



# TEXTILES & APPAREL IN SOUTHERN AFRICA: GENERAL OVERVIEW

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May 22, 2014  
Serena Polana Hotel  
Maputo, Mozambique

# Overview



- Cotton Overview
- Textiles Overview
- Apparel Overview
- Why Invest in Mozambique & the Region?
- Source Africa Trade Show

# Overview | Cotton

- About 870, 000 smallholder farmers
  - About 4.7m people dependent on cotton
- Cotton- significant cash crop for households
  - Poverty reduction impact
- Most governments set the cotton producer prices
- Most cotton grown outside RSA is rain-fed
  - SA commercially grown cotton has high yields (2MT/ha)
- Cotton ginning- ginnerers are the ultimate buyers
  - Contract farming system; extend credit
- New technologies, e.g. GMO seed
  - Only South Africa presently allows the use of GMO cotton seed
- Rising investment in cotton production
  - Turks, Chinese, Mauritians, Indians in the region
- Yarn production
  - Large proportion of the yarn used in the region is imported



## ■ Knitting and weaving process

- Volume and variety made regionally is limited

## ■ Few textile firms

- Producing for internal use

## ■ Dyeing and finishing

- The missing link



# Overview | Apparel Sector

- South Africa is SADC's largest market
- Retailers, brands expanding regional sourcing
- Government incentives to improve the industry
- Market diversification- RSA market and the US
- Weakening South African Rand
- Cheap, illegal imports suffocated the industry
- Governments supporting investment by building factory shells



# Why Mozambique & the Region? #1

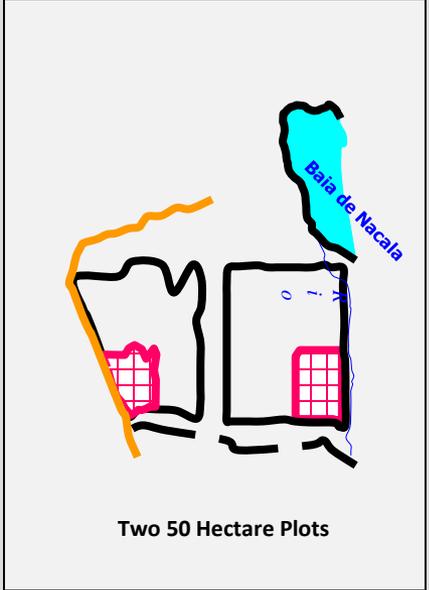
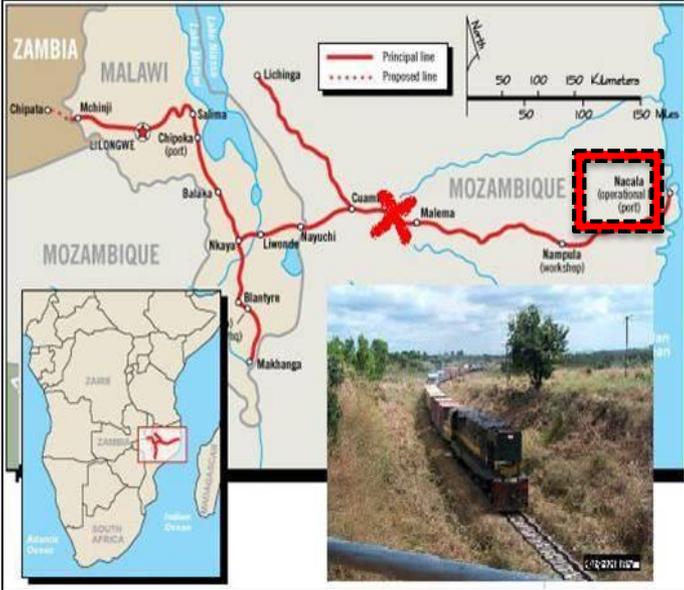


# Why Mozambique & the Region? #2

- Commercial farming
- Ginning opportunities
- Spinning, weaving, knitting opportunities
- Dyeing and finishing opportunities
- Apparel production opportunities
- Integrated value chain: from farmers to garment makers to retail chains
- Potential for a robust value chain
- Regional collaboration opportunities

- Low Cost - regarded as the next low-cost production center
- Sourcing Sophistication
- Africa Sourcing Platform
- Sub Saharan Africa (SSA) - becoming a major consumer market

# Example | Nacala Corridor



# Trade Agreements

## ■ **Bilateral Preferential access to RSA Market**

- 3-6% duty, as apposed to 45% duty on garments

## ■ **SADC Trade Preferential access to RSA Market**

- Zero duty as apposed to 45% duty on garments
- For SADC-made products (duty free vs. 45% tariff)

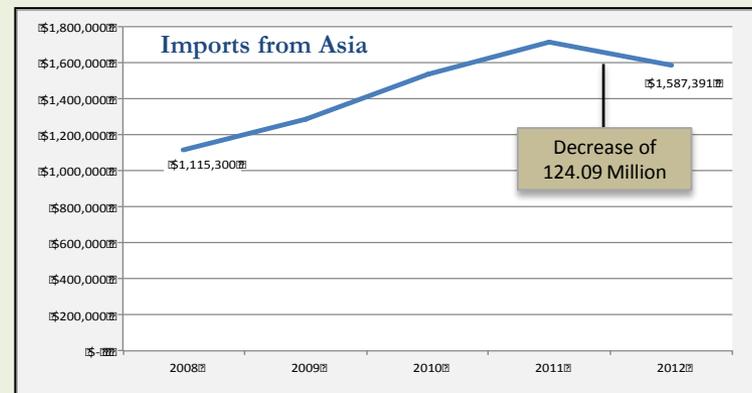
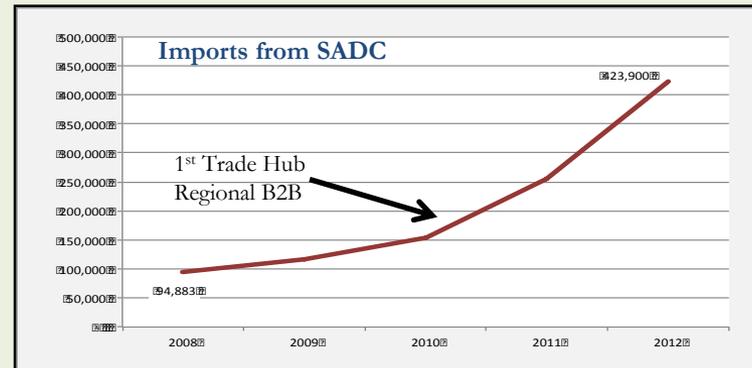
## ■ **AGOA Trade Preference- US Market**

- Duty-free, quota-free access to the US
- Seamless renewal expected by the Obama Administration
- Gradual economic recovery is good news for garment exporters

# Trade Results | Regional

- Tide is Shifting
- SADC countries are starting to replace some Asian exports to South Africa
- More SA retailers looking to source regionally
- A shift of US \$125 Million in exports represents around 10,000 factory jobs

**South African Apparel Imports: 2008 to 2012**  
Values in \$US thousands



Source: ITC Trade Map and Investment Promotion Agencies in SACU Countries (Include HS Codes 61 and 62.)

# Trade Results | AGOA Exports

<b>Textiles &amp; Apparel</b>			
<b>AGOA, Jan-Dec</b>			
<b>Country</b>	<b>2012 \$000's</b>	<b>2013 \$000's</b>	<b>% Change</b>
Lesotho	300,609	320,807	6.72%
Kenya	252,734	305,217	20.77%
Mauritius	158,999	187,216	17.75%
Swaziland	59,016	49,073	-16.85%
Ethiopia	11,037	12,060	9.27%
Tanzania	7,521	10,361	37.76%
Malawi	5,725	8,410	46.9%
South Africa	5,551	6,355	14.48%
Botswana	10,427	5,855	-43.85%
Ghana	2,809	2,723	-3%
<b>Totals</b>	<b>815,308</b>	<b>908,125</b>	<b>11.38%</b>

Note -- Because of rounding, figures may not add to the totals shown. AGOA eligibility varies by year.

Source: U.S. International Trade Commission from official statistics of the U.S. Department of Commerce

# Source Africa | Sector Trade Event

## Source Africa 2014

18-20 June, 2014

- Africa's textile, apparel and footwear trade event
- Promotes regional & international trade
- Brings: suppliers, buyers, agents, and service providers
- Platform for trade, investment information exchange
- Platform to explore investment opportunities in regional value chains
- Platform to network with the regional value chains



# Want to find out more?

## Resources:

- ICAC: [www.icac.org](http://www.icac.org)
- Source Africa: <http://www.sourceafrica.co.za>
- B2B Matchmaking: [www.outsmartmarketing.co.za](http://www.outsmartmarketing.co.za)
- AGOA: [www.agoa.gov](http://www.agoa.gov) or [www.AGOA.info](http://www.AGOA.info)



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Thank You!**