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Farmer to Fashion

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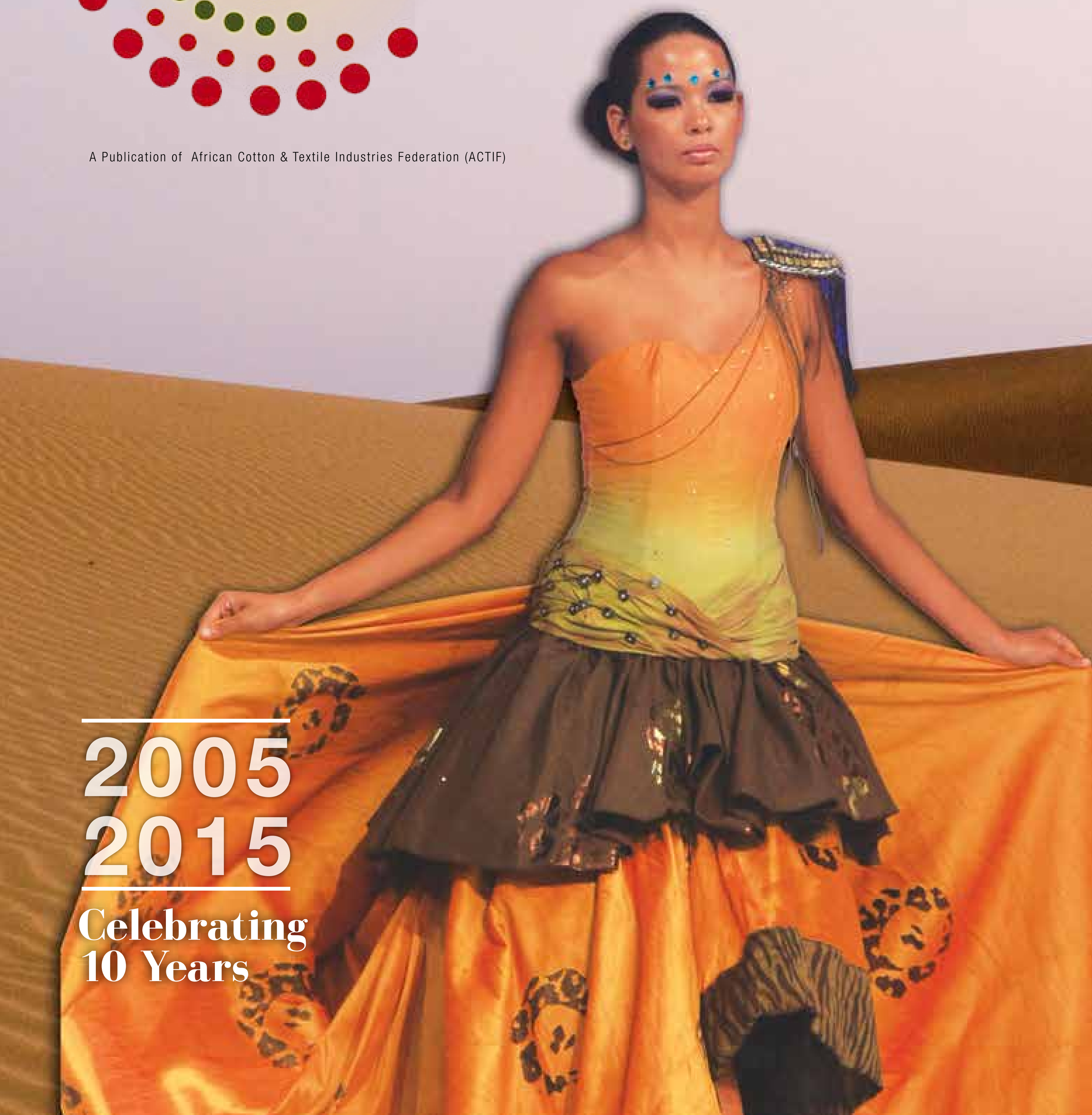

2005
2015

Celebrating
10 Years

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As ACTIF celebrates 10 years, its Chairman, Mr. Jas Bedi, reflects on the gaps and opportunities for Africa

We Need to Become Globally Competitive

The Chairman of the African Cotton and Textile Industries Federation (ACTIF), Mr. Jas Bedi, has hailed the 10 –year extension of the African Growth and Opportunity Act (AGOA) and Third Country Fabric Provision by the Government of the United States, describing it as milestone in the US- Africa trade relations.

Mr. Bedi noted that previous extensions were short windows not exceeding 5 years and this discouraged long term investment.

"The renewal for 10 years is a welcome relief as investments into cotton, textile and apparel (CTA) value chain can now flow into Africa," he observed.

ACTIF, which Mr. Bedi has chaired since inception in 2005, played a highly visible role in pushing for the successful renewal of AGOA.

One of ACTIF's critical roles is to facilitate value addition to locally produced fabrics. It is working to ensure the current 70% of the cotton lint being exported remains in Africa so that producers can export finished products as opposed to importing fabrics and exporting garments.

Mr. Bedi emphasizes the need to vertically integrate the supply chain. He believes the role of ACTIF is going to be even more crucial in the years ahead.

"ACTIF has become the unified voice for the cotton textile and apparel value chain in Africa and the successful lobbying for AGOA's renewal has positioned us as a critical player in Africa's CTA value chain," he explained.

The Chairman, himself a major textile and apparel entrepreneur, believes Africa is generating the global interest that he envisaged a couple of years ago with large corporates setting shop in Africa. These include H & M in Ethiopia, PVH in Kenya and Ethiopia, Otto group and VF Corporation, among others. He says we now have boots on the ground with buyers and the business is here to stay. Global supply chains are also being re-organized and Africa is strategic in this re-orientation.

On the relationship between Africa and the United States beyond AGOA, Mr. Bedi observes that African countries, specifically the AGOA eligible ones, need to become globally competitive so that by 2025 they can effectively compete with or without tariff preferences. African businesses, he says, need to become world class operators.

Jas Bedi - Chairman, ACTIF

- We need to become globally competitive so that by 2025 we can effectively compete with or without tariff preferences.

To realize this long term goal, Mr. Bedi appeals to African leaders to do more to integrate national economies if Africa is to become globally competitive over the next decade. Noting that African economies are small and remain largely fragmented, Bedi decries the fact that intra Africa trade is the lowest in the world at only 11%. This, he says, can be enhanced through regional integration.

"The size of the pie in Africa is large enough for investment if we can change this paradigm," he observed.

Word From the Executive Director

I warmly welcome you to this first edition of Origin Africa Magazine, the official publication of the African Cotton and Textile Industries Federation (ACTIF).

Origin Africa Magazine replaces Cotton Africa which we published consistently from 2010 to 2013. The change of name is inspired by our ongoing desire to represent, showcase and promote the entire cotton (and other fibres), textile and apparel pipelines in Africa.

This edition comes at a critical juncture, a time when Africa's potential can no longer be ignored. The CTA sectors have been identified by many African Governments as key industries to create jobs and encourage investment both domestic and foreign. More and more international buyers are preparing sourcing strategies with Africa as a key component, whilst industrialists in many of the countries we traditionally considered as competitors are eyeing opportunities to supply our domestic and regional markets.

The African Cotton Textile and Apparel Federation (ACTIF) was established in 2005 principally to give a strong unified voice to fragmented industries across the continent. Led by a Pan African Board of Directors and supported by donors and international partners, we were regulars at the US Capitol; we testified at Congressional Hearings and lobbied key figures in Washington in the quest to have a more permanent trade arrangement between Africa and the United States. These efforts culminated in the extension of the African Growth and Opportunity Act (AGOA) and Third Country Fabric Provision by ten years from 2015 to 2025.

Whilst advocating for continually improving trade relationships will always be a cornerstone of ACTIF's mandate, it is equally important for us to play our part in converting the recognised potential into success. I would like to thank all of you who participated in the membership survey we conducted at the end of 2015, your input is of great assistance as we develop new strategies to better service your needs. Creativity, innovation and working together are integral features of Africa's future. Vibrant inter- and intra-regional trade will provide both an "incubator" for skills development and "closer to home" diversity to complete the farmer to fashion pipelines.

Belinda Edmonds, Executive Director

We have tried to present views, news and analysis of the sectors and geographic locations of our members and we hope that you find this edition informative and encouraging.

Belinda Edmonds
Editor

More and more international buyers are preparing sourcing strategies with Africa as a key component, whilst industrialists in many of the countries we traditionally considered as competitors are eyeing opportunities to supply our domestic and regional markets

Interest in Africa Grows Following AGOA's Renewal

US Secretary of State, John Kerry (centre), speaks at a previous AGOA event

BY STEVE LAMAR

In early 2015, the United States Congress approved a ten-year extension of the African Growth and Opportunity Act (AGOA). That move – which took effect three months and one day before the program was scheduled to expire – came not a moment too soon.

Although Africa and more specifically AGOA eligible countries enjoy widespread support in Washington, this renewal was no sure thing. The legislation was linked to larger and more controversial trade policy measures. While those bills enjoyed the strong support of the Congressional Republican leadership and the White House, many others, including strong supporters of AGOA, fought hard against them.

Similarly, it was a tough, uphill battle to get the full ten-year extension for AGOA. Congress rarely thinks in such long-term time spans. Previous extensions of key AGOA provisions came in two and three-year stretches. A companion package of trade preferences for other developing countries was only renewed for 30 months.

The American Apparel & Footwear Association (AAFA), working with industry partners in the United States and ACTIF, led the fight to secure the renewal. Two years ago we joined forces to push for long-term extension of both the underlying program and the third country fabric rule, which enables apparel to qualify for duty free status regardless of the source of textile inputs. Through combined efforts that involved advocacy on both sides of the Atlantic, we were able to project a strong and consistent message that others used to amplify their own efforts.

But what happens next?

Some have already started to think about the next AGOA renewal. This seems a natural instinct as AGOA has gone through several prior renewals. Others are looking past AGOA to the time when African countries can join a more permanent free trade partnership with the United States. Again, this may be the long-term path forward, and one that will mimic the path taken by countries in Central America and the Andean region as they moved from temporary unilateral preference programs to permanent two-way free trade agreements.

While we look forward to engaging in those debates at the appropriate time, we will be focused in the meantime on more immediate opportunities created by this ten-year extension.

'With a ten-year timeframe that starts immediately, African producers can position themselves for the inevitable competition that comes from future trade agreements, such as the ones Europe and the United States are now negotiating with Vietnam.'

- **First, it means African producers can develop a vertical industry.** Since the creation of AGOA in 2000, policymakers have wondered over the best way to foster investment in fabric and yarn production in Africa. Previous short-term extensions combined with strong competition from elsewhere discouraged this kind of investment. Now we have a long-term horizon that gives investors the stability and predictability to recoup their return on the kind of large investments needed for yarn and fabric production. The ten-year window also accommodates the long-term planning needed to upgrade or build critical infrastructure, such as ports, railroads, and utilities.
- **Second, it means African producers can focus on making quality products under safe and responsible conditions at the time and price that their customers demand.** Recognizing that the customer is king was a central message that came out of this past year's Source Africa conference, which took place as Congress was debating the AGOA extension. It is also an outlook that African producers can now adopt. A stable preference program means factory owners and managers can build the kind of long-term partnerships, skills, and compliance that will lead to repeat business, as well as larger and more sophisticated orders.
- **Third, it means African producers don't have to obsess about competition from other regions.** With a ten-year timeframe that starts immediately, African producers can position themselves for the inevitable competition that comes from future trade agreements, such as the ones Europe and the United States are now negotiating with Vietnam. As those agreements take time to be completed, approved, and implemented, AGOA (and existing duty preferences with Europe) enable African countries to build competitive relationships. This doesn't mean that African producers shouldn't cast a wary eye toward their competition. It does mean that they shouldn't let those concerns hobble their own ability to compete.

Finally, the ten-year extension is coming at the right time. Our members are telling us that Africa is featured more prominently in their sourcing plans. While this trend was materializing before AGOA's renewal, it has been accelerating in the past few months. In a recent survey, half our members told us they are currently sourcing in Africa. Sixty percent of those NOT sourcing there now tell us they expect to start shortly. A widely quoted report by McKinsey released in August also points to greater interest in Africa, particularly East Africa.

For the past 15 years, Africa's main competitive advantage – duty free access to its major markets – was controlled by others. Over the next decade, with focus and discipline, African producers can use that duty free status to build their own competitive advantage. We will be there to help.

Steve Lamar is executive vice president for the American Apparel & Footwear Association and a trade policy expert. AAFA is a national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market.

The Future of AGOA:
Challenges and Opportunities for Next 10 Years

BY PAUL RYBERG

2015 was a year of great accomplishments for the African Growth and Opportunity Act (AGOA). It not only celebrated its fifteenth anniversary but also had its life extended by another ten years. At the same time, new competitive challenges arose with the conclusion of the Trans-Pacific Partnership (TPP), which will extend duty-free status to apparel from Vietnam, one of the largest and most competitive apparel producers in the world. Meanwhile, policy makers in Washington and other AGOA stakeholders are struggling to define new initiatives to ensure that AGOA remains a major force for economic development in Africa.

Congress Renews AGOA for 10 Years

After two years of intense lobbying and advocacy by the African Diplomatic Corps in Washington, D.C. and private sector stakeholders, including in particular the African Cotton and Textile Industries Federation (ACTIF), the U.S. Congress passed legislation to renew AGOA for a period of ten years at the end of June 2015, and it was signed into law by President Barack Obama on June 29, 2015.

This is the longest extension of AGOA and hopefully will provide the stability and predictability necessary to attract transformative new investments over the next decade. Equally important, the critical third-country fabric provision, which allows most AGOA beneficiaries to utilize yarns and fabrics from any origin, was also extended for the full 10 years.

Rules of Origin: Although much attention was focused during the past two years on making the AGOA rules of origin more flexible, the only change made by the bill is to clarify that "direct processing costs" count in reaching the 35% value added requirement for products other than apparel. (Apparel has its own rule of origin, but all other products are subject to the traditional 35% value-added rule.) The most important of such direct processing costs is labor costs. In addition, cumulation of direct processing costs (as well as goods and materials) among more than one AGOA country is authorized.

Eligibility Criteria and Procedures: Given the amount of debate surrounding the South African chicken controversy and the Economic Partnership Agreements (EPAs) with the EU, it was fortunate that only relatively modest procedural changes were made to the AGOA eligibility criteria. Significantly, no new substantive eligibility criteria were added; nor was any sort of "graduation" mechanism mandated. Instead, the renewed AGOA: (a) grants the President more flexibility in sanctioning AGOA countries that have been found to be out of compliance with the conditions of eligibility, including limiting benefits, as an alternative to full suspension from AGOA; (b) calls on the United States Trade Representative (USTR) to hold public hearings as part of its annual eligibility review; (c) creates a process by which interested parties can petition USTR to suspend a beneficiary or otherwise limit its AGOA benefits; (d) authorizes "out-of-cycle" (i.e., in addition to annual) reviews of beneficiary country compliance with the eligibility criteria; and (e) calls on USTR to initiate an out-of-cycle review of South Africa's compliance, which USTR has already done.

Paul Ryberg
President, African Coalition for Trade

AGOA Utilization Strategies: The AGOA renewal bill encourages beneficiary countries to develop AGOA utilization strategies. It also authorizes the U.S. trade capacity building agencies (mainly USAID) to support such efforts.

FTAs: The original AGOA encouraged the Administration to negotiate Free Trade Agreements (FTAs) with African countries as appropriate. The new AGOA reiterates that goal and expands it to include FTAs with regional economic communities. It also requires USTR to prepare a report identifying which AGOA countries are likely FTA subjects and the progress being made toward negotiating FTAs with such countries. As discussed below, USTR held a public hearing on January 28, 2016, to solicit public input on such FTAs and other new initiatives for AGOA.

TPP is Concluded and Threatens to Undermine AGOA

The package of trade legislation that extended AGOA also renewed the President's Trade Promotion Authority (TPA). With the renewal of TPA, conclusion of the Trans-Pacific Partnership (TPP) negotiations became the Obama Administration's top trade priority. TPP establishes a free trade agreement between the United States and the following countries from the Pacific Rim: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

ACTIF and the African Diplomatic Corps in Washington have made repeated representations to USTR and key Members of Congress throughout the TPP negotiations about the need to avoid undermining AGOA. TPP's main threat to AGOA comes from the prospect of Vietnam obtaining duty-free access to the U.S. market for apparel. Vietnam is already the second largest supplier of apparel to the United States and one of the lowest cost apparel producers in the world. In 2014, it supplied more than ten times more apparel to the United States than all of Africa combined. Vietnam produces the same types of apparel products as Africa, and it has replaced China as Africa's most serious competitor. If Vietnam achieves duty-free status for apparel under TPP, the African apparel industry created in response to AGOA will face severe competitive challenges.

On October 5, 2015, the TPP negotiations were successfully concluded, and the pact was officially signed on February 4, 2016, although Congress must still approve the agreement before it can take effect.

Unfortunately, the outlook is not good for the AGOA apparel industry. Africa is in head-to-head competition with Vietnam, with 89% of Africa's exports and 77% of Vietnam's exports falling into just three product categories: (1) dress shirts and blouses (Categories 340, 341, 640, and 641); (2) trousers and slacks (Categories 347, 348, 647, and 648); and (2) knit shirts and blouses (Categories 338, 339, 638, and 649).

Duties on apparel products from TPP countries will be phased out over a variety of schedules, depending on the sensitivity of the particular product. The duty elimination schedules range from immediate duty free to a staged phase-out over 13 years. Unfortunately, products representing 44% of Africa's apparel exports to the United States will be highly vulnerable to competition from Vietnam due to steep up-front duty reductions under TPP. Products representing another 26% of Africa's apparel exports, mostly blue denim jeans, will receive a 35% duty reduction in the first year, and duties will be phased out completely over 10 to 13 years. But blue jeans from Vietnam will also benefit from generous rules of origin under TPP that will allow Vietnam to access third-country fabric.

Together, the products subject to sharp up-front duty reductions (both immediate duty free and 50% duty cut in the first year) and generous rules of origin amount to 70% of Africa's total AGOA apparel exports. These products will be vulnerable to new duty-free or reduced duty competition from Vietnam under TPP.

In short, the impact of TPP on Africa's apparel exports is likely to be seriously negative, and the harm will begin to occur as soon as TPP has been approved and implemented. As a consequence, the realistic opportunity to take advantage of AGOA's ten-year extension has been dramatically shortened.

As noted above, TPP must be approved by Congress before it can take effect. Because TPP will be presented to Congress under the recently-renewed TPA procedures, it will be subject to an up-or-down vote (with no amendments) on an expedited schedule, but probably not until after the November 2016 elections. TPP is already becoming an issue in the presidential election campaign, with both Democratic frontrunner Hillary Clinton and most Republican candidates announcing their opposition to the deal. In addition, many key Republicans in Congress, including Senate Finance Committee Chairman Orin Hatch (R-UT), have also expressed opposition. As a consequence, the vote on TPP in Congress is likely to be very close.

USTR Turns Its Attention to Negotiating FTAs

As mandated by the Trade Preferences Extension Act of 2015, which renewed AGOA, USTR has begun to consider how best to negotiate free trade agreements (FTAs) with African countries and regional economic groups. As part of that process, USTR held a public hearing on January 28, 2016.

The only practical way to minimize the erosion of AGOA is for the United States to promptly begin FTA negotiations with those AGOA beneficiaries that are ready and willing to broaden and strengthen their trade relationship with the United States. By doing so, both the United States and its African FTA partners can send a clear signal to investors and buyers that Africa will remain a reliable and competitive business partner on a permanent basis.

At the January 28 hearing, various witnesses urged the Administration to begin the process of developing FTAs with Africa. Some witnesses urged creation of a new paradigm of FTA custom-fitted to Africa's unique circumstances, but without providing much substance as to what that concept means. Other witnesses recommended following the traditional pattern of evolving a trade preference program into an FTA such as the transition of the Caribbean Basin Initiative Program into the Central American Free Trade Agreement.

Some witnesses urged pursuing regional FTAs as a way to encourage regional integration and create economies of scale often not present in single African countries. Other witnesses recommended bilateral FTAs, with Kenya identified as a good candidate. In addition, although not mentioned during the January 28 hearing, Mauritius has been a leader in pursuing trade liberalization in Africa and has repeatedly offered to begin free trade negotiations with the United States.

Other witnesses opined that the choice of the country with which to initiate FTA negotiations is less important than the need to start the process as quickly as possible to mitigate AGOA erosion. The Africa Coalition for Trade (ACT) concurs with this view. Because time is of the essence, it seems only logical to initiate FTA negotiations with those AGOA countries willing and ready to do so, such as Kenya and Mauritius.

In addition, because the development of U.S.-Africa trade over the past 15 years has been based on the terms of access and rules of origin of AGOA, it is critical that the provisions contained in future FTAs should be no less beneficial than the terms of AGOA, including in particular the third-country fabric rule of origin, which accounts for 90% of AGOA apparel trade.

Seychelles is graduated from AGOA

In a surprise development, the White House announced on September 30, 2015, that the Seychelles is being graduated from eligibility under both AGOA and the U.S. Generalized System of Preferences (GSP). The elimination of the Seychelles comes as a surprise because one of the issues that was debated at length during Congress' extension of AGOA was whether a graduation mechanism should be added to AGOA. In the end, no such graduation provision was included in the renewed AGOA. Unlike AGOA, the GSP includes a specific income eligibility standard – currently set at $12,736 per capita - and various countries have been graduated from GSP in the past when they have exceeded the income cut-off. USTR determined that Seychelles has exceeded the GSP income standard and, therefore, is being graduated from GSP. The next step in the logic is that because AGOA incorporates the GSP eligibility standards and since Seychelles is ineligible under GSP, it must therefore also lose its AGOA status.

This development is of serious importance because other relatively more developed AGOA beneficiaries may find themselves in USTR's graduation spotlight in the future. The mere risk of graduation may serve as a serious deterrent to new investment even in AGOA countries that are not at risk of exceeding the newly implied income cutoff.

The future of AGOA is now in the hands of Africa

Even though AGOA has been renewed through to 2025, its continued success faces serious challenges posed by external developments. Nonetheless, the responsibility for making sure AGOA lives up to its full potential is now in the hands of Africa. African governments need to do everything possible to create regulatory environments that will attract and retain investment, including expressing willingness to initiate FTA negotiations with the United States. And the African private sector needs to be first in line to take advantage of the opportunities created by AGOA. This sort of African public-private partnership will ensure that the next ten years of AGOA are as successful as possible and lay the foundation for ongoing and sustainable economic development for the decade to follow.

Paul Ryberg is President, African Coalition for Trade, based in Washington, DC

Ethical Standards For Textile Supply Chain

Abi Rushton

BY ABI RUSHTON

The Ethical Trading Initiative marked the first attempt to formalise the emerging area of 'ethical trade' and develop a reproducible model that could be used by multiple brands across multiple supply chains

It is nearly 20 years since the first ethical codes of conduct started emerging following several exposes of poor labour standards and child labour in clothing supply chains. These first codes of conduct were generally brand specific and contained specific points that related to the issues the individual brand had been exposed to. The focus of this early work was risk management and to an extent the codes of conduct produced were fire-fighting exercises.

However the 'fires' that these codes were meant to put off kept emerging and extending in scope so that issues that had not been thought of suddenly came to the fore or countries that were previously thought of as low risk and 'ethical' were suddenly in the headlines for labour or environmental violations.

These first codes of conduct lacked credibility as they were developed and managed by individual retailers. Realising the need for a more coherent and robust management, a group of trade unions, NGOs and retailers came together in the UK in 1998, backed by the UK government, to form the Ethical Trading Initiative (ETI). This marked the first attempt to formalise the emerging area of 'ethical trade' and develop a reproducible model that could be used by multiple brands across multiple supply chains.

Today the membership of the ETI has grown to 87 different retailers including some head quartered in US and across EU. The tri-partite model of companies, unions and NGOs working together has also been established as best practice in this field. Another achievement of the ETI is the ETI base code, based on core ILO conventions, that has now become a key benchmark for labour standards in supply chains.

This all sounds positive and suggests that significant progress has been made in defining and implementing ethical value chains. But the clothing business neither exists in isolation nor is it limited to the eighty plus brands in the ETI. It is much more diverse than that and is subject to global markets and population trends that have completely transformed our understanding of the world in the last decade.

Climate Change and Ethical Challenge for Brands

The Stern Review on the Economics of Climate Change released for the British government on 30 October 2006 by economist Nicholas Stern, discussed the effect of global warming on the world economy. Although not the first economic report on climate change, it is significant as the most widely known and discussed report of its kind.

The Review states that climate change is the greatest and widest-ranging market failure ever. The Review provides prescriptions including environmental taxes to minimise the economic and social disruptions. The Stern Review's main conclusion is that the benefits of strong, early action on climate change far outweigh the costs of not acting.

Taking this to heart and wanting to avoid additional environmental taxes many brands started to look at how to reduce their eco footprint and head off sourcing challenges the report highlighted.

The first challenge for brands looking into climate change impacts was to try to understand what impacts their products and supply chains were responsible for and how to rate them. There are two challenges in this, identifying the supply chain that is manufacturing your product and then knowing how to measure or rank this production. Up to this point all efforts has been focused on first tier suppliers such as finished garment manufacturers and had not required any type of metrics to evaluate the findings.

Transparency and metrics have been the key challenges facing clothing brands in the last decade. Unraveling the diverse global chains that manufacture clothing is key to understanding climate change impacts as well as labour issues. There has also been a need to develop a language or set of metrics through which to measure and evaluate the impact of clothes.

One of the first to do this was Levi's who published their first Life Cycle Analysis on their 501's in 2007. Whilst this gave them a picture of their jeans on its own it wasn't helpful as there was no frame of reference for this and how good or bad the results were.

THE LIFECYCLE OF A PAIR OF LEVI'S® 501® JEANS — SUMMARY OF KEY FINDINGS

- Water Consumption: Nearly 3,800 liters of water are used to make a pair of jeans. Fiber production, predominantly cotton (68%), consumes the most water, followed by consumer care (23%).
- Climate Change: Of the 33.4 kg of carbon dioxide produced during the lifecycle of a pair of jeans, consumer care (37%) and fabric production (27%) generate the most significant climate change impact and energy use.
- Expanded Scope: By expanding our scope to include leading cotton-producing countries, we've seen the water consumption from cotton cultivation increase, since the amount of water used to grow cotton varies significantly across the world. Also, by including new consumer markets we've found that washing and drying habits vary by region.

Impact: By wearing jeans 10 times before washing, American consumers can reduce their water and climate change impact by 77 percent, U.K. and French consumers by 75 percent and Chinese consumers by 61 percent.

It was becoming clear that the ethical trade codes that had developed in the previous decade were not going to be sufficient to cover all the new challenges emerging and another raft of environmental initiatives started to develop to tackle the climate change impacts of clothing. The UK's Sustainable Clothing Action Plan (SCAP) emerged in 2007 with the UK government and retailers coming together to establish what the environmental impact of clothing was and what could be done in response to this. This has now grown into the SCAP 2020 Commitment, a voluntary agreement where retailers and recyclers have publicly committed to reduce the impact of clothing sold in the UK.

Similarly in 2009 some very unlikely partnerships were forming in US that led to the establishment of the Sustainable Apparel Coalition. Wal-Mart, the world's biggest retailer and Patagonia, one of the world's most progressive but small brands, came together with a radical mission: Collect peers and competitors from across the apparel, footwear and textile sector and together, develop a universal approach to measuring sustainability performance. Out of this unlikely alliance a global body has grown and developed a recognized system for assessing environmental impact of a piece of clothing: the Higg Index.

The Higg Index comprises several easy-to-access, online tools or "modules" designed for members from every segment of the industry. By entering data about their business' impact areas, SAC members generate standardized performance scores that can be shared with current and future supply chain partners around the world at the click of a button. Scores are anonymised and aggregated, which allows businesses to benchmark their results against the industry and serves as a powerful incentive to strive for greater improvements and raise the sustainability bar.

SCAP 2020 targets

Starting from a baseline year of 2012, SCAP Signatories have committed to:

- 15% reduction in carbon footprint;
- 15% reduction in water footprint;
- 15% reduction in waste to landfill; and
- 3.5% reduction in waste arising over the whole product life-cycle.

The reduction is measured per tonne of clothing. The carbon and water impacts are measured as footprints over the whole product life-cycle.

These targets are challenging. After transport, utilities, construction, and food, the clothing industry represents the fifth-biggest environmental footprint of any UK industry.

By meeting the SCAP targets, we could expect to save:

- More than 1,200,000 tCO_2e per year – equivalent to the annual CO_2 emissions of nearly 250,000 cars.
- 420,000,000m3 of water per year – equivalent to more than 160,000 Olympic sized swimming pools.
- Over 16,000 tonnes of waste arising.

So now brands had a way to measure the impact of their clothing but this raised more questions. As brands began to understand where the key environmental impacts of their clothes lay they needed answers to these questions. How could they find a lower impact fibre? How could they improve water consumption in dyeing? What would influence customers to look after their clothes and keep them in use longer?

Retailers were not the only organisations grappling with these issues and several initiatives working at field level were also developing answers to these questions. Ten years ago the Cotton made in Africa (CmiA) initiative was launched by the Trade Foundation and is one such intervention. Working with small-scale farmers in Sub Saharan Africa CmiA aims to improve livelihoods and reduce environmental impact through reduced use of chemical pesticides and fertilisers and improved agricultural practice. Now operational in 10 countries across Africa CmiA has seen to increased yields and incomes for the 650,000 farmers it works with as well as significantly reduced carbon and water footprints for the cotton they produce.

Technological advances in recycled synthetic fibres have also helped answer some of the sourcing challenges facing brands as well as developments in waterless dyeing, low liquor ratio dyeing, etc. All of these initiatives

help push towards the ultimate goal of a low impact ethical value chain but getting this into supply chains is a whole other challenge.

Low impact fibres and new dyeing techniques happen two, three or more tiers down the supply chain where most brands have little knowledge and even less influence. Joining the dots in a conventional supply chain is difficult enough putting together a whole new supply chain to meet ethical and environmental concerns is even more difficult especially when these concerns are seen as different and separate to each other.

The Rana Plaza collapse in Dhaka in 2013 demonstrated just how much work there is still to do and how labour and environmental impacts are intrinsically linked. Loss of life on that scale and the exposure of the conditions in which western clothes are manufactured was a sober reminder of the work left to do to really develop ethical textile supply chains.

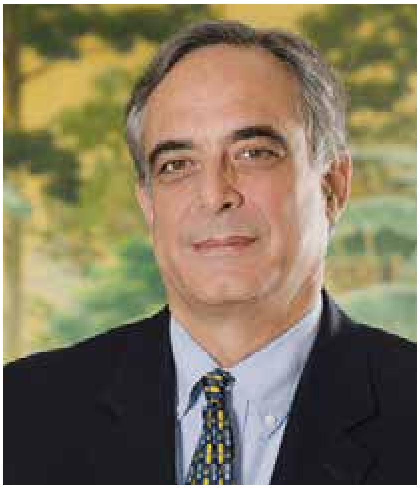
Transparency and metrics are set to remain issues for the textile industry in the coming decade as they have been in the last and this is where there is a challenge as well as a huge opportunity for Africa. Suddenly on the radar of many European brands as a manufacturing destination, Sub Saharan Africa has a mountain to climb in terms of the labour and environmental standards now expected of a supply chain. However it may be these increased expectations that give the region its edge: an established producer of cotton with fairly well established trade unions, Africa now has the chance to demonstrate its ability to convert this into fashionable export ready clothing.

One such project demonstrating this ability is the ACTIF led Value Addition project that is taking cotton from field to finished garments across Uganda and Kenya. (http://cottonafrica.com/page.php?id=59) The project is working with CmiA producers in Uganda, spinning and knitting this and then working with finished garment makers across Uganda and Kenya. The project is demonstrating not just the end-to-end supply chain available in Africa but the range of products also available as finished garment factories in the project are working in jersey wear, knitwear and home textiles. Hosted by Value Added in Africa (http://www.proudlymadeinafrica.org) all project partners* exhibited at the 2015 Origin Africa in Ethiopia showing that Africa is ready to meet the challengers of ethical sourcing in the next decade. The question that remains is how ready is the rest of the world to see Africa as a reliable ethical source?

"It was becoming clear that the ethical trade codes that had developed in the previous decade were not going to be sufficient to cover all the new challenges emerging and another raft of environmental initiatives started to develop to tackle the climate change impacts of clothing"

Abi Rushton is Managing Director of Ethical Expert Ltd, Head of Fashion Sourcing for Value Added in Africa and an Associate Director of CmiA.

Reduce Barriers to Trade to Spur African Textiles



Jose Sette, Executive Director, ICAC

BY JOSE SETTE

The tenth anniversary of the African Cotton & Textile Industries Federation (ACTIF) should be commemorated by all who have interest in the development of Africa as an important sourcing destination for apparel and fashion. During the past ten years, ACTIF has established itself as an important player in the promotion of the African textile industry.

Among its wide range of activities, ACTIF's advocacy role on behalf of African cotton and textiles in consuming markets was notable. In the United States, the Federation took a leading role in the successful negotiations for the extension of the African Growth and Opportunity Act (AGOA). AGOA provides privileged access for textiles and other goods from Africa to the US market. In addition, ACTIF has strengthened bonds with other major markets including the European Union and China.

Within the continent, ACTIF has been instrumental in raising awareness about the benefits of cotton cultivation and the textile industry among African governments as well as attracting the attention of regional economic groupings. As a result, African authorities have taken steps to increase the competitiveness of their textile sectors, by establishing export processing zones with favourable fiscal treatment, lowering electricity costs and improving the infrastructure necessary to compete on the world stage.

In addition, ACTIF has served as a catalyst in building capacity in the African textile industry, which has often suffered from a lack of trained workers. As a result of its work, governments, research institutions and academics have become more aware of the special needs of the textile industry in terms of qualified labor. Courses have been organised to train engineers and technicians to work in textile mills. As these workers become more experienced, the current dependence of the African textile industry on specialized labor imported from other continents will decrease and be replaced by a growing cadre of skilled workers.

Last but not least, the leadership role of ACTIF in the establishment of the Origin Africa trade fair must be recognized. Since the inaugural edition of this event in 2010, Origin Africa has gone from strength to strength and now provides a platform where buyers from all over the world can have convenient access to the best that Africa has to offer in textiles. The presence in past editions of leading brands such as Macy's, Lidl, Tommy Hilfiger, Levi's, Izod, Puma, H&M, Gucci, VF and Walmart, is a testimony of the impact of this event, which provides a cost-effective way to promote the cotton and textile industries of Africa. Origin Africa and ACTIF's associated promotional activities have heightened the visibility of African textiles and laid the foundations for growth in trade in the future.

Despite all these achievements, much remains to be done. Today, 85% of African cotton production is exported in the form of lint. Even though ACTIF has achieved a degree of success in promoting value addition within Africa, the fact remains that the great majority of African cotton production will continue to be exported as lint for the foreseeable future. African cotton production has not been growing at a fast pace, even though we are just coming off a five-year period of high prices. In fact, production in 2015/16 is roughly 20% lower than the record amount harvested in 2004/05. In addition to improvements in infrastructure to facilitate the flow of African products to cotton-importing countries, efforts must continue to be made to reduce the barriers to trade of African textiles and to curtail government intervention in the cotton sector, all of which distort the market and create an unfair economic environment for African cotton. In these endeavors and in all forums, especially the World Trade Organization, Africa and ACTIF will always find that ICAC is a willing partner.

Jose Sette is the Executive Director at International Cotton Advisory Committee (ICAC)

Management of the Cotton Sector in Africa

Terry Townsend
Cotton Analytics

TERRY TOWNSEND

Cotton is produced on a commercial scale by about 45 million households in about 80 countries around the world, providing annual incomes to an estimated 250 million people. For many households, cotton is the sole source of cash income and provides finance for inputs for food production, while also being used as a rotation crop. Because cotton is a storable commodity, and because it can be grown in arid regions, it connects people in interior locations within countries and continents to markets, thus serving as an engine of economic growth.

Cotton has long been a product of interest to African farmers. However, the sector has not always performed well. Between 1990/91 and 2013/14, the world cotton lint yield rose by an average of 12 kilograms per hectare per year, increasing from roughly 575 kilograms to 775 kilograms. During the same time, the yield in Southern and Eastern Africa showed no trend growth, rising and falling around an average of 250 kilograms per hectare, and the yield in the CFA zone actually fell by an average of 4 kilograms per hectare per year, from 450 kilograms to 375 kilograms (figure 1).

To take better advantage of the opportunities offered by cotton production, African governments need to design and implement reforms in two key areas: increasing supplies of inputs available to farmers, and improving regulation of the sector.

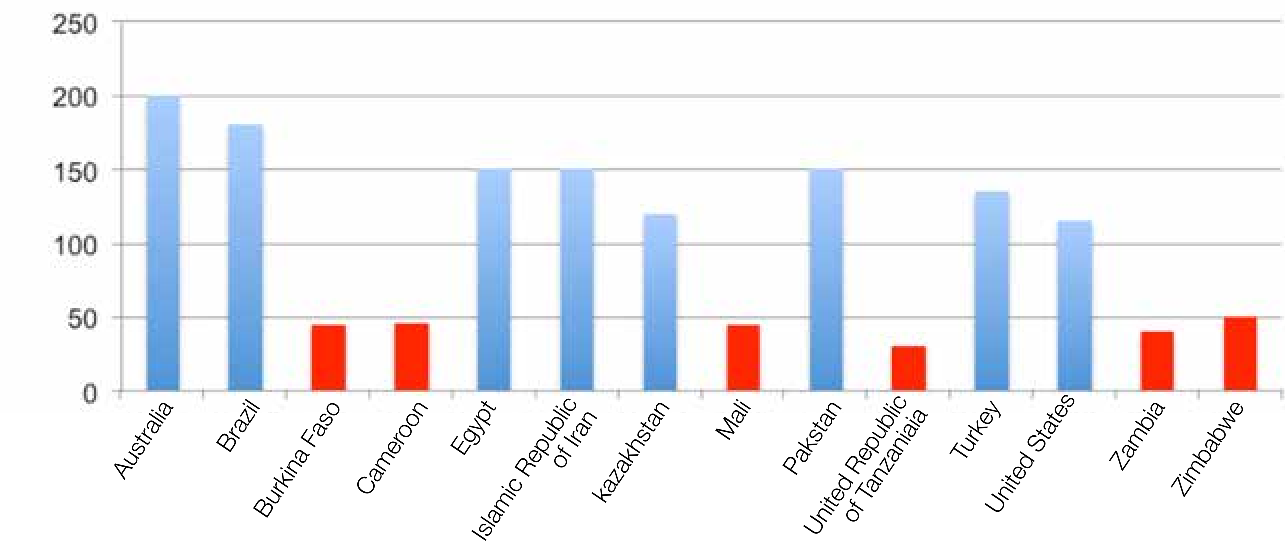
Figure 1: Cotton yields: World, SSA and CFA. 1990/91–2010/11 (Kilograms of lint per hectare)

Input Availability

The primary reason that yields are low across Africa is because input availability is suboptimal. Many inputs are used in cotton production, including seeds, soil, water, sunlight, fertilizer, pesticides and labor. Nitrogen use per hectare is a barometer of overall input utilization. The agronomic requirements of cotton vary with soil type, temperature and rainfall, but, on average, one hectare of cotton requires about 125 kgs of nitrogen.

The International Cotton Advisory Committee (ICAC) has been surveying cotton production practices at three-year intervals for several decades. The most recent report was completed in 2012 based on data from 2011. Of the major countries reporting, average nitrogen use per hectare was 200 kilograms in Australia, 180 kilograms in Brazil, 150 kilograms in Egypt, the Islamic Republic of Iran and Pakistan, 125 kilograms in Kazakhstan and 115 kilograms in the United States. In contrast, average nitrogen use was between 30 and 50 kilograms per hectare in Burkina Faso, Cameroon, Mali, Tanzania, Zambia and Zimbabwe (figure 2). Clearly, nitrogen applications and, by implication, all purchased input applications are suboptimal across sub-Saharan Africa.

Figure 2: Nitrogen use in cotton production (Kilograms per hectare)

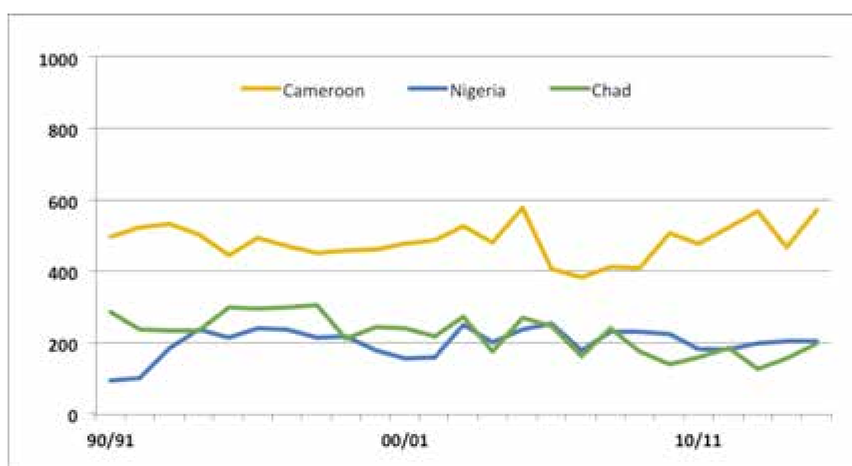


Source: ICAC, 2012.

Industry Regulation

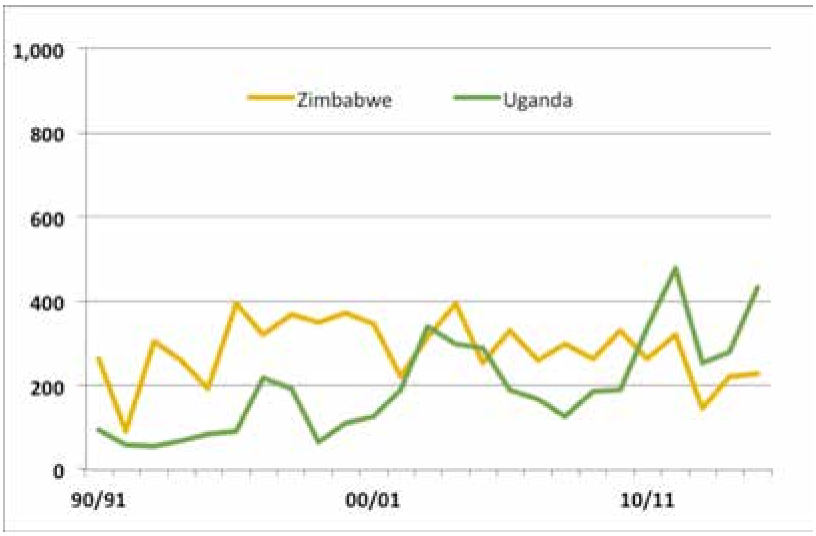
Beginning in the 1980s and continuing through the 1990s and 2000s, single-channel monopoly commodity production and marketing boards were disbanded across Africa. Some of the cotton boards were notoriously inefficient and corrupt, and were wisely disbanded; others were efficient and well managed, and should have been kept. A lesson of the past two decades, which even the most ardent advocate of deregulation would have to acknowledge, is that a highly regulated cotton sector in which input supply to farmers is linked with seed cotton procurement results in better outcomes than an unregulated sector.

Cameroon is an example. Producing an average of more than 500 kilograms of lint per hectare, it has the highest national yield in sub-Saharan Africa, other than South Africa (which has produced only 10,000 tons of cotton in recent years). Cameroon has maintained its single-channel national cotton company, Société de Développement du Coton du Cameroun (SODECOTON), and has been able to continue supply of inputs to growers at recommended rates in order to maintain production levels. In comparison, in neighboring Chad and Nigeria, where agronomic conditions are identical to those in Cameroon but where the national cotton sectors are less well regulated and supported, national cotton yields are about 200 kilograms per hectare – less than half the yield in Cameroon (figure 3).



Likewise, Uganda and Zimbabwe serve as examples in Southern and Eastern Africa. While the cotton zones of these two countries are separated by about 3,000 kilometers, the agronomic conditions in each region are similar. However, their regulatory histories and governance situations are very different. Yields in Uganda were the lowest in the world in the 1980s, but have been trending upwards and are now among the highest in the region. In contrast, yields in Zimbabwe have been trending downwards since the mid-1990s (figure 4).

Figure 4: Cotton yields in Zimbabwe and Uganda, 1990/91–2010/11 (Kilograms of lint per hectare)



Uganda created the Cotton Development Organization (CDO) in the 1990s to regulate the sector, gather statistics and ensure quality standards. Zimbabwe has moved in the opposite direction, disbanding its Lint Marketing Board and relying on the private sector to self-regulate. The cotton industry formed the Cotton Ginners Association of Zimbabwe in an effort to maintain quality standards, and it required that all ginners contribute to the provision of input packages to growers, but not all ginners have joined or agreed to conform to industry standards.

Governance structures in the cotton sector of Africa have been studied in great depth. Different countries have different cultural, historical and political experiences, and any solutions must be tailored to local situations. Nevertheless, there is now overwhelming empirical evidence that a successful cotton sector requires extensive regulation. Whether that regulation is accomplished through national associations with the approval of the government, or through government regulatory bodies or national monopolies, could be determined in each country. But, the evidence is clear: regulation is needed to ensure the provision of inputs to growers and the orderly procurement of seed cotton by ginners. Accordingly, in order to take advantage of the competitive opportunities that will be available to producers in developing countries over the next five years, African governments must establish and enforce the regulatory frameworks used in countries with the highest yields, namely Cameroon and Uganda.

'To take better advantage of the opportunities offered by cotton production, African governments need to design and implement reforms in two key areas: increasing supplies of inputs available to farmers, and improving regulation of the sector.'

Other priorities

While production is the foundation on which the cotton value chain is based, African governments can also enhance incomes and wealth creation through improvements in the marketing of cotton and value addition processing.

Utilization of the Regional High Volume Instrument (HVI) Technical Centers in Ségou and Dar es Salaam, combined with bale-by-bale testing of all cotton and the use of such information in marketing, could add 3–10 cents/lb to the value of cotton sales across Africa.

Almost all exporters in Africa sell to merchants at ports rather than selling to textile mills at destination. This is a strategy of risk minimization, as reputable international merchants rarely default on contracts, and can arrange forward sales to provide credit for the purchase of inputs. However, some companies, including the Cotton Company of Zimbabwe, are engaged in direct sales to textile mills in Asia and elsewhere, and such companies are able to internalize more of the margin between gin and textile mill. Cotton Chad famously operated a sales office out of Paris for about 15 years until the mid-2000s, proving that African companies can compete successfully in international markets. African cotton companies need to build the human capital in marketing functions by gradually diversifying sales with a view to expanding direct sales by mills over time.

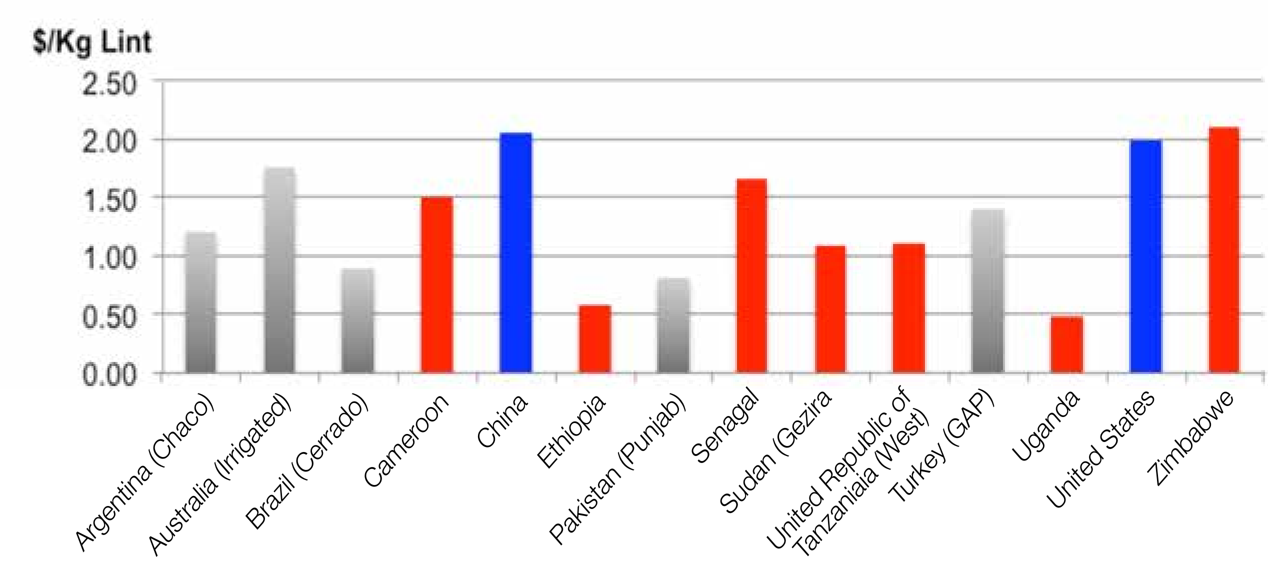
Sub-Saharan Africa accounts for 6 per cent of world cotton production. Cotton farming supports millions of farming households. Moreover, cotton exports are a major source of foreign exchange. However, this sub region accounts for just 1.5 per cent of world cotton mill use. Problems with electricity supply, a lack of trained workers, poor logistics and communications, and distance from fashion centers and textile markets pose difficulties for the development of the textile industry.

Despite difficulties, there are some textile companies that operate successfully in Africa, and their examples deserve emulation and encouragement. Relatively large and growing industries exist in Ethiopia, Mauritius and the United Republic of Tanzania. In each of these countries, the governments have ensured the availability of utilities and infrastructure, and have facilitated worker training, while private investment has provided capital and management. Africa has numerous advantages as a location for textile production, including the availability of cotton. It also benefits from trade preferences in the European Union and the United States. African governments could study the success stories, where they exist, for ideas on how best to facilitate private sector expansion of the textile industry.

Competitiveness

Statistics on the costs of production of cotton from around the world indicate that African producers can be competitive. The costs of production per kilogram of lint in many African countries are below the world average, and they are below average costs in the United States and China, two of the three largest producers (figure 5).

Figure 5: Cost of cotton production in selected countries, 2013
(Dollars per kilogram of lint)



Source: ICAC.

With proper management of the cotton sector, in an economic environment that facilitates the provision of inputs to farmers and the procurement and ginning of seed cotton, African cotton production can increase and provide the foundation for value added marketing and processing.

How Cotton South Africa Can Assist You

Grading and classification services

Cotton SA's Quality Control Division operates one of only three certified International Cotton Association (ICA-Bremen) classing laboratories in the world. This enables Cotton SA to offer accurate HVI testing services of a high standard to anyone in the world requiring such services. This stamp of approval from the ICA-Bremen serves as a confirmation of Cotton SA's continuous efforts since 1987 to provide first class grading and classification services to the cotton industry and it is Cotton SA's mission to continue to uphold this proud standard of quality assurance within the international cotton environment taking into consideration the aims and contract sanctity values of ICA-Bremen.

Cotton SA's Quality Control Division uses the latest state of the art High Volume Instruments (HVI) testing systems and amongst others also participates in the Commercial Standardization of Instrument Testing of Cotton (CSITC) to ensure the commercial standardization of cotton instruments. This ensures that the analysis and repetition of HVI-results are in line with international norms and specifications so that test results can be executed correctly and accurately. As there is consensus in the international cotton fraternity that instrument (objective) testing of cotton is the preferable method of classing cotton, it is of utmost importance that the region

embarks on a programme to adopt HVI testing as the method of choice when it comes to classing cotton.

It is within this environment that the Quality Control Division of Cotton SA can offer an essential service and provide a complete quality profile of the cotton tested, allowing spinners to use their cotton on a more cost efficient basis. HVI fibre testing also provides useful information to seed breeders, enabling them to produce cotton cultivars with characteristics desired by the spinning industry. Instrument testing also enables cotton producers and ginners to sell their cotton based on reliable and internationally accepted results. It enhances the price fetched on the market and subsequently leads to improved market access. It goes without saying that it is essential for producers, processors and traders to know exactly what the processing performance and the quality of the fibres they are dealing with, are.

Training and transfer of technology

Against the background of its accepted credibility in the cotton industry, the Quality Control Division is also ideally positioned to present training courses pertaining to fibre testing and technology including the grading and classification of cotton. These training courses have successfully been presented for many years not only to South African role-players but also to participants from various other countries in Africa. Cotton SA is currently in the process to expand its training curriculum to also include the interpretation of the HVI results and how to use this as a tool in the marketing or further processing of cotton.

Evolution and Outlook for the Cotton Sector in the CFA Zone

BY GÉRALD ESTUR

Gérald Estur

Overview of the Cotton Sector in the CFA Zone

Cotton is produced in 11 out of the 14 countries of the African Franc Zone which including Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. The zone accounts for more than half of the total cotton output in Africa.

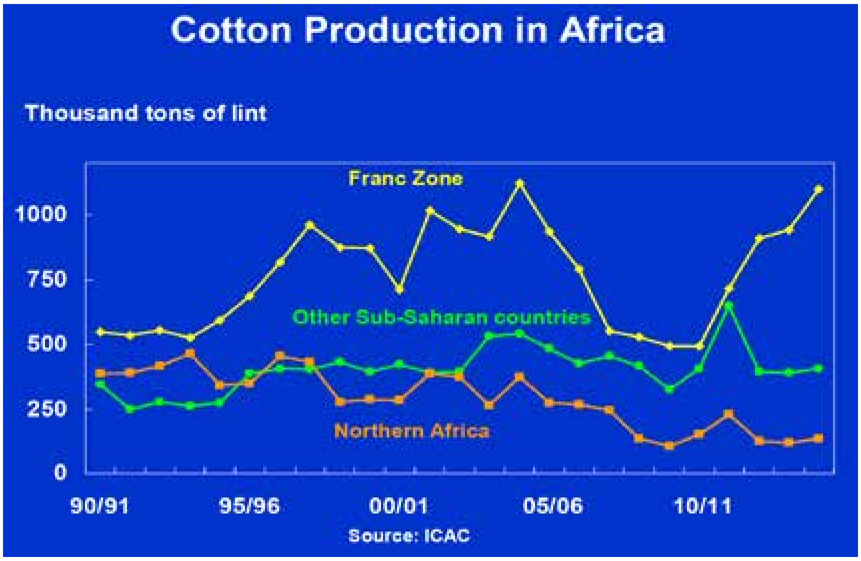
The "white gold" is a vital cash crop for smallholder farmers, providing employment and incomes to millions of people. It contributes to poverty alleviation and food security and is an important source of foreign exchange earnings.

Production is labor intensive, using manual or ox-drawn implements and relatively few chemical inputs. All seedcotton is handpicked. Production is homogeneous due to the low number of seed varieties, primarily medium-long cotton, suitable for processing fine ring spun combed yarns).

The crop is grown on some two million small-scale family farms, is exclusively rainfed and most producing areas are landlocked (as far as 1,500 kilometers from the West African coast).

Cotton has benefited from long term investment in structured national commodity chains, vertically integrated from farm to gin. Altogether there are 12 cotton ginning companies and about 100 US made saw-gins in the eight major producing countries of the CFA zone.

In contrast with their counterparts from Eastern and Southern Africa, CFA cotton benefit from a pan-seasonal and pan-territorial minimum guaranteed price for seed cotton announced before planting.



Evolution of Cotton Production in the CFA Zone

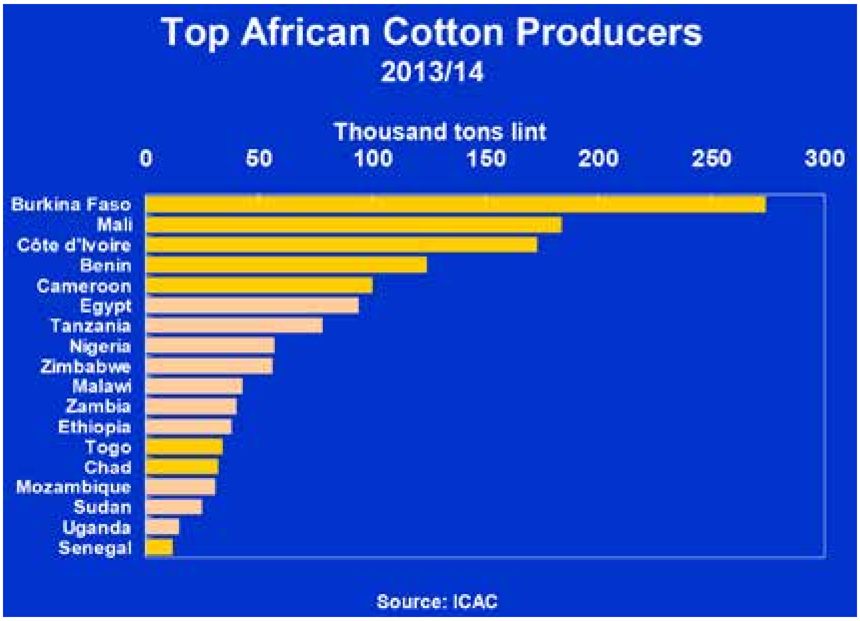
Production doubled from 550,000 tons of lint in the early 1990s to reach a peak of 1.1 million tons of lint in 2004/05. The expansion in CFA zone production came from increases in area devoted to cotton.

Cotton area rose from 1.2 million hectares in the early 1990s to 2.5 million hectares in 2004/05. The average yield rose from 200 kilograms of lint per hectare in the early 1970s to a record of 466 kilograms of lint per hectare in 1990/91. However, yields have stagnated in the CFA zone since the early 1990s, while they rose sharply in the rest of the world. In 2004/05, the average yield in the CFA zone (442 kg/ha) equalled 58% of the world average (756 kg/ha).

Cotton area fell sharply during the following seasons, to 1.3 million hectares in 2009/10, due to lower international prices combined with the appreciation of the euro against the US dollar, which led to a reduction in the producer price in CFA francs. Moreover, as farmers were using less purchased inputs the average yield fell below 380 kg/ha, increasing the gap with the world average. As a result, production in the CFA zone dropped below 500,000 tons in 2009/10 and 2010/11, its lowest level since 1988/89.

The downward trend has been reversed since 2011. As international prices skyrocketed in 2010/11, producer prices increased and cotton area rebounded during the following seasons, reaching 2.7 million hectares in 2014/15. The average yield bounced back, but the gap with the world average yield continued to widen: the average yield in the CFA zone (415 kg/ha) equalled 53% of the estimated world average (787 kg/kg) in 2014/15.

As a result, production rose to 1.1 million tons of lint in 2014/15, 67% of the estimated total in Africa (1.6 million tons), and 4% of the expected global output (26 million tons).

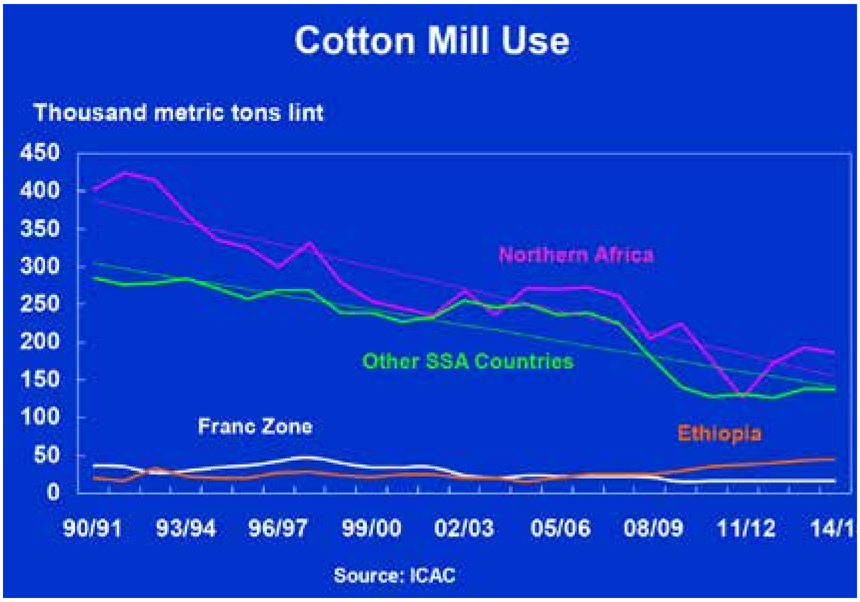


Cotton Processing

The CFA zone is a marginal player in terms of processing of cotton. The textile industry is not competitive and has many handicaps, notably obsolete equipment and high cost of energy. The overvalued CFA franc has boosted imports (legally or smuggled) of textile goods and second-hand clothes.

The total installed spinning capacity exceeds 50,000 tons of lint. However, most spinning mills have closed, and the 12 still operational are running below their capacity.

Cotton mill use in the CFA zone declined from 56,000 tons in 1997/98 to 28,000 tons in 2004/05 and 17,000 tons in 2011/12, and has stagnated since. In 2014/15, domestic use represents only 1.5% of the lint produced in the CFA zone, accounting for 4.5% of the estimated consumption on the continent (385,000 tons; 35% in Egypt).

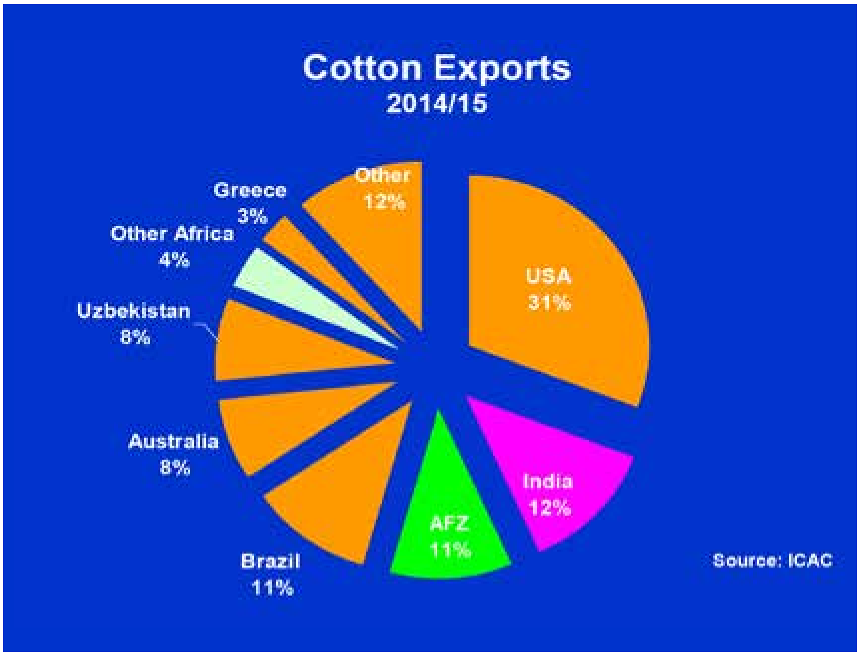


Exports

Cotton exports are vital to the economies of the CFA zone, since more than 98% of lint production in the CFA zone is exported.

Exports dropped from over one million in 2005/06 (August-July) to 475,000 tons in 2008/09 but rebounded to 965,000 tons in 2013/14.

The CFA zone was expected to export 880,000 tons of cotton lint in 2014/15, accounting for 11% of estimated world exports (7.9 million tons), and ranking third behind the USA and India.



The CFA Zone in Perspective

2014/2015	(Share in Africa)
Population (Jan 2015)	155 million (14%)
Cotton area	2.65 million hectares (59%)
Average yield	415 kg lint/ha (114% of African average)
Production	1,100,000 tons lint (67%)
Exports	880,000 tons lint (72%)
Mill use	17,000 tons lint (4%)

Outlook for the Future in the Cotton, Textile and Apparel Industry

Cotton production in the CFA Zone, and its competeveness, is highly influenced by exchange rate fluctuations. In 2015, the CFA franc significantly depreciated against the U.S. dollar, to a level last seen in January 2003, partially offsetting the drop in international prices in dollar terms. At the prevailing exchange rate, cotton production in the CFA zone is more competitive. Production costs are lower than in the major producing and exporting countries.

Nevertheless, the major challenge for the sustainable development of the cotton sector in the CFA zone, and across Africa, is the low productivity of the smallholders, which translates into lower incomes for both farmers and ginners.

Therefore, increasing productivity stands out as the top priority for improving the competitiveness and profitability of cotton production in the CFA zone.

Technological advances, primarily biotechnology, can boost cotton production in African countries. However, the commercial adoption of Bt cotton in Burkina Faso since 2009 has not been as successful as expected in terms of yield improvement and has been very detrimental to quality (reduction in the fiber staple length).

The full yield potential with the existing best production practices is far from being achieved by the great majority of cotton farmers. In the medium term, the CFA zone has the potential to produce 1.6 million tons of lint, on 2.5 million hectares, with an average yield of 1.5 tons per hectare and a ginning outturn of 42%.

The issue of lint contamination by foreign matters has been seriously addressed by farmers and ginners, leading to significant improvements.

Necessary improvements in the marketing system include development of instrument classification and intermodal container transport from gin to mill. Conducting export promotion programs to build a reputation of undisputable quality on the world market drawing upon the superior intrinsic fiber qualities of hand-picked cotton compared to its machine-picked competitors.

The CFA zone is a price taker, fully exposed to volatility in international cotton prices and euro-dollar exchange rate. Developing processing capacity in the region would increase value added to cotton lint and oilseeds, and reduce exposure to price and exchange rate risks.

Gérald Estur is a consultant with 40 years experience in the cotton sectors in Africa. He is a former Statistician of the ICAC and previously General Manager of COPACO

Cotton Made in Africa: Opportunity for Africa

Ten years ago, Dr. Michael Otto laid the foundation for a socially and ecologically sustainable production of cotton in Africa. His aim was to help African smallholder farmers to help themselves through the Aid by Trade Foundation and its 'Cotton made in Africa' initiative.

What began with 150,000 cotton producers in three countries is now one of the largest projects in German development cooperation with Africa. In 2015 - its anniversary year, the initiative was active in 10 Sub-Saharan African countries, cooperated with 650,000 smallholders and reached a total of over 5.5 million people. The smallholders have increased their yields by approximately 20% during their partnership with CmiA.

From 2008 to the end of 2014, more than 660,000 metric tons of ginned CmiA cotton was used for textiles worldwide and more than 100 million garments with the CmiA sustainability seal were put on sale by partner companies. These textiles represent responsible fashion and set an example for socially and ecologically sustainable economy. From 2008 to the end of 2014, licensed CmiA products brought in an income of almost €5 million for AbTF, which was able to invest it for the benefit of African farming families. Overall, Cotton made in Africa is emphasizing that sustainability and economic viability do not have to be mutually exclusive and instead that all parties can profit from it.

The number of AbTF standards has also grown, as has their diversity. The Foundation launched the CmiA Organic Standard in 2014, broadening in this latest move existing organic cotton standards to include the social and economic criteria of the current CmiA standard. This new standard is already being implemented in Tanzania.

All achievements that have been realised so far have only been possible through successful partnerships. These are partnerships with local cotton companies that meet the criteria in respect of the CmiA standards and work in cooperation with the smallholders with a view to producing sustainable cotton for the global market and fulfilling the CmiA value proposition.

The members of the CmiA demand alliance are key partners for the success of CmiA. These textile companies ask specifically for the cotton produced in Africa in compliance with the CmiA standard and use it for their products. Many of them are leaders in their respective segment of industry and what they all have in common is a true commitment to the producers of the raw material that is crucial for their products.

In future, Cotton made in Africa will be devoting itself to the task of providing raw materials suitable for the mass market which reconciles economy and sustainability and from which smallholders profit directly. To fulfill this aim, the initiative has

launched the “Cotton made in Africa cooperation program” to support cotton farming communities in rural Africa.

In the spirit of the foundation’s mission, this program will support projects in the areas of education, health, the advancement of women, and nature conservation in the Cotton made in Africa growing regions. Project funding applications will come directly from the CmiA growing regions and be financed via contributions from private donors. The program will help to better utilize the potential of the people in the rural regions of Africa and will be able to improve their living conditions through their own effort. The areas which are considered in the program such as education or promotion of women advancement are vital to the development of many countries in Africa.

Since 2013 CmiA is a proud partner of ACTIF. To promote the processing of sustainably produced CmiA cotton in the textile value chain on the African continent, the Aid by Trade Foundation, the Competitive African Cotton Initiative (COMPACI) and ACTIF agreed to work together. The cooperation agreement signed in October 2013 stipulates that the three organizations support each other to promote the development of cotton production and the textile industry in Sub-Saharan Africa. This is being done through regular exchange of knowledge and joint stakeholder work. It is Cotton made in Africa’s aim to increase the value addition on the African continent by supporting the development of a prosperous textile industry - we are thus looking forward to a long and fruitful cooperation with ACTIF and congratulate ACTIF on their 10th anniversary.

‘ Cotton made in Africa is emphasizing that sustainability and economic viability do not have to be mutually exclusive and instead that all parties can profit from it’

SITA Project: Linking India and East Africa within the Cotton to Clothing sector

BY MARIANA CAVEZZA VEGA

South-south trade and investment opportunities have been expanding rapidly in recent years, while global value chains have expanded. Emerging economics have become a key driver of global economic growth, the main destination for capital goods from developing countries and an important source of foreign direct investment. It is expected that by 2025, global economic growth will be predominantly generated in emerging economies, while annual consumption in these countries is believed to reach USD 30 trillion. India is one major player driving this trend, and is creating new opportunities in East African countries for trade and investment-led economic growth and job creation.

A new project implemented by the International Trade Centre (ITC) called, 'Supporting Indian Trade and Investment for Africa' (SITA) and funded by the United Kingdom's Department for International Development (DFID); is tapping into this potential by facilitating business transactions, technology transfer and knowledge exchange between India and East Africa.

Following on a range of public-private sector stakeholders' consultations between May and August of 2015, in Ethiopia, Kenya, Uganda, and the United Republic of Tanzania, the south-south business and partnership opportunities particularly in the cotton to clothing sector in East Africa became apparent.

According to Mr. Rajeev Arora, Advisor for textiles and apparel at the Kenyan Ministry of Industrialisation and Enterprise Development 'Both Kenya and India have small-holder farmers, so we could replicate good agricultural practices and good industrial methodologies to achieve productivity and competitiveness,' he said, adding: 'The SITA project could help bring Indian technology to Kenya to build competitiveness, quality production and access not just in the regional markets but also to markets in India.'

Ms. Sally Karago, chairperson of the Association of Fashion Designers, Kenya noted the opportunity to learn from 'the Association in India, which I understand is a lot stronger and the link will provide a significant learning experience for us.'

With global FDI in the textile & clothing market estimated to be worth US$ 24 billion in 2013, a 100% increase from 2012 and with rising costs and growing domestic consumption in emerging Asia, Indian businesses are increasing looking at new destinations like East Africa for trade and investment opportunities.

During the consultations, Indian investors mentioned critical factors for FDI attraction into textile & apparel in East Africa, including the ease of doing business in the region and the availability of skilled labor. Support will be needed to conceptualize a work force development strategy. This is one area where SITA can make an important contribution.

In cotton, opportunities for south-south trade were also identified. Since the Indian market is dominated by BT Cotton, which is genetically modified to resist insects, East Africa, which produces organically pure identity cotton, may have an added appeal. Indian cotton buyer Mr. Ranjit Parekh, also commented that Ugandan and Tanzanian cotton is amongst the world's best, and encouraged the countries to build on this advantage, for value addition and move into spinning.

The SITA project will tap into these trends by facilitating trade and investment meetings in the sector, looking for technology and know-how transfer from India such as in handlooms, and support the East African region in strengthening and promoting the sector to take advantage of Indian and international market opportunities.

Towards facilitating effective implementation of SITA's activities in the Cotton-Textiles-Apparel (CTA) sector, ITC is working in close partnership with the African Cotton and Textile Industries Federation (ACTIF). The collaboration represents a good opportunity for capacity building and cross-organisational knowledge sharing with India across East Africa, said Joseph Nyagari, representative from ACTIF.

SITA is also collaborating with national partners such as Uganda's Cotton Development Board (CDO). As a first joined activity, SITA and CDO organised a training on cotton contamination in early February 2016, which was attended by 20 Ugandan ginnery owners and managers. The training was followed by a visit to eight ginneries, to assess the level of contamination in each ginnery and advise ginnery managers on how they can avoid contamination at each step in the production chain. Contamination forces ginners to sell their lint cotton at discount prices to international merchants. Discounts are usually applied indiscriminately to all cotton originating from an area or a country which is perceived to have contaminated cotton.

During the SITA project, ITC will continue working with CDO and the ginners to further strengthen Uganda's reputation as premium exporter of cotton. As a next step, several ginners will have the opportunity to visit Indian ginneries and learn from best practice.

The American consumer has long been accustomed to reading labels marked "Made in China." However, across the United States, more shoppers are seeing "Made in Ghana," "Made in Tanzania," and other labels. African products ranging from luxury bags to specialty hot sauces are reaching largely American audiences thanks to the African Growth and Opportunity Act (AGOA)

AGOA 2015: Moving to Sustainable U.S.-Africa Trade and Investment Partnership by Linda Thomas-Greenfield, Assistant Secretary of State for the Bureau of African Affairs.

Connecting Banks to the Under-Served and Potentially Lucrative Sme Market in Africa

Banks have known for many years the potential of reaching under-banked populations. Moving beyond the MPESA generation – an innovation created in Kenya that converts mobile phones into a banking tool – banks are increasingly looking at a more sophisticated market, Small and Medium Sized companies (SMEs).

This market segment creates as much as 60% of jobs and contributes an equal amount to the GDP of many African countries yet they often lack sufficient funds to grow their business. In response, ATI rolled out a financial product for banks enabling them to better support resulting in a surge in demand from many of the continent's largest banks.

Banks often hesitate to work with SME's because it is a challenge for small companies to give the collateral that banks expect. This product provides the perfect solution. It connects banks with SMEs by covering them against the potential risk of payment default by the SME borrower. ATI's product essentially replaces the collateral that SME's require to secure loans. The product works for loans, bonds, bank guarantees, letters of credit and invoice discounting.

George Otieno, ATI's CEO.

This solution is cutting edge. It fills a market gap, provides an accessible solution for a significant segment of the economy in most countries and, not least of all, because it pairs two uncommon partners. "We've tried to make it easy for banks and insurance companies to work together. That this was created in Africa is perhaps fitting. It is another example of the continent's growing reputation as an incubator for innovations – this is born out of a necessity to find solutions to very unique challenges," notes George Otieno, ATI's CEO.

www.ati-aca.org

Ethiopia Unchained

JOZEF DE COSTER
IN ADDIS ABABA

Ethiopia has been a big buzz in the worldwide textile community. This is in spite of disappointingly small export figures (only US$112m apparel exports in 2014). During the 'Origin Africa' event in Addis Ababa, (from 21 to 23 October 2015), it became clear that the scale of current and planned investments in Ethiopia as well as the interest of buyers is such that the rise of Ethiopia as a leading apparel exporter is unstoppable.

Mr. Fassil Tadesse, President of ETGAMA

Cotton and polyester supply chain

Comparative country rankings like the World Bank's Ease of Doing Business Index, the Ibrahim Index of good governance and the Corruption Perceptions Index, do not particularly encourage foreign companies to set up business in Ethiopia. However, as far as the production of garments for the US and EU markets is concerned, sourcing specialists seem to agree that Ethiopia is the place to be.

"I visited a score of Asian and African countries and my conclusion is that Ethiopia is the number one location," says Kumara Kahadugoda, Director, sourcing/operations of the apparel sourcing company Duty Free Sourcing Inc.

According to the Indian entrepreneur, Sidarth Sinha, the founder and owner of Vogue and Velocity Group, who's about to create a 'garment township' in Ethiopia, no other country can presently beat Ethiopia.

The principal arguments to move into Ethiopia are well known: the abundant future availability (at least theoretically) of cotton and hydro-energy, the duty free entry of Ethiopian textile products to the US-market under AGOA and to the EU-market under EPA, the strong engagement of the Ethiopian government as formulated in the Second Growth and Transformation Plan (2015-16 to 2019-2020), and of course the very competitive labour cost.

It's noteworthy that Ethiopia is trying to attract experienced South African cotton farmers. The pending Land Reform in South Africa (requiring farmers to give away 50% of the land to the workers) and the continuing violence against white farmers (more than 2,000 murdered since 1994) may drive some of them to consider the offer of free land in Ethiopia.

Export Manager Manogya Sharma of Inviya, a brand of the Indorama Group, the world's largest integrated manufacturer of polyester, says that Indorama is currently discussing the setting up of a polyester plant in Ethiopia, the first in Africa, with the Ethiopian government.

The extension of AGOA for 10 years was what was needed for American buyers to bet on Ethiopia for the long term.

Foreign investors in the Ethiopian textile and clothing industry generally praise the support they get from high level government officers. However, some curious problems continue lingering.

When Kerstin Venhoven, Product Manager Fashion of Hellmann Worldwide Logistics GmbH, asks Ethiopian FOB garment manufacturers why the in-clearing of inputs at Djibouti Port

takes 2-3 weeks while out-clearing of garments can be done in one day, they can only respond: "The government and the associations are working on that."

The famously low Ethiopian labour cost (at Origin Africa, garment manufacturers quoted average monthly wages for operators of US$46, US$50, US$57) is, however, significantly offset by low labour productivity and high personnel turnover. All garment manufacturers need to invest in education and training of workers.

Early birds

The vertically integrated Turkish textile companies Ayka Addis and Saygin Dima, which both entered Ethiopia in 2008, were key FDI pioneers in the sector. Ayka Addis, currently the biggest textile group in Ethiopia, is working on a plan to relocate some 20 Turkish textile and garment companies to Ethiopia. The Turkish interest in Ethiopia continues to grow. The trade fair organiser Ladin from Istanbul brought 27 Turkish exhibitors to Origin Africa 2015.

Though Saygin Dima didn't get an easy start in Ethiopia, CEO Fatih Mehmet Yangin is bullish about the company's future. He thinks that within two years a turnover of US$150m per annum is within reach. Saygin Dima will extend its activities towards garment manufacturing which will increase current employment of 1,200 people to around 3,000 people.

Clothing retailers and brands from Europe and the US moved in slowly and cautiously. H&M started test runs in three Ethiopian factories in 2012, and then relied partially on the Swedish taxpayer to upgrade its Ethiopian suppliers via a partnership with Swedfund which reportedly injected US$8.6m in 'the development of a responsible textile industry in Ethiopia'. The American clothing group Phillips-Van Heusen (PVH), which owns brands including Calvin Klein and Tommy Hilfiger, strategically helped build an East African supply chain by bringing in some experienced Asian investors. Roy Ashurst, PVH's Sourcing Hub leader for Africa and Indian Sub-Continent, says: "We brought 3 investors to Kenya and 5 to Ethiopia. One of the investors in Ethiopia is a Chinese textile mill making shirtings. We contributed to the building of a suppliers' hub in the Industrial Park of Awasa, a city 270 km south of Addis, due to become operational in February 2016 with 32 factories." According to Ethiopian sources, a Chinese company is building Awasa Industrial Park for US$246m.

Fast growing textile hub in Mekele

The city of Mekele in the North of Ethiopia has the ambition to become the 'textile capital' of the country.

Maa Garment & Textile Factory (1,488 workers), a supplier to companies like H&M, Asos, George, Calzedonia, Primark, Tesco, plans to increase its knit capacity from 9.6 tons to 20 tons per day and to build a new plant for woven items.

DBL Group from Bangladesh, a vertically integrated knit garments manufacturer and exporter with an annual turnover of more than US$250m, is investing some US$100m in a factory (garments, knitting, dyeing) in Mekele. According to Murtoza Mamum Al-Azim, of Atelier Sourcing, a member of DBL Group, the factory will be operational in the second half of 2016. Initial employment is estimated at 5,000-6,000 workers. The group will make additional investments in the coming two years. Among DBL's customers are H&M, KiK, Lidl, Esprit, Puma, George, Walmart.

The Italian hosiery and beachwear producer Calzedonia announced last year it wants to establish a factory with 2,000-3,000 workers in Mekele.

The most ambitious investment project in Mekele, both in quantitative and qualitative terms, is that of the Indian entrepreneur Sidarth Sinha. His company Velocity will keep its 5 factories in Egypt, with around 4,000 employees, at work, while expanding in Ethiopia. Start of Ethiopian operations is planned for January 2016: a new garment factory with 3,000 workers will mainly manufacture knits and denim articles. Velocity plans to ultimately employ some 10,000 people in Ethiopia. Sidarth Sinha believes that investing in the most modern 'green' machinery and production techniques and in 'soft skills' will pay off. Employees are educated to understand the value of product quality and of kaizen or 'permanent improvement', like applied by Toyota. Customers of Velocity are brands like Levi's, Vanity Fair, Target, Zara, H&M, while Adidas is among the targets.

Also in the North of Ethiopia, Almeda Textile (brand name Altex), located near the airport of Axum, has big expansion plans. The company has 5,500 workers. According to Export Market Chief Tedros Berhe, Almeda plans to double its workforce to 11,000 by 2017 and to triple it by 2018.

Ethiopia's first denim factory

The Indian denim giant Arvind, which first intended to build a denim factory in Ethiopia to manufacture 5 million shirts annually in an all-women factory in Addis Ababa, changed its investment plans. In March 2015, it started manufacturing denim bottoms, 12,000 pcs/day, in the textile industrial zone of Bole Lemi (near the airport of Addis Ababa). Exports are for now destined to US, but negotiations are underway with potential European customers like H&M and Benetton. Head of Operations, Anuj Kumar Sing, says that in the meantime, Arvind is working on an integrated supply chain in Ethiopia, starting from cotton cultivation to spinning and weaving.

Kanoria Africa Textiles, a subsidiary of the Indian group Kanoria Chemicals & Industries, on 24 October 2015 inaugurated a brand new denim factory -the first in Ethiopia- with an annual capacity of 12m meters in Bishoftu, 37 kms from Addis. The factory is starting with less than 500 workers but the plan is to extend activities to jeans manufacturing. Kanoria will ultimately employ some 2,000 people in Ethiopia.

Some other expansion plans

Several international groups with production capacities in Kenya are currently investing in Ethiopia.

Among them is the vertically integrated Taiwanese group New Wide Garments, which is already employing some 500 people in a knitwear factory in Addis.

'Our long- term vision is to make Ethiopia the leading country in light manufacturing industry in Africa and also to achieve middle income status by 2025. Special attention is given to the manufacturing sector, one of which is the textile industry as it is core to value-addition, generates foreign currency, creates job opportunities and aids technology transfer'

Ethiopian President Dr. Mulatu Teshome at the opening of Origin Africa 2015, Africa Sourcing and Fashion Week Trade Expo at the Millennium Hall, Addis Ababa

Competing East African countries

Kenya, the largest economy in East Africa and the largest apparel exporter under AGOA in Sub Saharan Africa over the last 5 years, has a more expensive but better trained workforce than Ethiopia. It's still attracting new garment factory investments but at a slower rate than Ethiopia.

According to Tim Armstrong, of Tanzania's Textile Development Unit, Tanzania is actually the best overall location for apparel making in Africa. Average monthly labour cost at US$70 may be higher than in Ethiopia, but it's closer to a living wage and won't increase much as probably will be the case in Ethiopia. Among the main arguments Tim Armstrong puts forward in favour of Tanzania are the fact that Tanzania has the largest cotton production in East Africa; local fabrics in knits and wovens are available; a new gas pipeline to Dar Es Salaam has just been turned on, and an efficient new port -Bagamoyo Portside- was just inaugurated.

The landlocked countries Uganda and Rwanda are competing for the attention of textile investors. After seven years of garment production in Kenya, the Chinese group C&H Garment set up a factory in Rwanda, promising to create 20,000 jobs (there are now around 300 workers). The Rwandan government is currently examining how it could tap into the export market of mass manufacturing of quality clothing.

Strategic Partners: International Apparel Federation

The IAF has become the world's leading federation for apparel brands and manufacturers, their associations, apparel retailers and the supporting industry. IAF's membership now includes apparel associations representing nearly 60 countries which in turn represent over 150,000 companies with over 5 million employees. The many corporate and associate members of IAF are prominent companies or institutes in production, retailing, technology, business services, logistics, fashion fairs and education.

IAF's mission statement is: "Building bridges across continents, the IAF wants to maximize the value its members can gain from global cooperation". As an IAF member, ACTIF is well positioned to benefit, on behalf of its own members, from the IAF's international network. This works on different levels. Very practically, through a program called 'members help members', the IAF is connecting industry associations and companies that want to meet African manufacturers to ACTIF and its member associations. This can lead directly to business. Every year, IAF organizes its Convention, bringing together company and industry association executives from over 25 countries. This year, on September 26th-28th the Convention will be held in Mumbai, India and it will again be a great opportunity for all associations and companies to extend their international network.

But also in a much larger timeframe, IAF's network is supporting ACTIF in its role as a guide to African apparel industry development. The apparel industry often is a positive force in the industrial development of a country. It is often a first step into industrialization and, later, a first step in the development of a more design oriented economy. But industrial growth in the apparel industry is not an easy process. And as the Rana Plaza disaster in Bangladesh shows, things can go horribly wrong.

On the one hand, Africa is poised for a period of growth and the apparel industry is often already one of the leading industrial sectors. Investments are coming in from Turkey, China and the US. This is excellent news, but especially in a period of foreign investments it is crucial that the local, recipient industry is well organized, has a clear plan and maintains sufficient control over its own development. IAF believes that one of the keys to excellent industry development guidance is the easy access to a large international network of influential specialists. Top apparel technology and management schools, providers of machinery and software, strategy consultants, design and marketing specialists, CSR and environmental specialists, logistics experts and process engineers, all are in ACTIF's and IAF's global network. To put this network to the test, IAF and ACTIF have joined forces in an EU funded project running with ACTIF's Ethiopian member Etgama. Insights gained from this project will be used on a broader African scale.

IAF and the global apparel industry network are taking the burgeoning apparel industry in Africa very seriously. By 2030 a quarter of the world's working population and almost a quarter of its consumers will live in Africa. Together we will work to help the apparel industry play a positive role in this amazing development.

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China's Economy is Losing Momentum

Carsten Fritsch

The devaluation of the yuan and the turbulence on the stock markets support the view that we have held for a long time that the Chinese economy is developing much worse than is suggested by the official growth forecast of 7 percent. There are concerns about imbalances, such as the surplus of real estate and the high level of debt among private enterprises. The growth in industrial production has weakened from 10 percent in the autumn of 2013, to 6 percent of late. Recently, investment and retail sales have also been disappointing. In our opinion, the economic risks for China will continue to point downwards. In the new, more flexible Chinese exchange rate system, China's eco- nomic problems will have a stronger effect on the yuan exchange rate and become more transparent.

There is currently no uniform trend or China's commercial activity: Although the demand for some commodities, such as crude oil and soybeans remains robust, it is simply collapsing in other areas. This includes cotton. Not only has cotton consumption in China been in decline in recent years; the stocks in the country are twice as much as the annual consumption following record imports in the years 2011 to 2013. The high stocks will now be reduced through auctions, which is placing additional pressure on imports. However, the auctions, which have been taking place for two months, are only proceeding slowly. By the end of August, only 3.4% of the intended amount had been sold.

The lack of interest is due to the high auction prices which are above the domestic exchange prices. Global cotton production has been falling for three years due to the low world market prices. Nevertheless, until recently there was a supply surplus, as global demand for cotton has only risen moderately, not least because of the negative development in China. For 2015/16, however, there is expected to be a supply deficit again for the first time in six years as in addition to China, the US cotton crop is also expected to be significantly lower. This should contribute to a stabilisation of cotton prices.

As long as the Chinese economy "only" continues to lose momentum and there is no collapse or a general emerging market crisis which spreads to further countries in Asia, the pressure on Germany and Europe is likely to be manage- able. The export boom to China has been over for some time. In the long run, the German economy, in par- ticular engineering or the automo- tive industry, is not immune to the problems of China. We see downside risks especially for 2016."

Carsten Fritsch, Senior Commoditiy Analyst at Commerzbank AG, Frankfurt

Remembering Our Journey

ACTIF Board and delegates attending its launch and inaugural Origin Africa event in Nairobi in 2010.

BY BARRY FISHER

Beginnings

It all started with an East and Southern Africa regional program, the Regional Agricultural Trade Expansion Program (RATES) instituted by the United States Agency for International Development (USAID), to support among other components, the cotton, textiles, and apparel sectors. This was a means of increasing regional trade and improving livelihoods in the two regions.

The cotton, textiles, and apparel (CTA) industries are considered by many to hold the key to regional prosperity, representing the largest non-oil industry in the region exporting under the African Growth and Opportunity Act (AGOA). The latter provides the most liberal access to the U.S. market available to any country or region with which the United States does not have a free trade agreement. For these reasons, the RATES program targeted the CTA value chain in its capacity building and trade promotion efforts.

Many global developments and other dynamics were at play at that time which needed a regional solution for industrial and trade development to take place.

- The end of the Multi-Fibre Arrangement;
- Extension of AGOA to 2007, but with duty free eligibility of third country fabric to be halved in 2006 and zeroed out in 2007;
- The phasing out of the non-reciprocal duty free trade regime between ACP countries and the EU, the latter requiring ACP/EU countries to negotiate a new 'reciprocal' trade arrangement; and
- The controversies over the handling of cotton in the Doha Round particularly as regards cotton subsidies.

Some of these issues are now history or have evolved, but these developments were taking place against a background of a region (COMESA, EAC, and SADC) that was relying overwhelmingly on the external rather than regional markets for cotton and textile exports. A snap-shot of the trade numbers suggested a significant opportunity for regional trade in CTA products; not just in finished goods, but for import substitution prospects in intermediary products.

During an analysis of the CTA value chain, it became clear that a deliberate integration and market linkage effort was needed ……. the region was fragmented and could no longer act in isolation; there was a lack of market intelligence, a lack of information exchange, an absence of common strategies, no regional vision, no unified or cohesive voice and a lack of interaction between businesses.

> 'ACTIF was the first organisation to formally submit AGOA amendment proposals to the United States Trade Representative (USTR) leading to the signing into law by President George W. Bush of the AGOA "Africa Investment Incentive Act of 2006'

The Conception

The future of regional competitiveness and integration was therefore directly linked to the industry's ability and desire to organize itself and in pursuit of this, an inaugural summit bringing together for the first time national trade associations and leading businesses across the CTA value chain, was held in 2005 in Nairobi, to build consensus and direction for a regional integration approach to developing the value chain.

The result – ACTIF was born – to serve as the unified voice of the African CTA sector, to address constraints to its development and to interact on all issues that affect its competitiveness and ability to compete in the global market. ACTIF became the only organization on the continent to represent the full value chain, from cotton through to apparel.

The Evolution

This regional integration initiative through the formation of ACTIF has fostered communication and linkages across the entire CTA value chain that has never been experienced before in Africa. This unique alliance between the cotton farmer right through to apparel and fashion, has unleashed the latent capacity of the region, and Africa, to become a global force…..an 'organized' force.

After inception in 2005, ACTIF was incorporated as a non-profit entity in 2006 and in its formative years, was supported on a 'caretaker' basis under the RATES program, until the establishment of a permanent secretariat, board of directors and 'bricks and mortar' premises in July 2009.

During this initial caretaker period, and to encourage vertical integration of the supply chain, a trade networking website www.cottonafrica.com was launched to raise the profile of the CTA sector and to promote trade opportunities. This Cotton Africa trading portal - covering fiber, yarn, apparel, accessories and equipment – saw in a period of 4 years, buy and sell trade postings exceeding 1 billion US dollars, a remarkable testimony to the business opportunities that lay 'hidden' from the public domain. This market linkage mechanism not only served as a price and market discovery tool, but was particularly advantageous to the small-medium enterprise, many of whom lack market networks and resources to do it on their own.

Given the great divergence in levels of capacity and 'need' between the CTA sectors, with some countries focused on cotton cultivation and export and others emphasizing apparel manufacturing and trade, the task ahead for ACTIF in prioritizing activities and actions was indeed daunting. Added to the mix was the share scale of the geographical coverage of ACTIF's membership spanning 24 countries in Africa, with differing regulatory environments, differing priorities and a host of different trade barriers between countries – a challenge indeed.

AGOA

That said, the Federation at inception coalesced around a mandate of maximizing benefits to the sector under AGOA, the most beneficial U.S. trade and investment program available to any region of the world. There is no doubt that 'AGOA' gave Africa a great gift—not just trade but the realization that no single African country could work in isolation, and the region had to work together collectively to stand a chance in the global arena - AGOA was the catalyst for that.

Perhaps the most critical challenge at the time was the negative impact of the expiration of the AGOA third-country fabric sourcing. This spurred ACTIF's work in the trade policy arena, engaging the private sector to form collective positions on these issues. ACTIF was the first organisation to formally submit AGOA amendment proposals to the United States Trade Representative (USTR) leading to the signing into law by President George W. Bush of the AGOA "Africa Investment Incentive Act of 2006".

Former US President George Bush during the signing of AGOA pact in 2004

ACTIF continued tirelessly with its advocacy work on AGOA, achieving recognition and credibility in the corridors of Capitol Hill in Washington D.C., appearing at Congressional Hearings, giving testimony to the U.S. International Trade Commission and a host of other fora, successfully ensuring the continuation of AGOA and extension of its various provisions, culminating in the 2015 agreement for a tenure of AGOA to 2025.

Industry Voice

ACTIF has become a key industry voice in regional and international trade deliberations, and continues to spearhead the development of private sector industry positions and recommendations on trade policy issues impacting market access and trade:

- Guided COMESA and the EAC on the European Union's Economic Partnership Agreements (EPA) negotiations;
- Developed revised market access and rules of origin criteria for CTA trade between EAC countries;
- Developed common external tariff proposals across COMESA, EAC and SADC in anticipation of harmonized standards under the Tripartite Framework.
- Developed a comprehensive CTA regional strategy for COMESA, which in turn is guiding the Africa cotton 'road map'.

ACTIF Chairman participating in a past advocacy session

Origin Africa

ACTIF has continued to take a lead in building trade linkages and promoting market access for CTA products regionally and internationally and creating opportunities for investments through its flagship 'go to' event under the brand of Origin Africa. Origin Africa is both an event and an on-going initiative dedicated to improving African trade. The initiative aims to profile Africa, raise awareness of Africa as a place to do business and as a sourcing destination, change perceptions, and to make the continent more visible for its innovation and creativity.

Origin Africa has gained significant traction in recent years, not just in Africa but also in the U.S. and the EU. The focus and objectives of activities under Origin Africa will very importantly include activities and programs that will create revenue generation and therefore contribute to ACTIF's sustainability objectives. Pursuant to this, ACTIF now owns the Origin Africa Trademark, registered in Kenya, with pending applications in the region, the U.S.A. and the EU under the Madrid Protocol.

The potential and range of possibilities are endless …….. the "Sky's the Limit" but it will need vision, drive, smart thinking and innovation………

Group picture that included ACTIF ED and Board members in a past international forum focussing on African Cotton

ORIGIN AFRICA 2015

1

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4

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1. Official Ceremony for Origin Africa 2015 held at the Millennium Hall, Addis Ababa, Ethiopia
2. Mr. Fassil Tadesse, President of ETGAMA, at the Official Opening
3. Ethiopian President Dr. Mulatu Teshome, presiding over the official opening the Origin Africa Trade Expo
4. U.S. Ambassador to Ethiopia, Patricia Haslach, examining merchandise from one of the expo exhibitors at the Origin Africa Trade Expo.
5. President Mulatu Teshome during a tour of the Trade Expo

ACTIF BOARD MEMBERS

Mr. Jaswinder Bedi
Chairman
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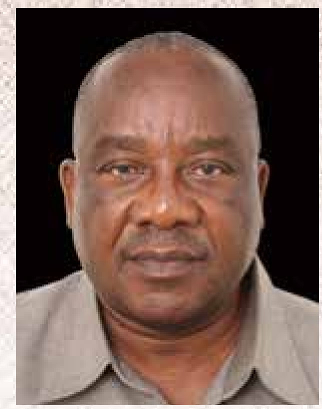
Country: Kenya



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Country: Zambia

Mr. Fassil Tadesse
Treasurer
Sector: Textiles
Country: Ethiopia

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Country: Mauritius

Mr. John Hargreaves
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Sector: Apparel
Country: Madagascar

Ms. Jolly Sabune
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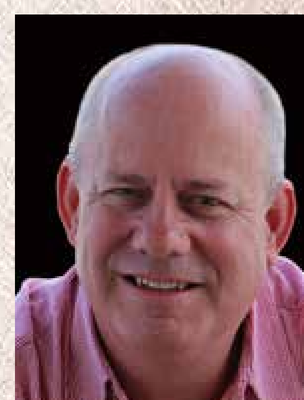
Sector: Cotton Production & Ginning
Country: Uganda



Jeremy Youmans
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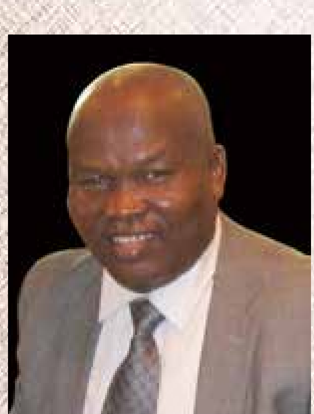
Co-opted Director
Country: Nigeria



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Country - Nigeria

Ms. Kanini Mutooni
Co-opted Director
Country: Kenya

Belinda Edmonds
Executive Director
Country: South Africa

ACTIF LIST OF MEMBERS AS AT JANUARY 2015

CORPORATE MEMBERS			
S/no	**COUNTRY**	**MEMBER NAME**	**Year of Joining**
1	BURUNDI	AfriTextile s.a.	2013
2	BURUNDI	Compagnie de Gerence du Coton (COGERCO)	2013
3	CAMEROON	Ligne Rouge Sarl	2013
4	COTE D'IVOIRE	Cote D'Ivoire Export and Trade Promotion Agency (APEX)	2012
	ETHIOPIA	Kanoria Africa Textiles PLC	2014
5	ETHIOPIA	Ethiopian Cotton Producers, Ginners & Exporters (ECPGEA)	2011
6	ETHIOPIA	Ethiopian Textile & Garment Manufacturers Association (ETGAMA)	2009
7	ETHIOPIA	Centre for Accelerated Womens Economic Powerment (CAWEE)	2014
8	KENYA	Ashton Apparel (EPZ) Ltd	2013
9	KENYA	Association of Fashion Designers of Kenya (AFDK)	2012
10	KENYA	Cotton Development Authority (CODA)	2012
11	KENYA	Export Processing Zones Authority EPZA	2011
12	KENYA	Kapric Apparels EPZ	2013
13	KENYA	Kenya Association of Manufacturers (KAM)	2010
14	KENYA	Makueni Ginneries Ltd	2013
15	KENYA	Mega Garments Industries Kenya (EPZ) ltd	2013
16	KENYA	PANAH	2014
17	KENYA	Thika Cloth Mills	2013
18	KENYA	Tosheka Textiles Ltd	2014
19	KENYA	Ultra Ltd	2013
20	KENYA	United Aryan EPZ	2012
21	KENYA	Lakshmi Machine Works Ltd	2014/2015
22	KENYA	WEAMACO (Handloom Weavers Marketing Coop. Society)	2012
23	LESOTHO	Lesotho Textile Exporters Association (LTEA)	2009
24	MADAGASCAR	Groupement des Enterprises Franches et Partenaires(GEFP)	2010
25	MALAWI	Cotton Development Trust (Malawi)	2011
26	MAURITIUS	Winds Enterprises (MAU) Ltd	2014
27	MAURITIUS	Mauritius Export Association(MEXA)	2009
28	NIGERIA	Crown Natures - Nigeria	2012
29	NIGERIA	National Cotton of Nigeria(NACOTAN)	2010
30	NIGERIA	Nigerian Textile Garment & Tailoring Employers Association	2010
31	NIGERIA	WUMIO	2015
32	RWANDA	UTEXRWA	2011
33	SENEGAL	Aissa Dione Tissus S.A	2015
34	SOUTH AFRICA	Apparel Manufacturers of South Africa (AMSA)	2011
35	SOUTH AFRICA	Cotton South Africa	2009
36	SUDAN	Sudan Cotton Company Ltd-SCCL	2009
37	SWAZILAND	Swaziland Cotton Board	2009
38	TANZANIA	International Business & Trade TZ Initiative (IBUTTI)	2013
39	TANZANIA	Tanzania Cotton Board (TCB)	2009
40	UGANDA	Uganda Cotton Development Organization(CDO)	2009
41	UGANDA	Uganda Ginners and Cotton Exporters Association	2009
42	ZAMBIA	Cotton Association of Zambia	2010
43	ZAMBIA	Cotton Board Of Zambia	2011
44	ZIMBABWE	Association of Cotton Valueadders of Zim(prev ZITMA) & Zimbabwe Cotton Ginners Association(ZCGA)-ACVAZ	2009

ASSOCIATE MEMBERS			
S/no	**COUNTRY**	**MEMBER NAME**	**Year of Joining**
1	GERMANY	VEIT GmbH	2013
2	INDIA	Bajaj Steel Industries	2013
3	INDIA	Sutlej Textiles and Industries Ltd	2013
4	INDONESIA	PT. TEXCOM	2013
5	KENYA	Bolloré Africa Logistics Kenya Ltd	2013
6	KENYA	MES (UK) Ltd / Sesby Global Sourcing	2012
7	KENYA	SGS Kenya Ltd	2012
8	CHINA	PVH Eat Africa	
9	SINGAPORE	Kaybee Exim PTE Ltd	2013
10	SOUTH AFRICA	YKK South Africa	2012
11	TANZANIA	Wakefield Inspection Services	2011
12	TANZANIA	Textile Development Unit	2015
13	UK	Plexus	2012
14	USA	Samuel Strapping Systems	2014
15	SWITZERLAND	HugoBoss Ticino SA	
15	Hongkong	Poly concept	2015
16	INDIA	Team World Limited	2015
17	SOUTH AFRICA	Branson Marketing(PVY) Ltd	2015
19	KENYA	African Fairtrade Networks	2015

LIST OF UPCOMING EVENTS

MAGIC Apparel Sourcing Events [Las Vegas, USA
16-18 Feb and 16-19 Aug 2016

Prime Source Forum
14-15 March 2016
Hong Kong

The 11th CII EXIM Bank Conclave on India-Africa
14th -15th March 2016
New Dheli, India

ATEXCON
16th & 17th March 2016
at Hotel Westin, Goregaon (East), Mumbai, India.

33rd International Cotton Conference Bremen
March 16-18, 2016
Bremen, Germany

Intertextile Shanghai - Spring Edition
March 16 - 18
Shanghai, China

IWTO Congress 2016
April 4 - 6, 2016
Sidney, Australia

World Cotton Outlook
April 27-28, 2016
Dhaka, Bangladesh

Techtextil North America
May 3 - 5
Atlanta-GA, USA

Texprocess – Americas
3-5 May 2016,
Georgia, USA

Source Africa
Cape Town,
7-9 June 2016;

International Apparel Federation – Annual Meeting
Sep 25th – 30th 2016

International Textile Manufacturers Federation [ITMF] – Annual Meeting
Nov 17-19 2016;

Global Department Store Summit 2016
May 26 - 27
Zurich, Switzerland

55. Chemiefasertagung Dornbirn
September 20 - 22
Dornbirn, Germany

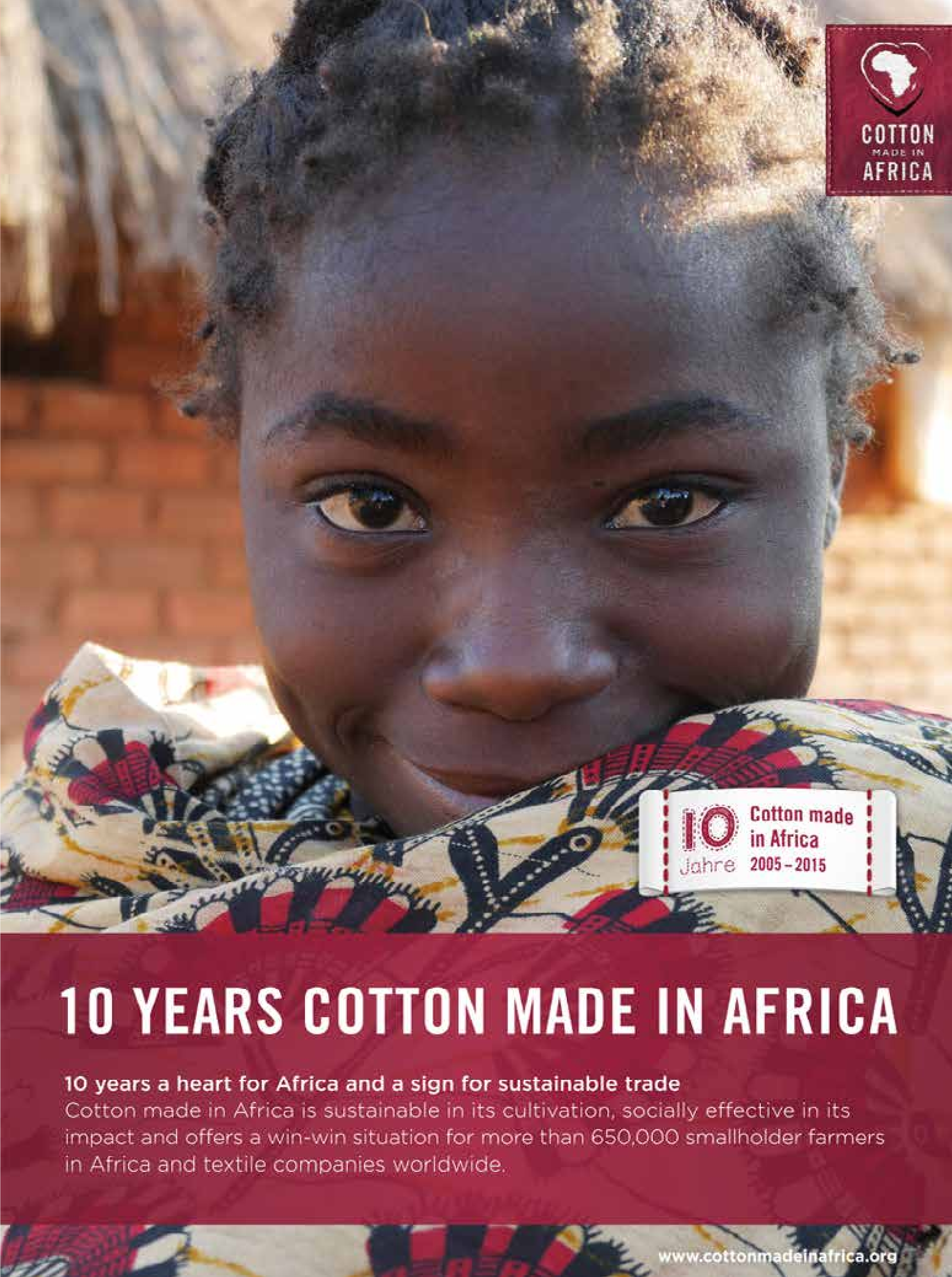
ICA Annual Trade Event 2016
October 19 - 21, 2016
Liverpool, UK

ITMA Asia & CITME 2016
October 21 - 25
Shanghai, China

ICTN 2016 - International Conference on Technical Textiles and Nonwovens
November 10 - 12
New Delhi, India

ITMF Annual Conference 2016
November 17-19
Jaipur, India

India ITME 2016
December 3 - 8
Mumbay, India (Bombay Convention & Exhibition Centre)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