AATCC NEWS

Made in Africa

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Spanning the breadth of the sub-Saharan African continent, from the cotton growing and garment producing regions of West Africa to industrial areas including South Africa, Madagascar, and Mauritius, the textile industry in Africa today strives to grow and prosper. The African textile industry now faces the challenge of competing in an increasingly globalized marketplace.

Since the late 1990s, the African industry has suffered through increasingly stiff competition from Asian producers exporting to customers in the United States and Europe. To help encourage growth, the United States instituted the African Growth and Opportunity Act (AGOA) in 2000. AGOA helps give its 39 qualifying sub-Saharan member nations greater access to US markets by offering expanded duty-free benefits until

2015. There are also four U.S. Agency for International Development (USAID) trade hubs in Africa. In 2001, the EU made duty free and quota free status available for the export of goods (excluding armaments) from least developed nations under the Everything but Arms (EBA) agreement.

Since then, the African apparel industry has ridden an economic roller coaster. In 2005, the end of WTO global apparel quotas took a major toll on African exports. Recovery has been slow, with workforce reductions occurring throughout the African industry due to increased competition and strong local currencies. There are also environmental concerns. Cotton farmers in the Sahelian region of Africa are worried that climate change is reducing the growing season from six months to three, with potentially devastating consequences for rain-fed crops such as cotton.

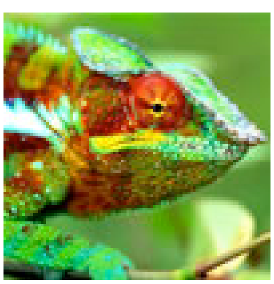
AGOA's impact on the African apparel industry has been significant. According to a report by the Office of the United States Trade Representative in May 2008, a substantial amount (40%) of AGOA non-oil related exports to the US were from the sub-Saharan African apparel sector in 2007. It has also helped to attract investment from other countries such as China, South Africa, Mauritius, and the EU. The top AGOA exporting countries include Lesotho, Madagascar, Kenya, Swaziland, and Mauritius.

More change is on the horizon. Quotas on certain Chinese apparel goods exported into the US are to expire in 2008. Additionally, denim apparel may be excluded from the AGOA benefits enjoyed by members.

Significantly, the face of Africa itself is changing as foreign investment captial continues to pour in. China, including Hong Kong's textile and entrepreneurial firms, has taken the lead by making enormous investments in African textile trade development zones. India and now Turkey are major players as well. Concern is expressed by some that much of the skilled labor required to successfully run operations like these would come from outside Africa and that local and national policies of the host nation might be significantly influenced by these large foreign operations.

A quick look at two of the major AGOA exporting countries provides an introduction to the dynamics and profile of the current African textile industry. One country that has profited by the development and growth of the African textile industry is the island nation of Mauritius. Situated in the Indian Ocean east of Madagascar, its diversified economic base in agriculture, industry, finance, and tourism, and an annual growth rate of 5%-6%, has helped to make it a prosperous, middle-income nation touted by some as the "Singapore of the Indian Ocean." Textiles represented 49% of all manufactured exports in 2006. Its main products are shirts, T-shirts, trousers, shorts, pullovers, and, increasingly, lingerie and swimwear. One major Mauritian company, CIEL Textile, is a large, vertically-integrated producer of Woolmark knitwear, providing products for European and US brands and retailers. Another company, Groupe Socota subsidiary Socota Textile Mills (Socota), provides fabrics for garment manufacturers in the Mauritian Export Processing Zone (EPZ), defined as "A designated area in a country in which firms can import duty-free so long as the imports are used as inputs to production of exports" by Deardorff's Glossary of International Economics. Socota also has two joint-venture garment businesses, Columbia Clothing Company and Cottonline.

Mauritius is hosting the 2008 International Textile Manufacturers Federation (ITMF) Conference in October with the theme "Challenges for a Greener and More Sustainable Textile Industry." Small-island environments like Mauritius are particularly vulnerable to meteorological disasters such as hurricanes and rising sea levels caused by climate change. Mauritius has taken a leadership role in organizing environmental, sustainable development, and eco-textile conferences and policy-initiative groups.



Between the African continent and Mauritius lies Madagascar, another major African textile exporter that has experienced tremendous growth in recent years. Similar to Mauritius, a large percentage of EPZ industries in Madagascar are textile and apparel based. Agreements that help to boost the industry include AGOA and EBA. The World Bank Group's International Finance Corporation (IFC) helped form a textile cluster of 24 small companies working together to learn and profit from each others' experience in seeking export opportunities. Three major businesses in this region are La Cotonnière d'Antsirabe (Cotona, a Groupe Socota subsidiary), Ultramaille, and Nova Knits.

The balance between economic development and ecological concerns are of particular concern to Madagascar. Economic opportunities must be created to reduce poverty. In addition, Madagascar has one of the world's richest and most diverse ecosystems, but has experienced serious environmental degradation over the past several decades. Innovative solutions involving all stakeholders are needed for this balance to be maintained. Some companies are exploring ways to provide more economic opportunities and implement more sustainable business practices.

Next month, we will explore future directions the industry in Africa may take, the role of organic cotton in future development, and prospects for the increased use of sustainable materials and practices.