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# USAID East Africa Trade and Investment Hub

**Overview of the Cotton, Textile and Apparel Sectors in East Africa Region  
(Kenya, Uganda, Tanzania, Ethiopia, Madagascar and Mauritius) and  
Benchmarking with Sri Lanka and Bangladesh**



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## ACRONYMS

|         |  |
|---------|--|
| AAFA    | American Apparel and Footwear Association                  |
| AGOA    | Africa Growth and Opportunity Act                          |
| AmCham  | American Chamber of Commerce in Madagascar                 |
| CIA     | Central Intelligence Agency                                |
| CTA     | Cotton, Textile and Apparel                                |
| DESA    | United Nations Department of Economic and Social Affairs   |
| EBA     | Everything But Arms  |
| EPA     | Economic Partnership Agreement                             |
| EPZ     | Export Processing Zone                                     |
| EU      | European Union   |
| FDI     | Foreign Direct Investment                                  |
| FY      | Fiscal Year  |
| GDP     | Gross Domestic Product                                     |
| GIS     | Geographic Information System                              |
| GSP     | Generalized System of Preferences                          |
| HS      | Harmonized System  |
| KG      | Kilograms  |
| Kwh     | Kilowatt Hour  |
| M       | Meters   |
| SQ KM   | Square Kilometers  |
| SQM     | Square Meters  |
| TEGAMAT | Textile and Garments Manufacturers Association of Tanzania |
| The Hub | The East Africa Trade and Investment Hub                   |
| UAE     | United Arab Emirates                                       |
| UK      | United Kingdom   |
| UNSD    | United Nations Statistical Department                      |
| U.S.    | United States  |
| USA     | United States of America                                   |
| VAT     | Value Addition Tax   |
| VS      | Versus   |



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## EXECUTIVE SUMMARY

This report has been produced for the USAID East Africa Trade and Investment Hub (the Hub), a program implemented by DAI Global LLC.

The report is the result of a study project with two main objectives. The first was to collect and provide easily searchable and mapped information on sector players that could be used to identify textile, apparel and apparel accessory producers who can supply products to local and regional clients and U.S. buyers and participate in Hub-sponsored activities. The second objective was to benchmark the business climate for apparel-related trade and investment in six East African countries (Kenya, Uganda, Tanzania, Madagascar, Mauritius and Ethiopia) against two global apparel producing competitors in Asia – Sri Lanka and Bangladesh – to provide a basis for the selection of suitable sourcing and investment for local and global buyers as well as policy improvements and interventions by East African governments.

Globally, the cotton, textile and apparel (CTA) trade is one of the most lucrative businesses. It involves massive investments and generates significant foreign earnings while contributing to direct and indirect employment, especially for producing and exporting countries. However, it is a highly competitive industry where a mix of product, quality, delivery and price ultimately determine who will dominate a particular market segment.

The United States (U.S) and the European Union (EU) are among the top importing markets and they attract all the major apparel producing countries. In 2016, U.S. imported apparel<sup>1</sup> was valued at approximately \$86 billion, while EU<sup>2</sup> imported apparel was valued at approximately \$167 billion.

In the face of global competition in these markets, each East African country will need to identify areas that can enhance their competitiveness, including factor costs, fiscal and non-fiscal incentives, logistics and the availability of industrial parks. East African countries should also consider how they can leverage the regional market, considering that apparel imports in 2016 accounted for \$2.2 billion, with only Mauritius and Madagascar registering positive trade balances. This was in stark contrast to Sri Lanka and Bangladesh whose combined apparel imports in the same year amounted to \$500 million.

The East African countries enjoy preferential market access in the U.S. through the Africa Growth and Opportunity Act (AGOA), which extends duty-free and quota-free benefits. While it is important for each country in East Africa to pursue their respective national industrialization plans, regional cooperation that harnesses individual competencies should also be pursued, along with the allowance of free labor movement across the region. These principles should be included as a priority within existing regional frameworks.

According to McKinsey & Company,<sup>3</sup> Africa needs to concentrate on meeting intra-African demand and substituting imports of manufactured goods. An estimated \$100 billion could be added to Africa's overall manufacturing output for apparel, among other commodities. To achieve this, manufacturers will need to produce more labor-intensive tradable goods and exports. Manufacturing competitiveness will also need to be improved along seven dimensions: labor productivity, electric power, industrial land, movement of goods, business environment, financial systems and tariffs.

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<sup>1</sup> Apparel relates to HS Codes: Chapters 61 & 62, retrieved from DESA/UNSD, United Nations Comtrade database

<sup>2</sup> European Union (EU) covers 27 member countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Spain, Slovakia, Slovenia, Sweden and the United Kingdom.

<sup>3</sup> McKinsey & Company (2016). 'Lions On The Move II: Realizing The Potential Of Africa's Economies', source: <https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Middle%20East%20and%20Africa/Realizing%20the%20potential%20of%20Africas%20economies/MGI-Lions-on-the-Move-2-Full-report-September-2016v2.ashx>



# I. INTRODUCTION

USAID's East Africa Trade and Investment Hub aims to spur inclusive economic growth by promoting an enabling environment for trade and investment. In particular, the Hub seeks to raise exports to the U.S. under AGOA and intra-regional exports of goods within East Africa. Apparel comprises a major share of sub-Saharan Africa's exports to the U.S. under AGOA, making the industry a target sector for Hub support.

With this objective, the Hub has taken concrete steps to measure the willingness of major industry players to consider sourcing from East African nations. The global apparel industry is undergoing unprecedented shifts in operations. Global manufacturing companies are choosing to relocate production and begin sourcing from new nations based on the availability of productive, skilled workers, raw materials and components. They are also responding to consumer concerns regarding the social welfare and safety of individuals making clothes as well as the industry's impact on the environment. These decisions are influenced by favorable labor costs, labor and capital movement, regulations and factories' compliance with worker safety, environmental and social standards.

Before considering East Africa as a sourcing or investment base, companies require information on the existing and potential supply base in East Africa. This includes the extent and size of the industry, the capacity of the individual players and the availability and cost of key determinants of production. Companies also need information on incentives and requirements for investing in the sector and its compliance with environmental, safety and social standards.

To attain information on supply capacity, the Hub's consultant completed a mapping activity of textile and apparel enterprises across five East African countries: Kenya, Uganda, Tanzania, Mauritius and Madagascar. During the visits, the consultant administered a detailed survey to collect information about company activities, ranging from basic contact details to production and export data. The consultant also developed a searchable database system that maps 66 small, medium and large enterprises.

The third and final phase was benchmarking against Sri Lanka and Bangladesh. They were chosen due to economic similarities and the primary importance of CTA trade to their local economies and employment. Bangladesh and Sri Lanka are often cited as important countries to learn from in the global textile and apparel trade.

All of the selected East African countries share a focus on investment in their economies. They each have prioritized the CTA value chain for attracting capital because of the industry's employment and foreign exchange earnings potential. Therefore, there are valuable lessons to be learned from Sri Lanka and Bangladesh on how their business environments have attracted and retained massive investments in the CTA sector. The benchmarking data in this report covers business environment-related factors, such as the cost of borrowing, labor wage rates, corporate taxation, tax incentives, duty exemptions, cost of utilities, cost of transport, cost of work permits and availability of special industrial parks.

## 2. THE PROJECT

### 2.1 Scope and Objectives

The Hub engages with interested U.S. buyers through the American Apparel and Footwear Association (AAFA). AAFA represents over 1,000 U.S. brands and introduces them to East Africa as a whole and to specific textile, apparel and accessory producers. The Hub also interacts with foreign investors looking to do business in East Africa.

The Hub commissioned a study to map East African apparel, textile and apparel accessories players in five East African countries (Kenya, Uganda, Tanzania, Madagascar and Mauritius) and assess the investment environment in six East African countries, including Ethiopia, focused on apparel, textile and apparel accessories production. This information enables companies to identify investment and sourcing opportunities. The study also included benchmarking East Africa's trade and investment environment to Asian players to help identify policy challenges limiting countries' competitiveness.

The main objectives of the study were:

- A. To collect and provide easily searchable and mapped information on sector players to support the Hub's work identifying textile, apparel and apparel accessory producers that can supply products to local and regional clients and U.S. buyers, and who can participate in Hub-sponsored activities.

Targeted data included: legal status of the enterprise, directors and top managers, mailing and physical address, contact details, date of establishment, size of premise, nature of activity, product range, raw materials used, key competencies, number of employees, minimum order quantities, access to value added services, export experience and certifications.

- B. The second objective was to benchmark the business climate for apparel-related trade and investment in six East African countries (Kenya, Uganda, Tanzania, Madagascar, Mauritius and Ethiopia). The benchmarking was completed against two global apparel producing competitors in Asia: Sri Lanka and Bangladesh. This information was intended to provide global buyers with a basis for sourcing and investment location selection and East African governments with areas for policy improvements and interventions.

### 2.2 Methodology

This study involved a collaborative and consultative approach supported by key stakeholders and clients within the apparel value chain. This included manufacturers, suppliers of materials and accessories and trade support institutions. The consultant employed a three-pronged approach.

**Phase 1:** This involved conducting secondary research, designing data collection tools, setting up appointments, developing a database and carrying out fieldwork. The consultant traveled to five countries to interact with the factories and collect data for the mapping exercise and, to a lesser extent, investment climate analysis. The target number of enterprises per country was 30 for Kenya, 22 for Mauritius, 25 for Madagascar, 9 for Uganda and 14 for Tanzania. Outputs included a data report, database and initial competitiveness report.

**Phase 2:** This involved fieldwork across the East African countries to collect additional information and update the database. The consultant conducted face-to-face interviews, visited official investment promotion agency websites and reviewed publications. Secondary research was used to provide in-depth profiles of each East African country that covered trends of CTA import and export trade, key products for CTA imports and

exports and business environment. During this phase, information was provided for onward feeding into a GIS system.

**Phase 3:** This involved secondary research to benchmark the competitiveness of the six East African countries with Sri Lanka and Bangladesh. The benchmarking focused on investment climate and included key facts (population, GDP, inflation, value of imports, value of exports and primary export markets); global competitiveness index; CTA trade flows; value-added tax (VAT) on imports; corporate tax; industry statistics; logistics; market access; factor costs (credit, labor, electricity, rent, land, water, sewage, work permits, sea freight and air freight); policy environment and investor incentives.

## 3. FINDINGS

### 3.1 East Africa Overview

According to Africa Development Bank,<sup>4</sup> Africa achieved impressive economic growth over the past 15 years with the average gross domestic product (GDP) rising from just above 2 percent during the 1980-90s to above 5 percent between 2001-14. In the past two years, growth has been moderate, a trend that is expected to continue in 2016 and strengthen in 2017. Africa's growth has been adversely affected by weaknesses in the global economy and falling prices of key commodities, yet domestic demand, improved supply conditions, prudent macroeconomic management and favorable external financial flows have provided a counterweight to these challenges.

Growth remained highest in East Africa, followed by West Africa and Central Africa, and was lowest in Southern Africa and North Africa. Assuming a gradual improvement in international and domestic conditions and foreign direct investment (FDI) inflows, growth is projected to accelerate in all regions in 2016/17.

**Table 1: Africa's Growth by Region, 2014-17**

|                       | 2014 | 2015<br>(Estimate) | 2016<br>(Projection) | 2017<br>(Projection) |
|-----------------------|------|--------------------|----------------------|----------------------|
| <b>Africa</b>         | 3.7  | 3.6                | 3.7                  | 4.5                  |
| <b>Central Africa</b> | 6.1  | 3.7                | 3.9                  | 5.0                  |
| <b>East Africa</b>    | 6.5  | 6.3                | 6.4                  | 6.7                  |
| <b>North Africa</b>   | 1.4  | 3.5                | 3.3                  | 3.8                  |
| <b>South Africa</b>   | 2.8  | 2.2                | 1.9                  | 2.8                  |
| <b>West Africa</b>    | 6.0  | 3.3                | 4.3                  | 5.5                  |

Source: Statistical Department, Africa Development Bank

In a bid to encourage trade between Africa and the U.S., the U.S. introduced AGOA in 2000. The act provides some 40 sub-Saharan nations with tariff-free access to the U.S. market and a major cost advantage in thousands of product lines. It was recently extended to 2025. Apparel accounts for the largest volume of African trade to the U.S. under AGOA (approximately 90 percent of non-oil exports) and is a crucial sector in East Africa in terms of employment and growth potential. In addition, East Africa has become a focal point for African sourcing. This is a trend that is expected to continue as global sourcing patterns change.

According to a 2016 McKinsey & Company report,<sup>5</sup> Africa needs to concentrate on meeting intra-African demand and substituting imports of manufactured goods, which are at much higher levels than those in peer regions. The report predicts rising demand for a wide range of manufactured goods including apparel. At least \$100 billion could be added to Africa's overall manufacturing output if manufacturers move towards producing more "global innovation goods" (i.e. goods where competition is based on innovation and quality) and labor-intensive tradable goods and exports. North African countries, for example, are already capitalizing on their proximity to Europe's vast consumer markets to expand exports of apparel and other labor-intensive goods. To become more competitive, the report recommends manufacturing improvements on seven dimensions: labor

<sup>4</sup> Africa Economic Outlook 2016

<sup>5</sup> McKinsey & Company (2016). 'Lions On The Move II: Realizing The Potential Of Africa's Economies.'  
<https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Middle%20East%20and%20Africa/Realizing%20the%20potential%20of%20Africas%20economies/MGI-Lions-on-the-Move-2-Full-report-September-2016v2.ashx>

productivity, electric power, industrial land, movement of goods, business environment, financial systems and tariffs.

## 3.2 Kenya

### 3.2.1 Kenya: Country Overview

**Table 2: Kenya Facts**

|                                     |   |
|-------------------------------------|---|
| <b>Capital City</b>                 | Nairobi   |
| <b>Land Area</b>                    | 580,367 sq. km  |
| <b>Population</b>                   | 46,790,758  |
| <b>GDP (official exchange rate)</b> | \$69.17 billion (2016 est.)   |
| <b>GDP by Sector:</b>               |   |
| <b>Agriculture</b>                  | 32.7%   |
| <b>Industry</b>                     | 18%   |
| <b>Services</b>                     | 49.3% (2016 est.)   |
| <b>Value of Imports</b>             | \$16.34 billion (2016 est.)   |
| <b>Value of Exports</b>             | \$6.363 billion (2016 est.)   |
| <b>Key Exports</b>                  | Tea, horticultural products, apparel, coffee, petroleum products, fish, cement      |
| <b>Key Export Markets</b>           | Uganda 10.7%, U.S. 7.9%, Tanzania 7.7%, Netherlands 7%, Zambia 5.8%, UK 5.7% (2015) |

Source: CIA Fact Book 2017

The East African nation of Kenya has a population of almost 46.8 million people and is expanding by an estimated one million people per year. Kenya has made significant structural and economic reforms that have contributed to sustained economic growth over the past decade, but remains challenged by poverty, inequality, climate change and economic vulnerability to internal and external shocks.

In 2016, Kenya's GDP increased by 5.8 percent. Growth was driven by services (66 percent) and industry (19 percent), with agriculture only accounting for 15 percent.<sup>6</sup> In 2017, Kenya's GDP growth declined to an estimated rate of 4.9 percent – its lowest in five years.<sup>7</sup> The slowdown was influenced by limits to the private sector's access to credit, lower seasonal rains that reduced crop production and hydroelectric power, the Banking Act amendment in August 2016 that capped lending rates and uncertainty from the presidential and legislative elections.

The economy is expected to rebound in the medium-term with predicted growth rates of 5.5 percent and 5.9 percent for 2018 and 2019 respectively.<sup>8</sup> In recent years, growth has been supported by infrastructure investment and construction, expanding EAC integration, rising household consumption and tourism.<sup>9</sup> These positive projections, however, are contingent upon Kenya's ability to counter terrorism threats and ensure security, maintain macroeconomic stability and support agriculture, the country's largest sector. If these

<sup>6</sup> Source: <https://www.afdb.org/en/countries/east-africa/kenya/>

<sup>7</sup> Source: <http://www.worldbank.org/en/country/kenya/publication/private-sector-credit-growth-is-key-to-kenyas-economic-recovery>

<sup>8</sup> *ibid*

<sup>9</sup> Source:

<https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/tax/Economic%20outlook%20ke%202017%20Final.pdf>



challenges are addressed, Kenya has the potential to be one of Africa's great success stories thanks to its growing youthful population, dynamic private sector, new constitution and pivotal role in East Africa.

### 3.2.2 Kenya: Cotton, Textile & Apparel Sector

Kenya has a vibrant apparel industry with 22 major factories employing approximately 40,000 employees. The country primarily exports to the U.S. under AGOA to a degree that makes the country over-reliant on the U.S. market. In 2016, Kenya's apparel exports to the rest of the world were valued at \$374 million, representing a contribution of only 0.5 percent to the country's GDP. Kenya's concentration on the U.S. market and its relatively higher cost of production in comparison to its neighbors represent challenges to the CTA industry.

Kenya's CTA trade heavily favors imports. In 2016, the total value of CTA imports was \$1.8 billion while the value of exports was \$412 million, creating a trade imbalance of \$1.4 billion. Kenya's export strength lies in apparel, which accounted for 91 percent of all CTA exports in 2016. Apparel also dominated Kenya's imports, accounting for 51 percent of all imports. Fabric and second-hand clothing imports stood at 5 percent and 4 percent respectively.

**Table 3: Summary of Kenya's CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 335                       | 1,003   |
| 2013 | 391                       | 1,183   |
| 2014 | 484                       | 1,644   |
| 2015 | 465                       | 1,751   |
| 2016 | 412                       | 1,871   |

Source: DESA/UNSD, United Nations Comtrade Database

**Table 4: Breakdown for Kenya's CTA Trade in 2016**

| Commodity                          | Exports                   | Imports      |
|------------------------------------|---------------------------|--------------|
|                                    | <i>in millions of USD</i> |              |
| Cotton Fiber <sup>10</sup>         | 0.3                       | 2.6          |
| Cotton Yarn <sup>11</sup>          | 0.09                      | 1.5          |
| Fabric <sup>12</sup>               | 0.8                       | 93.8         |
| Apparel <sup>13</sup>              | 374                       | 997          |
| Home Textile <sup>14</sup>         | 1.7                       | 82           |
| Second-hand Clothing <sup>15</sup> | 0.1                       | 24.5         |
| Other <sup>16</sup>                | 35.01                     | 670          |
| <b>Total</b>                       | <b>412</b>                | <b>1,871</b> |

<sup>10</sup> Cotton Fiber to HS codes: Chapters 5201-3;

<sup>11</sup> Cotton Yarn relates to HS codes 5205-7;

<sup>12</sup> Fabric relates to HS Codes: Chapters 5007; 5208-12; 58 & 60;

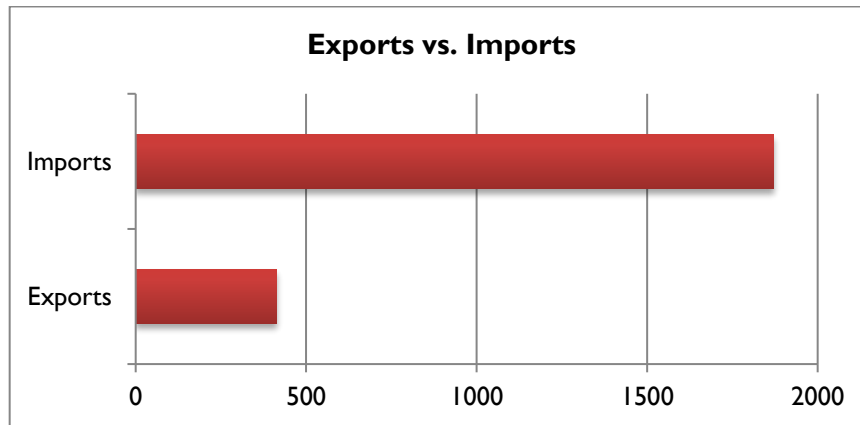
<sup>13</sup> Apparel relates to HS Codes: Chapters 61 & 62

<sup>14</sup> Home Textile relates HS Codes: Chapters 57; 6301-4

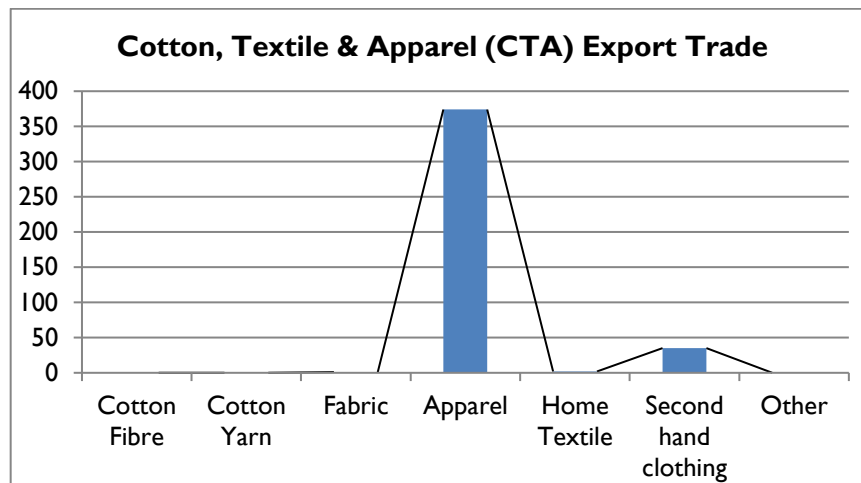
<sup>15</sup> Second-hand clothing refers to HS: 6309

<sup>16</sup> 'Others' relates to HS Codes: Chapters 5001-6; 51; 5204; 53; 54; 55; 56; 59; 6305 -10

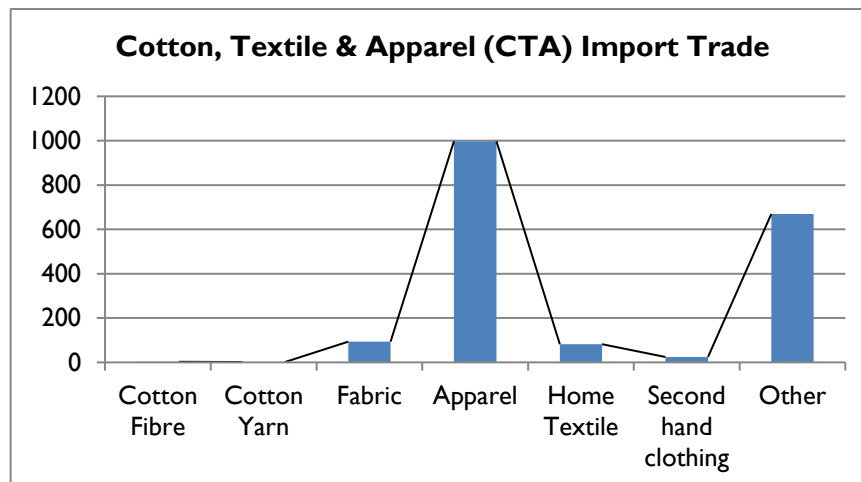
**Figure 1: Balance of Kenya's CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 2: Breakdown of Kenya's CTA Exports for 2016 in Millions of USD**



**Figure 3: Breakdown of Kenya's CTA Imports in 2016 in Millions of USD**



## 3.3 Uganda

### 3.3.1 Uganda: Country Overview

**Table 5: Uganda Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Kampala  |
| <b>Land Area</b>                    | 241,038 sq. km   |
| <b>Population</b>                   | 38,319,241   |
| <b>GDP (official exchange rate)</b> | \$25.61 billion (2016 est.)  |
| <b>GDP by Sector:</b>               |  |
| <i>Agriculture</i>                  | 24.5%  |
| <i>Industry</i>                     | 21%  |
| <i>Services</i>                     | 54.4% (2016 est.)  |
| <b>Value of Imports</b>             | \$4.677 billion (2016 est.)  |
| <b>Value of Exports</b>             | \$2.723 billion (2016 est.)  |
| <b>Key Exports</b>                  | Coffee, fish and fish products, tea, cotton, flowers, horticultural products, gold   |
| <b>Key Export Markets</b>           | Rwanda 10.8%, UAE 9.9%, Democratic Republic of the Congo 9.8%, Kenya 9.8%, Italy 5.8%, Netherlands 4.9%, Germany 4.8%, China 4.1% (2015) |

Source: CIA Fact Book 2017

In recent years, Uganda's growth has slowed, reducing its impact on poverty reduction. In 2016, Uganda's GDP grew by 4.7 percent, down from 5.2 percent in 2015. In 2017, the country's GDP was expected to slightly recover with GDP growth topping 5 percent.<sup>17</sup> The growth rate for 2018 is predicted to be even higher, potentially reaching 5.8 percent.<sup>18</sup>

Uganda's growth is driven by a multitude of factors, including large infrastructure programs, manufacturing and construction, strong macroeconomic fundamentals and low lending rates. Investments in oil infrastructure are also expected to contribute.<sup>19</sup> Further, Uganda is a highly entrepreneurial society. Approximately 35 percent of the active labor force is engaged in entrepreneurship. If policies are put in place to support their ventures, there is the potential for significant improvements in the services sector.<sup>20</sup>

Nonetheless, the country faces challenges. The government has struggled to implement public investment projects and mobilize greater domestic resources. Droughts have threatened the food security of people reliant on rain-fed agriculture. Despite growth, poverty reduction has not kept pace due to high levels of inequality. Most significantly, the instability in neighboring South Sudan, previously Uganda's leading export market, has reduced business. Exports to South Sudan declined from \$414 million in 2013 to \$353 million in 2015.<sup>21</sup> Yet,

<sup>17</sup> Source: <http://www.worldbank.org/en/country/uganda/overview#1>

<sup>18</sup> Source: <http://www.africaneconomicoutlook.org/en/country-notes/uganda>

<sup>19</sup> Source: <https://www.pwc.com/ug/en/publications/economic-outlook.html>

<sup>20</sup> Source: <http://www.africaneconomicoutlook.org/en/country-notes/uganda>

<sup>21</sup> <https://www.pwc.com/ug/en/assets/pdf/economic-outlook-2017-third-edition.pdf>

Uganda is committed to industrial development to advance inclusive growth, and the country's economy is expected to improve over the coming years.

### 3.3.2 Uganda: Cotton, Textile & Apparel Sector

Uganda is a significant producer and exporter of cotton. There are only three major textile firms and a host of medium and small apparel factories that focus on the domestic and regional market; however, the country has been targeting major textile investors that can build on their raw material base and improve the industry's value addition. These efforts are gradually bearing fruit. Less than 5,000 workers are currently employed in the major textile and apparel factories, but many more are employed in the smaller factories. In 2016, apparel exports from Uganda were valued at only \$1.6 million.

Uganda's CTA trade heavily favors imports. In 2016, the total value of CTA imports was \$108 million whereas the export value was \$22 million, creating a trade imbalance in favor of imports amounting to \$86 million. Cotton fiber was the dominant CTA export, representing 82 percent of all CTA exports in 2016. On the imports side, apparel was dominant, accounting for 30 percent of all imports. Other significant imports were second-hand clothing and home textile, which made up for 23 percent and 11 percent of CTA imports respectively.

**Table 6: Summary of Uganda's CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 113                       | 161     |
| 2013 | 54                        | 227     |
| 2014 | 37                        | 147     |
| 2015 | 37                        | 141     |
| 2016 | 22                        | 108     |

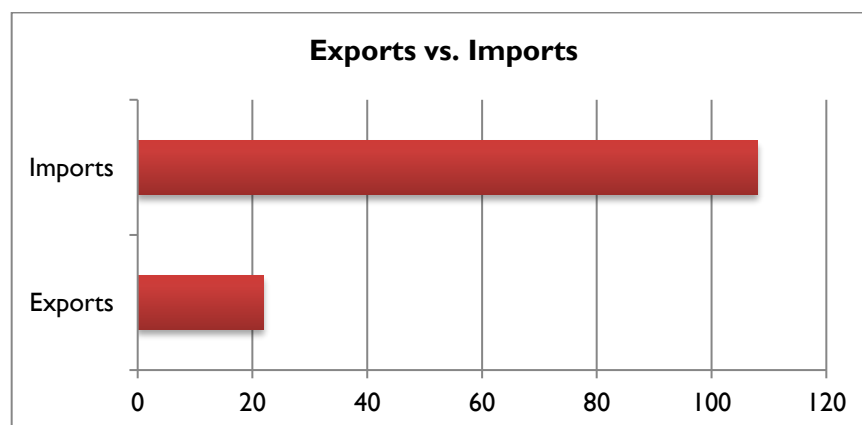
Source: DESA/UNSD, United Nations Comtrade Database

**Table 7: Breakdown for Uganda's CTA Trade for 2016**

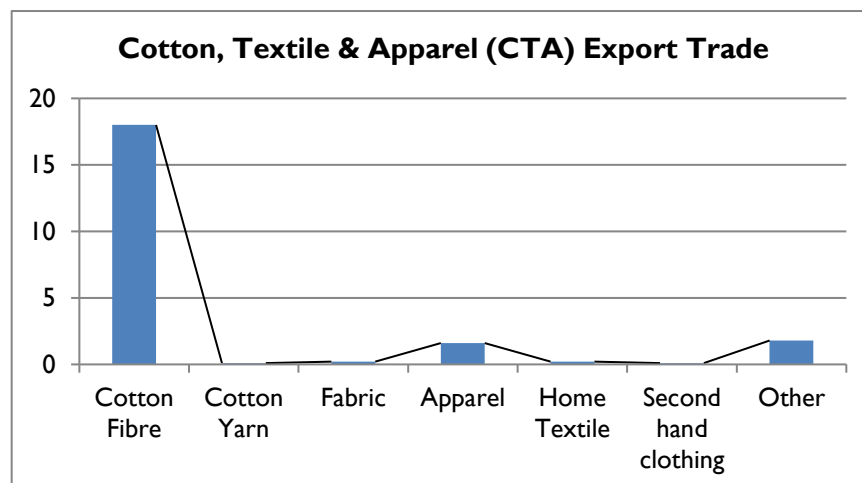
| Commodity            | Exports                   | Imports    |
|----------------------|---------------------------|------------|
|                      | <i>in millions of USD</i> |            |
| Cotton Fiber         | 18                        | 0.001      |
| Cotton Yarn          | 0.1                       | 0.041      |
| Fabric               | 0.2                       | 8.6        |
| Apparel              | 1.6                       | 31.9       |
| Home Textile         | 0.2                       | 12.4       |
| Second-hand Clothing | 0.1                       | 24.5       |
| Other                | 1.8                       | 30.56      |
| <b>Total</b>         | <b>22</b>                 | <b>108</b> |

Source: DESA/UNSD, United Nations Comtrade Database

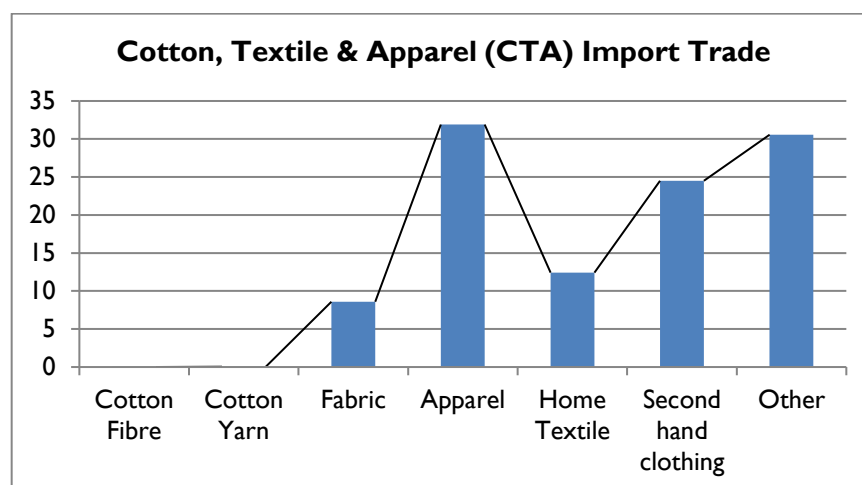
**Figure 4: Balance of Uganda's CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 5: Breakdown of Uganda's CTA Exports for 2016 in Millions of USD**



**Figure 6: Breakdown of Uganda's CTA Imports for 2016 in Millions of USD**





## 3.4 Tanzania

### 3.4.1 Tanzania: Country Overview

**Table 8: Tanzania Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Dar es Salaam  |
| <b>Land Area</b>                    | 947,300 sq. km   |
| <b>Population</b>                   | 52,482,726   |
| <b>GDP (official exchange rate)</b> | \$46.7 billion (2016 est.)   |
| <b>GDP by Sector:</b>               |  |
| <i>Agriculture</i>                  | 25.1%  |
| <i>Industry</i>                     | 27.6%  |
| <i>Services</i>                     | 47.3% (2016 est.)  |
| <b>Value of Imports</b>             | \$9.976 billion (2016 est.)  |
| <b>Value of Exports</b>             | \$5.985 billion (2016 est.)  |
| <b>Key Exports</b>                  | gold, coffee, cashew nuts, manufactures, cotton                      |
| <b>Key Export Markets</b>           | India 21.8%, China 8.2%, Japan 5.1%, Kenya 4.6%, Belgium 4.3% (2015) |

Source: CIA Fact Book 2017

Tanzania is one of the fastest growing economies in East Africa. In 2015 and 2016, the country's GDP grew at a rate of 7 percent.<sup>22</sup> For 2017, growth was projected at 6.5 percent, and it is expected to rise in 2018 and 2019 to 6.7 percent and 6.9 percent respectively.<sup>23</sup> Growth was underpinned by improvements in tax revenue administration and government spending, which included increased domestic resource mobilization, reduced recurrent expenditures and capped salaries for public officials. The government also directed more spending towards infrastructure investments in rail, port and roads. Inflation has remained low at 5.2 percent and there is general macroeconomic stability.

There remains uncertainty, however, in the business environment. Companies, particularly in the gas sector, have cited concerns about changes in policies and regulations, which could slow infrastructure projects for the industry.<sup>24</sup> In addition, the country's high population growth rate has created a need for jobs for youths entering the workforce as well as a need to focus on the absolute number of people living in poverty. If these areas are addressed, Tanzania's focus on its infrastructure and industrialization could lead it to continued growth over the coming years.

### 3.4.2 Tanzania: Cotton, Textile & Apparel Sector

Tanzania is the largest producer and exporter of cotton fiber in the East Africa region, but has limited value addition. Textile and apparel manufacturing firms mainly produce cotton yarns; Kanga, Kitenge and Kikoi fabrics; bed linen and other home textiles for local and regional markets. There are about 17 factories involved in export trade that focus on the regional market in East Africa and South Africa, though exports to U.S. under AGOA have grown over the past five years. Approximately 20,000 workers are employed in the major factories

<sup>22</sup> World Bank World Development Indicators Database

<sup>23</sup> Source: <https://www.afdb.org/en/countries/east-africa/tanzania/>

<sup>24</sup> Source: <https://www2.deloitte.com/content/dam/Deloitte/tz/Documents/tax/tz-budget-economic-outlook-2017.pdf>

catering to the regional and international market. In 2016, apparel exports represented about 0.1 percent of the country's GDP.

Tanzania's CTA trade favors imports. In 2016, the total value of CTA imports was \$977 million whereas the export value was \$236 million, creating a trade imbalance of \$741 million. For exports, cotton fiber and apparel represented 40 percent of all CTA exports. For imports, apparel accounted for 42 percent of all imports, with second-hand clothing and home textile accounting for 9 percent and 8 percent respectively.

**Table 9: Summary of Tanzania's CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 308                       | 692     |
| 2013 | 288                       | 703     |
| 2014 | 290                       | 999     |
| 2015 | 160                       | 1012    |
| 2016 | 236                       | 977     |

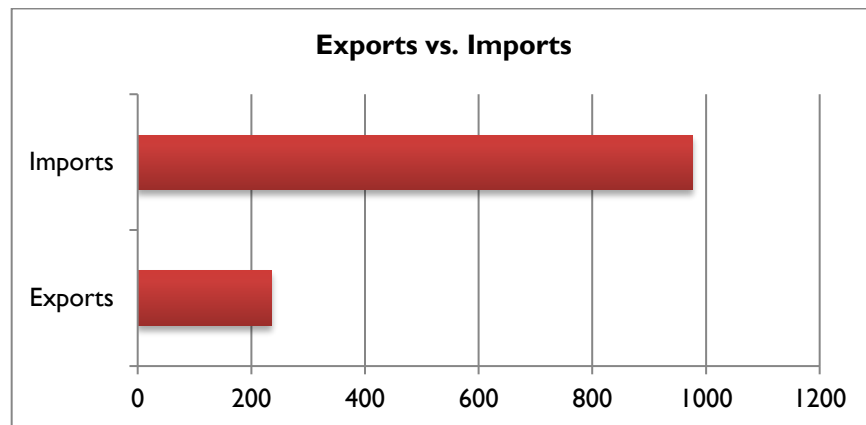
Source: DESA/UNSD, United Nations Comtrade Database

**Table 10: Breakdown for Tanzania's CTA Trade for 2016**

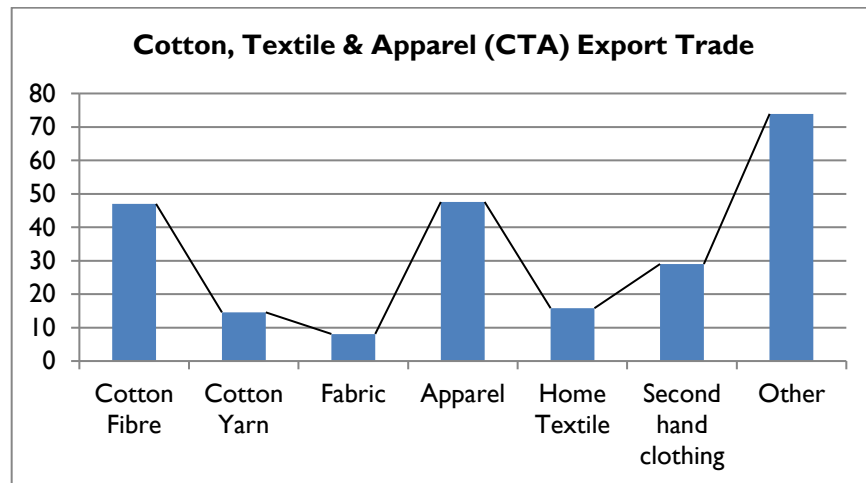
| Commodity            | Exports                   | Imports    |
|----------------------|---------------------------|------------|
|                      | <i>in millions of USD</i> |            |
| Cotton Fiber         | 47                        | 0.002      |
| Cotton Yarn          | 14.6                      | 0.3        |
| Fabric               | 8.1                       | 28.7       |
| Apparel              | 47.6                      | 408        |
| Home Textile         | 15.8                      | 75.5       |
| Second-hand Clothing | 29                        | 85         |
| Other                | 73.9                      | 379.49     |
| <b>Total</b>         | <b>236</b>                | <b>977</b> |

Source: DESA/UNSD, United Nations Comtrade Database

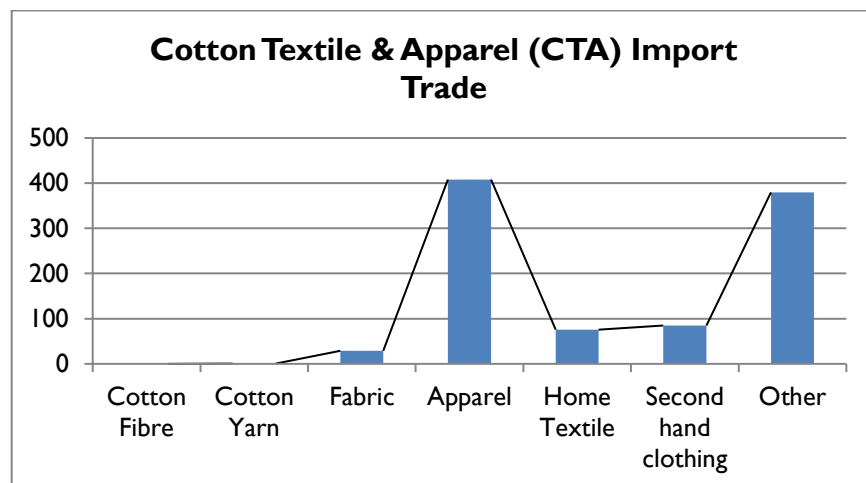
**Figure 7: Balance of Tanzania's CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 8: Breakdown of Tanzania's CTA Exports for 2016 in Millions of USD**



**Figure 9: Breakdown of Tanzania's CTA Imports for 2016 in Millions of USD**



## 3.5 Ethiopia

### 3.5.1 Ethiopia: Country Overview

**Table 11: Ethiopia Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Addis Ababa  |
| <b>Land Area</b>                    | 1,104,300 sq. km   |
| <b>Population</b>                   | 102,374,044  |
| <b>GDP (official exchange rate)</b> | \$69.22 billion (2016 est.)  |
| <b>GDP by Sector:</b>               |  |
| <b>Agriculture</b>                  | 36.2%  |
| <b>Industry</b>                     | 17%  |
| <b>Services</b>                     | 46.8% (2016 est.)  |
| <b>Value of Imports</b>             | \$14.7 billion (2016 est.)   |
| <b>Value of Exports</b>             | \$2.932 billion (2016 est.)  |
| <b>Key Exports</b>                  | coffee, oilseeds, edible vegetables including khat, gold, flowers, live animals, raw leather products, meat products |
| <b>Key Export Markets</b>           | Switzerland 14.3%, China 11.7%, U.S. 9.5%, Netherlands 8.7%, Saudi Arabia 5.9%, Germany 5.7% (2015)                  |

Source: CIA Fact Book 2017

Ethiopia is the fastest growing economy in East Africa. The country achieved growth rates of 7.6 percent in 2016 and 10.4 percent in 2015.<sup>25</sup> For 2017 and 2018, growth is expected to remain strong at 8.5 percent.<sup>26</sup> The country's economic progress is driven by the agricultural and industrial sectors. While the recent droughts negatively affected Ethiopia's agricultural output, rising commodity prices increased the sector's growth rate from 2.3 percent in 2015/16 to 6.7 percent in 2016/17.<sup>27</sup> The government has also pursued policies and reforms to support industrialization. It established special economic zones where investment is concentrated in high-quality institutions and infrastructure, developed an electric railway to improve transportation for businesses and invested in the Grand Ethiopian Renaissance Dam to boost energy exports.

The country, however, has experienced droughts produced by climate change, high youth unemployment, particularly in urban areas, and poverty reduction threaten growth as well. Ethiopia per capita GDP was roughly \$645 in 2015 and \$707 in 2016.<sup>28</sup> with the government prioritizing pro-poor programs and budgets the poverty rate is expected to decrease by roughly 16 percentage points from 2018 to 2030, bringing the poverty rate down from 17.5 percent to 2 percent.<sup>29</sup>

Ethiopia is expected to continue growing economically. If it can sustain poverty reduction as well, the country will be well-positioned to meet its development goals.

<sup>25</sup> World Bank World Development Indicators Database

<sup>26</sup> Source: [https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018\\_full\\_web\\_final2.pdf?mc\\_cid=628fd74c1c&mc\\_eid=f32c014688](https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018_full_web_final2.pdf?mc_cid=628fd74c1c&mc_eid=f32c014688)

<sup>27</sup> Source: <https://www.afdb.org/en/countries/east-africa/ethiopia/ethiopia-economic-outlook/>

<sup>28</sup> World Bank World Development Indicators Database

<sup>29</sup> Source: [https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018\\_full\\_web\\_final2.pdf?mc\\_cid=628fd74c1c&mc\\_eid=f32c014688](https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018_full_web_final2.pdf?mc_cid=628fd74c1c&mc_eid=f32c014688)

### 3.5.2 Ethiopia: Cotton, Textile & Apparel Sectors

Over the past five years, Ethiopia has implemented an ambitious industrialization strategy where the textile industry is a priority sector targeted for growth. The country has since attracted a significant amount of investment in the CTA industry. Ethiopia has about 70 major textile and apparel firms that employ approximately 80,000 employees. The EU and U.S. are the country's key export markets. In 2016, Ethiopia's apparel exports to the rest of the world amounted to \$107 million, representing a contribution of 0.15 percent to the country's GDP.

Ethiopia's CTA trade is heavily skewed towards imports. In 2016, the total value of CTA imports was \$773 compared to an export value of \$107 million, creating a negative trade balance of \$666 million. For exports, apparel was the most significant component, accounting for 76 percent of all CTA exports in 2016. On the import side, apparel was also dominant, accounting for 76 percent of all CTA imports.

**Table 12: Summary of Ethiopia's CTA Trade**

| Year | Exports                | Imports |
|------|------------------------|---------|
|      | <i>in USD millions</i> |         |
| 2012 | 86                     | 472     |
| 2013 | 117                    | 605     |
| 2014 | 118                    | 880     |
| 2015 | 115                    | 1145    |
| 2016 | 107                    | 773     |

Source: DESA/UNSD, United Nations Comtrade Database

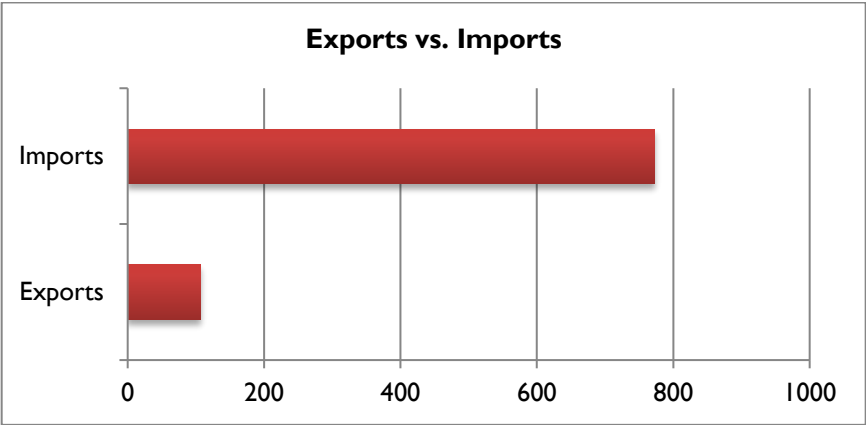
**Table 13: Breakdown for Ethiopia's CTA Trade for 2016**

| Commodity            | Exports                | Imports    |
|----------------------|------------------------|------------|
|                      | <i>in USD millions</i> |            |
| Cotton Fiber         | 0                      | 0.1        |
| Cotton Yarn          | 10.6                   | 4.7        |
| Fabric               | 3.9                    | 48.7       |
| Apparel              | 81.4                   | 585        |
| Home Textile         | 9.5                    | 11.2       |
| Second-hand Clothing | 0                      | 0.1        |
| Other                | 1.6                    | 123.2      |
| <b>Total</b>         | <b>107</b>             | <b>773</b> |

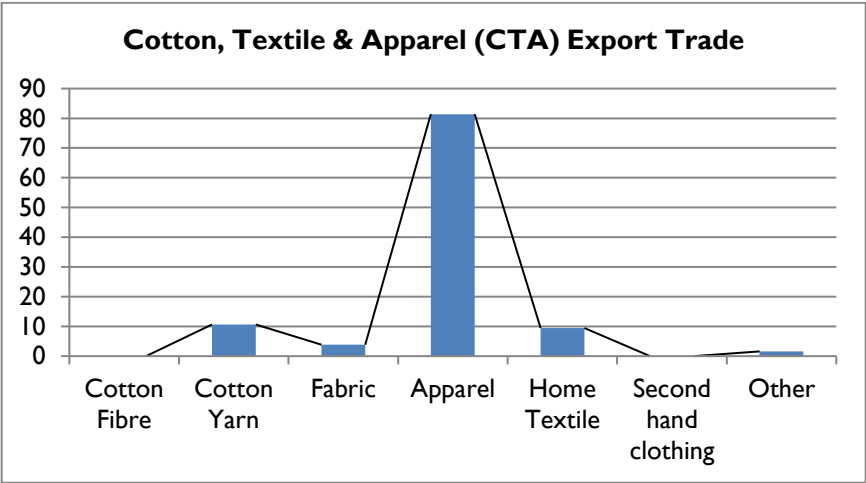
Source: DESA/UNSD, United Nations Comtrade Database



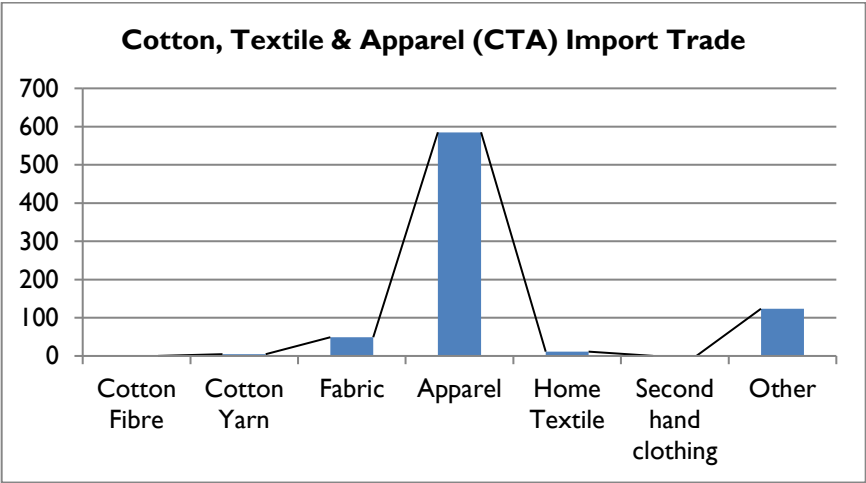
**Figure 10: Balance of Ethiopia’s CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 11: Breakdown of Ethiopia’s CTA Apparel Exports for 2016 in Millions of USD**



**Figure 12: Breakdown of Ethiopia’s CTA Imports for 2016 in Millions of USD**



## 3.6 Madagascar

### 3.6.1 Madagascar: Country Overview

**Table 14: Madagascar Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Antananarivo   |
| <b>Land Area</b>                    | 587,041 sq. km   |
| <b>Population</b>                   | 24,430,325 (July 2016 est.)  |
| <b>GDP (official exchange rate)</b> | \$9.74 billion (2016 est.)   |
| <b>GDP by Sector:</b>               |  |
| <i>Agriculture</i>                  | 24.8%  |
| <i>Industry</i>                     | 16.3%  |
| <i>Services</i>                     | 58.9% (2016 est.)  |
| <b>Value of Imports</b>             | \$3.386 billion (2016 est.)  |
| <b>Value of Exports</b>             | \$3.096 billion (2016 est.)  |
| <b>Key Exports</b>                  | coffee, vanilla, shellfish, sugar, cotton cloth, clothing, chromites, petroleum products   |
| <b>Key Export Markets</b>           | France 15.2%, U.S. 12.7%, China 7.1%, South Africa 5.6%, Japan 5.5%, Netherlands 5.3%, India 5.1%, Germany 5.1%, Belgium 5% (2015) |

Source: CIA Fact Book 2017

Following a period of political crisis from 2009 to 2013, Madagascar's economy has experienced a period of slow recovery. In 2016 and 2017, the country's real GDP rose by 4.2 percent. It is expected to continue to rise in 2018 and 2019 at 5.2 percent and 6 percent respectively.<sup>30</sup> The economy has benefitted from political stability, with Madagascar regaining access to the U.S. market under AGOA, and expanding exports to the EU market.

The country remains vulnerable to macroeconomic shocks. Falling commodity prices and higher oil prices could hinder economic growth.<sup>31</sup> Climate change poses an even greater threat. The south is prone to droughts while the north experiences flooding, which can cause significant damage to agricultural production. In early 2017, two natural disasters caused an estimated \$400 million worth of damage – equal to 4 percent of the country's GDP. Cyclone Enawo alone destroyed a third of the country's vanilla production, one of Madagascar's main exports.<sup>32</sup>

Madagascar has responded to these challenges by allocating a budget to support communities combatting extreme weather events. The government also initiated efforts raise tax revenues and improve public expenditures to allow for increased public investment.<sup>33</sup> By building resiliency, Madagascar will be better able to withstand shocks, make progress on poverty and continue a path of inclusive, economic growth.

### 3.6.2 Madagascar: Cotton, Textile & Apparel Sectors

Madagascar has a strong apparel industry with about 70 enterprises employing approximately 100,000 workers. Since its reinstatement to the AGOA program, Madagascar has aggressively built up its exports to the U.S.

<sup>30</sup> Source: <https://www.afdb.org/en/countries/central-africa/madagascar/madagascar-economic-outlook/>

<sup>31</sup> *ibid*

<sup>32</sup> Source: <http://www.worldbank.org/en/country/madagascar/overview>

<sup>33</sup> Source: <https://www.afdb.org/en/countries/central-africa/madagascar/madagascar-economic-outlook/>

market while sustaining its market access in the EU and South Africa. In 2016, Madagascar's apparel exports accounted for \$625 million, representing 6.4 percent of the country's GDP, making it a critical economic sector.

Madagascar enjoys relatively balanced CTA trade. In 2016, the total value of CTA exports was \$662 million against an import value of \$573 million, representing a positive balance of \$89 million. Apparel was the greatest export component, accounting for 94 percent of all CTA exports. Apparel was also the primary component for CTA imports, accounting for 19 percent, with other significant import commodities being fabric and second-hand clothing, which represented 15 percent and 5 percent respectively.

**Table 15: Summary of Madagascar's CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 527                       | 498     |
| 2013 | 618                       | 534     |
| 2014 | 627                       | 555     |
| 2015 | 634                       | 537     |
| 2016 | 662                       | 573     |

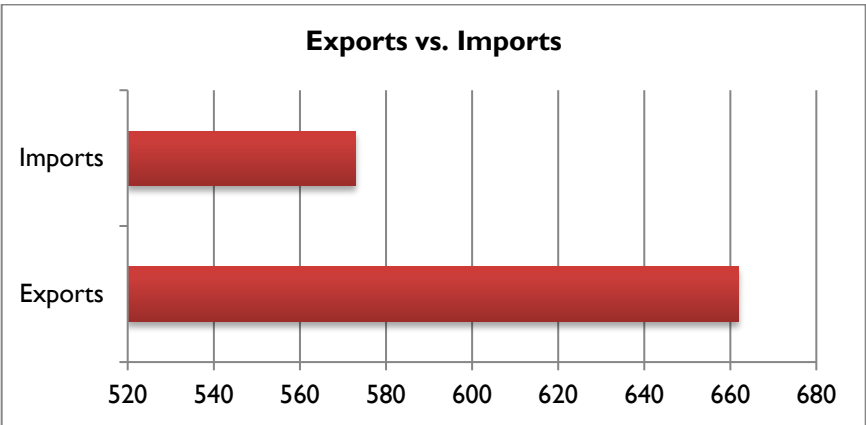
Source: DESA/UNSD, United Nations Comtrade Database

**Table 16: Breakdown for Madagascar's CTA Trade for 2016**

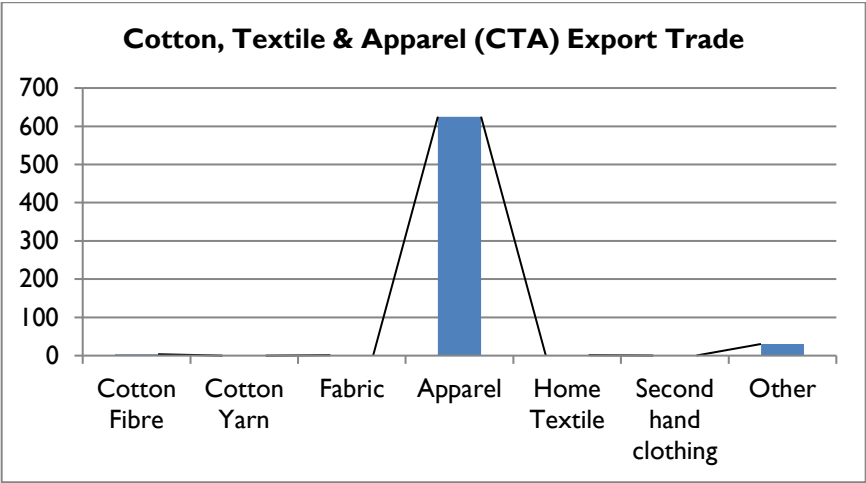
| Commodity            | Exports                   | Imports    |
|----------------------|---------------------------|------------|
|                      | <i>in millions of USD</i> |            |
| Cotton Fiber         | 3.8                       | 0          |
| Cotton Yarn          | 0                         | 14.2       |
| Fabric               | 0.9                       | 85.6       |
| Apparel              | 625                       | 111        |
| Home Textile         | 1.4                       | 20.8       |
| Second-hand Clothing | 0.1                       | 31         |
| Other                | 30.8                      | 310.4      |
| Total                | <b>662</b>                | <b>573</b> |

Source: DESA/UNSD, United Nations Comtrade Database

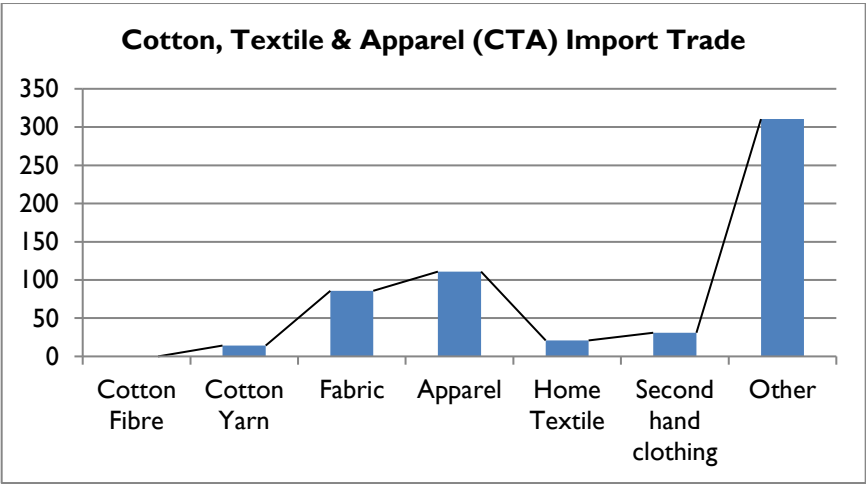
**Figure 13: Balance of Madagascar's CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 14: Breakdown of Madagascar's CTA Exports for 2016 in Millions of USD**



**Figure 15: Breakdown of Madagascar's CTA Imports for 2016 in Millions of USD**



## 3.7 Mauritius

### 3.7.1 Mauritius: Country Overview

**Table 17: Mauritius Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Port Louis   |
| <b>Land Area</b>                    | 2,040 sq. km   |
| <b>Population</b>                   | 1,263,473 (2016 est.)  |
| <b>GDP (official exchange rate)</b> | \$11.74 billion (2016 est.)  |
| <b>GDP by Sector:</b>               |  |
| <i>Agriculture</i>                  | 4%   |
| <i>Industry</i>                     | 22.1%  |
| <i>Services</i>                     | 73.9% (2016 est.)  |
| <b>Value of Imports</b>             | \$4.355 billion (2016 est.)  |
| <b>Value of Exports</b>             | \$2.676 billion (2016 est.)  |
| <b>Key Exports</b>                  | clothing and textiles, sugar, cut flowers, molasses, fish, primates (for research)                               |
| <b>Key Export Markets</b>           | UK 13.2%, UAE 12.4%, France 11.9%, U.S. 10.7%, South Africa 8.6%, Madagascar 6.5%, Italy 5.4%, Spain 4.4% (2015) |

Source: CIA Fact Book 2017

Mauritius is an island state with a population of approximately 1.3 million people. In 2016, GDP increased by 3.8 percent.<sup>34</sup> For 2017, GDP growth is projected at 4 percent. It is expected to increase slightly to 4.2 percent in 2018 and 4.3 percent in 2019.<sup>35</sup> Mauritius' growth can be attributed to higher private consumption and a rise in private investment from sound macroeconomic policies, business-friendly regulations and efforts to promote itself as a gateway for investment from Asia.

The economy's expansion has been supported by the service sector. In 2016, financial services grew by 5.8 percent, tourism by 5.5 percent and information and communication technology by 5.3 percent.<sup>36</sup> Other value-added sectors such as medical tourism and higher education are also expected to develop under government's efforts to accelerate diversification and modernization. Mauritius' policies to support SMEs may contribute to entrepreneurship and economic growth as well.<sup>37</sup>

Mauritius' growth, however, could be threatened by the limited public investment and structural labor market weaknesses. The country has a skills mismatch between high-growth sectors and the labor force, making education and training a priority.<sup>38</sup> Mauritius will also need to address gender disparities. Women face a 30 percent wage gap and participate in the labor force at a rate 32 percentage points lower than men.<sup>39</sup> These issues need to be addressed to enable inclusive and high-performing growth.

<sup>34</sup> Source: <http://www.worldbank.org/en/country/mauritius/overview>

<sup>35</sup> Source: <https://www.afdb.org/en/countries/southern-africa/mauritius/mauritius-economic-outlook/>

<sup>36</sup> *ibid*

<sup>37</sup> Source: <http://www.africaneconomicoutlook.org/en/country-notes/mauritius>

<sup>38</sup> Source: <http://pubdocs.worldbank.org/en/532041477329264714/mpo-am16-mus.pdf>

<sup>39</sup> Source: <http://www.worldbank.org/en/country/mauritius/overview>



### 3.7.2 Mauritius: Cotton, Textile & Apparel Sector

Mauritius has the strongest apparel industry in the East African region, with over 100 major enterprises employing about 45,000 employees. Thanks to a skilled workforce, Mauritius has differentiated itself as a high-end production destination, opening the country to the EU market, the U.S. market and a significant part of the South African market. In 2016, apparel exports from Mauritius contributed 6.4 percent of its GDP, demonstrating the sector's critical importance.

Mauritius enjoys a healthy trade imbalance that favors exports. In 2016, CTA exports were valued at \$785 million compared to a CTA import value of \$354 million. This created a positive trade balance of \$431 million. For exports, apparel was the most significant component, accounting for 89 percent of all CTA exports. On the import side, apparel was also greatest, accounting for 29 percent of all imports. Other significant imports were fabric and cotton yarn, which represented 17 percent and 9 percent of CTA imports respectively.

**Table 18: Summary of Mauritius' CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 922                       | 422     |
| 2013 | 969                       | 420     |
| 2014 | 980                       | 453     |
| 2015 | 916                       | 422     |
| 2016 | 785                       | 354     |

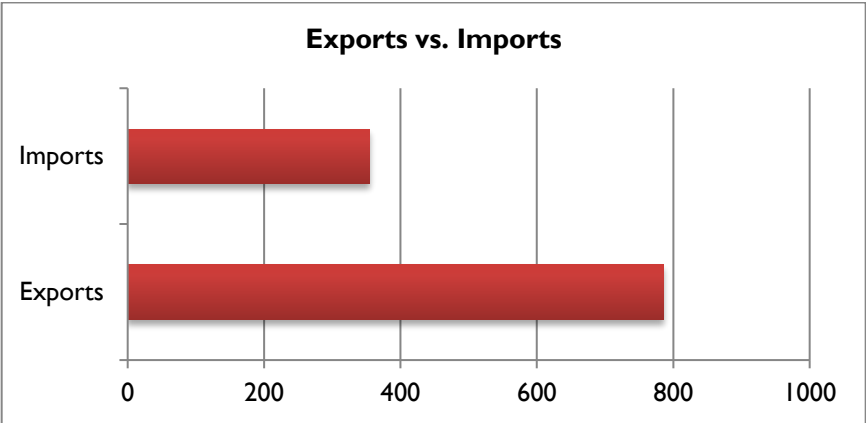
Source: DESA/UNSD, United Nations Comtrade Database

**Table 19: Breakdown for Mauritius' CTA Trade for 2016**

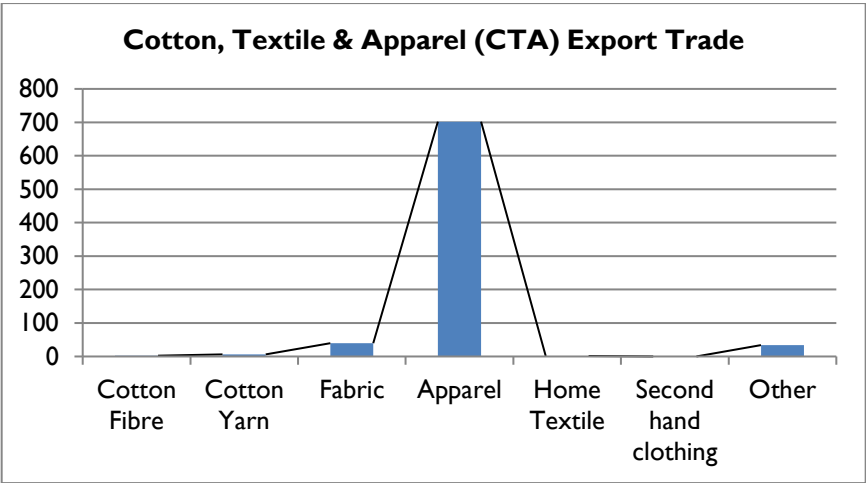
| Commodity            | Exports                   | Imports    |
|----------------------|---------------------------|------------|
|                      | <i>in millions of USD</i> |            |
| Cotton Fiber         | 2                         | 8.1        |
| Cotton Yarn          | 6.2                       | 32         |
| Fabric               | 39.6                      | 59         |
| Apparel              | 702                       | 104        |
| Home Textile         | 1.2                       | 15.5       |
| Second-hand Clothing | 0.07                      | 1.3        |
| Other                | 33.93                     | 134.1      |
| <b>Total</b>         | <b>785</b>                | <b>354</b> |

Source: DESA/UNSD, United Nations Comtrade Database

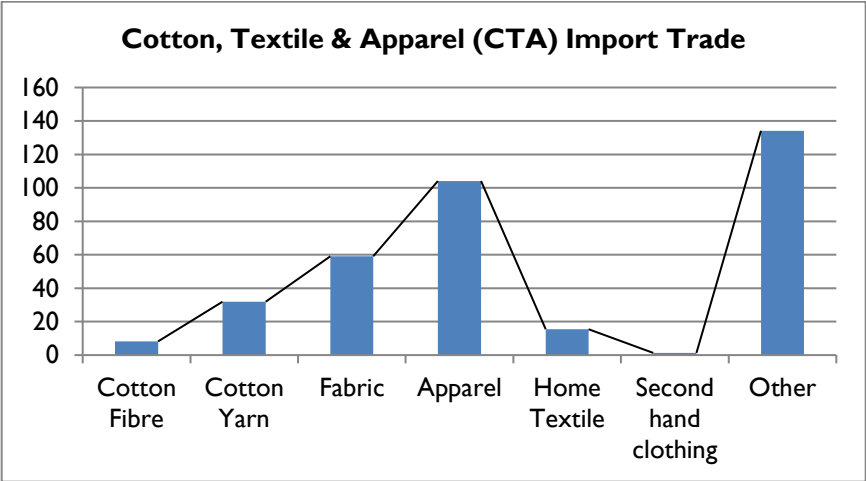
**Figure 16: Balance of Mauritius' CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 17: Breakdown of Mauritius' CTA Exports for 2016 in Millions of USD**



**Figure 18: Breakdown of Mauritius' CTA Imports for 2016 in Millions of USD**



## 4. BENCHMARKING EAST AFRICA WITH ASIA

### 4.1 Bangladesh

#### 4.1.1 Bangladesh: Country Overview

**Table 20: Bangladesh Facts**

|                                     |   |
|-------------------------------------|---|
| <b>Capital City</b>                 | Dhaka   |
| <b>Land Area</b>                    | 148,460 sq. km  |
| <b>Population</b>                   | 157,826,578 (2017 est.)   |
| <b>GDP (official exchange rate)</b> | \$250 billion (2016 est.)   |
| <b>GDP by Sector:</b>               |   |
| <b>Agriculture</b>                  | 14.2%   |
| <b>Industry</b>                     | 29.2%   |
| <b>Services</b>                     | 56.5%   |
| <b>Value of Imports</b>             | \$40.37 billion (2016 est.)   |
| <b>Value of Exports</b>             | \$34.14 billion (2016 est.)   |
| <b>Key Exports</b>                  | garments, knitwear, agricultural products, frozen food (fish and seafood), jute and jute goods, leather |
| <b>Key Export Markets</b>           | U.S. 16.4%, Germany 15.3%, UK 10.9%, France 6.1%, Spain 5% (2016 est.)                                  |

Source: CIA Fact Book 2017

Bangladesh has achieved consistent economic growth over the past decade. In 2014, the country moved into the World Bank's lower middle-income country status for the first time. In 2016, Bangladesh's GDP grew by 7.1 percent, which was maintained in 2017 with a growth rate of 7.2 percent.<sup>40</sup> In 2018 and 2019, growth is expected to continue at around 6.4 percent and 6.7 percent respectively.<sup>41</sup>

Bangladesh's economic expansion in 2017 was mainly driven by services, which experienced 6.5 percent growth, and manufacturing, which rose by 10.5 percent.<sup>42</sup> Higher consumption and public investment also significantly contributed. Growth, however, was tempered by lower exports and remittances. Exports increased by only 1.7 percent due to declining demand across global markets and poor infrastructure. Remittances declined by 14.5 percent in 2017, partially due to Bangladesh's use of higher bank fees and policies to prevent money laundering and terror financing.<sup>43</sup>

To sustain its growth and impressive poverty reduction, Bangladesh will need to improve productivity, especially through investments in infrastructure and human capital. The country will also need to focus on maintaining stability in the face of an influx of Rohingya refugees from Myanmar, terrorism threats, climate change and upcoming elections to promote market confidence.

<sup>40</sup> Source: <http://documents.worldbank.org/curated/en/375181507886096515/pdf/120416-WP-PUBLIC-CountrySnapshotBangladesh-CompleteFinal.pdf>

<sup>41</sup> *ibid*

<sup>42</sup> *ibid*

<sup>43</sup> Source: <https://www.adb.org/sites/default/files/publication/365701/ado2017-update.pdf>

### 4.1.2 Bangladesh: Cotton, Textile and Apparel Sectors

Bangladesh is one of the world's leading garment manufacturing countries. It promotes itself as Asia's most competitive production base, which is primarily due to its cheap monthly wages that range from \$68 for semi-skilled workers to \$90 for skilled workers. The apparel sector employs about 4.2 million workers in over 4,500 textile and apparel companies. In 2016, apparel exports were valued at \$32.5 billion, representing a contribution of 13.5 percent to the country's GDP.

Bangladesh also enjoys an overall positive CTA trade balance in favor of exports. In 2016, the total value of CTA exports was \$34.4 billion compared to the total CTA imports value of \$10.3 billion. This created a positive balance of \$24.1 billion. Apparel exports alone accounted for 94 percent of all CTA exports in 2016, and the U.S. as the primary market destination followed by the EU.

Despite the country's success, low wage levels have created pressure from the workers' union and resulted in labor unrests. Other challenges include the strain on the country's infrastructure, particularly electricity, unethical production practices by some factories and political instability. These issues will need to be addressed in order to sustain and attract new investors.

**Table 21: Summary of Bangladesh's CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 24,825                    | 8,994   |
| 2013 | 28,543                    | 9,355   |
| 2014 | 30,953                    | 9,711   |
| 2015 | 32,645                    | 10,154  |
| 2016 | 34,428                    | 10,321  |

Source: DESA/UNSD, United Nations Comtrade Database

**Table 22: Breakdown for Bangladesh's CTA Trade for 2016**

| Commodity                          | Exports                   | Imports       |
|------------------------------------|---------------------------|---------------|
|                                    | <i>in millions of USD</i> |               |
| Cotton Fiber <sup>44</sup>         | 6.3                       | 1,054         |
| Cotton Yarn <sup>45</sup>          | 0.7                       | 957           |
| Fabric <sup>46</sup>               | 26                        | 4,632         |
| Apparel <sup>47</sup>              | 32,578                    | 325           |
| Home Textile <sup>48</sup>         | 555                       | 36.2          |
| Second-hand Clothing <sup>49</sup> | 0.1                       | 4.1           |
| Other <sup>50</sup>                | 1,262                     | 3,313         |
| <b>Total</b>                       | <b>34,428</b>             | <b>10,321</b> |

<sup>44</sup> Cotton Fiber to HS codes: Chapters 5201-3;

<sup>45</sup> Cotton Yarn relates to HS codes 5205-7;

<sup>46</sup> Fabric relates to HS codes: Chapters 5007; 5208-12; 58 & 60;

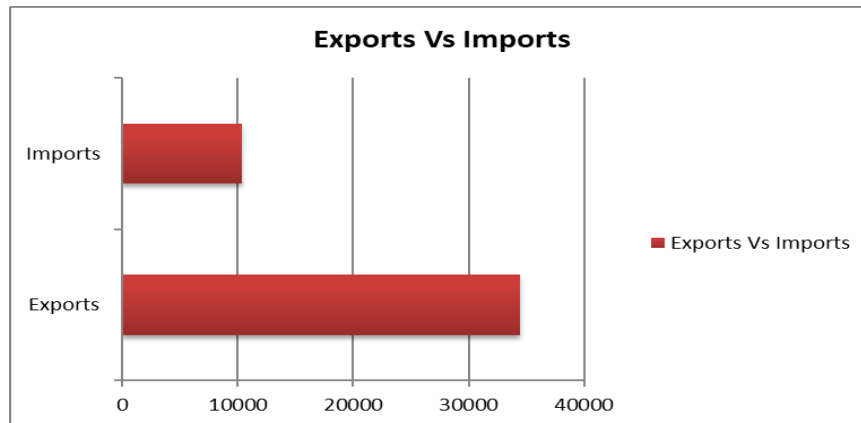
<sup>47</sup> Apparel relates to HS Codes: Chapters 61 & 62

<sup>48</sup> Home Textile relates HS Codes: Chapters 57; 6301-4

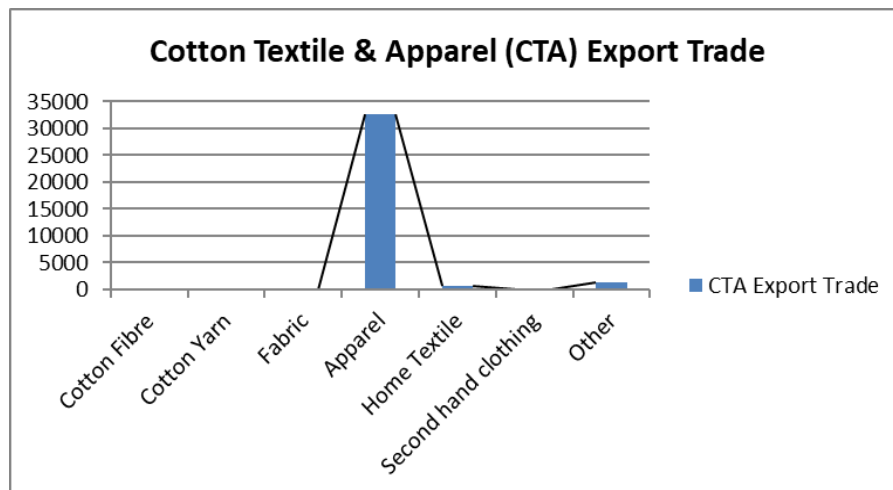
<sup>49</sup> Second-hand clothing refers to HS: 6309

<sup>50</sup> 'Others' relates to HS Codes: Chapters 5001-6; 51; 5204; 53; 54; 55; 56; 59; 6305 -10

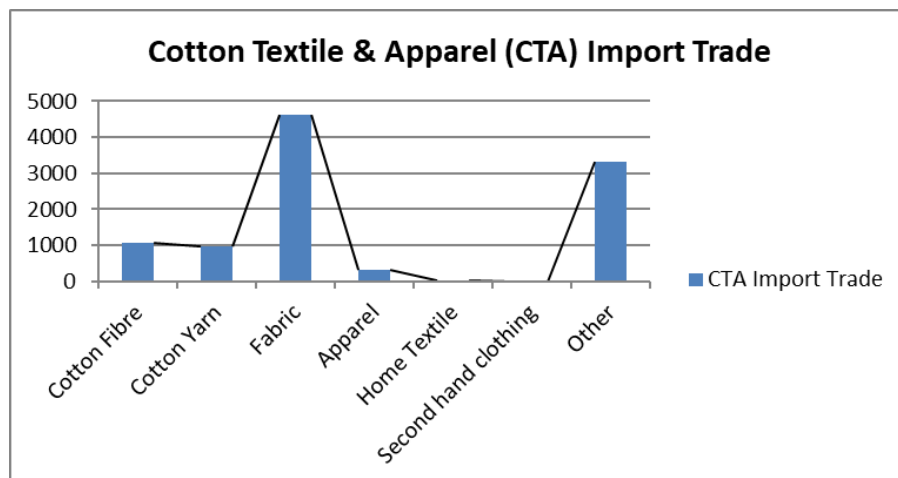
**Figure 19: Balance of Bangladesh's CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 20: Breakdown of Bangladesh's CTA Exports for 2016 in Millions of USD**



**Figure 21: Breakdown of Bangladesh's CTA Imports for 2016 in Millions of USD**



## 4.2 Sri Lanka

### 4.2.1 Sri Lanka: Country Overview

**Table 23: Sri Lanka Facts**

|                                     |  |
|-------------------------------------|--|
| <b>Capital City</b>                 | Colombo  |
| <b>Land Area</b>                    | 65,610 sq. km  |
| <b>Population</b>                   | 22,409,381 (2017 est.)   |
| <b>GDP (official exchange rate)</b> | \$83.57 billion (2016 est.)  |
| <b>GDP by Sector:</b>               |  |
| <i>Agriculture</i>                  | 7.8%   |
| <i>Industry</i>                     | 30.5%  |
| <i>Services</i>                     | 61.7%  |
| <b>Value of Imports</b>             | \$19.4 billion (2016 est.)   |
| <b>Value of Exports</b>             | \$10.31 billion (2016 est.)  |
| <b>Key Exports</b>                  | textiles and apparel, tea and spices, rubber manufactures, precious stones, coconut products, fish |
| <b>Key Export Markets</b>           | U.S. 27.3%, UK 10.2%, India 7.3%, Germany 5%, Italy 4.2% (2016)                                    |

Source: CIA Fact Book 2017

Since Sri Lanka's civil war ended in 2009, the country has experienced moderate growth. In 2016, GDP rose by 4.4 percent. It is expected to rise by 4.6 percent in 2017, 5.0 percent in 2018 and 5.1 percent in 2019.<sup>51</sup> Increased private consumption and investment drove the economy's expansion in 2017. The services and manufacturing sectors were also critical, as their GDP grew by an estimated 4.5 percent and 5.5 percent respectively.<sup>52</sup> Agriculture, on the other hand, contracted due to extreme weather events caused by climate change. In 2016, Sri Lanka faced an extreme drought that caused significant declines in agricultural export crops, such as rice, tea and rubber. Following this, the country battled a devastating flood in 2017 that led to a further decline in agricultural outputs.<sup>53</sup>

The government has committed to combatting climate change and other economic constraints in the coming years. Sri Lanka intends to complete fiscal reforms and revise regulatory barriers, improve public financial management to boost development spending, increase public and private investment and address competitiveness through productive investments, enhanced infrastructure and innovation. These reforms, if not delayed or abandoned, could facilitate the country's transition from an economy based on rural agriculture to an urbanized economy with robust manufacturing and services.<sup>54</sup>

### 4.2.2 Sri Lanka: Cotton, Textile and Apparel Sectors

According to Sri Lanka's export development board, the apparel sector is the most significant sector across the CTA value chain. The CTA industry employs over 300,000 workers, making it the single largest employer in the

<sup>51</sup> Source: <http://documents.worldbank.org/curated/en/400681508249535291/pdf/120478-WP-PUBLIC-ADD-SERIES-19p-CountrySnapshotSriLankaFinalmerged.pdf>

<sup>52</sup> ibid

<sup>53</sup> <https://www.adb.org/sites/default/files/publication/365701/ado2017-update.pdf>

<sup>54</sup> Source: <http://documents.worldbank.org/curated/en/400681508249535291/pdf/120478-WP-PUBLIC-ADD-SERIES-19p-CountrySnapshotSriLankaFinalmerged.pdf>

manufacturing industry. Sri Lanka promotes itself as an ethical manufacturing base that supplies global brands under the brand “Garments without Guilt.”

Sri Lanka is also an overall net exporter of CTA products. In 2016, the total value of exported CTA products was \$5.4 billion against an import value of \$2.9 billion, representing a total positive trade balance of \$2.5 billion. In the same year, apparel exports accounted for 93 percent of the value of all CTA exports. For imports, fabric represented the highest value of all CTA imports, accounting for 49 percent at \$1.4 billion.

The monthly cost of labor in Sri Lanka is very competitive, ranging from \$58 per month for semi-skilled workers to \$66 for skilled workers, making it even more competitive than key apparel producers in East Africa.

**Table 24: Summary of Sri Lanka’s CTA Trade**

| Year | Exports                   | Imports |
|------|---------------------------|---------|
|      | <i>in millions of USD</i> |         |
| 2012 | 4,868                     | 2,390   |
| 2013 | 5,181                     | 2,651   |
| 2014 | 5,727                     | 2,768   |
| 2015 | 5,761                     | 2,809   |
| 2016 | 5,448                     | 2,955   |

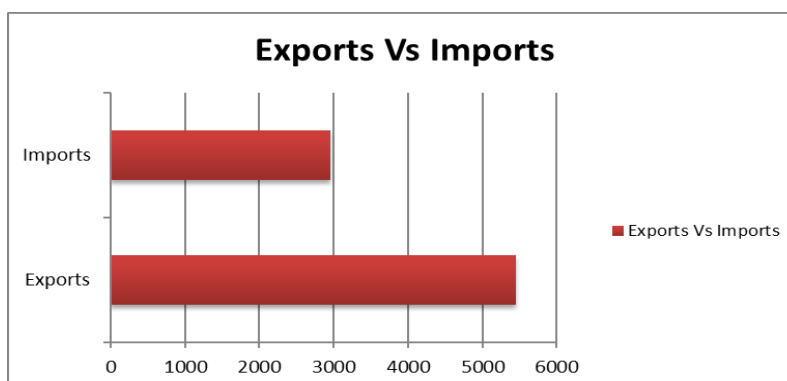
Source: DESA/UNSD, United Nations Comtrade Database

**Table 25: Breakdown for Sri Lanka’s CTA Trade for 2016**

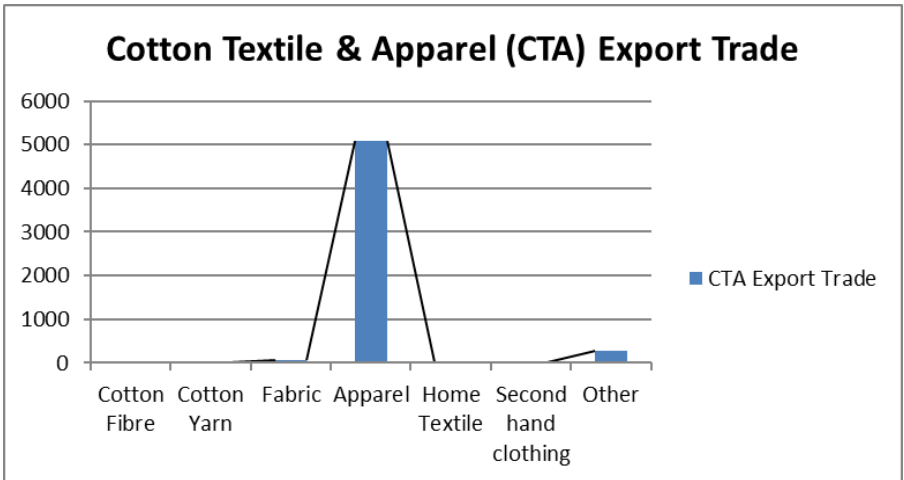
| Commodity            | Exports                   | Imports      |
|----------------------|---------------------------|--------------|
|                      | <i>in millions of USD</i> |              |
| Cotton Fiber         | 0.4                       | 3.2          |
| Cotton Yarn          | 2.1                       | 113          |
| Fabric               | 68                        | 1,447        |
| Apparel              | 5,093                     | 246          |
| Home Textile         | 9                         | 39           |
| Second-hand Clothing | 0.06                      | 0.9          |
| Other                | 275                       | 1,106        |
| <b>Total</b>         | <b>5,448</b>              | <b>2,955</b> |

Source: DESA/UNSD, United Nations Comtrade Database

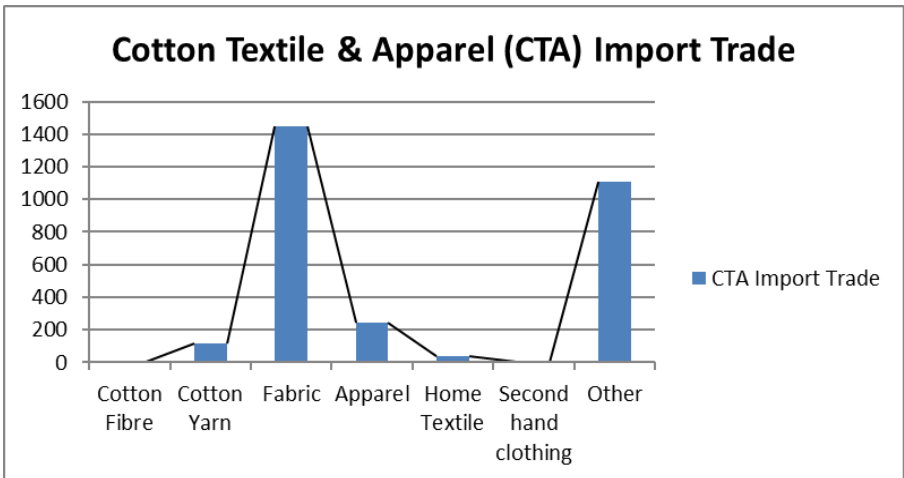
**Figure 22: Balance of Sri Lanka’s CTA Exports vs. Imports for 2016 in Millions of USD**



**Figure 23: Breakdown of Sri Lanka's CTA Exports for 2016 in Millions of USD**



**Figure 24: Breakdown of Sri Lanka's CTA Imports for 2016 in Millions of USD**



### 4.3 Benchmarking: Bangladesh and Sri Lanka vs. East Africa

Sri Lanka and Bangladesh are often cited as important case studies in textile and apparel trade considering their dominant global performance and the sector's impact on employment and their economies. For this reason, as well as their similar economic statuses, they were identified for benchmarking with selected East African countries.

All of the East African countries (Kenya, Tanzania, Uganda, Ethiopia, Madagascar and Mauritius) have made attracting investment a primary goal. They have also prioritized the CTA value chain for investment due to its potential for employment and foreign exchange earnings. For these countries, it is therefore important to understand the business environment factors that have enabled Sri Lanka and Bangladesh to attract and retain massive investments in their respective CTA sectors.

Below is a summary of the benchmarking of East Africa against Sri Lanka and Bangladesh:



**Table 26: Benchmarking – Key Facts<sup>55</sup>**

|   | <b>Kenya<br/>(KE)</b>   | <b>Tanzania<br/>(TZ)</b>  | <b>Uganda<br/>(UG)</b>   | <b>Ethiopia<br/>(ET)</b>   | <b>Madagascar<br/>(MD)</b>   | <b>Mauritius<br/>(MA)</b>  | <b>Sri Lanka<br/>(SL)</b>  | <b>Bangladesh<br/>(BG)</b>  |
|---|---|---|--|--|--|--|--|---|
| <b>Population</b>                       | 46,790,758  | 52,482,726  | 38,319,241   | 102,374,044  | 24,430,325<br>(July 2016 est.)   | 1,263,473<br>(July 2016 est.)  | 22,409,381<br>(July 2017 est.)   | 157,826,578<br>(July 2017 est.)   |
| <b>GDP (official<br/>exchange rate)</b> | \$69.17 billion<br>(2016 est.)  | \$46.7 billion<br>(2016 est.)   | \$25.61 billion<br>(2016 est.)   | \$69.22 billion<br>(2016 est.)   | \$9.74 billion<br>(2016 est.)  | \$11.74 billion<br>(2016 est.)   | \$80.52 billion<br>(2016 est.)   | \$228.4 billion<br>(2016 est.)  |
| <b>Value of Imports</b>                 | \$16.34 billion<br>(2016 est.)  | \$9.976 billion<br>(2016 est.)  | \$4.677 billion<br>(2016 est.)   | \$14.7 billion<br>(2016 est.)  | \$3.386 billion<br>(2016 est.)   | \$4.355 billion<br>(2016 est.)   | \$19.4 billion<br>(2016 est.)  | \$40.37 billion<br>(2016 est.)  |
| <b>Value of Exports</b>                 | \$6.363 billion<br>(2016 est.)  | \$5.985 billion<br>(2016 est.)  | \$2.723 billion<br>(2016 est.)   | \$2.932 billion<br>(2016 est.)   | \$3.096 billion<br>(2016 est.)   | \$2.676 billion<br>(2016 est.)   | \$10.31 billion<br>(2016 est.)   | \$34.14 billion<br>(2016 est.)  |
| <b>Key Exports</b>                      | tea,<br>horticultural<br>products,<br>apparel, coffee,<br>petroleum<br>products, fish,<br>cement      | gold, coffee,<br>cashew nuts,<br>manufactures,<br>cotton                            | coffee, fish and<br>fish products, tea,<br>cotton, flowers,<br>horticultural<br>products; gold                                   | coffee, oilseeds,<br>edible<br>vegetables<br>including khat,<br>gold, flowers,<br>live animals,<br>raw leather<br>products, meat<br>products | coffee, vanilla,<br>shellfish, sugar,<br>cotton cloth,<br>clothing,<br>chromite,<br>petroleum<br>products  | textiles and<br>apparel, sugar,<br>cut flowers,<br>molasses, fish,<br>primates (for<br>research)   | textiles and<br>apparel, tea and<br>spices; rubber<br>manufactures;<br>precious stones;<br>coconut<br>products, fish | garments,<br>knitwear,<br>agricultural<br>products,<br>frozen food<br>(fish and<br>seafood), jute<br>and jute goods,<br>leather |
| <b>Key Export<br/>Markets</b>           | Uganda 10.7%,<br>U.S. 7.9%,<br>Tanzania 7.7%,<br>Netherlands<br>7%, Zambia<br>5.8%, UK 5.7%<br>(2015) | India 21.8%,<br>China 8.2%,<br>Japan 5.1%,<br>Kenya 4.6%,<br>Belgium 4.3%<br>(2015) | Rwanda 10.8%,<br>UAE 9.9%, DRC<br>9.8%, Kenya 9.8%,<br>Italy 5.8%,<br>Netherlands<br>4.9%, Germany<br>4.8%, China 4.1%<br>(2015) | Switzerland<br>14.3%, China<br>11.7%, U.S.<br>9.5%,<br>Netherlands<br>8.7%, Saudi<br>Arabia 5.9%,<br>Germany 5.7%<br>(2015)                  | France 15.2%,<br>U.S. 12.7%,<br>China 7.1%,<br>South Africa<br>5.6%, Japan<br>5.5%,<br>Netherlands<br>5.3%, India<br>5.1%, Germany<br>5.1%, Belgium<br>5% (2015) | UK 13.2%, UAE<br>12.4%, France<br>11.9%, U.S.<br>10.7%, South<br>Africa 8.6%,<br>Madagascar<br>6.5%, Italy 5.4%,<br>Spain 4.4%<br>(2015) | U.S. 27.3%, UK<br>10.2%, India<br>7.3%, Germany<br>5%, Italy 4.2%<br>(2016)  | U.S. 13.1%,<br>Germany<br>12.7%, UK<br>8.6%,<br>France 5.1%,<br>Spain 5% (2016)   |

<sup>55</sup> Source: World Bank Country data, <http://www.worldbank.org/en/where-we-work>

**Table 27: Benchmarking – Global Competitiveness Index<sup>56</sup>**

| <b>Country</b>    | <b>Economy<sup>57</sup></b> | <b>Overall Ranking<sup>58</sup></b> | <b>Global Competitiveness Index 2016-17 Overall Ranking</b> | <b>Sub-index: Basic Requirements</b> | <b>Sub-index: Efficiency Enhancers</b> | <b>Sub-index: Innovation and Sophistication Factors</b> |
|-------------------|-----------------------------|-------------------------------------|---|--------------------------------------|--|---|
| <b>Kenya</b>      | Low-Middle income           | 96                                  | 3.90  | 3.81                                 | 4.03                                   | 4.03  |
| <b>Tanzania</b>   | Low income                  | 116                                 | 3.67  | 3.82                                 | 3.45                                   | 3.36  |
| <b>Uganda</b>     | Low income                  | 113                                 | 3.69  | 3.79                                 | 3.56                                   | 3.37  |
| <b>Ethiopia</b>   | Low income                  | 109                                 | 3.77  | 3.96                                 | 3.47                                   | 3.53  |
| <b>Madagascar</b> | Low income                  | 128                                 | 3.33  | 3.37                                 | 3.26                                   | 3.21  |
| <b>Mauritius</b>  | Upper-Middle Income         | 45                                  | 4.49  | 5.05                                 | 4.19                                   | 3.85  |
| <b>Sri Lanka</b>  | Low-Middle income           | 71                                  | 4.19  | 4.62                                 | 3.91                                   | 3.90  |
| <b>Bangladesh</b> | Low-Middle income           | 106                                 | 3.80  | 3.97                                 | 3.60                                   | 3.16  |

<sup>56</sup> Global Competitiveness Index 2016-17 report. Source: [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf)

<sup>57</sup> Classified according to GNI per capita, calculated using the World Bank Atlas method 2017 data: Low-Income Economies (\$1,025 or less); Lower-Middle-Income Economies (\$1,026 to \$4,035); Upper-Middle-Income Economies (\$4,036 to \$12,475). Source: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>

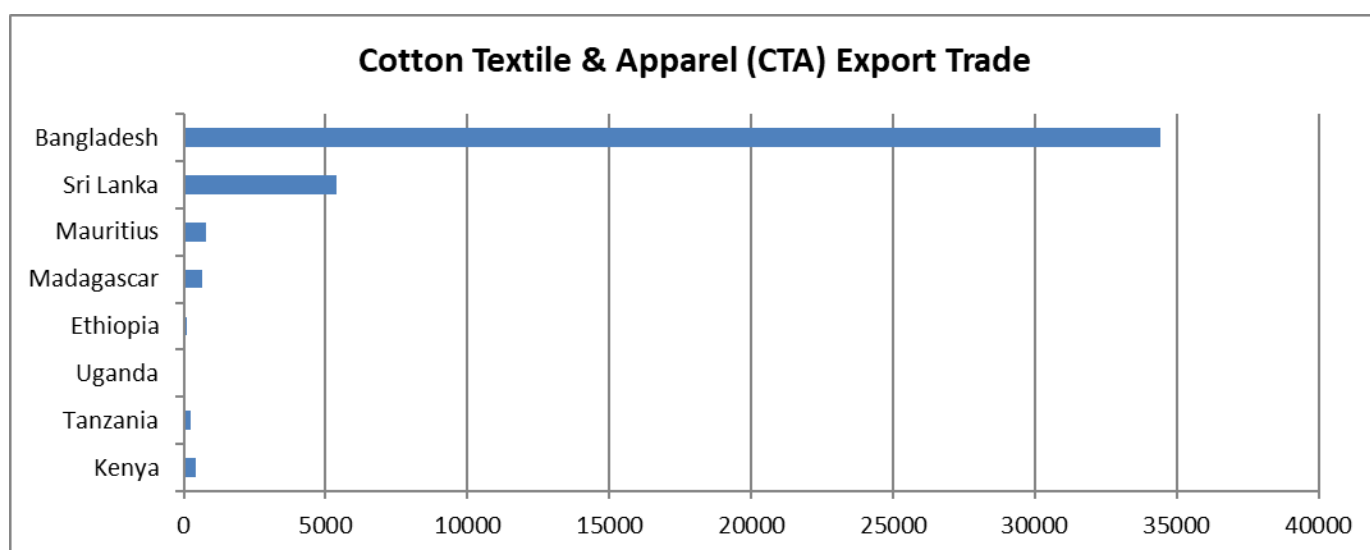
<sup>58</sup> Note: Ranks out of 138 economies and scores measured on a 1-to-7 scale.

**Table 28: Benchmarking – 2016 Cotton, Textile and Apparel Trade<sup>59</sup>**

|                              | KE      | TZ    | UG   | ET    | MA  | MD  | SL    | BD     |
|------------------------------|---------|-------|------|-------|-----|-----|-------|--------|
| Exports<br>(Millions of USD) | 412     | 236   | 22   | 107   | 662 | 785 | 5,406 | 34,428 |
| Imports<br>(Millions of USD) | 1,871   | 977   | 108  | 773   | 573 | 354 | 2,955 | 10,321 |
| Balance of Trade             | (1,459) | (741) | (86) | (666) | 89  | 431 | 2,451 | 24,107 |

Source: DESA/UNSD, United Nations Comtrade Database

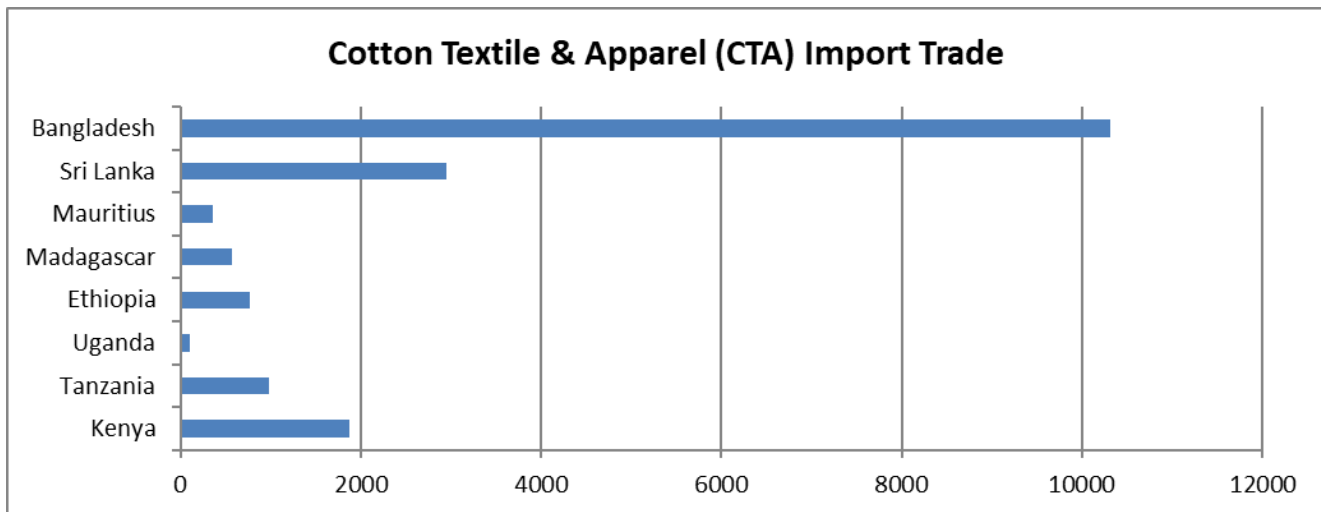
**Figure 25: Benchmarking – CTA Export Trade for 2016 in Millions of USD**



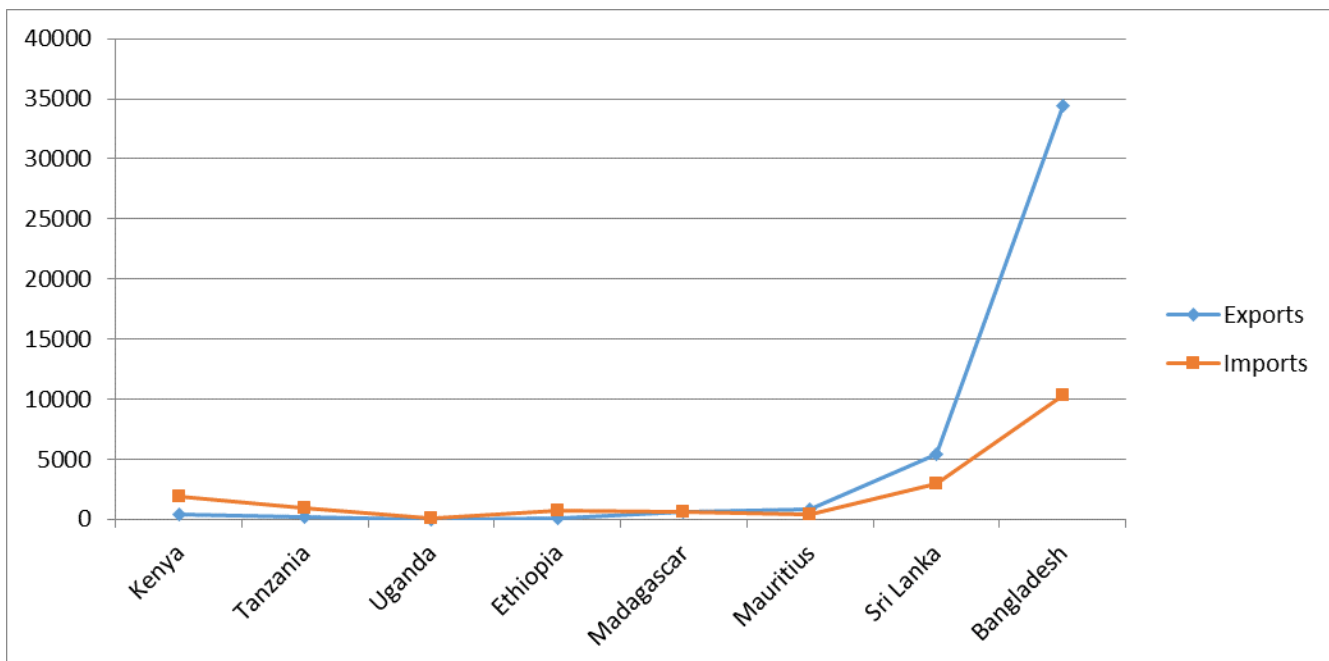
Bangladesh and Sri Lanka not only enjoy the highest CTA export trade at \$34.4 billion and \$10.2 billion respectively, but they also have the healthiest CTA trade balance at \$24.2 billion and \$2.7 billion respectively. Within the selected East African countries, Mauritius and Madagascar have positive CTA trade balances at \$431 million and \$89 million, while the others have negative balances: Uganda (\$86 million), Ethiopia (\$666 million), Tanzania (\$741 million) and Kenya (\$1,459 million).

<sup>59</sup> Cotton, Textile & Apparel trade values represent product classifications from HS Code 50 to 63. Source: DESA/UNSD, United Nations Comtrade Database

**Figure 26: Benchmarking – CTA Import Trade for 2016 in Millions of USD**



**Figure 27: Benchmarking – CTA Import Trade for 2016 in Millions of USD**

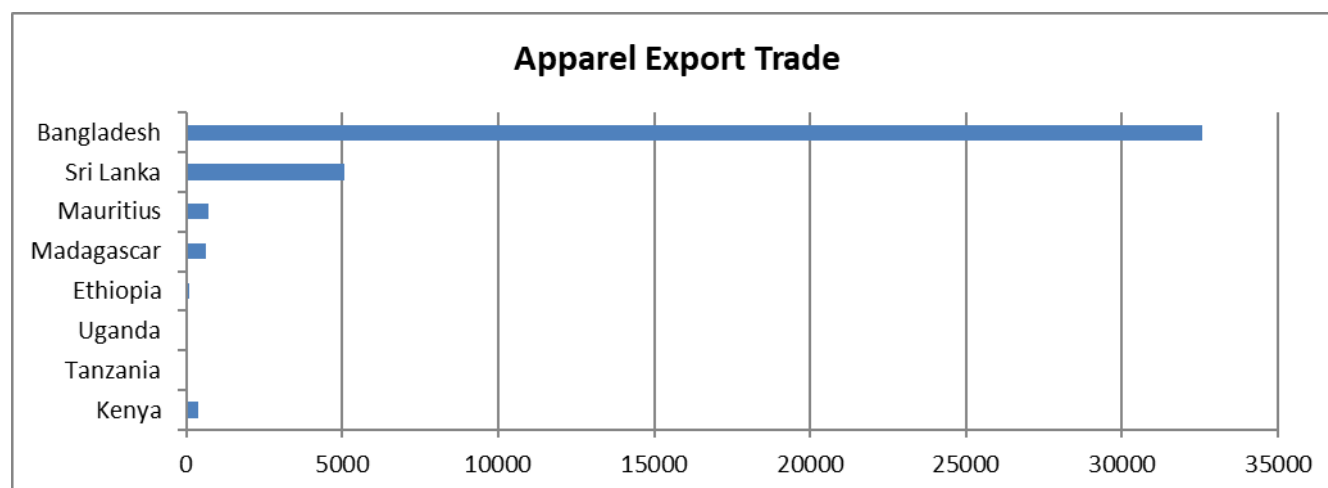


**Table 29: Benchmarking – Breakdown of CTA Exports for 2016 in Millions of USD**

| Commodity                          | KE         | TZ         | UG        | ET         | MA         | MD         | SL           | BD            |
|------------------------------------|------------|------------|-----------|------------|------------|------------|--------------|---------------|
| Cotton Fiber <sup>60</sup>         | 0.3        | 47         | 18        | 0          | 3.8        | 2          | 0.4          | 6.3           |
| Cotton Yarn <sup>61</sup>          | 0.09       | 14.6       | 0.1       | 10.6       | 0          | 6.2        | 2.1          | 0.7           |
| Fabric <sup>62</sup>               | 0.8        | 8.1        | 0.2       | 3.9        | 0.9        | 39.6       | 68           | 26            |
| Apparel <sup>63</sup>              | 374        | 47.6       | 1.6       | 81.4       | 625        | 702        | 5,093        | 32,578        |
| Home Textile <sup>64</sup>         | 1.7        | 15.8       | 0.2       | 9.5        | 1.4        | 1.2        | 9            | 555           |
| Second-hand Clothing <sup>65</sup> | 0.1        | 29         | 0.1       | 0          | 0.1        | 0.07       | 0.06         | 0.1           |
| Other <sup>66</sup>                | 35.01      | 73.9       | 1.8       | 1.6        | 30.8       | 33.93      | 275          | 1,262         |
| <b>Total</b>                       | <b>412</b> | <b>236</b> | <b>22</b> | <b>107</b> | <b>662</b> | <b>785</b> | <b>5,448</b> | <b>34,428</b> |

Source: DESA/UNSD, United Nations Comtrade Database

**Figure 28: Benchmarking – Apparel Export Trade for 2016 in Millions of USD**



<sup>60</sup> Cotton Fiber to HS codes: Chapters 5201-3;

<sup>61</sup> Cotton Yarn relates to HS codes 5205-7;

<sup>62</sup> Fabric relates to HS codes: Chapters 5007; 5208-12; 58 & 60;

<sup>63</sup> Apparel relates to HS Codes: Chapters 61 & 62

<sup>64</sup> Home Textile relates HS Codes: Chapters 57; 6301-4

<sup>65</sup> Second-hand clothing refers to HS: 6309

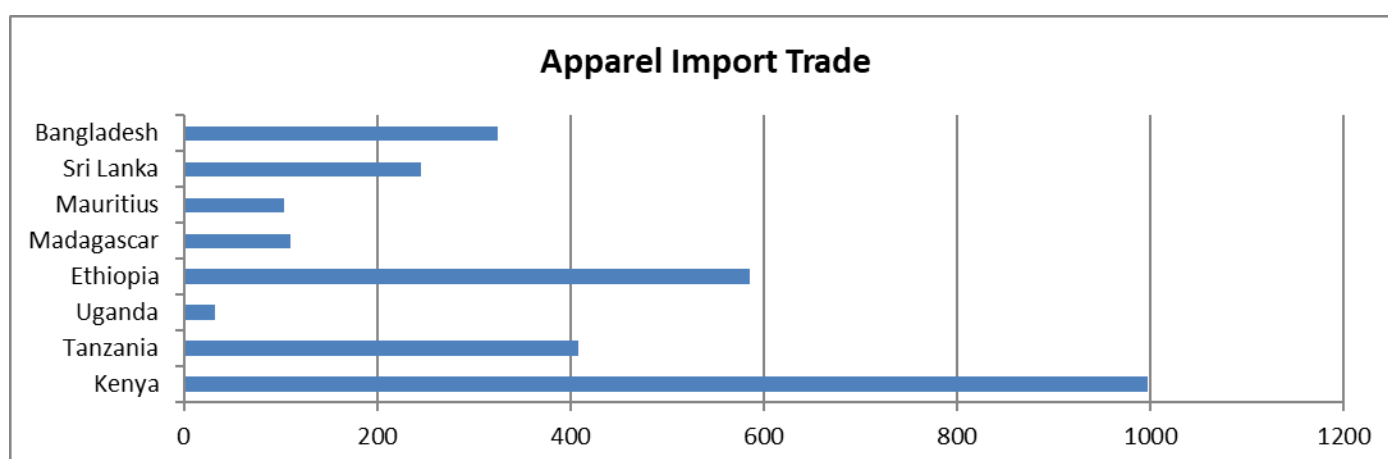
<sup>66</sup> 'Others' relates to HS Codes: Chapters 5001-6; 51; 5204; 53; 54; 55; 56; 59; 6305 -10

**Table 30: Benchmarking – Breakdown of CTA Imports for 2016 in Millions of USD**

| Commodity            | KE           | TZ         | UG         | ET         | MA         | MD         | SL           | BD            |
|----------------------|--------------|------------|------------|------------|------------|------------|--------------|---------------|
| Cotton Fiber         | 2.6          | 0.0002     | 0.001      | 0.1        | 0          | 8.1        | 3.2          | 1,054         |
| Cotton Yarn          | 1.5          | 0.3        | 0.041      | 4.7        | 14.2       | 32         | 113          | 957           |
| Fabric               | 93.8         | 28.7       | 8.6        | 48.7       | 85.6       | 59         | 1,447        | 4,632         |
| Apparel              | 997          | 408        | 31.9       | 585        | 111        | 104        | 246          | 325           |
| Home Textile         | 82           | 75.5       | 12.4       | 11.2       | 20.8       | 15.5       | 39           | 36.2          |
| Second-hand Clothing | 24.5         | 85         | 24.5       | 0.1        | 31         | 1.3        | 0.9          | 4.1           |
| Other                | 670          | 379.49     | 30.56      | 123.2      | 310.4      | 134.1      | 1,106        | 3,313         |
| <b>Total</b>         | <b>1,871</b> | <b>977</b> | <b>108</b> | <b>773</b> | <b>573</b> | <b>354</b> | <b>2,955</b> | <b>10,321</b> |

Source: DESA/UNSD, United Nations Comtrade Database

**Figure 29: Benchmarking – Apparel Import Trade for 2016 in Millions of USD**



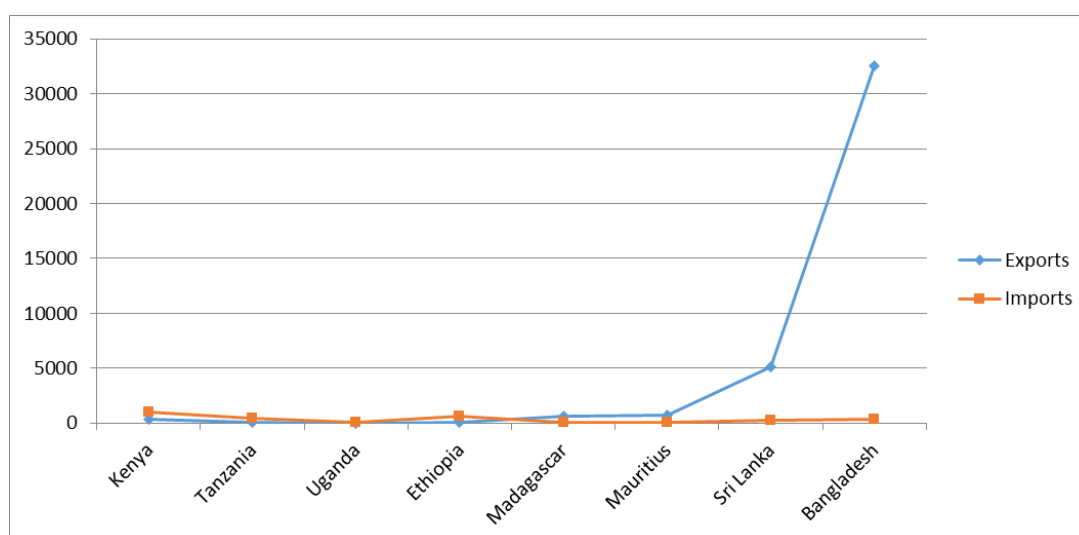
**Table 31: Benchmarking – Apparel Trade for 2016 in Millions of USD<sup>67</sup>**

|                              | KE    | TZ      | UG     | ET      | MA  | MD  | SL    | BD     |
|------------------------------|-------|---------|--------|---------|-----|-----|-------|--------|
| Exports<br>(Millions of USD) | 374   | 47.6    | 1.6    | 81.4    | 625 | 702 | 5,093 | 32,578 |
| Imports<br>(Millions of USD) | 997   | 408     | 31.9   | 585     | 111 | 104 | 246   | 325    |
| Balance of Trade             | (623) | (360.4) | (30.3) | (503.6) | 514 | 598 | 4,847 | 32,253 |

Source: DESA/UNSD, United Nations Comtrade Database

Apparel trade is the most significant trade in terms of value across the seven countries. Bangladesh and Sri Lanka have the highest overall apparel export trade at \$32.5 billion and \$5 billion respectively. They also have the healthiest apparel trade balance at \$32.2 billion and \$4.8 billion respectively. Within the selected East African countries, Mauritius and Madagascar have positive overall balances of apparel trade at \$598 million and \$514 million, while the others have negative balances of apparel trade: Uganda (\$30 million), Tanzania (\$360 million), Ethiopia (\$503 million) and Kenya (\$623) million.

**Figure 30: Benchmarking – Apparel Balance of Exports vs. Imports for 2016 in Millions of USD**



<sup>67</sup> Apparel trade values represent product classifications from HS Code 61 and 62. Source: DESA/UNSD, United Nations Comtrade Database

**Table 32: Benchmarking – VAT on Imports and Corporate Tax**

|  | KE       | TZ       | UG       | ET                     | MA                    | MD                     | SL                        | BD                                 |
|--|----------|----------|----------|------------------------|-----------------------|------------------------|---------------------------|------------------------------------|
| VAT on Imports <sup>68</sup><br>(Capital Goods, Raw Materials) | Exempted | Exempted | Exempted | Exempted               | Exempted              | Exempted <sup>69</sup> | Exempted                  | Exempted                           |
| Corporate Tax Holiday <sup>70</sup>                            | 10 years | 10 years | 10 years | 10 years <sup>71</sup> | 5 years <sup>72</sup> | 3% <sup>73</sup>       | 4-12 years; <sup>74</sup> | Varies with location <sup>75</sup> |

<sup>68</sup> For export-oriented enterprises.

<sup>69</sup> VAT on raw materials is payable at the time of customs clearance but reimbursable at the time of export. Source: Board of Investments Mauritius

<sup>70</sup> For export-oriented enterprises.

<sup>71</sup> Tax holiday exemption is usually up to 6 years but can be extended for industrial park enterprises up to 10 years if exporting at least 80 percent. Source: Industrial Park Corporation, Ethiopia.

<sup>72</sup> After 5 years, the corporate tax is 10 percent. Source: Economic Development Board of Madagascar

<sup>73</sup> Effective 2017, corporate tax has been reduced from 15 percent to 3 percent for export-oriented enterprises. However, the reduced tax rate is only applicable to the exported share. The corporate tax is fully exempted if enterprise is operating within the Free Zones. Source: Board of Investments of Mauritius

<sup>74</sup> The applicable rate is 12 percent for export-oriented apparel industries, discounted from 28 percent. The duration of exemption varies with the size of investment, from \$300,000 (4 years) to over \$16 million (12 years). Source: Board of Investments of Sri Lanka, [www.investsrilanka.com](http://www.investsrilanka.com)

<sup>75</sup> If located in Mongla, Ishwardi & Uttara EPZ, the exemption is applied as follows: 100 percent for year 1-3, 50 percent for year 4-6 and 25 percent for year 7. If located in Chittagong, Dhaka, Comilla, Adamjee & Karnaphuli EPZ, the exemption is applied as follows: 100 percent for year 1 and 2, 50 percent for year 3 and 4 and 25 percent for year 5. In both cases, it applies to investments from year 2012. Source: Export Promotion Authority of Madagascar



**Table 33: Benchmarking – Availability of Industrial Parks, Industrial Sheds and Land**

|  | KE                       | TZ                      | UG                | ET                | MA                 | MD                       | SL                        | BD                        |
|--|--------------------------|-------------------------|-------------------|-------------------|--------------------|--------------------------|---------------------------|---------------------------|
| Availability of industrial parks                                     | Yes <sup>76</sup>        | Yes                     | Yes               | Yes <sup>77</sup> | Yes <sup>78</sup>  | Yes                      | Yes                       | Yes                       |
| Availability of land for construction                                | Yes                      | Yes                     | Yes               | Yes               | Yes                | Yes                      | Yes                       | Yes                       |
| Cost of leasing industrial shed, USD per SQM per month <sup>79</sup> | 2.25 – 3.0 <sup>80</sup> | 3-5 <sup>81</sup>       | 6                 | 2                 | 2 <sup>82</sup>    | 3 – 5 <sup>83</sup>      | 0.4 – 0.5 <sup>84</sup>   | 1.60 - 2.75 <sup>85</sup> |
| Cost of leasing serviced land, USD per SQM per year                  | 0.6 – 0.8 <sup>86</sup>  | 0.3 - 0.6 <sup>87</sup> | 0.4 <sup>88</sup> | 2 <sup>89</sup>   | 0.25 <sup>90</sup> | 2.1 – 2.88 <sup>91</sup> | 1.04 – 1.15 <sup>92</sup> | 1.25 – 2.20 <sup>93</sup> |

<sup>76</sup> As part of its Industrial Transformation Plan, Kenya has announced plans to construct a textile specific green industrial park to be located in Naivasha, Kenya powered by geothermal power from the nearby Olkaria Geothermal Plant. Source: <https://www.kengen.co.ke/?q=system/files/tenders/KGN-BDD-018-2017%20Industrial%20Park%20EOI%20detailed%20documentfinal.pdf>

<sup>77</sup> As part of its industrial transformation plan, Ethiopia has set out a plan of constructing 10 exclusive Textile Industry Parks. To date, 4 parks have already been completed and launched: Bole Lemmi I, Hawassa, Mekelle & Kombolcha. An additional 2 parks are expected to be launched and operational by end of 2017/early 2018 (Dire Dawa & Adama).

<sup>78</sup> According to the Economic Development Board of Madagascar, Malagasy Textile City has been proposed for construction. It will be the first exclusive textile industry park for Madagascar. It is currently at a feasibility study stage.

<sup>79</sup> Rates applicable to industrial sheds/buildings within industrial/export processing zones.

<sup>80</sup> The annual cost of a fully serviced plot is \$0.6 per acre while the cost for an un-serviced plot has an initial annual cost of \$1 per acre and subsequent annual cost of \$0.4 per acre. Source: Kenya's Export Promotion Zones Authority

<sup>81</sup> Source: Export Processing Zone Authority, Tanzania; <http://epza.go.tz/files/e-brochure.pdf>

<sup>82</sup> The rates vary depending on the location. Source: Export Promotion Board of Madagascar

<sup>83</sup> Cost of leasing industrial land ranges from \$0.2-0.22 per square meter per month. The rates vary depending on the location. Source: Board of Investment of Mauritius

<sup>84</sup> The rates vary depending on the location. Source: [http://www.investsrilanka.com/setting\\_up\\_in/export\\_Processing\\_charges](http://www.investsrilanka.com/setting_up_in/export_Processing_charges)

<sup>85</sup> The rates vary depending on the location. Source: Bangladesh Export Promotion Authority

<sup>86</sup> Cost varies with location with \$0.6 per square meter per year available in Athi River and Nairobi EPZ while \$0.8 per square meter per year available in Mombasa.

<sup>87</sup> Rate varies with location. The highest cost of \$0.6 per square meter is in Bagamoyo. Undeveloped land can also be leased from \$0.25 per year or purchased at the rate of \$79 per square meter. Source: Export Processing Zone Tanzania

<sup>88</sup> An investor can secure an initial lease offer of 5 years, with an option to extend to a full term of 49 years (or as may be determined by the Uganda Investment Authority Board) upon satisfactory development of allocated land. Cost of purchasing land in Kampala ranges from \$50,000 per acre. Source: Uganda Investment Authority

<sup>89</sup> Urban and rural land is available for investment on lease-hold (70-99 years) and rental basis, respectively. Land purchase cost ranges from \$2,000 per acre subject to negotiation with Ethiopian Government.

<sup>90</sup> The rates vary depending on the location. Source: Export Promotion Board of Madagascar

<sup>91</sup> Acquisition of property for business purposes by a non-citizen is subject to an approval from the Prime Minister's Office. The cost of purchase ranges from \$300,000-\$350,000 per acre. Source: Board of Investment of Mauritius

<sup>92</sup> Leasehold is available up to 50 years. Cost varies depending on the location. Source: [http://www.investsrilanka.com/setting\\_up\\_in/export\\_Processing\\_charges](http://www.investsrilanka.com/setting_up_in/export_Processing_charges)

<sup>93</sup> The rates vary depending on location. Fully serviced plots are available on a 30 year lease which is renewable. Source: Bangladesh Export Promotion Authority

**Table 34: Benchmarking – Enterprises, Employment, Days from Port to Park and Market Access**

|   | KE                       | TZ         | UG                | ET                        | MA         | MD         | SL                     | BD        |
|---|--------------------------|------------|-------------------|---------------------------|------------|------------|------------------------|-----------|
| Number of Export-oriented Textile and Apparel Enterprises <sup>94</sup> | 25 <sup>95</sup>         | 6          | 4                 | 150                       | 95         | 100        | 366                    | 4,500     |
| Estimated Number Employed in Textile and Apparel                        | 43,500                   | 13,000     | 4,000             | 60,000                    | 100,000    | 60,000     | 300,000                | 4,200,000 |
| Number of Days to Transport from Port to Park <sup>96</sup>             | 1                        | 1-2        | 2-3 <sup>97</sup> | 4-7 <sup>98</sup>         | 1-3        | 1          | 1                      | 1         |
| Duty Free Market Access to U.S./EU                                      | AGOA / EPA <sup>99</sup> | AGOA / EBA | AGOA / EBA        | AGOA / EBA <sup>100</sup> | AGOA / EPA | AGOA / EPA | EU-GSP+ <sup>101</sup> | EU-EBA    |
| Availability of One-Stop-Shop Services                                  | No                       | Yes        | Yes               | Yes                       | No         | No         | No                     | Yes       |

<sup>94</sup> Enterprises exporting 60 percent and above of their products.

<sup>95</sup> 21 of the export-oriented textile and apparel enterprises are located within the Export Processing Zone.

<sup>96</sup> Duration varies depending on distance from the main port for export.

<sup>97</sup> Being a landlocked country, Uganda relies on the port of Mombasa in Kenya and takes at least 2 days by road to move goods from Mombasa to Industrial Park in Uganda.

<sup>98</sup> Ethiopia is a land locked country and relies on the Port of Djibouti. It would take at least 4 days by road to move the goods from the port of Djibouti to the Industrial parks in Ethiopia. This is expected to reduce with the introduction of cargo trains in 2018-19.

<sup>99</sup> Kenya, Uganda, Tanzania, Burundi, Rwanda and South Sudan are part of the EAC, which is currently benefiting from an interim EU-EAC EPA that allows duty-free access for all exports from the EAC. However, Tanzania and Uganda have yet to ratify it. Source: [http://trade.ec.europa.eu/doclib/docs/2009/january/tradoc\\_142194.pdf](http://trade.ec.europa.eu/doclib/docs/2009/january/tradoc_142194.pdf)

<sup>100</sup> Ethiopia benefits from Everything but Arms scheme, which grants full duty-free and quota-free access to the EU Single Market for all products (except arms and armaments). This is also applicable to Bangladesh, Uganda and Tanzania. Source: <http://trade.ec.europa.eu/tradehelp/everything-arms>

<sup>101</sup> Sri Lanka, Pakistan and the Philippines are the three Asian countries benefiting from GSP+. This is special incentive arrangement for Sustainable Development and Good Governance. GSP+ grants full removal of tariffs on over 66 percent of EU tariff lines, including 0 percent tariff on all apparel categories. Source: <http://trade.ec.europa.eu/tradehelp/gsp>

**Table 35: Benchmarking – Factor Costs**

|  | KE                                  | TZ                | UG                   | ET                                | MA                             | MD                 | SL                         | BD                             |
|--|-------------------------------------|-------------------|----------------------|-----------------------------------|--------------------------------|--------------------|----------------------------|--------------------------------|
| Monthly wage in USD (skilled/semi-skilled)       | \$125-170 / \$70-130 <sup>102</sup> | \$80-90 / \$60-65 | \$55-105 / \$100-140 | \$85-120 / \$40-50 <sup>103</sup> | \$300 / \$150                  | \$66 / \$52        | \$66 / \$58                | \$90 / \$68 <sup>104</sup>     |
| Weekly working hours <sup>105</sup>              | 45                                  | 45                | 48                   | 48                                | 45                             | 40                 | 45                         | 48                             |
| Overtime allowed/week                            | 15                                  | 15                | 12                   | 12                                | 15                             | 20                 | 12                         | 12                             |
| Rent EPZ factory (per sq. m/year) <sup>106</sup> | \$26 - \$48                         | \$21 - \$48       | \$48                 | \$24 - \$48                       | \$35 - \$53                    | \$24               | \$64v- \$80 <sup>107</sup> | \$33.0                         |
| Electricity (USD per kwh)                        | \$0.09 - \$0.18 <sup>108</sup>      | \$0.09            | \$0.12               | \$0.03                            | \$0.10 - \$0.13 <sup>109</sup> | \$0.18             | \$0.08 <sup>110</sup>      | \$0.08 - \$0.09 <sup>111</sup> |
| Water cost (USD m) <sup>3112</sup>               | \$0.55                              | \$0.75            | \$0.89               | \$0.80                            | \$0.53                         | \$0.32             | \$0.40                     | \$0.30                         |
| Sewage cost (USD m) <sup>3113</sup>              | \$0.26                              | \$0.16            | \$0.89               | N/A <sup>114</sup>                | \$0.84                         | N/A <sup>115</sup> | \$0.13                     | \$0.12                         |

<sup>102</sup> The Labour Institutions Act of Kenya (Regulation of Wages Order) lists minimum wage for 3 tiers depending on location of industry with the highest rate being payable in the major cities (Nairobi, Mombasa or Kisumu), a medium rate payable if in major municipality (Mavoko, Ruiru and Limuru) and the lowest rate applicable in all other areas.

<sup>103</sup> There is no minimum wage guide in Ethiopia. The rates are average estimates obtained from Ethiopia Investment Commission. Actual rates vary from enterprise to enterprise.

<sup>104</sup> The minimum wage in Bangladesh is set by the Minimum Wage Board. The current was set in 2013 and the next review is expected to be done in 2018.

<sup>105</sup> Source: Respective local labor laws.

<sup>106</sup> The rate of rent is generally cheaper in government-owned industrial parks compared to privately-owned industrial parks. Source: Respective Industrial Parks or Export Processing Zones

<sup>107</sup> The rent is liable to 11 percent VAT. Source: Board of Investments of Sri Lanka, [www.investsrilanka.com](http://www.investsrilanka.com)

<sup>108</sup> Following a presidential directive on November 26, 2017, industries can now access power at 50 percent during off-peak hours.

<sup>109</sup> Day time rate is \$0.13 while off-peak rate is \$0.10.

<sup>110</sup> Off-peak rates can go to as low as \$0.04 for heavy industrial consumers. Source: Board of Investment of Sri Lanka

<sup>111</sup> According to Dhaka Electric Supply Limited, off peak rate is \$0.08 per kwh. Source: [www.desco.org.bd/?page=tariff-rate](http://www.desco.org.bd/?page=tariff-rate)

<sup>112</sup> Actual rates differ with location/region. The rates are per estimates for the main cities as reported by the International Benchmarking Network for Water and Sanitation Utilities ([www.tariffs.ib-net.org](http://www.tariffs.ib-net.org)) and export processing authorities.

<sup>113</sup> The rates are per estimates for the main cities as reported by the International Benchmarking Network for Water and Sanitation Utilities ([www.tariffs.ib-net.org](http://www.tariffs.ib-net.org)). For Mauritius, the rates are from Waste Water Management Authority ([www.wmamauritius.mu](http://www.wmamauritius.mu)).

<sup>114</sup> Standard tariff guides for sewage are not available at the national water and sewerage company: [www.aawsa.gov.et](http://www.aawsa.gov.et).

<sup>115</sup> Standard tariff guides for sewage are not available at the national water and sewerage company: <http://www.jirama.mg>.

**Table 36: Benchmarking Additional Factor Costs**

|  | KE  | TZ              | UG              | ET  | MA              | MD  | SL                       | BD              |
|--|---|-----------------|-----------------|---|-----------------|---|--------------------------|-----------------|
| Bank interest rate (local currency)                          | 14% <sup>116</sup>                                  | 14 - 16%        | 24%             | 9 - 12% <sup>117</sup>                                  | 10.5%           | 18%   | 14-16% <sup>118</sup>    | 10 - 13%        |
| Bank interest (in US\$)                                      | 7 - 9%  | 7 - 9%          | 12%             | 9 - 12% <sup>119</sup>                                  | 7 - 9%          | 10 - 12%  | 5.5% - 7% <sup>120</sup> | 6 - 9%          |
| Forex remittance on repatriation                             | No restrictions but requires statutory declarations | No restrictions | No restrictions | No restrictions but often delays due to forex shortages | No restrictions | No restrictions but may be delayed by forex shortages and is subject to statutory declarations <sup>121</sup> | No restrictions          | No restrictions |
| Inflation rate 2016 <sup>122</sup>                           | 8%  | 7%              | 9.5%            | 2.2%  | 6.4%            | 6.6%  | 3.6%                     | 6.7%            |
| Work permits for expats (Annual cost in US\$) <sup>123</sup> | \$2,000 <sup>124</sup>                              | \$750           | \$74            | \$200   | \$200           | \$100   | \$131                    | \$60            |

<sup>116</sup> Kenya's Central Bank Monetary Policy has capped the base lending rate at 10 percent which means banks can charge a maximum interest of 14 percent on the loans. However, credit can be availed to local industries at 10-12 percent by Industrial Development Bank Capital Ltd. This is a bilateral partnership between India and Kenya that supports purchase of plant, machinery, equipment and raw materials from India. Sources: Central Bank of Kenya and Industrial Development Bank of Kenya

<sup>117</sup> This rate is only available in state owned banks. Private banks charge as high as 16-18 percent.

<sup>118</sup> The rate of 14 percent is applicable to green energy loans while 16 percent is for overdrafts. Normal fixed loans are available at 15.5 percent. Source: Sri Lanka Commercial Bank, [www.combank.lk/newweb/en/rates-tariffs/lending-rates](http://www.combank.lk/newweb/en/rates-tariffs/lending-rates)

<sup>119</sup> Due to the prevailing forex shortages in Ethiopia, borrowing in Foreign Currency including USD is highly restricted. Source: <https://www.tesfanews.net/ethiopias-foreign-currency-crisis/>

<sup>120</sup> Foreign currency loans (in USD) as of October 2017. Source: <http://www.dfcc.lk/en/investment/rates>

<sup>121</sup> Repatriation can only be done through specific authorized banks subject to statutory declarations. Source: EDBM – Economic Development Board of Madagascar

<sup>122</sup> As per World Bank Country data for 2016.

<sup>123</sup> Source: Local Immigration laws and Investment Promotion agencies

<sup>124</sup> Cost of work permit for an investor who invests at least \$100,000 or more is \$1,000 per year.

**Table 37: Benchmarking Sea Freight to nearest port from Key Markets – Imports<sup>125</sup>**

|  | <b>KE<sup>126</sup></b> | <b>TZ<sup>127</sup></b> | <b>UG<sup>128</sup></b> | <b>ET<sup>129</sup></b> | <b>MA<sup>130</sup></b> | <b>MD<sup>131</sup></b> | <b>SL<sup>132</sup></b> | <b>BD<sup>133</sup></b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| From Shanghai, China, 40 Foot          | \$1,500                 | \$1,500                 | \$ 1,500                | \$ 1,950                | \$ 1,900                | \$ 2,300                | \$ 700                  | \$576                   |
| From Shanghai, China, 20 Foot          | \$900                   | \$900                   | \$900                   | \$1,200                 | \$1,100                 | \$1,350                 | \$600                   | \$386                   |
| Transit Time (Days)                    | 22                      | 27                      | 22                      | 34                      | 19                      | 26                      | 15                      | 15                      |
| From Huangpu, Guangdong China, 40 Foot | \$1,600                 | \$1,600                 | \$1,600                 | \$2,100                 | \$1,850                 | \$2,000                 | \$615                   | \$637                   |
| From Huangpu, Guangdong China, 20 Foot | \$950                   | \$950                   | \$950                   | \$1,300                 | \$950                   | \$1,100                 | \$460                   | \$427                   |
| Transit Time (Days)                    | 19                      | 24                      | 19                      | 30                      | 19                      | 21                      | 13                      | 12                      |
| From Maharashtra, India, 40 Foot       | \$950                   | \$950                   | \$950                   | \$185                   | \$850                   | \$1,000                 | \$350                   | \$550                   |
| From Maharashtra, India, 20 Foot       | \$500                   | \$500                   | \$ 500                  | \$1,070                 | \$475                   | \$550                   | \$400                   | \$300                   |
| Transit Time (Days)                    | 14                      | 19                      | 14                      | 17                      | 24                      | 26                      | 5                       | 17                      |
| From Hong Kong, 40 Foot                | \$1,550                 | \$1,550                 | \$ 1,550                | \$2,000                 | \$1,750                 | \$1,900                 | \$525                   | \$553                   |
| From Hong Kong, 20 Foot                | \$925                   | \$925                   | \$925                   | \$1,250                 | \$900                   | \$1,050                 | \$400                   | \$370                   |
| Transit Time (Days)                    | 20                      | 25                      | 20                      | 28                      | 15                      | 21                      | 10                      | 12                      |

<sup>125</sup> With exception of the sea freight rates from China and Hong Kong to Bangladesh, all other sea freight rates have been quoted from Maersk Shipping Line. Used basic sea freight only and excluded other fees such as documentation fees, terminal handling service fees and import service fees.

<sup>126</sup> The indicative rates for Kenya are subject to and from the port of Mombasa.

<sup>127</sup> The indicative rates for Tanzania are subject to and from the port of Dar es Salaam.

<sup>128</sup> The rates for Uganda are similar to the rates for Kenya subject to use of the port of Mombasa. Add 2-3 days transit time from Mombasa port to Uganda.

<sup>129</sup> Rates for Ethiopia have been quoted for port of Djibouti, which is the only port accessible to Ethiopia. Inland cost to the carrier may offer inland haulage service to Industrial Park at an additional cost ranging from \$2,000 to \$4,000 depending on distance from port.

<sup>130</sup> The indicative rates are subject to and from the Port Louis.

<sup>131</sup> The indicative rates for Madagascar are subject to and from the port of Toamasina.

<sup>132</sup> The indicative rates for Sri Lanka are subject to and from the port of Colombo.

<sup>133</sup> The indicative rates for Bangladesh are subject to and from the port of Chittagong. Maersk Shipping line does not operate from China and Hong Kong to Chittagong. Instead, the rates provided from those two countries are estimates from [www.worldfreightrates.com](http://www.worldfreightrates.com).

**Table 38: Benchmarking –Sea Freight from nearest port to Key Markets – Exports**

|   | <b>KE</b> | <b>TZ</b> | <b>UG<sup>134</sup></b> | <b>ET<sup>135</sup></b> | <b>MA</b> | <b>MD</b> | <b>SL</b> | <b>BD</b> |
|---|-----------|-----------|-------------------------|-------------------------|-----------|-----------|-----------|-----------|
| To Liverpool, UK, 40 Foot                   | \$1,600   | \$1,600   | \$1,600                 | \$2,100                 | \$2,000   | \$2,300   | \$1,200   | \$2,650   |
| Liverpool, UK, 20 Foot                      | \$1,050   | \$1,050   | \$1,050                 | \$1,100                 | \$1,000   | \$1,200   | \$650     | \$1,375   |
| Transit Time (Days)                         | 35        | 41        | 35                      | 30                      | 48        | 43        | 29        | 41        |
| To Hamburg, Germany, 40 Foot                | \$1,300   | \$1,300   | \$1,300                 | \$1,700                 | \$2,100   | \$2,600   | \$1,000   | \$2,200   |
| To Hamburg, Germany, 20 Foot                | \$835     | \$835     | \$835                   | \$1,312                 | \$1,050   | \$1,400   | \$550     | \$1,225   |
| Transit Time (Days)                         | 34        | 39        | 34                      | 29                      | 46        | 39        | 26        | 38        |
| To Newark, New Jersey, USA, 40 Foot         | \$4,732   | \$4,732   | \$6,732                 | \$4,132                 | \$4,692   | \$5,095   | \$1,980   | \$4,230   |
| To Newark, New Jersey, USA, 20 Foot         | \$2,500   | \$2,500   | \$4,500                 | \$2,267                 | \$2,367   | \$2,770   | \$1,640   | \$1,805   |
| Transit Time (Days)                         | 26        | 33        | 26                      | 23                      | 39        | 35        | 24        | 31        |
| To Charleston, South Carolina, USA, 40 Foot | \$6,332   | \$6,332   | \$8,332                 | \$5,732                 | \$6,292   | \$6,695   | \$1,980   | \$4,230   |
| To Charleston, South Carolina, USA, 20 Foot | \$3,300   | \$3,300   | \$5,300                 | \$3,067                 | \$3,167   | \$3,570   | \$1,640   | \$1,805   |
| Transit Time (Days)                         | 31        | 38        | 31                      | 27                      | 44        | 40        | 30        | 40        |
| To Los Angeles, California, USA, 40 Foot    | \$4,450   | \$4,450   | \$4,450                 | \$4,247                 | \$5,117   | \$5,317   | \$1,900   | \$2,850   |
| To Los Angeles, California, USA, 20 Foot    | \$2,535   | \$2,535   | \$2,535                 | \$2,332                 | \$2,577   | \$2,677   | \$1,575   | \$2,190   |
| Transit Time (Days)                         | 48        | 48        | 48                      | 48                      | 61        | 57        | 31        | 33        |
| To Portland, Oregon, USA, 40 Foot           | \$4,997   | \$4,997   | \$4,997                 | \$4,247                 | \$5,117   | \$5,317   | \$1,900   | \$3,450   |
| To Portland, Oregon, USA, 20 Foot           | \$2,600   | \$2,600   | \$2,600                 | \$2,332                 | \$2,577   | \$2,677   | \$1,575   | \$2,715   |
| Transit Time (Days)                         | 60        | 60        | 60                      | 53                      | 66        | 62        | 41        | 51        |

<sup>134</sup> Inland freight from Uganda to the Port of Mombasa would add approximately \$2,000 and 2-3 days transit time.

<sup>135</sup> Rates for Ethiopia have been quoted from Port of Djibouti, which is the only port accessible to Ethiopia. Inland costs to the port range from \$2,000 to \$4,000 depending on distance from park to the port.

**Table 39: Air Freight To/From Key Markets<sup>136</sup>**

|  | <b>KE</b>         | <b>TZ</b>         | <b>UG</b>         | <b>ET</b>         | <b>MA</b>         | <b>MD</b>         | <b>SL</b>         | <b>BD</b>         |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| To USA (Cost per kg) 500 kg/1000 kg                  | \$ 4.00 / \$ 2.70 | \$ 5.50 / \$ 2.50 | \$ 3.55 / \$ 1.95 | \$ 5.32 / \$ 1.70 | \$ 3.08 / \$ 3.03 | \$ 5.50 / \$ 2.50 | \$ 5.73 / \$ 5.50 | \$ 3.13 / \$ 4.75 |
| Transit Time (Days)                                  | 3                 | 3                 | 3                 | 3                 | 1                 | 3                 | 3                 | 3                 |
| To EU (Cost per kg) 500 kg/1000 kg                   | \$ 2.80 / \$ 1.65 | \$ 3.00 / \$ 2.30 | \$ 3.00 / \$ 1.35 | \$ 4.75 / \$ 1.70 | \$ 2.55 / \$ 2.29 | \$ 3.00 / \$ 2.30 | \$ 3.84 / \$ 3.87 | \$ 3.67 / \$ 3.63 |
| Transit Time (Days)                                  | 3                 | 3                 | 3                 | 3                 | 1                 | 3                 | 3                 | 3                 |
| From China - Guangzough (Cost per kg) 500 kg/1000 kg | \$ 2.95 / \$ 2.37 | \$ 3.70 / \$ 2.96 | \$ 4.44 / \$ 4.40 | \$ 3.55 / \$ 2.96 | \$ 6.00 / \$ 5.97 | \$ 3.99 / \$ 3.40 | \$ 4.15 / \$ 3.85 | \$ 3.98 / \$ 3.61 |
| From China - Shanghai (Cost per kg) 500 kg/1000 kg   | \$ 3.84 / \$ 3.25 | \$ 5.02 / \$ 4.44 | \$ 4.44 / \$ 3.99 | \$ 4.44 / \$ 3.25 | \$ 6.05 / \$ 6.00 | \$ 3.85 / \$ 3.25 | \$ 4.14 / \$ 3.82 | \$ 3.97 / \$ 3.58 |
| Transit Time (Days)                                  | 3                 | 3                 | 3                 | 3                 | 1                 | 3                 | 3                 | 3                 |
| From India - Mumbai (Cost per Kg) 500 kg/1000 kg     | \$ 2.89 / \$ 1.09 | \$ 2.50 / \$ 1.02 | \$ 2.89 / \$ 1.41 | \$ 3.28 / \$ 1.56 | \$ 3.05 / \$ 3.10 | \$ 3.13 / \$ 1.48 | \$ 4.12 / \$ 3.84 | \$ 3.95 / \$ 3.60 |
| Transit Time (Days)                                  | 3                 | 3                 | 3                 | 3                 | 2                 | 3                 | 3                 | 3                 |
| From Hong Kong (Cost per kg) 500 kg/1000 kg          | \$ 3.42 / \$ 2.84 | \$ 3.84 / \$ 3.23 | \$ 4.16 / \$ 3.29 | \$ 3.48 / \$ 2.82 | \$ 7.22 / \$ 7.61 | \$ 5.72 / \$ 5.21 | \$ 4.41 / \$ 2.85 | \$ 5.01 / \$ 3.90 |
| Transit Time (Days)                                  | 3                 | 3                 | 3                 | 3                 | 3                 | 3                 | 3                 | 3                 |

<sup>136</sup> All indicative rates obtained from Ethiopian Airlines Air Cargo department except for Mauritius, which were obtained from Air Mauritius.

## 5. CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Overview: East Africa vs. Asia

For the six East Africa countries included in this study, the labor-intensive CTA industry provides an opportunity to create high-impact employment and growth. Four of the countries (Uganda, Tanzania, Ethiopia and Madagascar) are low income countries, ranking below Sri Lanka and Bangladesh, which are classified as low-middle income. The East African countries also have a greater combined population: 265 million people compared to Sri Lanka and Bangladesh's 180 million. If East Africa's CTA industry grows, it could have a great impact on the region's employment.

Currently, East Africa's CTA industry is much smaller than Sri Lanka and Bangladesh's. In 2016, the East Africa region exported \$1.8 billion in apparel, which pales in comparison to Sri Lanka and Bangladesh's combined \$37.5 billion in exports. The disparity can also be seen in terms of employment. The direct employment impact in East Africa is about 280,000, while the direct employment in Sri Lanka and Bangladesh is about 4.5 million. East Africa only has an estimated 380 export-oriented textile and apparel industries compared to Sri Lanka and Bangladesh's 4,800.

**Table 40: Differences Between East Africa and Asia**

|  | <b>East Africa</b><br><i>(Kenya, Uganda, Tanzania, Ethiopia, Madagascar and Mauritius)</i> | <b>Asia</b><br><i>(Sri Lanka &amp; Bangladesh)</i> |
|--|--|--|
| Population                                   | 265 million  | 180 million  |
| Number of Export-oriented Apparel Industries | 380  | 4,800  |
| Number of Workers Employed                   | 280,000  | 4,500,000  |
| Apparel Exports (2016)                       | \$1.8 billion  | \$37.5 billion                                     |
| Apparel Imports (2016)                       | \$2.2 billion  | \$500 million                                      |

The U.S. and EU markets are the key target markets for the global apparel business. The East African countries enjoy preferential market access in the U.S. through AGOA, which extends duty-free and quota-free benefits. While it is important for each country in East Africa to pursue their respective national industrialization plans, regional cooperation that harnesses individual competencies should also be pursued, along with the allowance of free labor movement across the region. These principles should be included within existing regional frameworks. The regional market should also not be ignored, considering apparel imports into the East African countries in 2016 accounted for \$2.2 billion, with only Mauritius and Madagascar registering positive trade balances.

### 5.2 Kenya

Kenya is ranked second among the six East African countries on the Global Competitiveness Index (2016-17). This is a good sign for investors and could help the country attract investment, but Kenya will need to improve its weak areas, particularly its macroeconomic environment where it received the lowest ranking among the six countries.

In 2016, Kenya exported \$412 million in CTA products. Apparel exports were valued at \$374 million, representing 91 percent of CTA exports, 5.8 percent of all exports and 0.5 percent of Kenya's GDP (World



Bank). With an overall CTA import value of \$1.3 billion, however, Kenya needs to pay closer attention to its domestic and regional market, while also diversifying and exploring other attractive markets, such as the EU (DESA/UNSD Comtrade, 2016).

Kenya's investment climate is comparable to the other East African countries' and is in some cases better than Bangladesh and Sri Lanka's, such as the ten-year corporate tax holiday. Kenya could improve its cost of work permits as, at \$2,000 per year, it is the most expensive in the East African region and even more costly than Sri Lanka and Bangladesh whose annual costs are \$131 and \$60 respectively.

The cost of labor is relatively higher in the major cities at \$125–170 per month. Costs are more competitive away from the major cities where they typically range from \$70–130 per month. In response, Kenya could encourage industries to invest away from the major cities, though investment will be necessary to establish supporting infrastructure.

The cost of electricity for manufactures was recently lowered from \$0.18 to \$0.09 per kwh through a presidential directive in November 2017. While this was a welcome relief to existing investors, prospective investors will require that the lowered cost is made sustainable through long-term investments. Infrastructure projects that are in place, including the expansion of the geothermal power plant, need to be fast-tracked.

Finally, the cost of shipment to U.S. market is relatively higher for Kenya and for East African countries as a whole compared to Sri Lanka and Bangladesh. The shipment cost to the EU market is fairly competitive. To ensure lower costs, overall CTA exports need to grow and create increased container loads so that the industry's negotiating power with shipping lines is strengthened.

## **5.3 Uganda**

Uganda has a relatively good macroeconomic environment on the Global Competitiveness Index (2016-17), but, like most other East African countries, infrastructure remains an area for improvement.

Uganda had the lowest value for overall CTA exports at \$22 million. Cotton fiber accounted for \$18 million, or 82 percent of CTA exports and 0.6 percent of Uganda's total exports (DESA/UNSD Comtrade, 2016). Uganda's CTA imports were higher at \$108 million in 2016, making it a net importer of CTA products.

With its raw material base, Uganda should prioritize investments for yarn and fabric manufacturers and target the East African region before seeking to compete with Asian competitors. However, with only four major CTA export-oriented companies, the industry needs to grow. Targeted incentives could attract vertically integrated investors, but the country will need to compete with its East African counterparts to offer sufficiently attractive incentives. Because it is landlocked, Uganda has higher logistics costs for export. The cost of leasing industrial sheds at \$6 per square meter is also among the highest in the region and requires attention for the country to increase its attractiveness.

## **5.4 Tanzania**

Tanzania has a fairly strong ranking for its macroeconomic environment on the Global Competitiveness Index (2016-17), an important factor to attract investors, but there is need for improvement the country's infrastructure.

In 2016, Tanzania exported \$236 million in CTA products with cotton fiber and cotton yarn dominating at a combined value of \$61 million. Overall apparel exports accounted for \$47 million. The cotton fiber and yarn exports represented 1 percent of Tanzania's total exports, while apparel exports were insignificant (0.1 percent) when compared to Tanzania's total exports of \$5.9 billion ((World Bank, 2016).

With overall CTA imports at \$977 million, Tanzania had a trade imbalance of \$741 million, the second highest in the East Africa region. This indicates a need to cater to the local and regional market while also attracting new investors targeting the international markets. Tanzania also had the highest imports of second-hand clothing in East Africa, valued at \$85 million, which can be addressed by attracting relevant investors (DESA/UNSD Comtrade, 2016). Fortunately, Tanzania's investment climate is fairly competitive in comparison to the other East African countries.

With its strong raw material base, Tanzania needs to focus on growing value addition by attracting fabric manufactures and increase its target for apparel exports to the U.S. and EU markets. Yet, because the country only has six major export-oriented textile and apparel companies, Tanzania will also need to attract additional investors and diversify markets.

## **5.5 Ethiopia**

Ethiopia is fairly strong on institutions and macroeconomic environment on the Global Competitiveness Index (2016-17), which are key ingredients for attracting investors.

With 150 export-oriented CTA industries, Ethiopia has the highest number among the East African countries, yet this still pales in comparison to Sri Lanka and Bangladesh, which have 300,000 and 4.2 million respectively. With overall CTA exports of \$107 million against overall CTA imports of \$773 million (DESA/UNSD Comtrade, 2016), Ethiopia is a net importer of CTA products. Apparel exports alone amounted to \$81.4 million in 2016, representing 2.7 percent of Ethiopia's \$2.9 billion in total exports from Ethiopia (World Bank, 2016).

Ethiopia's major advantages lie in its low cost of power at \$0.03 per kwh and cost of wages. Wages can be as low as \$40 a month for semi-skilled workers, the lowest in the East African region and lower than Bangladesh and Sri Lanka. In addition, its major industrialization transformation plan includes six new textile-oriented parks, which will be a major attraction for investors.

Ethiopia is challenged by the region's highest cost and time to the port, given that it is landlocked. To improve this, the country will need to enhance its logistics efficiency and connectivity to international markets. The frequent shortage of forex is another major concern to existing and potential investors and requires a long-term solution. Ethiopia is operating well below its potential, but this could significantly change if it remains on course in its implementation of the current industrial transformation plan.

## **5.6 Madagascar**

Madagascar has the lowest rating on the Global Competitiveness Index (2016-17) among the six East African countries and is lower than Sri Lanka and Bangladesh as well. Its weakest area is in infrastructure, which detracts from its attractiveness for investors.

With 95 major CTA export-oriented industries and a very competitive wage rate starting from \$52 per month for semi-skilled workers, Madagascar has some important advantages. It also enjoys a positive overall CTA trade balance of \$89 million; exports in 2016 totaled \$662 million while imports totaled \$573 million (DESA/UNSD Comtrade, 2016).

Apparel exports of \$625 million accounted for 94 percent of all CTA exports. There was a good balance of export markets, focused on the U.S., EU and South Africa, owing to the significant number of Mauritian investors in the CTA industries. The apparel export value represented 6.4 percent of Madagascar's GDP of \$9.7 billion and 20 percent of the estimated total exports of all commodities from Madagascar of \$3 billion (World Bank, 2016), the second highest share in East Africa after Mauritius.

Madagascar however, needs to improve its speed to market, especially by addressing port accessibility and infrastructure. In addition, power's high cost at \$0.18 per kwh and low quality from frequent outages require

long-term solutions through investment. Addressing frequent forex shortages will also facilitate outflows, helping to smooth trade and repatriate profits.

## **5.7 Mauritius**

Mauritius has the highest ranking among the six East African countries on the Global Competitiveness Index (2016-17) and is ranked even higher than Bangladesh and Sri Lanka. This position is a great asset for Mauritius that will continue attracting and retaining investors if sustained.

Mauritius leads the East African countries in overall CTA exports, having exported \$785 million in products in 2016. Mauritius' overall imports in 2016 were valued at \$354 million, creating a positive CTA trade balance (DESA/UNSD Comtrade, 2016). Apparel exports alone were valued at \$702 million, representing 6 percent of the country's GDP of \$11.7 billion and 26 percent of the country's total exports of all commodities of \$26 billion (World Bank, 2016). This is the highest share of apparel exports to overall commodity exports among the East African countries, yet it falls below that of Sri Lanka and Bangladesh, which achieved 49 percent and 95 percent respectively in the same year.

Mauritius' strength lies in market diversification as it exports to the U.S. market, EU market and South African market. It is challenged, however, by its high monthly wages for apparel, which range from \$150 to \$300. Mauritius also has the least generous corporate tax incentive at 3 percent, instead of a blanket 5 to 10-year corporate tax holiday as is the case with the other East African countries, Sri Lanka and Bangladesh. Nonetheless, Mauritius retains 100 major CTA export-oriented companies, many of which are locally-owned, primarily due to its business environment's overall efficiency.

With stiff competition from Sri Lanka and Bangladesh for some of its prime markets, including the U.S. and EU, Mauritius needs to focus on differentiating its product offering and continue its strategy of encouraging local Mauritians to invest in the sector both domestically and regionally as has been done in Madagascar.

## 6. MAPPING REPORT FOR TEXTILE AND APPAREL – EAST AFRICA

### 6.1 Introduction

As part of the mapping activity commissioned by the East Africa Trade and Investment Hub, the consultant made appointments with textile and apparel enterprises across five East African countries: Kenya, Uganda, Tanzania, Mauritius and Madagascar. During the visits, the consultant administered a detailed survey to collect information about the company's activities, ranging from basic contact details to production and export data. In addition, the consultant developed a searchable database system.

During the textile and apparel mapping activity, a total of 68 enterprises were mapped, ranging from small, medium to large enterprises according to the number of employees.

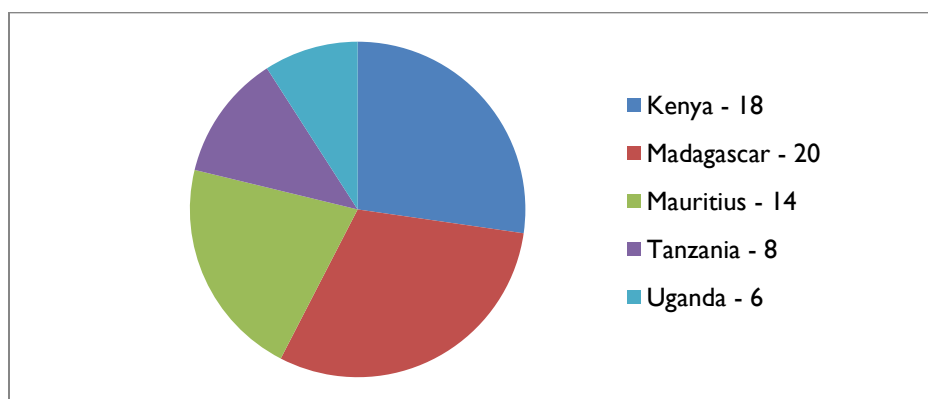
### 6.2 Mapped Enterprises

#### 6.2.1 Summary of Mapped Enterprises

The database developed on MySQL can be accessed using the details below:

Link: [www.textilemap.co.ke](http://www.textilemap.co.ke)  
Username: [admin@textilemap.co.ke](mailto:admin@textilemap.co.ke)  
Password: xxx

A total of 68 Companies have been mapped. Below is the summary of frequency by country:



#### 6.2.2 List of Mapped Enterprises

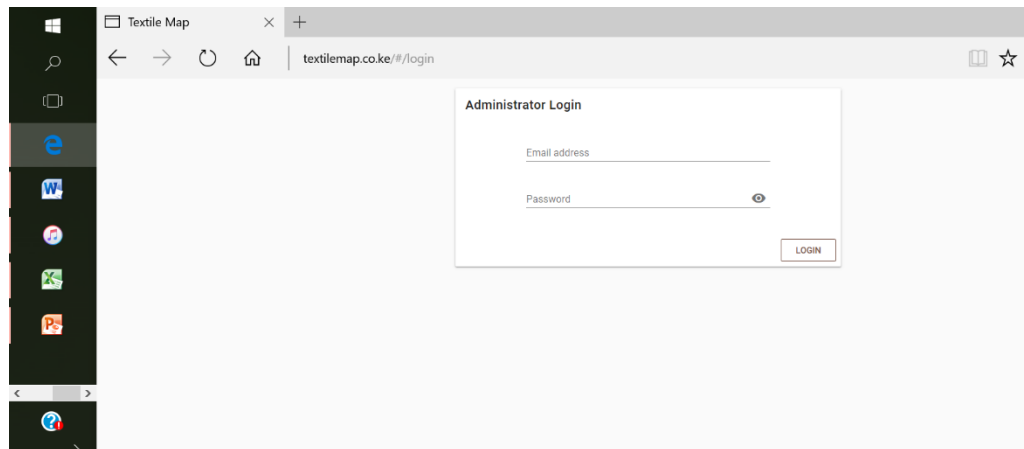
| Enterprise ID | Legal Name of Enterprise      | Country | Legal Form                |
|---------------|-------------------------------|---------|---------------------------|
| 53            | Brilliant Garments EPZ Ltd    | Kenya   | Limited Liability Company |
| 63            | Hantex Garments EPZ Ltd       | Kenya   | Limited Liability Company |
| 74            | New Wide Garments (K) EPZ Ltd | Kenya   | Limited Liability Company |
| 75            | HELA Intimates EPZ Limited    | Kenya   | Limited Liability Company |
| 76            | Global Apparels (K) EPZ Ltd   | Kenya   | Limited Liability Company |

|            |  |            |                               |
|------------|--|------------|-------------------------------|
| <b>77</b>  | Royal Garments EPZ Ltd                 | Kenya      | Limited Liability Company     |
| <b>78</b>  | Kikoymall EPZ Ltd                      | Kenya      | Limited Liability Company     |
| <b>79</b>  | Tailor Made Jeanswear EPZ Ltd          | Kenya      | Limited Liability Company     |
| <b>80</b>  | Panah Limited                          | Kenya      | Limited Liability Company     |
| <b>81</b>  | Kiboko Leisure Wear LTD                | Kenya      | Limited Liability Company     |
| <b>82</b>  | Simba Apparel EPZ                      | Kenya      | Limited Liability Company     |
| <b>84</b>  | Ashton Apparel EPZ                     | Kenya      | Limited Liability Company     |
| <b>85</b>  | Mega Garments Industries Kenya EPZ LTD | Kenya      | Limited Liability Company     |
| <b>86</b>  | Mombasa Apparel EPZ (K) LTD            | Kenya      | Limited Liability Partnership |
| <b>87</b>  | SupraKnits                             | Madagascar | Limited Liability Company     |
| <b>89</b>  | Epsilon                                | Madagascar | Limited Liability Company     |
| <b>90</b>  | Opalia Garment                         | Madagascar | Limited Liability Company     |
| <b>91</b>  | Hibiscus Production                    | Madagascar | Limited Liability Company     |
| <b>92</b>  | Festival SA                            | Madagascar | Limited Liability Company     |
| <b>94</b>  | Kaliana                                | Madagascar | Limited Liability Company     |
| <b>98</b>  | AccordKnits                            | Madagascar | Limited Liability Company     |
| <b>99</b>  | Tropic Knits                           | Madagascar | Limited Liability Company     |
| <b>100</b> | Labeltex                               | Madagascar | Limited Liability Company     |
| <b>101</b> | Sonia Mada                             | Madagascar | Limited Liability Company     |
| <b>102</b> | I-MAR MADA S.A.R.L.U.                  | Madagascar | Limited Liability Company     |
| <b>103</b> | CN & PARTNERS TEXTILE                  | Madagascar | Limited Liability Company     |
| <b>104</b> | Gama Textile Madagascar SARL           | Madagascar | Limited Liability Company     |
| <b>107</b> | World Knits Mada SA                    | Madagascar | Limited Liability Company     |
| <b>108</b> | Cotton Line SA                         | Madagascar | Limited Liability Company     |
| <b>109</b> | Aquarelle SA                           | Madagascar | Limited Liability Company     |
| <b>110</b> | General Garment SA                     | Madagascar | Limited Liability Company     |
| <b>111</b> | PLG Confection SA                      | Madagascar | Limited Liability Company     |
| <b>112</b> | Soniawear Ltd                          | Mauritius  | Limited Liability Company     |
| <b>113</b> | Fit-U Garment                          | Mauritius  | Limited Liability Company     |
| <b>114</b> | Aquarelle Group                        | Mauritius  | Limited Liability Company     |
| <b>115</b> | Fairy Textiles Ltd                     | Mauritius  | Limited Liability Company     |
| <b>116</b> | Shivani Manufacturing Ltd              | Mauritius  | Limited Liability Company     |
| <b>118</b> | Narrow Fabrics & Berque LTEE           | Mauritius  | Limited Liability Company     |
| <b>119</b> | Future Textiles LTD                    | Mauritius  | Limited Liability Company     |
| <b>122</b> | Tex Knits Ltd                          | Mauritius  | Limited Liability Company     |
| <b>123</b> | Mac'Allan LTEE                         | Mauritius  | Limited Liability Company     |
| <b>124</b> | New Era Garments                       | Mauritius  | Limited Liability Company     |
| <b>125</b> | MFM Confections LTEE                   | Mauritius  | Limited Liability Company     |
| <b>126</b> | Future Textiles Mada                   | Madagascar | Limited Liability Company     |
| <b>129</b> | Tanzania Tooku Garments Co. Ltd        | Tanzania   | Limited Liability Company     |

|            |   |            |                           |
|------------|---|------------|---------------------------|
| <b>I30</b> | Tanzania China Friendship Textile Co Ltd          | Tanzania   | Limited Liability Company |
| <b>I31</b> | 361degrees Africa Ltd                             | Tanzania   | Limited Liability Company |
| <b>I32</b> | Bema Authentic Fashion and Design                 | Tanzania   | Sole Proprietorship       |
| <b>I33</b> | NIDA Textiles & Namera Group of Industries        | Tanzania   | Limited Liability Company |
| <b>I34</b> | 21st Century Textiles Ltd                         | Tanzania   | Limited Liability Company |
| <b>I35</b> | Mazava Fabrics and production East Africa limited | Tanzania   | Limited Liability Company |
| <b>I36</b> | Sunflag Tanzania Ltd                              | Tanzania   | Limited Liability Company |
| <b>I37</b> | Sigma Knitting Industries Ltd                     | Uganda     | Limited Liability Company |
| <b>I38</b> | Southern Range Nyanza                             | Uganda     | Limited Liability Company |
| <b>I39</b> | Textile Development Agency                        | Uganda     | Trust                     |
| <b>I40</b> | Kwera Ltd   | Uganda     | Limited Liability Company |
| <b>I41</b> | Fine Spinners Uganda Ltd                          | Uganda     | Limited Liability Company |
| <b>I43</b> | Africa Apparel EPZ Ltd                            | Kenya      | Limited Liability Company |
| <b>I44</b> | Balaji Group                                      | Kenya      | Limited Liability Company |
| <b>I45</b> | Akinyi Odongo (K) Ltd                             | Kenya      | Limited Liability Company |
| <b>I46</b> | Katchy Collections                                | Kenya      | Limited Liability Company |
| <b>I48</b> | Chrisams Designs Ltd                              | Uganda     | Limited Liability Company |
| <b>I49</b> | Sheentex Ltd                                      | Mauritius  | Limited Liability Company |
| <b>I51</b> | FM Denim  | Mauritius  | Limited Liability Company |
| <b>I53</b> | Woven Labels (MTIUS) Ltd                          | Mauritius  | Limited Liability Company |
| <b>I54</b> | MKLEN International                               | Madagascar | Limited Liability Company |

## 6.3 Navigation of the Database Features

Log in:



+

textilemap.co.ke/#/login

Administrator Login

Email address  
admin@textilemap.co.ke

Password  
●●●●●●●●

LOGIN

Snapshot:

Dashboard

Data

Import Data

Enterprises

Factories

Reports

Reports

System

Logout

Enterprises

66 Registered

Factories

82 Registered

Distribution per country

| Country    | Enterprises | Factories |
|------------|-------------|-----------|
| Kenya      | 18          | 23        |
| Madagascar | 20          | 27        |
| Mauritius  | 14          | 16        |
| Tanzania   | 8           | 10        |
| Uganda     | 6           | 6         |

Rows per page: 5 1-5 of 5 < >

## Enterprise listing and features:

The screenshot shows the Textile Map web application interface. The sidebar on the left contains navigation links: Dashboard, Data (Import Data, Enterprises, Factories), Reports, and System (Logout). The main content area displays a table of enterprises with columns: Legal Name, Country, Legal Form, Year Est., Employ, Factories, Website, and Actions. The Actions column contains icons for edit, delete, and details. A filter dropdown is set to 'All'. A search bar is located at the top right of the table. Arrows from numbered boxes point to specific UI elements: II points to the 'Enterprises' link in the sidebar; X points to the 'Reports' link; VII points to the 'Filter by country' dropdown; VIII points to the search bar; III points to the delete icon; IV points to the details icon; IX points to the 'Add' button; V points to the pagination controls; and VI points to the 'Add' button.

- I. Click to view list of enterprises
- II. Click to edit any details
- III. Click to delete a record
- IV. Click to view more details of the specific enterprise
- V. Click to navigate to the next or previous list of records
- VI. Type to search for record
- VII. Click to filter by country
- VIII. Click to add a new record
- IX. Click to view predefined reports



## More details for New Wide Garments EPZ:

The screenshot shows the profile of New Wide Garments (K) EPZ Ltd. on the textilemap.co.ke website. The page is divided into several sections:

- Principal Office:** Athi River EPZ Transfleet Building Unit 4. Full address: Athi River EPZ Transfleet Building Unit 4. Physical address: Athi River EPZ Transfleet Building Unit 4. P.O. Box: 292.
- Headquarters:** Full address, Physical address, P.O. Box.
- Navigation Tabs:** FACTORIES, KEY STAFF, AFFILIATION, KEY EXPORT MARKETS, TRADING, MAJOR BUYERS, CERTIFICATIONS.
- Individual Profile:** INDIVIDUAL PROFILE - PUBLIC, INDIVIDUAL PROFILE - PRIVATE, EDIT.
- Table:** A table with columns: Name, Full Address, P.O. Box, City, Zip/Postal Code, Status. The first row shows New Wide Garments (K) EPZ Ltd. with address Athi River EPZ Transfleet Building Unit 4, Athi River, 00204, Kenya, P.O. Box 292, Athi River, 204.

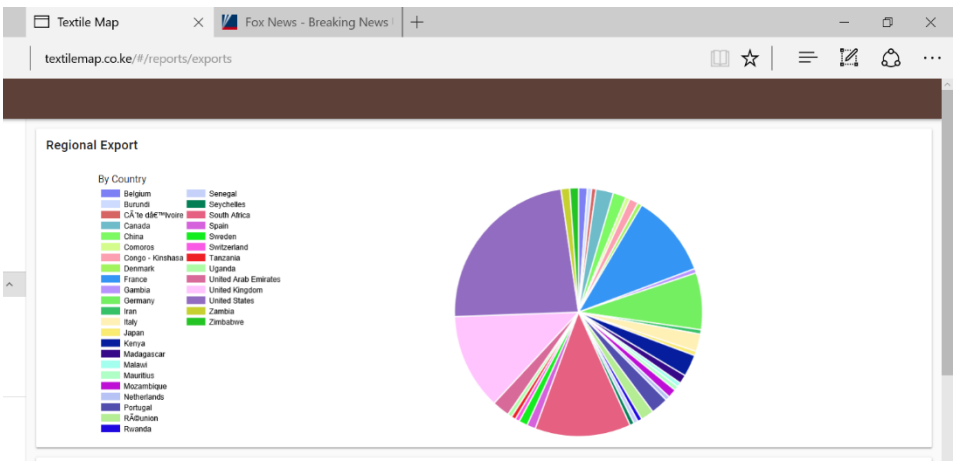
Arrows point from Roman numerals to specific elements:

- XI points to the FACTORIES tab.
- XI points to the Full Address field.
- XII points to the KEY STAFF tab.
- XIV points to the AFFILIATION tab.
- XV points to the KEY EXPORT MARKETS tab.
- XVI points to the P.O. Box field.
- XVII points to the INDIVIDUAL PROFILE - PUBLIC button.
- XVIII points to the INDIVIDUAL PROFILE - PRIVATE button.
- IX points to the EDIT button.

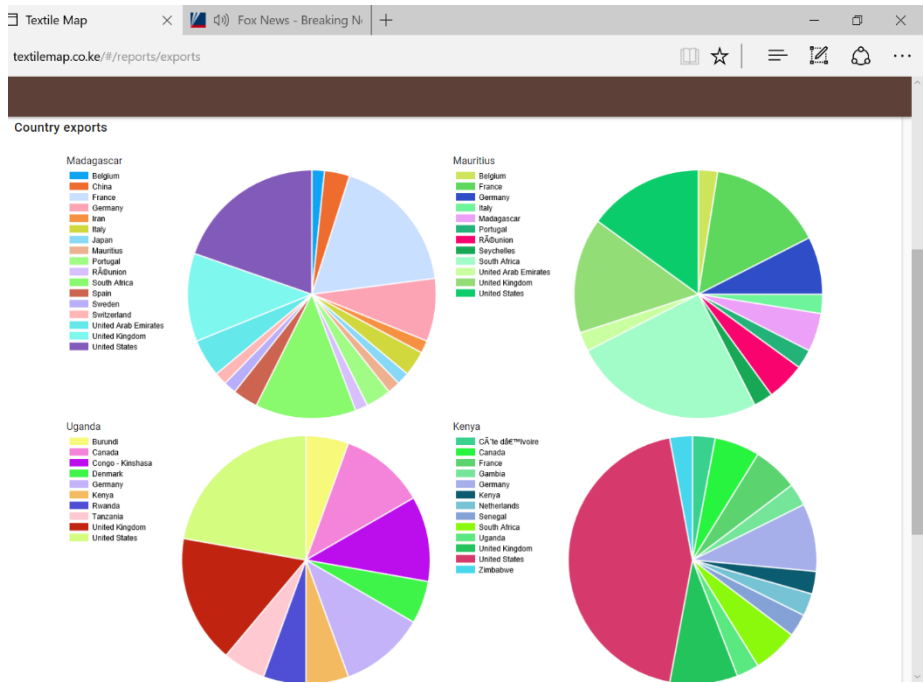
- X. Click to view factory details
- XI. Click to view key staff
- XII. Click to view affiliations
- XIII. Click to view key export markets
- XIV. Click to view products traded
- XV. Click to view list of major buyers
- XVI. Click to view list of certifications
- XVII. Click to view individual profile – public view
- XVIII. Click to view individual profile – private view

Reports:

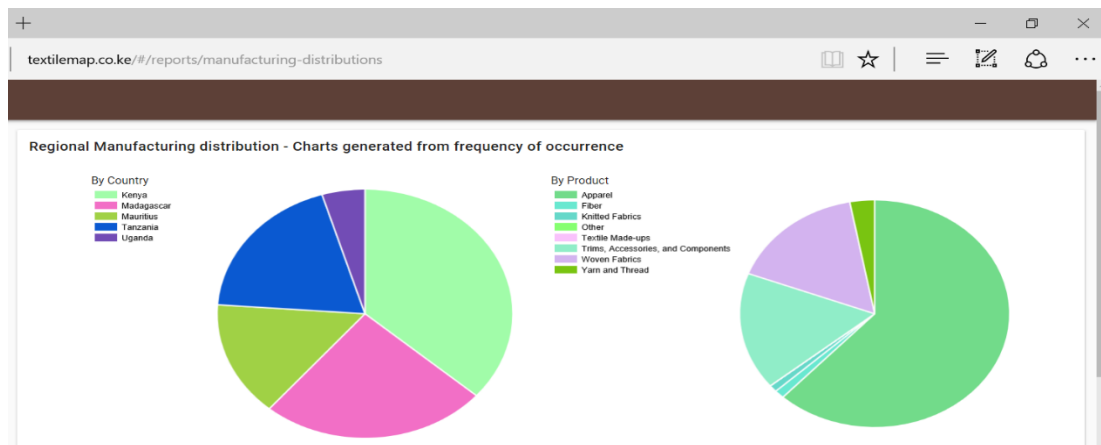
Number of companies exporting to various destinations:



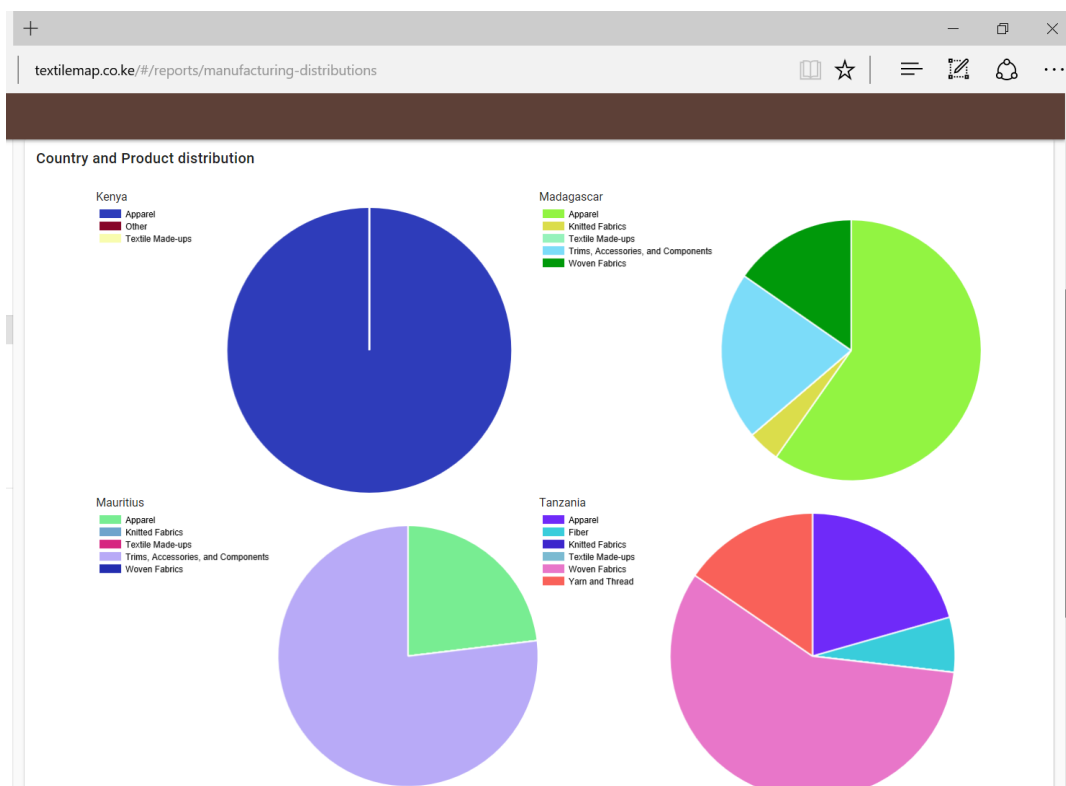
Number of companies in each country exporting to various destinations:



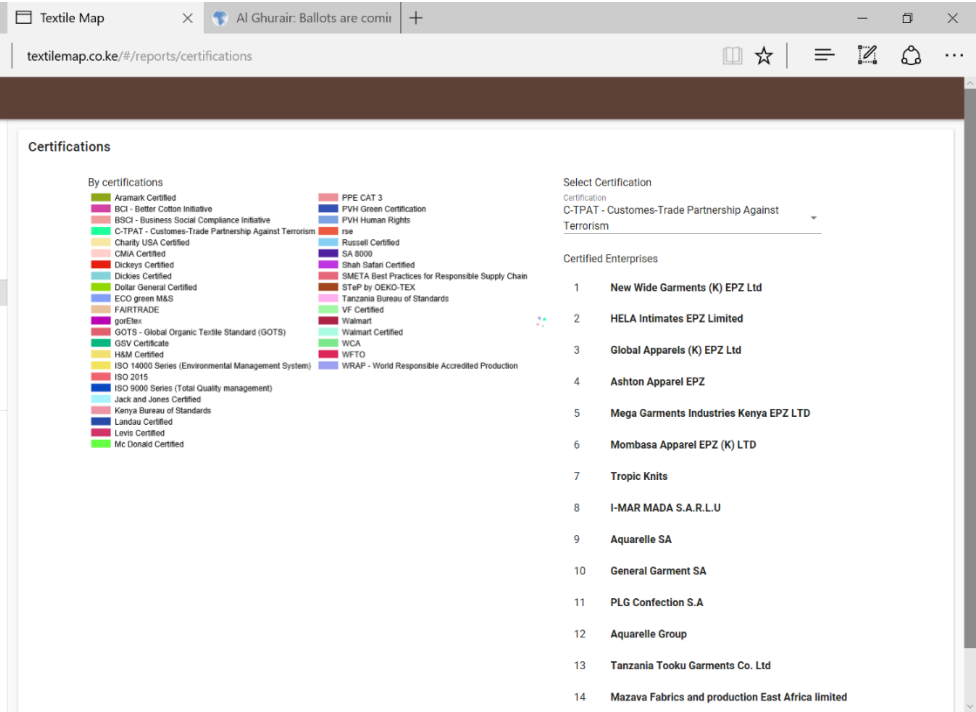
Number of companies mapped in each country and number of companies manufacturing each product across the East African region:



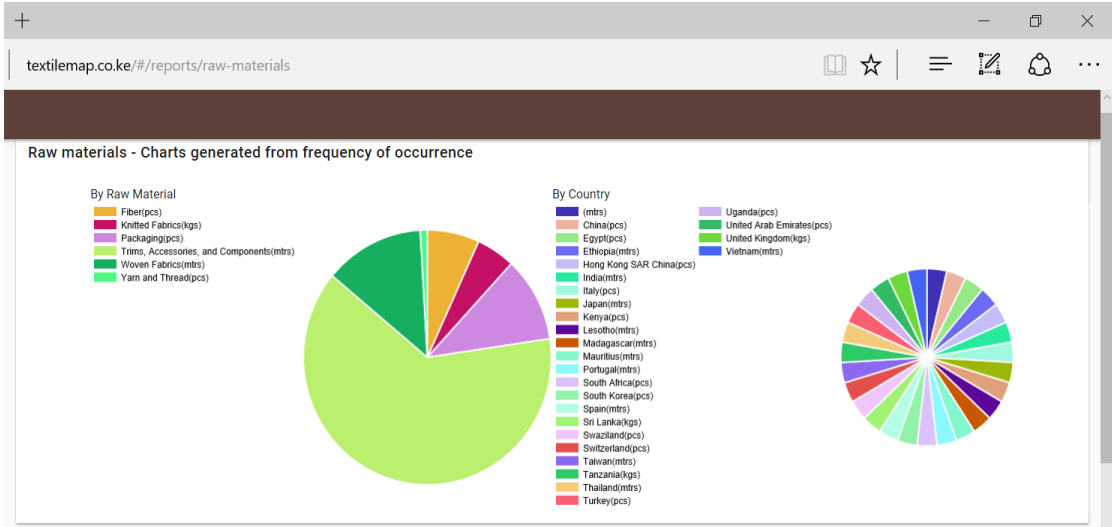
Number of companies manufacturing each product in each country:

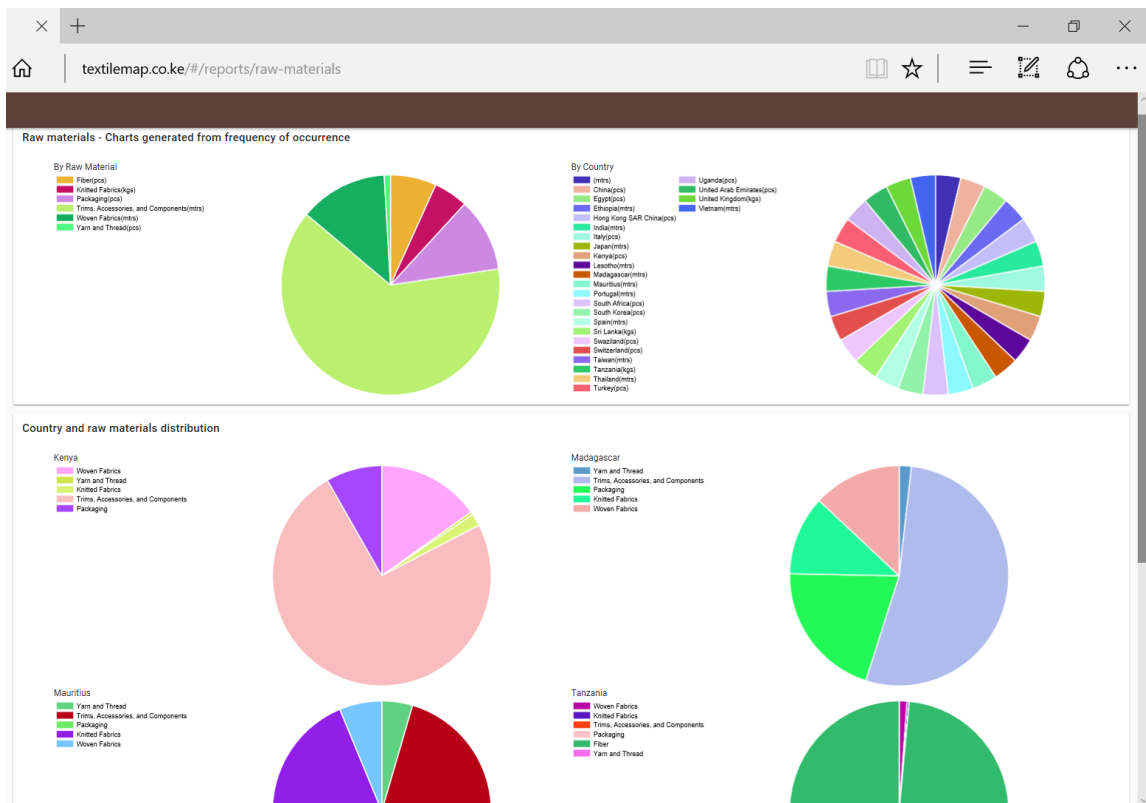


Filter by certification:

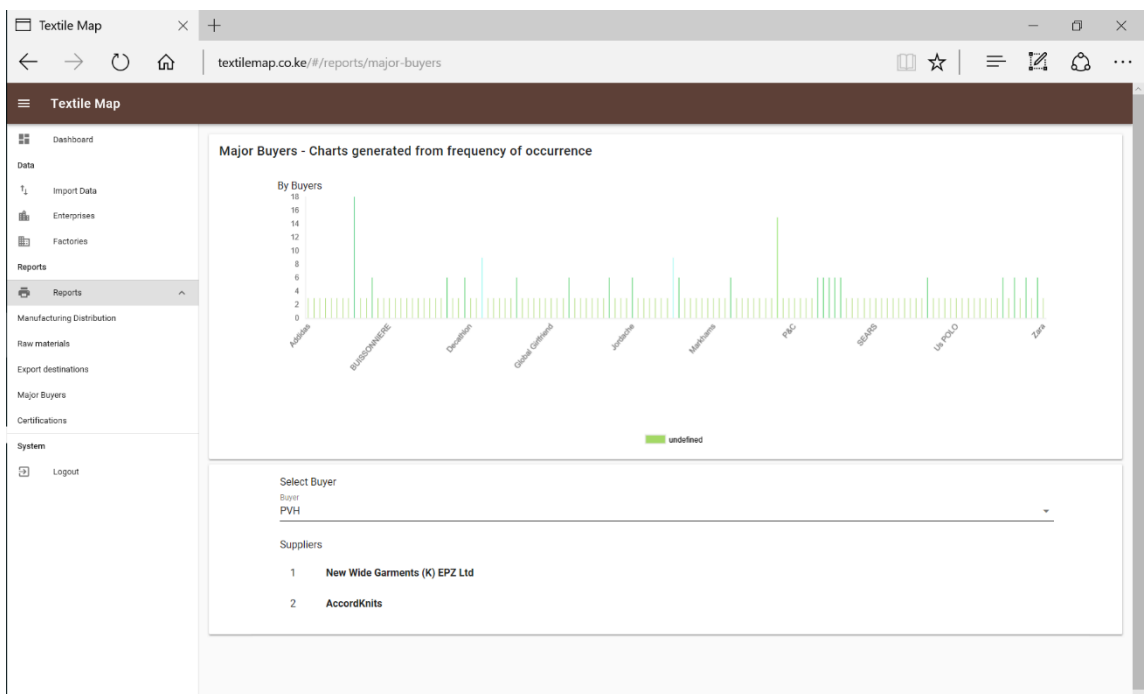


Number of mapped companies that use a particular raw material, aggregated by region and country:



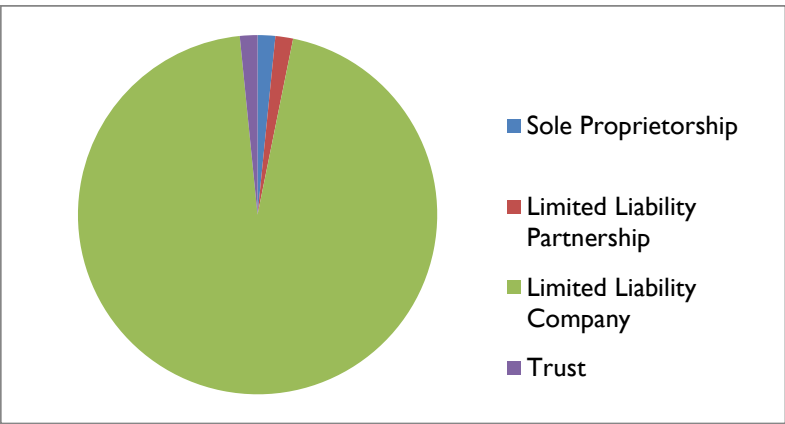


Number of companies that supply a particular buyer or brand:

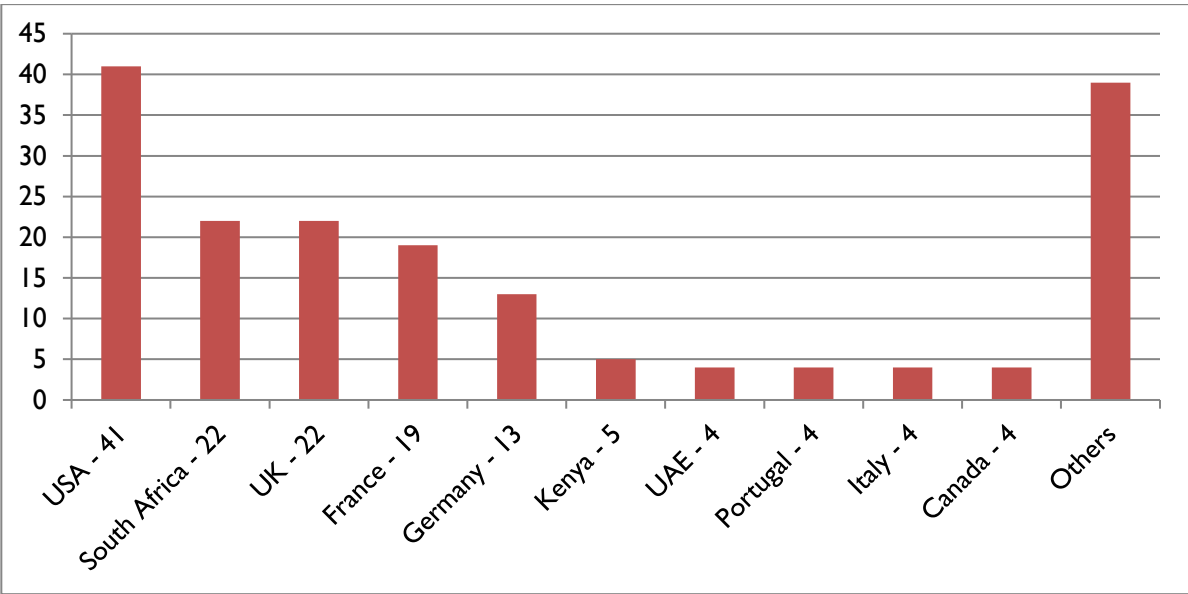


# 6.4 General Analysis

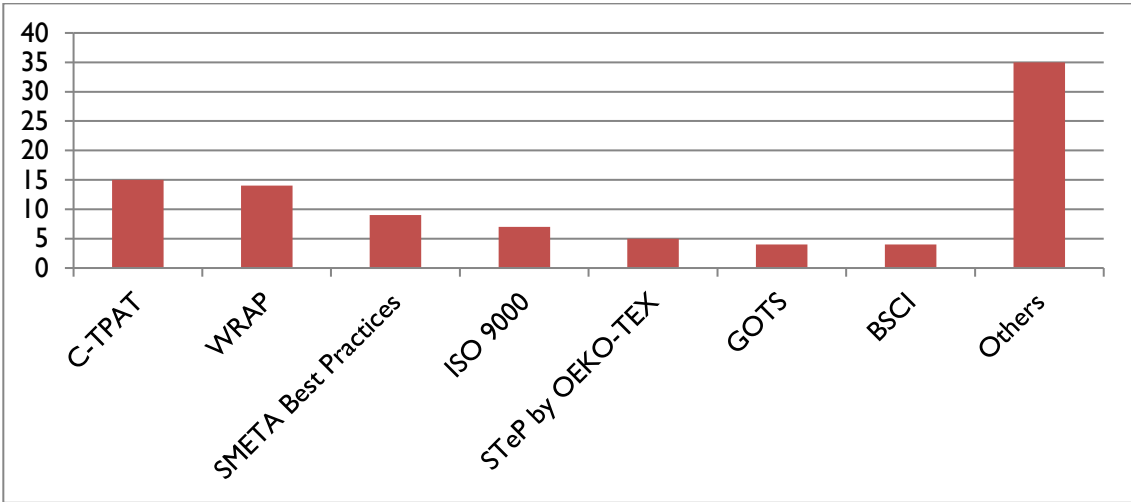
Legal forms: The majority of the companies are registered as private limited companies.



Key export destinations: The U.S. is the key export destination for the region. South Africa is also a key market, primarily for Mauritius and Madagascar.

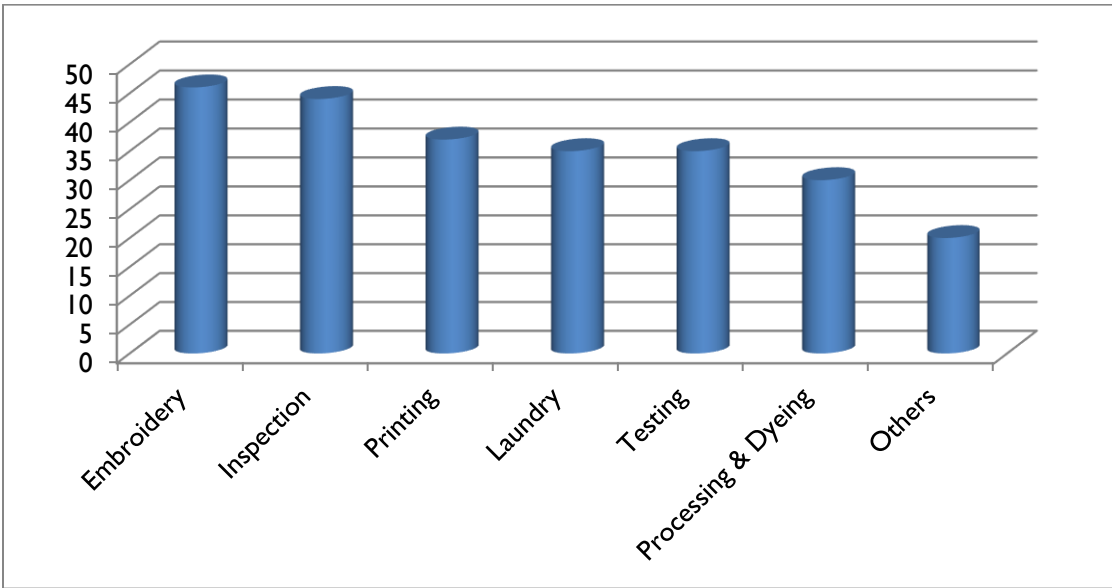


Certifications held: C-TPAT and WRAP are the key certifications held, primarily for exporters to the U.S. market. SMETA Best Practices emerged as a key certification, especially for exporters to the EU market, and was primarily held by medium-scale manufacturers in Mauritius and Madagascar.

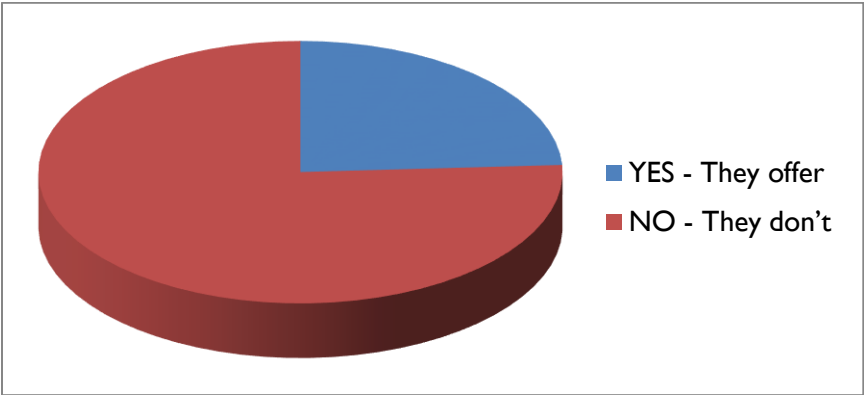


Services: Most of the large exporting companies have invested so that all key services are available in-house while many of the medium-sized companies have arrangements to outsource part of the services. In spite of their capacity to offer services, few of the large exporting companies consider outsourcing them as a separate business.

*Services that the companies offer in-house:*

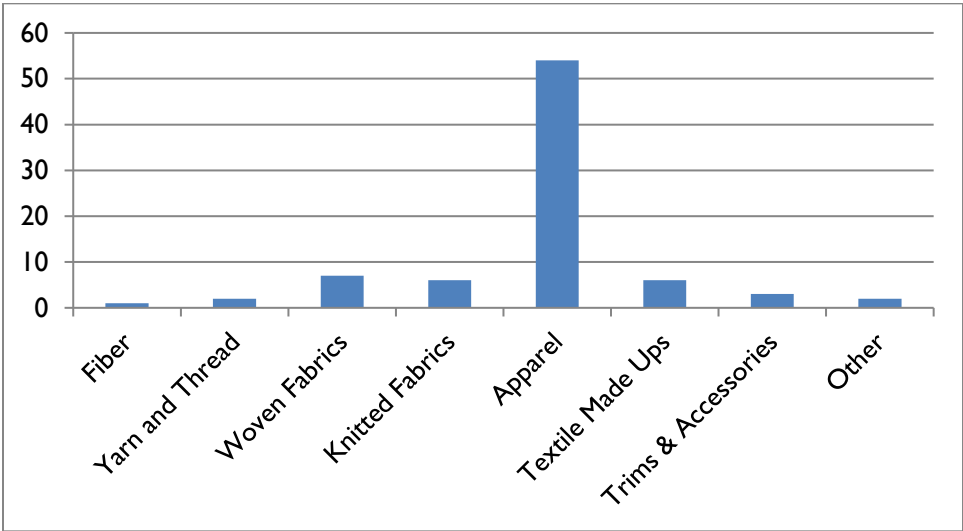


Companies that offer services as a separate business:



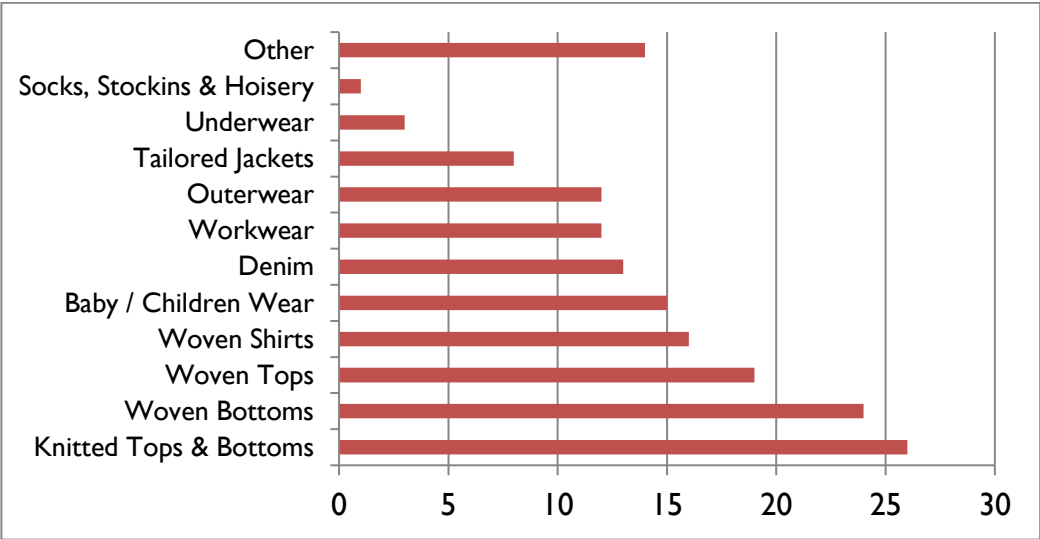
Product groups manufactured: Apparel is overwhelmingly the main product group manufactured in East Africa. For specific apparel products, knitted tops and bottoms and woven bottoms and woven tops are the largest. Mauritius and Madagascar have much wider product ranges compared to the rest of the region, a reflection of the skill level available.

Companies that manufacture various product groups:



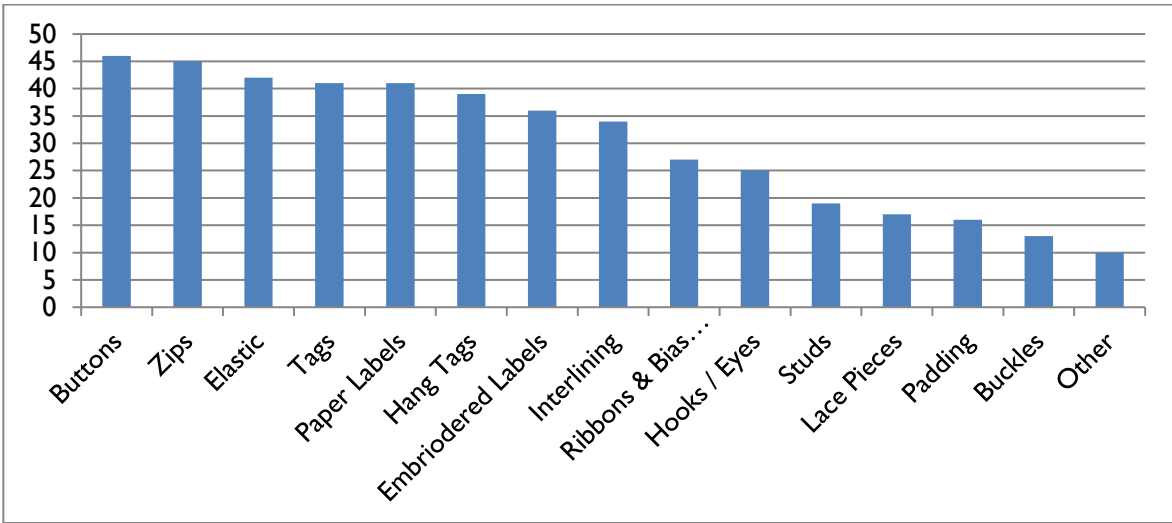


Range of apparel products manufactured by companies:

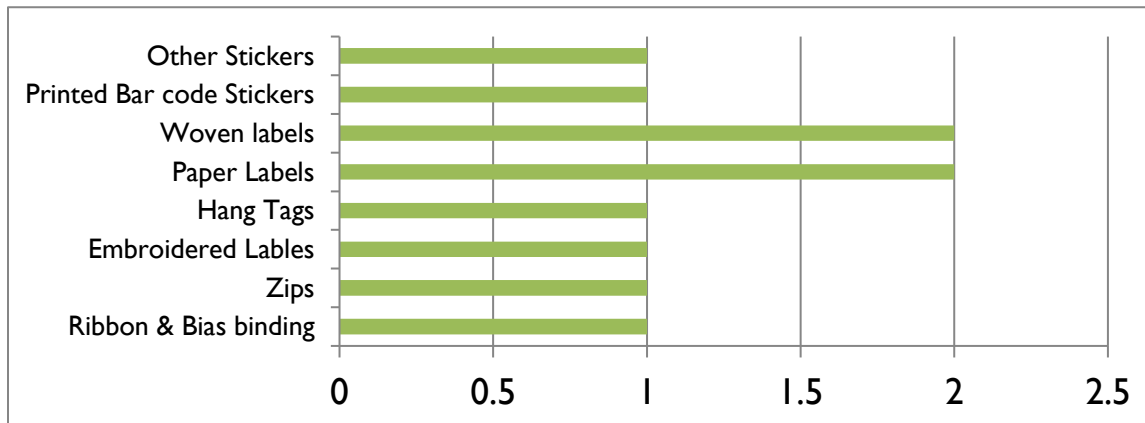


Trims, accessories and components: Enterprises across the region use all of the common trims, accessories and components; however, only a handful of the trims, accessories and components are manufactured in the region, specifically in Mauritius and Madagascar. As a result, the enterprises primarily rely on imports, either directly or through traders who specialize in importing them.

Trims, accessories and components used in the region:



*Trims, accessories and components manufactured in the region:*



## 6.5 Commentary on Findings

Large-scale textile and apparel producers in East Africa: These are enterprises with a production area of more than 5,000 square meters and often with over 500 employees. They mainly deal in higher volumes and a narrower range of product lines. They also prefer long-term relationships with buyers to justify their costs. Many of the companies have the capacity to offer services as a separate business, but do not. The ones who can offer them significant business already have their own.

Medium-scale textile and apparel companies in Mauritius and Madagascar: These enterprises operate in smaller production facilities (500 to 5,000 square meters). Even though they have smaller minimum order quantities, they are keen on the value of the order. They have a leaner workforce (50 to 500 workers) and the majority of them (55 to 65 percent) are expatriates from Bangladesh who possess multiple skills and can perform multiple functions. They source most of their raw materials from traders in Mauritius and Madagascar who either source them locally or import on their behalf. Imports and exports are also done through shared arrangements as they are rarely able to send out full containers.

Most of the enterprises prefer FOB terms. A number of them prefer to negotiate for a higher advance payment as opposed to approaching banks for working capital. Many are also involved in the EU, U.S. and South Africa without the major certifications. The main reason cited for not having certifications was cost and a preference for buyer nominated auditors who conduct their own inspections at the buyers' cost. Their key strength is flexibility and a wide range of products. Many of them deal with agents and have limited direct contact with buyers. They preferred the EU market to U.S. because of its smaller size orders. They believe that most trade events target large-volume manufacturers and would be eager to participate in separate trade events with buyers who understand them.

Kenya: Kenya has a relatively high cost of labor compared to Madagascar, but is cheaper than Mauritius. Compared to Mauritius and Madagascar, the Kenyan enterprises have more locals than expatriates in their workforce. There are fewer medium-scale producers in Kenya. Most enterprises focus more on basic productions and the U.S. market. The quality of power is stable.

Tanzania: Despite being the largest cotton producer in the region, Tanzania struggles with value addition. The country's cost of power is competitive and port efficiency has greatly improved. However, the integrated textile mills with the capacity to produce for local and regional markets are competing with cheap and illegal imports. There is also a need to diversify product ranges to service emerging fashion trends.

Uganda: Uganda has the smallest number of export-oriented enterprises among the East African countries. The business environment is not standardized; exceptions are extended to select companies through government directives. Some enterprises seem very happy with the business environment and are aggressively looking to expand while others are barely surviving and blame an unfavorable business environment. Manufacturers are primarily interested in the local and regional market. Cheap and illegal imports, however, are a major concern.

Madagascar: Madagascar's low labor cost is one of its marketing strengths. Logistics costs, however, are generally high, especially for companies in the mainland region. The enterprises face high-cost power that experiences daily, multiple interruptions and requires an extensive use of back-up generators. The target markets are distributed between U.S., EU and South Africa. Many enterprises have affiliations with Mauritian companies.

Mauritius: Compared to the other East African countries, Mauritian enterprises were noted to have higher labor costs and the highest concentration of expatriate workers. Most of the enterprises focus on high-value products with key target markets distributed between the U.S., EU and South Africa. Infrastructure was lauded as being efficient and the enterprises were happy with the quality and availability of power, leading many of them to invest in sophisticated power-sensitive technologies.

Presentation of findings: There was a presentation on the draft database and preliminary findings at the East Africa Trade and Investment Hub's offices on September 21, 2017. Attendees raised the challenges of using MS Access for the database, which led to a change to MS SQL. At this point, the mapping exercise was ongoing. The second presentation was held on December 21, 2017. The completed mapping exercise and findings report were highlighted. Comments made during the presentation have since been addressed with the report being updated accordingly.

## 6.6 Summary Directory of Mapped Enterprises

| Legal Name of Enterprise               | Year Est. | # of Emp. | % of Exports | Website                     | Primary Phone Number | Primary Email Address         |
|--|-----------|-----------|--------------|-----------------------------|----------------------|-------------------------------|
| <b>KENYA</b>                           |           |           |              |                             |                      |                               |
| Brilliant Garments EPZ Ltd             | 1996      | 950       | 85%          |                             | 254 705574130        | shawn@brilliantgarments.co.ke |
| Hantex Garments EPZ Ltd                |           |           |              |                             | 257 722550023        | admin@kenyahtx.com            |
| New Wide Garments (K) EPZ Ltd          | 2010      | 7500      | 100%         | www.newwide.com             | 254 0456626077       | kenya.nwg@newwide.com         |
| HELA Intimates EPZ Limited             | 2016      | 3800      | 100%         | www.helaclothing.com        | 254 733411055        | info@helaclothing.com         |
| Global Apparels (K) EPZ Ltd            | 2002      | 1600      | 100%         |                             | 254 733237848        | tom@global.co.ke              |
| Royal Garments EPZ Ltd                 |           | 200       | 100%         |                             | 254 45 66262661      | royal@royalgarmentepz.com     |
| Kikoymall EPZ Ltd                      | 2011      | 50        | 90%          | www.kikoymall.com           | 254 718119103        | sajaad@kikoymall.com          |
| Tailor Made Jeanswear EPZ Ltd          | 2012      | 2         |              | www.custom-made-jeans.com   | 254 737915546        | tailormadejeans@gmail.com     |
| Panah Limited                          | 2014      | 30        | 90%          | www.panahproject.com        | 254 717914103        | info@panahproject.com         |
| Kiboko Leisure Wear LTD                | 1996      | 80        | 20%          | www.kiboko-leisure-wear.com | 254 202514329        | kiboko@kiboko.co.ke           |
| Simba Apparel EPZ                      | 2016      | 2500      | 100%         |                             | 254 203501690        | simba@simbaepz.com            |
| Ashton Apparel EPZ                     | 2001      | 1900      | 100%         | www.atracogroup.com         | 254 725700804        | admin@ashton-apparel.com      |
| Mega Garments Industries Kenya EPZ LTD | 2002      | 1900      | 100%         | www.mega-garments.com       | 254 735135271        | pankaj.kumar@neelkamal.com    |
| Mombasa Apparel EPZ (K) LTD            | 2001      | 2280      | 100%         |                             | 254 412004768        | admin@mombasa-apparel.com     |
| Africa Apparel EPZ Ltd                 | 2007      | 1600      | 100%         | www.aaepz.com               | 254 202625006        | info@aaepz.com                |
| Balaji Group                           | 2011      | 8650      | 100%         | www.unitedaryan.net         | 254 202396197        | admin@unitedaryan.net         |
| Akinyi Odongo (K) Ltd                  | 2013      | 10        | 10%          | www.akinyiodongo.co.ke      | 254 774841997        | info@akinyidongo.co.ke        |

|                              |      |      |      |                            |               |                                |
|------------------------------|------|------|------|----------------------------|---------------|--------------------------------|
| Katchy Collections           | 2006 | 5    | 40%  | www.katchy-kollections.com | 254 714529981 | info@katchycollections.com     |
| <b>MADAGASCAR</b>            |      |      |      |                            |               |                                |
| SupraKnits                   | 2013 | 600  | 100% | www.supraknits.com         | 261 331291045 | raf.supraknits1@blueline.mg    |
| Epsilon                      | 1992 | 2050 | 98%  |                            | 261 20224617  | ocepilson@epilson-mada.com     |
| Opalia Garment               | 2014 | 240  | 100% |                            | 261 348061596 | dg@opalia.mg                   |
| Hibiscus Production          | 2005 | 30   | 100% | www.hibiscusmadagascar.com | 261 202249441 | hibiscus.production@gmail.com  |
| Festival SA                  | 1995 | 1500 | 90%  |                            | 261 320710282 | chauveau@festival.mg           |
| Kaliana                      | 2013 | 360  | 90%  |                            | 261 202253656 | voahangykaliana@gmail.com      |
| AccordKnits                  | 2002 | 2000 | 100% | www.flexknit.com           | 261 202337863 | claudio@flexknit.com           |
| Tropic Knits                 | 1994 | 1180 | 100% | www.tropicknits.mu         | 261 2248844   | reception-tm@tropicknits.com   |
| Labeltex                     | 1999 | 45   | 95%  | www.aworldoflabels.com     | 261 320310600 | pascal.r.c@label-tex.com       |
| Sonia Mada                   | 2012 | 700  | 100% | www.soniamada.com          | 262 345115065 | sonia@orange.mu                |
| I-MAR MADA S.A.R.L.U.        | 2015 | 1400 | 100% |                            | 261 327344175 | david@i-mar.co.kr              |
| CN & PARTNERS TEXTILE        | 2017 | 15   |      |                            | 261 331146652 | r.rajoelisoa@gmail.com         |
| Gama Textile Madagascar SARL | 2015 | 602  | 100% |                            | 261 202221704 | alex.tang@mail.greatg.com.tw   |
| World Knits Mada SA          | 1993 | 1400 | 100% | worldknits.com             | 261 344911350 | johndhargreaves@gmail.com      |
| Cotton Line SA               | 2001 | 7000 | 100% | www.socota.com             | 261 320900027 | fbertin@ctn.socota.com         |
| Aquarelle SA                 | 2006 | 2300 | 100% | www.aquarelleshirts.com    | 261 204448169 | kailash@aquarabe.mg            |
| General Garment SA           | 2012 | 600  | 100% | general-garment.com        | 261 344947801 | Sinadm@general-garment.com     |
| PLG Confection S.A           | 1992 | 893  | 100% | www.cogimex.com            | 261 331120838 | cedrictirado@plgconfection.com |
| Future Textiles Mada         | 2016 | 900  | 100% | www.futuretextile.com      | 261 320386001 | admin@futuremada.net           |

|  |      |      |      |                              |                |                                    |
|--|------|------|------|------------------------------|----------------|------------------------------------|
| MKLEN International                      | 2000 | 2500 | 100% | www.mklenmada.com            | 261 320787885  | ssakhrani@btinternet.com           |
| <b>MAURITIUS</b>                         |      |      |      |                              |                |                                    |
| Soniawear Ltd                            | 1984 | 650  | 100% | www.soniamada.com            | 262 345115065  | sonia@orange.mu                    |
| Fit-U Garment                            | 1995 | 200  | 100% | www.fitu-garment.com         | 230 4333653    | jpidual@fitu-garment.com           |
| Aquarelle Group                          | 1971 | 1660 | 100% | www.aquarelleshirts.com      | 230 4021100    | info@aquarelle-clothing.com        |
| Fairy Textiles Ltd                       | 1986 | 150  | 80%  | www.fairytextiles.com        | 230 6745575    | contact@fairytextiles.com          |
| Shivani Manufacturing Ltd                | 1990 | 300  | 100% | www.shivanimanufacturing.com | 230 6973986    | design@shivanimanufacturing.com    |
| Narrow Fabrics & Berque LTEE             | 1979 | 50   | 1%   | www.aworldoflabels.com       | 230 2071400    | info@aworldoflabels.com            |
| Future Textiles LTD                      | 2016 | 320  | 100% |                              | 230 4165313    | ftfinance@intnet.mu                |
| Tex Knits Ltd                            | 2014 | 132  | 100% |                              | 230 6360327    | vbunhooee@texknits.com             |
| Mac'Allan LTEE                           | 2002 | 55   | 60%  | www.macallan.biz             | 230 2475637    | jcimp@intnet.mu                    |
| New Era Garments                         | 1982 | 25   | 25%  | www.neweragarments.com       | 230 59486134   | secretary.neweragarments@gmail.com |
| MFM Confections LTEE                     | 1982 | 225  | 100% |                              | 230 6863317    | caus@intnet.mu                     |
| Sheentex Ltd                             | 2002 | 100  | 98%  | www.sheentex-ltd.com         | 230 2490585    | info@sheentex-ltd.com              |
| FM Denim                                 | 2010 | 500  | 10%  | www.firemount.mu             | 230 2333000    | ddp@fmdenim.com                    |
| Woven Labels (MTIUS) Ltd                 | 1987 | 27   | 15%  |                              | 230 2332500    | jane@woven.mu                      |
| <b>TANZANIA</b>                          |      |      |      |                              |                |                                    |
| Tanzania Tooku Garments Co. Ltd          | 2012 | 2700 | 100% | www.jdunited.com             | 255 737210816  | ruigao@jdunited.com                |
| Tanzania China Friendship Textile Co Ltd | 1966 | 851  | 0%   |                              | 255 2224443110 | mushi_thomas@yahoo.com             |
| 361degrees Africa Ltd                    | 2007 | 10   | 20%  | www.361africa.com            | 255 715303880  | info@361africa.com                 |
| Bema Authentic Fashion and Design        | 2006 | 3    |      | www.bemafashion.co.tz        | 255 754230023  | bemabisamo@gmail.com               |

|   |      |      |      |                      |                |                           |
|---|------|------|------|----------------------|----------------|---------------------------|
| NIDA Textiles & Namera Group of Industries        | 2002 | 2500 | 30%  | www.nidatextiles.com | 255 222128119  | info@nidatextiles.com     |
| 21st Century Textiles Ltd                         | 2003 | 2200 | 10%  | www.metl.net         | 255 22 2122830 | textiles@morogoro.net     |
| Mazava Fabrics and production East Africa limited | 2009 | 2400 | 100% | www.windsgroup.com   | 255 232600068  | kramdoss@windsgroup.com   |
| Sunflag Tanzania Ltd                              | 1965 | 2600 | 70%  | www.sunflag-tz.com   | 255 272503497  | sunflag@habari.co.tz      |
| <b>UGANDA</b>                                     |      |      |      |                      |                |                           |
| Sigma Knitting Industries Ltd                     | 1994 | 65   | 0%   |                      | 256 752721133  | sigmaknitting@yahoo.com   |
| Southern Range Nyanza                             | 1996 | 2000 | 40%  | www.nytil.com        | 256 755074628  | garments@nytil.co.ug      |
| Textile Development Agency                        | 1999 | 12   | 90%  | www.texdauganda.net  | 256 713438732  | texdauganda@gmail.com     |
| Kwera Ltd   | 1991 | 18   | 1%   |                      | 256 752649054  | kwera@utlonline.co.ug     |
| Fine Spinners Uganda Ltd                          | 2014 | 1050 | 65%  | www.finespinners.com | 256 414342716  | coo@finespinners.com      |
| Chrisams Designs Ltd                              | 1986 | 30   | 2%   | www.chrisams.com     | 256 772505565  | christineluboga@gmail.com |

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Cotton Yarn relates to HS codes 5205-7;  
Fabric relates to HS codes: Chapters 5007; 5208-12; 58 & 60;  
Apparel relates to HS Codes: Chapters 61 & 62  
Home Textile relates HS Codes: Chapters 57; 6301-4  
Second-hand clothing refers to HS: 6309  
Others' relates to HS Codes: Chapters 5001-6; 51; 5204; 53; 54; 55; 56; 59; 6305 -10
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<http://www.worldbank.org/en/country/uganda/overview>  
<http://www.worldbank.org/en/country/tanzania/overview>  
<http://www.worldbank.org/en/country/madagascar/overview>
14. Kenya Economic Update (KEU) October 2016.



## 8. ANNEXES

### 8.1 Textile Mapping – Schedule of Appointments

**KENYA: September 4-8, 217**

| Date      | Company/Institution | Person Interviewed | Title             |
|-----------|---------------------|--------------------|-------------------|
| 4/09/2017 | Hela Clothing       | Wasantha Perera    | Managing Director |
| 4/09/2017 | Global Apparel      | Tom Mboya          | Sales Manager     |
| 5/09/2017 | Kikoy Mall EPZ      | Sajaad Alibhai     | General Manager   |
| 5/09/2017 | Tailormade Jeans    | Sam Meeks          | General Manager   |
| 6/09/2017 | New Wide Garments   | Rudolf Isinga      | General Manager   |
| 6/09/2017 | Panaah              | Evgynia Khromina   | Managing Partner  |
| 7/09/2017 | Simba Apparel       | Thomas Puthoor     | Managing Director |
| 7/09/2017 | Ashton Apparel      | Pankaj Kumar       | Director          |
| 7/09/2017 | Mega Garments       | Pankaj Kumar       | Director          |
| 8/09/2017 | Mombasa Apparel     | Selva Kumar        | Managing Director |
| 8/09/2017 | Brilliant Garments  | Kot Sai            | Director          |

**MADAGASCAR: September 11-16, 2017**

| Date       | Company/Institution          | Person Interviewed        | Title                   |
|------------|------------------------------|---------------------------|-------------------------|
| 11/09/2017 | SupraKnits                   | Sreeniband Bagwath        | General Manager         |
| 11/09/2017 | Epilson                      | Olivier CUA               | Production Manager      |
| 11/09/2017 | Opalia Garments              | Olivier Franck Monescau   | Managing Director       |
| 12/09/2017 | Hibiscus                     | Fara Andrianarisoa        | General Manager         |
| 12/09/2017 | Festival SA                  | Chauveau Franck           | Managing Director       |
| 12/09/2017 | Kaliana                      | Voahangy Ramanaherisoa    | Chief Executive Officer |
| 13/09/2017 | Accord Knits                 | Amo Steenkist             | General Manager         |
| 13/09/2017 | Tropic Knits                 | Sidick Bocus              | Human Resource Manager  |
| 13/09/2017 | Labeltex                     | Pascal Rochecouste Collet | Chief Executive Officer |
| 14/09/2017 | Sonia Mada                   | Eddie Pereira             | General Director        |
| 14/09/2017 | I-MAR MADA S.A.R.L.U.        | David Kang                | Factory Manager         |
| 14/09/2017 | CN & Partners                | Riana Rajoelisoa          | Managing Director       |
| 15/09/2017 | Gama Textile Madagascar SARL | Chang Tang                | General Manager         |
| 15/09/2017 | World Knits                  | John Hargreaves           | Managing Director       |

|            |                    |                       |                         |
|------------|--------------------|-----------------------|-------------------------|
| 15/09/2017 | Cotton Line SA     | Raohanisora Harijaona | Human Resources Manager |
| 16/09/2017 | Aquarelle SA       | Preetum Heeramun      | General Manager         |
| 16/09/2017 | General Garment SA | Eugene Havemann       | General Manager         |
| 16/09/2017 | PLG Confection SA  | Cedric Tirago         | Factory Manager         |

#### **MAURITIUS: September 18-21, 2017**

| <b>Date</b> | <b>Company/Institution</b>   | <b>Person Interviewed</b> | <b>Title</b>            |
|-------------|------------------------------|---------------------------|-------------------------|
| 18/09/2017  | Soniawear Ltd                | Loiuse Serge Seenyen      | Managing Director       |
| 18/09/2017  | Fit-U Garment                | Jenny Pidial              | Chief Executive Officer |
| 19/09/2017  | Aquarelle Group              | Eric Dorchies             | Managing Director       |
| 19/09/2017  | Fairy Textiles Ltd           | Hans Bhowaneedin          | General Manager         |
| 19/09/2017  | Shivani Manufacturing Ltd    | Subhas Ramchurn           | Production Manager      |
| 20/09/2017  | Narrow Fabrics & Berque LTEE | Yannis Fayd'herbe         | Managing Director       |
| 20/09/2017  | Future Textiles LTD          | Ram Mardemootoo           | Managing Director       |
| 20/09/2017  | Tex Knits                    | Bunhooee Vinod            | Factory Manager         |
| 21/09/2017  | Mac'Allan LTEE               | Jean Claude IP Man Pun    | General Manager         |
| 21/09/2017  | New Era Garments             | Vishakha Heeraumun        | General Manager         |
| 21/09/2017  | MFM Confections LTEE         | Vimla Menon               | Managing Director       |

#### **TANZANIA: September 25-30, 2017**

| <b>Date</b> | <b>Company/Institution</b>                        | <b>Person Interviewed</b> | <b>Title</b>            |
|-------------|---|---------------------------|-------------------------|
| 26/09/2017  | Tanzania Tooku Garments Co. Ltd                   | Rigobert Massawe          | General Manager         |
| 26/09/2017  | Tanzania China Friendship Textile Co Ltd          | Eng. Thomas Mushi         | Production Manager      |
| 27/09/2017  | 361degrees Africa Ltd                             | Hubert Kissasi            | General Manager         |
| 27/09/2017  | Bema Authentic Fashion and Design                 | Elizabeth Matarimo        | Managing Director       |
| 28/09/2017  | NIDA Textiles & Namera Group of Industries        | Amin Godil                | General Manager         |
| 29/09/2017  | 21st Century Textiles Ltd                         | Clement Munisi            | Production Manager      |
| 29/09/2017  | Mazava Fabrics and Production East Africa Limited | Nelson Muchukya           | Ass. Factory Manager    |
| 30/09/2017  | Sunflag Tanzania Ltd                              | Ajay Shah                 | Managing Director       |
| 30/09/2017  | East Africa Community Secretariat                 | George Odipo Ndira        | Principal Industrialist |

**UGANDA: October 2-6, 2017**

| Date      | Company/Institution               | Person Interviewed              | Title   |
|-----------|-----------------------------------|---------------------------------|---|
| 2/10/2017 | EATIH - Uganda                    | Andrew Luzze                    | Country Representative                              |
| 2/10/2017 | Sigma Knitting Industries Ltd     | Anand Parmar                    | Managing Director                                   |
| 2/10/2017 | Southern Range Nyanza             | Vinay Kumar                     | General Manager                                     |
| 3/10/2017 | Textile Development Agency        | Grace Kirabo                    | Executive Director                                  |
| 3/10/2017 | Kwera Ltd                         | Oliver Mureire                  | Head of Operations                                  |
| 3/10/2017 | Fine Spinners Uganda              | Tony Caelers                    | COO   |
| 4/10/2017 | Chrisams Designs                  | Christine Luboga                | Managing Director                                   |
| 4/10/2017 | Uganda Investment Authority       | Basil Ajer<br>Kahwa Kato Robert | Director – SME Div<br>One Stop Centre – Immigration |
| 4/10/2017 | Ministry of Trade                 | Onen Julius                     | Permanent Secretary                                 |
| 4/10/2017 | Ministry of Trade                 | Joshua Mutambi                  | Commissioner MSMEs                                  |
| 5/10/2017 | Cotton Development Organization   | Jolly Sabune                    | Managing Director                                   |
| 5/10/2017 | Export Led Growth Strategy & AGOA | Benson Byaruhanga               | AGOA Country Response Office                        |
| 5/10/2017 | Uganda Free Zones Authority       | Philip Muwanika                 | Business Development Officer                        |
| 6/10/2017 | Uganda Manufacturers Association  | Hiran Parmar                    | Board Member  |
| 6/10/2017 | Mearsk Line, Uganda               | Benedict Lule                   | Sales Executive                                     |
| 6/10/2017 | Export Promotion Board – Uganda   | Elly Twineyo                    | Executive Director                                  |

**KENYA: October 9-13, 2017**

| Date       | Company/Institution               | Person Interviewed | Title              |
|------------|-----------------------------------|--------------------|--------------------|
| 9/10/2017  | Kiboko Leisure Wear               | Sabine Huster      | Managing Director  |
| 9/10/2017  | Export Processing Zones Authority | Fabian Olaba       | Statistics Officer |
| 10/10/2017 | Akinyi Odongo                     | Akinyi Odongo      | Director/Designer  |
| 10/10/2017 | Ken Invest                        |                    |                    |
| 11/10/2017 | Kathy Collections                 | Anthony Muli       | Managing Director  |
| 11/10/2017 | Africa Apparel EPZ                | Balu Babu          | Factory Manager    |
| 12/10/2017 | Balaji Group                      | Amit Bedi          | General Manager    |

**TANZANIA: October 16-21, 2017**

| <b>Date</b> | <b>Company/Institution</b>                               | <b>Person Interviewed</b>                | <b>Title</b>                           |
|-------------|--|--|--|
| 16/10/2017  | EATIH  | Prisca Mbaga                             | Country Representative                 |
| 16/10/2017  | Textile Development Unit,<br>Ministry of Trade & Industr | Stephen Ramsey<br>Johnvianney Ndyamukama | Director<br>Senior Textile Specialist  |
| 17/10/2017  | Textile & Garment Manufacturers of<br>Tanzania (TEGAMAT) | Adam Zuku                                | Executive Director                     |
| 17/10/2017  | Tanzania Trade Development<br>Authority                  | Edwin Rutageruka                         | A.g Director General                   |
| 18/10/2017  | Tanzania Trade Development<br>Authority                  | Victor M. Mangi                          | Trade Officer                          |
| 18/10/2017  | Tanzania Export Promotion Zone<br>Authority              | Nakadongo Fares                          | Senior Promotion Officer               |
| 19/10/2017  | Tanzania Investment Center                               | Dotto Stanley Detebe                     | Manager, Ag. Investment<br>Promotion   |
| 19/10/2017  | Tanzania Investment Center                               | Latiffa Kigoda                           | Senior Investment<br>Promotion Officer |
| 20/10/2017  | Tanzania Revenue Authority<br>Tanzania Investment Center | Adam King'wentu                          | Liaison Officer                        |
| 20/10/2017  | Bollere Transport & Logistics<br>Tanzania Ltd            | Aurelian Nkumba                          | Sales Executive                        |

#### **KENYA: October 23-27, 2017**

| <b>Date</b> | <b>Company/Institution</b>                                | <b>Person Interviewed</b>    | <b>Title</b>                               |
|-------------|---|------------------------------|--|
| 23/10/2017  | Ministry of Industrialization &<br>Enterprise Development | Rajeev Arora                 | Advisor – Textile Desk                     |
| 25/10/2017  | Export Promotion Council                                  | Kevin Oluoch                 | Research Officer                           |
| 26/10/2017  | Kenya Association of<br>Manufacturers                     | Joseph Wairuko<br>Abel Kamau | Anti-Counterfeit<br>Textile & Apparel Desk |
| 26/10/2017  | Vision 2030 Delivery –<br>Manufacturing                   | Hezekiah Okeyo               | Director – Vision 2030 Delivery            |
| 27/10/2017  | Mearsk Line Kenya   | Mercy Kasindi                | Sales Officer                              |
| 27/10/2017  | Trade Winds Logistics                                     | Umy Nassor                   | Sales Manager                              |

#### **MADAGASCAR: October 30-November 4, 2017**

| <b>Date</b> | <b>Company/Institution</b>                       | <b>Person Interviewed</b>      | <b>Title</b>               |
|-------------|--|--------------------------------|----------------------------|
| 30/10/2017  | Economic Development Board of Madagascar (EBDM)  | Johary Rajosefa                | Director Investor Services |
| 30/10/2017  | Economic Development Board of Madagascar (EBDM)  | Eva Radavidrason               | Manager – Light Industries |
| 31/11/2017  | Department of Labour                             | Mme Josiane                    | Director                   |
| 31/11/2017  | Department of Immigration                        | Chef Fetra                     | Senior Officer             |
| 1/11/2017   | Maersk Madagascar                                | Mr Nanja                       | Sales Manager              |
| 1/11/2017   | ITBM   | Herintsalama Rajaonarivelo     | Chairman                   |
| 2/11/2017   | AGOA Committee                                   | Mr Rindra Andriamahefa         | Director                   |
| 2/11/2017   | Industrial Training Authority                    | Ranaivoson Sahondra Olga       | Senior Officer             |
| 3/11/2017   | Air Cargo Services                               | Patricia Andrianarivelo Razafy | Senior Officer             |
| 4/11/2017   | American Chamber of Commerce (AmCham Madagascar) | Scott Reid                     | Chief Executive Officer    |
| 4/11/2017   | GEFP Madagascar                                  | Suresh Sakhrani                | Board Member               |

#### **ETHIOPIA: November 13-17, 2017**

| <b>Date</b> | <b>Company/Institution</b>                            | <b>Person Interviewed</b>       | <b>Title</b>                      |
|-------------|---|---------------------------------|-----------------------------------|
| 13/11/2017  | EATIH – Ethiopia Office<br>EATIH – EIC Support        | Teklu Kidane<br>Sehul Truesaw   | Country Rep<br>Investment Advisor |
| 13/11/2017  | Ministry of Trade, Export Promotion Directorate       | Assefa Mulugeta                 | Director General                  |
| 13/11/2017  | Ministry of Labor and Social Affairs                  | Mesfin Yilma                    | Director                          |
| 14/11/2017  | Ethiopian Textile Industry Development Institute      | Yitbar<br>Haile Sime            | Marketing Director                |
| 14/11/2017  | Ethiopian Textile & Garment Manufacturers Association | Ageazi Hailemariam              | Manager                           |
| 14/11/2017  | Ethiopian Shipping Lines                              | Eyasu Yimam                     | D/manager                         |
| 15/11/2017  | Industrial Parks Development Corporation              | Sisay Gemechu<br>Engidu Tsegaye | State Minister & CEO              |
| 15/11/2017  | Ethiopian Revenue and Customs Authority (ERCA)        | Fekadu Bekele                   | Valuation & Tariff Director       |
| 15/11/2017  | Enterprise Partners                                   | Tewodros Yilma                  | Senior Intervention Manager       |

|            |  |                                  |                               |
|------------|--|----------------------------------|-------------------------------|
| 16/11/2017 | United Nations Industrial Development Organization (UNIDO) | Asegid Mebratu                   | National Programme Officer    |
| 16/11/2017 | Ethiopian Airlines (Cargo Service)                         | Yamrot Andinet Kebede            | Marketing Manager             |
| 16/11/2017 | Maersk Line  | Addis Alemtaye<br>Zinabu Bezabih | Country Manager<br>Sales Rep. |
| 17/11/2017 | Ethiopia Textile & Garment Manufacturers Association       | Agaezi                           | Secretary General             |
| 17/11/2017 | Ethiopia Investment Commission                             | Dawit Feleke                     | Investment Officer            |
| 17/11/2017 | Ethiopia Chamber of Commerce & Sectoral Associations       | Endalkachew Sime                 | Secretary General             |

#### **MAURITIUS: November 6-10, 2017**

| <b>Date</b> | <b>Company/Institution</b>                     | <b>Person Interviewed</b> | <b>Title</b>          |
|-------------|--|---------------------------|-----------------------|
| 6/11/2017   | CITC   | Dev Chamroo               | Managing Partner      |
| 6/11/2017   | Enterprise Mauritius                           | Geerish Bucktowonsing     | Divisional Manager    |
| 6/11/2017   | Mauritius Export Association (MEXA)            | Lilowtee Rajmun           | Director              |
| 7/11/2017   | Mauritius Revenue Authority - Customs Division | Gaunpot                   | Manager – Customs     |
| 7/11/2017   | Sheentex LTD                                   | Iqbal Maghoo              | General Manager       |
| 8/11/2017   | Ministry of Trade & Industry                   | P. Radha                  | Director of Trade     |
| 8/11/2017   | FM Denim                                       | D. D. Parikh              | General Manager       |
| 9/11/2017   | Woven Labels (MTIUS) Ltd                       | Jane Jain                 | General Manager       |
| 9/11/2017   | Board of Investment (BOI)                      | Viram Gowd                | Manager Manufacturing |
| 9/11/2017   | MAERSK   | Khadeeja Luckun           | Managing Director     |

## 8.2 List of Survey Questions

- 1) What is the name of the enterprise you would like to add to the database?
- 2) In which country is this enterprise currently being mapped?\*
- 3) When was this enterprise established in the country being mapped?
- 4) Select this enterprise's current legal form in this country.
- 5) What is website address?
- 6) What are primary contact telephone numbers in this country?
- 7) What are the primary email addresses for this country?
- 8) What is the address of your principal office in this country?
- 9) What are the GPS coordinates for the principal office in this country?
- 10) Are Headquarters at the same address as its principal office in this country?\*
- 11) What is the street address of Headquarters?
- 12) What are the GPS coordinates for the headquarters?
- 13) How many employees does have in the country being mapped?
- 14) Please list the names and roles of top 4 key staff in the country being mapped:
- 15) Please list the enterprises with which is affiliated & the nature of the relationship:

### Major Buyers & Key Export Markets

- 16) What are the names of major buyers?
- 17) What proportion of are exports? (%)
  - What are key export markets?
  - Export Markets B
  - What is the principal mode of transport for each key export market?
  - Air / Road / Ship

## Certifications

18) What certifications has the company acquired?

**(Select one or more)**

☐ STeP by OEKO-TEX

☐ WRAP - World Responsible Accredited Production

☐ GOTS - Global Organic Textile Standard (GOTS)

☐ BCI - Better Cotton Initiative

☐ C-TPAT - Customs-Trade Partnership Against Terrorism

☐ BSCI - Business Social Compliance Initiative

☐ ISO 9000 Series (Total Quality management)

☐ ISO 14000 Series (Environmental Management System)

☐ Other - Write In (Required):

\_\_\_\_\_ \*

☐ Other - Write In (Required):

\_\_\_\_\_ \*

☐ Other - Write In (Required):

\_\_\_\_\_ \*

☐ Other - Write In (Required):

\_\_\_\_\_ \*

☐ Other - Write In (Required):

\_\_\_\_\_ \*

## Trading, Key Competencies & Challenges

19) Which sectors does this enterprise trade in?

20) What are key competencies?



- 21) What key challenges does face?
- 22) What programs does implement as part of its Corporate Social Responsibility?
- 23) How does help to address negative environmental effects of its operations?
- 24) In your operations, how do you conserve energy and natural resources?
- 25) How do you ensure its operations are economically viable?

**Corporate: Other Info**

- 26) Other Information:
- 27) How many factories does operate in this country?\*
- 28) What is this factory's street address?
- 29) What are the GPS coordinates for this factory?
- 30) How large (in square meters) is the built up area of this factory?
- 31) How many employees does this factory have?
- 32) What are this factory's Key Shipping Ports / Airports / Border Points?

**Factory I: Activities**

- 33) Which activities does this factory engage in?

**Factory I: Services A**

- 34) Which services does this factory provide?
  - i. Are these services provided in-house / outsourced?

**In-House/Outsourced**

- 35) Are any of the services selected above provided as a separate business?
- 36) Which of the services selected are provided as a separate business?

**Factory I: Services B**

- i. What is your installed annual service capacity?
  - ii. What is the minimum order quantity for each?
  - iii. What quantity of services were provided last year?
- 37) What is the estimated value of services provided last year (USD)?

**Factory I: Manufacturing A**

- 38) What product groups does this factory produce / manufacture?
- 39) What types of fibers does this factory manufacture?
- 40) What types of Yarn and Thread does this factory manufacture?
- 41) What types of woven fabric does this factory manufacture?
- 42) What type of knitted fabric does this factory manufacture?
- 43) What types of apparel does this factory manufacture?
- 44) What types of Textile Made-ups does this factory manufacture?
- 45) What types of Trims, Accessories, and Components does this factory manufacture?

**Factory I: Manufacturing B**

- a) How much of each fiber does this factory manufacture annually?
- b) What is the annual production capacity for each fiber?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

Annual Production (Kg)

Annual Production Capacity (Kg)

Minimum Order Quantity (Kg)

Average Lead Time (Days)

- a) How much of each Yarn and Thread does this factory manufacture annually?
- b) What is the annual production capacity for each Yarn and Thread?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

- a) How much of each Woven Fabric does this factory manufacture annually?
- b) What is the annual production capacity for each Woven Fabric?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

- a) How much of each Knitted Fabric?
- b) What is the annual production capacity for each Knitted Fabric?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

- a) How much of each item of apparel does this factory manufacture annually?
- b) What is the annual production capacity for each item of apparel?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

- a) How many of each item of Textile Made-ups does this factory manufacture annually?
- b) What is the annual production capacity for each Textile Made-ups?
- c) What is the Minimum Order Quantity for each?
- d) What is the Average Lead Time for each (in days)?

- a) How many of each Trim, Accessory, and Component does this factory
- b) manufacture annually?
- c) What is the annual production capacity for each Trim, Accessory, and Component?
- d) What is the Minimum Order Quantity for each?
- e) What is the Average Lead Time for each (in days)?

#### **Factory I: Raw Materials A**

- 46) What product groups does this factory use as raw materials?
- 47) What types of fibers does this factory use as raw materials?
- 48) What types of Yarn and Thread does this factory use as raw materials?
- 49) What types of Woven Fabric does this factory use as raw materials?
- 50) What type of Knitted Fabric does this factory use as raw materials?
- 51) What types of Trims, Accessories, and Components does this factory use as raw materials?
- 52) What type of Packaging does this factory use as raw materials?

#### **Factory I: Raw Materials B**

- i. How much of each Fiber does this factory use as raw materials annually? What is the approximate annual cost of these fibers used as raw materials?
- ii. How much of each Yarn and Thread does this factory use as raw materials annually?
- iii. What is the approximate annual cost of these yarns and threads used as raw materials?
- iv. How much of each Woven Fabric does this factory use as raw materials annually?
- v. What is the approximate annual cost of these Woven Fabrics used as raw materials?
- vi. How much of each Knitted Fabric does this factory use as raw materials annually?
- vii. What is the approximate annual cost of these Knitted Fabrics used as raw materials?
- viii. How much of each Trim, Accessory, and Component does this factory use as raw materials annually?
- ix. What is the approximate annual cost of these Trims, Accessories, and Components, used as raw materials?

- x. How much of each Packaging does this factory use as raw materials annually? What is the approximate annual cost of this Packaging?
- xi. What are the primary and secondary (if applicable) countries of origin for each of these Fibers used as raw materials?
- xii. What are the primary and secondary (if applicable) countries of origin for each of these Yarns & Threads used as raw materials?
- xiii. What are the primary and secondary (if applicable) countries of origin for each of these Woven Fabrics used as raw materials?
- xiv. What are the primary and secondary (if applicable) countries of origin for each of these Knitted Fabrics used as raw materials?
- xv. What are the primary and secondary (if applicable) countries of origin for each of these Trims, Accessories, and Components used as raw materials?
- xvi. What are the primary and secondary (if applicable) countries of origin for each of the selected Packaging?

53) Which equipment is present in this factory?

#### **Factory I: Equipment B**

54) How many of each piece of equipment does this factory contain?