

African Cotton & Textile Industries Federation
Developing Synergies to Promote Trade in African Cotton, Textiles and Apparels



Opportunity for Value Addition in the Textile Sector

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www.actifafrica.com / www.cottonafrica.com



INTRODUCING ACTIF

A regional trade body formed by the cotton, textile and apparel value chain stakeholders in Eastern and Southern Africa in June 2005

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

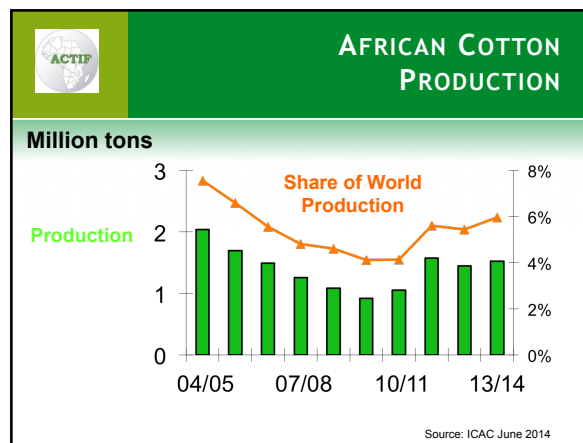
Mission:
 To develop and successfully deliver services that enhance our membership's competitiveness in the world market



COTTON TRADE WORLD VS AFRICA

	2011/12 Million tons	2012/13 Million tons	2013/14 Million tons (projected)
World Production	28,042	26,684	25,63
→ Africa's Share	5.6%	5.4%	6.0%
World Consumption	22,789	23,291	23,48
→ Africa's Share	1.3%	1.5%	1.6%
World Imports	9,759	9,867	8,81
→ Africa's Share	1.4%	1.7%	2.4%
World Exports	9,870	10,078	8,81
→ Africa's Share	11.0%	12.6%	15.4%

Source ICAC June 2014



SUPPLY & USE OF COTTON STATUS IN AFRICA

Region	2013/14			
	Prod	Imports	Cons	Exports
North Africa	119	154	184	87
Francophone Africa	902	n/a	17	892
Southern Africa	506	59	164	404
World	25,628	8,811	23,461	8,811

000 Metric Tons

Source: ICAC June 2014

TEXTILE & APPAREL EXPORTS TO USA

TOP SUPPLIERS	2012 (US\$ Billion)	Share
China	40.5	40%
Vietnam	7.7	8%
India	5.9	6%
Indonesia	5.2	5%
Mexico	4.6	5%
Bangladesh	4.6	5%
Pakistan	3.0	3%
Hondurus	2.6	3%
Cambodia	2.6	3%
Canada	1.4	1%

Source: Olexa, 2012



TEXTILE & APPAREL EXPORTS TO US FROM AFRICA

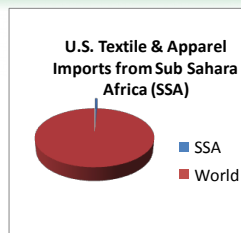
Major exporters to US		
Country	Value (US\$ Mn)	Share
1 Egypt	1,087	48.8%
2 Lesotho	311	13.4%
3 Kenya	265	11.9%
4 Mauritius	169	7.6%
5 Morocco	112	5%
6 Tunisia	104	4.7%
7 Swaziland	62	2.8%
8 Madagascar	44	2%
9 South Africa	27	1.2%
10 Botswana	11	0.5%
Top 10 countries	2,194	98.6%
Other African countries	31	1.4%
Total from Africa	2,226	100%

Value in Million US dollars

Source: ITC calculations based on UN Comtrade



AGOA OPPORTUNITY



- Total imports of textile & apparel products by USA stood at US \$ 101Bn (Source: OTEXA, 2012)
- SSA enjoys Duty free Quota free access into US for Garment exports under AGOA
- Total U.S. Apparel imports from Africa under AGOA US\$ 864 Million (0.8%) (Source: ACT, 2012)



TEXTILE & APPAREL EXPORTS TO EU FROM AFRICA

Major exporters to EU -27		
Country	Trade Value (US\$ Mn)	Share
1 Tunisia	4,019.143	38%
2 Morocco	3,735.175	35%
3 Egypt	1,404.027	13%
4 Mauritius	525.142	5%
5 Madagascar	356.606	3%
6 South Africa	298.416	3%
Top 6 countries	10,338.509	97%
Other African countries	279.607	3%
Total from Africa	10,618.116	

Value in Million US dollars

Source: ITC calculations based on UN Comtrade



EPA OPPORTUNITY



- Africa enjoys duty free Quota free access into EU for Textile products through the Economic Partnership Agreement (EPA)
- Total imports of textile & apparel products by EU stood at US\$ 264Bn. (2011)
- Total EU textile and apparel imports from Africa stood at US\$ 10.6 Bn (4%)

Source: ITC calculations based on UN Comtrade




ROLE OF ACTIF

- **Foreign Direct Investments(FDI):** ACTIF explores investment in the cotton textile & apparel value chain in Africa, including developing due diligence and match making for JV's
- **B2B Linkages:** ACTIF facilitates Business to Business linkages with member countries
- **Access to Information:** ACTIF provides information access including reports and special studies for national policies and strategies
- **Market access:** ACTIF actively develops linkages with member countries and regional economic communities (RECs) like EAC, COMESA, SADC




ROLE OF ACTIF


- **Policy & Advocacy:** ACTIF is very active in advocacy activities in partnership with its members and partners to improve the policy environment across the region
- **COMESA Ctc Strategy:** ACTIF has been recognized as the private sector representative for the implementation of the COMESA Cotton to Clothing strategy. With support of our funding partners, ACTIF has developed an priority implementation plan from the strategy and is currently monitoring the implementation activities;



WHY AFRICA?



REGIONAL MARKET: COMESA




- Common Markets for East and Southern Africa (COMESA)
- Free Trade area with Common customs union
- 19 countries with a population of over 430 million
- GDP of US\$447 billion



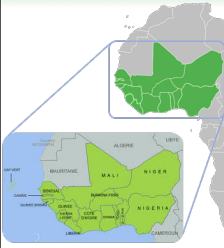
REGIONAL MARKET: SADC




- Southern African Development Community (SADC)
- Free Trade Area
- 15 countries with a population of over 240 million
- GDP of over 760 US\$ billion




REGIONAL MARKET ECOWAS




- Economic Community of West African States (ECOWAS)
- Free Trade Area
- A regional group of 15 West African countries
- Has a combined population of over 300 million people and GDP of US\$ 316 billion




REGIONAL MARKET: EAC



- East African Community (EAC)
- 5 countries with a population of over 133 million
- Free trade area under Common Custom
- GDP - \$74.5 billion, Per capita income of \$558



TRIPARTITE FRAMEWORK COMESA-EAC-SADC



- Three Regional Economic Communities (RECs): Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC)
- A Free Trade Area that builds on the existing ones within COMESA, EAC and SADC.
- Comprising of 26 countries with a combined population of 527 million people
- A combined Gross Domestic Product (GDP) of US\$ 624 billion, and a GDP per capita averaging US\$1,184.
- The Tripartite is expected to be launched in 2013




REGIONAL MARKET: AEC



By 2025

- Africa Economic Community (AEC)
- African Free Trade Zone, with a projected population of over 1.5 billion and a combined GDP of approx US\$ 2.6 Trillion (*mckenzie report, 2010*)
- Free trade areas, customs unions, a single market, a central bank, and a common currency thus establishing an economic and monetary union.



LONG TERM FUNDAMENTALS – OPPORTUNITY FOR AFRICA

Increasing capita fiber consumption in emerging economies

Year	World	West Europe	Turkey	North America	China	India
2007	11.7	23.7	18.0	37.8	16.0	4.6
2009	11.0	21.9	14.6	30.2	17.2	4.8
2011	12.2	23.6	16.6	34.5	19.9	5.1
2013	13.0	24.0	16.9	36.2	21.1	5.5

Source: PCI-Fibres, The Fiber Year, ITMF


Asia is destined to put more focus on its domestic market in the coming years. Africa is therefore set to establish itself as the next sourcing destination

Other reports show even higher trends for India




VALUE ADDITION OPPORTUNITIES


- 1) Increasing demand for high quality fabrics targeting AGOA & EU markets is a huge opportunity to invest in the Textile Industry;
- 2) Huge potential in the Cotton By Products Industry to enhance income to cotton farmers;
- 3) Increasing demand for African Fashion & Designs;
- 4) Increasing demand for homextextile & home decor from Africa;




CAPTURING VALUE ADDITION




Fibre
1 Kg
1.6 US\$
0.5 person




Yarn
0.75 Kg
3.40 US\$
0.75 person



Fabric
3.35Mtr
8.5 US\$
2.0 persons




Garment
2 Trousers
15.50 US\$
4.0 persons



Retail
2 Trousers
38.80 US\$

Value Addition x 10 times which can create 9 million jobs if 100% value is added to current African lint







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CONCLUSION

Value Addition Opportunities exist across the entire value chain



Thank you