV/AIDS, education, environment and trade. As a lead up to the AGOA Forum, the Campus Challenge visited Shalimar Farms at Lake Naivasha. Shalimar Farms was a participant in the ECA Hub sponsored

SuperFloral Show in Atlanta earlier in the year. Currently the company exports cut flowers, roses, lilies and carnations, to the U.S. The students were able to see the process of raising flowers for export from planting to processing for shipment. Students met with Shalimar management and employees. When they return to the U.S. the students will meet with their elected officials to raise awareness about African development. Follow their Kenyan journey on their blog, [www.one.org/campus/blog](http://www.one.org/campus/blog).



*Tomas Moreno, ONE Campus Challenge representative from Wofford College, conducts a video interview with an employee of Shalimar Farms in Lake Naivasha.*

## Partnership Fund Awards First Round of Grants

A unique component of the COMPETE project is the Partnership Fund. This is a grants and sub-contracts fund which is designed to support activities to increase competitiveness in the value chain and ensure the sustainability of regional trade associations. COMPETE's first grantees work in the areas of staple foods, cotton/textiles/apparel, and specialty coffee. The three grants were awarded in early July for a period of up to one year.

The Eastern Africa Grain Council (EAGC) will use its grant to expand its activities in Uganda and Tanzania as well as organize a joint COMESA/SADC regional seminar on warehouse receipt systems later in the year.

The African Cotton & Textiles Industries Federation (ACTIF) will establish a permanent secretariat that is fully staffed and will effectively

manage ACTIF's program activities. The overall aim is to build a technically strong and sustainable institution.

The Eastern African Fine Coffees Association (EAFCA) will focus on enhancing the competitiveness of fine African coffees through a three pronged approach of quality improvement, institutional strengthening and trade and market expansion. Some of EAFCA's upcoming activities include building the capacity of national chapters, developing Women in Coffee empowerment and advocacy programs and expanding networking and outreach through barista trainings and competitions.

More information about the COMPETE Partnership Fund can be found on the COMPETE website, [www.competeafrica.org](http://www.competeafrica.org).



## Structured Trading Systems for Staple Foods in Uganda

Smallholder farmers must enter into structured trading if they are to survive. Participation even at the “building block” level will significantly impact farmer capacity. Help for smallholders will require close collaboration with bilateral missions and their projects on the ground. To that end, COMPETE is working with USAID Uganda and to add value to these local efforts by promoting a “maize without borders” approach that encourages a market driven strategy which allows surplus staple foods to move to areas of staple food deficit. One of the key building blocks is a system of grain storage warehouses or silos where known quantities of grain can be identified, tested for quality, and then sold in bulk to buyers.

On their recent visit to northern Uganda, COMPETE’s staple foods team visited a training and warehousing facility set up by Dunavant. While their main business has been cotton, the company now has plans to move into trading staple foods and are the



Dunavant staff with consultants Dr. Ben Sakamatte and Mr. David Odolwa at the Dunavant Training Centre.



Pulses on sale at a market in Lira in northern Uganda.

only organization to have made any investment in storage in the newly opened post conflict areas.

Business among traders in Lira wholesale market is now increasing rapidly as farmers in Northern Uganda return from internally displaced person (IDP) camps back to their land. A wide variety of pulses and cereal crops are now being cultivated and COMPETE is planning with its local partners to assist smallholders farmers’ access to commercial markets for this diverse range of staple food products.

### Global Food Security Response (GFSR)

GFSR works with players in the regional value chain in staple foods, processed, nutritious and therapeutic foods to expand markets for farmers, traders and processors so as to ensure timely availability of food and unimpeded movement of food from surplus to deficit areas.

COMPETE works to remove policy barriers in the trade of staple foods, to strengthen regional markets, to introduce appropriate and/or cutting edge technologies that will increase production and reduce post-harvest loss, and to increase access to these markets for smallholders.

## Forging Links

RADDex advisor, Mike Smith participated in the most recent Trans Kalahari Corridor customs transit meeting in Gaborone, Botswana from June 22-25. The meeting focused on harmonizing the implementation of customs systems throughout sub-Saharan Africa, developing a Corridor Performance Monitoring System, and a presentation on COMESA’s Web Transit Data Transit Module.

Finance Advisor Matthew Troniak and Customs Advisor David Featherstone attended the Third Meeting of the Management Committee of the Regional Customs Transit Guarantee Scheme on June 28-30 in Kilgali, Rwanda

On July 3, COMPETE Chief of Party Stephen Walls briefed Deputy Secretary of State for Management and Resources, Jacob Lew, about the COMPETE project at the EAC Secretariat in Arusha, Tanzania.

The COMPETE Technical team attending a work planning meeting at The East African Community (EAC) Secretariat in Arusha, Tanzania on July 21<sup>st</sup>. The purpose of the meeting was to formally introduce the COMPETE program to the EAC, to learn about structure of the EAC Secretariat and the programs it manages and to identify common areas of collaboration. EAC Director General for Trade and Customs, Mr. Peter Kiguta, led the EAC delegation.

## Kenyan Businessman Praises Benefits from AGOA

By Charles W. Corey, America.gov  
Staff Writer

Nairobi, Kenya — Kenyan-born businessman Mike King'ori has seen the results of closer U.S.-Africa trade ties fostered under the African Growth and Opportunity Act (AGOA) and stands ready to further expand his own business and trade relationship with the United States.

King'ori is director of marketing and operations and an owner of K-Net Flowers Ltd., a family business in Kenya that specializes in exporting cut flowers and foliage worldwide. K-Net Flowers, according to King'ori, wants to expand the multimillion-dollar business relationship it already enjoys with the United States and send it "to the next level" by supplying cut flowers to supermarket chains across the United States.

"We realize that the mass market is where we need to take it to in the United States because that is growing. ... If that would take place, I think we would struggle with the volumes. There is huge potential to supermarket sales in the U.S. of African products," he said.

Speaking on the importance of the U.S. African Growth and Opportunity Act (AGOA) and of working with the East and Central Africa Global Competitiveness Hub in Nairobi operated by the U.S. Agency for International Development (USAID), King'ori said: "We have seen the benefit. We can see the figures and believe that this continuous partnership can open up this market."

King'ori's business, which started exporting cut flowers, mostly roses, to the U.S. market in 2005, averages more than \$2 million in U.S. business annually. His company exports

about 40 million cut flowers a year, with the U.S. component making up about 30 percent of that volume. K-Net's other big export markets include Europe, Australia and Japan.

King'ori said his business "adds value" to its cut flowers by custom packaging them for their targeted market. He "sleeves" the roses in custom clear plastic packs, bar-coding them for easy pricing by the merchant and attaching flower food if required. "This has been a success story for us," he said.

Growers traditionally have shipped flowers to the main flower auction in Holland, a country "which is not a consumer of flowers but a re-exporter" into Europe, Japan and United States, King'ori said.

"African products have for a long time been sold in Japan and the United States, but really" much of that, he said, has come through Holland, and those products often did not show their country of origin.

"So we felt there was a need to try to penetrate these markets — the United States, Japan and Australia — which we call 'emerging markets.'"

King'ori credited the USAID East and Central Africa trade hub for helping his company create and develop a Web site.

"One of the key things we realized is that a Web site is one of the key elements you need to get entry into the U.S. market, unlike other markets," he said. "Our Web site is the first point of entry in terms of the seriousness of the business. If you don't have a Web site you don't seem to be in the business," and thus do very little business. "So that has benefited us to date. We truly appreciate the

benefit of that."

In March 2006, King'ori said, thanks again to the East and Central Africa trade hub, his company was able to participate in the Miami Wildflower Trade Show.

"The trade hub facilitated our visit [by securing U.S. visas, providing letters of introduction, and helping with travel costs and arrangements] and sponsored the stand" that allowed his company to display its flowers to U.S. buyers and wholesalers.

This marked his company's "first real contact" with the people who actually do the buying, control the marketplace and operate the port in which the products are imported, he said.

"The location in Miami was actually very good, because we were actually now able to see firsthand how the product comes into port and then see the logistics" of the marketplace, as well as meet with contacts, "put a name to a face" and set up a business network.

"This business is a business of trust, so when you come face to face with somebody, it is easier to do business with them."

King'ori said his flower-buying business was actually able to raise the price it paid to Kenyan farmers by 10 percent because of the money it saved after it established these direct U.S. business relationships that cut out several middlemen.

Although his business suffered some setbacks with the U.S. market in 2007–2008 because of the extreme hike in oil and shipping prices, King'ori said, the hub helped K-Net continue to visit the U.S. flower shows in Miami and "keep a presence."

*(Continued on page 11)*

## Mauritius Manufacturing Develops Green Edge

As reported by Clothessource, from Sourcing at MAGIC

Mauritius – the Indian Ocean island that has the most advanced garment facilities of any country with duty-free access to both the US and the EU – is exploiting its geography to provide uniquely low-energy manufacturing.

Richfield Tang Knits (better known as RT Knits) believes it can cut its production costs by making better use of its 10 out of 12 months a year sunshine and stable wind direction. In their 800,000 sq. ft. factory fuel use is reduced, natural lighting is maximised, electricity is produced from the sun and rain water is used for production.

Over 150 solar panels have already been installed on the roof of the building and many more will soon be installed. With wind energy used for ventilation and dust evacuation, electricity is reduced to the minimum.

"Just by using the sun and the wind allows us to reduce our fuel consumption by 30% right now. Our plan is to reduce it further to 50% percent in the near future," said RT project manager Patrick Koo .

"We want the factory to achieve the lowest carbon emission per garment manufactured," he added. And the Green programme will reduce production costs for its investors.

Other factories in Mauritian factories have similar programmes as part of the Mauritian government's "Making Mauritius a Sustainable Island" (MSI) project. City Textiles has a new heat recovery system that helps the factory save at least 25% of its energy consumption.

"If we want to carry on supplying garments to premier retail organi-

sations and world-famous brands, [ecological] impacts have to be reduced," said Maurice Vigier de La Tour, general manager of Denim De L'Ile. He said customers in the EU and the U.S. are asking factories around the world to sign their terms of engagement (TOE), covering a wide range of environmental issues. "Business can be stopped or never take off," he said, if factories fail to comply.

Joël de Rosnay, special adviser to the prime minister, said that the MSI project will make Mauritius 65% self-sufficient in energy by 2028 through efficient use of energy and the producing energy from renewable sources, such as the sun, wind, biomass and waves.

## Kenyan Businessman Praises Benefits from AGOA (continued)

He said other African flower growers from Ethiopia, Tanzania and Mauritius have appeared at the shows — courtesy of other U.S. trade hubs in Africa — and actually won two awards for their floral displays at the African pavilion. He said they travel with their designers, who help set up the displays.

The East Africa hub also coordinated a visit to the U.S. Department of Agriculture in the United States to educate his company on the U.S. import standards pertinent to his product.

Asked about the timeline for flowers exported to the United States from

Kenya, King'ori said they are cut on day one, air-shipped out of Kenya on day two, arrive in Miami on day three and are in the market for sale to consumers on day four. Despite the long distance, he said, African roses have proved to be hardy and have a long vase-life.

King'ori said in June his company, along with other African providers, participated in the Super Floral Show in Atlanta, the biggest mass market floral trade show — much bigger than Miami's — thanks again to the USAID trade hubs.

Thanks to AGOA and the USAID

trade hubs, King'ori said, African flower merchants are now able to get to the American market to do business and have learned how to do business and how to package their product for the American market.

King'ori said he now wants American wholesale buyers and industry decisionmakers to visit Kenya to "see the level of sophistication" firsthand and work with Kenyan growers and consolidators to create a closer partnership that could further benefit both sides.

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- Enhance the competitiveness of selected value chains including staple foods
- Promote investment and trade between the U.S. and East and Central Africa

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## Events Calendar

Date	Event	Venue	Find Out More
<b>2009</b>			
4 – 6 August	AGOA Forum	Nairobi, Kenya	<a href="http://www.agoaforumkenya.go.ke/index.php">www.agoaforumkenya.go.ke/index.php</a>
18 – 19 August	COMPETE – COMESA Work Planning Meeting	Lusaka, Zambia	<a href="http://www.comesa.int">www.comesa.int</a>
24 – 28 August	Joint COMESA Ministers of Agriculture and Environment Meeting	Victoria Falls Town, Zimbabwe	<a href="http://www.comesa.int">www.comesa.int</a>
31 August – 2 September	MAGIC	Las Vegas, NV	<a href="http://www.magiconline.com/magic/v42/index.cvn">www.magiconline.com/magic/v42/index.cvn</a>
29 September – 1 October	Corporate Council on Africa U.S.—Africa Business Summit	Washington, DC	<a href="http://www.africacncl.org">www.africacncl.org</a>