



# African Cotton & Textile Industries Federation

*Developing Synergies to Promote Trade in African Cotton, Textiles and Apparels*



## **AGOA civil society forum “Textiles and Beyond”**

Jas Bedi  
ACTIF Chairman  
Washington DC  
30<sup>th</sup> July, 2010



# Connecting Africa's Value Chain

*is possible...*

# Africa - The next frontier

## AFRICA TODAY

- GDP - \$1.6trillion
- Consumer spending - \$860billion
- 316million new mobile connections since 2000
- 60% of worlds un-cultivated arable land
- 52 cities more than 1million population
- 20 companies with \$30b revenue

7/30/2010

## AFRICA TOMORROW

- GDP - \$2.6trillion 2020
- Consumer spending - \$1.4 trillion in 2020
- 1.1 billion working age population in 2040
- 128 million households with discretionary income
- 50% of population to live in cities by 2030

# ACTIF

AGOA was a catalyst in the formation of ACTIF, a regional trade body formed by the cotton, textile and apparel value chain stakeholders in Eastern and Southern Africa in June 2005

**The Vision:** an integrated cotton textile and apparel industry that effectively competes on the world market

**Mission:** to promote trade and increase market access for the cotton, textile and apparel industry in Africa

## Developmental goals

- Increased market access for cotton, textiles & apparel
- To establish an integrated intra-regional value chain for the cotton textile & apparel industries
- To promote trade in African cotton, textiles & apparel





20 countries  
150 delegates



Regional Voice, Unified Approach



# B2B Trade Platform , Market linkages, Information

## Cottonfrica.com stat

Trade Postings – \$600 million +  
Website Hits – 3 million +

# 1 Google (number 1 out of 27.7M )

## Actiffrica.com stat

Website hits (# 7 92.4 M)



cottonafrica.com Home Page Microsoft Internet Explorer

Address: http://www.cottonafrica.com/

Home About Trade Directory News Useful Links Contacts

Commodities: Lint Yarn Cloth & Fabric Industrials Pharmaceuticals Thread Chemicals & Dyes Accessories

Welcome to cottonafrica.com  
The African Cotton & Textile Trade Link.  
The best regional market place to buy and sell cotton, textiles & accessories.

Register to Trade  
About cottonafrica.com  
Terms & Conditions  
Realtime News  
Already a Member? Login Here

Start Trading Today!  
I would like to  
Sell Lint  
Proceed

Commodity	Selling	Enquiries
Lint	1 item	-
Yarn	1 item	-
Cloth & Fabric	4 items	1 item
Accessories	1 item	-

Publications & Reports  
Cotton, Textiles & Apparel  
Value Chain Report for Tanzania

ACTIF  
African Cotton & Textile Industries Federation  
Growth Through Private Investment

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PROVIDING EFFECTIVE REGIONAL REPRESENTATION AT INTERNATIONAL FORUMS

ACTIF Member Countries

Our Vision & Mission  
ACTIF is a regional trade body formed in June 2005 by the cotton, textile and apparel sectors from across sub-Saharan Africa, to create a unified and recognized voice in both regional and global trade affairs.  
Individual countries within the region recognized that they could no longer act in isolation and remain fragmented in the face of current and future global challenges - therefore the need for regional integration that would in turn lead to market discovery, increased business linkages, trade and investment.

ACTIF News  
Malawi: Textile jobs face threat

How to Become a Member  
Member Associations  
ACTIF currently includes

# ACTIF - Linkages, Collaboration

## COMESA MOU



## ICAC



ACTIF-ITC-CHINA TRAINING



## Corporate Council On Africa

## Asian Apparel Federation



# Promoting Market Access

- **AGOA** – promoting a unified Africa position-African Investment Incentive ACT 2006

- *first organization to formally submit AGOA amendment proposals to USTR*

- **EU market access** - trade access technology & information

- **ACP Cotonou / EPA negotiations**

- EPA for ESA - Private Sector input

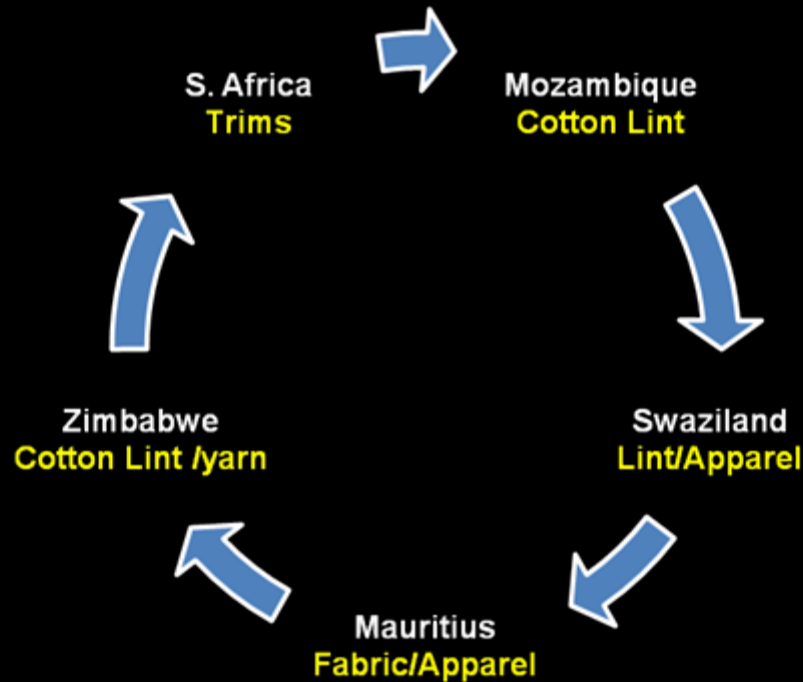
- **Regional Market** – Regional strategy implementation & partner-Trade linkages-trade, facilitation

- **Pro-active in trade policy development**



# Promoting regional value chain

Brand Africa", Buy Africa", "Origin Africa" of full value chain- farm –to –Fashion



# ACTIF & regional Integration

➤ Key partner – building sustainable partnership in support of regional integration – MOU with COMESA/EAC

➤ Developed regional Cotton to Clothing strategy under tripartite arrangement (EAC,SADC,COMESA)



COMESA MOU

➤ Ongoing alignment of National to regional Strategy

- Understanding the issues
- Define priority approaches, actions
- Develop ownership (PPP)- decision making structures
- Strengthen the role of Industry Associations in supporting the regional agenda
- Promotion of regional trade & value addition

➤ Enhance -Strong private sector involvement &

# ACTIF & regional Integration

## EPA –ESA Negotiations

- Private sector input through the COMESA policy organ.
- Advocated for simple rules of origin for textiles and apparel under EPA

## Successful regional Organic value chain Cotton conference June 2008

- The first ever Regional Organic cotton conference
- Opportunity for stakeholders - an overview of organic cotton production from Global to Local Markets.
- First ever organic cotton forum to showcase African designers



# AGOA export stats

	2007	2008	2009
AGOA exports	\$51b	\$66b	\$26b
T & Apparel	\$1.3b	\$1.18b	\$934m

- All goods includes petroleum products, oils, passenger vehicles, minerals, metals, Textile and apparel, Fruits, Wines, Jewelry etc...
- Export values drop in 2009 due to drop in commodity prices including crude oil
- 92% of AGOA exports is petroleum products
- AGOA increased trade between both US and Africa
- US exports grew from \$10b in 2005 to \$18b in 2008
- Apparel exports are less than 2% of AGOA trade

# Market stats – Textiles and apparel

- Global market size – USD\$580billion
- US market size – USD\$270billion
- World fibre demand 80 million tons
- World cotton demand 26 million tons
- Other US trade preference imports

	2007	2008	2009
ANDEAN	\$1.3b	\$1.2b	\$884m
CBI	\$8.5b	\$8.1b	\$6.7b
Egypt QIZ	\$871m	\$915m	\$891m



# Major Competing countries

- AGOA will be undermined if same trade preferences are given to super competitive economies i.e. DFQF bill enactment
- The gains under AGOA since enactment in 2000 will be lost with a grave social impact in numerous job losses.

	2000 imports	2004 imports	2009 imports	% change
AGOA	\$748m	\$1757m	\$922m	-48%
Bangladesh	\$2116m	\$1998m	\$3410m	+71%
Cambodia	\$808m	\$1429m	\$1871m	+31%
Vietnam	\$47m	\$2562m	\$5058m	+98%



# AGOA's FUTURE



## The present provision under AGOA

- Third country fabric provision until 2012
- AGOA valid until 2015

1. One single rule of origin for all AGOA eligible countries
2. AGOA agreement to be a more permanent relationship
3. Third country fabrics provision to be extended indefinitely
4. Instill Buyer Interest – incentive to USA Buyers
5. Textile investment fund provision -upgradation fund to enhance competitiveness
6. Fight un-fair trade practices



# Market opportunities

- AGOA Textile and apparel market share is 0.04% to the US textile and apparel market size
- African countries grow 12% of world cotton demand BUT export 90% of raw cotton
- Huge potential to value-add on regionally grown cotton
- Huge potential in securing a greater share of the US market
- Competitive advantage ranges between 16% to 32% on tariff from cotton to polyester under duty free market access

# Market Challenges

- Logistics and infrastructure support
- Address costs of doing business by reduction of at least 20% in absence of quota costs
- Costs of utilities i.e. electricity, energy, water etc..
- Speed to market
- Declining sales prices
- Declining buyer interest
- Predictability and Sustainability beyond 2015
- Un-fair competition vide support and subsidy programs offered by competing countries such as India, China, Egypt, Bangladesh, etc..
- Competition from other US trade preference programs and FTA agreements



# Level playing field?

- AGOA's success depends upon a level playing field.
- Export subsidies undermine global prices
- Textile dynamics changed April 2010
- India banned cotton exports and withdrew export rebates of 6.8% on 29<sup>th</sup> April 2010 and added export tax of 4% depressing world prices for over a decade
- Pakistan also put export tax of 15%
- China RMB appreciation will help

# ACTION PLAN

- Market potential is immense
- Measure performance in a scorecard
- Enhance competitiveness
- Develop a niche regional value added strategy from farm to fashion
- Instill buyer interest in Africa sourcing
- Advocate for a level playing
- Finally ...**BRAND AFRICA**



# Origin Africa showcase

## Mauritius 10<sup>th</sup> – 12<sup>th</sup> Nov 2010

*Welcome to Origin Africa*

*Celebrating the spirit, style and innovation of modern Africa*



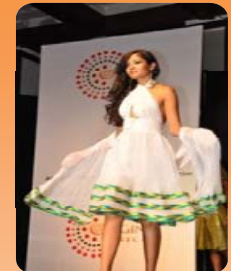
A taste of  
**Origin Africa**  
**Designer Showcase**  
held in Nairobi, Kenya on  
April 28, 2010

12 designers from Ethiopia, Kenya,  
Tanzania & Uganda participated

All fabrics, trims and accessories  
sourced & produced in the region

Selected designs to be exhibited at  
the International Apparel Sourcing  
Show in New York

*"Fresh, exciting designs"*  
US buyer & design judge





It's time the **LIONS** of **AFRICA** **ROAR** in this new decade and take up more space in global trade.....FYI , at independence Africa's share of global trade was 3% and now 50 years on it is 2%.....this reduction equates the total value of AID Africa receives annually and thereby the sentiment ...

**AFRICA NEEDS TRADE NOT AID!!!**





# Closing, words of Nelson Mandela .....“the Long Road to Freedom”.

**“ I have walked that long road to freedom but I have discovered that after climbing a great hill, one only finds that there are many more hills to climb.**

**I have taken a moment here to rest, to steal a view at the glorious vista that surround me, to look back on the distance I have come, but I can rest only for a moment for with freedom come responsibilities, and I dare not linger for my long walk has not yet ended”**





7/30/2010

**I THANK YOU!**

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