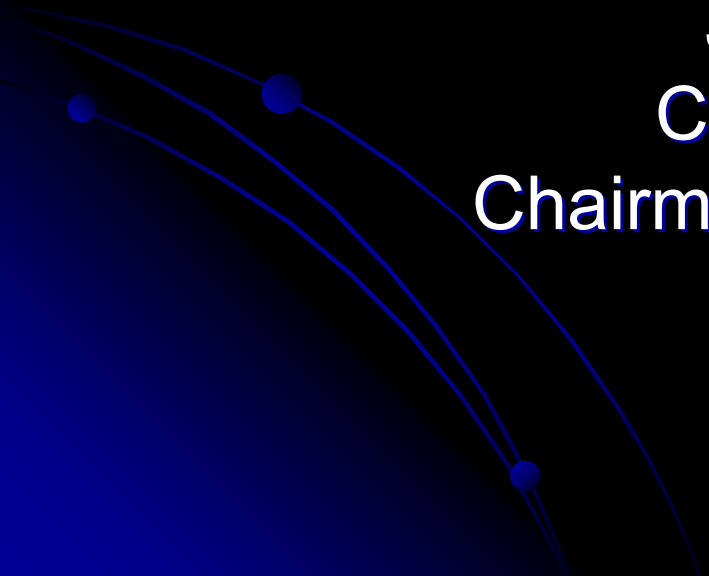


# **Regional Integration-networking, linkages & alliances**

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28<sup>th</sup> April 2005



# Region?

- EAC
- COMESA
- SADC
- ECOWAS

Basically Sub Sahara Africa with a population over 400million people.

*Remember alone we are weak...together we are strong!*

# Region's capacity/strength?

- Little knowledge of available capacity, diversity, versatility, flexibility....
- No dialogue/joint meetings/strategies...this is the first ever dialogue to build partnerships, synergy, alliances and linkages
- Now paramount to build a textile directory with product information, installed capacity etc...possibly using the internet say thru' [www.cottonafrica.com](http://www.cottonafrica.com)
- Instill QCD i.e. quality, cost, delivery strategies
- Target high tariff products to capitalize on competitive advantage

# Value chain address?

The Value chain in most LDC countries has NOT been addressed due to following reasons:

- Political un-certainty
- Capex involvement
- Capital intensity
- Gestation period for investment
- Time factor dependant upon US accreditation process
- Un-certainty for AGOA continuation

Hence crucial to partner within the region as time is running out!

# Why is AGOA successful?

Competitive advantage i.e. duty and quota free entry into the US market

- Import duty ranges from 17% to 32% (cotton to polyester)
- Quota costs pre-MFA expiry approx.20%
- Absence of quota premium post 2005 will put unnecessary pressure on AGOA countries and their competitiveness is questionable against China and India.

Hence we need address the costs of doing business to enhance our competitiveness and eliminate 20% costs in the supply chain by removing inefficiencies in the textile pipeline?

# Current fabric demand – Kenya (2004)

Over 74 million sme imported in various fabric types

- Denim – approx. 28 million sme
- Cotton twills – approx. 26 million sme
- Knits – approx. 5 million sme
- Others i.e. corduroy, polyester, madras, cotton lycra, polycotton, fleece etc. – approx. 15 million sme

# Kenya Agoa Statistics

Year	Factory units	Jobs	Export pieces	Export value	Unit price
2000	10	10000	6.05m	\$30m	\$4.96
2001	15	16000	14.5m	\$70m	\$4.82
2002	25	26000	28.6m	\$127	\$4.43
2003	40	37000	41.4m	\$178	\$4.30
2004	36	32000	61.3m	\$261	\$4.26
TOTAL				\$666m	

# Regional Challenges...

- Productivity i.e. unit cost of production and labour skills
- Infrastructure costs i.e. inland haulage
- Logistics and costs thereof NOT competitive against competing countries
- **Basically costs of doing business which are NON CONDUCTIVE affecting the region's competitiveness to become global players!!!  
Need desperate attention...**

# Conclusion

- Regional co-operation, integration crucial
- Regional textile federation necessary
- Regional information a must
- Regional mindset/approach required
- Regional linkages to develop
- Regional Alliances to nurture
- Regional networking important
- Regional market access to enhance
- Regional lobbying and advocacy paramount
- Regional fight against the common enemy in Asia i.e. China, India etc...

**Asante Sana...**

